

**SCHEME OF AMALGAMATION UNDER  
SECTIONS 391 to 394 OF THE  
COMPANIES ACT, 1956  
OF**

Talavadi Cements Limited, 9/1, R. N. Mukherjee Road, Kolkata - 700 001 (in short the "Transferor Company")

**WITH**

Birla Corporation Limited, 9/1, R. N. Mukherjee Road, Kolkata - 700 001 (in short the "Transferee Company")

**GENERAL**

**A. Description of Companies:**

1. Talavadi Cements Limited ("TCL"/"Transferor Company"), a Public Limited Company, within the meaning of the Companies Act, 1956, was incorporated on 23rd March, 1995. It owns and operates a fly ash extraction plant situated at Unchahar, U.P. and meets the fly ash requirement of the cement plants of Birla Corporation Limited by way of lifting fly ash from NTPC, Unchahar. Its registered office is situated in the State of West Bengal.

2. Birla Corporation Limited ("BCL"/"Transferee Company"), a Company within the meaning of the Companies Act, 1956 was

Certified to be true Copy  
For BIRLA CORPORATION LIMITED

*Girish Sharma*  
GIRISH SHARMA  
Sr. Vice-President (Indirect Taxes)  
& Company Secretary

incorporated as a Public Limited Company as The Birla Jute Manufacturing Company Limited on 25<sup>th</sup> August, 1919 under the Indian Companies Act, 1913. Subsequently, its name was changed to Birla Jute & Industries Limited on 7th February, 1983. The name of the Company was again changed to Birla Corp Limited on 31st March, 1997. On 27th October, 1998, the name of Birla Corp Limited was further changed to Birla Corporation Limited. The Company has its registered office in the State of West Bengal. The Company is a multi-location conglomerate with presence in cement, jute, power and auto trim. Cement being the core business accounts for more than 90% of the total turnover.

3. This Scheme of Amalgamation provides for the amalgamation of the Transferor Company with the Transferee Company pursuant to Sections 391 to 394 and other relevant provisions of the Companies Act, 1956.

**B. Rationale of the Scheme:**

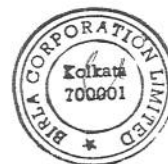
The amalgamation of the Transferor Company with the Transferee Company would inter alia have the following benefits:



a) The Transferor Company is a 98% subsidiary of the Transferee Company and its Fly Ash Extraction Plant at Unchahar, Uttar Pradesh is fully dedicated to meet the fly ash requirements of the cement plants of the Transferee Company. Merger of TCL into BCL will help in achieving better efficiency and operational synergy.

The Madhya Pradesh Government had recommended to the Union Ministry of Mines, allotment of limestone mining lease of about 2,130 hectares in Satna District in the State of Madhya Pradesh to TCL. The Madhya Pradesh State Government vide its order dated 29th January, 2013 has communicated its decision to TCL regarding the precise area to be granted under the mining lease and has also directed the company to submit mining plan within a period of 6 months duly approved by the Central Government under Rule 22(4) of the Mineral Concession Rules, 1960 for taking further necessary action for grant of mining lease. Draft mining plan has already been submitted and necessary action is being taken for submission of final mining plan with the State Government. However, mining lease allotment has been challenged and the matter is subjudice. Depending on the outcome/status of the pending litigations, an integrated cement plant of 3 million tons per annum capacity could be set up.

- b) TCL does not possess the financial, technical and other resources required for setting up such a large plant, whereas the merged entity should be in a position to meet the desired objectives.
- c) Under a liberalised, fast changing and highly competitive environment, this amalgamation shall strengthen the business of BCL by pooling up resources for common purpose;
- d) The amalgamation will help in achieving optimum advantages and also to achieve greater efficiency and synergy in operations by combining the activities of the Transferor Company with the Transferee Company;
- e) The amalgamation will result in greater size, scale, integration and greater financial strength and flexibility for the amalgamated entity, which would in turn, result in maximizing overall shareholder value;
- f) The synergies that exist between the entities in terms of services and resources can be put to the best advantage of all stakeholders;
- g) The amalgamation will result in better control over resources, increased financial strength and flexibility and enhance the ability of the amalgamated entity to undertake large projects, thereby contributing to enhancement of future business potential;
- h) The merged entity will be able to make larger investments for growth and the



amalgamation shall facilitate further resource raising.

In view of the aforesaid, the Board of Directors of the Transferor Company as well as the Transferee Company have considered and proposed the amalgamation of the entire undertaking and business of the Transferor Company with the Transferee Company in order to benefit the stakeholders of both companies. Accordingly, the Board of Directors of both the companies have formulated this Scheme of Amalgamation for the transfer and vesting of the entire undertaking and business of the Transferor Company to the Transferee Company pursuant to the provisions of Section 391 to Section 394 of the Companies Act, 1956.

#### C. Parts of the Scheme:

This Scheme of Amalgamation is divided into the following parts:

- i. Part I deals with definitions of the terms used in this Scheme of Amalgamation and sets out the share capital of the Transferor Company and the Transferee Company.
- ii. Part II deals with the transfer of the Undertaking (as hereinafter defined) of the Transferor Company to the Transferee Company;

- iii. Part III deals with the issue of new equity shares by the Transferee Company to the equity shareholders of the Transferor Company;
- iv. Part IV deals with the accounting treatments for the amalgamation in the books of the Transferee Company and declaration of dividends;
- v. Part V deals with the dissolution of Transferor Company and general terms and conditions applicable to this Scheme of Amalgamation and other matters consequential and integrally connected thereto.

### PART - I

#### DEFINITIONS AND SHARE CAPITAL

##### 1. DEFINITIONS:

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meaning:

- a. 'Act' means the Companies Act, 1956 or any statutory amendment(s) or re-enactment thereto, from time to time.
- b. 'Appointed Date' for the purpose of the Scheme means the date beginning with the business hours on the 1<sup>st</sup> day of April, 2013.
- c. 'Board of Directors' or 'Board' means the board of directors of the



Transferor Company or the Transferee Company, as the case may be, and shall include a duly constituted committee thereof.

d. 'Effective Date' means the last of the dates on which all the conditions and matters referred to in Clause 23 of Part V hereof have been fulfilled and the Orders of the High Court sanctioning the Scheme are filed with the Registrar of Companies by the Transferor Company and the Transferee Company. References in this Scheme to the date of 'coming into effect of this Scheme' or 'effectiveness of the Scheme' shall mean the Effective Date.

e. 'High Court' means the Hon'ble High Court at Calcutta having jurisdiction in relation to the Transferor Company and Transferee Company, as the context may admit and shall, if applicable, include the National Company Law Tribunal, as the context may require;

f. 'Record Date' means the date to be fixed by the Board of Directors of the Transferee Company for determining names of the equity shareholders of the Transferor Company, who shall be entitled to shares of the Transferee Company upon coming into effect of this

Scheme as specified under Clause 10 of this Scheme;

g. 'Scheme' means this Scheme of Amalgamation in its present form or with any modifications approved or directed by the Hon'ble High Court at Calcutta.

h. 'Transferee Company' or "BCL" means Birla Corporation Limited, a limited company under the Companies Act, 1956 and having its registered office at 9/1, R. N. Mukherjee Road, Kolkata - 700 001.

i. 'Transferor Company' or "TCL" means Talavadi Cements Limited, a limited company under the Companies Act, 1956 and having its registered office at 9/1, R. N. Mukherjee Road, Kolkata - 700 001.

j. 'Undertaking' means the whole of the undertaking and entire business of the Transferor Company as a going concern, including (without limitation):

(a) All the assets and properties (whether movable and immovable, tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) of the Transferor Company, including, without being limited to all its plant & machinery, buildings





and structures, offices, office equipments, accessories, power lines, deposits, assets, investments of all kinds (including shares, scrips, stocks, bonds, debenture stocks, units), cash balances including with banks, loans, advances, contingent rights or benefits, receivables, earnest moneys, advances or deposits paid by the Transferor Company, mining leases, allotment, right and interest of the Transferor Company to/in the allotment of limestone mining lease, financial assets, lease and hire purchase contracts, lending contracts, rights and benefits under any agreement, benefit of any security arrangements or under any guarantee, reversions, powers, municipal permissions, authorities, allotments, approvals, consents, licences, registrations, contracts, engagements, arrangements, rights, titles, interests, benefits and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of, or enjoyed by the Transferor Company including licenses, fixed and other assets,

trade and service names, liberties, patents, trade marks, designs, copyrights and other intellectual property rights of any nature whatsoever, import licences, quotas, permits, concessions, subsidies, approvals, authorisations, right to use and avail of telephones, telexes, facsimile connections, land installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets and properties and all agreements and all other interests held on trust, registrations, contracts, engagements, arrangements of all kinds, privileges and all other rights including sales tax deferrals, title, interests, other benefits (including tax benefits), easements, arrangements of all kind, privileges, liberties and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, power or possession and in the control of or vested or granted in favour of or enjoyed by the Transferor Company or in connection with or relating to that of the Transferor Company and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or



held for the benefit of or enjoyed by the Transferor Company;

- (b) All secured and unsecured debts, liabilities (including contingent liabilities), duties and obligations of the Transferor Company of every kind, nature and description whatsoever and howsoever arising, raised, incurred or utilized;

- (c) All agreements, rights, contracts, entitlements, permits, licences, approvals, authorities, concessions, consents, quota rights, fuel linkages, engagements, arrangements, authorities, allotments, security arrangements, benefits of any guarantee, reversions, powers and all other approvals of every kind, nature, description whatsoever relating to the Transferor Company's business activities and operations;

- (d) All intellectual property rights, records, files, papers, computer programmes, manuals, catalogues, sales material, list of clients, other client information and all other records and documents relating to the Transferor Company's business activities and operations;

All terms not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Depositories Act, 1996 and other applicable laws, rules, regulations and bye laws, as may be applicable or any statutory amendment(s) or re-enactment thereof, from time to time.

## 2. SHARE CAPITAL:

### 2.1 Transferor Company:

As per the last audited balance sheet for the year ended March 31, 2013 the authorised share capital of the Transferor Company is Rs.6,00,00,000/- (Rupees Six Crores only) divided into 60,00,000 Equity Shares of Rs.10/- each and issued, subscribed and paid up share capital is Rs.6,00,00,000/- (Rupees Six Crores Only) divided into 60,00,000 Equity Shares of Rs.10/- each fully paid up.

### 2.2 Transferee Company:

As per the last audited balance sheet for the year ended March 31, 2013 the authorised share capital of the Transferee Company is Rs.100,00,00,000/- (Rupees One Hundred Crores only) divided into 9,00,00,000 Equity Shares of Rs.10/- each and 10,00,000 Preference Shares of Rs.100/- each and



issued, subscribed and paid up share capital is Rs.77,00,53,470 (Rupees Seventy Seven Crores Fifty Three Thousand Four Hundred and Seventy only) divided into 7,70,05,347 Equity Shares of Rs.10/- each fully paid up.

### 3. DATE WHEN THE SCHEME COMES INTO OPERATION:

The Scheme shall come into operation from the Appointed Date, but the same shall become effective on and from the Effective Date.

## PART II TRANSFER OF UNDERTAKING

### 4. TRANSFER OF UNDERTAKING:

#### 4.1 General:

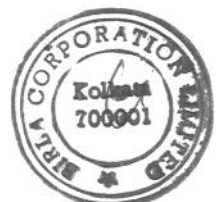
Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Undertaking of the Transferor Company shall, pursuant to the sanction of this Scheme by the High Court and pursuant to the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Act, be and stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, as a going concern without any further act, instrument, deed,

matter or thing so as to become, as and from the Appointed Date, the undertaking of the Transferee Company by virtue of and in the manner provide in the Scheme.

#### 4.2 Transfer of Assets:

4.2.1 Without prejudice to the generality of clause 4.1 above, upon the coming into effect of this Scheme and with effect from the Appointed Date:

- (a) All assets and properties comprised in the Undertaking of whatsoever nature and whatsoever situate, shall, under the provisions of Section 391 to 394 and all other applicable provisions, if any, of the Act, without any further act or deed be and stand transferred to and vested in the Transferee Company or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become, as and from the Appointed Date, the assets and properties of the Transferee Company PROVIDED that the Board of Directors of the Transferee Company shall be entitled, at their discretion and as may be advised or considered fit, expedient or necessary, to determine the classification/reclassification and treatment of any or all of the assets transferred to and vested in the



Transferee Company pursuant to this Scheme.

- (b) Without prejudice to the provisions of sub-clause (a) above in respect of such of the assets and properties of the Transferor Company, as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and/or delivery, the same shall be so transferred by the Transferor Company and shall, upon such transfer, become the assets and properties of the Transferee Company as an integral part of the Undertaking without requiring any deed or instrument or conveyance for the same.
- (c) In respect of the movables other than those dealt with in sub-clause (b) above including sundry debtors, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be recovered, bank balances, investments, earnest money and deposits with any Government, quasi-government, local or other authority or body or with any company or other person, the same shall on and from the Appointed Date stand transferred to and vested in the Transferee Company without any notice or other

intimation to the debtors (although the Transferee Company may if it so deems appropriate, give notice in such form as it may deem fit and proper, to each person, debtors or depositor, as the case may be, that the said debt, loan, advance, balance or deposit stand transferred and vested in the Transferee Company).

- (d) All licenses, permits, quotas, approvals, leases including mining leases, mining allotments, rights to the grant of mining leases, permissions, registrations, incentives, sales tax deferrals and benefits, unavailed tax and cenvat credits, if any, subsidies, concessions, grants, rights, including mining rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Transferor Company and all rights and benefits that have accrued or which may accrue to the Transferor Company, whether before or after the Appointed Date, shall under the provisions of Section 391 to 394 of the Act and all other applicable provisions, if any, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in or deemed to be transferred to and vested in or be available to the Transferee Company so as to become as and



from the Appointed Date, licences, permits, quotas, approvals, permissions, registrations, incentives, sales tax deferrals and benefits, unavailed tax and cenvat credits subsidies, concessions, grants, rights, claims, leases including mining leases, allotments, rights including mining rights, tenancy rights, liberties, special status and other benefits or privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions.

4.2.2 All assets and properties of the Transferor Company as on the Appointed Date, whether or not included in the books of the Transferor Company, and all assets and properties, which are acquired by the Transferor Company on or after the Appointed Date but prior to the Effective Date, shall be deemed to be and shall become the assets and properties of the Transferee Company and shall under the provisions of Section 391 to 394 and all other applicable provisions if any of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company

upon the coming into effect of this Scheme pursuant to the provisions of Section 391 to 394 of the Act, provided however that no onerous asset shall have been acquired by the Transferor Company after the Appointed Date without the prior written consent of the Transferee Company.

4.2.3 The holders of shares of Transferor Company and Transferee Company shall, save as otherwise provided under this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends from the respective companies of which they are members till the Effective Date.

#### 4.3 *Transfer of Liabilities:*

4.3.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date all liabilities relating to and comprised in the Undertaking including all secured and unsecured debts, liabilities (including contingent liabilities), duties and obligations and undertakings of the Transferor Company of every kind, nature and description whatsoever and however arising, raised or incurred or utilized for business activities and operations along with



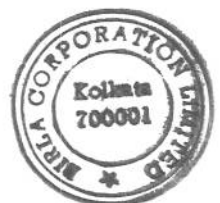
any charge, encumbrances, lien or security thereon (hereinafter referred to as "Liabilities") shall, pursuant to the sanction of this Scheme by the High Court and under the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, and the same shall be assumed by the Transferee Company to the extent they are outstanding on the Effective Date so as to become as from the Appointed Date, the Liabilities of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company and the Transferee Company shall meet, discharge and satisfy the same and further that it shall not be necessary to obtain the consent of any third party or other person who is party to any contract or arrangement by virtue of which such Liabilities have arisen in order to give effect to the provisions of this clause.

