



KESORAM INDUSTRIES LIMITED

Kesoram Industries Limited ("Company" or the "Issuer") was originally incorporated as 'Kesoram Cotton Mills Limited', under the provisions of the Indian Companies Act, 1913 as a public company limited by shares, vide a certificate of incorporation dated October 18, 1919 issued by the Registrar of Companies, West Bengal at Kolkata under the Companies Act, 1913. Thereafter, the name of our Company was changed to 'Kesoram Industries & Cotton Mills Limited', and our Company received a fresh certificate of incorporation consequent of change of name from the RoC dated August 30, 1961. Subsequently, the name of our Company was further changed to 'Kesoram Industries Limited' and our Company received a fresh certificate of incorporation consequent on change of name from the RoC dated July 9, 1986. For details of change in our name and the Registered Office of our Company, see "General Information" beginning on [●].

Registered Office and Corporate Office: 9/1 R.N. Mukherjee Road, Kolkata 700 001, West Bengal, India, **Tel:** +91 33 2243 5453
Contact Person: Raghuram Nath, Company Secretary and Compliance Officer, **Tel:** +91 33 2243 5453
E-mail: corporate@kesoram.net; **Website:** www.kesoram.com, **Corporate Identity Number:** L17119WB1919PLC003429

PROMOTERS OF OUR COMPANY: MANJUSHREE KHAITAN, MANAV INVESTMENT & TRADING COMPANY LIMITED AND PILANI INVESTMENT AND INDUSTRIES CORPORATION LIMITED			
FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF KESORAM INDUSTRIES LIMITED ONLY			
ISSUE OF UP TO [●] PARTLY PAID EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH OF OUR COMPANY (“RIGHTS EQUITY SHARES”) FOR CASH AT A PRICE OF ₹ 50.00 PER RIGHTS EQUITY SHARE (INCLUDING A PREMIUM OF ₹ 40.00 PER RIGHTS EQUITY SHARE) AGGREGATING UP TO ₹ 400 CRORE ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [●] RIGHTS EQUITY SHARES FOR EVERY [●] EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY ON THE RECORD DATE, THAT IS, ON [●], 2021 (“RECORD DATE”) (THE “ISSUE”). FOR FURTHER DETAILS, PLEASE REFER TO THE SECTION TITLED “TERMS OF THE ISSUE” BEGINNING ON PAGE [●].			
PAYMENT SCHEDULE FOR THE RIGHTS EQUITY SHARES			
Amount Payable per Rights Equity Share*	Face Value (₹)	Premium (₹)	Total (₹)
On Application	5.00	20.00	25.00
First and Final call – anytime within 6 months from the date of allotment of Rights Equity Shares as may be decided by the Board at its sole discretion	5.00	20.00	25.00
Total (₹)	10.00	40.00	50.00
*For further details on Payment Schedule, see “Terms of the Issue” on page [●].			
WILFUL DEFAULTERS			
Neither our Company, nor the Promoters, nor any of the Directors have been or are categorized as a wilful defaulter by any bank or financial institution (as defined under the Companies Act) or a consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI.			
GENERAL RISKS			
Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For making an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Rights Equity Shares have neither been recommended nor approved by the Securities and Exchange Board of India (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer. Specific attention of the investors is invited to the section “Risk Factors” on page [●].			
ISSUER’S ABSOLUTE RESPONSIBILITY			
Our Company, having made all reasonable inquiries, accepts responsibility for, and confirms that this Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.			
LISTING			
The Equity Shares are listed on BSE Limited (“BSE”), National Stock Exchange of India Limited (“NSE”) and The Calcutta Stock Exchange Limited (“CSE”, and together with BSE and NSE, the “Stock Exchanges”). The global depository receipts of our Company are listed on the Luxembourg Stock Exchange. Our Company has received “in-principle” approvals from BSE, NSE and CSE for listing the Rights Equity Shares through their letters dated [●], [●] and [●], respectively. Our Company will also make applications to the Stock Exchanges to obtain trading approvals for the Rights Entitlements as required under the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020. For the purposes of the Issue, the Designated Stock Exchange is BSE.			
LEAD MANAGER TO THE ISSUE		REGISTRAR TO THE ISSUE	
<div></div> <div>DAM Capital Advisors Limited (Formerly IDFC Securities Limited) One BKC, Tower C, 15th Floor Unit No. 1511, Bandra Kurla Complex Bandra (East), Mumbai – 400 051 Maharashtra, India Tel: +91 22 4202 2500 E-mail: kesoram.rights@damcapital.in Investor Grievance E-mail: complaint@damcapital.in Website: www.damcapital.in Contact Person: Chandresh Sharma / Gunjan Jain SEBI Registration No.: MB/INM000011336</div>		<div></div> <div>Link Intime India Private Limited C-101, First Floor, 247 Park, L.B.S. Marg Vikhroli (West), Mumbai 400 083 Maharashtra, India Tel: +91 22 4918 6200 E-mail: kesoram.rights@linkintime.co.in Investor grievance E-mail: kesoram.rights@linkintime.co.in Website: www.linkintime.co.in Contact Person: Sumeet Deshpande SEBI Registration No: INR000004058</div>	
ISSUE SCHEDULE [#]			
ISSUE OPENS ON	[●]		
LAST DATE FOR ON MARKET RENUNCIATION*	[●]		
ISSUE CLOSES ON	[●]		

*Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

* Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that this Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date) or such other time as may be permitted as per applicable law. Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Letter of Offer uses the definitions and abbreviations set forth below, which you should consider while reading the information contained herein. References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended, supplemented or re-enacted, from time to time, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision. The following list of certain capitalized terms used in this Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalized terms used in this Letter of Offer shall have the meaning as defined hereunder. Further any references to any statute or regulations or policies shall include amendments thereto, from time to time.

The words and expressions used in this Letter of Offer but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, 2013, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in “Statement of Special Tax Benefits” and “Financial Statements” on pages [●] and [●], respectively, shall have the meaning given to such terms in such sections.

Company related terms

Term	Description
“Company” or “our Company” or “the Company” or “the Issuer”	Kesoram Industries Limited, a public limited company incorporated under the provisions of the Companies Act, 1913 and having its Registered and Corporate Office situated at 9/1 R.N. Mukherjee Road, Kolkata - 700 001, West Bengal, India
“We” or “Our” or “Us”	Kesoram Industries Limited together with our Subsidiary on a consolidated basis, unless otherwise specified or the context otherwise requires
“Articles of Association” or “Articles” or “AoA”	The articles of association of our Company, as amended
“Annual Audited Financial Statement”	The audited consolidated financial statements of our Company for the financial year ended March 31, 2021 and March 31, 2020 which comprises the consolidated balance sheet as at March 31, 2021 and March 31, 2020, the consolidated statement of profit and loss, including other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information
Basantnagar Plant	Our Company’s plant for manufacturing of cement located at Basantnagar, Upparlakesaram, Karimnagar District, Peddapalli, Telangana 505 187
“Board of Directors” or “Board”	Board of directors of our Company or a duly constituted committee thereof
Chairman	The Chairman of our Company, currently Manjushree Khaitan
Cygnat	Cygnat Industries Limited
Debenture Trustee	Vistra ITCL (India) Limited
Deposit Agreement	Collectively, the deposit agreement dated August 9, 1996 read with the amendment agreement to the deposit agreement dated January 12, 2000 and the supplement and amendment to deposit agreement dated September 30, 2009, in terms of which the GDRs have been issued
Director(s)	Any or all the directors on our Board, as may be appointed from time to time
Equity Shareholder(s)	A holder of Equity Share(s), from time to time
Equity Shares	The equity shares of our Company each having a face value of ₹ 10 each, unless otherwise specified
Executive Director	The Whole-time Director and Chief Executive Officer of our Company, namely Radhakrishnan Padmalochanan, unless otherwise specified
GDR Holders	The holders of the GDRs issued by our Company
GDR Depository	Deutsche Bank Trust Company Americas
Financial Statements	Annual Audited Financial Statements. For details, see “Financial Statements” on page [●]
Joint Venture	Gondkhari Coal Mining Limited, in which our Company holds 45.46% of the total paid-up share capital
Manufacturing Facilities/Cement Plants	Collectively, the integrated manufacturing facilities located at the Basantnagar Plant and the Sedam Plant

Term	Description
“Memorandum of Association” or “Memorandum” or “MoA”	The memorandum of association of our Company, as amended from time to time
NCD Debenture Trust Deed	Debenture trust deed dated March 10, 2021 entered into between our Company and Vistra ITCL (India) Limited, the debenture trustee, governing the issue of NCDs by our Company
NCLT Order	The order of the National Company Law Tribunal, Kolkata Bench dated November 8, 2019 approving the Scheme of Arrangement
“Non-Convertible Debentures” or “NCDs”	Senior, rated, listed, secured, redeemable non-convertible debentures of face value of ₹ 10,00,000 each issued by our Company
Non-Executive Director	Non-executive directors of our Company, unless otherwise specified
OCD Debenture Trust Deed	Debenture trust deed dated March 10, 2021 entered into between our Company and Vistra ITCL (India) Limited, the debenture trustee, governing the issue of OCDs by our Company
OCRPS	Zero coupon optionally convertible redeemable preference shares of ₹ 100 each of the Company
“Optionally Convertible Debentures” or “OCDs”	Unlisted, secured, redeemable, optionally convertible debentures of face value ₹ 10,00,000 each issued by our Company
Promoters and Promoter Group	Individuals and entities forming part of the promoter and promoter group in accordance with SEBI ICDR Regulations
Promoters	The Promoters of our Company, namely Manjushree Khaitan, Manav Investment & Trading Company Limited and Pilani Investment and Industries Corporation Limited
Promoter Group	Unless the context requires otherwise, the entities and persons forming part of our promoter group in accordance with Regulation 2(1)(pp) of the SEBI ICDR Regulations and which are disclosed by our Company to the Stock Exchanges from time to time
Rayon and Transparent Paper Plant	Our Subsidiary’s plant for the manufacturing of rayon and transparent paper located at Raghunathpur, Nayasarai, Hooghly, West Bengal 712 513
“Registered Office” or “Registered and Corporate Office”	The registered office of our Company, located at 9/1 R.N. Mukherjee Road, Kolkata 700 001, West Bengal, India
“Registrar of Companies” or “RoC”	Registrar of Companies, West Bengal at Kolkata
“Fund Raising Committee”	The committee of our Board constituted by way of resolution of the Board dated February 18, 2020. Further, by way of resolutions of Board dated May 14, 2021 and August 12, 2021, the fund-raising committee was empowered to do acts for the purposes of the Issue and incidental matters thereof
Scheme of Arrangement	The Scheme of Arrangement amongst Kesoram Industries Limited, Birla Tyres Limited and their respective shareholders and creditors for the demerger of the tyre business of our Company into Birla Tyres Limited, which was approved by the National Company Law Tribunal, Kolkata Bench on November 8, 2019 <i>vide</i> the NCLT Order. For details, see “ <i>Presentation of Financial Information</i> ” on page [●]
Sedam Plant	Our Company’s plant for the manufacturing of cement located at Sedam, Kalaburagi, Karnataka 585 222
Statutory Auditor	The statutory auditor of our Company, namely, Deloitte Haskins & Sells, Chartered Accountants
Subsidiary	Cygnat Industries Limited
Trust Deeds	Collectively, the NCD Debenture Trust Deed and OCD Debenture Trust Deed
Tyre Business	The tyre business of our Company which was demerged by our Company into Birla Tyres Limited pursuant to the NCLT Order with an effective date of December 4, 2019 and an appointed date of January 1, 2019

Issue related terms

Term	Description
“Abridged Letter of Offer” or “ALOF”	Abridged letter of offer to be sent to the Eligible Equity Shareholders with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act
“Allot” or “Allotment” or “Allotted”	Allotment of Rights Equity Shares pursuant to the Issue
Allotment Account(s)	The account(s) opened with the Allotment Account Bank(s), into which the the Application Money lying credit to the escrow account and amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act
Allotment Account Bank(s)	Bank(s) which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Accounts will be opened, in this case being IndusInd Bank Limited.

Term	Description
Allotment Advice	The note or advice or intimation of Allotment, sent to each successful Investor, who has been or is to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange
Allotment Date	Date on which the Allotment is made pursuant to the Issue
Allottee(s)	Person(s) who are Allotted Rights Equity Shares pursuant to the Allotment
“Applicant(s)” or “Investor(s)”	Eligible Equity Shareholder(s) and/or Renouncee(s) who make an application for the Rights Equity Shares pursuant to the Issue in terms of this Letter of Offer
Application	Application made through (i) submission of the Application Form or plain paper Application to the Designated Branch of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, or (ii) filling the online Application Form available under the R-WAP facility (instituted only for resident Investors, in the event the Investors are not able to utilize the ASBA facility for making an Application despite their best efforts) to subscribe to the Rights Equity Shares at the Issue Price.
“Application Form” or “CAF(s)”	Form in terms of which an Applicant shall make an application to subscribe to the Rights Equity Shares pursuant to the Issue, including plain-paper applications and online application form available for submission of application using the R-WAP or through the website of the SCSBs (if made available by such SCSBs) under the ASBA process
Application Money	Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price
“Application Supported by Blocked Amount” or “ASBA”	Application (whether physical or electronic) used by an Investor to make an application authorizing the SCSB to block the Application Money in an ASBA account maintained with the SCSB
ASBA Account	Account maintained by an Investor with an SCSB which will be blocked by such SCSB to the extent of the amount payable on application in the ASBA Account
ASBA Circulars	Collectively, SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011 and the SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, or such other amendments/ circulars as may be issued by SEBI/BSE/NSE from time to time
Banker(s) to the Issue	Collectively, the Allotment Account Bank(s) and the Refund Bank(s) to the Issue
Banker to the Issue Agreement	Agreement dated [●] amongst our Company, the Lead Manager, the Registrar and the Banker(s) to the Issue for collection of the Application Money from Applicants/Investors making an application through the R-WAP facility, transfer of funds to the Allotment Account from the Escrow Account and SCSBs, release of funds from Allotment Account to our Company and other persons and where applicable, refunds of the amounts collected from Applicants/Investors and providing such other facilities and services as specified in the agreement
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Applicants in consultation with the Designated Stock Exchange under this Issue, as described in “ <i>Terms of the Issue</i> ” beginning on page [●]
“Controlling Branches” or “Controlling Branches of the SCSBs”	Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar and the Stock Exchanges, a list of which is available on the website of SEBI and/or such other website(s) as may be prescribed by the SEBI from time to time
Designated Branches	Such branches of the SCSBs which shall collect the CAFs or the plain paper Application, as the case may be, used by the Investors and a list of which is available on the website of SEBI and/or such other website(s) as may be prescribed by the SEBI / Stock Exchange(s) from time to time
Designated Stock Exchange	BSE
Eligible Equity Shareholders	Holder(s) of the Equity Shares as on the Record Date
Escrow Account	One or more no-lien and non-interest bearing accounts with the Escrow Collection Bank(s) for the purpose of collecting the Application Money from resident Investors making an Application through the R-WAP facility
“Escrow Collection Bank”, “Allotment Account Bank(s)” or “Refund Bank(s)”	Bank(s) which are clearing members and are registered with SEBI as banker to an issue and with whom the Escrow Account will be opened, in this case being, IndusInd Bank Limited
First and Final Call	The notice issued by our Company to the holders of the Rights Equity Shares as on the Call Record Date for making a payment of the First and Final Call Money.
First and Final Call Money	The balance amount payable by the holders of the Rights Equity Shares pursuant to the Payment Schedule, being ₹25.00 per Rights Equity Share (50% of Issue Price) on First and Final Call.
First and Final Call Record Date	A record date fixed by our Company for the purpose of determining the names of the holders of Rights Equity Shares for the purpose of issuing of the First and Final Call.
Fraudulent Borrower	Company or person, as the case may be, categorized as a fraudulent borrower by any bank, financial institution or lending consortium, in accordance with the ‘Master Directions on

Term	Description
	Frauds – Classification and Reporting by commercial banks and select FIs’ dated July 1, 2016, as updated, issued by the RBI
Issue	Issue of up to [●] Partly Paid-up Equity Shares of face value of ₹ 10 each of our Company for cash at a price of ₹ 50.00 per Rights Equity Share (including a premium of ₹ 40.00 per Rights Equity Share) aggregating up to ₹ 400 crore on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held by the Eligible Equity Shareholders of our Company as on the Record Date
Issue Agreement	Agreement dated [●] entered into between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Investors can submit their Applications, in accordance with the SEBI ICDR Regulations
Issue Price	₹ 50.00 per Rights Equity Share On Application, Eligible Equity Shareholders will be required to pay ₹25.00 per Rights Equity Share which constitutes 50% of the Issue Price and the balance ₹25.00 per Rights Equity Share which constitutes 50% of the Issue Price, will be required to be paid, on First and Final Call anytime within six months from the date of allotment of Rights Equity Shares.
“Issue Proceeds” or “Gross Proceeds”	Gross proceeds of the Issue
Issue Size	Amount aggregating up to ₹ 400 crore
Lead Manager	DAM Capital Advisors Limited (Formerly IDFC Securities Limited)
“Letter of Offer” or “LOF”	This letter of offer dated [●] filed with the SEBI and the Stock Exchanges
Listing Agreement	Equity listing agreements entered into between our Company and the Stock Exchanges in terms of the SEBI Listing Regulations read along with SEBI Circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015
Monitoring Agency	IndusInd Bank Limited
Monitoring Agency Agreement	Agreement dated [●] entered into between the Company and the Monitoring Agency in relation to monitoring of the Net Proceeds
Multiple Application Forms	More than one Application form submitted by an Eligible Shareholder/Renouncee in respect of the same Rights Entitlements available in their demat account. However additional applications in relation to additional Rights Equity Shares with/without using additional Rights Entitlements will not be treated as multiple applications
Net Proceeds	Issue Proceeds less Issue related expenses. For details, see “Objects of the Issue” on page [●]
Non-ASBA Investor	Investors other than ASBA Investors, who apply in the Issue otherwise than through the ASBA process
Off Market Renunciation	The renunciation of Rights Entitlements undertaken by an Investor by transferring them through off market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Depositories, from time to time, and other applicable laws
On Market Renunciation	The renunciation of Rights Entitlements undertaken by an Investor by trading them over the secondary market platform of the Stock Exchange through a registered stock broker in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Stock Exchange, from time to time, and other applicable laws, on or before [day], [date]
Payment Schedule	Payment schedule under which 50% of the Issue Price is payable on Application, i.e., ₹25.00 per Rights Equity Share, and the balance unpaid capital constituting 50% of the Issue Price i.e., ₹ 25.00 will be required to be paid, on First and Final Call anytime within six months from date of allotment of the Rights Equity Shares as may be decided by the Board, at its sole discretion.
Record Date	Designated date for the purpose of determining the Equity Shareholders eligible to apply for Rights Equity Shares, being [●]
Refund Bank	The Banker(s) to the Issue with whom the Refund Accounts will be opened, in this case being IndusInd Bank Limited
Registrar and Share Transfer Agent	MCS Share Transfer Agent Limited
“Registrar to the Issue” or “Registrar”	Link Intime India Private Limited
Registrar Agreement	Agreement dated August 19, 2021, entered into between our Company and the Registrar in relation to the responsibilities and obligations of the Registrar pertaining to the Issue
Renouncee(s)	Any person(s) who has / have acquired Rights Entitlements, in accordance with the SEBI ICDR Regulations
Renunciation Period	The period during which the Investors can renounce or transfer or sell their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on

Term	Description
	[●] in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date
Rights Entitlement/RE	The number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to his / her shareholding in our Company as on the Record Date, being [●] Rights Equity Shares for every [●] Equity Shares held by the Eligible Equity Shareholder on the Record Date
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible through the R-WAP and on the website of our Company
Rights Equity Shares	Equity Shares to be Allotted pursuant to the Issue
Rights Equity Shareholder	A holder of the Rights Equity Shares, from time to time
R-WAP	Registrar's web based application platform accessible at www.linkintime.co.in , instituted as an optional mechanism in accordance with the R-WAP Circulars. This platform is instituted only for resident Investors, in the event such Investors are not able to utilize the ASBA facility for making an Application despite their best efforts
R-WAP Circulars	SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with the SEBI circular bearing reference SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021
SEBI Rights Issue Circulars	SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 and the R-WAP Circulars
SCSB(s)	Self certified syndicate bank, registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at the website of SEBI and/or such other website(s) as may be prescribed by SEBI from time to time
Stock Exchanges	Stock exchanges where the Equity Shares are presently listed, being BSE, NSE and CSE
Transfer Date	The date on which the amount blocked in the ASBA Account will be transferred to the Allotment Account, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange
Wilful Defaulter	Company or person, as the case may be, categorised as a wilful defaulter by any bank or financial institution (as defined under the Companies Act) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI
Working Day(s)	Working day means all days on which commercial banks in Mumbai are open for business. Further, in respect of Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. Furthermore, the time period between the Issue Closing Date and the listing of the Rights Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI

Conventional or general terms and abbreviations

Term /Abbreviation	Description / Full Form
₹ / Rs. / Rupees / INR	Indian Rupee
AS / Accounting Standards	Accounting standards notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015
BSE	BSE Limited
CSE	The Calcutta Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
Central Government	Central Government of India
CCI	Competition Commission of India
CIN	Corporate identification number
Companies Act, 1913	Indian Companies Act, 1913
Companies Act, 1956	Companies Act, 1956
“Companies Act, 2013” or “Companies Act”	Companies Act, 2013
Competition Act	Competition Act, 2002
COVID-19	A public health emergency of international concern as declared by the WHO on January 30, 2020 and a pandemic on March 11, 2020
Depositories Act	Depositories Act, 1996
Depository/DP	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018
DIN	Director identification number

Term /Abbreviation	Description / Full Form
FCNR Account	Foreign Currency Non Resident account
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
FEMA Non-Debt Rules	The Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Financial Year / FY / Fiscal	Period of 12 months ended March 31 of that particular year
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
FVCIs	Foreign venture capital investors as defined in and registered with the SEBI, under the SEBI FVCI Regulations
GDP	Gross domestic product
GDRs	Global Depository Receipts
GIR	General index registrar
Government / GoI	Central Government and/or the State Government, as applicable
GST	Goods and Services Tax
HUF	Hindu Undivided Family
IMF	International Monetary Fund
India	Republic of India
Ind AS	Indian accounting standards as notified by the MCA <i>vide</i> Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015
ISIN	International securities identification number allotted by the Depository
Mutual Fund	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
N.A. / N/A	Not applicable
NCR	National Capital Region, encompassing Delhi and several districts surrounding it from the states of Haryana, Uttar Pradesh and Rajasthan
NEFT	National Electronic Fund Transfer
Non Resident/NR	Persons resident outside India, as defined in FEMA
NRE Account	Non Resident external account
NRI	A person resident outside India, who is a citizen of India and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016
NRO Account	Non Resident ordinary account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Body being a company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA.
PAN	Permanent account number
RBI	Reserve Bank of India
Registered Foreign Portfolio Investors / Foreign Portfolio Investors	Foreign portfolio investors as defined under the SEBI FPI Regulations
Regulation S	Regulation S under the U.S. Securities Act
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI ILDS Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996
State Government	Government of a state of India
U.S. / USA / United States	United States of America, including its territories or possessions, any state of the United States, and the District of Columbia
U.S. Securities Act	U.S. Securities Act of 1933

Term /Abbreviation	Description / Full Form
VCFs	Venture capital funds as defined in and registered with the SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations, as the case may be
WHO	World Health Organisation

Business and Industry related terms

Term	Description
BIS	Bureau of Indian Standard
Bps	Basis points
CAGR	Compound annual growth rate
CRISIL	CRISIL Limited
CRISIL Cement Report	Report titled “CRISIL Research- Cement Report” dated June 2021
CRISIL Economy Report	Report titled “CRISIL Research- Economy Report (Ecoview)” dated June, 2021
CRISIL Research	CRISIL Research, a division of CRISIL Limited
CSO	Central Statistics Office
CSR	Corporate social responsibility
EBITDA	Earnings before interest, taxes, depreciation, and amortization
ERP	Enterprise resource planning
Infra	Infrastructure
IS	Indian Standard
ISO	International Organisation for Standardisation
IT	Information technology
IT sector	Information Technology sector
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act, 2005
MITRA scheme	Mega investment textiles parks scheme
MMF	Indian manmade fibre textile industry
MMTPA	Million metric tonnes per annum
MoSPI	The Ministry of Statistics and Programme Implementation
MPa	Megapascal
MT	Metric tonnes
MTPA	Metric tonnes per annum
MW	Megawatt
NBFCs	Non-Banking Financial Companies
NHAI	National Highway Authority of India
OPC	Ordinary portland cement
PLI scheme	Production linked incentive scheme
PPC	Portland pozzolana cement
q-o-q	Quarter on quarter
y-o-y	Year on year

NOTICE TO INVESTORS

The distribution of this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter, any other offering material and the issue of Rights Entitlements and the Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form may come, are required to inform themselves about and observe such restrictions. Our Company is making the Issue on a rights basis to the Eligible Equity Shareholders and will dispatch this Letter of Offer/the Abridged Letter of Offer and Application Form only to Eligible Equity Shareholders who have provided an Indian address to our Company. Those overseas Eligible Equity Shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch this Letter of Offer/ the Abridged Letter of Offer and Application Forms, shall not be sent this Letter of Offer/ the Abridged Letter of Offer and Application Forms. For details, see “*Restrictions on Purchases and Resales*” beginning on page [●].

Further, this Letter of Offer will be provided to those who make a request in this regard. In the event that e-mail addresses of the Eligible Equity Shareholders are not available with the Company or the Eligible Shareholders have not provided valid e-mail addresses to the Company, our Company will dispatch, on a reasonable efforts basis, the Abridged Letter of Offer, Application Form and other applicable Issue materials by way of physical delivery as per the applicable laws to those Eligible Equity Shareholders who have provided their Indian address.

Investors can also access this Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company, the Lead Manager, the Stock Exchanges and on R-WAP.

Our Company, the Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer was filed with SEBI and the Stock Exchanges. Accordingly, this Letter of Offer, the Abridged Letter of Offer, the Application Form (including by way of electronic means) or the Rights Entitlement Letter or any offering materials or advertisements in connection with the Issue may not be distributed or received in any jurisdiction outside India and the Rights Entitlements and the Rights Equity Shares may not be offered or sold, directly or indirectly, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form (including by way of electronic means) or any Issue materials or advertisements in connection with the Issue will not constitute an offer, invitation to or solicitation by anyone in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form (including by way of electronic means) or any Issue materials or advertisements in connection with the Issue must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares or the Rights Entitlements and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Application Form and the Rights Entitlement Letter in, or into, any jurisdiction where to do so, would or might contravene local securities laws or regulations or would subject our Company or its affiliates or the Lead Manager or their affiliates to any filing or registration requirement (other than in India). If this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or purchase or acquire the Rights Entitlements referred to in this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter.

Any person who makes an application to acquire the Rights Entitlements or the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that they are authorised to acquire the Rights Entitlements or the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction without requirement for our Company or our affiliates or the Lead Manager or their respective affiliates to make any filing or registration (other than in India). In addition, each purchaser of Rights Entitlements and the Rights Equity Shares will be deemed to make the representations, warranties, acknowledgments and agreements set forth in “*Other Regulatory and Statutory Disclosures – Selling Restrictions*” and “*Restrictions on Purchase and Resales*” on pages [●] and [●], respectively.

Our Company, in consultation with the Lead Manager, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from a person located in the United States or other jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is outside the United States and such person is eligible to subscribe for the Rights Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; or (iii) where either a registered Indian address is not provided or where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

Neither the receipt of this Letter of Offer nor any sale/ offer of the Rights Equity Shares and/ or the Rights Entitlements hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer or the date of such information. The contents of this Letter of Offer should not be construed as legal, tax, business, financial or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of the Rights Equity Shares or Rights Entitlements. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of the Rights Equity Shares or Rights Entitlements. In addition, neither our Company nor the Lead Manager or its affiliates are making any representation to any offeree or purchaser of the Rights Equity Shares regarding the legality of an investment in the Rights Entitlements or the Rights Equity Shares by such offeree or purchaser under any applicable laws or regulations.

THIS DOCUMENT IS SOLELY FOR THE USE OF THE PERSON WHO RECEIVED IT FROM OUR COMPANY OR FROM THE REGISTRAR. THIS DOCUMENT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSON.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE RIGHTS ENTITLEMENTS (INCLUDING THEIR CREDIT) AND THE RIGHTS EQUITY SHARES ARE ONLY BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE LAWS OF THE JURISDICTION WHERE THOSE OFFERS AND SALES OCCUR. THE RIGHTS ENTITLEMENTS AND THE EQUITY SHARES MAY NOT BE RE-OFFERED, RE-SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR THE RIGHTS ENTITLEMENT FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY OR TRANSFER ANY OF THE RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENT. THERE IS NO INTENTION TO REGISTER ANY PORTION OF THE ISSUE OF ANY OF THE SECURITIES DESCRIBED HEREIN IN THE UNITED STATES OR TO CONDUCT A PUBLIC OFFERING OF SECURITIES IN THE UNITED STATES. ACCORDINGLY, THE OFFER DOCUMENTS AND THE APPLICATION FORM SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation or purchase of the Rights Equity Shares and/ or Rights Entitlements from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. No Application Form should be postmarked in the United States, electronically transmitted from the United States or otherwise dispatched from the United States or from any other jurisdiction where it would be illegal to make an offer of securities under this Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch this Letter of Offer or the Abridged Letter of Offer, the Application Form and other applicable Issue materials primarily to

the e-mail addresses of the Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States and is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations.

Neither the Company nor the Lead Manager is making, and neither will make, participate or otherwise be involved in any offers or sales of the Rights Entitlements, the Rights Equity Shares or any other security with respect to this Issue in the United States.

Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, that it is not and, at the time of subscribing for the Rights Equity Shares or the Rights Entitlements it will not be, in the United States , and it is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations.

The Rights Entitlements and the Rights Equity Shares have not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any other federal or state securities commission in the United States, the securities authorities of any non-United States jurisdiction or any other U.S. or non-U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the Rights Equity Shares or the accuracy or adequacy of this Letter of Offer. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in certain other jurisdictions.

The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

NOTICE TO GDR HOLDERS

The GDRs representing Equity Shares of our Company, issued by Citibank N.A., as the initial foreign depository, are currently listed on the Luxembourg Stock Exchange appearing on the EuroMTF market. Citibank N.A. has since been replaced as the foreign depository for the GDRs by Deutsche Bank Trust Company Americas (the “**GDR Depository**”) vide the letter agreements dated July 23, 2009 and February 5, 2020. The GDRs have been issued in terms of the deposit agreement dated August 9, 1996 read with the amendment agreement to the deposit agreement dated January 12, 2000 and the supplement and amendment to deposit agreement dated September 30, 2009 (the “**DB Supplement Agreement**”) (collectively, the “**Deposit Agreement**”).

In accordance with the provisions of the Deposit Agreement, the GDR Depository will use reasonable endeavours to sell the Rights Entitlements acquired and distribute the net proceeds of any such sale to the GDR holders after deducting applicable taxes and expenses and its fees for making that distribution.”

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain conventions

Unless otherwise specified or the context otherwise requires, all references in this Letter of Offer to (i) the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions; (ii) 'India' are to the Republic of India and its territories and possessions; and the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable.

In this Letter of Offer, references to the singular also refer to the plural and one gender also refers to any other gender, where applicable.

Page Numbers

Unless stated otherwise, all reference to page numbers in this Letter of Offer are to the page numbers of this Letter of Offer.

Financial data

Unless stated otherwise or unless the context requires otherwise, the financial data in this Letter of Offer is derived from the Financial Statements. For details, see "*Financial Statements*" on page [●].

Our Financial Year commences on April 1 of each year and ends on March 31 of the succeeding year, so all references to a particular "Fiscal Year", "Fiscal", "Financial Year" or "FY" are to the 12 months period ended on March 31 of that year.

We have prepared our Financial Statements in accordance with relevant Ind AS, Companies Act, and other applicable statutory and/or regulatory requirements. Our Company publishes its financial statements in Rupees crore. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

Unless otherwise stated, the financial numbers stated in this Letter of Offer are derived from Annual Audited Financial Statements.

In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures. Unless stated otherwise, throughout this Letter of Offer, all figures have been expressed in crore Rupees or lakh Rupees. One crore represents 1,00,00,000 and one lakh represents 1,00,000.

Market and industry data

Unless stated otherwise, market, industry and demographic data used in this Letter of Offer has been obtained from market research, publicly available information, industry publications and government sources. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and our Company does not make any representation as to the accuracy of that information. Further, the information has also been derived from the CRISIL Reports dated June 2021. For risks in relation to the reports, see "*Risk Factors – Industry information included in this Letter of Offer has been derived from an industry report. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate.*" on page [●]. Accordingly, no investment decision should be made on the basis of such information.

This information is subject to change and cannot be verified with certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analysis and estimates, and thus we have relied on internally developed estimates.

The extent to which the market and industry data used in this Letter of Offer is meaningful is dependent on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and

assumptions may vary widely among different industry sources. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in “Risk Factors” beginning on page [●]. Accordingly, investors should not place undue reliance on this information.

Disclaimer of CRISIL

This Letter of Offer contains data and statistics from the reports titled “CRISIL Research – Cement Report, June 2021” and “CRISIL Research- Economy Report (Ecoview), June 2021” released in India in June 2021 by CRISIL, which is subject to the following disclaimer:

“CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing the CRISIL Research – Cement Report, June 2021 and CRISIL Research- Economy Report (Ecoview), June 2021 (collectively, the Reports) based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Reports and is not responsible for any errors or omissions or for the results obtained from the use of the Data / Reports. The Reports are not a recommendation to invest / disinvest in any entity covered in the Reports and no part of the Reports should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of the Reports. Without limiting the generality of the foregoing, nothing in the Reports is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Kesoram Industries Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Reports or part thereof outside India. CRISIL Research operates independently of and does not have access to information obtained by CRISIL Ratings Limited / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in the Reports are that of CRISIL Research and not of CRISIL Ratings Limited / CRIS. No part of the Reports may be published/reproduced in any form without CRISIL’s prior written approval.”

Currency of presentation

Unless otherwise specified or the context otherwise requires, all references to:

- ‘INR’, ‘₹’, ‘Indian Rupees’ and ‘Rupees’ are to the legal currency of India; and
- ‘US\$’, ‘USD’, ‘\$’ and ‘U.S. dollars’ are to the legal currency of the United States of America.

Non-Ind AS measures

Certain non-Ind AS financial measures and certain other statistical information relating to our operations and financial performance such as net worth, return on net worth, net asset value per equity share, ratio of non-current liabilities-borrowings (including current maturities) / total equity (excluding non-controlling interest), ratio of total borrowings/ total equity (excluding non-controlling interest), EBITDA, have been included in this Letter of Offer. These may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to the financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies.

Exchange rates

The following table sets forth information with respect to the exchange rates between the Rupee and the U.S. dollar (in ₹ per US\$), for or as of the end of the periods indicated.

Name of the Currency	As of March 31, 2021 (in ₹)
1 USD	73.50

Source: www.fbil.org.in

These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Letter of Offer that are not statements of historical fact constitute “forward-looking statements.” Investors can generally identify forward-looking statements by terminology such as “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “intend”, “can”, “could”, “may”, “objective”, “plan”, “potential”, “project”, “pursue”, “shall”, “should”, “will”, “would”, “will likely result”, “is likely”, “are likely”, “believe”, “expect”, “expected to”, “will continue”, “will achieve”, or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial condition and prospects are forward-looking statements. These forward-looking statements include planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts) and other matters discussed in this Letter of Offer that are not historical facts.

All statements regarding our Company’s expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company’s business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Letter of Offer that are not historical facts. These forward-looking statements contained in this Letter of Offer (whether made by our Company or any third party) involve known and unknown risks, uncertainties, assumptions and other factors that may significantly affect the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All such forward-looking statements are based on our current plans and expectations and are subject to such risks, uncertainties and assumptions about our Company that could significantly affect our current plans and expectations and thereby cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Important factors that could cause our actual results, performances and achievements to be materially different from any of the forward-looking statements include, among others:

- Continuing impact of the outbreak of the COVID-19;
- Ability to maintain profitability or improve our net worth in the future;
- Breach of covenants under the Trust Deeds that may result in conversion of the debentures into Equity Shares and/or redemption of the said debentures;
- Our ability to mine sufficient limestone for our operations and exposure to unanticipated costs and liabilities on account of onerous terms in our mining leases;
- Shortage or non-availability of power, fuel or water in our manufacturing operations;
- Slowdown or shutdown in our manufacturing operations or under-utilization of our manufacturing plants;
- Dependency upon the pricing and continued supply of coal and raw materials; and
- Reliability on limited suppliers to provide certain key raw materials.

By their nature, certain of the market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on revenue or income could materially differ from those that have been estimated, expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Additional factors that could cause our actual results, performance or achievements to differ include but are not limited to, those discussed in “*Risk Factors*” on page [●].

The forward-looking statements contained in this Letter of Offer are based on the beliefs of the management, as well as the assumptions made by and information currently available to the management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, Investors are cautioned not to rely on such forward-looking statements. In any event, these statements speak only as of the date of this Letter of Offer or the respective dates indicated in this Letter of Offer, and we undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that may be described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

SUMMARY OF LETTER OF OFFER

This section is a general summary of certain disclosures included in this Letter of Offer and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Letter of Offer or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Letter of Offer, including the sections titled “Risk Factors”, “Objects of the Issue”, “Capital Structure”, “Industry Overview”, “Our Business”, “Outstanding Litigation and Defaults” and “Financial Statements” beginning on pages [●], [●], [●], [●] and [●] respectively of this Letter of Offer.

Summary of primary business

We are part of one of the oldest conglomerates in India and are a flagship company of the B.K Birla group. While we have been engaged in multiple businesses like cement, tyre, textiles and pulp and paper in the past, over the years we have concentrated our business interests primarily to cement. In addition, we also manufacture viscose rayon, filament yarn and transparent paper through our Subsidiary. Our cement products are manufactured at our two cement plants and marketed under the brand name “Birla Shakti” and “Birla Shakti Cement Shakti+”. The rayon is marketed under the brand name “Kesoram Rayon”, while our transparent paper is marketed under the brand name “Kesophane”.

Objects of the Issue

The Net Proceeds are proposed to be utilised in accordance with the details provided in the following table:

Particulars	Amount (₹ in crore)
Repayment or prepayment of inter-corporate deposit (“ICD”), including interest thereon	50.00 [#]
Scheduled part-redemption of Non-Convertible Debentures	55.00
Redemption of Optionally Convertible Debentures in full/ Non-Convertible Debentures in part	245.00
General corporate purposes*	[●]
Total Net Proceeds**	[●]

* Subject to the finalization of the Basis of Allotment, the Allotment of the Equity Shares and the adjustment of the interest accrued on the ICD. The amount utilized for general corporate purposes shall not exceed 25% of the Net Proceeds.

** Assuming full subscription and Allotment of the Equity Shares and receipt of First and Final Call monies with respect to the Rights Equity Shares.

[#]The principal amount outstanding on the ICD, excluding the interest amount to be calculated at 18% per annum till the date of Allotment in the Issue and subsequently on the last date for receiving the First and Final Call. Given the nature of this borrowing facility and terms of repayment, the aggregate ICD amount, including the interest thereon, may vary from time to time. Further, the variation in the interest amount, as payable on the ICD, will lead to consequent reduction in the proceeds reserved for general corporate purposes and will not impact the amount reserved for the redemption of the NCDs/OCDs, as applicable.

Subscription to the Issue by our Promoters and Promoter Group

Our Promoters and Promoter Group have confirmed that they intend to: (i) subscribe to their Rights Entitlements in the Issue and that they shall not renounce the Rights Entitlements (except to the extent of Rights Entitlements renounced by any of them in favour of the other Promoter or other member(s) of our Promoter Group); and/or (ii) subscribe to the Rights Entitlements, if any, which are renounced in their favour by our Promoters or any other member(s) of the Promoter Group, each as may be applicable. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements under applicable law, pursuant to this Issue.

Summary of Outstanding Litigation and Material Developments

Type of proceedings	Number of cases	Amount* (in ₹ crore)
Litigation involving our Company		
Proceedings involving criminal liability on our Company	5	Not quantifiable
Proceedings involving moral turpitude on our Company	Nil	-
Proceedings involving material violations of statutory regulations by our Company	Nil	-
Matters involving economic offences where proceedings have been initiated against our Company	Nil	-

Type of proceedings	Number of cases	Amount* (in ₹ crore)
Other material proceedings**	17	1,712.62
Litigation involving our Subsidiary		
Proceedings involving moral turpitude or criminal liability on our Company	Nil	-
Proceedings involving material violations of statutory regulations by our Company	Nil	-
Matters involving economic offences where proceedings have been initiated against our Company	Nil	-
Other material proceedings	Nil	-

* To the extent quantifiable

**Our Company has filed counter claims in these matters amounting to ₹ 1,530 crore

For details, please refer to the section titled “*Outstanding Litigation and Defaults*” beginning on page [●].

Risk Factors

Please refer to the section titled “*Risk Factors*” beginning on page [●] for details about the risk factors.

Contingent Liabilities

For details of our contingent liabilities for the financial year ended March 31, 2021, please refer to the section titled “*Financial Statements*” beginning on page [●].

Related Party Transactions

For details of our related party transactions as per Ind AS 24 during Fiscal 2021, please refer to the note 40 of section titled “*Financial Statements*” on page [●].

Details of Equity Shares Issued for Consideration other than Cash in last one year

Except as disclosed below, no Equity Shares have been issued by our Company for consideration other than cash during the period of one year immediately preceding the date of filing of this Letter of Offer:

Date of allotment	Number of Equity Shares allotted	Face value per Equity Share (in ₹)	Issue price per Equity Share (in ₹)	Nature/Reason of allotment
March 8, 2021	2,22,21,262	10	65	Preferential allotment of Equity Shares to certain lenders of the Company for part conversion of outstanding loans ⁽¹⁾

⁽¹⁾Allotment of 12,777,710 Equity Shares to Axis Bank Limited, 2,233,382 Equity Shares to ICICI Bank Limited, 2,064,712 Equity Shares to The South Indian Bank Limited, 1,514,445 Equity Shares to State Bank of India, 1,190,788 Equity Shares to IndusInd Bank Limited, 778,080 Equity Shares to The Laxmi Vilas Bank Limited, 661,831 Equity Shares to West Bengal Infrastructure Development Finance Corporation Limited, 455,695 Equity Shares to the Karur Vysya Bank Limited, 383,981 Equity Shares to Punjab National Bank Limited and 160,638 Equity Shares to Yes Bank Limited, in terms of a settlement agreement dated February 20, 2021 entered into between the Company and certain lenders of the Company and pursuant to the special resolution passed by the shareholders dated February 12, 2021.

SECTION II: RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider each of the following risk factors together with the section “Financial Statements” on page [●] of this Letter of Offer and all other information set forth in this Letter of Offer before making an investment in the Equity Shares. The risks and uncertainties described in this section are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business, prospects, results of operations, cash flows and financial condition.

If any or a combination of the following risks, or other risks that are not currently known or are currently deemed immaterial, actually occur, our business, results of operations, cash flows and financial condition may be adversely affected, the price of the Equity Shares could decline, and you may lose all or part of your investment. In making an investment decision with respect to this Issue, you must rely on your own examination of our Company and the terms of this Issue, including the merits and risks involved. You should also consult your tax, financial and legal advisors about the particular consequences to you of an investment in our Equity Shares.

This Letter of Offer also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Letter of Offer. See “Forward-Looking Statements” on page [●].

Unless otherwise stated or unless the context otherwise requires, all financial information of our Company used in this section has been derived from the Annual Audited Financial Statements. Unless specified or quantified in the relevant risk factors below, our Company is not in a position to quantify the financial or other implications of any of the risks described in this section.

Further, unless otherwise specified or unless the context otherwise requires, the terms “we” and “our” in this section refers to our Company, our Subsidiary and our Joint Venture on a consolidated basis, to the extent applicable.

Internal Risk Factors

1. The continuing impact of the outbreak of the novel coronavirus could have a significant effect on our operations, and could negatively impact our business, revenues, financial condition and results of operations.

The outbreak of COVID-19 was recognized as a public health emergency of international concern on January 30, 2020 and as a pandemic by the WHO on March 11, 2020. In response to the COVID-19 outbreak, the governments of many countries, had/have taken preventive or protective actions, such as imposing country-wide lockdowns, as well as restrictions on travel and business operations. The Government of India had announced a nation-wide lockdown on March 24, 2020 and imposed several restrictions. With the decrease in number of COVID-19 cases, the lockdown was slowly eased during the end of 2020 and early 2021. Certain countries have reinstated lockdown conditions due to a “second wave” of the COVID-19 outbreak. With gradual increase in number of COVID-19 cases from February 2021 and steep increase from March 2021, various States in India have reinstated lockdown conditions or imposed additional restrictions. The scope, duration, and frequency of such measures and the adverse effects of COVID-19 remain uncertain and could be severe. Although, there has been a decline in the COVID-19 cases in July-August 2021 and various States in India have lifted the lockdowns and other such restrictions, the resurgence of the virus or a variant of the virus that causes a rapid increase in cases and deaths, if measures taken by governments fail or if vaccinations are not administered as planned, may cause significant economic disruption in India and in the rest of the world.

The global impact of the COVID-19 pandemic has been rapidly evolving and public health officials and governmental authorities have reacted by taking measures, including in the regions in which we operate, such as prohibiting people from assembling in heavily populated areas, instituting quarantines, restricting travel, issuing lockdown orders and restricting the types of businesses that may continue to operate, ‘stay-at-home’ orders, and enforcing remote working regulations. These measures have led to a significant decline in economic activities. No prediction can be made of when any of the restrictions currently in place will be relaxed or when further restrictions will be announced.

During the lockdown, our manufacturing facility at Basantnagar was shut down for a period of 36 days from March 24, 2020 to April 28, 2020. Similarly, our manufacturing facility at Sedam was shut down for a period of 29 days from March 24, 2020 to April 21, 2020 and operations at the rayon plant of our Subsidiary were shut down for a period of 66 days from March 27, 2020 to May 31, 2020, after which operations were resumed at the respective facilities, in accordance with the guidelines of the central government and respective state governments. Further, the operations at the rayon plant of our Subsidiary have been temporarily suspended from June 22, 2021 until further notice due to continual restrictions, in logistical activities involving non-essential goods, imposed by the state government owing to the second wave of COVID-19. We have implemented safety procedures and requirements at our manufacturing facilities to meet the government's requirement on sanitisation, staggered shifts and social distancing. Further, there is a likelihood of continuation of disruption in supply chain, increased raw material prices/supply, transport and service costs which may adversely affect our production and profits. We have continued selling products to our customers and our revenue from operations on a consolidated basis was ₹ 2,645.64 crore and ₹ 2,652.77 crore in Fiscal 2020 and Fiscal 2021 respectively.

However, the scale of the pandemic and the extent to which the local and global community has been impacted, our quarterly and annual revenue growth rates and expenses as a percentage of our revenues, may differ significantly from our historical rates, and our future operating results may fall below expectations. The impact of the pandemic on our business, operations and future financial performance include, but are not limited to the following:

- a temporary shutdown of our manufacturing facilities due to government restrictions or illness in connection with COVID-19;
- a decrease in demand for our products as a result of COVID-19 on account of government restrictions imposed and additionally on account of cost control measures implemented by our customers;
- our inability to source key raw materials as a result of the temporary or permanent closure of the facilities of suppliers of our key raw materials;
- a portion of our workforce being unable to work, including because of travel or government restrictions in connection with COVID-19, including stay at home order, which could result in a slowdown in our operations;
- delays in orders or delivery of orders, which may negatively impact our cash conversion cycle and ability to convert our backlog into cash;
- inability to collect full or partial payments from customers due to deterioration in customer liquidity;
- uncertainty as to what conditions must be satisfied before government authorities completely lift lockdown orders; and
- the potential negative impact on the health of our employees, particularly if a significant number of them are afflicted by COVID-19, could result in a deterioration in our ability to ensure business continuity during this disruption.

Any resulting financial impact due to the above cannot be reasonably estimated at this time. The extent to which the COVID-19 impacts our business and results will depend on future developments, which are highly uncertain and cannot be predicted, such as new information which may emerge concerning the severity of the coronavirus and the actions taken globally to contain the coronavirus or treat its impact, among others. In addition, we cannot predict the impact that the COVID-19 pandemic will have on our customers, suppliers and other business partners, and each of their financial conditions; however, any material effect on these parties could adversely impact us. Existing insurance coverage may not provide protection for all costs that may arise from all such possible events. To the extent that the COVID-19 pandemic adversely affects our business and operations, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section. Further, see "Management's Discussions and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations" on page [●].

As a result of these uncertainties, the impact may vary significantly from that estimated by our management from time to time, and any action to contain or mitigate such impact, whether government-mandated or opted by us, may not have the anticipated effect or may fail to achieve its intended purpose altogether.

2. ***We have incurred losses in two out of the last three Fiscals of our operations and had a negative net worth on a consolidated basis as at March 31, 2020. We cannot assure you that we will be able to maintain profitability or improve our net worth in the future.***

We have incurred net losses after tax in two out of the last three Fiscals of our operations. In Fiscals 2020 and 2019, we have incurred a net loss after tax and discontinued operations of ₹ (187.53 crore) and ₹ (363.32 crore) on a consolidated basis and ₹ (485.50 crore) and ₹ (254.25 crore) on a standalone basis, respectively. The losses during Fiscal 2019 included the losses incurred with respect to the Tyre Business, which has since been demerged into Birla Tyres Limited on December 4, 2019 pursuant to the NCLT Order with effect from January 1, 2019. Our Subsidiary, which is engaged in the business of manufacturing of rayon and transparent paper, has incurred a loss after tax of ₹ (100.78 crore), ₹ (89.12 crore) and ₹ (109.07 crore) in the Fiscals 2021, 2020 and 2019, respectively.

As on March 31, 2020, we had a negative net worth of ₹ (97.25 crore) on account of lower production volumes, due to higher interest costs and lack of liquidity.

We cannot assure you that we will be able to achieve and maintain profitability and a positive net worth in the future. If we are ultimately unable to generate sufficient revenue to meet our financial targets, maintain profitability and have sustainable positive cash flows, investors could lose their investment. In addition, if we incur losses in the future or our net worth decreases, we may be unable to meet our financial obligations, we may breach the terms of our financing arrangements and our lenders could accelerate amounts due under our existing indebtedness. The occurrence of such events could adversely affect our business and financial condition.

3. *Our cement business is dependent upon our ability to mine sufficient limestone for our operations and our mining leases contain onerous terms, which may expose us to unanticipated costs and liabilities which may affect our business, financial condition and results of operation.*

Limestone is the principle raw material for cement manufacturing process. We currently source limestone from our four leased mines, with two mines located in proximity to the Basantnagar Plant in Telangana and two mines located in proximity to the Sedam Plant in Karnataka. Out of the two mining leases granted to us by the Government of Telangana with respect to our two mines located in Telangana, one mining lease shall expire in 2052, while the other mining lease shall expire in 2030. The two mining leases granted to us by the Government of Karnataka for limestone and shale with respect to two mines located in Karnataka, one mining lease shall expire in 2022, for which Company has made an application seeking extension of the lease term up to 2032. The other mining lease shall expire in 2030, however our Company has made an application for the extension of the lease term up to 2060. We have additionally been granted one mining lease for extraction of limestone in Karnataka, which is not currently being utilised by our Company and expires in 2030. However, our Company has made an application seeking extension of the lease term up to 2060. These applications have been made pursuant to the grant of deemed extension to mining leases pursuant to Section 8A of Mines and Minerals (Development and Regulation) Act, 1957 as amended.

The mining leases set out *inter alia* the terms of grant of the lease including the rights and obligations of our Company and the terms of the dead rent, royalty and other payments to be made to the respective governments. In terms of the mining leases in Telangana, our Company is required to, *inter alia*, indemnify the Government of Telangana against all claims that may be made by any person in respect of any damage, injury or disturbance and costs and expenses in connection therewith, which may be caused by our Company in exercise of its powers under the respective leases. In terms of the mining leases in Karnataka, we are currently involved in a dispute with the Government of Karnataka in relation to the calculation of arrears in payment of royalty for mining limestone. In addition, we are also involved in certain other disputes with the Government of Karnataka regarding our limestone mines. An adverse order in these proceedings against our Company may have a negative impact on our business, financial condition, results of operations and cash flows. For further details, please refer to “*Outstanding Litigation and Defaults- Material civil litigation by our Company*” on page [●].

Further, in terms of the mining leases with respect to our mines, the relevant state government has a right of pre-emption with respect to minerals (and products thereof) lying in or upon the land covered under the mining leases. The relevant state government is required to issue a written notice exercising such right and our Company is required to deliver all minerals or products purchased by such state government in such quantities and at such times and place as specified in the notice exercising the right. The pricing of the minerals or products of minerals purchased by the state government upon exercise of the right of pre-emption, shall be the fair market value prevailing at the time. Any exercise of such right of pre-emption by the Karnataka or Telangana governments with respect to our mines located in Karnataka and Telangana respectively, may result in a reduced availability of limestone for our cement manufacturing operations and accordingly adversely affect our business, operations and profitability.

Further, if our mining rights are revoked or not renewed upon expiration, or significant restrictions on the usage of the rights are imposed, or applicable environmental standards are substantially increased, our ability to operate our plants could be disrupted until alternative limestone sources are located.

Mining rights are subject to compliance with certain conditions, and the central government and the state governments have the power to take action with respect to mining rights, including imposing fines or restrictions, revoking or varying the mining rights or changing the amount of royalties payable for mining the quarries. The royalties payable with respect to the mining leases may be reviewed and increased by the central government periodically. We cannot assure you that the mining royalties will not be further increased in the future or if we will be able to satisfy all of the terms and conditions of the mining leases and that our lessors will not terminate the mining leases for non-compliance. In the event that such termination does occur, or we are unable to renew the mining leases at favourable terms or at all, our results of operations will be adversely affected. In addition, regulations governing mining activities have been a subject matter of increased scrutiny during recent times and terms and conditions of our mining leases may become more stringent, and we cannot predict with certainty the scope and extent of such changes, including their effect on our operations and the requirement to incur significant additional amounts.

4. *We are subject to restrictive covenants under our financing agreements that could limit our flexibility in managing our business or to use cash or other assets.*

Our Company has issued OCDs and NCDs as per the terms provided in the OCD Debenture Trust Deed and the NCD Debenture Trust Deed, respectively (together, the “**Trust Deeds**”). The aggregate face value of the OCDs and tranche-1 of the NCDs, both of which were allotted on private placement basis on March 16, 2021, is ₹ 459.90 crore and ₹ 1603.50 crore, respectively. The Trust Deeds contain certain restrictive covenants, including, but not limited to, requirements of obtaining consent from the Debenture Trustee prior to: (i) Effecting any change in capital structure; (ii) Receiving contribution against issue of shares, warrants or other equivalent securities other than as may be permitted under the Trust Deeds; (iii) Changing our registered office or name; (iv) Changing composition of our Board or management; (v) Amending or altering our constitutional documents; (vi) Entering into any amalgamation, demerger, merger and restructuring; (vii) Effecting any change in general nature of business, entering into any new business or diversification; (viii) Entering into or agreeing to invest in or acquire any business or going concern; (ix) Incurring any indebtedness other than permitted indebtedness; (x) Incurring any capital expenditure which is not provided in the annual business plan of our Company; (xi) Entering into any transactions with our Subsidiary or other related parties unless permitted under the Trust Deeds and the annual business plan of our Company; (xii) Making a payment to Subsidiary or any other affiliates of our Company; (xiii) Delisting of the NCDs; and (xiv) Declaring dividends or making any distributions in respect of equity for the benefit of the shareholders.

A non-compliance with these restrictive covenants can lead to an event of default under the Trust Deeds which can further lead to conversion of the OCDs into Equity Shares, redemption of the NCDs and the OCDs in full with immediate effect, enforcement of security interest and disclosure of the name of our Company and Directors as defaulters to the RBI or any other government authority. Further, the Trust Deeds also contain cross default provisions wherein default under the NCD Debenture Trust Deed can automatically trigger default under the OCD Debenture Trust Deed, and vice versa. In addition, these restrictive covenants may also affect some of the rights of our shareholders and our ability to pay dividends if we are in breach of our obligations under the applicable financing agreements. As per the terms of the Trust Deeds, the Debenture Trustee has a right to appoint nominee director on our Board who will also be appointed as the member of the Fund Raising Committee. While as on the date of this Letter of Offer, there is no uncured breach of covenants of the Trust Deeds and no event of default has occurred, we cannot assure you that we will not be in breach or will be able to comply with the provisions of the Trust Deeds in the future. Any or all of the above restrictive covenants may restrict our ability to conduct business and any breach thereof may adversely affect our results of operations and financial condition.

In addition to the existing indebtedness provided above, our Company may be required to incur additional indebtedness as the cement industry is capital intensive and requires significant expenditure. Our ability to incur further indebtedness and the terms of our borrowings will depend on our financial condition, the stability of our cash flows, general market conditions, economic and political conditions in the markets where we operate and our capacity to service debt. The terms of the Trust Deeds may restrict our ability to raise required funds in future in a timely manner, on favourable terms or at all.

5. *A shortage or non-availability of power, fuel or water may adversely affect our manufacturing operations and have an adverse effect on our business, results of operations and financial condition.*

Our cement manufacturing operations require a significant amount and continuous supply of power, fuel and water and any shortage or non-availability may adversely affect our operations.

We source a significant portion of our power requirements for our cement business from our captive power plants located within the premises of our Cement Plants and for our rayon business from our captive power plant located within the premises of Rayon and Transparent Paper Plant, while also utilising electricity supplied by the relevant state electricity boards. Although the current capacities of the power plants are sufficient for our requirements, we cannot assure that it will be able to supply the requisite amount of electricity for any reason in the future. We will need to increase our reliance on the relevant state electricity board, which may not be able to consistently meet our requirements and, if for any reason electricity is not available, we may need to temporarily shut down our operations at the relevant Cement Plant, till such time we can source electricity from other source(s). Further, the cost of electricity purchased from a state electricity board could be significantly higher than those sources from our captive power plants, which could adversely affect our cost of production and profitability. Although we have diesel generators to meet exigencies at our Sedam Plant and the Rayon and Transparent Paper Plant, we cannot assure you that even with such generators functioning, we will be fully operational during power failures.

Our operations and plants are also dependent on a steady and stable supply of water. Irregular or interrupted supply of water, or government intervention on such supplies are factors that could adversely affect our daily operations. Our Company sources water for our operations through rainwater harvesting as well as the Kagina river (with respect to the Sedam Plant), while our Subsidiary sources water for the Rayon and Transparent Paper Plant from ground water as well as the Ganges river. If there is an insufficient supply of water to satisfy the requirements at our plants for any reason, including insufficient rainfall or if there is a significant increase in prices for the water supply, we may need to limit or delay our production, which could adversely affect our business, financial condition and results of operations. We cannot assure you that we will always have access to sufficient supplies of water in the future to accommodate our production requirements and planned growth.

In addition to the production losses that we would incur during shutdowns in the absence of supply of electrical power or water, we would not be able to immediately return to full production volumes following power interruptions, however brief. Any interruption of power, even if short, could give rise to inefficiencies when we resume production. Accordingly, any increase in power costs and water costs could adversely affect our operations and financial condition.

6. *We are dependent upon the pricing and continued supply of coal and other raw materials for our business, the costs and supply of which can be subject to significant variation due to factors outside our control, if there are significant increases in the cost of these supplies, our business and results of operations may be materially and adversely affected.*

Our competitiveness, costs and profitability depend, in part, on our ability to source and maintain a stable and sufficient supply of raw materials and coal at competitive prices. We source a majority of our coal (which is one of the principal sources of energy for cement production) and wood pulp (a principal raw material in the products we manufacture as part of our rayon business) from third parties.

In Fiscal 2021, the cost of materials consumed on a consolidated basis accounted for 12.27% of our revenue from operations. Further, our power and fuel expenses accounted for 24.41% of our revenue from operations on a consolidated basis in Fiscal 2021.

On October 24, 2017, the Supreme Court of India banned the use of pet coke in the states of Uttar Pradesh, Haryana and Rajasthan with effect from November 1, 2017, which was later relaxed for its usage in the cement industry. Thereafter, the Supreme Court, vide its order dated July 26, 2018, imposed limitations on import of pet coke and clarified that the import of pet coke should be permitted only in those industries where pet coke is used as a feedstock or in the manufacturing process, and not as a fuel. Such industries include cement, lime kiln, calcium carbide and gasification. We, therefore, cannot predict whether such a ban on pet coke may be implemented in the future in the cement industry as well. In the event the supply of pet coke is interrupted, we would be required to rely on more expensive alternatives, including fuel oil. Any such ban on import or use of pet coke may therefore affect our production volumes, as well as profitability.

Further, the pricing of coal under our supply arrangements is directly linked to market prices and accordingly we bear the risk of coal price fluctuations. We cannot predict future price trends for coal, or the degree of any volatility. We are subject to fluctuations in the quantity and quality of the lignite mined. In the past, there have been instances where the lignite made available was insufficient, while we were able to supplement our requirements with imported coal, we cannot assure you that such disruptions in supply of our raw materials or fuels, as the case may be, will not take place or that we will be able to anticipate shortfalls in time to compensate with other sources in every instance.

In addition, with respect to our cement business, other than our agreements with The Singareni Colliery Company Limited for the supply of coal, which we typically enter for a period of five years and agreements with three of our suppliers of fly ash, we do not have long or medium-term contracts with any other coal supplier and fly ash or with suppliers of bauxite, laterite, coke or gypsum since we typically place orders with them on the basis of our anticipated requirements. Similarly, our Subsidiary has not entered into long term or medium term contracts for the purchase of wood pulp for our rayon and transparent paper business.

The absence of long-term contracts at fixed prices exposes us to volatility in the prices of raw material that we require and we may be unable to pass these costs onto our customers and which could negatively affect the overall profitability and financial performance of our business.

If we are unable to obtain adequate supplies of coal and raw materials or power and fuel, including due to the termination or non-renewal of our agreements with The Singareni Colliery Company Limited, in a timely manner or on acceptable commercial terms, or if there are significant increases in the cost of these supplies, our business and results of operations may be materially and adversely affected.

7. *We rely heavily on our existing brands and specifically, the ‘Birla’ brand name for our cement business, the dilution of which could adversely affect our business.*

We are a part of the B.K. Birla Group and we believe that we have benefited directly from such association which has helped us maintain a strong market recognition and reputation in India and continue to attract customers in preference over those of our competitors. The products from our cement business are sold under the trade name “Birla Shakti”.

We believe that continuing to develop awareness of our brand, through focused and consistent branding and marketing initiatives, is important for our ability to increase our sales volumes and our revenues, grow our existing market share and expand into new markets. We also believe the ‘Birla’ brand commands strong brand recall in India due to its long presence in the Indian market and the diversified businesses in which the B.K. Birla Group operates. There can be no assurance that our brand name will not be adversely affected in the future by actions that are beyond our control including customer complaints or adverse publicity by any third party. Any adverse publicity involving the ‘Birla’ brand may impair our reputation, dilute the impact of our branding and marketing initiatives and adversely affect our business.

Our brand could also be harmed if our services fail to meet the expectation of our customers, if we fail to maintain our established standards or if we become the subject of any negative media coverage. Our marketing and business promotion efforts may be costly and may fail to effectively enhance our brand or generate additional revenues. Our failure to develop, maintain and enhance our brand may result in decreased revenue and loss of customers, and in turn adversely affect our business, financial condition and results of operations.

8. *We have no long-term sales contracts with any of our customers, as a result, such customers may terminate their respective relationships with us at any time without cause, which may adversely affect our business and results of operations.*

We do not typically enter into long term contracts with our customers. The contracts that we have entered into with some of our customers cover basic contract terms, but these contracts do not require purchase and sale of any goods until we and the customer agree on quantities and price. As a result, we cannot benefit from a fixed sale price for our products which would otherwise be provided for in long-term contracts, and the sales prices for our products are adjusted from time to time in accordance with the market. In addition, our customers may terminate their respective relationship with us at any time without cause. Furthermore, our customers are not obligated in any way to continue placing orders with us at their respective historical levels or at all. If any of our customers, were to materially reduce their orders with us or were to terminate entirely

their business relationship with us, our business and results of operations may be adversely affected as we may not have sufficient notice to locate alternative customers.

We are also exposed to risks of lower volume or lower price realization on such volumes depending on prevailing market conditions. The orders placed by our customers are dependent on factors such as customer satisfaction in terms of consistency of supply, quality and our standing in price comparisons, timely delivery of product, the demand for quality of product and price comparisons with other brands, amongst others. Although, we have a strong emphasis on quality, timely delivery of our products and personal interaction with the customers, any change in the buying pattern of customers can adversely affect our business and financial condition.

9. ***Our existing operations with respect to our cement business are majorly concentrated in Karnataka and Telangana while our revenues are concentrated in Karnataka, Telangana and Maharashtra. Inability to retain and grow our business in these regions may have an adverse effect on our business, financial condition, results of operations, cash flows and future business prospects.***

Our mining and cement manufacturing operations are located at Karnataka and Telangana and we also avail cement blending services from two additional blending units owned by an independent third party in Karnataka. Similarly, our manufacturing operations with respect to our rayon business is from a single plant in West Bengal.

In Fiscals 2021, our gross cement revenue from the state of Telangana, Karnataka and Maharashtra accounted for 20.53%, 24.53% and 38.18%, respectively, of our total gross cement revenue, while in Fiscal 2020, our gross cement revenue from the state of Telangana, Karnataka and Maharashtra, accounted for 19.86%, 23.09%, and 45.20% respectively, of our total gross cement revenue.

Any materially adverse social, political or economic development, natural calamities, civil disruptions, or changes in the policies of the state or local governments in such regions could adversely affect manufacturing activities at our facilities, and require a modification of our business strategy, or require us to incur significant capital expenditure. Any such adverse development affecting continuing operations at our facilities could result in significant loss from inability to meet customer contracts and production schedules and could materially affect our business reputation within the industry. We cannot assure you that there will not be any significant disruptions in our operations in the future.

Further, the concentration of number of cement manufacturing companies in South India reduces the amount of revenues we can generate from the sale of our cement products. The occurrence of, or our inability to effectively respond to, any such events or effectively manage the competition in the region, could have an adverse effect on our business, results of operations, financial condition, cash flows and future business prospects.

10. ***We rely on limited suppliers to provide certain key raw materials. Failure to continue to purchase raw materials from such suppliers may have an adverse impact on our business, results of operations, financial condition and cash flows.***

We are reliant on our mines for extraction of limestone which is used as a principal raw material in our cement manufacturing business. Any cancellation of the mining leases or significant depletion of the limestone resources may adversely impact our business, results of operations, financial condition and cash flows. For details see “-Our cement business is dependent upon our ability to mine sufficient limestone for our operations and our mining leases contain onerous terms, which may expose us to unanticipated costs and liabilities”.

We rely significantly on The Singareni Colliery Company Limited (“SCCL”) for the supply of coal to our Company. In Fiscal 2021, 69.90% of coal purchased for the Sedam Plant was purchased from SCCL, while 94.20% of coal purchased for the Basantnagar Plant in Fiscal 2021 was purchased from SCCL. We cannot assure you that we will be able to continue to purchase coal from SCCL in the future, in the quantities we require or at all, including due to revocation or termination of our agreements with SCCL. We may not be able to identify alternative suppliers of coal in the quantities we require or at all, on terms (including price) acceptable to or feasible for us. Our failure to identify suitable suppliers in such case, may have an adverse effect on our production, operations and results of operations.

Similarly, we purchase other raw materials including laterite, gypsum, pet coke, fly ash and bauxite from a select group of suppliers due to commercial considerations such as price and location. In Fiscals 2021 and

2020, top three suppliers of coal and pet coke accounted for 90.97% and 90.16% respectively, of our total coal and pet coke requirements. The loss of one or more of our significant suppliers for our cement manufacturing operations or a reduction in the amount of raw materials or coal or pet coke we obtain from them could have an adverse effect on our business, results of operations, financial condition and cash flows. Our reliance on a select group of suppliers may also constrain our ability to negotiate our arrangements, which may have an impact on our profit margins and financial performance. The deterioration of the financial condition or business prospects of these suppliers could reduce their ability to meet our requirements and accordingly result in a significant decrease in our revenues. Further, there can be no assurance that strong demand, capacity limitations or other problems experienced by our suppliers will not result in occasional shortages or delays in their supply of raw materials. If we experience a significant or prolonged shortage of raw materials from any of our suppliers, and we cannot procure the raw materials from other sources, we will be unable to meet our production schedules and to deliver such products to our customers on time, which will adversely affect our sales and customer relations. In the absence of long-term supply contracts, we cannot assure you that a particular supplier will continue to supply raw materials to us in the future. Further, there can be no assurance that we will be able to purchase such key raw materials from other suppliers at an acceptable or equivalent price to our existing suppliers. Accordingly, any change in the supplying pattern of our key raw materials can adversely affect our business, results of operations, financial condition and cash flows.

Further, with respect to our rayon and transparent paper manufacturing business, we are dependent on few suppliers for the purchase of wood pulp. In the Fiscal 2021, 54.42% of wood pulp purchased for our rayon and transparent paper business was purchased from a member of our Promoter Group, while 42.99% of our wood pulp was purchased from an international supplier. We have not entered into long term arrangements with either of the two suppliers, for the purchase of wood pulp. In the absence of long-term supply contracts, we cannot assure you that a particular supplier will continue to supply wood pulp to us in the future. Further, there can be no assurance that we will be able to purchase wood pulp from other suppliers at an acceptable or equivalent price to our existing suppliers.

11. *Any inability on our part to manage our growth or implement our strategies effectively could have a material adverse effect on our business, results of operations and financial condition.*

The success of our business depends on our ability to effectively implement our business and growth strategy. Our growth depends, amongst other factors, on increasing/ expanding presence across India, increasing mining and manufacturing capacity, optimizing capacity utilization levels, increasing sales of blended cement and improving operational efficiency. Our growth strategies are subject to and involve risks and difficulties, many of which are beyond our control and, accordingly, there can be no assurance that we will be able to implement our strategy or growth plans or complete them within the budgeted cost and timelines. We cannot assure you that our growth strategies will be successful or that we will be able to continue to grow further, or at the same rate.

The Government of Karnataka on September 17, 2018 permitted us to acquire additional land in Karnataka for mining. Similarly, in the year 2011, our Company has acquired land in Solapur, Maharashtra for setting up a packing plant post receipt of requisite approvals in relation to the plant. However, we cannot assure you that the lands purchased in Karnataka and Maharashtra will have the benefits we anticipate, for instance we cannot assure you that the lands purchased in Karnataka and the expenditure incurred towards augmentation of our limestone reserves in Karnataka will have a proportionate benefit.

Our ability to achieve growth will be subject to a range of factors, including, ability to identify trends and demands in the industry; competing with existing companies in our markets; continuing to exercise effective quality control; recognition of our brand in the new regions; hiring and training qualified personnel; and ability to transport our finished products efficiently. Some of these factors are beyond our control and there is no assurance that we will succeed in implementing our strategy. Our future growth also depends on expanding our sales and distribution network to enter new markets, through different sales and distribution channels. In addition, we may face difficulty in finding reliable suppliers with adequate supplies of raw materials meeting our quality standards and distributors with efficient distribution networks. As a result, the products we introduce in new markets may be more expensive to produce and/or distribute and may take longer to reach expected sales and profit levels than in our existing markets, which could affect the viability of these operations or our overall profitability.

In order to manage our growth effectively, we must implement, upgrade and improve our operational systems, procedures and internal controls on a timely basis. If we fail to implement these systems, procedures and controls on a timely basis, or if there are weaknesses in our internal controls that would result in inconsistent internal standard operating procedures, we may not be able to meet our customers' needs, hire and retain new employees or operate our business effectively. Additionally, there can be no assurance that debt or equity financing or our internal accruals will be available or sufficient to meet the funding of our growth plans. Any inability on our part to manage our growth or implement our strategies effectively could have a material adverse effect on our business, results of operations and financial condition.

- 12. *We have undergone a debt resolution process in Fiscal 2021 and entered into a settlement agreement with the lenders pursuant to which Equity Shares and OCRPS were issued to the lenders. This led to dilution of shareholding of our then equity shareholders. A similar event in the future may lead to further dilution of shareholding and may have an adverse effect on our business operations, cash flow, credit rating and financial condition.***

Our Company had entered into a settlement agreement dated February 20, 2021, which was further amended on March 15, 2021 (together, the “**Settlement Agreement**”) with certain lenders, in order to settle our gross debt amounting to ₹ 2,181.81 crore. In terms of the Settlement Agreement, our Company and the lenders entered into a securities subscription agreement dated February 20, 2021 (“**SSA**”) pursuant to which, 2,22,21,262 Equity Shares on a preferential basis at ₹ 65 per Equity Share and 4,48,97,195 OCRPS, convertible at the option of the Company and with the prior consent of the OCRPS holder, were issued to the lenders. The remaining amount of ₹ 1,670.94 crore was paid upfront by our Company. The issue of Equity Shares to the lenders led to dilution of shareholding of the then equity shareholders of our Company. Further, the OCRPS are redeemable at par over the period of five years starting from March 31, 2028 in five equal tranches, i.e. 89,79,439 OCRPS in every tranche, and in case our Company is unable to redeem them on the redemption date(s), our Company would be required to redeem the OCRPS in full and pay all amounts including costs, defaults and default internal rate of return as per the terms of the SSA.

In Fiscal 2021, our Company has also issued OCDs which are convertible at the option of the OCD holders in case of an event of default as per the OCD Debenture Trust Deed. The conversion of these OCDs and the OCRPS can lead to further dilution of the shareholding of our equity shareholders. Further, we cannot assure that such instances of default, which led to the settlement of debt, will not occur in the future and in case of such events in the future, our business operations, cash flow, credit rating and financial condition may be adversely affected and it may lead to further dilution of the shareholding of our equity shareholders.

- 13. *If we experience insufficient cash flows to meet required payments on our debt and working capital requirements, our business and results of operations could be adversely affected. Further, any negative cash flows in the future would adversely affect our cash flow requirements, which may adversely affect our ability to operate our business and implement our growth plans, thereby affecting our financial condition.***

Our business requires working capital for activities including purchase of raw materials, for our limestone mining operations as well as for the purchase of packing materials for our cement products. Our future success depends on our ability to continue to secure and successfully manage sufficient amounts of working capital. Management of our working capital requirements involves the timely payment of, or rolling over of, our short-term indebtedness and securing new and additional loans on acceptable terms, timely payment of, or re-negotiation of our payment terms for, our trade payables, collection of trade receivables and preparing and following accurate and feasible budgets for our business operations. If we are unable to manage our working capital requirements, our business, results of operations and financial condition could be materially and adversely affected. We cannot assure that we will be able to effectively manage our working capital. Should we fail to effectively implement sufficient internal control procedures and management systems to manage our working capital and other sources of financing, we may have insufficient capital to maintain and grow our business, and we may breach the terms of our financing agreements with lenders, face claims under cross-default provisions and be unable to obtain new financing, any of which would have a material adverse effect on our business, results of operations and financial condition.

The following table sets forth certain information relating to our cash flows on a consolidated basis for the Fiscal indicated below:

(in ₹ crore)

Particulars	Fiscal 2021
	(Audited)
Net cash generated from operating activities	258.85
Net cash inflow / (outflow) from investing activities	(150.41)
Net cash inflow / (outflow) from financing activities	200.64
Net increase (decrease) in cash and cash equivalents	309.08
Cash and cash equivalents at the beginning of the year	(223.37)
Cash and cash equivalents at the end of the year	85.71

We may in the future experience negative operating cash flows. Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our growth plans. As a result, our cash flows, business, future financial performance and results of operations could be materially and adversely affected.

14. *Some of our corporate records for forms filed with the RoC in relation to changes in the registered office of our Company are not traceable.*

The secretarial records for changes in relation to our registered office prior to July 9, 1986 could not be traced as the relevant information was not available in the records maintained by our Company, at the MCA Portal maintained by the Ministry of Corporate Affairs and the RoC, despite conducting internal searches and engaging an independent practicing company secretary to conduct the search. We have relied on the certificate dated August 31, 2021, prepared by Kamal Kumar Sharma, independent practicing company secretary. While no legal proceedings or regulatory action has been initiated against our Company in relation to untraceable secretarial and other corporate records in relation to change our registered office as of the date of this Letter of Offer, we cannot assure you that such legal proceedings or regulatory actions will not be initiated against our Company in future.

15. *Our funding requirements and proposed deployment of the Net Proceeds of the Offer have not been appraised by a bank or a financial institution and any delays in arranging additional funds for our proposed utilisation of funds, may impact our proposed deployment of funds.*

We intend to use the Net Proceeds for the purposes described in “Objects of the Issue” beginning on page [●]. The objects of the Offer have not been appraised by any bank or financial institution. Whilst a monitoring agency has been appointed for monitoring the utilization of the Net Proceeds, the proposed utilization of the Net Proceeds is based on current conditions and internal management estimates. The objects of the Issue include scheduled part-redemption of the NCDs and redemption of the OCDs in full/NCDs in part. The part redemption of the NCDs for an amount of ₹ 55.00 crore is scheduled on November 30, 2021 in terms of the NCD Debenture Trust Deed. Further, an amount of ₹ 245.00 crore from the Net Proceeds is proposed to be utilised towards voluntary redemption of OCDs. However as per the terms of the Trust Deeds, part redemption of OCDs is not permissible and accordingly our Company is required to arrange remaining funds for the redemption of the OCDs from internal accruals, debt and/or fund raising through issuance of securities. Further, in case we are unable to arrange the remaining funds within two months from the receipt of proceeds of the First and Final Call, ₹ 245.00 crore will be deployed towards redemption of the NCDs as per the terms of the NCD Debenture Trust Deed. Our Company proposes to deploy the entire Net Proceeds towards the objects as described herein during Fiscal 2022. However, if the Net Proceeds are not completely utilised for the objects stated above by Fiscal 2022 due to various factors beyond our control, such as market conditions, competitive environment etc., the same would be utilised (in part or full) in Fiscal 2023.

