ADITYA BIRLA
GRASIM

Ref. No. GIL/CFD/SEC/17/034/SE **23rd August 2016**

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Plot No.C/1, G-Block, Bandra-Kurla Complex,
Bandra (East), Mumbai – 400 051

Dear Sirs,

Re: Intimation under Reg. 30 of SEBI LODR –

Presentation on the Composite Scheme of Arrangement

Further to our letter dated 11th August 2016, attached is the Presentation on the proposed Composite Scheme of Arrangement between the Company, Aditya Birla Nuvo Limited and Aditya Birla Financial Services Limited and their respective shareholders and creditors u/s Sections 391 to 394 of the Companies Act, 1956.

The same is being uploaded on Grasim's website and will be used for investors meetings to be held from time to time.

The above is for your information and record.

Thanking you,

Yours faithfully,
For **Grasim Industries Limited**

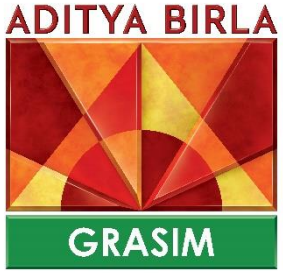
Hutokshi Wadia
President & Company Secretary

Encl. a.a.

GRASIM INDUSTRIES LIMITED MUMBAI

Creating A Premier Play on India's Growth

August 2016



Investor Presentation

Outline

1. Current & Resulting Structure

2. Transaction Rationale

3. Benefit to the Shareholders

4. Capital Allocation Strategy

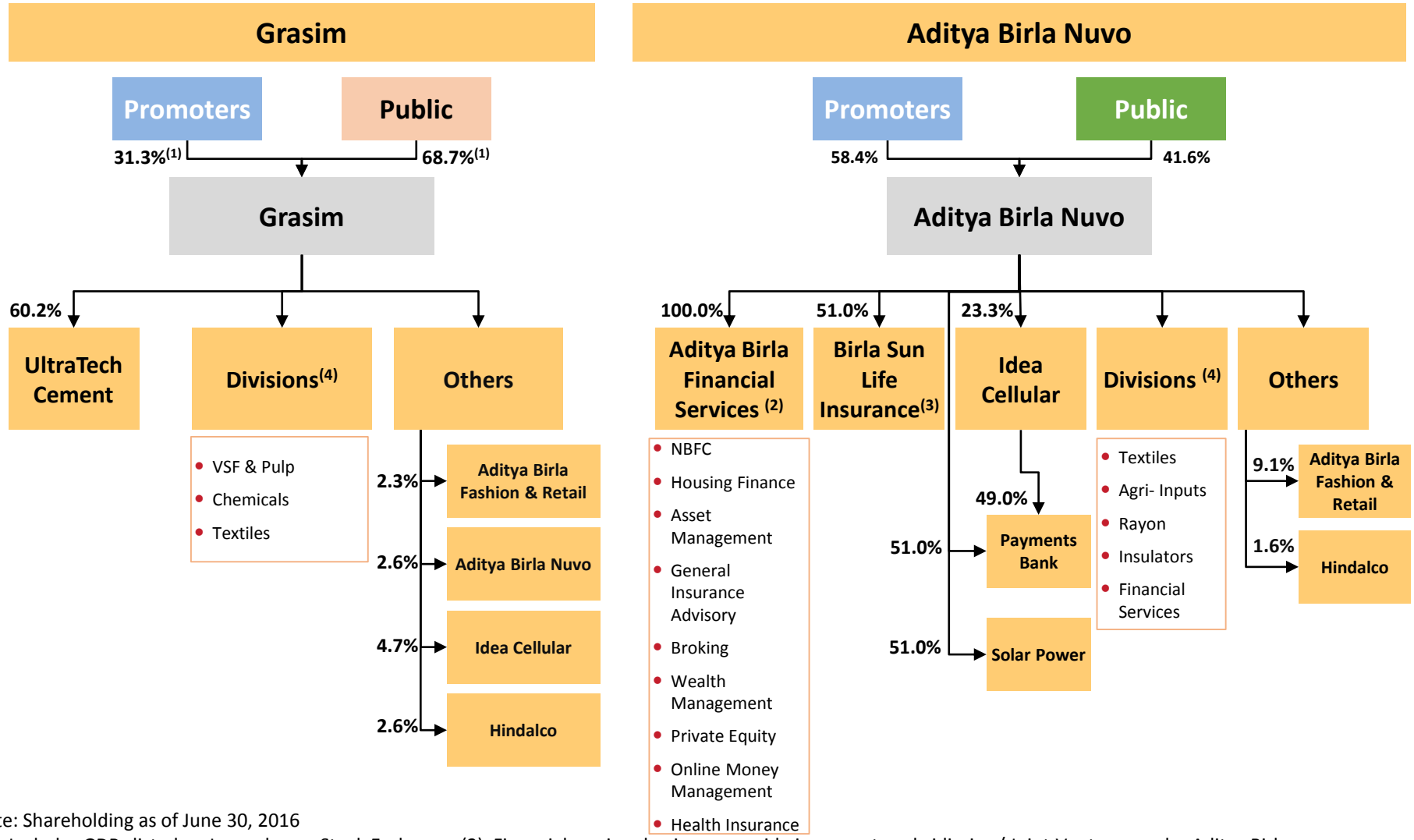
5. Value Creation for Shareholders

6. Growth Businesses – Financial Services & Telecom

7. Post Merger Capital Structure of Grasim and ABFSL

8. Annexures

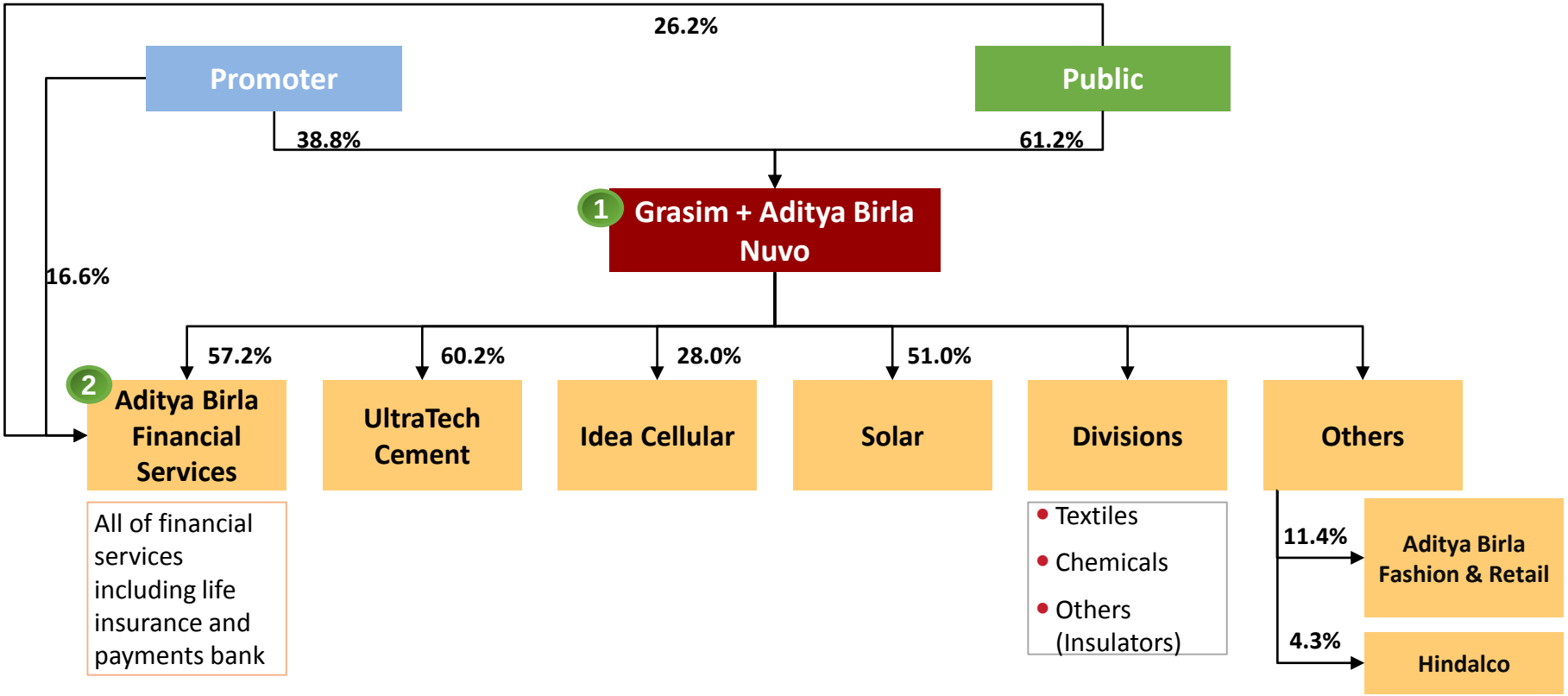
Current Holding Structure



Note: Shareholding as of June 30, 2016

(1) Includes GDRs listed on Luxembourg Stock Exchange; (2) Financial services businesses reside in separate subsidiaries / Joint Ventures under Aditya Birla Financial Services Limited; (3) Aditya Birla Nuvo will enter into an agreement to transfer this stake to Aditya Birla Financial Services Limited subject to regulatory approvals; (4) Divisions have underlying investments

Resultant Holding Structure



Swap and Share Exchange Ratio

1 Swap Ratio for merger of Grasim and Aditya Birla Nuvo	3 equity shares of Grasim for every 10 equity shares of Aditya Birla Nuvo
2 Share Exchange Ratio for demerger of Financial Services Business as a separate listed entity	7 shares of Aditya Birla Financial Services for every 1 equity shares of Grasim (post merger) resulting in a listed entity with minimum public shareholding of 25% to be held by public shareholders of Grasim and Aditya Birla Nuvo

The Swap ratio and the Share exchange ratio will be adjusted to take into account sub-division of Grasim's equity shares of Rs. 10 each into 5 equity shares of Rs. 2 each

Transaction Rationale

1

Stronger parentage for Financial Services Business

- Financial Services Business is likely to benefit from lower cost of funds, given stronger credit rating of Grasim (CRISIL – AAA):
    - AAA parent may potentially lead to reduction in cost of borrowing
