

KIL/SE/Reg. 30&51/2023-24

30 November, 2023

BSE Ltd. Phiroze Jecjeebhoy Towers, Dalal Street, Mumbai - 400001	National Stock Exchange of India Ltd. "Exchange Plaza", Bandra-Kurla Complex, Bandra (E), Mumbai - 400051	The Calcutta Stock Exchange Ltd. 7, Lyons Range, Kolkata - 700001
Equity Scrip Code-502937 NCD Scrip Code - 973060	Scrip code – KESORAMIND	Scrip code -10000020

Dear Sir(s)/Madam,

Re - Disclosure pursuant to Regulation 30 & 51 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

Sub: Outcome of the Board Meeting dated 30 November, 2023

The Board at its Meeting held today inter-alia, approved the following:

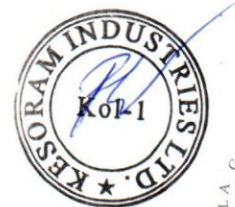
1. Withdrawal of the scheme of demerger with its wholly owned subsidiary i.e. Cygnet Industries Limited and their respective shareholders. .
2. Composite Scheme of Arrangement ('the Scheme') between Kesoram Industries Limited ("KIL" or "the Company" or "the Demerged Company") and UltraTech Cement Limited ("UCL" or "the Resulting Company"), and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 together with execution of an Implementation Agreement between the Company and the Resulting Company. The said Scheme will assist the Company in deleveraging the balance sheet including reduction of debt and outflow of interest and unlock the value in Cement Business (as defined in the Scheme) for the shareholders of the Company by way of a proposed demerger of the Cement Business into the Resulting Company on a going concern basis. The Scheme was approved after considering the recommendation and report of the Audit Committee and the Committee of Independent Directors of the Company.

The Scheme, inter alia, provides for: (a) demerger of the Cement Business of the Demerged Company into the Resulting Company; and (b) the reduction and cancellation of the preference share capital of the Demerged Company ("Proposed Transaction") for which new preference shares will be issued by the Resulting Company on terms specified in the Scheme. Pursuant to the Scheme, the non-convertible debentures of the Company, listed on BSE Limited, will be transferred to the Resulting Company. The Implementation Agreement inter alia sets out the manner of implementation of the Proposed Transaction, including related conditions precedent to be completed, and related rights and obligations of the parties in connection thereto, including customary representations, warranties and indemnities.

The Scheme is subject to the receipt of approval of the Competition Commission of India, shareholders, lenders, creditors, the Stock Exchanges, the respective jurisdictional Hon'ble National Company Law Tribunals and all such other applicable approvals, permissions, and sanctions of regulatory and other authorities as may be necessary.

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 Registered & Corporate Office :
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 CIN - L17119WB1919PLC003429



The disclosure in respect of the Scheme as prescribed under Listing Regulations read with SEBI circular SEBI/HO/CFD/CFD-PoD1/P/CIR/2023/123 dated July 13, 2023 is enclosed as **Annexure – I**.

A press release by the Company is also enclosed.

The Board Meeting commenced at 2:00 p.m., was thereafter adjourned till 3:30 p.m., reconvened and concluded at 4:55 p.m.

Thanking you,
For Kesoram Industries Limited


P. Radhakrishnan
Whole-time Director & CEO



Encl: As above

Disclosure under Regulation 30 of the Listing Regulations**Scheme of Arrangement between Kesoram Industries Limited and UltraTech Cement Limited**

