

KIL/SH/ST.EX/2016-17

28th April, 2017

The Secretary
BSE Ltd., Floor 25, P. J. Tower
Dalal Street,
Mumbai – 400001

The Vice-President
National Stock Exchange of India Ltd.
"Exchange Plaza"
Bandra-Kurla Complex, Bandra (E)
Mumbai – 400051

The Secretary
The Calcutta Stock Exchange Ltd.
7, Lyons Range,
Kolkata – 700001

Dear Sirs,

Sub: Standalone and Consolidated Audited Financial Results for the quarter/ year ended March 31, 2017.

In continuation of our letter dated April 17, 2017, we wish to inform you that the Board of Directors of the Company at its meeting held today has approved the Audited Financial Statements (Standalone and Consolidated) for the year ended March 31, 2017 and the Audited Financial Results (Standalone and Consolidated) for the quarter /year ended March 31, 2017, as recommended by the Audit Committee.

Pursuant to Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, we enclose herewith the following:

- i) Statements showing the Audited Financial Results (Standalone and Consolidated) for the quarter / year ended March 31,2017 ; and
- ii) Auditor's Report on Audited Financial Results – Standalone and Consolidated.

The Report of Auditors is with unmodified opinion with respect to the Audited Financial Results (Standalone and Consolidated) of the Company for the quarter / year ended March 31, 2017.

Further, also please find enclosed a copy of Press Release for the quarter / year ended 31st March, 2017, for your records and reference.

Kindly acknowledge receipt.

Yours faithfully,
For KESORAM INDUSTRIES LIMITED

GAUTAM GANGULI
Company Secretary

Encl: —

KESORAM INDUSTRIES LIMITED

Regd. Office : 9/1, R. N. Mukherjee Road, Kolkata - 700 001

Statement of financial results for the quarter and year ended 31st March, 2017

(Approved by the Board of Directors on 28th April, 2017 after review thereof by the Audit Committee)

Rs./Crores

Sl. No.	Particulars	STANDALONE				CONSOLIDATED
		Current Three months ended 31/03/2017 (Unaudited)	Preceding Three months ended 31/12/2016 (Unaudited)	Corresponding three months ended in the Previous Year 31/03/2016 (Unaudited)	Year to date figure for current period ended 31/03/2017 (Audited)	Previous Year ended 31/03/2016 (Audited)
1	Income from Operations					
	a) Sales / Income from Operations	1,103.13	1,010.10	1,176.98	4,205.70	4,542.45
	b) Other Operating Income	0.51	1.93	2.77	3.32	11.78
	Total income from operations	1,103.84	1,012.03	1,179.75	4,209.02	4,554.23
2	Expenses					
	a) Cost of Materials consumed	294.61	224.02	268.75	1,004.25	1,369.12
	b) Purchase of stock-in-trade	57.37	43.45	13.49	209.65	73.38
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(4.54)	29.69	147.21	117.12	73.76
	d) Excise Duty	133.61	110.82	117.16	460.92	453.94
	e) Employee benefits expense	81.91	81.47	70.64	313.26	292.58
	f) Depreciation and amortisation expense	25.11	28.16	26.62	108.97	122.31
	g) Power and fuel	170.45	134.98	182.98	613.23	681.07
	h) Packing and carriage	249.64	217.51	202.63	872.75	707.40
	i) Other expenses	155.10	166.69	428.13	626.90	1,185.56
	Total Expenses	1,163.46	1,036.79	1,477.61	4,327.05	4,959.12
3	Profit/(Loss) from operations before other income, finance costs and exceptional items (1-2)	(69.82)	(24.76)	(297.86)	(118.03)	(404.69)
4	Other Income	54.57	24.82	58.16	143.86	117.28
5	Profit/(Loss) from ordinary activities before finance costs and exceptional items (3+4)	(5.25)	0.06	(238.70)	25.83	(287.61)
6	Finance Costs	59.42	68.84	166.77	268.98	677.53
7	Profit/(Loss) from ordinary activities after finance costs but before exceptional items (5-6)	(64.87)	(68.78)	(406.47)	(243.15)	(965.14)
8	Exceptional items (Net)	(12.20)	-	755.35	121.35	755.35
9	Profit/(Loss) from ordinary activities before tax (7+8)	(78.87)	(68.78)	348.88	(121.80)	(209.79)
10	Tax expense					
	a) Current tax charge / (credit) (in respect of earlier year)	(2.36)	-	-	2.33	-
	b) Deferred tax charge / (credit)	-	-	-	-	2.33
11	Net Profit/(Loss) from ordinary activities after tax (9 - 10)	(74.51)	(68.78)	348.88	(124.13)	(230.26)
12	Extraordinary items (net of tax expense Rs. Nil)	-	-	-	-	-
13	Net Profit/(Loss) for the period for continuing operations (11-12)	(74.51)	(68.78)	348.88	(124.13)	(230.26)
14	Profit/(Loss) before tax from discontinuing operations	-	-	(9.96)	-	(34.50)
15	Tax expense of discontinued operations	-	-	-	-	-
16	Profit/(Loss) for the period from discontinuing operations after tax (14-15)	-	-	(9.96)	-	(34.50)
17	Profit on Disposal of Assets and Liabilities of Discontinuing Operations	-	-	381.41	-	381.41
18	Profit/(Loss) for the period from discontinuing operations (16+17)	-	-	371.46	-	348.91
19	Profit/(Loss) for the period (13+18)	(74.51)	(68.78)	720.33	(124.13)	(230.26)



