

THE SWEET TASTE OF PROGRESS



bajaj hindusthan sugar ltd.
www.bajajhindusthan.com

Eighty Sixth Annual
Report 2017-18



GLIMPSES OF CSR PROGRAMME

- **1,100** Villages reached
- **1,85,090** Families benefited
- **8,98,319** Population covered



PROMOTION OF NON-CONVENTIONAL ENERGY SOURCES

4,543 Biogas plants installed

225 Setting up domestic solar light unit



PROMOTION OF INDIGENOUS COWS

7,879 Families adopted indigenous cows



WOMEN EMPOWERMENT

3,317 Self Help Groups formed

43,864 Families benefited

5,874 Families benefited under Rural Enterprise



SKILL AND ENTREPRENEURSHIP DEVELOPMENT

1,161 Youths benefited under Skill Development Programme



DESIGN FOR CHANGE

209 Villages covered

253 Total projects in schools covered



VILLAGE INSTITUTIONS

5,177 Village institutions established

3



WATER RESOURCE DEVELOPMENT AND SOIL CONSERVATION STRUCTURES

151 Rivers / streams of 476 km are rejuvenated

99 Check dams constructed

3,036 Farm ponds/recharge pit constructed

2,128 Wells recharged

249 Group wells constructed

1,512 Lift irrigation devices installed

33 Percolation tanks constructed

6,324 Drip and sprinkler irrigation system installed

2,230 Boribundh are installed

1,267 Acres of farm bunds formed

2,225 Gabion structures formed

817 Roof rainwater harvesting structure



45,004 families and 1,43,328 acres of land are covered under water resource development and soil conservation programme.





PROMOTION OF SUSTAINABLE AGRICULTURE

11,276 Families covered under Convergence of Agricultural Interventions in Maharashtra's (CAIM) project

11,000 Families adopted Better Cotton Initiative programme (BCI)

12,698 Families benefited under WADI project

9,786 Farmers adopted under natural farming

4,573 Families adopted kitchen gardening

335 Azolla units established

144 Onion storage units installed

138 Grameen fridge constructed

3 Poly Green Net Shed set up

293 Cattle feeding cum drinking water systems constructed

506 Power operated chaff cutter installed



40,082 farming families and 97,710 acres of land are benefited under Sustainable Agriculture Practices.



**Cultivation under
natural farming practices.**



**Students of school have supported
old age home inmates through their
daily needs requirement and
disseminated the message of
caring of old age people under the
Design For Change project.**



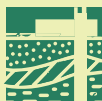
Construction of recharge pits serve the purpose of rainwater harvesting as well as reduce the waterlogging in the farmers field and increase the groundwater table.



Capacity building is an integral part of the Women Self Help Groups programme. A meeting with women SHG members.



Biogas - Permanent Solution
for clean and renewable energy
source with no recurring cost.



Kushagra Nayan Bajaj
(3rd from left) appreciated the
efforts made by villagers by
constructing borewell recharge
structure to increase the
groundwater table in the area.

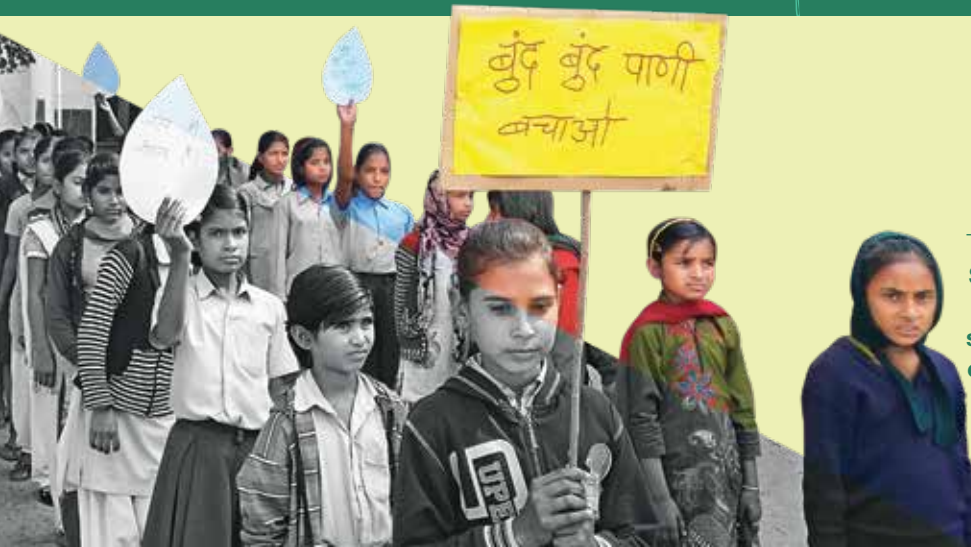




Safe and pure drinking water at the
doorstep by construction of
Roof Rainwater Harvesting Structure.



