

SUGAR

Karnataka: Cane growers, experts oppose Cauvery Board

Karnataka Sugar Growers Association has strongly opposed the Union government's move to constitute Cauvery Water Management Board.

Association president Kurbur Shanthakumar said they have planned a mega farmers' rally in the city on October 5 against the formation of the board.

He said they have educated farmers about the disadvantages of the board through Raitha Chaithanya Yatra covering 143 villages.

They demanded that the government change the legal team headed by Fali S Nariman and take back the fee paid to the team as they have no knowledge on basic issues including inter-state water disputes.

Speaking to media persons here on Sunday, he termed the apex court ruling as unilateral. Urging the government to release water to irrigation canals to avoid crop loss, he said the government should a pay minimum compensation of `25,000 per acre.

He alleged that District Minister H C Mahadevappa who is involved into Dasara preparations has no concern for farmers of Kabini achukat falling in his native T Narsipur constituency.

Meanwhile, members of citizens' forums have also discussed the disadvantages and problems Karnataka may face if the Cauvery Water Management Board is formed. The experts also feared that it would affect 2.3 crore population in Cauvery basin.

(Source- <http://sugarnews.in/karnataka-cane-growers-experts-oppose-cauvery-board/>, published on 3rd October, 2016)

Ex Maha minister's mill seized for Rs 383 Cr dues

A sugar mill owned by former Maharashtra minister Babanrao Pachpute in Ahmednagar district has been seized by its financier over non-payment of loan dues.

The BJP leader's Saikrupa Sugar and Allied Industries mill in Shrigonda tehsil of Ahmednagar district had a total outstanding amount of Rs 383 crore.

The financier — Punjab National Bank at Kalyaninagar in Pune on Friday communicated to Ahmednagar District Collector about the seizure of the mill and its property.

The mill is owned by Pachpute, who was the state minister for tribal development from NCP in the previous government.

He subsequently fell out with NCP leadership, and joined BJP before the 2014 state elections, but failed to retain his seat from Shrigonda Assembly segment in Ahmednagar district.

Saikrupa Sugar Mill is one of the biggest establishments in the state in terms of crushing capacity, but Ahmednagar being a rain-shadow region—his mill could not get sufficient supply of sugarcane in last some years. It increased sugar production cost and Pachpute failed to get sufficient rates for his mill during last couple of years. The direct impact was on repayment of his loan amount.

The mill had sought a loan from Punjab National Bank, Andhra Bank and Bank of Baroda that disbursed amounts to the tune of Rs 278 crore in 2012, where PNB was the lead bank.

Including interest over the loan, the total outstanding amount reached up to Rs 383 crore and the mill management expressed its inability to repay it.

The PNB on December 17, 2015 granted 60-day notice period for repayment of the loan.

After the mill failed to do so, the bank on March 23 issued the seizure notice to the management that it is taking charge of the mill. It undertook the procedure of collecting details of total land holding, real estate belonging to the management of the mill among others.

The PNB yesterday informed Ahmednagar district collector Anil Kawade that it has seized the property of the mill including Pachpute's office and a bungalow named 'Mauli', in Shrigonda town.

Kawade confirmed the development and stated that he is waiting for the further instructions from the state government regarding the same.

Yogesh Pande, spokesperson of Swabhimani Shetkari Sanghatna, a farmers' front in the state said, "The mill has an outstanding amount of Rs 35 crore to sugarcane cultivators. It should be repaid to farmers first. If the bank is going to sell the mill and its property to some private entity, the farmers' arrears cannot be ignored. We are closely watching the development and if needed, we will stage an agitation for our payment."

(Source- <http://sugarnews.in/ex-maha-ministers-mill-seized-for-rs-383-cr-dues/>, published on 2st October, 2016)

UP: With sugar prices up, cane farmers hope for better year

With a rise in sugar prices, farmers in Bijnor, one of the top cane-producing districts in Uttar Pradesh, are hopeful of a better year ahead. Sugar prices have touched Rs 39/kg, a big jump from last year's Rs 28/kg. Farmers said they are hoping for better earnings this year.