KESORAM INDUSTRIES LIMITED

Regd. Office : 9/1, R. N. Mukherjee Road, Kolkata - 700 001

Statement of financial results for the quarter and year ended 31st March, 2017

(Approved by the Board of Directors on 28th April, 2017 after review thereof by the Audit Committee)

Sl.	Particulars	STANDALONE				CONSOLIDATED	
		Current Three months ended 31/03/2017 (Unaudited)	Preceding Three months ended 31/12/2016 (Unaudited)	Corresponding three months ended in the Previous Year 31/03/2016 (Unaudited)	Year to date figure for current period ended 31/03/2017 (Audited)	Previous Year ended 31/03/2016 (Audited)	Year to date figure for current period ended 31/03/2017 (Audited)
20	Paid-up equity share capital (Face value Rs. 10/-per share)	117.27	117.27	117.27	117.27	117.27	117.27
21	Reserves excluding Revaluation Reserve as per balance sheet of previous accounting year				169.97	278.19	63.68
22	Earnings Per Share (EPS) (Not Annualised) (Face value of Rs. 10/- per share)						
a)	Basic EPS before and after extraordinary items	Rs. (6.35)	(6.11)	61.42	(10.58)	12.49	(19.64)
b)	Diluted EPS before and after extraordinary items	Rs. (6.35)	(6.11)	61.42	(10.58)	12.49	(19.64)



KESORAM INDUSTRIES LIMITED

Regd. Office : 9/1, R. N. Mukherjee Road, Kolkata - 700 001

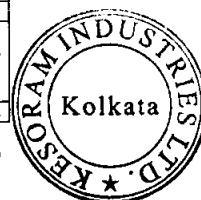
Statement of financial results for the quarter and year ended 31st March, 2017

(Approved by the Board of Directors on 28th April, 2017 after review thereof by the Audit Committee)

Statement of Segment Revenue, Results , Assets, Liabilities and Capital Employed

Rs./Crores

Sl.	Particulars	STANDALONE					CONSOLIDATED
		Current Three months ended 31/03/2017 (Unaudited)	Preceeding Three months ended 31/12/2016 (Unaudited)	Corresponding three months ended in the Previous Year 31/03/2016 (Unaudited)	Year to date figure for current period ended 31/03/2017 (Audited)	Previous Year ended 31/03/2016 (Audited)	Year to date figure for current period ended 31/03/2017 (Audited)
1	Segment Revenue						
a	Tyres	428.18	396.27	537.72	1,727.18	2,140.03	1,727.18
b	Cement	674.95	613.83	639.26	2,468.30	2,402.42	2,468.30
c	Unallocated	-	-	-	10.22	-	-
	Total	1,103.13	1,010.10	1,176.98	4,205.70	4,542.45	4,195.48
	Less: Inter Segment Revenue (at cost) Sales /Income	1,103.13	1,010.10	1,176.98	4,205.70	4,542.45	4,195.48
d	Rayon, T.P. and Chemicals	-	-	86.44	-	322.49	200.97
	Total	1,103.13	1,010.10	1,263.42	4,205.70	4,864.94	4,396.45
2	Segment Results (Profit /(Loss) before tax and interest)						
a	Tyres	(35.70)	(30.92)	(205.08)	(65.98)	(388.77)	(65.98)
b	Cement	5.23	36.49	41.45	100.37	251.02	100.37
c	Unallocated	-	-	(1.65)	-	(4.22)	-
	Total	(30.47)	5.57	(165.28)	34.39	(141.97)	34.39
	Less:						
	i) Interest	58.27	86.69	139.73	257.14	573.27	273.33
	ii) Other un-allocable expenditure	16.79	24.65	107.25	105.94	262.72	104.31
	iii) Other un-allocable income	28.66	16.99	1,142.55	206.89	1,149.58	163.25
	Other un-allocable expenditure net of other un-allocable income[(ii)-(iii)]	(11.87)	7.66	(1,035.30)	(100.95)	(886.86)	(58.94)
	Total Profit/(Loss) before tax	(76.87)	(68.78)	730.29	(121.80)	171.62	(180.00)
d	Rayon, T.P. and Chemicals	-	-	(9.96)	-	(34.50)	(47.93)
	Total Profit/(Loss) before tax	(76.87)	(68.78)	720.33	(121.80)	137.12	(227.93)
3	Segment Assets						
a	Tyres	1,684.72	1,594.31	1,594.92	1,684.72	1,594.92	1,684.72
b	Cement	1,786.85	1,785.11	1,754.08	1,786.85	1,754.08	1,786.85
c	Unallocated	-	-	-	-	-	-
	Total	3,471.57	3,379.42	3,349.00	3,471.57	3,349.00	3,471.57
d	Rayon, T.P. and Chemicals	-	-	-	-	-	566.08
	Total	3,471.57	3,379.42	3,349.00	3,471.57	3,349.00	4,037.65
4	Segment Liabilities						
a	Tyres	525.05	645.31	572.20	525.05	572.20	525.05
b	Cement	351.53	406.03	352.99	351.53	352.99	351.53
c	Unallocated	-	-	-	-	-	-
	Total	876.58	1,051.34	925.19	876.58	925.19	876.58
d	Rayon, T.P. and Chemicals	-	-	-	-	-	87.63
	Total	876.58	1,051.34	925.19	876.58	925.19	964.21
5	Capital Employed (Segment Assets-Segment Liabilities)						
a	Tyres	1,159.67	949.00	1,022.72	1,159.67	1,022.72	1,159.67
b	Cement	1,435.32	1,379.08	1,401.09	1,435.32	1,401.09	1,435.32
c	Unallocated	-	-	-	-	-	-
	Total	2,594.99	2,328.08	2,423.81	2,594.99	2,423.81	2,594.99
d	Rayon, T.P. and Chemicals	-	-	-	-	-	478.45
	Total	2,594.99	2,328.08	2,423.81	2,594.99	2,423.81	3,073.44