4.3.2 All debts, liabilities, duties and obligations of the Transferor Company shall, as on the

Appointed Date, whether or not provided in the books of the Transferor Company, and all debts and loans raised and used, and duties, liabilities and obligations incurred or which arise or accrue to the Transferor Company on or after the Appointed Date till the Effective Date shall be deemed to be and shall become the debts, loans raised and used, duties, liabilities and obligations incurred by the Transferee Company by virtue of this Scheme.

4.3.3 Where any such debts, liabilities, duties and obligations of the Transferor Company as on the Appointed Date have been discharged by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to be for and on account of the Transferee Company.

4.3.4 All loans raised and utilized and all liabilities, duties and obligations incurred or undertaken by the Transferor Company after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and to the extent they are outstanding on the



Effective Date, shall, upon the coming into effect of this Scheme and under the provisions of Section 391 to 394 of the Act, without any further act, instrument or deed be and stand transferred to or vested in or deemed to have been transferred to and vested in the Transferee Company and shall become the loans and liabilities, duties and obligations of the Transferee Company which shall meet, discharge and satisfy the same.

4.3.5 Loans, advances, debts and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at an time in future become due between the Transferor Company and the Transferee Company shall, *ipso facto*, stand discharged and come to an end and there shall be no liability in that behalf on any party and appropriate effect shall be given in the books of accounts and records of the Transferee Company. It is hereby clarified that there will be no accrual of interest or other charges in respect of any such inter-company loans,

advances and other obligations with effect from the Appointed Date.

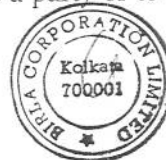
4.3.6 The Scheme shall not operate to enlarge the security for any loan, deposit or facility created by or available to the Transferor Company which shall vest in the Transferee Company by virtue of the amalgamation and the Transferee Company shall not be obliged to create any further, or additional security therefor after the amalgamation has become effective or otherwise.

#### 4.4 Inter-se Transactions:

Without prejudice to the provisions of clause 4.1 to 4.4, with effect from the Appointed Date, all inter-party transactions between the Transferor Company and the Transferee Company shall be considered as intra-party transactions for all purposes from the Appointed Date.

#### 5. CONTRACTS, DEEDS ETC:

a. Upon the coming into effect of this Scheme and subject to the provisions hereof, all contracts, deeds, bonds, agreements, schemes, arrangements, assurances, licences, leases, permits, approvals, rights and other instruments of whatsoever nature to which the Transferor Company is a party or to the





benefit of which the Transferor Company may be eligible and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favour of, as the case may be, the Transferee Company and be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been party or beneficiary or obligee thereto or thereunder.

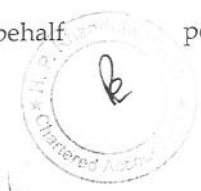
- b. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Undertaking occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (deeds of adherence), confirmations or other writings or arrangements with any party to any contract or arrangement to which any of the Transferor Company is a party or any writings that may be necessary in order to give formal effect to the provisions of this Scheme. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf

of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.

- c. For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licences, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of any of the Transferor Company shall stand transferred to the Transferee Company, as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Transferee Company. The Transferee Company shall be entitled to receive relevant approvals from the concerned Government Authorities as may be necessary in its name.

#### 6. LEGAL PROCEEDINGS:

On and from the Appointed Date, all suits, actions and legal proceedings by or against the Transferor Company pending and/or arising on or before the



Effective Date shall be continued and/or enforced as desired by the Transferee Company and on and from the Effective Date, shall be continued and/or enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as if the same had been instituted and/or pending and/or arising by or against the Transferee Company.

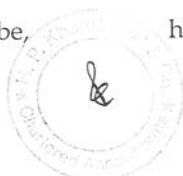
## 7. CONDUCT OF BUSINESS:

7.1 With effect from the Appointed Date and up to and including the Effective Date:

- a) The Transferor Company shall carry on and shall be deemed to have carried on all its business and activities as hitherto and shall hold and stand possessed of the Undertaking on account of, and for the benefit of and in trust for, the Transferee Company.
- b) All profits or incomes accruing or arising to the Transferor Company, and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profit and income) by the Transferor Company shall, for all purposes, be treated and be deemed to be and accrues as the profits or incomes or as the case may be,

expenditure or losses (including taxes) of the Transferee Company.

- c) All taxes (including income tax, sales tax, excise duty, customs duty, service tax and VAT) paid or payable by the Transferor Company in respect of the operations and/or the profits of their respective businesses before the Appointed Date, shall be on account of the Transferor Company and, in so far as it relates to the tax payment (including, without limitation, sales tax, excise duty, custom duty, income tax, service tax and VAT) whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of their respective businesses after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company and shall, in all proceedings be dealt accordingly.
- d) Any of the rights, powers, authorities and privileges attached or related or pertaining to and exercised by or available to the Transferor Company shall be deemed to have been exercised by the Transferor Company for and on behalf of and as agent for the Transferee Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Undertaking that have been undertaken or discharged



by the Transferor Company shall be deemed to have been undertaken or discharged for and on behalf of and as agent for the Transferee Company.

7.2 With effect from the first of the dates of filing of this Scheme with the High Court and up to and including the Effective Date:

a) The Transferor Company shall preserve and carry on its business and activities with reasonable diligence and business prudence and shall not undertake any financial commitments of any nature whatsoever, borrow any amounts nor incur any liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitments either for itself or on behalf of its subsidiaries or group companies or any third party or sell, transfer, alienate, charge, mortgage or encumber or deal with the Undertaking or any part thereof save and except in each case in the following circumstances:

- (i) if the same is in its ordinary course of business as carried on by it as on date of filing this Scheme with the High Court; or
- (ii) if the same is permitted by this Scheme; or

(iii) if written consent of the Transferee Company has been obtained.

b) The Transferor Company shall not take, enter into, perform or undertake, as applicable (i) any material decision in relation to its business and affairs and operations (ii) any agreement or transaction (other than an agreement or transaction in ordinary course of the Transferor Company's business); and (iii) such other matters as the Transferee Company may notify from time to time; without the prior written consent of the Transferee Company.

#### 8. SAVING OF CONCLUDED TRANSACTIONS:

Subject to the terms of this Scheme, the transfer and the vesting of the Undertaking of the Transferor Company under Clause 4 of this Scheme shall not affect any transactions or proceedings already concluded by the Transferor Company on or before the Appointed Date or after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things made, done and executed by the Transferor Company as acts, deeds and things made, done and executed by or on behalf of the Transferee Company.



**PART III**  
**ISSUE OF EQUITY SHARES BY**  
**TRANSFeree COMPANY**

9. The provisions of this Part III shall operate notwithstanding anything to the contrary in any other instrument, deed or writing.

**10.1 Issue of new equity shares by Transferee Company**

10.1.1 Upon the coming into effect of this Scheme and in consideration of the transfer and vesting of the Undertaking of the Transferor Company in the Transferee Company in terms of this Scheme, the Transferee Company shall, subject to the provisions of clause 10.2 without any further application, act, instrument or deed, issue and allot to the equity shareholders of the Transferor Company, whose names are registered in the Register of Members of the Transferor Company on the Record Date (to be fixed by the Board of Directors of the Transferee Company) or his/her/its legal heirs, executors or administrators or, as the case may be, successors, equity shares of Rs.10/- (Rupees Ten only) each, credited as fully paid up of the Transferee Company, in the ratio of 1 (one) equity share of the face value of Rs.10/- (Rupees Ten only) each of the

Transferee Company with rights attached thereto as mentioned in this Scheme for every 25 (twenty five) equity shares of the face value of Rs.10/- (Rupees Ten only) each credited as fully paid-up held on the Record Date by such equity shareholders or their respective legal heirs, executors or administrators or, as the case may be, successors in the Transferor Company.

10.1.2 Where new equity shares of the Transferee Company are to be allotted to heirs, executors or administrators or, as the case may be, to successors of deceased equity shareholders of the Transferor Company, the concerned heirs, executors, administrators or successors shall be obliged to produce evidence of title satisfactory to the Board of Directors of the Transferee Company.

10.1.3 The ratio in which equity shares of the Transferee Company are to be issued and allotted to the shareholders of the Transferor Company is herein referred to as the 'Share Exchange Ratio'. In the event the Transferee Company restructures its equity share capital by way of share split/ consolidation/issue of bonus shares during the pendency of the Scheme, the Share Exchange Ratio shall be adjusted accordingly to take into account the effect of such corporate actions.



10.2 Notwithstanding the provisions of clause 10.1 above the inter se shareholding of Transferor Company and the Transferee Company in each other shall stand cancelled upon the Scheme becoming effective without any further application, act or deed and there would be no issuance of shares by the Transferee Company in relation to such shares.

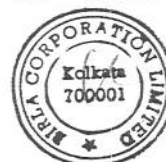
10.3 Approval of this Scheme by the shareholders of the Transferee Company by requisite majority under Section 391 of the Act shall also amount to passing of a special resolution by the shareholders of the Transferee Company under Section 81(1A) of the Act for issue and allotment of shares to the shareholders of the Transferor Company under this Scheme and for this purpose no separate resolution under Section 81(1A) of the act shall be required to be passed by the shareholders of the Transferee Company.

10.4 The shares of the Transferee Company are listed in the BSE Limited ('BSE') and the National Stock Exchange of India Limited ('NSE'). The Transferee Company, soon after issue and allotment of shares to the shareholders of the Transferor Company in accordance with this Scheme, shall make an application to the BSE and

BSE for listing of the additional issued shares in the Transferee Company at the said Stock Exchanges.

#### 10.5 Increase in authorised, issued, subscribed and paid up capital of Transferee Company

Upon the Scheme coming into effect, the authorised equity share capital of the Transferee Company in terms of its Memorandum of Association and Articles of Association shall automatically stand enhanced without any further act, instrument or deed on the part of the Transferee Company, including payment of stamp duty and fees payable to Registrar of Companies, by an amount of Rs.6,00,00,000/- (Rupees six crores only), and the Memorandum of Association and Articles of Association of the Transferee Company (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under Section 16, Section 31, Section 94 or any other applicable provisions of the Act, would be required to be separately passed. For this purpose, the filing fees and stamp duty already paid by the Transferor



Company on its authorised share capital shall be utilized and applied to the increased share capital of the Transferee Company, and shall be deemed to have been so paid by the Transferee Company on such combined authorised equity share capital and accordingly, the Transferee Company shall not be required to pay any fees / stamp duty on the authorised share capital so increased.

Accordingly in terms of this Scheme, the authorised equity share capital of the Transferee Company shall stand enhanced to an amount of Rs.96,00,00,000/- (Rupees ninety six crores only) divided into nine crores sixty lacs equity shares of Rs.10/- each.

Upon the Scheme becoming effective, the issued, subscribed and paid up capital of the Transferee Company shall stand suitably increased consequent upon the issuance of new equity shares in accordance with clause 10.1 above.

#### 10.6 General provisions:

##### (a) Issue of shares in physical form:

In so far as the issue of new equity shares by the Transferee Company pursuant to Clause 10.1 above is

concerned, each of the shareholders of the Transferor Company holding shares in physical form on the record date shall have the right, to receive, the new equity shares of the Transferee Company in physical form, in lieu of shares in the Transferor Company in accordance with the terms hereof. The physical share certificates representing the equity shares of the Transferor Company shall stand automatically and irrevocably cancelled on the issue of new equity shares by the Transferee Company in terms of clause 10.1 above.

##### (b) Pending share transfer, etc.:

In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Transferor Company, the Board of Directors of the Transferor Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, if considered practically and legally feasible, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or transferee of equity shares in the Transferor Company, after the effectiveness of this Scheme;

##### (c) New Equity Shares subject to same terms:



The new equity shares issued and allotted by the Transferee Company in terms of this Scheme shall be subject to the provisions of the Memorandum and Articles of Association of the Transferee Company and shall inter-se rank pari passu in all respects with the then existing equity shares of the Transferee Company, including in respect of dividend if any, that may be declared by the Transferee Company on or after the Effective Date:

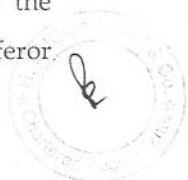
**(d) Obtaining of approvals:**

For the purpose of issue of equity shares to the shareholders of the Transferor Company, the Transferee Company shall, if and to the extent required, apply for and obtain the required statutory approvals and approvals of other concerned regulatory authorities for the issue and allotment by the Transferee Company of such equity share.

**(e) Fractional Entitlement:**

No fractional certificates, entitlements or credits shall be issued or given by the Transferee Company in respect of the fractional entitlements, if any, to which the shareholders of the Transferor

Company are entitled on the issue and allotment of equity shares by the Transferee Company in accordance with this Scheme. The Board of Directors of the Transferee Company shall instead consolidate all such fractional entitlements to which the shareholders of the Transferor Company may be entitled on issue and allotment of the equity shares of the Transferee Company as aforesaid and shall, without any further application, act, instrument or deed, issue and allot such fractional entitlements directly to an individual trustee or a board of trustees or a corporate trustee (the 'Trustee'), who shall hold such fractional entitlements with all additions or accretions thereto in trust for the benefit of the respective shareholders to whom they belong and their respective heirs, executors, administrators or successors for the specific purpose of selling such fractional entitlements at such price or prices and at such time or times as the Trustee may in its sole discretion decide and on such sale pay to the Transferee Company the net sale proceeds thereof and any additions and accretions thereto, whereupon the Transferee Company shall, subject to applicable withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Transferor Company in proportion to





their respective fractional entitlements.

#### PART IV

### ACCOUNTING TREATMENT AND DECLARATION OF DIVIDENDS

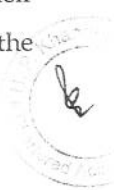
#### 11. ACCOUNTING TREATMENT:

(a) Upon the coming into effect of this Scheme and with effect from the Appointed Date for the purpose of accounting for and dealing with the value of the Assets and Liabilities in the books of the Transferee Company, a Statement of Account as on the Appointed Date shall be prepared on the basis of the Books of Accounts of the Transferor Company as audited by the Auditors in respect of the Assets and Liabilities of the Transferor Company to be transferred pursuant to the Scheme, for incorporating in the Books of Account of the Transferee Company. Such Statement of Account shall be drawn up taking the Assets and Liabilities at the values appearing in the Books of Account of the Transferor Company as on the Appointed Date. The Reserves and Surplus in the books of the Transferor Company shall also be transferred and continue to be maintained in their existing form in the books of the

Transferee Company. The difference between the values of the assets and liabilities of the Transferor Company as recorded and incorporated by the Transferee Company in its Books of Account, as reduced by the aggregate face value of the Equity Shares allotted by the Transferee Company, will be adjusted with the reserves and surplus and will be incorporated in the Books of Account of the Transferee Company as part of its Capital Reserves or dealt with in any other manner, as prescribed by Accounting Standards.

