

## HIGHLIGHTS FOR SEPTEMBER 2009

### BIRLA SUGAR

#### OUDH SUGAR MILLS LIMITED

**Coverage regarding the annual financial result has appeared in:**

- Jansatta
- The Telegraph

#### UPPER GANGES SUGAR & INDUSTRIES LIMITED

**Coverage regarding its financial result has appeared in:**

- The Hindu
- Business Standard
- Jansatta
- The Hindu Business Line

#### SNAP SHOTS

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

As suggested by the agriculture minister, Mr. Sharad pawar, during the Indian Sugar Summit, it is expected that the demand-supply deficit for the coming year would be worse than what prevails this year. As per the initial estimates, the country would require to supplement its domestic availability of sugar with imports. The industry has also geared itself for importing huge quantities of sugar in the coming months to meet the growing demand. In order to boost imports, the Government has extended the deadline to import zero duty raw sugar till March 31, 2010.

## OTHER PLAYERS

***Bajaj Hindustan boosts raw sugar imports-*** India's top sugar maker Bajaj Hindustan Ltd has contacted to import an extra 400,000 tonnes of raw sugar, underscoring a global deficit that's driven benchmark prices to the highest in almost three decades.

***No plan to import raw sugar'-*** Sugar firm GMR industries does not have any plans to import raw sugar for the crop year ending September 2010, unlike its peers, as current prices are not economically viable, its chief said on Tuesday. However the firm is looking at refining for local firms who have already imported raw sugar but do not have the capacity to process it, managing director R Ramakrishnan said.

***Bajaj Hindustan counts on raw sugar to boost capacity use-*** Bajaj Hindustan Ltd (BHL) hopes to more than double the capacity utilization of its mills in the ensuing 2009-10 season (October-September) following the execution of contracts for import of seven lakh tonnes (lt) of raw sugar. During the 2008-09 season, BHL's 14 mills- including four of its 75% owned subsidiary, Bajaj Hindustan Sugar & Industries Ltd (BHSIL)-produced 6.13 lt of sugar on a total cane crushed of 67.31 lt.

***Shree Renuka buys 5% in NCDEX for Rs 36.5 cr-*** Shree Renuka sugars Ltd. said on Friday it has bought 5% in National Commodity and Derivatives Exchange Ltd, or NCDEX, for Rs36.5 crore from Intercontinental Exchange Holdings and Goldman Sachs Investment (Mauritius). Intercontinental Exchange and Goldman Sachs held 7% and 8%, respectively, in the commodity bourse by trade turnover. As per guidelines issued last year on foreign investment in commodity exchanges, no single foreign investor can own more than 5% in an exchange.

## INDIAN SUGAR INDUSTRY

***Drought scare derives BIL to import raw sugar-*** Britannia Industries Ltd expects the ongoing drought to hurt margins in its food business. So much so, the company has for the first time decided to import raw sugar- a key ingredient in biscuits- in a bid to offset the impact of rising sugar prices. The spike in prices of skimmed milk powder has also squeezed margins.

***Coke tussle for warehouse sugar continues in Pune-*** The deadlock between soft-drink major Coca Cola and the Maharashtra government over sugar stored in the former's Khed warehouse may come to a conclusion in the next few days. The company was forbidden from using 3549 tonnes of sugar stored in its Khed warehouse for its plant in Pirangut, 50 km from Pune after the government's citing of the Sugar Control Act and Essential Commodities Act.

***Mills contract two-thirds of raw sugar import needs for***

***2009-10-*** Mills have contracted more than two-thirds of their raw sugar import requirements for the ensuing 2009-10 season (October-September), according to Mr. Narendra Murkumbi, Managing Director of Shree Renuka Sugars Ltd. During the current 2008-09 season, the country is expected to import around 2.4 million tonnes (mt) of raw sugar.

***Mills seek temporary curbs on gur manufacture-*** The domestic sugar industry is seeking imposition of production controls on gur (jaggery) manufacturers during the ensuing 2009-10 crushing season (October-September)

***India may import sugar from Oct to meet demand-*** Succumbing to pressure to import sugar on priority basis to temper soaring consumer prices; the government on Tuesday acknowledged that it may have little option but to import high-priced raw and white sugar from the international in the 2009-10 sugar year starting October to meet urgent domestic demand.