KESORAM INDUSTRIES LIMITED

Regd. Office : 9/1, R. N. Mukherjee Road, Kolkata - 700 001

Statement of financial results for the quarter and year ended 31st March, 2017

(Approved by the Board of Directors on 28th April, 2017 after review thereof by the Audit Committee)

1 Statement of Assets & Liabilities

Rs./Crore

Particulars	STANDALONE		CONSOLIDATED
	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017
	(Audited)	(Audited)	(Audited)
(1) SHAREHOLDER'S FUNDS			
(a) Share Capital	124.77	124.77	124.77
(b) Reserves and Surplus	170.10	278.32	63.81
	294.87	403.09	188.58
(2) NON-CURRENT LIABILITIES			
(a) Long-term borrowings	2,437.92	3,444.09	2,437.92
(b) Deferred tax liabilities (Net)	-	-	-
	2,437.92	3,444.09	2,437.92
(3) CURRENT LIABILITIES			
(a) Short-term borrowings	1,010.70	1,259.51	1,041.22
(b) Trade payables	568.54	583.10	583.60
(c) Other current liabilities	263.54	866.73	295.24
(d) Short-term provisions	91.31	81.34	101.64
	1,934.09	2,790.68	2,021.70
TOTAL	4,666.88	6,637.86	4,648.20
(1) NON-CURRENT ASSETS			
(a) Fixed assets			
(i) Tangible assets	1,418.66	1,392.37	1,870.95
(ii) Intangible assets	11.45	9.49	14.80
(iii) Capital work-in-progress	711.53	555.89	729.33
	2,141.64	1,957.75	2,615.08
(b) Non-current Investments	35.32	5.57	5.27
(c) Long term loans and advances	425.36	294.72	428.27
(d) Other non-current assets	68.56	87.07	68.62
(2) CURRENT ASSETS			
(a) Current Investments	-	700.05	-
(b) Inventories	418.72	555.61	467.18
(c) Trade Receivables	500.67	545.28	534.90
(d) Cash and Bank Balances	176.70	443.50	177.76
(e) Short-term Loans and advances	865.60	2,016.57	316.82
(f) Other current assets	34.31	31.74	34.30
	1,996.00	4,292.75	1,530.96
TOTAL	4,666.88	6,637.86	4,648.20



KESORAM INDUSTRIES LIMITED

Regd. Office : 9/1, R. N. Mukherjee Road, Kolkata - 700 001

Statement of financial results for the quarter and year ended 31st March, 2017

(Approved by the Board of Directors on 28th April, 2017 after review thereof by the Audit Committee)

- 2 The Company, based upon legal advice, is of the view that the provisions of The Companies (Indian accounting Standard) Rules, 2015,are applicable to it only from 1st April, 2017. Consequently, these financials statements have been prepared in accordance with the applicable Accounting Standards prescribed under section 133 of the Companies Act,2013 read with Rule 7 of the Companies (Accounts) Rules,2014.
- 3 In terms of clarification given by Securities Exchange Board of India (SEBI) on 20th September, 2016 and the circular dated 6th April, 2016 by Ministry of Corporate Affairs "Income from Operations" has been disclosed inclusive of excise duty .
- 4 The results for the quarter ended 31st March, 2017 are derived by subtracting the results for the nine months ended 31st December , 2016 from the audited results for the year ended 31st March, 2017.
- 5 Previous period's figures have been regrouped or rearranged where considered necessary.
- 6 As the Consolidated Financial Statements have been prepared for the first time for the year ended 31st March 2017, no figures for previous year are applicable.

By Order of the Board



Tridib Kumar Das

Whole-time Director and
Chief Financial Officer

Place: Kolkata
Date: 28th April, 2017

CIN : L17119WB1919PLC003429 | Phone : 033 2243 5453, 2242 9454, 2248 0764, 2213 0441 | Fax : 033 2210 9455
Email: corporate@kesoram.net | Website : www.kesocorp.com

Price Waterhouse

Chartered Accountants

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KESORAM INDUSTRIES LIMITED

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Kesoram Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

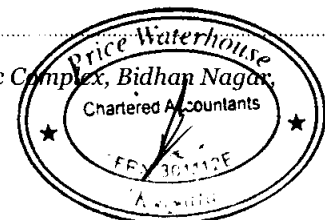
2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company 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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes

Price Waterhouse, Plot No. Y 14, Block EP, Sector V, Salt Lake Electronic Complex, Bidhan Nagar, Kolkata - 700 091

T: +91 (33) 2357 9260, +91 (33) 2357 7600, F: +91 (33) 2357 7496



Price Waterhouse

Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of Kesoram Industries Limited

Report on the Standalone Financial Statements

Page 2 of 3

evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

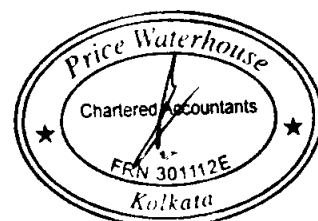
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143 (3) of the Act, we report 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.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.



