

HIGHLIGHTS FOR NOVEMBER 2009

BIRLA SUGAR

DIRECT NEWS - UPPER GANGES & OUDH SUGAR MILLS LIMITED

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- Business Standard
- Economic Times

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Bajaj bid for Balrampur sours- The country's largest sugar company Bajaj Hindusthan's attempt to acquire its closest rival Balrampur Chini Mills for around Rs 2,400 crore has fallen through over differences on the payment schedule. A person privy to the development said Bajaj Hindusthan proposed that the proceeds should go to the Balrampur Chini Mills promoters once it receives the market regulator Sebi's go-ahead for 20% offer to the minority shareholders.

Simbhaoli to start crushing from Wednesday- Breaking the deadlock between sugar millers and cane growers in Uttar Pradesh, Simbhaoli Sugar Mills Ltd, one of the biggest sugar producers has pledged to start cane crushing from Wednesday. This welcome move comes amid tough posturing by the cane crushers and farmers on the contentious issue of cane prices.

Shree Renuka snaps up Brazil sugar firm- Mumbai-based Shree Renuka Sugars will acquire Brazilian sugar and ethanol producer Vale Do Ivai (VDI) at an enterprise value of \$240 million. An enterprise value, often referred to as the takeover cost, is measured by the market capitalisation plus the outstanding debt in the books of the company.

Triveni to crush 14% more cane- Triveni Engineering & Industries will crush 14 per cent more cane this season at about 4.2 million tonnes and process at least 90,000 tonnes of imported raw sugar for sale in the domestic market.

Ability to secure raw materials is key to fortunes- Higher sugar prices, coupled with low raw material cost and better working capital management, helped sugar manufacturer Balrampur Chini Mills (BCML) almost triple its net profit to Rs 42 crore for the quarter ended September over the year-ago period. But lower volumes could provide a risk element to the company's financials and higher sugar prices are unlikely to provide a cushion to margins, as sugar realisations are expected to remain at the current levels in the coming quarters.

Bajaj Hindusthan to expand power capacity by 400 mw- Bajaj Hindusthan on Wednesday announced expansion of its power generation capacity by 400 mw for Rs 1,600 crore in order to build up a parallel revenue stream to reduce dependence on the cyclical nature of its main money spinner, sugar.

Simbhaoli plan to import 160,000 tonne raw sugar- Simbhaoli Sugars Ltd plans to import 160,000 tonnes of raw sugar in 2009/10 in an attempt to fully reach its refining capacity, a senior official said on Thursday. The company aims to refine 360,000 tonnes raw sugar in 2009/10 season and has so far contracted 200,000 tonnes for the season, G.S.C. Rao, executive director of the company said.

Bajaj Hindusthan to raise around Rs 2,000 cr for power foray- Bajaj Hindusthan, the country's largest sugar maker, has decided to raise up to Rs 2,000 crore by selling shares to finance its proposed foray into the power business. The company's board on Friday approved the plan which will be placed before the shareholders at an extra-ordinary general meeting on December 16, the company informed stock exchanges.

INDIAN SUGAR INDUSTRY

Prices: Bitter farmers burn sugar crop - The agitation over sugar prices - "the low price" as announced by the UP govt and the 'fair and remunerative price' as announced by the Centre -

is intensifying. On Tuesday, sporadic incidents of setting ablaze imported raw sugar bags and sugarcane crop by farmers was reported from Saharanpur, Meerut, Muzzafarnagar and Bareilly.

Uttar Pradesh temporarily halts offloading of raw sugar- In view of the deteriorating law and order situation in western Uttar Pradesh, which has been on the boil over the sugar issue, the Uttar Pradesh government has decided to put a halt on the offloading of imported raw sugar in the state.

Ban on import of raw sugar to continue, says UP Govt- The Uttar Pradesh Government on Sunday said restriction on import of raw sugar will be in force till cane crushing activities continue in the state.

Sugar mills must pay gap between FRP & SAP: Pawar- Food and agriculture minister Sharad Pawar set the cat among the pigeons in the sugar industry on Wednesday by suggesting that millers may have to foot the bulk of the difference between the government-decided fair price of sugar and the price suggested by state governments.

