

## **Shree Renuka Sugars Limited**

### **Shree Renuka Sugars creates one of the largest Sugar/Ethanol Groups in Brazil with Equipav Deal**

**Mumbai, 21st February, 2010:** Shree Renuka Sugars Limited ("SRSL") is pleased to announce that it has entered into Definitive Agreements with Grupo Equipav for an investment of R\$ 600 million (USD 329 million, INR 1,530 crores) leading to a majority, controlling equity stake in Equipav S.A. AÇÚCAR e ÁLCOOL ("Equipav"), one of the largest sugar/ethanol companies in Brazil. The Company consists of two very large and modern sugar/ethanol mills with integrated co-generation facilities in Sao Paulo state in Southeast Brazil having a combined cane crushing capacity of 10.5 million tons of cane per annum (44,400tcd). In addition, Equipav has a co-generation capacity of 203 MW. The mills will be expanded to a combined capacity of 12.0 million tons (56,600 tcd) per annum and 295 MW with a capital expenditure of R\$218 million. Cane supply comes from the cultivation of about 115,000 Ha of land of which nearly 2/3<sup>rd</sup> is farmed by the Company with very high level of mechanization for both planting and harvesting. The mills have easy access to the main ports of Santos and Paranagua.

Shree Renuka Sugars will achieve (after closing adjustments) a majority stake of not less than 50.79%. The balance stake in the venture would be held by the founding Equipav group. Equipav had net debt of approximately R\$1.5 billion as on 31st Dec 2009 (USD 822 million, INR 3,821 crores). The investment will fund capital expenditure as mentioned above, pay down debt and increase working capital. The deal is subject to approval of an acceptable debt restructuring package by the lenders to the Company and certain other conditions customary to such transactions. Closing is expected in 40 days. Banco Itau BBA, Brazil and Motilal Oswal Investment Advisors acted as the strategic and financial advisors to Shree Renuka. Veirano e Advogados Associados, Brazil and Crawford Bayley & Co. acted as legal advisors.

*Grupo Equipav* is one of the large conglomerates in Brazil, holding equity stakes in over 20 companies besides the above which are present in the sectors of highway concessions, bus terminals, water and sewage, electricity generation, mortar production, waste management and maintenance of green areas. The Group is present in sugar and ethanol sector since 1980.

Brazil is the largest producer and exporter of sugar with India being the largest consumer of sugar in the world. This acquisition will significantly multiply SRSL's presence in the Centre-South region of Brazil and enhance its competitiveness and size in the global sugar business. In November 2009, SRSL announced the agreement to acquire 100% of Vale Do Ivai, a Brazilian sugar/ethanol production company. That acquisition included two sugar/ethanol production facilities in the state of Parana, with a combined cane crushing capacity of 3.1 million tons of cane per annum and a shareholding in logistic assets including terminals for storage and loading of sugar and ethanol at the port of Paranagua.

Commenting on the development, Narendra Murkumbi, Managing Director of Shree Renuka Sugars said "This investment brings us closer to building a global sugar and ethanol business combining the most cost-efficient and scalable production areas in the world along with a leading presence in the largest ethanol and sugar markets of the world. Equipav has one of the biggest and most vertically integrated, modern operations in Brazil, with economies of scale and opportunities to form a cluster of contiguous mills; hence the partnership with *Grupo Equipav*".

*Bloomberg Symbol - SHRS : IN, Reuters Symbol – SRES.BO, SRES.NS*