    - Will provide access to larger pool of funds through capital markets in the form of both debt as well as equity
    - Borrowing mix can be optimized
- Grasim's stronger parentage will provide additional comfort to financial services regulators for on-going support to meet solvency requirements
- Strong balance sheet of Grasim overcomes ABNL's current capital constraints (2.5x FY 16 Standalone Net Debt/EBITDA adjusted for BSLI stake sale proceeds) and provides runway for future funding capability
- Ability to consistently support growth with capital through business cycles, e.g. inability of banks and infrastructure companies to raise capital in the recent past

Transaction Rationale (cont'd)

2

Access to high growth businesses

- Cash flow of the merged entity from various operating businesses can be meaningfully leveraged towards nurturing companies with future growth opportunities
- Businesses with significant growth potential and leadership positions
  - Among the top 10 diversified private NBFCs in India. One of the fastest growing NBFCs with high quality loan book
  - #4 Private Life Insurer in India
  - 4th largest Asset Management Player in India

3

Value Unlocking in Financial Services Business

- Aditya Birla Nuvo has invested and nurtured the Financial Services Business with capital infusion on an on-going basis to deliver on growth expectations
- Foray into Payments Bank, Health Insurance & Housing Finance offers strong future growth opportunities
- Demerger of Financial Services Business achieves:
  - Value unlocking for shareholders given the business has achieved scale
  - Listing of Financial Services Business provides flexibility to independently fund its growth through various sources of capital
  - Stronger parentage via Grasim continues

Shareholders Benefits

	Comments		Grasim	ABNL
Exposure to fast growing sectors (Financial Services & Telecom)	**ABFS growth (FY 11-16)** Lending book: 15x Total AUM: 2.1x	**Idea Cellular growth (FY 12-16)** Revenue Market Share: 14.3% to 18.9% Subscriber Market Share: 15.4% to 19.6%	✓	

Mix of businesses with strong cash flow generation and high growth profile	• **FY 16 Consolidated Revenue Mix:**
	  • Fast growing (Financial Services & Telecom[1]): ~32%
	  • Strong cash flow (Cement, Textiles & Chemicals): ~68%
	• **Consolidation of similar businesses (Textiles & Chemicals)**
			✓	✓

Value unlocking via direct access to a fast growing listed Financial Services Business	• **Public Ownership in FS:** Direct ~26%; further exposure through Grasim • Listing of Financial Services Business provides flexibility to independently fund growth through various sources of capital		✓	✓

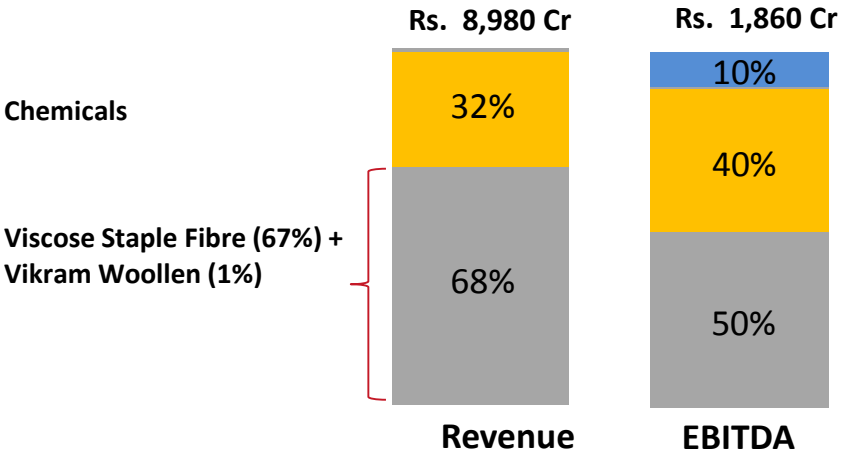
(1) Includes proportionate share of Grasim and ABNL in the revenues of Idea Cellular