Sensitising villagers for saving
every drop of water and this
small force of children inspired
communities to come forward.





Dear Shareholders,

India is poised for the first time ever to create a global milestone by overtaking Brazil to become the largest producer of sugar in the world this year. For any industry, a top podium finish would be cheer enough to celebrate. Alas, while the sugar industry successfully crossed over all challenges to achieve this pinnacle, it's the very high production that could well be its death knell. A business that has its production costs higher than the price at which it sells its products defies logic. Yet, the industry withstood such logic, was financially bruised and continued production awaiting the adoption of the Rangarajan committee proposals. Many of the industry demands are still to see a policy acceptance, some have been executed under conditions that have watered down the basic objectivity of knocking off the challenges of the sugar industry.

What ails the domestic sugar industry? In the absence of a linkage between sugarcane and sugar price, there is a continued high production of both. Since 2010-11, sugar production has been consistently outstripping consumption (except for 2016-17 when cultivation was affected by adverse weather). The Indian Sugar Mills Association (ISMA) has estimated an all-time high annual sugar production for 2017-18 at 31.5 - 32 million tonnes, up from 20.3 million tonnes the previous year. Such a large production against an internal consumption of 25 million tonnes would lead to huge inventory, further creating a downward pressure on prices. 2018-19 is expected to be an even bigger production year. The Government, in order to ease off the inventory, announced mandatory sugar exports of 2 million tonnes. However, this did not create much impact especially on the face of lower global prices and demand. The concern



Chairman's letter



of increasing surplus requires a policy framework that regulates sugar production, possible only by linking sugarcane and sugar prices recommended by the Rangarajan committee.

The industry has been seeking decontrol based on this committee's proposals for long. In a new, modern India that is growing at a rapid pace across all sectors, this sector is primarily focussed on fighting financial challenges given an imprudent structure of cost and market prices that spiral into severe market imbalances.

There has been an announcement of a ₹ 70 billion package for the sugar industry as a whole. Yes, there would be some short-term reprieve for farmers who await a payment of over ₹ 220 billion. However, challenges would remain, given the measures are more tuned towards allowing some breathing space to a financially weak industry than actually remedying and preventing the distress. We must reiterate, basic economic prudence requires linking costs of sugarcane to sugar prices. Any deviation would just act as a mirage of solutions and the overall industry will continue falling into a whirlpool of complicative imbalances. Fixing a MSP (minimum sale price) at ₹ 29 per kg of sugar is itself distortionary. States have different sugarcane rates and SAP (State advised prices) are distinctly higher than FRP (fair and remunerative price). The MSP hence cannot be uniform given varied input costs. In fact, against the high SAP in Uttar Pradesh, the ideal MSP for sugar is ₹ 35. Understandably, the State government has advised the Central government to consider an MSP of ₹ 34.

In an encouraging move aimed to promote ethanol production, the Government has offered soft loans of ₹ 44.4 billion to enhance

ethanol production capacities that will not only provide an impetus to the Government's ambitious bio-fuel programme but also help regulate sugar supply in the years of surplus.

International prices of sugar are depressed given the overall high production especially led by India. Except for Brazil, India and Thailand have excellent weather conditions predicted for this year. This would support higher production in sugar. There has been news of dry weather affecting sugar production from the world's largest producer Brazil. This is not anticipated to lead to a major impact in terms of prices. In 2017-18, there has been an all-time high of global sugar production at 188 million tonnes leading to a surplus of around 15 million tonnes as per various average estimates. In the period 2018-19, a similar trend would be continuing of high sugar production with analysts expecting a gap of 9 million tonnes higher than overall consumption. Given such a scenario, it can be forecast that there should be some upward trend visible in the world sugar markets only around 2020.

An important domestic policy re-visit needs to be taken, given the surge and excess production of sugarcane globally, on how to avoid our domestic farmers over producing, making the present delicate scenario worse. The sugar industry along with the Government needs to work jointly to comprehend the delicate balance of production and prices and the financial burden at present. Farmers continue to focus on growing of sugarcane given the lure of high prices in lieu of other crops. This zeal should not finally lead to a death knell of the sugar industry which would result in a loss for everyone and also loss of production of other agri produce.

Your Company continues to be the leading



Chairman's letter