



Detailed Note on the Scheme covering Business and Financial aspects of Scheme including the share entitlement to the shareholders.

CONSIDERATION

1. Upon the effectiveness of Part II of this Scheme and in consideration of the amalgamation of the Transferor Company with the Transferee Company, including the transfer and vesting of the assets and liabilities of the Transferor Company in the Transferee Company pursuant to provisions of this Scheme, the Transferee Company shall, without any further act or deed, issue and allot to each member of the Transferor Company, whose name is recorded in the register of members and the records of the depository as members of the Transferor Company on the Record Date 1, 15 (fifteen) equity shares of Rs. 2 (Indian Rupees Two) each of the Transferee Company credited as fully paid up for every 10 (ten) equity shares of Rs. 10 (Indian Rupees Ten) each held by such shareholder ("New Equity Shares"). No shares shall be issued by the Transferee Company in respect of the shares held by the Transferee Company in the Transferor Company.
The ratio in which the New Equity Shares of the Transferee Company are to be issued and allotted to the shareholders of the Transferor Company pursuant to Part II of this Scheme is referred to as the "Share Exchange Ratio".
2. The New Equity Shares to be issued and allotted as provided in Clause 7.1 above shall be subject to the provisions of the Memorandum and Articles of Association of the Transferee Company and shall rank *pari-passu* in all respects with the then existing equity shares of the Transferee Company after the Record Date 1 including with respect to dividend, bonus entitlement, rights' shares' entitlement, voting rights and other corporate benefits.
3. The Transferee Company shall apply for listing of the New Equity Shares on the Stock Exchanges in terms of the SEBI Circular and Applicable Laws. The New Equity Shares shall be listed and/or admitted to trading on the Stock Exchanges in India where the equity shares of the Transferee Company are listed and admitted to trading, as per the Applicable Law. The Transferee Company shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with Applicable Law for complying with the formalities of the Stock Exchanges. The New Equity Shares allotted pursuant to this Scheme shall remain frozen in the depository system till listing/trading permission is given by the designated Stock Exchange.
4. In case any shareholder's holding in the Transferor Company is such that the shareholder becomes entitled to a fraction of an equity share of the Transferee Company, the Transferee Company shall not issue any fractional shares to such shareholder but shall consolidate such fractions, and issue and allot consolidated equity shares *in lieu* thereof directly to a trustee nominated by the Transferee Company in that behalf, who shall sell such shares in the market at such price or prices and on such time or times as the trustee may in its sole discretion decide and on such sale, shall pay to the Transferee Company, the net sale proceeds (after deduction of applicable taxes and other expenses incurred), whereupon the Transferee

Grasim Industries Limited
Aditya Birla Centre, 'A' wing, 2nd Floor, S.K. Ahire Marg, Worli, Mumbai 400 030, India
T: +91 22 6652 5000 / 2499 5000 | F: +91 22 6652 5114 / 2499 5114
E: grasimcd@adityabirla.com | W: www.grasim.com | CIN: L17124MP1947PLC000410

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Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Transferor Company in proportion to their respective fractional entitlements.

5. Upon the effectiveness of Part II of this Scheme, equity shares held by the Transferee Company in the Transferor Company shall be cancelled pursuant to this Scheme.
6. Unless otherwise determined by the Board of the Transferee Company, the allotment of New Equity Shares in terms of Clause 7.1 shall be done within the prescribed statutory period from the Effective Date 1.
7. The New Equity Shares issued and/ or allotted pursuant to Clause 7.1, in respect of the equity shares of the Transferor Company which are held in abeyance under the provisions of Section 126 of the Act shall, pending settlement of dispute by order of court or otherwise, be held in abeyance by the Transferee Company.
8. The New Equity Shares issued pursuant to Clause 7.1, which the Transferee Company is unable to allot due to Applicable Laws (including, without limitation, the non receipt of approvals of an Appropriate Authority as required under Applicable Law) or any regulations or otherwise shall, pending allotment, be held in abeyance by Transferee Company and shall be dealt with in the manner as may be permissible under the Applicable Law and deemed fit by the Board of the Transferee Company including to enable allotment and sale of such New Equity Shares to a trustee as mentioned in Clause 7.4 above and thereafter make distributions of the net sales proceeds in lieu thereof (after the deduction of taxes and expenses incurred) to the eligible shareholders of the Transferor Company, in proportion to their entitlements, as per the process prescribed in Clause 7.4. If the above cannot be effected for any reason, the Transferee Company shall ensure that this does not delay implementation of the Scheme; and shall, take all such appropriate actions as may be necessary under Applicable Laws. The Transferee Company and / or the Depository shall execute such further documents and take such further actions as may be necessary or appropriate in this regard to enable actions contemplated therein.
9. In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Transferor Company, the Board of the Transferee Company at its sole discretion, shall be empowered in appropriate cases, prior to or even after the Record Date 1, as the case may be, to effectuate such a transfer in the Transferor Company as if such changes in registered holder were operative as on the Effective Date 1 in order to remove any difficulties in relation to the new shares after the Part II of this Scheme becomes effective and the Board of the Transferee Company shall be empowered to remove such difficulties as may arise in the course of implementation of the Scheme and registration of new shareholders in the Transferee Company on account of difficulties faced in the transition period.
10. In the event that the Parties restructure their equity share capital by way of share split/ consolidation/ issue of bonus shares during the pendency of the Scheme, the Share Exchange Ratio and the stock options, restricted stock units and / or share appreciation rights as per