The sugarcane department has maintained that there was slump in the sugar market for the last three years. As a result cane prices were not raised. Farmers had to face economic hardships as sugar mill owners were unable to pay their dues on time.

With sugar prices going up farmers are hopeful that this might be an indication of better business this year. According to Rajendra Singh, state secretary, Bhartiya Kisan Union, "This year the sugar market is looking up. We are happy and hopeful that sugarcane prices will also go up and in the upcoming season payment will be on time."

Singh added, "We have raised our demand that sugarcane prices be increased from Rs 280 to 350 per quintal."

Moreover, sugar mill owners are also willing to procure more crop this time as compared to last year, when they were not willing to operate the mills as they too faced losses due to low sugar prices. With 2.10 lakh hectare of sugarcane crop Bijnor has the biggest produce in western UP.

District cane officer, OP Singh said, "This year also 30% of sugarcane area has gone down in Maharashtra, which is the biggest sugarcane producer in the country, due to less rain. In addition to this, cane was also not imported and it is the festive season. Therefore, we expect sugarcane prices to go up again."

(Source- <http://sugarnews.in/up-with-sugar-prices-up-cane-farmers-hope-for-better-year/>, published on 1st October, 2016)

Sugar prices at 3-year high ahead of festivals, new month

Sugar prices soared to trade at fresh three-year high surging by up to Rs 50 to Rs 4,150 per quintal at the wholesale market in the national capital today following increased demand ahead of festive season amid tight supplies from mills.

Marketmen said increased offtake by bulk consumers ahead of auspicious "Navratras", beginning tomorrow supported by tight supplies from mills, mainly lifted the sweetener prices to trade at fresh three-year highs.

Moreover, reports of bullish trend overseas and reports of lower domestic output too gave push to the surging prices, they added.

Sugar ready M-30 and S-30 prices climbed up by Rs 50 to end at Rs 3,920-4,150 and Rs 3,910-4,140 per quintal.

Mill delivery M-30 and S-30 prices also finished higher by Rs 40 each to Rs 3,610-3,790 and Rs 3,600-3,780 per quintal.

In millgate section, sugar Baghpat rose the most by Rs 50 to Rs 3,620, followed by khatuli, dhampur and morna by Rs 40 each to Rs 3,790, Rs 3,620 and Rs 3,610 per quintal, respectively.

Sugar Asmoli, Dhanora, Ramala, Sakoti and Anupshaher also edged up by Rs 30 each to Rs 3,740, Rs 3,620, Rs 3,600, Rs 3,630 and Rs 3,600 per quintal, respectively.

Following are today's quotations (in Rs per quintal) Sugar retail markets – Rs 41.00-44.00 per kg.

Sugar ready: M-30 Rs 3,920-4,150, S-30 Rs 3,900-4,140.

Mill delivery: M-30 Rs 3,610-3,790, S-30 Rs 3,600-3,780.

Sugar millgate (including duty): Mawana Rs not traded, Kinnoni Rs N.T., Asmoli Rs 3,740, Doral Rs 3,660, Budhana Rs N.T., Thanabhavan Rs N.T., Dhanora Rs 3,620, Simbholi Rs N.T., Khatuli Rs 3,790, Dhampur Rs 3,620, Ramala Rs 3,600, Anupshaher Rs 3,600, Baghpat Rs 3,620, Morna Rs 3,610, Sakoti Rs 3,630, Chandpur Rs 3,600, Nazibabad Rs 3,600 and Malakpur Rs N.T.

(Source- <http://sugarnews.in/sugar-prices-at-3-year-high-ahead-of-festivals-new-month/>, published on 30th September, 2016)

Co-gen/Power

SOLAR AIDED POWER TO 5 BASTAR VILLAGES FROM TODAY

On the second day of his two-day tour of Bastar district, Chief Minister Raman Singh will inaugurate the solar power plants established at the cost of Rs2.84 crore for electrification of five non-electrified villages in the insurgency-ridden district.

These five villages of Bastar district namely village Pawel, Bodli, Mumalwada, Kahchenar and Tumaskoder, will avail electricity supply for the first time, officials informed.

