



Equipav S.A. - Açúcar e Álcool

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Investment Rationale: Brazil

- ❑ Sugar/ ethanol sector in Brazil has low operating cost, high scalability and highly conducive climatic conditions
- ❑ Ability to cultivate significant portion of cane supply allows capture of value of the agricultural part of the business
- ❑ India, South Asia and the Middle East emerging as the largest single sugar import markets in the world with increasing challenges of land and water availability
- ❑ Many sugar companies in Brazil are in financial distress owing to global financial crisis, high debt levels and unfavourable climatic conditions last year
- ❑ Renuka has a very successful track record of growth through acquisitions

The situation in Brazil provides Renuka with an opportunity to acquire high quality sugar & ethanol production assets, introduce global risk practices and build a critical mass of competitive upstream assets



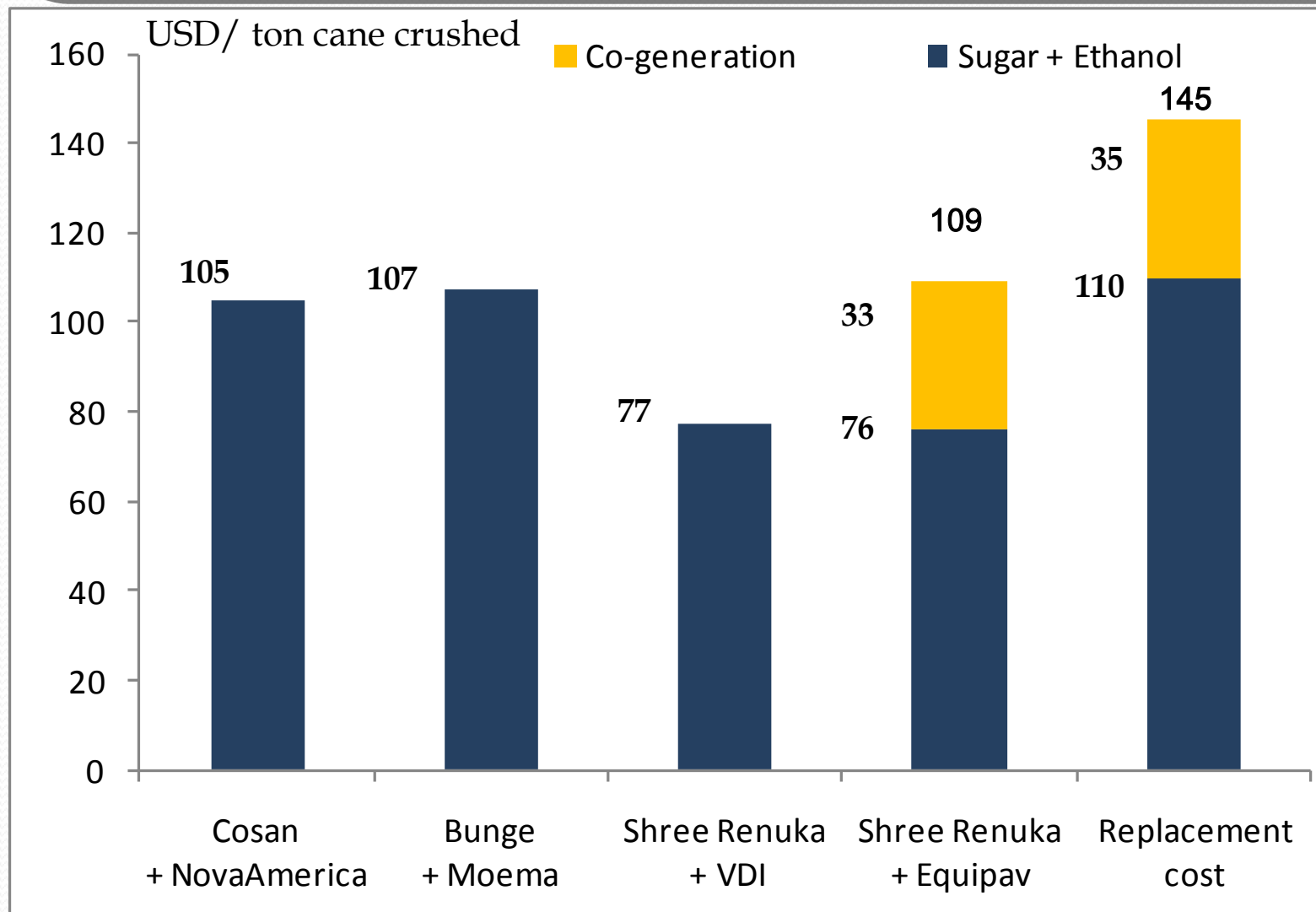
Agreement Highlights

- ❑ Shree Renuka Sugars has entered into an agreement for acquiring majority stake of not less than 50.34% with full management control
- ❑ Enterprise Valuation of R\$ 2.064 billion (USD 1.147 billion)
- ❑ Total Primary Investment of R\$ 450 million (US\$ 250 million)