Clause 5.4, shall be adjusted accordingly to take into account the effect of any such corporate actions.

11. The issue and allotment of the New Equity Shares to the shareholders of the Transferor Company as provided in this Scheme, is an integral part thereof and shall be deemed to have been carried out without requiring any further act on the part of the Transferee Company or its shareholders and as if the procedure laid down under Section 62 of the Act and any other applicable provisions of the Act, as may be applicable, and such other statutes and regulations as may be applicable were duly complied with.
12. Upon the effectiveness of Part II of this Scheme and upon the New Equity Shares being issued and allotted as provided in this Scheme, the equity shares of the Transferor Company, both in dematerialized form and in physical form, shall be deemed to have been automatically cancelled and be of no effect on and from the Record Date 1. Wherever applicable, the Transferee Company may, instead of requiring the surrender of the share certificates of the Transferor Company, directly issue and dispatch the new share certificates of the Transferee Company.
13. The New Equity Shares shall be issued in dematerialized form to those equity shareholders who hold shares of the Transferor Company in dematerialized form, provided all details relating to their accounts with the depository participants are available with the Transferee Company. All those equity shareholders who hold equity shares of the Transferor Company in physical form, shall be issued New Equity Shares in physical or electronic form, at the option of such shareholders to be exercised by them on or before the Record Date 1, by giving a notice in writing to the Transferee Company; and if such option is not exercised by such shareholders, the New Equity Shares shall be issued to them in physical form.
14. The New Equity Shares to be issued *in lieu* of the shares of the Transferor Company held in the unclaimed suspense account shall be issued to the unclaimed suspense account created for shareholders of the Transferee Company.

FOR GRASIM INDUSTRIES LIMITED

HUTOKSHI WADIA
COMPANY SECRETARY



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Description and Rationale for the Scheme

1. The Scheme provides for, inter alia,
 - (i) the amalgamation of ABNL with Grasim;
 - (ii) cancellation of the equity shares held by Grasim in ABNL;
 - (iii) issuance of equity shares by Grasim to the equity shareholders of ABNL;
 - (iv) dissolution without winding up of ABNL;
 - (v) merger of the authorised share capital of ABNL with the authorised share capital of Grasim;
 - (vi) alteration of the object clause of the Memorandum of Association of Grasim;
 - (vii) demerger of the Demerged Undertaking of Grasim and transfer of the same to ABFSL subject to satisfactory fulfilment of the amalgamation of ABNL with Grasim becoming effective;
 - (viii) issuance of equity shares by ABFSL to the equity shareholders of Grasim;
 - (ix) listing of the equity shares of ABFSL on BSE and NSE; and
 - (x) various other matters consequential to or otherwise integrally connected with the above.

The proposal is to be implemented in terms of the Scheme under Sections 230 - 232 of the Act.