Shareholders Benefits (Cont'd)

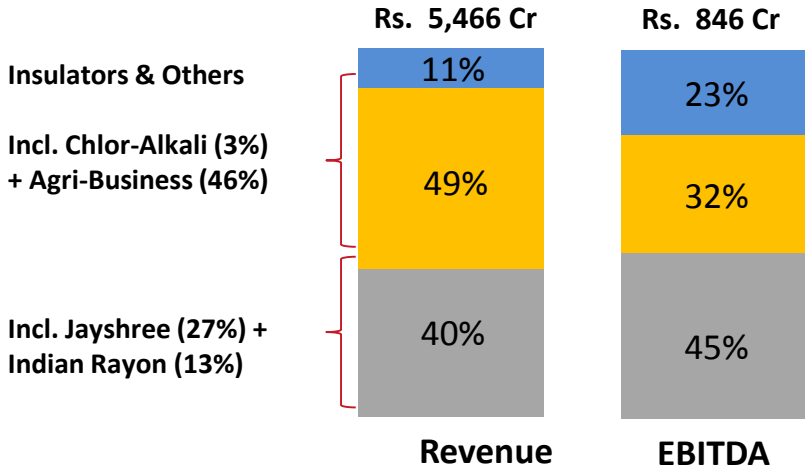
	Comments	Grasim	ABNL
Stronger parentage with robust balance sheet	• Strong credit rating & reduction in cost of borrowing for Financial Services Business • Access to larger pool of funds through capital markets for both equity and debt • Cash surplus in Grasim: Rs. 459 cr (June 16)		✓
Larger market capitalisation & free float	• Grasim (Post merger) will benefit from a larger free float and higher liquidity • Stock split will potentially aid liquidity • Resultant FII holding in merged entity at ~19.8% will create headroom for FII	✓	✓

Stronger Standalone Financials Post Merger

Grasim | **Net Debt/ EBITDA: 0.2x**

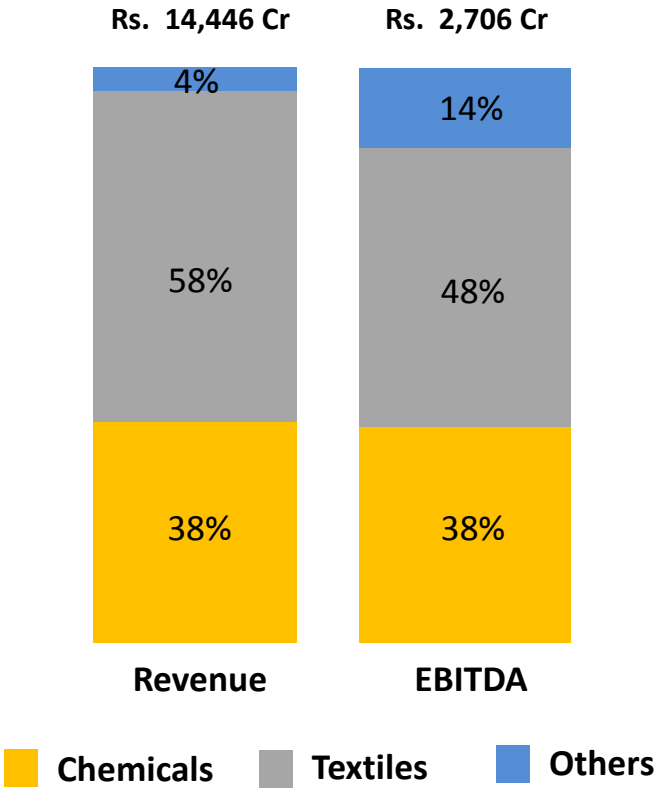


Aditya Birla Nuvo | **Net Debt/ EBITDA: 2.5x[1]**



Grasim (Post merger) | **Net Debt/ EBITDA: 0.9x**

Net debt / annualized EBITDA (Q1 FY 17): 0.5x



FY16 Financials above are for standalone businesses only

[1]Net Debt adjusted for proceeds from BSLI stake sale

Capital Allocation Strategy

Figures in Rs. cr

	Market Cap		Capital Employed	
	FY07	FY16	FY07	FY16
Idea	24,528	39,678	6,431	70,342
UltraTech Cement	9,612	88,607	3,914	34,322

Raised ~ Rs. 15,600 cr independently:

- 2007 – IPO – Rs. 2,450 cr
- 2008 – Providence[1] - Rs. 2,100 cr
- 2008 – Axiata – Rs. 7,300 cr
- 2014 – QIP/Pref – Rs. 3,750 cr

Organic and inorganic growth funded by internal accruals

Large listed companies of the Group have been self-sufficient in meeting their significant capital requirements through a combination of internal accruals and external funding

