

HIGHLIGHTS FOR JANUARY, 2008

BIRLA SUGAR

DIRECT NEWS - UGSIL & OSML

Upper Ganges Sugar Industries Ltd.: The financial result for the quarter ended on 31st December'07 was issued in this month. The Financial Express carried the news on 30th January issue. However, the next day The Financial Express issued a corrigendum for printing wrong information.

Oudh Sugar Mill Ltd.: The Financial Result for the quarter ended on 31st December'07 was issued in this month.

Coverage appeared in:

- The Economic Times

SNAP SHOTS

Important developments that has taken place in the Sugar Industry and in the business of the other players

This month the sugar mills in UP received yet another setback that will translate into an additional burden of Rs 260 cr. The Lucknow Bench of Allahabad High Court has directed the mills not to deduct Rs 5.75 a quintal from the interim sugarcane price of Rs 110 a quintal as transportation cost for the sugarcane delivered at their purchase centres.

2008 is likely to be worse than 2007 for the sugar industry unless some corrective measures are taken to reverse the trend.

The Bihar government is likely to transfer 5 closers mills to bidders by February 2008 and the mills are likely to start crushing by 2009-10.

Most of the UP based sugar companies that performed badly in the previous 3-4 quarters have started posting profits, driven by lower sugarcane price and higher revenue from value-added segments.

Sugar body wants 2007-08 SAP quashed - Having gained partial relief by taking the legal route against high sugarcane prices, The UP Sugar Mills' Association is keen to get the 2007-08 State Advised Price (SAP) order quashed.

Sugar mills - RIL and HPCL were among those who submitted bids to revive six of the 13 state-owned sugar mills in Bihar. The winners are expected to give the mills on a 60 year lease and are likely to use them for extracting ethanol.

Sugar output down 18% in Oct-Dec- Domestic sugar output has dropped 18% in the first three months of the season that began in October after farmers in the biggest cane-growing states delayed crushing. Production fell to 6 million tonnes in the October - December period from 7.34 mt a year earlier.

SC stays HC order on sugarcane pricing - In a setback for the sugar industry, the Supreme Court has stayed the December 19 order of the Allahabad HC quashing the UP Government's state Advised Price of Rs 125-130 per quintal, payable by the mills for cane bought during the 2006-07 season(October-September).

Global carbon trade rises 80% in 2007 - Trade in the world greenhouse gas credits market rose 80% last year as emissions rules became a concern for more companies.

Sugar mills receive Rs 260 cr blow - The sugar mills in UP have received yet another setback that will translate into an additional burden of Rs 260 cr. The Lucknow Bench of Allahabad High Court has directed the mills not to deduct Rs 5.75 a quintal from the interim sugarcane price of Rs 110 a quintal as transportation cost for the sugarcane delivered at their purchase centres.

OTHER PLAYERS

Bajaj Hindustan reports profit after revaluing cane at SMP- Bajaj Hindustan Ltd (BHL), the country's leading sugar maker, has taken advantage of a favourable ruling on cane pricing by the Allahabad High Court to report a corrected or revised profit

after tax (PAT) of Rs 45.65 crore on net sales of Rs 1,713.01 crore for the year ended September 30, 2007.

Bajaj's SFX may lose recognition- the Forward Markets Commission (FMC) the commodity markets regulator, is likely to withdraw recognition to Mumbai-based Esugarindia Ltd, the country's first online sugar futures exchange (SFX). The move will make Esugarindia the second exchange after New Delhi based e-commodities, to be derecognized by the regulator.

Shree Renuka stock split okayed - Shree Renuka Sugars Ltd's board of directors has approved stock-split / sub-division of the face value of Rs 1 each, subject to approval of shareholders and approved increase in the borrowing powers of the board and creation of charges up to a limit of Rs 2,400 crore.

INDIAN SUGAR INDUSTRY

Bangladesh to import rice, raw sugar - Bangladesh private firm Deshbandhu Group of Industries will import non basmati parboiled rice and raw sugar from India in this month. The rice will cost \$ 397 per tonne with cost and freight to Chittagong port and the cost of sugar will be more than \$ 300 per tonne.

Woes of sugar industry likely to continue - If it was a bitter year for the sugar sector in 2007, it is going to be still worse in 2008 unless some corrective measures taken to reverse the trend.

Mills owe farmers over Rs 900 cr - Private sugar mills in Uttar Pradesh currently owe cane growers over Rs900 crore as payment arrears against the State Advised Price (SAP)for the 2006-07 season.

Dubai refinery buys Indian Raw sugar - Dubai's Al Khaleej refinery has bought more than 1,00,000 tonnes of Indian raw sugar for 2008 shipment.