The expected resulting structure, expected shareholding pattern, swap and entitlement ratio are as under:



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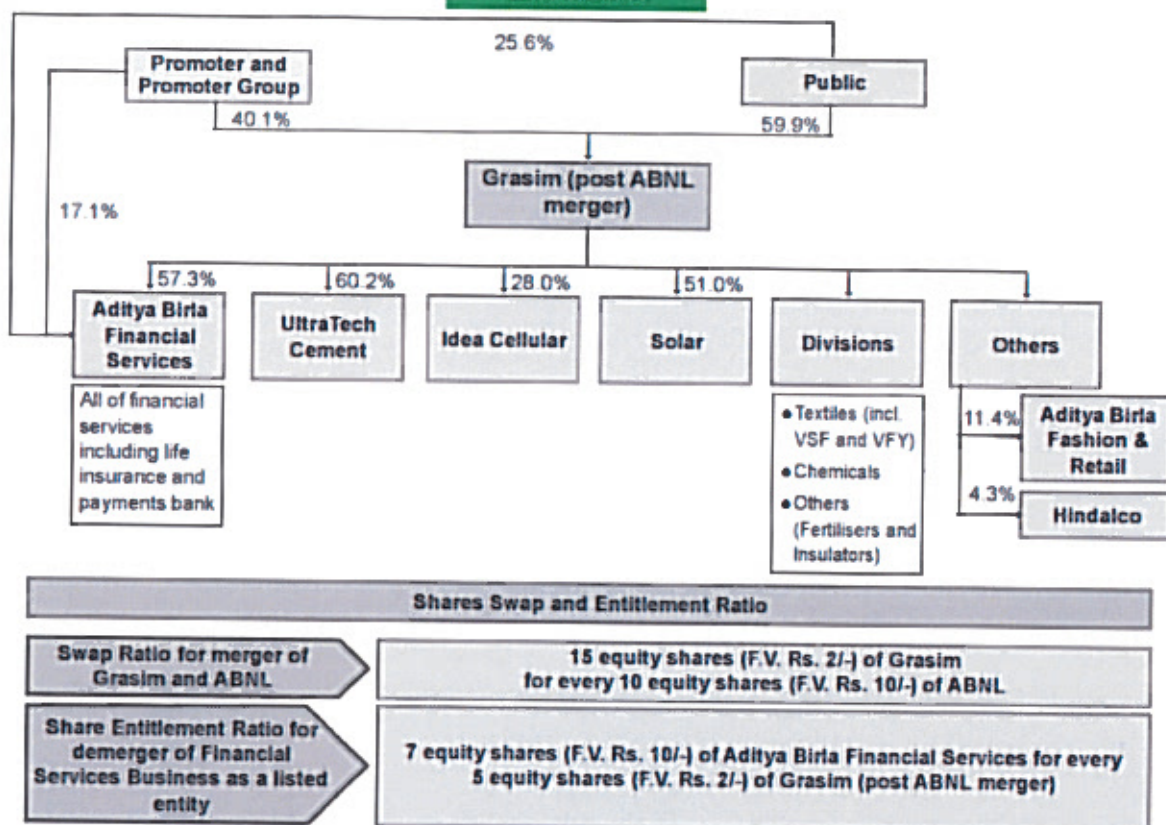


Illustration of Shareholding on effectiveness of the Scheme:

- ABNL's shareholder holding 100 equity shares (F.V. Rs. 10/-) will be issued :
 - 150 equity shares of Grasim (F.V. Rs. 2/-) in lieu of 100 equity shares of ABNL held on *Record Date 1, and additionally
 - 210 equity shares of ABFSL (F.V. Rs. 10/-) in respect of 150 equity shares of Grasim held on *Record Date 2, on account of demerger
- Grasim's shareholder holding 100 equity shares (F.V. Rs. 2/-):
 - Will continue to hold 100 equity shares of Grasim and
 - Will be issued 140 equity shares of ABFSL (F.V. Rs. 10/-) in respect of 100 equity shares of Grasim held on *Record Date 2, on account of demerger.

* Record Date 1 and * Record Date 2 shall have the same meaning as defined in Part I para 1.1 of the Scheme (Annexure 1).

2. The rationale is stated in Clause C of the Scheme (Annexure 1) and is explained as under:

- Grasim is a diversified conglomerate with presence in manufacturing businesses such as viscose staple fibre, chemicals, textiles and cement (through its subsidiary, namely, UltraTech Cement Limited). Grasim has market leadership in its key businesses, which has





been further strengthened with organic and inorganic expansions over the past few years. It continues to have a strong balance sheet to support its growth plans.