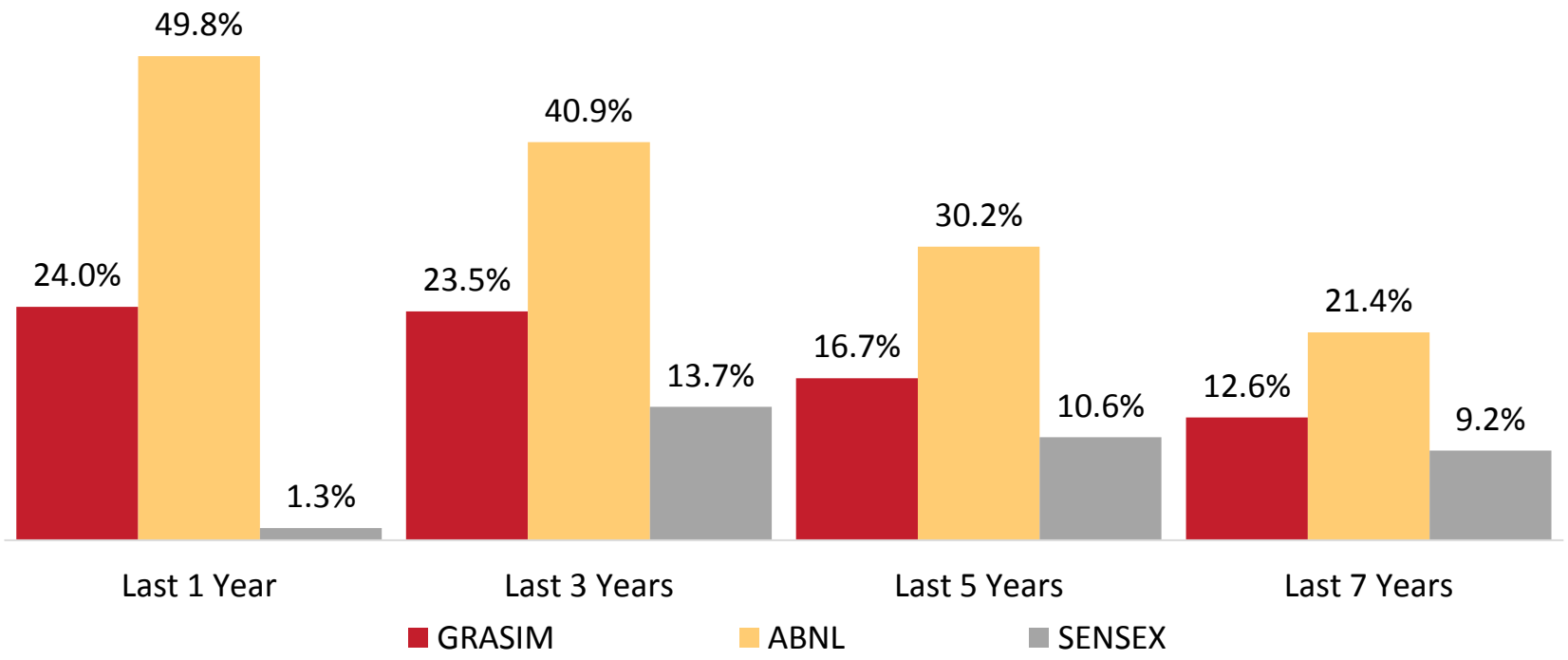
Grasim (Post merger) will continue to strengthen leadership positions in standalone operating businesses

Grasim (Post merger) will consider allocation of capital in other underlying businesses, if required, and will evaluate such requirements on a case-by-case basis

[1]Investment in Subsidiary

Value Creation for Shareholders

CAGR returns for various time periods vs. Sensex

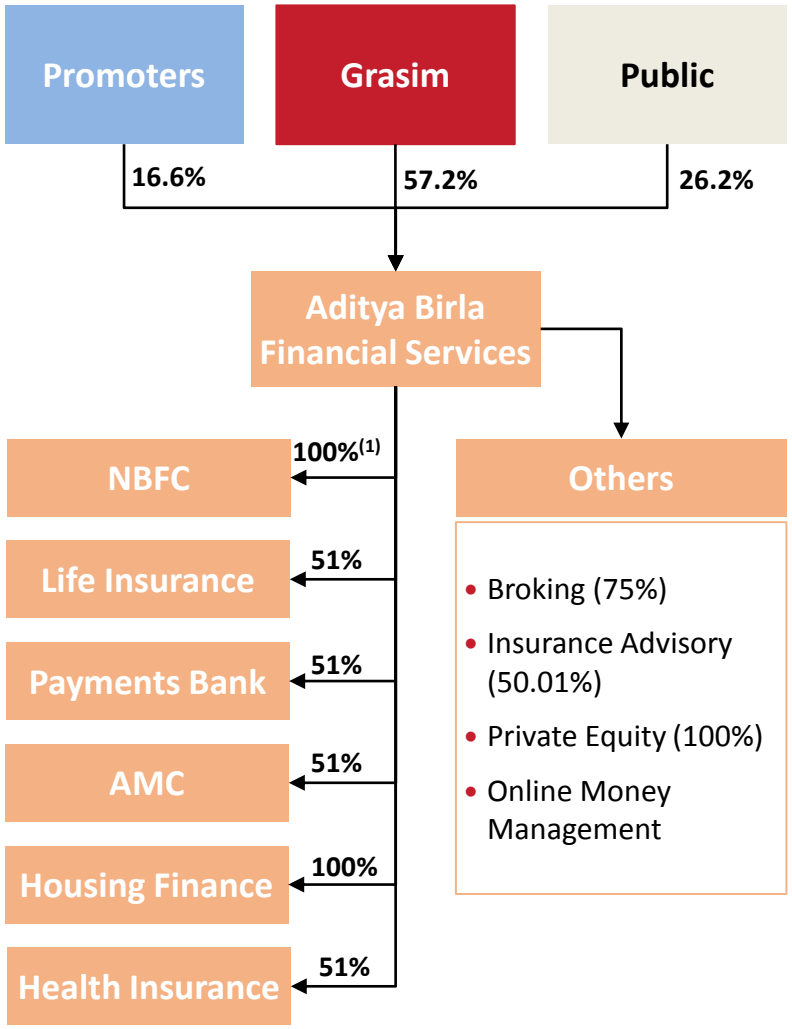


Aditya Birla Nuvo & Grasim have consistently outperformed the benchmark

Notes: Data from Bloomberg. Adjusted share price data (for spin-offs, stock splits / consolidations, stock dividend / bonus, rights offerings / entitlement) from 12th August 2009 to 11th August 2016