Mills allowed to pay more for sugarcane- With sugarcane farmers in Uttar Pradesh withholding stocks demanding higher price from millers, the Centre on Friday said mills can always pay more than the officially prescribed fair price a practice in vogue in other states.

Uttar Pradesh sugar millers could pay growers Rs 180-200/quintal- Agriculture minister Sharad Pawar, on Tuesday, is believed to have brokered a truce between the warring sugar millers and farmers in Uttar Pradesh, the country's largest sugar producer. Sources said Uttar Pradesh sugar millers might agree to pay farmers in the region of Rs 180-200 per quintal for the cane purchased this season.

Govt allows duty-free raw sugar import until Jan'11- The government on Thursday allowed duty-free import of raw sugar till January 1, 2011 to improve availability and arrest the sweetener's prices that have been on an upward spiral due to a fall in domestic output. Earlier, raw sugar import was allowed duty free only till March 31, 2010.

UP sugar mills declare bonus for cane growers- In an unprecedented move, sugar mills in Uttar Pradesh have unanimously decided to pay Rs 15 a quintal to farmers as sugarcane

development incentive above the state-advised price (SAP) of Rs 165-170 a quintal and the union government's fair and remunerative price (FRP) of Rs 129.84 a quintal.

Farmers upset with cane control order- The recent omission of Section 5A from the Sugarcane (Control) Order has come under severe criticism from the sugarcane growers in the country. The farmers feel their rights have been curtailed by the amendment. According to the amendment, sugar mills are no longer bound to share 50 per cent extra realisation at the end of the sugar year with farmers.

Govt may rework pricing Ordinance for sugarcane- The Manmohan Singh government is trying to find a middle path in the impasse over the recent sugarcane pricing Ordinance that created an uproar inside and outside Parliament today. According to top sources in the United Progressive Alliance (UPA), the government may rework the Sugarcane (Control) Order to relieve the states' burden and appease a united Opposition that claims to have the power to defeat the Bill in the Upper House.

25 LT of sugar imported in 09- India imported 25.18 lakh tonnes of sugar during the 2008-09 season to augment domestic supply, the government informed Parliament on Friday. As per trade sources, the quantity of imported raw and white sugar in the 2008-09 sugar season is 22.93 lakh tonnes and 2.25 lakh tonnes, respectively, minister of state for agriculture, food and public distribution KV Thomas said in a written reply to Rajya Sabha.

Sweet end to sugar trouble- The Manmohan Singh government scored the first rollback of its second avatar today by squelching an order on sugarcane price that had brought thousands of angry farmers to Delhi and united Opposition parties. The sugarcane (control) order 2009 will now be amended to restore the provision that mill owners have to pay growers the price that a state announces.

UP millers & govt join Centre to speed up resolution of cane issues- In a bid to avert another round of confrontation with the sugarcane farmers in Uttar Pradesh, the Uttar Pradesh Sugar Millers' Association (UPSMA) is working overtime to thrash out differences and arrive at some kind of consensus on the vexed sugarcane pricing issue by Wednesday.

Sugar mills offer higher prices to cane growers- Sugar mills in India's top cane-producing region have offered higher prices to growers, raising hopes that protesting farmers would start selling cane and helping shares of sugar companies' rise. Millers in Uttar Pradesh have agreed to pay Rs 190-195 (\$4.1- \$4.2) per 100 kg for cane, 5.6% above their previous offer and 15% more than what the local government mandated.

Govt may table bill to replace cane ordinance next week- The government hopes to table the bill to replace the sugarcane ordinance on prices in Parliament next week, food and agriculture minister Sharad Pawar said.

India may import 3mt sugar- India, the world's biggest consumer of sugar, may import 2.5-3 million tones of sweetener in 2010-11 as domestic output is seen falling short of demand for a third straight year, an industry official said.

Farmers upset with cane control order- The recent omission of Section 5A from the Sugarcane (Control) Order has come under severe criticism from the sugarcane growers in the country. The farmers feel their rights have been curtailed by the amendment. According to the amendment, sugar mills are no longer bound to share 50 per cent extra realisation at the end of the sugar year with farmers.

