

NEWS FLASH – 13th May, 2016

SUGAR

Sugar prices stay unchanged

Sugar prices at all levels ruled unchanged on Thursday as demand–supply remained at par. Demand for bold–fine variety was higher but routine supply kept prices under pressure. Prices at naka and mill levels were also steady on normal activities. Freight rates were steady. Morale was steady said sources.

Arrivals at Vashi market were about 59–60 truck loads and local dispatches were about 58–60 truck loads. On Wednesday evening 14-15 mills offered tenders and sold 45,000–50,000 bags at ₹ 3,460–3,540 (₹ 3,460–3,540) for S-grade and ₹ 3,540–3,610 (₹ 3,540-3,610) for M-grade.

On Bombay Sugar Merchants Association's spot rates were: S-grade ₹ 3,572-3,662 (₹ 3,566-3,662) and M-grade was ₹ 3,646–3,762 (₹ 3,646–3,762).

Naka delivery rates were: S-grade ₹ 3,530–3,610 (₹ 3,530–₹ 3,610) and M-grade ₹ 3,600–3,720 (₹ 3,600 – 3,720).

(Source-<http://sugarnews.in/bleeding-mscb-unconcerned-sugar-mills/>, published on 12th May, 2016)

Bleeding MSCB; unconcerned sugar mills!

Bank officials say sugar mills owe a whopping amount of Rs. 2,900 crore to Maharashtra state cooperative bank with an upward trend in sugar prices caused by the govt. pressure on millers for not paying fair and remunerative prices, reports Financial Express.

Sources say this season, the bank had floated a special 5% margin money loan scheme to help mills recoup the gap in making FRP payments. Under the normal practice, the bank usually gives 85% funds to mills leaving 15% margins to overcome any volatility in the market.

Meanwhile, the sugar commissionerate has stepped up pressure on mills for their failure to make the remaining 20% FRP payments for the season of 2015-16. Revenue and recovery certificate (RRC) orders were issued to four mills, crushing licences of two mills were cancelled, two licences were suspended for the season.

According to the latest arrear report, around 84% of the FRP payments have been recovered while 14% millers still owe payments to farmers. The government has also taken action against 23 factories for not making FRP payments of 2014-15.

(Source-<http://sugarnews.in/bleeding-mscb-unconcerned-sugar-mills/>, published on 12th May, 2016)

Sugar futures extend gains, up 0.93% on spot demand

Extending yesterday's gains, sugar prices advanced by 0.93 per cent to Rs 3,364 per quintal in futures trade today as traders engaged in increasing their bets, driven by rising demand from bulk consumers at spot market.

At the National Commodity and Derivatives Exchange, sugar for delivery in May month shot up by Rs 31, or 0.93 per cent to Rs 3,364 per quintal with an open interest of 2,280 lots.

Analysts said strong summer season demand from bulk consumers as well as retailers in the spot market, mainly kept sugar prices higher at futures trade.

(Source- <http://economictimes.indiatimes.com/markets/commodities/sugar-futures-extend-gains-up-0-93-on-spot-demand/articleshow/52236592.cm>, published on 12th May, 2016)

DCM Shriram soars over 10% on strong Q4 results

DCM Shriram has soared 12% to Rs 186, also its 52-week high on the BSE, after the company posted a net profit of Rs 51 crore for the fourth quarter ended March 31, 2016 (Q4FY16), on the back of strong performance from sugar business. The company had reported a net loss of Rs 40 crore in the same quarter last fiscal.

Net revenues up by 1.8% year on year (YoY) to Rs 1,333 crore, primarily due to higher volumes in bulk fertilizers.

Sugar business turned breakeven from significant losses last year, led by lower cost of production and better prices in Q4.

Sugar business earnings improved to Rs 57 crore in Q4FY16 from loss of Rs 56 crore in Q4FY15, due to better sugar prices and lower cost of production led by higher sugar recoveries, the company said in a statement.

Fertilisers business earnings improved to Rs 6 crore led by higher energy efficiencies as well as volumes, it added.

