



Ballarpur Industries Limited

Ballarpur Industries announces acquisition of Premier Tissues

New Delhi, 19th August 2010: Ballarpur Industries Limited (BILT), part of the US\$ 4 bn Avantha Group, today announced the signing of definitive agreements to acquire Bangalore-based Premier Tissues India Limited (PTIL).

Mr. R.R. Vederah, MD of BILT said, "The acquisition is expected to be completed by the end of this month, when BILT will take over the operations and management of the company from its existing management.

BILT is India's largest manufacturer and exporter of paper, with a strong presence in all segments of the usage spectrum, including writing and printing (W&P) paper, industrial paper and specialty paper, including tissue. BILT retails its tissue products under the brand 'Etiquette' primarily in North India.

"With this acquisition, BILT will become the largest player in the Indian tissue paper market," said Mr. Yogesh Agarwal, COO, BILT. He added, "Premier is very strong in South and West India, while we have a good presence in North India. The integration of Premier's operations with BILT's own brand 'Etiquette'", will help us capture a significant share of this rapidly growing category."

Premier Tissues is the largest player in the tissue paper market in India, and retails its products under the brand name 'Premier'. Over the last 12 years, Premier Tissues has an extensive distribution network across India, reaching 8800+ outlets through 150+ distributors. The company also exports its products to Europe.

The deal has been closed at an enterprise value of around Rs. 75 crore, which on an estimated EBITDA of Rs. 9.6 crore for 2010-11 gives an EV/EBITDA multiple of about eight. The actual revenue for 2009-10 is Rs. 41.7 crore, which is estimated to increase to Rs. 50 crore in 2010-11.

Mr. B. Hariharan, Group Finance Director, Avantha, stated, "Premier is one of the few fully-integrated players in this sector with a paper mill and converting facilities. This allows the company to produce the best quality products and still maintain better margins."

The size of the organised tissue paper market in India is estimated at around Rs. 1,200 crore; the unorganised sector is almost the same size. The industry is at a nascent stage, with a large number of small unorganised players. The few large regional players are mostly engaged in conversion, which yield low margins.

Mr. G.G. Shenoy, Chairman & MD, Premier Tissues, believes this acquisition by BILT is well timed and will take the popular brand to new heights. He said, "BILT is part of one of India's largest business conglomerates with significant financial strength and experience in the tissue business. I am sure they will be able to leverage on both and take the brand to a different level."

India's per capita tissue paper consumption is dismally low at 0.01 kg as compared to China at 4.5 kg and 23 kg in North America.



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“The Indian tissue paper market is at an inflexion point and is expected to grow at a CAGR of 20% in the next 3 – 5 years, with the organised segment growing even faster. This growth will be driven by increasing hygiene awareness, disposable income and deeper penetration of organised retail. Given that there is no national player in this segment, with this acquisition BILT will be suitably placed to capture that position. Also, with this acquisition, BILT has forayed into value added, consumer facing paper businesses in a big way,” said Mr. Deepesh Garg, Director, o3 Capital Global Advisory which was the sole advisor to the transaction.

About Avantha:

The US\$ 4 bn Avantha Group is one of India’s leading business conglomerates. Its successful entities include BILT, Crompton Greaves, The Global Green Company, Avantha Power & Infrastructure, Solaris ChemTech Industries, Biltech Building Elements, Salient Business Solutions, and Avantha Technologies.

With an impressive global footprint, Avantha operates in over ten countries, employing 20,000 people worldwide. The Group has business interests in diverse areas including power transmission and distribution equipment and services, paper and pulp, energy and infrastructure, food processing, farm forestry, chemicals, IT and ITES. Led by Gautam Thapar, Avantha demonstrates strong leadership globally and emerges as a focused corporate, leveraging its knowledge, leadership and operations, adding lasting value for its stakeholders and investors.

About BILT:

Ballarpur Industries Limited (BILT) is India's largest manufacturer of writing and printing (W&P) paper. BILT's subsidiaries include Sabah Forest Industries (SFI), Malaysia's largest pulp and paper company, and BILT Tree Tech Limited (BTTL), which supplement BILT's wood resources. Mr. R.R. Vederah is the Managing Director. BILT, a part of the US\$ 4 bn Avantha Group, is one of India's leading business conglomerates. The Group has business interests in diverse areas, including pulp and paper, power transmission and distribution equipment and services, food processing, chemicals, energy, infrastructure, information technology (IT) and IT-enabled services. With an impressive global footprint, the Group operates in more than 10 countries with 20,000 employees of 20 nationalities.

About Premier Tissues India Limited:

Based in Bangalore, Premier Tissues is one of the leading manufacturers and exporters of tissue products in the Indian market. Premier is a fully integrated tissue products player with a paper mill and a converting plant. The company has over the years built 2 strong brands, in a highly unorganized market – Premier and Royal. The company distributes its products to retail and institutional consumers through 156 distributors and 8800+ third party retail outlets spread across the country. The company has strong presence in South and West Indian markets



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