Price Waterhouse

Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of Kesoram Industries Limited

Report on the Standalone Financial Statements

Page 3 of 3

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

(g) With respect to the other matters to be included in the Auditors' Report in accordance with

Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

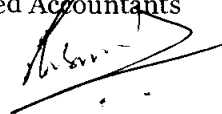
i The Company has disclosed the impact, if any, of pending litigations as at March 31, 2017 on its financial position in its standalone financial statements – Refer Note 31;

ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2017;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017;

iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 50

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants



Prabal Kr. Sarkar
Partner
Membership Number 52340

Kolkata
April 28, 2017

2

Price Waterhouse

Chartered Accountants

Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Kesoram Industries Limited on the standalone financial statements for the year ended March 31, 2017

Page 1 of 3

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

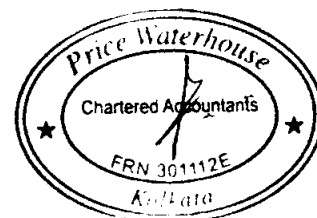
1. We have audited the internal financial controls over financial reporting of Kesoram Industries Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company 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 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 Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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.
4. 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



Price Waterhouse

Chartered Accountants

Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Kesoram Industries Limited on the standalone financial statements for the year ended March 31, 2017

Page 2 of 3

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.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. 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

7. 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.



Price Waterhouse

Chartered Accountants

Annexure A to Independent Auditors' Report

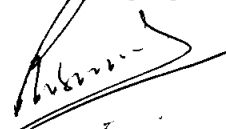
Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Kesoram Industries Limited on the standalone financial statements for the year ended March 31, 2017

Page 3 of 3

Opinion

8. In our opinion, the Company has, 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 March 31, 2017, based on the internal control over financial reporting criteria established by the Company 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.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants



Prabal Kr. Sarkar
Partner
Membership Number 52340

Kolkata
April 28, 2017



Price Waterhouse

Chartered Accountants

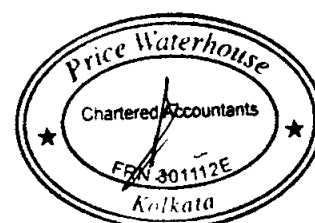
Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Kesoram Industries Limited on the standalone financial statements as of and for the year ended March 31, 2017

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of immovable properties, as disclosed in Note 11 on fixed assets to the financial statements, are held in the name of the Company, except for

Total number of cases	Whether leasehold / freehold	Gross block (Rs In Crore)	Net block (Rs In Crore)	Remarks
1	Freehold Land	14.65	14.65	

- ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of accounts.
- iii. The Company has granted unsecured loans, to two companies covered in the register maintained under Section 189 of the Act. The Company has not granted any secured / unsecured loans to firms / Limited Liability Partnerships/Other parties covered in the register maintained under Section 189 of the Act.
- (a) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest except for one loan aggregating Rs. 6.79 Crore as at March 31, 2017, with a maximum amount of Rs. 6.79 Crore outstanding during the year, which was granted without specifying any repayment terms, and is therefore in our opinion prejudicial to the Company's interests.
- (b) In respect of the aforesaid loans, except for an amount aggregating Rs 6.79 Crore outstanding towards principal and which is fully provided for, the other loan amounting to Rs 557.80 Crore is repayable on demand. However, the party is regular in payment of interest as applicable.
- (c) In respect of the aforesaid loans, except for an amount aggregating Rs 6.79 Crore which is already provided for, there is no amount which is overdue for more than ninety days.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.



Price Waterhouse

Chartered Accountants

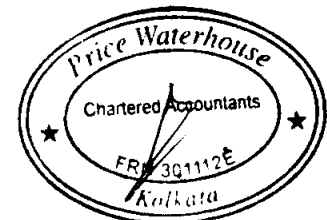
Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Kesoram Industries Limited on the standalone financial statements for the year ended March 31, 2017

Page 2 of 11

- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of service tax and value added tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, sales tax, income tax, duty of customs, duty of excise, cess and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax and duty of customs which have not been deposited on account of any dispute. The particulars of dues of sales tax, service tax, duty of excise and value added tax as at March 31, 2017 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.in Crore)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Central Excise	2.83	2000-01, 2001-02, 2005-06, 2006-07, 2007-08, 2009-10, 2010-11, 2014-15	Additional Commissioner
Central Excise Act, 1944	Central Excise	4.63	1993-94, 1993-94, 1994-95, 1994-98, 1995-96, 1995-96, 1996-97, 1997-98, 1997-99, 1998-99, 1999-00, 1998-99, 1999-00, 1999-10, 2000-01, 2001-02, 2001-02, 2002-03, 2003-04, 2004-05, 2004-05 to 2005-06, 2006-07	Assistant Commissioner
Central Excise Act, 1944	Central Excise	1.72	1974-75 to 1997-98, 1994-95, 1997-98 to 1998-99, 1998-99, 1999-00, 2004-05, 2005-06 to 2009-10	CESTAT



