

**CONFIDENTIAL**11<sup>th</sup> February 2015

The Board of Directors  
Grasim Industries Limited  
Birlagram, Nagda, Ujjain,  
Madhya Pradesh 456331

Dear Members of the Board:

**I. Engagement Background**

We understand that the Board of Directors ("Board") of Grasim Industries Limited ("GIL" or "Company" or "Transferee Company") is considering the amalgamation of ABCIL ("ABCIL" or "Transferor Company") with GIL through a Scheme of Amalgamation (herein after referred to as the "Scheme") under section 391-394 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956 and/or the Companies Act, 2013 (to the extent notified and applicable).

The Scheme envisages an amalgamation of ABCIL with GIL as per the terms and conditions more fully set forth in the Scheme to be placed before the Board for their approval.

In consideration of the amalgamation of ABCIL with GIL pursuant to the Scheme, for every 16 equity shares of the face value of Rs. 10/- each and fully paid held by the shareholders of the Transferor Company, the Transferee Company shall issue and allot 1 equity shares of the face value of Rs. 10/- each fully paid up (hereinafter referred to as the "Share Exchange Ratio").

In connection with the aforesaid, you requested our Fairness Opinion ("Opinion") as of the date hereof, as to the fairness of the Share Exchange Ratio to the Equity Shareholders of the Transferor Company.

**CERTIFIED TRUE COPY  
FOR GRASIM INDUSTRIES LIMITED**

*Ashok Malu*  
**ASHOK MALU  
COMPANY SECRETARY**



Axis Capital Limited (Erstwhile "Axis Securities and Sales Limited")

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## II. Basis of Opinion

In the Rationale of the Scheme as explained to us by the management of the Transferee Company, given that the nature of the business of the Transferor Company and the Transferee Company is similar to each other, for optimum growth and development of the respective businesses of the Transferor Company and the Transferee Company, it is considered desirable and expedient to integrate the said businesses by amalgamating the Transferor Company into the Transferee Company. The proposed amalgamation, will enable better and more economic and efficient management, control and running of the businesses of the companies concerned and will assist in the exploitation and realization of the potential of business of the Transferor Company and that of the Transferee Company to the fullest extent. The proposed amalgamation is likely to enhance significantly the values and synergies for both Transferee Company as well as the Transferor Company and for all the stakeholders.

A brief history of each of the aforesaid companies is as under –

Grasim Industries Limited is a public company, limited by shares, incorporated under the provisions of the Companies Act 1956, under Corporate Identity No L17124MP1947PLC000410 and having its registered office at Birlagram, Nagda, Ujjain, Madhya Pradesh 456331 and is inter alia engaged in the business of manufacture of viscose staple fibre, grey cement, white cement, chemicals and textiles. The equity shares of the Transferee Company are listed on BSE Limited and the National Stock Exchange of India Limited.

Aditya Birla Chemicals (India) Limited is a public company, limited by shares, incorporated under the provisions of the Companies Act 1956, under Corporate Identity No L24100JH1976PLC001255 and having its registered office at Garhwa Road, P.O.- Rehla, Palamau, Jharkhand 822124 and is inter alia engaged in the business of manufacture of chlor alkali and allied chemicals. The equity shares of the Transferor Company are listed on BSE Limited and the National Stock Exchange of India Limited.

The key features of the Scheme and other information provided to and relied upon by us for framing an Opinion on Share Exchange Ratio are as under:

1. The Transferee and Transferor Company are listed public companies. Amalgamation is to be carried out under section 391 to 394 of the Companies Act, 1956 read with other applicable provisions of the Companies Act, 1956 and/or the Companies Act, 2013 (to the extent notified and applicable).