Further, pending utilization of the Net Proceeds towards the objects of the Offer, our Company shall temporarily deposit the Net Proceeds with one or more scheduled commercial banks listed in the Second Schedule of Reserve Bank of India Act, 1934, in a manner as may be approved by our Board. Accordingly, prospective investors in the Offer will need to rely upon our management’s judgment with respect to the use of the Net Proceeds.

16. *The reports of the statutory auditor of our Company contain emphasis of matter paragraphs.*

The report issued by our Company’s statutory auditors for our audited consolidated financial statements as of and for the Fiscal 2020 contains the following emphasis of matter paragraph:

“We draw attention to Note 40 (d) to the consolidated financial statements, which state that the external borrowings from banks is after giving effect to transfer of borrowings to the Birla Tyres Limited in accordance with the NCLT approved scheme and that the banks are in the process of splitting the loan as per the order. The Company has received the external confirmations from some banks on the outstanding loan balances as on March 31, 2020 without giving effect to transfer of borrowings to Birla Tyres Limited in accordance with the NCLT approved scheme and the balance as per confirmation does not match to the balance disclosed, to the extent of borrowings transferred to Birla Tyres Limited.”

Although, in Fiscal 2021, our Company has received no dues certificate from all lenders and the matter has been settled, there is no assurance that our audit reports for any future fiscal periods will not contain qualifications, emphasis of matters or other observations which affect our results of operations in such future periods. For further details, see, “Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages [●] and [●], respectively.

17. *We are dependent on a number of key personnel, and the loss of or our inability to attract or retain such persons could adversely affect our business, results of operations and financial condition.*

We are dependent on our Promoters, Directors, senior management and other key personnel for setting our strategic business direction and managing our business. Our ability to meet continued success and future business challenges depends on our ability to attract, recruit and retain experienced, talented and skilled professionals. The loss of the services of our key personnel or our inability to recruit or train a sufficient number of experienced personnel or our inability to manage the attrition levels in different employee categories may have an adverse effect on our financial results and business prospects.

18. *The Indian cement industry is cyclical and is affected by a number of factors beyond our control.*

The Indian cement industry is cyclical and is affected by a number of factors beyond our control. In the past, cement prices and profitability of cement manufacturers have fluctuated significantly in India, depending upon overall supply and demand. A number of factors influence supply and demand for cement, including production overcapacity, general economic conditions, in particular activity levels in certain key sectors such as housing and construction, our competitors' actions and local, Government of India and State Government policies, which in turn affect the prices and margins we and other Indian cement manufacturers can realise.

In addition, our results of operations are subject to seasonal fluctuations. We generally record lower sales volume during the monsoon season when construction activities are generally slow. We generally record higher sales volumes in other periods when construction activities remain at a relatively stable level. As a result of these seasonal fluctuations, our sales volume and revenue tend to fluctuate. Such fluctuations in our sales volumes and accordingly, our revenues, EBITDA and profitability may also cause our share price to fluctuate significantly, and the price of our Equity Shares may decline.

19. *A slowdown or shutdown in our manufacturing operations or under-utilization of our manufacturing plants could have an adverse effect on our business, results of operations and financial condition.*

Our Cement Plants are located in Telangana and Karnataka and the plant for manufacturing rayon and transparent paper is located in West Bengal. Our business is dependent upon our ability to manage our manufacturing plants and run them at optimum utilization levels, which are subject to various operating risks, including those beyond our control, such as the unavailability of raw material, the breakdown and failure of equipment, industrial accidents, labour disputes or shortage of labour, pandemic or epidemic, severe weather conditions and natural disasters. Any significant malfunction or breakdown of our machinery may entail repair and maintenance costs and cause delays in our operations. If we are unable to repair malfunctioning machinery in a timely manner or at all, our operations may need to be suspended until we procure machinery to replace the same. In addition, we are required to carry out planned shutdowns of our plants for maintenance, statutory inspections and testing, capacity expansion and equipment upgrades.

Our capacity utilization is affected by the product requirements of, and procurement practice followed by, our customers. In case of oversupply in the industry or lack of demand we may not be able to utilise our expanded capacity efficiently. Our capacity utilization for cement was 53% in the Fiscal 2020 as compared to 50% in the Fiscal 2021. Our capacity utilization for rayon and transparent paper were 102% and 45% in Fiscal 2020, respectively, as compared to 78% and 31%, respectively, in the Fiscal 2021. Under-utilization of our manufacturing capacities over extended periods, or significant under-utilization in the short term, or

an inability to fully realize the benefits of our recently implemented capacity expansion, could materially and adversely impact our business, growth prospects and future financial performance.

Our inability to effectively respond to and rectify any disruption, in a timely manner and at an acceptable cost, could lead to the slowdown or shut-down of our operations or the under-utilization of our manufacturing plants, which in turn may have an adverse effect on our business, results of operations and financial condition.

In addition, we purchase certain equipments in connection with our operations, such as drive pulley for crusher, scrapper chains, excavator and conveyor belts etc. We cannot assure you that we will be able to continue to obtain equipment on commercially acceptable terms, or at all, or that our vendors will continue to enter into or honor their commitments. Our inability to continue to obtain equipment in a timely manner, or at all, could adversely affect our business and results of operations.

20. *Disruptions in supply and transport could affect our business. Such disruptions may affect our operations materially and consequently our results of operations, cash flow and financial condition*

We are dependent on a steady supply of raw materials and inputs for our manufacturing businesses. Our raw materials and inputs are transported to our plants by rail and land. Meanwhile, our products are transported to our depots/dealers/customers by land (through trucks) and rail transport.

While we have entered into a long-term tariff agreement with the South Central Zonal Railway, wherein the freight costs and rebate granted to us are periodically fixed by the South Central Zonal Railway, the transport of our raw materials and finished products is also subject to various bottlenecks and other hazards beyond our control, including poor road and other transport infrastructure, accidents, adverse weather conditions, strikes and civil unrest. An increase in the price of transportation and/or interruptions in transportation of our inputs or finished products could have a material adverse effect on our business, financial condition and results of operations.

In addition, cement is a perishable product as its quality deteriorates upon contact with moisture or humidity over a period of time. Therefore, prolonged storage or exposure to moisture during transport may result in cement stocks being written off. Similarly, our cement is sold in bags, which may split open during transport, again resulting in stock being written off. Given that any such disruption may occur in the future as a result of these factors and that such disruptions may affect our operations materially and consequently our results of operations, cash flow and financial condition.

21. *The cement industry is capital intensive, and we may need to seek additional financing in the future to support our growth strategies. Any failure to raise additional financing could have an adverse effect on our business, results of operations, financial condition and cash flows.*

The cement industry is capital intensive. We are required to undertake substantial amount towards capex for among other things, purchasing equipment as required and develop and implement new technologies as well as to implement our growth strategies. During Fiscal 2021, our cash outflow for capital expenditure on a consolidated basis, was ₹ 27.86 crore, representing 1.05% of our revenue from operations on a consolidated basis, in such periods. If our internally generated capital resources and available credit facilities are insufficient to finance our capital expenditure and growth plans, we may, in the future, have to seek additional financing from third parties, including banks, capital markets, private equity funds, joint-venture partner, our Promoters and Promoter Group and strategic investors. Our ability to arrange financing and the costs of capital of such financing are dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, investor confidence, the continued success of our operations and other laws that are conducive to our raising capital in this manner. If we decide to meet our capital requirements through debt financing, we may be subject to certain restrictive covenants. Our inability to obtain such financing in a timely manner, at a reasonable cost and on acceptable terms, may materially and adversely affect our business, financial condition and results of operations, as well as our future prospects.

22. *We depend on the success of our agents and dealers for the sale and distribution of our cement products. There is no assurance that our current relationship with our agents and dealers will continue to or that we will be able to expand our network, which may have a material adverse effect on our business, financial condition and results of operations*

We rely on our external distribution network, which comprised of 516 active cement agents and 2,669 active cement dealers as on June 30, 2021, to sell and market our cement products. For Fiscal 2021, our top-15

dealers contributed 7.34% to the overall sales and our top-15 agents contributed 9.54% to the overall sales of our Company. As a result, we rely to a significant extent on the relationships we have with our agents who work with dealers of cement in the regions in which we operate. To the extent required, our agents have day-to-day contact with our dealers. However, we are exposed to the risk that our cement dealers may fail to adhere to the standards that we set for them in respect of sales and after-sales support, which in turn could affect our customers' perception of our brand and products. While we believe we have maintained good relationships with our agents and dealers, we do not enter into long term agreements with our cement agents and dealers and there is no assurance that our current relationship will continue as it stands or that we may be able to attract additional cement dealers to expand our network. In addition, we provide our cement dealers with incentives to sell our cement products. If our competitors provide better incentives to our cement dealers, such dealers may be persuaded to promote the products of our competitors instead of our products. Any of these factors could have a material adverse effect on our business, financial condition and results of operations.

23. *Our manufacturing process involves the use of hazardous industrial chemicals as well as other hazards which entails significant risks. In the event of any incident occurring involving hazardous chemicals we could be subject to significant penalties and other actionable claims which could result in our operations and reputation being adversely affected.*

Our business utilises various hazardous industrial chemicals such as sulphuric acid and carbon disulfide in our rayon and transparent paper business, which may be harmful to humans and the environment. Any mishandling or any negative incident related to the use of these chemicals may cause severe industrial accidents, loss of human life and/or environmental damage. If any industrial accident, loss of human life or environmental damage were to occur as a result of our mishandling of hazardous chemicals, we could be subject to significant penalties and our results of operations and reputation could be adversely affected. Cygnet has in the past had fatal accidents at the Rayon and Transparent Paper Plant due to burns from sulphuric acid. In 2019, two of the workers in Cygnet's factory succumbed to the injuries caused due to burns from sulphuric acid. In this regard, a petition was filed before the Chief Judicial Magistrate by the Factory Inspector, Serampore which is not outstanding as on the date of this Letter of Offer. The Chief Judicial Magistrate directed our Company to deposit ₹ 1,00,000 as fine, including ₹ 50,000 as compensation to the deceased workers' kin. Further, in the future, in the event of any incident occurring involving hazardous chemicals we could be subject to significant penalties and other actionable claims which could result in our operations and reputation being adversely affected.

Our facilities require individuals to work with heavy machinery and other materials as well as in high temperatures near our kilns and at potentially dangerous heights at our preheaters, grinding mills and storage silos. This work environment has the potential to cause harm and injury when due care is not exercised. An accident or injury that occurs in the course of our operations could result in disruptions to our business and have legal and regulatory consequences and we may be required to compensate such individuals or incur other costs and liabilities, any and all of which could adversely affect our reputation, business, prospects, financial condition and results of operations. While we carry insurance which we believe to be in line with industry practice in the cement industry, there can be no assurance that such policies will provide adequate coverage in the event of a claim.

In addition, our mining operations are also subject to risks and hazards associated with the exploration, development and production of natural resources, such as inclement weather, fires and explosions, which can disrupt our operations by limiting our ability to extract limestone from the mines and cause injury to people or property in situations when the safety and precautionary measures are breached. Mining operations can also lead to severe environmental consequences including those resulting from effluent management, disposal of waste water and rehabilitation of land. Further, opposition to mining operations has also increased recently due to the perceived negative environmental impact and as a result, public protests over our mining operations could disrupt our operations, damage our reputation and also affect our ability to obtain necessary licenses to expand existing facilities or establish new operations.

24. *Our Company, one of our Promoters and certain directors have previously been named in the suit filed accounts list maintained by TransUnion CIBIL Limited ("CIBIL") as on March 31, 2021.*

Based on a search of CIBIL's database, we understand that the name of our Company and our Individual Promoter, along with names of certain of our Directors appeared on the CIBIL list of suit filed accounts ("**CIBIL List**") as on March 31, 2021 in relation to dues owed to a certain lender despite having received a no dues certificate from such lender on March 15, 2021. While the names are no longer appearing on the

CIBIL List as on June 30, 2021, there can be no assurance that the name of our Company, our Promoters and/or our Directors will not appear on the CIBIL List in the future in case we are unable to meet our obligations under the financial arrangements entered into by our Company. Any such event may result in an adverse impact on our reputation and our operations.

25. *There are various litigations pending against our Company and Subsidiary, which, if determined adversely, could affect our business, results of operations, cash flows and financial condition*

There are various litigation proceedings pending against our Company and Subsidiary, at different levels of adjudication before various forums. A summary of outstanding litigation involving our Company and its subsidiary is provided below:

Type of proceedings	Number of cases	Amount* (in ₹ crore)
<i>Litigation involving our Company</i>		
Proceedings involving criminal liability on our Company	5	Not quantifiable
Proceedings involving moral turpitude against our Company	Nil	-
Proceedings involving material violations of statutory regulations by our Company	Nil	-
Matters involving economic offences where proceedings have been initiated against our Company	Nil	-
Other material proceedings**	17	1,712.62
<i>Litigation involving our Subsidiary</i>		
Proceedings involving moral turpitude or criminal liability on our Company	Nil	-
Proceedings involving material violations of statutory regulations by our Company	Nil	-
Matters involving economic offences where proceedings have been initiated against our Company	Nil	-
Other material proceedings	Nil	-

*To the extent quantifiable

**Our Company has filed counter claims in these matters amounting to ₹ 1,530 crore

For further details, see “Outstanding Litigation and Defaults” on page [●].

We cannot assure you that these legal proceedings will be decided in our favour. Furthermore, we cannot assure you that our Company or Subsidiary will not be involved in material legal proceedings in the future, including civil, criminal, consumer, intellectual property and tax-related litigations. Litigations can divert significant management time and attention and consume significant financial resources in their defence or prosecution. In addition, if any proceeding in which we may be involved in and is decided against us, or if penalties are assessed and/or sanctions imposed on us in the future, it may have a material adverse effect on our business, results of operation, cash flows, reputation and financial condition.

26. *We face significant competition in our cement business and our market share could decline. If we cannot effectively compete in pricing, provide competitive products or services or expand into new markets, this could have an adverse effect on our business, financial condition and prospects of our Company.*

Our cement business operates under competitive conditions. We compete with other cement manufacturers on the basis of, among others, price, reputation, warranty terms, customer service, region of operations and consumer convenience.

Our competitors include large companies that have over a period of time acquired certain local interests as part of their strategy. Some of our competitors are larger than we are, are more diversified, with operations across India, have greater financial resources than we do, have access to a cheaper cost of capital and may be able to produce cement more efficiently or to invest larger amounts of capital into their businesses. These competitors may limit our opportunity to expand our market share and may drive pricing of products down. Our ability to compete successfully will depend, in significant part, on our ability to run our business efficiently. If we are unable to compete successfully, our market share may decline, which could have a material adverse effect on our results of operations and financial condition. Our cement business could be adversely affected if we are unable to compete with our competitors and sell cement at comparable prices. For example, if any of our current or future competitors develop more efficient production facilities, enabling them to produce cement and clinker at a significantly lower cost and sell at lower prices than us, we may be

required to lower the prices we charge for our products and our business and results of operations could be adversely impacted.

Our competitors may also introduce new and more competitive products and strong supply chain management, make strategic acquisitions or establish relationships among themselves or with third parties, including dealers/ distributors of our products, thereby increasing their ability to address the needs of our target customers. If we cannot effectively compete in pricing, provide competitive products or services or expand into new markets, this could have an adverse effect on our business, financial condition and prospects of the Company.

- 27. *Our Subsidiary, Cygnet has derived a significant portion of its revenue from a limited number of key customers. The loss of a key customer of Cygnet may significantly reduce its revenue and consequently have an adverse effect on our business, results of operations and financial condition.***

Cygnet's top five customers contributed 44.48% towards its revenue during Fiscal 2021 while the top two customers of Cygnet contributed 32.55% of its revenue during the same period. While Cygnet has established long-standing relationships with several of its key customers, the relationship with these customers through agents are to a large extent dependent on its ability to regularly meet customer requirements, including price competitiveness, efficient and timely product deliveries, and consistent product quality. In the event Cygnet is unable to meet such requirements in the future, it may result in decrease in orders or cessation of business from affected customers and agents. Further, the deterioration of the financial condition or business prospects of these customers could reduce their requirement for Cygnet's products and could result in a significant decline in the revenues Cygnet derives from such customers. We cannot assure you that Cygnet will be able to maintain historic levels of business from its significant customers, or that Cygnet will be able to significantly reduce customer concentration in the future. Since Cygnet is dependent on few key customers for a significant portion of its revenue, the loss of any one of its key customers or a significant reduction in demand from such key customers, may significantly reduce Cygnet's revenue and could have an adverse effect on our business, results of operations and financial condition.

- 28. *We are reliant on the demand for cement from various industries such as housing, infrastructure, and commercial real estate. Any downturn in the cement consuming industries could have an adverse impact on our business, growth and results of operations.***

The cement manufacturing companies are heavily reliant on demand from the cement-consuming industries such as infrastructure, housing and commercial real estate. These industries are, in turn, affected by macro-economic factors and the general Indian economy.

Demand for cement industries is principally dependent on sustained economic development in the regions in which we operate. While cement consuming industries such as infrastructure, housing and commercial real estate are expected to drive the demand for cement, there can be no assurance that these expectations will be met. In addition, cement manufacturing companies rely on the Government of India's infrastructure projects including PLI scheme and Atmanirbhar Bharat. However, there can be no assurance that the Government of India or the state governments will continue to place emphasis on the infrastructure projects. In the event of any adverse change in budgetary allocations for infrastructure development or a downturn in available work in the infrastructure sector or resulting from any change in government policies or priorities, our business prospects and our financial performance, may be adversely affected as a significant portion of our business is dependent on public infrastructure spending. Accordingly, a slowdown, downturn or reduction of capital investment in the cement consuming industries including infrastructure, housing and commercial real estate could have adverse impact on cement demand and, consequently, on our business, growth and results from operations.

In addition, the introduction of alternatives for cement, such as glass, wood, steel, aluminium and plastics, in the markets in which we operate and the development of new construction techniques could cause a significant reduction in the demand and prices for our cement products and could have an adverse effect on our business, results of operations and financial condition.

- 29. *We are required to comply with various safety, health and environmental laws and other applicable regulations and any non-compliance could expose us to the risk of liabilities, loss of revenue and increased expenses.***

We are subject to a broad range of safety, health, environmental, labour, workplace and related laws and regulations in the regions in which we operate, which impose controls on the transportation and storage of raw materials, noise emissions, air and water pollution, on the storage, handling, discharge and disposal of chemicals, employee exposure to hazardous substances and other aspects of our operations. For example, there is a limit on the amount of pollutant discharge that our manufacturing plants and mining units may release into the air and water. We generate a considerable amount of hazardous waste, solid waste, plastic waste and fugitive dust, which are released as effluents as a result of our manufacturing processes. While we intend to comply with all applicable laws and terms and conditions of environment related approvals and permits that we are subject to, the methods undertaken by us may be insufficient. We could be subject to substantial civil and criminal liability and other regulatory consequences in the event that any environmental hazards are found at the site of any of our manufacturing plants and mining units, or if the operation of any of our manufacturing plants and mining units results in contamination of the environment. We may be the subject of public interest litigation in India relating to allegations of environmental pollution by our manufacturing plants and mining units, as well as in cases having potential criminal and civil liability filed by state pollution control authorities. If such cases are determined against us, we may be required to suspend our operations, be liable to conduct remedial action or pay damages for the restoration of any environmental degradation and our results of operations may be adversely affected.

Further, any accidents at our manufacturing plants and mining units may result in personal injury or loss of life of our employees, contract laborers or other people, substantial damage to or destruction of property and equipment resulting in the suspension of operations. Cygnet has in the past had fatal accidents at the Rayon and Transparent Paper Plant due to burns from sulphuric acid. In 2019, two of the workers in Cygnet's factory succumbed to the injuries caused due to burns from sulphuric acid. In this regard, a petition was filed before the Chief Judicial Magistrate by the Factory Inspector, Serampore which is not outstanding as on the date of this Letter of Offer. The Chief Judicial Magistrate directed our Company to deposit ₹ 1,00,000 as fine, including ₹ 50,000 as compensation to the deceased workers' kin. Any of the foregoing could subject us to litigation, which may increase our expenses in the event we are found liable and could adversely affect our reputation. Additionally, the government or the relevant regulatory bodies may revoke our licenses, require us to shut down our manufacturing plants and mining units, which in turn could lead to product shortages that delay or prevent us from fulfilling our obligations to customers. Further, events like these could also affect our reputation with suppliers, customers, regulators, employees and the public, which could in turn affect our financial condition and business performance. While we maintain general insurance against these liabilities, insurance proceeds may not be adequate to fully cover the substantial liabilities, lost revenues or increased expenses that we might incur.

The adoption of stricter health and safety laws and regulations, stricter interpretations of existing laws, increased governmental enforcement of laws or other developments in the future may require that we make additional capital expenditures, incur additional expenses or take other actions in order to remain compliant and maintain our current operations. Complying with, and changes in, these laws and regulations or terms of approval may increase our compliance costs and adversely affect our business, prospects, results of operations and financial condition.

We are also subject to the laws and regulations governing relationships with employees in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and termination of employees, contract labour and work permits. There is a risk that we may inadvertently fail to comply with such regulations, which could lead to enforced shutdowns and other sanctions imposed by the relevant authorities, as well as the withholding or delay in receipt of regulatory approvals for our new products. We cannot assure you that we will not be involved in future litigation or other proceedings or be held liable in any litigation or proceedings including in relation to safety, health and environmental matters, the costs of which may be significant.

- 30. *We are required to obtain, renew or maintain statutory and regulatory permits, licenses and approvals to operate our business and our facilities, and any delay or inability in obtaining, renewing or maintain such permits, licenses and approvals could result in an adverse effect on our results of operations.***

We require numerous statutory and regulatory permits, licenses and approvals to operate our business. This includes renewing consents from the state pollution control boards, environmental clearances from the Ministry of Environments and Forests, importer-exporter code, registration and licenses issued under the Factories Act, fire safety licenses from municipal fire safety authorities, no objection certificates for maintenance of fire protection system, licenses to purchase, transport and use explosives in our mining operations, licenses to dispose hazardous waste, licenses for boilers, licenses for possession and transport of

explosive substances, registration certificates issued under various labour laws, including contract labour registration certificates and licenses as well as various taxation related registrations, such as registrations for payment of income taxes, GST. Our licenses, permits and approvals impose certain terms and conditions that require us to incur costs and inter alia, providing for limits on the maximum quantity that can be manufactured as well as limits and manner of effluent discharge. We have obtained, or are in the process of obtaining or renewing, all material approvals from the relevant governmental agencies that are necessary for us to carry on our business. Further, we have implemented a monitoring mechanism which enables us to track compliance, including renewals and claims, for all statutory and regulatory permits, licenses and approvals.

There can be no assurance that we will be able to apply and obtain such approvals, licenses or renewals in a timely manner or that the approvals, licenses, permits and registrations may not be revoked in the event of any non-compliance with any terms or conditions imposed thereof. Further, there can be no assurance that in the future we will not be required to acquire additional approvals, license, permits or registrations. An inability to renew, maintain or obtain any required permits, licenses or approvals may result in the interruption of our operations and have a material adverse effect on our business, financial condition and results of operations.

31. *Any product recall, product liability claim or adverse regulatory action may adversely affect our business and reputation.*

We are exposed to risks associated with product liability claims if the use of our cement products results in property damage or personal injury. Our cement products are mainly used as construction materials. While we seek to conform our products to meet a variety of contractual specifications and regulatory requirements, we cannot assure you that product liability claims against us will not arise, whether due to product malfunctions, defects, or other causes. Any such claims, regardless of whether they are ultimately successful, could cause us to incur litigation costs, harm our business reputation and disrupt our operations. Further, we cannot assure you that we will be able to successfully defend such claims. If any such claims against us are ultimately successful, we could be required to pay substantial damages, which could materially and adversely affect our business, financial condition and results of operations.

32. *Fragmentation of the cement industry in India may result in downward pricing pressure, while consolidation among cement manufacturers may result in greater competition, which may lead to lower margins and adversely affect our results of operations*

The global cement industry is highly fragmented with the presence of small, medium and large manufacturers. Similarly, the Indian cement industry is extremely fragmented with many national and regional players operating in the Indian cement market. Small, regional and local manufacturers have in the past tried to gain market share by discounting their prices, putting pressure on us and other leading cement companies to lower prices as well, so as to maintain their respective market shares.

Consolidation in the Indian cement industry and an increase in the number of larger competitors may also adversely affect our results of operations. The large number of smaller manufactures in the market are likely targets for acquisition as the sector further consolidates. As cement manufacturers consolidate and become larger, and as they gain greater access to debt and equity financing, we expect that we will face greater competition, which may lead to lower margins and adversely affect our results of operations.

33. *Our quality control system is critical to the performance of our business.*

The performance, quality and safety of our cement products are critical to the success of our business. These factors depend on the effectiveness of our quality control systems, which in turn, depends on a number of factors, including the design of the systems, our quality training programme, and our ability to ensure that our employees adhere to the quality control policies and guidelines. We have received quality certifications from the Bureau of Indian Standards for our cement manufacturing units. We cannot assure you of our ability to maintain and comply with the conditions of these certifications. Any significant failure or deterioration of our quality control systems could have a material adverse effect on our business reputation, results of operations and financial condition.

34. *The statutory auditors of our Subsidiary have made a remark in the Companies (Auditor's Report) Order, 2016 ("CARO") report relating to the Subsidiary's audited financial statements for Fiscal 2021, Fiscal 2020 and Fiscal 2019.*

Our statutory auditors have highlighted certain remarks to the CARO report relating to our Subsidiary's audited financial statements for Fiscal 2021, Fiscal 2020 and Fiscal 2019. Per the remarks made in CARO reports, freehold and leasehold land of the Subsidiary as on March 31, 2021, March 31, 2020 and March 31, 2019 were not held in the name of the Subsidiary. Further, 48 freehold properties and one leasehold property (currently in possession of our Subsidiary) are not held in the name of our Subsidiary but is in the name of Kesoram Industries Limited, as per the applicable laws.

While we intend to transfer the said properties to the Subsidiary in terms of the business transfer agreement, entered into between the Subsidiary and us, and applicable laws however we cannot assure that the properties will be transferred in a timely manner or at all.

There can be no assurance that the statutory auditors of our Subsidiary will not include further remarks or other similar comments in the audit reports and/ or CARO reports to its audited financial statements in the future, or that such remarks will not affect our financial results in future fiscal periods.

35. *We may be subject to unionization, work stoppages or increased labour costs, which could adversely affect our business and results of operations.*

The success of our operations depends on availability of labour and maintaining a good relationship with our workforce. Our success also depends on our ability to attract, hire, train and retain skilled workers who are experienced in cement manufacturing operations.

As of June 30, 2021, we had 2,931 on-roll employees and 4,298 off-roll employees, of which 4,976 employees are members of unions. We may be subject to industrial unrest, slowdowns and increased wage costs, which may adversely affect our business and results of operations. Our Company has three recognised labour unions with whom the Company has executed wage agreements. We have also entered into settlements with our trade unions with respect to inter alia the payment of bonus, ex-gratia, medical and other allowances and increments, fixing of proper grade and designation. If we are unable to renew these wage settlement agreements or other arrangements or negotiate favourable terms, we could experience a material adverse effect on our business, financial condition and results of operations.

We are also subject to the laws and regulations governing employees in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and termination of employees, contract labour and work permits. Further, the Government of India has notified four labour codes which are yet to come into force as on the date of this Letter of Offer, namely, (i) The Code on Wages, 2019, (ii) The Industrial Relations Code, 2020, (iii) The Code on Social Security, 2020 and (iv) The Occupational Safety, Health and Working Conditions Code, 2020. Such codes will replace the existing legal framework governing rights of workers and labour relations. There is a risk that we may fail to comply with such regulations, which could lead to enforced shutdowns and other sanctions imposed by the relevant authorities. While we consider our relationship with our employees to be good, we could experience disruptions in work due to disputes or other problems with our work force, which may adversely affect our ability to perform our business operations.

Further, we engage independent contractors through whom we engage contract labour for performance of certain functions at our manufacturing units as well as at our offices. Although we do not engage these labourers directly, it is possible under Indian law that we may be held responsible for wage payments to labourers engaged by contractors should the contractors default on wage payments. Further, under the provisions of the Contract Labour (Regulation and Abolition) Act, 1970, we may be directed to absorb some of these contract laborers as our employees. Any such orders from a court or any other regulatory authority may adversely affect our results of operations.

While we have not experienced any major prolonged disruption in our business operations due to disputes or other problems with our work force in the past, there can be no assurance that we will not experience any such disruption in the future. Work stoppages or slow-downs experienced due to labour unrest or strike could have an adverse effect on our business, results of operations and financial condition

36. *Our inability to collect receivables and default in payment from our dealers and customers could result in the reduction of our profits and affect our cash flows.*

We undertake sale of our end products through various dealers and agents. In such sales, while we strive to operate on immediate and at times with short term advance, partial advance payment terms backed by security deposits, bank guarantees, customer undertaking(s) etc., we cannot guarantee that our dealers will not default

on their payments. As at March 31, 2021, our accounts receivables aggregating to ₹ 43.60 crore were outstanding on a consolidated basis for a period of more than 180 days. Our inability to collect receivables from our dealers in a timely manner or at all in future, could adversely affect our working capital cycle, and cash flow. As at March 31, 2021, our trade receivables was ₹ 304.93 crore on a consolidated basis.

37. ***We have certain contingent liabilities that have not been provided for in our financial statements, which if they materialise, may adversely affect our financial condition.***

We have created provisions for certain contingent liabilities in our financial statements. As at March 31, 2021, our contingent liabilities that have not been provided for were as follows:

		(₹ in crore)
		As on March 31, 2021 (Audited)
(a) Guarantees given -		
(i) to excise authorities		0.06
(b) Claims against our Company not acknowledged as debts		
(i) Rates, Taxes, Duties etc. demanded by various Authorities		213.49
(ii) Others		0.01
(c) Income Tax matters		15.43
Total		228.99

For further information on our contingent liabilities, see “Financial Statements-Note 32” on page [●]. There can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current Fiscal or in the future and that our existing contingent liabilities will not have material adverse effect on our business, financial condition and results of operations.

38. ***We may continue to be controlled by our Promoters and Promoter Group, who by virtue of their aggregate shareholding collectively own a substantial portion of our issued Equity Shares, as a result of which, the remaining shareholders may not be able to affect the outcome of shareholder voting.***

As on June 30, 2021, the aggregate shareholding of our Promoter and Promoter Group was 45.97% of our paid-up Equity Share capital. Our Promoter and Promoter Group will continue to collectively own a substantial portion of our issued Equity Shares. Pursuant to subscription of Equity Shares in the Issue, the collective holding of our Promoter and Promoter Group may increase above their current holdings. Our Promoter and Promoter Group will therefore continue to have the ability to exercise a controlling influence over our business which will allow them to vote together on certain matters in our general meetings. Accordingly, the interests of our Promoters as our controlling shareholders may conflict with your interests and the interests of our other shareholders. We cannot assure you that the Promoters will act to resolve any conflicts of interest in our favour and any such conflict may adversely affect our ability to execute our business strategy or to operate our business.

39. ***Our failure to upgrade and modernise may render our existing plant and machinery, products or services less competitive.***

A key factor to our continued success is our ability to keep pace with the upgrading and modernisation of our existing plant and machinery and our products and services. Given the fast pace of modernisation, we face the risk that our plant and machinery and products and services may become less competitive and that we may need to invest large amounts of capital to upgrade and modernise our plant and machinery. If, we are unable to meet these capital expenditure requirements, or if we lack technical expertise required for upgrading and modernising, our business could be adversely affected.

40. ***Our Company and our Subsidiary have entered into a technical assistance agreement dated June 1, 2018 (the “Technical Assistance Agreement”) with Futamura Chemical Co. Ltd. (“Futamura”) in relation to cellophane products. Any termination of such agreement by Futamura may adversely impact our manufacturing of cellophane products and consequently our business, results of operations and prospects.***

We have entered into the Technical Assistance Agreement, pursuant to which Futamura makes available to our Subsidiary and employees at our Subsidiary’s manufacturing plant and other facilities, the services of employees of Futamura. Such employees of Futamura are required to provide technical assistance to our

Subsidiary in relation to the manufacturing of cellophane products as per the standards specified in the Technical Assistance Agreement. We believe that Technical Assistance Agreement and the assistance, experience and knowledge provided by employees of Futamura is critical to our manufacturing high-quality transparent paper at our Subsidiary's plant in Kolkata.

The Technical Assistance Agreement was initially valid for a period of 12 months from June 1, 2018 and as per the terms of the agreement, it has been automatically renewed every year since then. Either party to the Technical Assistance Agreement may terminate the Technical Assistance Agreement without cause, by providing a written notice to the other parties with 60 days' advance notice. While we believe we have implemented the technical standards of Futamura in the process of manufacturing transparent paper, any termination of the Technical Assistance Agreement may adversely impact our manufacturing of transparent paper requirements of our customers and consequently impact the acceptance of our transparent paper and our ability to expand into newer markets with respect to our transparent paper, thereby adversely impacting our business, results of operations and prospects.

- 41. *Our Promoters have encumbered their Equity Shares. Any exercise of such encumbrance by the lenders/debenture holders could dilute the shareholding of such Promoters, which may materially and adversely affect the price of our Equity Shares.***

86,38,250 Equity Shares (constituting 5.24% of our paid-up Equity Share capital) held by Manav Investment and Trading Company Limited ("MITCL"), one of our Promoters, is currently pledged in favour of Anjana Projects Private Limited, a lender of MITCL. Further, 2,53,21,429 Equity Shares (constituting 15.36% of our paid-up Equity Share capital) of MITCL and 7,20,158 Equity Shares (constituting 0.44% of our paid-up Equity Share capital) of Manjushree Khaitan, our individual Promoter is currently pledged in favour of Vistra ITCL (India) Limited acting as a debenture trustee for the benefit of certain debenture holders of the Company. For details of encumbrances created over our Equity Shares, see "Capital Structure" beginning on page [●].

Any default under the agreements pursuant to which these Equity Shares have been pledged will entitle the pledgee to enforce the pledge over these Equity Shares. If this happens, the aggregate shareholding of the Promoter and Promoter Group may be diluted and we may face certain impediments in taking decisions on certain key, strategic matters. As a result, we may not be able to conduct our business or implement our strategies as currently planned, which may materially and adversely affect our business and financial condition. Further, any rapid sale of Equity Shares by such third parties may materially and adversely affect the price of the Equity Shares.

- 42. *Our corporate Promoter, Manav Investment and Trading Company Limited ("MITCL"), has given a guarantee in respect of the obligations arising from the issuance of the Non-Convertible Debentures and Optionally Convertible Debentures by our Company. Enforcement of the guarantee may adversely affect our business operations.***

MITCL has executed an irrevocable and unconditional corporate guarantee in favour of Vistra ITCL (India) Limited ("Debenture Trustee") acting as a debenture trustee for the benefit of certain debenture holders of the Company. As per the terms of the deed of guarantee executed by MITCL, the debenture holders have agreed to subscribe to the debentures on account of the said guarantee. The liability of MITCL is limited to the aggregate market value of equity shares pledged by MITCL in favour of the Debenture Trustee and the equity shares held under the non-disposal undertaking executed by MITCL in favour of the Debenture Trustee. If the corporate guarantee is enforced, it may adversely impact the financial position of MITCL and consequently may have an impact on our business operations.

- 43. *An inability to maintain adequate insurance cover in connection with our business may adversely affect our operations and profitability.***

Our operations are subject to various risks inherent in the manufacturing industry including defects, malfunctions and failures of manufacturing equipment, fire, riots, strikes, explosions, loss-in-transit for our products, accidents and natural disasters. Our insurance may not be adequate to completely cover any or all of our risks and liabilities. Further, there is no assurance that the insurance premiums payable by us will be commercially viable or justifiable. While we have made certain insurance claims in the past, we cannot assure you that, in the future, any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have taken out sufficient insurance to cover all our losses. Our insurance cover (on a consolidated basis) for property, plant and equipment as of March 31, 2021 was ₹ 4,431.77 crore, while our

gross block of property, plant and equipment (on a consolidated basis) was ₹ 1,904.77 crore (including capital work in progress and excluding freehold land), as of March 31, 2021. Consequently, our insurance cover as a percentage of gross block of property, plant and equipment (including capital work in progress and excluding freehold land) (on a consolidated basis) as of March 31, 2021 was 233%. Our inability to maintain adequate insurance cover in connection with our business could adversely affect our operations and profitability. To the extent that we suffer loss or damage as a result of events for which we are not insured, or for which we did not obtain or maintain insurance, or which is not covered by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, financial performance and cash flows could be adversely affected.

We could be held liable for accidents that may occur at our plants or otherwise arise out of our operations. In the event of personal injuries, fires or other accidents suffered by our employees or other people, we could face claims alleging that we were negligent, provided inadequate supervision or be otherwise liable for the injuries. We currently have two outstanding insurance claims made by us, pursuant to machine breakdown due to heavy rainfall and loss of electronic equipments in the Sedam and Basantnagar facility respectively, with amount claimed aggregating to ₹ 8.90 crore. Further, our Subsidiary has one outstanding insurance claim made by us, pursuant to loss of fixed asset and stock, with amount claimed aggregating to ₹ 0.24 crore. We cannot assure you that any claim under the insurance policies maintained by us will be honored fully, in part or on time, or that we have taken out sufficient insurance to cover all our losses.

In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, at acceptable cost or at all. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, and which is not covered by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our business, results of operations and financial condition could be adversely affected. For further information on our insurance arrangements, see “*Our Business – Insurance*” on page [●].

44. *Information relating to the installed manufacturing capacity, actual production and capacity utilization of our plants included in this Letter of Offer are based on various assumptions and estimates and future production and capacity may vary.*

Information relating to the installed manufacturing capacity, actual production and capacity utilization of our facilities included in this Letter of Offer are based on various assumptions and estimates of our management that have been taken into account by an independent chartered engineer in the calculation of the installed manufacturing capacity, actual production and capacity utilization of our manufacturing facilities. These assumptions and estimates include the standard capacity calculation practice of cement industry after examining the kiln capacity, cement grinding capacity and other ancillary equipment installed at the plant, the calculations and explanations provided by the Company’s management, the period during which the manufacturing facilities operate in a year, expected operations, availability of raw materials, expected utilization levels, downtime resulting from scheduled maintenance activities, unscheduled breakdowns as well as expected operational efficiencies. In addition, the information relating to the actual production at our manufacturing facilities are based on, amongst other things, the examination of our internal production records, the period during which our manufacturing facilities operate in a year, expected operations, availability of raw materials, downtime resulting from scheduled maintenance activities, unscheduled breakdowns, as well as expected operational efficiencies. Further, capacity utilization has been calculated on the basis of actual production during the relevant period divided by the aggregate installed capacity of relevant manufacturing facilities as of at the end of the relevant period. Accordingly, actual production levels and rates may differ significantly from the installed capacity information of our facilities or historical installed capacity information of our facilities depending on the product type. Undue reliance should therefore not be placed on our historical installed capacity information for our existing facilities included in this Letter of Offer.

45. *The limestone and shale reserve data and reserve life in this Letter of Offer is only an estimate and our actual production with respect to our reserves may differ from such estimate along with our reserve life which could be lower than such estimate which could affect our financial condition and results of operations adversely.*

The limestone and shale reserve data given in this Letter of Offer are based on various estimates of our management that have been taken into account by S.G. Nandyal, an independent chartered engineer. The independent chartered engineer has verified and certified the limestone and shale reserve data and reserve life based on the information, representations and explanations provided by the Company, the review of the

various documents related to the limestone and shale mines provided by the Company and reserve details approved by the Indian Bureau of Mines, Ministry of Mines, Government of India (“IBM”). The limestone residual reserves as of March 31, 2021 has been computed by the independent chartered engineer by taking into account the reserves as per the last IBM approved mining plan and subtracting the annual consumption of limestone by the Company which has been calculated based on inter alia the royalties paid by the Company to the Department of Mines and Geology of the relevant state Government. For further details of our mining leases, see “*Our Business*” on page [●].

Our Company’s actual production and consumption with respect to its reserves may differ from such estimate. There are numerous uncertainties inherent in estimating quantities of our limestone reserves, including many factors beyond our control. In general, estimates are based upon a number of variable factors and assumptions, such as geological and geophysical characteristics of the reserves, historical production performance from the properties, the quality and quantity of technical and economic data, extensive engineering judgments, the assumed effects of regulation by government agencies and future operating costs. All such estimates involve uncertainties, and classifications of reserves are only attempts to define the degree of likelihood that the reserves will result in revenue for us. For those reasons, estimates of the economically recoverable reserves attributable to any particular group of properties and classification of such reserves based on risk of recovery, prepared by different engineers or by the same engineers at different times, may vary substantially. Therefore, actual limestone reserves may vary significantly from such estimates. To the extent actual reserves are significantly less than the estimates, the residual reserve life our limestone mines will be reduced and our financial condition and results of operations are likely to be materially and adversely impacted. While these estimates are based on detailed studies conducted by independent experts, there can be no assurance that these estimates would not be materially different from estimates prepared in accordance with recognized international method or norms.

- 46. *Our Company is dependent on the services provided by consigning and forwarding agents for inter alia the storage and dispatching of our cement products. Termination or revocation of our arrangements with our consigning and forwarding arrangements may have an adverse effect on our Company’s ability to store and distribute our cement products in the regions we sell our cement products and accordingly have an adverse effect on our business, operations and results of operations.***

Our cement products are manufactured in Karnataka and Telangana. To facilitate the sale of our cement products in different regions of India, we engage consigning and forwarding agents (“C&F Agents”), who are responsible for *inter alia* receiving our cement products from transporters/carriers, ensuring appropriate storage of the cement products in warehouses/godowns and dispatch of our cement products to our customers and maintenance of records in relation to the stocks of our cement products. Accordingly, we are dependent on the C&F Agents acting in accordance with our specifications and in compliance with our agreements with them. Failure of our C&F agents, to appropriately receive, store/and or dispatch our cement products, may adversely affect the distribution of our cement products in the region where the C&F Agent operates. Further, if our agreements with our C&F Agents are terminated, revoked or not renewed in the future, we may not be able to identify substitute C&F Agents, who are equipped to provide us with the services we require at acceptable prices. Our failure to identify appropriate substitute C&F Agents, may have an adverse effect on our Company’s ability to store and distribute our cement products in the regions we sell our cement products and accordingly have an adverse effect on our business, operations and results of operations.

- 47. *Our Subsidiary, Cygnet utilises leased godowns for its rayon and transparent paper products. The termination, revocation or failure to renew any or combination of the leasehold arrangements in relation to Cygnet’s godowns may have an adverse effect on Cygnet’s ability to store and distribute our rayon and transparent paper products and accordingly have an adverse effect on Cygnet’s business, operations and results of operations.***

Our rayon and transparent paper products are manufactured in West Bengal. To facilitate the sale of Cygnet’s products in different parts of India, we are required to transport and store our products to in different parts of India. For these purposes, Cygnet utilises external leased godowns for the storage of rayon and transparent paper, these include godowns which are operated by our Subsidiary.

The lease and licensing agreements entered into by our Subsidiary in relation to the godowns, may typically be terminated by either party unilaterally without cause, after providing prior written notice ranging from one to three months to the other party. If the leasehold arrangements with respect to any of our Subsidiary’s godowns are terminated or revoked or if our Subsidiary is unable to renew such leasehold arrangements, our

Subsidiary may not be able to identify substitute godowns which satisfy its requirements at a price acceptable to it. Accordingly, the termination or revocation or failure to renew any or a combination of our Subsidiary's leasehold/licensing arrangements with respect to our Subsidiary's godowns, may have an adverse effect on our Subsidiary's ability to store and distribute its products and accordingly have an adverse effect on our Subsidiary's business, operations and results of operations.

- 48. *Industry information included in this Letter of Offer has been derived from an industry report. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate.***

We have availed the services of an independent third party research agency, CRISIL Research, a division of CRISIL Limited, to prepare industry reports titled "CRISIL Research – Cement Report, June 2021" and "CRISIL Research- Economy Report (Ecoview), June 2021" each dated June 2021, for purposes of inclusion of such information in this Letter of Offer and have paid for it. This report is subject to various limitations and based upon certain assumptions that are subjective in nature. We have not independently verified data from this industry report. Although we believe that the data may be considered to be reliable, the accuracy, completeness and underlying assumptions are not guaranteed and dependability cannot be assured. While we have taken reasonable care in the reproduction of the information, the information has not been prepared or independently verified by us or any of our affiliates or advisors and, therefore, we make no representation or warranty, express or implied, as to the accuracy or completeness of such facts and statistics. Due to subjective or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Letter of Offer.

- 49. *We face foreign exchange risks that could adversely affect our results of operations and cash flows.***

In Fiscal 2021, our revenue from exports constituted 0.37% of our revenue from operations on a consolidated basis. Some of our expenditures, including the costs for the import of coal and pet coke, cost of machinery and equipment, wood pulp and freight costs are also denominated in foreign currencies. As a consequence, we are exposed to currency rate fluctuations between the Indian Rupee and U.S. dollars and other foreign currencies. Accordingly, any fluctuation in the value of the Indian Rupee against such currencies including as noticed recently in the case of the US Dollar, may adversely affect our results of operations. Any devaluation of foreign currencies against the Indian Rupee may result in reduction of our margins and consequently have an adverse effect on business and result of operations.

- 50. *We may not be able to adequately protect our intellectual property rights, which could harm the value of our brand and may adversely affect our business and operations.***

Our business is dependent upon successfully protecting our trademarks and our ability to enforce our trademarks is subject to general litigation risks. If we are not ultimately successful in enforcing our intellectual property rights for any reason, we may experience a material adverse effect on our competitive position and our business. We also rely in part on mutual trust for protection of our trade secrets and confidential information relating to our production processes. While it is our policy to take precautions to protect our trade secrets and confidential information against breach of trust by our employees, consultants, customers and suppliers, it is possible that unauthorised disclosure of our trade secrets or confidential information may occur. We cannot assure you that we will be successful in protecting our trade secrets and confidential information.

Additionally, we may not be aware of all intellectual property rights that our products may potentially infringe or pass off under common law. Certain of the products provided to us by our third party suppliers may utilize intellectual property belonging to other third-parties. We cannot assure you that our suppliers will not infringe the intellectual property of third-parties by supplying us with their services, products or technology, or that our use of such services, products or technology from these suppliers will not cause us to infringe the intellectual property rights of third-parties. Therefore, there can be no assurance that our services or the products will not infringe a third party's intellectual property. While we may contest any claims brought forth against us, there can be no assurance that a court will conclude that our products do not violate the intellectual rights of third parties. Further, there can be no assurance that we or our suppliers would be able to obtain licenses from third-party owners of such intellectual property rights on commercially favorable terms or at

all, and if we were unable to obtain such licenses, that we or our suppliers would be able to redesign our products used to transmit to avoid infringement. Any court-imposed penalties relating to violations of third-party intellectual property rights could have a material and adverse effect on our business, financial condition, results of operations and prospects.

- 51. *We manufacture transparent paper under the “Kesophane” brand name. We cannot assure you that our transparent paper will achieve acceptance in the industries where it finds application or that we will be able to compete with other manufacturers of transparent paper and manufacturers of conventional packaging films.***

We manufacture and sell transparent paper under the “Kesophane” brand name. We believe that Kesophane could serve as an eco-friendly alternative for conventional packaging films. The price of Kesophane is currently greater than the pricing of conventional packaging films. Further, our ability to expand our transparent paper business is dependent on the greater acceptance of Kesophane in the industries where transparent paper finds application. We cannot assure you that Kesophane will achieve greater acceptance as an alternative to conventional packaging films and that we will be able to compete with manufacturers of conventional packaging films as well as manufacturers of transparent paper.

- 52. *We have in the past entered into related party transactions and will continue to do so in the future.***

We have in the past entered into transactions with certain of our related parties. While we believe that all such transactions have been conducted on an arm’s length basis, we cannot assure you that we could not have obtained more favourable terms had such transactions been entered into with unrelated parties. Such related party transactions may potentially involve conflicts of interest. Further, it is likely that we may enter into related party transactions in the future.

For information on related party transactions, see “Financial Statements” on page [●]. While we have entered into transactions with related parties on an arm’s length basis, we cannot assure you that any related party transaction in the future, individually or in the aggregate, will always have a positive effect on our business, results of operations, cash flows and financial condition.

- 53. *Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.***

We have not paid dividend on the Equity Shares for the preceding eight completed Fiscals and last paid a dividend on the Equity Shares in Fiscal 2013 of ₹ 1 per Equity Share aggregating to ₹ 4.57 crore.

In terms of the Companies Act, 2013, a company cannot declare dividend unless carried over previous losses and depreciation not provided in previous year or years are set off against profit of the company for the current year. Our Company had as on March 31, 2021 accumulated losses under retained earnings aggregating to ₹ 1,226.38 crore on a consolidated basis. Accordingly, our ability to pay dividends in the future will depend on our earnings, financial condition, cash flow, working capital requirements, capital expenditure and restrictive covenants of our financing arrangements. The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Equity Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act, 2013.

As on date, our Company has not adopted any formal dividend policy. We may retain all future earnings, if any, for use in the operations and expansion of the business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant, including among others, our future earnings, financial condition, cash requirements, business prospects and any other financing arrangements. We cannot assure you that we will be able to pay dividends in the future. Accordingly, realization of a gain on Shareholders’ investments will depend on the appreciation of the price of the Equity Shares. There is no guarantee that our Equity Shares will appreciate in value.

Further, our Subsidiary or Joint Venture may not pay cash dividends on equity shares that we hold in them. Consequently, our Company may not receive any return on investments in our Subsidiary or Joint Venture.

- 54. *Our Equity Shares are also listed on the CSE, a regional stock exchange, and have not been traded on the CSE for the last eight years.***

Our Equity Shares are currently listed on the CSE, a regional stock exchange, in addition to our Equity Shares being listed on the BSE and NSE. We propose to list the Equity Shares offered through the Issue on the CSE as well. Securities listed on regional stock exchanges in India are typically infrequently traded, and our Equity Shares have not been trading on the CSE for the last eight years. Prospective purchasers of our Equity Shares should note that the Equity Shares have limited liquidity on the CSE, and there can be no assurances that our Equity Shares will be traded on the CSE in future.

55. ***Some of our branch offices are located on leased/licensed premises. There can be no assurance that these lease/leave and license agreements will be renewed upon termination or that we will be able to obtain other premises on lease on same or similar commercial terms.***

Some of our branch offices are located on leased/licensed premises. The lease/leave and license agreements entered into by us in relation to certain branches, may be terminated by either party unilaterally without cause, after providing prior written notice in the manner stipulated in such agreements. Any termination or non-renewal of such leases could adversely affect our operations. In addition, these leases generally have annual escalation clauses for rent payments. There can be no assurance that we will be able to retain or renew such leases on same or similar terms, or that we will find alternate locations for the existing offices on terms favorable to us, or at all. Failure to identify suitable premises for relocation of existing properties, if required, or in relation to new or proposed properties we may purchase, in time or at all, may have an adverse effect on our production and supply chain, the pace of our projected growth as well as our business and results of operations.

56. ***Our failure to identify and understand evolving technological changes, industry trends and preferences and to develop new products to meet our customers' demands may materially adversely affect our business.***

Our future success will depend in part on our ability to respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails technical and business risks. We cannot assure you that we will be able to successfully implement new technologies or adapt our processing systems to customer requirements or emerging industry standards. Changes in technology and high fuel costs may make newer facilities or equipment more competitive than ours or may require us to make additional capital expenditures to upgrade our facility. If we are unable, for technical, financial or other reasons, to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our business and results of operations could be adversely affected.

57. ***Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised and may be subject to change based on various factors, some of which are beyond our control. Further, we may not be able to utilise the proceeds from this Issue in a timely manner or at all.***

Our funding requirements and deployment of the Net Proceeds are based on internal management estimates based on current market conditions and have not been appraised by any bank or financial institution or other independent agency. Furthermore, in the absence of such independent appraisal, our funding requirements may be subject to change based on various factors which are beyond our control. For further details, please see the section titled “*Objects of the Issue*” on page [●].

Further, our funding requirements and the deployment of the proceeds from this Issue are based on our current business plan and strategy. We may have to revise this from time to time as a result of variations in our business plan and strategy including in the cost structure, changes in estimates and other external factors, which may not be within the control of our management. This may entail rescheduling, revising or cancelling the planned expenditure and fund requirement at the discretion of our Board. Accordingly, we may not be able to utilise the proceeds from this Issue in the manner set out in this Letter of Offer in a timely manner or at all. As regards utilisation of Net Proceeds for repayment of loans, the identification of loans to be repaid or prepaid will be based on various factors, including the factors specified in the section “*Objects of the Issue-Details of the objects of the Issue*” on page [●].

58. ***Any failure in the successful implementation of our information technology systems may have an adverse effect on our business, cash flows, financial condition and results of operations.***

Our information technology systems are important to our business. We have adopted an enterprise resource planning IT system, to enable us to carry out our day to day business operations through the ERP platform towards conducting day to day operational transactions, including monitoring the warehouse inventory levels, and functions enabling financial planning and financial accounting processes by us. We also have an HR solutions system in place, which enables our HR team to maintain a master database of all its employees, for efficient data management and employee related logistics. Further, our IT enabled warehouse management system enables us to record details of our inventory levels at our warehouses across different locations, in order to respond to orders on an immediate basis.

These IT systems may be susceptible to outages due to fire, floods, power loss, telecommunications failures, natural disasters, break-ins and similar events. Any delay in implementation or any disruption in the functioning of our IT systems could have a material adverse effect on our business if it causes loss of data or affects our ability to track, record and analyse our operations, inventory, financial information, manage our creditors and debtors, or engage in normal business activities. In addition, our systems and proprietary data stored electronically may be vulnerable to computer viruses, cybercrime, computer hacking and similar disruptions from unauthorized tampering. If such unauthorized use of our systems were to occur, data related to our projects, customers and other proprietary information could be compromised. While we believe we have taken adequate measures to safeguard our IT systems, the occurrence of any of these events could adversely affect our reputation and business, weaken our competitive position, interrupt our operations, subject us to increased operating costs and expose us to litigation, which in turn could have an adverse effect on our business, cash flows, financial condition and results of operations.

59. *One of our Promoters, Pilani Investment and Industries Corporation Limited, may have interest in entities, which are in businesses similar to our Company and our Subsidiary, and this may result in conflict of interest with us.*

As of the date of this Letter of Offer, one of our Promoters, Pilani Investment and Industries Corporation Limited (“**Pilani**”), has investment in shares of body corporates viz Century Textiles and Industries Limited, Grasim Industries Limited and Ultratech Cement Limited which are engaged in businesses similar to ours. Ultratech Cement Limited has presence in the same geographical areas where we market our cement products. Further, Century Textiles and Industries Limited and Grasim Industries Limited have presence in the same areas where our Subsidiary, Cygnet Industries Limited, markets its rayon products. We cannot assure you that the body corporates in which Pilani is interested will not compete in business lines in which we are already present or will enter into in the future. In such event, our business, financial condition and results of operations may be adversely affected.

60. *Any downgrade in our credit ratings could increase borrowing costs and adversely affect the availability of funds*

Our cost and availability of funds is dependent on our credit ratings. Credit ratings reflect a rating agency’s opinion of our financial strength, operating performance, industry position, and ability to meet our obligations. As of March 31, 2019 our long terms borrowings were rated CARE BB+ and BWR BBB+ by CARE Ratings and Brickwork Ratings respectively while our short term borrowings were rated CARE A4+ by CARE Ratings. As of March 31, 2020, our long term borrowings and short term borrowings were rated BWR D by Brickwork Ratings. As of March 31, 2021, we had been assigned a rating of “D” by CRISIL for our Non-Convertible Debentures and Optionally Convertible Debentures which was upgraded to “B/stable” on June 14, 2021. However, any future performance issues for us or the industry may result in a downgrade of our credit ratings, which may increase interest rates for our future borrowings and, in turn, increase our cost of borrowings and adversely affect our ability to borrow on a competitive basis as well as impair our ability to renew maturing debt. In addition, any downgrade of our credit ratings could result in additional terms and conditions being included in any additional financing or refinancing arrangements in the future. If any of the foregoing were to occur, our business, financial condition and results of operations may be adversely affected.

Our ability to obtain additional financing on favorable terms, if at all, will depend on a number of factors, including our future financial condition, results of operations and cash flows, the amount and terms of our existing indebtedness, general market conditions and market conditions for financing activities and the economic, political and other conditions in the markets where we operate. We cannot assure you that we will be able to renew existing funding arrangements or obtain additional financing on acceptable terms, in a timely

manner or at all, to meet our working capital needs. Our inability to do so may adversely affect our expansion plans, business, financial condition and results of operations.

- 61. *We have availed an unsecured loan from Padmavati Investments Limited (“Padmavati”), a member of our Promoter Group, which is recallable by Padmavati, subject to the terms and conditions of their grant, at any time.***

We have outstanding unsecured loan availed from Padmavati, a member of our Promoter Group, amounting to ₹ 3.00 crore as of March 31, 2021, which is recallable on demand by Padmavati. In such case, Padmavati is empowered to require repayment of the facility at any point in time during the tenure. In case, the loan is recalled on demand by Padmavati and we are unable to repay the outstanding amounts under the facility at that point, it would constitute an event of default under the agreement entered into with Padmavati. See “Financial Statements” beginning on page [●].

Risks Relating to India

- 62. *The level of investments and government’s spending on civil infrastructure projects in India is significant for the demand of our products. Any economic downturn or other factors adversely affecting investments in this sector may result in a decrease in the demand for our services and adversely affect our business, results of operations and financial condition.***

Our business depends upon the continued spending by the relevant Government agencies on civil infrastructure projects such as public transportation infrastructure. Various factors would affect, including the nature, scale, location and timing of the Government’s public investment plans in the civil infrastructure of India. These factors include the government’s policy and priorities regarding different regional economies across India and the general condition and prospects of the overall economy of India. Any significant reduction in the Indian government’s budget relating to infrastructure spending, particularly the transportation infrastructure sector, will lead to a decline in revenue arising from a smaller number of projects, lower contract value for our projects and/or a decline in profit margin due to increased competition for available projects. This could have a material and adverse effect on our business, financial position and results of operations.

- 63. *Most of our revenue is derived from business in India and a decline in economic growth or political instability or changes in the Government in India could adversely affect our business.***

We derive most of our revenue from our operations in India and so the performance and the growth of our business are dependent on the performance of the Indian economy. In the recent past, Indian economy has been affected by global economic uncertainties and liquidity crisis, domestic policy and political environment, volatility in interest rates, currency exchange rates, commodity and electricity prices, adverse conditions affecting agriculture, rising inflation rates and various other factors. Risk management initiatives by banks and lenders in such circumstances could affect the availability of funds in the future or the withdrawal of our existing credit facilities. The Indian economy is undergoing many changes and it is difficult to predict the impact of certain fundamental economic changes on our business. Conditions outside India, such as a slowdown or recession in the economic growth of other major countries, especially the United States, have an impact on the growth of the Indian economy. Additionally, an increase in trade deficit, a downgrading in India’s sovereign debt rating or a decline in India’s foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our business. Any downturn in the macroeconomic environment in India could adversely affect our business, financial condition, results of operation and the trading price of our Equity Shares. Volatility, negativity, or uncertain economic conditions could undermine the business confidence and could have a significant impact on our results of operations. Changing demand patterns from economic volatility and uncertainty could have a significant negative impact on our results of operations.

Further, our performance and the market price and liquidity of the Equity Shares may be affected by changes in exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The GoI has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, the market price and liquidity of the Equity Shares may be affected by changes in GoI policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

64. *Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of our Equity Shares, independent of our operating results.*

On listing, our Equity Shares will be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by Equity Shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the trading price of our Equity Shares and returns on our Equity Shares, independent of our operating results.

65. *Significant differences exist between Indian Accounting Standards (“IndAS”) and other accounting principles, such as the generally accepted accounting principles in the US (“US GAAP”) and International Financial Reporting Standards (“IFRS”), which may be material to an investor’s assessment of our financial condition.*

The Annual Audited Financial Statements included in this Letter of Offer has been prepared in accordance with IndAS, as applicable, in the relevant period of reporting. We have not attempted to quantify the impact of US GAAP or IFRS on the financial data included in this Letter of Offer nor do we provide a reconciliation of our financial statements to those of US GAAP or IFRS. US GAAP and IFRS differ in significant respects from IndAS. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should be limited accordingly.

66. *The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.*

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years, and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

In the event of existence of a state of war or emergency (as declared by the President of India), the Karnataka and Telangana state governments, with the consent of the Central Government of India, shall have the right to take possession and control of the works, plant and machinery and premises of the mines of our Company in Karnataka and Telangana respectively. During such possession or control of our mines, our Company would be required to conform to the directions issued on behalf of the Central Government or the State Government regarding the use or employment of such works, plants, premises and minerals. We may not be able to utilise the limestone from our mines for our cement manufacturing operations, which may affect our business, operations and profitability.

67. *Political instability or changes in the Government in India or in the Government of the states where we operate could cause us significant adverse effects.*

The Central Government has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. Further, our business is also impacted by regulation and conditions in the various states in India where we operate. Our business, and the market price and liquidity of our Equity Shares may be affected by interest rates, changes in central or state Government policies, taxation and other political, economic or other developments in or affecting India. Since 1991, successive Central Governments have pursued policies of economic liberalisation and financial sector reforms. Any slowdown in these demand drivers or change in Government policies may adversely impact our business and operations. Generally, a

significant adverse change in the Central Government's policies could adversely affect our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline.

68. *If there is a change in policies related to tax, duties or other such levies applicable to us, it may affect our results of operations.*

New or revised accounting policies or policies related to tax, duties or other such levies promulgated from time to time by relevant tax authorities may adversely affect our results of operations. We cannot assure you as to what action current or future Governments will implement regarding tax incentives or excise duty benefits. We may not be able to comply with the obligations and stipulations that would allow us to avail ourselves of such benefits or concessions, and consequently, we may lose such benefits and concessions.

69. *We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect our business.*

The Competition Act regulates practices having an appreciable adverse effect on competition in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an appreciable adverse effect on competition is considered void and results in the imposition of substantial monetary penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or provision of services, shares the market or source of production or provision of services by way of allocation of geographical area, type of goods or services or number of customers in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an appreciable adverse effect on competition. The Competition Act also prohibits abuse of a dominant position by any enterprise.

On March 4, 2011, the Government issued and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to and pre-approved by the CCI. Additionally, on May 11, 2011, the CCI issued Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India.

The Competition Act aims to, among others, prohibit all agreements and transactions which may have an appreciable adverse effect on competition in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. However, we cannot predict the impact of the provisions of the Competition Act on the agreements entered into by us at this stage. We are not currently party to any outstanding proceedings, nor have we received notice in relation to non-compliance with the Competition Act or the agreements entered into by us. However, if we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, results of operations and prospects.

70. *It may not be possible for you to enforce any judgment obtained outside India against us, our management or any of our respective affiliates in India, except by way of a suit in India on such judgment.*

We are incorporated under the laws of India and a majority of our Directors and executive officers reside in India. A substantial majority of our assets, and the assets of our Directors and officers, are also located in India. As a result, you may be unable to:

- effect service of process outside of India upon us and such other persons or entities; or
- enforce in courts outside of India judgments obtained in such courts against us and such other persons or entities.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, which includes the United Kingdom, Singapore and Hong Kong. In order to

be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements of the Code of Civil Procedure, 1908 (the “**Civil Code**”). Judgments or decrees from jurisdictions, which do not have reciprocal recognition with India, cannot be executed in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against our Company or its officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court. However, the party in whose favour such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in a non-reciprocating territory within three years of obtaining such final judgment in the same manner as any other suit filed to enforce a civil liability in India. If, and to the extent that, an Indian court were of the opinion that fairness and good faith so required, it would, under current practice, give binding effect to the final judgment that had been rendered in the non-reciprocating territory, unless such a judgment contravenes principles of public policy in India. It is unlikely that an Indian court would award damages on the same basis or to the same extent as was awarded in a final judgment rendered by a court in another jurisdiction if the Indian court believed that the amount of damages awarded was excessive or inconsistent with Indian practice. In addition, any person seeking to enforce a foreign judgment in India is required to obtain prior approval of the RBI to repatriate any amount recovered pursuant to the execution of such a judgment.

71. *Any downgrading of India's sovereign debt rating by an international rating agency could adversely affect our business and the price of our Equity Shares.*

Any adverse revisions to India's sovereign credit ratings or ratings of financing partners/lenders, by domestic or international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. For example, Fitch Ratings has recently revised the outlook on India's sovereign ratings from stable to negative, while Moody's Investors Services has downgraded foreign currency and local currency long term issuer ratings to BAA3. This could have an adverse effect on our financial results and business prospects, ability to obtain financing for capital expenditures and affect our business, our future financial performance, our shareholders' funds and the price of our Equity Shares.

Risks Relating to the Equity Shares and this Issue

72. *The trading price of our Equity Shares may be subject to volatility and you may not be able to sell your Equity Shares at or above the Issue Price.*

The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our Equity Shares.

73. *Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.*

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of the equity shares of an Indian company are generally taxable in India. However, any gain realized on the sale of listed equity shares on or before March 31, 2018 on a stock exchange held for more than 12 months were not subject to long term capital gains tax in India if Securities Transaction Tax (“**STT**”) was paid on the sale transaction and additionally, as stipulated by the Finance Act, 2017, STT had been paid at the time of acquisition of such equity shares on or after October 1, 2004, except in the case of such acquisitions of equity shares which were not subject to STT. The Finance Act, 2018, levied taxes on such long term capital gains exceeding ₹ 1,00,000 arising from sale of Equity Shares on or after April 1, 2018, while continuing to exempt the unrealized capital gains earned up to January 31, 2018 on such Equity Shares. Accordingly, you may be subject to payment of long term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for

more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold.

Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of equity shares will be exempt from taxation in India in cases where an exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gains arising from a sale of equity shares.

74. *Investors will not have the option of getting the allotment of Rights Equity Shares in physical form.*

In accordance with the SEBI ICDR Regulations, the Rights Equity Shares shall be issued only in dematerialized form. Investors will not have the option of getting the allotment of Rights Equity Shares in physical form. Investors in the Issue are required to have a demat account to receive their Rights Entitlement and accordingly Applicants who do not have demat accounts or who have not specified their demat details, cannot apply in the Issue. For details, see “*Terms of the Issue*” on page [●].

75. *We will not distribute this Letter of Offer, the Abridged Letter of Offer, the Application Form and the Rights Entitlement Letter to overseas Shareholders who have not provided an address in India for service of documents.*

In accordance with the SEBI ICDR Regulations and SEBI Rights Issue Circulars, our Company will send, primarily through email, the Abridged Letter of Offer, Application Form and other applicable Issue materials to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company. Further, this Letter of Offer will be provided, to those who make a request in this regard. In the event that e-mail addresses of the Eligible Equity Shareholders are not available with the Company or the Eligible Shareholders have not provided valid e-mail addresses to the Company, our Company will dispatch the Abridged Letter of Offer, Application Form and other applicable Issue materials by way of physical delivery as per the applicable laws to those Eligible Equity Shareholders who have provided their Indian address. Investors can also access this Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company, the Lead Manager, the Stock Exchange and on R-WAP. Other than as indicated above, the Issue materials will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in overseas jurisdictions. However, the Companies Act, 2013 requires companies to serve documents at any address, which may be provided by the members as well as through e-mail. Presently, there is lack of clarity under the Companies Act, 2013 and the rules made thereunder with respect to distribution of the Issue materials in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdictions. We have requested all the overseas Eligible Equity Shareholders to provide an address in India and their e-mail addresses for the purposes of distribution of the Issue materials. However, we cannot assure you that the regulator or authorities would not adopt a different view with respect to compliance with the Companies Act, 2013 and may subject us to fines or penalties.

76. *You may not receive the Equity Shares that you subscribe in the Issue until 15 days after the date on which this Issue closes, which will subject you to market risk.*

The Rights Equity Shares that you may be Allotted in this Issue may not be credited to your demat account with the depository participants until approximately 15 days from the Issue Closing Date. You can start trading such Rights Equity Shares only after receipt of the listing and trading approval in respect thereof. There can be no assurance that the Rights Equity Shares allocated to you will be credited to your demat account, or that trading in such Rights Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

77. *Your ability to acquire and sell the Rights Equity Shares offered in the Issue is restricted by the distribution, solicitation and transfer restrictions set forth in this Letter of Offer.*

No actions have been taken to permit an offering of the Rights Equity Shares offered in the Issue in any jurisdiction except India. As such, our Rights Equity Shares have not and will not be registered under the U.S. Securities Act, any state securities laws of the United States or the law of any jurisdiction other than India. Further, your ability to acquire Rights Equity Shares is restricted by the distribution and solicitation

restrictions set forth in this Letter of Offer. For further information, see “*Notice to Investors*” and “*Other Regulatory and Statutory Disclosures – Selling Restrictions*” and “*Restrictions on Purchases and Sales*” on pages [●], [●] and [●], respectively. You are required to inform yourself about and observe these restrictions. Our representatives, our agents and us will not be obligated to recognize any acquisition, transfer or resale of the Rights Equity Shares made other than in compliance with applicable law.

78. *The R-WAP payment mechanism facility proposed to be used for this Issue may be exposed to risks, including risks associated with payment gateways.*

In accordance with the R-WAP Circulars, a separate web based application platform, i.e., the R-WAP facility (accessible at www.linkintime.co.in), has been instituted for making an Application in this Issue by resident Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process. On RWAP, the resident Investors can access and fill the Application Form in electronic mode and make online payment using the internet banking or UPI facility from their own bank account thereat. For details, see “*Terms of the Issue – Procedure for Application through R-WAP*” on page [●]. Such payment gateways and mechanisms are faced with risks such as:

- keeping information technology systems aligned and up to date with the rapidly evolving technology;
- payment services industries;
- scaling up technology infrastructure to meet requirements of growing volumes;
- applying risk management policy effectively to such payment mechanisms;
- keeping users’ data safe and free from security breaches; and
- effectively managing payment solutions logistics and technology infrastructure.

Investors should also note that only certain banks provide a net banking facility by way of which payments can be made on the R-WAP platform. In the event that your bank does not provide such facility, you will have to use an UPI ID to make a payment. Further, R-WAP is a new facility which has been instituted due to challenges arising out of COVID-19 pandemic. We cannot assure you that R-WAP facility will not suffer from any unanticipated system failure or breakdown or delay, including failure on the part of the payment gateway, and therefore, your Application may not be completed or rejected. These risks are indicative and any failure to manage them effectively can impair the efficacy and functioning of the payment mechanism for this Issue. Since Application process through R-WAP is different from the ASBA process, there can be no assurance that investors will not find difficulties in accessing and using the R-WAP facility.

79. *SEBI has recently streamlined the process of rights issues. You should follow the instructions carefully, as stated in relevant SEBI circulars, and in this Letter of Offer.*

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI Rights Issue Circulars, and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. For details, see “*Terms of the Issue*” on page [●].

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) demat suspense escrow account (namely, “**LIPL KESORAM INDUSTRIES RIGHTS ESCROW DEMAT ACCOUNT**”) opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholders which are frozen or suspended for debit/credit or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings.

- 80. *There is no guarantee that our Equity Shares will be listed, or continue to be listed, on the Indian stock exchanges in a timely manner, or at all, and prospective investors will not be able to immediately sell their Equity Shares on a Stock Exchange.***

In accordance with Indian law and practice, final approval for listing and trading of our Equity Shares will not be applied for or granted until after our Equity Shares have been issued and allotted. Such approval will require the submission of all other relevant documents authorizing the issuance of our Equity Shares. Accordingly, there could be a failure or delay in listing our Equity Shares on the BSE, NSE and CSE, which would adversely affect your ability to sell our Equity Shares.

- 81. *Foreign investors are subject to foreign investment restrictions under Indian law that limit our ability to attract foreign investors, which may adversely affect the trading price of our Equity Shares.***

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI. If the transfer of shares is not in compliance with such requirements or falls under any of the specified exceptions, then prior approval of the RBI will be required.

In addition, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Indian government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Indian government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Indian government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

- 82. *Any future issuance of Equity Shares, or convertible securities or other equity linked securities by us may dilute your future shareholding and sales of our Equity Shares by our Promoter or Promoter Group or other significant shareholders of our Company may adversely affect the trading price of our Equity Shares.***

Any future issuance of our Equity Shares or convertible securities or other equity linked securities by us could dilute your shareholding in our Company. Any such future issuance of our Equity Shares or sales of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares and could impact our ability to raise capital through an offering of our securities. We cannot assure you that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber their Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

SECTION III: INTRODUCTION

THE ISSUE

The Issue has been authorised by way of a resolution passed by our Board on May 14, 2021 and August 12, 2021, pursuant to Section 62 of the Companies Act, 2013 and other applicable provisions.

Following is a summary of the Issue and should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section “*Terms of the Issue*” on page [●].

Brief Issue details			
Rights Equity Shares being offered by our Company	Up to [●] Rights Equity Shares		
Rights Entitlement*	[●] Rights Equity Shares for every [●] Equity Shares held on the Record Date		
Record Date	[●]		
Issue Price per Rights Equity Share	₹ 50.00 (including a premium of ₹ 40.00 per Rights Equity Share)		
Face Value per Rights Equity Share	₹ 10		
Issue Size	Up to ₹ 400 crore		
Dividend	Such dividend as may be recommended by our Board and declared by our Shareholders, as per applicable law.		
Equity Shares subscribed, paid-up and outstanding prior to the Issue	16,48,11,341 Equity Shares		
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	[●] Equity Shares		
Rights Entitlement ISIN	[●]		
Security Codes for the Equity Shares [#]	ISIN for Equity Shares: INE087A01019 BSE Code: 502937 NSE Code: KESORAMIND CSE Code: 0000020 ISIN for partly paid-up Rights Equity Shares (at the time of Application): [●]		
Terms of the Issue	See “ <i>Terms of the Issue</i> ” on page [●]		
Use of Issue Proceeds	See “ <i>Objects of the Issue</i> ” on page [●]		
Terms of Payment			
Amount Payable per Rights Equity Share	Face Value (₹)	Premium (₹)	Total (₹)
On Application	5.00	20.00	25.00
First and Final call – anytime within 6 months from the date of allotment of Rights Equity Shares as may be decided by the Board at its sole discretion	5.00	20.00	25.00
Total (₹)	10.00	40.00	50.00

*For Rights Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or is not in multiples of [●], the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlements. However, Eligible Equity Shareholders whose fractional entitlements are being ignored will be given preference in the Allotment of one additional Rights Equity Share each, if such Eligible Equity Shareholders have applied for additional Rights Equity Shares over and above their Rights Entitlements.

[#]The Rights Equity Shares offered under this Issue will be traded under a separate ISIN. The trading in ISIN representing the Rights Equity Shares will be suspended after the First and Call Record Date. On payment of the First and Final Call Money in respect of the Rights Equity Shares, such Rights Equity Shares would be fully paid-up and merged with the existing ISIN of our Equity Shares.

GENERAL INFORMATION

Our Company was originally incorporated as ‘Kesoram Cotton Mills Limited’, under the provisions of the Indian Companies Act, 1913 as a public company limited by shares, *vide* a certificate of incorporation dated October 18, 1919 issued by the Registrar of Companies under the Companies Act, 1913. The name of our Company was changed to ‘Kesoram Industries & Cotton Mills Limited’ and our Company received a fresh certificate of incorporation consequent of change of name from the RoC dated August 30, 1961. Subsequently, the name of our Company was further changed to ‘Kesoram Industries Limited’ and our Company received a fresh certificate of incorporation consequent to change of name from the RoC dated July 9, 1986. There has been no change in our Registered Office since July 9, 1986. Further, certain secretarial records prior to July 9, 1986 for changes in the registered office of our Company could not be traced as the relevant information was not available in the records maintained by our Company, the Ministry of Corporate Affairs at the MCA Portal and the RoC. Accordingly, we have relied on the certificate dated August 31, 2021 prepared by Kamal Kumar Sharma, independent practicing company secretary. For details of risks arising out of missing or untraceable past secretarial records of our Company, see “Risk Factors – *Some of our corporate records for forms filed with the RoC in relation to changes in the registered office of our Company are not traceable*” on page [•].