Price Waterhouse

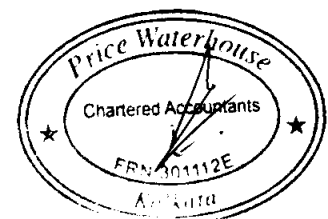
Chartered Accountants

Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Kesoram Industries Limited on the standalone financial statements for the year ended March 31, 2017

Page 3 of 11

Name of the statute	Nature of dues	Amount (Rs.in Crore)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Central Excise	37.05	1985-90, 1988-89, 1994-95, 1995 - 1996, 1996 -97, 1997-98, 1998-99, 1999-00, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 , 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2013-14 and 2015-16	Commissioner
Central Excise Act, 1944	Central Excise	2.86	1994-95, 1995-96, 2002-03, 2003-04 , 2004-05, 2005-06 , 2007-08, 2009-10 , 2010-11, 2011-12, 2013-14, 2014-15, 2015-16	Commissioner (Appeals)
Central Excise Act, 1944	Central Excise	171.14	1992-93, 1993-97, 1999-2000, 1999-2003, 2000-2004, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2006-08, 2007-08 2008-09, 2009-10, 2010-11 2011-12, 2012-13	Customs, Excise & Service Tax Appellate Tribunal
Central Excise Act, 1944	Central Excise	0.03	1994-95, 2004-05, 2010-11	Deputy Commissioner
Central Excise Act, 1944	Central Excise	0.86	1994-95, 2005-06, 2008-09	High Court
Central Excise Act, 1944	Central Excise	0.20	1987-88, 1994-95, 1995-96, 2007-08	Joint Commissioner
Central Excise Act, 1944	Central Excise	0.03	1979-81	Superintendent of Central Excise



28

Price Waterhouse

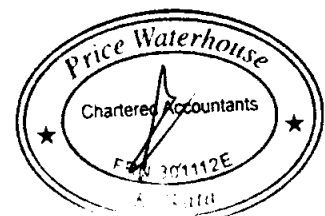
Chartered Accountants

Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Kesoram Industries Limited on the standalone financial statements for the year ended March 31, 2017

Page 4 of 11

Name of the statute	Nature of dues	Amount (Rs.in Crore)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Central Excise	2.09	1980-81, 1982-83, 1992-93, 1995-96, 1996-97, 1997-98, 1998-99, 1999-00, 2001-02, 2002-03, 2004-05, 2005-06, 2009-10, 2011-12, 2013-14, 2014-15, 2015-16	Superintendent, Central Excise and Customs
Central Excise Act, 1944	Central Excise	0.03	2005-06	Supreme Court
Finance Act, 1994	Service Tax	0.45	2006-07, 2007-08, 2008-09	Additional Commissioner
Finance Act, 1994	Service Tax	0.72	2004-05, 2005-06, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14	Assistant Commissioner
Finance Act, 1994	Service Tax	22.81	2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13	Commissioner
Finance Act, 1994	Service Tax	1.06	2002-03, 2003-04, 2004-05, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2011-12, 2012-13	Commissioner (Appeals)
Finance Act, 1994	Service Tax	0.04	2009-10	Deputy Commissioner
Andha Pradesh General Sales Tax Act, 1957	Sales Tax	0.18	2001-02	High Court



Price Waterhouse

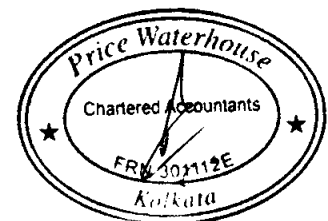
Chartered Accountants

Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Kesoram Industries Limited on the standalone financial statements for the year ended March 31, 2017

Page 5 of 11

Name of the statute	Nature of dues	Amount (Rs.in Crore)	Period to which the amount relates	Forum where the dispute is pending
Andha Pradesh General Sales Tax Act, 1957	Sales Tax	0.11	2003-04	Tribunal
Andhra Pradesh VAT Act	Sales Tax	0.18	2008-09	Assistant Commissioner
Andhra Pradesh VAT Act	Sales Tax	0.26	2006-07, 2007-08	Sales Tax Appellate Tribunal
Andhra Pradesh VAT Act	Sales Tax	0.10	2007-08	Tribunal
Bengal Finance Sales Tax Act, 1941	Sales Tax	0.04	1995-96	Revisional Board
Bombay Sales Tax Act	Sales Tax	0.32	2003-04, 2004-05	Deputy Commissioner of Sales Tax (Appeals), Amravati Division
Central Sales Tax Act, 1956	Sales Tax	0.28	1997-98, 1999-00, 1996-97, 1998-99, 2005-06	Additional Commissioner
Central Sales Tax Act, 1956	Sales Tax	0.75	2003-04, 1995-96	Appellate & Revisional Board
Central Sales Tax Act, 1956	Sales Tax	0.23	2003-04	CTO, Karimnagar
Central Sales Tax Act, 1956	Sales Tax	0.07	2004-05, 2012-13	Deputy Commissioner



