

Murugappa Group plans Rs.13 bn investment

The \$2.4 billion Murugappa Group Monday announced it would invest around Rs.13 billion (\$325 million) in capacity build-up in the current fiscal.

'Around Rs.7 billion of that will be in the group's sugar business run by EID Parry (India) Ltd and the proposed sugar refinery joint venture with Cargill at Kakinada,' Murugappa Corporate Board vice-chairman and director of strategy A. Vellayan told reporters here.

According to him, EID Parry's special economic zone (SEZ) for sugar in Kakinada received the central government's approval and the sugar refinery project would involve an outlay of Rs.3.25 billion.

In addition, EID Parry is in the process of setting up a distillery in Sivaganga district and alcohol and ethanol plants and a 20 MW cogeneration plant at Pettavaitali at a cost of of around Rs.3.53 billion.

According to N. Srinivasan, group director-finance, the company will raise \$111 million from selling its 47 percent stake in Parryware Roca Pvt Ltd to the partner, Roca of Spain.

The other major companies that would invest in the group's ventures are Carborundum Universal Ltd (Rs.1 billion), Tube Investments of India Ltd (Rs.1.6 billion) and Coromandel Fertilisers Ltd (Rs.1.81 billion).

'The companies will fund the expansion programmes through a mix of debt and internal accruals,' Srinivasan added.

The Murugappa Group posted a total turnover of Rs.95.82 billion in 2007-08 logging a 15.5 percent growth over the previous year.

'While abrasives, fertilisers, sanitaryware and few small businesses did well, the downslide in the sugar and the steep increase in steel prices affected the engineering business groups,' Vellayan said.

Consolidating the fertiliser business by merging Godavari Fertilisers with Coromandel Fertilisers last fiscal, the group is now looking at expanding its Mana Gromor retail chain that sells fertilisers and agricultural services like soil testing and agri-insurance.

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