

# Push for exports fashions turnaround in sugar co shares

**New Delhi, Oct 29:** Shares of sugar mills are surging as the government's push for exports of the sweetener helps lift the gloom around an industry saddled with almost \$8 billion of debt.

The government in September ordered compulsory overseas shipments, which, together with a looming global deficit, may push up domestic sugar prices for a fourth month in October. That could trim losses at mills and eventually bring some back to profit in the 2016-17 season if the trend continues, according to processor Sakthi Sugars.

Indian mills are being

squeezed by rising payments to farmers — cane rates are set by local officials partly to woo voters — and prices that remain too low to cover costs. The recent climb in the sweetener's price has stirred speculation of an improving outlook, making sugar shares such as Dhampur Sugar Mills and Shree Renuka Sugars this month's top performers in the BSE Fast Moving Consumer Goods Index.

"I think we're very much on the right track" to revive the industry, Tarun Sawhney, vice-chairman of Triveni Engineering & Industries, India's third-largest producer,

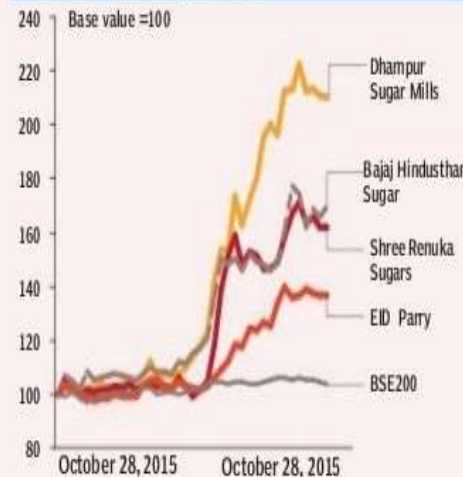
said in an interview. "There's definitely light at the end of the tunnel. We're moving towards it."

Dhampur Sugar Mills is up about 89% this month, Shree Renuka 65% and Bajaj Hindusthan Sugar 45%. EID Parry India has advanced 37% and Triveni 23% in the period.

A number of sugar stocks were traded higher today. The gainers included Sakthi Sugars, which rose as much as 3.7%. EID Parry climbed 3.3% and Bajaj Hindusthan Sugar 2.9%.

Sugar prices in Mumbai have surged 26% since the end of June, after the govern-

## Sweetness regained



Source: Bloomberg

cise duty on ethanol to promote sale of blended fuel and improve the cash flow of sugar producers. The goal is to enable them to clear money owed to cane growers.

While export subsidies of as much as Rs 4,000 rupees a ton in the past two years failed to boost shipments significantly because of a global glut, the plan to make overseas sales mandatory seems to be working.

Exports of 4 million tons ordered by the government in September will drain about 15% of the 2015-16 estimated output. That will help shrink stockpiles seen at 9.6 million tons at the beginning of this

month.

"When the excess stocks go out, there will be balance in the system and that will be better for prices," said M. Manickam, executive chairman of Sakthi Sugars. "Structurally, we should be fine by end of this year and possibly profitable in the 2016-17 season." Sugar prices in Mumbai have jumped 9.5% in October to Rs 2,759 rupees per 100 kg after rallying 15% in the previous three months. That has come alongside the biggest monthly gain in prices in five years on ICE Futures US in September, improving India's export prospects. *Bloomberg*