Singh will also inaugurate solar irrigation pumps placed at 28 places in the district at the cost of Rs1.27 crore, eight ashram hostels, five police stations and solar energy plants established in base camps.

The Chief Minister will perform bhumi-pujan and lay foundation of more than 250 development works worth nearly Rs296 crores under various department schemes in District Headquarters Jagdalpur on the same day.

(Source- <http://indianpowersector.com/2016/09/solar-aided-power-to-5-bastar-villages-from-today/>, published on 29th September, 2016)

JNPT to harness solar power

India's largest container port, Jawaharlal Nehru Port Trust (JNPT) will now harness solar energy and reduce its dependency on conventional electricity from the grid, the government today said.

"JNPT is installing solar power plant on several rooftops in its township and commercial premises. This green initiative by JNPT is part of its push towards becoming the most sustainable energy generation port organisation in India," Ministry of Shipping said in a statement.

Rooftop solar plants allow the use of building roofs for sustainable energy generation, also ensuring financial savings.

With this new initiative, JNPT is expected to get a payback on its investment on rooftop solar within 2.5 years due to its high cost of grid electricity (around Rs 14 per unit).

"This 822 KWp of solar rooftop capacity is being installed at an expense of Rs 4.5 crore, supported by a 15 per cent subsidy from SECI (Ministry of New and Renewable Energy). The project once commissioned will generate around 9.9 lakh units of electricity thereby saving around Rs 1.08 crore of electricity expense for JNPT in the first year," the statement said.

(Source- <http://energy.economictimes.indiatimes.com/news/renewable/jnpt-to-harness-solar-power/54575469>, published on 29th September, 2016)

ETHANOL

Aurangabad Distillery coming with an IPO to raise Rs 7.70 crore

Aurangabad Distillery is coming out with an initial public offering (IPO) of 22,00,000 equity shares of face value of Rs 10 each for cash at a fixed price of Rs 35 per equity share.

The issue will open on September 30, 2016 and will close on October 06, 2016. The shares will be listed on NSE Emerge platform.

The share is priced 3.5 times of its face value of Rs 10.

Book running lead manager to the issue is HEM Securities.

Compliance Officer for the issue is Sheetal Jagetiya.

Profile of the company

Aurangabad Distillery was originally incorporated on August 03, 2000 as private limited company under the name and style of 'Aurangabad Distillery Private Limited' with Registrar of Company, Maharashtra by Original Promoters, Manoj Wadhvani, Kiran Wadhvani and Sadhuram Wadhvani with a main object to set up an distillery and manufacturing of spirits. In the year 2005, the company purchased a distillery with land and installed Plant & machinery situated at Walchandnagar from Ashok Alcochem Limited. Later in the year 2005, the company was taken over by Present promoters Amardeepsingh Triloksingh Sethi, Dharampal Kimatram Kalani, Kanyalal Kimatram Kalani and Jagjitkaur Amardeepsingh Sethi. During the last quarter of the year 2005, the company has started its commercial production of spirit with new management.

The manufacturing process of Rectified Spirit, Denatured Spirit and Extra Neutral Alcohol is based on the modern technology of Continuous Fermentation and multi pressure vacuum distillation and molasses from sugar factory is used as raw material for manufacture of Spirit. The Rectified Spirit is the initial product obtained. It is diluted with soft water and further distilled to remove any organic impurities & refined to obtain best quality denatured spirit and extra neutral alcohol. The company also sells carbon dioxide (CO₂) and fusel oil which are produced as by-products during distillation process of Spirit. Additionally the company produces electricity through turbine which is captively consumed in its distillation process and reduces the dependency on purchased electricity.

The company is leading manufacturers of Rectified Spirit, Denatured Spirit and Extra Neutral Alcohol. Apportion of its production of molasses from sugar factory is used as raw material for manufacture of spirit i.e. Rectified Spirit, Denatured Spirit and Extra Neutral Alcohol which is manufactured by the Continuous Fermentation & Multipressure Vacuum Distillation and also effecting sells of carbon dioxide (CO₂) and fusel oil which are produced as by-products during distillation process of Spirit. The company's products are manufactured at its distillery situated at Walchandnagar, Maharashtra with total area of around 40 Acres which is a molasses based distillery. The company's majority of the spirit which contains 95% alcohol by nature and also used to manufacture alcohol by the process of rectification is used by chemical and pharmaceutical industries.

