

SUGAR

Maharashtra govt decision to delay cane crushing will push up sugar price: Millers

The Maharashtra government's decision to start the sugarcane crushing season 2016-17 on December 1 has raised many eyebrows in the sugar lobby, who say it would push up sugar prices across the country and make less cane available to millers. Normally, the crushing season starts by October-end. Late Monday evening, the ministerial committee met to discuss the upcoming crushing season. As of date, the sugar stock in the state is 33 lakh tonnes and, millers said, the two-month delay in the new season might see an escalation of prices. Maharashtra's share of sugar nationally is 34 per cent.

Yogesh Pande, sugar analyst, said post-November prices of sugar will see an upswing. "Mostly, the first batch of sugar produce hits the market in the second week of November. However, this delay of a month will create a crunch and prices will rise from November and remain high till February," he said. Millers said not only will this be the most delayed start to the season, but will also be detrimental to them in terms of cane availability. Jaiprakash Dandegaonkar, vice-president of the Maharashtra State Cooperative Sugar Factories Federation, said, "This would be the most delayed start to the season in recent times and was done taking into consideration the condition of the cane crop," he said.

Dandegaonkar said the delayed start will allow more growth and, subsequently, more recovery of sugar for the mills. During the meeting, sugar commissionerate officials said this year 6.57 lakh hectares has come under cane cultivation. Last year, the figure was 10.5 lakh hectares. Also, it is estimated that 150 mills – 80 cooperative and 70 private mills – will be operational this season and sugar output is estimated to be 50 lakh tonnes.

The 2015-16 crushing season had seen 84.08 lakh tonnes of sugar being produced, and 99 cooperative and 78 private mills operational. It may be noted that 157 of the mills operational last year have paid almost 100 per cent of Fair and Remunerative Price (FRP) to cane growers. At present, Rs 157 crore remains to be paid to the growers. Only 55 per cent of the mills in Marathwada, Ahmednagar and Solapur would be operational this year due to paucity of cane. While the delayed start would help these mills in better sugar recovery, the mills in the sugar belt of Kolhapur and Sangli would have to face the music. Millers from Kolhapur pointed out how neighbouring Karnataka would start its crushing season on November 15.

"Traditionally, the mills in Kolhapur start operations during the first week of November. These areas have good cane crop so once the mills in Karnataka start, growers would prefer taking their produce there and we will be in short supply," said a miller from Kolhapur. Another fear, millers said, was that the simultaneous start of mills in cane-rich and cane-deficit areas would also result in diversion of cane from the former to the later.

Incidentally, Cooperation Minister Subhash Deshmukh has mills in the Solapur area, which have reported drastic dip in cane area. Millers from Sangli and Kolhapur said they would wait for the minutes of the meetings to be finalised and then take a call. Sanjiv Babar, managing director of the federation, said during the ministerial committee meeting, this matter was raised and it was decided that the cooperation minister would talk to the Karnataka chief minister on the issue.

(Source- <http://sugarnews.in/maharashtra-govt-decision-to-delay-cane-crushing-will-push-up-sugar-price-millers/>, published on 5th October, 2016)

Correction in sugar stocks good for investors

Share prices of sugar companies have come off the peaks seen in July-August. Though domestic sugar prices remain firm and international prices are at multi-month highs, the correction in share price is a result of government intervention to cap further price rise. There are also concerns on sugarcane pricing, especially in Uttar Pradesh. Nevertheless, experts say firms' profitability will remain good because of low buffer stocks being carried forward and likely decline in production next year (October-September).

(Source-http://www.business-standard.com/article/opinion/correction-in-sugar-stocks-good-for-investors-116100400703_1.html, published on 4th October, 2016)

Maharashtra's sugar output expected to hit 6-year low

The sugarcane crushing season in Maharashtra will start from December 1, instead of November 1, because of prolonged rains and inadequate stock. The state's sugar output is expected to be five million tonnes (mt), the lowest since 2010-11. It was 8.41 mt in 2015-16.

The fall is also because of the decrease in area under cultivation to 633,000 hectares (ha) against 987,000 ha a year ago. Cane available for crushing is also expected to fall from 74.3 mt to 49.3 mt.

