



Aditya Birla Chemicals (India) to Merge with Grasim Industries

Grasim Industries Limited
A VSF and Cement Major

11th February 2015



Strategic Rationale for Proposed Merger of ABCIL with Grasim

Leading producer of caustic soda in India

- Post commissioning of Vilayat plant, Grasim is the leading producer of caustic soda in India with installed capacity ~ 453ktpa.
- Combined capacity ~804ktpa (incl. Jayshree - ~59ktpa, under acquisition)

Growth opportunity in Chemical Business

- Given limited growth opportunities in VSF business due to current overcapacity and challenging environment globally, ABCIL provides a stable and profitable revenue stream
- Strong thrust by Govt. on manufacturing and impending reforms, likely to result in higher growth in manufacturing activities leading to increased chemical consumption

Profitable Chemical Business

Chlor-alkali business on standalone basis has been profitable and added substantial value

- Grasim Chemical Division : LTM Dec 2014 EBITDA ~ INR 293 crs, Margin 18%
 - ABCIL : LTM Dec 2014 EBITDA ~ INR 262 crs, Margin 23%
 - Combined Chemical Division : LTM Dec 2014 EBITDA ~ INR 555 crs, Margin 20%
- ABCIL is cost competitive with captive power plant (110 MW) and salt-works

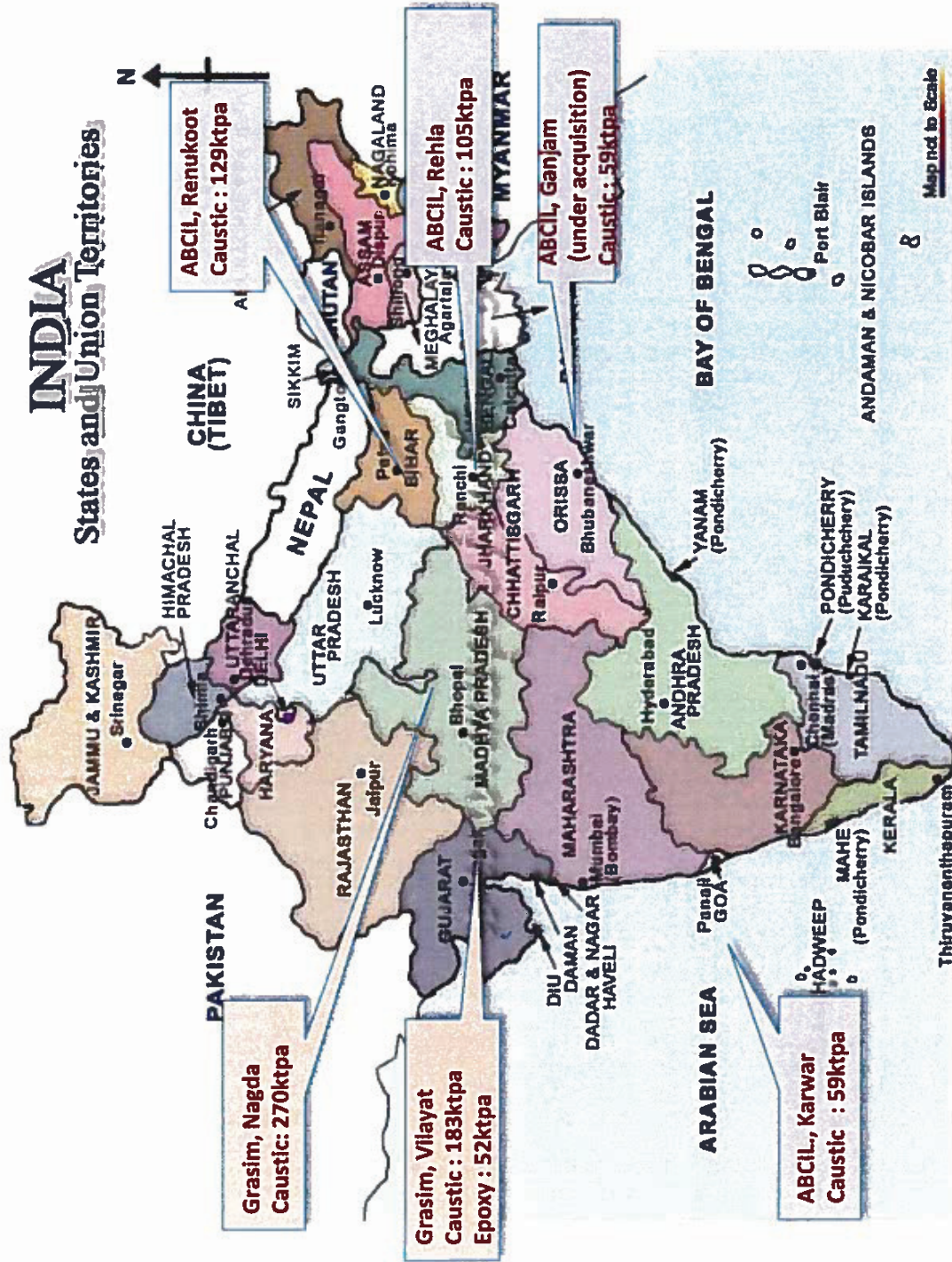
Consolidation under one entity

- Consolidate chemical business under one entity in line with Group's philosophy to unify similar businesses
- Create operational efficiencies, cost competitiveness and financial synergies to achieve optimum growth in future
- Enable geographical diversification for Grasim in caustic soda thru' addition of ABCIL's three manufacturing facilities spread across the country
- Grasim surplus cash can be deployed for investment in chemical business to improve standalone profitability and achieve growth.