Sl No.	Particulars	Details		
a)	Brief details of the division(s) to be demerged	The Cement Business of the Demerged Company means the business of manufacture, production, sale and distribution of grey cement of the Demerged Company, and consists of 2 integrated cement units at Sedam (Karnataka) and Basantnagar (Telangana) with a total installed capacity of 10.75 mtpa and 0.66 mtpa packing plant at Solapur, Maharashtra.		
b)	Turnover of the demerged division and as percentage to the total turnover of the listed entity in the immediately preceding financial year / based on financials of the last financial year	Particulars	Total turnover from Demerged undertaking (Cement Business) (Rs. In crs)	% to total turnover of Kesoram Industries Ltd
		Demerged Undertaking (Cement Business) (for financial year ended March 31, 2023)	3,533.75	100%
c)	Rationale for demerger	<p>The transfer of the Cement Business of the Demerged Company to the Resulting Company pursuant to the Scheme would, inter alia, result in the following benefits:</p> <p>For the Demerged Company:</p> <ul style="list-style-type: none"> i. unlocking the value of the Cement Business for the shareholders of the Demerged Company; ii. assisting in the de-leveraging of its balance sheet including reduction of debt and outflow of interest as well as creation of value for its shareholders; and iii. focusing on core business areas such as rayon, transparent paper and chemicals. <p>For the Resulting Company:</p> <ul style="list-style-type: none"> i. expansion in markets where the Resulting Company has no physical presence; 		



		<p>ii. creating value for shareholders by acquiring ready to use assets which shall create operational efficiencies and reduce time to markets vis-à-vis greenfield projects which are time consuming on account of acquisition of land and limestone mining leases;</p> <p>iii. good fit for serving existing markets and catering to additional cement volumeto extend its footprint in the highly fragmented, competitive and fast growing Western and Southern markets in the country;</p> <p>iv. it will help enhance the Resulting Company's geographic reach in Southern markets;</p> <p>v. synergies in manufacture and distribution process and logistics alignment leading to economies of scale and creation of efficiency by reducing time to market and benefiting customers.</p> <p>The Scheme is in the best interests of the shareholders, employees and the creditors of each of the Demerged Company and the Resulting Company.</p>
D)	Brief details of change in shareholding pattern (if any) of all entities	<p>There are two entities involved in the proposed Demerger:</p> <p>(a) The Demerged Company: There shall be no change in the equity shareholding pattern of the Company as a consequence of the effectiveness of the Scheme.</p> <p>(b) The Resulting Company: Upon the Scheme becoming effective, the Resulting Company will issue its fully paid-up equity shares and non-convertible redeemable preference shares to the eligible equity and preference shareholders (respectively) of the Demerged Company as mentioned in point e) below, in accordance with the Scheme.</p>
e)	In case of cash consideration –amount or otherwise share exchange ratio	<p>There is no cash consideration discharged under the Scheme.</p> <p>The consideration discharged under the Scheme is as follows:</p> <p>Upon the Scheme coming into effect and in consideration of and subject to the provisions of this Scheme, the Resulting Company shall, without</p>



		<p>any further application, act, deed, consent, acts, instrument or deed, issue and allot, to each shareholder of the Demerged Company as follows:</p> <ul style="list-style-type: none"> ▪ 1 (one) fully paid-up equity share of Rs. 10 (rupees ten) each of the Resulting Company for every 52 (fifty-two) fully paid-up equity shares of Rs. 10 (rupees ten) each of the Demerged Company held by equity shareholder, on a proportionate basis, whose name is recorded in the register of members and records of the depository as a member of the Demerged Company as on the Record Date; ▪ 54,86,608 (fifty-four lakhs eighty-six thousand six hundred eight) fully paid-up 7.3% non-convertible redeemable preference shares of Rs. 100 (rupees one hundred) each of the Resulting Company for 90,00,000 (ninety lakhs) 5% cumulative non-convertible redeemable preference shares of Rs. 100 (rupees one hundred) each of the Demerged Company held by the preference shareholder in the Demerged Company as on the Effective Date; and ▪ 8,64,275 (eight lakhs sixty-four thousand two hundred seventy-five) fully paid-up 7.3% non-convertible redeemable preference shares of Rs. 100 (rupees one hundred) each of the Resulting Company for 19,19,277 (nineteen lakhs nineteen thousand two hundred seventy-seven) zero% optionally convertible redeemable preference shares of Rs. 100 (rupees one hundred) each of the Demerged Company held by the preference shareholder in the Demerged Company as on the Effective Date. <p>The aforesaid share entitlement ratio has been arrived on the basis of a joint Share Entitlement Ratio Report dated 30th November, 2023 issued by Bansi S. Mehta Valuers LLP, Registered Valuer and PwC Business Consulting Services LLP, Registered Valuer.</p> <p>Further DAM Capital Advisors Limited an Independent SEBI registered Category – I Merchant Banker, vide its report dated November 30, 2023 has confirmed that consideration arrived by the registered valuers is fair.</p>
f)	Whether listing would be sought for the resulting entity.	The equity shares of the Resulting Company are already listed on BSE and NSE. The Resulting Company shall apply for listing of the new equity shares on both BSE Limited and the National Stock