- b) ABNL is a diversified conglomerate with market leading presence in both service businesses such as financial services and telecom, and in manufacturing businesses such as textiles, chemicals, fertilizers, insulators etc. ABNL has proven track record of creating value for its shareholders through incubation of growth businesses such as financial services, fashion & lifestyle and telecom. It's financial services business has emerged as a leading player in India with significant presence in corporate lending & project finance (NBFC), life insurance, asset management, health insurance and housing finance verticals amongst others.

Strong brand equity of ABNL's financial services business coupled with low penetration of financial services and products in India offers a huge growth opportunity.

- c) The proposed restructuring will enable Grasim to extend its presence to fast growing sectors such as financial services and telecom and enhance long-term value for the shareholders.
- d) The proposed restructuring will enable ABFSL to grow faster under Grasim's strong parentage as against ABFSL becoming a standalone entity. Healthy and large balance sheet and better credit rating of Grasim is expected to improve the credit profile and reduce cost of borrowings of ABFSL's lending businesses, thereby enhancing its competitive positioning. It will also provide additional comfort to financial services regulators given the strong financials of Grasim.
- e) The proposed restructuring will provide an opportunity for ABNL shareholders to participate in Grasim's steady cash generating businesses with established leadership position in India, while enabling its growth businesses to grow at a faster pace.
- f) Post amalgamation of ABNL with Grasim, all the shareholders will be allotted shares of ABFSL as stated in para 20.1 of the Scheme, thereby enabling them to directly participate in the fast growing financial services business.

Listing of ABFSL shares, as part of the Scheme, will unlock value for all the shareholders. At the same time, ABFSL, as a subsidiary of Grasim, will be able to leverage on the financial strength of Grasim.

- g) Post listing, ABFSL will have flexibility to raise funds including independently from the capital markets to meet its growth requirements.
- h) The proposed restructuring will also lead to the consolidation of similar businesses of Grasim and ABNL, namely chemicals and textiles. As a result, the presence in the textiles value chain will expand.

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ADITYA BIRLA



The proposed restructuring is expected to enhance value for the shareholders of both ABNL and Grasim by bringing together the strong financials of Grasim and high growth potential of ABNL's businesses. This will also enable the merged entity to achieve higher growth trajectory which will be in the best interest of all the stakeholders.

FOR GRASIM INDUSTRIES LIMITED

HUTOKSHI WADIA
COMPANY SECRETARY





Pre Arrangement Authorised, Issued, Subscribed and Paid up Share Capital of Grasim Industries Limited as follows:

Authorised Share Capital	Amount (Rupees)
59,75,00,000 Equity shares of ₹ 2 /- each	119,50,00,000
1,50,000 15% "A" Series Redeemable Cumulative Preference Shares of ₹ 100/- each	1,50,00,000
1,00,000 8.57% "B" Series Redeemable Cumulative Preference Shares of ₹ 100/- each	1,00,00,000
3,00,000 9.30% "C" Series Redeemable Cumulative Preference Shares of ₹ 100/- each	3,00,00,000
50,000 11% Redeemable Cumulative Preference Shares of ₹ 100/- each	50,00,000
Total	125,50,00,000
Issued, Subscribed and Paid-up Share Capital	
46,68,67,965 Equity Shares of ₹ 2/- each*	93,37,35,930
Share Capital suspense 28,295 Equity Shares of ₹ 2/- each to be issued as fully paid up pursuant to acquiring of Cement Business of Aditya Birla Nuvo Limited under the Scheme of Arrangement without payment being received in cash	56,590



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ADITYA BIRLA**GRASIM**

Post Arrangement Authorised, Issued, Subscribed and Paid up Share Capital of Grasim Industries Limited as follows:

Authorised Share Capital	Amount (Rupees)
147,25,00,000 Equity shares of ₹ 2 /- each	294,50,00,000
11,00,000 Redeemable Cumulative Preference Shares of ₹ 100/- each	11,00,00,000
Total	305,50,00,000
Issued, Subscribed and Paid-up Share Capital	
65,72,65,878 Equity Shares of ₹ 2/- each*	131,45,31,756
<u>Share Capital suspense</u> 28,295 Equity Shares of ₹ 2/- each to be issued as fully paid up pursuant to acquiring of Cement Business of Aditya Birla Nuvo Limited under the Scheme of Arrangement without payment being received in cash	56,590



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