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Press Release

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Birla Corporation completes acquisition of cement business of Reliance

Birla Corporation Limited, the flagship company of the M P Birla Group and a leading cement major, today announced completion of the process of acquisition of the cement business of Reliance Infrastructure Ltd (RIL). The Company has acquired 100% shares of Reliance Cement Company Private Limited (Reliance Cement), a subsidiary of RIL. After this acquisition, Reliance Cement has become a wholly-owned material subsidiary of Birla Corporation Limited. The acquisition has been funded through existing cash reserves and incremental debt.

In February this year, Birla Corporation Limited had announced the agreement to acquire the entire cement business of RIL, for an Enterprise Value of Rs. 4,800 crores. This acquisition provides Birla Corporation Limited with the ownership of high-quality assets, taking its total capacity from 10 MTPA to 15.5 MTPA. The Company's expansion potential will also be significantly enhanced by valuable mineral concessions in several States, in addition to Madhya Pradesh.

Reliance Cement has three cement units, an integrated cement plant at Maihar (Madhya Pradesh) and grinding units at Kundanganj (Uttar Pradesh) and Butiburi (Maharashtra), with an aggregated capacity of 5.58 MTPA of cement and 3.30 MTPA of clinker. With state-of-the-art technology, strategically located raw material sources, captive coal mine and efficient operating parameters, it has already established technical capability for producing top-end high quality product. The mining lease at Mukutban would enable the company to set up a clinkerisation unit of 3 MT in the foreseeable future.

Shri Harsh V. Lodha, Chairman, Birla Corporation Limited, stated that he is extremely pleased that the Reliance Cement business would be a part of the M.P. Birla Group. "Reliance plants add a lot of strategic value to the existing cement business of Birla Corporation. We have got not only modern and efficient plants but also excellent opportunity of synergizing the business of Birla Corporation and Reliance Cement to gain maximum advantage in the region we operate in and increase our share in the rapidly growing cement market. That apart, there is scope for further optimisation of the operation of Reliance Cement that would yield substantial benefit to the Company."

Referring to the 'complementarity' of the acquisition, he said it is a natural fit with Birla Corporation's footprint in Central and Eastern India. The Company can gain a sizeable presence in the profitable Western market by expansion of the Mukutban operations. The economies of scale and synergies would help the Company invest in brand, channel, manufacturing, product and marketing innovations for creating greater value for all stakeholders.

Birla Corporation Limited, established in 1919, is a part of the MP Birla Group which has interest in the cement, power & telecom cables, jute, guar gum, healthcare and education. Cement constitutes more than 90% of the Company's revenues with units currently in Rajasthan, Madhya Pradesh, Uttar Pradesh and West Bengal.