Registered Office & Corporate Office, CIN and registration number of our Company

Kesoram Industries Limited

9/1, R. N. Mukherjee Road,

Kolkata – 700 001

West Bengal, India

Telephone: +91 33 2243 5453

E-mail: corporate@kesoram.net

Website: www.kesocorp.com

CIN: L17119WB1919PLC003429

Registration Number: 003429

Address of the Registrar of Companies

Our Company is registered with the Registrar of Companies, West Bengal at Kolkata, situated at the following address:

The Registrar of Companies, West Bengal at Kolkata

Nizam Palace,

2nd MSO Building,

2nd Floor, 234/4,

A.J.C. Bose Road,

Kolkata 700 020

West Bengal, India

Company Secretary and Compliance Officer

Raghuram Nath is the Company Secretary and Compliance Officer of our Company. His contact details are as follows:

Raghuram Nath

9/1 R.N. Mukherjee Road,

Kolkata – 700 001

West Bengal, India

Telephone: +91 33 2243 5453

E-mail: corporate@kesoram.net

Lead Manager to the Issue

DAM Capital Advisors Limited

(Formerly IDFC Securities Limited)

One BKC, Tower C, 15th Floor

Unit No. 1511, Bandra Kurla Complex

Bandra (East), Mumbai – 400 051

Maharashtra, India
Tel: +91 22 4202 2500
E-mail: kesoram.rights@damcapital.in
Website: www.damcapital.in
Investor Grievance E-mail: complaint@damcapital.in
Contact Person: Chandresh Sharma/Gunjan Jain
SEBI Registration No.: MB/INM000011336

Indian Legal Counsel to the Issue

Khaitan & Co
One World Center
10th and 13th Floors, Tower 1C
841 Senapati Bapat Marg
Mumbai 400 013
Maharashtra, India
Telephone: +91 22 6636 5000

Special Purpose International Legal Counsel to the Lead Manager

Dentons US LLP
2000 McKinney Avenue
Suite 1900
Dallas, Texas 75201-1858
United States
Telephone: +1 214 259 0952

Statutory Auditor of our Company

Deloitte Haskins & Sells, Chartered Accountants
13th & 14th Floor, Building Omega,
Bengal Intelligent Park,
Block-EP & GP, Sector- V,
Saltlake Electronics Complex,
Kolkata – 700 091
West Bengal, India
Telephone: +91 33 6612 1000
E-mail: babhijit@deloitte.com
Firm Registration Number: 302009E
Peer Review Certificate Number: 013022

Registrar

Link Intime India Private Limited
C-101, First Floor, 247 Park, L.B.S. Marg
Vikhroli (West), Mumbai 400 083
Maharashtra, India
Tel: +91 22 4918 6200
E-mail: kesoram.rights@linkintime.co.in
Website: www.linkintime.co.in
Investor grievance E-mail: kesoram.rights@linkintime.co.in
Contact Person: Sumeet Deshpande
SEBI Registration No.: INR000004058

Investor Grievances

Investors may contact the Registrar or our Company Secretary and Compliance Officer for any Issue related matter. All grievances relating to the ASBA process or R-WAP process may be addressed to the Registrar, with a copy to the SCSBs for grievances related to the ASBA process, giving full details such as name, address of the applicant, contact number(s), e-mail ID of the sole/first holder, folio number or demat account number, serial

number of the Application Form, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of R-WAP process), ASBA Account number and the Designated Branch of the SCSBs where the plain paper application was submitted by the ASBA Investors along with a photocopy of the acknowledgement slip (in case of ASBA process), and copy of the e -acknowledgement (in case of R-WAP process). For further details on the ASBA and R-WAP process, please refer to the section titled “*Terms of the Issue*” beginning on page [●].

Experts

Our Company has received consent from its Statutory Auditor, M/s Deloitte Haskins & Sells, Chartered Accountants through its letter dated [●] to include its name in this Letter of Offer in respect of the Financial Statements and as an “expert” as per the Companies Act, 2013 to the extent and in its capacity as the Statutory Auditors and in respect of the reports issued by it and the Statement of Possible Special Tax Benefits included in this Letter of Offer and such consent has not been withdrawn as of the date of this Letter of Offer. However, the terms “expert” and “consent” thereof shall not be construed to mean an “expert” or “consent” as defined under the U.S. Securities Act.

In addition, our Company has received written consent dated [●], 2021 from S.G. Nandyal, Chartered Engineer, Membership no. A512137/o and written consent dated [●], 2021 from Ujjal Kumar Koley, Chartered Engineer, Membership no. M-142851-3 as chartered engineers to include their name as an “expert” as defined under Section 2(38) of the Companies Act, 2013 and other applicable provisions in respect of the certificate dated [●], 2021 and [●], 2021 respectively, on various matters including on the manufacturing capacity and its capacity utilisation at both the Company’s Manufacturing Facilities and manufacturing capacity and its utilization at the Subsidiary’s manufacturing facility, and such consent has not been withdrawn as on the date of this Letter of Offer. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.

Statement of Responsibilities

DAM Capital Advisors Limited (*Formerly IDFC Securities Limited*) is the sole Lead Manager to the Issue, and accordingly, there is no *inter se* allocation of responsibilities in the Issue. The details of major responsibilities of the Lead Manager, are as follows:

Sr. No.	Activity
1.	Capital structuring with the relative components and formalities such type of instrument, number of instruments to be issued, etc.
2.	Coordination for drafting and design of this Letter of Offer as per the SEBI ICDR Regulations, SEBI Listing Regulations and other stipulated requirements and completion of prescribed formalities with the Stock Exchanges and SEBI
3.	Assist in drafting, design and distribution of the Abridged Letter of Offer, Application Form, Rights Entitlement Letter, memorandum containing salient features of this Letter of Offer, etc.
4.	Selection of various agencies connected with Issue, such as Registrar, Escrow Bank/ Banker(s) to the Issue, printers, advertising agencies, etc., as may be applicable and finalisation of the respective agreements
5.	Assist in drafting and approval of all statutory advertisements
6.	Drafting and approval of all publicity material including corporate advertisement, brochure, corporate films, etc.
7.	Formulation and co-ordination of international marketing strategy
8.	Formulation and co-ordination of domestic institutional marketing strategy
9.	Co-ordination with Stock Exchanges and formalities for use of online software, bidding terminal, mock trading, etc. including submission of 1% deposit
10.	Non-Institutional and Retail Marketing of the Issue, which will cover, inter alia: <ul style="list-style-type: none"> Formulating marketing strategies; Finalising collection centres; and Follow-up on distribution of publicity and offer material including Application Form, Letter of Offer
11.	Post-issue activities, which shall involve essential follow-up steps including follow-up with Bankers to the Issue and SCSBs to get quick estimates of collection and advising the Company about the closure of the issue, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and co-ordination with various agencies connected with the post-issue activity such as registrar to the issue, bankers to the issue, SCSBs, etc., coordination of underwriting arrangement, and co-ordination for filing of media compliance report and release of 1% security deposit, if any

Banker to the Issue

IndusInd Bank Limited

PNA House

4th Floor, Plot No. 57,

MIDC, Andheri East, Mumbai – 400093

Maharashtra, India

Telephone: +91 22 61069318

E-mail: nseclg@indusind.com

Website: www.indusind.com

Contact person: Kaushik Chatterjee

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided on <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and updated from time to time. Further, details relating to designated branches of SCSBs collecting the Application forms are available at the above-mentioned link. On Allotment, the amount would be unblocked and the account would be debited only to the extent required to pay for the Rights Equity Shares Allotted.

Please note that in accordance with Regulation 76 of the SEBI ICDR Regulations, all Applicants/Investors are mandatorily required to use the ASBA process to make an application in the Issue, except for wherein they use the R-WAP mechanism.

All grievances relating to the Issue may be addressed to the Registrar, with a copy to the SCSB, giving full details such as name, address of the Applicant, serial number of the Application Form, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the Application Form was submitted. For more details please refer to the section titled “*Terms of the Issue*” on page [●].

Issue Schedule

Last Date for credit of Rights Entitlements	[●]
Issue Opening Date	[●]
Last Date for On Market Renunciation#:	[●]
Issue Closing Date*	[●]
Finalisation of Basis of Allotment (on or about)	[●]
Date of Allotment (on or about)	[●]
Date of credit (on or about)	[●]
Date of listing (on or about)	[●]

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

*Our Board and/ or the Fund Raising Committee will have the right to extend the Issue period as it may determine from time to time, provided that this Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date or such other time as may be permitted as per applicable law.

The above schedule is indicative and does not constitute any obligation on our Company or the Lead Manager.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., [●] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, i.e., [●]. If demat account details are not provided by the Eligible Equity Shareholders holding Equity Shares in physical form to the Registrar or our Company by the date mentioned above, such shareholders will not be allotted any Rights Equity Shares nor such Rights Equity Shares be kept in suspense account on behalf of such shareholder in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar, is active to facilitate the aforementioned transfer. Eligible Equity Shareholders holding Equity Shares in physical form can update the details of their demat accounts on the website of the Registrar (i.e., www.linkintime.co.in). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts. Eligible Equity

Shareholders can obtain the details of their Rights Entitlements from the website of the Registrar (i.e., www.linkintime.co.in) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (www.kesocorp.com).

Investors are advised to ensure that the Applications are submitted on or before the Issue Closing Date. Our Company and the Lead Manager or the Registrar will not be liable for any loss on account of non-submission of Applications on or before the Issue Closing Date. For details on submitting Application, see “*Terms of the Issue*” on page [●].

The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar (i.e., Link Intime India Private Limited at www.linkintime.co.in) after keying in their respective details along with other security control measures implemented thereat. For details, see “*Terms of the Issue*” on page [●].

Please note that if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall get lapsed and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for the Rights Equity Shares offered under the Issue.

Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

Credit Rating

As the Issue is a rights issue of Equity Shares, there is no requirement of credit rating for the Issue.

Debenture Trustee

As the Issue is a rights issue of Equity Shares, the appointment of a debenture trustee is not required.

Monitoring Agency

Our Company has appointed IndusInd Bank Limited as the Monitoring Agency, in accordance with Regulation 82 of the SEBI ICDR Regulations, to monitor the utilization of Net Proceeds.

IndusInd Bank Limited

PNA House,
4th Floor, Plot No. 57,
MIDC, Andheri East, Mumbai – 400093
Maharashtra, India
Telephone: +91 22 61069318
E-mail: nsecig@indusind.com
Website: www.indusind.com
Contact Person: Kaushik Chatterjee

Minimum subscription

In accordance with the proviso to Regulation 86(1) of the SEBI ICDR Regulations, the minimum subscription criteria is not applicable to the Issue as (i) the objects of the Issue involves financing other than financing of capital expenditure for a project; and (ii) the Promoters and Promoter Group of our Company have undertaken to either fully subscribe to their portion of rights entitlement or renounce their rights within the Promoter Group.

Underwriting

The Issue shall not be underwritten.

Filing

This Letter of Offer is being filed with the Stock Exchanges as per the provisions of the SEBI ICDR Regulations. Further, our Company will simultaneously do an online filing with SEBI through the SEBI Intermediary Portal at <https://sipotal.sebi.gov.in>, in accordance with SEBI circular bearing reference SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018 and through email at cfddil@sebi.gov.in, in accordance with the instructions issued by SEBI on March 27, 2020, in relation to “*Easing of Operational Procedure – Division of Issues and Listing – CFD*”.

CAPITAL STRUCTURE

The share capital of our Company as at the date of this Letter of Offer is set forth below:

(in ₹ crore unless stated otherwise)

	Aggregate value at face value	Aggregate value at Issue Price
Authorized Share Capital		
60,00,00,000 Equity Shares of ₹ 10 each	600.00	-
6,00,00,000 preference shares of ₹ 100 each	600.00	-
Total	1,200.00	-
Issued, subscribed and paid-up share capital prior to the Issue		
16,48,11,341 Equity Shares of ₹ 10 each	164.81	-
4,48,97,195 preference shares [#] of ₹ 100 each fully paid up	448.97	-
Present Issue in terms of this Letter of Offer⁽¹⁾		
Up to [●] Equity Shares at a premium of ₹ 40, i.e., at a price per Equity Share of ₹ 50 ⁽²⁾	[●]	400.00
Issued, subscribed and paid-up share capital after the Issue		
Up to [●] Equity Shares ⁽³⁾ of ₹ 10 each	[●]	-
4,48,97,195 preference shares [#] of ₹ 100 each fully paid up	448.97	-
Securities premium account		
- Prior to the Issue	923.49	
- After the Issue	[●] ⁽⁴⁾	

⁽¹⁾ The Issue has been authorised by our Board in its meeting held on May 14, 2021 and August 12, 2021.

⁽²⁾ On Application, Eligible Equity Shareholders will be required to pay ₹25.00 per Rights Equity Share which constitutes 50% of the Issue Price and the balance ₹25.00 per Rights Equity Share which constitutes 50% of the Issue Price, will be required to be paid, on First and Final Call anytime within six months from the date of allotment of Rights Equity Shares.

⁽³⁾ Assuming full subscription for and Allotment of the Rights Entitlement and full payment of First & Final Call by holders of Rights Equity Shares.

⁽⁴⁾ Subject to finalisation of Basis of Allotment, Allotment and deduction of Issue expenses.

[#]The preference shares of our Company consist of zero coupon optionally convertible redeemable preference shares.

Notes to the Capital Structure

1. Shareholding pattern of our Company as per the last filing with the Stock Exchanges in compliance with the provisions of the SEBI Listing Regulations:

- (i) The details of the shareholding pattern of our Company as on June 30, 2021 can be accessed on the website of the BSE at <https://www.bseindia.com/stock-share-price/kesoram-industries-ltd/kesoramind/502937/shareholding-pattern/> and the NSE at <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=KESORAMIND&tabIndex=equity>.
- (ii) The statement showing holding of securities (including Equity Shares, warrants, convertible securities) of persons belonging to the category “Public”, including Equity Shareholders holding more than 1% of the total number of Equity Shares as on June 30, 2021 can be accessed on the website of the BSE at <https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=502937&qtrid=110.00&QtrName=June%202021> and the NSE at <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=KESORAMIND&tabIndex=equity>.
- (iii) The statement showing holding of Equity Shares of persons belonging to the category “Promoter and Promoter Group” including the details of lock-in, pledge of and encumbrance thereon, as on June 30, 2021 can be accessed on the website the BSE at <https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=502937&qtrid=110.00&QtrName=June%202021> and the NSE at <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=KESORAMIND&tabIndex=equity>.
- (iv) The statement showing holding of Equity Shares shareholding pattern of the Non Promoter- Non Public shareholder as on June 30, 2021 can be accessed on the website the BSE at

<https://www.bseindia.com/corporates/shpNonProPublic.aspx?scripcd=502937&qtrid=110.00&QtrName=June%202021> and the NSE at <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=KESORAMIND&tabIndex=equity>.

(v) Except as mentioned below, none of the Equity Shares held by our Promoters or members of our Promoter Group have been locked-in, pledged or encumbered as on [●]:

(a) Manjushree Khaitan has pledged 7,20,158 Equity Shares (constituting 0.44% of the paid-up Equity Share capital) as security in favour of Vistra ITCL (India) Limited acting as a debenture trustee for the benefit of certain debenture holders, with respect to the issue of certain debentures by the Company;

(b) Manav Investment and Trading Company Limited (“MITCL”), one of our Promoters has pledged 3,39,59,679 Equity Shares (constituting 20.60% of the paid-up Equity Share capital) in the following manner: (a) 2,53,21,429 Equity Shares (constituting 15.36% of the paid-up Equity Share capital) have been pledged as security in favour of Vistra ITCL (India) Limited acting as a debenture trustee for the benefit of certain debenture holders, with respect to the issue of certain debentures by the Company; (b) 86,38,250 Equity Shares (constituting 5.24% of the paid-up Equity Share capital) have been pledged as security in favour of Anjana Projects Private Limited with respect to loans availed by MITCL.

(vi) No securities have been acquired by the Promoters or members of our Promoter Group in the one year immediately preceding the date of filing of this Letter of Offer.

2. Details of options and convertible securities outstanding as on the date of filing of this Letter of Offer

Except as disclosed below, there are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into the Equity Shares as on the date of filing of this Letter of Offer:

(i) Our Company has 70,41,875 GDRs outstanding, convertible into 70,41,875 Equity Shares, subject to the terms of the GDRs.

(ii) Our Company has allotted 4,48,97,195 OCRPS convertible into Equity Shares as per the terms of the issue and in accordance with the SEBI ICDR Regulations. The OCRPS will be convertible into Equity Shares within 18 months from the date of allotment at the option of Company, and 89,79,439 OCRPS shall be redeemed on March 31 every year between FY 28 to FY 32 in 5 tranches, with a call option with the Company which shall be exercisable starting FY 28.

(iii) Our Company has allotted 4,599 OCDs at a cash coupon rate of 8.70% per annum convertible into Equity Shares at a conversion price as determined in accordance with the SEBI ICDR Regulations, with a tenure of 17 months and 15 days from the date of allotment, and such amounts as redemption premium as would provide the debenture holders with an internal rate of return of 20.75% calculated on the basis of internal rate of return calculation method provided in the OCD Debenture Trust Deed.

3. Subscription to the Issue by our Promoters and members of our Promoter Group

Our Promoters and Promoter Group have confirmed that they intend to (i) subscribe to their Rights Entitlements in the Issue and that they shall not renounce the Rights Entitlements (except to the extent of Rights Entitlements renounced by any of them in favour of the other Promoter or other member(s) of our Promoter Group); and/or (ii) subscribe to the Rights Entitlements, if any, which are renounced in their favour by our Promoters or any other member(s) of the Promoter Group, each as may be applicable. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements under applicable law, pursuant to this Issue.

4. The ex-rights price of the Rights Equity Shares, as computed in accordance with Regulation 10(4)(b) of the SEBI Takeover Regulations is ₹ [●] per Equity Share.

5. Our Company shall ensure that any transaction in the Equity Shares by the Promoters and the Promoter Group during the period between the date of filing this Letter of Offer and the Issue Closing Date shall be reported to the Stock Exchanges within 24 hours of such transaction.
6. At any given time, there shall be only one denomination of the Equity Shares.
7. All Equity Shares are fully paid-up and there are no partly paid Equity Shares outstanding as on the date of this Letter of Offer. The Rights Equity Shares, when issued, shall be partly paid-up which will be made fully paid-up after the First and Final Call. For further details on the terms of the Issue, see “*Terms of the Issue*” on page [●].
8. **GDRs issued**

GDRs representing Equity Shares of our Company are currently listed on the Luxembourg Stock Exchange appearing on the EuroMTF market. The GDRs are issued under the Deposit Agreement entered into between our Company, Deutsche Bank Trust Company Americas, as the GDR Depositary and the holders and beneficial owners of GDRs. For details, see “*Notice to Investors – Notice to GDR Holders*” on page [●].

9. **Employee Stock Option Scheme**

As on the date of this Letter of Offer, our Company has no Employee Stock Option Scheme.

10. **Details of the shareholders holding more than 1% of the issued and paid-up Equity Share capital**

The table below sets forth details of Shareholders holding more than 1% of the issued and paid-up Equity Share capital of our Company, as on August 27, 2021:

Name of Shareholder	Number of Equity Shares held	Percentage of Equity Shares held (%)
Manav Investment and Trading Company Limited	3,39,66,691	20.61
Pilani Investment and Industries Corporation Limited*	2,73,38,750	16.59
Axis Bank Limited	1,27,77,710	7.75
Euston Industries Limited	71,65,325	4.35
Deutsche Bank Trust Company Americas	70,41,875	4.27
Century Textiles and Industries Limited	51,16,800	3.10
Devi Investment and Development Inc.	34,41,945	2.09
Aditya Marketing and Manufacturing Private Limited	24,49,111	1.49
ICICI Bank Limited	22,33,382	1.36
The South Indian Bank Limited	20,64,712	1.25
Padmavati Investment Private Limited	18,99,115	1.15

OBJECTS OF THE ISSUE

Our Company proposes to utilise the Net Proceeds towards funding of the following objects:

1. Repayment or pre-payment of inter-corporate deposit including interest thereon;
2. Scheduled part-redemption of NCDs;
3. Redemption of OCDs in full/ NCDs in part; and
4. General corporate purposes.

The main objects and objects incidental and ancillary to the main objects set out in the Memorandum of Association enable us to undertake: (i) our existing business activities; (ii) the activities proposed to be funded from the Net Proceeds and (iii) activities for which borrowings were availed and which are proposed to be repaid from the Net Proceeds.

Net Proceeds

The details of the proceeds from the Issue are summarised in the following table:

Particulars	Estimated amount (₹ in crore)
Gross Proceeds of the Issue*	400.00
(Less) Estimated Issue related expenses in relation to the Issue	[●]
Net Proceeds	[●]

* Assuming full subscription and Allotment of the Equity Shares and receipt of First and Final Call monies with respect to the Rights Equity Shares.

Utilisation of Net Proceeds

The Net Proceeds are proposed to be utilised in accordance with the details provided in the following table:

Particulars	Amount (₹ in crore)
Repayment or prepayment of inter-corporate deposit ("ICD"), including interest thereon	50.00 [#]
Scheduled part-redemption of NCDs	55.00
Redemption of OCDs in full/ NCDs in part	245.00
General corporate purposes*	[●]
Total Net Proceeds**	[●]

* Subject to the finalization of the Basis of Allotment, the Allotment of the Equity Shares and the adjustment of the interest accrued on the ICD. The amount utilized for general corporate purposes shall not exceed 25% of the Net Proceeds.

** Assuming full subscription and Allotment of the Equity Shares and receipt of First and Final Call monies with respect to the Rights Equity Shares.

[#] The principal amount outstanding on the ICD, excluding the interest amount to be calculated at 18% per annum till the date of Allotment in the Issue and subsequently on the last date for receiving the First and Final Call. Given the nature of this borrowing facility and terms of repayment, the aggregate ICD amount, including the interest thereon, may vary from time to time. Further, the variation in the interest amount, as payable on the ICD, will lead to consequent reduction in the proceeds reserved for general corporate purposes and will not impact the amount reserved for the redemption of the NCDs/OCDs, as applicable.

Proposed Schedule of Implementation and Deployment of Net Proceeds

The following table sets forth the details of the schedule of the expected deployment of the Net Proceeds:

Particulars	Amount to be funded from the Net Proceeds	(₹ in crores)
		Estimated deployment Fiscal 2022
Repayment or prepayment of ICD, including interest thereon	50.00 [#]	50.00 [#]
Scheduled part-redemption of NCDs	55.00	55.00
Redemption of OCDs in full/ NCDs in part	245.00	245.00
General corporate purposes*	[●]	[●]
Total**	[●]	[●]

* Subject to the finalization of the Basis of Allotment, the Allotment of the Equity Shares and the adjustment of the interest accrued on the ICD. The amount utilized for general corporate purposes shall not exceed 25% of the Net Proceeds.

** Assuming full subscription and Allotment of the Equity Shares and receipt of First and Final Call monies with respect to the Rights Equity Shares.

The principal amount outstanding on the ICD, excluding the interest amount to be calculated at 18% per annum till the date of Allotment in the Issue and subsequently on the last date for receiving the First and Final Call. Given the nature of this borrowing facility and terms of repayment, the aggregate ICD amount, including the interest thereon, may vary from time to time. Further, the variation in the interest amount, as payable on the ICD, will lead to consequent reduction in the proceeds reserved for general corporate purposes and will not impact the amount reserved for the redemption of the NCDs/OCDs, as applicable.

Our Company proposes to deploy the entire Net Proceeds towards the objects as described herein during Fiscal 2022. However, if the Net Proceeds are not completely utilised for the objects stated above by Fiscal 2022 due to various factors beyond our control, such as market conditions, competitive environment etc., the same would be utilised (in part or full) in Fiscal 2023.

Means of Finance

The funding requirements, the deployment of funds and the intended use of the Net Proceeds as described herein are based on our current business plan, management estimates and other commercial and technical factors and have not been appraised by any bank, financial institution or any other external agency. They are based on the current circumstances of our business and our Company may have to revise these estimates from time to time on account of various factors beyond our control, such as market conditions, competitive environment, costs of commodities, interest or exchange rate fluctuations. Our Company proposes to meet the entire funding requirements for the proposed objects of the Issue from the Net Proceeds, identifiable internal accruals, debt and/or additional fund raising through issuance of securities. Further, as per Regulation 62(1)(c) of the SEBI ICDR Regulations, firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Issue, is only required in case of capital expenditure for a specific project and the same is not contemplated in the present Issue. Therefore, our Company is not required to make such firm arrangements of finance through verifiable means.

In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by our internal accruals, debt and/or additional fund raising through issuance of securities, as required. If the actual utilisation towards any of the Objects is lower than the proposed deployment such balance will be used for general corporate purposes to the extent that the total amount to be utilised towards general corporate purposes will not exceed 25% of the Net Proceeds from the Issue in accordance with the SEBI ICDR Regulations.

Details of the Objects of the Issue

I. Repayment or prepayment of ICD availed by our Company

Our Company has availed an ICD from our Promoter namely Manav Investment and Trading Company Limited (“MITCL”) amounting to ₹ 50.00 crore to meet our working capital requirements/capital expenditure requirements and to comply with the provisions of the NCD Debenture Trust Deed and the OCD Debenture Trust Deed. The ICD availed by our Company is of short term and is subordinated to the claims of the holders of the NCDs and OCDs. The rate of interest for the ICD is 18% per annum.

The following table sets forth details of the unsecured inter-corporate deposit availed by our Company:

Sr. No.	Name of the lender and nature of relationship	Particulars of the agreement	Purpose*	Security*	Amount (in ₹ crore)*	Interest rate*	Subordination
1.	Manav Investment and Trading Company Limited, Promoter of our Company	Refer to Note 1.	For working capital requirements/capital expenditure.	Unsecured	50.00	18.00% per annum	The inter-corporate deposit is subordinated to the claims of the holders of the NCDs and OCDs [#]

* As certified by [●], Chartered Accountants vide its certificate dated [●], 2021, the ICD has been utilised for meeting working capital requirements.

[#] After adjustment of the ICD including interest accrued there on till the date of Allotment in the Issue and subsequently on the last date for receiving the First and Final Call, per the provisions of the NCD Debenture Trust Deed and the OCD Debenture Trust Deed, the balance amount of ICD including interest, if any, will not be paid to MITCL in cash till the time the NCDs and OCDs are outstanding.

Note 1: The ICD has been extended by MITCL vide its letter dated April 23, 2021 and the receipt of the inter-corporate deposit along with its terms has been acknowledged by our Company vide letter dated April 24, 2021.

Our Company proposes to adjust the ICD of ₹ 50.00 crore and the interest to be calculated thereon at 18% per annum till the date of Allotment in the Issue and subsequently on the last date for receiving the First and Final Call, subject to the payment of tax deducted at source, from the Net Proceeds.

Given the nature of this ICD and terms of repayment, the aggregate ICD amount, including the interest thereon, may vary from time to time. Accordingly, the interest amount outstanding on the ICD as on the date of Allotment and subsequently on the last date for receiving the First and Final Call, will be adjusted against the Application money and First and Final Call Money payable by MITCL.

MITCL has, vide letter dated August 27, 2021, confirmed that it intends to subscribe to the full extent of its rights entitlement, including rights entitlement renounced in its favour, and that the unsecured ICD provided by it shall be adjusted towards subscription for its entitlement in this Issue to the extent of ₹ 50.00 crore and the interest accrued thereon. Consequently, fresh Application Money and a part of the First and Final Call Money shall not be received by our Company from MITCL in this regard.

II. Scheduled part-redemption of NCDs

Our Company issued tranche-1 of NCDs of face value ₹ 10,00,000 per debenture aggregating to ₹ 1,603.50 crore (“**Tranche-1 NCDs**”) on March 16, 2021, with a maturity of five years from the deemed date of allotment. The cash coupon rate, on the Tranche-1 NCDs, is payable monthly at 9.10% per annum for the first 18 months, at 11.30% per annum for the next 18 months and 13.10% per annum for the remaining 24 months. Further, such amounts as redemption premium as would provide the debenture holders with an internal rate of return of 20.75% per annum, calculated as per the internal rate of return calculation method provided in the NCD Debenture Trust Deed, are also payable.

As per the terms of the NCD Debenture Trust Deed, an amount of ₹ 55.00 crore is payable to the debenture holders by November 30, 2021 towards part redemption of the NCDs. Accordingly, our Company intends to utilize ₹ 55.00 crore out of the Net Proceeds towards scheduled part-redemption of NCDs. For the details of the NCDs which are proposed to be redeemed, on the scheduled date, from the Net Proceeds, please refer to the table below:

S. No.	Name of the Lender	Nature of the debentures	Number of debentures (face value of each debenture being ₹ 10,00,000)	Amount Sanctioned (in ₹ crore)	Amount outstanding (Scheduled payment as per NCD Debenture Trust Deed) (in ₹ crore)	Rate of Interest/ Cash Coupon Rate	Scheduled Repayment Date / Maturity Date	Prepayment penalty	Purpose*
1.	i. Promontoria Holding 206 B.V. ii. Mercer Investments (Singapore) Pte Ltd. iii. EISAF II Onshore Fund iv. EW India Special Assets Fund II Pte Limited	Senior Secured, Listed, Rated and Redeemable Non-Convertible Debentures	16,035	1,603.50	55.00	Cash coupon rate: @9.10% per annum; and such amounts as redemption premium as would provide the debenture holders with an internal rate of	November 30, 2021	No prepayment penalty for the scheduled part-redemption of the NCDs.	(a) settlement of existing facilities; (b) payment of overdue liabilities; (c) payment/settlement of existing loan from our Promoter, namely Manav Investment and Trading

v. EWON Pte Limited						return of 20.75% per annum calculated on the basis of internal rate of return calculation method as provided in the NCD Debenture Trust Deed			Company Limited;
vi. EFL Special Pte Limited									(d) meeting transaction expenses;
vii. ECL Finance Limited									(e) payment of additional interest on the debentures;
									(f) general corporate expenses and capital expenditure; and
									(g) any other purpose approved by the debenture trustee

*[●], Chartered Accountants, vide its certificate dated [●], 2021, has confirmed that the proceeds from the issuance of NCDs have been utilized for the same purposes for which the said NCDs were issued, as provided for in the NCD Debenture Trust Deed.

III. Redemption of OCDs and NCDs

Our Company intends to utilize ₹245.00 crore out of the Net Proceeds towards redemption of OCDs in full or part-redemption of NCDs. The said redemption of the OCDs or NCDs will help reduce our outstanding indebtedness and debt servicing costs and enable utilization of our internal accruals for further investment in business growth and expansion.

Details of OCDs and NCDs

A framework agreement dated March 10, 2021 (“**Framework Agreement**”) was entered into between our Company and the Debenture Trustee. The actions and rights exercisable by the holders of the OCDs and NCDs are governed or are in accordance with the Framework Agreement. Further, the Framework Agreement governs the provisions applicable for decisions taken by the Debenture Trustee, the holders of the OCDs and NCDs and in this regard, the provisions of the Framework Agreement override the provisions of the OCD Debenture Trust Deed and the NCD Debenture Trust Deed.

As per the terms of the OCD Debenture Trust Deed and the NCD Debenture Trust Deed, the OCDs and NCDs, respectively, were issued on private placement basis. The purposes for issuing OCDs and NCDs, as provided under the OCD Debenture Trust Deed and NCD Debenture Trust Deed respectively are the same which, *inter alia*, include settlement of existing facilities, payment of overdue liabilities, payment/settlement of existing loan from our Promoter, namely Manav Investment and Trading Company Limited, meeting transaction expenses, payment of additional interest on the debentures, general corporate expenses and capital expenditure or any other purpose approved by the Debenture Trustee.

Our Company issued OCDs of face value ₹ 10,00,000 per debenture aggregating to ₹ 459.90 crore on March 16, 2021, with a maturity of 17 months and 15 days from the deemed date of allotment at 8.70% cash coupon rate per annum, payable monthly. Further, such amounts as redemption premium as would provide the debenture holders with an internal rate of return of 20.75% per annum, calculated as per the internal rate of return calculation method provided in the OCD Debenture Trust Deed, are also payable. As per the redemption schedule in the OCD Debenture Trust Deed, an amount of ₹ 434.31 crore will be payable on August 22, 2022 and the remaining amount of ₹ 22.81 crore, including the cash coupon payment payable for the relevant period, will be payable on August 30, 2022, the final maturity date. Pursuant to the provisions of the OCD Debenture Trust Deed, there is a lock-in period of 12 months from March 16, 2021 (i.e., the deemed date of allotment) till March 15, 2022 (“**OCD Lock-in Period**”). Post the OCD Lock-in

Period, our Company can voluntarily redeem the OCDs, without incurring any additional liability, wherein the aggregate amount payable, as on March 15, 2022, will be ₹ 438.87 crore, including the cash coupon payment payable for the relevant period. In accordance with the internal rate of return calculation method and other terms of the OCD Debenture Trust Deed, the aggregate amount payable on the OCDs on the above mentioned dates may vary at the time of actual calculation of the aggregate amount payable.

As per the terms of the NCD Debenture Trust Deed, part redemption of OCDs is not permitted. Accordingly, our Company proposes to utilise ₹ 245.00 crore towards redemption of the OCDs, out of the Net Proceeds. Our Company proposes to fund the remaining amount from internal accruals, debt or by additional fund raising through issuance of securities.

In the event the Net Proceeds along with internal accruals, debt and additional funds raised through issuance of securities are insufficient for the full redemption of the OCDs and a period of two months has elapsed from the receipt of the proceeds from the First and Final Call, an amount of ₹ 245.00 crore from the Net Proceeds will be utilised for mandatory redemption of the Tranche-1 NCDs in part in accordance with the Framework Agreement and NCD Debenture Trust Deed. Pursuant to the provisions of the NCD Debenture Trust Deed, there is a lock-in period of 36 months from March 16, 2021 (i.e. the deemed date of allotment) till March 15, 2024 (“**NCD Lock-in Period**”). During the NCD Lock-in Period, our Company can undertake voluntary redemption or will have to undertake mandatory redemption of the NCDs, as the case may be, by incurring additional liability over and above the face value of the NCDs and the redemption premium. However, during the NCD Lock-in Period and in case of equity infusion by way of issue of additional equity shares, our Company is required to undertake mandatory redemption of the NCDs, unless the OCDs can be redeemed in full, in accordance with the Framework Agreement and the NCD Debenture Trust Deed. Such mandatory redemption of the NCDs can be undertaken, without incurring any additional liability, if the minimum amount of redemption is ₹ 25.00 crore and the face value of the debentures proposed to be redeemed does not exceed 25% of the aggregate debenture amount (i.e. ₹ 1,717.50 crore). Accordingly, mandatory redemption to the extent of ₹ 245.00 crore will be made from the Net Proceeds without incurring any additional liability. For further details on the NCDs, please refer to “*Objects of the Issue- II. Scheduled part-redemption of NCDs*”.

For the details of the OCDs and NCDs, which are proposed to be redeemed from the Net Proceeds, please refer to the table below.

(₹ in crores)

Sr. No.	Name of the Lender	Nature of the debentures	Number of debentures (face value of each debenture being ₹ 10,00,000)	Amount Sanctioned (in ₹ crore)	Amount outstanding as on June 30, 2021 (in ₹ crore)**	Rate of Interest/ Cash Coupon Rate	Repayment Date / Maturity Date	Prepayment penalty	Purpose for which the debentures amount was to be utilised*
1.	i. Promontoria Holding 206 B.V. ii. Mercer Investments (Singapore) Pte Ltd. iii. EISAF II Onshore Fund iv. EW India Special Assets Fund II Pte Limited v. EWON Pte Limited	Senior Secured, Listed, Rated and Redeemable Non-Convertible Debentures	16,035	1,603.50	1,425.60	Cash coupon rates: 1-18 months @9.10% per annum; 19-36 months @11.30% per annum; 37-60 months @ 13.10% per annum; and such amounts as redemption	March 15, 2026 (final maturity date)	No prepayment penalty post NCD Lock-in Period	(a) settlement of existing facilities; (b) payment of overdue liabilities; (c) payment/settlement of existing loan from our Promoter, namely Manav Investment and Trading Company Limited;

Sr. No.	Name of the Lender	Nature of the debentures	Number of debentures (face value of each debenture being ₹ 10,00,000)	Amount Sanctioned (in ₹ crore)	Amount outstanding as on June 30, 2021 (in ₹ crore)**	Rate of Interest/ Cash Coupon Rate	Repayment Date / Maturity Date	Prepayment penalty	Purpose for which the debentures amount was to be utilised*
	vi. EFL Special Pte Limited vii. ECL Finance Limited					premium as would provide the debenture holders with an internal rate of return of 20.75% per annum calculated on the basis of internal rate of return calculation method as provided in the NCD Debenture Trust Deed			(d) meeting transaction expenses; (e) payment of additional interest on the debentures; (f) general corporate expenses and capital expenditure; and (g) any other purpose approved by the debenture trustee
2.	i. Sarvara Investment Fund I ii. Goldman Sachs India AIF Scheme – 1 iii. EISAF II Onshore Fund iv. Edelweiss India Special Situations Fund v. EO Special Situations Fund vi. EF Special Situations Fund vii. ECL Finance Limited	Unlisted, Secured, Redeemable Optionally Convertible Debentures	4,599	459.90	384.08	Cash coupon rate @ 8.70% pa is applicable and such amounts as redemption premium as would provide the debenture holders with an internal rate of return of 20.75% per annum calculated on the basis of internal rate of return calculation method as provided in the OCD Debenture	August 30, 2022 (final maturity date)	No prepayment penalty post OCD Lock-in Period	(a) settlement of existing facilities; (b) payment of overdue liabilities; (c) payment/ settlement of existing loan from our Promoter, namely Manav Investment and Trading Company Limited; (d) meeting transaction expenses; (e) payment of additional interest on the debentures; (f) general corporate expenses

Sr. No.	Name of the Lender	Nature of the debentures	Number of debentures (face value of each debenture being ₹ 10,00,000)	Amount Sanctioned (in ₹ crore)	Amount outstanding as on June 30, 2021 (in ₹ crore)**	Rate of Interest/ Cash Coupon Rate	Repayment Date / Maturity Date	Prepayment penalty	Purpose for which the debentures amount was to be utilised*
						Trust Deed			and capital expenditure; and (g) any other purpose approved by the debenture trustee

*[●], Chartered Accountants, vide its certificate dated [●], 2021, has confirmed that the proceeds from the issuance of OCDs and NCDs have been utilized for the same purposes for which the said OCDs and NCDs, respectively, were issued as provided for in the OCD Debenture Trust Deed and NCD Debenture Trust Deed respectively.

** As per books of accounts.

IV. General Corporate Purposes

Our Company proposes to deploy the balance Net Proceeds aggregating to ₹ [●] crore towards general corporate purposes, subject to such amount not exceeding 25% of the Net Proceeds, in compliance with the SEBI ICDR Regulations. The general corporate purposes for which our Company proposes to utilise Net Proceeds, *inter alia*, include maintenance capex, cash flow mismatches, payments to suppliers/vendors, towards redemption of NCDs/OCDs along with the payment of interest accrued thereon, strategic initiatives and meeting exigencies, meeting expenses incurred by our Company, as may be applicable.

In addition to the above, our Company may utilise the Net Proceeds towards other expenditure considered expedient and as approved periodically by our Board or a duly constituted committee thereof, subject to the compliance with necessary provisions of the Companies Act. The quantum of utilisation of funds towards each of the above purposes will be determined by our Board, based on the amount actually available under this head and the business requirements of our Company, from time to time. Our Company's management shall have flexibility in utilising surplus amounts, if any.

Issue Expenses

The total expenses of the Issue are estimated to be approximately ₹ [●] crore. The estimated Issue related expenses are as under:

Activity	Estimated expenses (in ₹ crore)	As a % of the total estimated Issue expenses	As a % of the total Issue size#
Fees of the intermediaries (including Lead Manager, Registrar, legal advisors, other professional service providers)	[●]	[●]	[●]
Advertising, marketing expenses, shareholder outreach, etc.	[●]	[●]	[●]
Fees payable to regulators, including depositories, Stock Exchanges and SEBI	[●]	[●]	[●]
Printing and distribution of issue stationery	[●]	[●]	[●]
Brokerage, selling commission and upload fees	[●]	[●]	[●]
Other expenses (including miscellaneous expenses)	[●]	[●]	[●]
Total estimated Issue expenses *^	[●]	[●]	[●]

* Subject to finalisation of Basis of Allotment and Allotment of Equity Shares. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards general corporate purposes. All Issue related expenses will be paid out of the Gross Proceeds received at the time of receipt of the subscription amount to the Rights Equity Shares.

^ Excluding taxes

Assuming full subscription.

Interim use of Net Proceeds

Our Company, in accordance with the policies formulated by our Board from time to time, will have the flexibility to deploy the Net Proceeds. Pending utilization of the Net Proceeds for the purposes described above, our Company intends to and will deposit the Net Proceeds only with scheduled commercial banks included in the second schedule of the Reserve Bank of India Act, 1934, as may be approved by our Board.

Objects for utilisation of funds from call money on partly paid shares

The First and Final Call Money will be partly adjusted against the ICD and will also be utilised for the purposes of redemption of OCDs or NCDs and General Corporate Purposes. For details, please refer to “*Details of the Objects of the Issue- I. Repayment or prepayment of ICD availed by our Company*”, “*Details of the Objects of the Issue- III. Redemption of OCDs and NCDs*” and “*Details of the Objects of the Issue- IV. General Corporate Purposes*” on pages [•], [•] and [•] respectively.

Bridge Financing Facilities

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Letter of Offer, which are proposed to be repaid from the Net Proceeds.

Monitoring of Utilisation of Funds

Our Company has appointed IndusInd Bank Limited as the monitoring agency in accordance with Regulation 82 of the SEBI ICDR Regulations. The monitoring agency will monitor the utilisation of the Net Proceeds, excluding proceeds reserved for General Corporate Purposes, and submit the report required under Regulation 82(2) of the SEBI ICDR Regulations.

Our Company will disclose the utilization of the Net Proceeds under a separate head along with details in our balance sheet(s) along with relevant details for all the amounts that have not been utilized and will indicate instances, if any, of unutilised Net Proceeds in our balance sheet for the relevant Fiscals post receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Regulation 32 of the SEBI Listing Regulations, our Company shall, on a quarterly basis, submit to the Stock Exchanges, the statement indicating deviations, if any, in the use of proceeds from the objects stated above. Such statement of deviation shall be placed before our Audit Committee for review before its submission to Stock Exchanges.

Pursuant to Regulation 32(5) of the SEBI Listing Regulations, our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated above and place it before our Audit Committee, until such time the Net Proceeds raised through this Issue has been fully utilized. The statement shall be certified by the Statutory Auditor. Furthermore, our Company shall furnish to the Stock Exchanges any comments or report received from the Monitoring Agency, in accordance with Regulation 32(6) of the SEBI Listing Regulations, and such report of the Monitoring Agency shall be placed before the Audit Committee promptly upon its receipt, in accordance with Regulation 32(7) of the SEBI Listing Regulations.

Other Confirmations

Other than as disclosed above, our Promoters or members of the Promoter Group or our Directors are not interested in the Objects of the Issue.

There are no material existing or anticipated transactions in relation to utilization of Net Proceeds with our Promoter, our Directors, Key Managerial Personnel and our Associate Company.

Strategic or financial partners

There are no strategic or financial partners to the objects of the Issue.

Government approvals

There are no material pending government or regulatory approvals pertaining to the objects of the Issue.

Appraising entity

None of the objects of this Issue, for which the Net Proceeds will be utilized, require appraisal from any agency in terms of the applicable law.

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

Subject: Statement of possible special tax benefits available to Kesoram Industries Limited (“the Company”) and its shareholders prepared in accordance with the requirement of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended

We refer to the Letter of Offer (“LOF”) proposed to be filed by the Company with the Securities Exchange Board of India (“SEBI”), National Stock Exchange of India Limited (the “NSE”), the Calcutta Stock Exchange Limited (the “CSE”) and the BSE Limited (the “BSE”, and together with the CSE and the NSE, the “Stock Exchanges”) for the listing of the equity shares of the Company. We enclose herewith the Statement stating the possible special tax benefits available to the Company and to its shareholders as per the provisions of the Income-tax Act, 1961 and Goods and Service Tax Act, 2017 (as applicable to the assessment year 2022-2023 relevant to the financial year 2021-22) presently in force in India, for inclusion in the Offer Documents.

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Income-tax Act, 1961 and Goods and Service Tax Act, 2017. Hence, the ability of the Company or its shareholders to derive these direct and indirect tax benefits is dependent upon their fulfilling such conditions.

The benefits discussed in the enclosed Statement are neither exhaustive nor conclusive. The contents stated in the Annexure are based on the information and explanations obtained from the Company. This Statement is only intended to provide general information to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of listing of equity shares of the Company.

We do not express any opinion or provide any assurance whether:

- The Company or its shareholders will continue to obtain these benefits in future;
- The conditions prescribed for availing the benefits have been/ would be met;
- The revenue authorities/courts will concur with the views expressed herein.

We hereby give our consent to include enclosed Statement regarding the tax benefits available to the Company and to its shareholders in the LOF which the Company intends to submit to the Securities and Exchange Board of India and the Stock Exchanges, provided that the below Statement of limitation is included in the LOF.

LIMITATIONS

Our views expressed in the Statement enclosed are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on the Statement is on the express understanding that we do not assume responsibility towards the investors who are relying on the Statement.

This Statement has been prepared solely in connection for inclusion in the Letter of Offer by the Company under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Firm’s Registration No: 302009E)

XXXXXXXXXX

Partner
(Membership Number: xxxxxx)
Kolkata,, 2021

ANNEXURE TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO KESORAM INDUSTRIES LIMITED (“COMPANY”) AND ITS SHAREHOLDERS

The information provided below sets out the possible direct and indirect tax benefits available to the Company and its shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of the equity shares of the Company (“Equity Shares”), under the current tax laws presently in force in India. Several of these benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on commercial imperatives a shareholder faces, may or may not choose to fulfil. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice.

INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX CONSULTANT WITH RESPECT TO THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN THEIR PARTICULAR SITUATION.

Our views expressed in this Statement are based on the facts and assumptions as indicated in the Statement. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on this Statement is on the express understanding that we do not assume responsibility towards the investors who are relying on this Statement.

This Statement has been prepared solely in connection with the offering of Equity Shares by the Company under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

STATEMENT OF POSSIBLE DIRECT AND INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND TO ITS SHAREHOLDERS

I. Special tax benefits available to the Company

Under the Income-tax Act, 1961 (‘the IT Act’)

The Company has adopted to pay taxes under the new tax regime as per the provisions of Section 115BAA of the IT Act. Hence, there are no special tax benefits available to the Company under the provisions of the IT Act presently in force in India.

Under the Goods and Service Tax Act, 2017

For sale of Cement to units in Special Economic Zones (“SEZ”), the Company is not required to charge Integrated Goods and Services Tax, as allowed under GST law. Apart from above, supplies to SEZ also entitles to the Company to get refund of Compensation Cess paid on purchase of Coal, in proportion to SEZ supplies vis -a- vis domestic supplies. Accordingly, the Company is entitled to make refund application for supplies made during financial year 2020-21.

II. Special tax benefits available to the shareholders of the Company

There are no special tax benefits available to the shareholders of the Company under the Income-tax Act, 1961 and Goods and Service Tax Act, 2017.

NOTES:

1. The above position is as per the current tax law as amended by the Finance Act, 2021.
2. This Statement does not discuss any tax consequences in the country outside India of an investment in the Equity Shares. The shareholders / investors in any country outside India are advised to consult their own professional advisors regarding possible Income tax consequences that apply to them.

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE SUBSIDIARY AND ITS SHAREHOLDERS

The Board of Directors Cynet Industries Limited

9/1, R.N. Mukherjee Road
Kolkata, West Bengal
India 700 001

Dear Sirs,

Subject: Statement of possible special tax benefits available to Cynet Industries Limited (“the Subsidiary”) and its shareholders prepared in accordance with the requirement of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended

We refer to the Letter of Offer (“LOF”) proposed to be filed by Kesoram Industries Limited (holding company of Cynet Industries Limited, hereinafter referred to as the “the Company”) with the Securities Exchange Board of India (“SEBI”), National Stock Exchange of India Limited (the “NSE”), The Calcutta Stock Exchange (the “CSE”) and the BSE Limited (the “BSE”, and together with the CSE and the NSE, the “Stock Exchanges”) for the listing of the equity shares of the Company (“Equity Shares”). We enclose herewith the Statement stating the possible special tax benefits available to the Subsidiary and to its shareholders as per the provisions of the Income-tax Act, 1961 and Goods and Service Tax Act, 2017 (as applicable to the assessment year 2022-2023 relevant to the financial year 2021-22) presently in force in India, for inclusion in the LOF.

Several of these benefits are dependent on the Subsidiary or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Income-tax Act, 1961 and Goods and Service Tax Act, 2017. Hence, the ability of the Subsidiary or its shareholders to derive these direct and indirect tax benefits is dependent upon their fulfilling such conditions.

The benefits discussed in the enclosed Statement are neither exhaustive nor conclusive. The contents stated in the Annexure are based on the information and explanations obtained from the Subsidiary. This Statement is only intended to provide general information to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of listing of the Equity Shares of the Company.

We do not express any opinion or provide any assurance whether:

- The Subsidiary or its shareholders will continue to obtain these benefits in future;
- The conditions prescribed for availing the benefits have been/ would be met;
- The revenue authorities/courts will concur with the views expressed herein.

We hereby give our consent to include enclosed Statement regarding the tax benefits available to the Subsidiary and to its shareholders in the LOF which the Company intends to submit to the Securities and Exchange Board of India and Stock Exchanges, provided that the below Statement of limitation is included in the LOF.

We also consent to the inclusion of this letter as a part of “Material Contracts and Documents for Inspection” in connection with this issue, which will be available for public for inspection in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

LIMITATIONS

Our views expressed in the Statement enclosed are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on the Statement is on the express understanding that we do not assume responsibility towards the investors who are relying on the Statement.

This Statement has been prepared solely in connection for inclusion in the Letter of Offer by the Company under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

For NEHA BOTHRA & COMPANY
Chartered Accountants
(Firm's Registration No: 326938E)

Neha Bothra
Partner (Membership Number:067036)
Kolkata, August, 2021

ANNEXURE TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO CYGNET INDUSTRIES LIMITED (“SUBSIDIARY”) AND ITS SHAREHOLDERS

The information provided below sets out the possible direct and indirect tax benefits available to the Subsidiary and its shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of the equity shares of the Subsidiary, under the current tax laws presently in force in India. Several of these benefits are dependent on the Subsidiary and its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on commercial imperatives a shareholder faces, may or may not choose to fulfill. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice.

INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX CONSULTANT WITH RESPECT TO THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN THEIR PARTICULAR SITUATION.

Our views expressed in this Statement are based on the facts and assumptions as indicated in the Statement. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on this Statement is on the express understanding that we do not assume responsibility towards the investors who are relying on this Statement.

This Statement has been prepared solely in connection with the offering of Equity Shares by the Company under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

STATEMENT OF POSSIBLE DIRECT AND INDIRECT TAX BENEFITS AVAILABLE TO THE SUBSIDIARY AND TO ITS SHAREHOLDERS

I. Special tax benefits available to the Subsidiary

Under the Income-tax Act, 1961 (‘the IT Act’)

There are no special tax benefits available to the Subsidiary under the provisions of the IT Act presently in force in India.

Under the Goods and Service Tax Act, 2017

For export sale of Rayon and Transparent Paper, the Subsidiary is not required to charge Integrated Goods and Services Tax, as allowed under GST law.

Apart from above, for export sale the Subsidiary is entitled to get refund of Compensation Cess paid on purchase of Coal, in proportion to Export vis -a- vis domestic sale. Accordingly, the Subsidiary is entitled to refund of proportionate coal cess paid.

II. Special tax benefits available to the shareholders of the Subsidiary

There are no special tax benefits available to the shareholders of the Subsidiary under the Income-tax Act, 1961 and Goods and Service Tax Act, 2017.

NOTES:

1. The above position is as per the current tax law as amended by the Finance Act, 2021.
2. This Statement does not discuss any tax consequences in the country outside India of an investment in the equity shares of the Subsidiary. The shareholders / investors in any country outside India are advised to consult their own professional advisors regarding possible Income tax consequences that apply to them.

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

Unless noted otherwise, the information in the sub-section 'Macroeconomic Overview of India' is obtained or extracted from "CRISIL Research – Economy Report (Ecoview)" dated June 2021 ("CRISIL Economy Report") and the information in the sub-section 'Indian Cement Industry' is obtained or extracted from "CRISIL Research – Cement Report" dated June 2021 ("CRISIL Cement Report"), prepared and issued by CRISIL Research, a division of CRISIL Limited, on our request. Neither we nor any other person connected with the Issue have independently verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction. Also, see "Risk Factors – Industry information included in this Letter of Offer has been derived from an industry report. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate." on page [●].

MACROECONOMIC OVERVIEW OF INDIA

A review of India's GDP growth

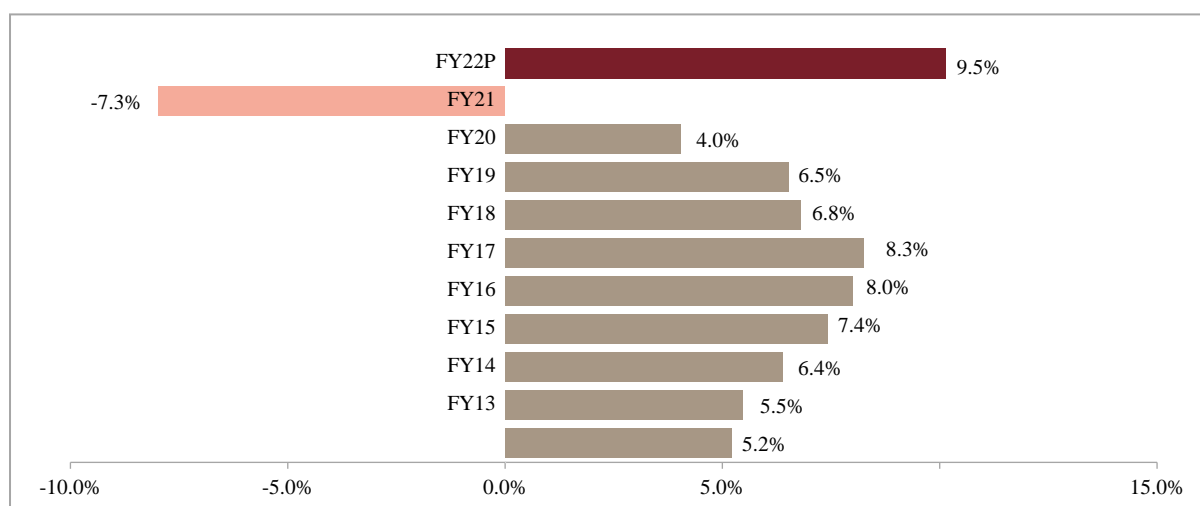
In 2015, the Ministry of Statistics and Programme Implementation ("MoSPI") changed the base year for calculating the gross domestic product ("GDP") to fiscal year 2012 from fiscal year 2005. Based on this, India's GDP increased to ₹ 135 trillion from ₹ 87 trillion from fiscal years 2012 to 2021 at 5% compound annual growth rate ("CAGR").

CRISIL Research forecasts that India's GDP growth will rebound to 9.5% in fiscal year 2022, as five drivers converge:

1. **Weak base:** A 7.3% contraction in GDP in fiscal year 2021 will provide a statistical push to growth next fiscal.
2. **Global upturns:** In calendar year 2021, global economy is limping into a brighter outlook as world GDP is set to rise by 5.9%. The effective end of the pandemic is approaching as vaccinations become widely available, severe COVID-19 cases fall, and economies reopen. This is happening earlier and faster than previously assumed, driving both growth and inflation higher. The macro outlook continues to improve. Hence, global growth forecasts have been raised to 5.9% in 2021, reflecting stronger performance nearly across the board in the first quarter and the faster reopening.
3. **COVID-19 curve:** India witnessed the fierce second wave of COVID-19 infections in April-May '21 which took the healthcare ecosystem to the brink and beyond, but it does not seem to have hit economic activity as hard as the first wave did. Many states also permitted construction and manufacturing activities to continue during the lockdown. The main reason for this would be decentralised and less-stringent lockdowns, which reflect the 'learning to live with the virus attitude' that authorities adopted. These should broaden growth next fiscal year, especially in the services and unorganised sectors.
4. **Targeted Fiscal policy response:** A stretch in the fiscal year glide path and focus of Union Budget 2021/2022 on capital expenditure are expected to have a multiplier effect on growth. Funds will have to be well targeted towards two key objectives: Speed up vaccination and extend support to smaller firms, rural incomes, services sector and the urban poor which will augur well for speedier economic recovery.
5. **Vaccination pace:** Ramping up vaccinations to cover a larger proportion of the population to usher in speedier and broad-based recovery. The Indian government's target is to fully vaccinate the adult population by end-

2021. That translates to covering 68% of the total population. This will lead to speedy economic recovery and mitigate any possible severe impact of third pandemic wave.

Real GDP growth (% on-year)



Note: E: Estimated; P: Projected by CRISIL Research

Source: Annual Estimates of GDP at constant prices, Central Statistics Office ("CSO"), MoSPI, CRISIL Research

GDP to bounce back over the medium term

After clawing back in fiscal 2022, CRISIL Research forecasts India's GDP to grow at 6.0-7.0% per annum between fiscals 2023 and 2025. This growth will be supported by the following factors:

- Focus on investments rather than consumption push enhancing the productive capacity of the economy.
- Reforms undertaken over the past few years such as:
 - The production linked incentive (PLI) scheme which aims to incentivise local manufacturing by giving volume-linked incentives to manufacturers in specified sectors.
 - Key structural reforms such as implementation of Goods and Services Tax (GST) and Insolvency and Bankruptcy Code (IBC) will begin to show its impact over the longer term.
 - Reform measures aimed at enhancing financial inclusion like Pradhan Mantri Jan Dhan Yojana will broaden the base of the banking ecosystem, leading to higher lending and investment.
 - Government initiatives like Digital India Initiative will aid digitalisation in the country. This will improve the efficiency in the economy leading to faster growth.
- Raft of reform measures by the government along with a more expansionary stance of monetary policy leading to a steady pick-up in consumption demand.
- Policies aimed towards greater formalisation of the economy are bound to lead to an acceleration in per capita income growth.

Risks to growth

Below par monsoons: Domestically, one major risk could be sub-normal monsoon this calendar year. The past two years have seen good rains and chances that they are normal this year too are uncertain because only once in the past 20 years has India seen more than two consecutive normal monsoon years. A monsoon failure can directly shave up to ~50 basis points (bps) off from the fiscal 2022 GDP growth forecast.

Covid-19 cases increasing, a third wave this fiscal: The second Covid-19 wave has thrown cold water over the Indian economy that was beginning to warm up after the most severe contraction since Independence. The rash of afflictions that followed forced states to lock down, hurting consumer and business confidence yet again. Mercifully, daily cases seem to have peaked for now, though they remain above the peak of the first wave. But

the risks of another wave and tardy vaccinations mean states would be chary of fully unlocking anytime soon. It can have a debilitating impact on economic activity and thereby growth.

Elevated inflation: Significant cost-push pressures on account of surging international commodity prices and supply disruptions has raised cost of production for manufacturing firms. Pass-through to consumer prices could further pose as a headwind to recovery in demand.

Premature tightening of global monetary policies: Resurgence of inflation globally could lead major central banks to unwind their extraordinary easy monetary policies sooner than expected. This could hit sentiment, possibly leading to capital outflows from the Indian economy and some tightening in domestic financial conditions.

Geopolitical developments: External developments, most importantly the US-China trade war, have proved to significantly impact global GDP growth as well as export earnings and capital flows to emerging markets such as India. While there is some respite with the signing of Phase 1 of the US-China trade deal, several issues remain unresolved. Any re-escalation of tensions could again work adversely. Geopolitical developments in the Middle East could also disrupt crude oil supply and prices, likely hurting a wide range of domestic macroeconomic parameters, including current account deficit, inflation and GDP growth.

- **Persistent stress in financial sector:** This has been one of the major drags on GDP growth. Liquidity issues faced by NBFCs and risk aversion amongst lenders has hampered credit growth as well as transmission of monetary policy easing. While credit growth is expected to improve in the current fiscal with stronger GDP growth, the system is expected to continue to face uncertainty over asset quality with the Covid-19 pandemic continuing to cast its shadow on the economy. Easing of constraints and risk aversion in the financial system is critical for pick-up in growth.

India's GDP will still grow faster than the world's

India was one of the fastest growing economies in the world pre-Covid, with annual growth of around 6.7% in between 2014 to 2019. Over the past few years prior to the onset of the pandemic, India's macroeconomic situation had gradually improved with the twin deficits (current account and fiscal) narrowing and the growth-inflation mix improving and durably so. The government adopted an inflation-targeting framework that provides an institutional mechanism for inflation control, while modernising central banking.

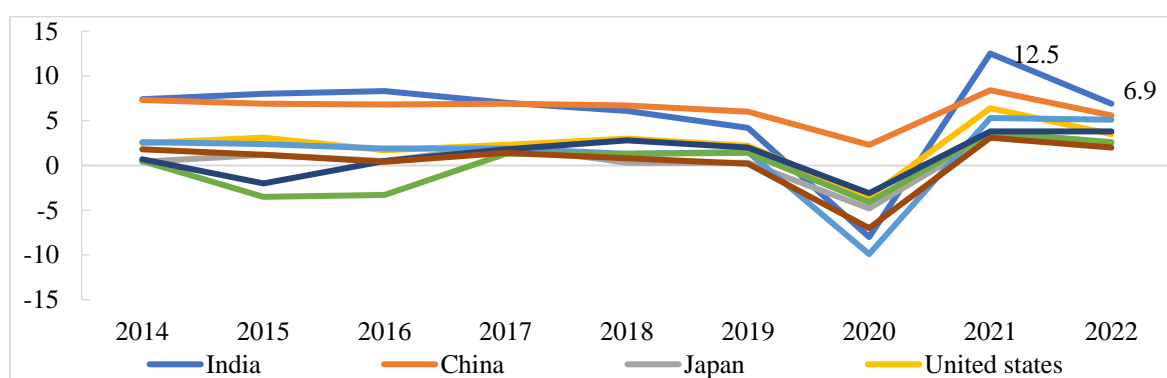
While economic growth in 2020 has been dented due to Covid-19, we expect the economy to rebound and India to regain its tag of one of the fastest growing economies globally in the medium-term.

Going forward, rapid urbanisation, rising consumer aspiration and increasing digitisation coupled with government support in the form of reforms and policies is expected to support growth. For example, the government has recently announced production-linked incentives across identified sectors with an aim to propel the growth of India as a manufacturing destination. At a macro level, digitalization has led to various benefits like linkage to aadhaar identity cards, direct benefit transfer and various other government benefits.

India is one of the fastest-growing major economies (GDP growth, % year-on-year)

As of April, 2021 the International Monetary Fund (IMF) estimated India's GDP to decline 8% in calendar year 2020. However, IMF forecast sharp recovery in calendar year 2021 at 12.5% due to lower base of 2020 and approved vaccines and policy measures.

India is one of the fastest-growing major economies (GDP growth, % year-on-year)



Note: GDP growth is based on constant prices, Data represented is for calendar years, P: Projected
Source: IMF (World Economic Outlook - April 2021 update), CRISIL Research

INDIAN CEMENT INDUSTRY

Key Trends and impact on cement industry

Cement demand rebounds at decadal high rate of ~13% next fiscal after two consecutive down years

After witnessing modest demand decline of only 0-2% in fiscal 2021 owing to faster than anticipated demand revival, cement demand is expected to witness strong upcycle in Fiscal 2022 led by urban housing recovery and infra push; operating rates which plummeted in fiscal 21 are expected to march to normalcy as demand revives in fiscal 22; Rising cost pressures to drive price rise but to hit margins and overall profitability of the sector.

Demand on a strong upcycle next fiscal; cost concerns high while pricing appears cemented

Steady rural housing demand thrust on pushing infrastructure spends and urban housing recovery remains the key demand driver

Cement demand growth is expected to witness volume growth of ~13% in fiscal 2022 on a low base and well supported by stable macro environment and normalised government spending after witnessing contraction of 0-2% in fiscal 2021. Demand decline in fiscal 2021 is on account of the sharp drop in demand in the first quarter brought about by total lockdown in April. Cement demand after falling by 31% on-year in first quarter of fiscal 2021 recovered sharply witnessing positive growth over Q2 and Q3. While demand witnessed a tepid growth of 3-4% in second quarter, third quarter marked a full-fledged recovery with the industry growing by 8-9% on a year-on-year basis. Demand was largely driven by rural housing in the first half, while urban housing and infra segment aided recovery into the third quarter.

Demand reboot post festive season in H2FY21 was led by continued traction in rural demand, increased government spending on infrastructure & housing segments and ample labour availability at construction sites. Additionally, key infrastructure projects on road, metros, irrigation, etc. and government thrust to revive housing segment would drive potential cement demand in near term.

CRISIL Research expects cement demand to register a CAGR of 6-7% over fiscal 2021 to 2026 as against CAGR of 4.5-5.5% witnessed during fiscals 2015 to fiscal 2020, driven by a raft of infrastructure investments and healthy revival in housing demand.

Pan-India and region-wise growth expectations

	2018-19	2019-20	2020-21P	2021-22P	FY21-FY26P
PAN-INDIA	12%	0-2%	(0-2)%	12-14%	6-7%
NORTH	6-7%	0-1%	1-3%	10-12%	4.5-5.5%
SOUTH	18-20%	(3-5)%	(6-8)%	15-17%	5-6%
EAST	13-15%	4-5%	1-3%	10.5-12%	8-9%
WEST	7.5-8.5%	0-2%	(3-5)%	14-16%	5.5-6%
CENTRAL	9-11%	1-2%	1-3%	11-13%	7-7.5%

Source: CRISIL Research

Around 125-130 MMTPA capacity additions expected over span of FY21-26

The cement industry is estimated to have added ~24 million MT of grinding capacity in 2020-21 over 22 MMTPA of capacities commissioned in 2019-20. Demand disruptions in early fiscal 2021 propelled industry players to delay capital expenditure in order to reserve cashflows and strengthen their balance sheets in Covid led tumultuous times. However, with positive surprise on volumes in second quarter of the fiscal, players reinstated their capital expenditure plans which were put on hold due to pandemic.

Capacity expansion plans got on track and picked up pace on increasing comfort and visibility on volume growth. Given the bright demand outlook, CRISIL Research expects large sized players with healthy balance sheets to lead revival of capex cycle with 55-60% of capacity additions done by large players between fiscal 2022-24. Eastern and western region to witness high competitive intensity with higher capacity additions in the region. The capacity additions is expected to remain robust with nearly 125-130 million MT capacity expected to be added in over span of FY21-26 (both years inclusive). The total installed capacity is estimated to be around ~645 MMTPA by FY26 with capacity utilization of 70-72%.

Operating rates to stabilize in fiscal 2022 as demand rebounds to normal levels

Amid pandemic crisis, logistics and labour issues along with high inventory levels limited production growth over the first half of the first quarter in fiscal 2021 before witnessing a sharp pickup in line with bludgeoning demand. However, due to the complete halt over the first two weeks of April, utilization levels plunged to historic lows of 43-45% in the first quarter on the fiscal. Utilisation levels has only grown since reaching pre-covid levels of 70-72% in the 3rd quarter and is expected to grow further in the final quarter in line with growing volumes. However, on a year on year basis utilisation levels are expected to fall by around ~300bps to 62-63% in fiscal 21. Utilization levels which have been under pressure over last two years with levels of 66% in fiscal 20 and 62-63% in fiscal 2021 is expected to improve to 66-67% in fiscal 22 and further to 70% in fiscal 24. In the longer run (Fiscal 2022-26), rationalised capacity addition and healthy demand growth is expected to drive industry utilisation rate to an average of 68-70%.

Cement prices to continue ascent in fiscal 2022, smaller hike though

Pan India prices improved by ~8% in fiscal 20 led by surge in cement prices in Q4FY19 and Q1FY20, which lead to significantly higher prices in H1FY20. This came after several years, despite healthy demand growth in the preceding years, and was helped in part by continued consolidation in regional markets by large players.

In fiscal 2021, price hikes in Q1FY21 amid players' struggle to survive on the profitability front in wake of Covid-19 led revenue loss led to price rise of 2-3% on an already high base of fiscal 20. Gradually in seasonally weak second quarter and third quarter, price loses momentum sequentially but remained elevated on year basis. Hence, prices have surged by 8% and 3% respectively in back to back years in fiscal 20 and 21 despite weak demand scenario and moderation in capacity addition.

Given that demand growth is expected to reach decadal high next year along with severe cost pressures, prices are likely to rise by another 1-2% next year on a high base to ₹ 370-373 per bag.

Cost headwinds to hit margins but steady realisations and sturdy volume recovery to mitigate the impact

We expect earnings before interest, tax, depreciation and amortisation (EBITDA) margin for the sector to contract by 300-350 bps in fiscal 22 on back of rise in power and fuel and freight costs, however margins remain above historical levels at 20.5-21.5%. EBITDA margin. With global demand recovery and increasing demand of petcoke and coal in later half of 2020, power and fuel costs started surging, thus ending the benign cost party. Players have exhausted their low cost inventory by fiscal 2021 and the lever to shift to low cost coal from petcoke has not remained very meaningful, given the similar rally in coal prices. Raw material costs have also elevated on account of unavailability of fly-ash and slag especially in the first half of the year and the trend is to continue on the back of rising mining cost as well as higher inbound cost for materials. Steep rise in diesel prices to drive up freight costs in next fiscal. Hence overall costs to inch up by 4-6% in the next fiscal but steady volume recovery to cushion overall profitability.

Cement demand

Cement demand continues to ride on the recovery path on housing and infra wheels

Cement demand was on a rollercoaster ride in fiscal 21 with expectations turning positive since Q2FY21. Demand 'washout' in April and varying degree of lockdown thereafter in different geographies of the country weighed on cement demand, however green shoots of recovery seen from housing segment and gradual pick up in infrastructure activities in second half of the fiscal is expected to reboot demand in next fiscal as well as economy traverses recovery path.

Cement demand to show strong broad-based recovery led by pickup in infra spending and housing

Cement demand is expected to face consecutive demand de-growth in fiscal 2021, after witnessing ~2% dip in fiscal 2020 as the industry witnesses the most tumultuous transition between the two fiscals. Cement demand is expected to plummet 0-2% on-year in fiscal 2021 due to the pandemic. The severity of the lockdown led demand disruption was the highest in the first quarter of the fiscal 2021 due to production shutdowns, stalled construction activities and mass exodus of labour amid the fear of pandemic spread. Supply chain and labour issues due to extended local lockdowns continued to dampen the demand scenario, however pent-up demand and pre-monsoon construction demand in May and early June aided recovery. Further, surge in MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act) spends and healthy infra capex to create employment also aided demand growth which turned positive in June. However, the sharp decline in April 2020 led to an overall decline of ~31% on year basis in the first quarter of fiscal 2021.

With the onset of seasonally weak period (June-September) of monsoon, demand was expected to decline as end-use construction demand culls across regions but the industry surprised positively with moderate demand growth of 3-4% on an on-year basis. This was majorly driven by pent-up demand and post-monsoon construction demand in September amid the returning of migrant labourers and easing Covid-19 restrictions in urban settlements. Rural demand continued to shine as the only silver lining for cement demand during the first half of fiscal 2021 while infrastructure was on a slower lane, witnessing a gradual pickup from September onwards due to the improving government spending and return of migrant labourers.

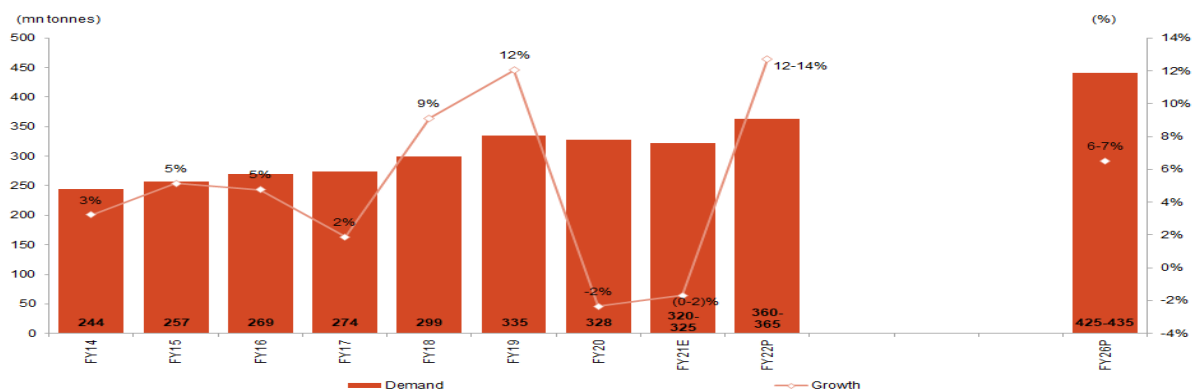
Demand rebooted in third quarter of fiscal 2021 with continued traction in rural demand, increased government spending on infrastructure & recovery in urban housing segments coupled with ample labour availability at construction sites. Release of pent up demand from urban clusters led by real estate and pick up in infra segments led by steady execution of NHAI, metros, irrigation projects, etc. led to healthy growth of 8-9% on-year basis in third quarter of fiscal 2021.

Fiscal 20: The cement industry exhibited de-growth of ~2% in fiscal 2020 after witnessing a healthy demand growth of ~12% in fiscal 2019. Apart from economic slowdown, cement demand was sluggish during the first half of fiscal 2020 after the general elections in April-May, 2019. The second half of fiscal 2020 witnessed extended monsoons, low-capital expenditure on infrastructure and road activities and labour shortage due to local elections and water and sand unavailability in several states along with financial stress in the NBFC and housing sectors. Though demand started indicating some signs of improvement since Dec-2019, the momentum could not be sustained due to the outbreak of the COVID-19 pandemic in seasonally strong quarter of the fiscal. This

severely impacted construction activities, which consequently resulted in the industry witnessing degrowth in fiscal 2020, the first time in the past two decades.

CRISIL Research expects cement demand to register a CAGR of 6-7% over fiscal 2021 to 2026 as against CAGR of 4.5-5.5% witnessed during fiscals 2015 to fiscal 2020, driven by a raft of infrastructure investments and healthy revival in housing demand.

Cement demand trajectory



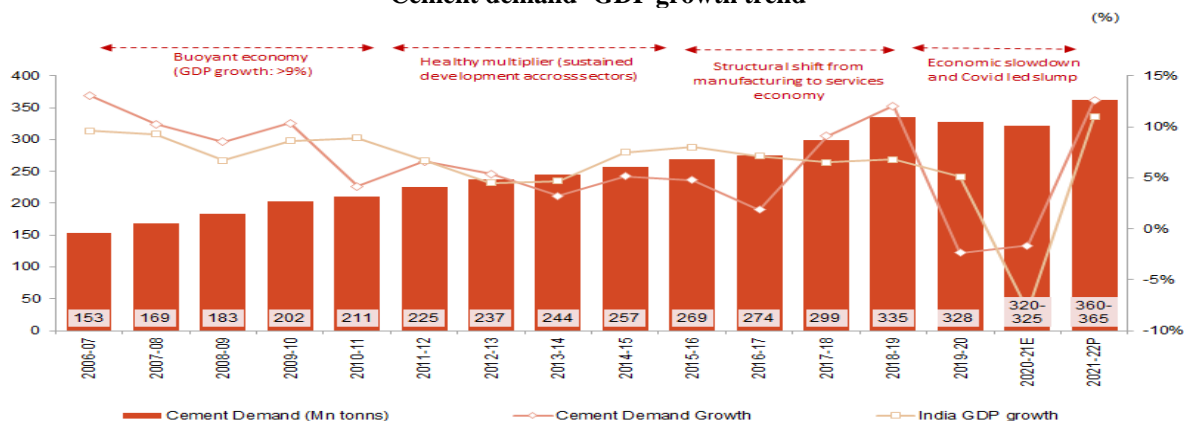
Note: E: Estimated; P: Projected
Source: CRISIL Research, Industry

Cement demand to GDP multiple to deteriorate amid pandemic

Cement demand to gross domestic product (GDP) multiple slipped to negative territories for the first time in fiscal 2020 primarily because of a ~2% on-year demand decline coupled with economic slowdown with GDP growth pegged at ~4.2%. Fiscal 2021 was yet another unprecedented year of demand contraction on back of pandemic while GDP tells an interesting story about the two halves. GDP contracted ~16% in the first half led by lockdown but higher government spending on rural development, roads, and highways; pent-up demand as restrictions eased; and improving exports with global economies gaining some support from fiscal stimulus (mostly in Q2). The second half witnesses mild contraction of only 0.4%, benefitted from strong festive demand, higher government capex, and improved economic activity as the pandemic spread was curbed and hence places full year fiscal 2021 estimates of GDP contraction at 8%. This will deteriorate cement demand to GDP multiple in fiscal 2021 but is expected to recoup back in fiscal 2022 on back of ~13% cement demand growth envisaged next year on a low base and as gov't spends normalize amid stable macro environment.

In the past, cement demand to GDP multiplier rose in to 1.4 in fiscal 2018 after a subdued demand scenario during fiscal 2014 to 2017. In contrast, the cement industry was growing at a healthy multiple of 1.2 times of GDP during fiscals 2007 to 2013 owing to healthy capital investments.

Cement demand- GDP growth trend

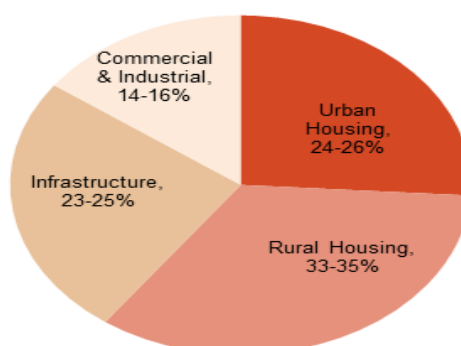


Note: P: Projected
Source: CRISIL Research, Industry, Ministry of Statistics and Programme Implementation

Sectoral mix

End-use sector mix in cement industry mainly comprises housing (61-63%), infrastructure (25-27%) and industrial/commercial (11-13%) segments. The largest end-use segment, i.e. housing sector, has been hit over the past five years as real estate has been buffeted by slow economic growth, weak demand, buyer unaffordability, and high inventory. However, overall share was maintained at 60-65% on the back of the Central government's 'Housing for All' scheme. Hence, the housing segment has remained the bedrock of cement demand in India. Nevertheless, housing will remain the key volume contributor, while infrastructure would expand its share in next five years with rising investments by the Central government on roads, railways and irrigation.

Sectoral mix - Fiscal 2021

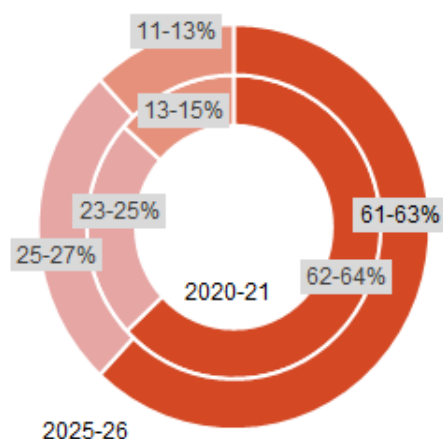


Source: CRISIL Research, Industry

Share of infrastructure to rise

With the government's thrust to infrastructure projects over the next few years, the share of infrastructure segment is expected to increase from 23-25% in fiscal 2020 to 25-27% in fiscal 2026. The Central government's focus on roads, railways, urban infrastructure and irrigation will boost infrastructure investments.

