



FOR THE ATTENTION OF THE COMPANY'S SHAREHOLDERS

The Hon'ble High Court of Gujarat at Ahmedabad, vide its Order dated 23rd October, 2015 and the Hon'ble High Court of Judicature at Bombay vide Order dated 5th December, 2015 have approved the Scheme of Arrangement, amongst Aditya Birla Nuvo Limited (ABNL) and Madura Garments Lifestyle Retail Company Limited (MGLRCL) and Pantaloons Fashion & Retail Limited (PFRL) now known as Aditya Birla Fashion and Retail Limited (ABFRL), and their respective Shareholders and Creditors, under Sections 391 to 394 of the Companies Act, 1956 ("the Scheme").

The Scheme, inter-alia, provides for the transfer / vesting by way of demerger of the "Madura Undertaking", an undertaking of ABNL, on a going concern basis, to ABFRL with effect from 1st April, 2015 (appointed date) and issue of equity shares by ABFRL to the shareholders of ABNL in terms of the said Scheme.

ABNL has fixed 21st January, 2016 as the Record Date to determine the eligibility of its shareholders who would be entitled to receive the shares of ABFRL, pursuant to the Scheme. In terms of the Scheme, ABFRL is required to issue and allot, to each member of ABNL whose name appears in the Register of Members of ABNL and/or in the records of the Depositories as Member of ABNL on the Record Date, 26 (twenty six) fully paid up equity shares of the face value of Rs.10/- each of ABFRL for every 5 (five) equity shares of Rs.10/- each fully paid up held by such member in ABNL.

This communication is being issued for general guidance of the shareholders of ABNL in relation to the method of calculation and apportionment of the pre-demerger cost of acquisition of ABNL's equity shares between the equity shares of ABNL and the equity shares of ABFRL to be received pursuant to the Scheme, as per the provisions of the Income Tax Act, 1961. Since the equity shares of ABFRL are being allotted pursuant to demerger, their Cost of Acquisition is to be determined as per the provisions of Section 49 (2C) of the Income Tax Act, 1961.

Section 49(2C) provides that the Cost of Acquisition of the shares of the resulting company, i.e. PFRL now known as ABFRL, is to be computed by applying the proportion of the "net book value" of the assets of the demerged undertaking, i.e., "Madura Undertaking" to the "net worth" of the demerged company, i.e., ABNL immediately before the demerger., to the Cost of Acquisition of the equity shares of the demerged company, i.e., ABNL.

As such, for the purpose of determining the post demerger cost of acquisition of the equity shares of ABNL and the cost of equity shares of ABFRL under the Income Tax Act, 1961, the eligible shareholders who hold equity shares of ABNL as on the Record Date, i.e., 21st January, 2016, are advised to apportion their pre-demerger cost of acquisition of ABNL shares in the following manner:

	Apportionment of the pre-demerger Cost of Acquisition of 1 (one) equity share in ABNL
Post de-merger Cost of Acquisition of 1 (one) equity share in ABNL	99.13%
Cost of Acquisition of equity shares to be issued by ABFRL for every 1 (one) equity share held in ABNL	0.87 %
Total	100.00%

Considering the aforementioned swap ratio, the cost of acquisition of 1 (one) equity share of ABFRL in the hands of the equity shareholders of ABNL will be 0.1675% of the pre-demerger cost of acquisition of 1 (one) equity share of ABNL.

In respect of the equity shares to be issued by ABFRL, the date of acquisition of such equity shares, for the purpose of capital gains in the hands of a shareholder, will be the date of acquisition of the original shares of ABNL for each shareholder, as per Clause (g) in explanation 1 to section 2 (42A) of the Income Tax Act, 1961.

This communication is merely for the general guidance of the shareholders, and should not be considered as a substitute for any independent opinion that the shareholders may obtain. The concerned regulatory, statutory or judicial authority, including any assessing officer / appropriate appellate authority, could take a different view. The Company takes no express or implied liability in relation to this guidance.

Ashok Malu

Ashok Malu
Joint President & Company Secretary

Mumbai, 19th January, 2016



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