

**SUGAR**

**Sugar companies among top gainers so far this year**

**15 stocks more than double gains; Upper Ganges Sugar & Industries is the top gainer, followed by Ugar Sugar Works and Oudh Sugar Mills**

Sugar companies are the top gainers in the Indian market so far this year, helped by strong sugar prices on the international as well as domestic fronts, and supported by low output. Of the 100 top gainers on the BSE year-to-date (YTD), 19 are sugar stocks, and of these, 15 have more than doubled gains so far in 2016. The top gainer in the pack is Upper Ganges Sugar & Industries Ltd, which is up a huge 601.90% so far in 2016. Following next are Ugar Sugar Works Ltd and Oudh Sugar Mills Ltd, which jumped 361.51% and 287.12%, respectively.

“The rallying global prices globally, had driven prices domestically as well, based on sentiment. Prices got a further boost, when anti-dumping duty was imposed on sugar. The export duty also did not harm the prices as much, as global prices were really firm,” said Nishna Biyani, research analyst at Prabhudas Lilladher Pvt. Ltd.

“India largely faced deficit rainfall for two years, and the production in the key states of Maharashtra, UP and Karnataka suffered too. We did not start the year with huge inventory as earlier, due to this situation,” Biyani added, explaining the firm prices.

In a note on 27 July, rating agency ICRA Ltd said it expects sugar prices to remain firm for the next 3-4 quarters, given that sugar production is likely to decline further to 23-24 million metric tonnes (MT) in sugar year 2017 because of a decline in the availability of cane in Maharashtra and Karnataka. Sugar year typically spans from 1 October to 30 September.

**ON A HIGH**

**Year-to-date % rise in stock price**

Upper Ganges Sugar & Industries	601.91
Ugar Sugar Works	361.51
Oudh Sugar Mills	287.12
Dwarikesh Sugar Industries	263.99
Rana Sugars	259.85
Mawana Sugars	247.43
KM Sugar Mills	160.8
Gayatri Sugars	159.11
Dalmia Bharat Sugar & Industries	154
Uttam Sugar Mills	145.49
Kesar Enterprises	135.61
Indian Sucrose	130.99
Rajshree Sugars & Chemicals	126.32
DCM Shriram Industries	112.47
Dhampur Sugar Mills	100.99
Balrampur Chini Mills	86.3
Parrys Sugar Industries	85.64
Bannari Amman Sugars	79.39
Piccadilly Sugar & Allied Industries	76.5

Source: Bloomberg and Capitaline

Domestic sugar prices have remained firm and increased from around Rs.34,000 per MT in June 2016 to Rs.35,000 per MT in July 2016, on the back of a decline in the domestic sugar production during SY2016 by 11% to 25.2 million MT and exports of 1.6 million MT.

“Although the monsoons are likely to be better during the current year, the impact on the output is likely to be seen only in SY2018, given the growing period of sugarcane,” ICRA analysts said.

Sugar output in India may drop to the lowest level in seven years as drought curbed planting in the world's biggest consumer of the sweetener, Bloomberg reported on 8 July.

Production may decline to 23.3 million MT in the 2016-17 season, beginning 1 October, from an estimated 25.1 million MT a year earlier, Bloomberg said, citing the Indian Sugar Mills Association's preliminary estimates.

Other sugar companies which have more than doubled in the period are Dwarikesh Sugar Industries Ltd, Rana Sugars Ltd, Mawana Sugars Ltd, KM Sugar Mills Ltd, Gayatri Sugars Ltd, Dalmia Bharat Sugar & Industries Ltd, Uttam Sugar Mills Ltd, Kesar Enterprises Ltd, Indian Sucrose Ltd, Rajshree Sugars & Chemicals Ltd and DCM Shriram Industries Ltd.

In the international sugar scenario too, unfavourable weather has led to erosion in sugar production in the recent months across major suppliers and there has been a resultant expectation that global production will fall short of consumption in SY2015-16.