Price Waterhouse

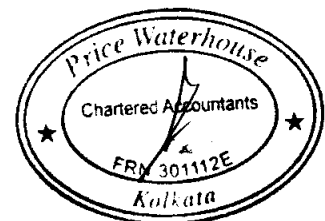
Chartered Accountants

Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Kesoram Industries Limited on the standalone financial statements for the year ended March 31, 2017

Page 6 of 11

Name of the statute	Nature of dues	Amount (Rs.in Crore)	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax Act, 1956	Sales Tax	15.25	2003-04, 2009-10	High Court
Central Sales Tax Act, 1956	Sales Tax	1.20	2011-12	JCCT
Central Sales Tax Act, 1956	Sales Tax	2.34	2014-15	Joint Commissioner
Central Sales Tax Act, 1956	Sales Tax	0.06	2010-11	Joint Commissioner of Commercial Taxes (Appeals).
Central Sales Tax Act, 1956	Sales Tax	0.10	2011-12, 2012-13, 2013-14	Joint Commissioner (Appeals)
Central Sales Tax Act, 1956	Sales Tax	1.32	1991-92, 1995-96, 1997-98, 2001-02, 2004-05, 2011-12	Karnataka Sales Tax Appellate Tribunal
Central Sales Tax Act, 1956	Sales Tax	0.28	1998-99, 2008-09, 2010-11	Revisional Board
Central Sales Tax Act, 1956	Sales Tax	0.05	1995-96, 1997-98	Sales Tax Tribunal
Central Sales Tax Act, 1956	Sales Tax	2.23	2003-04	Supreme Court
Central Sales Tax Act, 1956	Sales Tax	8.05	1994-95, 1999-00, 2002-03, 2004-05, 2007-08, 2008-09, 2009-10, 2010-11	Tribunal



Price Waterhouse

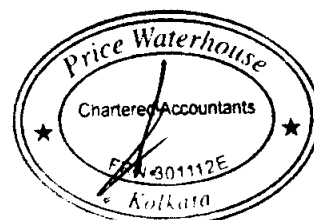
Chartered Accountants

Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Kesoram Industries Limited on the standalone financial statements for the year ended March 31, 2017

Page 7 of 11

Name of the statute	Nature of dues	Amount (Rs.in Crore)	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax Act, 1956	Sales Tax	0.52	2006-07	Tribunal & High Court
Central Sales Tax Act, 1956	Sales Tax	6.76	2004-05, 2005-06, 2006-07, 2007-08, 2008-09	WB Appellate & Revisional Board
Central Sales Tax Act, 1956	Sales Tax	0.05	2013-14	Senior Joint Commissioner, Corporate
Central Sales Tax Act, 1956	Sales Tax	0.04	2009-10	West Bengal Appellate & Revisional Board
CST demanded under UP Trade Act, 1948	Sales Tax	0.01	2005-06, 2006-07	Addition Commissioner (Appeals)
Delhi Sales Act, 1975	Sales Tax	0.42	1999-00	Assessing Authority
Jharkhand Vat, 2005	Sales Tax	0.73	2010-11, 2012-13	Commissioner of Commercial Taxes, Ranchi
Jharkhand Vat, 2005	Sales Tax	0.06	2011-12	Dy. Commissioner of Sales Tax, Dumka, Jharkhand
Jharkhand Vat, 2005	Sales Tax	0.13	2011-12, 2012-13	Joint Commissioner (Appeals)
Jharkhand Vat, 2005	Sales Tax	0.14	2010-11	Tribunal



Price Waterhouse

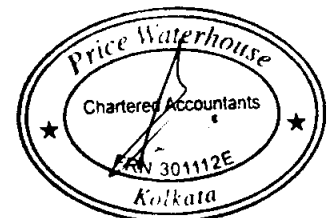
Chartered Accountants

Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Kesoram Industries Limited on the standalone financial statements for the year ended March 31, 2017

Page 8 of 11

Name of the statute	Nature of dues	Amount (Rs.in Crore)	Period to which the amount relates	Forum where the dispute is pending
Maharashtra Value Added Tax Act 2002	Sales Tax	0.03	2012-13	Commissioner of Sales Tax, Solapur
Odisha Value Added Tax Act, 2004	Sales Tax	8.12	2010-11	Addition Commissioner (Appeals)
Odisha Value Added Tax Act, 2004	Sales Tax	1.01	2005-06, 2006-07, 2007-08	Additional Commissioner
Odisha Value Added Tax Act, 2004	Sales Tax	0.69	2008-09	CTC TRIBUNAL
Odisha Value Added Tax Act, 2004	Sales Tax	3.34	2011-12	JCCT
Odisha Value Added Tax Act, 2004	Sales Tax	5.26	2009-10	Sales Tax Tribunal
Rajasthan VAT act, 2003	Sales Tax	0.01	2013-14	Assistant Commissioner Officer Pali
Tamil Nadu General Sales Tax Act, 1959	Sales Tax	0.18	1999-00	Chennai High Court
UP Trade Tax Act, 1948	Sales Tax	0.07	2006-07	Addition Commissioner (Appeals)



Price Waterhouse

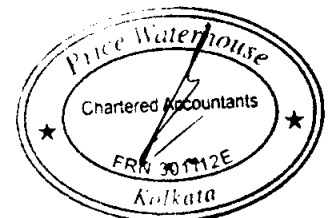
Chartered Accountants

Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Kesoram Industries Limited on the standalone financial statements for the year ended March 31, 2017