Debt Details

- ❑ Company had net debt of R\$ 1.53 billion (US\$ 860 million) as on 31st Dec 2009
 - ❑ Local currency denominated debt R\$ 912 million
 - ❑ US\$ denominated debt US\$ 345 million
- ❑ Proposed Debt restructuring for Main Banks
 - ❑ Debt Terms: 3 yrs principal moratorium + 7 yrs repayment period
 - ❑ R\$ 108 million will be paid towards initial amortization of loan

Comparison of Recent Transactions





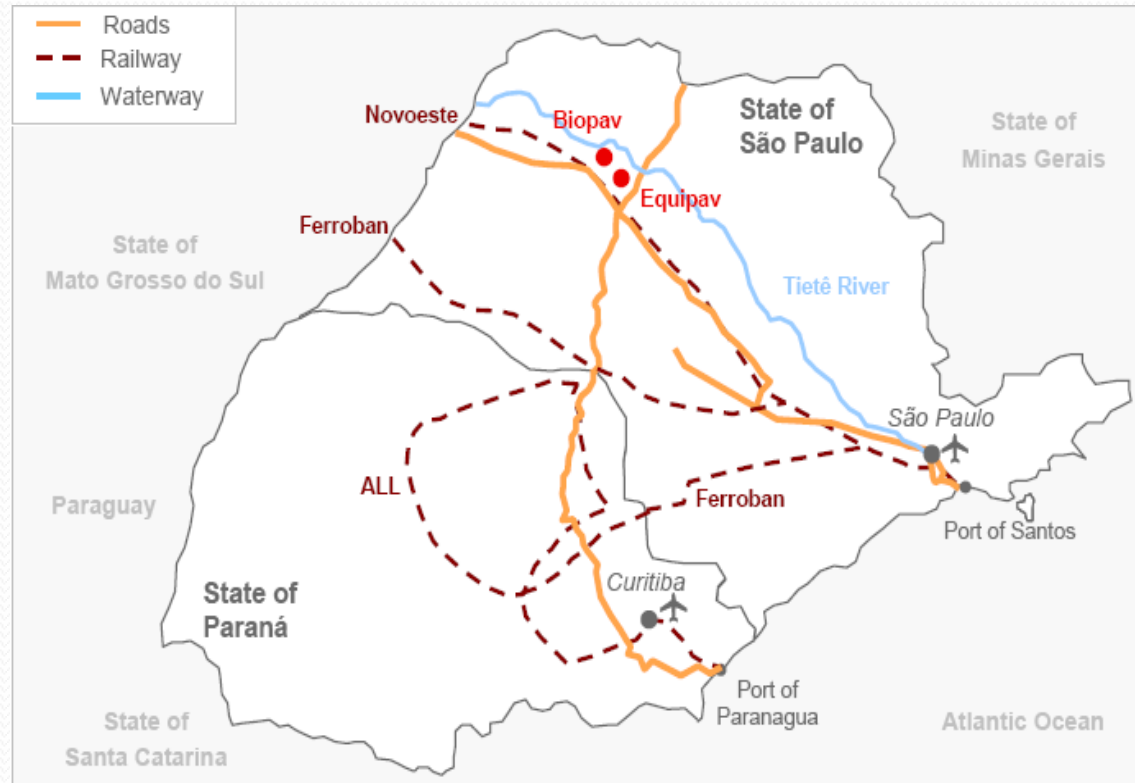
About Equipav

- ❑ Equipav 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.
- ❑ The proximity of the two mills leads to the creation of a strong cluster (radius of 75 kms) which results in higher utilization rates for agricultural and industrial equipments and reduction in logistics related costs.
- ❑ Cane supply comes from the cultivation of about 115,000 Ha of land of which 85,000 ha is farmed by the Company with very high level of mechanization for both planting and harvesting.
- ❑ The Company has a high mechanization ratio at 82% on harvesting and 86% on planting.