Segmental demand growth outlook



End segment	FY21-FY26
Housing	5.5-6.5%
Infrastructure	7.5-8.5%
Industrial/ Commercial	5-6%
Overall	6-7%

■ Housing ■ Infrastructure ■ Industrial and Commercial

Source: Industry, CRISIL Research

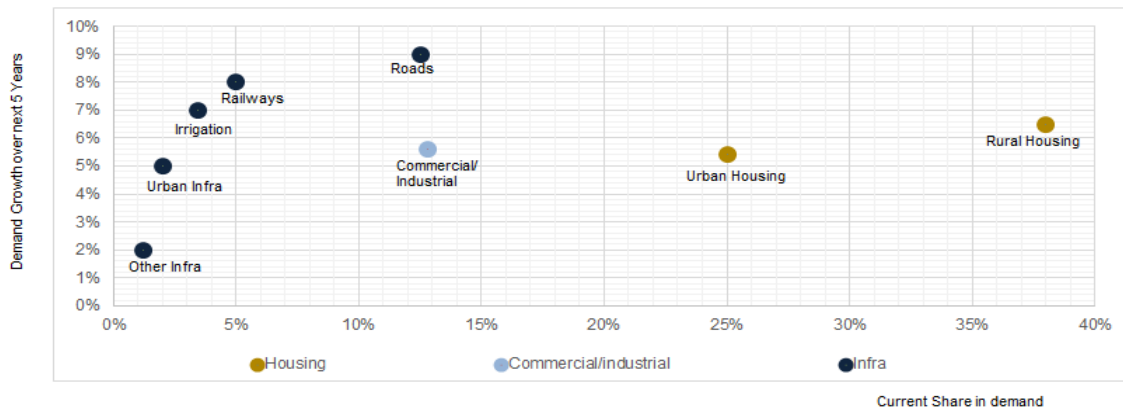
Sectoral demand in the longer run

Cement demand in the longer run will be driven by infrastructure and housing segment which has been the key driver in the past as well. Share of infrastructure is expected to rise further in the long run to reach 25-27% in fiscal 2026 from 23-25% in fiscal 2021.

Housing segment would continue its moderate growth trajectory with rural housing outpacing urban segment on the back of lower development base and continued rise in concretisation.

On the other hand share of industrial and commercial segment is expected to decline to 11-13%. While recent government initiatives like PLI scheme and Atmanirbhar Bharat is expected to boost demand from the industrial segment, commercial segment is expected to lag due to rise in commercial real estate inventory and gaining popularity of work from home culture.

Major government. policies / initiatives in end-use sectors to drive growth through fiscal 2026



Source: CRISIL Research, Industry

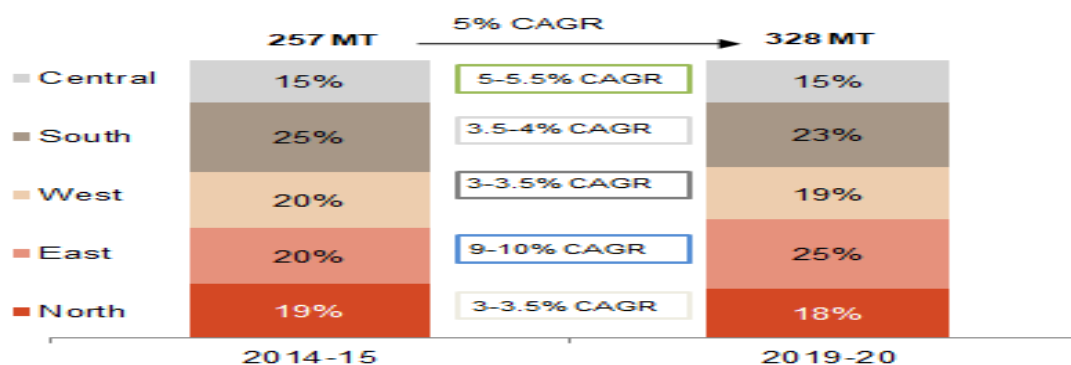
Divergence in regional demand growth continues

Eastern region continues to drive demand growth

Demand declined in the first half of fiscal 2020 as elections, water scarcity in several key states and heavy rainfall led to low labour availability. The third quarter of fiscal 2020 saw moderate traction with the release of pent-up demand and a pickup in public funding. However, demand remained muted led by a slower pace of fund release. January and February witnessed moderate volume growth but volumes declined in March due to a complete shutdown in the last week as a result of the Covid-19 pandemic.

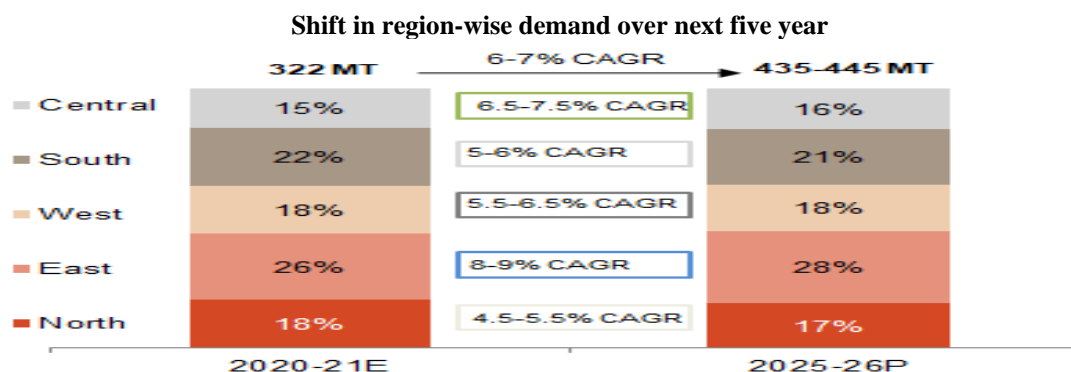
The nationwide lockdown led to a demand 'washout' in April as construction took a hit and an extended local lockdown during the quarter dented demand significantly impacted in urban and semi urban markets. However, pent-up demand and strong rural traction led to a continued improvement in demand on a month-on-month (MoM) basis in May and June. Further, seasonal weakness in the monsoon quarter was offset by a volume recovery on the back of pent-up demand post lifting of Covid-19 restrictions which led to demand growth of 3-4% in the second quarter of 2021. Rural demand continued to shine as the only silver lining for cement demand during H1FY21 while infra was on a slower lane. Infra witnessed gradual pickup in seasonally strong construction period of Dec-Jan'21 on back of improving government spending coupled with recovery in urban housing leading to robust demand growth of 8-9% in Q3FY21. CRISIL Research expects demand growth of 14-16% in last quarter of fiscal 21 on a very low base as well as supported by pickup in demand from infra and affordable housing segment during seasonally strong construction period. Demand revival has not been uniform across India with the pace of recovery being faster in North, Central and East regions and sluggish in West and South.

Regional cement demand trend in last 5 years



Source: CRISIL Research, Industry

In the long term, CRISIL Research expects cement demand to increase at faster pace of ~6.5% against a moderate pace of ~5% CAGR in the past 5 years. In terms of regional dynamics, while the east is expected to exhibit robust growth followed by the central region, south and west are expected to pick up pace on low base over the next 5 years. Demand in south will remain a key monitorable, as pickup in state capex in AP-Telangana as well as release of funds by central government for Polavaram project to lead to faster demand revival on low base. This interplay of demand dynamics would result in share of the east to rise to 27-29% in fiscal 2026 from ~25% in fiscal 2020.



Source: CRISIL Research, Industry

West: Infrastructure development to drive healthy growth over long-term

Fiscal 2021: Demand is expected to drop by 3-5% as the region suffered the most from pandemic led extended lockdowns, labour shortage and supply chain disruptions. Demand recovery in Maharashtra remained tepid because of slow infrastructure activity, weak urban housing demand and labour unavailability on construction sites. Region witnessed maximum impact of mass exodus of migrant laborers leading to severe blow to construction sector. Grim scenario continued in seasonally weak monsoon quarter due to extended monsoons and tepid construction activities during the same period. Demand from real estate revived slowly amid reduction in stamp duty, low interest rates on home loan and need for individual homes in Covid situation. With labour returning to construction sites post festive season, gradual pickup in infra activity and urban housing to limit demand de-growth to 3-5% in the region.

Fiscal 2022 and Fiscal 2022-26P: In fiscal 2022, CRISIL Research expects demand to witness 13-15% growth on low base and in the long term CRISIL Research expects cement demand in the west to grow at 3.5-4.5% CAGR in FY22-FY26P. Infrastructure development, such as urban infrastructure projects (metros, expressways, NHAI), state roads in Gujarat, etc., is expected to drive demand in the region along with urban housing which is expected to gain traction on the back of pick up in real estate and affordable housing demand. Over ~6000 kms of NHAI is expected to be constructed in this region over the next 3-4 years. Since penetration of rigid roads are higher in the region, it is expected to propel demand as well. Multiple metro projects are expected to be constructed in this region as well which will lead to incremental demand.

Central: Housing and Infrastructure development to be the driving force of healthy growth over long-term

Fiscal 2021E: Cement demand is expected to decline by 1-3% in fiscal 2021, however cushioned by steady revival in housing and infra segments. Despite seeing higher COVID cases in select pockets, demand in Uttar Pradesh improved significantly over first quarter of the fiscal on back of traction in affordable housing with return of migrant labour to their natives. Demand in Madhya Pradesh is primarily getting support from healthy government spending in rural markets. Favorable monsoon, bumper Rabi yields and various government programme supported rural economy and led to improvement in rural demand. Roads (NHAI and border roads), rural housing as well as metro construction to cushion demand from any further decline.

Fiscal 2022 and Fiscal 2022-26P: In fiscal 2022, CRISIL Research expects demand in central region to grow by 11-13% on low base and in the long term (FY22-FY26P) cement demand in the central region is expected to exhibit 5.5-6.5% CAGR. Key infrastructure projects in the region such as metro projects in Bhopal and Indore; smart city-related development in Madhya Pradesh (Bhopal, Indore and Jabalpur) and Uttar Pradesh (Lucknow); several road and highway projects; and waterway project across Varanasi-Haldi will drive cement demand in the region. Further, housing demand in new emerging pockets of Meerut (post metro linkage to NCR), Aligarh, etc. and continued development in key centers of Indore, Bhopal and Noida will continue to aid demand.

South: Demand growth to remain sluggish in near term; revival on soft base

Fiscal 2021E: Demand is expected to witness de-growth of 6-8% because of stricter lockdowns and related labour and supply chain disruptions due to Covid-19 pandemic. Demand scenario remained tepid with continued lockdown in key cities like Hyderabad, Chennai and Bangalore affecting urban demand followed by seasonally weak quarter eroding demand in the region during H1FY21. Demand recovery is on faster trajectory in Andhra Pradesh (AP) and Telangana led by government spending on infra projects. However revival on a slow lane in Tamil Nadu and Karnataka. Demand is expected to pick up on a low base in Tamil Nadu on back of pre-election spending while real estate to pick up steam in Karnataka.

Fiscal 2022 and Fiscal 2022-26P: In fiscal 2022, CRISIL Research expects demand to witness 14-17% growth on low base and in the long term cement demand in the south to grow at 2.5-3.5% CAGR in FY22-FY26P. States with poor growth in the past, such as Tamil Nadu and Karnataka, are expected to witness upward bias on the back of growth in state infra segment. However, culture of work from home in the IT sector, which contributed to cement demand from real estate indirectly, is expected to limit sharp uptick in commercial real estate demand in near term; to witness revival with increasing need of substantial office spaces in post Covid world. Demand growth in AP-Telangana and Kerala is expected to further pick pace due to increased government spending on infra projects.

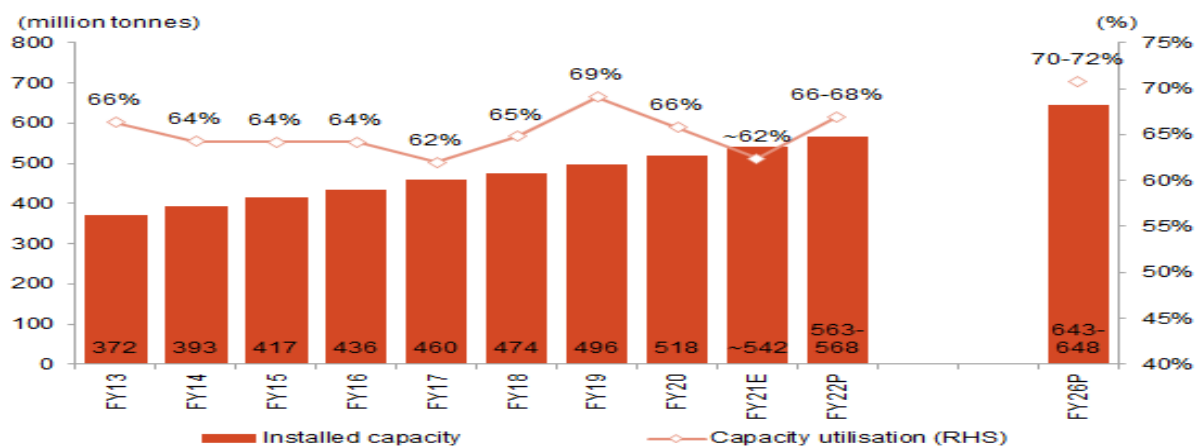
Utilisation levels to inch up gradually in long run

CRISIL expects operating rates of cement players to elevate to 66-68% on-year in fiscal 2022 after witnessing lows of ~62% in fiscal 21 on back of pandemic led production shutdowns in first quarter of the fiscal. Production nosedived by ~85% in Q1FY21 which will drag down the utilisation levels for the entire fiscal. Utilisation levels are expected to pick up in fiscal 2022 to fiscal 2020 levels as demand reboots in next fiscal amid modest supply additions.

Pan-India operating rates is expected to tail off to 68-70%, on average, over the next 5 years (fiscals 2022 to 2026), higher than ~65% for the previous 5-year period (fiscals 2017 to 2021). The augmentation in operating rates is on back of higher demand growth and modest capacity additions in the industry.

Operating rates in fiscal 2019 increased to ~70% from ~65% in fiscal 2018 on the back of robust demand growth of ~12% that year. Incremental demand outpaced incremental supply in fiscal 2019, despite capacity addition of ~22 million MT. However, utilisation levels contracted in fiscal 2020 to ~66% as demand growth shrunk by ~2%, even as ~24 million MT of capacities were added.

Trend and projection in cement capacity utilization



Note: E: Estimated, P: Projected, effective cement capacity is calculated on pro-rata basis, taking into account the month
Source: CRISIL Research

Prices to surge in FY22 in order to battle cost pressures amid resuscitating demand

With outbreak of Covid-19 pandemic in early FY21, price hikes taken by players in Q1 to survive demand slump corrected itself with reviving demand. Prices remain muted on sequential basis from July to September but gained pace in Sep-2020 on back of strong demand recovery. It loses momentum in Q3 amid volume push by year end

companies and continued to remain steady in Jan and Feb until it inches up in March-21 to battle volume pressures. Prices are expected to surge in fiscal 22 by 1-2% on an already high base of fiscal 21.

Cement prices to continue upward climb in FY22 as well albeit smaller hike of 1-2%

FY15- FY20: Pan-India cement prices recorded de-growth of 1.4% in FY16 in lieu of weak demand after registering healthy growth of 5.8% in FY15. Except for the south, rest all markets witnessed a decline in average prices during that fiscal. Weak demand post demonetisation and increased competition in some regions continued to exert pressure on cement prices, thus limiting any recovery. Consequently, pan-India cement prices remained flattish at 0.7% in FY17 on a y-o-y basis.

In Q1FY18, cement players increased the prices sharply, seeking to pass on the increase in power and fuel costs (due to higher pet-coke prices). However, the momentum in cement prices could not sustain as cement prices declined in Q2FY18 on a sequential basis with weak demand during the monsoon season and GST related disruptions in the supply chain. Prices continued to decline further in Q3 and Q4, as several regions continue to be impacted by ban on sand mining constraining growth in demand. Pan-India cement prices rose by ~2.7 per cent in 2017-18. Despite healthy demand growth driven by high infrastructure spends by central government in pre-election year, cement prices softened by ~1% (y-o-y) in FY19. Softening of prices can be attributed to healthy capacity additions to the tune of ~21 million MT along with ramp-up of acquired capacities to the tune of 18 MMTPA. Moreover, entry of players in newer markets (Shree cements in south, Vicat Bharathi in West) also led to pressure on prices. However, cement prices increased in Q4FY19 by ~4% (q-o-q) with cement players taking hike across all regions. Price hikes were particularly steep in south where prices increased by ~9% (q-o-q).

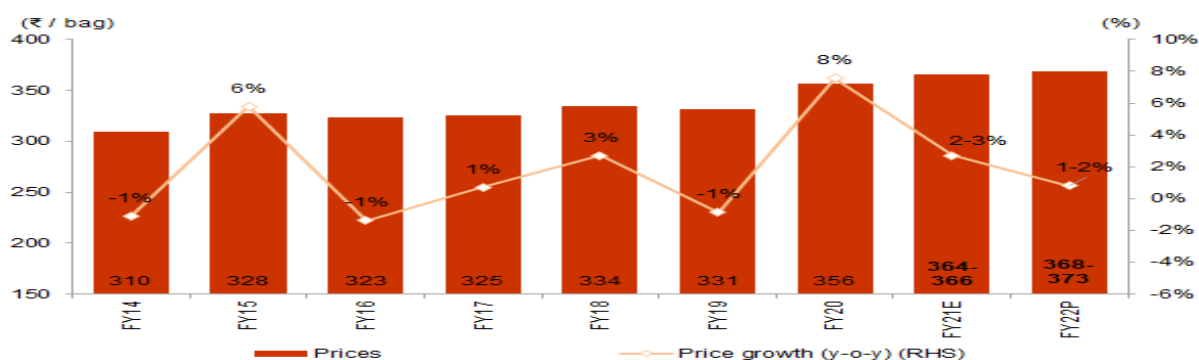
While elevated prices didn't sustain, chunky price hikes in Q1FY20 (14% y-o-y and 10% q-o-q) led to higher prices in the first half of the year. However, prices remained on a declining trend since May 2019, when it reached an all-time high of ₹ 380/ bag. In fact between May and November 2019, prices declined by almost (8-9%) pan-India largely due to steeper decline in East (14%) and South (11%). In Q3 FY20 prices declined to the tune of ~8% when compared with the average price of first quarter of fiscal 21. However, when compared y-o-y, prices have elevated by ~7.6% on soft base of fiscal 19.

FY21: Prices saw sharp rise in April 2020 amid supply shortage and higher logistics cost amid pan-India lockdown. Prices increased further in May 2020 on the back of surge in demand amid slower resumption of supply. Prices have fallen since, from a high of ₹ 378/ bag in May to ₹ 355/bag in Jan 2021 as supply increased with mid and small sized players resumed production.

Further, falling input prices also provided ample bandwidth for price reduction without any major impact on margins. Despite recent moderation in prices, prices are expected to rise marginally by 2-3% on a year on year basis to ₹ 364-366/bag in fiscal 21 from ₹ 356/bag in fiscal 20.

FY22P: Cement prices are expected to rise on fiscal 2022 on the back of rising input costs as well as pickup in demand. Steep rise in pet coke, coal and diesel prices has led to steep rise in power and fuel as well as freight costs which accounts for close to ~60% of the total costs. Players are likely to pass on the rise in cost pressures amid robust demand growth on low base. Thus prices are expected to rise by 1-2% in fiscal 2022 on a high base of fiscal 2021

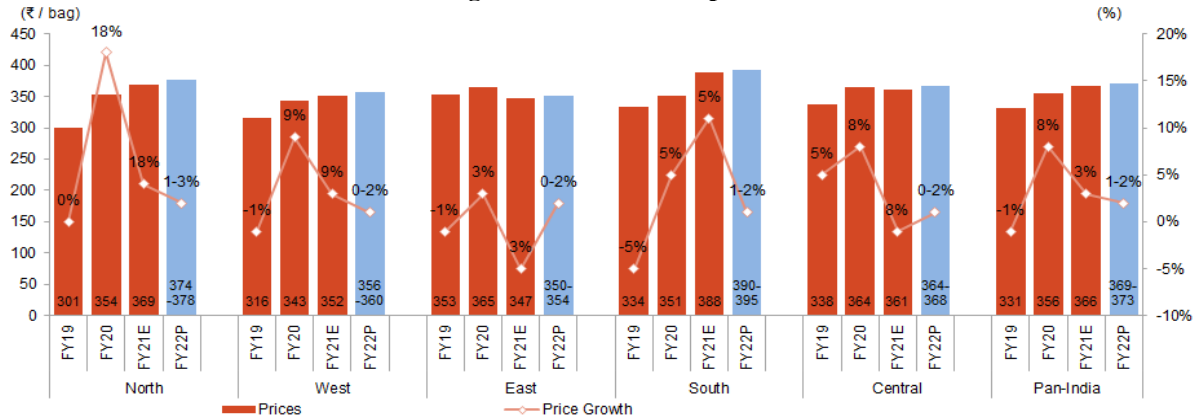
Trend in pan-India cement prices



Note: P: Projected, cement prices are actual pan-India retail cement prices (₹/ bag)

Source: CRISIL Research

Region-wise outlook on prices



Note: P: Projected

Source: CRISIL Research

Indian Rayon Industry

The Indian textile industry is one of the largest in the world with a large unmatched raw material base and manufacturing strength across the value chain. It is the second largest manufacturer and exporter in the world, after China. The share of textile and clothing in India's total exports stands at a significant 12% (2018-19). India has a share of 5 % of the global trade in textiles and apparel. (Source: Ministry of Textiles, Annual Report, 2019-20)

Indian manmade fibre (MMF) textile industry is vibrant and growing. Today, India produces almost all the types of synthetic fibres, be it polyester, viscose, nylon or acrylic. Currently, India is the second largest producer of both polyester and viscose globally. MMF textile industry in India is self-reliant across the value chain right from raw materials to the garmenting. India is the second largest producer of man-made fibres (MMF) in the world with presence of large plants having state-of-the art technology. Presently India produces over 1441 million kg of man-made fibres and over 3000 million kg of man-made filaments (2017-18). Over 23000 million square meters of fabrics were produced from Man-made fibres and their blends. Most of the Man-made fibres are currently produced in India. (Source: Indian Manmade Fibre Textile Industry Report, Ministry of Textiles)

Government's focus on Textile Industry

- The grant to Textile & Clothing sector is budgeted at ₹ 3,631.64 crore which is about 10% higher than previous year's revised budget of ₹ 3,300 crore in 2020-21. (Source: Union Budget 2021-22)
- Mega investment textiles parks (MITRA) scheme, in addition to production linked incentive (PLI) scheme & 7 Textile Parks to be established over 3 years. With the active support and cooperation of the Government the textile industry will become globally competitive, attract large investments and boost employment generation & exports in the years ahead. (Source: Union Budget 2021-22)

OUR BUSINESS

Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read “Forward-Looking Statements” on page [●] for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also read “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages [●] and [●], respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our fiscal year ends on March 31 of each year, and references to a particular fiscal year are to the twelve months ended March 31 of that year.

We have, in this Letter of Offer, included various operational and financial performance indicators, some of which may not be derived from our Annual Audited Financial Statements and may not have been subjected to an audit or review by our Statutory Auditor. The manner in which such operational and financial performance indicators are calculated and presented, and the assumptions and estimates used in such calculation, may vary from that used by other companies in India and other jurisdictions. Investors are accordingly cautioned against placing undue reliance on such information in making an investment decision and should consult their own advisors and evaluate such information in the context of the Annual Audited Financial Statements and other information relating to our business and operations included in this Letter of Offer.

Unless the context otherwise requires, references in this section to “Company” are to Kesoram Industries Limited, on a standalone basis, to “we” or “us” or “our” are to Kesoram Industries Limited, on a consolidated basis.

Unless otherwise indicated, all industry and market data used in this section has been derived from the CRISIL Report. None of our Company, the Lead Manager or any other person connected with the Issue has independently verified such information. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year.

Overview

We are part of one of the oldest conglomerates in India and are a flagship company of the B.K Birla group. We were incorporated in October 1919 and while we have been engaged in multiple businesses like cement, tyre, textiles and pulp and paper in the past, over the years have concentrated our business interests primarily to cement and rayon.

We own and operate two cement manufacturing facilities, located at Sedam, Karnataka (the “**Sedam Plant**”) and Basantnagar, Telangana (the “**Basantnagar Plant**”) (together, the “**Manufacturing Facilities**”). Our cement business has enjoyed an operating history of over 51 years, as applicable catering to the regional demands in Maharashtra, Goa, Karnataka, Telangana, Tamil Nadu, Madhya Pradesh, Kerala, Uttar Pradesh and Andhra Pradesh. Our Manufacturing Facilities are located in proximity to our leased limestone deposits in the states of Karnataka and Telangana. Further, our Manufacturing Facilities are also strategically located with rail and road connectivity to our key markets in southern and western India. As of June 30, 2021, the production capacity of cement was 10.75 MMTPA. Our cement is marketed under the brand name “Birla Shakti” and “Birla Shakti Cement Shakti+”.

We distribute our products through the trade segment, where the end-users are individual home buyers (“**Trade Segment**”), and the non-trade segment, which is through direct sales to institutional and bulk buyers (“**Non-trade Segment**”). In Fiscals 2020 and 2021, sales to the Trade Segment were 43.31% and 49.78%, respectively, of our total net revenue from cement sales in such period while sales to the Non-Trade Segment were 56.69% and 50.22%, respectively, of our total net revenue from cement sales in such period. We have developed a strong distribution network across India comprising 516 active cement agents and a network of 2,669 active cement dealers as of June 30, 2021, who market our cement products. Our cement operations are also supported by the internal sales and marketing teams comprising of 147 employees as on June 30, 2021. In addition, we also manufacture viscose rayon, filament yarn and transparent paper through our subsidiary, Cygnet Industries Limited. Our rayon and transparent paper plant is located at Hooghly, West Bengal. The rayon is marketed under the brand name “Kesoram Rayon”, while our transparent paper is marketed under the brand name “Kesophane”.

Pursuant to a scheme of arrangement between our Company, Birla Tyres Limited and their respective shareholders and creditors, approved by the National Company Law Tribunal, Kolkata Bench on November 8, 2019, the tyre

business of our Company was demerged into Birla Tyres Limited with an effective date of December 4, 2019 and an appointed date of January 1, 2019.

We have a strong, experienced and dedicated management team led by Manjushree Khaitan who has extensive industry experience and has played a key role in the development of our business. Further, our Board of Directors comprises a balanced team of independent directors, qualified and experienced personnel, who have extensive knowledge and understanding of the cement industry.

We have established stable and cost-effective raw material supplies including limestone, gypsum and fly ash, as well as coal for our integrated Manufacturing Facilities. Limestone is mined from our captive limestone mines and shale, for which we have entered into long-term mining leases. As of March 31, 2021, our Company's captive limestone mines had aggregate residual reserves of 570.20 million MT of limestone and 142.29 million MT of shale. We optimize our coal procurement by sourcing coal and pet coke from the international markets and coal through coal linkages with The Singareni Colliery Company Limited. Our integrated Manufacturing Facilities are also located in close proximity to captive limestone mines which results in reduction of our transportation costs.

Our integrated Manufacturing Facilities are supplemented by auxiliary infrastructure, including a combined 94.2 MW captive power plant, as of March 31, 2021, at our Sedam Plant and Basantnagar Plant. In Fiscals 2021, 2020 and 2019, we met 97.22%, 99.04% and 98.55%, respectively, of our power requirements through our captive sources, thereby enabling us to effectively manage our power cost. In 2011, we commissioned a plant in Solapur, Maharashtra ("**Solapur Packing Plant**"), which serves as a packing terminal for the cement manufactured at Sedam Plant. The Solapur Packing plant has an approved production capacity of 6,60,000 MTPA as on March 31, 2021. We believe that our Solapur Packing Plant will enable cost-effective customer service and deeper penetration in the markets of Maharashtra.

Our Manufacturing Facilities are IS 14001:2015 certified for environment management systems and ISO 45001:2018 certified for occupational health and safety management systems. We have received the gold award in cement sector for outstanding achievement in occupational health & safety management by Apex India Foundation for 2020, "Energy Efficient Unit" award by Confederation of Indian Industry in the 20th National Award for Excellence in Energy Management 2019 and "5 Star Rating for Excellence in EHS Practices" in the CII-SR EHS Excellence Awards for 2019, as well as the second position under "Best Energy Efficient Plant – Coal (CPP) (Southern)" by National Efficiency Awards in 2021 and Icon SWM Excellence Award 2019 for making co-processing of significant amount of waste in cement kiln on a large scale.

The cement and rayon (including transparent paper and chemicals) business operations contributed 91.04% and 8.96%, respectively, of our total revenues for the year ended March 31, 2021, and 88.07% and 11.93%, respectively, of our total revenues for the year ended March 31, 2020, on a consolidated basis. Our consolidated profit/loss (before tax and excluding exceptional items) was ₹ 53.94 crore and ₹ (187.53) crore for Fiscal 2021, and 2020, respectively. Our consolidated total revenue was ₹ 2,724.93 crore in Fiscal 2021 and ₹ 2,685.98 crore in Fiscal 2020. Our EBITDA (excluding exceptional items) for Fiscals 2021 and 2020 was ₹ 375.54 and ₹ 228.37, respectively.

The following table provides certain key performance indicators of our business:

S. No.	Key Performance Indicators	Fiscal		
		2021	2020	2019
1.	Cement Production (in million MT)	5.33	5.74	6.35
2.	Clinker Production (in million MT)	4.32	4.54	5.15
3.	Clinker to Cement Ratio (Production)	80%	80%	81%
4.	Cement Sales (in million MT)	5.44	5.71	6.37
5.	Capacity Utilization (cement) ⁽¹⁾	50%	53%	59%
6.	OPC sales (as % of total cement sales volume)	50.37%	57.44%	60.44%
7.	PPC sales (as % of total cement sales volume)	49.63%	42.56%	39.56%
8.	Power consumption (in million units) ⁽²⁾	391	405	456
9.	Coal and pet coke consumption (in million MT)	1.08	1.03	1.11
10.	EBITDA per tonne (in ₹) ⁽³⁾	725	400	448
11.	EBITDA margin (%) ⁽⁴⁾	16.33	9.81	11.04
12.	Power and fuel cost per tonne (in ₹) ⁽⁵⁾	1,106	1,119	1,065

(1) Capacity utilization (on an annualized basis) has been calculated on the basis of actual production in the relevant period divided by the aggregate installed production capacity of our Manufacturing Facilities as available for the relevant period. For further information, see “- Capacity and Capacity Utilization” on page [●].

(2) One unit represents one KWH.

(3) EBITDA per tonne represents EBITDA (EBITDA is calculated as profit before tax expenses of the Company (excluding exceptional items) plus finance costs and depreciation and amortization expense less other income for the year) divided by total cement sales volume.

(4) EBITDA margin represents EBITDA (EBITDA is calculated as profit before tax expenses of the Company (excluding exceptional items) plus finance costs and depreciation and amortization expense less other income for the year) divided by revenue from operations.

(5) Power and fuel cost per tonne represents total power and fuel expense divided by total cement sales volume.

Our Strengths

Strong corporate lineage

We are the flagship company of the B.K. Birla Group, which we believe is among India's reputed industrial groups, having diverse business interests in the areas of cement, tyre, textiles and pulp and paper, with origins dating back to 1919. We believe that we have benefited directly from the leadership of late G.D Birla, late B.M Birla and late B.K Birla and their thorough knowledge of India's business landscape through their long corporate history, which we believe has helped us gain a strong market recognition and reputation in India. Our cement business has enjoyed an operating history of over 51 years, catering to the strong regional demands in southern and western India.

Our businesses are well-positioned to grow with the Indian economy

We have a diversified business model which is primarily focused on cement and rayon. We believe that the expected growth of India's infrastructure will be one of the key drivers in demand for cement in the near future. According to CRISIL, cement demand growth is expected to witness volume growth of approximately 13% in Fiscal 2022 on a low base. The cement demand is expected to grow at a CAGR of 6% to 7% over Fiscal 2021 to Fiscal 2026 driven by a raft of infrastructure investments and healthy revival in housing demand. Further, southern states with poor growth in the past, such as Tamil Nadu and Karnataka, are expected to witness upward bias on the back of growth in the state infrastructure segment. Further, demand growth in Andhra Pradesh, Telangana and Kerala is expected to further pick pace due to increased government spending on infrastructure projects. (Source: CRISIL Report). We believe that our current businesses are well positioned to benefit from future growth in Indian infrastructure.

Strong sales and distribution network

India's geographic spread and market size make it imperative to have a strong and efficient distribution system in order to maximise marketing and sales opportunities for our products. Our cement products are marketed regionally and we focus our sales and distribution mainly in the states of Maharashtra, Goa, Karnataka, Telangana, Tamil Nadu and Madhya Pradesh. As of June 30, 2021, we had 147 internal sales personal and marketing teams which work with 516 active sales agents and 2,669 active dealers across the states of Karnataka, Andhra Pradesh, Telangana, Maharashtra, Kerala, Madhya Pradesh, Uttar Pradesh and Tamil Nadu to market and sell our cement products.

We have long-term relationships with our sales agents, who often are local entrepreneurs in regional markets. We believe this gives us a unique advantage in providing us with intimate knowledge of the demands and needs of customers in the regional markets where our agents are present and operate. Through our network of agents and dealers, we are able to reach a wide base of customers in the markets in which we operate.

Proximity of our cement Manufacturing Facilities to our principal markets and raw material resources

As cement is a bulk commodity, transportation costs contribute significantly to the overall cost of sales, and proximity to markets is an important factor in our cost and profitability. Our plants located in Karnataka and Telangana i.e., the Sedam Plant and Basantnagar Plant, are in close proximity to our customers primarily located in the southern states of Karnataka, Andhra Pradesh, Telangana, Kerala and Tamil Nadu as well as Maharashtra in the western region.

Our Manufacturing Facilities are also located close to our captive power plants. Further, we procure fly ash from other power corporations and coal-fired power plants having power plants in close proximity to both our Sedam

Plant and Basantnagar Plant, and both of our production facilities are located within close proximity of our limestone reserves. This decreases the transportation costs associated with obtaining fly ash and limestone. Collectively, we believe this gives us a competitive advantage.

The following table provides the distance between our facilities and certain key markets:

S. No.	Key Markets	Nearest Manufacturing Facility	Distance
			(in approximate kms)
1.	Karnataka	Sedam Plant	447
2.	Maharashtra	Sedam Plant	429
3.	Telangana	Basantnagar Plant	177

Access to quality raw materials and coal

In addition to transportation costs, one major component of our operating costs includes cost towards payment for raw materials. In Fiscals 2021, 2020 and 2019, cost of raw materials consumed (including changes in inventories, stock-in trade and work in progress) was ₹ 264.34 crore, ₹ 240.85 crore and ₹ 261.32 crore, respectively and represented 10.94%, 10.34% and 10.13%, respectively, of our revenue from operations in such periods. Accordingly, efficient raw material sourcing of, amongst others, limestone, gypsum and fly ash, and coal, in close proximity to our integrated Manufacturing Facilities, has a direct result on our cost of production and profitability as well as ensuring protection against operational risks. In addition, our facilities are supported by a 15 MW captive power plant, as of March 31, 2021, at our Basantnagar Plant and 79.2 MW captive power plant, as of March 31, 2021, at our Sedam Plant. In Fiscals 2021, 2020 and 2019, we met 97.22%, 99.04% and 98.55% respectively, of our power requirements through our captive sources, thereby enabling us to effectively manage our power cost.

Our Company has four captive long term mining leases for our integrated manufacturing facilities, having a lead distance of within 2.5 kms which provides our integrated Manufacturing Facilities with a stable and timely supply of limestone in a cost-efficient manner. The residual reserves of our mining leases with respect to the Basantnagar and Takkallapalli mines are sufficient for our current production capacity for at least 12 years and the Injepalli Limestone and Shale Mine 1 and Injepalli Limestone and Shale Mine 2 are sufficient for our current production for at least 87 years, based on the stipulated amount of annual excavation specified in our mining leases.

The following table provides details in relation to our Company's captive mining lease and residual reserves for our existing integrated Manufacturing Facilities, as of March 31, 2021:

S. No.	Name of mine	Integrated Manufacturing Facility	Valid up to ⁽¹⁾	Residual reserves as of March 31, 2021 (million tonnes)*	
1.	Basantnagar Limestone Mine	Basantnagar Plant	March 31, 2030	9.72	
2.	Takkallapalli Limestone Mine	Basantnagar Plant	December 22, 2052	2.56	
3.	Injepalli Limestone and Shale Mine 1	Sedam Plant	December 8, 2022 ⁽²⁾	Limestone	515.70
				Shale	128.96
4.	Injepalli Limestone and Shale Mine 2	Sedam Plant	January 16, 2030 ⁽³⁾	Limestone	42.22
				Shale	13.33
	Total			712.49	

*As certified by S.G.Nandyal, Chartered Engineer, by certificate dated [●].

⁽¹⁾ The lease period validity is considered as per the Mines and Minerals (Development and Regulation) Act, 1957 as amended by the Mines and Minerals (Development and Regulation) Amendment Act, 2015.

⁽²⁾ As per section 8A(5) of Mines and Minerals (Development and Regulation) Act, 1957 as amended by the Mines and Minerals (Development and Regulation) Amendment Act, 2015, the term of the lease is deemed to be extended up to December 8, 2032. The Company is in the process of obtaining deemed extension order from the Department of Mines and Geology and Commerce & Industry.

⁽³⁾ As per section 8A(5) of Mines and Minerals (Development and Regulation) Act, 1957 as amended by the Mines and Minerals (Development and Regulation) Amendment Act, 2015, the term of the lease is deemed to be extended to January 15, 2060. The Company is in the process of obtaining deemed extension order from the Department of Mines and Geology and Commerce & Industry.

Wide range of products with a strong Birla brand recognition

We offer a wide range of products through our diverse businesses which we believe enjoy strong brand recognition in the markets in which we operate. We sell our cement products under the main brand “Birla Shakti” and “Birla Shakti Cement Shakti+” and our rayon products under “Kesoram Rayon” and “Kesophane” brands. We offer major variants of cement including Ordinary Portland Cement (“**OPC**”) and Portland Pozzolana Cement (“**PPC**”). We sold approximately 43.56% of our total net cement sales in the markets of Maharashtra, followed by 21.41% in Telangana, 16.18% in Karnataka and 18.85% in other states, for the quarter ended June 30, 2021. Our revenue from sale of OPC products was ₹ 1,118.59 crore and ₹ 1,289.02 crore in Fiscal 2021 and Fiscal 2020, respectively, while our revenue from sale of PPC products was ₹ 1,296.62 crore and ₹ 1,040.93 crore in Fiscal 2021 and Fiscal 2020, respectively. Our OPC products are sold under the brand name of “Birla Shakti” and our PPC products are sold under the brand name of “Birla Shakti” and “Birla Shakti Cement Shakti+”. Our products under the PPC category have received GreenPro certification from Indian Green Building Council. We believe that our brands have differentiated characteristics and qualities which fulfill diverse customer needs and thereby attract new customers as well as retaining and increasing demand from existing customers.

Brand name and reputation are important for customers in India and we believe that our extensive history, market position, and quality products have led to wide recognition of our brand, particularly in south India, which has enabled us to effectively target new customers and customer segments, address new business opportunities and increase the scale of our operations.

Experienced management team and strong operational team

Our senior management team consists of experienced and qualified professionals with a deep understanding of the markets in which we operate. Our Promoter, Manjushree Khaitan has extensive industry experience and has played a key role in the development of our business, and together with our Board of Directors and our senior management, has been instrumental in implementing our growth strategies and expanding our business through various process improvements and successful integration of our integrated Manufacturing Facilities. We also have a strong and committed operational team and work force. The members of our management team and professional staff have a variety of professional qualifications and come from a diverse set of backgrounds. For instance, Mr. Radhakrishnan Padmalochanan, our Whole-time Director and Chief Executive Officer has significant experience in the cement industry and has been instrumental in driving our business. We believe that the experience of our Promoter, Manjushree Khaitan and our management team provides us with a significant competitive advantage to grow our business.

We believe our marketing and technical teams have demonstrated the ability to operate our businesses effectively and further enhance our product portfolio to develop brand recognition and customer loyalty in the markets where we operate. The quality of our management team and professional staff is vital for sustaining and growing our business in the midst of increasing marketplace competition.

In addition, by leveraging the experience of our individual Promoter and management team, we believe that we have developed an established track record of efficient project management and execution experience, involving trained and skilled manpower and innovative work practices.

Our Strategies

Increasing penetration in select markets and in sales of PPC

In addition to OPC, our cement products also include PPC, which is an environment-friendly blended cement and is manufactured by grinding clinker, gypsum and pozzolanic materials, such as fly ash and volcanic ash. PPC has a lower heat of hydration as compared to OPC and thereby minimises the risk of developing contraction cracks (*Source: CRISIL Report*). As on March 31, 2021, our OPC sales accounted for 46.31% of the net cement revenue, whereas our PPC sales accounted for 53.69% of the net cement revenue. The proportion of PPC sales has increased from 44.68% in Fiscal 2020 to 53.69% in Fiscal 2021. We intend to grow our production of products under the PPC category and target penetrating core rural markets of Maharashtra, Karnataka and Telangana. We believe that the sale of our blended cement would significantly increase by entering into these markets.

Further, we intend to expand our footprint in the existing markets where blended cement is sold, which includes Tamil Nadu, Madhya Pradesh and Kerala. We believe that sale of our blended cement would optimise the natural mineral resources. Blended cement involves adding of pozzolanic material to the clinker which reduces the composition of mineral element, thereby the reserves of the minerals can be utilised for a longer period of time. Our focus is aimed at optimal utilization of our existing manufacturing capacities and we believe that our efforts to focus on production of PPC and expansion in new and existing markets, coupled with the rising demand of PPC cement, will enable us to increase our sales volume of PPC products and further diversify our portfolio.

Improve operational efficiency and continue to implement measures to reduce costs

Increased competition has encouraged the players in cement industry to find ways to reduce cost and increase the overall efficiency. We are focused on the reduction of electricity and heat consumption to reduce our production costs and to lessen the environmental impact of our operations. Our current energy reduction program includes the increased use of high-quality imported coal, with a planned level of optimum amount of imported coal in our overall fuel mix. We believe this should enable us to reduce our consumption of thermal energy. Our focus is to explore newer technologies that would help reduce energy consumption and adopt such energy efficient technologies and practices to further improve the quality of our products and optimize our production costs. We intend to continue further integration of our manufacturing facilities and carry out most of the processes in-house to maximize our efficiencies. We have implemented and will continue to implement measures to reduce our operating costs, which is critical in determining profitability.

Our Manufacturing Facilities are IS 14001:2015 certified for environment management systems and ISO 45001:2018 certified for occupational health and safety management systems. We have received the gold award in cement sector for outstanding achievement in occupational health & safety management by Apex India Foundation for 2020, “Energy Efficient Unit” award by Confederation of Indian Industry in the 20th National Award for Excellence in Energy Management 2019 and “5 Star Rating for Excellence in EHS Practices” in the CII-SR EHS Excellence Awards for 2019, as well as the second position under “Best Energy Efficient Plant – Coal (CPP) (Southern)” by National Efficiency Awards in 2021 and Icon SWM Excellence Award 2019 for making co-processing of significant amount of waste in cement kiln on a large scale.

Strengthen our brand and expand our distribution network

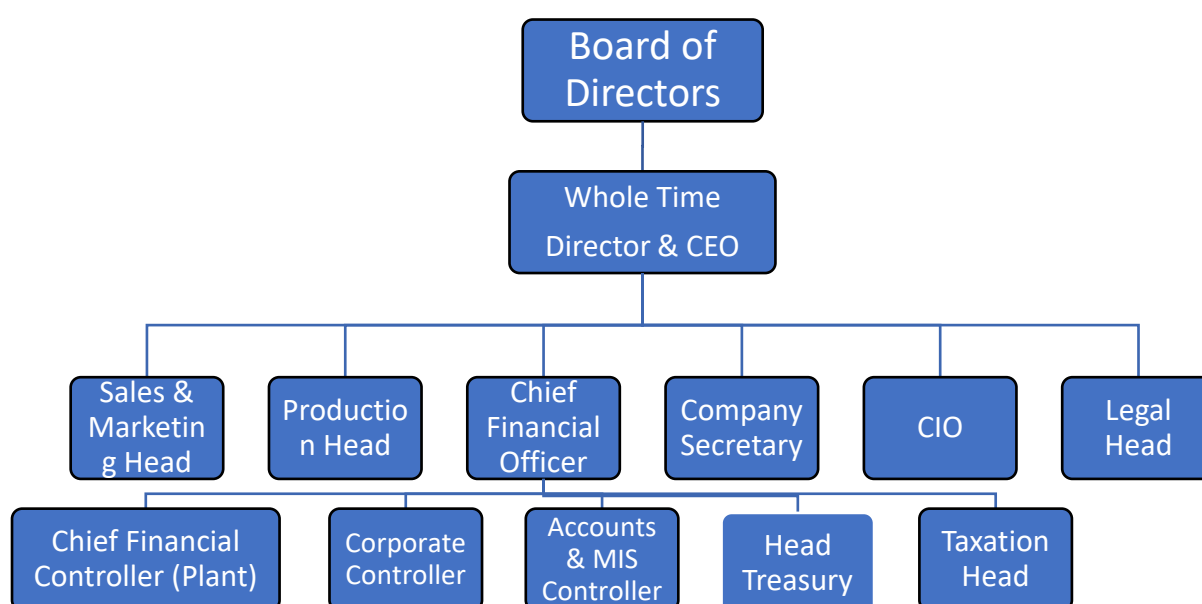
Our brand “Birla Shakti” and “Birla Shakti Cement Shakti+” has a strong presence in our key markets. We aim to continue to increase our brand’s presence in key geographies to increase our market share and revenue from sales of our products through our services and experience. We outline and alter the customer engagement programmes region-wise. We intend to commence programmes for masons, architects and builders for the purposes of propagating the advantages of using blending cement and for furthering our Cement usage. We also schedule road shows and technical van campaigns in rural areas to educate the individual home builders in relation to propagating the appropriate use of our cement and highlight the advantages of using blended cement, which will strengthen the presence of our brand and increase the consumption of cement of our brand. We intend to grow our brand “Birla Shakti” and “Birla Shakti Cement Shakti+” in key geographies of Karnataka, Telangana and Maharashtra. We endeavour to enhance the penetration and continue to offer and to improve our reputation in our target markets by consistently providing high quality products. We intend to continue to undertake our brand-building initiatives and implement brand awareness campaigns.

We aim to strengthen our sales and distribution network in our existing and target markets. Further, we also intend to focus on expanding our sales and distribution network in the Trade Segment. Our revenue from sale in Trade Segment was ₹ 1,202.28 crore and ₹ 1,009.11 crore in Fiscal 2021 and Fiscal 2020, respectively and our revenue from sales in Non-trade Segment was ₹ 1,212.93 crore and ₹ 1,320.84 crore in Fiscal 2021 and Fiscal 2020. As of June 30, 2021, 516 active sales agents and 2,669 active dealers to market our products. We continuously seek to add additional dealers and agents to our sales and distribution network, and to further strengthen our relationships with the existing dealers and agents. With an endeavour to enhance our relationships with our dealers and agents, we undertake programs and workshops to provide training and information on marketing and sales techniques and technical applications of our cement products. We intend to build long-term relationships with these distributors and work with them closely, which we believe will further improve the stability of our sales and distribution network. We intend to undertake evaluation of economic factors for the sale of our products in potential markets to enable further expansion into new geographies.

Increasing our capacity utilization

As on March 31, 2021, the production capacities across our Basantnagar Plant and Sedam Plant was at 1.75 MMTPA and 9.00 MMTPA respectively for cement. We have obtained consent to operate for both of our plants Basantnagar Plant and Sedam Plant at 1.20 MMTPA and 6.00 MMTPA, respectively. Further, the Solapur Packing plant has an approved production capacity of 6,60,000 MTPA as on March 31, 2021 and is not currently being utilised. We intend to fully utilise our capacities to produce cement in both our units optimally. We are focusing to achieve a cement capacity utilisation of 77% in comparison to current capacity utilisation of 60% at our Sedam Plant, and a cement capacity utilisation of 86% in comparison to the current capacity utilisation of 62%, by Financial Year 2023 for our Basantnagar Plant. As we continue to grow our existing business in new geographies and develop new products, we expect that we would be able to maximise production volumes and increase our operating leverage. We intend to incur capital expenditure towards debottlenecking at our existing facility and also addition of Kiln with the aim to enhance our cement production at our facilities.

Organizational Structure



Our products

Our cement sales have historically contributed to a substantial part of our revenue. We expect this business to continue contributing significantly to our overall revenue. We also have active manufacturing operations in the field of rayon and transparent paper.



Cement

Cement is the key ingredient in concrete, the primary building material in the industrial and residential construction sectors. Cement acts as the binding agent, which when mixed with sand, stone or other aggregates and water, produces either ready mixed concrete or mortar. Mortar is the mixture of cement with sand and water, and ready-mixed concrete is the mixture of cement with sand, gravel or other aggregates and water.

We produce and sell cement, manufactured using clinker produced in our plants as well as other ingredients procured from various local suppliers. Our primary products are PPC and OPC. The cement manufactured by us complies with the standards of the Bureau of Indian Standards. The majority of our cement products are marketed under the brand name of “Birla Shakti” and “Birla Shakti Cement Shakti+” and we believe these brands enjoy recognition in the markets where we operate.



OPC is a cement widely used in general construction, including the construction of houses, multi-story buildings, bridges, runways and highways. PPC is a cement developed by grinding clinker, gypsum and pozzolanic materials, such as fly ash and volcanic ash. Fly ash, the pozzolanic material is typically used in the production of PPC, reduces the amount of clinker required and allows us to produce PPC at a lower cost. Fly ash is a waste generated from the operation of coal-fired power stations and is readily available and cheaper than clinker. Due to the use of fly ash, which gives PPC a lower hydration heat and more sulphate resistance, our PPC is particularly suitable for use in coastal areas and in the construction of bridges, highways, housings, ports, mass concrete dams, irrigation systems and fully plated foundations. Our products under the PPC category have received GreenPro certification from Indian Green Building Council.

We currently manufacture two varieties of OPC, Birla Shakti Cement OPC 43 Grade and Birla Shakti Cement OPC 53 Grade. The range of minimum compression strength, characteristics and application requirement as per BIS of our OPC is set out below:

OPC category	Compression strength	National standard	Characteristics	Application
Birla Shakti Cement OPC 43 Grade				
	Minimum 28 days strength of 430 kg/CM2 (43 MPa)	BIS IS 269:2015	General purpose cement	General civil construction work, in the manufacturing of pre-cast items such as blocks, pipes and tiles, asbestos products such as sheets and pipes and non-structural works such as plastering and flooring.
Birla Shakti Cement OPC 53 Grade				
	Minimum 28 days strength of 530 kg/CM2 (53 MPa)	BIS IS 269:2015	High strength to structures due to its optimum particle size distribution, crystallized structure and balanced phase composition	Pre-cast concrete items such as paving blocks, tiles and building blocks, prestressed concrete components and major construction projects with special requirements such as bridges, runways, high-rise buildings and concrete roads.

We currently manufacture two varieties of PPC, Birla Shakti Cement PPC and Birla Shakti Cement PPC Shakti+. Our products under the PPC category have received green product certification from CII – Green Products & Services Council. The range of minimum compression strength, characteristics and application requirement as per BIS of our PPC is set out below:

PPC category	Compression strength	National standard	Characteristics	Application
Birla Shakti Cement PPC				

PPC category	Compression strength	National standard	Characteristics	Application
	Minimum 28 days strength of 330 kg/CM2 (33 MPa)	BIS IS 1489 (Part 1): 2015	Low heat of hydration and corrosion resistant	Marine and hydraulic construction and other mass concrete structures such as building of houses, dams, barrages, high-rise buildings, spillways, underground structures, hydro-power stations and bridges
Birla Shakti Cement PPC Shakti +				
	Minimum 28 days strength of 330 kg/CM2 (33 MPa)	BIS IS 1489 (Part 1): 2015	Low heat of hydration and corrosion resistant	Marine and hydraulic construction and other mass concrete structures such as building of houses, dams, barrages, high-rise buildings, spillways, underground structures, hydro-power stations and bridges

The sale of PPC has historically achieved higher margins compared to our other cement products. Our production of various cements is driven by market demand for different types of cement. This diverse cement product offering enables us to satisfy various performance specifications from customers, allowing us to serve a broad spectrum of the end market.

We currently operate two cement plants, our Basantnagar Plant located in Basantnagar, Telangana, and our Sedam Plant located in Sedam, Karnataka.

The following table sets forth the net cement revenue contributed by each of our cement variants and the percentage of our net cement revenue they represent for the periods indicated:

Products	Fiscal 2021		Fiscal 2020		Fiscal 2019	
	Net Cement Revenue	As % of Total Net Cement Revenue	Net Cement Revenue	As % of Total Net Cement Revenue	Net Cement Revenue	As % of Total Net Cement Revenue
	(₹ crore)	(%)	(₹ crore)	(%)	(₹ crore)	(%)
OPC	1,118.59	46.31	1,289.02	55.32	1,519.09	58.87
PPC	1,296.62	53.69	1,040.93	44.68	1,061.47	41.13
Total	2,415.21	100.00	2,329.95	100.00	2,580.56	100.00

Note: Net cement revenue excludes GST and trade discount.

The following table sets forth the total quantity of each of our cement variants and percentage of our total cement sales volume they represent for the periods indicated:

Products	Fiscal 2021		Fiscal 2020		Fiscal 2019	
	Cement Sales Volume	As % of Total Cement Sales Volume	Cement Sales Volume	As % of Total Cement Sales Volume	Cement Sales Volume	As % of Total Cement Sales Volume
	(million MT)	(%)	(million MT)	(%)	(million MT)	(%)
OPC	2.74	50.37	3.28	57.44	3.85	60.44
PPC	2.70	49.63	2.43	42.56	2.52	39.56
Total	5.44	100.00	5.71	100.00	6.37	100.00

Production Facilities

Basantnagar Plant

We own and operate our Basantnagar Plant situated on a plot of land measuring approximately 1,745.85 acres in Basantnagar, Telangana, which has an aggregate capacity of 1.75 million MT per annum for cement. The plant is strategically located to allow us to distribute cement products in the markets we distribute our products to. Basantnagar Plant employs 562 full-time employees as of June 30, 2021. This plant principally supplies to our major markets in the various region of Maharashtra, Telangana, Madhya Pradesh and Tamil Nadu. At our Basantnagar Plant, quality assurance controls are incorporated into the various stages of the manufacturing process which are in compliance with international standards, such as ISO 9001, ISO 14001 and IS/ISO 45001.

Sedam Plant

We currently own and operate our Sedam Plant situated on a plot of land measuring approximately 1,281.31 acres in Sedam, Karnataka, which has an aggregate capacity of 9.00 million MT per annum for cement. The plant is strategically located to allow us to distribute cement products to all marketing areas in this region. The Sedam Plants employs 869 full-time employees as of June 30, 2021. This plant principally supplies to Karnataka, Maharashtra and Andhra Pradesh. At our plant, our quality assurance controls are incorporated into various stages of the manufacturing process which are in compliance with international standards, such as ISO 9001, ISO 14001 and ISO 45001.

Solapur Packing Plant

We currently operate our Solapur Packing Plant situated on a plot of land measuring approximately 12,000 square meters in Solapur, Maharashtra, which has an aggregate packing capacity of 660,000 MTPA as on March 31, 2021.

Capacity and Capacity Utilization

The following table sets forth certain information relating to our capacity utilization of all our integrated manufacturing facilities, calculated on the basis of total production capacity and actual production for the periods indicated below:

Type of the product	Production Capacity as of March 31, 2019 (MMTPA) ⁽¹⁾	Actual Production as of March 31, 2019 (MMTPA)	Capacity Utilization (%) ⁽¹⁾⁽²⁾	Production Capacity as of March 31, 2020 (MMTPA) ⁽¹⁾	Actual Production as of March 31, 2020 (MMTPA)	Capacity utilization (%) ⁽¹⁾⁽²⁾	Production Capacity as of March 31, 2021 (MMTPA) ⁽¹⁾	Actual Production as of March 31, 2021 (MMTPA)	Capacity Utilization (%) ⁽¹⁾⁽²⁾
Cement	10.75	6.35	59%	10.75	5.74	53%	10.75	5.33	50%

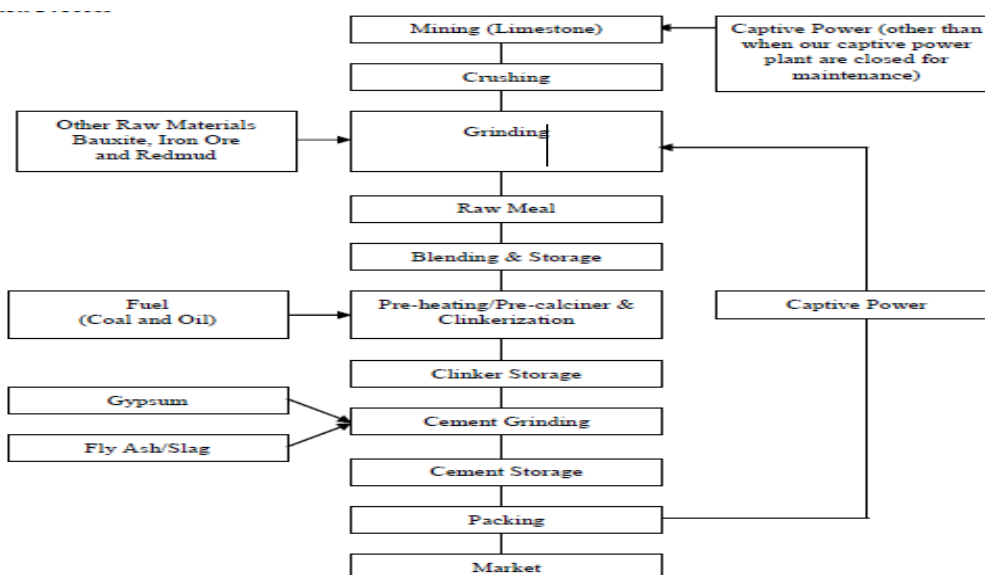
[#]As certified by S.G. Nandyal, Chartered Engineer, by certificate dated [●].

(1) The information relating to the aggregate production capacity of the manufacturing facilities of our Company as of the periods included above are based on various assumptions and estimates of our management that have been taken into account by S.G. Nandyal, Chartered Engineer in the calculation of capacity of our Company. These assumptions and estimates include the standard capacity calculation practice of cement industry after examining the kiln capacity, cement grinding capacity and other ancillary equipment installed at the plant, the calculations and explanations provided by our management, the period during which the manufacturing facilities operate in a year, expected operations, availability of raw materials, expected utilization levels, downtime resulting from scheduled maintenance activities, unscheduled breakdowns as well as expected operational efficiencies. See “Risk Factors – Information relating to the installed manufacturing capacity, actual production and capacity utilization of our plants included in this Letter of Offer are based on various assumptions and estimates and future production and capacity may vary” on page [●].

(2) Capacity utilization (on an annualized basis) has been calculated on the basis of actual production in the relevant period divided by the aggregate installed production capacity of manufacturing facilities of our Company as available for the relevant period.

(3) The production capacity of cement was 10.75 MMTPA as of June 30, 2021.

PRODUCTION PROCESS



Logistics

As cement is a bulk commodity, transportation costs contribute significantly to the overall cost of sales, and therefore proximity to markets is an important factor affecting our cost and profitability. In addition to the strategic locations of our plants, we are supported by a nationwide Indian railway distribution network reaching almost all the regions in which we operate. We have access to rakes from our Sedam Plant to transport our cement from Sedam Railway Station (located approximately four Kms from the cement plant) and from our Basantnagar Plant to transport our cement from Raghavapuram Railway Station (located approximately five km of our cement plant). Rail freight costs for the transport of our cement are fixed periodically by the Indian Ministry of Railways.

The following tables provides certain information in relation to the percentage of cement distributed through rail, road and sea for the periods indicated:

Particulars	Fiscal 2021	Fiscal 2020	Fiscal 2019
Rail	32.53%	22.77%	18.63%
Road	67.36%	77.16%	81.37%
Sea	0.11%	0.07%	0.00%

Raw Materials and Supplies

The principal raw materials for cement production are limestone, additives, coal, fly ash and gypsum. Our costs of raw materials consumed in the production of cement accounted for approximately 10.07% and 9.84% of our total expenses for the years ended March 31, 2021 and March 31, 2020, respectively.

Limestone

The main raw material used in the production of cement is limestone. The cement production process requires approximately 1.40 MT of limestone for every MT of clinker produced and overall consumption of limestone varies based on the OPC and PPC mix. We currently have mining licences for two limestone quarries with a total area of approximately 2,218 acres for our Sedam Plant and approximately 1,193 acres for our Basantnagar Plant. Both of these quarries are situated near our cement plants in Karnataka and Telangana. At these quarries we currently mine three varieties of limestone: siliceous limestone; grey limestone; and purple limestone. Each of these varieties of limestone can be used in the production of cement. We have also installed limestone crushers at the pits of these quarries, which help us in reducing transportation cost.

Based on the current estimates, we believe we have sufficient limestone available to us to meet our current and anticipated production requirements at our Sedam Plant and Basantnagar Plant.

Gypsum

The other major raw material used in the manufacturing of cement is gypsum, which acts as a retarding agent to control the setting time for cement. Between three and five MT of gypsum are required to produce 100 MT of

cement. Imported gypsum is usually obtained from domestic supplies and we generally maintain stocks in levels sufficient to meet our production requirements.

Fly Ash

Fly ash, which is used in the manufacture of PPC, is obtained from power plants that are situated near our cement plants. We also generate some of our own fly ash from our captive power plants. These sources historically have been sufficient for us to source our existing annual requirements of approximately 0.90 million MT.

Other

Bauxite and laterite iron ore are also required in small quantities, both of which are readily available from local suppliers. We procure raw materials from domestic suppliers generally located close to our plants. Materials other than limestone are transported to the production plant mainly by means of both road and rail transportation. We use independent road haulage operators to transport raw materials to our plants.

Power and Fuel

Our cement plants have captive power generating almost all our power requirements. Power and fuel expenses are the most significant expenses in the cement production process comprising approximately 25.49% of our total expenses for each of the years ended March 31, 2021 and March 31, 2020 in aggregate for Sedam Plant and Basantnagar Plant. Coal and electricity are our principal sources of energy for cement production. Coal is used to burn raw materials in the kiln during the production process while electricity is used in all processes. Our related charges for electricity were ₹ 8.94 crore and ₹ 4.53 crore in the years ended March 31, 2021 and March 31, 2020, respectively, and our costs for coal were ₹ 572.90 crore and ₹ 603.10 crore, in the years ended March 31, 2021 and March 31, 2020, for coal, respectively, in aggregate for the Sedam Plant and Basantnagar Plant. Our average cost of electricity derived from all sources in cement production was ₹ 4.69 per kwh and ₹ 5.11 per kwh for the years ended March 31, 2021 and March 31, 2020, respectively.

Coal

Currently, our long-term domestic linkages, historically have only met majority of our coal requirements, the balance of our coal requirements are typically met through import and e-auctions. We procure majority of our coal requirements from The Singareni Colliery Company Limited (“SCCL”). In Fiscal 2021, 69.90% of coal purchased for the Sedam Plant was purchased from SCCL, while 94.20% of coal purchased for the Basantnagar Plant in Fiscal 2021 was purchased from SCCL. We also obtain imported coal from South Africa through the ports located at Vishakapatnam, Gangavaram, Kakinada, Goa and Krishnapatanam, Andhra Pradesh and then by rail primarily to our Sedam Plant. There are no restrictions on the import of coal and the import duty is currently at 2.50% including cess pursuant to the 2021 Union Budget of India announced by the GoI. The GoI has also introduced a clean energy cess of ₹ 400 per tonne of coal on both domestic as well as imported coal.

We primarily use domestically-sourced coal at our Basantnagar Plant, as the plant is in close proximity to domestic suppliers of coal which makes it economical. The domestic coal consumed by us is supplied primarily from SCCL. The supply of domestic coal in India is subject to price and distribution controls imposed by the GoI. We have not experienced any difficulty in obtaining adequate supplies in the past. All purchases of coal are delivered by rail or road from the various coalfields to our plants. Rail freight costs for the transport of coal are fixed periodically by the Indian Ministry of Railways. The price of coal is fixed by the GoI and reviewed from time to time. We also purchase indigenous coal from the market and via e-auction on an as needed basis to supplement domestic supplies.

Electricity

We currently have power generating capacity of 79.20 MW at our Sedam Plant and 15.00 MW at our Basantnagar Plant. We source a significant portion of our power requirements for our cement business from our captive power plants located within the premises of our cement plants and the Rayon and Transparent Paper Plant, while also utilising electricity supplied by the relevant state electricity boards. Although, we believe our captive power plants are sufficient to meet our requirements, we are obligated under our standby arrangement that we have entered into agreement with the respective State power corporations of Karnataka and Telangana, for minimum amount of power. In order to meet this requirement, we purchase the minimum amount specified under the agreement with the State power corporations. We primarily use the power supplied from the State power corporation when we shut down operation at our captive power plants for routine and other maintenance. See, “Risk Factors - A shortage

or non-availability of power, fuel or water may adversely affect our manufacturing operations and have an adverse effect on our business, results of operations and financial condition” on page [●].

The following table shows the aggregate amounts of coal used by us for the periods indicated and the approximate cost of per MT, as of the respective dates:

Particulars	As of and for the year ended March 31			
	2021		2020	
	Cement Operations	Captive Power Plant	Cement Operations	Captive Power Plant
Quantity of Coal (MT)	721,871	355,217	673,716	360,862
Cost (₹ crore)	424.05	148.85	430.27	172.83
Cost of coal (in ₹ per MT of cement)	5,874	4,190	6,386	4,789

Efficiency

While electricity and coal consumption varies between our plants, the figures for our average electricity and coal consumption in the production of cement at Sedam Plant and Basantnagar Plant for the period indicated as set out below:

Sedam Plant:

	Electricity consumption	Coal consumption	Electricity consumption	Coal consumption
	as of and for the year ended March 31			
	2021		2020	
Particulars	(kwh per MT of cement)	(kcal/kg. of clinker)	(kwh per MT of cement)	(kcal/kg. of clinker)
OPC	77.58	708.91	74.04	703.45
PPC	56.58	708.91	55.88	703.45

Basantnagar Plant:

	Electricity consumption	Coal consumption	Electricity consumption	Coal consumption
	as of and for the year ended March 31			
	2021		2020	
Particulars	(kwh per MT of cement)	(kcal/kg. of clinker)	(kwh per MT of cement)	(kcal/kg. of clinker)
OPC	Not applicable	714.37	94.52	712.68
PPC	74.52	714.37	75.49	712.68

We continually strive to reduce energy costs at our plants. Our current energy reduction program includes the increased use of high-quality imported coal, with a planned level of optimum amount of imported coal in our overall fuel mix. We believe this should enable us to reduce our consumption of thermal energy. The price of imported coal has been increasing in the recent years, mainly due to an increase in the FOB value as well as an increase in freight shipping rates.

SALES AND DISTRIBUTION

We believe our sales have been significantly and positively impacted by the strength of our brands. Brand loyalty in the Indian cement industry is particularly important as a majority of India's cement sales occur in bag form, as opposed to bulk sales, with a substantial majority of bags sold through our agent and dealer networks. We believe our brand, “Birla Shakti”, is well-recognized by customers and is one of the leading brands in terms of market share within its respective regional markets. Currently “Birla Shakti” brand is used to market both OPC and PPC from both of cement plants. Maharashtra is the primary market area for our “Birla Shakti” branded cement, accounting for approximately 43.56 % of the total “Birla Shakti” sales by quantity for the quarter ended June 30, 2021.

As on June 30, 2021, the Company has a network of around 2,669 active cement dealers. Please refer to the table below for the location details of these dealers.

Region	Dealers
Southern India	1,974
Western India	585
Central India	110

The following table provides the sales volume for the following regions in the periods indicated:

Products	Fiscal 2021		Fiscal 2020		Fiscal 2019	
	Sales volume	As % of Total sales volume	Sales volume	As % of Total sales volume	Sales volume	As % of Total sales volume
	MT	(%)	MT	(%)	MT	(%)
Total sales volume in southern India ⁽¹⁾	28,98,404	53.24	27,92,194	48.88	32,39,087	50.87
Total sales volume in central India ⁽²⁾	3,90,808	7.18	3,56,223	6.24	1,58,385	2.49
Total sales volume in western India ⁽³⁾	21,43,116	39.37	25,63,831	44.88	29,69,966	46.64
Total sales volume in northern India ⁽⁴⁾	11,494	0.21	63	0.00	165	0.00
Total Sales Volume	54,43,823	100.00	57,12,312	100.00	63,67,603	100.00

Note:

(1) Southern India consists of sales to Karnataka, Kerala, Telangana, Andhra Pradesh and Tamil Nadu.

(2) Central India consists of sales to Madhya Pradesh and Uttar Pradesh.

(3) Western India consists of sales to Maharashtra and Goa.

(4) Northern India consists of sales to Rajasthan and Chhattisgarh.

OPC and PPC are the primary products we sell, accounting for 46.74% and 53.26% and 55.48% and 44.52%, respectively, of our total gross revenues for the years ended March 31, 2021 and March 31, 2020, respectively. The following tables set forth our revenue and sales quantities by product for the periods indicated.

Sedam Plant:

Particulars	Year ended March 31			
	2021		2020	
	Quantity (in million MT)	Amount (₹ in crore)	Quantity (in million MT)	Amount (₹ in crore)
OPC	2.74	1,640.86	3.20	1,779.07
PPC	1.60	1,136.23	1.59	997.50
Total Cement	4.33	2,777.09	4.79	2,776.58
Clinker Sales	0.10	29.62	-	-
Total Sales	4.42	2,806.71	4.79	2,776.58

Basantnagar Plant:

Particulars	Year ended March 31			
	2021		2020	
	Quantity (in million MT)	Amount (₹ in crore)	Quantity (in million MT)	Amount (₹ in crore)
OPC	0.00	0.73	0.08	40.76
PPC	1.11	734.40	0.85	462.96
Total Cement	1.11	735.13	0.92	503.72
Clinker Sales	-	-	-	-
Total Sales	1.11	735.13	0.92	503.72

The following table sets forth our domestic cement sales quantities across states and the per cent of total sales of each for the periods indicated.

Sedam Plant:

(in MT, except percentages)

Particulars	Year ended March 31			
	2021		2020	
	Quantity	%	Quantity	%
Maharashtra	1,981,927	45.73	2,401,572	50.16
Karnataka	1,295,455	29.89	1,241,766	25.94
Andhra Pradesh	52,535	1.21	33,394	0.70
Telangana	6,46,116	14.91	813,091	16.98
Tamil Nadu	177,774	4.10	220,751	4.61
Others	180,236	4.16	77,396	1.62
Total	4,334,042	100.00	47,87,971	100.00

Basantnagar Plant:

(in MT, except percentages)

Particulars	Year ended March 31			
	2021		2020	
	Quantity	%	Quantity	%
Maharashtra	153,620	13.84	162,259	17.55
Karnataka	2,651	0.24	-	0.00
Andhra Pradesh	-	0.00	-	0.00
Telangana	409,392	36.89	394,278	42.66
Tamil Nadu	143,241	12.91	12,264	1.33
Others	400,877	36.12	355,540	38.46
Total	1,109,781	100.00	924,341	100.00

Bag sales for Sedam Plant accounted for 69.05% and 66.00% of total domestic cement sales in the years ended March 31, 2021 and March 31, 2020, respectively, with bulk sales accounting for the remainder. Because of the high cost of bags, the cost of selling bagged cement is higher than the cost of selling cement in bulk. We usually arrange for delivery of bagged cement to our customers. Shipments are made free-on-truck at the plant site.

Pricing

We determine the prices for our products based on various parameters, including market demand, our production capacity, transportation costs, raw materials costs, inventory levels, competitors' prices and credit terms. Prices for different regions are also affected by local regulations and tax policies. We review our prices regularly based on prevailing whole sale prices in the market. We usually sell our products through advance payments or credit sales.

Rayon and Transparent Paper

We manufacture viscose rayon filament yarn, transparent paper and other products, through our Subsidiary which contributed approximately ₹ 237.56 crore and ₹ 315.69 crore, or approximately 8.96% and 11.93% of our total revenues for the years ended March 31, 2021 and March 31, 2020, respectively.

The principal raw materials used to manufacture viscose rayon filament yarn and transparent paper is wood pulp. As of the year ended March 31, 2021, we sourced approximately 54.42% and 45.58% of our wood pulp requirements from domestic and international suppliers, respectively. The process of manufacturing viscose rayon filament yarn involves processing the wood pulp with caustic soda and passing the by-product through spinnerets with sulphuric acid to produce varying degrees of thickness referred to as deniers. We currently manufacture deniers of varying thickness from 40 deniers to 700 deniers. While the manufacture of transparent paper involves the process of passing viscose through a carbon sulphide medium, post which the by-product is treated and washed off all chemicals and is dried and sold as reams. For our rayon business, we have established relationships with various corporations, such as, Futamura.

Our rayon and transparent paper plant are located at Hooghly, West Bengal. Our rayon is marketed under the brand name "Kesoram Rayon", while our transparent paper is branded under the brand name "Kesophane". Our

rayon plant had 58 spinning machines with production capacity of 7,517 MT per annum as of March 31, 2021. Kesoram Rayon is an ISO 14001, ISO 9001 and ISO 45001 certified plant.

The following table sets forth the rayon and transparent paper plant installed production capacity at our Hoogly Plant for the periods indicated.

(in MT per annum except percentages)

Particulars	As of or for the year ended March 31	
	2021	2020
<i>Viscose filament rayon yarn</i>		
Installed capacity	7,517	7,517
Actual production	5,857	7,672
Capacity utilization	78%	102%
<i>Transparent Paper</i>		
Installed capacity	3,600	3,600
Actual production	1,112	1,619
Capacity utilization	31%	45%

Health, Safety and Environment

Our activities are subject to the environmental laws and regulations of India, which govern, among other things, air emissions, waste water discharges, the handling, storage and disposal of hazardous substances and wastes, the remediation of contaminated sites, natural resource damages, and employee health and employee safety. We aim to comply with applicable health and safety regulations and other requirements in our operations and have adopted an environment, health and safety policy that is aimed at complying with legislative requirements, requirements of our licenses, approvals, various certifications and ensuring the safety of our employees. We believe that accidents and occupational health hazards can be significantly reduced through a systematic analysis and control of risks, and by providing appropriate training to our management and our employees. We have conducted safety programs at our facilities and developed training modules. Our integrated manufacturing facilities are IS 14001:2015 certified for environment management systems. Further, our Basantnagar Plant is certified IS 45001:2018 for occupational health and safety management systems and our Sedam Plant is certified ISO 45001:2018 for occupational health and safety management systems. We have also received the “Greentech Environment Award” from the Green tech Foundation in 2019 and 2018 and the “Environment Gold Award” from Grow Care India in 2019.

We have a target driven approach to environment, health and safety measures. We have an environmental lab at each of our cement plant with equipment to monitor discharge of particulate matter and gaseous pollutants from the stacks, ambient air quality, noise level and illuminance. Our principal environmental obligations relate to dust emissions and mining. In order to comply with emission standards, we reduce dust emissions from our plants using fabric bag filters and electrostatic precipitators, which are upgraded as regulation requires. In addition, we continuously monitor air quality at all our cement plants through continuous emission monitoring systems. We have also set up sewage treatment plants to minimize waste. To minimize water consumption, we have adopted procedures for neutralization of water for treatment of effluents and rain water harvesting. Further, we have also installed green wall gardens at our power plant to reduce rate of evaporation.

Repair and Maintenance

We schedule regular repair and maintenance programs for our facilities, including preventive, predictive and condition based maintenance. We also have periodic scheduled shutdowns for maintenance. Our technical teams carry out day-to-day maintenance and repair of the facilities and machinery on an as-needed basis. In addition, our facilities are also periodically inspected in respect critical equipment by OEMs and independent inspection agencies. We also carry out root cause analysis to prevent repeated instances of similar failures.

Information Technology

We believe that an appropriate information technology infrastructure is important in order to support the growth

of our business. All of our facilities are interconnected to our central IT network in order to access the ERP systems hosted from our Sedam Plant. Further, our facilities also utilize cloud services for this purpose. This facilitates monitoring of our operations and management of supply chain. Our IT infrastructure and ERP platforms enables us to track procurement of raw materials, sale of finished goods, payments to vendors and contract suppliers and

receivables from customers. We also utilize an enterprise resource planning solution which covers sales and marketing, management of material and supply chain, finance and human resource for all of our manufacturing plants including both of our cement plants.

Competition

The cement industry in India continues to be highly fragmented as compared to other cement producing countries. We operate and sell our products in highly competitive markets. Competition occurs principally on the basis of price, quality and brand name. As a result, to remain competitive in our markets, we must continuously strive to reduce our costs of production, transportation and distribution and improve our operating efficiencies.