(b) As considered appropriate for the purpose of reflecting the book value of the Assets and Liabilities of the Transferor Company and the Transferee Company in the books of the Transferee Company on the Appointed Date, suitable effect may be given including, but not restricted to elimination of inter-company transactions and balances between the Transferor Company and the Transferee Company and/or application of uniform accounting policies and methods.

(c) To the extent that there are inter company loans, deposits, debenture holding or any other balances as between the Transferor Company and Transferee Company, the obligation in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given



in the books of account and records of the Transferee Company for the reduction of any assets and liabilities as the case may be. For the removal of doubt, it is clarified that in view of the above, there would be no accrual of interest or other charges in respect of any such inter-company loan, deposit or balances, with effect from the Appointed Date.

## 12. DECLARATION OF DIVIDEND:

12.1 For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent the Transferee Company from declaring and paying dividends, whether interim or final, to its equity shareholders as on the respective record date for the purpose of dividend and the shareholders of the Transferor Company shall not be entitled to dividends, if any, declared by the Transferee Company prior to the Effective Date.

12.2 It is clarified that the aforesaid provision in respect of declaration of dividend, whether interim or final, are enabling provisions only and shall not be deemed to confer any right on any member of the Transferee Company to demand or claim any dividends which, subject to the provisions of the Act, shall be

entirely at the discretion of the Board of Directors of the Transferee Company and subject to, wherever necessary, the approval of the shareholders of the Transferee Company, only.

## PART V DISSOLUTION OF TRANSFEROR COMPANY AND GENERAL TERMS AND CONDITIONS

### 13. DISSOLUTION OF TRANSFEROR COMPANY:

On the coming into effect of this Scheme, the Transferor Company shall stand dissolved without winding up.

### 14. VALIDITY OF EXISTING RESOLUTIONS ETC.:

Upon the coming into effect of this Scheme, resolutions, if any, of the Transferor Company, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then the said limits shall be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the



aggregate of the said limits in the Transferee Company.

15. PROCEEDINGS BEFORE THE HIGH COURT:

(a) On the Scheme being agreed by all the equity shareholders of the respective Transferor Company and the Transferee Company, with the consent of the said shareholders, the Transferor Company and the Transferee Company shall make applications to the High Court of Calcutta under Section 391 of the said Act seeking orders for dispensing of convening and holding of the meetings of its equity shareholders and/or other stakeholders and/or the Transferor Company and the Transferee Company shall make applications for convening and holding of the meetings of its equity shareholders to be called, held and conducted in such manner as the High Court may direct and to consider and if thought fit to approve, with or without modification, this Scheme.

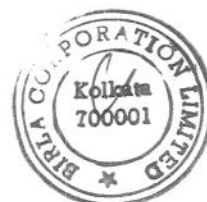
(b) On this Scheme being agreed by members of the Transferor Company and of the Transferee Company, the Transferor Company and the Transferee Company shall apply to the High Court of Calcutta respectively for sanctioning the Scheme of Amalgamation under Sections 391 and

394 of the Companies Act, 1956 and for such other Order, or Orders, as the Court may deem fit for carrying this Scheme into effect and for dissolution of the Transferor Company without winding up.

(c) Any such application shall, upon constitution of the National Company Law Tribunal under Section 10FB of the Act, be made and/or pursued before the National Company Law Tribunal, if so required. In such event references in this Scheme to the Hon'ble High Court at Calcutta shall be construed as references to the National Company Law Tribunal as the context may require.

(d) It is hereby clarified that submissions of the Scheme to the Court and to any authorities for their respective approvals is without prejudice to all rights, interest, titles and defenses that Transferor Company and Transferee Company have or may have under or pursuant to all applicable laws.

(e) The Transferor Company and Transferee Company shall also take such other steps as may be necessary or expedient to give full and formal effect to the provisions of this Scheme.



#### 16. MODIFICATION OF SCHEME:

The Transferor Company and the Transferee Company (by their respective Board of Directors or such other person or persons, as the respective Boards of Directors may authorise) are empowered and authorized to assent from time to time to any modifications or amendments or substitutions of this Scheme or of any conditions or limitations therein which the High Court and/or any authorities under law may deem fit to approve or direct.

#### 17. FILING OF APPLICATIONS:

The Transferor Company and the Transferee Company shall with all reasonable despatch, make and file all applications and petitions under Sections 391 to 394 and other applicable provisions of the Act before the High Court, and shall apply for such approval as may be required under law.

#### 18. APPROVALS:

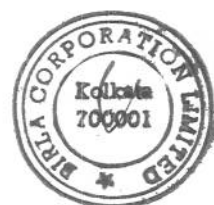
The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority, if required, under any law for such consents and approvals which the Transferee Company may require

to own the Undertaking and to carry on the business of the Transferor Company.

#### 19. TAX RETURNS & TDS:

19.1 Upon the coming into effect of the Scheme, all the taxes paid (including TDS) by the Transferor Company from the Appointed Date, regardless of the period to which they relate, shall be deemed to have been paid for and on behalf of and to the credit of the Transferee Company as effectively as if the Transferee Company had paid the same. It is specifically declared that Transferee Company shall be entitled to claim credit for taxes and duties paid pertaining to the Transferor Company notwithstanding that the certificate, challan or other documents for payment of such taxes and duties are in the name of Transferor Company.

19.2. On the Scheme becoming effective, the Transferee Company shall be entitled to file/ revise its income tax returns, TDS Returns, VAT and Service Tax Returns and other statutory returns, if required, and shall have the right to claim refunds, depreciation benefits, advance tax credits, minimum alternative tax credit etc., if any, as also the income tax returns filed by the Transferor Company so far as is necessitated on account of the Scheme becoming effective with



effect from 1<sup>st</sup> April, 2013, being the Appointed Date under the Scheme.

19.3. The amalgamation of Transferor Company with the Transferee Company in terms of this Scheme shall take place with effect from the Appointed Date and shall be in accordance with the provisions of Section 2(1B) of the Income Tax Act, 1961.

## 20. SCHEME CONDITIONAL UPON:

This Scheme is specifically conditional upon and subject to:

- (a) the approval of and agreement to the Scheme by requisite majority of the respective classes of members of Transferor Company and the Transferee Company as may be directed by the High Court of Calcutta on the applications made for directions under Section 391 of the said Act;
- (b) the sanction of the High Court of Calcutta being obtained under Sections 391 and 394 of the said Act in favour of the Transferor Company and the Transferee Company and to the necessary Order or Orders under Section 394 of the said Act, being obtained.
- (c) any other sanction or approval of the Appropriate Authorities concerned, as may be considered necessary and

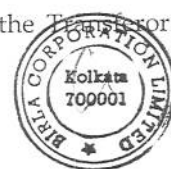
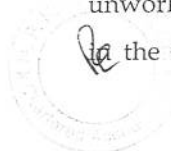
appropriate by the respective Boards of Directors of the Transferor Company and the Transferee Company, being obtained and granted in respect of any of the matters for which such sanction or approval is required.

(d) The certified copies of the orders of the High Court sanctioning this Scheme being filed with the Registrar of Companies, West Bengal.

21. In the event of any of the said sanctions and approvals not being obtained and/or the scheme not being sanctioned by the High Court and/or the Order or Orders not being passed, as aforesaid, the Scheme of Amalgamation shall become null and void and each party shall bear and pay its respective costs, charges and expenses for and/or in connection with the Scheme.

22. In the event of non-fulfillment of any or all obligations under the Scheme by any Company towards the other Company, inter-se or to third parties and non-performance of which will put the other Company under any obligation, then such Company will indemnify the other Company in respect of all costs/interests, etc.

23. If any part of this Scheme is found to be unworkable for any reason whatsoever, the sole discretion of the Transferor



Company and the Transferee Company either by the Board of Directors or through the persons authorized by them in this behalf, the same shall not, subject to the decision of the Transferor Company and the Transferee Company, affect the validity or implementation of the other parts and/or provisions of this Scheme.

24. In the event that any conditions imposed by the Court are found unacceptable for any reason whatsoever by Transferor or Transferee Company, then Transferor Company and/or Transferee Company shall be entitled to withdraw the Scheme in which event no rights and liabilities whatsoever shall accrue to or be incurred inter se to or by the parties or any of them.

25. Even after this Scheme becomes operative, the Transferee Company shall be entitled to operate all Bank Accounts relating to the Transferor Company and realise all monies and complete and enforce all pending contracts and transactions in the name of the Transferor Company in so far as may be necessary until the transfer of rights and obligations of Transferor Company to Transferee Company under this Scheme is formally accepted by the parties concerned.

26. On the approval of the Scheme by the members of Transferor Company and Transferee Company pursuant to Section 391 of the Act, it shall be deemed that the said members have also accorded all relevant consents under provisions of the Act to the extent the same may be considered applicable.

27. All costs, charges and expenses of the Transferor Company and the Transferee Company respectively in relation to or in connection with this Scheme, and of and incidental to the completion of the amalgamation of the Transferor Company in pursuance of the Scheme shall, except as specifically provided herein, be borne and paid by the Transferee Company.

Certified to be true Copy  
For BIRLA CORPORATION LIMITED

*Girish Sharma*  
GIRISH SHARMA  
Sr. Vice-President (Indirect Taxes)  
& Company Secretary



Certified to be true Copy  
For BIRLA CORPORATION LIMITED


*Girish Sharma*  
GIRISH SHARMA  
Sr. Vice-President (Indirect Taxes)  
& Company Secretary

**Report on Valuation of Equity Shares**  
**and**  
**Share Exchange Ratio for Proposed Merger**  
**of**  
**Birla Corporation Ltd.**  
**and**  
**Talavadi Cements Ltd.**  
**As at 31.03.2013**

**RAY & RAY**  
**Chartered Accountants**

Kolkata Mumbai Delhi Bangalore Chennai Tirunelveli

Certified to be true Copy  
For BIRLA CORPORATION LIMITED

  
GIRISH SHARMA  
Sr. Vice-President (Indirect Taxes)  
& Company Secretary





# RAY & RAY

CHARTERED ACCOUNTANTS

6 CHURCH LANE, KOLKATA - 700 001, POST BOX NO. 706  
 Telephones : +91-33-22489861, 22438562, 22309584, Facsimile : (033) 22480547  
 Telegrams : ASSURE, KOLKATA, E-mail : raynray@vsnl.com

## 1. APPOINTING AUTHORITY

Birla Corporation Limited has appointed Ray & Ray, Chartered Accountants to carry out a valuation of the equity shares of Birla Corporation Limited and Talavadi Cements Limited for the purpose of determination of a share exchange ratio for the purpose of merger.

## 2. BACKGROUND

**Birla Corporation Limited** (hereinafter referred to as "BCL" or "the company") is the flagship Company of the M.P. Birla Group and was incorporated as Birla Jute Manufacturing Company Limited in 1919 with registered office in Kolkata; the name was changed to Birla Corporation Limited in 1998. It's a multi-location conglomerate with presence mainly in cement & jute. Cement being the core business accounts for more than 90% of the total turnover.

The equity share capital of BCL as on 31.03.2013 is Rs. 7701 lacs comprising of 7,70,05,347 equity shares of Rs. 10/- each. The promoters and promoter group hold around 62.90% of the company's equity share capital.

**Talavadi Cements Limited** (hereinafter referred to as "TCL") incorporated under the Companies Act, 1956 on 23<sup>rd</sup> March, 1995 with the objective to manufacture / trade in cement, grind line and limestone, clinker etc. To start with, the company had set up the Fly Ash Extraction Plant (FAEP) in the year 1998-99. The registered office of the company is presently located at Kolkata.



BCL holds 98% of the share capital of the company.

BCL proposes to merge TCL, a 98% subsidiary of BCL. TCL owns and operates a fly-ash extraction plant situated in Unchahar, Uttar Pradesh. The plant caters to Fly ash requirements of BCL's cement plants located in Satna and Raebareli.

TCL has also been awarded with mining rights in Satna District, Madhya Pradesh. This mining allotment has been challenged in the court; the outcome of the judgment could have material impact on valuation of TCL.

Almost entire sales/ revenues of the TCL is effected to BCL (related party transaction) and functions like captive fly-ash extraction unit of TCL also holds mining rights of limestone in Satna, Madhya Pradesh. BCL proposed to merge TCL to synergize and streamline its operations. In this regard, BCL has mandated Ray & Ray for preparation of valuation report of BCL and TCL for the proposed merger of the two companies as required by SEBI Regulations. Ray & Ray would undertake financial valuation exercise of both BCL and TCL and propose a share swap ratio for the proposed merger of the companies.

Madhya Pradesh Government has recommended granting a mining lease to TCL in Satna District. TCL does not possess the financial, technical and other resources required for setting up such a large plant, whereas the merged entity should be in a position to meet the desired objectives. However, mining lease allotment has been challenged in the High Court/Tribunal and the matter is currently subjudice, and depending on the outcome, an integrated cement plant of 3 million tons p.a. capacity may be set up.



### 3. PURPOSE OF VALUATION

The purpose of this valuation is to assess fair value of equity shares of BCL and TCL and to arrive at an exchange ratio for the proposed merger.

### 4. SOURCES OF INFORMATION

The valuation is based on various data, information and documents (provided to us till 31<sup>st</sup> March, 2013) which have been reviewed by us and include, amongst others, the following:

- ◆ Audited accounts of BCL and TCL for the last 5 financial years (2008-09 to 2012-13);
- ◆ Operating and financial projections for BCL and TCL as prepared by the management of BCL and TCL;
- ◆ Our discussions with the management of BCL and TCL;
- ◆ Market and economic information from secondary sources such as industry reports, magazines, press articles.

### 5. VALUATION METHODOLOGY

The valuation of shares of a company is worked out after taking into account various factors viz., past performances and future prospects of the company, present market conditions, future trend of the industry in which the company's products are covered / involved, the economy, industry prospects, management quality / stability, growth potential, competitive bidding, strategic fit, business synergy, technology, shareholders rights etc.



We have examined the various methods of valuation fully described in this report. However, we have considered the following methods for the purpose of valuation and have applied appropriate weights for the purpose of determining the fair valuation of shares of BCL:

- Net Assets Value;
- Value based on earning capacity;
- Market value

and whereas for TCL, we have considered Net Assets Value and Value based on earning capacity.

Our computation is based on the management's representation, key underlying assumptions and limitations. Both the internal and external factors that influence the value of the company were reviewed.

We have performed the following work:

- Performed a broad review of BCL's and TCL's business;
- Discussed with BCL and TCL the assumptions made by them, which formed the basis of their projections; and
- Reviewed broadly the financial projections prepared by BCL and TCL management.
- In addition, we held several meetings with the staff and management of BCL and TCL to collect information. We have relied upon the information and views given by the management.

#### 6. VALUATION DATE

The date of valuation is 31<sup>st</sup> March, 2013.

#### 7. VALUATION RESULT

On the basis of our review, the work performed and the information made available to us and having regard to the scope limitations set out



below, a share exchange ratio of 1 (one) equity share of Rs. 10 each of BCL for every 25 (twenty five) equity shares of Rs. 10 each of TCL would be fair and reasonable.

The methodology based on which the above valuation has been carried out along with the swap ratio are set out below.

## **8. METHODOLOGY OF VALUATION**

The three basic methods of equity valuation in common use are

- I. Asset Method
- II. Earnings Method
- III. Market Price Method

### **8.1 ASSET METHODS**

Under this method we have considered Replacement Cost Method as the Net Asset Book Value basis may not have relevance due to historical cost.