Growth Businesses

Aditya Birla Financial Services

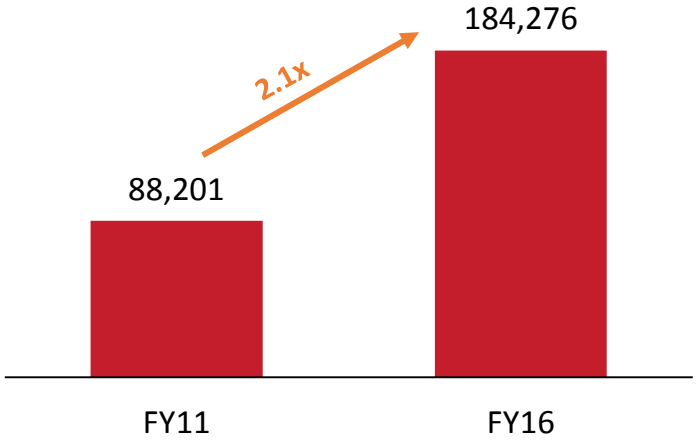


(1) 0.2% stake will be directly held by Grasim

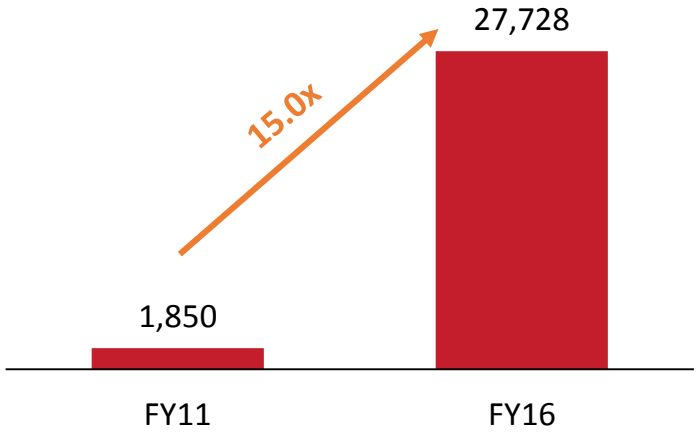
- ✓ **Among the top 5 fund managers in India (excl. LIC)**
- ✓ **Rs. 196,545 Cr Funds under management**
  (As of Q1 FY17: Includes AUM of Life Insurance, Private Equity and quarterly average AUM of Asset Management business)
- ✓ **Rs. 28,700 Cr Lending book (incl. Housing Finance)**
- ✓ **Among the top 10 diversified private NBFCs in India**
- ✓ **Among top 4 private sector life insurers and asset management companies in India**
- ✓ **#1 online personal finance management player**
- ✓ **Serving 8.8mn customers through nationwide distribution network of 1,350 points of presence and > 120,000 channel partners**

Sound Growth in Key Metrics

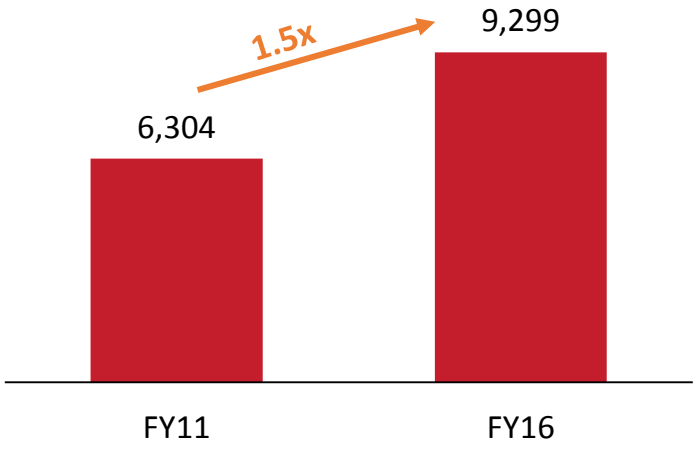
AUM (Rs. Cr)



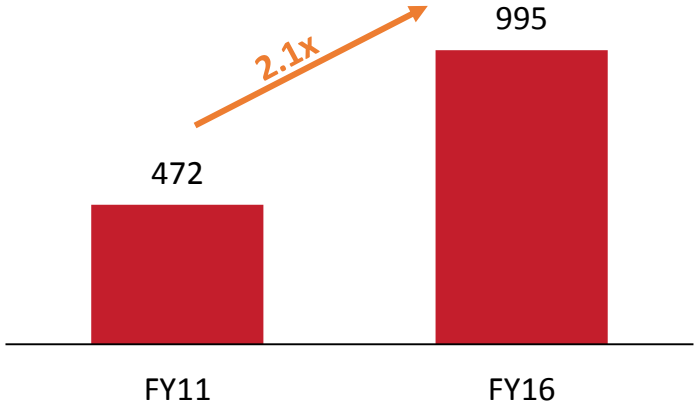
Lending Book (Rs. Cr)



Revenues (Rs. Cr)



Earnings Before Tax (Rs. Cr)



Overview of Businesses

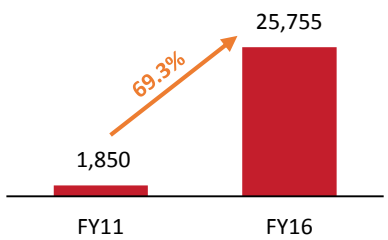
NBFC – Robust Growth Profile With Quality Loan Book

- Among the top 10 diversified private NBFCs in India
- Diversified portfolio with All-India presence
- One of the lowest NPAs in the industry – GNPA 0.63% and 0.71% and NNPA 0.22% and 0.29% for FY16 and Q1FY17 respectively
- Net worth of Rs. 3,823 Cr [(1)] as of 30 June 2016
- Loan Book of Rs. 26,267 Cr as of 30 June 2016
- AA+ credit rating

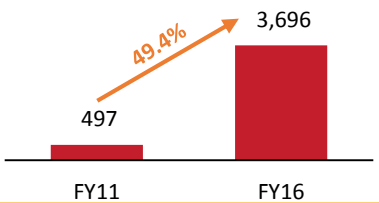
AMC – Gaining Market Share Consistently

- 4th largest in India
- AAUM of Rs. 1,63,121 Cr (Q1 FY17)
- Consistently outperforming the industry and gaining domestic market share
- Strong focus on scaling-up retail and high margin assets
- Multi-channel distribution
- Top quality fund performance across asset classes

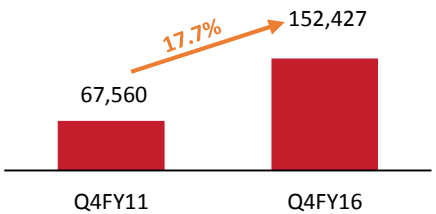
Loan book (Rs. Cr)



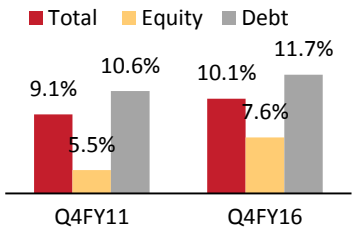
Net Worth (Rs. Cr)



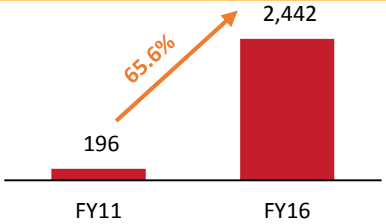
AAUM (Rs. Cr)



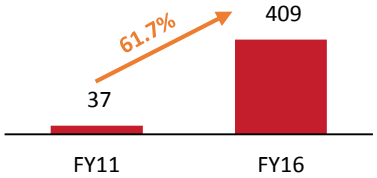
Market share



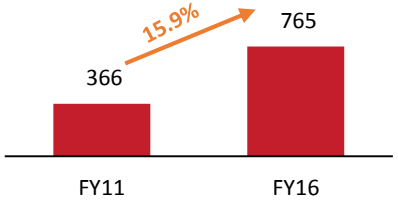
Revenues (Rs. Cr)



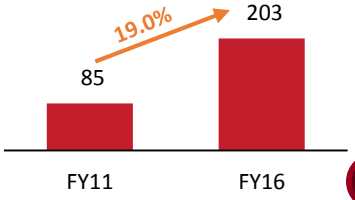
Net Profit (Rs. Cr)



Revenues (Rs. Cr)



Net Profit (Rs. Cr)



