Edible oil industry has a dependency problem

Indonesia's ban on palm oil exports has refocused attention on the efficacy of the government's policy to boost domestic production

SANJEEB MUKHERJEE
New Delhi, 17 May

Recently, a senior official with the government of Indonesia, the world's largest producer of palm oil, quelled market speculation by saying that the unprecedented ban on exports imposed in April will stay unless domestic prices fall below a fixed threshold. But given the policy flip-flops that Indonesia has made in the last couple of months on palm oil, the market was sceptical.

Volatile market movements in edible oils exposed, once again, India's well-known vulnerability to international conditions, something it will have to live with for many years to come unless drastic measures are taken.

These spikes are expected to get more acute as more and more edible oil is diverted to producing biofuels.

India first started importing edible oils in a big way in the 1990s. Since then, trade sources say that in the past 20 years (1990-91 to 2020-21), imports have more than doubled in volume terms. In value terms, imports rose from ₹7,000 crore to almost ₹117,000 crore in 2020-21.

In 2018-19, India imported its highest-ever volume of edible oils at 14.9 million tonnes.

"We have been saying for long that India has to reduce its dependency on imported edible oils or else we will remain exposed to such uncertain market behaviour hitting our consumers and farmers alike," B V Mehta, executive director of the Solvent Extractors' Association of India (SEA), said.

Mehta, who has closely tracked the sector for decades, said India needs concrete steps to boost domestic oilseeds production, something on the lines of a dedicated national oilseeds mission. In a recent paper, he also called for a technological breakthrough in seeds to boost productivity.

India imports 13-13.5 million tonnes of edible oils a year, of which 8-8.5 million tonnes (63 per cent) is palm oil. Of the 8-8.5 million tonnes of palm oil, 45-50 per cent comes from Indonesia and the rest from neighbouring Malaysia. The remaining is imported soya oil and sunflower oil.

According to an SEA assessment, India's domestic oilseeds production by 2025-26 at normal growth rate is projected to increase from current levels of 30 million tonnes to 38-40 million tonnes, and domestic vegetable oil production is projected to increase by 3 million tonnes to 12-13 million tonnes. Against this, India's consumption or demand for vegetable oils will be around 26 million tonnes (*see chart*). "This gap of about 12-13 million tonnes is expected to be bridged only through imports," the SEA said.

India imports 13–13.5 million tonnes of edible oils a year, of which 8–8.5 million tonnes, or 63 per cent, is palm oil

To lower India's rising import dependency on edible oils, the government has been working on a multi-pronged strategy for some time. The cornerstone of this has been to announce a minimum support price (MSP) that is higher than that for cereals, and measures to improve the procurement of oilseeds at times when prices crash. To this programme, a renewed focus on expanding the area under oil palm cultivation and boosting the production of rice bran oils has been added.

A major drawback to most of these schemes is the lack of a strong procurement system and ready markets, which act as a sort of guarantee on investments made by farmers. Without this basic institutional base, experts said, the big switch from cereals and pulses to oilseeds is unlikely to happen.

Consider this. Between 2014-15 and 2020-21 (July to June), when the MSP of paddy (common) was raised almost 37 per cent, the acreage under the crop dipped only marginally — by around 2.5 per cent.

And when the MSP for wheat increased 36.2 per cent in the same period, there was a 10 per cent increase in its area under cultivation.

In contrast, in this same period, the area under soya bean cultivation increased nearly 10 per cent on the back of its MSP rising almost 51.5 per cent.

In other words, though higher MSPs may have encouraged farmers to grow more oilseeds along with pulses, there has been no simultaneous shift away from wheat and paddy.

In the past few years, for instance, India's pulses production has risen from just 14-15 million tonnes to 22-23 million tonnes, not just due to higher MSPs but also because of an assured procurement system by state agencies.

This year (2022-23) too, India's mustard seed production has jumped almost 30 per cent over last year as open market prices for oilseeds have been remunerative for farmers.