Proceed is being used for:

Repayment/prepayment of secured and unsecured debt.

Meeting the issue expenses.

General corporate purpose.

Industry overview

India has the world's third largest and fastest growing market for alcoholic beverages. The whiskey market-estimated at 300 million cases – is the largest in the world. The World Health Organization (WHO) reports that liquor consumption in India has been growing steadily since 2005. In the meantime, per capita consumption of alcohol beverages has increased from 3.6 litres to 4.3 litres between 2003 and 2010, 93 per cent of this growth comes from liquor (spirits). While tariffs on imported liquor remain high, domestic liquor manufacturing and sales are also enmeshed in a complicated network of laws and regulations on both the federal and state levels.

The use of alcohol as a drink is an age-old story in India and it appears that the technique for fermentation and distillation was available even in the Vedic times. It was then called “Somarasa” and was used not only for its invigorating effect but also in worship and medicinal uses. To date, not only has the consumption of alcohol been continued but it is an integral part of the Ayurvedic system of medicine. The distillery industry today consists broadly of two parts, one potable liquor and the industrial alcohol including anhydrous ethanol for blending with petrol. The potable industry producing Indian Made Foreign Liquor and Country Liquor has a steady but limited demand with a growth rate of about 7- 10 per cent per annum. The industrial alcohol industry on the other hand, is showing a declining trend because of high price of Molasses which is invariably used as a substrate for production of alcohol. The alcohol produced is now being utilized in the ratio of approximately 52 per cent for potable and the balance 48 percent for industrial and ethanol for blending with petrol, use. Over the years the potable liquor industry has shown remarkable results in the production of high quality spirits. Indian Liquor industry is today exporting a sizable quantity of Indian Liquor products to other countries.

The utilization of Ethyl alcohol or Ethanol, now popularly known as alcohol, for industrial use is a recent phenomenon and its importance came into being towards the end of the Second World War. With protection being granted to the sugar Industry in 1932, a large number of sugar factories were established in the country, particularly in Maharashtra and Uttar Pradesh where irrigation facilities existed for cultivation of sugarcane. This increase resulted in accumulation of molasses, which resultantly, caused unmanageable environmental problems. At that time the demand for molasses was almost insignificant and the sugar mills had to incur some expenditure on removal of this bye product i.e. molasses. For resolving these problems a joint committee of U.P. and Bihar was constituted to explore the possibilities of developing alcohol based industries for the purpose of utilization of molasses.

Pros and strengths

Strategic location of manufacturing unit: The company's factory is situated at Walchandnagar, Maharashtra where it has set up its manufacturing units which is well known for Sugar and distillation industry which gives an advantage for easy availability of raw material i.e. molasses used for manufacturing of Spirit. Thus, procurement of these raw materials is less time consuming and comparatively cheaper due to savings on freight. Additionally it also provides easy marketing to its products supplied to Alcohol manufacturing companies and Chemicals Industries. Hence the location of the site is advantageous to the company in transportation of Raw materials as well as the finished products.

Well established manufacturing facilities: The company's existing manufacturing facility is established in the state of Maharashtra, Walchandnagar with total area of approx 40 Acres of land with sufficient plant & machinery installed thereat. Its factory is fully equipped automatically operated distillery with fermentation tanks, analyzer column, rectifier column, simmering column and Programmable Logic Controller. The Distillery unit has processing plant for manufacturing rectified spirit and Denatured spirit and further conversion of rectified spirit

to Extra Neutral alcohol. Additionally its factory has Effluent treatment plant (ETP) for degradation of waste and CO2 plant which is generated during the process of distillation. The established manufacturing plant adds significant competitive advantage in distillation process of the company.

Existing relationship with suppliers: The company manufactures rectified spirit, Denatured Spirit and Extra neutral Alcohol for Alcohol, Chemicals and Pharmaceuticals manufacturing Companies. It acquires raw materials basically molasses, from several suppliers and has enduring relationship with them for a long time. The company's strong relationships with suppliers will enable it to continue to grow its business. Due to its relationships with its suppliers, it gets quality and timely supplies of raw materials. This enables it to manage its inventories and supply quality products on timely basis to its customers. This in turn has enabled it to generate repeat business.