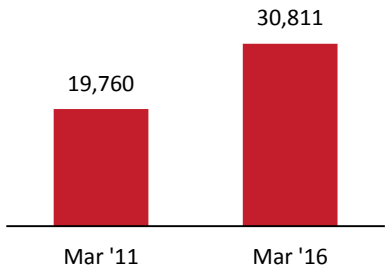
(1) As per IGAAP; corresponding IndAS number is Rs. 3,605 Cr

Overview of Businesses (Cont'd)

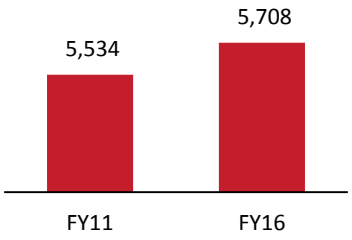
Life Insurance – Top 4 Private Life Insurer

- Among top 4 private insurers in India (by APE) with new business market share of 8.4% in Q1FY17
- #1 in group business with 25% market share in Q1FY17
- Multi-channel distribution
- Diversified product portfolio
- Embedded Value of Rs. 3,275 Cr with VNB margin of 15.2% (as of Mar-16)

AUM (Rs. Cr)



Revenues (Rs. Cr)



Portfolio of Other Businesses

- **Aditya Birla Housing Finance:** Commenced operations in October 2014 and currently has a loan book of Rs. 2,432 Cr and Networth of Rs. 291 Cr (June 2016)
- **Aditya Birla Insurance Brokers:** Consistently gaining market share (0.5% in FY 12 growing to 1.7% in FY16); Premium placement of Rs. 1,600 Cr in FY16
- **Aditya Birla Capital Advisors:** Funds under management of Rs. 1,035 Cr
- **Aditya Birla Health Insurance:** 51:49 JV with MMI Holdings. Plans to launch services in H2FY17
- **Broking and wealth management** player under the brand name "Aditya Birla Money"
- **MyUniverse** is India's #1 online personal finance management platform and 7th largest SIP distributor by numbers in India
  - Enjoying trust of > 2.6mn registered users who are managing > Rs. 20,000 Cr through the platform
- **Payments Bank:** 51:49 JV with Idea. Capitalising on Idea's nationwide reach and subscriber base of ~183mn

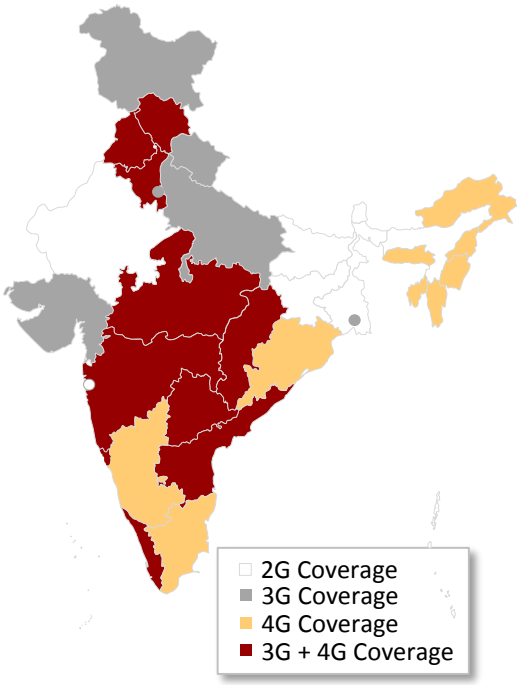
Notes: APE: Annual Premium Equivalent = 100% of regular premium + 10% of single premium

Idea Cellular

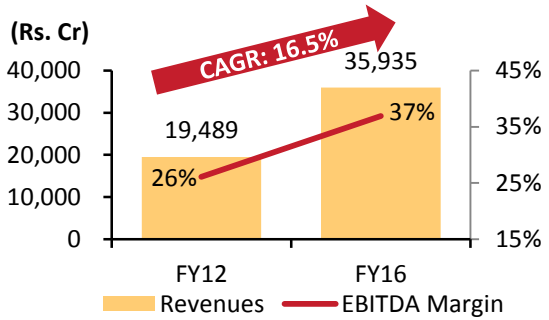
Fastest growing telecom operator in the world's most attractive telecom market

- ✓ #3 mobile operator with ~183 million (VLR) subscribers
- ✓ 16% shareholding in Indus
  One of the world's largest tower companies
- ✓ 3G / 4G spectrum covering 87% of revenues
- ✓ Entering digital content services

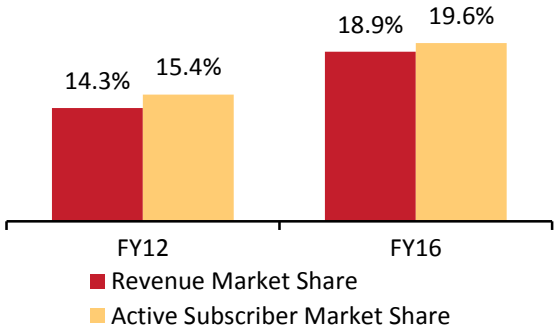
Pan India Operator with Competitive 3G/4G Spectrum



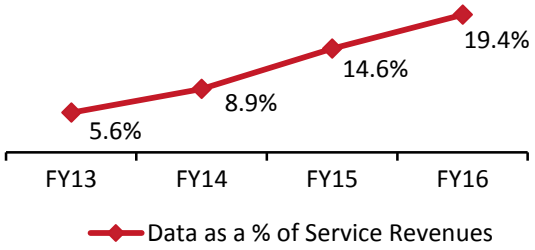
Robust Financial Performance



Consistent Gains in Market Share



Strong Data Growth



Notes: Subscriber numbers and market share based on VLR
Revenues exclude Other Operating Income

Post merger capital structure of Grasim and ABFSL

Post Merger Capital Structure of Grasim and ABFSL

Step 1: Merger of ABNL into Grasim

As on 30 June, 2016	# Shares (Mn)
Outstanding equity shares of Grasim of face value of Rs. 10 each (A)	93.35
Outstanding equity shares of ABNL of face value of Rs. 10 each (B)	130.22
Equity shares held by Grasim in ABNL (C)	3.35
New equity shares to be issued by Grasim to ABNL's shareholders as per swap ratio (D = 3/10 * B)	39.07
Less: Cancellation of stock to be issued in lieu of Grasim's holding in ABNL (E=3/10 * C)	1.00
New equity shares to be issued by Grasim to ABNL (F=D-E)	38.06
Resultant equity share base of post-merger Grasim (Face value of Rs. 10 each) (G=A+F)	**131.41**