***EGoM hikes PDS sugar quota for BPL families-*** In a significant decision aimed at allowing needy consumers access to cheap sugar in the peak September-October festival season, an eGoM on Tuesday decided to hike the monthly PDS quota for below poverty line (BPL) consumers to 2.5 kg per card-holding family.

'Sugar price a big worry as drought spreads' - Drought has affected 278 districts, increasing its spread despite higher rainfall in the past two weeks and making the rising prices of sugar and lentils the big worry for the country, the government said.

***India's sugar demand slows as NY futures rise-*** India's sugar demand dried up after New York futures spiked to high not seen in 28 years on speculative buying, dealers attending a sugar conference in the capital said on Wednesday. The October raw sugar contract trading on ICE Futures US eased 0.15 cent to finish at 24.24 cents per pound on Tuesday, after hitting 24.85 cents.

***Sugars users must produce CA certificate on offtake*** - Any industry or person using more than 10 quintals or 1000 kg of sugar will be covered under the sugar stocks limit. The users will have to produce a certified copy from a chartered accountant on the average use or consumption of sugar by them.

***Time to process raw sugar cut to 1 month*** - In a further bid to force mills to sell more in order to boost open market supplies, the centre has reduced the validity period of release orders for white sugar processed from imported raws from three months to one month. Mills were originally given three months within which they had to sell the white/refined sugar processed from imported raws.

***Govt releases 21 LT sugar, to take more steps to ease supply-*** With a view to maintain adequate sugar supplies during the festival months, the government on Thursday has decided to make available around 18.34 lakh tonne (LT) of non-levy (free sale) sugar for September, substantially more than previous month's total availability of 16.70 lakh tonne.

**Global sugar production to dip 11% on India's shortage-** A sharp decline in sugar production in India has duly impacted world sugar production. Taking a hit from the 45% decline in sugar production in India at 14.8 million tonnes (mt) in the year, the sweetener output at the global level is finally estimated at 148.73 mt, down by 11% than the previous year.

**Government to raise PDS sugar allocation, increase issue price** - The government is likely to announce that the poor will receive 2 kg more sugar from the subsidized PDS for the Dussehra festival towards the end of September. To buy sugar during Diwali, which falls in October, and beyond, they may have to shell out Rs 1.50 more per kg.

**India may import 12 mt sugars to meet demand** - Indications are that India could end up importing between 8-12 million tonnes of sugar during the 2009-10 sugar seasons, which begins in October. An official of the state government concerned with the sugar industry, speaking on condition of anonymity, said imports of this magnitude will be needed for the country to tide over the shortfall.

**Sugar mill lobby prompts UP govt to take steps to restrict gur units-** intense pressure from the sugar miller to restrict the operations of gur units, acute shortage of sugar in domestic market & spiraling prices of finished sugar is forcing the UP government to look ways to curb the cottage industry which consumes 40% of the sugar grown in the country. It is looking for actions within the realm of law to restrict the same

**CBEC to track sugar released by mills, report by Sept 20-** The food ministry has asked the Central Board of Excise Customs for a report on sugar stocks released by the mills in the retail market to prevent hoarding & check prices ahead during the festive season.

**Import of over 5 MT raw sugar contracted-** Staring at the prospect of one of the lowest sugar closing stocks in the last 15 years, the government on Thursday sought to assure that supplies won't be harmed as imports of more than 5 million tonne (MT) of raw sugar has already been contracted, of which almost half has arrived in the country.

**UP regulatory order: Sugar cos with power cogeneration may witness revenue boost** - Sugar companies based in UP with power cogeneration capacities may see a sustainable boost to their revenues and profit starting this fiscal year, with the UP Electricity Regulatory Commission hiking the tariffs for purchase of electricity from sugar mills to Rs 4 a unit from 2009-10 to 2012-14.

**Sugar buyers may delay imports as domestic prices dip** - India, world's biggest importer this year, may delay further purchases from abroad as improved crop prospects and government controls push down local prices, according to JRG Wealth Management. Imports will only resume once there are clear output estimates for the new crop year starting October 1.

**Govt may foot Rs 2300-cr bill on levy sugar** - The centre may have secured additional levy sugar for the below poverty line (BPL) consumers for the festive season, but is staring at over Rs 2300-crore bill due to them on account of depressed levy sugar payments for the current sugar year (Oct'08-Sept'09). Levy sugar is that portion of sugar production, currently 10%, which the government takes away for supplying to the Public Distribution System (PDS).

