

Spinning mills cut production as demand falls amid losses

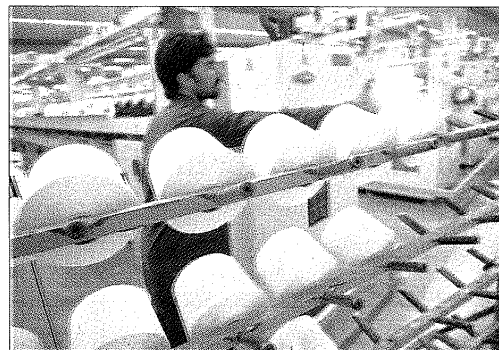
■ Industry asks government to conclude free-trade pacts with China, EU and others

Banikinkar Pattanayak
New Delhi, Aug 18

Facing mounting losses due to a slowdown in both domestic and export demand, spinning mills in India, the world's largest yarn exporter, have started cutting down on production for the first time in five years to prop up prices, according to senior industry and trade executives.

Most spinning mills, especially the small and mid-sized ones, in northern and southern India have decided to stop production for a day each week, while many in other parts of the country are reducing production to cater to only "need-based" sales.

Prem Malik, chairman of the Confederation Of Indian Textile Industry, said: "Chinese demand has slowed down drastically, as that country has been offloading cotton stocks from its own reserves for quite a while now, making locally-produced yarn very competitive, compared with Indian yarn. The



Low demand from China and withdrawal of export incentives have hit yarn trade adversely

yuan devaluation is making imports even more expensive."

What has made matters worse for the mills is the withdrawal of export incentives for yarn in the recently announced foreign trade policy (FTP) for 2015-20. Consequently, yarn exports to countries, such as in Latin America, are also getting affected due to high shipment costs, Malik said. In such a situation, poor demand in the do-

mestic market was just like the last nail in the coffin, which resulted in a piling up of stocks, he added. Effectively, 15-20% of production is going to be cut until the situation improves, said another senior industry executive.

The country had produced 4054.59 million kg of yarn in the last fiscal, up from 3928.27 million kg a year before. In the first three months of the current fiscal, yarn output stood at 1045.11 million kg, up

5% from 992.29 million kg in the same period last fiscal, according to the textile ministry data. Domestic stocks of yarn, too, rose almost 4% as of June.

Despite such a liquidity crunch, the government is yet to clear subsidy claims of around ₹4,500 crore for investments made under the flagship Technology Upgradation Fund Scheme (TUFSS). Mills have been awaiting the release of subsidies worth ₹3,000 crore for more than three years now against investments made during the so-called black-out period (June 20, 2010 to April 27, 2011) as well as errors in reporting of the dole-out amount by banks to the textile commissioner, while claims worth ₹1,500 crore are yet to be cleared for investments made during the last fiscal, according to the industry estimates.

After a 33% spurt in the 2013-14 fiscal, India's cotton yarn export registration has mostly fallen below the 100 million-kg mark a month

from April 2014, as Chinese demand faltered. Since the capital-intensive spinning segment accounts for bulk of the investments under the TUFSS, the non-payment of subsidy amount for earlier investments is taking a toll on the balance sheets of spinning mills.

"In the absence of a level playing field due to higher rates of duties for Indian textile products in various major international markets, higher raw material cost, high cost of funding and high transaction cost, the industry is not in a position to achieve its potential growth rate," said T Rajkumar, chairman of the Southern India Mills' Association.

Asking the centre to expedite free-trade agreements with China, the EU and other countries and create a level playing field for the Indian exporters, the industry has also sought a 3-5% incentive under the Merchant Export Incentivization Scheme as an interim relief until the FTAs are signed.

Odisha government sets up cell to facilitate investments

OUR BUREAU

Mumbai, August 18

The Odisha Government has set up a State Level Facilitation Cell (SLFC) — a dedicated entity to clear investment proposals and help industries start work on projects within 15-30 days after getting approval. The new

entity will serve as a guiding force to the Industrial Promotion and Investment Corporation of Odisha (IPICOL), to channel prospective investments. The SLFC board consists of members from Odisha Industrial Infrastructure Development Corporation, Odisha

Power Transmission Corporation, State Pollution Control Board, Directorate of Factories and Boilers, and the Water Resource Department on a full-time basis. Members of national level industry associations will also be part of the SLFC board to mentor and guide in-

vestors. SLFC will segregate projects into green and non-green categories. The green category projects consist of agriculture-based industries, food-processing, cottage industries, textiles, light engineering, chemicals, building materials and consumer goods.