Step 2: Demerger of FS business into ABFSL

As on 30 June, 2016	# Shares (Mn)
Outstanding equity shares of ABFSL of face value of Rs. 10 each (H)	816.01
Add: Issue of new equity shares by ABFSL to ABNL pursuant to conversion/infusion (I)	416.23
Resultant equity shares of ABFSL post issue (J=H+I)	1,232.24
New equity shares to be issued by ABFSL to post-merger Grasim's shareholders as per swap ratio (K = 7/1 * G)	919.88
Resultant equity share base of ABFSL post de-merger (Face value of Rs. 10 each) (L=J+K)	**2,152.12**

The resultant equity share base will be adjusted to take into account sub-division of Grasim's equity shares of Rs. 10 each into 5 equity shares of Rs. 2 each

Annexure 1 – Advisors & Key Activities

Advisors

Financial Advisor	• DSP Merrill Lynch Limited[1]
Independent Fairness Opinion	• Grasim – JM Financial Institutional Securities Limited • Aditya Birla Nuvo – Kotak Mahindra Capital Company Limited
Legal Advisor	• Khaitan & Co (for overall transaction) • Cyril Amarchand Mangaldas (for Financial Services)
Joint Independent Valuers	• Price Waterhouse & Co LLP • Bansi S Mehta & Co

(1) Financial advisor to Grasim

Indicative Activities to Completion

Key Activities

- Grasim and ABNL board approved the merger and swap ratio
- Draft scheme filed with Stock Exchanges
- File application with IRDA and CCI
- IRDA approval for transfer of insurance business stake to ABFSL
- File the Scheme with High Courts after receipt of Observation Letter from Stock Exchanges
- Respective shareholder and creditor meetings
- Final approval of the Scheme from the High Courts
- CCI approval
- Filing of Court Order with Stock Exchanges
- SEBI / Stock Exchanges clearance
- All formalities to be completed for Grasim (Post merger)
- Listing approval for ABFSL shares

The transaction is subject to regulatory approvals and is likely to be completed in 8-10 months

Annexure 2 – Grasim Businesses

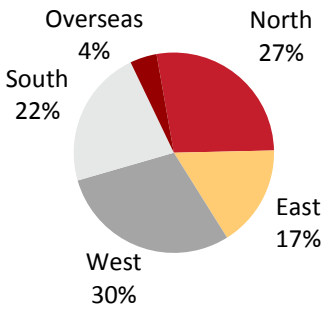
UltraTech Cement – India's Largest Cement Company

Business Highlights

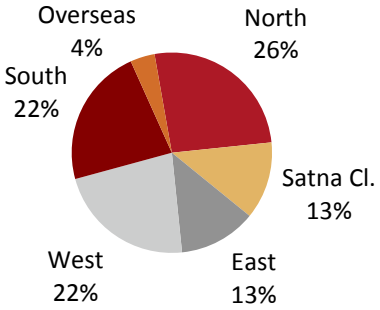
- ✓ India's largest cement company - ~17% of India's total capacity
- ✓ Best positioned to capture the upside
  - The Largest Selling Brand
  - The Best Distribution Network
  - Cost Leadership
- ✓ #1 RMC player in India with ~ 100 plants
- ✓ #1 player of white cement & cement based putty
- ✓ Different products to provide complete building solutions; > 1,200 stores

Key metrics

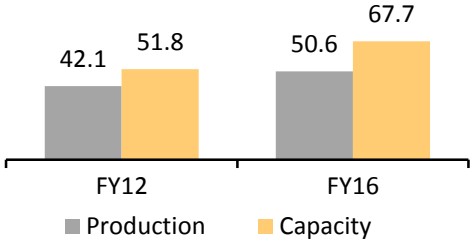
Current: 69.3mtpa



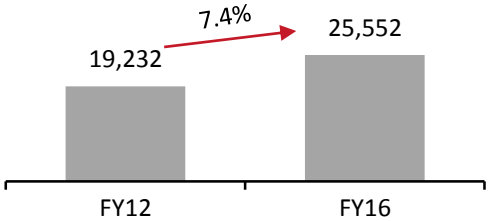
Post Ongoing Acquisition: 91.1mtpa



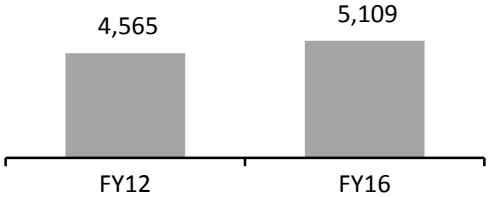
Production (MT)



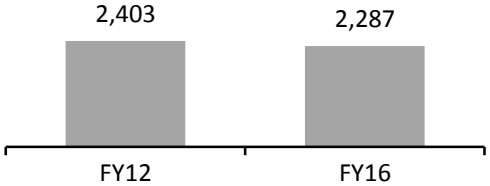
Revenue (Rs. Cr)



EBITDA (Rs. Cr)



PAT (Rs. Cr)



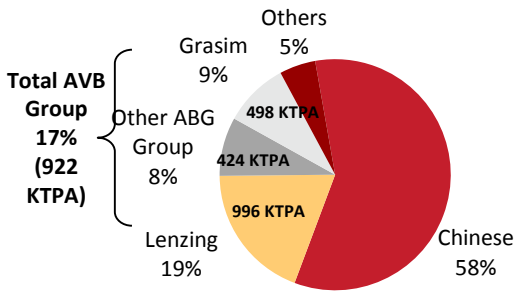
Note: Production, capacity and financials all pertain to the consolidated entity

Viscose Staple Fibre – Leading Global Player

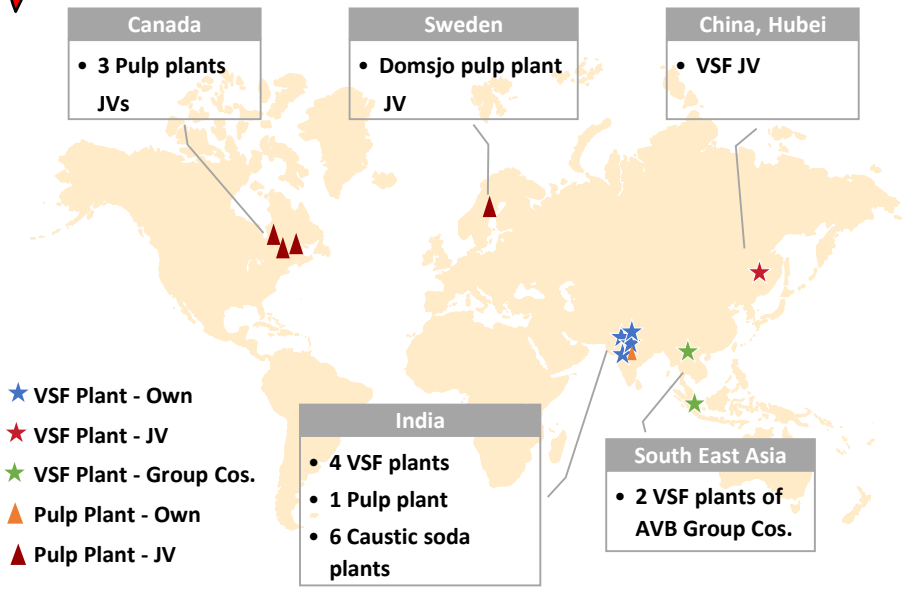
- ✓ Integrated model with six decades of experience
- ✓ VSF market poised for growth as textile consumption in India expected to grow
- ✓ Grasim continues to focus on expanding in domestic market
  - Working closely to leverage Liva brand
  - Focused on increasing share of specialty products
- FY16 Revenue: Rs. 7,609 cr
- FY16 EBITDA: Rs. 1,093 cr