Players such as Ramco, Shree Cement, Heidelberg Cement have diversified into new regions / states. This has largely offset the impact of consolidation and has adversely impacted the pricing power of players in high demand scenario. Also, inflow of cement volumes from other regions pressurizes price due to ample supply available (Source: CRISIL Report)

Employees

We had a total of 2,931 full-time employees as of June 30, 2021. In addition to full-time employees, we also employ contract labour in our manufacturing facilities, in compliance with the Contract Labour (Regulations & Abolition) Act, 1970. As of June 30, 2021, we had employed 4,298 contract labourers.

The following table sets forth a breakdown of our employees by function as of June 30, 2021:

Particulars	Number of employees
Corporate office	95
Cement business	1,431
Rayon and transparent paper business*	1,405
Total	2,931

*Employed by our Subsidiary

We offer our employees comprehensive on-going training in order to raise their competence and capability. This training is tailored to our evolving business environment and corporate needs with the objective of improving customer services. We have also implemented a performance appraisal system which allows the performance of our employees to be assessed through an objective and transparent process.

We also offer retirement plans for managerial staff, and certain Government welfare schemes for non- managerial employees.

Corporate Social Responsibility

Our Company has formulated a Corporate Social Responsibility (“CSR”) policy in accordance with the requirements of the Companies Act 2013 and the rules thereunder. Our Board of Directors have also constituted a Corporate Social Responsibility Committee. Our CSR activities focus on social welfare, education, healthcare, women empowerment amongst other things.

Insurance

Our operations are subject to various risks inherent to the manufacturing industry. Accordingly, we have obtained standard fire and special perils policy, industrial all risk policy for both of our cement plants. We have also obtained a burglary and housebreaking policy, marine policy, fidelity guarantee and money insurance policy for certain plants. We have also obtained group personal accidental policy and group health insurance policy for our employees, a directors and officers liability insurance policy and a public liability insurance policy. These insurance policies are reviewed periodically to ensure that the coverage is adequate. We believe that our insurance arrangements are consistent with industry standards for cement manufacturers in India. Our policies are subject to standard limitations.

Intellectual Property Rights

We believe that the trademark which is of material importance and significance to our business is “Birla Shakti” and “Birla Shakti Cement Shakti+”.

We currently own a number of trademarks, together with related logos and appropriate suffixes in relation to our cement businesses to denote certain products, in India under the Trademarks Act, 1999, and in various other jurisdictions, which include the *Birla Shakti*, *Birla Shakti Cement Shakti+*, *K Kesoram*, *Kesoram Rayon*, *Kesophane* marks under classes 19, 16 and 23.

Properties

We own the premises of our registered and corporate office located at 9/1, R. N. Mukherjee Road, Kolkata – 700 001. As of June 30, 2021, we had 26 branch offices located across the states of Telangana, Maharashtra, Karnataka, Tamil Nadu, Madhya Pradesh and Goa and the premises of most of our branches have been taken on a lease or leave and license basis.

Our manufacturing facilities, Basantnagar Plant and Sedam Plant are held on freehold basis.

OUR MANAGEMENT AND ORGANISATIONAL STRUCTURE

Board of Directors

The general supervision, direction and management of our Company, its operations and business are vested in the Board, which exercises its power subject to the Memorandum of Association and Articles of Association of our Company and the requirements of the applicable laws. In terms of Companies Act, 2013, read with Articles of Association of our Company, the minimum number of Directors in our Company shall be not be less than three, while unless otherwise determined by a special resolution of our shareholders, the maximum number of Directors shall be 15.

The composition of the Board and the various committees of the Board are in conformity with the Companies Act, 2013 and the SEBI Listing Regulations, as applicable. As on the date of this Letter of Offer, our Company has 8 (eight) Directors. Out of the 8 (eight) Directors, one Director is Whole-time Director and 7 (seven) Directors are Non-Executive Directors, which include 5 (five) Independent Directors (including two women Directors), an additional Non-Executive Director and our Non-Executive Director and Chairman. As per the terms of the NCD Debenture Trust Deed and OCD Debenture Trust Deed, Vistra ITCL (India) Limited, the debenture trustee, has a right to nominate a director on the board of our Company and such nominee director will also be a member of the Fund Raising Committee, once nominated.

The following table sets forth details regarding the Board as on the date of this Letter of Offer:

Name, DIN, designation, date of birth, address, term, period of directorship, occupation	Age	Other directorships
Manjushree Khaitan DIN: 00055898 Designation: Non-Executive Director and Chairman Date of birth: December 24, 1955 Address: 18, Gurusaday Road, Ballygunge, Kolkata, West Bengal -700 019 Current term: Liable to retire by rotation Period of directorship: Since October 30, 1998 Occupation: Industrialist	65	<ul style="list-style-type: none"> • Arbela Trading and Services Private Limited; • Birla Tyre Radials Limited • Birla Tyres Limited • Manjushree Plantations Limited; • Usinara Trading and Services Private Limited; and • Zenith Distributors & Agents Limited.
Radhakrishnan Padmalochanan DIN: 08284551 Designation: Whole-time Director and Chief Executive Officer Date of birth: February 4, 1968 Address: 1 st Floor, 55 Lake Place, Kolkata, West Bengal –700 029 Current term: Three years with effect from August 8, 2019 (not liable to retire by rotation) Period of directorship: Since August 8, 2019 Occupation: Service	53	Nil

Name, DIN, designation, date of birth, address, term, period of directorship, occupation	Age	Other directorships
Kashi Prasad Khandelwal DIN: 00748523 Designation: Independent Director Date of birth: March 4, 1951 Address: Parijaat, Flat No. 91, 9th Floor, 24A, Shakespeare Sarani, Crossing of Camac Street and Shakespeare Sarani, Circus Avenue, Kolkata, West Bengal 700 017 Current term: From July 26, 2019 for a term of five years till the conclusion of the AGM held in calendar year 2024 Period of directorship: Since April 10, 2012 Occupation: Professional	70	<ul style="list-style-type: none"> • Birla Tyres Limited; • Cygnet Industries Limited; • GPT Infraprojects Limited; and • LIC Housing Finance Limited
Lee Seow Chuan DIN: 02696217 Designation: Independent Director Date of birth: October 5, 1948 Address: 59 Lenton Walk, Singapore 788822. Current term: From September 29, 2020 for a term of five years till the conclusion of the AGM held in the calendar year 2025 Period of directorship: Since August 8, 2014 Occupation: Retired	72	Nil
Sudip Banerjee DIN: 05245757 Designation: Independent Director Date of birth: February 1, 1960 Address: Villa No. 255, Phase-1, Palm Meadows Airport, Whitefield Road, Bangalore, Karnataka 560 066. Current term: From July 26, 2019 for a term of five years till the conclusion of the AGM in calendar year 2024 Period of directorship: Since April 29, 2014	61	<ul style="list-style-type: none"> • IFB Industries Ltd; • L&T Technology Services Limited; and • Larsen & Toubro Infotech Limited.

Name, DIN, designation, date of birth, address, term, period of directorship, occupation	Age	Other directorships
Occupation: Consultant		
<p>Jikyeong Kang</p> <p>DIN: 08045661</p> <p>Designation: Independent Director</p> <p>Date of birth: October 22, 1961</p> <p>Address: Asian Institute of Management, Paseo De Roxas, 1226 Makati City, Philippines</p> <p>Current term: From July 13, 2018 for a term of five years till the conclusion of the AGM to be held in calendar year 2023</p> <p>Period of directorship: Since January 10, 2018</p> <p>Occupation: Service</p>	59	Nil
<p>Mangala Radhakrishna Prabhu</p> <p>DIN: 06450659</p> <p>Designation: Independent Director</p> <p>Date of birth: April 15, 1955</p> <p>Address: 04, 2nd Floor, Plot-768, Krishna Niwas, Dr. Ghanti Road, Parsi Colony, Dadar (East), Mumbai – 400014</p> <p>Current term: From May 14, 2021 for a term of five years till the conclusion of the AGM to be held in calendar year 2026</p> <p>Period of directorship: Since May 14, 2021</p> <p>Occupation: Retired Banker</p>	66	<ul style="list-style-type: none"> • Agriwise Finserv Limited; • Anand Housing Finance Private Limited; • Aspira Pathlab & Diagnostics Limited; • Bharat Oman Refineries Limited; • Fort Finance Limited • Ladderup Corporate Advisory Private Limited; • Ladderup Finance Limited; • Siyaram Silk Mills Limited; • Star Agriinfrastructure Private Limited; • Star Agriwarehousing and Collateral Management Limited; and • Upwards Capital Private Limited.
<p>Satish Narain Jajoo</p> <p>DIN: 07524333</p> <p>Designation: Additional Non-Executive Director</p> <p>Date of birth: June 30, 1959</p> <p>Address: B/2301, DB Woods, Gokuldharm Krishna Vatika Marg, Goregaon (East), Mumbai 400063</p> <p>Current term: From August 12, 2021 till the conclusion of the AGM to be held in the calendar year 2022 (liable to retire by rotation)</p> <p>Period of directorship: Since August 12, 2021</p>	62	Nil

Name, DIN, designation, date of birth, address, term, period of directorship, occupation	Age	Other directorships
Occupation: Professional		

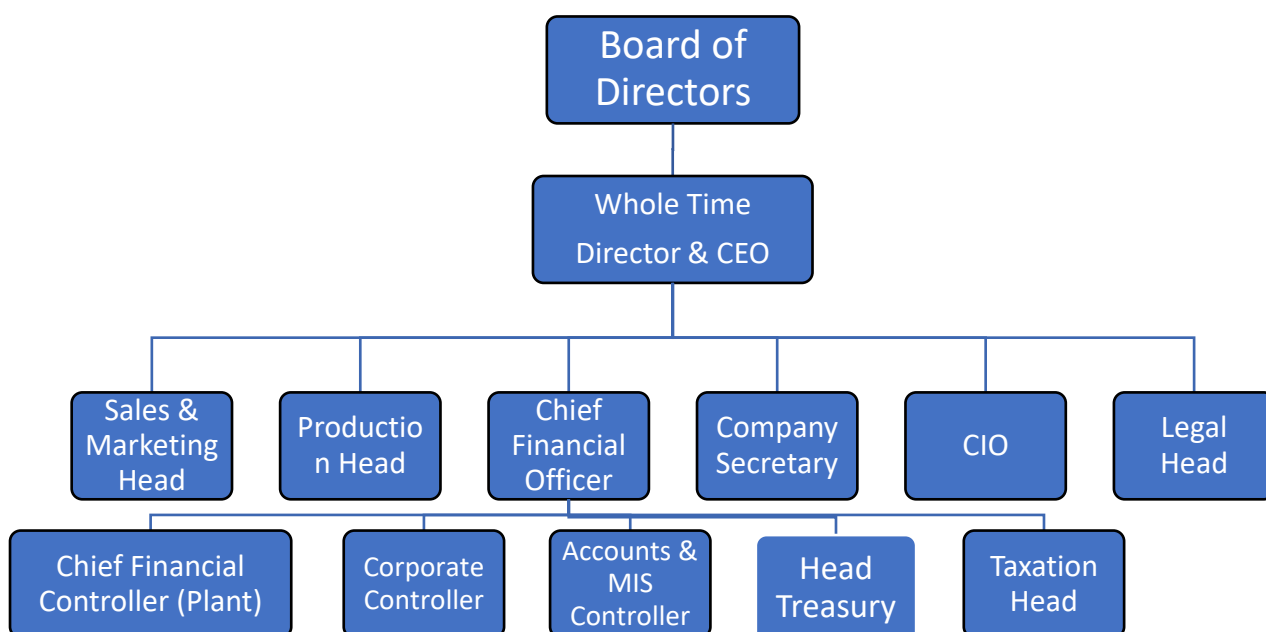
Confirmations

- None of our Directors is or was a director of any listed company during the last five years immediately preceding the date of filing of this Letter of Offer, whose shares have been or were suspended from being traded on any stock exchanges, during the term of their directorship in such company.
- Except as disclosed below, none of our Directors is or was a director of any listed company which has been or was delisted from the stock exchanges, during the term of their directorship in such company, in the last 10 years immediately preceding the date of filing of this Letter of Offer:

Name of Director	Name of the company	Name of the stock exchange on which the company was listed	Date of delisting on stock exchange	Whether the delisting was compulsory or voluntary delisting	Reasons for delisting	Whether the company has been relisted	Term of Directorship
Manjushree Khaitan	Manjushree Plantations Limited	Madras Stock Exchange	November 30, 2014	Voluntary	Closure of Madras Stock Exchange	No	Since June 30, 1992*

*She continues to be a director as on the date of this Letter of Offer.

Management organisation chart



Details of key management personnel and senior management personnel

S. No	Name	Designation	Date of joining our Company
Key managerial personnel and senior management personnel			
1.	Raghuram Nath	Company Secretary and Compliance Officer	June 2, 2021
2.	Radhakrishnan Padmalochanan	Whole-time Director and Chief Executive Officer	January 22, 2014
3.	Suresh Kumar Sharma	Chief Financial Officer	January 1, 1993

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Sr. No.	Particulars	Page Nos.
1.	Annual Audited Financial Statements as at the end of and for Fiscal 2021 with the previous year column of Fiscal 2020	111 - 175

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INDEPENDENT AUDITOR'S REPORT

To The Members of **KESORAM INDUSTRIES LIMITED**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **KESORAM INDUSTRIES LIMITED** ("the Parent") and its subsidiaries, (the Parent and its subsidiary together referred to as "the Group") and the Group's share of loss in its joint venture, which comprise the Consolidated Balance Sheet as at 31st March 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiary and joint venture referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2021, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associates and joint ventures in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the sub-paragraphs (a) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No	Key Audit Matter	Auditor's Response
1	<p>Recoverability of deferred tax assets (DTA) recognized on carry forward tax losses, unabsorbed depreciation and provision for loans and advances (Recognised in the books of the Parent)</p> <p>The Parent has recognised R 261.62 Crores as DTA, as at 31st March, 2021, relating to carry forward tax losses, unabsorbed depreciation and provision for loans and advances.</p> <p>The Parent exercises significant judgement in assessing the recoverability of DTA relating to these items. In estimating the recoverability of DTA, management uses inputs such as internal business and tax projections over a 11 year period.</p> <p>Recoverability of DTA on carry forward tax losses, unabsorbed depreciation and provision for loans and advances is sensitive to the assumptions used by management in projecting the future taxable income, the reversal of deferred tax liabilities which can be scheduled, and tax planning strategies.</p> <p>Refer note 2.16 "Taxes on Income" for accounting policies, note 2.23 in "Use of estimates & critical accounting judgements" related to taxes, note 18 "Deferred Tax Assets/ Liabilities" and Note 30 "Income tax expenses" for disclosures related to taxes of the Consolidated Financial Statements.</p>	<p>Principal audit procedures performed</p> <ul style="list-style-type: none"> • We obtained an understanding of controls performed by the management to assess the recoverability of the DTA relating to carry forward tax losses, unabsorbed depreciation and provision for loans and advances. • We evaluated Design and Operating Effectiveness of the management controls over the process for determining the recoverability of the DTA relating to carry forward tax losses, unabsorbed depreciation and provision for loans and advances which included amongst others controls over the assumptions and judgments used in the projections of future taxable income. • To assess the Parent's ability to estimate future taxable income, we compared the Parent's previous forecasts to actual results. • We involved our tax professionals with specialized skills and knowledge to assist in evaluating taxation related matters including the Parent's tax planning strategies and interpretation of tax laws. • We performed a sensitivity analysis over the key assumptions to assess their impact on the Parent's determination that the DTA relating to carry-forwards tax losses, unabsorbed depreciation and provision for loans and advances. • We evaluated the adequacy of disclosures in the financial statements related to deferred tax in notes 2.16, 2.23, 18 and 30 respectively of the consolidated financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Report of Directors and the following Annexures thereto, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiary and joint venture audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the

work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiary and joint venture, is traced from their financial statements audited by the other auditors.

- If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard,

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements

that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its Joint venture in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its Joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its Joint venture and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint venture are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its joint venture are also responsible for overseeing the financial reporting process of the Group and of its joint venture.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group and its joint venture to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements

of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- a) We did not audit the financial statements of 1 (one) subsidiary, whose financial statements reflect total assets of R 715.37 Crores as at 31st March, 2021, total revenues of R 243.80 Crores and net cash inflows amounting to R 96.81 Crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of R NIL for the year ended 31st March, 2021, as considered in the

consolidated financial statements, in respect of 1 (one) joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary and joint venture, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and joint venture is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiary and joint venture, referred to in the Other Matters section above we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Parent as on 31st March, 2021 taken on record by the Board of Directors of the Company and the reports of the statutory

auditors of its subsidiary company and joint venture company incorporated in India, none of the directors of the Group companies, its joint venture company incorporated in India is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent, subsidiary company and joint venture company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, and its joint ventures.
- ii) The Group and its joint venture did not have any material foreseeable losses on long-term contracts including derivative contracts.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary company and joint venture company incorporated in India.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 302009E)

Abhijit Bandyopadhyay
Partner
Membership No. 054785
UDIN: 21054785AAAACJ3810

Place: Kolkata
Date: 14th May, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the Act)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2021, we have audited the internal financial controls over financial reporting of **KESORAM INDUSTRIES LIMITED** (hereinafter referred to as "the Parent") and its subsidiary company, which includes internal financial controls over financial reporting of the Company's and its joint venture, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary company and its joint venture, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary company and its joint venture, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such

controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary company and joint venture, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary company and its joint venture, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility

of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the branch auditors and other auditors referred to in the Other Matters paragraph below, the Parent, its subsidiary company and its joint venture, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls

system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2021, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 1(one) subsidiary company and 1(one) joint venture, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

(Firm's Registration No. 302009E)

Abhijit Bandyopadhyay

Partner

Membership No. 054785

UDIN: 21054785AAAACJ3810

Place: Kolkata

Date: 14th May, 2021

Consolidated Balance Sheet as at 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

Particulars	Notes	31 st March, 2021	31 st March, 2020
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3	2,045.07	2,139.03
(b) Right of use Assets	3A	33.98	27.65
(c) Capital work-in-progress		32.81	31.10
(d) Other intangible assets	4	1.69	0.10
(e) Equity accounted investments	5	-	-
(f) Financial assets			
(i) Investments	6	77.42	69.51
(ii) Loans	7	-	406.39
(iii) Other financial assets	8	7.59	12.41
(g) Income tax asset (net)		7.05	8.34
(h) Deferred tax assets (net)	18	261.62	
(i) Other non-current assets	9	5.54	5.81
Total non-current assets		2,472.77	2700.34
(2) Current assets			
(a) Inventories	10	137.21	162.22
(b) Financial assets			
(i) Trade receivables	11	304.93	196.86
(ii) Cash and cash equivalents	12	97.45	9.65
(iii) Other bank balances	13	14.49	6.54
(iv) Loans	7	129.40	46.67
(v) Other financial assets	8	23.91	21.21
(c) Other current assets	9	95.58	68.30
Total current assets		802.97	511.45
Total assets		3,275.74	3,211.79
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	14 (a)	164.81	142.59
(b) Other equity	14 (b)	32.67	(239.84)
Total equity		197.48	(97.25)
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	1,941.07	1,414.13
(ii) Lease Liability		5.72	11.93
(iii) Other financial liabilities	16	74.27	73.57
(b) Provisions	17	28.00	26.07
(c) Other Non-current liabilities	19	0.37	1.36
Total non-current liabilities		2,049.43	1,527.06
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	15.30	628.48
(ii) Lease Liability		11.99	11.31
(iii) Trade payables	20		
Total outstanding dues of micro enterprises and small enterprises		26.12	8.45
Total outstanding dues of creditors other than micro enterprises and small enterprises		590.31	614.70
(iv) Other financial liabilities	16	119.57	251.77
(b) Provisions	17	44.82	51.62
(c) Income tax liabilities (net)		0.20	44.71
(d) Other current liabilities	19	220.52	170.94
Total current liabilities		1,028.83	1,781.98
Total liabilities		3,078.26	3,309.04
Total equity and liabilities		3,275.74	3,211.79
Notes forming part of the Financial Statements	1 - 43		

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.302009E)

Abhijit Bandyopadhyay
Partner

Place: Kolkata
Date: 14th May, 2021

Suresh Sharma
Chief Financial Officer

Akash Ghuwalewala
Company Secretary

For and on behalf of the Board

Manjushree Khaitan
Chairman

P. Radhakrishnan
Whole-time Director & CEO

Consolidated Statement of Profit and Loss for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

Particulars	Notes	2020-2021	2019-2020
I Revenue from operations	21	2,652.77	2,645.64
II Other income	22	72.16	40.34
III Total Income (I+II)		2,724.93	2,685.98
IV Expenses:			
(a) Cost of materials consumed	23	325.49	369.16
(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	33.38	(1.92)
(c) Employee benefit expense	25	215.55	219.55
(d) Depreciation and amortisation expense	26	117.96	112.61
(e) Finance costs	27	275.80	343.63
(f) Other expenses	28	1,702.81	1,830.48
Total Expenses		2,670.99	2,873.51
V Profit/(Loss) before exceptional items and tax (III-IV)		53.94	(187.53)
VI Exceptional Items	29	(220.88)	-
VII Loss before tax (V+VI)		(166.94)	(187.53)
VIII Tax expense:	30		-
(1) Current tax charge / (credit) (in respect of earlier year)		(43.87)	-
(2) Deferred tax charge / (credit)		(263.18)	-
IX Profit/(Loss) for the year (VII-VIII)		140.11	(187.53)
X Other Comprehensive Income- Items that will not be reclassified to Profit or Loss (net)			
Remeasurement of post-employment benefit plans		2.28	(7.93)
Fair value changes of investments in equity shares		7.90	(8.09)
Total other comprehensive income/(loss)		10.18	(16.02)
XI Total comprehensive income/(loss) for the year (IX+X)		150.29	(203.55)
XII Earnings per share	31		
Basic (H)		9.73	(13.15)
Diluted (H)		9.73	(13.15)
XIII Notes forming part of the Financial Statements	1 - 43		

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.302009E)

Abhijit Bandyopadhyay
Partner

Place: Kolkata
Date: 14th May, 2021

Suresh Sharma
Chief Financial Officer

Akash Ghuwalewala
Company Secretary

For and on behalf of the Board

Manjushree Khaitan
Chairman

P. Radhakrishnan
Whole-time Director & CEO

Consolidated Statement of Cash Flows for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

Particulars	Year ended 31-Mar-21	Year ended 31-Mar-20
A. Cash Flow From Operating Activities		
Net Profit/(Loss) before tax	(166.94)	(187.53)
Adjustments for:		
Depreciation and amortisation	117.96	112.61
Advance/deposits written off	-	0.11
Provision for bad and doubtful debts (written back)	3.02	5.89
Provision for Warranty	4.05	-
Provision for doubtful advances	-	0.09
Finance costs	275.80	343.63
Exchange loss/(gain) on foreign currency fluctuation	(0.00)	(0.04)
Exceptional Items	220.88	-
Loss on sale of property, plant and equipment (Net)	(0.27)	0.67
Liabilities/Provision no longer required written back	(4.75)	(2.84)
Interest income	(55.04)	(31.35)
Dividend income from long term investment (other than trade)	(0.02)	(0.02)
Operating profit/(loss) before working capital changes	394.69	241.22
Changes in Working Capital:		
Increase / (decrease) in Non Current /Current financial and other liabilities/ provisions	(13.62)	242.00
(Increase) / decrease in Non Current /Current financial and other assets	(143.82)	214.39
(Increase) / decrease in inventories	20.95	41.10
Cash Generated from Operations	258.20	738.71
Direct Taxes paid (net of refunds)	0.65	47.96
Net cash generated from operating activities	258.85	786.67
B. Cash flow from Investing Activities:		
Purchase of property, plant and equipment/Capital Advance given	(27.86)	(33.68)
Proceeds from sale of property, plant and equipment	1.65	0.59
Loan to body corporate	(126.56)	(604.25)
Repayment of Loan by body corporate	0.27	180.90
Proceeds from sale of Non Current investments	-	3.99
Interest received	6.06	9.72
Deposit made with bank	(3.99)	(2.73)
Dividend income from long term investment (other than trade)	0.02	0.02
Net cash used in investing activities	(150.41)	(445.44)
C. Cash flow from Financing Activities		
Finance cost paid	(483.50)	(300.39)
Payment of Lease obligations	(14.44)	(7.76)
Proceeds from		
- Long term borrowings	2,240.81	80.00
- Short term borrowings	268.97	970.81
Repayment of		
- Long term borrowings	(1,307.74)	(144.53)
- Short term borrowings	(503.46)	(816.23)
Net cash (used in)/generated from financing activities	200.64	(218.10)

Consolidated Statement of Cash Flows for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

Particulars	Year ended 31-Mar-21	Year ended 31-Mar-20
Net decrease in cash and cash equivalents	309.08	123.13
Add: Adjustment on account of loan settlement through issue of Equity Shares & OCRPS	66.30	-
Cash and cash equivalents at the beginning of the year	9.65	18.57
Less: Cash credits at the beginning of the year- Continuing Operations	(299.32)	(635.64)
Less: Cash credits at the beginning of the year- Discontinued Operations	-	204.28
Adjusted cash & cash equivalents at the beginning of the year	(223.37)	(412.79)
Adjusted cash & cash equivalents at the end of the year	85.71	(289.67)
Cash and Cash Equivalents comprise:		
Cash on hand	0.03	0.10
Balances with banks on current account	73.49	9.55
Deposit with original maturity less than three months	23.93	-
Cash credits at the end of the year	(11.74)	(299.32)
	85.71	(289.67)

Notes:

- The above cash flow statement has been prepared under the Indirect Method as set out in Ind AS - 7 "Statement of Cash Flows".
- Disclosure for non-cash transactions

Particulars	Year ended 31-Mar-21	Year ended 31-Mar-20
Issue of Equity shares for settlement of loan	144.44	-
Issue of Optionally Convertible Redeemable Preference Shares for settlement of loan (recognised at fair value of R 74.07 crores)	448.97	-
Total	593.41	-

- During the current year the Parent Company has settled all its bank loans and also extinguished the guaranteed loans through issuance of equity shares, optionally convertible redeemable preference shares and upfront cash payment. Refer Note 29 (a) for details.
- The Parent Company has repaid its loans out of the proceeds from the issuance of 16,035, Non-convertible Debentures of R 10,00,000 each aggregating to R 1,603.50 crores and 4,599 Optionally Convertible Debentures of R 10,00,000 each aggregating to R 459.90 crores during the year.
- The accompanying notes are an integral part of the Financial Statements.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.302009E)

Abhijit Bandyopadhyay
Partner

Place: Kolkata
Date: 14th May, 2021

Suresh Sharma
Chief Financial Officer

Akash Ghuwalewala
Company Secretary

For and on behalf of the Board

Manjushree Khaitan
Chairman

P. Radhakrishnan
Whole-time Director & CEO

Consolidated Statement of Changes in Equity for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

A. Equity share capital

Particulars	Notes	Amount
As at 1 st April, 2019		142.59
Changes during the year	14 (a)	-
As at 31st March, 2020		142.59
Changes during the year	14 (a)	22.22
As at 31st March, 2021		164.81

B. Other equity

Particulars	Notes	Securities Premium	Capital reserve - Development grant / subsidy	Capital reserve - amalgamation reserve	Capital reserve - business combination	Capital Redemption Reserve	General reserve	Others	Retained earnings	FVOCI - equity instruments^^	Total other equity
Balance at 1st April, 2020		801.27	0.15	2.91	41.51	3.59	224.00	7.31	(1,368.77)	48.19	(239.84)
Profit/(Loss) for the year		-	-	-	-	-	-	-	140.11	-	140.11
Other comprehensive income/(expense) [net of tax]		-	-	-	-	-	-	-	2.28	7.90	10.18
Total comprehensive income for the year		-	-	-	-	-	-	-	142.39	7.90	150.29
Issue of equity shares	14 (b)	122.22	-	-	-	-	-	-	-	-	122.22
Balance as at 31st March, 2021		923.49	0.15	2.91	41.51	3.59	224.00	7.31	(1,226.38)	56.09	32.67

Consolidated Statement of Changes in Equity for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

Particulars	Notes	Securities Premium	Capital reserve - Development grant / subsidy	Capital reserve - amalgamation reserve	Capital reserve - business combination	Capital Redemption Reserve	General reserve	Others	Retained earnings	FVOCI - equity instruments^^	Total other equity
Balance at 1st April, 2019		801.27	0.40	2.91	41.51	3.59	224.00	7.31	(1,167.60)	56.28	(30.33)
Profit/(Loss) for the year		-	-	-	-	-	-	-	(187.53)	-	(187.53)
Other comprehensive income/(expense) [net of tax]		-	-	-	-	-	-	-	(7.93)	(8.09)	(16.02)
Total comprehensive income for the year		-	-	-	-	-	-	-	(195.46)	(8.09)	(203.55)
Issue of equity shares and warrants		-	-	-	-	-	-	-	-	-	-
Transfer pursuant to scheme of arrangement		-	-	-	-	-	-	-	(81.76)	-	(81.76)
Transfer of losses pursuant to scheme of arrangement		-	-	-	-	-	-	-	75.80	-	75.80
Transfer in equity	14 (b)	-	(0.25)	-	-	-	-	-	0.25	-	-
Balance at 31st March, 2020		801.27	0.15	2.91	41.51	3.59	224.00	7.31	(1,368.77)	48.19	(239.84)

^^ represents gain on sale of shares transferred from Fair value through other comprehensive income (FVOCI) - equity instruments to retained earnings.

The accompanying notes are an integral part of the Financial Statements.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.302009E)

Abhijit Bandyopadhyay
Partner

Place: Kolkata
Date: 14th May, 2021

For and on behalf of the Board

Suresh Sharma
Chief Financial Officer

Akash Ghuwalewala
Company Secretary

Manjushree Khaitan
Chairman

P. Radhakrishnan
Whole-time Director & CEO

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

1. Group Information

The Consolidated financial statements comprises of the financial statements of Kesoram Industries Limited (the Holding Company) its joint venture and its subsidiary (collectively referred to as 'the Group'). The Consolidated Financial Statements have been prepared in accordance with the Indian Accounting Standard (Ind AS) 110 "Consolidated Financial Statements".

The consolidated financial statements as at 31st March 2021 present the financial position of the Group.

The consolidated financial statements for the year ended 31st March 2021 were approved by the Board of Directors and authorised for issue on 14th May 2021.

2. Summary of significant accounting policies

2.1 Basis of preparation

(i) Compliance with Ind AS

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013. The consolidated financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013. The Group adopted Ind AS from 1st April 2017.

Up to the year ended 31st March 2017, the Group prepared its consolidated financial statements in accordance with the requirements of previous Generally Accepted Accounting Principles (GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. The date of transition to Ind AS is 1st April 2016.

(ii) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention with the exception of certain assets and liabilities that are required to be carried at fair values by Ind AS.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and entity controlled by the Group i.e. its subsidiary. It also includes the Group's share of profits, net assets and retained post acquisition reserves of joint arrangement that are consolidated using the equity method of consolidation, as applicable.

Control is achieved when the Group is exposed to, or has rights to the variable returns of the entity and the ability to affect those returns through its power over the entity.

The results of subsidiary and joint arrangement acquired or disposed off during the year are included in the consolidated statement of profit and loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Wherever necessary, adjustments are made to the financial statements of subsidiaries and joint arrangements to bring their accounting policies in line with those used by other members of the Group.

Intra-group transactions, balances, income and expenses are eliminated on consolidation.

2.3 Business combinations

Acquisition of subsidiaries and businesses are accounted for using the purchase method. The consideration transferred in each business combination is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree.

Acquisition related costs are recognised in the consolidated statement of profit and loss.

Goodwill arising on acquisition is recognised as an asset and measured at cost, being the excess of the consideration transferred in the business combination over the Group's interest in the net fair value of the identifiable assets acquired, liabilities assumed and contingent liabilities recognised. Where the fair value of the identifiable assets and liabilities exceed the cost of acquisition, after re-assessing the fair values of the net assets and contingent liabilities, the excess is recognised as capital reserve on consolidation.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

Once control has been achieved, any subsequent acquisitions where the Group does not originally hold hundred percent interest in a subsidiary are treated as an acquisition of shares from non-controlling shareholders. The identifiable net assets are not subject to further fair value adjustments and the difference between the cost of acquisition of the non-controlling interest and the net book value of the additional proportion acquired is adjusted in equity. The amount of non-controlling interests in the acquiree is measured either at the non-controlling interests proportion of the net fair value of the assets, liabilities and contingent liabilities recognised or at fair value.

Business combinations arising from transfers of interests in entities that are under the common control are accounted for using the pooling of interest method. The difference between any consideration transferred and the aggregate historical carrying values of assets and liabilities of the acquired entity are recognised in shareholder's equity.

When a transaction or other event does not meet the definition of a business combination due to the asset or group of assets not meeting the definition of a business, it is termed an 'asset acquisition'. In such circumstances, the acquirer:

- identifies and recognises the individual identifiable assets acquired
- allocates the cost of the group of assets and liabilities to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase.

Such a transaction or event does not give rise to goodwill or a gain on a bargain purchase.

2.4 Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the consideration transferred in the business combination over the Group's interest in the net fair value of the identifiable assets acquired, liabilities assumed and contingent liabilities recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit's value may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying value of the unit, the impairment loss is allocated first to reduce the carrying value of any goodwill allocated to the unit and then to the other assets of the unit in proportion to the carrying value of each asset in the unit.

An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

2.5 Interest in joint arrangements

A joint arrangement is a contractual arrangement whereby the Group and other parties undertake an economic activity where the strategic financial and operating policy decisions relating to the activities of the joint arrangement require the unanimous consent of the parties sharing control.

Joint arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as joint ventures. The Group reports its interests in joint ventures using the equity method of accounting whereby an interest in joint venture is initially recorded at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the joint venture. The consolidated statement of profit and loss reflects the Group's share of the results of operations of the joint venture.

2.6 Property, plant and equipment

- a) Property, plant and equipment 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) Subsequent expenditure related to an item of property, plant and equipment is added to its carrying amount only if it increases the future benefits from the existing assets beyond its previously assessed standard of performance.
- c) Capital work in progress is stated at cost, [including borrowing cost, where applicable and adjustment for exchange difference referred to in Note 2.18 below] incurred during construction/installation period relating to items or projects in progress.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

- d) Losses arising from the retirement of and gains or losses arising from disposal of property, plant and equipment which are carried at cost are recognised in the Statement of profit and loss.
- e) Depreciation methods, estimated useful lives and residual value
Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Class of assets	Estimated useful life (in years)
Buildings	3-60 Years
Plant and Equipment	1-40 Years
Furniture and Fixtures	1-16 Years
Office Equipment	1-20 Years
Vehicles	8-10 Years
Railway Siding	15 Years

2.7 Intangible assets

Intangible property, plant and equipment are capitalised where it is expected to provide future enduring economic benefits and amortised on a straight line basis. 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.

Class of assets	Estimated useful life (in years)
Software	3 Years

2.8 Impairment

Property, plant and equipment and intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.9 Lease

Effective April 1st, 2019, the Group had adopted Ind AS 116 – Leases using the modified retrospective method. Under modified retrospective approach, the Group had recorded lease liability at the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognised under Ind AS 17. The weighted average incremental borrowing rate for leases initially recognised upon the first-time application of Ind AS 116 was 13.21%. The Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics. The adoption of Ind AS 116 did not had any material impact on Statement of Profit and Loss and earnings per share in the previous year.

The Group, as a lessee, recognises a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Group has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For short-term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

over the lease term. When the lease liability is remeasured due to change in contract terms, a corresponding change is made to the carrying amount of right-of-use asset, or is recorded in the profit and loss account if the carrying amount of right-of-use asset is reduced to zero.

As a lessor:

In respect of assets given on operating lease, the lease rental income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. There is no change in accounting as a lessor due to adoption of Ind AS 116 Leases.

2.10 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 Group. 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.

2.11 Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

(a) Financial assets

(i) 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. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(ii) Other bank balances

Other bank balances include deposits with maturity less than twelve months but greater than three months and balances and deposits with banks that are restricted for withdrawal and usage.

(iii) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iv) Financial assets measured at fair value

Financial assets are measured at 'Fair value through other comprehensive income' (FVOCI) if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group in respect of equity investments (other than in subsidiaries, associates and joint ventures) which are not held for trading has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Group on an instrument by instrument basis at the time of initial recognition of such equity investments.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at 'Fair value through the statement of profit and loss' (FVPL).

(v) **Impairment of financial assets**

The Group assesses on a forward looking basis the 'Expected credit losses' (ECL) associated with its assets carried at amortised cost and FVOCI debt instruments. The Group recognises loss allowance for expected credit losses on financial asset.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(vi) **De-recognition of financial assets**

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(b) **Financial liabilities and equity instruments**

(i) **Classification as debt or equity**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

(ii) **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

(iii) **Financial Liabilities**

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'finance cost' line item (note 27) in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are recognised in retained earnings.

(iv) Financial liabilities at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant.

Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

(v) De-recognition of financial liabilities

The Group de-recognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

(vi) Derivative financial instruments

In the ordinary course of business, the Group uses certain derivative financial instruments to reduce business risks which arise from its exposure to foreign exchange and interest rate fluctuations. The instruments are confined principally to forward foreign exchange contracts

Derivatives are initially accounted for and measured at fair value from the date the derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

(vii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.12 Employee Benefits

(a) Defined contribution plans

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

(b) Defined benefit plans

For defined benefit retirement schemes the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuation being carried out at each balance sheet date. Re-measurement gains

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

and losses of the net defined benefit liability/ (asset) are recognised immediately in other comprehensive income. The service cost and net interest on the net defined benefit liability/ (asset) is treated as a net expense within employment costs.

Past service cost is recognised as an expense when the plan amendment or curtailment occurs or when any related restructuring costs or termination benefits are recognised, whichever is earlier.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined-benefit obligation as reduced by the fair value plan assets.

(c) **Compensated absences**

Accumulated compensated absences which are expected to be availed or encashed within twelve 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 twelve months from the year end are treated as other long term employee benefits. The Group'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.

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

(d) **Ind AS 19 – Plan Amendment, Curtailment or Settlement:**

The amendment require an entity to use updated assumptions to determine current service costs and net interest for the remainder of the period after a plan amendment, curtailment or settlement, and to recognize in the Statement of Profit and Loss as part of past service cost, or gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling. The adoption of the standard did not have any material impact to the financial statements.

2.13 Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

2.14 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 present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(i) **Provision for restoration and environmental costs**

An obligation for restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing extraction from mines. Costs arising from restoration at closure of the mines and other site preparation work are provided for based on their discounted net present value, with a corresponding amount being capitalised at the start of each project. The amount provided for is recognised, as soon as the obligation to incur such costs arises. These costs are charged to the Statement of Profit and Loss over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The cost are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate. The unwinding of the discount is shown as a finance cost in the Statement of Profit and Loss.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(ii) Provision for warranty

The estimated liability for warranty is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of obligations and management estimates regarding possible future incidence based on corrective actions on product failure. The timing of outflows will vary as and when the obligation will arise - being typically up to five years.

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 Group 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.

2.15 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

2.16 Taxes on Income

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognised for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

2.17 Revenue Recognition

Revenue shall be recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

(a) Sales of goods

Revenue from contract with customers is recognised when the Company satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations may be satisfied at a point of time or over a period of time. Performance obligations satisfied over a period of time are recognised as per the term of relevant contractual agreements / arrangements. Performance obligations are said to be satisfied at a point of time when the customer obtains controls of the asset.

Revenue is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due, which are otherwise recorded as contract assets.

(b) Interest income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable.

(c) Dividend income

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established.

(d) Rental income

Rental income from investment properties and subletting of properties is recognised on a time proportion basis over the term of the relevant leases.

(e) Unfulfilled performance obligations

The Group provides certain benefits to customers for purchasing products from the Group. These provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide such benefits to the customer is a separate performance obligation. The transaction price is allocated to the product and the benefit to be provided on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of the on the basis of providing cost of such benefits. These estimates are established using historical information on the nature, frequency and average cost of obligations and management estimates regarding possible future incidence. To the extent these benefits are not settled/ disbursed till the end of a reporting period these are recorded.

A contract liability is recognised until the benefit is provided.

2.18 Borrowing Costs

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. 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. Premium in the form of fees paid on refinancing of loans are accounted for as an expense over the life of the loan using effective interest rate method. All other borrowing costs are recognised in the Statement of profit and loss in the period in which they are incurred.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

2.19 Foreign currency transactions and translations

(i) **Functional and presentation currency**

The consolidated financial statements of the Group are presented in Indian rupees (INR), which is the functional currency of the Group and the presentation currency for the consolidated financial statements.

(ii) **Transactions and balances**

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 arising out of fluctuations in the exchange rates are recognised in the statement of profit and loss in the period in which they arise.

2.20 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 and Capital Expenditure relating to Research and Development are included in property, plant and equipment.

2.21 Earnings per share

(i) **Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group
- by the weighted average number of equity shares outstanding during the financial year

(ii) **Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Directors has been identified as the chief operating decision maker. Refer note 38 for segment information presented. The company accounts for intersegment sales and transfers at cost.

2.23 Use of estimates and critical accounting judgements

In preparation of the consolidated financial statements, the Group makes judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Significant judgements and estimates relating to the carrying values of assets and liabilities include useful lives of property, plant and equipment and intangible assets, impairment of property, plant and equipment, intangible assets and investments, provision for employee benefits and other provisions, recoverability of deferred tax assets, commitments and contingencies, measurement of lease liability and Right to Use Asset.

2.24 Impact of the initial application of new and amended Ind ASs that are effective for the current year

In the current year, the Group has applied the below amendments to Ind ASs that are effective for an annual period that begins on or after 1st April 2020.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

Amendments to Ind AS 116 - Covid-19 Related Rent Concessions

The Group has adopted the amendments to Ind AS 116 for the first time in the current year. The amendments provide practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to Ind AS 116. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying Ind AS 116 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- (a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) Any reduction in lease payments affects only payments originally due on or before 30th June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30th June 2021 and increased lease payments that extend beyond 30th June 2021); and
- (c) There is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient retrospectively to all eligible rent concessions and has not restated prior period figures.

2.25 Recent Pronouncement

On March 24, 2021, the Ministry of Corporate Affairs (MCA) through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1st, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of consolidated financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

Note 3: Property, plant and equipment

(All amounts in Rupees crores, unless otherwise stated)

Particulars	GROSS BLOCK - AT COST						DEPRECIATION					NET BLOCK
	As at 1 st April 2020	Transfer Out pursuant to the scheme of arrangement	Additions during the Year	Transfer In	Deletion during the Year	As at 31 st March, 2021	Upto 1 st April 2020	Transfer Out pursuant to the scheme of arrangement	Provided during the Year	Deletion during the Year	Upto 31 st March, 2021	As at 31 st March, 2021
Land:												
- Freehold	745.14	-	-	-	-	745.14	-	-	-	-	-	745.14
Buildings	411.92	-	-	-	-	411.92	59.68	-	14.57	-	74.25	337.66
Plant and Equipments	1,345.35	-	6.57	-	3.64	1348.27	331.34	-	80.89	3.02	409.21	939.07
Furniture and Fixtures	9.65	-	0.02	-	0.02	9.64	4.01	-	0.94	0.01	4.94	4.70
Office Equipment	5.79	-	1.11	-	0.18	6.72	3.97	-	0.84	0.17	4.64	2.08
Vehicles	17.02	-	0.60	-	2.79	14.83	8.31	-	2.02	2.07	8.25	6.58
Railway Siding	17.47	-	-	-	-	17.47	6.10	-	1.63	-	7.73	9.74
Bearer plant	0.10	-	-	-	-	0.10	-	-	-	-	-	0.10
Total	2,552.44	-	8.30	-	6.63	2,554.09	413.41	-	100.89	5.27	509.02	2,045.07

Particulars	GROSS BLOCK - AT COST						DEPRECIATION					NET BLOCK
	As at 1 st April 2019	Transfer Out pursuant to the scheme of arrangement*	Additions during the Year	Transfer In**	Deletion during the Year	As at 31 st March, 2020	Upto 1 st April 2019	Transfer Out pursuant to the scheme of arrangement*	Provided during the Year	Deletion during the Year	Upto 31 st March, 2020	As at 31 st March, 2020
Land:												
- Freehold	998.24	256.65	-	3.55	-	745.14	-	-	-	-	-	745.14
- Leasehold [Refer Note (iii) below]	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	547.08	142.12	2.55	4.41	-	411.92	80.42	35.25	14.51	-	59.68	352.24
Plant and Equipments	1,589.34	257.86	15.68	-	1.81	1,345.35	323.95	74.63	82.99	0.97	331.34	1,014.01
Furniture and Fixtures	12.09	2.60	0.16	-	-	9.65	4.08	1.05	0.98	-	4.01	5.64
Office Equipment	8.12	2.58	0.32	-	0.07	5.79	4.92	1.80	0.91	0.06	3.97	1.82
Vehicles	19.25	1.35	-	-	0.88	17.02	7.12	0.71	2.37	0.47	8.31	8.71
Railway Siding	17.47	-	-	-	-	17.47	4.42	-	1.68	-	6.10	11.37
Bearer plant	0.10	-	-	-	-	0.10	-	-	-	-	-	0.10
Total	3,191.69	663.16	18.71	7.96	2.76	2,552.44	424.91	113.44	103.44	1.50	413.41	2,139.03

* Assets transferred pursuant to scheme of demerger between the Company and Birla Tyres Limited (Resulting Company). The scheme was approved by the Hon'ble National Company Law Tribunal ('NCLT') on 08 November, 2019 and became effective on December 04, 2019.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

(i) Refer note 15 for Property, plant and equipment pledged as security.

(ii) Contractual obligations

Refer to note 33 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iii) Leasehold Land worth R 2.64 crore had been classified as Right to Use Asset on adoption of INDAS 116 in the previous year. Opening Accumulated Depreciation amounting to R 0.18 crore also had been reclassified. Refer Note 3A

(iv) Transfer in (**) of Land and Building amounting to R 7.96 crores which has been transferred to the Company by Birla Tyres Ltd post demerger.

Note 3A: Right to Use Asset

Particulars	GROSS BLOCK - AT COST				AMORTISATION				NET BLOCK
	As on 1 st April 2020	Additions during the Year	Deletion during the Year	As at 31 st March 2021	As on 1 st April 2020	Provided during the Year	Deletion during the Year	Upto 31 st March 2021	As at 31 st March 2021
Leasehold Land	8.41	16.19	-	24.60	0.35	6.28	-	6.63	17.97
Building	6.84	1.76	0.57	8.03	2.93	2.24	0.20	4.97	3.06
Vehicle	1.68	1.57	-	3.25	1.03	0.99	-	2.02	1.23
Plant & Machinery	20.02	4.05	-	24.07	4.99	7.36	-	12.35	11.72
Total	36.95	23.57	0.57	59.95	9.30	16.87	0.20	25.97	33.98

Particulars	GROSS BLOCK - AT COST				AMORTISATION				NET BLOCK
	As on transition to IND AS 116 1 st April 2019	Additions during the Year	Deletion during the Year	As at 31 st March 2020	As on transition to IND AS 116 1 st April 2019	Provided during the Year	Deletion during the Year	Upto 31 st March 2020	As at 31 st March 2020
Leasehold Land	2.64	5.77	-	8.41	0.18	0.17	-	0.35	8.06
Building	4.63	2.21	-	6.84	-	2.93	-	2.93	3.91
Vehicle	1.58	0.10	-	1.68	-	1.03	-	1.03	0.65
Plant & Machinery	-	20.02	-	20.02	-	4.99	-	4.99	15.03
Total	8.85	28.10	-	36.95	0.18	9.12	-	9.30	27.65

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

Note 4 : Other Intangible Asset

(All amounts in Rupees crores, unless otherwise stated)

Particulars	GROSS BLOCK - AT COST					AMORTISATION					NET BLOCK
	As at 1 st April 2020	Transfer Out pursuant to the scheme of arrangement	Additions during the Year	Deletion during the Year	As at 31 st March 2021	Upto 1 st April 2020	Transfer Out pursuant to the scheme of arrangement	Provided during the Year	Deletion during the Year	Upto 31 st March 2021	As at 31 st March 2021
Software	1.27	-	1.79	-	3.06	1.17	-	0.20	-	1.37	1.69
	1.27	-	1.79	-	3.06	1.17	-	0.20	-	1.37	1.69

Particulars	GROSS BLOCK - AT COST					AMORTISATION					NET BLOCK
	As at 1 st April 2019	Transfer Out pursuant to the scheme of arrangement*	Additions during the Year	Deletion during the Year	As at 31 st March 2020	Upto 1 st April 2019	Transfer Out pursuant to the scheme of arrangement*	Provided during the Year	Deletion during the Year	Upto 31 st March 2020	As at 31 st March 2020
Software	1.57	0.30	-	-	1.27	1.31	0.28	0.14	-	1.17	0.10
	1.57	0.30	-	-	1.27	1.31	0.28	0.14	-	1.17	0.10

* Assets transferred pursuant to scheme of demerger between the Company and Birla Tyres Limited (Resulting Company). The scheme was approved by the Hon'ble National Company Law Tribunal ('NCLT') on 08 November, 2019 and became effective on December 04, 2019.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

Note 5: Equity accounted investments

Joint venture:

- (i) The Group holds 45.46% of the total equity share capital and voting rights in Gondhkari Coal Mining Limited. The decisions in respect of activities which significantly affect the risks and rewards of these respective entities, however require an unanimous consent of all the shareholders. These entities have therefore been accounted for as joint ventures.
- (ii) The Group has no material joint venture as at 31st March 2021. The summarised financial information in respect of the Group's immaterial joint venture that is accounted for using the equity method is as below:

Particulars	31 st March, 2021	31 st March, 2020
Carrying value of the Group's interest in joint venture:	-	-

Particulars	Year ended 31 st March, 2021	Year ended 31 st March, 2020
Group's share of profit/(loss) in joint venture	-	-
Group's share of other comprehensive income in joint venture	-	-
Group's share of total comprehensive income in joint venture	-	-

- (iii) Share of unrecognised losses in respect of equity accounted joint venture amounted to H 0.01 crore for the year ended 31st March 2021 (2019-20: H 0.01 crore). Cumulative shares of unrecognised losses in respect of equity accounted joint ventures as at 31st March 2021 is H 0.57 crore (31st March 2020: H 0.56 crore).

- (iv) The Group has fully impaired its equity accounted joint ventures in the previous year

Financial Assets

Note 6: Investments

Particulars	Face value	31 st March, 2021	31 st March, 2020
A. Investments carried at fair value through other comprehensive income:			
Investments in Equity shares			
(i) Quoted			
496,100 (31 st March, 2020: 496,100) shares of HGI Industries Ltd. \$	10	0.00*	0.00*
4,996,986 (31 st March, 2020: 4,996,986) shares of Kesoram Textile Mills Limited #	2	20.18	19.74
Total		20.18	19.74
(ii) Unquoted			
30,000 (31 st March, 2020: 30000) shares of Birla Buildings Ltd	10	52.28	46.38
10,000 (31 st March, 2020: 10,000) shares of Coromandel Stampings & Stones Ltd \$	10	0.00*	0.00*
143,000 (31 st March, 2020: 143,000) shares of Kesoram Insurance Broking Services Ltd	10	1.03	1.02
10,455 (31 st March, 2020: 10,455) shares of Calcutta Stock Exchange Association Ltd	1	-	-
10 (31 st March, 2020: 10) shares of Meghdoot Co-operative Housing Society Ltd \$	100	0.00*	0.00*
7,231 (31 st March, 2020: 7,231) shares of Padmavati Investment Ltd	10	3.36	1.75
18,800 (31 st March, 2020: 18,800) shares of Vasavadatta Services Ltd	10	0.56	0.61
Total		57.23	49.76
B. Investments carried at amortised cost:			
NSC savings certificate ^		0.01	0.01
		0.01	0.01
Total Investments		77.42	69.51

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

(i) The carrying value and market value of quoted and unquoted investments are as below:

Particulars	31 st March, 2021	31 st March, 2020
(a) Quoted		
Carrying value	20.18	19.74
Market value	20.18	19.74
(b) Unquoted		
Carrying value	57.24	49.77

market values in cases of some quoted investments are not available, hence the fair value has been considered as market values in such cases

\$ cost of these equity instruments have been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

^ pledged with govt authorities.

* Amount is below the rounding of norm adopted by the Group

Note 7: Loans

Particulars	31 st March, 2021	31 st March, 2020
A. Non-current		
Credit impaired		
(a) Loan to related parties	7.11	7.11
Less: Allowance for credit loss	(7.11)	(7.11)
	-	-
(b) Loan to others*	498.22	406.39
Less: Impairment Loss on Loan to Body Corporate [refer Note 29(b)]	(498.22)	-
	-	406.39
	-	406.39
B. Current		
Unsecured, considered good		
(a) Loan to employees	0.04	0.03
(b) Loan to others	129.36	46.64
	129.40	46.67

* Loan has been provided to Birla Tyres Limited, a body corporate, pursuant to the scheme of arrangement and post demerger is repayable on demand and carrying an interest rate of 5.93% p.a.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

Note 8: Other financial assets

Particulars	31 st March, 2021	31 st March, 2020
Non-current		
Deposit with original maturity for more than 12 months ^	4.11	7.99
Security deposits	3.42	3.92
Interest accrued on deposits	0.06	0.50
	7.59	12.41
Current		
Security deposits	4.11	4.05
Balance with body corporates	10.63	10.63
Interest accrued on deposits	0.11	0.09
Others*	9.06	6.44
	23.91	21.21

^R 3.97 crore (FY 2020-2021), 3.97 crore (FY 2019-2020), represents the deposits pledged for DSRA for secured borrowings (Refer note 15)

* Held as lien by bank against bank guarantees R 1.40 crores (FY19-20: Nil)

Note 9: Other assets

Particulars	31 st March, 2021	31 st March, 2020
Non-Current		
Capital advances	3.83	5.18
Prepaid expenses	1.71	0.63
	5.54	5.81
Current		
Balance with statutory/government authorities	51.44	44.00
Prepaid expenses	4.27	5.55
Advance to vendors	68.78	44.58
Less: Allowances for doubtful advances	(32.61)	(31.42)
Others	3.85	6.94
Less: Allowances for doubtful advances	(0.15)	(1.35)
	95.58	68.30

Note 10: Inventories

Particulars	31 st March, 2021	31 st March, 2020
Raw materials	14.96	18.94
Work-in-progress	17.02	20.82
Finished goods	24.26	53.90
Stock-in-trade	0.06	0.04
Stores and spare parts	80.91	68.52
	137.21	162.22
Included above, goods-in-transit:		
Raw materials	1.48	1.98
Finished goods	5.43	0.60
Stores and spare parts	9.18	2.04
	16.09	4.62

The Group has made provision of R 4.05 Crore (31st March 2020: Provision of R 3.41 Crore) for writing down the value of inventories towards slow moving, non-moving and obsolete inventory.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

Note 11: Trade receivables

Particulars	31 st March, 2021	31 st March, 2020
Current		
Trade Receivables		
(a) Secured, considered good	50.38	32.67
(b) Unsecured, considered good	254.55	164.19
(c) Credit impaired	10.33	8.37
	315.26	205.23
Allowance for credit losses	(10.33)	(8.37)
	304.93	196.86

Note 12: Cash and cash equivalents

Particulars	31 st March, 2021	31 st March, 2020
Cash and cash equivalents		
Cash on hand	0.03	0.10
Balances with bank		
On Current accounts	73.49	9.55
Others		
Deposit with original maturity less than three months	23.93	-
	97.45	9.65

Note 13: Other bank balances

Particulars	31 st March, 2021	31 st March, 2020
Deposit with original maturity for more than three months but less than twelve months	14.47	6.45
On unpaid dividend accounts	0.02	0.09
	14.49	6.54

Particulars	31 st March, 2021	31 st March, 2020
Deposits more than three months includes:-		
- Deposits pledged with the sales tax authorities	0.01	0.01
- Held as lien by bank against bank guarantees	14.44	6.32

Note 14: Equity share capital and other equity

Note 14 (a): Equity share capital Authorised equity share capital

Particulars	31 st March, 2021	31 st March, 2020
60,00,00,000 Equity Shares of R 10 each [31 st March, 2020: 55,00,00,000 shares]	600.00	550.00
6,00,00,000 Preference Shares of R 100 each [31 st March, 2020: 1,50,00,000 shares]	600.00	150.00
	1,200.00	700.00

Issued, subscribed and paid-up equity share capital

Particulars	31 st March, 2021	31 st March, 2020
16,48,11,341 Equity Shares of R 10 each fully paid up (31 st March, 2020: 14,25,90,079 Equity Shares of R 10 each fully paid up)	164.81	142.59

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

(i) Movement in equity share capital

Particulars	31 st March, 2021	31 st March, 2020
Opening balance	142.59	142.59
Fresh shares issued *	22.22	-
Closing balance	164.81	142.59

*During the current year, the Parent Company issued 2,22,21,262 Equity Shares face value of R 10 each to the previous lenders on a preferential basis on 8th March, 2021 at the price determined in accordance with the applicable law @ R 65 per share (including securities premium of R 55 per share) as more detailed in Note 29(a)

Terms and rights attached to equity shares

The Group has equity shares having a par value of H 10 per share. All equity shareholders are entitled to one vote per share. The Group 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 Group after distribution of all preferential amounts, in the proportion to their shareholdings.

(ii) Details of shareholders holding more than 5% shares in the Group

Shareholder	31 st March, 2021		31 st March, 2020	
	Number of shares	% holding	Number of shares	% holding
Manav Investment & Trading Co. Ltd	3,39,66,691	20.61%	3,39,66,691	23.82%
Pilani Investments and Industries Corporation Limited	2,73,38,750	16.59%	2,73,38,750	19.17%
Axis Bank Limited	1,27,77,710	7.75%	-	-
	7,40,83,151	44.95%	6,13,05,441	42.99%

Note 14 (b): Other Equity

Particulars	31 st March, 2021	31 st March, 2020
Securities Premium	923.49	801.27
Capital reserve		
(a) Development grant/subsidy	0.15	0.15
(b) Amalgamation reserve	2.91	2.91
(c) Capital reserve arising on business combination	41.51	41.51
Capital redemption reserve	3.59	3.59
General reserve	224.00	224.00
Fair value through other comprehensive income (FVOCI)- equity instruments	56.09	48.19
Others	7.31	7.31
Retained earnings	(1,226.38)	(1,368.77)
Total Reserves and Surplus	32.67	(239.84)

(i) Securities Premium

Particulars	31 st March, 2021	31 st March, 2020
Opening balance	801.27	801.27
Increase/(decrease) during the year [Refer Note 14(a)]	122.22	
Closing balance	923.49	801.27

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

(ii) Capital reserve

(a) Development grant/subsidy

Particulars	31 st March, 2021	31 st March, 2020
Opening balance	0.15	0.40
Transfer pursuant to the scheme of arrangement	-	(0.25)
Closing balance	0.15	0.15

(b) Amalgamation reserve

Particulars	31 st March, 2021	31 st March, 2020
Opening balance	2.91	2.91
Increase/(decrease) during the year	-	-
Closing balance	2.91	2.91

(c) Capital reserve arising on business combination

Particulars	31 st March, 2021	31 st March, 2020
Opening balance	41.51	41.51
Increase/(decrease) during the year	-	-
Closing balance	41.51	41.51

(iii) Capital redemption reserve

Particulars	31 st March, 2021	31 st March, 2020
Opening balance	3.59	3.59
Increase/(decrease) during the year	-	-
Closing balance	3.59	3.59

(iv) General reserve

Particulars	31 st March, 2021	31 st March, 2020
Opening balance	224.00	224.00
Increase/(decrease) during the year	-	-
Closing balance	224.00	224.00

(v) Fair value through other comprehensive income (FVOCI)- equity instruments

Particulars	31 st March, 2021	31 st March, 2020
Opening balance	48.19	56.28
Change in fair value of FVOCI equity instruments	7.90	(8.09)
Transfer to equity	-	-
Closing balance	56.09	48.19

(vi) Other reserves

Particulars	31 st March, 2021	31 st March, 2020
Opening balance	7.31	7.31
Increase/(decrease) during the year	-	-
Closing balance	7.31	7.31

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

(vii) Retained earning

Particulars	31 st March, 2021	31 st March, 2020
Opening balance	(1,368.77)	(1,167.60)
Net profit/(loss) for the year	140.11	(187.53)
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurement of post-employment benefit obligation, net of tax	2.28	(7.93)
Transfer pursuant to scheme of arrangement*	-	(81.76)
Transfer of losses pursuant to scheme of arrangement*	-	75.80
Transfer to equity	-	0.25
Closing balance	(1,226.38)	(1,368.77)

* Loss arising pursuant to scheme of demerger between the Company and Birla Tyres Limited ("Resulting Company"). The scheme was approved by the Hon'ble National Company Law Tribunal ('NCLT') on 8th November, 2019 and became effective on 4th December, 2019.

Nature and purpose of other reserves

(i) Securities premium

Securities premium is used to record premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013 (the "Companies Act").

(ii) Capital reserve

- (a) Certain grants of capital nature had been credited to Capital Reserve.
- (b) The Company has recognised profit on account of amalgamation in capital reserve.
- (c) Capital reserve arising on business combination being gain on bargain purchase recognised directly in capital reserve.

(iii) Capital redemption reserve

Capital redemption reserve was created on account of reinstatement of certain investments and spares at cost.

(iv) General reserve

Under the erstwhile Companies Act 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act 2013, the requirement to mandatory transfer a specified percentage of net profit to general reserve has been withdrawn.

(v) Fair value through other comprehensive income (FVOCI)- equity instruments

The cumulative gains and losses arising on fair value changes of equity investments measured at fair value through other comprehensive income are recognised in FVOCI - equity instruments reserve. The balance of the reserve represents such changes recognised net of amounts reclassified to retained earnings on disposal of such investments.

(vi) Other reserves

Others primarily include:

- (a) Amounts appropriated out of profit or loss for doubtful debts and contingencies.
- (b) Share buyback reserve has been created as per the Companies Act, 1956.
- (c) Reserve which has arisen on forfeiture of shares.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

Financial Liabilities

Note 15: Borrowings

Particulars	31 st March, 2021	31 st March, 2020
Non-Current		
(a) Secured		
At Amortised Cost		
Term Loans:		
From Bank		
Indian rupee loan [Refer Note (a) below & Note 29 (a)]	47.41	1,353.41
From others [Refer Note (b) below]		
16,035 Senior Secured, Listed and Rated Redeemable Non-Convertible Debentures [face value of R 10,00,000 each]	1,384.66	-
4,599 Secured Optionally Convertible Debentures [face value of R 10,00,000 each]	370.29	-
Indian rupee loan [Refer Note (c) below & Note 29 (a)]	126.60	203.83
(b) Unsecured		
At Fair Value through Profit & Loss Account		
4,48,97,195 Zero Coupon Optionally Convertible Redeemable Preference Shares [face value of R 100 each]- recognised at fair value [Refer Note 29 (a)] [Refer Note (b) below]	74.07	-
	2,003.03	1,557.24
Less: Current maturities of long term borrowings (Refer Note 16)	(61.96)	(171.20)
Add: Interest accrued on long term borrowings	-	28.09
	1,941.07	1,414.13
Current		
(a) Secured		
Working Capital Loan		
From Bank		
Overdraft / Cash Credit [Refer Note (d) below & Note 29 (a)]	11.72	299.32
Working capital demand loan [Refer Note 29 (a)]	-	290.08
(b) Unsecured		
Term Loan		
Working Capital Loan		
From Bank		
Overdraft / Cash Credit	0.02	-
From others		
Inter corporate deposit	3.00	6.79
Director	-	20.73
	14.74	616.92
Add: Interest accrued on short term borrowings	0.56	11.56
	15.30	628.48

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

Net debt reconciliation

This section sets out an analysis of debt and the movements in net debt for the current period

Particulars	31 st March, 2021	31 st March, 2020
Cash and cash equivalents	97.45	9.65
Non-current borrowings	(1,941.07)	(1,414.13)
Current borrowings	(15.30)	(628.48)
Total	(1,858.92)	(2,032.96)

Particulars	Other assets Cash and cash equivalents	Liabilities from financing activities		Total
		Non-current borrowings	Current borrowings	
Net debt as at 1st April, 2020	9.65	(1,414.13)	(628.48)	(2,032.96)
Cash flows	309.08	(933.07)	234.50	(389.49)
Change in cash credit considered as cash and cash equivalent for statement of cash flows	(287.58)	-	287.58	-
Interest expenses	-	(185.77)	(63.77)	(249.54)
Interest paid	-	329.05	152.67	481.72
Conversion of accrued interest to Loan	-	(45.55)	-	(45.55)
Unamortised processing cost charged off	-	(33.21)	-	(33.21)
Changes in current maturities of long-term debt	-	(109.23)	-	(109.23)
Non-cash movements:	-	-	-	-
Issue of OCRPS and Equity shares for loan settlement	66.30	450.84	2.20	519.34
Net debt as at 31st March, 2021	97.45	(1,941.07)	(15.30)	(1,858.92)

Particulars	Other assets Cash and cash equivalents	Liabilities from financing activities		Total
		Non-current borrowings	Current borrowings	
Net debt as at 1st April, 2019	18.57	(2,143.40)	(846.73)	(2,971.56)
Cash flows	123.12	64.53	(154.62)	33.03
Transfer pursuant to the scheme of arrangement	204.28	715.37	45.38	965.03
Change in cash credit considered as cash and cash equivalent for statement of cash flows	(336.32)	-	336.32	-
Interest expenses	-	(241.13)	(102.50)	(343.63)
Interest paid	-	206.71	93.68	300.39
Changes in current maturities of long-term debt and interest accrued on them	-	(16.22)	-	(16.22)
Net debt as at 31st March, 2020	9.65	(1,414.13)	(628.49)	(2,032.96)

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

(a) Repayment terms and nature of securities given for Indian rupee term loans from banks are as follows:

Bank	31 st March, 2021	31 st March, 2020	Nature of Security	Repayment terms
Axis Bank Ltd.	-	731.91	First pari passu charge on all movable and immovable property, plant and equipment (both present and future, including property, plant and equipment of subsidiary of the holding company, excluding assets related to Hindustan Heavy Chemicals & Kesoram Spun Pipes & Foundries Division and land at Solapur). Second pari passu charge on all current assets of the Holding Company.	Repayment in 40 unequal quarterly instalments starting from 30 th April 2018 in the following manner: (a) first 8 instalments of 1.25% each (b) next 8 instalments of 1.875% each (c) next 8 instalments of 2.50% each (d) next 8 instalments of 3.125% each (e) next 8 instalments of 3.75% each. Interest payable monthly @ 6 month MCLR plus 2.50% p.a.
ICICI Bank Ltd.	-	184.84	First pari passu charge on all movable and immovable property, plant and equipment (both present and future, excluding assets related to Hindustan Heavy Chemicals & Kesoram Spun Pipes & Foundries Division and land at Solapur). Second pari passu charge on all current assets of the Holding Company.	Repayment in 28 equal quarterly instalments commencing from the 39th month from the date of disbursement. Interest is payable monthly @ ICICI Bank base rate plus 2.90% p.a. with annual reset.
The South Indian Bank Ltd.	-	224.86	First pari passu charge on all movable and immovable property, plant and equipment (both present and future, including property, plant and equipment of subsidiary of the holding company, excluding assets related to Hindustan Heavy Chemicals & Kesoram Spun Pipes & Foundries Division and land at Solapur). Second pari passu charge on all current assets of the Holding Company.	Repayment in 40 unequal quarterly instalments starting from 30 th April 2018 in the following manner: (a) first 8 instalments of 1.25% each (b) next 8 instalments of 1.875% each (c) next 8 instalments of 2.50% each (d) next 8 instalments of 3.125% each (e) next 8 instalments of 3.75% each. Interest payable monthly @ 1 Year MCLR plus 0.75% p.a.
The Karur Vysya Bank Ltd.	-	56.29	First pari passu charge on all movable and immovable property, plant and equipment (both present and future, including property, plant and equipment of subsidiary of the holding company, excluding assets related to Hindustan Heavy Chemicals & Kesoram Spun Pipes & Foundries Division and land at Solapur). Second pari passu charge on all current assets of the Holding Company.	Repayment in 40 unequal quarterly instalments starting from 30 th April 2018 in the following manner: (a) first 8 instalments of 1.25% each (b) next 8 instalments of 1.875% each (c) next 8 instalments of 2.50% each (d) next 8 instalments of 3.125% each (e) next 8 instalments of 3.75% each. Interest payable monthly @ 1 Year MCLR plus 1.70% p.a.
The Lakshmi Vilas Bank Ltd.	-	56.31	First pari passu charge on all movable and immovable property, plant and equipment (both present and future) and second pari passu charge on all current assets of various units (excluding assets related to Hindustan Heavy Chemicals & Kesoram Spun Pipes & Foundries Division and land at Solapur including Rayon assets) of the Holding Company.	Repayment in 40 unequal quarterly instalments starting from 30 th April 2018 in the following manner: (a) first 8 instalments of 1.25% each (b) next 8 instalments of 1.875% each (c) next 8 instalments of 2.50% each (d) next 8 instalments of 3.125% each (e) next 8 instalments of 3.75% each. Interest payable monthly @ 1 Year MCLR plus 0.65% p.a.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

Bank	31 st March, 2021	31 st March, 2020	Nature of Security	Repayment terms
IndusInd Bank Ltd	-	41.75	First pari passu charge on all movable and immovable property, plant and equipment (including Solapur Land). Second pari passu charge on all current assets of the Holding Company (excluding assets related to Corporate office, Hindustan Heavy Chemicals & Kesoram Spun Pipes & Foundries Division).	Repayment in 16 equal quarterly instalments commencing from the 13 th month from the date of disbursement. Interest is payable monthly @ 1year MCLR with annual reset.
IndusInd Bank Ltd	-	57.45	First pari passu charge on all fixed assets of Cement Division excluding assets relating to corporate office. Second pari passu charge on current assets of the company excluding assets relating to corporate office. Exclusive charge over land of HHC & KSPF division. Pledge of 1,45,63,787 shares of Kesoram Industries Ltd. held by Manav Investments & Trading Co. Ltd.	36 equal monthly instalments starting from 19-06-2019. Interest payable monthly @ IndusInd Bank 1 year MCLR plus 0.15% p.a.
IndusInd Bank Ltd	47.41	-	Second charge on current assets of the Subsidiary. Additional security pledged on 1,45,63,787 equity shares of Birla Tyres Ltd held by Manav.	48 equal monthly instalments after 1 year moratorium. Rate of interest 8.75% linked to external benchmark [Repo rate]
	47.41	1,353.41		

(b) Repayment terms and nature of securities given for borrowings from Others are as follows:

Others	31 st March, 2021	31 st March, 2020	Nature of Security	Repayment terms
Non-Convertible Debenture	1,384.66	-	First pari passu charge on all fixed assets, moveable assets (non-current and current) and intangible assets of the Company. Additionally secured by pledge on 2,60,41,587 equity shares of the Company held by the promoters; Non Disposal Undertaking (NDU) on other security held by a promoter; guarantee by a promoter limited to the value of shares pledged and under NDU as stated above.	Redeemable in 12 instalments by 28 th February 2026 starting from November 2021. Tenure of instrument 4 years 11 months and 12 days from the date of allotment i.e. 16th March, 2021. Cash coupon rates: 1-18months @9.1% p.a.; 19-36months @11.3%p.a.; 37-60months @ 13.1%p.a.; XIRR of 20.75% excluding additional interest 1 and taxes.
Optionally Convertible Debenture	370.29	-	First pari passu charge on all fixed assets, moveable assets (non-current and current) and intangible assets of the Company. Additionally secured by pledge on 2,60,41,587 equity shares of the Company held by the promoters; Non Disposal Undertaking (NDU) on other security held by a promoter; guarantee by a promoter limited to the value of shares pledged and under NDU as stated above.	Redeemable in August 2022. Tenure of instrument 17 months and 15 days from the date of allotment i.e. 16th March, 2021. Cash coupon rate @8.7% p.a. is applicable; XIRR of 20.75% excluding additional interest 1 and taxes.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

Others	31 st March, 2021	31 st March, 2020	Nature of Security	Repayment terms
Zero Coupon Optionally Convertible Redeemable Preference Shares	74.07	-	Nil	Redeemable in 5 equal instalments starting from FY 2027-28
	1,829.02	-		

(c) Repayment terms and nature of securities given for Indian rupee term loans from others are as follows:

Financial Institution	31 st March, 2021	31 st March, 2020	Nature of Security	Repayment terms
West Bengal Infrastructure Development Finance Corporation Ltd.	-	56.30	First pari passu charge on all movable and immovable property, plant and equipment (both present and future, including property, plant and equipment of subsidiary of the holding company, excluding assets related to Hindustan Heavy Chemicals & Kesoram Spun Pipes & Foundries Division and land at Solapur). Second pari passu charge on all current assets of the Holding Company.	Repayment in 40 unequal quarterly instalments starting from 30 th April 2018 in the following manner: (a) first 8 instalments of 1.25% each (b) next 8 instalments of 1.875% each (c) next 8 instalments of 2.50% each (d) next 8 instalments of 3.125% each (e) next 8 instalments of 3.75% each. Interest payable monthly @ Axis Bank 6 month MCLR plus 2.50% p.a.
West Bengal Infrastructure Development Finance Corporation Ltd.	-	25.97	First pari passu charge on all movable and immovable property, plant and equipment (including Solapur Land). Second pari passu charge on all current assets of the Holding company (excluding assets related to Corporate office, Hindustan Heavy Chemicals & Kesoram Spun Pipes & Foundries Division).	Repayment in 16 equal quarterly instalments starting from 30 th June 2019 . Interest payable monthly @ IndusInd Bank 1 year MCLR plus 1.25% p.a..
West Bengal Infrastructure Development Finance Corporation Ltd.	126.60	121.56	First and exclusive charge on all moveable and immoveable fixed assets of the Subsidiary except the Corporate office assets. Second pari passu charge on all current assets of the Subsidiary.	By way of 16 equal quarterly instalments after moratorium of 1 year. Interest rate 10.95% p.a. with monthly rest
	126.60	203.83		

(d) Repayment terms and nature of securities given for short term borrowings

- 1 Secured by way of first charge on the current assets of the wholly owned subsidiary.
- 2 The cash credit and working capital demand loans are repayable on demand.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

Note 16: Other financial liabilities

Particulars	31 st March, 2021	31 st March, 2020
Non-Current		
Security deposits	74.27	73.57
	74.27	73.57
Current		
Current maturities of long-term debt (Refer Note 15)	61.96	171.20
Capital creditors	1.09	4.04
Retention & Earnest deposits	10.08	9.71
Other payables	29.19	36.17
Security deposits	17.23	30.51
Unpaid dividends *	0.02	0.09
Unpaid matured deposits and interest accrued thereon	-	0.05
	119.57	251.77

* Note: There is no liability due which is required to be transferred to Investor Education and Protection Fund.

Note 17: Provisions

Particulars	31 st March, 2021	31 st March, 2020
Non-Current		
(a) Provision for employee benefits		
Provision for leave encashment (unfunded)	17.69	16.79
(b) Others		
Decommissioning obligations	10.31	9.28
Total non-current provisions	28.00	26.07
Current		
(a) Provision for employee benefits		
Provision for gratuity (Refer Note 25)	1.82	12.93
Provision for leave encashment (unfunded)	3.25	4.02
Others	2.22	0.20
(b) Others		
Provision for contingencies	12.34	11.84
Provision for disputed statutory dues	25.19	22.63
Total current provisions	44.82	51.62

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

(i) Movement in provisions

Movements in each class of provision during the financial year, are set out below:

Particulars	Warranties	Decommissioning obligation	Provision for contingencies	Provision for disputed statutory dues
As at 1st April, 2020	-	9.28	11.84	22.63
Charged/(credited) to profit or loss:				
Additional provision recognised	-	-	-	2.56
Unused amounts reversed	-	-	-	-
Amounts used during the year	-	-	0.49	-
Transfer pursuant to the scheme of arrangement	-	-	-	-
Unwinding of Discount	-	1.03	-	-
As at 31st March, 2021	-	10.31	12.33	25.19

Movements in each class of provision during the previous year, are set out below:

Particulars	Warranties	Decommissioning obligation	Provision for contingencies	Provision for disputed statutory dues
As at 1st April, 2019	20.69	8.34	81.99	22.63
Charged/(credited) to profit or loss:				
Additional provision recognised	-	-	-	-
Unused amounts reversed	-	-	-	-
Amounts used during the year	0.00	-	1.21	-
Transfer pursuant to the scheme of arrangement	(20.69)	-	(71.36)	-
Unwinding of discount	-	0.94	-	-
As at 31st March, 2020	-	9.28	11.84	22.63

Note 18: Deferred Tax Assets / Liabilities

Particulars	31 st March, 2021	31 st March, 2020
Deferred Tax Liabilities		
Timing Difference - Property, plant and equipment	265.69	347.18
Timing Difference - Investments	15.18	13.61
Other	80.51	2.13
Gross Deferred Tax Liability	361.38	362.92
Deferred Tax Assets		
Unabsorbed depreciation	219.68	17.07
Capital losses	33.56	34.05
Business losses	201.01	121.92
Items allowable for tax purpose on payment	22.34	22.69
Provisions	139.64	156.02
Others	6.76	11.17
Gross Deferred Tax Asset	623.00	362.92
Net Deferred Tax Assets	261.62	-

The Parent Company has recognised net deferred tax asset considering that it is probable that future taxable profit will be available against which the unused tax losses can be utilized.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

Note 19: Other liabilities

Particulars	31 st March, 2021	31 st March, 2020
Non-current		
Advance received from Employees	0.37	1.36
	0.37	1.36
Current		
Deferred revenue	24.19	12.85
Advance from customers	35.95	33.22
Statutory dues	139.05	111.80
Advance received from Employees	0.94	0.26
Other payables	20.39	12.81
	220.52	170.94

Note 20: Trade payables

Particulars	31 st March, 2021	31 st March, 2020
Current		
(a) Total outstanding dues of micro enterprises and small enterprises (Refer Note 34)	26.12	8.45
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Acceptances	-	75.16
(ii) Others	562.54	513.76
(c) Employee benefits payable	27.77	25.78
	616.43	623.15

Note 21: Revenue from operations

Particulars	2020-2021	2019-2020
Revenue from contracts with customers #		
Sale of Products	2,647.67	2,638.60
Other operating revenue	5.10	7.04
	2,652.77	2,645.64

The entire revenue is being recorded at a point in time.

