

HIGHLIGHTS FOR SEPTEMBER' 2008

BIRLA SUGAR

SNAP SHOTS

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

Concerned over the spurt in sugar prices, the Government is considering a proposal to impose stock limits and also curb 'sham sales'. With the launch of SugarTec, 'cane management solution', by TVS InfoTech sugar industry can expect a host of online facility like cane weighing, plot registration recovery analysis etc. Also, rising local prices of sugar has led to a forecast of a dip in the sugar exports in the next crop year.

Centre to release additional sugar quota - In a concerned bid to check consistently high sugar price against a background of 12.4% inflation, the poll-bound Centre is set to release the biggest ever quota for festival - pocked September in the recent past. 12 lakh tonne of free sale sugar has already been earmarked which is up only from 9 lakh tonne earlier. In addition to, sugar mills, have been directed to release a total of 9 lakh tonne within September, after dismantling 2 buffer stocks maintained thus far.

50% hike likely in sugarcane SMP - The CACP has suggested that the Union Govt set up a "Price Stabilization Fund", particularly for sugarcane, to insulate farmers from the vagaries of occasional slumps in prices. The fund could be tapped if the mills are not in position to pay off dues.

Rising local prices to cut India's sugar exports further - India's sugar exports in the next crop year are likely to fall below earlier forecasts of 1 million tonne because of rising local prices, which have promoted a coastal refinery to import raws. Exports from India are expected to dip in the new season as export subsidies end this month

and with output likely to fall to about 20 million tonne from 26.3 million tonne in 2007/08

UP govt owes Rs. 226 cr to sugarcane growers - The state government who appears to have crushed the cane farmers more by holding up over Rs 100 crore in dues up to early September, even while posing in the apex court as the genuine protector of their interests by defending its right to declare irrationally high State Advised Price [SAP] for sugarcane. The ailing UP State Sugar Corporation Ltd, with 33 mills under its wing, owed a whopping Rs 226.15 crore in cane arrears to farmers for the 2007-08 year.

Sugar mills threaten to halt ethanol production - Dismayed by oil marketing companies' unwillingness to raise the ethanol procurement price, sugar mills had threatened to stop manufacturing the green fuel and divert molasses. Sugar mills produce around 260 litres of ethanol from each tonne of molasses, depending upon the technology employed while crushing.

Haryana sugar mills workers get 10% more allowance - The Haryana CM has announced that the retaining allowance of the unskilled workers of the cooperative sugar mills would be increased from the existing 25% to 35% and of the semi skilled workers from 35 to 40% . He also announced that the benefit of assured career progression will be given to those employees of the sugar mills in Haryana who had no promotion channel and have completed 10 years and 20 years of service on the same post.

Sugar export subsidy to cease - The Govt would not extend export freight assistance to sugar mills beyond Sep, Union Agriculture & Food Minister Sharad pawar said. The assistance of Rs 1, 350 a tonne for coastal mills and Rs 1, 450 a tonne for non- coastal mills is scheduled to end on Sep 30. It was aimed at providing support to the industry, which was reeling as record output induced a 35-40% crash in prices and caused huge losses.

COMPETITION

Simbhaoli mulls to buy 2 sick sugar mills in UP - Integrated sugar producer Simbhaoli Sugars is mulling acquisition of two sick sugar units near its existing plant in UP at an investment of Rs 60 cr. These units running below the break even capacity of 5, 000 tonnes crushing per day have been acquiring losses. The acquisition is proposed to be funded through internal accruals.

Renuka Sugar, HPCL in ethanol JV - In a first of its kind collaboration, Shree Renuka Sugars, has joined hands with oil major Hindustan Petroleum Corp to set up an ethanol plant in Maharashtra. Under the terms of the agreement, HPCL would buy all ethanol from the JV Company.

Mawana Sugar Mills plans model schools - Mawana Sugar, one of the oldest and the largest sugar producers in the country, now wants to bring high-quality affordable education to all through its charity arm, Mawana Social Service.

Bajaj Hind nod for Phenil merger - Bajaj Hindusthan Sugar & Industries has merged Phenil Sugars, which currently operates 2 sugar plants in UP with a capacity of 12,000 tonnes crushed a day. The merger was effective from April 1, 2008.

INDIAN SUGAR INDUSTRY

UP likely to be India's largest sugar producer - UP may become India's largest sugar producer in the year September 2009, overtaking Maharashtra, despite a likely fall in the output. The state is forecast to produce 6.2 million tonnes of the sweetener in the year from October, down, 15% from a yr ago due to a drop in acreage as farmers moved to crops such as paddy

UP cane farmers to get extra Rs 1, 480 cr - Sugar mills in UP paid farmers an extra Rs 1, 480 cr as the Supreme Court refused to stay the Allahabad High court judgment that asked them to pay the state - advised price of Rs 125-130 per quintal for the

2007-08 season. The additional sugarcane payment to farmers was made by September 7.

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More free sale sugar released - Following a Rs 3-4 a kg increase in sugar prices over the last month, the Centre has decided to release an additional 3 lakh tonnes of sugar as free sale quota of mills for September.

Sugar mills under pressure to begin timely crushing - Sugar mills in UP will be under pressure to begin timely crushing in the 2008-09 season as sugarcane acreage is down and chances of diversion to gur - producing units are high. Sugar industry indicated that they would try to begin their crushing operations in mid - October to prevent diversion and ensure adequate sugarcane for themselves.

