

**REPORT OF THE AUDIT COMMITTEE OF GRASIM INDUSTRIES LIMITED ("COMPANY")
RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT BETWEEN THE COMPANY,
ADITYA BIRLA NUVO LIMITED AND ADITYA BIRLA FINANCIAL SERVICES LIMITED AND THEIR
RESPECTIVE SHAREHOLDERS AND CREDITORS**

1. Background

1.1 A meeting of the Audit Committee of Grasim Industries Limited ("Company") was held on 11th August 2016 to consider and recommend the proposed Scheme of Arrangement between the Company, Aditya Birla Nuvo Limited ("ABNL"), Aditya Birla Financial Services Limited ("ABFSL") and their respective shareholders and creditors, for the merger of ABNL with the Company and subject to the merger, transfer of the financial services business of the Company to Aditya Birla Financial Services Limited by way of demerger, to be implemented in terms of the draft scheme placed before the Audit Committee ("Scheme"), under Sections 391 to 394 of the Companies Act, 1956 and other applicable provisions of Companies Act, 1956 and Companies Act, 2013.

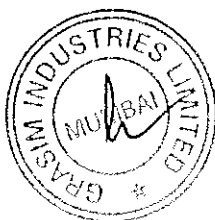
1.2 This report of the Audit Committee is made in order to comply with the requirements of Circular No CIR/CFD/CMD/16/2015 dated 30 November 2015 issued by the Securities Exchange Board of India ("SEBI").

1.3 The following documents were placed before the Audit Committee:

1.3.1 Draft Scheme duly initialled by the Company Secretary for the purpose of identification;

1.3.2 Joint Valuation Report dated 11th August 2016 of by Bansi S. Mehta & Co. and Price Waterhouse & Co. LLP., Independent Chartered Accountants describing the methodology adopted by them in arriving at the share entitlement ratio ("Valuation Report").

1.3.3 Fairness Opinion dated 11th August 2016 prepared by JM Financial Institutional Securities Limited, a Category I Merchant Banker providing the Fairness Opinion on the share exchange ratio as recommended by Bansi S. Mehta & Co. and Price Waterhouse & Co. LLP. ("Fairness Opinion").



(Contd. ... 2..)

2. Proposed Scheme of Arrangement

2.1 The Audit Committee noted the rationale and the benefits of the Scheme which *inter-alia*, are as follows:

- (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.

2.2 The Audit Committee reviewed and noted the Valuation Report and recommends the following share entitlement ratio:

3 (Three) fully paid up equity shares of ₹ 10 (Rupees Ten only) each of the Company (each credited as fully paid up) for every 10 (Ten) fully paid up equity shares of ₹ 10 (Rupees Ten only) held by an equity shareholder in ABNL, pursuant to the merger of ABNL with the Company.

7 (Seven) fully paid up equity shares of ₹ 10 (Rupees Ten only) each of ABFSL (each credited as fully paid up) for every 1 (One) fully paid up equity shares of ₹ 10 (Rupees Ten only) held by an equity shareholder in the Company, pursuant to the transfer of the financial services business of the Company to ABFSL by way of demerger.

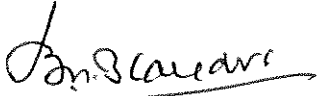
2.3 Further, the Fairness Opinion confirmed that the share entitlement ratio in the Valuation Report is fair to (i) the Company, ABNL and its shareholders in relation to the merger; and (ii) ABFSL, the Company and its shareholders in relation to the demerger.



3. Recommendation of the Audit Committee

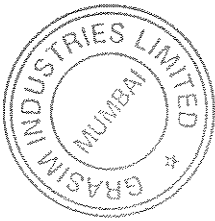
Taking into consideration the Valuation Report and the Fairness Report, the Audit Committee recommends the draft Scheme to the Board of Directors of the Company for its consideration and approval and for favourable consideration by the Stock exchange(s) and SEBI.

**By Order of Audit Committee
For and on behalf of Grasim Industries Limited**



**B.V. Bhargava
Chairman, Audit Committee**

Date: 11th August 2016



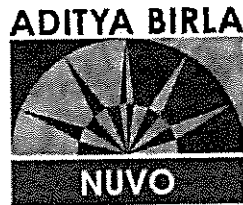


**REPORT OF THE AUDIT COMMITTEE OF ADITYA BIRLA NUVO LIMITED ("THE COMPANY")
RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT BETWEEN THE COMPANY,
GRASIM INDUSTRIES LIMITED AND ADITYA BIRLA FINANCIAL SERVICES LIMITED AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

1. Background

- 1.1 A meeting of the Audit Committee of Aditya Birla Nuvo Limited ("the Company") was held on 11th August, 2016 to consider and recommend the proposed Scheme of Arrangement between the Company, Grasim Industries Limited ("Grasim"), Aditya Birla Financial Services Limited ("ABFSL") and their respective shareholders and creditors, for the merger of the Company with Grasim and subject to the post merger, transfer of the financial services business of Grasim (being the combined entity) to Aditya Birla Financial Services Limited by way of demerger, to be implemented in terms of the draft Scheme placed before the Audit Committee ("the Scheme"), under Sections 391 to 394 of the Companies Act, 1956 and other applicable provisions of Companies Act, 1956 and Companies Act, 2013.
- 1.2 This report of the Audit Committee is made in order to comply with the requirements of the Circular No. CIR/CFD/CMD/16/2015 dated 30th November, 2015 issued by the Securities Exchange and Board of India ("SEBI").
- 1.3 The following documents were placed before the Audit Committee:
- 1.3.1 Draft Scheme duly initialled by the Company Secretary of the Company for the purpose of identification;
- 1.3.2 Joint Valuation Report dated 11th August, 2016 of M/s. Bansil S. Mehta & Co. and Price Waterhouse & Co LLP ("the Valuers"), Independent Chartered Accountants describing the methodology adopted by them in arriving at the share entitlement ratio ("Valuation Report").
- 1.3.3 Fairness Opinion dated 11th August, 2016 prepared by Kotak Mahindra Capital Company Limited, Category I Merchant Bankers, providing the Fairness Opinion on the share exchange ratio as recommended by M/s. Bansil S. Mehta & Co. and Price Waterhouse & Co LLP, the Valuers, ("Fairness Opinion").