2. As consideration for the amalgamation, only shares in the Transferee Company shall be issued to all the shareholders of the Transferor Company.
3. On the record date, all shareholders of the Transferor Company will be entitled to receive shares in the Transferee Company.
4. The Transferee Company will issue 1 shares for every 16 shares held by the shareholders of ABCIL
5. Share Exchange Ratio is based on the report dated February 11, 2015 submitted by Walker Chandiook & Co LLP ("Valuer") appointed by the Board.
6. The appointed date for the amalgamation of ABCIL with GIL is the opening business hours of April 1, 2015

We have taken the foregoing facts (together with the other facts and assumptions set forth in section III of this Opinion) into account when determining the meaning of "fairness" for purposes of this Opinion.

### III. Limitation of Scope and Review

Our Opinion and analysis is limited to the extent of review of documents as provided to us by the Transferee Company and Transferor Company including the report on the Share Exchange Ratio prepared by Walker Chandiook & Co LLP and a Draft of the Scheme of Amalgamation and review of the historical financials of ABCIL and GIL; and business information available in public domain. We have also reviewed the listed stock price data of both the Transferor Company and the Transferee Company.

We have relied upon the accuracy and completeness of all information, documents, data and explanations provided to us, without carrying out any due diligence or independent verification or validation of such information to establish its accuracy or sufficiency. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the Transferor Company or the Transferee Company and / or its subsidiaries. In particular, we do not express any opinion as to the value of any asset of the Transferor Company or the Transferee Company and / or its subsidiaries.



No investigation of the Companies claim to title of assets has been made for the purpose of the exercise and the Companies claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the account. Therefore, no responsibility whatsoever is assumed for matters of a legal nature.

We do not express any opinion as to the price at which shares of the Transferor Company and/or the Transferee Company may trade at any time, including subsequent to the date of this Opinion. In rendering our Opinion, we have assumed, that the Scheme will be implemented on the terms described therein, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary regulatory or third party approvals for the Scheme, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on the Transferor Company, Transferee Company and / or its subsidiaries and their respective shareholders.

We do not express any Opinion as to any tax or other consequences that might arise from the Scheme on the Transferor Company, Transferee Company and / or its subsidiaries and their respective shareholders, nor does our Opinion address any legal, tax, regulatory including all SEBI regulations or accounting matters, as to which we understand that the Transferor Company and Transferee Company have obtained such advice as it deemed necessary from qualified professionals.

We assume no responsibility for updating or revising our Opinion based on circumstances or events occurring after the date hereof. Our Opinion is specific to the amalgamation of the Transferor Company and Transferee Company as contemplated in the Scheme provided to us and is not valid for any other purpose. It is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

Our Opinion also does not address any matters otherwise than as expressly stated herein, including but not limited to matters such as corporate governance matters, shareholders rights or any other equitable considerations. We have also not opined on the fairness of any terms and conditions of the Scheme of Amalgamation other than the fairness, from financial point of view, of the Share Exchange Ratio.

We have in the past provided, and may currently or in the future provide, investment banking services to the Transferor Company or Transferee Company and/or its subsidiaries or their



respective affiliates that are unrelated to the proposed Scheme, for which services we have received or may receive customary fees. In addition, in the ordinary course of their respective businesses, affiliates of Axis Capital Ltd. may invest in securities of the Transferor Company or Transferee Company and / or its subsidiaries group companies or for their own accounts and for the accounts of their customers and, accordingly, may at any time hold a position in such securities. Our engagement and the Opinion expressed herein are for the benefit of the Board of Directors of the Transferee Company in connection with its consideration of the Scheme and for none other, subject to confidential information not being shared with such affiliates. Neither Axis Capital Ltd., nor its affiliates, partners, directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the information and documents provided to us, based on which the Opinion has been issued. All such parties and entities expressly disclaim any and all liability for, or based on or relating to any such information contained therein.

The fee for our services is not contingent upon the results of the proposed amalgamation. This Opinion is subject to the laws of India.

Our Opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Scheme or any matter related thereto.

**IV. Conclusion**

Based on and subject to the foregoing, and our independent analysis and evaluation of information available we are of the opinion that, as of the date hereof, Share Exchange Ratio is fair to the Equity shareholders of the Transferee Company.

Very truly yours,

For Axis Capital Ltd.



Lalit Ratadia  
Managing Director – M&A Advisory