In terms of oilseeds, the performance of the much talked-about Pradhan Mantri Annadata Aay SanraksHan Abhiyan (PM-AASHA) — that lays down a framework for central intervention if oilseeds, pulses and coarse cereal pulses fall below MSP — has also not been up to the mark.

The Commission for Agricultural Costs and Prices (CACP), in a recent report, said there is an urgent need to review PM-AASHA and address the implementation issues.

It recommended forming a committee of central and state governments and the private sector to review the scheme and suggest changes to make it effective.

One major initiative recently announced to boost domestic edible oil production is revamping the oil palm mission with the objective of producing 2.8 million tonnes of palm oil locally by 2025-30. However, even if the mission succeeds, it will not be enough to significantly lower the import dependency.

At 2.8 million tonnes, by 2025-30, domestic palm oil production will still be less than 35 per cent of total imports at the current pace of growth. However, if the target is achieved, it will still make a significant contribution.

"Oil palm production did not pick up so far in the country despite being in place for the last several years as price volatility wasn't hedged for the growers," Sougata Niyogi, CEO, oil palm, Godrej Agrovet Limited, had told *Business Standard* some time back.

"Secondly," he added, "the incentive for the crop in terms of subsidy on seeds, fertilisers and so on was not passed on by the states. And finally, the sites chosen for oil palm cultivation weren't suitable." Godrej Agrovet is one of the biggest players in the domestic oil palm production market.

Ashish Khandelwal, managing director, BL Agro Ltd, one of the big domestic edible oil brands, said that for long-term self-sufficiency, we should have a duty structure that supports domestic oilseeds production. Also, prices of imported refined oil should not be less than domestic oils.

The third major way the government is looking to boost domestic edible oil availability is by raising rice bran oil production from the current 1.0-1.1 million tonnes a year to 1.8 million tonnes.

But taking production beyond the targeted 1.8 million tonnes so that it makes some tangible impact on domestic edible oil availability is a big challenge, trade sources pointed out.

India at present produces around 120 million tonnes of rice a year and increasing it beyond this level looks challenging.

Estimates show that one metric tonne of paddy yields 1.6 per cent of crude rice bran oil. When refined, the yield drops to 1.4 per cent.

Market players say that to reduce dependence on imported edible oils from the current level of 65 per cent to 10 or 15 per cent in the next 10 years, India needs to focus on raising local oilseeds production from 27-30 million tonnes to 45 million tonnes by 2025-26 and 60 million tonnes by 2030-31.

Whether current policies are good enough to achieve this is a big open question.

AN APPETITE FOR IMPORTS

India's vegetable oil demand and supply balance sheet (in million tonnes)

Items	2020–21	2021–22	2025–26*
Oilseeds production	28	30	38–40
Local vegoil output	9.5	10	13.5–14
Vegoil demand	22.5	22.7–23	25–26
Vegoil import	13.1	12.9	11–12.0

*Forecast

Source: Solvent Extractors' Association of India (SEA)

Heatwave to lift AC sales, but supplies delayed

KRISHNA N DAS
New Delhi, 17 May

Indian air conditioner manufacturers are expecting record sales this year as a heatwave scorches most of the country, an industry body told Reuters, but delayed arrivals of components from Covid-hit China may cause shortages of premium products.

With temperatures this month breaching 49 degrees Celsius in New Delhi, sales are set to reach 8.5-9 million units this year, up from 2019's previous record of 6.5 million, the head of the Consumer Electronics and Appliances Manufacturers Association (CEAMA) said.

"The market has been extremely good because this year, we got the heat in the second half of March rather than April," CEAMA President Eric Braganza, formerly the India head of China's Haier Appliances, said on Tuesday.

Power demand has also hit a record high.

"Because of the (Covid-19-related) issues in China, it is taking longer for supplies to reach," Braganza said. Braganza, whose association members include Voltas, Whirlpool of India and Havells India, said deliveries of parts are now taking 60-90 days, up from 45 days normally.

