

HIGHLIGHTS FOR NOVEMBER'2008

BIRLA SUGAR

OUDH SUGAR

OUDH SUGAR MILLS 1st QUARTER FINANCIAL RESULT

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COMPETITION

Balrampur Chini - Merrill Lynch has maintained an ‘underperform’ rating on Balrampur Chini Mills while lowering the price target from Rs 56 to R 43. ML expects the outlook of Balrampur to remain under pressure due to lower capacity utilization and higher sugarcane costs driven intervention of UP state govt, as the company has all of its factories in UP.

Simbhaoli, Modi Sugar start cane crushing - Even as the deadlock with the State Government over cane pricing continues, a couple of sugar mills in UP have started crushing operations for the current 2008-2009 season. U.K Modi's Modi sugar mills and Simbhaoli Sugars Ltd of Mr. G.S Mann-have broken ranks and begun crushing. Under the purchase system of UP for every batch of cane that the growers bring the mills issue a parchi mentioning the net weight and price payable for that quantity. But this time round, the price payable portion in the parchis have been left blank. The growers were apparently satisfied with the interim arrangement.

INDIAN SUGAR INDUSTRY

Sugar output may fall by 25% as jaggery units gain - With uncertainty over the commencement of crushing by sugar mills of Uttar Pradesh, farmers have started supplying high-recovery sugar-cane to jaggery units. Any further delay in harvesting cane may hit wheat sowing. Hence, it is important to vacate the land for another remunerative crop and not just wait till cane procurement prices are determined for sugar mills

Karnataka sugar mills seek tax waiver of Rs 132 crore - Sugar factories in Karnataka have urged the state government to waive an estimated Rs 132 crore purchase tax on sugarcane for crop year 2008-2009. It is believed that the government instead of waiving this amount is interested in extending soft loans to the mills. The exact details of the scheme are being worked upon.

No release order to export sugar for now - With sugar prices showing signs of moderation, the government is planning to allow mills to export sugar without the requirement of any release order. The sugar production this year is expected to be less than last year's hence there is no need for imposing the release order mechanism. Sugar in the crop year that started in October is expected to fall to around 22-23 million tonne.

Sugar mills can export without govt nod - India, the world's second-biggest sugar producer, said mills can sell overseas without approval from the government. "The Government has decided to extend the dispensation of not requiring release orders for exports under the open general licence up to December 31, 2008, or until further orders"-according to the Food Ministry.

Sugar output cut, export forecasts lowered - India, sugar output in the season that began in October will drop below a forecast of 20 million tonne due to a late start to cane crushing in key regions.

Sugar prices to remain subdued on higher supplies - Sugar spot prices across the country may remain subdued over the next few days on increased supplies by sugar mills amid restricted domestic buying interest. The government has asked sugar mills to get rid of old stock to accommodate new supplies.

Sugar cos crush cane to set sweet cycle in motion - India's sugar industry behemoths have finally begun crushing cane grown in 2007-2008. Bajaj Hindusthan began crushing sugar cane produced in 07-08 this Sunday. It is the third sugar mill to start cane crushing after Simbhaoli and Modi Sugars. Bajaj is paying the farmers the prescribed SAP.

Sugar bitter as government, trade juggle with numbers - The government and industry are at loggerheads over estimates of sugar production in the new season that began in October, trend in prices and growth in exports. Sugarcane farmers are up in arms against mills for the refusal to pay SAP. Mills have delayed crushing on some pretext. Amidst all the infighting the consumer is continuing to battle the high retail prices of sugar. The possibility of some farmers turning to wheat would mean lower cane for crushing, thereby supporting already firm prices.

Punjab's sugar output may dip 32% in 2008-09 - Punjab is likely to witness a drop of 32% in sugar production in 2008-09 because of sharp fall in area under sugarcane cultivation this year.

UP sugar mills agree to pay Rs 125/qrtl to farmers - Private sugar mills in UP offered to pay Rs 125 a quintal for the sugarcane that would be supplied to them by the growers. The offer was made during a hearing by the Allahabad High Court on petitions filed against the UP Govt's decision to hike the SAP for sugarcane during the current season to Sep 2009 to Rs 140 a quintal for the common variety

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Punjab's sugar output may dip 32% in 2008-09: Punjab is likely to witness a drop of 32% in sugar production in 2008-09 because of sharp fall in area under sugarcane cultivation this year.

India seen net sugar exporter: India is expected to export up to 1 million tonnes (mt) of sugar and remain a net sugar exporter in 2008-09. ISO has estimated world sugar production in 2008-09 will drop 3.8% on year to 162.3 mt raw value.

Cane farmers in a better bargaining position: Sugarcane growers seem in a much better bargaining position. Sugar mills in UP are more or less reconciled to paying the Rs 140-145 a quintal cane price fixed by the state government. Unlike last season, this time they have diverted a significant portion of their cane area to paddy and other crops. World sugar output is set to decline by over seven million tonnes this year.

Output fall to keep rates steady: A fall in global and India's sugar production in 2008-09 will keep local sugar prices steady at around Rs 1,600-1,700 per quintal. Global sugar production to fall to 1,587 lakh tonne.

ETHANOL

Sugar output to post 1st drop since 2004-05 - Global sugar production will drop for the first time since 2004-05 led by cuts in India and EU. Production will decline 3.8% to 162.26million tonne in the year to September 30, 2009. Brazil will not be able to make up for the drop in output from Indian and the EYU because of its focus in ethanol production.

INTERNATIONAL NEWS

Export drop will buoy sugar prices - Sugar prices should be supported by tightening market fundamentals, as India's production falls and the world turns to Brazil to plug the gap in available exports. India, the world's second largest sugar producer, is

expected to see its Centre South region's sugar output fall to 2.4 million tons in 2008-2009 from 26.2 million tonnes in 2007-2008.

Global sugar deficit likely to shrink - The global sugar deficit in 2008-2009 may be smaller than the earliest forecast of 3.90 million tonnes as sliding crude oil prices may encourage many Brazilian mills to produce sugar than diverting the crop for ethanol. Lower crude oil prices curb demand for alternative fuels such as ethanol, which is made from sugarcane in Brazil. Softening freight rates may also tempt top sugar producers in Brazil to fill in the supply deficit.

Meltdown dries demand for sugar in Asia - Sugar deals in Asia have dried up at a time when trade usually jumps as cash liquidity worries and poor demand have dampened sentiment. The global credit crisis has now come to haunt Asian sugar markets where buyers, facing a liquidity crunch are preferring to stay away, although dealers said falling freight rates could also stir up trade.

Sugar futures edge lower: Liffe white sugar futures traded lower, suffering from a lack of liquidity. New York's most active raw sugar futures were down 1 point, or 0.1%, at 11.50 cents a pound.

Cash crunch, poor demands hit sugar deals in Asia: Sugar deals in Asia have dried up at a time when trade usually jumps as cash liquidity worries and poor demand have dampened sentiment. The global credit crisis has come to haunt Asian sugar markets where buyers facing a liquidity crunch, are preferring to stay away.
