



## **Grasim to acquire Management Control in the de-merged Cement Business of L&T**

The Board of Larsen & Toubro (L&T) at its meeting today decided to de-merge their Cement Business into a separate Cement Company (CemCo) in which L&T will retain 20% of the equity, with the balance to be distributed to their shareholders, in proportion to their shareholding in L&T.

The Board of Grasim Industries Limited (Grasim) also gave its approval to this transaction at its meeting held today.

As a consequence, on the de-merger of L&T's Cement Business to CemCo, Grasim will acquire 8.5% equity stake from L&T and thereafter, make an Open Offer at the same price, for 30% of the equity of CemCo to acquire management control of CemCo.

CemCo will be listed on the National Stock Exchange (NSE), The Stock Exchange, Mumbai (BSE) amongst others. Investors holding GDRs in L&T will be entitled to proportionate GDRs in CemCo as well.

Concurrent to Grasim's purchase of an 8.5% equity stake from L&T in CemCo, Grasim will divest its holding in L&T to one or more of L&T Foundation / Trusts.

The detailed Scheme of Arrangement will be developed, in compliance with Regulations, over the next few weeks.

This transaction will represent a major value enhancing initiative for both Parties.

For Shareholders of L&T, the creation of two listed entities, the de-merged L&T and CemCo, will create long term value, with a possible re-rating of the de-merged L&T as a focused Engineering & Technology Company, and the option of participating in the proposed Open Offer by Grasim for CemCo.

For Grasim, the transaction provides a controlling interest in an additional 16.5 million tonnes of cement capacity, the opportunity to create synergy between the cement operations of Grasim and CemCo and strengthen its ability to compete against MNCs in the Indian market.

Grasim will buy shares from L&T in CemCo, and make an Open Offer for acquiring management control at Rs. 171.30 per share; sell its holding in the de-merged L&T at Rs. 120 per share. For the sake of simplicity, these prices are based on an assumed equity share capital of 24.87 crore fully paid-up equity shares of Rs.10 each for both the entities i.e. the de-merged L&T and CemCo. The number of equity shares actually to be allotted in the two entities may vary and accordingly the offer price would change proportionately.

June 17, 2003  
Mumbai.