### **8.2 EARNINGS METHOD**

It consists of EPS Method, Capitalization of Earnings Method and Discounted Cash Flow Method.

Drawback of both EPS and Capitalizations of Earnings methods is that it does not take into account future profitability and does not consider the value of idle assets and hence not considered.

#### **Discounted Free Cash Flow:**

We have considered discounted Free Cash Flow Method (FCF) as we consider the same to be most appropriate.



### 8.3 FRAMEWORK FOR FCF VALUATION MODEL

The FCF model values the equity of a company as the value of a company's operations that is available to equity shareholders. The definitions of major terms used and calculations involved are discussed below:

i) Value of Equity equals the discounted value of expected future cash flows to the organization (i.e. Value of Business) less debts.

ii) Free Cash Flow is equal to the after tax profit earnings of the company, plus non-cash charges, less investment in operating working capital/ plant/equipment/ other assets .

iii) Discounting rate applied to the free cash flows reflects the average Cost of Capital.

iv) Continuing Value: An additional issue in valuing a business is its indefinite life. To get around this problem, it is suggested that the value of the business be separated into two periods - during and after an explicit period as shown below:

Value = (Present value of cash flow during the explicit period) + (Present value of cash flow after the explicit period)

The value after the explicit forecast period is referred to as the continuing value or terminal value.

FCF is the company's cash flow from operations. The calculation of FCF is as follows

FCF = Earnings Before Interest & Taxes + Depreciation +/- Change in net operating Account (working Capital) – Capex - Taxes



#### 8.4 MARKET PRICE METHOD

- Computed on the basis of historical average of market price quotations of company's shares on stock exchange.
- Usually weighted average of prices is taken to ensure that frivolous small trades do not vitiate averaging process.
- Considered to be the best method for valuation of shares if regular and free trade of company's shares exists.

#### Comments

We have considered the average for month of March quotations of BSE for BCL as it is a listed company.

### 9. VALUATION OF SHARES OF BCL

#### Net Assets Value Method (Replacement Cost)

Particulars	2012-13
Financial Year	
Assets	Rs. In Crores
<b>Fixed Assets</b>	
Land & Building	438.49
Plant & machinery	2,666.05
Furniture & fittings	3.92
Vehicles	9.41
Office Equipment	14.73
Live Stock	0.11
Railway Sidings	7.34
Intangible Assets	4.59
CWIP	228.57
<b>Total Fixed Assets</b>	<b>3,373.21</b>
Investment	1,338.09
Current Assets	1,128.90
Non – Current Assets	164.46
<b>Total Assets</b>	<b>6,004.66</b>
<b>Liabilities</b>	
Non Current Liabilities Excluding Deferred Tax	1,476.53
Current Liabilities	387.21
<b>Total Liabilities</b>	<b>1,863.74</b>
<b>Net Assets</b>	<b>4,140.92</b>
<b>No of Shares</b>	<b>77005347</b>
<b>Value per share (Rs.)</b>	<b>537.74</b>





- 1) The value of shares has been computed on the basis of balance sheet as at 31<sup>st</sup> March, 2013 except, Freehold land, freehold Building, Plant & Machinery and Investment.
- 2) Value of freehold land, freehold Building, and Plant & Machinery have been computed on the basis of Cost Inflation Index as per Income Tax Act.
- 3) The Value of investments has been considered as under:
  - a) Quoted investments have been valued at Market Price.
  - b) Unquoted investments have been valued at Cost Price.
  - c) Investments in subsidiaries at the book value of respective companies.
- 4) The impact of contingent liability, if any, has not been considered.

**10. PROJECTED FREE CASH FLOWS AVAILABLE TO EQUITY SHARE HOLDERS**

Years	(Rs in Crores)
2013-14	132.14
2014-15	(48.73)
2015-16	361.54
2016-17	488.00
2017-18	496.01

Note:

The above computation of free cash flow of BCL is based on the financial projections for the years 2013-14 to 2017-18. Net Interest Income (interest on incremental cash surplus invested) has not been considered in free cash flow for the purpose of computing Value of Business.

**Estimation of the cost of non-equity Finance (Kd):**

The net total borrowing of the company is Rs. 937.97 crores as shown below. The interest rate is taken to be 9.82% being the current weighted average cost of borrowing of the company. The net after tax cost, after deducting tax rate 33.99% would be 6.48%.



Particulars as at 31.03.2013	Amount ( in crores)
Secured borrowings ( Long Term)	897.38
Secured borrowings ( Short Term)	229.97
Unsecured Borrowing ( Long Term)	89.25
<b>Total</b>	<b>1216.6</b>
Less: Cash & bank Balances	278.63
<b>Total Debt</b>	<b>937.97</b>

Cost of Equity Capital	
Particulars	Post Tax return
Risk Free Rate of Return	5.40
Expected Rate of Return	10
Market Risk Premium	4.60
Cost of Equity	10.00
Cost of Equity including dividend tax	11.62
Rounded off	12

Note:

- 1) The BSE index has grown at 10% compounding rate over a period of 15 years (i.e. from July 1997 to July 2012).
- 2) Dividends are subject to 16.2225% tax. Therefore, the effective cost of equity is 11.62% rounded off to 12%.
- 3) Pre-tax risk free return is estimated at 8%.

The Weighted Average Cost of Capital (WACC) is calculated in the table below and round to be

Calculation of WACC	Amount ( in crores)	Cost of Fund	Weighted Cost
Aspects			
Loan Fund	937.97	6.48	6,078.05
Equity Fund (Share capital + Reserves & surplus)	*2,654.40	12	31,852.80
<b>Total</b>	<b>3,592.37</b>		<b>37,930.85</b>
<b>Weighted Average Cost of Capital</b>			<b>10.56</b>
Rounded off			11.00%

\* It represents net worth after adjusting revaluation reserve and deferred tax liability



Value of Continuing Period	(Rs in Crores)
Gross Cash Flow for terminal year of projection i.e. 2017-18	538.50
Less: Gross Investment	
Increase in Capital Expenditure	50
Increase in Working Capital	(7.51)
Free Cash Flow	496.01

The expected free cash flow in perpetuity is taken as constant

Continuing Value = free cash flow / (weighted Average Cost of Capital - expected growth)

Continuing Value (Rs in Crores)                      496.01/11%                      4509.18

### Computation of Value of Equity Shares

	FCF (Rs. In crs)	Disc Factor 11%	(Rs. In Crores) PV of FCF
<b>Explicit Period (the first 10 years)</b>			
Year			
2013-14	132.14	0.901	119.06
2014-15	(48.73)	0.812	(39.57)
2015-16	361.54	0.731	264.29
2016-17	488.00	0.658	321.10
2017-18	496.01	0.593	294.13
<b>Value of Explicit Period (A)</b>			<b>959.01</b>
<b>Value of Continuing Period (B)</b>	<b>4509.08</b>	<b>0.593</b>	<b>2673.88</b>
<b>Value of Business (A+B)</b>			<b>3632.89</b>
Less : Value of Debt			937.97
<b>Value for Equity Shareholders</b>			<b>2694.92</b>
No of Equity Shares			77005347
<b>Value per Equity Share (Rs.)</b>			<b>350</b>



## 11. COMPUTATION OF VALUE OF EQUITY SHARES OF BCL

While valuing the equity shares we have given equal weightage to Net Asset Value, Discounted Cash Flow value and Market Price. The Detailed workings are as under:

Particulars	Value per Equity Share (Rs.)	Weight	weighted Value (Rs.)
Net Asset Value	537.54	1	537.54
Discounted Free Cash Flow	350.00	1	350.00
Average Market Price for 12 months ended 31.3.13	264.82	1	264.82
		3	1152.36
weighted Average Value per equity share			384.12

## 12. Valuation of Shares of TCL

### Net Assets Value Method (Replacement Cost)

Particulars	(Rs)
<b>Financial Year</b>	<b>2012-13</b>
<b>Assets</b>	
<b>Fixed Assets</b>	
Buildings	
Plant & machinery	
Furniture & fittings	47790000
Office Equipment	
<b>Total Fixed Assets</b>	
Investment	12310000
Current Assets	34080584
<b>Total Assets</b>	<b>94180584</b>
<b>Liabilities</b>	
Loan Fund	-
Current Liabilities	331864
<b>Total Liabilities</b>	<b>331864</b>
<b>Net Assets</b>	<b>93848720</b>
No of Shares	6000000
<b>Value per share (Rs.)</b>	<b>15.64</b>

1) The company has revalued its Building, Plant & Machinery, Furniture & Fittings and Office Equipment as on 31.3.2013 for the purpose of share valuation and the revalued figures have been considered by us to arrive at the Net Asset Value per share. Other figures have been taken from the audited balance sheet as on 31.03.2013.

2) We have not considered the intrinsic value of mining lease granted to TLC by Madhya Pradesh government as the allotment has been challenged in High Court/ tribunal and the matter is currently subjudice the effect of which is not readily ascertainable at this stage.

**13. PROJECTED FREE CASH FLOW AVAILABLE TO EQUITY SHARE HOLDERS**

Years	(Rs in Crores)
2013-14	0.84
2014-15	1.04
2015-16	1.06
2016-17	1.07
2017-18	1.07

Note:

The above computation of free cash flow of TCL is based on the financial projections for the years 2013-14 to 2017-18. Net Interest Income (interest on cash surplus invested) has not been considered in cash flow for the purpose of computing Value of Business.

**Value of Continuing Period**

Particulars	(Rs in Crores)
Gross Cash Flow for terminal year of projection i.e 2017-18	1.07
Less: Gross Investment	
Increase in Capital Expenditure	-
Increase in Working Capital	-
Free Cash Flow	1.07

- 1) The expected free cash flow in perpetuity is taken as constant
- 2) Continuing Value = free cash flow / (weighted Average Cost of Capital - expected growth)
- 3) Continuing Value Rs in Crores  $1.07/11\% = 9.727$

**Computation of Value of Equity Shares**

(Rs. In Crores)

Explicit Period (the first 10 years)	FCF	Disc Factor 11%	PV of FCF
Year			
2013-14	0.848	0.901	0.76
2014-15	1.038	0.812	0.84
2015-16	1.054	0.731	0.77
2016-17	1.063	0.659	0.70
2017-18	1.072	0.593	0.64
<b>Value of Explicit Period (A)</b>			<b>3.71</b>
<b>Value of Continuing Period (B)</b>	9.73	0.593	<b>5.77</b>
<b>Value of Business (A+B)</b>			<b>9.48</b>
Less : Value of Debt			-
<b>Value for Equity Shareholders</b>			<b>9.48</b>
No of Equity Shares			6000000
<b>Value per Equity Share (Rs.)</b>			<b>15.80</b>

**14. COMPUTATION OF VALUE OF EQUITY SHARES OF TCL**

While valuing the equity shares we have given equal weight age to Net Asset Value and discounted cash flow value. The Detailed workings are as under:

Particulars	Value per equity share (Rs.)	weight	Weighted Value (Rs.)
Net Asset Value	15.64	1	15.64
Discounted free Cash flow	15.8	1	15.80
		2	31.44
<b>Weighted Average Value per equity share</b>			<b>15.72</b>



## 15. SWAP RATIO

Swap Ratio has been computed on the basis of average of Net Asset Value (Replacement Cost), Discounted Cash flow and Market Price of BCL and average of Net Asset Value (Replacement Cost) and Discounted Cash Flow of TCL.

	Rs.
Value of Equity Share of Rs. 10 each of BCL	- 384.12
Value of Equity Share of Rs. 10 each of TCL	- 15.72
The Share Exchange Ratio	- 24.43
Rounded off to	- 25

On the basis of our review, the work performed and the information made available to us and having regard to the scope limitations set out below, a **share exchange ratio of 1 (one) equity share of Rs. 10 each of BCL for every 25 (twenty five) equity shares of Rs. 10 each of TCL** would be fair and reasonable.





## 16. LIMITATIONS & DISCLAIMER

This report is based on financial and other information provided to us by Birla Corporation Ltd. We have been given to understand by them that any relevant and material factor has not been omitted. We take no responsibility for the underlying data presented in this report as it relies upon and assumes, without any independent verification, the accuracy and completeness of all the information provided to us by the Company. Users of this business valuation should be aware that valuation is based very largely on the opinion and judgement of the Valuer.

In preparing this Report, Ray & Ray, Chartered Accountants does not and has not given any advice, nor undertaken any verification of a legal and tax nature and / or due diligence relating to the merger, neither it is responsible for the Information used in performing the same, which shall remain, therefore, the sole responsibility of the parties providing such information.

Our views are necessarily based on the data provided by Birla Corporation Ltd. and the information made available to us as of the date hereof. It should be understood that subsequent developments may affect our views and that we do not have any obligation to update, revise or reaffirm the view expressed in the report. Nothing contained within the report is or should be relied upon as a promise or representation as to the future.

This report has been prepared for the specific purpose of estimating the fair market value of the equity share of the Company and is intended for no other use. No aspect or conclusion of this report is meant to be construed as legal advice or any other type of professional advice or counsel. It is not to be copied or made available to any person(s) without the written consent of Ray & Ray and Birla Corporation Ltd. It is not appropriate to use this Valuation Report as a basis for granting credit to or conferring rights of any kind on employees, creditors, or other holders of financial instruments issued by BCL, if any, companies which it holds directly and / or indirectly, or any other entity



whosoever. Under no circumstances may the Valuation Report be communicated, reproduced, distributed, quoted, summarised or used as a reference, in whole or in part, or any time, in any manner or for any purpose.

Ray & Ray do not purport to be the guarantor of value. Neither Ray & Ray Chartered Accountants, nor any of its partners, managers, employees, consultants or advisors take any responsibility for the accuracy or completeness of any of the accompanying material and information in this Report. Ray & Ray, Chartered Accountants has not been requested to, and did not make an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise), solvency or financial condition of BCL and TCL, nor has Ray & Ray, Chartered Accountants been furnished with any such evaluations or appraisals. None of the information stated in the Valuation Report may be considered a guarantee or an indication of prospective earnings or financial performance of the Companies. No responsibility or

liability is accepted for any direct, indirect or consequential loss or damage suffered by any person or entity arising there from including direct or indirect damages or loss due to improper use of the information.

Valuation of the companies is an imprecise science, with value being matter of the interpretation of specific facts related to the company being valued, and reasonable people may differ in their estimate of value. Ray & Ray has however performed conceptually sound method and procedure of valuation in determining the estimate of value in this report.

No investigation of the company's claim to the title of assets has been made for the purpose of this valuation. No consideration has been given to the liens or encumbrances against the assets, beyond the loan disclosed in the accounts. Therefore no responsibility is assumed for the matter of legal nature.



We have no present or contemplated financial interest in the company or its group/associate companies. Our professional fee for this valuation is based upon negotiated lump sum basis and is no way contingent upon the results of our findings.

The valuations provided in this Report have been carried out on a stand-alone basis and, therefore, the results of the analysis exclude any considerations relating to potential operational synergies resulting from the Merger which may generate value or shareholders.