There has been a rebound in international sugar prices during January 2016 after a period of over seven years. After a marginal decline in February, the price uptrend continued thereafter.

“The surge continues to reflect less positive production prospects in Brazil, following heavy rains, which hampered harvesting operations and affected sugar yields,” ICRA analysts had said in the note on 27 July.

Even as the global sugar demand-supply situation supports firm prices in the near term, going forward, political developments in Brazil, fluctuations in the dollar-real exchange rate, and the size of sugarcane crushing in Brazil, India and Thailand are likely to be the main drivers of global sugar prices in the near term.

(Source- <http://www.livemint.com/Money/V5otVCeeLobGfzYPJbToJM/Sugar-companies-among-top-gainers-so-far-this-year.html>, published on 6th August, 2016)

### **Karnataka: Scanty rain, non-payment of dues hit cane growers**

The double whammy of scanty rainfall and non-payment of cane dues has forced a majority of farmers to give up sugarcane cultivation in the Cauvery basin.

With no sign of good rain or increase in water level in reservoirs, the farmers anticipate water shortage. The delay in making payments by sugar factories and the state government's failure to fix state advised price for sugarcane have added to their woes.

The state has 67 sugar factories that need 5 crore tonnes of sugarcane – Mysuru, Mandya and Chamarajnagar alone have seven sugar factories. The sugarcane production in the state which was 4.40 crore tonnes during 2013-14 and 3.60 crore during 2014-15, may go down to

less than 3 crore tonnes this season. Sources said sugarcane cultivation area has come down in Belagavi and Bagalkot region too.

The Irrigation Consultative Committee meetings held at KRS and Kabini achukat have decided to release water from the reservoirs, asking farmers to grow semi-dry crops. This has further shattered the hopes of sugarcane growers who began cultivating paddy in the past 10 days. Though a few private sugar factories have volunteered to encourage farmers to grow sugarcane and offered crop loans, the farmers who had bitter experience with the factories, are not keen on growing sugarcane.

They say there will not be water to save their crops. A dip in sugarcane production will further delay the opening of MySugar factory in Mandya that has been closed for the past two years for renovation.

Gopal of Allagere in Mandya said sugar prices will further shoot up in the coming months as there will be a fall in sugar production. He said as there is not much water in KRS, farmers have decided to stick to paddy cultivation. State Sugarcane Growers Association president Kurbur Shanthakumar admitted there is a decline in the area of sugarcane cultivation in the state, particularly in Cauvery basin.

He said the Association that has held a series of agitations to get arrears of farmers has declared crop holiday this year.

"We are educating farmers not to grow sugarcane due to increase in the cost of cultivation. They suffered losses due to various factors. I am happy the farmers have understood it," he added.

It is unfortunate the state government that failed to fix SAP for sugarcane for last year and help them get `470 crore arrears has given licences to 22 factories, he said.

Srinath, a cane grower, said the government's failure to fix SAP and get their dues cleared have made them to set up their own jaggery units to crush cane and make best quality jaggery that will be in high demand in the coming days.

**(Source-<http://sugarnews.in/scanty-rain-non-payment-of-dues-hit-cane-growers/>, published on 5th August, 2016)**

### **Uttarakhand: Sugarcane area up in Haridwar district**

Haridwar district has reportedly registered a positive growth in command area for the cultivation of sugarcane this year in comparison to previous years.

According to district sugarcane department the district has a total 94,000 hectatres of cultivable land. Out of it, 48,607 hectares of land is under sugarcane cultivation. Last year, only 46,200 hectares of land was under sugarcane cultivation." said Haridwar-based joint cane and sugar commissioner R B Verma.

"We have made available advance sugarcane varieties like 0238, 0118 or 3220 from Pantnagar, to the farmers and a yield of around 600 quintals can be obtained from each hectare. Government has taken several initiatives right from providing subsidized farming tools & seeds, loans to arrangement of workshops for the farmers, to maintain the current level of production in coming years," Verma underlined.