Asset Highlights of Aditya Birla Chemicals India Ltd (ABCIL)

- Caustic soda capacity based on latest membrane cell technology : 352 ktpa (existing : 293 ktpa)
 - 3 manufacturing facilities located at
 - Rehla, Jharkhand :105 ktpa
 - Renukoot, U.P. :129 ktpa (acquired from Kanoria in 2011)
 - Karwar, Karnataka : 59 ktpa (acquired from Solaris in 2013 alongwith Salt works at Singach, Gujarat)
 - Signed Business Transfer Agreement with Jayshree Chemicals for Jayshree Ganjam, Odisha: 59 ktpa
 - Chlorine Derivatives like Aluminium chloride, Chlorinated paraffin, Hydrochloric acid, Staple Bleaching Powder etc.
 - Phosphoric acid plant (technical and food grade) with installed capacity of ~24 ktpa ; based on IMI Israel technology.
 - Captive power plant : 110 MW
 - Total no. of Employees ~ 1,300

Geographical diversification of Chemical Plants – ABCIL and Grasim



Key features of the Scheme

- Merger through Court approved Scheme of Amalgamation u/s 391 to 394 of the Companies Act, 1956 and/or the Companies Act, 2013
- Appointed Date: 1st April, 2015
- Swap Ratio : 1 (one) share of Rs. 10 each of Grasim for every 16 (sixteen) shares of Rs. 10 each of ABCIL
- All assets & liabilities of ABCIL to be transferred to Grasim and shall be recorded at book value as on Appointed Date
- Consideration: Grasim shall issue equity shares to the equity shareholders of ABCIL
 - Share swap ratio determined by Walker Chandiook & Co LLP (independent valuer)
 - Fairness opinion to Grasim - Axis Capital Ltd
 - Legal advisor - Khaitan & Co.
- Scheme is conditional upon:
 - Approval from the Shareholders' of both Grasim and ABCIL –Majority of public shareholders.
 - Approval from lenders / creditors' of both Grasim and ABCIL
 - Approval from Competition Commission of India and Stock Exchanges
 - Approval of the scheme from relevant High Courts and other regulatory approvals