		Exchange of India Limited which have nationwide terminals post demerger, subject to the Resulting Company obtaining the requisite approvals from all the relevant authorities for the same.
g)	Name of the entity(ies) forming part of the amalgamation/merger/demerger	Kesoram Industries Limited (being the Demerged Company) and UltraTech Cement Limited (being the Resulting Company)
h)	Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arms length";	The transaction is being undertaken on an arms' length basis. Further, few entities controlled by the promoters of the Company/ UltraTech Cement Limited are a part of the promoter/ promoter group of Kesoram Industries Limited/ the Demerged Company.



Demerger of Cement Business to Unlock Value to its Shareholders and Deleverage the Balance Sheet

The Board of Directors of Kesoram Industries Limited ("KIL / Company"), at its meeting held today, approved a Composite Scheme of Arrangement amongst the Company, and UltraTech Cement Limited ("UltraTech") and their respective shareholders and creditors ("Scheme") for demerger of its cement division into UltraTech and reduction and cancellation of the preference share capital of the Company.

The Board of Directors approved below share exchange ratios as suggested by independent valuers

- 1 (one) equity share of UltraTech of INR 10/- each fully paid up for every 52 (fifty two) equity shares of KIL of INR 10/- each fully paid up
- 54,86,608 (Fifty Four Lakhs Eighty Six Thousand Six Hundred and Eight) RPS 1 shares of UltraTech of INR 100/- each fully paid up for 90,00,000 (Ninety Lakhs) 5% cumulative non-convertible redeemable preference shares of KIL of INR 100/- each fully paid up
- 8,64,275 (Eight Lakhs Sixty Four Thousand Two Hundred and Seventy Five) RPS 2 shares of UltraTech of INR 100/- each fully paid up for 19,19,277 (Nineteen Lakhs Nineteen Thousand Two Hundred and Seventy Seven) zero% optionally convertible redeemable preference shares of KIL of INR 100/- each fully paid up

The proposed transaction will unlock value of the Cement Business for the shareholders of the Company and also substantially deleverage the balance sheet including reduction of debt and outflow of interest. Pursuant to the proposed transaction, the shareholders of the Company will receive the shares of UltraTech, the largest cement producer in India and thus continue to participate in the value creation from the cement business.

The transaction is subject to the approval of shareholders and creditors, stock exchanges, NCLT, CCI and all other regulatory authorities as may be required. The transaction is expected to be consummated within 9-12 months subject to above regulatory approvals.

JM Financial Limited is the exclusive financial advisor to the Company. PwC Business Consulting Services LLP and Bansi S. Mehta & Co. are the independent joint valuers. DAM Capital Advisors Limited has provided an opinion on fairness of the share exchange ratios. Khaitan & Co, Kolkata are the legal advisors to the Company.

Brief about the Cement Division of the Company:

The Company established its first cement plant in 1969 in Basantnagar in the state of Telangana, currently having a clinker capacity of c. 1.20 MTPA. Further it added capacities from 1983 onwards at Sedam in the state of Karnataka currently having a clinker capacity of c. 5.10 MTPA. The aggregate cement capacity of the Company is 10.75 MTPA, out of the same 8.50 MTPA is backed by existing clinker capacity at 60% blended cement produce. The Company also has a packing plant in Solapur, Maharashtra with a storage capacity of 1,000 MT. The Company has integrated all its cement brands under one umbrella brand - Birla Shakti Cement.