For Ray & Ray  
CHARTERED ACCOUNTANTS

  
ABHIJIT NEOGI  
(PARTNER)

Dated: 20<sup>th</sup> July, 2013

MEMBERSHIP NO. 61380





## BIRLA CORPORATION LIMITED

1, SHAKESPEARE SARANI, 2ND FLOOR, KOLKATA - 700 071

Phone : (033) 6603 3300 / 01 / 02, Fax : (033) 2288 4426

E-mail : coordinator@birlacorp.com; Website : www.birlacorporation.com

### **REPORT OF THE AUDIT COMMITTEE OF BIRLA CORPORATION LIMITED** **RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION**

#### **MEMBERS**

<b>Shri Vikram Swarup</b>	<b>Chairman</b>
<b>Shri Anand Bordia</b>	<b>Member</b>
<b>Shri Brij Behari Tandon</b>	<b>Member</b>
<b>Shri Deepak Nayyar</b>	<b>Member</b>

#### **IN ATTENDANCE**

<b>Shri Girish Sharma</b>	<b>Sr. Vice-President (Indirect Taxes) &amp; Company Secretary</b>
<b>Shri Manoj Kumar Mehta</b>	<b>Deputy Company Secretary &amp; Vice President (Finance)</b>

#### **1. Background:**

The Scheme of Amalgamation ('Scheme') of Talavadi Cements Limited ('TCL') with the Company was placed before the Audit Committee for recommendation of the Scheme to the Board of Directors as required by the SEBI Circular No. CIR/CFD/DIL/5/2013 dated 4<sup>th</sup> February 2013 ('Circular').

This report of the Audit Committee is made in order to comply with the requirements of the Circular and after considering the following documents:

Draft Scheme of Amalgamation;

- (a) Valuation Report for determination of fair value/exchange ratio of the shares of Talavadi Cements Limited and Birla Corporation Limited dated 20th July, 2013 issued by M/s. Ray & Ray, Chartered Accountants, Kolkata; and
- (b) Fairness Opinion Report dated 23rd July, 2013 issued by M/s. SBI Capital Markets Limited.

Certified to be true Copy  
For BIRLA CORPORATION LIMITED

*Girish Sharma*  
**GIRISH SHARMA**  
Sr. Vice-President (Indirect Taxes)  
& Company Secretary

../2.



-[ 2 ]-

## 2. **Proposed Scheme of Arrangement:**

2.1. The Audit Committee noted that the amalgamation of Talavadi Cements Limited with the Company will synergize and streamline the operations of both the companies.

2.2 The salient features of the Scheme are as under:

- The Scheme provides for amalgamation of TCL with Birla Corporation Limited (BCL) under one single scheme of arrangement.
- Appointed Date for the Scheme means the date beginning with the business hours on the 1st day of April, 2013.
- The Scheme provides for transfer of all the assets and liabilities pertaining to TCL on a going concern basis.
- Based on the swap ratio of 1 (one) equity share of ₹ 10/- each of BCL for every 25 (twenty five) equity shares of ₹ 10/- each held by TCL, as determined by the Valuer an Independent Chartered Accountant and Fairness Opinion provided by the Merchant Banker, the Company will have to issue additional equity shares to the public shareholders of TCL as appearing on the record date.
- Upon the scheme becoming effective the shareholding of the Company in TCL shall get cancelled.
- Equity shares issued by the Company to the public shareholders of TCL pursuant to the Scheme would be listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

## 3. **Recommendations of the Audit Committee:**

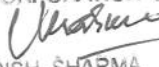
The Audit Committee recommends the Draft Scheme, inter alia, taking into consideration the Valuation Report dated 20th July, 2013 issued by M/s. Ray & Ray, Chartered Accountants, Kolkata and Fairness Opinion Report of M/S. SBI Capital Markets Limited, for favourable consideration by the Board of Directors, Stock Exchange(s) and SEBI and other appropriate authorities.

Dated: 25th July, 2013

Place: Kolkata



**(VIKRAM SWARUP)**  
**CHAIRMAN OF AUDIT COMMITTEE**

Certified to be true Copy  
FOR BIRLA CORPORATION LIMITED  
  
**GIRISH SHARMA**  
Sr. Vice-President (Indirect Taxes)  
& Company Secretary





NONINFRA/BCL/RK/2307

July 23, 2013

To,  
**The Board Of Directors,  
Birla Corporation Limited**  
9/1, Birla Building,  
R N Mukherjee Road,  
Kolkata, West Bengal 700001

**The Board Of Directors,  
Talavadi Cements Limited,**  
3<sup>rd</sup> Floor, 9/1, Birla Building,  
R N Mukherjee Road,  
Kolkata, West Bengal 700001

Dear Sirs / Madams,

**Subject: Fairness Opinion Report on the Valuation of the proposed merger**

Pursuant to our discussion, we, SBI Capital Markets Limited ("SBICAP"), understand that Birla Corporation Limited, an entity whose equity shares are listed on NSE and BSE ("BCL" or the "Company") is contemplating a merger ("Proposed Transaction") of its unlisted subsidiary company, Talavadi Cements Limited ("TCL") with BCL, pursuant to the proposed Scheme of Merger between BCL and TCL. In this regard, pursuant to Clause 24(h) of the listing agreement executed by the Company with NSE and BSE, the Company seeks Fairness Opinion Report from SBICAP on the share valuation exercise undertaken by M/s Ray & Ray, Chartered Accountants ("R&R" or the "Valuer") for the Scheme.

The valuation exercise, for the purpose of calculation of swap ratio for the equity shares, for the two companies has been done by M/s Ray & Ray, Chartered Accountants ("R&R"). The report entitled "Report of Valuation of Equity Shares and Share Exchange Ratio for Proposed Merger of Birla Corporation Limited and Talavadi Cements Limited" dated 20<sup>th</sup> July, 2013 has been provided to us by the Company.

In terms of the valuation report submitted by R&R, the swap ratio for each share of BCL to the share of TCL is **24.43**, rounded off to **25**.

**SBI CAPITAL MARKETS LIMITED**

Registered Office: 202, Maker Tower 'E', Cuffe Parade, Mumbai 400 005  
Tel: +91-22-2217 8300 Fax: +91-22-2218 6765 / 2217 8419 Web: www.sbicaps.com  
A Subsidiary of State Bank of India





We have reviewed the historical financial and business information of the Company, listed stock price data of the Company and certain comparable companies and their valuation multiples, and other relevant information from publicly available sources, and have taken into account such other matters as we deemed necessary including our assessment of general economic, market and monetary conditions.

In addition to the above, we have had discussions with the Company officials on the past and current business operations of the businesses concerned.

While we have not undertaken the valuation of BCL or TCL, we have examined the report submitted by R&R to the Company. We have relied on the business assumptions considered in the share valuation report dated July 20<sup>th</sup>, 2013 made by R&R while expressing our opinion on the fairness of the same.

We have assumed and relied upon, without independent verification, the accuracy and completeness of all information supplied or otherwise made available to us either in oral or written form, discussed with or reviewed by or for us, or publicly available. We have been informed that all information relevant for the purpose of issuing the Fairness Opinion Report has been disclosed to us and we are not aware of any material information that has been omitted or that remains undisclosed.

We have not conducted any evaluation of the solvency or fair value of the Company, under any laws relating to bankruptcy, insolvency or similar matters. We have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to us or publicly available; we have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of BCL and TCL.

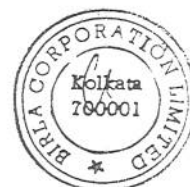
Our Fairness Opinion Report does not factor overall economic environment risk and other risks and is purely based on the information provided and representations made to us. We have not assumed the risk of any material adverse change having an impact on the business of BCL and TCL.

We express no view as to, and our Fairness Opinion Report does not address, the underlying business decision of any company to effect the Proposed Transaction or the merits of the Proposed Transaction nor does it constitute any kind of recommendation to any shareholder

A handwritten signature in black ink, appearing to be 'A. S.' or similar.

---

*Strictly confidential*







or creditor of BCL and TCL as regards to the Proposed Transaction or any matter related thereto. The fairness opinion of SBICAP under this report is not intended to and does not constitute a recommendation to any shareholders as to how such shareholder should vote or act in connection with the scheme or any matter related therein. In addition, this Fairness Opinion Report does not address the fairness to, or any other consideration of, the holders of any class of securities, creditors or other constituencies of BCL and TCL. Our Fairness Opinion Report, as set forth herein only relates to the valuation of BCL and TCL and the share swap ratio. We are not expressing any suggestion or opinion herein as to the price at which the shares of BCL or TCL will trade following the announcement of consummation of the Proposed Transaction or as to the prices at which the shares of BCL and TCL may be transacted.

Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed arrangement with the provisions of any law including company law, taxation and capital market related laws or as regards any legal implications or issues arising thereon.

Our Fairness Opinion Report is not and does not purport to be an appraisal or otherwise reflective of the prices at which any business or securities actually could be ideally bought or sold by any party and is not indicative of actual value or actual future results that might be achieved, which value may be higher or lower than those indicated, and any investment decision shall not be based solely on this Fairness Opinion Report and the buyer shall carry out its own due diligence.

Our Fairness Opinion Report is necessarily based on economic, market and other conditions as in effect on the date of issuing this Fairness Opinion Report, and the information made available to us as of, the date hereof, including the capital structure of BCL and TCL. It should be understood that in case of any subsequent developments, we do not have any obligation to update, revise, or reaffirm this Fairness Opinion Report.

To the extent that the conclusions are based on projections, SBICAP expresses no opinion on the achievability of those forecasts.

In the ordinary course of business, we and our affiliates may actively trade or hold securities of the Company that may be the subject matter of this Proposed Transaction for our own account or for the account of our customers and accordingly, may at any time hold long or short position in such securities. In addition, we and our affiliates maintain relationships with BCL and their respective affiliates.

---

*Strictly confidential*





This Fairness Opinion Report is provided solely for the benefit of the Board of Directors of BCL and TCL and shall not confer rights or remedies upon any person. This Fairness Opinion Report may not be used or relied upon by, or disclosed, referred to or communicated by you (in whole or in part) to any third party for any purpose whatsoever except with our prior written consent in each instance. However, this report may be disclosed, referred to or communicated by you as a whole, if required and in accordance with law to judicial authorities, stock exchanges, SEBI, any other regulatory authorities or shareholders [only for purposes stated under Clause 24(h) of the listing agreement] without our prior written consent.

This Fairness Opinion Report is only an opinion and does not constitute a commitment by SBICAP to underwrite, subscribe for or place any securities or to extend or arrange credit or to provide any other services.

Disputes, if any, regarding this Fairness Opinion Report will be governed by and construed in accordance with the laws of India and the Courts in Mumbai, India shall have exclusive jurisdiction in this regard.

On the basis of and subject to the foregoing, to the best of our knowledge and belief, it is our view that, as of the date hereof, the proposed share valuation is fair, from a financial point of view.

The "IMPORTANT NOTICE" annexed herein forms an integral part of our Fairness Opinion Report.

Thanking you.

Yours faithfully,  
For SBI Capital Markets Limited

  
23/07/2013

Name: Suchismit Ghosh  
Designation: Senior Vice President

Strictly confidential





### IMPORTANT NOTICE

*This fairness opinion report ("report" or "This report" or "this report") contains proprietary and confidential information regarding Birla Corporation Limited ("the Company"). This report is issued for the exclusive use and benefit of the Company. This report has been issued by SBI Capital Markets Limited ("SBICAP"), on the basis of the information available in the public domain and sources believed to be reliable and the information provided by the Company, Valuers (as defined hereinafter) and for the sole purpose to facilitate the Company to comply with Clause 24(h) of the Listing Agreement and it shall not be valid for any other purpose or as at any other date. This Report is issued by SBICAP in the capacity of an Independent merchant banker, on the valuation of assets/shares of the Company done by M/s. Ray & Ray, Chartered Accountants, (the "Valuers").*

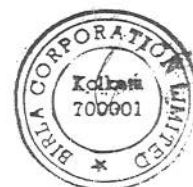
*This report is issued by SBICAP without regard to specific objectives, suitability, financial situations and needs of any particular person and does not constitute any recommendation, and should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities mentioned therein. Nothing in these materials is intended by SBICAP to be construed as legal, accounting, technical or tax advice. Past performance is not a guide for future performance. Forward-looking statements are not predictions and may be subject to change without notice. Actual results may differ materially from these forward-looking statements due to various factors. This report has not been or may not be approved by any statutory or regulatory authority in India or by any Stock Exchange in India. This report may not be all inclusive and may not contain all of the information that the recipient may consider material.*

*No representation or warranty, express or implied, is or will be made, and no responsibility or liability is or will be accepted by SBICAP and its affiliates, its directors, employees, agents or representatives, or in relation to, the accuracy or adequacy of information, contained in the Fairness Opinion Report or any other written or oral information made available to any party or their advisors.*

*We assume no responsibility for the legal, tax, accounting or structuring matters including, but not limited to, legal or title concerns. Title to all subject business assets is assumed to be good and marketable and we would urge the Company to carry out an independent assessment of the same prior to the Proposed Transaction, after giving due weightage to the results of such assessment.*

*This report and information contained herein or any part of it does not constitute or purport to constitute investment advice in publicly accessible media and should not be printed, reproduced, transmitted, sold, distributed or published excluding, stock exchange, SEBI and*

Strictly confidential





other regulatory authorities, if necessary, by the recipient without the prior written approval from SBICAP. However, this report may be disclosed, referred to or communicated by you as a whole, if required and in accordance with law to judicial, stock exchanges, SEBI, any other regulatory authorities or shareholders without our prior written consent. The distributing / taking / sending / dispatching / transmitting of this document in certain foreign jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.

Neither SBICAP and its affiliates, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of this document. This document may contain confidential, proprietary and/or legally privileged information and it must be kept confidential by the recipient.

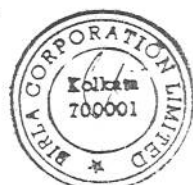
SBICAP has not carried out any due – diligence independently in verifying the accuracy or veracity of data provided by the Company and/or Valuers and SBICAP assumes no liability for the accuracy, authenticity, completeness or fairness of the data provided by the Company and/or Valuers. SBICAP has also assumed that the business continues normally without any disruptions.

Neither SBICAP nor State Bank of India or any of its associates, nor any of their respective Directors, officers, employees, agents or advisors or affiliate of any such person or such persons make any expressed or implied representation or warranty and no responsibility or liability is accepted by any of them and is expressly disclaimed with respect to the accuracy, completeness, authenticity or reasonableness of the facts, opinions, estimates, forecasts, projections or other information set forth in this report, or the underlying assumptions on which they are based and nothing contained herein is or shall be relied upon as a promise or representation regarding the historic or current position or performance of the Company or any future events or performance of the Company.

This report is divided into chapters & sub-sections only for the purpose of reading convenience. Any partial reading of this report may lead to inferences, which may be at divergence with the conclusions and opinions based on the entirety of this report.

The opinion of SBICAP ("Opinion") under this Report is not intended to and does not constitute a recommendation to any shareholders as to how such shareholder should vote or act in connection with the scheme or any matter related therein. The opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed amalgamation/merger/de-merger/arrangement scheme with the provisions of any law including company law, taxation and capital market related laws or as regards any legal

Strictly confidential





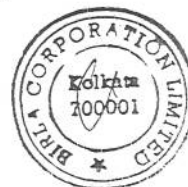
implications or issues arising thereon. SBICAP assumes no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof. SBICAP does not express any opinion as to the price at which shares of the resultant entity may trade at any time, including subsequent to the date of this opinion. In rendering the Opinion, SBICAP has 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 entities under the scheme and / or its holding or subsidiaries or affiliates and their respective shareholders.

