5 July 2012

Aditya Birla Group to acquire Terrace Bay Pulp Mill in North America

Mumbai: The Aditya Birla Group today announced that it has
signed an agreement in-principle to purchase the assets of
Terrace Bay Pulp Mill in North Western Ontario. Mr. Kumar
Mangalam Birla, Chairman, Aditya Birla Group, says, “The
acquisition of the Terrace Bay Mill and its subsequent conversion
into a dissolving grade pulp mill is a major strategic move. In the
Viscose Staple Fibre (VSF) business, we enjoy global leadership.
To sustain ongoing growth, we have an integrated business
model, spanning the entire value chain from plantation to pulp to
fibre. The Terrace Bay Mill, upon conversion, will be geared to
provide superior quality pulp for our VSF plants worldwide.”

The Terrace Bay Mill was placed under Companies Creditors Arrangement Act (CCAA) in January 2012. The
Aditya Birla Group is to make this acquisition through a Special Purpose Vehicle (SPV), AV Terrace Bay Inc
(Canada). Grasim Industries Limited proposes to hold a 40 per cent stake in AV Terrace Bay Inc and the
remaining 60 per cent is proposed to be held by Thai Rayon Public Co. Ltd., Thailand. Over a period of the
next three years, Grasim would be contributing $44 million, out of the total equity contribution of $110 million.

The Group will be investing more than $250 million in a phased manner to convert the mill to produce
dissolving grade pulp with a capacity of 280,000 tpa. Until the conversion, which is likely to happen in FY16,
the mill will produce and sell paper grade pulp. The paper grade pulp mill should restart by October 2012. The
Terrace Bay Mill is considered an anchor mill due to its location and its significant consumption of residual
chips produced by the regional sawmills.

The transaction is subject to court approvals in Canada and other regulatory approvals in Canada, Thailand
and India. It is expected to close by 31 July, 2012.

The Aditya Birla Group has a significant presence in Canada. Its
major companies – AV Nackawic, AV Cell in the pulp and fibre
business; Aditya Birla Novelis in the metals business; Aditya Birla
Minacs in the ITES business and Columbian Chemicals in the
Carbon Black business – all have highly successful operations in
Canada. The Aditya Birla Group has a 6,000 strong workforce
operating in the country. The Group enjoys a strong relationship
with the Government and with the community at large.

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