

FOR THE ATTENTION OF COMPANY'S SHAREHOLDERS

Pursuant to the Scheme of Arrangement ("Scheme") between Kesoram Industries Limited ("KIL ") and Birla Tyres Limited ("BTL"), the Board of Directors of KIL had fixed 26th December, 2019 as the record date ("Record Date") for determining your entitlements in terms of the Scheme. Accordingly, against your holding in KIL, new shares of BTL ("New Shares") have been allotted on 27th December, 2019, in the following manner:

"One fully paid-up equity share of Rs. 10 each of BTL for every equity share of Rs.10 each held in KIL."

In this regard, please note the following:

SPLIT OF COST OF ACQUISITION OF SHARES IN KIL

1. There would be no capital gains implications on the shareholders of KIL in view of the exemption granted under Section 47 (vid) of the Income Tax Act, 1961 ("Act").

2. In respect of the New Shares, the date of acquisition for the purpose of capital gains in case of a shareholder will be the date of acquisition of the original shares of KIL for each shareholder as per Clause (g) in explanation 1 to section 2 (42A) of the Act. Kindly consult your tax advisors, having regard to the facts of your case.

3. With regard to the cost of acquisitions of New Shares in BTL, section 49 (2C) of the Act provides the formula for splitting the original cost of acquisition of shares of KIL between itself and the New Shares allotted in BTL. An extract of the provisions of section 49 (2C) is reproduced below for your reference:

".....the cost of acquisition of shares in the resulting company shall be the amount which bears to the cost of acquisition of the shares held by the assessee in the demerged company the same proportion as the net book value of the assets transferred in a demerger bears to the net worth of the demerged company immediately before such demerger"

"Explanation - For the purpose of this section, net worth shall mean the aggregate of the paid up share capital and general reserves as appearing in the books of accounts of the demerged company immediately before the demerger"

4. With regard to the cost of acquisition of original shares in KIL, section 49(2D) of the Act provides the formula for splitting the original cost of acquisition of shares of KIL between New Shares allotted in BTL and original shares in KIL. An extract of the provision of section 49(2D) is reproduced below for your reference:

"... the cost of acquisition of the original shares held by the shareholder in the demerged company shall be deemed to have been reduced by the amount so arrived at under sub-section (2C)...."

The information in Para 3 above should be preserved carefully, as it will be relevant for calculating taxable capital gains under the Act on any transfer of shares in future.

For the purpose of determining the post demerger cost of acquisition of Equity Shares of KIL and the resulting company BTL under the Act, the shareholders are advised to apportion their pre demerger cost of acquisition of KIL shares in the following manner:

Name of Company	% of Cost of KIL
Kesoram Industries Limited	83.72
Birla Tyres Limited	16.28
Total	100.00

This communication is for the benefit of the shareholders and KIL takes no express or implied liabilities in providing the guidance

For **Kesoram Industries Ltd.**



P. Radhakrishnan
Whole-time Director & CFO

Kolkata, the 30th day of December, 2019