A melting pot of bests of Indo-Pak fashion

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New Delhi: Elegant Ajrak cloth from Sindh will match charms with dainty Chikan-kari embroidery from Lucknow at this confluence of Indian and Pakistani craftsmanship. A fashion event that will begin at the Grand Hotel from September 10, Shaan-e-Pakistan is a chance for Indian and Pakistani designers to showcase their talent on one platform.

The three-day event is supported by the Pakistan High Commission in India and Federation of Indian Export Organizations. It will be kick-started with a recital by Pakistani qawwali legend Amjad Sabri in a gala night, called Ek Shaam Pakistan Ke Naam. There will also be an exhibition of works by skilled artisans from both nations.

Indian designers taking part in the event are Anju Modi, Poonam Bhagat, Raakesh Agarwal, Arshi Jamal, Sadan Pande and Winki and Rashima Singh. The line-up from Pakistan includes Ali Xeeshaan, Asifa and Nabeel, Braahtii

by Huma Nassr, Kaafi aur Siyasat, House of Arsalan Iqbal, House of Umar Sayeed, HSY, Mona Imran, Nadia Hussain, Rana Noman, Rema Qureshi, Rungrez, Sahar Atif, Saira Shakira, Zainab Chottani, Samam Agha, Samina Shajani, Zeeshan Bariwala and Amir Baig. The ensembles will range from bridal and ethnic wear to high street fashion.

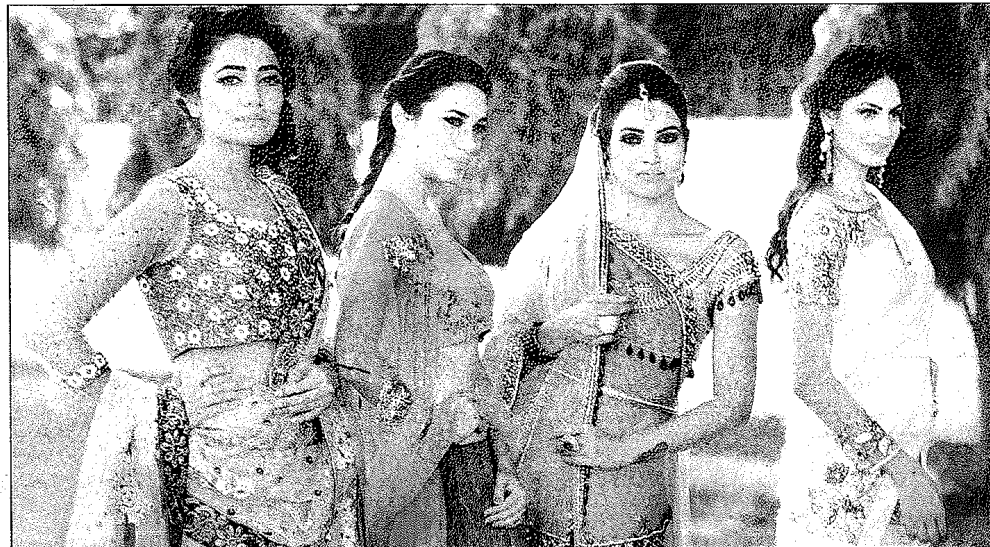
Huma Nassr, Shaan-e-Pakistan curator, sees this event as a step towards peace-building. "I wish people of both countries get a chance to share their uniqueness and improve their relationship," she says.

India has become a huge market for Pakistani designs when it comes to ethnic wear. Inspirations from Pakistani

crafts can be seen in the work of many designers. "The Indian consumer's love for Pakistani clothing results in my return to India every festive season. Diwali is integrated into our brand's annual calendar just like Eid," says popular Pakistani designer, Sahar Atif.

Indian designers are aiming to portray their exotic re-

Piyal Bhattacharjee



CROSS-BORDER COUTURE: Models during the Shaan-e-Pakistan exhibition

gional expertise. Winki Singh, who co-owns the label, Ministry of Design, will be showcasing Phulkari work. "Even now Phulkari work is famous in the northern areas of Pakistan. My ensemble for Shaan-e-Pakistan draws inspiration from the shared history of the two countries," Singh says.

The event will close on September 12. Apart from celebrating Indo-Pak fashion and music, Shaan-e-Pakistan will also be host to culinary experts. There will be chefs like Gulzar Hussain and Zakir from Pakistan and Osama Jalali from India taking the visitors through a unique food experience.

The cultural collaboration is supported by Indian filmmaker Mahesh Bhatt and Pakistani actor Javed Sheikh. In a video released by Shaan-e-Pakistan, Bhatt says, "This is the only way that these two nations will possibly put their differences aside and come closer. When the artists and the craftsmen of the two countries have joined hands, the inevitable path leads to peace and enduring peace."

