



3rd May, 2011

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The Secretary
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Dear Sir,

Sub: Equity Investment in Aditya Holding AB, Sweden

The Board of Directors of the Company at its meeting held today has approved investment of SEK 380 million (approximately ₹ 280 crores) in equity shares of Aditya Holding AB, Sweden, subject to regulatory approvals, to get 1/3rd controlling interest in Domsjö Fabriker, a leading Swedish Company manufacturing Speciality Pulp.

In this connection, please find enclosed a copy of a note on the subject for your information.

Thanking you,

Yours faithfully,

Ashok Malu
Company Secretary

encl: as above



**Note on acquisition of stake in Domsjö Fabriker AB,
a leading Swedish speciality pulp and bio-refinery company**

The Board of Directors of Grasim Industries Limited, at its meeting held today, approved the acquisition of a 1/3rd stake in Domsjö Fabriker AB ("Domsjö"), a leading Swedish speciality pulp and bio refinery company.

The proposed acquisition will entail an investment of Swedish Kroner (SEK) 380 Million (approx. ₹ 280 crores) for subscribing to the equity shares of Aditya Holding AB, the ultimate holding company of Domsjö. This will be funded by Grasim out of its internal accruals.

This investment is subject to required regulatory approvals. The Company expects to complete the acquisition by the month end.

Aditya Holding AB, currently owned equally by PT Indo-Bharat Rayon, Indonesia (IBR) and Thai Rayon Public Company Ltd., Thailand (TRC), has recently acquired Domsjö through a 100% subsidiary, Aditya Group AB, for a consideration of SEK 2.12 Billion. While Aditya Holding AB has invested SEK 1140 Million in Aditya Group AB as equity, an interim funding of USD 165 Million (SEK 1022 Million) has been done by way of bank loans. Grasim will invest in the equity of Aditya Holding AB as above at the same price at which IBR and TRC had recently invested. The proceeds will be used by Aditya

Holding AB towards the repayment of the total loan of SEK 380 Million contributed by the original subscribing companies (IBR and TRC) in an equal proportion.

Grasim, as the investors may know, is a leading producer of VSF. It is further expanding its capacity by 1,56,500 MTPA through a Greenfield project at Vilayat (Gujarat) and a Brownfield expansion at Harihar (Karnataka), with a capacity of 1,20,000 MTPA and 36,500 MTPA respectively.

With the acquisition of a stake in Domsjö, Grasim will be assured of supply of high quality dissolving grade pulp. This in turn will enable increase its share in speciality fibre market. Domsjö is a profitable company and it is expected to add to the consolidated profit of Grasim from day one.

Date: 3rd May, 2011

Grasim Industries Limited

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