



Mumbai, August 11, 2016

## Creating a premier play on India's growth

### ***Merger of ABNL into Grasim and the Subsequent Demerger & Listing of the Financial Services Business***

- *Creates one of India's largest and well-diversified companies with a combination of cash generating and high growth businesses*
- *Creates a portfolio of manufacturing and services businesses with a leading presence across cement, financial services, telecom, textiles and chemicals*
- *Achieves consolidation of common businesses as well as of stakes in different group companies*
- *Merger to be followed by demerger and listing of financial services business, providing value unlocking for shareholders*

The Boards of Directors of Grasim Industries Limited ("**Grasim**"), Aditya Birla Nuvo Limited ("**ABNL**") and Aditya Birla Financial Services Limited ("**ABFSL**") at their respective meetings held today, approved the merger of ABNL into Grasim and the subsequent demerger & listing of its financial services business through a composite scheme of arrangement ("**Scheme**").

Says Mr. Kumar Mangalam Birla, Chairman, Aditya Birla Group, *"The proposed restructuring will create one of India's largest, well-diversified companies with a healthy mix of businesses with steady cash flows and long-term growth opportunities. With diverse businesses spanning manufacturing and services, the combined company provides a play on India's growth story. The demerger and listing of the financial services business will unlock value for shareholders."*

The transaction, subject to regulatory approvals, entails implementation of the scheme through two steps:

1. Merger of ABNL into Grasim; and
2. Upon implementation of the merger, demerger of its Financial Services business resulting in a listed financial services company with 57% owned by post-merger Grasim and the balance being held by post-merger Grasim shareholders on a proportionate basis

With an aggregate turnover of approximately Rs. 59,766 crore and EBITDA of approximately Rs. 11,961 crore for the year ended March 31, 2016, Grasim becomes:

- #1 cement company in India with the largest selling brand
- Among the top 10 diversified private NBFCs in India
- Top 4 private sector life insurers and asset management companies in India
- #3 telecom operator in India

- Leading global producer of viscose staple fibre
- Largest Chlor-Alkali manufacturer in India
- #1 manufacturer and exporter of viscose filament yarn in India
- #4 producer of insulators globally

Remarks Mr. Dilip Gaur, Managing Director of Grasim: *“This merger provides the shareholders of Grasim with exposure to fast growing sectors including telecom and financial services.”*

Mr. Lalit Naik, Managing Director of ABNL avers: *“We believe this transaction provides significant benefits to our shareholders, through direct exposure to seasoned, strong cash flow generating businesses. Further, shareholders will benefit from a larger free float and better liquidity of the combined company.”*

The Boards have approved the following exchange ratios based on the recommendations of the joint independent valuers (as mentioned below):

- For Merger of ABNL with Grasim, each shareholder of ABNL will get 3 new equity shares of Grasim for every 10 equity shares held in ABNL i.e. a shareholder holding 100 shares in ABNL will receive 30 shares in Grasim
- For demerger of Financial Services business into ABFSL, each shareholder of Grasim (post-merger) will receive 7 equity shares in ABFSL for every 1 equity share held in Grasim i.e. a shareholder holding 100 shares in Grasim will receive 700 shares in ABFSL

In aggregate, each shareholder of ABNL holding 100 shares will receive 30 shares in Grasim and 210 shares in ABFSL.

The Board of Grasim has also recommended sub division of its equity shares of Rs. 10 each into 5 equity shares of Rs. 2 each. The exchange ratio as stated above would be adjusted accordingly to take into account the effect of such sub division.

The transaction is subject to the customary statutory and regulatory approvals including approvals of the respective High Courts, the Stock Exchanges, CCI, the respective Shareholders and creditors of each of the companies. The demerger will become effective subsequent to the effectiveness of the merger. The transaction is expected to be completed by Q4 FY17 / Q1 FY18.

**Advisors:**

Financial Advisor to Grasim	: DSP Merrill Lynch Limited
Joint Independent Valuers	: Price Waterhouse & Co LLP & Bansi S Mehta & Co
Independent Fairness Opinion (Grasim)	: JM Financial Institutional Securities Limited
Independent Fairness Opinion (ABNL)	: Kotak Mahindra Capital Company Limited
Legal Advisors to the transaction	: Khaitan & Co (for overall transaction) Cyril Amarchand Mangaldas (for Financial Services)

**About Grasim:**

Grasim is a ~US\$ 5.6 bn conglomerate comprising of businesses in cement, chemicals and viscose staple fibre. It is a leading global player in viscose staple fibre and is the largest manufacturer of chlor-alkali and

epoxy resins in India. Its subsidiary UltraTech is the largest manufacturer of cement in India with a capacity of 69.3 MTPA and offers a complete range of building products.

For further information, please visit the company's website at [www.grasim.com](http://www.grasim.com)

**About ABNL:**

Aditya Birla Nuvo is a ~US\$ 3.6 bn conglomerate with leadership position across its businesses. Its Financial Services business ranks among the top 5 fund managers in India. Its Telecom venture, Idea Cellular, ranks among the top 3 cellular operators in India. It is a leading player in Linen, Agri, Rayon and Insulators businesses. ABNL has recently ventured into the Solar Power businesses. It has also received an in-principle approval from RBI to set up a Payments Bank in joint venture with Idea Cellular.

For further information, please visit the company's website at [www.adityabirlanuvo.com](http://www.adityabirlanuvo.com)

**About Aditya Birla Group:**

A ~US\$ 41 bn Indian multinational, Aditya Birla Group operates in 36 countries with ~120,000 employees. The Group major businesses include aluminium, copper, cement, viscose staple fibre (VSF), telecom, carbon black, financial services, fashion, retail, textiles and insulators, among others. Over 50% of the Group's revenues flow from its overseas operations.

For further information, please contact:

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<p><b>Grasim Industries Limited</b> <b>Corporate Identity Number:</b> L17124MP1947PLC000410 <b>Regd. Office:</b> Birlagram, Nagda 456 331 (Madhya Pradesh) <b>Corporate Office:</b> C-2, Aditya Birla Centre, S.K. Ahire Marg, Worli, Mumbai-30 <b>Email:</b> <a href="mailto:grasim.ir@adityabirla.com">grasim.ir@adityabirla.com</a></p>	<p><b>Aditya Birla Nuvo Limited</b> <b>Corporate Identity Number:</b> L17199GJ1956PLC001107 <b>Regd. Office:</b> Indian Rayon Compound, Veraval – 362 266 (Gujarat) <b>Corporate Office:</b> A-4, Aditya Birla Centre, S.K. Ahire Marg, Worli, Mumbai-30 <b>Email:</b> <a href="mailto:nuvo-investors@adityabirla.com">nuvo-investors@adityabirla.com</a></p>
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