

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 2,80,000 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.