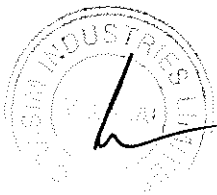




Rationale of the Composite Scheme of Arrangement between the Company, Aditya Birla Nuvo Limited and Aditya Birla Financial Services Limited and their respective shareholders and creditors

- (a) The proposed restructuring will create a large and well diversified company, having a portfolio of leading manufacturing and services businesses with healthy mix of steady cash flows and long-term growth opportunities.
- (b) The Demerged Company will be participating in high growth financial services business and tap opportunities available in a low penetrated market with support from its strong balance sheet.
- (c) The proposed demerger of the financial services business to the Resulting Company will unlock value for the shareholders, attract investors and provide better flexibility in accessing capital.
- (d) It is believed that this Scheme will create enhanced value for shareholders and allow a focused growth strategy which would be in the best interests of all the stakeholders. The restructuring proposed by this Scheme will also provide flexibility to the investors to select investments which best suit their investment strategies and risk profile.



FOR GRASIM INDUSTRIES LIMITED

**HUTOKSHI WADIA
PRESIDENT & COMPANY SECRETARY**

Date : 16 August 2016

Place : Mumbai