Leading Global Player

VSF Business Global Market Share



5 VSF Plants and 5 Pulp Plants Across 4 Countries



Sustainable Competitive Advantage through Integrated Business Model

Input	% of Cost	Capacity	Requirement Met
Dissolving Grade Pulp	55% - 60%	645 ktpa	55% - 60%
Caustic Soda	10% - 15%	840 ktpa	Fully captive
Power & Steam	10%	290 MW	Fully captive

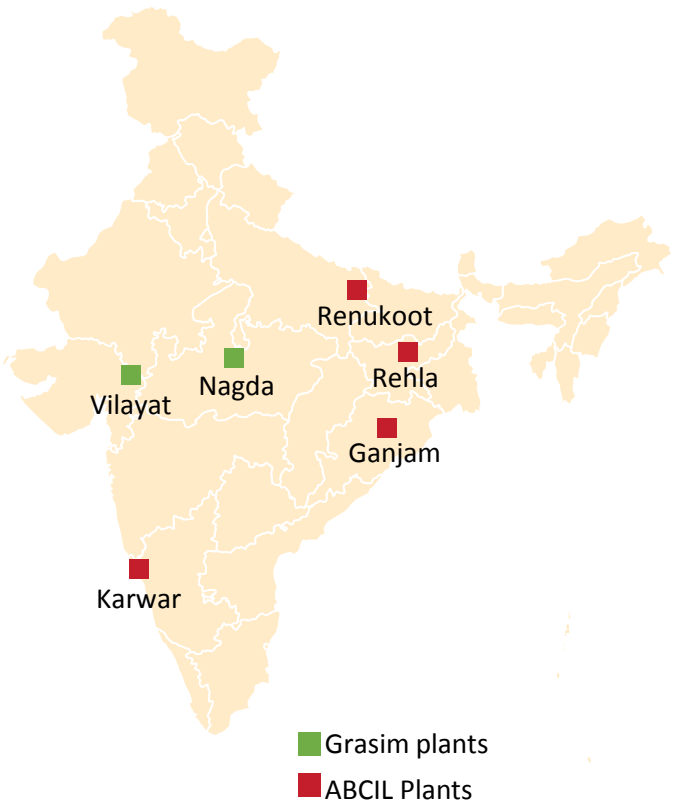
Chemicals - Largest Chlor-Alkali Manufacturer

Business Highlights

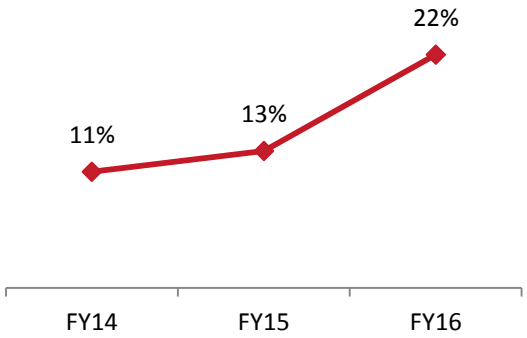
- ✓ **Largest Chlor-alkali manufacturer in India**
  - Capacity: 840 ktpa
  - Capacity to increase by 25% on brownfield expansion and debottlenecking
- ✓ **Largest producer of epoxy resins in India**
- ✓ **Largest chlorine derivative value-added product portfolio**
- ✓ **Market share doubled since FY14 post merger of ABCIL & Vilayat greenfield capacity**
- ✓ **Continued growth prospects driven by demand from textiles, aluminum, soaps & detergents and paper industries**

- **FY16 Revenue[(2)]: Rs. 2,868 cr**
- **FY16 EBITDA: Rs. 747 cr**

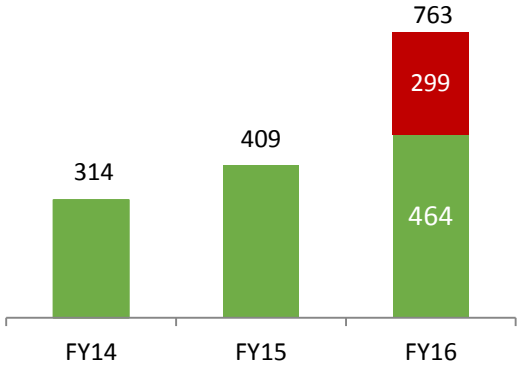
Market Share and Volume Doubled Since FY14



Market Share [(1)]



Sales Volume ('000 Tons) [(3)]



(1) Source : AMAI and Company data. Market share refers to the total demand including imports
(2) Revenues excludes inter-segment sales
(3) Includes captive consumption

Annexure 3 – Aditya Birla Nuvo – Other businesses

Aditya Birla Nuvo – Other Businesses

	Jaya Shree	Indian Rayon[1]	Indo-Gulf Fertilisers	Aditya Birla Insulators
Market Position	■ **India's #1 Linen player** ■ Leading manufacturer of wool tops & worsted yarn	■ **Largest manufacturer & exporter of VFY in India**	■ **8th largest urea manufacturer** ■ Amongst top 2 energy efficient urea plants in India	■ **India's largest & world's 4th largest manufacturer**
Opportunity & Outlook	■ 70% of linen yarn demand in India is met through imports	■ Premium is driven by quality & value added yarns ■ Indian market continues to favour fine & super fine denier yarn	■ Acute deficit of urea in India – 28% of demand via imports during FY 16 ■ Gas pooling policy will benefit the urea sector	■ Long term anti-dumping duty (till September 2019) to benefit domestic manufacturers
Revenue (Rs. Cr)	1,046 (FY 12), 1,459 (FY 16)	680 (FY12), 928 (FY16)	2,107 (FY12), 2,498 (FY16)	468 (FY12), 581 (FY16)
EBITDA (Rs. Cr)	141 (FY 12), 175 (FY 16)	128 (FY12), 266 (FY16)	211 (FY12), 209 (FY16)	67 (FY12), 114 (FY16)
ROACE (FY16)	**44%**	**30%**	**11%**	**22%**

[1]*Indian Rayon includes chemicals business with 91,250 tpa caustic soda capacity*

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