A. Revenue from contracts with customers disaggregated on the basis of geographical region and product lines is presented below:

Year ended 31st March, 2021

Particulars	India	Outside India	Total
Cement	2,410.28	-	2,410.28
Rayon, TP and chemicals	227.68	9.71	237.39
	2,637.96	9.71	2,647.67

Year ended 31st March, 2020

Particulars	India	Outside India	Total
Cement	2,323.35	-	2,323.35
Rayon, TP and chemicals	300.90	14.35	315.25
	2,624.25	14.35	2,638.60

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

B. The Group has recognised the following revenue-related contract liabilities and receivables from contract with customers

Particulars	2020-2021	2019-2020
Contract liabilities – Deferred revenue	24.19	12.85
Contract liabilities - Advance from customers	35.95	33.22
	60.14	46.07

The change in Contract Liabilities are as follows:

Particulars	2020-2021	2019-2020
Contract liabilities - Opening	46.07	43.46
Less: Transferred pursuant to the scheme of arrangement	-	(12.80)
Add: Additions during the year, excluding amounts recognised as revenue during the year	46.80	43.75
Less: Revenue recognised in the current year which was included in Contract Liabilities	(32.73)	(28.34)
Contract Liabilities - Closing	60.14	46.07

Particulars	2020-2021	2019-2020
Trade Receivables- Gross	315.26	205.23
Less: Allowance for doubtful debt	(10.33)	(8.37)
	304.93	196.86

(i) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were not satisfied in a prior year.

Particulars	2020-2021	2019-2020
Revenue recognised that was included in the contract liability balance at the beginning of the period:		
Contract liabilities – Deferred revenue	0.26	15.61
Contract liabilities - Advance from customers	32.47	12.73
	32.73	28.34

Note 22: Other Income

Particulars	2020-2021	2019-2020
Interest income:		
On financial instruments measured at amortised cost	54.04	28.51
On income tax refund	1.01	2.84
Dividend income	0.02	0.02
Miscellaneous Income	17.09	8.97
	72.16	40.34

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

Note 23: Cost of Materials Consumed

Particulars	2020-2021	2019-2020
Raw Material Consumed		
Opening inventory	18.94	97.37
Add: Purchases	211.72	223.00
Less: Inventory at the end of the year	14.96	18.94
Add: Lime stone raising cost	109.79	124.81
Less: Transferred pursuant to the scheme of arrangement*	-	57.08
	325.49	369.16

* Stock transfer pursuant to scheme of demerger between the Company and Birla Tyres Limited ("Resulting Company").

Particulars	2020-2021	2019-2020
(a) Limestone raising cost include:		
Salaries, Wages, Bonus etc.	11.37	12.99
Contribution to Provident and other Funds	0.48	0.80
Contribution to Gratuity Fund (refer note 25)	0.47	0.77
Workmen and Staff welfare	0.25	0.33
Dead Rent, Royalty etc.	63.94	68.13
Power and Fuel	4.40	6.31
Stores and spares parts consumed	19.29	22.94
Machinery repairs	3.72	3.94
Other repairs	0.10	0.09
Rates and taxes	0.15	0.19
Insurance	0.02	0.01
Contractors-Transport	4.72	7.38
Miscellaneous	0.88	0.93
	109.79	124.81

Note 24: Changes in stock of finished goods, work-in-progress and stock in trade

Particulars	2020-2021	2019-2020
Inventories at the beginning of the year		
- Work-in-progress	20.82	57.40
- Finished Goods	53.90	103.85
- Stock in trade	0.04	-
Less: Inventories at the end of the year		
- Work-in-progress	17.02	20.82
- Finished Goods	24.27	53.90
- Stock in trade	0.06	-
Less: Transferred to Capital Jobs	0.03	0.13
Less: Transferred pursuant to the scheme of arrangement*	-	88.32
	33.38	(1.92)

* Stock transfer pursuant to scheme of demerger between the Company and Birla Tyres Limited ("Resulting Company").

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

Note 25: Employee benefits expense

Particulars	2020-2021	2019-2020
Salaries, wages and bonus	187.67	190.00
Contribution to provident fund	12.41	13.94
Contribution to superannuation fund	0.08	0.09
Contribution to labour welfare fund	0.01	-
Gratuity	5.20	4.21
Contribution under Employees State Insurance Scheme	0.46	0.62
Voluntary separation Scheme	2.68	-
Staff welfare expenses	7.04	10.69
Total employee benefits expense	215.55	219.55

During the year, the Company recognised an amount of H 5.35 crore (2019-20: H 7.80 crores) as remuneration to key managerial personnel.

The details of such remuneration is as below:

Particulars	2020-2021	2019-2020
Short term employee benefits	5.18	7.21
Post employment benefits	0.17	0.59
Total employee benefits expense	5.35	7.80

(i) Compensated absences

The leave obligations cover the Group's liability for sick and earned leave.

(ii) Defined benefit plan

a) Gratuity

The Group 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 Group or retirement, whichever is earlier. The benefits vest after five years of continuous service.

b) Provident fund

Provident fund for certain eligible employees is managed by the Group 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 Group or retirement, whichever is earlier. The benefits vest immediately on rendering of the services by the employee.

The Group has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned by the Group has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the below provided assumptions there is no shortfall as at 31st March 2021 and 31st March 2020 respectively.

The Group also pays provident fund contributions to publically administered local fund as per the local regulations. The Group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

The details of fund and plan asset position are given below:

Particulars	Present value of obligation	Fair value of plan assets	Net amount
as at 31 st March, 2020	242.05	241.58	(0.47)
as at 31 st March, 2021	241.14	244.07	2.93

"The plan assets have been primarily invested in government securities".

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

Particulars	31 st March, 2021	31 st March, 2020
Discount Rate (per annum)	8.50%	8.50%
Expected Rate of Return on Plan Assets (per annum)	8.50%	8.90%

The Group contributed H 8.62 crore and H 10.82 crore during the year ended 31st March 2021 and 31st March 2020 respectively to the fund.

(iii) Defined contribution plan

Superannuation Fund: The Company has defined contribution superannuation plan for the benefit of its eligible employees. Employees who are members of the defined contribution superannuation plan are entitled to benefits depending on the years of service and salary drawn.

Separate irrevocable trust is maintained for employees covered and entitled to benefits. The Company contributes 15% of the eligible employees' salary or H 1 lakh, whichever is lower, in case of NPS participating employees and 15% of the basic salary in case of Non NPS participating eligible employees to the trust every year. Such contributions are recognised as an expense as and when incurred. The Company does not have any further obligation beyond this contribution.

The Group contributed H 0.02 Crore and H 0.10 Crore during the year ended 31st March 2021 and 31st March 2020 respectively.

(iv) Balance sheet recognition

a) Gratuity

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	Present value of obligation	Fair value of plan assets	Net amount
1st April, 2020	85.56	72.63	12.93
Transferred pursuant to the scheme of arrangement	-	-	-
Current service cost	5.13	-	5.13
Interest expense/(income)	5.48	(4.94)	0.54
Total amount recognised in profit or loss	10.61	(4.94)	5.67
Remeasurement			
Return on plan assets, excluding amounts included in interest expense/(income)	-	8.64	(8.64)
Actuarial (gain)/loss from change in demographic assumptions	-	-	-
Actuarial (gain)/loss from change in financial assumptions	(1.46)	-	(1.46)
Actuarial (gain)/loss from unexpected experience	6.24	-	6.24
Total amount recognised in other comprehensive income	4.78	8.64	(3.86)
Employer contributions/ premium paid	-	12.92	(12.92)
Benefit payments	9.80	9.80	-
Settlement Cost	-	-	-
Acquisition adjustment	-	-	-
31st March, 2021	91.15	89.33	1.82

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(All amounts in Rupees crores, unless otherwise stated)

Particulars	Present value	Fair value of plan	Net amount
1st April, 2019	105.17	97.90	7.27
Transferred pursuant to the scheme of arrangement	(29.75)	(27.74)	(2.01)
Current service cost	4.80	-	4.80
Interest expense/(income)	4.80	(4.61)	0.18
Total amount recognised in profit or loss	9.60	(4.61)	4.98
Remeasurement			
Return on plan assets, excluding amounts included in interest expense/(income)	-	(2.11)	2.11
Actuarial (gain)/loss from change in demographic assumptions	-	-	-
Actuarial (gain)/loss from change in financial assumptions	5.58	-	5.58
Actuarial (gain)/loss from unexpected experience	0.24	-	0.24
Total amount recognised in other comprehensive income	5.82	(2.11)	7.93
Employer contributions/ premium paid	-	5.28	(5.28)
Benefit payments	5.30	5.30	-
Settlement Cost	-	-	-
31st March, 2020	85.56	72.63	12.93

(v) Significant estimates: actuarial assumptions

The significant actuarial assumptions were as follows:

Particulars	31 st March, 2021	31 st March, 2020
Discount rate	6.80%	6.60%
Salary growth rate	5.00%	5.00%
Attrition rate	1.00%	1.00%
Mortality rate	IALM 2012-2014 ULTIMATE	IALM 2006-2008 ULTIMATE

(vi) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	Impact on defined benefit obligation			
	31 st March, 2021		31 st March, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (-/+ 0.5%)	87.58	94.96	82.25	89.07
% change compared to base due to sensitivity	(3.92%)	4.18%	(3.87%)	4.10%
Salary growth rate (-/+ 0.5%)	95.00	87.52	89.09	82.21
% change compared to base due to sensitivity	4.21%	(3.99%)	4.12%	(3.93%)
Attrition rate (-/+ 0.5%)	91.16	91.14	85.66	85.45
% change compared to base due to sensitivity	0.01%	(0.02%)	0.11%	(0.13%)
Life expectancy/ mortality rate (-/+ 10%)	91.18	91.13	86.01	85.10
% change compared to base due to sensitivity	0.03%	(0.03%)	0.52%	(0.54%)

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(All amounts in Rupees crores, unless otherwise stated)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(vii) The major categories of plans assets

In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

(viii) Risk exposure

Through its defined benefit plans the Group is exposed to a number of risks, the most significant of which are detailed below:

Investment risk:

The defined benefit plans are funded with insurance companies of India. The Group does not have any liberty to manage the funds provided to insurance companies.

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the Government of India bonds. If the return on plan asset is below this rate, it will create a plan deficit.

Interest risk:

A decrease in the interest rate on plan assets will increase the plan liability.

Life expectancy:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary growth risk:

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

(ix) Defined benefit liability and employer contributions

Expected contributions to post-employment benefits plans for the year ending 31st March 2021 is H 5.13 crores.

The weighted average duration of the defined benefit obligation is 12 years (31st March 2020 – 12 years).

Note 26: Depreciation and amortisation expense

Particulars	2020-2021	2019-2020
Depreciation on tangible assets	100.89	103.35
Amortisation of intangible & Right to use assets	17.07	9.26
	117.96	112.61

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

Note 27: Finance cost

Particulars	2020-2021	2019-2020
Interest expenses	271.31	337.08
Interest on Lease Liabilities	2.17	2.33
Other borrowing costs	3.45	5.24
	276.93	344.65
Less: Interest capitalised	(1.13)	(1.02)
	275.80	343.63

The capitalisation rate used by the wholly owned subsidiary to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's general borrowing during the year, in this case is 10.50%, (31st March 2020: 10.50%)

Note 28: Other expenses

Particulars	2020-2021	2019-2020
Consumption of stores and spare parts	47.43	61.70
Power and fuel [refer Note (a) below]	647.62	694.96
Rent	10.44	8.86
Repairs and Maintenance [refer Note (b) below]		
Building	4.48	7.16
Plant and Machinery	43.10	49.73
Others	3.78	3.69
Insurance	7.09	5.23
Rates and Taxes	5.64	5.00
Brokerage and Discounts	17.14	21.49
Packing, Carriage and Shipping [refer Note (c) below]	810.85	826.36
Commission to selling agents	8.90	9.51
Sales Promotion	21.82	45.23
Directors' Fees	1.04	0.71
Debts/ Advances/ Deposits written off	0.05	0.13
Legal & Professional Expenses [refer Note (f) below]	30.86	13.54
Provision for doubtful debts	2.28	1.79
Provision for doubtful advances	0.20	0.09
Loss on property, plant and equipment sold/ discarded (net)	(0.27)	0.67
Payments to the auditor [refer Note (d) below]	4.21	4.24
Foreign currency translation loss (net)	0.12	(0.04)
Miscellaneous expenses [refer Note (e) below]	36.03	70.43
	1,702.81	1,830.48

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

Particulars	2020-2021	2019-2020
(a) Power and Fuel includes consumption of stores and spares	589.48	663.35
(b) Repair and Maintenance includes:		
(i) Consumption of stores and spares parts	4.03	4.82
(ii) Salaries and wages	37.02	44.66
(c) Packing, carriage and shipping includes:		
(i) Consumption of stores and spares parts	74.56	68.25
(ii) Salaries and Wages	16.33	16.07
(d) Details of auditors' remuneration and out-of-pocket expenses are as below:		
Auditors remuneration and out-of-pocket expenses:		
Audit Fees (including Limited Reviews)	2.35	2.63
Tax Audit Fees	0.48	0.47
Fees for issuing various certificates	1.31	1.07
Reimbursement of Expenses	0.07	0.07
	4.21	4.24
(e) Miscellaneous expenses include		
(i) Consumption of stores and spares parts	1.33	2.39
(f) Legal & Professional expenses include		
(i) Payment to cost auditor	0.08	0.07

Note 29: Exceptional Items

Particulars	2020-2021	2019-2020
Difference due to Fair Value of OCRPS net of settlement cost [refer Note a]	277.34	-
Impairment Loss on Loan to Body Corporate [refer Note b]	(498.22)	-
	(220.88)	-

(a) A Resolution Plan ('the Plan') was approved by the lenders under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 issued by Reserve Bank of India vide its circular 7th June 2019. Pursuant to the Plan, the Parent Company has entered into a Settlement Agreement ('the Agreement') with the lenders dated 20th February, 2021, which was further amended on 15th March, 2021. The Agreement entails settlement of the existing Gross debt aggregating to H 2,181.81 crores as at 31st January, 2021 in the following manner and divided into three parts:

- By issuance of 2,22,21,262 numbers of Equity Shares of face value of H10 each to the lenders on a preferential basis on 8th March, 2021 at the price determined in accordance with the applicable law @ H 65 per share (including securities premium of H 55 per share).
- By issuance of 4,48,97,195 numbers of Zero Coupon Optionally Convertible Redeemable Preference Shares ('OCRPS') of face value of H100 each issued to the lenders convertible with prior consent of the holder and at the option of the Parent Company during the period of 18 months from the date of allotment, and redeemable at par over the period of five years starting 31st March, 2028 in five equal tranches.
- Upfront repayment of Existing facilities to the extent of H 1,670.94 crores to the lenders.

As per the INDAS requirement OCRPS has been recognised at fair value in the books. The resultant difference of H 277.34 crores between the carrying amount of the facility before settlement and the gain on fair value of OCRPS is recognised in 'the Statement of Profit and Loss' as at the date of implementation of the Plan.

(b) The Group consequent to demerger had an exposure by way of loan to a body corporate as on 31st March, 2021. The Group has recognised a provision for impairment on the total exposure of H 498.22 crores during the current year, as the said body corporate is going through a Resolution Process and the outcome of the same is dependent on implementation of the Resolution Process. This impairment loss has been considered as an exceptional item.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

Note 30: Income tax expense

This note provides an analysis of the Group's income tax expense, shows amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items.

Particulars	31 st March, 2021	31 st March, 2020
(a) Income tax expense		
Current tax	-	-
Current tax on profits for the year	-	-
Adjustments for current tax of prior periods*	(43.87)	-
Total current tax expense	(43.87)	-
Deferred tax		
Decrease (increase) in deferred tax assets	(260.08)	135.12
(Decrease) increase in deferred tax liabilities	(1.54)	(135.12)
Total deferred tax expense/(benefit)	(261.62)	-
Income tax expense	(305.49)	-

* Adjustments for current tax of prior periods represents write back of excess provision for income tax of earlier years on disposal of pending litigations.

Particulars	31 st March, 2021	31 st March, 2020
Deferred tax assets	623.00	362.92
Deferred tax liabilities	(361.38)	(362.92)
Closing Balance	261.62	-

Particulars	As at Apr 01, 2020	Recognised in Statement of Profit and Loss	Recognised in Other Comprehensive Income	As at March 31, 2021	Not Recognised due to Uncertainty
A. Deferred tax assets					
Unabsorbed depreciation	17.07	202.61	-	219.68	61.55
Capital losses	34.05	(0.49)	-	33.56	20.61
Business losses	121.92	79.09	-	201.01	203.23
Provision for doubtful debts	15.15	(3.52)	-	11.63	-
Provision for doubtful advances	2.49	(0.48)	-	2.00	-
Other Provisions	138.99	(12.18)	-	126.81	-
Items allowable for tax purpose on payment basis	31.15	(5.67)	-	25.48	-
Others	2.10	0.72	-	2.82	-
Elimination Impact for Subsidiary	-	-	-	-	(117.30)
	362.92	260.08	-	623.00	168.09
B. Deferred tax liabilities					
Difference between book balance and tax balance of property, plant and equipment	347.18	(81.50)	-	265.68	-
Others	15.74	78.40	1.56	95.70	-
	362.92	(3.10)	1.56	361.38	-
Net deferred tax assets / (liabilities) (A-B)	-	263.18	(1.56)	261.62	168.09

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

Particulars	As at Apr 01, 2019	Recognised in Statement of Profit and Loss	Recognised in Other Comprehensive Income	As at March 31, 2020	Not Recognised due to Uncertainty
A. Deferred tax assets					
Unabsorbed depreciation	107.69	(90.62)	-	17.07	344.52
Capital losses	1.21	32.84	-	34.05	20.61
Business losses	119.48	2.44	-	121.92	183.75
Provision for doubtful debts	62.17	(47.02)	-	15.15	-
Provision for doubtful advances	15.37	(12.88)	-	2.49	-
Other Provisions	20.25	118.74	-	138.99	-
Items allowable for tax purpose on payment basis	45.90	(14.75)	-	31.15	-
Others	125.96	(123.86)	-	2.10	-
Minimum alternate tax (MAT) credit entitlement	-	-	-	-	38.29
Elimination Impact for Subsidiary	-	-	-	-	(135.28)
	498.03	(135.11)	-	362.92	451.89
B. Deferred tax liabilities					
Difference between book balance and tax balance of property, plant and equipment	479.76	(132.58)	-	347.18	-
Others	18.27	(2.53)	-	15.74	-
	498.03	(135.11)	-	362.92	-
Net deferred tax assets / (liabilities) (A-B)	-	-	-	-	451.89

(b) Reconciliation of tax expense and the accounting profit multiplied by tax rate:

Particulars	31 st March, 2021	31 st March, 2020
Profit before tax	(166.94)	(187.53)
Tax	(43.45)	(65.53)
Deferred tax asset not recognised	(1.57)	54.20
Exempt income	-	(0.01)
Deductions claimed in tax	-	-
Weighted deductions available in tax	-	-
Permanent differences	17.70	0.02
Others (including difference in tax rates)	27.32	11.32
Total income tax expense/(credit)	-	-

(c) Tax losses

Particulars	31 st March, 2021	31 st March, 2020
Unused tax losses for which no deferred tax has been recognised:		
Tax losses		
Business loss	761.11	525.85
- Capital loss: Short term	117.95	117.95
- Capital loss: Long term		
Unabsorbed tax depreciation	211.36	985.92
Elimination Impact for Subsidiary	(466.07)	(387.12)

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(All amounts in Rupees crores, unless otherwise stated)

Particulars	31 st March, 2021	31 st March, 2020
Potential tax benefit on Business loss	264.77	528.27
Potential tax benefit on Capital loss short term	20.61	20.61
Potential tax benefit on Capital loss long term		
Minimum alternate tax (MAT) credit entitlement	-	38.29
Elimination Impact for Subsidiary	(117.30)	(135.28)
Total	168.08	451.89

- (a) Unabsorbed depreciation does not have any expiry period.
- (b) From financial year 2020-21 (AY 2021-22) and onwards, the Parent Company has decided to opt for a new tax regime as per the provisions of Section 115BAA of the Income Tax Act, 1961. Accordingly, brought forward business losses / unabsorbed depreciation has been reinstated while computing deferred tax assets. However, the Wholly Owned Subsidiary has continued in the old tax regime.

Note 31: Earnings per share

Particulars		2020-2021	2019-2020
(a) Basic -			
Number of equity shares at the beginning of the year		14,25,90,079	14,25,90,079
Number of equity shares at the end of the year		16,48,11,341	14,25,90,079
Weighted average number of equity shares outstanding during the year	(A)	14,40,51,203	14,25,90,079
Nominal value of each equity Share (R)		10	10
Profit / (Loss) for the year (R in crore)	(B)	140.11	(187.53)
Earnings per share (Basic) (R)	(B/A)	9.73	(13.15)
(b) Diluted			
Weighted average number of equity shares outstanding during the year		14,40,51,203	14,25,90,079
Earnings per share (Diluted) (R)		9.73	(13.15)

Note 32: Contingent liabilities

Particulars	31 st March, 2021	31 st March, 2020
(a) Guarantees given -		
(i) to excise authorities	0.06	0.06
(b) Claims against the Group not acknowledged as debts :		
(i) Rates, Taxes, Duties etc. demanded by various Authorities	213.49	201.78
(ii) Others	0.01	0.01
(c) Income Tax matters	15.43	15.54
	228.99	217.39

In the opinion of the management, no provision is considered necessary for the disputes mentioned above on the ground that there are fair chances of successful outcome of appeals.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

Note 33: Capital and other commitments

Particulars	31 st March, 2021	31 st March, 2020
Capital Commitments		
Estimated value of contracts in capital account remaining to be executed [net of advances R 1.75 crore (31 st March 2020: R 0.83 crore)]	3.60	4.73
	3.60	4.73

Note 34: The Group 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:

Particulars	31 st March, 2021	31 st March, 2020
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	25.91	8.42
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.21	0.03
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	0.05
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	0.10	-
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 Group		

Note 35: Lease Disclosure

1. The following is the break-up of current and non-current lease liabilities as at March 31st, 2021.

Particulars	2020-21	2019-20
Current Lease Liability	11.99	11.31
Non Current Lease Liability	5.72	11.93
	17.71	23.24

2. The following is the movement in lease liabilities during the year ended March 31st, 2021:

Particulars	2020-21	2019-20
Opening Balance	23.24	6.21
Additions during the year	7.37	22.59
Finance cost accrued during the period	2.17	2.33
Deletions	0.53	-
Payment of lease liabilities	14.55	7.88
Closing Balance	17.71	23.24

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	Particulars	2020-2021	2019-2020
3.	Expense pertaining to leases which has been identified as Short Term	7.09	6.65
4.	Expense pertaining to leases which has been identified as Low Value	0.09	0.07

5. Contractual maturities of lease liabilities as at March 31st, 2021 on an undiscounted basis

The table below provides details regarding the contractual maturities of lease liabilities as at March 31st, 2021 on an undiscounted basis:

Particulars	2020-21	2019-20
Less than one year	13.81	12.83
One to five years	4.76	12.56
More than five years	7.36	7.51

Note 36: Capital management

(a) Risk management

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity shareholders of the Group which comprises issued share capital (including premium) and accumulated reserves disclosed in the Statement of Changes in Equity.

The Group's capital management objective is to achieve an optimal weighted average cost of capital while continuing to safeguard the Group's ability to meet its liquidity requirements (including its commitments in respect of capital expenditure) and repay loans as they fall due.

Note 37: Fair Value measurements

This section gives an overview of the significance of financial instruments for the Group and provides additional information on balance sheet items that contain financial instruments. The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

Financial instruments by category

Particulars	31 st March, 2021			Total Carrying Value	Total Fair Value
	FVPL	FVOCI	Amortised cost		
Financial assets					
Cash and cash equivalents	-	-	97.45	97.45	97.45
Other bank balances	-	-	14.49	14.49	14.49
Trade receivables	-	-	304.93	304.93	304.93
Derivative asset	-	-	-	-	-
Loans	-	-	129.40	129.40	129.40
Investments	-	77.41	0.01	77.42	77.42
Other financial assets	-	-	31.50	31.50	31.50
Total financial assets	-	77.41	577.78	655.19	655.19
Financial liabilities					
Borrowings	74.07	-	1,944.26	2,018.33	2,018.33
Trade and other payables	-	-	616.43	616.43	616.43
Lease Liability	-	-	17.71	17.71	17.71
Other financial liabilities	-	-	131.88	131.88	131.88
Total financial liabilities	74.07	-	2,710.28	2,784.35	2,784.35

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(All amounts in Rupees crores, unless otherwise stated)

Particulars	31 st March, 2020			Total Carrying Value	Total Fair Value
	FVPL	FVOCI	Amortised cost		
Financial assets					
Cash and cash equivalents	-	-	9.65	9.65	9.65
Other bank balances	-	-	6.54	6.54	6.54
Trade receivables	-	-	196.86	196.86	196.86
Derivative asset	-	-	-	-	-
Loans	-	-	453.06	453.06	453.06
Investments	-	69.50	0.01	69.51	69.51
Other financial assets	-	-	33.62	33.62	33.62
Total financial assets	-	69.50	699.74	769.24	769.24
Financial liabilities					
Borrowings	-	-	2,213.81	2,213.81	2,213.81
Trade and other payables	-	-	623.15	623.15	623.15
Lease Liability	-	-	23.24	23.24	23.24
Other financial liabilities	-	-	154.14	154.14	154.14
Total financial liabilities	-	-	3,014.34	3,014.34	3,014.34

(i) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This level of hierarchy includes Group's over-the-counter (OTC) derivative contracts.

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. This level of hierarchy includes Group's investment in equity shares which are unquoted or for which quoted prices are not available at the reporting dates.

Particulars	31 st March, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Investments	-	-	77.41	77.41
	-	-	77.41	77.41
Financial liabilities:				
Borrowings	-	74.07	-	74.07
	-	74.07	-	74.07

Particulars	31 st March, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Investments	-	-	69.50	69.50
	-	-	69.50	69.50

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

(ii) Valuation technique used to determine fair value

- (a) Derivatives are fair valued using market observable rates and published prices together with forecasted cash flow information where applicable.
- (b) Investments carried at fair value are generally based on market price quotations. However in cases where quoted prices are not available the management has involved valuation experts to determine the fair value of the investments. Different valuation techniques have been used by the valuers for different investments. These investments in equity instruments are not held for trading. Instead, they are held for long term strategic purpose. The Group has chosen to designate this investments in equity instruments at FVOCI since, it provides a more meaningful presentation. Cost of certain investments in equity instruments have been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.
- (c) Fair value of borrowings is estimated by discounting expected future cash flows. The carrying amounts of other borrowings with floating rate of interest are considered to be close to the fair value.
- (d) The carrying amounts of remaining financial assets and liabilities are considered to be the same as their fair values.
- (e) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

Note 38: Financial risk management

In the course of its business, the Group is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Group has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The risk management framework aims to:

- (i) create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Group's business plan.
- (ii) achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

(A) Credit risk

The Group takes on exposure to credit risk, which is the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Maximum exposure to credit risk of the Group has been listed below:

Particulars	31 st March, 2021	31 st March, 2020
Trade receivables	304.93	196.86
Loan	129.40	453.06
Other financial assets	31.50	33.62
Total	465.83	683.54

Other receivables as stated above are due from the parties under normal course of the business and as such the Group believes exposure to credit risk to be minimal.

i) Trade and other receivables

Customer credit risk is managed by the Group through established policy and procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally carrying upto 90 days credit terms. The Group has a detailed review mechanism of overdue customer receivables at various levels within organisation to ensure proper attention and focus for realisation. Trade receivables are consisting of a large number of customers. Where credit risk is high, domestic trade receivables are backed by security deposits. Export receivables are backed by letters of credit.

In determining the allowances for credit losses of trade receivables, the Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

The Group's exposure to customers is diversified and there is no significant credit exposure on account of any single customer as at 31st March 2021 and 31st March 2020.

The Group is making provisions on trade receivables based on Expected Credit Loss (ECL) model. The reconciliation of ECL is as follows:

Particulars	2020-2021	2019-2020
Opening balance	8.37	170.82
Acquired in business combination	-	-
Charge/(Release) to statement of profit and loss	2.28	1.79
Transferred pursuant to the scheme of arrangement	-	(163.38)
Utilised during the year	(0.32)	(0.86)
Closing balance	10.33	8.37

(B) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Group has obtained fund and non-fund based working capital lines from various banks. Furthermore, the Company has access to funds from debt markets through commercial paper programs, non-convertible debentures and other debt instruments. The Company invests its surplus funds in bank fixed deposit and in mutual funds, which carry no or low market risk.

(i) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities 31 st March, 2021	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Non-derivatives					
Borrowings	204.88	595.00	1,505.84	525.97	2,831.69
Lease Liability	64.50	3.99	0.31	7.36	76.16
Other financial liabilities	58.17	-	-	74.27	132.44
Trade payables	616.43	-	-	-	616.43
Total non-derivative financial liabilities	943.98	598.99	1,506.15	607.60	3,656.72

Contractual maturities of financial liabilities 31 st March, 2020	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Non-derivatives					
Borrowings	827.77	459.88	331.51	656.69	2,275.85
Lease Liability	12.83	6.54	6.02	7.51	32.90
Other financial liabilities	80.57	-	-	73.57	154.14
Trade payables	623.15	-	-	-	623.15
Total non-derivative financial liabilities	1,544.32	466.42	337.53	737.77	3,086.04

(C) Market risk

(i) Foreign currency risk

The group deals with foreign currency loan, trade payables etc. and is therefore exposed to foreign exchange risk associated with exchange rate movement.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

The group operates internationally and portion of the business is transacted in several currencies and consequently the group is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies.

Foreign currency risk exposure

The Group's exposure to foreign currency risk at the end of the reporting period expressed in INR (foreign currency amount multiplied by closing rate), are as follows:-

As at 31st March, 2021

Particulars	USD (in crores)		EUR (in crores)		GBP (in crores)		JPY (in crores)	
	Amount in foreign currency	Amount in local currency	Amount in foreign currency	Amount in local currency	Amount in foreign currency	Amount in local currency	Amount in foreign currency	Amount in local currency
Financial assets								
Trade receivables	0.01	0.53	-	-	-	-	-	-
Advance to Vendors	0.00*	0.00*	-	-	-	-	-	-
Financial liabilities								
Trade payables	-	-	0.00*	0.05	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-
Net exposure to foreign currency risk	0.01	0.53	(0.00)*	(0.05)	-	-	-	-

As at 31st March, 2020

Particulars	USD (in crores)		EUR (in crores)		GBP (in crores)		JPY (in crores)	
	Amount in foreign currency	Amount in local currency	Amount in foreign currency	Amount in local currency	Amount in foreign currency	Amount in local currency	Amount in foreign currency	Amount in local currency
Financial assets								
Trade receivables	0.01	0.96	-	-	-	-	-	-
Financial liabilities								
Trade payables								
Borrowings	0.05	3.39	0.00*	0.05	-	-	-	-
Net exposure to foreign currency risk	(0.04)	(2.43)	(0.00)*	(0.05)	-	-	-	-

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

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

Particulars	Impact on profit before tax/equity	
	31 st March, 2021	31 st March, 2020
USD sensitivity		
INR/USD appreciates by 5% (31 st March 2020 - 5%)@	(0.03)	0.12
INR/USD depreciates by 5% (31 st March 2020 - 5%)@	0.03	(0.12)
EUR sensitivity		
INR/EUR appreciates by 5% (31 st March 2020 - 5%)@	0.00	0.00
INR/EUR depreciates by 5% (31 st March 2020 - 5%)@	(0.00)	(0.00)
JPY sensitivity		
INR/JPY appreciates by 5% (31 st March 2020 - 5%)@	-	-
INR/JPY depreciates by 5% (31 st March 2020 - 5%)@	-	-
GBP sensitivity		
INR/GBP appreciates by 5% (31 st March 2020 - 5%)@	-	-
INR/ GBP depreciates by 5% (31 st March 2020 - 5%)@	-	-

@ Holding all other variables constant

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group's main interest rate risk arises from borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 31st March 2021 and 31st March 2020, the Group's borrowings at variable rate were mainly denominated in INR.

The Group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(a) Interest rate risk exposure

On Financial Liabilities:

The exposure of the Group's financial liabilities to interest rate risk is as follows:

Particulars	31 st March, 2021	31 st March, 2020
Variable rate borrowings	47.41	2,180.16
Fixed rate borrowings	1,970.36	27.52
Total borrowings	2,017.77	2,207.68

(b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates as below:

Particulars	Impact on profit before tax/equity	
	31 st March, 2021	31 st March, 2020
Interest expense rates – increase by 50 basis points (50 bps)#	(0.24)	(10.90)
Interest expense rates – decrease by 50 basis points (50 bps)#	0.24	10.90

Holding all other variables constant

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

(iii) Price risk

(a) Exposure

The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet at fair value through OCI. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. In general, these investments are not held for trading purposes.

(b) Sensitivity

The table below summarizes the impact of increases/decreases of the share prices on the Group's equity.

Particulars	Impact on equity	
	31 st March, 2021	31 st March, 2020
Share price - Increase 5%	3.87	3.48
Share price - Decrease 5%	(3.87)	(3.48)

Note 39: Segment Reporting

The Group's organizational structure and governance processes are designed to support effective management of Cement and Rayon, TP and chemicals, the two business segments of the Group, with equal focus on all. The three Segments have been reported in a manner consistent with the internal reporting provided to the Board of Directors which is the Chief Operating Decision Maker (CODM).

The amounts reported to CODM are based on the accounting principles used in the preparation of financial statements as per Ind AS. Segment's performance is evaluated based on segment revenue and segment result viz. profit or loss from operating activities before exceptional items and tax. Accordingly, finance costs / income, non – operating expenses and exceptional items are not allocated to individual segment.

Segment assets / liabilities comprise assets / liabilities directly managed by each segment. Segment assets primarily include receivables, property, plant and equipment, capital work-in-progress, intangibles, non-current investments, inventories, cash and cash equivalents, inter-segment assets. Segment liabilities primarily include operating liabilities. Segment capital expenditure comprises additions to property, plant and equipment and intangible assets.

The reporting segments of the Group post demerger of the tyre business are as below:

Cement: This covers the sale of cement. The Group operates its cement business under the name, 'Birla Shakti Cement'.

Rayon, TP and chemicals: This covers sale of rayon, transparent paper and filament yarn. The Group operates this business under the name, 'Kesoram Rayon'.

Summary of the segmental information for the year ended and as of 31st March, 2021 is as follows:

Particulars	Cement	Rayon, TP and chemicals	Total
Segment Revenue			
Revenue	2,415.21	237.56	2,652.77
	2,415.21	237.56	2,652.77
Segment Results [Profit/(Loss) before interest and tax and exceptional items]	360.78	(34.48)	326.30
Finance cost			(272.36)
Exceptional items (refer note 29)			(220.88)
Profit/(Loss) Before Tax			(166.94)
Segment Assets	2,560.52	715.22	3,275.74
Segment Liabilities	2,810.09	268.17	3,078.26
Segment Capital Expenditure	20.57	7.29	27.86
Segment Depreciation and amortisation	96.21	21.75	117.96
Non cash expenditure other than depreciation and amortisation included in segment expense			2.32

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

Summary of the segmental information for the year ended and as of 31st March, 2020 is as follows:

Particulars	Cement	Rayon, TP and chemicals	Total
Segment Revenue			
Revenue	2,329.95	315.69	2,645.64
	2,329.95	315.69	2,645.64
Segment Results [Profit/(Loss) before interest and tax]	157.44	(9.51)	147.93
Finance cost			(335.46)
Profit/(Loss) Before Tax			(187.53)
Segment Assets	2,561.85	649.94	3,211.79
Segment Liabilities	3,004.13	304.91	3,309.04
Segment Capital Expenditure	22.37	11.43	33.80
Segment Depreciation and amortisation	91.26	21.35	112.61
Non cash expenditure other than depreciation and amortisation included in segment expense			3.25

Geographical information

(a) Revenue from external customers:

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
India	2,643.06	2,631.30
Others	9.71	14.34
	2,652.77	2,645.64

None of the customers of the Group accounts for more than 10% of the revenues as at 31st March 2021 and 31st March 2020.

Note 39A: As per the directives of both the Central and State Governments in the wake of COVID-19 pandemic, the operations of the Company were impacted for the year under reference. The Management has considered the possible effects, if any, that resulted from the pandemic on the carrying amounts of current assets after considering internal and external sources of information including the possible future uncertainties in the global economic conditions as at the date of approval of these Financial Results. The Company continues to monitor the rapidly changing situation.

Note 40: Related party transactions

List of Related Parties and relationship

A) Joint Venture

Gondkhari Coal Mining Limited

B) Post Retirement Benefit Plan

B.K. Birla Group of Companies Provident Fund Institution.

Birla Industries Provident Fund Institution.

KICM Gratuity Fund

Kesoram Superannuation Fund

C) Directors and Key Management Personnel

Smt. Manjushree Khaitan

Mr. P. Radhakrishnan

Mr. Suresh Sharma

Mr. Kaushik Biswas [resigned w.e.f 19th January, 2021]

Mr. Akash Ghuwalewala

Mr. Gujjula Srinivasa Reddy

Late Mr. Amitabha Ghosh [demised on 15th September, 2020]

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

Mr. Lee Seow Chuan
 Ms. Jikyeong Kang
 Mr. Siddhartha Mohanty [resigned w.e.f 1st February, 2021]
 Mr. Kashi Prasad Khandelwal
 Mr. Bhaskar Neogi
 Mr. Sudip Banerjee

D) Others

A. Entity Controlled, Joint Control by Key Management Personnel

MSK Travels and Tours Ltd
 Aditya Marketing & Mfg Ltd
 Arbela Trading and Services Private Limited
 Usinara Trading and Services Private Limited

B. One entity is an associate of the other entity (or an associate of a group of which the other entity is a member)

Manav Investment & Trading Co Ltd & its subsidiaries

(A) The following transactions were carried out with the related parties in the ordinary course of business.

Nature of Transaction/ Relationship	2020-2021	2019-2020
Provident Fund Contribution		
Post Retirement Benefit Plan	15.55	17.47
Gratuity Claimed		
Post Retirement Benefit Plan	9.80	6.11
Gratuity Contribution		
Post Retirement Benefit Plan	11.54	6.08
Superannuation Contribution		
Post Retirement Benefit Plan	0.02	0.02
Upkeep, Rent, Electricity, Generator facility		
Others	0.29	0.40
Tour & Travel Services		
Others	0.49	11.78
Loan Taken		
Others	-	7.10
Loan Repaid		
Others	4.09	3.30
Loan Given		
Others	1.11	-
Receipt of ICD		
Others	50.20	-
Repayment of ICD		
Others	50.20	-
Interest Expense		
Others	1.78	0.33
Interest Income		
Others	0.03	-
Interest Payment		
Others	1.76	-
Expenditure-Other Services		
Others	0.37	8.17

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

(B) Outstanding balances

Nature of Transaction/ Relationship	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Payable:		
Others	1.42	2.36
Post Retirement Benefit Plan	3.22	14.66
Loan Payable:		
Others	-	3.80
Interest Payable:		
Others	-	0.32
Loan Receivable		
Joint Venture	6.17	6.17
Others	1.11	-
Interest Receivable		
Joint Venture	0.62	0.62
Others	0.03	-
Advance Receivable		
Joint Venture	0.32	0.32

(C) Compensation of KMP of the Company

- (i) The following transactions were carried out with the KMP in the ordinary course of business.

The details of remuneration paid to key management personnel is provided in Note 25.

Particulars	2020-2021	2019-2020
Sitting fees to Director	1.04	0.71
Reimbursement of Expenses	0.04	0.08
Repayment of Loan from Director	20.73	-

- (ii) Outstanding balances

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Remuneration	0.23	0.39
Loan from Director	-	20.73

* Amount is below the rounding of norm adopted by the Group

Note 41: Statement of net assets, and profit or loss attributable to owners and non-controlling interest

Name of the entity	2020-2021							
	Net Assets	As a % of consolidated net assets	Net Profit / (Loss)	As a % of consolidated net Profit / (Loss)	Other comprehensive income	As a % of consolidated other comprehensive income	Total comprehensive income	As a % of consolidated total comprehensive income
Holding Company	347.16	175.79%	166.94	119.15%	8.42	82.71%	175.36	116.68%
Kesoram Industries Limited								
Subsidiary	310.79	157.38%	(105.77)	(75.49%)	1.76	17.29%	(104.01)	(69.21%)
Cygnat Industries Limited								
Total Eliminations	(460.47)	(233.17%)	78.95	56.34%	-	0.00%	78.95	52.53%
Total	197.48	100.00%	140.11	100.00%	10.18	100.00%	150.29	100.00%

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts in Rupees crores, unless otherwise stated)

Name of the entity	2019-2020							
	Net Assets	As a % of consolidated net assets	Net Profit / (Loss)	As a % of consolidated net Profit / (Loss)	Other comprehensive income	As a % of consolidated other comprehensive income	Total comprehensive income	As a % of consolidated total comprehensive income
Holding Company	27.36	(28.13%)	(485.50)	258.90%	(11.37)	70.97%	(496.87)	244.11%
Kesoram Industries Limited								
Subsidiary	(81.68)	83.99%	(89.14)	47.54%	(4.65)	29.03%	293.33	(144.11%)
Cygnnet Industries Limited								
Total Eliminations	(42.93)	44.14%	387.12	(206.43)%	-	0.00%	-	0.00%
Total	(97.25)	100.00%	(187.53)	100.00%	(16.02)	100.00%	(203.55)	100.00%

Note 42: The Central Government has published The Code on Social Security, 2020 and Industrial Relations Code, 2020 (the Codes) in the Gazette of India, inter alia, subsuming various existing labour and industrial laws which deals with employees related benefits including post employment. The effective date of the code and the rules are yet to be notified. The impact of the legislative changes, if any, will be assessed and recognised post notification of the relevant provisions.

Note 43: Figures for the previous year have been regrouped/reclassified wherever necessary to conform to current period's classification.

* Amount is below the rounding of norm adopted by the Group

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.302009E)

Abhijit Bandyopadhyay
Partner

Place: Kolkata
Date: 14th May, 2021

Suresh Sharma
Chief Financial Officer

Akash Ghuwalewala
Company Secretary

For and on behalf of the Board

Manjushree Khaitan
Chairman

P. Radhakrishnan
Whole-time Director & CEO

ACCOUNTING RATIOS

The following tables present certain accounting and other ratios computed on the basis of amounts derived from the Financial Statements included in the Section “Financial Statements” on page [●].

Accounting Ratios (on a consolidated basis)

Ratio	As at the end of / for Financial Year 2021
Earnings per Equity Share - Basic (in ₹)	9.73
Earnings per Equity Share - Diluted (in ₹)	9.73
Return on net worth (in %)	98.53
Net asset value per Equity Share (in ₹)	11.98
EBITDA (In ₹ crore)	375.54

The ratios have been computed as below:

Ratios	Computation
Basic and diluted earnings per Equity Share	$\frac{\text{Profit/(loss) for the period/year}}{\text{Weighted average number of Equity Shares outstanding at the end of year/period}}$
Return on net worth (%)	$\frac{\text{Profit/(loss) for the period/year}}{\text{Net worth at the end of the year/period}}$ <p>‘Net worth’ is defined in Regulation 2(1)(hh) of the SEBI ICDR Regulations, as the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.</p> <p>The Company believes that there has been no clear guidance available in terms of the above definition, post adoption of Ind AS. Accordingly, the Company has interpreted ‘net worth’ to include paid-up share capital, securities premium reserve, general reserve and retained earnings (including adjustments made on account of transition to Ind AS). Further, in computing ‘net worth’, the Company has excluded capital reserve, capital redemption reserve and share buyback reserve.</p>
Net asset value per Equity Share	Net asset value per Equity Share is computed by dividing total equity as disclosed in the Financial Statements with the number of issued, subscribed and fully paid-up Equity Shares outstanding as at respective year/period end.
EBITDA	Profit / (loss) for the period / year plus total tax expenses plus finance cost plus depreciation and amortization expenses.

(1) Calculation of Return on Net Worth

(in ₹ crore, unless otherwise specified)

Particulars	As at and for Fiscal 2021
Profit / (loss) after tax (A)	140.11
Net Worth (B)	142.21
Return on Net-Worth [A / B] * 100	98.53%

(2) Calculation of Net Worth and Net Asset Value per Equity Share

(in ₹ crore, except per share data)

Particulars	As at and for Fiscal 2021
Equity share capital (A)	164.81
Other equity (B)	(22.60)
Net-Worth (C) = [A + B]	142.21
Number of Equity shares as at the end of the relevant period (D)	16,48,11,341
Total Equity as per Annual Audited Financial Statements (E)	197.48

Particulars	As at and for Fiscal 2021
Net Asset Value per Equity Share $[(E \times 10^7 / D)]$ (₹)	11.98

(3) Calculation of EBITDA

(in ₹ crore)

Particulars	As at and for Fiscal 2021
Profit / (loss) before tax (A)	(166.94)
Finance costs (B)	275.80
Depreciation and amortisation expense (C)	117.96
Add: Share of losses from associates (D)	0.00
Other income (E)	72.16
Exceptional Items (F)	220.88
EBITDA $[A + B + C + D - E + F]$	375.54

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Unless indicated otherwise, the financial information included herein are based on our Audited Consolidated Financial Statements for the Fiscal ended March 31, 2021. For further details, please see "Financial Statements" on page [●]. You should read the following discussion and analysis of our financial condition and results of operations together with the Financial Statements, including the significant accounting policies, notes thereto and reports thereon, which have been prepared in accordance with Companies Act and SEBI ICDR Regulations. The Financial Statements have been prepared on a basis that differs in certain material respects from generally accepted accounting principles in other jurisdictions, including IFRS. Accordingly, the degree to which Financial Statements will provide meaningful information to a prospective investor in countries other than India is entirely dependent on the reader's level of familiarity with Ind AS. Our Fiscal ends on March 31 of each year, so all references to a particular Fiscal are to the twelve-month period ended March 31 of that year.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. Our actual results may differ from those anticipated in these forward-looking statements as a result of any number of factors, including those set forth in the sections "Forward-Looking Statements" and "Risk Factors" on pages [●] and [●], respectively.

Unless otherwise indicated, industry and market data used in this section has been derived from industry publications and other publicly available information, including, in particular the CRISIL Report, prepared and issued by CRISIL Research, a division of CRISIL Limited. Also see, "Presentation of Financial and Other Information - Market and industry data" on page [●].

We are part of one of the oldest conglomerates in India and are a flagship company of the B.K Birla group. We were incorporated in October 1919 and while we have been engaged in multiple businesses like cement, tyre, textiles and pulp and paper in the past, over the years have concentrated our business interests primarily to cement and rayon.

We own and operate two cement manufacturing facilities, located at Sedam, Karnataka (the "**Sedam Plant**") and Basantnagar, Telangana (the "**Basantnagar Plant**") (together, the "**Manufacturing Facilities**"). Our cement business has enjoyed an operating history of over 51 years, as applicable catering to the regional demands in Maharashtra, Goa, Karnataka, Telangana, Tamil Nadu, Madhya Pradesh, Kerala, Uttar Pradesh and Andhra Pradesh. Our Manufacturing Facilities are located in proximity to our leased limestone deposits in the states of Karnataka and Telangana. Further, our Manufacturing Facilities are also strategically located with rail and road connectivity to our key markets in southern and western India. As of June 30, 2021, the production capacity of cement was 10.75 MMTPA. Our cement is marketed under the brand name "Birla Shakti" and "Birla Shakti Cement Shakti+".

We distribute our products through the trade segment, where the end-users are individual home buyers ("**Trade Segment**"), and the non-trade segment, which is through direct sales to institutional and bulk buyers ("**Non-trade Segment**"). In Fiscals 2020 and 2021, sales to the Trade Segment were 43.31% and 49.78%, respectively, of our total net revenue from cement sales in such period while sales to the Non-Trade Segment were 56.69% and 50.22%, respectively, of our total net revenue from cement sales in such period. We have developed a strong distribution network across India comprising 516 active cement agents and a network of 2,669 active cement dealers as of June 30, 2021, who market our cement products. Our cement operations are also supported by the internal sales and marketing teams comprising of 147 employees as on June 30, 2021. In addition, we also manufacture viscose rayon, filament yarn and transparent paper through our subsidiary, Cygnet Industries Limited. Our rayon and transparent paper plant is located at Hooghly, West Bengal. The rayon is marketed under the brand name "Kesoram Rayon", while our transparent paper is marketed under the brand name "Kesophane".

Pursuant to a scheme of arrangement between our Company, Birla Tyres Limited and their respective shareholders and creditors, approved by the National Company Law Tribunal, Kolkata Bench on November 8, 2019, the tyre business of our Company was demerged into Birla Tyres Limited with an effective date of December 4, 2019 and an appointed date of January 1, 2019.

We have a strong, experienced and dedicated management team led by Manjushree Khaitan who has extensive industry experience and has played a key role in the development of our business. Further, our Board of Directors comprises a balanced team of independent directors, qualified and experienced personnel, who have extensive knowledge and understanding of the cement industry.

We have established stable and cost-effective raw material supplies including limestone, gypsum and fly ash, as well as coal for our integrated Manufacturing Facilities. Limestone is mined from our captive limestone mines and shale, for which we have entered into long-term mining leases. As of March 31, 2021, our Company's captive limestone mines had aggregate residual reserves of 570.20 million MT of limestone and 142.29 million MT of shale. We optimize our coal procurement by sourcing coal and pet coke from the international markets and coal through coal linkages with The Singareni Colliery Company Limited. Our integrated Manufacturing Facilities are also located in close proximity to captive limestone mines which results in reduction of our transportation costs.

Our integrated Manufacturing Facilities are supplemented by auxiliary infrastructure, including a combined 94.2 MW captive power plant, as of March 31, 2021, at our Sedam Plant and Basantnagar Plant. In Fiscals 2021, 2020 and 2019, we met 97.22%, 99.04% and 98.55%, respectively, of our power requirements through our captive sources, thereby enabling us to effectively manage our power cost. In 2011, we commissioned a plant in Solapur, Maharashtra ("**Solapur Packing Plant**"), which serves as a packing terminal for the cement manufactured at Sedam Plant. The Solapur Packing plant has an approved production capacity of 6,60,000 MTPA as on March 31, 2021. We believe that our Solapur Packing Plant will enable cost-effective customer service and deeper penetration in the markets of Maharashtra.

Our Manufacturing Facilities are IS 14001:2015 certified for environment management systems and ISO 45001:2018 certified for occupational health and safety management systems. We have received the gold award in cement sector for outstanding achievement in occupational health & safety management by Apex India Foundation for 2020, "Energy Efficient Unit" award by Confederation of Indian Industry in the 20th National Award for Excellence in Energy Management 2019 and "5 Star Rating for Excellence in EHS Practices" in the CII-SR EHS Excellence Awards for 2019, as well as the second position under "Best Energy Efficient Plant – Coal (CPP) (Southern)" by National Efficiency Awards in 2021 and Icon SWM Excellence Award 2019 for making co-processing of significant amount of waste in cement kiln on a large scale.

The cement and rayon (including transparent paper and chemicals) business operations contributed 91.04% and 8.96%, respectively, of our total revenues for the year ended March 31, 2021, and 88.07% and 11.93%, respectively, of our total revenues for the year ended March 31, 2020, on a consolidated basis. Our consolidated profit/loss (before tax and excluding exceptional items) was ₹ 53.94 crore and ₹ (187.53) crore for Fiscal 2021, and 2020, respectively. Our consolidated total revenue was ₹ 2,724.93 crore in Fiscal 2021 and ₹ 2,685.98 crore in Fiscal 2020. Our EBITDA (excluding exceptional items) for Fiscals 2021 and 2020 was ₹ 375.54 and ₹ 228.37, respectively.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe that the following factors, amongst others, have significantly affected our results of operations, cash flows and financial condition during the periods under review, and may continue to affect our results of operations and financial condition in the future:

Macroeconomic conditions and the impact of the COVID-19 pandemic

The COVID-19 pandemic has resulted in a significant economic downturn in India and globally, and has also led to significant disruptions and volatility in capital and financial markets, liquidity, economic conditions and trade and could continue to do so or could worsen for an unknown period of time, that could in turn have a material adverse impact on our business, cash flows, results of operations and financial condition, including liquidity and growth.

On March 14, 2020, India declared COVID-19 as a 'notified disaster' and imposed a nationwide lockdown announced on March 24, 2020. Subsequently, progressive relaxations have been granted for movement of goods and people and cautious re-opening of businesses and offices. However, since manufacturing of cement was determined to be an essential commodity pursuant to the Ministry of Home Affairs order dated March 27, 2020, we were allowed to resume operations in a phased manner. Accordingly, all of our manufacturing facilities, grinding units and packing terminals restarted operations in a phased manner, subject to certain adjustments in working patterns, social distancing measures and additional safety measures, such as, regular temperature checks, regular sanitization, and compulsory use of masks and hand sanitization. We experienced disruptions in supply chain and inventory management, as well as delays in orders, payments and collections. In addition, we faced disruptions in relation to raw materials for packing as well as in availability of trucks for transportation of our raw materials and products on account of COVID-19 pandemic.

The extent to which the COVID-19 impacts our business and results will depend on future developments, which are highly uncertain and cannot be predicted, such as new information which may emerge concerning the severity of the coronavirus and the actions taken globally to contain the coronavirus or treat its impact, among others. In addition, we cannot predict the impact that the COVID-19 pandemic will have on our customers, suppliers and other business partners, and each of their financial conditions; however, any material effect on these parties could adversely impact us. As a result of these uncertainties, the impact may vary significantly from that estimated by our management from time to time, and any action to contain or mitigate such impact, whether government-mandated or opted by us, may not have the anticipated effect or may fail to achieve its intended purpose altogether.

Due to COVID related lock-down/restrictions in FY 2021, our Basant Nagar cement plant remained closed from March 24, 2020 to April 28, 2020, Sedam Plant remained closed from March 24, 2020 to April 28, 2020, Rayon Plant / Transparent Plant remained closed from March 27, 2020 to May 15, 2020. During FY 2022 Rayon Plant/ Transparent Plant has temporary suspended work since June 22, 2021. Sales volume of Rayon dropped in first six months of FY 2021.

Demand and supply for products in Sothern and Western India

Our sales volumes and results of operations are affected by the demand for and supply of cement in Southern and Western India, where we have historically made significant majority of our cement sales. We currently operate two Cement Plants in South India in the state of Karnataka and Telangana. These locations allow us to effectively sell and market our products in Western and Southern India as well as access to select key markets in Central India. Since our manufacturing plants are located in the Southern India and we market our Cement in Southern and Western India, our business and results of operations are dependent on the economic growth in these regions. The level of economic activity is influenced by a number of factors, including political and regulatory policy, COVID-19 relation lockdowns and its consequential impact on the activities relating to cement consumption, funding received for housing and infrastructure projects from the central and state governments and climatic conditions such as monsoon and drought. In addition, Fiscal, tax and other policies of central government and state governments have the effect of stimulating or discouraging construction activity. Accordingly, our results of operations are cyclical, with periods of growth typically followed by downturns.

Western India: In Fiscal 2022, CRISIL Research expects demand to witness 13-15% growth on low base and in the long term CRISIL Research expects cement demand in the west to grow at 3.5-4.5% CAGR in FY22-FY26P. Infrastructure development, such as urban infrastructure projects (metros, expressways, NHAI), state roads in Gujarat, etc., is expected to drive demand in the region along with urban housing which is expected to gain traction on the back of pick up in real estate and affordable housing demand. Over ~6000 kms of NHAI is expected to be constructed in this region over the next 3-4 years. Since penetration of rigid roads are higher in the region, it is expected to propel demand as well. Multiple metro projects are expected to be constructed in this region as well which will lead to incremental demand. (Source: CRISIL Report)

Southern India: In Fiscal 2022, CRISIL Research expects demand to witness 14-17% growth on low base and in the long-term cement demand in the south to grow at 2.5-3.5% CAGR in FY22-FY26P. States with poor growth in the past, such as Tamil Nadu and Karnataka, are expected to witness upward bias on the back of growth in state infra segment. However, culture of work from home in the IT sector, which contributed to cement demand from real estate indirectly, is expected to limit sharp uptick in commercial real estate demand in near term; to witness revival with increasing need of substantial office spaces in post Covid world. Demand growth in AP-Telangana and Kerala is expected to further pick pace due to increased government spending on infra projects. (Source: CRISIL Report).

Cost and availability of raw materials and power and fuel

Our cost of materials consumed, power and fuel costs and packing, carriage and shipping constitute a significant component of our cost structure. For the Fiscals 2021 and 2020, the cost of materials consumed amounted to 12.27% and 13.95% respectively, of our revenue from operations, power and fuel amounted to 24.41% and 26.27% respectively of our revenue from operations and packing, carriage and shipping amounted to 30.57% and 31.23% respectively of our revenue from operations. As we continue to grow our operations, we would need to procure additional volumes of raw materials and also incur additional power and additional fuel expenses towards the operation of our plants.

For the manufacture of cement, we grind clinker, which is produced from limestone. We have captive limestone mines near our plants which provide our manufacturing facilities with a secure and standard supply of requisite

quantity and quality limestone at low transportation costs. We have obtained the requisite mining leases from the relevant state government to mine the limestone deposits, under which we are subject to various obligations and restrictions. In addition to limestone, the principal raw materials that we require for our operations are gypsum and fly ash. We have entered into short-term agreements for the purchase of fly ash and gypsum and other raw materials like bauxite and laterite iron. Agreements for the supply of certain raw materials can be renewed with the mutual consent of both parties but due to the shorter period of arrangement, we are exposed to fluctuations in availability and prices of our raw materials and we may not be able to effectively pass on all increases in cost of raw materials to our customers, which may affect our margins, results of operations and cash flows.

Cement manufacturing consumes large amount of energy, which represents a significant portion of production costs and prices of the fuel we use can vary significantly. We source a significant portion of our power requirements for our cement business from our captive power plants located within the premises of our Cement Plants and the Rayon and Transparent Paper Plant, while also utilising electricity supplied by the relevant state electricity boards.

Rayon yarn and transparent paper are manufactured by our Subsidiary, Cygnet Industries Limited. The principal raw material for the manufacture of viscose rayon filament yarn and transparent paper is wood pulp. Wood pulp is sourced from domestic and international suppliers. While we have entered into short term agreements for the purchase of wood pulp from international suppliers, we do not have contractual agreements for the purchase of wood pulp from domestic suppliers and for the other raw materials such as caustic soda, sulphuric acid and viscofil dye etc. Our Subsidiary issues purchase orders ranging from a three month to a period of one year to the domestic suppliers for the above. We typically source such materials from third party suppliers or the open market. We are thus exposed to fluctuations in availability and prices of our raw materials and we may not be able to effectively pass on all increases in cost of raw materials to our customers, which may affect our margins, results of operations and cash flows.

Competition and Pricing Pressure

The cement industry in India is highly competitive and we compete with domestic cement companies, as well as companies that operate as joint ventures with international cement companies. Our competitors may also make strategic acquisitions or establish co-operative relationships among themselves or with third parties, including dealers of cement, thereby increasing their ability to address the needs of our target customers. We depend on the strength of our brand to sell our products. We will be required to compete effectively with our existing and potential competitors, to maintain and grow our market share and in turn, our results of operations.

An increase in competition may also lead to lower cement prices and profit margins. Our pricing policy is based on several factors including the cost of operations and raw materials, our competitive position and the pricing of certain products in the markets.

Working Capital Requirements

We require working capital for our business operations, particularly to maintain and operate our manufacturing facilities and distribute our products. As on March 31, 2021, our current liabilities exceeded our current assets. As on March 31, 2021, our current liabilities were ₹ 1,028.83 crore compared to our current assets of ₹ 802.97 crore. We are able to sustain negative working capital due to our long term relationship with our suppliers. However, on sustainable basis we intend to reduce the negative working capital. Any reduction in credit terms by our suppliers could have an adverse impact on our working capital requirement may adversely impact our business in case we are unable to arrange working capital from other sources. Further, a significant portion of our expected cash flow may be used in repayment of interest and principle on our indebtedness, thereby reducing the funds available to us for use in our general business operations.

Seasonal Variations

Our Cement business is subject to seasonal variations on account of lower demand for cement during the monsoon season. Consequently, our revenues recorded during the months of June to September are typically lower compared to other periods. During the monsoons, construction activity is curtailed.

Consequently, seasonal variations and adverse weather conditions may adversely affect our manufacturing and sales volumes and could therefore have a disproportionate impact on our results of operations during the relevant period.

Debt Resolution Plan

A Resolution Plan (“the Plan”) was approved by the lenders under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 issued by Reserve Bank of India vide its circular June 7, 2019. Pursuant to the Plan, the Company has entered into a Settlement Agreement (“the Agreement”) with the lenders dated February 20, 2021, which was further amended on March 15, 2021. The Agreement entails settlement of the existing Gross debt aggregating to ₹ 2,181.81 crore as at January 31, 2021 in the following manner and divided into three parts:

- (i) By issuance of 2,22,21,262 numbers of Equity Shares of face value of ₹ 10 each to the lenders on a preferential basis on March 8, 2021 @ ₹ 65 per equity share (including securities premium of ₹ 55 per equity share).
- (ii) By issuance of 4,48,97,195 numbers of Zero Coupon Optionally Convertible Redeemable Preference Shares (‘OCRPS’) of face value of ₹ 100 each issued to the lenders convertible with prior consent of the holder and at the option of the Company during the period of 18 months from the date of allotment, and redeemable at par over the period of five years starting March 31, 2028 in five equal tranches.
- (iii) Upfront repayment of Existing facilities to the extent of ₹ 1,670.94 crore to the lenders. The Company during the year has issued OCRPS has been initially recognised at fair value in the books. The resultant net gain of ₹ 277.34 crore, net of settlement costs, as at the date of implementation of the Plan between the carrying amount of the facility before settlement and on fair value of OCRPS / Equity is recognised in ‘the Statement of Profit and Loss’ as an exceptional item.

Significant accounting policies

1. Group Information

The Consolidated financial statements comprise of the financial statements of Kesoram Industries Limited (the Holding Company) its joint venture and its subsidiary (collectively referred to as ‘the Group’). The Consolidated Financial Statements have been prepared in accordance with the Indian Accounting Standard (Ind AS) 110 “Consolidated Financial Statements”.

The consolidated financial statements as at March 31, 2021 present the financial position of the Group.

The consolidated financial statements for the year ended March 31, 2021 were approved by the Board of Directors and authorised for issue on May 14, 2021.

2. Summary of significant accounting policies

2.1 Basis of preparation

- (i) Compliance with Ind AS

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013. The consolidated financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013. The Group adopted Ind AS from April 1, 2017.

Up to the year ended March 31, 2017, the Group prepared its consolidated financial statements in accordance with the requirements of previous Generally Accepted Accounting Principles (GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. The date of transition to Ind AS is April 1, 2016.

- (ii) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention with the exception of certain assets and liabilities that are required to be carried at fair values by Ind AS.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and entity controlled by the Group i.e., its subsidiary. It also includes the Group's share of profits, net assets and retained post acquisition reserves of joint arrangement that are consolidated using the equity method of consolidation, as applicable.

Control is achieved when the Group is exposed to, or has rights to the variable returns of the entity and the ability to affect those returns through its power over the entity.

The results of subsidiary and joint arrangement acquired or disposed off during the year are included in the consolidated statement of profit and loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Wherever necessary, adjustments are made to the financial statements of subsidiaries and joint arrangements to bring their accounting policies in line with those used by other members of the Group.

Intra-group transactions, balances, income and expenses are eliminated on consolidation.

2.3 Business combinations

Acquisition of subsidiaries and businesses are accounted for using the purchase method. The consideration transferred in each business combination is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree.

Acquisition related costs are recognised in the consolidated statement of profit and loss.

Goodwill arising on acquisition is recognised as an asset and measured at cost, being the excess of the consideration transferred in the business combination over the Group's interest in the net fair value of the identifiable assets acquired, liabilities assumed and contingent liabilities recognised. Where the fair value of the identifiable assets and liabilities exceed the cost of acquisition, after re-assessing the fair values of the net assets and contingent liabilities, the excess is recognised as capital reserve on consolidation.

Once control has been achieved, any subsequent acquisitions where the Group does not originally hold hundred percent interest in a subsidiary are treated as an acquisition of shares from non-controlling shareholders. The identifiable net assets are not subject to further fair value adjustments and the difference between the cost of acquisition of the non-controlling interest and the net book value of the additional proportion acquired is adjusted in equity. The amount of non-controlling interests in the acquiree is measured either at the non-controlling interests proportion of the net fair value of the assets, liabilities and contingent liabilities recognised or at fair value.

Business combinations arising from transfers of interests in entities that are under the common control are accounted for using the pooling of interest method. The difference between any consideration transferred and the aggregate historical carrying values of assets and liabilities of the acquired entity are recognised in shareholder's equity.

When a transaction or other event does not meet the definition of a business combination due to the asset or group of assets not meeting the definition of a business, it is termed an 'asset acquisition'. In such circumstances, the acquirer:

- identifies and recognises the individual identifiable assets acquired.
- allocates the cost of the group of assets and liabilities to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase.

Such a transaction or event does not give rise to goodwill or a gain on a bargain purchase.

2.4 Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the consideration transferred in the business combination over the Group's interest in the net fair value of the identifiable assets acquired, liabilities assumed and contingent liabilities recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit's value may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying value of the unit, the impairment loss is allocated first to reduce the carrying value of any goodwill allocated to the unit and then to the other assets of the unit in proportion to the carrying value of each asset in the unit.

An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

2.5 Interest in joint arrangements

A joint arrangement is a contractual arrangement whereby the Group and other parties undertake an economic activity where the strategic financial and operating policy decisions relating to the activities of the joint arrangement require the unanimous consent of the parties sharing control.

Joint arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as joint ventures. The Group reports its interests in joint ventures using the equity method of accounting whereby an interest in joint venture is initially recorded at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the joint venture. The consolidated statement of profit and loss reflects the Group's share of the results of operations of the joint venture.

2.6 Property, plant and equipment

- (a) Property, plant and equipment 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) Subsequent expenditure related to an item of property, plant and equipment is added to its carrying amount only if it increases the future benefits from the existing assets beyond its previously assessed standard of performance.
- (c) Capital work in progress is stated at cost, including borrowing cost, where applicable and adjustment for exchange difference referred to in Note 2.18 below incurred during construction/installation period relating to items or projects in progress.
- (d) Losses arising from the retirement of and gains or losses arising from disposal of property, plant and equipment which are carried at cost are recognised in the Statement of profit and loss.
- (e) Depreciation methods estimated useful lives and residual value.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Class of assets	Estimated useful life (in years)
Buildings	3-60 Years
Plant and Equipment	1-40 Years
Furniture and Fixtures	1-16 Years
Office Equipment	1-20 Years

Class of assets	Estimated useful life (in years)
Vehicles	8-10 Years
Railway Siding	15 Years

2.7 Intangible assets

Intangible property, plant and equipment are capitalised where it is expected to provide future enduring economic benefits and amortised on a straight line basis. 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.

Class of assets	Estimated useful life (in years)
Software	3 Years

2.8 Impairment

Property, plant and equipment and intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.9 Lease

Effective April 1, 2019, the Group had adopted Ind AS 116 – Leases using the modified retrospective method. Under modified retrospective approach, the Group had recorded lease liability at the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognised under Ind AS 17. The Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics. The adoption of Ind AS 116 did not had any material impact on Statement of Profit and Loss and earnings per share in the previous year.

The Group, as a lessee, recognises a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Group has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For short-term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the lease term.

When the lease liability is remeasured due to change in contract terms, a corresponding change is made to the carrying amount of right-of-use asset, or is recorded in the profit and loss account if the carrying amount of right-of-use asset is reduced to zero."

As a lessor:

In respect of assets given on operating lease, the lease rental income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. There is no change in accounting as a lessor due to adoption of Ind AS 116 Leases."

2.10 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 Group. 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.

2.11 Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

(a) Financial assets

Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Other bank balances

Other bank balances include deposits with maturity less than twelve months but greater than three months and balances and deposits with banks that are restricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value.

Financial assets are measured at 'Fair value through other comprehensive income' (FVOCI) if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group in respect of equity investments (other than in subsidiaries, associates and joint ventures) which are not held for trading has made an irrevocable election to present in other comprehensive

income subsequent changes in the fair value of such equity instruments. Such an election is made by the Group on an instrument by instrument basis at the time of initial recognition of such equity investments.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at 'Fair value through the statement of profit and loss' (FVPL).

Impairment of financial assets

The Group assesses on a forward looking basis the 'Expected credit losses' (ECL) associated with its assets carried at amortised cost and FVOCI debt instruments. The Group recognises loss allowance for expected credit losses on financial asset.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

De-recognition of financial assets

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(b) Financial liabilities and equity instruments

Classification as debt or equity

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial Liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument."

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL."

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'finance cost' line item (note 27) in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are recognised in retained earnings."

Financial liabilities at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant.

Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

De-recognition of financial liabilities

The Group de-recognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

In the ordinary course of business, the Group uses certain derivative financial instruments to reduce business risks which arise from its exposure to foreign exchange and interest rate fluctuations. The instruments are confined principally to forward foreign exchange contracts.

Derivatives are initially accounted for and measured at fair value from the date the derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a

net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.12 Employee Benefits

Defined contribution plans.

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Defined benefit plans.

For defined benefit retirement schemes the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuation being carried out at each balance sheet date. Re-measurement gains and losses of the net defined benefit liability/ (asset) are recognised immediately in other comprehensive income. The service cost and net interest on the net defined benefit liability/ (asset) is treated as a net expense within employment costs.

Past service cost is recognised as an expense when the plan amendment or curtailment occurs or when any related restructuring costs or termination benefits are recognised, whichever is earlier.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined-benefit obligation as reduced by the fair value plan assets.

Compensated absences

Accumulated compensated absences which are expected to be availed or encashed within twelve 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 twelve months from the year end are treated as other long term employee benefits. The Group'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.

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

Ind AS 19 – Plan Amendment, Curtailment or Settlement:

The amendment requires an entity to use updated assumptions to determine current service costs and net interest for the remainder of the period after a plan amendment, curtailment or settlement, and to recognize in the Statement of Profit and Loss as part of past service cost, or gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling. The adoption of the standard did not have any material impact to the financial statements.

2.13 Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

2.14 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 present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Provision for restoration and environmental costs

An obligation for restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing extraction from mines. Costs arising from restoration at closure of the mines and other site preparation work are provided for based on their discounted net present value, with a corresponding amount being capitalised at the start of each project. The amount provided for is recognised, as soon as the obligation to incur such costs arises. These costs are charged to the Statement of Profit and Loss over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The cost is reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate. The unwinding of the discount is shown as a finance cost in the Statement of Profit and Loss.

Provision for warranty

The estimated liability for warranty is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of obligations and management estimates regarding possible future incidence based on corrective actions on product failure. The timing of outflows will vary as and when the obligation will arise - being typically up to five years.

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 Group 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.

2.15 Non-current assets (or disposal groups) held for sale.

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

2.16 Taxes on Income

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice."

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognised for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

2.17 Revenue Recognition

Revenue shall be recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

(a) Sales of goods

Revenue from contract with customers is recognised when the Company satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations may be satisfied at a point of time or over a period of time. Performance obligations satisfied over a period of time are recognised as per the term of relevant contractual agreements / arrangements. Performance obligations are said to be satisfied at a point of time when the customer obtains controls of the asset.

Revenue is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due, which are otherwise recorded as contract assets.

(b) Interest income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable.

(c) Dividend income

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established.

(d) Rental income

Rental income from investment properties and subletting of properties is recognised on a time proportion basis over the term of the relevant leases.

(e) Unfulfilled performance obligations

The Group provides certain benefits to customers for purchasing products from the Group. These provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide such benefits to the customer is a separate performance obligation. The transaction price is allocated to the product and the benefit to be provided on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of the on the basis of providing cost of such benefits. These estimates are established using historical information on the nature, frequency and average cost of obligations and management estimates regarding possible future incidence. To the extent these benefits are not settled/disbursed till the end of a reporting period these are recorded.

A contract liability is recognised until the benefit is provided.

2.18 Borrowing Costs

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. 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. Premium in the form of fees paid on refinancing of loans are accounted for as an expense over the life of the loan using effective interest rate method. All other borrowing costs are recognised in the Statement of profit and loss in the period in which they are incurred.

2.19 Foreign currency transactions and translations

Functional and presentation currency

The consolidated financial statements of the Group are presented in Indian rupees (INR), which is the functional currency of the Group and the presentation currency for the consolidated financial statements.

Transactions and balances

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 arising out of fluctuations in the exchange rates are recognised in the statement of profit and loss in the period in which they arise.

2.20 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 and Capital Expenditure relating to Research and Development are included in property, plant and equipment.

2.21 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group
- by the weighted average number of equity shares outstanding during the financial year

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Directors has been identified as the chief operating decision maker. Refer note 38 for segment information presented. The company accounts for intersegment sales and transfers at cost.

2.23 Use of estimates and critical accounting judgements.

In preparation of the consolidated financial statements, the Group makes judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Significant judgements and estimates relating to the carrying values of assets and liabilities include useful lives of property, plant and equipment and intangible assets, impairment of property, plant and equipment, intangible assets and investments, provision for employee benefits and other provisions, recoverability of deferred tax assets, commitments and contingencies, measurement of lease liability and Right to Use Asset.

2.24 Impact of the initial application of new and amended Ind ASs that are effective for the current year.

In the current year, the Group has applied the below amendments to Ind ASs that are effective for an annual period that begins on or after April 1, 2020.

Amendments to Ind AS 116 - Covid-19 Related Rent Concessions

The Group has adopted the amendments to Ind AS 116 for the first time in the current year. The amendments provide practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to Ind AS 116. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-

19-related rent concession the same way it would account for the change applying Ind AS 116 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- (a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) Any reduction in lease payments affects only payments originally due on or before June 30, 2021 (a rent concession meets this condition if it results in reduced lease payments on or before June 30, 2021 and increased lease payments that extend beyond June 30, 2021); and
- (c) There is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient retrospectively to all eligible rent concessions and has not restated prior period figures."

2.25 Recent Pronouncement

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc."

Statement of profit and loss:

Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of consolidated financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

Components of revenue and expenses

Our revenue and expenses are reported in the following manner:

Total income

Total income consists of revenue from operations and other income.

Revenue from operations

Our revenue from operations comprise revenue from sale of products and other operating income.

Other income

Our other income consists of interest income, dividend income and miscellaneous income.

Expenses

Our expenses consist of costs of material consumed, employee benefit expenses, finance cost, depreciation and amortisation expense and other expenses.

Cost of material consumed.

Our cost of material consumed includes raw material cost and limestone raising costs.

Change in inventories of finished goods, work in progress and stock in trade

The change in inventories of finished goods, work in progress and stock in trade is the difference between the inventories at the beginning of the year and inventories at the end of the year.

Finance cost

Finance cost includes interest expenses, interest on lease liabilities and other borrowing costs less interest capitalised.

Employee benefit expenses

Employee benefit expenses includes primarily salaries, wages and bonus, and to the lesser extent contribution to provident and other funds, gratuity, costs of voluntary separation scheme and staff welfare expenses.

Depreciation and amortisation expenses

Depreciation and amortisation expenses comprise of depreciation on tangible assets and amortisation of intangible and right to use assets.

Other expenses

Other expenses primarily include power and fuel, packaging, carriage and shipping and to the lesser extent consumption of stores and spare parts, rent, repairs and maintenance, brokerage and discounts, sales promotion, legal and professional expenses, insurance, miscellaneous expenditure, rates and taxes etc.

Exceptional items

Exceptional items in Fiscal 2021 included difference due to fair value of optionally convertible redeemable preference shares, net of settlement costs and impairment loss on loan to a body corporate which is going through a resolution process and the outcome of the same is dependent on implementation of the resolution process.

Tax expenses

Our tax expenses include current tax charge/(credit) in respect of earlier years and deferred tax charge/(credit).

Our results of operations

The following table sets forth selected financial data from our Financial Statements, the components of which are also expressed as a percentage of total Income for the periods indicated:

Particulars	Fiscal 2021 (₹ in crore)	%age of total Income	Fiscal 2020 (₹ in crore)	%age of total Income
(I) Revenue from operations	2,652.77	97.35	2,645.64	98.50
(II) Other income	72.16	2.65	40.34	1.50
(III) Total Income (I+II)	2,724.93	100.00	2,685.98	100.00
(IV) Expenses:				
(a) Cost of materials consumed	325.49	11.94	369.16	13.74
(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	33.38	1.22	-1.92	-0.07
(c) Employee benefit expense	215.55	7.91	219.55	8.17
(d) Depreciation and amortisation expense	117.96	4.33	112.61	4.19
(e) Finance costs	275.80	10.12	343.63	12.79
(f) Other expenses	1,702.81	62.49	1,830.48	68.15
Total Expenses	2,670.99	98.02	2,873.51	106.98
(V) Profit/(Loss) before exceptional items and tax (III-IV)	53.94	1.98	-187.53	-6.98
(VI) Exceptional Items	-220.88	-8.11	0.00	0.00
(VII) Loss before tax (V+VI)	-166.94	-6.13	-187.53	-6.98
(VIII) Tax expense:				
(1) Current tax charge / (credit) (in respect of earlier year)	-43.87	-1.61	0.00	0.00
(2) Deferred tax charge / (credit)	-263.18	-9.66	0.00	0.00
(IX) Profit/(Loss) for the year (VII-VIII)	140.11	5.14	-187.53	-6.98
(X) Other Comprehensive Income				
Items that will not be reclassified to Profit or Loss (net)				
Remeasurement of post-employment benefit plans	2.28	0.08	-7.93	-0.30
Fair value changes of investments in equity shares	7.90	0.29	-8.09	-0.30
Total other comprehensive income/(loss)	10.18	0.37	-16.02	-0.60
(XI) Total comprehensive income/(loss) for the year (IX+X)	150.29	5.52	-203.55	-7.58

Fiscal 2021 compared to Fiscal 2020

Income

Our total income increased marginally by 1.45% from ₹ 2,685.98 crore in Fiscal 2020 to ₹ 2,724.93 crore in Fiscal 2021, which was primarily due to increase in revenue of cement segment and other income in Fiscal 2021.