However, farmers have a different story to say on this issue. "Last year farmers sowed paddy in their fields instead of sugarcane after getting frustrated over delayed payments from the sugar mills. Sugarcane cultivation is a loss making business but we have no other options for sustenance. If government indeed thinks to boost the cultivation of sugarcane in our areas it should give licence to cooperative societies of farmers for production of ethanol from sugarcane," said Sanjay Chaudhary, head of Garhwal unit of Bhartiya Kisan Union (BKU).

(Source-<http://sugarnews.in/sugarcane-area-up-in-district/>, published on 4th August, 2016)

### **Outlook seems positive; sugar prices to stabilise: Dwarikesh**

Dwarikesh Sugar Industries has moved higher by nearly 4% to Rs 372, bouncing back 16% from intra-day low on the BSE after the company reported a net profit of Rs 31.93 crore for the quarter ended June 30, 2016 (Q1FY17). The company had posted a net loss of Rs 56.20 crore in the same quarter last year.

Net sales of the company during the quarter under review increased by 45% at Rs 286 crore against Rs 197 crore in the corresponding quarter of previous fiscal.

The stock had seen a strong run-up in past four trading sessions ahead of Q1 results. It surged 58% from Rs 235 on July 28, as compared to 1.53% decline in the S&P BSE Sensex.

Thus far in 2016, the stock zoomed 275% from Rs 99 against 7% gain in the benchmark index.

At 02:17 pm, the stock was up 2% at Rs 365, after hitting intra-day low of Rs 322 on the BSE. The trading volumes on the counter jumped nearly four-fold with a combined 4.75 million shares changed hands on the BSE and NSE.

(Source-<http://sugarnews.in/sugarcane-area-up-in-district/>, published on 4th August, 2016)

### **Co-gen/Power**

### **30 coal mines allocated to private sector in three tranches of auction: Govt**

Union Power Minister Piyush Goyal on Thursday informed the Lok Sabha in a written reply that Under the provisions of the Coal Mines (Special Provisions) Act, 2015, 75 coal mines (31 by way of auction and 44 by way of allotment) have been allocated so far.

The number of coal mines allocated to private sector in the three tranches of auction for utilization in specified end uses i.e. Power (Regulated Sector) and Steel, Cement, Captive Power Production (Non-Regulated Sector) is 30, out of a total of 31.

Goyal added that the enabling provisions have been made in the Coal Mines (Special Provisions) Act, 2015 and the Mines and Mineral (Development & Regulations) Act, 1957 for allocation of coal mines/blocks by way of auction and allotment inter alia for sale of coal.

In the financial year 2015-16 and 2016-17, 8.488 Million Tonnes (Provisional) of coal has been produced, he said.

(Source- <http://indianpowersector.com/2016/08/30-coal-mines-allocated-to-private-sector-in-three-tranches-of-auction-govt/>, published on 5th August, 2016)

## **UP's energy deficit has reduced on increased power supply:Govt**

Uttar Pradesh, where the power situation is "serious", witnessed a steep decline in energy deficit as more electricity was supplied to the state from central generating stations, Union Minister Piyush Goyal said today.

Around 6,544 million units of additional power was supplied to Uttar Pradesh in 2015-16. As a result, the state's energy deficit came down from 15.6 per cent to 3.2 per cent, Goyal told the Lok Sabha during Question Hour.

The Power Minister said this has happened in one year as electricity supply was increased about 20 per cent to the state from central generating stations.

When a member asked why in certain places the name Deendayal Upadhyaya Gram Jyoti Yojana is not displayed, Goyal said despite directions it has not been done.

After coming to power, the NDA government renamed the Rajiv Gandhi Grameen Vidyutikaran Yojana as Deendayal Upadhyaya Gram Jyoti Yojana.

In a written reply, Goyal said the government has specified norms and standards for reduction in specific energy consumption for energy intensive sectors.