Page 9 of 11

Name of the statute	Nature of dues	Amount (Rs.in Crore)	Period to which the amount relates	Forum where the dispute is pending
UP VAT	Sales Tax	0.43	2010-11, 2011-12	Addition Commissioner (Appeals)
Uttarakhand VAT Act, 2005	Sales Tax	0.17	2013-14	High Court
W.B VAT ACT,2003	Sales Tax	11.56	2007-08 , 2008-09 , 2009-10 , 2010-11	Revisional Board
W.B VAT ACT,2003	Sales Tax	4.60	2005-06, 2008-09	WB Appellate & Revisional Board
W.B VAT ACT,2003	Sales Tax	4.76	2010-11	WB Revisional Board
W.B VAT ACT,2003	Sales Tax	0.78	2009-10	West Bengal Appellate & Revisional Board
W.B VAT ACT,2003	Sales Tax	0.15	2006-07	West Bengal Taxation Tribunal
WB Sales Tax Act,1994	Sales Tax	0.04	1999-00	Additional Commissioner, Sales Tax
WB Sales Tax Act,1994	Sales Tax	0.25	1995-96, 1997-98, 2001-02	Deputy Commissioner
WB Sales Tax Act,1994	Sales Tax	0.24	2004-05	Sr. Jt. Commissioner (Appellate Authority)
WB Sales Tax Act,1994	Sales Tax	1.06	1995-96	WB Appellate & Revisional Board
WB Sales Tax Act,1994	Sales Tax	0.13	1998-99	West Bengal Taxation Tribunal



Price Waterhouse

Chartered Accountants

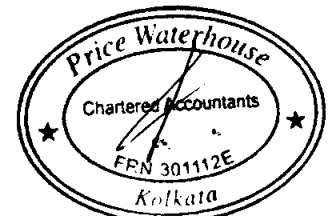
Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Kesoram Industries Limited on the standalone financial statements for the year ended March 31, 2017

Page 10 of 11

Name of the statute	Nature of dues	Amount (Rs.in Crore)	Period to which the amount relates	Forum where the dispute is pending
WB VAT Act, 2003	Sales Tax	1.32	2003-04, 2004-05, 2006-07, 2007-08	Appellate & Revisional Board
WB VAT Act, 2003	Sales Tax	0.02	1987-88	Assessing Authority (matter remanded by Board)

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. In our opinion, and according to the information and explanations given to us, the moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans have been applied for the purposes for which they were obtained.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company had made a preferential allotment/ private placement of shares during the previous year under review, in compliance with the requirements of Section 42 of the Act. The amounts raised have been used for the purpose for which funds were raised as described below:



if

Price Waterhouse

Chartered Accountants

Annexure B to Independent Auditors' Report

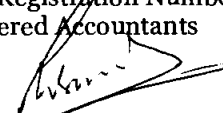
Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Kesoram Industries Limited on the standalone financial statements for the year ended March 31, 2017

Page 11 of 11

Nature of securities viz. Equity share / Preference shares / Convertible Debenture	Purpose for which funds raised	Total Amount Raised / opening unutilized balance (Rs in Crore)	Amount utilized for the other purpose (Rs in Crore)	Un-utilized balance as at Balance sheet date (Rs in Crore)
Equity share / Preference shares	General corporate purposes	180	-	-

- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants


Prabal Kr. Sarkar
Partner
Membership Number 52340

Kolkata
April 28, 2017

2

Price Waterhouse

Chartered Accountants

To the Members of Kesoram Industries Limited

Report on the Consolidated Financial Statements

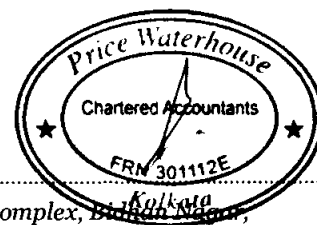
1. We have audited the accompanying consolidated financial statements of Kesoram Industries Limited (“hereinafter referred to as the Holding Company”) and its subsidiary (the Holding Company and its subsidiary together referred to as “the Group”) company (refer Note 2.2(vi) to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as “the Consolidated Financial Statements”).

Management’s Responsibility for the Consolidated Financial Statements

2. The Holding Company’s Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as “the Act”) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. The Holding Company’s Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of Consolidated Financial Statements. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group respectively and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the 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 has been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors’ Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.



Price Waterhouse, Plot No. Y 14, Block EP, Sector V, Salt Lake Electronic Complex, Bidhan Nagar, Kolkata - 700 091

T: +91 (33) 2357 9260, +91 (33) 2357 7600, F: +91 (33) 2357 7496

Price Waterhouse

Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of Kesoram Industries Limited

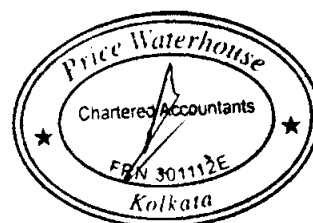
Report on the Consolidated Financial Statements

Page 2 of 4

4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
6. 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 sub-paragraph 8 of the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2017 and their consolidated loss and their consolidated cash flows for the year ended on that date.