Revenue from operations

Our revenue from operations increased marginally by 0.27% from ₹ 2,645.64 crore in Fiscal 2020 to ₹ 2,652.77 crore in Fiscal 2021. The marginal increase was primarily due to increase in revenue from cement segment from ₹ 2,329.95 crore in Fiscal 2020 to ₹ 2,415.21 crore in Fiscal 2021 which was an increase of 3.66%. This was partially offset by decrease of 24.75% in the revenue from rayon, transparent paper and chemicals from ₹ 315.69 crore in Fiscal 2020 to ₹ 237.56 crore in Fiscal 2021. The revenue from Cement Segment increased primarily as the Company is focused on rural market penetration on a consistent basis which resulted in the blended cement sales volume growing in a sustained way. Revenue from Rayon segment dropped in the first half of the financial year due to Covid 19 pandemic induced lockdowns.

Other income

Our other income increased by 78.88% in Fiscal 2021 from ₹ 40.34 crore in Fiscal 2020 to ₹ 72.16 crore in Fiscal 2021. This increase was primarily due to increase in interest income on financial instruments measured at amortised costs from ₹ 28.51 crore in Fiscal 2020 to ₹ 54.04 crore in Fiscal 2021 and increase in miscellaneous income from ₹ 8.97 crore in Fiscal 2020 to ₹ 17.09 crore in Fiscal 2021.

Expenditure

Our total expenses decreased by 7.05% from ₹ 2,873.51 crore in Fiscal 2020 to ₹ 2,670.99 crore in Fiscal 2021 on account of the following reasons:

Cost of material consumed

The cost of material consumed decreased by 11.83% from ₹ 369.16 crore in Fiscal 2020 to ₹ 325.49 crore in Fiscal 2021 primarily due to lower production volumes and reduction in limestone raising costs from ₹ 124.81 crore in Fiscal 2020 to ₹ 109.79 crore in Fiscal 2021.

Changes in stock of finished goods, work in progress and stock in trade

The changes in stock of finished goods, work in progress and stock in trade increase from (₹ 1.92) crore in Fiscal 2020 to ₹ 33.38 crore Fiscal 2021 primarily due to increase in the quantum of closing stock of cement.

Employee benefit expenses

Our employee benefit expenses marginally decreased by 1.82% from ₹ 219.55 crore in Fiscal 2020 to ₹ 215.55 crore in Fiscal 2021 which was primarily due to reduction in salaries, wages and bonus from ₹ 190.00 crore in Fiscal 2020 to ₹ 187.67 crore in Fiscal 2021, reduction in staff welfare expenses from ₹ 10.69 crore in Fiscal 2020 to ₹ 7.04 crore in Fiscal 2021, which was partially offset by increase in gratuity from ₹ 4.21 crore in Fiscal 2020 to ₹ 5.20 crore in Fiscal 2021 and expenses on voluntary separation scheme of ₹ 2.68 crore in Fiscal 2021.

Depreciation and amortisation

Depreciation and amortisation expenses increased by 4.75% from ₹ 112.61 crore in Fiscal 2020 to ₹ 117.96 crore in Fiscal 2021 which was primarily due to increase in amortisation of intangible and right to use assets from ₹ 9.26 crore in Fiscal 2020 to ₹ 17.07 crore in Fiscal 2021 which was partially offset by decrease in depreciation on tangible assets from ₹ 103.35 crore in Fiscal 2020 to ₹ 100.89 crore in Fiscal 2021.

Finance cost

Our expenditure on account of finance cost decreased by 19.74% from ₹ 343.63 crore in Fiscal 2020 to ₹ 275.80 crore in Fiscal 2021 which was primarily due to decrease in interest expenses from ₹ 337.08 crore in Fiscal 2020 to ₹ 271.31 crore in Fiscal 2021. The decrease in interest expense in Fiscal 2021 was due to settlement of loans done with the then existing lenders.

Other expenses

Our other expenses decreased by 6.97% from ₹ 1,830.48 crore in Fiscal 2020 to ₹ 1,702.81 crore in Fiscal 2021. The decrease in other expenses was primarily due to decrease in consumption of stores and spare parts from ₹ 61.70 crore in Fiscal 2020 to ₹ 47.43 crore in Fiscal 2021, decrease in power and fuel costs from ₹ 694.96 crore in Fiscal 2020 to ₹ 647.62 crore in Fiscal 2021, decrease in packing, carriage and shipping costs from ₹ 826.36 crore in Fiscal 2020 to ₹ 810.85 crore in Fiscal 2021, decrease in sales promotion from ₹ 45.23 crore in Fiscal 2020 to ₹ 21.82 crore in Fiscal 2021, decrease in miscellaneous expenses from ₹ 70.43 crore in Fiscal 2020 to ₹ 36.03 crore in Fiscal 2021 which was partially offset by increase in legal and professional expenses from ₹ 13.54 crore in Fiscal 2020 to ₹ 30.86 crore in Fiscal 2021. All the operational expenses reduced primarily due to reduced volume of operations.

Exceptional items

There were exceptional items of ₹ (220.88) crore in Fiscal 2021 which was on account of impairment loss on loan to body corporate of ₹ (498.22) crore which was offset by difference due to fair value of optionally convertible redeemable preference shares, net of settlement costs of ₹ 277.34 crore.

The Company has recognised a provision for impairment on the total exposure of ₹ 498.22 crore during the current year, as the said body corporate is going through a resolution process and the outcome of the same is dependent on implementation of the said resolution process. This impairment loss has been considered as an exceptional item.

A Resolution Plan (the "Plan") was approved by the lenders under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 issued by Reserve Bank of India vide its circular

June 7, 2019. Pursuant to the Plan, the Company entered into a Settlement Agreement (the “Agreement”) with the lenders on February 20, 2021, which was further amended on March 15, 2021. The Agreement entails settlement of the existing gross debt aggregating to ₹ 2,181.81 crore as at January 31, 2021 in the following manner and divided into three parts:

- (i) By issuance of 2,22,21,262 Equity Shares to the lenders on a preferential basis on March 8, 2021 at the price of ₹ 65 per Equity Share (including securities premium of ₹ 55 per Equity Share).
- (ii) By issuance of 4,48,97,195 numbers of Zero % Optionally Convertible Redeemable Preference Shares (“OCRPS”) of face value of ₹100 each to the lenders convertible with prior consent of the holder and at the option of the Company during the period of 18 months from the date of allotment, and redeemable at par over the period of five years starting March 31, 2028 in five equal tranches.
- (iii) Upfront repayment of existing facilities to the extent of ₹ 1,670.94 crore to the lenders.

As per the IND AS requirement, OCRPS has been recognised at fair value in the books. The resultant difference of ₹ 277.34 crore between the carrying amount of the facility before settlement and the gain on fair value of OCRPS is recognised in ‘the Statement of Profit and Loss’ as at the date of implementation of the Plan. The Company, consequent to demerger, had an exposure by way of loan to a body corporate as on March 31, 2021.

Loss before tax

As a result of the foregoing, our loss before tax decreased by 10.98% from ₹ (187.53) crore in Fiscal 2020 to ₹ (166.94) crore in Fiscal 2021.

Tax expense

In Fiscal 2021 the credit for current charge for the previous period was ₹ 43.87 crore and increase in deferred tax assets of ₹ 260.08 crore and decrease in deferred tax liabilities of ₹ 3.10 crore (excluding deferred tax liabilities of ₹ 1.56 crore which is recognised through Other Comprehensive Income).

Profit/Loss for the year

As a result of the foregoing in Fiscal 2021 we had a profit after tax of ₹ 140.11 crore compared to a loss of ₹ 187.53 crore in Fiscal 2020.

Cash flows

Net cash flow generated from or used in operating activities.

Fiscal 2021

Net cash generated from operating activities was ₹ 258.85 crore. Operating profit before working capital changes was ₹ 394.69 crore. The working capital adjustment was on account of increase in Non Current/Current Financial and other assets of ₹ 143.82 crore, decrease in inventories of ₹ 20.95 crore and decrease in Non current/current financial and other liabilities/ provision for ₹ 13.62 crore.

Net cash flow used in Investing Activities.

Fiscal 2021

Net cash used in investing activities was ₹ 150.41 crore and primarily consisted of loan to body corporate of ₹ 126.56 crore, purchase of property, plant and equipment/capital advance given of ₹ 27.86 crore and deposit made with bank of ₹ 3.99 crore net of interest received of ₹ 6.06 crore.

Net cash flow generated in financing activities.

Net cash generated from financing activities was ₹ 200.64 crore for Fiscal 2021 and primarily consisted of proceeds received from long term borrowings of ₹ 2,240.81 crore, proceeds received from short term borrowing

of ₹ 268.97 crore offset by finance cost paid of 483.50 crore, repayment of long term borrowing of ₹ 1,307.74 crore and repayment of short term borrowing of ₹ 503.46 crore.

Indebtedness

As of March 31, 2021, our total indebtedness was ₹ 2,018.33 crore representing a debt to equity ratio of 14.19:1. For further information regarding our indebtedness, see “Financial Statements” on page [●]. The following table sets forth certain information relating to our outstanding indebtedness as of March 31, 2021 excluding indebtedness repayable on demand, and our repayment obligations in the periods indicated:

Particulars	As of March 31, 2021				
	Payment due by period				
	(₹ crore)				
	Total	Not later than 1 year	1-3 years	3 -5 years	More than 5 years
Long Term Borrowings					
Term loans from bank (secured)	176.41	6.96	43.70	48.74	77.00
Non- Convertible Debentures (secured)	1,603.50	55.00	91.40	1,457.10	-
Optionally Convertible Debentures (secured)	459.90	-	459.90	-	-
Optionally Convertible Preference Shares(unsecured)	448.97	-	-	-	448.97
Total long-term borrowings*	2,688.78	61.96	595.00	1,505.84	525.97

*the total long-term borrowings reflected above is on the basis of the maturity profile, whose fair value as on March 31, 2021 as per accounting standards and principles is ₹ 2,003.03 crore

Short Term Borrowings

The following table sets forth certain information relating to our Short Term Borrowings outstanding as of March 31, 2021:

Particulars	Amount (₹ crore)
Overdraft/cash Credit from Bank (Secured)	11.72
Overdraft/cash Credit from Bank (Unsecured)	0.02
Inter corporate deposit	3.00
Interest accrued on short term borrowing	0.56
Total	15.30

Some of our financing agreements also include various conditions and covenants that require us to obtain consents prior to carrying out certain activities and entering into certain transactions. Specifically, we require consent for altering our capital structure, further issuance of any shares, effecting any scheme of amalgamation or reconstitution, restructuring or changing the management etc.

QUANTITATIVE AND QUALITATIVE DISCLOSURES

The Company along with its Subsidiary (“Group”) has exposure to the following risks arising from financial instruments: (a) credit risk; (b) liquidity risk; and (c) market risk.

(a) Credit risk:

The Group takes on exposure to credit risk, which is the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Maximum exposure to credit risk of the Group has been listed below:

Particulars	(₹ in crore)	
	March 31, 2021	March 31, 2020
Trade receivables	304.93	196.86
Loan	129.40	453.06
Other financial assets	31.50	33.62
Total	465.83	683.54

Customer credit risk is managed by the Group through established policy and procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally carrying up to 90 days credit terms. The Group has a detailed review mechanism of overdue customer receivables at various levels within organisation to ensure proper attention and focus for realisation. Trade receivables are consisting of a large number of customers. Where credit risk is high, domestic trade receivables are backed by security deposits. Export receivables are backed by letters of credit.

In determining the allowances for credit losses of trade receivables, the Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

The Group's exposure to customers is diversified and there is no significant credit exposure on account of any single customer as at March 31, 2021 and March 31, 2020.

(b) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Group has obtained fund and non-fund based working capital lines from various banks. Furthermore, the Company has access to funds from debt markets through commercial paper programs, non-convertible debentures and other debt instruments. The Company invests its surplus funds in bank fixed deposit and in mutual funds, which carry no or low market risk.

(i) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(₹ in crore)

Contractual maturities of financial liabilities March 31, 2021	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Non-derivatives					
Borrowings	204.88	595.00	1,505.84	525.97	2,831.69
Lease Liability	64.50	3.99	0.31	7.36	76.16
Other financial liabilities	58.17	-	-	74.27	132.44
Trade payables	616.43	-	-	-	616.43
Total non-derivative financial liabilities	943.98	598.99	1,506.15	607.60	3,656.72

(₹ in crore)

Contractual maturities of financial liabilities March 31, 2020	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Non-derivatives					
Borrowings	827.77	459.88	331.51	656.69	2,275.85
Lease Liability	12.83	6.54	6.02	7.51	32.90
Other financial liabilities	80.57	-	-	73.57	154.14
Trade payables	623.15	-	-	-	623.15
Total non-derivative financial liabilities	1,544.32	466.42	337.53	737.77	3,086.04

(c) Foreign Exchange risk

The group deals with foreign currency loan, trade payables etc. and is therefore exposed to foreign exchange risk associated with exchange rate movement.

The group operates internationally and portion of the business is transacted in several currencies and consequently the group is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies.

The Group does not have significant foreign exchange exposure.

(d) Interest rate risk and price risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group's main interest rate risk arises from borrowings with variable rates, which expose the Group to cash flow interest rate risk. During March 31, 2021 and March 31, 2020, the Group's borrowings at variable rate were mainly denominated in INR.

The Group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(i) Interest rate risk exposure

On Financial Liabilities:

The exposure of the Group's financial liabilities to interest rate risk is as follows:

(₹ in crore)

Particulars	March 31, 2021	March 31, 2020
Variable rate borrowings	47.41	2,180.16
Fixed rate borrowings	1,970.36	27.52
Total borrowings	2,017.77	2,207.68

(ii) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates as below

(₹ in crore)

Particulars	Impact on profit before tax/equity	
	March 31, 2021	March 31, 2020
Interest expense rates – increase by 50 basis points (50 bps)#	(0.24)	(10.90)
Interest expense rates – decrease by 50 basis points (50 bps)#	0.24	10.90

Holding all other variables constant

(iii) Price risk

(a) Exposure

The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet at fair value through OCI. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. In general, these investments are not held for trading purposes.

(b) Sensitivity

The table below summarizes the impact of increases/decreases of the share prices on the Group's equity.

(₹ in crore)

Particulars	Impact on equity	
	March 31, 2021	March 31, 2020
Share price - Increase 5%	3.87	3.48
Share price - Decrease 5%	(3.87)	(3.48)

Competitive Conditions

We operate in a competitive environment. For further details, see “Our Business”, “Industry Overview” and “Risk Factors” on page [●].

Auditor's Qualification

Other than as disclosed below, there have been no reservations/ qualifications/ adverse remarks/ matters of emphasis highlighted by our statutory auditors in their auditor's reports on the Financial Statements:

Audited Consolidated Financial Statements for the Fiscal 2020

Emphasis of Matter

We draw attention to Note 40 (d) to the consolidated financial statements, which state that the external borrowings from banks is after giving effect to transfer of borrowings to the Birla Tyres Limited in accordance with the NCLT approved scheme and that the banks are in the process of splitting the loan as per the order. The Company has received the external confirmations from some banks on the outstanding loan balances as on March 31, 2020 without giving effect to transfer of borrowings to Birla Tyres Limited in accordance with the NCLT approved scheme and the balance as per confirmation does not match to the balance disclosed, to the extent of borrowings transferred to Birla Tyres Limited.

Actions taken by the Company.

In FY 2021, the Company has received confirmations from banks giving effect giving effect to transfer of borrowings to the Birla Tyres Limited in accordance with the NCLT approved scheme.

Material uncertainty related to Going Concern

We draw attention to Note 42 to the consolidated financial statements regarding preparation of the financial statements of the Company on a going concern basis. The Group had losses during the previous years and has continued to incur losses during the year. The net current liabilities are ₹ 1,270.53 crore as at March 31, 2020. These conditions, along with the outcome of other matters as set forth in Note 42, indicate existence of material uncertainty, which may cast significant doubts about the Group's ability to continue as a going concern. Our Auditors have not modified their opinion in respect of this matter.

Actions taken by the Company.

Please refer to para “Debt Resolution Plan” on page [●]

Contingent Liabilities

(₹ in crore)

	Particulars	March 31, 2021	March 31, 2020
(a)	Guarantees given -		
	(i) to excise authorities	0.06	0.06
(b)	Claims against the Group not acknowledged as debts:		
	(i) Rates, Taxes, Duties etc. demanded by various Authorities	213.49	201.78
	(ii) Others	0.01	0.01
(c)	Income Tax matters	15.43	15.54

	Particulars	March 31, 2021	March 31, 2020
	Total	228.99	217.39

Related party transactions

We enter into various transactions with related parties in the ordinary course of business. For further information relating to our related party transactions, please see note 40 of “*Financial Statements*” on page [●].

Changes in accounting policies

There have been no changes in accounting policies during the preceding three Fiscals.

Off-Balance sheet arrangements

Except as disclosed in this Letter of Offer, we do not have any material off-balance sheet arrangements, derivative instruments, swap transactions or relationships with unconsolidated entities or financial partnerships established or contemplated for the purpose of facilitating off-balance sheet transactions.

Segment Results

We operate in the following operating segments, namely: (i) cement; and (ii) Rayon, Transparent Paper and Filament Yarn. The following table gives break-up of our revenue from operations from these segments :

Business segment	Fiscal 2021		Fiscal 2020	
	(₹ in crore)	% age of Revenue from Operations	(₹ in crore)	%age of Revenue from Operations
Cement	2,415.21	91.04	2,329.95	88.07
Rayon, Transparent Paper and Filament Yarn	237.56	8.96	315.69	11.93
Total	2,652.77	100.00	2,645.64	100.00

Seasonality

Our Cement business is subject to seasonal variations on account of lower demand for cement during the monsoon season. Consequently, our revenues recorded during the months of June to September are typically lower compared to other periods. During the monsoons, construction activity is curtailed.

Consequently, seasonal variations and adverse weather conditions may adversely affect our manufacturing and sales volumes and could therefore have a disproportionate impact on our results of operations during the relevant period.

Significant dependence on single or few customers

We do not have dependence upon any single customer.

Unusual or infrequent events or transactions

Except as described in sections “*Risk Factors*” and “*Our Business*”, on pages [●] and [●], respectively, to our knowledge, there have been no events or transactions to our knowledge which may be described as “unusual” or “infrequent”.

Significant economic changes that materially affected or are likely to affect income from continuing operations.

Except as disclosed in this Letter of Offer, to our knowledge there are no significant economic changes that materially affected or are likely to affect income from continuing operations.

Known Trends or Uncertainties

Except as disclosed in this Letter of Offer, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on the revenues or income of our Company from continuing operations.

New product or business segments

We have not publicly announced any new services or business segments nor have there been any material increases in our revenues due to increased disbursements and introduction of new services or business segments.

Future relationships between costs and income

Except as disclosed in this Letter of Offer, to our knowledge there are no known factors which will have a material adverse impact on the operations or finances of our Company and its Subsidiary.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

*Our Company is subject to various legal proceedings from time to time, primarily arising in the ordinary course of business. There is no outstanding litigation which has been considered material in accordance with our Company's 'Policy for Determination of Materiality', framed in accordance with Regulation 30 of the SEBI Listing Regulations, and accordingly, there is no such outstanding litigation involving our Company and Subsidiary that requires disclosure in this Letter of Offer. However, solely for the purpose of the Issue, the following outstanding litigations have been disclosed in this section of this Letter of Offer, to the extent applicable: any outstanding civil litigation, including tax litigation, involving our Company and Subsidiary, where the amount involved is ₹ 2.8 crore (being 2.00% of the consolidated profit after tax of our Company, in terms of the audited financial statements for the Fiscal 2021) ("**Materiality Threshold**") or above.*

Except as disclosed below, there are no outstanding litigation with respect to (i) issues of moral turpitude or criminal liability on the part of our Company and Subsidiary; (ii) material violations of statutory regulations by our Company and Subsidiary; (iii) economic offences where proceedings have been initiated against our Company and Subsidiary; (iv) any pending matters, which if they result in an adverse outcome, would materially and adversely affect our operations or our financial position.

Pre-litigation notices received by our Company from third parties (excluding notices pertaining to any offence involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings related to economic offences) shall not be evaluated for materiality until such time our Company is impleaded as defendants in litigation proceedings before any judicial forum.

Litigation involving our Company

Criminal Proceedings against our Company

1. Gemini Infra (India) Private Limited ("**Complainant**") filed a complaint on July 4, 2015 against Vasavadatta Cement, a unit of our Company, Suvarna Karnataka Cements Private Limited ("**SKCPL**") and others ("**Accused**") before the XIX Metropolitan Magistrate Kukatpally at Miyapur Hyberabad ("**Magistrate**") for cheating, breach of trust and criminal conspiracy. A first information report ("**FIR**") was thereafter registered against the Accused under Sections 406, 420, 120 B and 34 of the Indian Penal Code, 1860 read with Section 156 (3) of the Criminal Procedure Code, 1973. The Complainant alleged non- payment of bills for work orders for execution of civil works, as agreed between SKCPL and the Complainant by way of an agreement ("**Agreement**") and with the technical assistance and supervision of our Company. Our Company filed a criminal petition under Section 482 of the Criminal Procedure Code, 1973 ("**Petition**") before the High Court of Telangana and Andhra Pradesh ("**Court**") to quash the FIR and proceedings before the Magistrate on the ground that our Company was not a party to the Agreement and no charges had been levelled on our Company in the charge sheet filed by the police pursuant to the FIR. The Petition was dismissed and the matter is currently pending before the Court.
2. The Chief Executive Officer, Town Municipal Corporation Kalaburagi ("**Petitioner**") filed a criminal revision petition on December 30, 2017 under Section 150 (3) of the Karnataka Municipalities Act, 1964 read with Section 397 of the Criminal Procedure Code, 1973 ("**Petition**") against our Company before the IV Additional District and Sessions Court at Kalaburagi. The Petition challenged the order passed by Civil Judge and JMFC at Sedam, wherein the Petitioner was directed to reassess the property tax, on the land on which the Sedam Cement Plant of our Company is located, payable by our Company for assessment years 2010-11 to 2014-15. The matter is currently pending.
3. Badavath Sunil Kumar ("**Complainant**") filed a complaint under Section 200 of the Criminal Procedure Code, 1973 ("**Complaint**") on August 7, 2015 before the Judicial Magistrate of First Class, Peddapalm against members of the senior management of our Company ("**Accused**") including one of our directors, Manjushree Khaitan, for alleged offences committed under Sections 420, 447, 427, 506 of the Indian Penal Code, 1860 and Sections 3(1)(iv), 3(1)(v) of the Scheduled Caste and Scheduled Tribes (Prevention of Atrocities) Act, 1989. Pursuant to the Complaint, a first information report ("**FIR**") was lodged against the Accused by the Basantnagar police station, Karimnagar. The Complainant has *inter alia* alleged wrongful acquisition of agricultural lands from the grandfather of the Complainant without payment of compensation, cheating, criminal intimidation. Our Company filed a criminal petition on August 31, 2015 under Section 482

of the Criminal Procedure Code, 1973 before the High Court of Telangana and Andhra Pradesh (“**Court**”) to quash the FIR. The matter is currently pending before the Court.

4. Syeed Hameed (“**Complainant**”), a contractual worker in one of the units of our Company, Vasavadatta Cement, filed a private complaint on August 8, 2011 under Section 200 of the Criminal Procedure Code, 1973 (“**CrPC**”) before the Judicial Magistrate First Class, Sedam (“**JMFC, Sedam**”). It was alleged that the Complainant sustained injuries and had to undergo surgery because of the negligence of the then employees of our Company, RS Patil and Daljitsingh Bindra (“**Accused**”). Thereafter, the matter was referred by the JMFC, Sedam to the police for investigation under Section 156(3) of the CrPC. On the basis of the investigation report filed by the police, notice was issued to the Accused by the JMFC, Sedam for the offences punishable under Sections, 287, 338 and 34 of the Indian Penal Code, 1860 (“**Proceedings**”). While the matter was pending, a criminal petition (“**Petition**”) was filed before the High Court of Karnataka, Kalaburagi bench to quash the Proceedings before the JMFC, Sedam under Section 482 of CrPC and to stay the Proceedings till the Petition is decided. The High Court, on February 6, 2019, directed the stay of the Proceedings before the JMFC, Sedam. The matter is currently pending before the High Court.
5. Praveen Kumar (“**Complainant**”) filed a complaint on February 6, 2020 alleging that the employees of our Company have demolished the existing Hanuman temple in Injepalli village by using the JCB machine of our Company. On the basis of the complaint, a first information report was registered under Sections 295, 427 and 34 of the Indian Penal Code, 1860 against the employees of our Company including the JCB driver, G Srinivas Reddy, Ravindra Lagwankar and Anand Anil Kulkarni (“**Accused**”). Thereafter, the Accused, except the JCB driver (“**Petitioners**”) filed a petition for anticipatory bail (“**Petition**”), under Section 438 of the Criminal Procedure Code, 1973, before the court of the IV Additional Sessions Judge, Kalaburagi sitting at Sedam. The Petition was allowed in the case of each Petitioner on the execution of personal bond. The matter is currently pending.

Material civil litigation by our Company

1. Our Company filed two writ petitions dated April 4, 2009 and May 23, 2011 (“**Writ Petitions**”) before the High Court of Karnataka against the State of Karnataka and others challenging the government order dated February 2, 2009 (“**Order**”) levying environment protection fee (“**EPF**”) on lessees who were mining on non-forest, patta or revenue land, and the demand of EPF amounting to ₹ 8.06 crore levied by the Department of Mines and Geology, Government of Karnataka by way of demand letters dated March 30, 2009 and March 9, 2011 (“**Demand Letters**”). The Company has sought *inter alia* i) issuance of a writ, order or direction quashing the Order and the Demand Letters; ii) declaration that the Company is not liable to pay EPF as levied by the Order; and iii) stay on the operation, execution, implementation and enforcement of the Order and the Demand Letters, in the interim and pending disposal of the Writ Petition. The High Court of Karnataka *vide* its interim orders dated April 24, 2009 and June 15, 2010, granted a stay in relation to the Order and the Demand Letters. The matters are currently pending.
2. Our Company has filed three writ petitions dated October 17, 2003, February 2, 2005 and April 16, 2010 (“**Writ Petitions**”) in the High Court of Karnataka against the State of Karnataka and others in relation to levy of stamp duty on instruments of mining lease. The Company, *vide* the Writ Petitions has *inter alia* i) challenged the constitutionality of proviso (a) to Section 27 of the Karnataka Stamp Act, 1957 (“**Stamp Act**”), ii) contended that a lease deed executed between a state government and an individual under the Indian Registration Act, 1809 is exempt from the requirement of registration, iii) challenged the demand notices issued by the Government of Karnataka dated September 4, 2003, December 24, 2004 and January 19, 2010 (“**Notices**”) computing stamp duty aggregating to ₹ 6.33 crore payable on the renewal of three of our mining leases and iv) sought the issuance of writs, orders and declarations in relation to the same and interim reliefs of staying the operation of the Notices until final disposal of the Writ Petitions. The High Court of Karnataka passed interim orders dated October 27, 2003 and April 4, 2005, staying the notices dated September 4, 2003 and December 24, 2004. The matters are currently pending.
3. Our Company has filed a writ petition dated May 19, 2016 (“**Writ petition**”) before the High Court of Karnataka against the State of Karnataka and others (“**Respondents**”), challenging the notice dated May 3, 2016 (“**Notice**”) issued by the Deputy Director, Department of Mines, requiring payment of ₹ 17.53 crore in accordance with amendment to the Mines and Minerals (Development and Regulation) Act, 1957 in 2015 (“**Act**”). The Company has sought *inter alia* orders to i) declare the notifications dated September 16, 2015 and November 5, 2015 (“**Notifications**”) directing establishment of a district mineral foundation with a retrospective date, ultra vires of the Act; ii) pass directions to quash the Notice and the Notifications; and iii)

grant interim relief to stay the operation and execution of the Notice and the Notifications. The High Court of Karnataka, *vide* its order dated June 4, 2016, granted a temporary injunction restraining the Respondents from taking coercive action against our Company under the notification dated September 16, 2015. The matter is currently pending.

4. Our Company has filed a writ petition dated August 26, 2009 (“**Writ Petition**”) in the High Court of Karnataka against the State of Karnataka and others challenging the levy of compounding fees and notice of attachment of Company’s property under the Karnataka Land Revenue Act, 1964. The Deputy Director of Mines and Geology, Government of Karnataka had, on the grounds of use of agricultural land for non-agricultural purposes without conversion, issued *inter alia* i) demand notices for compounding fee of ₹ 23.17 crore; and ii) notice of attachment and sale of movable and immovable properties of the Company dated August 20, 2009 (collectively, “**Notices**”). The Company has *inter alia* sought orders to quash the Notices, declare that the Company is not liable to pay any sum under the Notices and interim relief of staying the operation of the Notices until final disposal of the Writ Petition. The matters are currently pending.
5. Our Company has filed a revision application dated February 22, 2018 (“**Application**”) before the Revisionary Authority, Ministry of Mines (“**Revisionary Authority**”) against the State of Karnataka and others (“**Respondents**”), in relation to calculation of arrears in payment of royalty for mining limestone amounting to ₹ 262.34 crore plus interest at 24 per cent for the financial year 2016-17 (“**Royalty**”). The Company *inter alia* sought orders to set aside the notices demanding the payment of Royalty, pass directions to rectify the erroneous calculation of Royalty and refund excess royalty paid by our Company in the past. The Revisionary Authority, *vide* its order dated May 8, 2019, disposed of the proceedings and remanded it to the State of Karnataka for recomputing Royalty. The Office of Deputy Director, Department of Mines and Geology, Kalaburgi sent a revised demand notice dated August 17, 2019 (“**Revised Demand Notice**”) calculating the arrears for the period 2018-19 aggregating to ₹ 71.39 crore plus interest at 24 per cent. An interveners application was filed, on November 6, 2020, in the Application by our Company to quash the Revised Demand Notice and to stay the operation of the Revised Demand Notice till the matter is decided by the Revisionary Authority. The matter is currently pending.
6. Our Company has filed a writ petition dated August 21, 2015 (“**Writ Petition**”) before the High Court of Delhi (“**High Court**”) against the Union of India and others. Our Company formed a joint venture company, Gondkhari Coal Mining Limited, (“**Joint Venture Company**”) with Dhariwal Infrastructure Private Limited and M/s Maharashtra Seamless Limited. The Joint Venture Company was allocated the Gondkhari coal block by the Union of India *vide* allocation letter dated November 21, 2008 (“**Allocation Letter**”). Under the Allocation Letter, a bank guarantee of ₹ 11.97 crore (“**BG**”) was given by the Joint Venture Company for the development of the coal block. However, the Supreme Court by its judgement in ML Sharma v. Union of India (“**Judgement**”) in 2014 held that the process of allocation of coal blocks introduced in 1993 and continued till 2012 was illegal and arbitrary and the Central Government did not have the power to allocate the coal blocks. Thereafter, Union of India issued an order dated November 15, 2012 to invoke the BG (“**BG Order 1**”) due to non-development of the Gondkhari coal block. Maintaining the stand in BG Order 1, the Union of India issued another order dated August 4, 2015 (“**BG Order 2**”) communicating its decision to forfeit the BG furnished by the Joint Venture Company. Our Company has filed the Writ Petition challenging the validity of BG Order 1 and BG Order 2 on the ground that the Allocation Letter is not legally valid as per the Judgement and therefore the BG given under the Allocation Letter cannot be enforced as it would amount to enforcing an illegal contract. As an interim relief, the High Court has stayed the operation of the BG Order 1 and BG Order 2 subject to the furnishing of a valid bank guarantee of ₹ 5.39 crore. The matter is currently pending before the High Court.

Material civil litigation against our Company

1. Mintech Global Private Limited (“**MGPL**”) has initiated arbitration proceedings against our Company before an arbitral tribunal constituted on November 23, 2017 (“**Tribunal**”), alleging breach of the terms of an agreement dated January 27, 2016 executed between MGPL and our Company (“**Agreement**”) and claiming a sum of ₹ 512.62 crore plus cost. The Agreement was in relation to setting up and commissioning of a manufacturing unit in Nalgonda (“**Unit**”), Telangana by MGPL for manufacturing, making and delivering certain products, as per the requirement of our Company. Our Company has made a counter claim of ₹ 642.70 crore for refund of the mobilization advance paid, on grounds of termination of the Agreement and damages for breach and harm to reputation. Subsequently, MGPL sought an interim relief under Section 17 of the Arbitration and Conciliation Act, 1996 (“**Act**”), *vide* its application dated March 13, 2018 to allow its operations in the Unit. The Tribunal, *vide* its order dated April 16, 2018 allowed the same, subject to conditions *inter alia* that the end-products from the Unit shall not be sold by MGPL to third parties under the

trademark, brand name or logo of our Company and that MGPL would not create third party interest with respect to the Unit. Our Company also sought an interim relief under Section 17 of the Act *vide* its application dated April 12, 2018 (“**Application 1**”) for securing the claims made by our Company, until conclusion of the arbitral proceedings. The Tribunal, *vide* its order dated June 28, 2018 (“**Order**”), disposed off Application 1 by directing the managing director of MGPL to provide a registered undertaking and declaration to the effect that he is bound personally as well as to the effect of the equitable mortgage created on the properties furnished to secure the claims of our Company. Our Company filed another application (“**Application 2**”) on August 7, 2018, under Section 17 of the Act asking for the similar interim relief as in Application 1, as the Order was passed without restricting the rights of our Company to file further applications under Section 17. While Application 2 was pending, MGPL filed another application (“**MGPL Application**”) under Section 17 of the Act asking for a direction to our Company to run the Unit or in the alternative to order for sale of the assets of the Unit by public auction. An application was filed by the Company, on September 11, 2019, before the High Court at Calcutta for extension of time for making and publication of the award by the Tribunal, which was allowed by the High Court *vide* order dated November 20, 2019 and the time was extended till June 2020. The MGPL Application along with Application 2 is pending before the Tribunal.

2. JK Tyre & Industries Limited (“**JK Tyre**”) and others (“**Claimants**”) have initiated arbitration proceedings against our Company before an arbitral tribunal constituted on July 11, 2020 (“**Tribunal**”) alleging breach of the terms of a Share Purchase Agreement dated October 28, 2015 (“**SPA**”) entered into between JK Tyre, JK Asia Pacific (S) Pte. Limited and our Company and claiming a sum of and claiming a sum of ₹870 crore at 12 percent interest and cost. Under the SPA, the entire shareholding of our Company in one of our subsidiaries, Cavendish Industries Limited (“**CIL**”), was sold to JK Tyre. Prior to entering into the SPA, our Company had sold the Laksar Plant, a tyre manufacturing plant owned and controlled by our Company, along with its assets and liabilities to CIL on a slump sale basis *vide* a Business Transfer Agreement dated March 26, 2015 (“**BTA**”). As a consideration under the BTA, 99 percent of the shareholding of CIL was transferred to our Company. The dispute arose due to the alleged non-fulfilment of conditions precedent and conditions subsequent by our Company as agreed between the parties under the SPA. In the absence of an amicable settlement, JK Tyre invoked the arbitration clause of the SPA and sent a demand cum arbitration notice dated February 25, 2020 (“**Notice**”). Our Company disputed all the claims raised in the Notice by a reply dated March 19, 2020. Thereafter, the Tribunal was constituted and timelines were decided by the Tribunal by an order dated July 31, 2020 (“**Order**”). Pursuant to the Order, statement of claim was filed by the Claimants and statement of defence (“**SOD**”) was filed by our Company. Under the SOD, our Company has filed a counterclaim of ₹17.10 crore at 12 percent interest and cost on account of working capital adjustment and income tax refund. The matter is currently pending.

Tax proceedings involving our Company

A. Direct tax proceedings

1. Our Company filed an appeal (“**Appeal**”) before the Income Tax Appellate Tribunal, Kolkata (“**ITAT**”) against an order of the Joint Commissioner of Income Tax, Kolkata (“**CIT**”) dated March 31, 2000 (“**CIT Order**”) under Section 263 of the Income Tax Act, 1961 in relation to assessment of income tax for the assessment year 1995-1996. Our Company alleged that the CIT erred in holding that the assessee is not entitled to carry forward loss in the hands of an association of persons, while passing the CIT Order. The ITAT *vide* its order dated June 6, 2003 (“**Order**”) quashed the CIT Order and allowed the Appeal. Aggrieved by the Order, the CIT filed an appeal before the High Court of Calcutta under Section 260A of the Income Tax Act, 1961. The matter is currently pending.

B. Indirect tax proceedings

1. Our Company along with others filed writ petitions (“**Writ Petitions**”) before the High Court of Andhra Pradesh (“**High Court**”) against the State of Andhra Pradesh and others, challenging the constitutional validity of Section 3B of the Andhra Pradesh Electricity Duty (Amendment) Act, 2003 along with notification G.O. Ms. No. 117 Energy (RES) dated October 13, 2003 and Rules 2(h)(i) and 4B of the Andhra Pradesh Electricity Duty Rules, 1939 as inserted by G.O Ms. No. 128 Energy (RES) dated November 18, 2003, pursuant to which an electricity duty on captive power generation would be imposed on our Company, retrospectively from July 16, 2003. The Writ Petitions were dismissed by an order of the High Court dated May 19, 2016 (“**Order**”). Aggrieved by the Order, our Company has filed a special leave petition dated July 18, 2016 against the State of Andhra Pradesh, State of Telangana and others, before the Supreme Court of India. The matter is currently pending.

2. Our Company has filed a writ petition dated January 29, 2011 ("**Writ Petition**") before the High Court of Andhra Pradesh ("**High Court**") against the Government of Andhra Pradesh and others challenging the constitutional validity of a notification issued in G.O Ms. No. 35 Environment, Forests, Science and Technology Department dated February 6, 2010 amending sub-rule (5) of Rule 5 of the Andhra Pradesh Forest Produce Rules, 1970 ("**Notification**"). Pursuant to the Notification, the Divisional Forest Officer, Karimnagar, *vide* its letter dated December 30, 2010, has directed our Company to pay enhanced transit permit fee at ₹ 10 per ton per mineral as against ₹ 500 per 100 permits levied earlier. The High Court, *vide* its order dated February 1, 2011, granted an interim stay on collection of enhanced permit fee under the Notification till final disposal of the Writ Petition, subject to the deposit of one-third of the amount which would be paid under the Notification by the Company. The matter is currently pending.
3. Our Company filed an appeal ("**Appeal**") before the Appellate Tribunal for Electricity at New Delhi ("**Tribunal**") against the order of Karnataka Electricity Regulatory Commission ("**KERC**") dated August 18, 2016 ("**Order**") challenging the determination of tariff payable for supply of electricity. The Tribunal *vide* its order dated October 31, 2017 disposed of the Appeal pursuant to a common order of the Karnataka High Court dated September 18, 2017 quashing the Order. The matter is remanded to KERC for re-computation of tariff payable. The matter is currently pending.
4. Our Company filed an appeal ("**Appeal**") before the Customs, Excise and Service Tax Appellate Tribunal ("**Tribunal**") against the order of the Commissioner of Central Excise and Customs, Belgaum ("**CCE**") dated February 23, 2011 ("**Order**"). As per the Order, the CCE has held that structural items used for fabrication of structures for support of capital goods and for installation of the plant cannot be treated as inputs or capital goods and has, therefore, disallowed the cenvat credit availed by our Company on such inputs and goods. Pursuant to the Order, a demand of ₹12.43 crore along with 100 percent penalty and interest has been raised by the CCE. The Appeal against the Order is currently pending before the Tribunal.
5. Our Company filed an appeal ("**Appeal**") before the Customs, Excise and Service Tax Appellate Tribunal ("**Tribunal**") against the order of the Commissioner of Central Tax and Central Excise, Belgaum ("**Commissioner**") dated May 31, 2018 ("**Order**"). As per the Order, the Commissioner has held that the cenvat credit of service tax, availed by our Company, paid on freight charges incurred from depot to customer's place is not admissible inasmuch as the input credit in respect of outward freight is allowed from the place of manufacturer or place of removal upto the first point, whether it is the depot or the customer's place and excludes outward transportation from depot to the customer's place. Pursuant to the Order, a demand of ₹2.76 crore along with penalty and interest has been raised by the Commissioner for the alleged irregular availment of cenvat credit by our Company from January 2006 to March 2008. The Appeal against the Order is currently pending before the Tribunal.
6. Our Company filed an appeal ("**Appeal**") before the Customs, Excise and Service Tax Appellate Tribunal ("**Tribunal**") against the order of the Commissioner of Central Tax and Central Excise, Belgaum ("**Commissioner**") dated May 31, 2018 ("**Order**"). As per the Order, the Commissioner has disallowed the cenvat credit of the service tax, availed by our Company, paid on outward transportation of goods from the depot or factory to the customer's premises on the ground that cenvat credit of service tax paid on goods transport agency services for transporting goods from the place of removal is not covered within the ambit of Cenvat Credit Rules, 2004. Pursuant to the Order, a demand of ₹46.60 crore along with penalty and interest has been raised by the Commissioner for the alleged irregular availment of cenvat credit by our Company from April 2008 to July 2016. The Appeal against the Order is currently pending before the Tribunal.
7. Our Company filed an appeal ("**Appeal**") before the Customs, Excise and Service Tax Appellate Tribunal ("**Tribunal**") against the order of the Commissioner of Central Excise, Kolkata ("**CCE**") dated December 31, 2008 ("**Order 1**"). As per Order 1, the CCE has held that our Company has allegedly violated the conditions, for availing exemption from paying excise duty, of notification no. 6/2002 dated March 1, 2002 issued by the Central Government ("**Notification**"). In terms of the Notification, pipes needed for delivery of water from its source to water treatment plant/water supply plant and from there to the storage facility are entitled to exemption subject to the condition that the manufacturer furnishes a certificate issued by the collector or deputy commissioner or district magistrate to the effect that such goods are cleared for the intended use as specified in the Notification. Pursuant to Order 1, a demand of ₹ 2.40 crore along with 100 per cent penalty and interest was raised by the CCE for the alleged wrongful availment of the exemption by our Company from June 2003 to July 2005. Prior to Order 1, an order dated May 30, 2007 ("**Order 2**") was passed by the Additional Commissioner of Central Excise, Kolkata ("**ACCE**") on the same issue. The only difference between Order 1 and Order 2 was that Order 2 did not cover the period of June 2003 to October

2003 and April 2004 to August 2004 and therefore the demand under Order 2 was ₹2.25 crore plus 100 per cent penalty and interest. However, an appeal was filed against Order 2 by our Company to the Commissioner (Appeals) wherein the matter was remanded to the ACCE for fresh adjudication. Considering the overlap between Order 1 and Order 2, the Tribunal disposed off the Appeal by setting aside Order 1 and directing that both matters be remanded to the CCE for fresh adjudication. The matter is currently pending.

8. Our Company received show cause notices / ASMT -13 dated January 4, 2019, June 26, 2019, August 14, 2019, October 10, 2019, November 07, 2019, Sep 14, 2020, October 15, 2020 and November 13, 2020 stating that our Company had not filed the returns under Section 39(1) of the Central Goods and Services Act, 2017, read with Rule 61 of the Central Goods and Services Rules, 2017 in form GSTR-3B for the months of October and November 2018, March and April 2019, May and June 2019, July and August 2019, September 2019, July 2020, August 2020 and September 2020, respectively. Our Company responded to each of the notices received, stating that our Company could not file the returns for the above-mentioned months due to the financial crisis being faced by our Company, requesting for condonation of delay in filing the returns. Our Company had paid its tax liabilities and was in the process of paying interest for the duration of delay. Our Company also requested for waiver of penalty. However, pursuant to the orders passed by the Joint Commissioner, Central Tax and Central Excise (“**Joint Commissioner**”) in the above matters, penalties were imposed for the respective delays. Aggrieved by the orders passed by the Joint Commissioner in each of the show cause notices, our Company has filed appeals against the respective orders before the appellate authority. The total net contingent liability on our Company is ₹ 65.62 crore. The matters are currently pending.

GOVERNMENT AND OTHER APPROVALS

As on the date of this Letter of Offer, there are no material pending government and regulatory approvals pertaining to the Objects of the Issue.

MATERIAL DEVELOPMENTS

Except as stated below and elsewhere in this Letter of Offer, to our knowledge, no circumstances have arisen since March 31, 2021, which materially and adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to meet material liabilities:

S. No.	Particulars	Page No.
1.	Unaudited Financial Results of our Company for the quarter and three months ended June 30, 2021, along with the standalone and consolidated review reports	213 - 218
2.	The operations at the rayon plant of our Subsidiary have been temporarily suspended from June 22, 2021 until further notice due to continual restrictions, in logistical activities involving non-essential goods, imposed by the state government owing to the second wave of COVID-19.	-

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM STANDALONE FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF KESORAM INDUSTRIES LIMITED

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **KESORAM INDUSTRIES LIMITED** ("the Company"), for the quarter ended June 30, 2021 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Firm's Registration No. 302009E)

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Abhijit Bandyopadhyay
(Partner)

(Membership No. 054785)
UDIN: 21054785AAAAFC6664

Kolkata, August 12, 2021

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF KESORAM INDUSTRIES LIMITED

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **KESORAM INDUSTRIES LIMITED** ("the Parent") and its subsidiary (the Parent and its subsidiary together referred to as "the Group"), and its share of the net loss after tax and total comprehensive loss of its joint venture for the quarter ended June 30, 2021 ("the Statement") being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of Parent's personnel responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Statement includes the results of Cygnet Industries Limited (Subsidiary) and Gondhkari Coal Mining Limited (Joint Venture).
5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We did not review the interim financial information of 1 (one) subsidiary included in the consolidated unaudited financial results whose interim financial results reflect total revenues of Rs. 51.90 crores, total net loss after tax of Rs. 21.30 crores and total comprehensive loss of Rs 20.86 crores for the quarter ended June 30, 2021, as considered in the unaudited

interim financial statements of the entity included in the Group. The interim financial information have been reviewed by the other auditors whose reports have been furnished to us by the management and our conclusion in so far as it relates to the amounts and disclosures included in respect of the subsidiary is based solely on the report of other auditor and the procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement is not modified in respect of this matter.

7. The consolidated unaudited financial results also includes the Group's share of loss after tax of Rs. NIL and total comprehensive loss of Rs. NIL for the three months ended June 30, 2021, as considered in the Statement, in respect of 1 (one) joint venture based on their interim financial information which have not been reviewed by their auditors. According to the information and explanations given to us by the Management, these interim financial information are not material to the Group.

Our Conclusion on the Statement is not modified in respect of our reliance on the interim financial information certified by the Management.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Firm's Registration No. 302009E)

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Abhijit Bandyopadhyay
(Partner)

(Membership No. 054785)
UDIN: 21054785AAAAFD1404

Kolkata, August 12, 2021

Sl. No.	Particulars	Standalone				Consolidated			
		Current three months ended 30/06/2021 (Unaudited)	Preceding three months ended 31/03/2021 (Unaudited)	Corresponding three months ended in the previous year 30/06/2020 (Unaudited)	Previous Year ended 31/03/2021 (Audited)	Current three months ended 30/06/2021 (Unaudited)	Preceding three months ended 31/03/2021 (Unaudited)	Corresponding three months ended in the previous year 30/06/2020 (Unaudited)	Previous Year ended 31/03/2021 (Audited)
1	Income								
	a) Revenue from Operations	803.50	787.75	409.03	2,415.21	855.40	861.56	427.29	2,652.77
	b) Other Income	5.58	18.58	25.96	102.22	5.68	17.57	15.30	72.16
	Total Income [1(a) + 1(b)]	809.08	806.33	434.99	2,517.43	861.08	879.13	442.59	2,724.93
2	Expenses								
	a) Cost of Materials consumed	84.66	75.66	40.33	237.83	107.09	101.76	47.51	325.49
	b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(45.76)	20.29	3.48	26.51	(47.03)	24.14	5.86	33.38
	c) Employee benefits expense	35.44	37.87	29.98	141.23	54.39	59.53	40.16	215.55
	d) Depreciation and amortisation expense	22.66	28.60	22.69	96.21	27.95	34.45	27.99	117.96
	e) Finance Costs	117.37	38.13	68.95	245.81	122.03	45.81	76.50	275.80
	f) Power and fuel	231.81	209.33	87.87	602.22	244.62	223.17	91.65	647.62
	g) Packing and carriage	250.15	264.82	123.50	807.23	250.92	266.01	123.77	810.85
	h) Other expenses	65.65	60.50	40.09	205.67	75.31	71.78	45.10	244.34
	Total Expenses [2(a) to 2(h)]	761.98	735.20	416.89	2,362.71	835.28	826.65	458.54	2,670.99
3	Profit/(Loss) before exceptional items and tax (1-2)	47.10	71.13	18.10	154.72	25.80	52.48	(15.95)	53.94
4	Exceptional items	-	(294.83)	-	(294.83)	-	(220.88)	-	(220.88)
5	Profit/(Loss) before tax (3+4)	47.10	(223.70)	18.10	(140.11)	25.80	(168.40)	(15.95)	(166.94)
6	Tax expense								
	a) Current tax charge / (credit) (in respect of earlier year)	-	(1.63)	-	(43.87)	-	(1.63)	-	(43.87)
	b) Deferred tax charge / (credit)	13.03	(263.18)	-	(263.18)	13.03	(263.18)	-	(263.18)
7	Net Profit/(Loss) after tax for the period (5- 6)	34.07	41.11	18.10	166.94	12.77	96.41	(15.95)	140.11
	Other Comprehensive Income(Refer Note 1)								
	Items that will not be re-classified to profit or loss	0.48	12.58	(0.87)	9.99	0.92	17.42	(1.90)	11.75
	Income tax relating to above	0.11	(1.57)	-	(1.57)	0.11	(1.57)	-	(1.57)
8	Other Comprehensive Income/ (Loss) for the period	0.59	11.01	(0.87)	8.42	1.03	15.85	(1.90)	10.18
9	Net Profit/(Loss) after Comprehensive Income (7+8)	34.66	52.12	17.23	175.36	13.80	112.26	(17.85)	150.29
10	Paid-up equity share capital (Face value Rs. 10/-per share)	164.81	164.81	142.59	164.81	164.81	164.81	142.59	164.81
11	Reserves excluding Revaluation Reserve				182.35				32.67
12	Earnings Per Share (EPS) (Not Annualised) [Face value of Rs.10/- per share]								
	- Basic EPS	Rs. 2.07	2.85	1.27	11.59	0.77	6.69	(1.12)	9.73
	- Diluted EPS	Rs. 2.07	2.85	1.27	11.59	0.77	6.69	(1.12)	9.73
	(Please see accompanying notes to the Standalone and Consolidated Financial Results)								



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

Statement of Standalone and Consolidated Unaudited Financial Results for the quarter ended 30th June, 2021

Statement of Segment Revenue, Results, Assets and Liabilities

Rs./Crores

Sl. No.	Particulars	Consolidated			
		Current three months ended 30/06/2021 (Unaudited)	Preceding three months ended 31/03/2021 (Unaudited)	Corresponding three months ended in the previous year 30/06/2020 (Unaudited)	Previous Year ended 31/03/2021 (Audited)
1	Segment Revenue				
a	Cement	803.50	787.75	409.03	2,415.21
b	Rayon, T.P. and Chemicals	51.90	73.81	18.26	237.56
	Total	855.40	861.56	427.29	2,652.77
	Less: Inter Segment Revenue (at cost)	-	-	-	-
	Sales /Income	855.40	861.56	427.29	2,652.77
	Total Revenue from Operations	855.40	861.56	427.29	2,652.77
2	Segment Results [Profit /(Loss) before tax, interest and exceptional items]				
a	Cement	157.61	106.19	73.83	360.78
b	Rayon, T.P. and Chemicals	(13.15)	(8.63)	(14.26)	(34.48)
	Total	144.46	97.56	59.57	326.30
	Less: Interest	118.66	45.08	75.52	272.36
	Less: Exceptional Items	-	220.88	-	220.88
	Total Profit/(Loss) before tax	25.80	(168.40)	(15.95)	(166.94)
3	Segment Assets				
a	Cement	2,651.75	2,560.52	2,591.99	2,560.52
b	Rayon, T.P. and Chemicals	703.60	715.22	634.00	715.22
	Total	3,355.35	3,275.74	3,225.99	3,275.74
4	Segment Liabilities				
a	Cement	2,877.66	2,810.09	3,042.48	2,810.09
b	Rayon, T.P. and Chemicals	266.30	268.17	298.49	268.17
	Total	3,143.96	3,078.26	3,340.97	3,078.26

Note: The Company operates in one segment only i.e. "Cement" on standalone basis.



KESORAM INDUSTRIES LIMITED

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

Statement of Standalone and Consolidated Unaudited Financial Results for the quarter ended 30th June, 2021

- 1 Other Comprehensive Income/(Expense) includes impact of re-measurement gains/ (losses) on actuarial valuation of post-employment defined benefits for all the periods including the financial year ended March 31, 2021. Previous year ended March 31, 2021 also includes the impact for the fair valuation of non-current investments. These items will not be reclassified to profit or loss.
- 2 The Management has assessed the possible effects that may result from COVID-19 on the carrying amounts of current assets after considering internal and external sources of information including the possible future uncertainties in the global economic conditions as at the date of approval of these Financial Results and concluded that no adjustments are required in the results. The Company continues to monitor the rapidly changing situation.

During the current quarter, due to continuing restriction in logistic activities of non-essential goods on the onset of the second wave of Covid-19 pandemic, the Company's subsidiary has declared temporary suspension of work at its Rayon Plant, Chemical Division, T.P. Plant situated at Kuntighat (District Hooghly, West Bengal), effective from commencement of 'A' Shift, i.e. 6:30 A.M. of 22nd June, 2021 until further notice. Hence, Sales from this plant have come down significantly due to the lockdown as aforesaid and Management expects that it will be restored when full normalcy is in place.
- 3 Figures for the previous period have been regrouped/ reclassified wherever necessary to conform to current period's classification.
- 4 The Central Government has published The Code on Social Security, 2020 and Industrial Relations Code, 2020 ("the Codes") in the Gazette of India, inter alia, subsuming various existing labour and industrial laws which deals with employees related benefits including post employment. The effective date of the code and the rules are yet to be notified. The impact of the legislative changes, if any, will be assessed and recognised post notification of the relevant provisions.
- 5 Share of Profit or loss from joint venture is NIL for all the periods presented
- 6 The Statutory Auditors have carried out a Limited Review of the above unaudited financial results for the quarter and three months ended 30th June, 2021. The financial results have been approved by the Board of Directors on 12th August, 2021 after review thereof by the Audit Committee.

By Order of the Board



P. Radhakrishnan
Whole-time Director & CEO

Place: Kolkata
Date: 12th August, 2021



OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution of the Board passed at its meeting held on May 14, 2021 and August 12, 2021, pursuant to Section 62 and other applicable provisions of the Companies Act, 2013.

The Issue Price of ₹ 50.00 per Rights Equity Share has been arrived at, in consultation with the Lead Manager, prior to determination of the Record Date.

Our Fund Raising Committee in its meeting held on [●], 2021 has resolved to issue the Rights Equity Shares to the Eligible Equity Shareholders, in the ratio of [●] Rights Equity Share for every [●] Equity Shares, as held on the Record Date. On Application, Eligible Equity Shareholders will be required to pay ₹25.00 per Rights Equity Share which constitutes 50% of the Issue Price and the balance ₹25.00 per Rights Equity Share which constitutes 50% of the Issue Price, will be required to be paid, on First and Final Call anytime within six months from the date of allotment of Rights Equity Shares as may be decided by the Board at its sole discretion.

This Letter of Offer has been approved by our Fund Raising Committee pursuant to its resolution dated [●], 2021.

Our Company has received in-principle approvals from BSE, NSE and CSE in accordance with Regulation 28(1) of the SEBI Listing Regulations for listing of the Rights Equity Shares to be Allotted in the Issue pursuant to letters dated [●], [●] and [●], respectively. Our Company will also make an application to each of the Stock Exchanges to obtain the listing and trading approvals for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

Our Company has been allotted the ISIN '[●]' for the Rights Entitlements to be credited to the respective demat accounts of the Equity Shareholders of our Company. Our Company has been allotted the ISIN '[●]' both from NSDL and CDSL for the Rights Equity Shares to be issued pursuant to this Issue. For details, please see "*Terms of the Issue*" on page [●].

Prohibition by SEBI or Other Governmental Authorities

Our Company, the Promoters, the members of the Promoter Group and the Directors have not been or are not debarred and are not prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Further, the Promoters and the Directors are not promoter(s) or director(s) of any other company which is debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Neither the Promoters nor any of the Directors have been declared as a Fugitive Economic Offender.

There are no securities market violations, whether outstanding or otherwise, by the Company, Promoters, Promoter Group and Group Companies.

Association of our Directors with securities market

Other than Mangala Radhakrishna Prabhu who is a director on the board of Ladderup Corporate Advisory Private Limited, none of our Directors are associated with the securities market in any manner. There are no outstanding action(s) initiated by SEBI against the Directors of our Company in the five years preceding the date of this Letter of Offer.

Prohibition by RBI

Neither our Company, nor our Promoters or our Directors have been or are identified as a Wilful Defaulter.

Our Company or any of our Promoters or Directors are not declared as 'Fraudulent Borrowers' by the lending banks or financial institution or consortium, in terms of the Master Directions on Frauds – Classification and Reporting by commercial banks and select FIs dated July 1, 2016, as amended, issued by the RBI.

Eligibility for the Issue

Our Company is a listed company, originally incorporated under the Indian Companies Act, 1913. The Equity Shares are presently listed on the Stock Exchanges. Our Company is eligible to offer the Rights Equity Shares pursuant to this Issue in terms of Chapter III, Clause 1, Part B of Schedule VI and other applicable provisions of the SEBI ICDR Regulations and is not covered under the conditions specified in clause 3 of Part B of Schedule VI of SEBI ICDR Regulations.

Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company has made applications to the Stock Exchanges and has received their in-principle approvals for listing of the Rights Equity Shares to be issued pursuant to this Issue. BSE is the Designated Stock Exchange for the Issue.

Compliance with conditions of Fast Track Issue

Our Company satisfies the following conditions specified in Regulation 99 of the SEBI ICDR Regulations and accordingly, our Company is eligible to make the Issue by way of a 'fast track issue':

1. the Equity Shares have been listed on BSE, NSE and CSE for a period of at least three years immediately preceding the date of filing of this Letter of Offer with the Stock Exchanges;
2. the entire shareholding of the Promoter Group is held in dematerialized form as on the date of filing this Letter of Offer with the Stock Exchanges;
3. the average market capitalization of the public shareholding of the Company is at least ₹ 250 crore;
4. the annualized trading turnover of the Equity Shares during six calendar months immediately preceding the month of the filing of this Letter of Offer with the Stock Exchanges has been at least 2% of the weighted average number of Equity Shares listed during such six months' period;
5. the annualized delivery-based trading turnover of the Equity Shares during six calendar months immediately preceding the month of filing of this Letter of Offer with the Stock Exchanges has been at least 10% of the annualized trading turnover of the Equity Shares during such six months' period;
6. the Company has been in compliance with the Listing Agreement and the provisions of SEBI Listing Regulations, as applicable, including with respect to the composition of the Board, for a period of three years immediately preceding the date of filing this Letter of Offer with the Stock Exchanges;
7. the Company has redressed at least 95% of the complaints received from the investors till the end of the quarter immediately preceding the month of the date of filing this Letter of Offer with the Stock Exchanges;
8. that no show-cause notices, including proceedings for imposition of penalty, have been issued by SEBI, and no prosecution proceeding have been initiated by SEBI, which are pending against our Company or our Promoters or whole time directors, as at the date of filing this Letter of Offer with Stock Exchanges;
9. neither our Company nor the Promoters nor members of the Promoter Group nor any of our Directors have settled any alleged violation of securities laws through the consent or settlement mechanism with SEBI during three years immediately preceding the date of filing of this Letter of Offer with the Stock Exchanges;
10. the Equity Shares of our Company have not been suspended from trading as a disciplinary measure during the last three years immediately preceding the date of filing of this Letter of Offer with the Stock Exchanges;
11. there is no conflict of interest between the Lead Manager and the Company or its Group Companies in accordance with the applicable regulations;
12. the Promoters and Promoter Group shall mandatorily subscribe to their rights entitlement and shall not renounce their rights, except to the extent of renunciation within the Promoter Group or for the purpose of

complying with minimum public shareholding norms prescribed under the Securities Contracts (Regulation) Rules, 1957, as amended; and

13. there are no audit qualifications, in respect of any of the financial years for which accounts are disclosed in this Letter of Offer, which have not been adjusted in the Annual Audited Financial Statements. Also, there is no qualification in the limited review report issued for the unaudited financial results for the quarter ended June 30, 2021.

Compliance with Part B of Schedule VI of the SEBI ICDR Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the SEBI Listing Regulations, as applicable for the last one year immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange.
2. The reports, statements and information referred to above are available on the websites of each of the Stock Exchanges.
3. Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations and is not covered under the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations, disclosures in this Letter of Offer have been made in terms of Clause (4) of Part B of Schedule VI of SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS LETTER OF OFFER. THE LEAD MANAGER, DAM CAPITAL ADVISORS LIMITED (FORMERLY IDFC SECURITIES LIMITED) HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI ICDR REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, DAM CAPITAL ADVISORS LIMITED (FORMERLY IDFC SECURITIES LIMITED) HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED [•], 2021 WHICH READS AS FOLLOWS:

WE CONFIRM THAT:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION, INCLUDING COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL WHILE FINALISING THE LETTER OF OFFER OF THE SUBJECT ISSUE;

2. ON THE BASIS OF SUCH EXAMINATION AND DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION, CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:
- (a) THE LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS WHICH ARE MATERIAL TO THE ISSUE;
 - (b) ALL MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS SPECIFIED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - (c) THE MATERIAL DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, SEBI ICDR REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. BESIDES OURSELVES, ALL INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE, SUCH REGISTRATION IS VALID - COMPLIED WITH;
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE
5. WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING LETTER OF OFFER WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER - NOT APPLICABLE;
6. ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAVE BEEN AND SHALL BE DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION(S) HAVE BEEN MADE IN THE LETTER OF OFFER - NOT APPLICABLE;
7. ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS WHICH RELATE TO RECEIPT OF PROMOTERS' CONTRIBUTION PRIOR TO OPENING OF THE ISSUE, SHALL BE COMPLIED WITH. ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE AND THAT THE AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE - NOT APPLICABLE;
8. NECESSARY ARRANGEMENTS SHALL BE MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE CREDITED OR TRANSFERRED TO IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES, AND THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKER TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION - NOTED FOR COMPLIANCE TO THE EXTENT APPLICABLE;

9. THE EXISTING BUSINESS AS WELL AS ANY NEW BUSINESS OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED FALL WITHIN THE 'MAIN OBJECTS' IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED IN THE LAST TEN YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION - COMPLIED WITH TO THE EXTENT APPLICABLE;
10. FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER:
- (a) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY, EXCLUDING SUPERIOR RIGHTS EQUITY SHARES, WHERE AN ISSUER HAS OUTSTANDING SUPERIOR RIGHTS EQUITY SHARES - COMPLIED WITH (THE COMPANY HAS NOT ISSUED ANY SUPERIOR RIGHTS EQUITY SHARES); AND
- (b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH ALL DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI - COMPLIED WITH;
11. WE SHALL COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENTS IN TERMS OF THE SEBI ICDR REGULATIONS - NOTED FOR COMPLIANCE;
12. IF APPLICABLE, THE ENTITY IS ELIGIBLE TO LIST ON THE INNOVATORS GROWTH PLATFORM IN TERMS OF THE PROVISIONS OF CHAPTER X OF SEBI ICDR REGULATIONS - NOT APPLICABLE;
13. NONE OF THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY - COMPLIED WITH;
14. THE COMPANY IS ELIGIBLE TO MAKE A FAST TRACK ISSUE IN TERMS OF REGULATION 99 OF SEBI ICDR REGULATIONS. THE FULFILMENT OF THE ELIGIBILITY CRITERIA AS SPECIFIED IN THAT REGULATION BY THE COMPANY HAS ALSO BEEN DISCLOSED IN THE LETTER OF OFFER - COMPLIED WITH;
15. THE ABRIDGED LETTER OF OFFER CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SEBI ICDR REGULATIONS - COMPLIED WITH;
16. ALL MATERIAL DISCLOSURES IN RESPECT OF THE COMPANY HAVE BEEN MADE IN THE LETTER OF OFFER AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE COMPANY OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES / ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH THE PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN - COMPLIED WITH AND NOTED FOR COMPLIANCE;
17. AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE COMPANY - COMPLIED WITH;

THE FILING OF THIS LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THIS LETTER OF OFFER.

Disclaimer clauses from our Company and the Lead Manager

Our Company and the Lead Manager do not accept any responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or any other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at their own risk.

Investors who invest in the Issue will be deemed to have represented to our Company and the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Rights Equity Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in the Issue. Our Company, the Lead Manager and their directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any Applicant on whether such Applicant is eligible to acquire any Rights Equity Shares.

CAUTION

Our Company and the Lead Manager shall make all information available to the Eligible Equity Shareholders in accordance with the SEBI ICDR Regulations and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Letter of Offer.

No dealer, salesperson or other person is authorised to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorised information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and rights to purchase the Rights Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Letter of Offer is current only as of its date.

Disclaimer with respect to jurisdiction

This Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Kolkata, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue is BSE.

Disclaimer Clause of BSE

As required, a copy of this Letter of Offer has been submitted to BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of this Letter of Offer is set out below:

Disclaimer Clause of NSE

As required, a copy of this Letter of Offer has been submitted to the NSE. The Disclaimer Clause as intimated by the NSE to us, post scrutiny of this Letter of Offer is set out below:

Disclaimer Clause of CSE

As required, a copy of this Letter of Offer has been submitted to the CSE. The Disclaimer Clause as intimated by the CSE to us, post scrutiny of this Letter of Offer is set out below:

Selling Restrictions

General

The distribution of this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and the issue of Rights Entitlements and Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, the Abridged Letter of Offer, the Application Form and the Rights Entitlement Letter may come are required to inform themselves about and observe such restrictions. Our Company is making

this Issue on a rights basis to the Eligible Equity Shareholders in offshore transactions outside the United States in compliance with Regulation S to existing shareholders located in jurisdictions where such offer and sale of the Rights Equity Shares and/ or Rights Entitlements is permitted under laws of such jurisdictions.

Our Company will dispatch this Letter of Offer/ Abridged Letter of Offer and Application Form only to Eligible Equity Shareholders who have provided an Indian address to our Company. No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer or any other material relating to the Rights Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that this Letter of Offer has been filed with SEBI and the Stock Exchanges. In those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and/ or Rights Entitlements and should not be copied or re-distributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

The Rights Equity Shares and Rights Entitlement may not be offered or sold, directly or indirectly, and none of this Letter of Offer or any offering materials or advertisements in connection with the Rights Equity Shares or Rights Entitlement may be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

This Letter of Offer and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, in whole or in part, to any other person or published, in whole or in part, for any purpose.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, this Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided an Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, this Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then this Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

If this Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlement referred to in this Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Rights Equity Shares or accepting any provisional allotment of Rights Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Rights Equity Shares or Rights Entitlement.

Our Company reserves the right to require a person in any jurisdiction not listed below to give it an opinion of legal counsel that the purchase of the Rights Entitlements and Rights Equity Shares by such person in accordance with the terms of this Letter of Offer was in accordance with the laws of such jurisdiction.

Neither the receipt of this Letter of Offer nor any sale/ offer of Rights Equity Shares and/ or the Rights Entitlements hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as of any time subsequent to this date or the date of such information. The contents of this Letter of Offer should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Rights Equity Shares or Rights Entitlements. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of the Rights Equity Shares or Rights Entitlements. In addition, neither our Company nor the Lead Manager are making any representation to any offeree or purchaser of the Rights Equity

Shares or the Rights Entitlements regarding the legality of an investment in the Rights Equity Shares and/ or the Rights Entitlements by such offeree or purchaser under any applicable laws or regulations.

In the event you do not meet the criteria and requirements laid down under “*Selling Restrictions*” and in the other terms of this Letter of Offer, you are not qualified to apply to subscribe for the Rights Entitlements or Rights Equity Shares.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT, OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT IN A TRANSACTION EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT. THE RIGHTS EQUITY SHARES AND THE RIGHTS ENTITLEMENTS REFERRED TO IN THIS LETTER OF OFFER ARE BEING OFFERED AND SOLD ONLY IN OFFSHORE TRANSACTIONS OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S TO EXISTING SHAREHOLDERS LOCATED IN JURISDICTIONS WHERE SUCH OFFER AND SALE OF THE RIGHTS EQUITY SHARES AND/ OR RIGHTS ENTITLEMENTS IS PERMITTED UNDER LAWS OF SUCH JURISDICTIONS. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY OR TRANSFER ANY OF THE SAID SECURITIES.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation or purchase of the Rights Equity Shares and/ or Rights Entitlements from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. No Application Form should be postmarked in the United States, electronically transmitted from the United States or otherwise dispatched from the United States or from any other jurisdiction where it would be illegal to make an offer of securities under this Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch, only through email, the Abridged Letter of Offer, the Application Form and other applicable Issue materials only to Eligible Equity Shareholders who have provided an Indian address to our Company.

Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, that it is not and, at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States, and it is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company, in consultation with the Lead Manager, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from a person located in the United States or other jurisdictions where the offer and sale of the Rights Equity Shares and/ or the Rights Entitlements is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is outside the United States and eligible to subscribe for the Rights Equity Shares and/ or the Rights Entitlements under applicable securities laws, and such person is complying with laws of jurisdictions applicable to such person in connection with this Issue and have obtained requisite approvals before applying in this Issue; or (iii) where either a registered Indian address is not provided or our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares and/ or the Rights Entitlements in respect of any such Application Form.

NOTICE TO INVESTORS

NO ACTION HAS BEEN TAKEN OR WILL BE TAKEN THAT WOULD PERMIT A PUBLIC OFFERING OF THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES TO OCCUR IN ANY JURISDICTION OTHER THAN INDIA, OR THE POSSESSION, CIRCULATION OR DISTRIBUTION OF THIS LETTER OF OFFER OR ANY OTHER MATERIAL RELATING TO OUR COMPANY, THE RIGHTS ENTITLEMENTS OR THE RIGHTS EQUITY SHARES IN ANY JURISDICTION WHERE ACTION FOR SUCH PURPOSE IS REQUIRED. ACCORDINGLY, THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES MAY NOT

BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS LETTER OF OFFER NOR ANY OFFERING MATERIALS OR ADVERTISEMENTS IN CONNECTION WITH THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES MAY BE DISTRIBUTED OR PUBLISHED IN OR FROM ANY COUNTRY OR JURISDICTION EXCEPT IN ACCORDANCE WITH THE LEGAL REQUIREMENTS APPLICABLE IN SUCH COUNTRY OR JURISDICTION. THIS ISSUE WILL BE MADE IN COMPLIANCE WITH THE APPLICABLE SEBI REGULATIONS. EACH PURCHASER OF THE RIGHTS ENTITLEMENTS OR THE RIGHTS EQUITY SHARES IN THIS ISSUE WILL BE DEEMED TO HAVE MADE ACKNOWLEDGMENTS AND AGREEMENTS AS DESCRIBED UNDER “RESTRICTIONS ON PURCHASES AND REALES” ON PAGE [●].

Filing

This Letter of Offer is being filed with the Stock Exchanges as per the provisions of the SEBI ICDR Regulations. Further, our Company will simultaneously do an online filing with SEBI through the SEBI Intermediary Portal at <https://sipotal.sebi.gov.in>, in accordance with SEBI circular bearing reference SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018 and through email at cfddil@sebi.gov.in, in accordance with the instructions issued by SEBI on March 27, 2020, in relation to “*Easing of Operational Procedure – Division of Issues and Listing – CFD*”.

Investor Grievances and Redressal System

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the Listing Agreement and the SEBI Listing Regulations.

Our Company has a Stakeholders’ Relationship Committee which currently comprises of Kashi Prasad Khandelwal, Radhakrishnan Padmalochanan and Sudip Banerjee. The broad terms of reference include redressal of investors’ complaints pertaining to share transfers, non-receipt of annual reports, dividend payments, issue of duplicate certificates etc. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/OIAE/1/2014 dated December 18, 2014. Consequently, investor grievances are tracked online by our Company. The investor complaints received by our Company are disposed of within 5 (five) working days from the date of receipt of the complaint.

Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre Issue or post Issue related matter. All grievances relating to the ASBA process or the R-WAP process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e mail address of the sole/ first holder, folio number or demat account number, number of Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of the R-WAP process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process) and copy of the e-acknowledgement (in case of the R-WAP process). For details on the ASBA process and R-WAP, see “*Terms of the Issue*” beginning on page [●].

The contact details of the Compliance Officer and Registrar are as follows:

Registrar

Link Intime India Private Limited

C-101, First Floor, 247 Park, L.B.S. Marg

Vikhroli (West), Mumbai 400 083

Tel: +91 22 4918 6200

E-mail: kesoram.rights@linkintime.co.in

Website: www.linkintime.co.in

Investor grievance E-mail: kesoram.rights@linkintime.co.in

Contact Person: Sumeet Deshpande

SEBI Registration No.: INR000004058

Compliance Officer

Raghuram Nath

Kesoram Industries Limited
9/1 R.N. Mukherjee Road,
Kolkata 700 001, West Bengal
Telephone: +91 33 2243 5453
E-mail: corporate@kesoram.net

In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (www.linkintime.co.in). Further, helpline numbers provided by the Registrar for guidance on the Application process and resolution of difficulties is +91 22 4918 6200.

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and this Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the R-WAP Circulars, Investors proposing to apply in this Issue can apply only through ASBA or by mechanism as disclosed in this Letter of Offer.

Investors are requested to note that application in this issue can only be made through ASBA or by R-WAP facility. Further, this R-WAP facility in addition to ASBA and the relaxation on applications to be made by physical shareholders, are onetime relaxations made available by SEBI in view of the COVID 2019 and shall not be a replacement of the existing process under the SEBI ICDR regulations. For guidance on the application process through R-WAP and resolution of difficulties faced by investors, you are advised to read the frequently asked question (FAQ) on the website of the registrar at www.linkintime.co.in.

OVERVIEW

This Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA, the FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations and the guidelines, notifications, circulars and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with Stock Exchanges and the terms and conditions as stipulated in the Allotment Advice.

IMPORTANT:

1. DISPATCH AND AVAILABILITY OF ISSUE MATERIALS:

In accordance with the SEBI ICDR Regulations, the SEBI Rights Issue Circulars, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/dispatched only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, this Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, this Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then this Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of:

- (i) our Company at www.kesocorp.com;
- (ii) the Registrar at www.linkintime.co.in;
- (iii) the Lead Manager, i.e., DAM Capital Advisors Limited (Formerly IDFC Securities Limited) at www.damcapital.in;
- (iv) the Stock Exchanges at www.bseindia.com and www.nseindia.com; and
- (v) the Registrar's web-based application platform at www.linkintime.co.in ("R-WAP").

Further, our Company will undertake all adequate steps to reach out to the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible. In light of the current COVID-19 situation, our Company, the Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Entitlement Letter and the Application Form attributable to the non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Entitlement Letters are delayed or misplaced in transit.

Shareholders who have not received the Application Form may apply, along with the requisite Application Money, by using the Application Forms available on the websites above, or on plain paper, with the same details as per the Application Form available online.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.*, www.linkintime.co.in) by entering their DP ID and Client ID or Folio Number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, www.kesocorp.com).

Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for non-dispatch of physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

The distribution of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and/ or Rights Entitlements and should not be copied or re-distributed.

Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates or the Lead Manager or their respective affiliates to any filing or registration requirement (other than in India). If this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates or the Lead Manager or their respective affiliates to make any filing or registration (other than in India).

2. PROCESS OF MAKING AN APPLICATION IN THE ISSUE

In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI Rights Issue Circulars and the ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to

use either the ASBA process or the R-WAP (instituted only for resident Investors in this Issue, in the event the Investors are not able to utilize the ASBA facility for making an Application despite their best efforts). Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the R-WAP. For details, see “*Terms of the Issue - Procedure for Application through the ASBA Process*” and “*Terms of the Issue - Procedure for Application through R-WAP facility*” on page [●] and [●].

(a) ASBA Facility:

Investors can submit either the Application Form in physical mode to the Designated Branch of the SCSBs or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) authorising the SCSB to block the Application Money in an ASBA account maintained with the SCSB. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.

Investors should note that the ASBA process involves procedures that are different from the procedure under the R-WAP process. Investors applying through the ASBA facility should carefully read the provisions applicable before making their Application through the ASBA process. For details, see “*Procedure for Application through the ASBA Process*” below.

Please note that subject to SCSBs complying with the requirements of SEBI Circular CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs.

