



PRESS RELEASE

EID Parry & Cargill Plan JV, to Build Sugar Refinery in Kakinada

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The Murugappa Group owned EID Parry (India) Ltd and Cargill International S.A. have announced their plans to enter into a joint venture to set up a port-based stand-alone sugar refinery in Kakinada, Andhra Pradesh. The Murugappa Group has a significant presence in Andhra Pradesh through its companies, Coromandel Fertilisers, Godavari Fertilisers and Chemicals Ltd and Tube Investments' Diamond Chain business.

With an ultimate capacity to produce one million tons of refined sugar per year, this refinery will be the largest in the South Asian region. The joint venture will be setting up the refinery close to the Kakinada port. The refinery will be a processing operation, importing the entire raw material, raw sugar, adding value by refining it, and exporting its production. It will have an integrated cogeneration system to take care of its steam and power requirements. EID Parry will hold 51% and Cargill 49% in the joint venture, which is being structured as an export oriented unit (EOU) or located in a special economic zone (SEZ). The investment is estimated at Rs. 325 crores (about USD 72 million). The plant is expected to be commissioned by December 2007.

Mr. A. Vellayan, Vice Chairman, EID Parry, said, "Parry pioneered sugar production in India and is one of the top three players in the Indian sugar industry. Cargill is a dominant player in the world sugar market in sourcing, marketing and international trading, besides extensive expertise and networks. Parry is very strong in domestic sugar operations, has port based infrastructure and power generation experience. The refinery will be a world class facility with highly competitive conversion costs. This, combined with Cargill's strong reputation, global experience of sugar, its position as the single biggest trade house and capabilities in risk management, will provide the dual advantage of sourcing raw sugar and exporting refined sugar at competitive rates."

Comments Mr. Jonathan Drake, head of Cargill's global sugar business: "Cargill is one of the largest sugar traders in the world, with more than 11 million tons being physically traded every year. We are a 141 year old company, and like Parry, a highly value driven, professionally managed corporation. Parry has a strong experience base and significant presence in the Indian sugar domain, and has the appropriate culture fit with Cargill. The refinery in Kakinada will add considerable strategic strength to our operations in this region and we will leverage our expertise in supply chain and risk management to support the new enterprise."

The refinery will bring in considerable net foreign exchange earnings to tune of Rs. 150 crores a year into the country. Increased utilisation of the Kakinada port and significant economic benefits to the local and regional areas of Andhra Pradesh are expected to arise out of the refinery operations.

About EID Parry (India) Ltd:

EID Parry is the flagship company of the Rs. 6500 crore (about USD 1.5 billion) Murugappa Group. It has restructured itself into a company focused in sugar and currently has four sugar factories in Tamil Nadu and is close to completing the formalities of purchasing a non-functioning sugar factory in Pondicherry. The company plans to increase existing capacities and convert its plants to integrated sugar complexes comprising sugar, power and alcohol, besides growing through acquisition and greenfield ventures.

The company maintains its position as the largest exporter of sugar from India since 2001, and is also among the largest importers of raw sugar into the country. It has an enviable track record of being a pioneer in the sugar industry and is among the lowest cost producers in the country. Its integrated sugar complexes, R&D activities, farmer relations, technology adoption in the field and factory and growing customer base are facilitating

accelerated growth. With the recent commissioning of its 18 MW cogeneration power project at its Pudukottai sugar factory, the company now has more than 50 MW of cogeneration power capacity.

About Cargill:

Cargill is an international provider of food, agricultural and risk management products and services. With 142,000 employees in 61 countries, the company is committed to using its knowledge and experience to collaborate with customers to help them succeed.

Cargill Sugar is based in Geneva, Switzerland, and a total of 200 commercial people are employed worldwide. These people are located in 16 countries and in addition, business is conducted through other Cargill offices worldwide. The division is involved in the origination, financing, freighting, and marketing of raw refined sugar & ethanol.

Cargill Sugar is involved in domestic markets in the former Soviet Union, the Middle East, South America and Asia. Cargill operates Bulk & Bag sugar loading facilities in Guaruja, where it is currently the largest shipper of Raw Sugar from Brazil. Cargill manages toll refining and/or storage/distribution programs in over 10 countries for distribution locally and/or onwards to re-export destinations. The company also manages existing investments in joint ventures in sugar refining (Brazil) and milling (Mexico) and recently announced its investments in new and large scale sugar refineries in Louisiana, USA and Homs, Syria.

About Murugappa Group:

Murugappa Group with a turnover of USD 1.5 billion is a pioneer and market leader in several fields with manufacturing operations in 12 states. The Group has a strong presence in farm inputs, cycles, sugar, abrasives, general insurance, sanitaryware, plantations, bio-products and nutraceuticals.

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