**Costly sugar leaves Congress in a tizzy** - Sugar prices and power shortages are two important areas of concern for the congress as it attempts to continue in the saddle for a third term in Maharashtra. Concerned about the rising sugar prices in the festival season, which straddles the elections, the state party unit has expressed its disapproval at the food ministry's decision to defer imposing stock limits on the industry and bulk users of sugar till the end of September.

**Four-week storage limit for sugar** - In a move that may bring down sugar prices considerably, the government has prescribed a time limit of four weeks for bulk consumers to bring down the sugar stock to 15 days' requirement. According to official sources, this follows the government's decision to put a limit for bulk consumers for storing sugar for requirement of 15 days, in a move to check hoarding and contain prices.

**UP sugarcane farmers demand 100% increase in SAP-** Sugarcane farmers are up in arms in Uttar Pradesh. They are demanding that the state government declare the state advised price (SAP) for cane at the rate of Rs 280/quintal at least. This, they say, is only logical given the fact that when finished sugar was selling at Rs16/kg last year, farmers were given Rs 140/quintal.

**India to receive 2.4 mt sugars-** India will receive 2.4 million tonne of raw sugar and 200,000 tonne of whites by September, when the current sugar season ends, food secretary Alka Sirohi told reporters on Thursday. Sugar stocks at the start of the new season on October 1 would be 4 million tonne, including imported raws, she said.

**Sugar for ration shops-** Sugar mills will double their contribution to the government in 2009-10 season to 20% of their produce, which will be used for ensuring supply in ration shops, a top government official said. The percentage of levy sugar, meant for supply through public distribution system, has been increased to 20% for 2009-10 seasons from the existing 10%.

**It's raining money on UP sugarcane farmers -** Over 7 million sugarcane farmers in UP are weeks away from harvesting a small but rich crop. Mills buy sugarcane from them at a price advised by the state govt. This year, they expect to be paid atleast Rs 200 a quintal, up sharply from Rs 140 a quintal in the previous season.

**TN sugarcane growers demand Rs 2,500/t-** Farmers in Tamil Nadu are demanding an "ex-farm" sugarcane price of Rs 2,500 a tonne for 2009-10-more than two-fold increase over current year's price. Effectively, the farmers want sugar mills to take over the cost of harvesting and transport, which would mean an additional benefit of up to Rs 300-400 a tonne to the farmer.

**Sugar declines Rs200 per quintal in Punjab-** The crackdown on sugar hoarders launched by the Punjab government appears to have started showing results as wholesale price of sugar in the state has dipped by Rs 200 per quintal, although traders term it as a temporary correction due to panic in the market after raids. However, retail prices continued to remain firm at Rs 33-34 per kg as retailers were reluctant to bring them down in tune with the wholesale rates.

***Sugar Traders go on strike-*** Irked over government's ongoing strike against them, Madhya Pradesh sugar traders have decided to down their shutters indefinitely from October 1. All the wholesale and retail sugar traders have decided to stop doing business indefinitely from October 1 in protest against state government officials' raids and seize, of the sweetener, which is going to the auctioned, Madhya Pradesh Sugar Traders Federation president,

***Duty-free white sugar imports to continue after Nov; more support for paddy likely-*** Faced with prospect of rising sugar prices during the coming months because of low sugarcane planting, the government on Thursday indicated that it will extend permission for duty-free imports of white sugar beyond November. "We will extend it. This could be extended to May-June." agriculture Minister Sharad Pawar told reporters.

## INTERNATIONAL SUGAR INDUSTRY

***Global sugar supply deficit seen-*** Sugar prices are expected to be supported by an ongoing global supply deficit, according to Leonardo Rocha, an economist at the International Sugar Organization. India is expected to import 4.1 million tonnes of sugar in the year through September 2010, 3% more than in the previous fiscal year.

***Thai sugarcane production-*** Thailand, the world's second biggest sugar exporter, is expected to produce up to 80 million tonne of cane in its 2010-11 crop season, the highest ever, a senior industry official said on Wednesday. We may produce up to 80 million tonne of cane as high prices encourage farmers to expand their plantation, Prasert Tapaneeyangkul, Secretary General of the Office of Cane and Sugar Board (OCSB), said.

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