Risks and concerns

Business seasonal in nature: The company's business is seasonal in nature and may be adversely affected by severe weather, which may require it to evacuate personnel or curtail services and it may result in damage to a portion of its production of molasses from sugar factory which is used as raw material for manufacture of spirit i.e. Rectified Spirit, Denatured Spirit and Extra Neutral Alcohol which is manufactured by the Continuous Fermentation & Multipressure Vacuum Distillation and also effecting sells of carbon dioxide (CO2) and fuel oil which are produced as by-products during distillation process of Spirit its operations are also adversely affected by difficult working conditions and extremely heavy rains during monsoon and other weather conditions, which restrict its ability to carry on business activities and fully utilize its resources. The company's business is seasonal, therefore its revenues and profitability may vary significantly from quarter to quarter.

Stiff competition: The company faces substantial competition for its products from other manufacturers in domestic market. The company's competition varies for its products and regions. It competes with other manufacturers on the basis of purity of rectified spirit, Denatured Spirit and Extra Neutral Alcohol including factors, based on reputation, regional needs, and customer convenience. While these factors are key parameters in client's decisions matrix in purchasing goods; product range, product quality and product price is often the deciding factor in most deals.

Dependent on key qualified personnel: The company's Directors and key managerial personnel collectively have vast experience in the industry and are difficult to replace. They provide expertise, which enables it to make well informed decisions in relation to its business and its future prospects. The company's success largely depends on the continued services and performance of its management and other key personnel. The loss of service of its Directors and other senior management could seriously impair the ability to continue to manage and expand the business efficiently. Also, the loss of any of the management or other key personnel may adversely affect the operations, finances and profitability of the company. Any failure or inability of the company to efficiently retain and manage its human resources would adversely affect its ability expand its business. Further, its future performance will depend upon the skills, efforts, expertise, and continued services of these persons and its ability to attract and retain qualified senior and mid- level managers. The loss of their services or those of any other members of management could impair its ability to implement its strategy and may have a material adverse effect on its business, financial condition and results of operations.

Outlook

Aurangabad Distillery is engaged in the business of manufactures and sells rectified spirit, denatured spirit, and extra neutral alcohol. It also offers extra neutral alcohol, absolute alcohol, or fuel alcohol from molasses. The manufacturing process of Rectified Spirit, Denatured Spirit and Extra Neutral Alcohol is based on the modern technology of Continuous Fermentation and multi pressure vacuum distillation and molasses from sugar factory is used as raw material for manufacture of Spirit. On the flip side, the company's business is seasonal in nature and may be adversely affected by severe weather conditions could adversely affect its business, results of operations and financial condition. The company has incurred substantial indebtedness which exposes it to various risks which may have an adverse effect on its business and results of operations.

On performance front, the company has reported 27.86% jump in its total income to Rs 46.35 crore in FY16 as compared to Rs 36.25 crore in FY15 on the back of increase in sale of Goods. The company's net profit doubled to Rs 5.74 crore in FY16 as compared to Rs 2.45 crore in FY15. From the shareholders' perspective, the company's Return on Net worth ratio has increased significantly to 37.60% in FY16 from -25.74% in FY15 and 13.33 in FY14, indicating that it has utilized the shareholder's investment in very well manner to create returns for them. The company is focused on further integrating its operations and improving capacity utilization at its production facilities and optimizes product planning across product categories. Higher capacity utilization results in greater production volumes and higher sales, and therefore allows it to spread fixed costs over higher sales, thereby increasing profit margins. It also continues to identify various strategic initiatives to improve its operational efficiencies and reduce operating costs.

(Source- <http://sugarnews.in/aurangabad-distillery-coming-with-an-ipo-to-raise-rs-7-70-crore/>, published on 30th September, 2016)

Quote of the day

'Man needs his difficulties because they are necessary to enjoy success.' - A. P. J. Abdul Kalam