Amar Ujala, Delhi

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चूड़ीदार पर्सद करने वाले कम हो रहे हैं, पटियाला सलवार का भी वक्त बीत गया और हैरम को भी अब कोई नहीं पूछता। बदलते फैशन ट्रेंड में एक बार फिर से धोती स्टाइल ड्रेसेज की बहार है।

फैशन में फिर धोती का दम



उत्तर भारत में मशहूर धोती को देश के विभिन्न हिस्सों में अलग-अलग नामों से जाना जाता है। आंध्र प्रदेश में पांचा, पंजाबी में लांचा, मलयालम में मुंडू, बांग्ला में धुति, तमिल में वेसिट और मराठी में धोतार के नाम जानी जाने वाली धोती को आमतौर पर पुरुषों का पारंपरिक परिधान माना जाता है। लेकिन, बदलते ट्रेंड के साथ-साथ धोती स्टाइल अब महिलाओं की ड्रेसेज में भी शामिल हो रहा है। फैशन डिजाइनर्स कई तरह के प्रयोग धोती स्टाइल की ड्रेसेज में इन दिनों कर रहे हैं। उत्तर भारत में धोती को कुर्ता के साथ पहना जाता है। जबकि दक्षिण भारत में धोती का काम्बिनेशन अंगवस्त्रम को माना जाता है। इसी तरह तमिलनाडु और आंध्र प्रदेश में 'चौक्का' (शर्ट) धोती के साथ पहनने का चलन है। हालांकि, डिजाइनर्स ने धोती स्टाइल के जिस सलवार को नए फैशन ट्रेंड में शामिल किया है, वो

मराठी महिलाओं के धोती पहनने के अंदाज से काफी करीब लगता है। फिल्मों में जब कंगना रनौत जैसी अभिनेत्रियों ने धोती स्टाइल सलवार के साथ शॉर्ट कुर्ती को अपनाया, तो यह जल्दी ही यंगस्टर्स की वॉर्डरोब का एक अहम हिस्सा बन गई। युवतियां धोती स्टाइल को अपने पैटस, साड़ी से लेकर ड्रेस सभी में ट्राई कर रही हैं। यह पहनने में जितना सहज होता है, उतना ही लुक को अलग भी बना



देता है। चूड़ीदार को पर्सद कम होने के साथ ही धोती पैटस का चलन बढ़ गया है। गर्मियों में तो यह आरामदायक है ही, मॉनसून सीजन में भी इसे खूब पर्सद किया जा रहा है। इन्हें शॉर्ट, कुर्ती या कमीज के साथ केरी किया जा सकता है। धोती स्टाइल साड़ी का भी इन दिनों खूब चलन है। धोतीनुमा साड़ी को आप अपने वॉर्डरोब में शामिल करके खुद को एक अलग लुक दे सकती हैं। इसके लिए धोतीनुमा साड़ी को स्टिच करना होगा। धोती स्टाइल ड्रेस में लेयर्स वाली धोती के साथ कोटी या जैकेट वाला लुक भी अपनाया जा सकता है। धोती के लिए सैटिन, अमेरिकन जॉर्जेट, जैसे कपड़ों का इस्तेमाल कर सकते हैं। जैकेट या कोटी को अवसर के अनुरूप पहना जा सकता है। किसी शादी या पार्टी के मौके पर अगर आप धोती स्टाइल लुक को अपनाना चाहती हैं, तो कोटी या जैकेट के लिए वेल्वेट, सिल्क या किसी हैवी कपड़े को चुन सकते हैं।

MINT, Delhi

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SUTLEJ TEXTILES



Sutlej Textiles And Industries Ltd is going to expand its spindles capacity from 293,736 (FY15) to 412,392 by end of FY17. This also includes recent acquisition of Birla Textile Mills. Capacity expansion will help to increase the revenues by 16% compounded annual growth rate till FY17.

KARVY STOCK BROKING

MINT, Delhi

Wednesday 19th August 2015, Page: 18

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Cotton woes haunt Kaveri Seed

Excessive dependence on one product has proved costly for Kaveri Seed Co. Ltd. The firm, usually known to report strong double-digit growth in revenue, saw its sales drop almost 20% in the last quarter. It lost market share for the first time in recent years and warned that cottonseed sales in current fiscal year can be significantly lower than in the previous year.

Unattractive cotton prices and the resultant shift in acreages shrunk the cottonseed market. Cottonseed volume fell 26%. The sales would not have been hurt this badly had the company not refrained from participating in high-credit markets, fearing bad debts. The reduction in prices by the Maharashtra government also made it withdraw from the state for a brief period, losing sales.