Stocks of UP, Bihar sugar firms fall- The stocks of Uttar Pradesh and Bihar-based sugar companies fell as farmers took to the streets of the Capital to protest against the Centre's

INTERNATIONAL SUGAR INDUSTRY

sugarcane pricing policy. The Government last month announced its FRP (Fair and Remunerative Price) for sugarcane at Rs 129.84 for every 100 kg for the current season that started in October. However, farmers are demanding up to Rs 280 for every 100 kg and are currently refusing to sell their produce at the price suggested by the Centre.

Sugar rises on speculation- Sugar rose for a third day in London on speculation, India, the world's biggest importer, will take advantage of last month's price drop and boost purchases. White, or refined, sugar for March delivery climbed as much as \$15.30, or 2.6%, to \$606.40 a tonne, the most since \$12.10, or 2.1%, to \$603.20 a tonne by 10:08 a.m. on London's LIFFE exchange.

Sugar, cocoa head lower- Coffee, sugar and cocoa prices slithered lower on ICE futures in New York. December Arabica coffee contract dropped 2 cents to \$1.4035 an lb at 7:15 a.m. EST. It traded between \$1.4015 and \$1.4205. March raw sugar contract fell 0.12 cent to 23.32cents an lb.

Aussie sugar production up 10% on rise in area- Australia's raw sugar production could rise 10% next year as farmers plant more acres in response to a doubling in world sugar prices this year. The Queensland Cane Growers Organisation Ltd, which represents most of Australia's cane-growers, estimated on Monday that the 2009 harvest would yield about 4.3 million tonne of raw sugar while the 2010 crop could produce as much as 4.7 million tonne, making it the best crop in four years.

Global sugar deficit may narrow: ISO- The International Sugar Organization (ISO) on Friday forecast a narrowing of the global sugar deficit to 7.2 million tonnes in 2009/10 from a deficit of 11.3 million tonnes in 2008/09. The ISO scaled back its 2009/10 deficit prediction from a previous forecast in September of 8.4 million tonnes.

Pakistan to import sugar- Pakistan is likely to start importing 500,000 tonnes of white crystal sugar by December to meet domestic needs and maintain strategic reserves, a top government official said on Thursday. The government has already announced plans to import 500,000 of raw sugar through private mills, after an unexpected shortfall in the 2009/10 crop. But millers are refusing to import the sugar for reasons of cost.

Sugar Climbs- Among other agriculture products traded on Liffe, white, or refined, sugar for March delivery climbed 0.5 per cent to \$602.50 a tonne, the third consecutive advance

Thai white sugar premiums double- Premiums for Thai white sugar jumped to \$12 a tonne above London's March contract from as little as \$5 a month ago, as traders stocked up in anticipation of demand from India and Pakistan, dealers said on Thursday.

Tanzania to import 50,000 tonnes of sugar- Tanzania needs to import 50,000 tonnes of non-industrial sugar to fill a national deficit during the first half of 2010. That was revealed by way of announcement by the Sugar Board of Tanzania last week as it invited sugar importers to apply for licenses to import the sugar for direct domestic consumption for the period February to June next year.

Agriculture: Sugar output forecast drops- South Africa lowered its forecast for this season's sugarcane output based on information from farmers, the SA Sugar Association said on Friday. Saleable sugar production is now forecast at 2.26 million tons, down from 2.28 million tons in the last forecast. Total sugarcane output of 19.2 million tons is expected.

ETHANOL

Ethanol factories set to whirl back to life- After remaining shut for two years, ethanol factories in the country are readying to whirl again. With crude prices spiking again to \$80 per barrel levels and the government cracking down on the 5% blending requirement, oil companies have been negotiating with sugar producers for supply of ethanol.

Ensure 5% ethanol blending by OMCs: CCEA- The government has asked the petroleum ministry to ensure that oil companies compulsorily sell petrol doped with 5% ethanol. The Government had in November 2006 mandated that ethanol should be blended in a 5% ratio with petrol to be sold throughout India except in areas like north-eastern states and Jammu and Kashmir.
