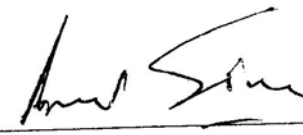
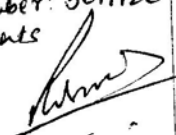


# FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

|    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                             |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| 1. | Name of the Company:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | KESORAM INDUSTRIES LIMITED                  |
| 2. | Annual financial statements for the year ended                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 31st March 2015                             |
| 3. | Type of Audit observation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Unqualified/ Emphasis of Matter as enclosed |
| 4. | Frequency of observation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | First Time                                  |
| 5. | <p>To be signed by-</p> <ul style="list-style-type: none"> <li>CEO-Business Operations: Arvind Kumar Singh : </li> <li>CFO- Tridib Kumar Das : </li> <li>Auditor of the Company – Price Waterhouse :  <br/>Prabal Kr. Sarkar<br/>Partner<br/>Membership Number 52340</li> <li>Audit Committee Chairman – K P Khandelwal : <br/>(of 19<sup>th</sup> October 2015 Meeting)</li> </ul> |                                             |

## Kesoram Industries Limited

### Annual Report 2014-15

#### Emphasis of Matter

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

#### Note No. 25

##### EXCEPTIONAL ITEM

"Based upon general body approvals accorded to the Company under the relevant provisions of the Companies Act, 2013, an Undertaking comprising of its automotive tyre manufacturing facility at Laksar, District Haridwar, Uttarakhand was transferred as a going concern during the year ended 31st March, 2015 to a subsidiary more than 90% of whose Share Capital is held by the Company. Such transfer was effected through a slump sale within the meaning of the Income Tax Act, 1961.

Pursuant to the execution of a binding Term Sheet dated 12th September, 2015 as between the Company, the subsidiary and the J K Tyre Group, it has been agreed that the Company will transfer ownership of such subsidiary to the J K Tyre Group at a consideration of Rs. 2195 crores. The transaction will stand consummated based upon a mutually agreed "closing" i.e 31 December 2015 upon execution of such definitive agreements as may be agreed to by and between the parties together with obtaining the required corporate approvals, statutory consents and completion of other compliances as applicable. In the eventuality of the transactions not being completed on or prior to December 31, 2015, any party may terminate this term sheet or definitive agreement and the same shall cease to have effect.

In accounting for the transaction in its books of account pertaining to the year 31st March, 2015 as per the binding Term Sheet referred to above, the Company has credited the difference between the consideration receivable and the carrying cost of the Undertaking in its books as at 31st March, 2015 amounting to Rs. 409.20 crore (net of expenses required to execute the deal) to Exceptional Income. No Consolidated Financial Statements for the year ended 31st March, 2015 have been prepared by the Company. This has been so done in exercise of the mandate given in paragraph 11(a) of Accounting Standard 21 granting a company exemption from consolidation should a subsidiary be held for disposal in the near future."