Besides, around 140 sugar mills (70 cooperative and the rest private) are expected to participate in crushing, against 177 (99 cooperative and 78 private mills) in 2015-16.

These estimates were released by the state government at a meeting chaired by Chief Minister Devendra Fadnavis and his Cabinet colleagues with representatives of the industry held late Monday night. The government and industry representatives arrived at a consensus on December 1 as the date for beginning the crushing season as fields are waterlogged, which will impact sugar recovery.

The Federation of Cooperative Sugar Factories in Maharashtra, a body of around 200 mills, has appealed to the state government to waive the three per cent sugarcane purchase tax, restructure loans with three-year moratorium and seven-year repayment schedule, and provide 75 per cent subsidy for drip irrigation. The federation said rescheduling and restructuring of loans was done by the Centre in 2007 to avoid accounts getting declared as non-performing assets.

The National Federation of Cooperative Sugar Factories' Chairman Dilip Walse-Patil, who was present at the meeting, told Business Standard, "The state government needs to be proactive in providing help, as the sugar industry is going through a difficult phase. The government will have to take immediate steps for improving ease of doing business, especially in getting approvals and crushing licence in a time-bound manner."

Fadnavis told industry representatives that he has asked the commissioner of sugar to give approvals online. Besides, he assured them that he would take up their demand for restructuring loans with the Union finance ministry.

(Source- sugarnews.in/maharashtras-sugar-output-expected-to-hit-6-year-low/, published on 4th October, 2016)

Dhampur Sugar Mills gains after acquisition

Dhampur Sugar Mills rose 1.31% to Rs 123.30 at 13:46 IST on BSE after the company said it has acquired 51% stake in DETS.

The announcement was made after market hours yesterday, 3 October 2016.

Meanwhile, the BSE Sensex was up 65.98 points, or 0.23%, to 28,309.27.

On BSE, so far 1.03 lakh shares were traded in the counter, compared with average daily volume of 2.62 lakh shares in the past one quarter. The stock hit a high of Rs 126.65 and a low of Rs 122.60 so far during the day. The stock hit a 52-week high of Rs 137.65 on 4 August 2016. The stock hit a 52-week low of Rs 33.25 on 5 October 2015. The stock had outperformed the market over the past 30 days till 3 October 2016, rising 15.57% compared with 1.01% decline in the Sensex. The scrip had also outperformed the market in past one quarter, rising 4.24% as against Sensex's 3.96% rise.

The small-cap company has equity capital of Rs 66.39 crore. Face value per share is Rs 10.

Dhampur Sugar Mills announced that its finance sub committee of directors has approved acquisition of 4.28 lakh equity shares, or 51% stake, of DETS at Rs 33 per equity share. Consequently, DETS has become subsidiary of Dhampur Sugar Mills with effect from 3 October 2016. DETS is in the business of engineering and technical services and fabrication and supplying engineering goods in India and abroad.

On a consolidated basis, Dhampur Sugar Mills reported net profit of Rs 33.08 crore in Q1 June 2016 as against net loss of Rs 88.11 crore in Q1 June 2015. Net sales declined 6.09% to Rs 477.69 crore in Q1 June 2016 over Q1 June 2015.

Dhampur Sugar Mills is one of the leading integrated sugarcane processing companies in India.

(Source- <http://sugarnews.in/dhampur-sugar-mills-gains-after-acquisition/>, published on 4th October, 2016)

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president of the Maharashtra State Cooperative Sugar Factories Federation, said, "This would be the most delayed start to the season in recent times and was done taking into consideration the condition of the cane

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(Source- <http://indianexpress.com/article/pune/maharashtra-govt-decision-to-delay-cane-crushing-will-push-up-sugar-price-millers-3066016/>, published on 5th October, 2016)

Maharashtra sugar mills fear cash crunch as top lender cuts loan target

Maharashtra sugar mills will have to make do with about 40 per cent lesser loan to start the next crushing season, which is just a month away. They also fear action for failing to sell sugar as per the quota set by the Centre.