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Sugar futures surge may hit farmers - Bemused sugar mills are watching in the sidelines as punters push up sugar futures to new heights in the peak of the crushing season. The clear disconnect between the physical and derivatives market is worrying because it may further distort a market that is already grappling with the twin problems of farmer dues and shaky reports.

Sugar stocks soar on low output estimates - Indian investors are leaning towards sugar stocks again on expectations earnings will start to improve as falling output estimates and growing prospects of ethanol as an alternative fuel augur well higher sugar prices.

Sugar Export Hit At 3mt till 2010-India may export as much as 3 million tonnes of sugar until 2010, even as forecasts for country's production are cut, the international sugar organisation said.

Sugar barons ramping up shareholding- With the stocks struggling, the country's top sugar barons are ramping up their shareholding in their companies. Companies such as Balaram Chini, Dhampur Sugars, Simbhaoli Sugars and Dwarkarikesh Sugar are all issuing warrants to their promoters which on conversion, will give them a higher.

Sugar industry hopes for a breather this season- The India Sugar industry has seen the worst of time last year as record production and an ill-advised seven-month long export ban (that lasted till January 2007) resulted in a free fall of prices. Reporting of losses for four quarters in a row and the inability to settle cane bills without the government's help sum up the state of the industry across the board.

NCDEX extends April contracts- The National commodity and Derivatives Exchange advanced the expiry date of April contracts. It said that the delivery date of 20 contracts that was fixed on April 18 would be closing a day before owing to trading holiday on account of Mahavir Jayanti. The last trading day for 19 contracts of agri-commodities including sugar and one base metal contract would be April 17, it said in a statement today.

Allahabad HC exempts UP sugar mills from paying interim price- In a further reprieve to sugar mills in Uttar Pradesh, the Allahabad High Court has exempted them from paying the Rs110 per quintal interim price fixed by the Lucknow Bench of the same court for cane bought during the current 2007-08 season(October-September).

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Bihar Govt to transfer five closed sugar mills in Feb- Bihar will transfer five closed sugar mills to successful bidders in February and the mills are likely to start crushing by 2009-10 season, a state minister said on Monday.

ISO sees sugar price rally fading - A sugar price rally is likely to run out of steam this year as Brazil produces another record cane crop and global stocks stay high, the chief of the international Sugar Organisation said. ICE front month raw sugar futures jumped 20% to a 17-month peak of 12.95 cents on January 18 from 10.82 cents at the end of 2007.

Buys Indian raw sugar - The Al Khaleej Dubai refinery has bought 5,000 tonnes of Indian raw sugar for February/March 2008 shipment at a F.O.B. premium of 32 points.

UP Sugar mills back in the black after three quarters - UP based sugar companies have started posting profits, driven by lower sugarcane price and higher revenue from value-added segments such as cogeneration and distillery. Most of them had performed badly in the previous 3-4 quarters.

ETHANOL

Govt spikes RIL, HPCL ethanol - making plans - The government has put a spanner in the plans of oil companies like RIL and HPCL to make ethanol from sugarcane without producing sugar. Pollution control rules require these companies to spike diesel and petrol with five % ethanol.

Ethanol may get declared goods tag - Budget 2008-09 may bring some cheer to the oil companies. The government is actively considering conferring 'declared goods' status to ethanol.

Ethanol production norms may hit investments in Bihar sugar sector- The investment story particularly in the sugar space may take a hit in Bihar with the centre imposing restrictions on ethanol production. In keeping with the new guidelines of the

Centre, only the existing units producing ethanol directly from sugar will be eligible for benefits admissible to sugar industry.

INTERNATIONAL NEWS

Global sugar supply/ demand seen flat - Influential sugar consultant Jonathan Kingsman forecast the global sugar supply / demand balance would be 'close to flat' in 2008/09 after a substantial 11 -million tonne surplus in 2007/08. Kingsman predicted a sharp fall in Indian Sugar output to 23 million tonnes in 2008/09 from 28 million in 2007/08 and added that raw sugar prices could rise to 14-16cents per lb in 2009.

Sugar prices may move north- Aggressive buying by investment funds and falling output in top producer India will drive sugar prices north in 2008, a Reuters poll of analysts showed. According to a median of analysts polled by Reuters, ICE front-month raw sugar futures will surge 15.5 percent per year-on-year to 12.5 cents per lb by the end of 2008.

Aussies question Indian sugar subsidy- Australia has raised objection to the subsidy on sugar export given by India when the trade minister of that country, Simon Crean accompanied by a delegation called upon the union agriculture minister, Shard Pawar here on Thursday.

Sugar investment out pricing physical trading - Sugar investment activity is outstripping the level of physical trading in the commodity, according to a report by the UK based Czarnikow Sugar released on Tuesday.
