

MSM ramps up sugar procurement from India amid palm oil spat

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KUALA LUMPUR (Jan 23): MSM Malaysia Holdings Bhd is ramping up its procurement of sugar from India, amid the ongoing palm oil spat with the republic.

In a statement today, the refined sugar producer said it has procured its raw sugar requirement for the first quarter of 2020 from India.

MSM said it is expecting the arrival of three shipments between January and February, bearing approximately 130,000 tonnes of raw sugar worth nearly RM200 million.

MSM group chief executive officer Datuk Khairil Anuar Aziz said over 900,000 tonnes of raw sugar has been imported in 2019 from various top producing countries including India.

"We will continue to import raw sugar from top producing countries such as India, Brazil, Thailand and others whilst ensuring the raw sugar cost consistency in the benchmark of NY#11 and deliberately select our raw sugar suppliers to ensure minimal compromise in quality for our end product," he said.

MSM said India is ranked among the world's largest sugar producers alongside Brazil and Thailand, adding that India's raw sugar production was reported to be slower for FY19/20 due to drier weather. However, the republic's production for FY20/21 is expected to recover due to improving rainfall in Maharashtra.

It said while production in Brazil is forecasted to be stable, millers are more attracted to produce ethanol due to attractive pricing. In Thailand, production for FY19/20 has been lower due to poor rainfall in key planting areas.

MSM said the quality and competitive freight cost of raw sugar produced from India provide added-value and advantages for the group to ensure a sustainable supply of best quality raw sugar stock for all of its refineries and facilitate efficient raw sugar procurement as part of cost-savings and operational improvement strategies.

Khairil Anuar said that moving forward, MSM is all geared up to ensure a long-term sustainable and competitive business at local and international markets.

"MSM also committed in the execution of its strategic growth plan to maintain cost discipline and redefining business by expanding new products development, increasing operational efficiency and reducing refining cost, stringent and effective raw sugar procurement process," he said.

At 11.49am, MSM shares were unchanged at 87 sen, giving the group a market capitalisation of RM611.59 million.

AGENCY: The Edge Markets

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