Further, in terms of the SEBI Circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

(b) Registrar’s Web Based Application Portal (R-WAP):

In accordance with the R-WAP Circulars, a separate web based application platform, i.e., the R-WAP facility (accessible at www.linkintime.co.in), has been instituted for making an Application in this Issue by resident Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process. At the R-WAP, resident Investors can access and submit the online Application Form in electronic mode using the R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat. Prior to making an Application, such Investors should enable the internet banking or UPI facility of their respective bank accounts and such Investors should ensure that the respective bank accounts have sufficient funds. Our Company, the Registrar and the Lead Manager shall not be responsible if the Application is not successfully submitted or rejected during Basis of Allotment on account of failure to be in compliance with the same. R-WAP facility will be operational from the Issue Opening Date.

PLEASE NOTE THAT ONLY RESIDENT INVESTORS CAN SUBMIT AN APPLICATION USING R-WAP FACILITY. R-WAP FACILITY HAS BEEN OPERATIONAL FROM THE ISSUE OPENING DATE. FOR RISKS ASSOCIATED WITH THE R-WAP PROCESS, SEE “*RISK FACTORS - THE R-WAP PAYMENT MECHANISM FACILITY PROPOSED TO BE USED FOR THIS ISSUE MAY BE EXPOSED TO RISKS, INCLUDING RISKS ASSOCIATED WITH PAYMENT GATEWAYS*” ON PAGE [●].

For guidance on the Application process through R-WAP and resolution of difficulties faced by the Investors, the Investors are advised to carefully read the frequently asked questions, visit the online/ electronic dedicated investor helpdesk (www.linkintime.co.in) or call helpline number (+91 22 4918 6200).

3. CREDIT OF RIGHTS ENTITLEMENTS IN DEMAT ACCOUNTS OF ELIGIBLE EQUITY SHAREHOLDERS

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, “**LIPL KESORAM INDUSTRIES RIGHTS ESCROW DEMAT ACCOUNT**”) opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or suspended for debit/credit or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) instances where credit of the Rights Entitlements returned/reversed/failed; or (f) Equity Shares, the ownership of which is currently under dispute, including in any court proceedings. If demat account details are not provided by the Eligible Equity Shareholders holding Equity Shares in physical form to the Registrar or our Company, such shareholders will not be allotted any Rights Equity Shares nor such shares be kept in demat suspense escrow account on behalf of the shareholder.

In this connection, our Company has made necessary arrangements with NSDL and CDSL for credit of the Rights Entitlements in dematerialised form in the demat accounts of the Eligible Equity Shareholders. A separate ISIN for the Rights Entitlements has also been generated which is [●]. This ISIN of the Rights Entitlements shall remain frozen (for debit) until the Issue Opening Date and shall become active on the Issue Opening day and remain active for renunciation or transfer during the Renunciation Period and shall be suspended by Depositories for transfer from the Issue Closing Date.

4. APPLICATION BY ELIGIBLE EQUITY SHAREHOLDERS HOLDING EQUITY SHARES IN PHYSICAL FORM:

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date. However, if demat account details are not provided by the Eligible Equity Shareholders holding Equity Shares in physical form to the Registrar or our Company by the date mentioned above, such shareholders will not be allotted any Rights Equity Shares nor such Rights Equity Shares be kept in suspense account on behalf of such shareholder.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

(a) The Eligible Equity Shareholders shall send the following to the Registrar:

- A duly signed letter with the name(s), address, e-mail address, contact details and the details of their demat account ;
- copy of self-attested PAN and self-attested client master sheet of their demat account
- either by
 - a. e-mail on kesoram.rights@linkintime.co.in, or
 - b. post, speed post, courier, or hand delivery so as to reach to the Registrar at C-101, First Floor, 247 Park, L.B.S. Marg Vikhroli (West), Mumbai 400 083,
 - c. no later than two Working Days prior to the Issue Closing Date

- (b) The Registrar shall, after verifying all the above details and taking on record the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
- (c) After the completion of procedure as set out in (a) and (b), the remaining procedure for Application shall be same as set out in “- *Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” beginning on page [●].

THE AFORESAID DETAILS SHOULD NOT BE SENT TO THE LEAD MANAGER OR THE COMPANY

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be allowed to renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Equity Shares while submitting the Application through ASBA process or using the R-WAP.

5. Other important links and helpline:

The Investors can visit following links for the below-mentioned purposes:

Particulars	RTA Website link	Company website link
Obtain the details of their respective Rights Entitlements by entering their DP ID and Client ID or Folio Number and PAN:	https://linkintime.co.in/RIGHTSISSUE/rightsissues-Knowyourapplication.aspx	https://www.kesocorp.com/DOCS/pdf/fin/right_issue/kesoram-rightsissue-application.pdf
Frequently asked questions and online/electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors:	https://www.linkintime.co.in	https://www.kesocorp.com/DOCS/pdf/fin/right_issue/kesoram-rightsissue-faq.pdf
Updation of Indian address/ email address/ mobile number in the records maintained by the Registrar or our Company:	https://linkintime.co.in/EmailReg/Email_Register.html	https://www.kesocorp.com/DOCS/pdf/fin/right_issue/kesoram-rightsissue-emailregistration.pdf
Updation of demat account details by Eligible Equity Shareholders holding shares in physical form:	https://www.linkintime.co.in	https://www.kesocorp.com/DOCS/pdf/fin/right_issue/kesoram-rightsissue-dematupdatation.pdf
Submission of self-attested PAN, client master sheet and demat account details by non-resident Eligible Equity Shareholders by email to:	kesoram.rights@linkintime.co.in	https://www.kesocorp.com/DOCS/pdf/fin/right_issue/kesoram-rightsissue-submission.pdf

Renouncees

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Basis for this Issue

The Rights Equity Shares are being offered for subscription for cash to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

Rights Entitlements (ISIN: [●])

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

The Registrar will email an Entitlement Letter along with the Abridged Letter of Offer and the Application Form to all Eligible Equity Shareholders who have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions, which will contain details of their Rights Entitlements based on their shareholding as on the Record Date.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.*, www.linkintime.co.in) by entering their DP ID and Client ID or Folio Number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, www.kesocorp.com).

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall get lapsed and shall be extinguished after the Issue Closing Date. No Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Equity Shares offered under Rights Issue for subscribing to the Equity Shares offered under Issue.

If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (*i.e.*, https://linkintime.co.in/EmailReg/Email_Register.html). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send this Letter of Offer, the Abridged Letter of Offer, the Application Form and other applicable Issue materials primarily to email addresses of Eligible Equity Shareholders who have provided an Indian address to our Company. This Letter of Offer will be provided to those who make a request in this regard.

In the event that e-mail addresses of the Eligible Equity Shareholders are not available with the Company or the Eligible Equity Shareholders have not provided valid e-mail addresses to the Company, our Company will dispatch the Abridged Letter of Offer, Application Form and other applicable Issue materials by way of physical delivery, on a reasonable effort basis, as per the applicable laws to those Eligible Equity Shareholders who have provided their Indian address.

This Letter of Offer, the Abridged Letter of Offer and the Application Form may also be accessed on the websites of the Registrar, our Company and the Lead Manager through a link contained in the aforementioned email sent to email addresses of Eligible Equity Shareholders (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares and/ or the Rights Entitlements under applicable securities laws) and on the websites of BSE/NSE. The distribution of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares and/ or the Rights Entitlements on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this

Issue in any jurisdiction where action would be required for that purpose, except that this has been filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations.

If this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who acquires Rights Entitlements or makes an Application will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, that it is entitled to subscribe for the Rights Equity Shares under the laws of any jurisdiction which apply to such person.

PRINCIPAL TERMS OF THIS ISSUE

Face Value

Each Rights Equity Share will have the face value of ₹10.

Issue Price

Each Rights Equity Share is being offered at a price of ₹50.00 per Rights Equity Share (including a premium of ₹25.00 per Rights Equity Share) in this Issue. On Application, Eligible Equity Shareholders will be required to pay ₹25.00 per Rights Equity Share which constitutes 50% of the Issue Price and the balance ₹25.00 per Rights Equity Share which constitutes 50% of the Issue Price, will be required to be paid, on First and Final Call anytime within six months from the date of allotment of Rights Equity Shares.

The Issue Price for Rights Equity Shares has been arrived at by our Company in consultation with the Lead Manager and has been decided prior to the determination of the Record Date.

Rights Entitlements Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [●] Rights Equity Share for every [●] Equity Shares held by the Eligible Equity Shareholders as on the Record Date.

Renunciation of Rights Entitlements

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and *vice versa* shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchanges or through an off-market transfer. For details, see “- *Procedure for Renunciation of Rights Entitlements*” on page [●].

Trading of the Rights Entitlements

In accordance with the SEBI Rights Issue Circulars, the Rights Entitlements credited shall be admitted for trading on the Stock Exchanges under ISIN [●]. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. Investors shall be able to trade their Rights Entitlements either through On Market Renunciation or through Off Market Renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

The On Market Renunciation shall take place electronically on the secondary market platform of the Stock Exchanges on T+2 rolling settlement basis, where T refers to the date of trading. The transactions will be settled on trade-for-trade basis. The Rights Entitlements shall be tradable in dematerialized form only. The market lot for trading of Rights Entitlements is one Rights Entitlement.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [●], [●], 2021 to [●], [●], 2021 (both days inclusive). No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date. For details, see “- *Procedure for Renunciation of Rights Entitlements – On Market Renunciation*” and “- *Procedure for Renunciation of Rights Entitlements – Off Market Renunciation*” on page [●].

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

Terms of Payment

Issue Price of ₹50.00 per Rights Equity Share (including premium of ₹40.00 per Rights Equity Share) shall be payable as follows:

PAYMENT SCHEDULE FOR THE RIGHTS EQUITY SHARES			
Amount Payable per Rights Equity Share	Face value (₹ per Rights Equity Share)	Premium (₹ per Rights Equity Share)	Total (₹ per Rights Equity Share)
On Application	5.00	20.00	25.00
First and Final call – anytime within 6 months from the date of allotment of Rights equity Shares as may be decided by the Board at its sole discretion	5.00	20.00	25.00
Total (₹)	10.00	40.00	50.00

Rights Equity Shares in respect of which the Calls payable remains unpaid may be forfeited, at any time after the due date for payment of the balance amount due in accordance with the Companies Act, 2013 and our Articles of Association.

Where an Applicant has applied for additional Rights Equity Shares and is Allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The un-blocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

Record date for Calls and suspension of trading

Our Company would fix a First and Final Call Record Date giving notice, in advance of such period as may be prescribed under applicable law, to the Stock Exchanges for the purpose of determining the list of Rights Equity

Shareholders to whom the notice for the First and Final Call would be sent. Once the First and Final Call Record Date has been fixed, trading in the Rights Equity Shares for which the call has been made may be suspended prior to the First and Final Call Record Date.

Procedure for First and Final Call for Rights Equity Shares

Our Company would convene a meeting of our Board to pass the required resolutions for making the First and Final Call and suitable intimation would be given by our Company to the Stock Exchanges. Further, advertisements for the same will be published in (i) one English national daily newspaper; (ii) one Hindi language national daily newspaper; and (iii) one Bengali language daily newspaper (Bengali being the regional language of Kolkata, where our Registered and Corporate Office is situated), all with wide circulation.

The First and Final Call shall be deemed to have been made at the time when the resolution authorising First and Final Call is passed at the meeting of our Board. The First and Final Call may be revoked or postponed at the discretion of our Board. Pursuant to the provisions of the Articles of Association, the Investors would be given at least 14 days' notice for the payment of the First and Final Call. Our Board may, from time to time at its discretion, extend the time fixed for the payments of the First and Final Call. Our Company, at its sole discretion and as it may deem fit, may send one or more reminders for the First and Final Call, and if it does not receive the First and Final Call Money as per the timelines stipulated unless extended by our Board, the defaulting Rights Equity Shareholders will be liable to pay interest as may be fixed by our Board unless waived or our Company may forfeit the Application Money.

Payment of First and Final Call Money

In accordance with the SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/238/2020 dated December 8, 2020 regarding additional payment mechanism (i.e. ASBA, etc.) for payment of balance money in calls for partly paid specified securities issued by the listed entity, the Investor may make payment of the First and Final Call Money using ASBA Mechanism through the Designated Branch of the SCSB or through online/electronic through the website of the SCSBs (if made available by such SCSB) by authorizing the SCSB to block an amount, equivalent to the amount payable on First and Final Call Money, in the Investor's ASBA Account. The Investor may also use the facility of linked online trading, demat and bank account (3-in-1 type account), if provided by their broker, for making payment of the First and Final Call Money.

Separate ISIN for Rights Equity Shares

In addition to the present ISIN for the existing Equity Shares, our Company would obtain a separate ISIN for the Rights Equity Shares. The Rights Equity Shares offered under this Issue will be traded under a separate ISIN. The trading in ISIN representing the Rights Equity Shares will be suspended after the First and Call Record Date. On payment of the First and Final Call Money in respect of the Rights Equity Shares, such Rights Equity Shares would be fully paid-up and merged with the existing ISIN of our Equity Shares.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held as on the Record Date. As per SEBI Rights Issue Circulars, the fractional entitlements are to be ignored. Accordingly, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or is not in the multiple of [●] Equity Shares, the fractional entitlements of such Eligible Equity Shareholders shall be ignored by rounding down of their Rights Entitlements. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the Allotment of one additional Rights Equity Share if they apply for additional Rights Equity Shares over and above their Rights Entitlements, if any, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

For example, if an Eligible Equity Shareholder holds [●] Equity Shares, such Equity Shareholder will be entitled to [●] Rights Equity Share and will also be given a preferential consideration for the Allotment of one additional Rights Equity Share if such Eligible Equity Shareholder has applied for additional Rights Equity Shares, over and above their Rights Entitlements, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than [●] Equity Shares shall have 'zero' entitlement for the Rights Equity Shares. Such Eligible Equity Shareholders are entitled to apply for additional Rights Equity Shares and will be given preference in the Allotment of one Rights Equity Share, if such Eligible Equity Shareholders apply for additional Rights Equity Shares, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for. However, they cannot renounce the same in favour of third parties.

Credit Rating

As this Issue is a rights issue of Rights Equity Shares, there is no requirement of credit rating for this Issue.

Ranking

The Rights Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreement entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares to be issued and Allotted under this Issue shall, upon being fully paid-up, rank *pari passu* with the existing Equity Shares, in all respects including dividends. In respect of the Rights Equity Shares, Investors are entitled to dividend in proportion to the amount paid up and their voting rights exercisable on a poll shall also be proportional to their respective share of the paid-up equity capital of our Company.

Listing and trading of the Rights Equity Shares to be issued pursuant to this Issue

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchange. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE through letter bearing reference number [●] dated [●], from the NSE through letter bearing reference number [●] dated [●] and from the CSE through letter bearing reference number [●] dated [●]. Our Company will apply to the Stock Exchanges for their respective final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under this Issue will trade after the listing thereof.

For an applicable period, from the First and Call Record Date, the trading of the Rights Equity Shares would be suspended under the applicable law. The process of corporate action for crediting the fully paid-up Rights Equity Shares to the Investors' demat accounts may take such time as is customary or as prescribed under applicable law from the last date of payment of the amount under the First and Final Call notice.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 502937), NSE (Scrip Code: KESORAMIND) under the ISIN: INE087A01019. However, there is no active trading on CSE.

The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchange. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the existing ISIN for the Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchange, we shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within four days of receipt of intimation from the Stock Exchange, rejecting the application for listing of the Rights Equity Shares,

and if any such money is not refunded/ unblocked within four days after our Company becomes liable to repay it, our Company and every Director of our Company who is an officer-in-default shall, on and from the expiry of the fifth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law. Further, in accordance with the SEBI circular bearing reference SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021, our Company shall ensure that refunds for un-allotted or partially allotted Applications under the R-WAP facility shall be completed on or prior to the day after the date on which the Basis of Allotment is finalised.

Subscription to this Issue by our Promoters and our Promoter Group

For details of the intent and extent of subscription by our Promoters and the Promoter Group, see “*Capital Structure – Intention and extent of participation by our Promoters and Promoter Group*” on page [●].

Rights of Holders of Rights Equity Shares of our Company

Subject to applicable laws, Rights Equity Shareholders shall have the following rights:

- (a) The right to receive dividend, if declared;
- (b) The right to receive surplus on liquidation;
- (c) The right to receive offers for rights shares and be allotted bonus shares, if announced;
- (d) The right to free transferability of Rights Equity Shares;
- (e) The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed in this Letter of Offer; and
- (f) Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

Subject to applicable law and Articles of Association, holders of Rights Equity Shares shall be entitled to the above rights in proportion to amount paid-up on such Rights Equity Shares in this Issue.

GENERAL TERMS OF THE ISSUE

Market Lot

The Rights Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Rights Equity Shares in dematerialised mode is one Equity Share. The market lot for Rights Entitlement in dematerialised mode is one Rights Entitlement.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Rights Equity Shares offered in this Issue.

Nomination

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Rights Equity Shares to be Allotted in this Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

Arrangements for Disposal of Odd Lots

The Rights Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Rights Equity Share and hence, no arrangements for disposal of odd lots are required.

Notices

In accordance with the SEBI ICDR Regulations and the SEBI Right Issue Circulars, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, this Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, this Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then this Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation and one Bengali language daily newspaper with wide circulation (Bengali being the regional language of Kolkata, where our Registered and Corporate Office is situated).

This Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchanges for making the same available on their respective websites.

Offer to Non-Resident Eligible Equity Shareholders/Investors

As per Rule 7 of the FEMA Rules, RBI has given general permission to Indian companies to issue Equity Shares to non-resident Equity Shareholders including additional Equity Shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018, issued by RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI or any other governmental authority, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at kesoram.rights@linkintime.co.in. It will be the sole responsibility of the investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and the Lead Manager and our Company will not be responsible for any such allotments made by relying on such approvals.

The Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent only to the Indian addresses of the non-resident Eligible Equity Shareholders on a reasonable efforts basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Equity Shares may be permitted under laws of such jurisdictions, Eligible Equity Shareholders can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Equity Shares under applicable securities laws) from the websites of the Registrar, our Company, the Lead Manager and the Stock Exchanges. Further, Application Forms will be made available at the Registered and Corporate Office of our Company for the non-resident Indian Applicants. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Equity Shares are issued on rights basis.

In case of change of status of holders, *i.e.*, from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Manager.

Please note that only resident Investors can submit an Application using the R-WAP facility.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar and our Company by submitting their respective copies of self-attested proof of address, passport, etc. by email to kesoram.rights@linkintime.co.in.

PROCEDURE FOR APPLICATION

How to Apply

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for resident Investors in this Issue, *i.e.*, R-WAP. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the R-WAP.

The Lead Manager, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions *etc.* in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Application Form

The Application Form for the Rights Equity Shares offered as part of this Issue would be sent to email address of the Eligible Equity Shareholders who have provided an Indian address to our Company.

The Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent primarily through email before the Issue Opening Date. In case of non-resident Eligible Equity Shareholders, the Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through email to their email address if they have provided an Indian address to our Company.

In the event that e-mail addresses of the Eligible Equity Shareholders are not available with the Company or the Eligible Equity Shareholders have not provided valid e-mail addresses to the Company, our Company will dispatch the Abridged Letter of Offer, Application Form and other applicable Issue materials by way of physical delivery as per the applicable laws to those Eligible Equity Shareholders who have provided their Indian address, on a reasonable effort basis.

Further, this Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, this Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then this Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for delay in the receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the email addresses of Eligible Equity Shareholders

or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

To update the respective email addresses/ mobile numbers in the records maintained by the Registrar or our Company, Eligible Equity Shareholders should visit www.linkintime.co.in. Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of:

- (i) our Company at www.kesocorp.com;
- (ii) the Registrar at www.linkintime.co.in;
- (iii) the Lead Manager, *i.e.*, DAM Capital Advisors Limited (*Formerly IDFC Securities Limited*) at www.damcapital.in;
- (iv) the Stock Exchanges at www.bseindia.com and www.nseindia.com; and
- (v) the Registrar's web-based application platform at www.linkintime.co.in ("**R-WAP**").

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.*, www.linkintime.co.in) by entering their DP ID and Client ID or Folio Number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, www.kesocorp.com).

The Application Form can be used by the Investors, Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlements credited in their respective demat accounts or demat suspense escrow account, as applicable. Please note that one single Application Form shall be used by the Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable.

In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may accept this Issue and apply for the Rights Equity Shares (i) submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filling the online Application Form available on R-WAP and make online payment using the internet banking or UPI facility from their own bank account thereat. Please note that Applications made with payment using third party bank accounts are liable to be rejected.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein,

- (i) the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB; or
- (ii) the requisite internet banking or UPI details (in case of Application through R-WAP, which is available only for resident Investors).

Applicants should note that they should very carefully fill-in their depository account details and PAN number in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB) and R-WAP. Incorrect depository account details or PAN number could lead to rejection of the Application. For details see “- Grounds for Technical Rejection” on page [●]. Our Company, the Lead Manager, the Registrar and the SCSB shall not be liable for any incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified

in the plain paper application and that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see “- *Application on Plain Paper under ASBA process*” on page [●].

Options available to the Eligible Equity Shareholders

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder participates in this Issue, then such Eligible Equity Shareholder can:

- (i) apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or
- (ii) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or
- (iii) apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
- (iv) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for additional Rights Equity Shares; or
- (v) renounce its Rights Entitlements in full.

Procedure for Application through the ASBA process

An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application. Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form in physical mode to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form, or have otherwise provided an authorisation to the SCSB, *via* the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

Self-Certified Syndicate Banks

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>. For details on Designated Branches of SCSBs collecting the Application Form, please refer the above-mentioned link.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at the Designated Branches of the SCSBs, in case of Applications made through ASBA facility. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

The Lead Manager, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Procedure for Application through R-WAP facility

Resident Investors, making an Application through R-WAP, shall make online payment using internet banking or UPI facility. Prior to making an Application, such Investors should enable the internet banking or UPI facility of their respective bank accounts and such Investors should ensure that the respective bank accounts have sufficient funds.

Our Company, the Registrar and the Lead Manager shall not be responsible if the Application is not successfully submitted or rejected during Basis of Allotment on account of failure to be in compliance with the same. R-WAP facility will be operational from the Issue Opening Date. For risks associated with the R-WAP process, see “*Risk Factors - The R-WAP payment mechanism facility proposed to be used for this issue may be exposed to risks, including risks associated with payment gateways*” on page [●].

Set out below is the procedure followed using the R-WAP facility:

- (i) Prior to making an Application using the R-WAP facility, the Investors should enable the internet banking or UPI facility of their respective bank accounts and the Investors should ensure that the respective bank accounts have sufficient funds. If the funds available in the relevant bank account is less than the total amount payable on submission of online Application Form, such Application shall be rejected. Please note that R-WAP is a non-cash payment mechanism in accordance with the R-WAP Circulars.
- (ii) Resident Investors should visit R-WAP (accessible at www.linkintime.co.in) and fill the online Application Form available on R-WAP in electronic mode. Please provide correct DP ID, Client ID, Folio number (only for resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date), PAN details and all other details sought for while submitting the online Application Form.
- (iii) Non-resident Investors are not eligible to apply in this Issue through R-WAP.
- (iv) The Investors should ensure that Application process is verified through the email / mobile number. Post due verification, the Investors can obtain details of their respective Rights Entitlements and apply in this Issue by filling-up the online Application Form which, among others, will require details of total number of Rights Equity Shares to be applied for. Please note that the Application Money will be determined based on number of Rights Equity Shares applied for.
- (v) The Investors who are Renouncees should select the category of ‘Renouncee’ at the application page of R-WAP and provide DP ID, Client ID, PAN and other required demographic details for validation. The Renouncees shall also be required to provide the required Application details, such as total number of Rights Equity Shares to be applied for.
- (vi) The Investors shall make online payment using internet banking or UPI facility from their own bank account only. Such Application Money will be adjusted for either Allotment or refund. Applications made using payment from third party bank accounts will be rejected.
- (vii) Verification in respect of Application through Investors’ own bank account, shall be done through a combination of the latest beneficial position data of our Company containing Investor’s bank account details, beneficiary account details provided to the depository, penny drop, cancelled cheque for joint holder verification and/or confirmation from the respective banks and/or such other industry accepted and tested methods for online payment.
- (viii) The Application Money collected through Applications made on the R-WAP will be credited to the Escrow Account “[●] **ESCROW ACCOUNT – RIGHTS ISSUE**”, to be opened by our Company with the Banker(s) to the Issue.

For guidance on the Application process through R-WAP and resolution of difficulties faced by the Investors, the Investors are advised to carefully read the frequently asked questions, visit the online/ electronic dedicated investor helpdesk (www.linkintime.co.in.) or call helpline number +91 22 4918 6200.

Acceptance of this Issue

Investors may accept this Issue and apply for the Rights Equity Shares (i) submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made

available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filling the online Application Form available on R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat.

Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.

Applications submitted to anyone other than the Designated Branches of the SCSB or using R-WAP are liable to be rejected.

Investors can also make Application on plain paper under ASBA process mentioning all necessary details as mentioned under the section “- *Application on Plain Paper under ASBA process*” on page [●].

Additional Rights Equity Shares

Investors are eligible to apply for additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Rights Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Stock Exchange. Applications for additional Rights Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner prescribed under the section “- *Basis of Allotment*” on page [●].

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Rights Equity Shares.

Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Rights Equity Shares.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date cannot renounce until the details of their demat account are provided to our Company or the Registrar and the dematerialized Rights Entitlements are transferred from suspense escrow demat account to the respective demat accounts of such Eligible Equity Shareholders within prescribed timelines. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Rights Equity Shares while submitting the Application through ASBA process or using the R-WAP facility.

Procedure for Renunciation of Rights Entitlements

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchange (the “**On Market Renunciation**”); or (b) through an off-market transfer (the “**Off Market Renunciation**”), during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in their own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements. The Lead Manager and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

(a) On Market Renunciation

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN [●] subject to requisite approvals. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is one Rights Entitlement.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [●], [●], 2021 to [●], [●], 2021 (both days inclusive).

The Eligible Equity Shareholders holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock brokers by quoting the ISIN [●] and indicating the details of the Rights Entitlements they intend to sell. The Eligible Equity Shareholders can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of NSE under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

(b) Off Market Renunciation

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

The Eligible Equity Shareholders holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN [●], the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Eligible Equity Shareholders can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

Application on Plain Paper under ASBA process

An Eligible Equity Shareholder who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any address outside India.

Alternatively, Eligible Equity Shareholders may also use the Application Form available online on the websites of our Company, the Registrar, the Stock Exchange, the Lead Manager or the R-WAP to provide requisite details.

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

PLEASE NOTE THAT APPLICATION ON PLAIN PAPER CANNOT BE SUBMITTED THROUGH R-WAP FACILITY.

The application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being Kesoram Industries Limited;
2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
3. Registered Folio Number/DP and Client ID No.;
4. Number of Equity Shares held as on Record Date;
5. Allotment option – only dematerialised form;
6. Number of Rights Equity Shares entitled to;
7. Number of Rights Equity Shares applied for within the Rights Entitlements;
8. Number of additional Rights Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);
9. Total number of Rights Equity Shares applied for;
10. Total amount paid at the rate of ₹25 per Rights Equity Share upon Application and ₹25 per Rights Equity Share upon the First and Final Call;
11. Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
12. In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO Account such as the account number, name, address and branch of the SCSB with which the account is maintained;
13. Except for Applications on behalf of the Central or State Government, the residents of Sikkim, persons exempted to obtain PAN and the officials appointed by the courts, PAN of the Eligible Equity Shareholder shall be provided and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to this Issue;
14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB);
16. An approval obtained from any regulatory authority, if required, shall be obtained by the Eligible Equity Shareholders and a copy of such approval from any regulatory authority, as may be required, shall be sent to the Registrar at kesoram.rights@linkintime.co.in; and
17. Additionally, all such Applicants are deemed to have accepted the following:
“I/ We understand that neither the Rights Entitlements nor the Rights Equity Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States (including its territories or possessions, any state of the United States, and the District of Columbia

(the “United States”), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. I/ we understand the Rights Equity Shares and the Rights Entitlements referred to in this application are being offered and sold only in offshore transactions outside the United States in compliance with Regulation S under the U.S. Securities Act (“Regulation S”) to existing shareholders located in jurisdictions where such offer and sale of the Rights Equity Shares and/ or Rights Entitlements are permitted under laws of such jurisdictions. I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy or transfer any of the said Rights Equity Shares or Rights Entitlements in the United States. I/ we confirm that I am/ we are (a) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws, (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Company, nor the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company have reason to believe is in the United States or is outside of India and ineligible to participate in this Issue under the securities laws of their jurisdiction.

I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/ We satisfy, and each account for which I/ we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of my/our jurisdiction of residence.

I/we hereby make the representations, warranties, acknowledgments and agreements set forth in the section of this Letter of Offer titled “Restrictions on Purchases and Resales” on page [●].

I/ We understand and agree that the Rights Entitlements and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

I/ We acknowledge that we, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at www.linkintime.co.in.

Our Company, the Lead Manager and the Registrar shall not be responsible if the Applications are not uploaded by SCSB or funds are not blocked in the Investors’ ASBA Accounts on or before the Issue Closing Date.

Mode of payment

In case of Application through ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor’s ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the finalization of the Basis of Allotment as approved by the Stock Exchange, the SCSBs shall transfer such amount as per the Registrar’s instruction from the ASBA Account into the Allotment Account which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013.

The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

The Investors would be required to give instructions to the respective SCSBs to block the entire amount payable on their Application at the time of the submission of the Application Form.

The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth hereinafter.

For details of mode of payment in case of Application through R-WAP, see “- *Procedure for Application through R-WAP*” on page [●].

Application by Eligible Equity Shareholders holding Equity Shares in physical form

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date. However, please note that if demat account details are not provided by the Eligible Equity Shareholders holding Equity Shares in physical form to the Registrar or our Company by the date mentioned above, such shareholders will not be allotted any Rights Equity Shares nor such Rights Equity Shares be kept in suspense account on behalf of such shareholder.

To update respective email addresses/ mobile numbers in the records maintained by the Registrar or our Company, Eligible Equity Shareholders should visit www.linkintime.co.in.

Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

- (a) The Eligible Equity Shareholders shall send the following to the Registrar:
 - A duly signed letter with the name(s), address, e-mail address, contact details and the details of their demat account ;
 - copy of self-attested PAN and self-attested client master sheet of their demat account
 - either by
 - a. e-mail on kesoram.rights@linkintime.co.in, or
 - b. post, speed post, courier, or hand delivery so as to reach to the Registrar at C-101, First Floor, 247 Park, L.B.S. Marg Vikhroli (West), Mumbai 400 083,
 - c. no later than two Working Days prior to the Issue Closing Date
- (b) The Registrar shall, after verifying all the above details and taking on record the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
- (c) After the completion of procedure as set out in (a) and (b), the Eligible Equity Shareholders shall, on or before the Issue Closing Date, (i) submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for

authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) fill the online Application Form available on R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be allowed renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Equity Shares while submitting the Application through ASBA process or using the R-WAP.

PLEASE NOTE THAT NON-RESIDENT ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.

For details of credit of the Rights Equity Shares to such resident Eligible Equity Shareholders, see “- *Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*” on page [●].

Allotment of the Rights Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE OR MENTIONED IN THE APPLICATION FORM IN THE EVENT THAT NO SHARES ARE HELD IN DEMAT FORM BY SUCH INVESTOR ON THE RECORD DATE.

FOR DETAILS, SEE “-ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS” ON PAGE [●].

General instructions for Investors

- (a) Please read this Letter of Offer carefully to understand the Application process and applicable settlement process.
- (b) Please read the instructions on the Application Form sent to you.
- (c) The Application Form can be used by both the Eligible Equity Shareholders and the Renouncees.
- (d) Application should be made only through the ASBA facility or using R-WAP.
- (e) Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.
- (f) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section “- *Application on Plain Paper under ASBA process*” on page [●].
- (g) In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for resident Investors in this Issue, *i.e.*, R-WAP. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the R-WAP.
- (h) An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application.

- (i) Applications should be submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.
- (j) In case of Application through R-WAP, the Investors should enable the internet banking or UPI facility of their respective bank accounts.
- (k) Applications should be (i) submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filled on the R-WAP. Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.
- (l) In case of Application through ASBA facility, Investors are required to provide necessary details, including details of the ASBA Account, authorization to the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the Application Form.
- (m) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim, category of investors who are exempted from obtaining PAN and the officials appointed by the courts, **Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no Allotment and credit of Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investors.**
- (n) In case of Application through ASBA facility, all payments will be made only by blocking the amount in the ASBA Account. Furthermore, in case of Applications submitted using the R-WAP facility, payments shall be made using internet banking or UPI facility. Cash payment or payment by cheque or demand draft or pay order or NEFT or RTGS or through any other mode is not acceptable for application through ASBA process. In case payment is made in contravention of this, the Application will be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.
- (o) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.
- (p) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.
- (q) All communication in connection with Application for the Rights Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio numbers/DP ID and Client ID and Application Form number, as applicable. In case of any change in address of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.
- (r) Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, Applications made through ASBA facility may be submitted at the Designated Branches of the SCSBs. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.

- (s) In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on their own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications.
- (t) Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.
- (u) An Applicant being an OCB is required not to be under the adverse notice of the RBI and must submit approval from RBI for applying in this Issue.
- (v) Applicants must submit a copy of the approval obtained from any regulatory authority, as may be required, and send a copy of such approval to the Registrars at kesoram.rights@linkintime.co.in.

Do's:

- (a) Ensure that the Application Form and necessary details are filled in.
- (b) Except for Application submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the Income-tax Act.
- (c) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation ("**Demographic Details**") are updated, true and correct, in all respects.
- (d) Investors should provide correct DP ID and client ID/ folio number while submitting the Application. Such DP ID and Client ID/ folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Manager, SCSBs or the Registrar will not be liable for any such rejections.

Don'ts:

- (a) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- (b) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- (c) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- (d) Do not pay the Application Money in cash, by money order, pay order or postal order.
- (e) Do not submit multiple Applications.

Do's for Investors applying through ASBA:

- (a) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialized form only.
- (b) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
- (c) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.

- (d) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application and have signed the same.
- (e) Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
- (f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.
- (g) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

Do's for Investors applying through R-WAP facility:

- (a) Ensure that the details of the correct bank account have been provided while making payment along with submission of the Application.
- (b) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in the bank account through which payment is made using the R-WAP.
- (c) Ensure that you make the payment towards your application through your bank account only and not use any third party bank account for making the payment
- (d) Ensure that you receive a confirmation email on successful transfer of funds.
- (e) Ensure you have filled in correct details of PAN, folio number, DP ID and Client ID, as applicable, and all such other details as may be required.
- (f) Ensure that you receive an acknowledgement from the R-WAP for your submission of the Application.

Don'ts for Investors applying through ASBA:

- (a) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or *vice versa*.
- (b) Do not send your physical Application to the Lead Manager, the Registrar, the Banker(s) to the Issue (assuming that such Banker(s) to the Issue is not an SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
- (c) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process.

Don'ts for Investors applying through R-WAP facility:

- (a) Do not apply from bank account of third parties.
- (b) Do not apply if you are a non-resident Investor.
- (c) Do not apply from non-resident account.

Grounds for Technical Rejection

Applications made in this Issue are liable to be rejected on the following grounds:

- (a) DP ID and Client ID mentioned in Application not matching with the DP ID and Client ID records available with the Registrar.

- (b) Sending an Application to the Lead Manager, Registrar, Banker(s) to the Issue (assuming that such Banker(s) to the Issue is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB or our Company.
- (c) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
- (d) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.
- (e) Account holder not signing the Application or declaration mentioned therein.
- (f) Submission of more than one application Form for Rights Entitlements available in a particular demat account.
- (g) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
- (h) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim, investors exempt from obtaining PAN and the officials appointed by the courts).
- (i) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- (j) Applications by an SCSB on its own account, other than through an ASBA Account in its own name with any other SCSB.
- (k) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Letter of Offer.
- (l) Physical Application Forms not duly signed by the sole or joint Investors.
- (m) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
- (n) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.
- (o) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or other jurisdictions where the offer and sale of the Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form and our Company shall not be bound to issue or allot any Equity Shares in respect of any such Application Form.
- (p) Applications which have evidence of being executed or made in contravention of applicable securities laws.
- (q) Applicants holding physical shares not submitting the documents. For further details, see – “*Application by Eligible Equity Shareholders holding Equity Shares in physical form*” on page [●]
- (r) Applications under the R-WAP process are liable to be rejected on the following grounds (in addition to above applicable grounds):
 - (i) Applications by non-resident Investors.
 - (ii) Payment from third party bank accounts.

Depository account and bank details for Investors holding Equity Shares in demat accounts and applying in this Issue

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS OR THROUGH THE R-WAP PROCESS (AVAILABLE ONLY FOR RESIDENT INVESTORS), TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALISED

FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE OR MENTIONED IN THE APPLICATION FORM IN THE EVENT THAT NO SHARES ARE HELD IN DEMAT BY SUCH INVESTOR ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE PHYSICAL SHARE CERTIFICATE / DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Investors applying under this Issue should note that on the basis of name of the Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Hence, Investors applying under this Issue should carefully fill in their Depository Account details in the Application.

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. By signing the Application Forms, the Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

The Allotment advice and the email intimating unblocking of ASBA Account or refund (if any) would be emailed to the address of the Investor as per the email address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such Application Forms are liable to be rejected.

Modes of Payment

All payments against the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through R-WAP. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking or UPI facility if applying through R-WAP.

In case of Application through the ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in this Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013.

The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stockinvest scheme has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

Mode of payment for Resident Investors

All payments on the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through R-WAP. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the Application by non-resident Investors, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following:

1. Individual non-resident Indian Applicants who are permitted to subscribe to Rights Equity Shares by applicable local securities laws can obtain Application Forms on the websites of the Registrar, our Company and the Lead Manager.

Note: In case of non-resident Eligible Equity Shareholders, the Abridged Letter of Offer, the Application Form and other applicable Issue materials shall be sent to their email addresses if they have provided their Indian address to our Company. This Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard.

In the event that e-mail addresses of the Eligible Equity Shareholders are not available with the Company or the Eligible Equity Shareholders have not provided valid e-mail addresses to the Company, our Company will dispatch the Abridged Letter of Offer, Application Form and other applicable Issue materials by way of physical delivery as per the applicable laws to those Eligible Equity Shareholders who have provided their Indian address.

2. Application Forms will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.
3. Payment by non-residents must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by the RBI.

Notes:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act.
2. In case Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.
3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by the RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.
4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.
5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.
6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Rights Equity Shares.

Multiple Applications

In case where multiple Applications are made in respect the same Rights Entitlements using same demat account, such Applications shall be liable to be rejected. However additional applications in relation to additional Rights Equity Shares with/without using additional Rights Entitlements will not be treated as multiple application. A separate Application can be made in respect of Rights Entitlements in each demat account of the Applicants and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see “- *Procedure for Applications by Mutual Funds*” below. Cases where Investor submits Application Forms along with plain paper or multiple plain paper Applications for same Rights Entitlements shall be treated as multiple applications.

In cases where multiple Application Forms are submitted, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by any of our Promoters or members of Promoter Group to meet the minimum subscription requirements applicable to this Issue as described in “*Capital Structure - Intention and extent of participation by our Promoters and Promoter Group*” on page [●].

Last date for Application

The last date for submission of the duly filled in the Application Form or a plain paper Application is [●], [●], 2021, i.e., Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB or if the Application Form is not accepted at the R-WAP, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in this Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Rights Equity Shares hereby offered, as provided under the section, “- *Basis of Allotment*” on page [●].

Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.

Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted or sending the email withdrawal request to kesoram.rights@linkintime.co.in in case of Application through R-WAP facility. However, no Investor, whether applying through ASBA facility or R-WAP facility, may withdraw their Application post the Issue Closing Date.

Issue Schedule

Issue Opening Date	[●], [●], 2021
Last Date for On Market Renunciation*	[●], [●], 2021
Issue Closing Date [#]	[●], [●], 2021
Finalisation Of Basis of Allotment (On or About)	[●], [●], 2021
Date Of Allotment (On or About)	[●], [●], 2021
Date Of Credit (On or About)	[●], [●], 2021
Date Of Listing (On or About)	[●], [●], 2021

* Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

[#] Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that this Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date. Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., [●], [●], 2021, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date.

For details, see “*General Information - Issue Schedule*” on page [●].

Our Board and/or Fund Raising Committee may however decide to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

Basis of Allotment

Subject to the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Stock Exchange, our Board will proceed to Allot the Rights Equity Shares in the following order of priority:

- (a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part.
- (b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.
- (c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of this Issue, have also applied for additional Rights Equity Shares. The Allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- (d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- (e) Allotment to any other person, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be ‘unsubscribed’.

Upon approval of the Basis of Allotment by the Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in this Issue, along with:

- (i) The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;
- (ii) The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- (iii) The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

For Applications through R-WAP, instruction will be sent to Banker(s) to the Issue with list of Allottees and corresponding amount to be transferred to the Allotment Account. Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Banker(s) to the Issue to refund such Applicants.

Allotment Advice or Refund/ Unblocking of ASBA Accounts

Our Company will email Allotment advice, refund intimations (including in respect of Applications made through R-WAP facility) or demat credit of securities and/or letters of regret, along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or unblocking the funds in the respective ASBA Accounts, if any, within a period of fifteen days from the Issue Closing Date. In case of failure to do so, our Company and Directors, shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such fifteen days' period.

In case of Applications through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through email, to the email address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for additional Equity Shares in the Issue and is Allotted a lesser number of Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The unblocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

Payment of Refund

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes. Please note that payment of refund in case of Applications made through R-WAP, shall be through modes under (b) to (g) below.

- (a) Unblocking amounts blocked using ASBA facility.
- (b) **National Automated Clearing House ("NACH")** – NACH is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
- (c) **National Electronic Fund Transfer ("NEFT")** – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code ("**IFSC Code**"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating

the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

- (d) **Direct Credit** – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
- (e) **Real-time Gross Settlement (“RTGS”)** – If the refund amount exceeds ₹2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor’s bank receiving the credit would be borne by the Investor.
- (f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favor of the sole/first Investor and payable at par.
- (g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

In case of Application through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active.

Refund payment to non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

Allotment Advice or Demat Credit of Securities

The demat credit of securities to the respective beneficiary accounts or the demat suspense account (pending receipt of demat account details for Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, *etc.*) will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

Receipt of the Rights Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE.

Investors shall be Allotted the Rights Equity Shares in dematerialized (electronic) form. Our Company has signed an agreement dated April 30, 2015 with NSDL and an agreement dated December 7, 2015 with CDSL which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the dematerialised form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the

holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.

2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
3. The responsibility for correctness of information filled in the Application Form *vis-a-vis* such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.
4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.
5. The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, *etc.*). Allotment advice, refund order (if any) would be sent directly to the Applicant by email and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, by email and, if the email ids are not available and printing is feasible, through physical dispatch.
7. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

Procedure for Applications by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, *i.e.*, the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Offer Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will also be required to comply with applicable reporting requirements. Further, the aggregate limit of all FPIs investments, with effect from April 1, 2020, is up to the sectoral cap applicable to the sector in which our Company operates (currently the limit applicable to the Company is 100%).

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. The FPIs who wish to participate in the Issue are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iii) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to *inter alia* the following conditions:

- (i) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and
- (ii) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

No investment under the FDI route will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval.

Procedure for Applications by AIFs, FVCIs and VCFs

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue.

Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility or using R-WAP (available only for residents). Otherwise, applications of such AIFs are liable for rejection.

No investment under the FDI route (i.e., any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Manager and our Company will not be responsible for any allotments made by relying on such approvals.

Procedure for Applications by NRIs

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India (“OCI”) may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, *inter alia*, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been recently amended to state that all investments by entities incorporate in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country (“**Restricted Investors**”), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Procedure for Applications by Systemically Important Non-Banking Financial Companies (“NBFC-SI”)

In case of an application made by NBFC-SI registered with the RBI, (a) the certificate of registration issued by the RBI under Section 45IA of the RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”

The liability prescribed under Section 447 of the Companies Act for fraud involving an amount of at least ₹10 lakhs or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹10 lakhs or 1% of the turnover of the company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹50 lakhs or with both.

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branch of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form and the R-WAP platform would generate an electronic acknowledgment to the Eligible Equity Shareholders upon submission of the Application.

Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA or refunded to the Investors in the same bank account through which Application Money was received, in case of an application using the R-WAP facility. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

Utilisation of Issue Proceeds

Our Board declares that:

1. All monies received out of this Issue shall be transferred to a separate bank account;
2. Details of all monies utilized out of this Issue referred to under (A) above shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised as per SEBI Listing Regulations; and
3. Details of all unutilized monies out of this Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

Undertakings by our Company

Our Company undertakes the following:

1. The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken by our Board within time limits specified by SEBI.
3. The funds required for making refunds / unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
6. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
7. Adequate arrangements shall be made to collect all ASBA Applications and record all Applications made under the R-WAP process.

Minimum Subscription

In accordance with the proviso to Regulation 86(1) of the SEBI ICDR Regulations, the minimum subscription criteria is not applicable to the Issue as (i) the objects of the Issue involves financing other than financing of capital expenditure for a project; and (ii) the Promoters and Promoter Group of our Company have undertaken to either fully subscribe to their portion of rights entitlement or renounce their rights within the Promoter Group.

Important

1. Please read this Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.
2. All enquiries in connection with this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the Registered Folio Number or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed “**Kesoram Industries Limited – Rights Issue**” on the envelope and postmarked in India or in the email) to the Registrar at the following address:

Link Intime India Private Limited

Unit: Kesoram Industries Limited- Rights Issue

C-101, 1st Floor, 247 Park

L.B.S. Marg, Vikhroli (West)

Mumbai 400 083

Maharashtra, India

Telephone: +91 22 4918 6200

E-mail: kesoram.rights@linkintime.co.in

Investor grievance e-mail: kesoram.rights@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Sumeet Deshpande

SEBI Registration No.: INR000004058

3. In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (www.linkintime.co.in). Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is +9122 4918 6200.

This Issue will remain open for a minimum 15 days. However, our Board and/or Fund Raising Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet press release dated May 24, 2017, has given its approval for phasing out the Foreign Investment Promotion Board (“**FIPB**”). Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment (“**FDI**”) and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) (“**DPIIT**”), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 5, 2017, has notified the specific ministries handling relevant sectors.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2020 (“**FDI Circular 2020**”), which, with effect from October 15, 2020, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2020 will be valid until the DPIIT issues an updated circular.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict, the relevant notification under Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 will prevail. The payment of inward remittance and reporting requirements are stipulated under the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 issued by RBI. The FDI Circular 2020, issued by the DPIIT, consolidates the policy framework in place as on October 15, 2020, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of RBI, provided that (i) the activities of the investee company fall under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

No investment under the FDI route (i.e., any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Manager and our Company will not be responsible for any allotments made by relying on such approvals.

Please also note that pursuant to Circular no. 14 dated September 16, 2003, issued by RBI, Overseas Corporate Bodies (“**OCBs**”) have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019. Further, while investing in the Issue, the Investors are deemed to have obtained the necessary approvals, as required, under applicable laws and the obligation to obtain such approvals shall be upon the Investors. Our Company shall not be under an obligation to obtain any approval under any of the applicable laws on behalf of the Investors and shall not be liable in case of failure on part of the Investors to obtain such approvals.

The above information is given for the benefit of the Applicants. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after

the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

RESTRICTIONS ON PURCHASES AND RESALES

General Eligibility and Restrictions

No action has been taken or will be taken to permit a public offering of the Rights Entitlements or the Rights Equity Shares to occur in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer, its accompanying documents or any other material relating to our Company, the Rights Entitlements or the Rights Equity Shares in any jurisdiction where action for such purpose is required, except that this Letter of Offer is being filed with SEBI and the Stock Exchanges.

The Rights Entitlements and Rights Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States.

The Rights Entitlements or the Rights Equity Shares may not be offered or sold, directly or indirectly, and none of this Letter of Offer, its accompanying documents or any offering materials or advertisements in connection with the Rights Entitlements or the Rights Equity Shares may be distributed or published in or from any country or jurisdiction except in accordance with the legal requirements applicable in such jurisdiction.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Rights Equity Shares, applying for excess Rights Equity Shares or making any offer, sale, resale, pledge or other transfer of the Rights Entitlements or the Rights Equity Shares.

This Letter of Offer and its accompanying documents will be supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Each person who exercises the Rights Entitlements and subscribes for the Rights Equity Shares, or who purchases the Rights Entitlements or the Rights Equity Shares shall do so in accordance with the restrictions set out below:

Australia

This Letter of Offer does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (Cth) ("**Australian Corporations Act**") and does not purport to include the information required of a disclosure document under the Australian Corporations Act. This Letter of Offer has not been lodged with the Australian Securities and Investments Commission ("**ASIC**") and no steps have been taken to lodge it as such with ASIC. Any offer in Australia of the Rights Entitlements and the Rights Equity Shares under this Letter of Offer may only be made to persons who are "sophisticated investors" (within the meaning of section 708(8) of the Australian Corporations Act), to "professional investors" (within the meaning of section 708(11) of the Australian Corporations Act) or otherwise pursuant to one or more exemptions under section 708 of the Australian Corporations Act so that it is lawful to offer the Rights Entitlements and the Rights Equity Shares in Australia without disclosure to investors under Part 6D.2 of the Australian Corporations Act.

Any offer of the Rights Entitlements and the Rights Equity Shares for on-sale that is received in Australia within 12 months after their issue by our Company, or within 12 months after their sale by a selling security holder (or a Book Running Lead Manager) under the Issue, as applicable, is likely to need prospectus disclosure to investors under Part 6D.2 of the Australian Corporations Act, unless such offer for on-sale in Australia is conducted in reliance on a prospectus disclosure exemption under section 708 of the Australian Corporations Act or otherwise. Any persons acquiring the Rights Entitlements or Rights Equity Shares should observe such Australian on-sale restrictions.

Bahrain

All applications for investment should be received, and any allotments should be made, in each case from outside Bahrain. This Letter of Offer has been prepared for private information purposes of intended investors only who will be high net worth individuals and institutions. The Company has not made and will not make any invitation to the public in the Kingdom of Bahrain and this Letter of Offer will not be issued, passed to, or made available to the public generally. The Bahrain Monetary Agency ("**BMA**") has not reviewed, nor has it approved, this Letter of Offer or the marketing of the Rights Entitlements and Rights Equity Shares in the Kingdom of Bahrain. Accordingly, the Rights Entitlements and the Rights Equity Shares may not be offered or sold in Bahrain or to residents thereof except as permitted by Bahrain law.

Canada

The Rights Entitlements and Rights Equity Shares will not be qualified for sale under the securities laws of any province or territory of Canada. The Rights Entitlements and Rights Equity Shares may only be offered, sold or distributed, directly or indirectly, in or to or for the benefit of a resident of, the Provinces of British Columbia, Alberta, Ontario or Québec, which is purchasing, or deemed to be purchasing, as a principal that is: (i) an accredited investor, as defined in National Instrument 45-106 Prospectus Exemptions (“**NI 45-106**”) or subsection 73.3(1) of the Securities Act (Ontario), and (ii) a permitted client, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations and only through a dealer duly registered under the applicable securities laws of such provinces in circumstances where no exemption from the applicable registered dealer requirement is available. Any resale of the Rights Entitlements or Rights Equity Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

This Letter of Offer or any other offering material in connection with the offer of the Rights Entitlements and Rights Equity Shares has not been and will not be distributed or delivered in Canada other than to a resident of the Provinces of British Columbia, Alberta, Ontario or Québec in compliance with applicable securities laws. Prospective Canadian investors are advised that the information contained within this Letter of Offer in relation to the Rights Entitlements and Rights Equity Shares has not been prepared with regard to matters that may be of particular concern to Canadian investors. Accordingly, prospective Canadian investors should consult with their own legal, financial and tax advisers concerning the information contained within this Letter of Offer and any other offering material relating to the Rights Entitlements and Rights Equity Shares and as to the suitability of an investment in the Rights Entitlements and Rights Equity Shares in their particular circumstances.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Letter of Offer or any other offering material constituting an “offering memorandum” under applicable Canadian securities laws (including any amendment to any such documents) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (“**NI 33-105**”), the parties to this offering, including the Issuer and the Lead Manager, as the case may be, are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with an offering of the Rights Entitlements and Rights Equity Shares.

Upon receipt of this Letter of Offer, each Canadian purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Rights Entitlements and Rights Equity Shares described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de la document d’offre, chaque acheteur canadien confirme par les présentes qu’il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d’achat ou tout avis) soient rédigés en anglais seulement.*

Cayman Islands

This Letter of Offer does not constitute an invitation or offer to the public in the Cayman Islands of the Rights Equity Shares, whether by way of sale or subscription. The Rights Entitlements and the Rights Equity Shares are not being offered or sold, and will not be offered or sold, directly or indirectly, to the public in the Cayman Islands.

Dubai International Financial Centre (“DIFC”)

This Letter of Offer relates to an Exempt Offer in accordance with the Markets Rules Module of the Dubai Financial Services Authority (“**DFSA**”) Rulebook. This Letter of Offer is intended for distribution only to persons of a type specified in the Markets Rules Module. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Letter of Offer nor taken steps to verify the information set forth herein and has no responsibility for this Letter of Offer. The securities to which this Letter of Offer relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this Letter of Offer you should consult an authorized financial advisor.

In relation to its use in the DIFC, this Letter of Offer is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

European Economic Area (EEA) and the United Kingdom

In relation to each Member State of the European Economic Area and the United Kingdom (each a **Relevant State**), no Rights Entitlements or Rights Equity Shares have been offered or will be offered pursuant to the Issue to the public in that Relevant State prior to the publication of a prospectus in relation to the Rights Entitlements or Rights Equity Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that offers of the Rights Entitlements or the Rights Equity Shares may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation (EU) 2017 / 1129 (and any amendment thereto) (**Prospectus Regulation**):

- (a) to any legal entity that is a qualified investor, as defined in the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of our Company for any such offer; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the Rights Entitlements or the Rights Equity Shares shall result in a requirement for the publication by our Company or the Lead Manager of a prospectus pursuant to Article 3 of the Prospectus Regulation. Each person who initially acquires any Rights Entitlements or the Rights Equity Shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Lead Manager and the Company that it is a “qualified investor” within the meaning of Article 2(e) of the Prospectus Regulation.

In case any of the Rights Entitlements or the Rights Equity Shares are being offered to a financial intermediary, as that term is used in Article 5 of the Prospectus Regulation, each such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Rights Equity Shares have not been subscribed for on a non-discretionary basis on behalf of, nor have they been subscribed for with a view to their offer or resale to persons in circumstances which may give rise to an offer of the Rights Equity Shares to the public other than their offer or resale in a Relevant State to the qualified investors (as so defined) or in circumstances in which the prior consent of our Company has been obtained to each such proposed offer or resale.

For the purposes of this section, the expression an ‘offer to the public’ in relation to any Rights Entitlements or Rights Equity Shares in any Relevant State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Rights Entitlements or the Rights Equity Shares so as to enable an investor to decide to purchase or subscribe for the Rights Entitlements or the Rights Equity Shares.

Our Company, the Lead Manager and its affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

United Kingdom

In the United Kingdom, this Letter of Offer and any investment or investment activity to which this Letter of Offer relates is directed only at, being distributed and made available only to, and will be engaged in only with, persons who are qualified investors within the meaning of Article 2(e) of the Prospectus Regulation and who (i) fall within the definition of “investment professionals” contained in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (**Order**); (ii) fall within Article 49(2)(a) to (d) (*high net worth companies, unincorporated associations, etc.*) of the Order; or (iii) to whom it can otherwise lawfully be communicated (all such persons together be referred to as “**relevant persons**”). Persons who are not relevant persons should not take any action on the basis of this Draft Letter of Offer and should not act or rely on it or any of its contents.

Hong Kong

The Rights Entitlements or Rights Equity Shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) (CO), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (SFO) and any rules made thereunder, or in other circumstances which do not result in the document being a “prospectus” within the meaning of the CO and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the SFO and any rules made thereunder.

This Letter of Offer has not been reviewed or approved by any regulatory authority in Hong Kong. In particular, this Letter of Offer has not been, and will not be, registered as a “prospectus” in Hong Kong under the CO nor has it been authorized by the Securities and Futures Commission (SFC) in Hong Kong pursuant to the SFO. Recipients are advised to exercise caution in relation to the Issue. If recipients are in any doubt about any of the contents of this Letter of Offer, they should obtain independent professional advice.

Unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Rights Entitlements or the Rights Equity Shares, which is directed at, or the content of which is likely to be accessed or read by, the public of Hong Kong other than with respect to the Rights Entitlements or the Rights Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to the Professional Investors.

No person who has received a copy of this Letter of Offer may issue, circulate or distribute this Letter of Offer in Hong Kong or make or give a copy of this Letter of Offer to any other person. No person allotted the Rights Equity Shares may sell, or offer to sell, such Rights Equity Shares to the public in Hong Kong within 6 months following the date of issue of such Rights Equity Shares.

Republic of Korea

We are not making any representation with respect to the eligibility of any recipients of this document to acquire the Rights Entitlements or the Rights Equity Shares therein under the laws of Korea, including, but without limitation, the Foreign Exchange Transaction Law and Regulations thereunder. The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Financial Investment Services and Capital Markets Act of Korea (the “FSCMA”). Accordingly, the Rights Entitlements and the Rights Equity Shares may not be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined under the Foreign Exchange Transaction Law of Korea and its Enforcement Decree), for a period of one year from the date of issuance of the Rights Entitlements or the Rights Equity Shares (as the case may be), except (i) where relevant requirements are satisfied, the Rights Entitlements and the Rights Equity Shares may be offered, sold or delivered to or for the account or benefit of a Korean resident which falls within certain categories of qualified professional investors as specified in the FSCMA, its Enforcement Decree and the Regulation on Securities Issuance and Disclosure promulgated thereunder, or (ii) as otherwise permitted under applicable Korean laws and regulations.

Furthermore, the Rights Entitlements and the Rights Equity Shares may not be re-sold to Korea residents unless the purchaser of the Rights Entitlements or the Rights Equity Shares complies with all applicable regulatory requirements (including, but not limited to, governmental approval requirements under the Foreign Exchange Transaction Law and its subordinate decrees and regulations) in connection with purchase of the Rights Entitlements or the Rights Equity Shares.

Kuwait

The Rights Entitlements or the Rights Equity Shares have not been authorised or licensed for offering, marketing or sale in the State of Kuwait. The distribution of this Letter of Offer and the offering and sale of the Rights Entitlements and the Rights Equity Shares in the State of Kuwait is restricted by law unless a license is obtained from the Kuwaiti Ministry of Commerce and Industry in accordance with Law 31 of 1990.

Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the Rights Entitlements or the Rights Equity Shares has been or will be registered with the Securities Commission of Malaysia (“**Commission**”) for the Commission’s approval pursuant to the Capital Markets and Services Act 2007. Accordingly, this Letter of Offer and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Rights Entitlements and the Rights Equity Shares may not be circulated or distributed, nor may the Rights Entitlements and the Rights Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed-end fund approved by the Commission; (ii) a holder of a Capital Markets Services Licence; (iii) a person who acquires the Rights Entitlements or the Rights Equity Shares, as principal, if the offer is on terms that the Rights Entitlements and the Rights Equity Shares, as the case may be, may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Commission; provided that, in the each of the preceding categories (i) to (xi), the distribution of the Rights Entitlements or the Rights Equity Shares is made by a holder of a Capital Markets Services Licence who carries on the business of dealing in securities. The distribution in Malaysia of this Letter of Offer is subject to Malaysian laws. This Letter of Offer does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007.

Mauritius

Neither the Rights Entitlements nor the Rights Equity Shares may be offered, distributed or sold, directly or indirectly, in Mauritius or to any resident of Mauritius, except as permitted by applicable Mauritius law, including but not limited to the Mauritius Securities Act. No offer or distribution of securities will be made to the public in Mauritius.

New Zealand

This Letter of Offer is not a prospectus. It has not been prepared or registered in accordance with the Securities Act 1978 of New Zealand (the “**New Zealand Securities Act**”). This Letter of Offer is being distributed in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money, within the meaning of section 3(2)(a)(ii) of the New Zealand Securities Act (“**Habitual Investors**”). By accepting this Letter of Offer, each investor represents and warrants that if it receives this Letter of Offer in New Zealand, it is a Habitual Investor and it will not disclose this Letter of Offer to any person who is not also a Habitual Investor.

Sultanate of Oman

This Letter of Offer and the Rights Entitlements and the Rights Equity Shares to which it relates may not be advertised, marketed, distributed or otherwise made available to any person in Oman without the prior consent of the Capital Market Authority (“**CMA**”) and then only in accordance with any terms and conditions of such consent. In connection with the offering of Rights Entitlements and the Rights Equity Shares, no prospectus has been filed with the CMA. The offering and sale of Rights Entitlements and the Rights Equity Shares described in this Letter of Offer will not take place inside Oman. This Letter of Offer is strictly private and confidential and is being issued to a limited number of sophisticated investors, and may neither be reproduced, used for any other purpose, nor provided to any other person than the intended recipient hereof.

Qatar (excluding the Qatar Financial Centre)

This Letter of Offer and the offering of the Rights Entitlements and the Rights Equity Shares have not been, and will not be: (i) lodged or registered with, or reviewed or approved by, the Qatar Central Bank, the Qatar Financial Markets Authority the Ministry of Business and Trade or any other governmental authority in the State of Qatar

or (ii) authorized, permitted or licensed for offering or distribution in Qatar, and the information contained in this document does not, and is not intended to, constitute a public or general offer or other invitation in respect to the Rights Entitlements and the Rights Equity Shares in the State of Qatar. Accordingly, the Rights Entitlements and the Rights Equity Shares are not being, and will not be, offered, issued or sold in the State of Qatar, and this document is not being, and will not be, distributed in the State of Qatar. The offering, marketing, issue and sale of the Rights Entitlements and the Rights Equity Shares and distribution of this Letter of Offer is being made in, and is subject to the laws, regulations and rules of jurisdictions outside of the State of Qatar. No application has been or will be made for the Rights Entitlements and the Rights Equity Shares to be listed or traded on the Qatar Exchange or the QE Venture Market.

This Letter of Offer is strictly private and confidential, and is being sent to a limited number of institutional and/or sophisticated investors (a) upon their request and confirmation that they understand the statements above; and (b) on the condition that it will not be provided to any person other than the original recipient, and is not for general circulation and may not be reproduced or used for any other purpose.

Qatar Financial Centre

This Letter of Offer does not, and is not intended to, constitute an invitation or offer of securities from or within the Qatar Financial Centre (the “**QFC**”), and accordingly should not be construed as such. This document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. This document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. Our Company has not been approved or licensed by or registered with any licensing authorities within the QFC.

Saudi Arabia

Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a “**Saudi Investor**”) who acquires Rights Entitlements or the Rights Equity Shares pursuant to the Issue should note that the offer of Rights Entitlements and the Rights Equity Shares is an offer to “Sophisticated Investors” (as defined in Article 11 of the “Offer of Securities Regulations” as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated October 4, 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated August 18, 2008 (the “**KSA Regulations**”)) for the purposes of Article 9 of the KSA Regulations. The Lead Manager has represented, warranted and agreed that the offer of the Rights Entitlements and the Rights Equity Shares will only be directed at Sophisticated Investors. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document, you should consult an authorised financial adviser.

The offer of Rights Entitlements and the Rights Equity Shares shall not therefore constitute a “public offer” pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 17 of the KSA Regulations. Any Saudi Investor who has acquired Rights Entitlements or Rights Equity Shares as a Sophisticated Investor may not offer or sell those Rights Entitlements or Rights Equity Shares to any person unless the offer or sale is made through an authorised person appropriately licensed by the Saudi Arabian Capital Market Authority and (a) the Rights Entitlements or Rights Equity Shares are offered or sold to a Sophisticated Investor; (b) the price to be paid for the Rights Entitlements or Rights Equity Shares in any one transaction is equal to or exceeds Saudi Arabian Riyal 1 million or an equivalent amount; or (c) the offer or sale is otherwise in compliance with Article 17 of the KSA Regulations.

Singapore

This Letter of Offer has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act (Chapter 289) of Singapore (**SFA**). The offer of the Rights Entitlements and the Rights Equity Shares pursuant to the Rights Entitlements to the Eligible Equity Shareholders in Singapore is made in reliance on the offering exemption under Section 273(1)(cd) of the SFA.

The Eligible Equity Shareholders in Singapore may apply for the additional Rights Equity Shares over and above their Rights Entitlements only: (i) if they are an “institutional investor” within the meaning of Section 274 of the SFA and in accordance with the conditions of an exemption invoked under Section 274 of the SFA; (ii) if they are a relevant person pursuant to Section 275(1) of the SFA or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where any additional Rights Equity Shares over and above their Rights Entitlements are purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired such Rights Equity Shares pursuant to an offer made under Section 275 of the SFA except: (a) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA or to any person arising from referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; (b) where no consideration is or will be given for the transfer; (c) where the transfer is by operation of law; (d) as specified in Section 276(7) of the SFA; or (e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (**CMP Regulations 2018**), our Company has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the SFA) that the Rights Entitlements and the Rights Equity Shares are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Switzerland

The Rights Entitlements and Rights Equity Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. This Letter of Offer has been prepared without regard to the disclosure standards for issuance prospectuses under Article 652a or Article 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under Articles 27 ff. of the SIX Listing Manual or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Rights Entitlements and Rights Equity Shares or the Issue may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the Rights Entitlements and Rights Equity Shares or the Issue or us have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the Issue will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA ("**FINMA**"), and the Issue has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the Rights Entitlements and Rights Equity Shares.

The Rights Entitlements and Rights Equity Shares are being offered in Switzerland by way of a private placement, *i.e.*, to a small number of selected investors only, without any public offer and only to investors who do not purchase the Rights Entitlements or Rights Equity Shares with the intention to distribute them to the public. The investors will be individually approached from time to time. This document, as well as any other offering or marketing material relating to the Rights Entitlements and Rights Equity Shares, is confidential and it is exclusively for the use of the individually addressed investors in connection with the offer of the Rights Entitlements and Rights Equity Shares in Switzerland and it does not constitute an offer to any other person. This document may only be used by those investors to whom it has been handed out in connection with the Issue described herein and may neither directly nor indirectly be distributed or made available to other persons without our express consent. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in or from Switzerland.

United Arab Emirates (excluding the Dubai International Financial Centre)

This document does not constitute or contain an offer of securities to the general public in the UAE. No offering, marketing, promotion, advertising or distribution (together, "**Promotion**") of this document or the Rights Entitlements and Rights Equity Shares may be made to the general public in the United Arab Emirates (the "**UAE**") unless: (a) such Promotion has been approved by the UAE Securities and Commodities Authority (the "**SCA**") and is made in accordance with the laws and regulations of the UAE, including SCA Board of Directors' Chairman Decision no. (3/R.M.) of 2017 (the "**Promotion and Introduction Regulations**"), and is made by an

entity duly licensed to conduct such Promotion activities in the UAE; or (b) such Promotion is conducted by way of private placement made: (i) only to non-natural person “Qualified Investors” (as such term is defined in the Promotion and Introduction Regulations); or (ii) otherwise in accordance with the laws and regulations of the UAE; or (c) such Promotion is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE. None of the SCA, the UAE Central Bank, the UAE Ministry of Economy or any other regulatory authority in the UAE has reviewed or approved the contents of this document nor does any such entity accept any liability for the contents of this document.

In relation to its use in the UAE, this Letter of Offer is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. If you do not understand the contents of this Letter of Offer, you should consult an authorised financial adviser.

United States

The Rights Entitlements and the Rights Equity Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered, sold, resold, allotted, taken up, exercised, renounced, pledged or transferred in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state of the United States. The Rights Entitlements and the Rights Equity Shares are being offered and sold only to persons outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made.

NOTICE TO INVESTORS OUTSIDE THE UNITED STATES

Each person accepting the Rights Entitlements and subscribing to the Rights Equity Shares outside the United States shall be deemed to have represented, warranted, agreed and acknowledged as follows:

- (a) It is entitled to accept the Rights Entitlements and subscribe to the Rights Equity Shares under the laws of all relevant jurisdictions that apply to it and that it has fully observed such laws and has complied with all necessary formalities to enable it to accept the Rights Entitlements and subscribe to the Rights Equity Shares;
- (b) It was outside the United States at the time the offer of the Rights Entitlements and the Rights Equity Shares was made to it and it was outside the United States when its buy order for the Rights Entitlements (if applicable) and the Rights Equity Shares was originated;
- (c) It did not accept the Rights Entitlements or subscribe to the Rights Equity Shares as a result of any “directed selling efforts” (as defined in Regulation S);
- (d) The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the U.S. Securities Act or the securities law of any state of the United States and that the offer of the Rights Entitlements and the offer and sale of the Rights Equity Shares to it is made in reliance on the Regulation S;
- (e) It will not offer, sell or otherwise transfer the Rights Entitlements except in India in a transaction complying with Rule 903 or Rule 904 of the Regulation S;
- (f) It subscribed to the Rights Equity Shares for investment purposes and not with a view to the distribution or resale thereof. If in the future it decides to offer, sell, pledge or otherwise transfer any of the Rights Equity Shares, it shall only offer, sell, pledge or otherwise transfer such Equity Shares: (a) outside the United States in a transaction complying with Rule 903 or Rule 904 of the Regulation S and in accordance with all applicable laws of any other jurisdiction, including India; or (ii) in the United States pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws;
- (g) Prior to making any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, it: (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary; (ii) will have carefully read and reviewed a copy of this Letter of Offer and its accompanying documents; (iii) will have possessed and carefully read and reviewed all information relating to our Company and the Rights Entitlements and the Rights Equity Shares that it believes is necessary or appropriate for the purpose of making its investment decision, including, without limitation, the Exchange Information (as defined below); (iv) will have conducted its own due diligence on our Company and this Issue, and will have made

its own investment decisions based upon its own judgement, due diligence and advice from such advisers as it has deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or view expressed by or on behalf of our Company, the Lead Manager or its affiliates (including any research reports) (other than with respect to our Company and any information contained in this Letter of Offer); and (e) will have made its own determination that any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares is suitable and appropriate, both in the nature and number of the Rights Equity Shares being subscribed;

- (h) Without limiting the generality of the foregoing, it acknowledges that: (a) the Equity Shares are listed on BSE and NSE and our Company is therefore required to publish certain business, financial and other information in accordance with the rules and practices of BSE and NSE (which includes, but is not limited to, a description of the nature of our Company's business and our Company's most recent balance sheet and profit and loss account, and similar statements for preceding years together with press releases, announcements, investor education presentations and annual reports, which collectively constitutes **Exchange Information**), and that it has had access to such information without undue difficulty and has reviewed such Exchange Information as it has deemed necessary; and (b) neither our Company nor the Lead Manager or any of its affiliates has made any representations or recommendations to it, express or implied, with respect to our Company, the Rights Entitlements or the Rights Equity Shares or the accuracy, completeness or adequacy of the Exchange Information;
- (i) It acknowledges that: (a) any information that it has received or will receive relating to or in connection with this Issue, and the Rights Entitlements or the Rights Equity Shares, including this Letter of Offer and the Exchange Information (collectively, **Information**), has been prepared solely by our Company; and (b) none of the Lead Manager or any of its affiliates has verified the Information, and no recommendation, promise, representation or warranty (express or implied) is or has been made or given by the Lead Manager or its affiliates as to the accuracy, completeness or sufficiency of the Information, and nothing contained in the Information is, or shall be relied upon as, a promise, representation or warranty by the Lead Manager or its affiliates;
- (j) It will not hold our Company and the Lead Manager or its affiliates responsible for any misstatements in or omissions to the Information or in any other written or oral information provided by our Company to it. It acknowledges that no written or oral information relating to this Issue, the Rights Entitlements or the Rights Equity Shares has been or will be provided by the Lead Manager or its affiliates to it;
- (k) It understands and acknowledges that the Lead Manager is assisting our Company in respect of this Issue and that the Lead Manager is acting solely for our Company and no one else in connection with this Issue and, in particular, is not providing any service to it, making any recommendations to it, advising it regarding the suitability of any transactions it may enter into to subscribe or purchase any Rights Entitlements or Rights Equity Shares nor providing advice to it in relation to our Company, this Issue, the Rights Entitlements or the Rights Equity Shares. Further, to the extent permitted by law, it waives any and all claims, actions, liabilities, damages or demands it may have against the Lead Manager arising from its engagement with our Company and in connection with this Issue;
- (l) It understands and acknowledges that the Lead Manager is not making, will not make, and will not participate or otherwise be involved in any offers or sales of the Rights Entitlements or the Rights Equity Shares;
- (m) If it acquired any of the Rights Entitlements or Rights Equity Shares as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and that it has full power to make the foregoing representations, warranties, acknowledgements and agreements on behalf of each such account;
- (n) It shall indemnify and hold our Company and the Lead Manager harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Rights Entitlements and Rights Equity Shares; and
- (o) It acknowledges that our Company, the Lead Manager and others will rely upon the truth and accuracy of the foregoing representations, warranties and acknowledgements.

SECTION VIII: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company) which are or may be deemed material have been entered or are to be entered into by our Company.

Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all working days from the date of filing of this Letter of Offer until the Issue Closing Date.

A. Material Contracts for the Issue

1. Issue Agreement dated [●] between our Company and the Lead Manager.
2. Registrar Agreement dated August 19, 2021 among our Company and the Registrar.
3. Banker to the Issue Agreement dated [●] among our Company, the Lead Manager, the Registrar and the Banker to the Issue.
4. Monitoring Agency Agreement dated [●] between our Company and the Monitoring Agency.

B. Material Documents

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company.
2. Certificate of incorporation dated October 18, 1919 issued by the Registrar of Companies under the Companies Act, 1913.
3. Fresh certificate of incorporation consequent of change of name from the RoC dated August 30, 1961 pursuant to which the name of our Company was changed to 'Kesoram Industries & Cotton Mills Limited' and the fresh certificate of incorporation consequent on change of name from the RoC dated July 9, 1986 pursuant to which the name of our Company was changed to 'Kesoram Industries Limited'.
4. Resolutions of our Board dated May 14, 2021 and August 12, 2021 in relation to the Issue and other related matters.
5. Resolutions passed by our Fund Raising Committee dated [●], finalising the Record Date and the Rights Entitlement Ratio
6. Consents of our Directors, Company Secretary & Compliance Officer, Statutory Auditor, the Lead Manager, Independent Chartered Engineers, legal counsel to the Issue as to Indian Law, International legal counsel with respect to selling and transfer restrictions, Banker to the Issue, Registrar and the Monitoring Agency for inclusion of their names in this Letter of Offer to act in their respective capacities.
7. Consent to act as an expert pursuant to a certificate dated [●] and [●] issued by [●], chartered engineer and [●], chartered engineer, respectively.
8. Annual Reports of our Company for Fiscals 2021, 2020 and 2019.
9. In-principle approvals dated [●], [●] and [●] issued by BSE, NSE and CSE, respectively under Regulation 28(1) of the SEBI Listing Regulations.
10. Letter of offer dated May 22, 2013, in respect of a rights issue of face value of ₹ 10 each by our Company and the corrigendum dated May 29, 2013 to the letter of offer.

11. Reports titled “*CRISIL Research-Cement Report, June 2021*” and “*CRISIL Research- Economy Report (Ecoview), June 2021*” dated June, 2021 prepared by CRISIL and consent letter dated August 4, 2021 issued by CRISIL in respect of such reports.
12. The statement of special tax benefits available to the Company and its shareholders and the report of our Statutory Auditor dated [●] in relation thereto.
13. The Scheme of Arrangement amongst Kesoram Industries Limited, Birla Tyres Limited and their respective shareholders and creditors for the demerger of the tyre business of our Company into Birla Tyres Limited.
14. Securities subscription agreement dated February 20, 2021, between our Company and Axis Bank Limited, ICICI Bank Limited, The South Indian Bank Limited, State Bank of India, IndusInd Bank Limited, The Laxmi Vilas Bank Limited, West Bengal Infrastructure Development Finance Corporation Limited, Karur Vysya Bank Limited, Punjab National Bank Limited and Yes Bank Limited
15. Settlement agreement dated February 20, 2021, between our Company and Axis Bank Limited, ICICI Bank Limited, The South Indian Bank Limited, State Bank of India, IndusInd Bank Limited, The Laxmi Vilas Bank Limited, West Bengal Infrastructure Development Finance Corporation Limited, Karur Vysya Bank Limited, Punjab National Bank Limited and Yes Bank Limited
16. Framework agreement dated March 10, 2021 between our Company and Vistra ITCL (India) Limited.
17. Non-convertible debenture trust deed dated March 10, 2021 between our Company and Vistra ITCL (India) Limited and optionally convertible debenture trust deed dated March 10, 2021 between our Company and Vistra ITCL (India) Limited.
18. Agreement dated August 8, 2019 between our Company and Radhakrishnan Padmalochanan, Whole time Director and Chief Executive Officer of our Company, .
19. Due diligence certificate dated [●] addressed to SEBI from the Lead Manager.
20. Tripartite agreement dated April 30, 2015, among our Company, MCS Share Transfer Agent Limited and NSDL.
21. Tripartite agreement dated December 7, 2015 among our Company, MCS Share Transfer Agent Limited and CDSL.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so, required in the interest of our Company or if required by the other parties, without reference to the Eligible Equity Shareholders, subject to compliance with the applicable law.

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

Manjushree Khaitan

Non-Executive Director and Chairman

Date: [●]

Place: [●]

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

Radhakrishnan Padmalochanan

Whole-time Director and Chief Executive Officer

Date: [●]

Place: [●]

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

Kashi Prasad Khandelwal
Independent Director

Date: [●]

Place: [●]

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

Lee Seow Chuan
Independent Director

Date: [●]

Place: [●]

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

Sudip Banerjee
Independent Director

Date: [●]

Place: [●]

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

Jikyeong Kang
Independent Director

Date: [●]

Place: [●]

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

Mangala Radhakrishna Prabhu
Independent Director

Date: [●]

Place: [●]

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

Satish Narain Jajoo

Additional Non-Executive Director

Date: [●]

Place: [●]

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF THE COMPANY

Suresh Kumar Sharma

Date: [●]

Place: [●]