However, some of the steps the company took, along with lower provisioning, helped limit the fall in profit. Stand-alone net profit fell only 4% from the year-ago quarter. But as can be seen from the sharp drop in the share price—down one-third in the last 10 trading days—investors are not attaching much importance to the net profit number.

Though the stock recovered some losses in Tuesday's trading, it faces two major head-

MARK TO MARKET

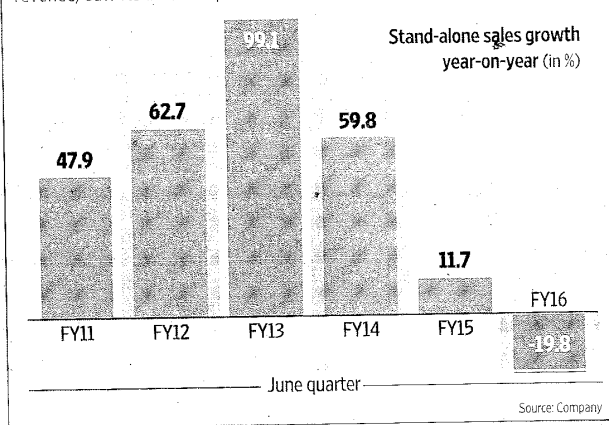
R. SREE RAM



We welcome your comments at marktomarket@livemint.com

FACING HEADWINDS

Kaveri Seed Co., usually known to report strong double-digit growth in revenue, saw its sales drop almost 20% in the June quarter.



winds. One is royalties. Based on the recommendations to the state governments, Kaveri is provisioning for lower royalty payments. But with the case being contested in the court, analysts fear any adverse ruling can significantly impact the company's earnings. "To note, any adverse

ruling would risk 15-16% of F16e/F17e EPS," SBICAP Securities Ltd said in a note.

Second and most important is the cottonseed business. The company still derives close to three-fourths of its revenue from the cottonseed business. Agrarian distress and pressure on the

government to alleviate the suffering is leading to greater state interference in the cottonseed business. The situation led to cottonseed price cut by the Maharashtra government in the recent crop season.

Also, analysts fear that the impact of the recent shift in crop acreages, inventory pile-up and the resultant rise in competition from smaller firms may weigh on the cotton business for some time. In this scenario, it would be difficult for Kaveri to maintain market shares and profitability, say analysts. "There is intense price competition and an inventory overhang in the cottonseed business. And the government's price intervention has created uncertainty around the long-term outlook for the industry, which is dependent on technology provided by Mahyco Monsanto Biotech," IIFL Institutional Equities said in a note.

These concerns have led to steep cuts in earnings estimates. After the recent correction and cuts in earnings estimates, the Kaveri Seed stock is trading at about 12 times earnings per share estimates for 2015-16. Three months back, it was trading at about 16 times earnings estimates. Easing of headwinds in the cottonseed business will be crucial for its revival.

Mark to Market writers do not have positions in the companies they have discussed here

Rajesh Exports bags ₹1,170cr UAE order

PRESS TRUST OF INDIA

New Delhi

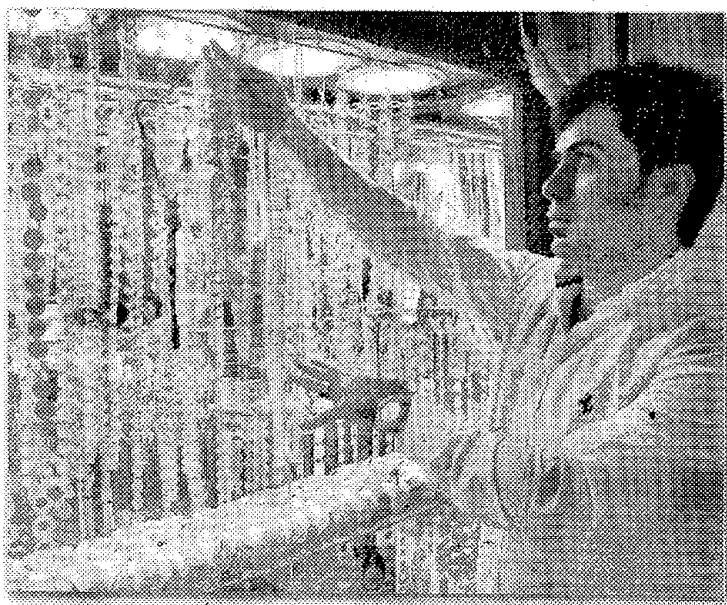
RAJESH Exports, the world's largest gold jewellery maker, on Tuesday said the company has bagged an export order worth Rs 1,170 crore from an UAE-based company for gold and diamond-studded jewellery and medallions.