Maharashtra State Cooperative Bank (MSC Bank), the top lender to sugar cooperatives in the state, slashed its pre-seasonal loan amount by over 40 per cent, to Rs 225 crore for 2016-17 season from Rs 400 crore last year, due to the decrease in area under sugarcane. The bank, which finances 34 sugar cooperatives of the state, is worried about mills' ability to pay back loans.

"Many mills will run under capacity this year, which will make it tough for them to repay loans," said Pramod Karnad, managing director, MSC Bank. Increasingly, financially better-managed sugar cooperatives do not avail pre-seasonal loans. However, those mills that are dependent on it, may find it tough to make advance payments to harvesting farmers and meet other expenses including servicing their loans. In addition to financial worries, the mills may face action for failing to meet the monthly sugar sale quota target set by the centre. The sugar mills

were supposed to keep only 37 per cent of their stocks by September end, but many mills are believed to have excess stock.

The district administration has started checking sugar stocks of mills to verify if they have met the quota requirements.

“Government officials have started visiting mills to take stock of the situation. We fear that the government may take action,” said the managing director of a sugar cooperative from south Maharashtra.

(Source- <http://sugarnews.in/maharashtra-sugar-mills-fear-cash-crunch-as-top-lender-cuts-loan-target/>, published 4th October, 2016)

Akhilesh Yadav government waives sugarcane mill owners' dues

Despite facing flak for the delay in payment by sugarcane mill owners to farmers, the Akhilesh Yadav government on Monday cleared the proposal to waive the interest to be paid by the mills for the pending payment.

The decision was taken based on the request given by the Sugar Mills Association on April 6, 2015. An official spokesperson said the decision was taken on the recommendation of the committee formed under the sugarcane commissioner in this regard.

The Cabinet also cleared the proposal to fix the support price for paddy purchase for 2016-17. While Rs 1,470 per quintal has been fixed as the support price for common paddy, Rs 1,510 has been fixed as the support price for A-grade crop. The rates would be applicable from October 1 to February 28.

The proposal to organise the International Cycle rally on the to-be constructed Agra-Etawah cycle highway was also cleared, as was the upgradation of forest rest houses in Agra, Firozabad and Etawah, along with clearance to purchase 15 AC vehicles for tourists. Other decisions include regularisation of sports teachers of three sports colleges, honorarium to policemen and drivers to be deployed for DIAL-100 project.

(Source- <http://sugarnews.in/akhilesh-yadav-government-waives-sugarcane-mill-owners-dues/>, published on 4th October, 2016)

Co-gen/Power

MNRE provides CFA breakdown for Solar parks scheme

In December 2014, the Ministry of New and Renewable Energy (MNRE) came up with detailed guidelines for the development of solar parks and ultra mega solar power projects (here). The scheme being implemented by the Solar Energy Corporation of India (SECI) is applicable to all states and union territories. As per the scheme, the state specific implementing agency is eligible for a central financial assistance (CFA) of up to ₹20 lakhs per MW or 30% of the project cost including grid connectivity cost to be released by SECI in six milestones.

In a new development, MNRE has now provided the distribution of CFA between solar power park developers (SPPD) and external transmission system developers. As per the new clarification (here), the CFA will be apportioned in 60:40 ratio i.e. ₹12 lakhs per MW and ₹8

lakhs per MW for development of solar park and transmission infrastructure respectively with a cap of 30% of project cost.

The CFA to be provided to SPPDs will be determined after evaluation of detailed project report submitted by them. This amount will be released by SECI on the achievement of two milestones instead of six milestones envisaged in the existing scheme. Similarly, the CFA for transmission infrastructure will be released directly to the Central Transmission Utility (CTU) / State Transmission Utility (STU) on submission of detailed cost estimation and investment approval by their respective boards.

(Source- <http://indianpowersector.com/2016/10/mnre-provides-cfa-breakdown-for-solar-parks-scheme/>, published on 4th October, 2016)

JNPT to harness solar power

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.

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)

Quote of the day

'Look deep into nature, and then you will understand everything better.' - Albert Einstein