2. Proposed Scheme of Arrangement

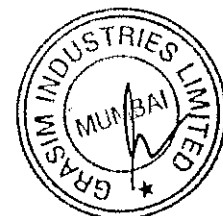
2.1 The Audit Committee noted the rationale and the benefits of the Scheme which *inter-alia*, are as follows:

- (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.

2.2 The Audit Committee reviewed and noted the Valuation Report and recommends the following share entitlement ratio:

3 (Three) fully paid up equity shares of Rs. 10 (Rupees Ten) each of Grasim (each credited as fully paid up) for every 10 (Ten) fully paid up equity shares of Rs. 10 (Rupees Ten) held by an equity shareholder in the Company, pursuant to the merger of the Company with Grasim.

2.3 Further, the Fairness Opinion confirmed that the share entitlement ratio in the Valuation Report is fair to the equity shareholders of the Company.





3. Recommendation of the Audit Committee

Taking into consideration the Valuation Report and the Fairness Report, the Audit Committee recommends the draft Scheme to the Board of Directors of the Company for its consideration and approval and for consideration by the Stock exchanges and SEBI.

By Order of the Audit Committee
For and on Behalf of

ADITYA BIRLA NUVO LIMITED

T.M. Mahesh

(Tarjani Vakil)
Chairperson of the Audit Committee

FOR GRASIM INDUSTRIES LIMITED

Hutokshi Wadia

HUTOKSHI WADIA
COMPANY SECRETARY

Place: Mumbai
Date: 11th August, 2016





REPORT OF THE AUDIT COMMITTEE OF ADITYA BIRLA FINANCIAL SERVICES LIMITED ("THE COMPANY") RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT BETWEEN THE COMPANY, GRASIM INDUSTRIES LIMITED AND ADITYA BIRLA NUVO LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

1. Background

1.1 A meeting of the Audit Committee of Aditya Birla Financial Services Limited ("the Company") was held on 11th August, 2016 to consider and recommend the proposed Scheme of Arrangement between the Company, Grasim Industries Limited ("Grasim"), Aditya Birla Nuvo Limited ("ABNL") and their respective shareholders and creditors, for the merger of the ABNL with Grasim and subject to the post merger, transfer of the financial services business of Grasim (being the combined entity) to the Company by way of demerger, to be implemented in terms of the draft scheme placed before the Audit Committee ("the Scheme"), under Sections 391 to 394 of the Companies Act, 1956 and other applicable provisions of Companies Act, 1956 and Companies Act, 2013.

1.2 This report of the Audit Committee is made in order to comply with the requirements of Circular No CIR/CFD/CMD/16/2015 dated 30 November 2015 issued by the Securities Exchange Board of India ("SEBI").

1.3 The following documents were placed before the Audit Committee:

1.3.1 Draft Scheme duly initialled by the Company Secretary for the purpose of identification; and

1.3.2 Joint Valuation Report dated 11th August, 2016 of M/s. Bansi S. Mehta & Co. and M/s Price Waterhouse & Co LLP ("the Valuers"), Independent Chartered Accountants describing the methodology adopted by them in arriving at the share entitlement ratio ("Valuation Report").





FINANCIAL SERVICES

2. Proposed Scheme of Arrangement

2.1 The Audit Committee noted the rationale and the benefits of the Scheme which *inter-alia*, are as follows:

- 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.

2.2 The Audit Committee reviewed and noted the Valuation Report and recommends the following share entitlement ratio:

Step I:

3 (Three) fully paid equity shares of Rs. 10 (Rupees Ten) each of Grasim Industries Limited (each credited as fully paid up) for every 10 (Ten) fully paid equity shares of Rs. 10 (Rupees Ten) held by an equity shareholder in Aditya Birla Nuvo Limited pursuant to the merger of Aditya Birla Nuvo Limited into Grasim Industries Limited.

Step II:

7 (Seven) fully paid equity shares of Rs. 10 (Rupees Ten) of the Company (each credited as fully paid up) for every 1 (One) fully paid equity share of Rs. 10 (Rupees Ten) held by an equity shareholder in the Amalgamated Grasim pursuant to the demerger of the Finance Undertaking into the Company.





3. Recommendation of the Audit Committee

Taking into consideration the Valuation Report, the Audit Committee recommends the draft Scheme to the Board of Directors of the Company for its consideration and approval and for consideration by the Stock Exchange(s) and SEBI.

By Order of the Audit Committee

For and on Behalf of

Aditya Birla Financial Services Limited

Vijay Kothari

Chairman of the Audit Committee



Place: Mumbai

Date: 11th August, 2016

CERTIFIED TRUE COPY
FOR GRASIM INDUSTRIES LIMITED

**HUTOKSHI WADIA
COMPANY SECRETARY**