In the past, SBICAP may have provided, and may currently or in the future provide, investment banking services to the entities under the scheme and / or its holding or subsidiaries or affiliates and their respective shareholders, for which services SBICAP has received or may receive customary fees. In addition, in the ordinary course of their respective businesses, affiliates of SBICAP may actively trade in securities of the entities under the scheme and / or its holding or subsidiaries or affiliates and their respective shareholders for their own accounts and for the accounts of their customers and, accordingly, may at any time hold a position in such securities. SBICAP's engagement and the opinion expressed herein are for the benefit of the Board of Directors of the entities under the scheme only to fulfill the requirements of Clause 24(h) of the Listing Agreement and for no other purposes. Neither SBICAP, 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.

This report is furnished on a strictly confidential basis and is for the sole use of the person to whom it is addressed and for the sole purpose to facilitate the Company to comply with Clause 24(h) of the Listing Agreement. Neither this report, nor the information contained herein, may be reproduced or passed to any person or used for any purpose other than stated above, without the prior written approval from SBICAP. By accepting a copy of this report, the recipient accepts the terms of this Notice, which forms an integral part of this report.

Certified to be true Copy  
For BIRLA CORPORATION LIMITED  
  
GIRISH SHARMA  
Sr. Vice-President (Indirect Taxes)  
& Company Secretary

Strictly confidential



PRE AND POST AMALGAMATION SHAREHOLDING PATTERNPRE AMALGAMATION SHAREHOLDING PATTERN OF BIRLA CORPORATION LIMITED (TRANSFEREE COMPANY)AS ON 30.06.2013

## (1) (a) Statement Showing Shareholding Pattern

Name of the Company : BIRLA CORPORATION LIMITED			
Scrip Code : <b>NSE:- BIRLACORPN ;</b>	<b>BSE :- 500335</b>	Name of the scrip, class of security : Equity Shares (EQ)	
Partly Paid-up Shares :-	No. of partly paid-up shares	As a % of total no. of partly paid-up shares	As a % of total no. of shares of the Company
Held by promoter/ promoter group	NIL	NIL	NIL
Held by public	NIL	NIL	NIL
<b>Total</b>	NIL	NIL	NIL
Outstanding convertible securities :-	No of outstanding securities	As a % of total no. of outstanding convertible securities	As a % of total no. shares of the Company, assuming full conversion of the convertible securities
Held by promoter/ promoter group	NIL	NIL	NIL
Held by public	NIL	NIL	NIL
<b>Total</b>	NIL	NIL	NIL
Warrants:-	No of warrants	As a % of total no. of warrants	As a % of total no. shares of the Company, assuming full conversion of warrants
Held by promoter/ promoter group	NIL	NIL	NIL
Held by public	NIL	NIL	NIL
<b>Total</b>	NIL	NIL	NIL
<b>Total paid-up capital of the Company, assuming full conversion of warrants and convertible securities</b>			
	NIL	NIL	NIL



Category Code	Category of Shareholder	Number of Shareholders	Total Number of shares	Number of Shares held in dematerialised form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX) = (VIII)/(IV)*100
(I)	(II)	(III)	(IV)	(V)				
(A)	Shareholding of Promoter and Promoter Group <sup>2</sup>							
(1)	Indian							
(a)	Individuals/ Hindu Undivided Family	1	1260	0	0.00	0.00	0.00	0.00
(b)	Central Government/ State Government(s)	0	0	0	0.00	0.00	0.00	0.00
(c)	Bodies Corporate	31	37379183	25628493	48.54	48.54	0.00	0.00
(d)	Financial/ Institutions/ Banks	0	0	0	0.00	0.00	0.00	0.00
(e)	Any Other							
	a) Society	7	11053748	10796008	14.35	14.35	0.00	0.00
	<b>Sub-Total (A)(1)</b>	39	48434191	36424501	62.90	62.90	0.00	0.00
(2)	<b>Foreign</b>							
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0	0.00	0.00	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0.00	0.00	0.00
(c)	Institutions	0	0	0	0.00	0.00	0.00	0.00
(d)	Any other (Specify)	0	0	0	0.00	0.00	0.00	0.00
	<b>Sub-Total (A)(2)</b>	0	0	0	0.00	0.00	0.00	0.00
	<b>Total Shareholding of Promoter and Promoter Group</b>							
	<b>(A) = (A)(1) + (A)(2)</b>	39	48434191	36424501	62.90	62.90	0.00	0.00





Category Code	Category of Shareholder	Number of Shareholders	Total Number of shares	Number of Shares held in dematerialised form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX) = (VIII)/(IV)*100
(I)	(II)	(III)	(IV)	(V)				
(B)	Public Shareholding <sup>3</sup>						NA	NA
(1)	Institutions						NA	NA
(a)	Mutual Funds/UTI	24	8284119	8281642	10.76	10.76	NA	NA
(b)	Financial/ Institutions/ Banks	31	24031	6930	0.03	0.03	NA	NA
(c)	Central Government/ State Government(s)	0	0	0	0.00	0.00	NA	NA
(d)	Venture Capital Funds	0	0	0	0.00	0.00	NA	NA
(e)	Insurance Companies	5	3949992	3949492	5.13	5.13	NA	NA
(f)	Foreign Institutional Investors	33	3748612	3748512	4.87	4.87	NA	NA
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00	NA	NA
(h)	Any Other	0	0	0	0.00	0.00	NA	NA
	Sub-Total (B)(1)	93	16006754	15986576	20.79	20.79	NA	NA
(2)	Non-Institutions							
(a)	Bodies Corporate	525	7752174	7740990	10.07	10.07	NA	NA
(b)	Individuals -							
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	20364	2709719	2062485	3.52	3.52	NA	NA
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	19	1331169	1269441	1.73	1.73	NA	NA
(c)	Any Other							
	a) Non Resident Individual	269	119087	87002	0.15	0.15	NA	NA



Category Code	Category of Shareholder	Number of Shareholders	Total Number of shares	Number of Shares held in dematerialised form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX) = (VIII)/(IV)*100
(I)	(II)	(III)	(IV)	(V)				
	b) Trust & Foundations	7	652253	652253	0.85	0.85	NA	NA
	Sub-Total (B)(2)	21184	12564402	11812171	16.32	16.32	NA	NA
	Total Public Shareholding							
	(B) = (B)(1) + (B)(2)	21277	28571156	27798747	37.10	37.10	NA	NA
	TOTAL (A)+(B)	21316	77005347	64223248	100.00	100.00	0.00	0.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	NOT APPLICABLE						
1	Promoter and Promoter Group	-	-	-	-	-	-	-
2	Public	-	-	-	-	-	-	-
	Sub-Total (C)	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	21316	77005347	64223248	100.00	100.00	NA	NA



(l)(b) Statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category "Promoter and Promoter Group"

Sl. No.	Name of the Shareholder	Details of Shares held		Encumbered shares(*)			Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
		No. of Shares held	As a % of grand total (A) + (B) + (C)	No.	As a percentage (V)/(III)*100	As a % of grand total (A) + (B) (C) sub-clause (I)(a)	Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	As a % total number of convertible securities of the same class	
(I)	(II)	(III)	(IV)	(V)	(V)/(III)*100	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)
1	August Agents Ltd.	6015912	7.81	-	-	-	-	-	-	-	7.81
2	Baroda Agents & Trading Co. Pvt. Ltd	914355	1.19	-	-	-	-	-	-	-	1.19
3	Belle Vue Clinic	175148	0.23	-	-	-	-	-	-	-	0.23
4	Birla Ericsson Optical Limited	280	0.00	-	-	-	-	-	-	-	0.00
5	Birla Financial Corporation Ltd.	280	0.00	-	-	-	-	-	-	-	0.00
6	East India Investment Co. Pvt. Ltd	3183	0.00	-	-	-	-	-	-	-	0.00
7	Eastern India Educational Institution	3361200	4.36	-	-	-	-	-	-	-	4.36
8	Express Dairy Company Limited	280	0.00	-	-	-	-	-	-	-	0.00
9	Gwalior Webbing Co. Pvt. Ltd.	1775200	2.31	-	-	-	-	-	-	-	2.31
10	Hindustan Gum & Chemicals Ltd.	270000	0.35	-	-	-	-	-	-	-	0.35
11	Hindustan Medical Institution	7159460	9.30	-	-	-	-	-	-	-	9.30
12	Insilco Agents Ltd.	6004080	7.80	-	-	-	-	-	-	-	7.80
13	Laneseda Agents Ltd.	5994680	7.78	-	-	-	-	-	-	-	7.78
14	M.P. Birla Foundation Educational Soc.	100100	0.13	-	-	-	-	-	-	-	0.13
15	M.P. Birla Institute of Fundamental Research	100	0.00	-	-	-	-	-	-	-	0.00
16	Mazbat Investment Pvt. Ltd.	30412	0.04	-	-	-	-	-	-	-	0.04
17	Mazbat Properties Pvt. Ltd.	39600	0.05	-	-	-	-	-	-	-	0.05
18	Mazbat Tea Estate Ltd.	1467689	1.91	-	-	-	-	-	-	-	1.91
19	Punjab Produce Holdings Ltd.	3665407	4.76	-	-	-	-	-	-	-	4.76
20	Shreyas Medical Society	117740	0.15	-	-	-	-	-	-	-	0.15
21	R V Raveendran Jly. with others See Note below	1260	0.00	-	-	-	-	-	-	-	0.00
22	South Point Foundation	140000	0.18	-	-	-	-	-	-	-	0.18
23	The Punjab Produce & Trading Co. P. Ltd	4520572	5.87	-	-	-	-	-	-	-	5.87
24	Universal Cables Ltd.	296730	0.39	-	-	-	-	-	-	-	0.39
25	Varunendra Trading & Agents Pvt. Ltd.	280	0.00	-	-	-	-	-	-	-	0.00
26	Vindhya Telelinks Ltd.	6380243	8.29	-	-	-	-	-	-	-	8.29
	<b>TOTAL</b>	<b>48434191</b>	<b>62.90</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62.90</b>

Note: Estate of Late Smt Priyamvada Devi Birla represented by Justice R. V. Raveendran, Shri Arsal Chandra Chakraborti and Shri Mahendra Kumar Sharma in their capacity as Administrators pendente lite.



(l)(c)(i) Statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category "Public" and holding more than 1% of the total number of shares

Sl. No.	Name of the Shareholder	No. of Shares held	Shares as a percentage of total number of shares {i.e. Grand Total (A) + (B) + (C) indicated in statement at para (l)(a) above}	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
				Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
1	LIFE INSURANCE CORPORATION OF INDIA	3948117	5.13	-	-	-	-	5.13
2	Merlin Securities Pvt Ltd	2038250	2.65	-	-	-	-	2.65
3	HDFC TRUSTEE COMPANY LIMITED - HDFC PRUD	1705767	2.22	-	-	-	-	2.22
4	BRUMOHAN SAGARMAL CAPITAL SERVICES PVT	1250000	1.62	-	-	-	-	1.62
5	ICICI PRUDENTIAL DISCOVERY FUND	1127022	1.46	-	-	-	-	1.46
6	ICICI PRUDENTIAL DYNAMIC PLAN	1125078	1.46	-	-	-	-	1.46
7	ICICI PRUDENTIAL INFRASTRUCTURE FUND	1069882	1.39	-	-	-	-	1.39
8	SBI MAGNUM GLOBAL FUND	1000965	1.30	-	-	-	-	1.30
9	LIFECYCLE INFOTECH PRIVATE LIMITED	884000	1.15	-	-	-	-	1.15
10	ACACIA PARTNERS, LP	838600	1.09	-	-	-	-	1.09
11	ACACIA INSTITUTIONAL PARTNERS, LP	828400	1.08	-	-	-	-	1.08
12	UTI-DIVIDEND YIELD FUND	805249	1.05	-	-	-	-	1.05
13	MOTILAL GOPILAL OSWAL.	790000	1.03	-	-	-	-	1.03
		17411430	22.61	-	-	-	-	22.61

(l)(c)(ii) Statement showing holding of securities (including shares, warrants, convertible securities) of persons (together with PAC) belonging to the category "Public" and holding more than 5% of the total number of shares of the Company

Sl. No.	Name of the Shareholder	No. of Shares held	Shares as a percentage of total number of shares {i.e. Grand Total (A) + (B) + (C) indicated in statement at para (l)(a) above}	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
				Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
1	LIFE INSURANCE CORPORATION OF INDIA	3948117	5.13	-	-	-	-	5.13
	TOTAL	3948117	5.13	-	-	-	-	5.13



(i) (d) Statement showing details of locked-in shares

Sr.No.	Name of the shareholder	of shares	Number of locked-in shares	Locked-in shares as a percentage of total number of shares{i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (i) (a) above}
1	NIL		NIL	NIL
	TOTAL		NIL	NIL

(ii) (a) Statement showing details of Depository Receipts (DRs)

Sr.No.	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of outstanding DRs	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (1)(a) above}
1	NIL	NIL	NIL	NIL
	TOTAL	NIL	NIL	NIL

(ii) (b) Statement showing holding of Depository Receipts (DRs) where underlying shares held by 'promoter/ promoter group' are in excess of 1% of the total number of shares.

Sr.No.	Name of the DR Holder	outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (1)(a) above}
1		NIL	NIL	NIL
	TOTAL	NIL	NIL	NIL

(iii) (a)

Statement showing the voting pattern of shareholders, if more than one class of shares/ securities is issued by the issuer.

Not applicable as the Company has issued only one Class of Shares/ securities i.e Equity Shares (EQ) only.