Indian companies depend on China for 10 to 20 per cent of AC components like compressors and controllers.

REUTERS

NUMBER WISE

In coal crisis, a question about nuclear power

India plans 10 atomic power facilities, joining some other nations in reviewing an alternative fuel that is cheaper and cleaner

SACHIN P MAMPATTA
Mumbai, 17 May

India's coal-based power plants produce more than half of its electricity, but the fuel is polluting and the logistics to transport it quickly in peak demand daunting. As the country considers other fuels, can nuclear energy be a long-term solution?

The government said in March that it will next year begin work in Karnataka on a new nuclear power reactor, moving ahead on plans announced earlier for ten such facilities.

Britain and Belgium, too, are reviewing nuclear power for energy security. The rethink reverses a decade-long global slowdown after Japan's Fukushima atomic plant accident in 2011.

Global nuclear power generation rose 1.8 per cent between 2011 and 2020: a period when India increased its nuclear power generation by 38.4 per cent to 44.6 terawatt-hours. India's share of global nuclear power generation increased to its highest in 50 years in 2020 as seen in chart 1.

Yet nuclear energy forms 1.7 per cent of India's total electricity generation. Even if it triples by 2030, nuclear will still account for less than 5 per cent of overall electricity produced, according to Debasish Mishra, partner at Deloitte India. Nuclear power's capital cost is high, so tariffs would also increase proportionately. Global nuclear technology providers are reluctant to come in because of unsettled liability issues, he said. Indian law is seen exposing international providers to potentially unlimited liability in case of accidents. India is betting on renewable energy, according to Mishra.

Nuclear power plants made using indigenous technology can be set up for ₹15 crore to ₹20 crore per megawatt, or half the global cost, said Anil Kakodkar, former chairman of the Atomic Energy Commission. India's uranium reserves — some recently discovered — are five times more than earlier estimates. The country now also finds it easier to source nuclear fuel globally, according to Kakodkar. India had faced supply difficulties since it conducted its first nuclear test in 1974.

Grid stability could become an issue as renewables become common, said Kakodkar. This is because renewable electricity generation can vary with wind speeds or weather. A steady source of electricity generation, like coal-based power, provides stability even as renewable generation varies. A push to reduce carbon emissions could see nuclear energy replacing coal in that role, said Kakodkar. Nuclear power has lower emissions comparable with renewables like solar (*see chart 2*).

"...lower battery costs could help solve the intermittence of the renewable resources," Mishra said.

Battery costs have been coming down sharply in recent years (*see chart 3*).

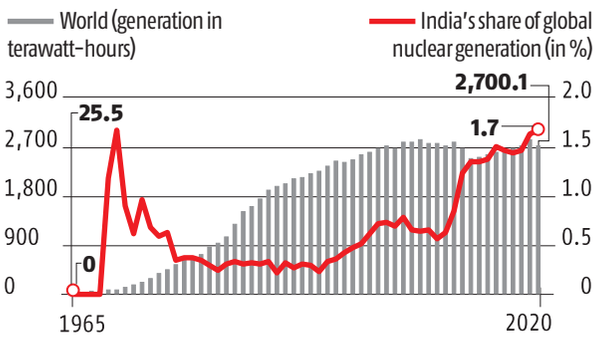
While scaling up nuclear power generation capabilities is said to have a time frame measured in decades, raising India to the level of a developed country will require extracting energy from all available sources, according to Kakodkar.

"I believe nuclear is inevitable," he said.

The average Indian has less energy available to her than people elsewhere do. The average energy consumption for a person in Brazil is 2.4 times higher than India, 4.4 times higher in China, 5.8 times higher in Japan, and 11.4 times higher in the US.

Nuclear power's capacity to help solve India's energy poverty would be watched closely.