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Centre to halt transport incentive for sugar exports - In a move to curtail exports in the coming season, the Cabinet committed on prices has decided to discontinue the transport subsidy on exports after it's due to expiry date on Sep 30.

UP sugar mills told to pay Rs 110 a quintal to growers - The Supreme Court directed to all mill owners of Uttar Pradesh to pay a cane price at the rate of Rs 110 a quintal for the present crushing season of 2007-08. Such amount will be exclusive of the transportation charges to be paid for bringing cane to the factories.

Sugar co-ops hit by Rs 2k cr loss - Maharashtra's cooperative sugar industry, which contributes well over 30% to India's sugar production has incurred a cash loss of whopping Rs 2,047.50 cr for the crushing season 2007-08. The loss was attributed to lower realization of Rs 12, 500 per ton against the cost of production of Rs 14, 700 per ton.

Sugar mills directed to sell buffer stock - The food ministry has instructed sugar mills to sell 2.5 million tonnes of the commodity from the dismantled buffer stock by Sep 30, failing which the unsold quantities would be converted into levy sugar

TVS InfoTech unveils SugarTec - TVS InfoTech, an IT solutions provider for the manufacturing vertical, has launched SugarTec, its cane management solution based on SAP.

Rising local prices to cut India's sugar exports further - India's sugar exports in the next crop year are likely to fall below earlier forecasts of 1 million tonne because of rising local prices, which have promoted a coastal refinery to import raws. Exports from India are expected to dip in the new season as export subsidies end this month and with output likely to fall to about 20 million tonne from 26.3 million tonne in 2007/08

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Sugar demand to top output this year - No matter what happens in the global economy, sugar demand is about to top production for the first time since 200, the year prices reached a 24- year peak.

WTO farm panel to discuss sugar subsidies - While India is dilly-dallying over withdrawal of export subsidies to sugar mills, major sugar exporters such as Australia, Thailand are continuing to mount pressure on India at the multilateral level to ensure the subsidies are revoked as early as possible.

Bihar's closed sugar mills find few takers - The Bihar govt's plan to revive 15 closed sugar mills owned by the Bihar state Sugar Corporation may not be completely successful. Only 4 of the mills have attracted interest of investors even though bids were invited in Nov last year.

UP govt owes Rs. 226 cr to sugarcane growers - The state government who appears to have crushed the cane farmers more by holding up over Rs 100 crore in dues up to early September, even while posing in the apex court as the genuine protector of their interests by defending its right to declare irrationally high State Advised Price [SAP] for sugarcane. The ailing UP State Sugar Corporation Ltd, with 33 mills under its wing, owed a whopping Rs 226.15 crore in cane arrears to farmers for the 2007-08 year.

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Free sale sugar validity extended - The Center has extended the validity period to sell Sep free sale sugar quota on October 15. The industry has sought an extension of the validity period, which was supposed to come to an end on Sep 30, to support its prices, which fell more than 8% in early Sep.

Industry, Centre differ on sugar output estimate - The sugar industry and the Centre seem to be having divergent perceptions regarding domestic output prospects for the new 2008-09 crushing season.

No duty - free sugar imports: Pawar - Union Agriculture Minister rejected demands from millers to allow duty - free imports of raw sugar against an obligation to export. He also mentioned that the petroleum and oil marketing companies should consider raising the ethanol price and link it to crude oil prices.

ETHANOL

Sugar mills demand 40% hike in ethanol price - Concerned with the abnormally high prices of molasses, sugar mills have asked oil companies to raise ethanol procurement price by 40% for the recently floated tender

Ethanol blended petrol plan likely to be deferred - With prices of molasses and rectified spirit going through the roof, the proposed 10% ethanol - blended petrol programme, supposed to be effective from next month, has been practically shelved.

Sugar mills threaten to halt ethanol production - Dismayed by oil marketing companies' unwillingness to raise the ethanol procurement price, sugar mills had threatened to stop manufacturing the green fuel and divert molasses. Sugar mills produce around 260 litres of ethanol from each tonne of molasses, depending upon the technology employed while crushing.

INTERNATIONAL NEWS

Global sugar deficit pegged at 3.9 million tonnes - Hit by a steep fall in sugar output in India and Brazil, the International sugar Org has forecast the global production to fall 7.4 million tonnes to 161.6 million tonnes in 2008-09. A significant production shortfall in India and a continuing contraction of production in the European Union are two major supply features of 2008-09.

Sugar mills threaten to halt ethanol production - Dismayed by oil marketing companies' unwillingness to raise the ethanol procurement price, sugar mills have threatened to stop manufacturing the green fuel and divert molasses, a by-product obtained while crushing sugarcane, to liquor manufacturers.

Asian sugar market to slow on ample supply - Asian sugar trading is likely to slow in coming months as major buyers signaled they would not import more sweeteners due to ample stocks. In the short term, however huge amounts of Thai sugar were expected to be shipped to several destinations in Asia to meet festive demand. Around 100, 000 tonnes of sugar from Thailand will be delivered to Taiwan, Indonesia, Japan and Russia in the months of September and October.

Global sugar production to fall by 5.1% next yr - Sugar production will fall 5.1% next year on lower output from India and the EU, the first drop in 4 years.