Under the Perform, Achieve and Trade (PAT), 478 industries from eight sectors were given targets to reduce their specific energy consumption in the first cycle, which was from 2012-13 to 2014-15.

"The cumulative target for energy saving for the first cycle was 6.68 million tonnes of oil equivalent (MTOE) to be achieved by the end of 2014-15, against which energy saving of 8.67 MTOE have been achieved which is about 30 per cent more than the target," Goyal said.

(Source- <http://energy.economictimes.indiatimes.com/news/power/ups-energy-deficit-has-reduced-on-increased-power-supplygovt/53550480>, published on 5th August, 2016)

## **12 major ports propose 83 MW solar power plants**

India's 12 major ports plan to set up 83 MW solar photovoltaic power plant projects from their own resources, Parliament was informed today.

"The Government proposes to implement utility-scale solar photovoltaic power plant projects at various major ports across the country. The funds for establishment of solar power projects are arranged by the major ports from their own resources and no funds have been released from the ministry," Minister of State for Shipping Pon Radhakrishnan said in a written reply.

Of the 82.64 MW capacity, Vizag, Mumbai, Chennai, Kolkata and New Mangalore ports have set up 6.84 MW projects so far, he said.

The step is part of the Green Port Initiative launched by the Ministry of Shipping, Radhakrishnan informed the Lok Sabha.

Its objectives include contributing to reduction in carbon emissions and consequently improving environment besides reducing cost of power purchased from grid by utilisation of solar power for power generation.

India has 12 major ports -- Kandla, Mumbai, JNPT, Marmugao, New Mangalore, Cochin, Chennai, Ennore, V O Chidambarnar, Visakhapatnam, Paradip and Kolkata (including Haldia) which handle approximately 61 per cent of the country's total cargo traffic.

(Source- <http://energy.economictimes.indiatimes.com/news/renewable/12-major-ports-propose-83-mw-solar-power-plants/53550681>, published on 5th August, 2016)

### **Maharashtra sets up committee to guide govt on renewable energy**

The state government has set up a five-member committee under principal secretary (energy) to suggest to the state government the types of renewable energy that are to be promoted. The managing director of Maharashtra Energy Development Agency is the member secretary while chief engineers of MSEDCL and Mahagenco are members. The member secretary of Rajiv Gandhi Technology and Science Commission is also a member.

The state government is keen on promoting renewable energy and has set a target of generating 14,500 MW in coming five years. However, a large number of renewable energy sources are available and the government want to choose the most suitable ones. The sources include wind, solar, minor irrigation, biomass, tidal, geothermal, cogeneration etc.

(Source- <http://energy.economictimes.indiatimes.com/news/renewable/12-major-ports-propose-83-mw-solar-power-plants/53550681>, published on 5th August, 2016)

### **Suzlon bags 75 MegaWatt orders from PSUs and SMEs**

Pune based Suzlon Group, the world's fifth largest producer of wind turbines , today announced it has won orders for a total capacity of 75.60 MegaWatt from Public Sector Undertaking (PSU) and Small and Medium Enterprises (SMEs) between April and July 2016.

The retail orders have been received from a mixed bag of customers across diverse industry segments including food, textiles, chemical, real estate, entertainment and manufacturing, the company said in a statement.

As part of the order, Suzlon will provide the complete range of turnkey solutions right from equipment supply till commissioning.

Out of the total orders of 75.6 MW, orders of 42 MW were received in the first quarter of the current financial year while 33.60 MW orders were received in July 2016.

The projects are spread across Tamil Nadu, Gujarat and Andhra Pradesh and are scheduled to be completed by March 2017.

(Source- <http://indianpowersector.com/2016/08/suzlon-bags-75-megawatt-orders-from-psus-and-smes/>, published on 5th August, 2016)

### **Quote of the day**

"Thousands of candles can be lighted from a single candle, and the life of the candle will not be shortened. Happiness never decreases by being shared."- Buddha