1. INDIA RAISED NUCLEAR POWER GENERATION EVEN AS WORLD MOVED BACK



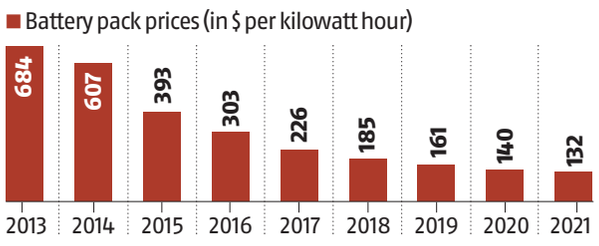
Source: BP Statistical Review of World Energy, Business Standard calculations

2. LIMITED EMISSIONS FROM NUCLEAR POWER COMPARED TO OTHERS

Source of energy	Greenhouse gas emissions (in tonnes of C02-equivalent emissions, per gigawatt-hour of electricity over power plant's life cycle)
Coal	820
Oil	720
Natural gas	490
Biomass	230
Hydropower	34
Nuclear energy	3
Wind	4
Solar	5

Note: Biomass emissions consider maximum limit, lower limit is 78 tonnes
Source: Hannah Ritchie, Max Roser and Pablo Rosado (2020) – "Energy". Published online at OurWorldInData.org

3. SHARP DECLINE IN STORAGE COSTS



Note: Shows lithium-ion battery pack price in real 2021 $ terms. Source: BloombergNEF

Nucleus Software Exports Limited

NUCLEUS SOFTWARE

CIN: L74899DL1989PLC034594

Regd. Off.: 33-35, Thyagraj Nagar Market, New Delhi - 110003; Tel: +91-120-4031400; Fax : +91-120-403167; Email: investorrelations@nucleussoftware.com, Website: www.nucleussoftware.com

EXTRACT OF FINANCIAL RESULTS OF NUCLEUS SOFTWARE EXPORTS LIMITED FOR THE QUARTER AND YEAR ENDED 31 MARCH 2022

(Amount in Rupees Lacs)

SL. No.	Particulars	CONSOLIDATED				STANDALONE			
		Quarter Ended		For the year ended		Quarter Ended		For the year ended	
		31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
		Unaudited	Unaudited	Audited	Audited	Audited	Audited	Audited	Audited
1.	Total income from operations (net)	15,304	12,418	49,719	51,353	14,072	11,081	44,806	45,436
2.	Net Profit / (Loss) for the period (before Tax, Exceptional and Extraordinary items)	2,601	3,552	5,550	15,381	2,706	3,449	5,686	14,652
3.	Net Profit / (Loss) for the period before Tax (after Exceptional and Extraordinary items)	2,601	3,552	5,550	15,381	2,706	3,449	5,686	14,652
4.	Net Profit / (Loss) for the period after Tax (after Exceptional and Extraordinary items)	1,829	2,735	4,091	11,795	1,872	2,634	4,210	11,204
5.	Total Comprehensive Income for the period [Comprising Profit/ (loss) for the period (after tax) and Other Comprehensive Income (after tax)]	1,257	2,586	3,012	11,985	1,266	2,557	3,092	11,379
6.	Equity Share Capital	2,677	2,904	2,677	2,904	2,677	2,904	2,677	2,904
7.	Reserves	-	-	46,683	64,298	-	-	44,255	61,790
8.	Earnings Per Share - (of Rs. 10/- each) (for continuing and discontinued operations) (Not annualised for quarters)								
	Basic (INR)	6.67	9.42	14.28	40.62	6.83	9.07	14.70	38.58
	Diluted (INR)	6.67	9.42	14.28	40.62	6.83	9.07	14.70	38.58

Notes:

1. The above is an extract of the detailed format of Quarterly Financial Results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing and other Disclosure Requirements) Regulations, 2015. The full format of the Quarterly Financial Results are available on the Stock Exchange websites of BSE and NSE at www.bseindia.com and www.nseindia.com respectively and on Company's website at www.nucleussoftware.com.
2. The consolidated and the standalone financial results for the three months and year ended 31 March 2022 were reviewed by the Audit Committee and have been approved and taken on record by the Board of Directors at its meeting held on 17 May 2022. The statutory auditors have issued unmodified audit report on these results.
3. Financial results for all the periods presented have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.
4. The Company in its Board meeting held on 24 September 2021 has approved the buyback of 22,67,400 Equity Shares (maximum buy back shares) comprising 7.81% of the total paid up equity share capital of the Company at a "Maximum Buyback Price" price of Rs. 700/- per Equity Share payable in cash for an aggregate amount not exceeding Rs. 158.72 Crore which is the "Maximum Buyback Offer Size", excluding transaction costs and taxes. The Shareholders approved this Buy-back vide Postal Ballot on 12 November 2021. The Settlement of Buyback was done on 21 January 2022 and 22,67,400 Equity Shares bought back were extinguished on 27 January 2022.

By Order of the Board
For **Nucleus Software Exports Limited**
Sd/–
VISHNU R DUSAD
Managing Director

Corporate Office: Noida
17 May 2022

INDOCO REMEDIES LIMITED

Indoco

Regd. Office : Indoco House, 166, CST Road, Kalina,Santacruz (E), Mumbai 400 098. Tel:+91-22-26541851/55 Fax:+91-22-26520787
Email: compliance.officer@indoco.com | Website:www.indoco.com CIN:L85190MH1947PLC005913

EXTRACTS OF STATEMENT OF STANDALONE AND CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2022

(Rs. In Lakhs)

Sr. No.	Particulars	Standalone					Consolidated				
		Quarter ended	Quarter ended	Quarter ended	Year ended	Year ended	Quarter ended	Quarter ended	Quarter ended	Year ended	Year ended
		31.03.2022	31.12.2021	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.12.2021	31.03.2021	31.03.2022	31.03.2021
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1	Total Income from Operations	40,888	35,776	30,485	153,972	124,030	40,913	35,800	30,514	154,075	124,153
2	Net Profit/ (Loss) for the period (before tax, exceptional and / or extraordinary items)	5,968	5,053	3,345	23,623	13,135	5,975	5,058	3,356	23,657	13,200
3	Net Profit/ (Loss) for the period before tax (after exceptional and / or extraordinary items)	5,968	5,053	3,345	23,623	13,135	5,975	5,058	3,356	23,657	13,200
4	Net Profit/ (Loss) for the period after tax (after exceptional and / or extraordinary items)	4,037	3,297	2,491	15,452	9,239	4,045	3,299	2,500	15,480	9,305
5	Total Comprehensive Income for the period [Comprising Profit / (Loss) for the period (after tax) and Other Comprehensive Income (after Tax)]	3,563	3,278	2,435	14,919	9,153	3,571	3,280	2,443	14,947	9,219
6	Equity Share Capital	1843	1843	1,843	1,843	1,843	1,843	1,843	1,843	1,843	1,843
7	Reserves (excluding Revaluation Reserves) as shown in the Audited Balance Sheet of the Previous year				88,587	75,050				88,621	75,056
8	Earnings per share (of Rs. 2/- each) (for continuing and discontinued operations) (not annualized)										
	(a) Basic	4.38	3.58	2.70	16.77	10.03	4.39	3.58	2.71	16.80	10.10
	(b) Diluted	4.38	3.58	2.70	16.77	10.03	4.39	3.58	2.71	16.80	10.10

Notes :

1 The above is an extract of the detailed format of Quarterly/Annual Financial Results filed with the Stock exchange under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the Quarterly/Annual Financial Results are available on the Stock Exchange website i.e. www.bseindia.com and www.nseindia.com and also the company's website:www.indoco.com

2 The above results were reviewed by the Audit Committee and approved and taken on record by the Board of Directors at the meeting held on 17th May, 2022.

By Order of the Board
For Indoco Remedies Ltd
Sd/-
Aditi Panandikar
Managing Director

Place : Mumbai
Date : May 17, 2022