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PRESS RELEASE

17 March 2006

The Aditya Birla Group to invest US\$ 350 million for plantations and pulp plant in Laos

The Aditya Birla Group today announced an investment of US\$ 350 million in Lao People's Democratic Republic (Laos) for setting up of a project to raise pulp wood species plantations and a pulp plant for its viscose staple fibre (VSF) business. Grasim Industries Limited, India, Thai Rayon Public Co. Ltd., Thailand, and PT Indo Bharat Rayon, Indonesia — all of whom belong to the Aditya Birla Group — will invest in this project as equity holders.

The Group has secured 50,000 hectares of land from the government of Laos on lease for a 75 year period. Eucalyptus plantations raised on the land would provide the feed for the pulp plant. The project is to be implemented in two phases, first the plantation phase and second, the setting up of the dissolving pulp plant, given that eucalyptus plantations normally have a growth cycle of seven years. The commissioning of the pulp plant would coincide with the harvest of the first plantation, i.e., the seventh year. The pulp produced in Laos would be exported to the Group's rayon fibre manufacturing units in India, Thailand and Indonesia, as well as newer locations.

Avers Mr. Kumar Mangalam Birla, the Aditya Birla Group Chairman, "This integrated plantation and pulp plant project with a 200,000 tpa capacity, is a forward step, planned ahead of time to ensure that our future expansion needs are met."

"In the cellulosic fibre business, we are in a leadership position globally and our intent is to grow the business exponentially. We will be requiring far larger quantities of pulp as our plans fructify. Our strategy to maintain our edge dictates the setting up of holistic backward integration from the plantation to the final VSF production," Mr. Birla added.

Mr. Shailendra Jain, Director, the Group's pulp and fibre business, states, "Laos is at the take-off stage of economic growth and our entry is just rightly timed to leverage the liberal foreign investment environment there. Laos is also strategically located to support our rayon fibre manufacturing plans in the South East Asia region where the textile hubs are growing".

The Aditya Birla Group's seven pulp and fibre plants span India, Thailand, Indonesia and Canada, with a collective capacity in excess of 775,000 tpa.

A US\$ 8 billion conglomerate, with a market capitalisation in excess of US\$ 11 billion, the Aditya Birla Group is anchored by an extraordinary force of 72,000 employees belonging to over 20 different nationalities. Over 30 per cent of its revenues flow from its operations across the world. The Group's products and services offer distinctive customer solutions. Its 72 state-of-the-art manufacturing units and sectoral services span India, Thailand, Indonesia, Malaysia, Philippines, Egypt, Canada, Australia and China.

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