The Bangalore-based firm said that the order is to be completed by October, which will significantly add to its bottomline.

"Rajesh Exports has bagged an export order worth Rs 1,170 crore of designer range of gold and diamond studded jewellery and medallions from M/s Al Malek Jewellery, UAE," the company said in a regulatory filing.

It has gold jewellery manufacturing facility at Bangalore, spread over 12 acres of land, with a capacity to process 250 tonnes of gold into jewellery.

The demand for Indian jewellery in the foreign markets has been growing rapidly and the company caters quality Indian jew-



GOLDEN GLOW: Rajesh Exports sells jewellery under the brand Shubh Jewellers and has 83 showrooms across the country

ellery with best craftsmanship to the global markets, it added

Last month, Rajesh Exports had announced acquisition of Swiss-based gold refinery Valcambi for \$400 million to gain access to raw materials at lower prices.

It acquired Valcambi — the world's largest precious metals refiner — through its Singapore-based subsidiary and will

finance the deal from internal accruals and a long term debt from Credit Suisse. In the quarter ended June, the company posted an over-two fold rise in net profit at Rs 237.16 crore, as against Rs 118.34 crore in the same period last year.

Rajesh Exports also sells jewellery under the brand Shubh Jewellers and has 83 showrooms across the country.

Commerce ministry was aware of invalid FDDI programmes

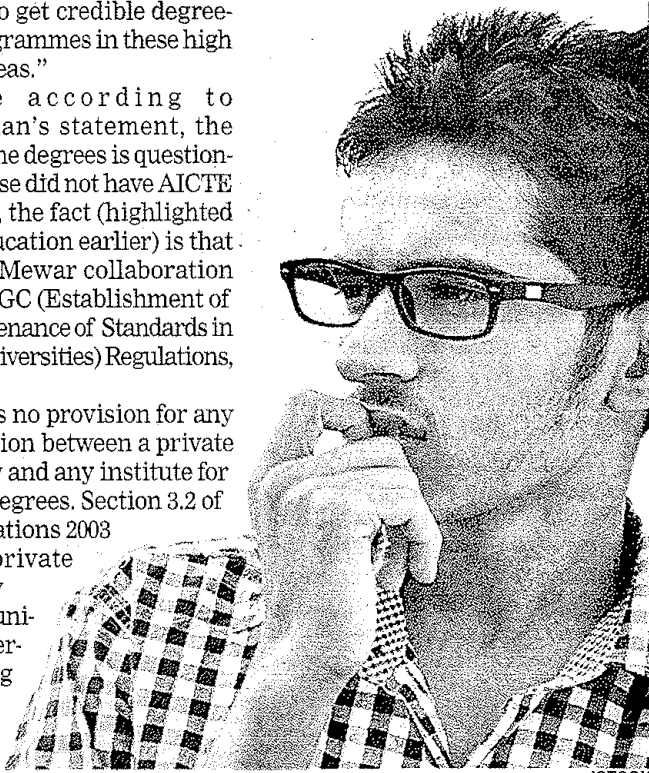
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Advertising courses in newspapers, FDDI had also in its 2015 prospectus highlighted its collaboration with Mewar, saying that the degree courses would be continued for the next academic year. Not only that, following HT Education's story on the validity of FDDI-Mewar University joint degrees, FDDI had, in newspaper advertisements, stated: "In an

There is no provision for any collaboration between a private university and any institute for grant of degrees. Section 3.2 of the Regulations 2003 says, "A private university shall be a unitary university having adequate facilities for

*** CONTINUED ON PAGE 04

Q: Whether the degree is regular degree or distance education



ISTOCK

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FDDI programmes..

of Distance Education Council (DEC), the then regulator of distance education. Realising the problem, FDDI got rid of PTU and collaborated with Ignou under the then launched face-to-face programme. However, this programme, too, was termed illegal and discontinued down by Ignou in 2012. Then FDDI collaborated with Mewar University," says an FDDI faculty member who does not want to be named.

What is likely to prove to be embarrassing for the ministry of commerce is a reply under Right to Information Act by Anil Kumar Sharma, a central public information officer (CPIO). His response to an RTI by an FDDI student on the validity of its programmes is that the degree granted by FDDI in collaboration with Mewar University is as per the UGC rules and acts. On the other hand, UGC, in another reply under RTI, says that degree awarded by FDDI in collaboration with Mewar University is against its norms. (See box on page 1 for replies of two RTIs)