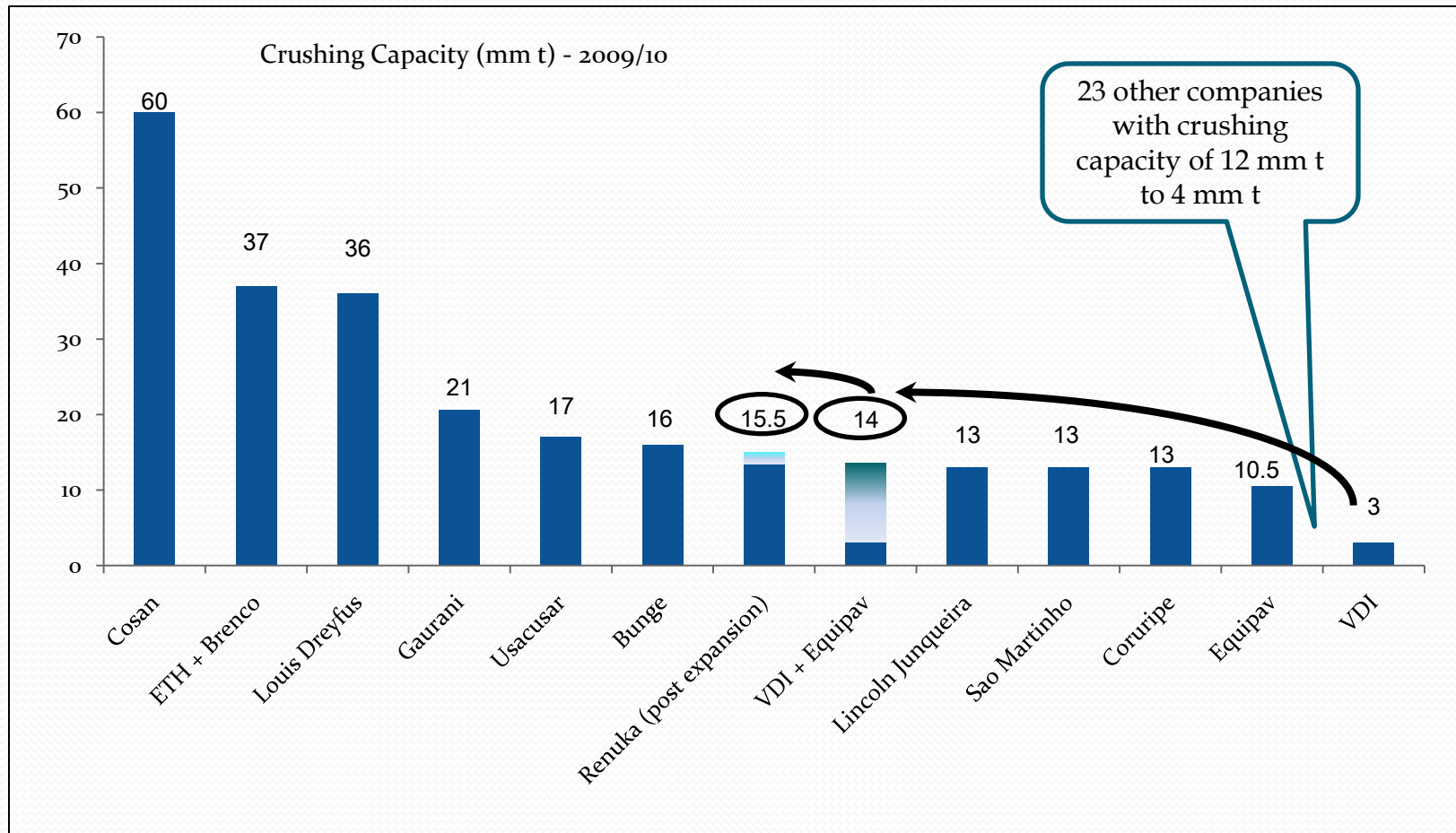


Equipav : Logistics

- ☐ Flexibility to choose between the ports of Santos and Paranagua
 - ☐ Almost the same distance from both the main sugar export ports
 - ☐ Excellent and diversified access: waterways, railway and highways
- ☐ Synergy with Shree Renuka shareholding in PASA port terminal at Paranagua



Crushing Capacity Ranking



Acquisition of Equipav will make Shree Renuka one of the largest players in Brazil

Source: Itau BBA



Plans for Equipav

- ❑ Reconstitution of the Board (9 in total, with 5 from Renuka, 1 independent and 3 from Current shareholders)
- ❑ Renuka to have full management control. CEO and all other key officers to be appointed by Renuka.
- ❑ Investment of R\$ 218 million funded from Renuka infusion to complete expansions in hand
 - ❑ Increase of the cane crushing capacity from existing 10.5 million tons to 12 million tons by 2011
 - ❑ Increase in the Co-generation capacity from current 203 MW to 295 MW
 - ❑ Improve product mix (sugar/ ethanol) flexibility to 70:30 either way



Thank you