**POST AMALGAMATION SHAREHOLDING PATTERN OF BIRLA CORPORATION LIMITED (TRANSFEEEE COMPANY)**  
**AS ON 30.06.2013**

(1) (a) Statement Showing Shareholding Pattern

Name of the Company : BIRLA CORPORATION LIMITED			
Scrip Code : NSE:- BIRLACORPN ;	BSE :- 500335	Name of the scrip, class of security : Equity Shares (EQ)	
Partly Paid-up Shares :-	No. of partly paid-up shares	As a % of total no. of partly paid-up shares	As a % of total no. of shares of the Company
Held by promoter/ promoter group	NIL	NIL	NIL
Held by public	NIL	NIL	NIL
<b>Total</b>	NIL	NIL	NIL
Outstanding convertible securities :-	No of outstanding securities	As a % of total no. of outstanding convertible securities	As a % of total no. shares of the Company, assuming full conversion of the convertible securities
Held by promoter/ promoter group	NIL	NIL	NIL
Held by public	NIL	NIL	NIL
<b>Total</b>	NIL	NIL	NIL
Warrants:-	No of warrants	As a % of total no. of warrants	As a % of total no. shares of the Company, assuming full conversion of warrants
Held by promoter/ promoter group	NIL	NIL	NIL
Held by public	NIL	NIL	NIL
<b>Total</b>	NIL	NIL	NIL
<b>Total paid-up capital of the Company, assuming full conversion of warrants and convertible securities</b>	NIL	NIL	NIL



Category Code	Category of Shareholder	Number of Shareholders	Total Number of shares	Number of Shares held in dematerialised form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX) = (VIII)/(IV)*100
(I)	(II)	(III)	(IV)	(V)				
(A)	Shareholding of Promoter and Promoter Group <sup>2</sup>							
(1)	Indian							
(a)	Individuals/ Hindu Undivided Family	1	1260	0	0.00	0.00	0.00	0.00
(b)	Central Government/ State Government(s)	0	0	0	0.00	0.00	0.00	0.00
(c)	Bodies Corporate	31	37379183	25628493	48.54	48.54	0.00	0.00
(d)	Financial/ Institutions/ Banks	0	0	0	0.00	0.00	0.00	0.00
(e)	Any Other							
	a) Society	7	11053748	10796008	14.35	14.35	0.00	0.00
	<b>Sub-Total (A)(1)</b>	39	48434191	36424501	62.89	62.89	0.00	0.00
(2)	Foreign							
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0	0.00	0.00	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0.00	0.00	0.00
(c)	Institutions	0	0	0	0.00	0.00	0.00	0.00
(d)	Any other (Specify)	0	0	0	0.00	0.00	0.00	0.00
	<b>Sub-Total (A)(2)</b>	0	0	0	0.00	0.00	0.00	0.00
	<b>Total Shareholding of Promoter and Promoter Group</b>							
	<b>(A) = (A)(1)+(A)(2)</b>	39	48434191	36424501	62.89	62.89	0.00	0.00





Category Code	Category of Shareholder	Number of Shareholders	Total Number of shares	Number of Shares held in dematerialised form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX) = (VIII)/(IV)*100
(I)	(II)	(III)	(IV)	(V)				
(B)	Public Shareholding <sup>3</sup>						NA	NA
(1)	Institutions						NA	NA
(a)	Mutual Funds/UTI	24	8284119	8281642	10.76	10.76	NA	NA
(b)	Financial/ Institutions/ Banks	31	24031	6930	0.03	0.03	NA	NA
(c)	Central Government/ State Government(s)	0	0	0	0.00	0.00	NA	NA
(d)	Venture Capital Funds	0	0	0	0.00	0.00	NA	NA
(e)	Insurance Companies	5	3949992	3949492	5.13	5.13	NA	NA
(f)	Foreign Institutional Investors	33	3748612	3748512	4.87	4.87	NA	NA
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00	NA	NA
(h)	Any Other	0	0	0	0.00	0.00	NA	NA
	Sub-Total (B)(1)	93	16006754	15986576	20.79	20.79	NA	NA
(2)	Non-Institutions							
(a)	Bodies Corporate	525	7752174	7740990	10.07	10.07	NA	NA
(b)	Individuals -							
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	20552	2714503	2062485	3.52	3.52	NA	NA
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	19	1331169	1269441	1.73	1.73	NA	NA
(c)	Any Other							
	a) Non Resident Individual	269	119087	87002	0.15	0.15	NA	NA



Category Code	Category of Shareholder	Number of Shareholders	Total Number of shares	Number of Shares held in dematerialised form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX) = (VIII)/(IV)*100
(I)	(II)	(III)	(IV)	(V)				
	b) Trust & Foundations	7	652253	652253	0.85	0.85	NA	NA
	Sub-Total (B)(2)	21372	12569186	11812171	16.32	16.32	NA	NA
	Total Public Shareholding							
	(B) = (B)(1) + (B)(2)	21465	28575940	27798747	37.11	37.11	NA	NA
	TOTAL (A)+(B)	21504	77010131	64223248	100.00	100.00	0.00	0.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	NOT APPLICABLE						
1	Promoter and Promoter Group	-	-	-	-	-	-	-
2	Public	-	-	-	-	-	-	-
	Sub-Total (C)	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	21504	77010131	64223248	100.00	100.00	NA	NA



(1)(b) Statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category "Promoter and Promoter Group".

Sl. No.	Name of the Shareholder	Details of Shares held		Encumbered shares(*)			Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
		No. of Shares held	As a % of grand total (A) + (B) + (C)	No.	As a percentage (V)/(III)*100	As a % of grand total (A) + (B) (C) sub-clause (i)(a)	Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	As a % total number of convertible securities of the same class	
(I)	(II)	(III)	(IV)	(V)	(V)/(III)*100	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)
1	August Agents Ltd.	6015912	7.81	-	-	-	-	-	-	-	7.81
2	Baroda Agents & Trading Co. Pvt. Ltd	914355	1.19	-	-	-	-	-	-	-	1.19
3	Belle Vue Clinic	175148	0.23	-	-	-	-	-	-	-	0.23
4	Birla Ericsson Optical Limited	280	0.00	-	-	-	-	-	-	-	0.00
5	Birla Financial Corporation Ltd.	280	0.00	-	-	-	-	-	-	-	0.00
6	East India Investment Co. Pvt. Ltd	3183	0.00	-	-	-	-	-	-	-	0.00
7	Eastern India Educational Institution	3361200	4.36	-	-	-	-	-	-	-	4.36
8	Express Dairy Company Limited	280	0.00	-	-	-	-	-	-	-	0.00
9	Gwalior Webbing Co. Pvt. Ltd.	1775200	2.31	-	-	-	-	-	-	-	2.31
10	Hindustan Gum & Chemicals Ltd.	270000	0.35	-	-	-	-	-	-	-	0.35
11	Hindustan Medical Institution	7159460	9.30	-	-	-	-	-	-	-	9.30
12	Inslico Agents Ltd.	6004080	7.80	-	-	-	-	-	-	-	7.80
13	Laneseda Agents Ltd.	5994680	7.78	-	-	-	-	-	-	-	7.78
14	M.P. Birla Foundation Educational Soc.	100100	0.13	-	-	-	-	-	-	-	0.13
15	M.P. Birla Institute of Fundamental Research	100	0.00	-	-	-	-	-	-	-	0.00
16	Mazbat Investment Pvt. Ltd.	30412	0.04	-	-	-	-	-	-	-	0.04
17	Mazbat Properties Pvt. Ltd.	39600	0.05	-	-	-	-	-	-	-	0.05
18	Mazbat Tea Estate Ltd.	1467689	1.91	-	-	-	-	-	-	-	1.91
19	Punjab Produce Holdings Ltd.	3665407	4.76	-	-	-	-	-	-	-	4.76
20	Shreyas Medical Society	117740	0.15	-	-	-	-	-	-	-	0.15
21	R V Raveendran Jty. with others See Note below	1260	0.00	-	-	-	-	-	-	-	0.00
22	South Point Foundation	140000	0.18	-	-	-	-	-	-	-	0.18
23	The Punjab Produce & Trading Co. P.Ltd	4520572	5.87	-	-	-	-	-	-	-	5.87
24	Universal Cables Ltd.	296730	0.39	-	-	-	-	-	-	-	0.39
25	Varunendra Trading & Agents Pvt. Ltd.	280	0.00	-	-	-	-	-	-	-	0.00
26	Vindhya Telelinks Ltd.	6380243	8.29	-	-	-	-	-	-	-	8.29
	<b>TOTAL</b>	<b>48434191</b>	<b>62.90</b>	-	-	-	-	-	-	-	<b>62.90</b>

**Note:** Estate of Late Smt Priyamvada Devi Birla represented by Justice R. V. Raveendran, Shri Amal Chandra Chakraborti and Shri Mahendra Kumar Sharma in their capacity as Administrators pendente lite.



(i)(c)(i) Statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category "Public" and holding more than 1% of the total number of shares

Sl. No.	Name of the Shareholder	No. of Shares held	Shares as a percentage of total number of shares {i.e. Grand Total (A) + (B) + (C) indicated in statement at para (i)(a) above}	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
				Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
1	LIFE INSURANCE CORPORATION OF INDIA	3948117	5.13	-	-	-	-	5.13
2	Merlin Securities Pvt Ltd	2038250	2.65	-	-	-	-	2.65
3	HDFC TRUSTEE COMPANY LIMITED - HDFC PRUD	1705767	2.22	-	-	-	-	2.22
4	BRIJMOHAN SAGARMAL CAPITAL SERVICES PVT	1250000	1.62	-	-	-	-	1.62
5	ICICI PRUDENTIAL DISCOVERY FUND	1127022	1.46	-	-	-	-	1.46
6	ICICI PRUDENTIAL DYNAMIC PLAN	1125078	1.46	-	-	-	-	1.46
7	ICICI PRUDENTIAL INFRASTRUCTURE FUND	1069982	1.39	-	-	-	-	1.39
8	SBI MAGNUM GLOBAL FUND	1000965	1.30	-	-	-	-	1.30
9	LIFECYCLE INFOTECH PRIVATE LIMITED	884000	1.15	-	-	-	-	1.15
10	ACACIA PARTNERS, LP	838600	1.09	-	-	-	-	1.09
11	ACACIA INSTITUTIONAL PARTNERS, LP	828400	1.08	-	-	-	-	1.08
12	UTI-DIVIDEND YIELD FUND	805249	1.05	-	-	-	-	1.05
13	MOTILAL GOPILAL OSWAL.	790000	1.03	-	-	-	-	1.03
		17411430	22.61	-	-	-	-	22.61

(i)(c)(ii) Statement showing holding of securities (including shares, warrants, convertible securities) of persons (together with PAC) belonging to the category "Public" and holding more than 5% of the total number of shares of the Company

Sl. No.	Name of the Shareholder	No. of Shares held	Shares as a percentage of total number of shares {i.e. Grand Total (A) + (B) + (C) indicated in statement at para (i)(a) above}	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
				Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
1	LIFE INSURANCE CORPORATION OF INDIA	3948117	5.13	-	-	-	-	5.13
	<b>TOTAL</b>	<b>3948117</b>	<b>5.13</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5.13</b>



(i) (d) Statement showing details of locked-in shares

Sr.No.	Name of the shareholder	of shares	Number of locked-in shares	Locked-in shares as a percentage of total number of shares{i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (i) (a) above}
1	NIL		NIL	NIL
	TOTAL		NIL	NIL

(ii) (a) Statement showing details of Depository Receipts (DRs)

Sr.No.	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of outstanding DRs	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (1)(a) above}
1	NIL	NIL	NIL	NIL
	TOTAL	NIL	NIL	NIL

(ii) (b) Statement showing holding of Depository Receipts (DRs) where underlying shares held by 'promoter/ promoter group' are in excess of 1% of the total number of shares.

Sr.No.	Name of the DR Holder	outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (1)(a) above}
1		NIL	NIL	NIL
	TOTAL	NIL	NIL	NIL

(iii) (a)

Statement showing the voting pattern of shareholders, if more than one class of shares/ securities is issued by the issuer.

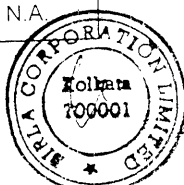
Not applicable as the Company has issued only one Class of Shares/ securities i.e Equity Shares (EQ) only.

**TALAVADI CEMENTS LIMITED**

BIRLA BUILDING, 9/1, R. N. Mukherjee Road, Kolkata - 700 001  
Phone : 2213-1680, 2213-0379, 2248-0135 Fax : 033-2248 7988 / 2248 2872

**ANNEXURE - 6B****PRE AND POST AMALGAMATION SHAREHOLDING PATTERN****TALAVADI CEMENTS LIMITED (TRANSFEROR COMPANY)**

Category Code	Category of Shareholders	Transferor Company Pre-Amalgamation		Transferor Company Post-Amalgamation	
		Total No. of Shares	As a percentage of total Capital	Total No. of Shares	As a percentage of total Capital
(A)	Shareholding of Promoter and Promoter Group <sup>2</sup>				
(1)	Indian				
(a)	Individuals/ Hindu Undivided Family	0	0.00	NIL	N.A.
(b)	Central Government/ State Government(s)	0	0.00	NIL	N.A.
(c)	Bodies Corporate *	5880400	98.01	NIL	N.A.
(d)	Financial/ Institutions/ Banks	0	0.00	NIL	N.A.
(e)	Any Other				
	a) Society	0	0.00	NIL	N.A.
	<b>Sub-Total (A)(1)</b>	5880400	98.01	NIL	N.A.
(2)	Foreign				
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0.00	NIL	N.A.
(b)	Bodies Corporate	0	0.00	NIL	N.A.
(c)	Institutions	0	0.00	NIL	N.A.
(d)	Any other (Specify)	0	0.00	NIL	N.A.
	<b>Sub-Total (A)(2)</b>	0	0.00	NIL	N.A.
	<b>Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)</b>	5880400	98.01	NIL	N.A.
(B)	Public Shareholding <sup>3</sup>				
(1)	Institutions				
(a)	Mutual Funds/UTI	0	0.00	NIL	N.A.
(b)	Financial/ Institutions/ Banks	0	0.00	NIL	N.A.
(c)	Central Government/ State Government(s)	0	0.00	NIL	N.A.
(d)	Venture Capital Funds	0	0.00	NIL	N.A.



# TALAVADI CEMENTS LIMITED

BIRLA BUILDING, 9/1, R. N. Mukherjee Road, Kolkata - 700 001

Phone : 2213-1680, 2213-0379, 2248-0135 Fax : 033-2248 7988 / 2248 2872

Category Code	Category of Shareholders	Transferor Company Pre-Amalgamation		Transferor Company Post-Amalgamation	
		Total No. of Shares	As a percentage of total Capital	Total No. of Shares	As a percentage of total Capital
(e)	Insurance Companies	0	0.00	NIL	N.A.
(f)	Foreign Institutional Investors	0	0.00	NIL	N.A.
(g)	Foreign Venture Capital Investors	0	0.00	NIL	N.A.
(h)	Any Other	0	0.00	NIL	N.A.
	<b>Sub-Total (B)(1)</b>	0	0.00	NIL	N.A.
<b>(2)</b>	<b>Non-Institutions</b>				
(a)	Bodies Corporate	0	0.00	NIL	N.A.
(b)	Individuals -				
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	119600	1.99	NIL	N.A.
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	0	0.00	NIL	N.A.
	Any Other				
(c)	a) Non Resident Individual	0	0.00	NIL	N.A.
	b) Trust & Foundations	0	0.00	NIL	N.A.
	<b>Sub-Total (B)(2)</b>	119600	1.99	NIL	N.A.
	<b>Total Public Shareholding</b>				
	<b>(B) =(B)(1)+(B)(2)</b>	119600	1.99	NIL	N.A.
	<b>TOTAL (A)+(B)</b>	6000000	100.00	NIL	N.A.
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>				
1	Promoter and Promoter Group	-	-	NIL	N.A.
2	Public	-	-	NIL	N.A.
	<b>Sub-Total (C)</b>	-	-	NIL	N.A.
	<b>GRAND TOTAL ( A )+( B )+( C )</b>	6000000	100.00	NIL	N.A.