Price Waterhouse

Chartered Accountants

INDEPENDENT AUDITORS' REPORT

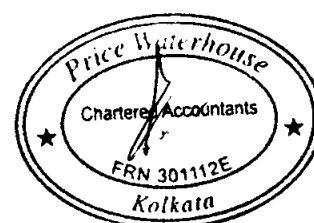
To the Members of Kesoram Industries Limited
Report on the Consolidated Financial Statements
Page 3 of 4

Other Matter

8. We did not audit the financial statement of the subsidiary whose financial statement reflect total assets of Rs 566.08 Crores and net assets of Rs (79.36) Crores as at March 31, 2017, total revenue of Rs. 180.05 Crores, net loss of Rs 109.25 Crores and net cash flows amounting to Rs 24.76 Crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiary company and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiary company is based solely on the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

9. As required by Section 143(3) of the Act, 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 maintained by the Holding Company and its subsidiary included in the Group including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company and its subsidiary included in the Group including relevant records relating to the preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its subsidiary company, none of the directors of the Group companies is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.



Price Waterhouse

Chartered Accountants

INDEPENDENT AUDITORS' REPORT
To the Members of Kesoram Industries Limited
Report on the Consolidated Financial Statements
Page 4 of 4

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

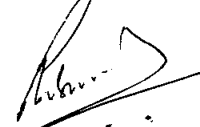
(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact, if any, of pending litigations as at March 31, 2017 on the consolidated financial position of the Group— Refer Note 31 to the consolidated financial statements.

ii. The Group did not have any long-term contracts including derivative contracts as at March 31, 2017.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company during the year ended March 31, 2017.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants



Prabal Kr. Sarkar
Partner
Membership Number 52340

Kolkata
April 28, 2017

2.

Price Waterhouse

Chartered Accountants

Annexure A to Independent Auditors' Report

Referred to in paragraph 9 (f) of the Independent Auditors' Report of even date to the members of Kesoram Industries Limited on the consolidated financial statements for the year ended March 31, 2017

Page 1 of 3

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

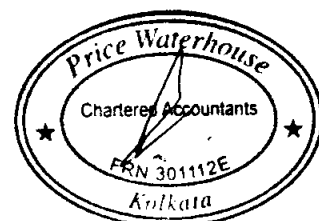
1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Kesoram Industries Limited (hereinafter referred to as "the Holding Company") and its subsidiary company which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company and its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company 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 Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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 ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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.



Price Waterhouse

Chartered Accountants

Annexure A to Independent Auditors' Report

Referred to in paragraph 9 (f) of the Independent Auditors' Report of even date to the members of Kesoram Industries Limited on the consolidated financial statements for the year ended March 31, 2017

Page 3 of 3

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

8. In our opinion, the Holding Company and its subsidiary company 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 March 31, 2017, based on the internal control over financial reporting criteria established by the Company 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.

Other Matters

9. Our aforesaid reports 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 one subsidiary company, which is incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India. Our opinion is not qualified in respect of this matter.

Kolkata
April 28, 2017

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants



Prabal Kr. Sarkar
Partner
Membership Number 52340

2

PRESS RELEASE

Kolkata, 28th April, 2017

KESORAM ANNUAL OPERATING PROFIT RISES TO RS 135 CRORES

Kesoram Industries Limited (Kesoram) has reported a positive Earnings Before Interest, Depreciation, Taxation and other Amortisations (EBIDTA) of Rs 135 crores during 2016-17 as against a negative EBIDTA of Rs 165 crores in the previous year.

Total Revenue for the year on a standalone basis was Rs. 4353 crores as compared to Rs. 4671 crores in the previous year. Finance Costs have declined from Rs 678 crores in 2015-16 to Rs 269 crores in 2016-17.

Items	2016-17	2015-16
	(Rs in crores)	
Total Revenue	4353	4671
Operating Profit (EBIDTA)	135	(165)
Finance Cost	269	678
Business Segments:		
Cement – Sales	2468	2402
Cement – EBIDTA	181	336
Tyres – Sales	1727	2140
Tyres – EBIDTA	(40)	(358)

Sale volumes and net sales realisations of the Cement Business came under stress during the year owing to subdued demand in the areas serviced by the *Birla Shakti Cement* brand. Capacity additions in the area added pressure on price realisations. Increase in input costs during the year also impacted margins even though the Business made measured advances in value engineering of cement inputs.

The Tyre Business, during the year, realigned manufacturing capabilities post-disposal of its Uttarakhand manufacturing facility. Despite unavailability of production from the Uttarakhand facility during the year, *Birla Tyres* maintained its presence in the market, on the back of renewed emphasis on quality together with development of market-oriented products. A complete range of tubeless tyres for two and three wheelers, a premium range of bias tyres for the commercial vehicle segment, christened *Platina*, and an entirely new range of commercial vehicle radial tyres were put into the market. Steep increases in prices of major inputs during the second half of the year, however, impacted business consolidation.

To strengthen backward integration and raise long-term resource security, the Cement Business is investing in enhancing limestone availability. Product offerings are being re-engineered that would afford enhanced thrust to blended cement, over Ordinary Portland Cement (OPC). The Business expects prices to firm up during the current year, buoyed by increased infrastructure development.

The Tyre Business is increasing customer centricity, expanding network and upgrading the supply chain experience. It is further aiming at increasing market presence in two- and three-wheelers, off-the-road vehicles, tractors, bias as well as radial tyres for commercial vehicles.