



# PONNI SUGARS (ERODE) LIMITED

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PEL/ SH/ 34

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National Stock Exchange of India Ltd  
Exchange Plaza  
5<sup>th</sup> Floor, Flat No.C/ 1 G Block  
Bandra-Kurla Complex  
Bandra East, Mumbai 400 051

BSE Ltd  
Phiroze Jeejeebhoy Towers  
Dalal Street, Fort  
Mumbai 400001

Dear Sirs,

Government of Tamil Nadu while presenting the Budget for 2018-19 in the State Assembly on 15<sup>th</sup> March 2018 has stated its intent to move away from State Advisory Price (SAP) over and above the Fair and Remunerative Price (FRP) for sugarcane.

Para 29 of the Budget Speech is extracted hereunder:

**Budget Speech 15<sup>th</sup> March 2018 – T N Budget 2018-19**

“29) The Sugar industry is cyclical in nature and is currently going through an extended phase of distress due to various factors like failure of monsoons, varietal degeneration, reduced recovery, decline in area under sugarcane and the resultant reduction in capacity utilization. This has, in turn, affected timely payments to farmers. While the major States like Maharashtra and Karnataka have migrated to a more progressive revenue sharing price fixation formula based on Dr.Rangarajan Committee's recommendations, our State continues to fix State Advisory Price (SAP) over and above the Fair and Remunerative Price (FRP). To resolve this issue, the State has decided to switch over to the revenue sharing price fixation model from the current season under which farmers will be assured of FRP and will also receive a share in the profits over and above the FRP. In order to facilitate this transition, the State Government will protect the interests of farmers, by assuring them of the present SAP of Rs.2,750 per metric tonne excluding transportation cost of Rs.100, by paying the difference between the present SAP and the price received under a new revenue sharing formula as transitional production incentive directly to the farmers. The sugar industries shall however continue to bear the transportation costs. An amount of Rs.200 crore is provided in the Budget Estimates 2018-2019 towards the transitional production incentive. In 2018-2019, a special scheme will be formulated and implemented, in consultation with sugar mills, to cover 55,000 acres by adopting Sustainable Sugarcane Initiative to improve sugarcane productivity and sugar recovery.”

It has been the long standing demand of sugar industry in the State that arbitrary cane price in the form of SAP should be dispensed with. Accordingly the present move of the State Govt is welcome from industry perspective as it seeks to establish a fair link between sugar and sugarcane price and makes it a sustainable pricing model.

This information is furnished pursuant to Regulation 30 of the Listing Regulations.

Thanking you

  
N Ramanathan  
Managing Director