\*Holding Company



for TALAVADI CEMENTS LIMITED

*C. S. Chatterjee*  
Director





## BIRLA CORPORATION LIMITED

1, SHAKESPEARE SARANI, 2ND FLOOR, KOLKATA - 700 071

Phone : (033) 6603 3300 / 01 / 02. Fax : (033) 2288 4426

E-mail : coordinator@birlacorp.com; Website : www.birlacorporation.com

### ANNEXURE 7A

The financial details of the transferee company for the previous 3 years as per the audited statement of Accounts:

Name of the Company: BIRLA CORPORATION LIMITED (TRANSFEREE COMPANY)

(₹ in Crores)

	As per last Audited Financial Year	1 year prior to the last Audited Financial Year	2 years prior to the last Audited Financial Year
	2012-13	2011-12	2010-11
Equity Paid up Capital	77.01	77.01	77.01
Reserves and Surplus	2373.05	2166.37	1980.91
Carry forward losses	-	-	-
Net Worth	2376.92	2186.51	2017.51
Miscellaneous Expenditure	-	-	-
Secured Loans	1127.35	933.69	804.05
Unsecured Loans	98.69	201.71	141.24
Fixed Assets (Net)	1961.40	1862.16	1433.93
Income from Operations (Net of excise duty)	2602.96	2286.90	2153.84
Total Income	2730.08	2413.06	2260.91
Total Expenditure	2379.37	2067.01	1823.35
Profit before Tax	350.71	346.05	437.56
Profit after Tax	269.82	239.21	319.88
Cash profit	374.21	319.21	384.71
EPS	35.04	31.06	41.54
Book value per share	308.67	283.94	262.00



Certified to be true Copy  
For BIRLA CORPORATION LIMITED

*Girish Sharma*  
GIRISH SHARMA  
Sr. Vice-President (Indirect Taxes)  
& Company Secretary



**TALAVADI CEMENTS LIMITED**

BIRLA BUILDING, 9/1, R. N. Mukherjee Road, Kolkata - 700 001  
Phone : 2213-1680, 2213-0379, 2248-0135 Fax : 033-2248 7988 / 2248 2872

**ANNEXURE 7B**

The financial details of the transferor company for the previous 3 years as per the audited statement of Accounts:

Name of the Company: TALAVADI CEMENTS LIMITED (TRANSFEROR COMPANY)

(₹ in Crores)

	As per last Audited Financial Year	1 year prior to the last Audited Financial Year	2 years prior to the last Audited Financial Year
	2012-13	2011-12	2010-11
Equity Paid up Capital	6.00	6.00	6.00
Reserves and Surplus	2.04	1.39	0.95
Carry forward losses	-	-	-
Net Worth	8.04	7.39	6.95
Miscellaneous Expenditure	0.50	0.50	0.50
Secured Loans	-	-	-
Unsecured Loans	-	-	-
Fixed Assets (Net)	4.04	4.37	4.52
Income from Operations	-	-	-
Total Income	1.46	1.25	1.39
Total Expenditure	0.57	0.63	0.71
Profit before Tax	0.89	0.62	0.68
Profit after Tax	0.65	0.44	0.50
Cash profit	1.00	0.77	0.81
EPS	1.09	0.73	0.83
Book value per share	13.40	12.31	11.58

for TALAVADI CEMENTS LIMITED

*S. Jayaraman*  
Director



**Compliance Report on Corporate Governance**

Name of the Company: Birla Corporation Limited.

Date: 30th June, 2013

Particulars	Clause of Listing agreement	Compliance Status Yes/No	Remarks
<b>I. Board of Directors</b>	<b>49 I</b>		
(A) Composition of Board	49 (IA)	Yes	
(B) Non-executive Directors' compensation & disclosures	49 (IB)	Yes	
(C) Other provisions as to Board and Committees	49 (IC)	Yes	
(D) Code of Conduct	49 (ID)	Yes	
<b>II. Audit Committee</b>	<b>49 (II)</b>		
(A) Qualified & Independent Audit Committee	49 (IIA)	Yes	
(B) Meeting of Audit Committee	49 (IIB)	Yes	
(C) Powers of Audit Committee	49 (IIC)	Yes	
(D) Role of Audit Committee	49 II (D)	Yes	
(E) Review of Information by Audit Committee	49 (IIE)	Yes	Management discussions and analysis of financial conditions for the current Financial Year ending 31st March, 2014 will be reviewed by the Audit Committee when due. The same for the last Financial year ended 31st March, 2013 complied with.
<b>III. Subsidiary Companies</b>	<b>49 (III)</b>	Yes	
<b>IV. Disclosures</b>	<b>49 (IV)</b>		
(A) Basis of related party transactions	49 (IV A)	Yes	
(B) Disclosure of Accounting Treatment	49 (IV B)	Yes	
(C) Board Disclosures	49 (IV C)	Yes	
(D) Proceeds from public issues, rights issues, preferential issues etc.	49 (IV D)	N. A.	
(E) Remuneration of Directors	49 (IV E)	Yes	
(F) Management	49 (IV F)	Yes	
(G) Shareholders	49 (IV G)	Yes	
<b>V. CEO/CFO Certification</b>	<b>49 (V)</b>	Yes	Will be complied for the yearly accounts i.e. for the current Financial Year ending 31.03.2014 when due. Complied with for the last Financial Year ended 31.03.2013.
<b>VI. Report on Corporate Governance</b>	<b>49 (VI)</b>	Yes	Will be complied for the current Financial Year ending 31.03.2014 when due. Complied with for the last Financial Year ended 31.03.2013.
<b>VII. Compliance</b>	<b>49 (VII)</b>	Yes	Will be complied for the current Financial Year ending 31.03.2014 when due. Certificate from the Auditors annexed to the Directors' Report for the last Financial Year ended 31.03.2013.

Certified to be true Copy  
For BIRLA CORPORATION LIMITED

GIRISH SHARMA  
Sr. Vice-President (Indirect Taxes)  
& Company Secretary

**BIRLA CORPORATION LIMITED**

1, SHAKESPEARE SARANI, 2ND FLOOR, KOLKATA - 700 071

Phone : (033) 6603 3300 / 01 / 02, Fax : (033) 2288 4426

E-mail : coordinator@birlacorp.com; Website : www.birlacorporation.com

**UNDERTAKING OF THE COMPANY PURSUANT TO PARAGRAPH 7 OF SEBI CIRCULAR DATED  
21ST MAY, 2013 DULY APPROVED BY THE BOARD OF DIRECTORS AT ITS MEETING HELD ON  
25TH JULY, 2013**

Talavadi Cements Limited ("Transferor Company" or 'TCL') is 98% subsidiary company of Birla Corporation Limited ("the Company"). The remaining 2% shares of TCL are held by public shareholders not related to entity involving Promoter / Promoter Group, Related Parties of Promoter / Promoter Group of the Company. Upon the proposed Scheme of Amalgamation, Which provides for the merger of TCL with the company, becoming effective, no additional shares of the company will be allotted in lieu or exchange of the shares of TCL held by the Company and all shares held by the Company in TCL will automatically stand cancelled.

Further, the proposed Scheme relates to a merger of TCL with its Indian parent company and does not involve any other entity involving Promoter / Promoter Group, Related Parties of Promoter / promoter Group of the Company.

It is further stated that TCL was incorporated on 23rd March, 1995 within the meaning of the Companies Act, 1956. The subscription share was held by the erstwhile Promoters of TCL, an independent entity and is not a part of Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group or subsidiary/(s) of Promoter / Promoter Group of the Company. The said subscription share was later transferred by the erstwhile Promoters of TCL to the Company and further shares were issued by TCL to the Company in the month of December, 2007. Hence, the parent listed company i.e., the Company has not acquired the equity shares of TCL by paying consideration in cash or in kind in the past to any of the shareholders of TCL who are Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / promoter Group or subsidiary / (S) of Promoter / Promoter Group of the Company.

In view of the aforesaid and pursuant to Para 7 of the Revised SEBI Circular CIR/ CFD/DIL /8/2013 dated May 21, 2013, the requirement stated at Para 5.16(a) of the SEBI Circular CIR/ CFD/DIL /8/2013 date February 4, 2013 is not applicable to the proposed Scheme of Amalgamation of TCL with the Company.

Yours faithfully  
For **BIRLA CORPORATION LIMITED**

**(GIRISH SHARMA)**  
SR. VICE-PRESIDENT (INDIRECT TAXES)  
& COMPANY SECRETARY

Date: 25.07.2013



**H. P. KHANDELWAL & CO.**  
CHARTERED ACCOUNTANTS

**To Whom It May Concern**

- I. We, M/S H.P. Khandelwal & Co., are the statutory auditor of **M/s. Birla Corporation Limited** ("the Transferee Company") having its registered office at 9/1, R.N. Mukherjee Road, Kolkata – 700 001. The Company has, vide engagement letter dated 24th July, 2013, engaged us for issuance of a declaration as required under clause F.5.16 of SEBI Circular CIR/CFD/DIL/5/2013 dated 4th February, 2013 read with clause 7 of SEBI circular CIR/CFD/DIL/8/2013 Dated 21st May, 2013 (together referred as "SEBI Circular") regarding non applicability of "Approval of scheme through Postal Ballot and E- Voting".
- II. As required under the SEBI Circular, the Board of the Transferee Company has approved the undertaking ("the Board approval") regarding the non applicability of SEBI Circular in relation to proposed Scheme of Amalgamation of the Talavadi Cements Limited ("the Transferor Company") with Birla Corporation Limited by stating the reasons thereof.

**Board of Directors' Responsibility**

- III. The undertaking regarding the non applicability of the SEBI Circular in relation to above Scheme of Amalgamation is the sole responsibility of the Board of Directors of the Transferee Company. This responsibility includes providing proper reasons and ensuring the requirements of the SEBI Circular in relation to non applicability of the SEBI Circular.

**Auditors' Responsibility**

- IV. Pursuant to the SEBI Circular, it is our responsibility to form an opinion on the non applicability of SEBI Circular and to report our opinion.
- V. We conducted our examination, on a test basis, in accordance with the Guidance Note on Audit Reports and Certificates for the Special Purposes, issued by The Institute of Chartered Accountants of India, to obtain reasonable assurance as to whether the SEBI Circular is not applicable in case of proposed Scheme of Amalgamation between the Transferee Company and Transferor Company, we have gone through the books of account and other relevant records of the Transferor Company and the Transferee Company produced to us, and the information and explanations given to us. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

- VI. With reference to the requirements of SEBI Circular and on the basis of our examination of records and books produced to us and as per explanations/information's submitted to us by the Transferee Company including through the board approval, we hereby certify that SEBI Circular is not applicable in relation to proposed Scheme of Amalgamation between the Transferee Company and Transferor Company due to below mentioned reasons.



- i) As per the list of shareholders of Transferor Company as on 25.07.2013, no additional shares will be required to be allotted to Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of the Transferee company, on account of proposed Scheme of Amalgamation.
- ii) The Scheme of Amalgamation does not involve the any entity involving Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter /Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of the Transferee Company.
- iii) The Transferee Company did not acquire any equity shares of the Transferor Company, by paying consideration in cash or in kind in the past to any of the shareholders of the Transferor Company who may be Promoter /Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter/ Promoter Group of the Transferee Company.

**Restrictions on Use**

- VII. Our work was performed solely to assist the Transferee Company in meeting the responsibilities in relation to compliance with the SEBI Circular. Our obligations in respect of this opinion are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as Statutory Auditors of the Transferee Company or otherwise. Nothing in this opinion or anything said or done in the course of or in connection with the services that are the subject of this opinion, will extend any duty of care we may have in our capacity as Statutory Auditors of any financial statements of the Transferee Company.
- VIII. The opinion in this certificate is solely for the purpose of the Transferee Company enabling it to comply with its obligations under SEBI Circular and should not be used by any other person or for any other purpose.

For H.P. Khandelwal & Co.  
Chartered Accountants  
(Firm Registration No. 302050E)

*Rajiv Singh*

(Rajiv Singhi)  
Partner  
Membership No. - 053518

Place- Kolkata  
Dated: the 25th day of July, 2013





## BIRLA CORPORATION LIMITED

1, SHAKESPEARE SARANI, 2ND FLOOR, KOLKATA - 700 071

Phone : (033) 6603 3300 / 01 / 02, Fax : (033) 2288 4426

E-mail : coordinator@birlacorp.com; Website : www.birlacorporation.com

### **CERTIFIED COPY OF THE RESOLUTIONS PASSED AT THE MEETING OF THE BOARD OF DIRECTORS HELD ON 25TH JULY, 2013**

#### **Approval of the draft Scheme of the proposed Amalgamation of Talavadi Cements Limited, a subsidiary with Birla Corporation Limited:**

"RESOLVED that pursuant to the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification or re-enactments thereof for the time being in force, and subject to receipts of all necessary consents and approvals including the approval of shareholders and/or creditors as the case may be and the sanction of the Hon'ble Calcutta High Court or such other competent authority as may be applicable, and based on the recommendations of the Audit Committee, and subject to such modifications as may be professionally advised, the consent of the Board be and is hereby accorded to the Scheme of Amalgamation to amalgamate Talavadi Cements Limited, a subsidiary company with the Company."

"RESOLVED FURTHER that the Valuation Report of M/s. Ray & Ray, Chartered Accountants for recommending the entitlement ratio of shares and Fairness Opinion Report furnished by M/s. SBI Capital Markets Ltd., Merchant Bankers be and are hereby noted."

"RESOLVED FURTHER that the Company do file the Scheme of Amalgamation with the BSE Limited and National Stock Exchange of India Limited for obtaining in-principle approval of such Stock Exchanges in terms of Clause 24 of the Listing Agreement read with SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 04, 2013 and Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013."

"RESOLVED FURTHER that in terms of aforesaid SEBI Circulars, BSE Limited be and is hereby appointed as Designated Stock Exchange for the purpose of co-ordination with Securities and Exchange Board of India."

"RESOLVED FURTHER that the Undertaking of the Company pursuant to Para 7 of SEBI's Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013 stating the reasons for non-applicability of Para 5.16(a) of SEBI's Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 relating to the voting by public shareholders through postal ballot and e-voting, be and is hereby approved and the same be submitted to Messrs. H.P. Khandelwal & Co., Auditors of the Company for their certification."


"RESOLVED FURTHER that Shri B.R. Nahar, Managing Director, Shri A. Saraogi, Chief Financial Officer, Shri G. Sharma, Sr. Vice President (Indirect Taxes) & Company Secretary and Shri Manoj Kumar Mehta, Deputy Company Secretary & Vice President (Finance) be and are hereby severally authorized in the name of and on behalf of the Company to:



- a. finalise and settle the draft Scheme of Amalgamation, drafts of the notices for convening meetings of shareholders and/or creditors, if any, and the drafts of explanatory statements, with such modifications as may be professionally advised and statutorily required;
- b. file the application, petition for Amalgamation in the Calcutta High Court and any affidavits, pleadings, forms and other documents and to execute all such further deeds, documents and writings as may be necessary in that behalf;
- c. sign all applications, petitions, documents, undertakings, affidavits, letters relating to the Scheme and represent the Company before any regulatory authorities and the court in relation to any matter pertaining to the Scheme or delegate such authority to another person by a valid power of attorney;
- d. make applications to the relevant authorities or other persons for approval to the Scheme of Amalgamation as may be required and to make such disclosures to Governmental or Regulatory authorities as may be required for the purpose;
- e. appoint Solicitors, Advocates, Chartered Accountants and other professionals for implementation of the Scheme of Amalgamation and to sign and execute vakalatnama wherever necessary and sign and issue public advertisements and notices; and
- f. do all such other acts, matters, deeds and things necessary, proper or desirable in connection with or incidental to giving effect to the purposes of the above Resolution."

"RESOLVED FURTHER that Shri B.R. Nahar, Managing Director, Shri A. Saraogi, Chief Financial Officer, Shri G. Sharma, Sr. Vice President (Indirect Taxes) & Company Secretary and Shri Manoj Kumar Mehta, Deputy Company Secretary & Vice President (Finance) be and are hereby severally authorised to give certified copy of the this Resolution and issue the same to whomsoever concerned, wherever necessary."

**CERTIFIED TRUE COPY**  
For **BIRLA CORPORATION LIMITED**



**(GIRISH SHARMA)**  
Sr. Vice-President (Indirect Taxes)  
& Company Secretary