At 02:36 PM, the stock was up 11% at Rs 184 on the BSE as compared to 1% decline in S&P BSE Sensex. The trading volumes on the counter surged an over 10-fold with a combined 1.9 million shares changed hands on the BSE and NSE so far.

(Source- <http://sugarnews.in/dcm-shriram-soars-over-10-on-strong-q4-results/>, published on 12th May, 2016)

Co-gen/Power

India's power sector transforming: Steve Bolze

Steve Bolze, president and chief executive officer of GE Power, says about 13% of the new power generation orders in the world are going to India

India's power sector is transforming in terms of reliability and affordability, according to Steve Bolze, president and chief executive officer of GE Power, the power generation division of US-based General Electric.

"It's an incredibly dynamic time in the power market right now. Everyone in the world needs more affordable, more accessible, reliable and sustainable power. About 13% of the new power generation orders in the world are going to India. India is a major source of what is happening. It is fairly diversified from new steam to gas turbine to one of the biggest single renewable players in the world," Bolze told a conference on the future of electricity organized by Mint and General Electric Co. on Tuesday.

Bolze stated that he has been connected with the power business in India for 22 years, adding, "India is transforming—in terms of reliability of the grid, in terms of COP 21 (Conference of the Parties or the Paris climate conference) leadership and in terms of affordability."

The GE Power president stressed five key areas for technology adoption—supply side efficiency, mainstreaming renewables, gas (based power), digital and energy access.

"The number one area of new power generation growth in the world is just to get more out of installed power that exists on the ground today. That is the best return for most customers and the quickest. There is a big opportunity to improve efficiency of existing installed base. That's more megawatt for the same amount of fuel," said Bolze.

As per an International Energy Agency report, India's installed capacity will surge from 290 gigawatt (GW) at present to nearly 1,100 GW in 2040—which is about the same as Europe's current capacity. Nearly half of the net increase in coal-fired generation capacity worldwide would occur in India, where coal is set to remain a key source of power.

Thus higher efficiency of coal-fired power plants becomes critical. Bolze highlighted digital technology as one of the most exciting areas in the transformation of the power market, not just in India but across the world.

"This probably will have the single biggest transformational impact on India as well as the world power (market) in the next 20 years. This is all about getting more out of the existing installed base of power by tapping into physical assets and the information that exists on them, by pulling that data and analysing how we can perform better, improve efficiency," he added.

(Source- <http://www.livemint.com/Industry/MDUkMGikDWOejUt7e6bUIK/Indias-power-sector-transforming-Steve-Bolze.html>, published on 13th May, 2016)

India ready to import gas for idle power plants, says Goyal

The government is ready to import at least 70 to 80 million metric standard cubic metres (mmscm) of natural gas for India's idle gas-based power plants if it can secure long-term 'affordable' rates, Piyush Goyal, Minister of Power, said. "This will enable India to operate its idle gas-based power capacity," Mr. Goyal said addressing a conference on 'The Future of Electricity'. Obtaining the required gas will lead to the re-starting of 20,000 MW of idle power capacity in India. The minister recently visited Australia and secured assurances for gas supply at \$5 per mmbtu but suppliers were not willing to sign long-term contracts.

"If the government gets gas at \$5 per mmbtu, gives custom duty waiver, reduces marketing margins and gas transportation charges by half and reduces inter state transmission charges to zero, the industry will be able to absorb the price" Sushil Maroo, MD & CEO, Essar Power Limited, told The Hindu.

As to what 'affordable' price sellers would agree to for long-term contracts, Anish De, Partner, KPMG, said, "The international market is oversupplied on gas."

Adding that this could go on for five years or more, he said, "Earlier, suppliers were not looking at long-term contracts in the region of 7-10 years, he said. "They might look at it now."

(Source- <http://www.thehindu.com/business/Industry/india-ready-to-import-gas-for-idle-power-plants-says-goyal/article8586396.ece>, published on 11th May, 2016)

ETHANOL

Tribunal's order to hit oil firms' blending plans

The National Green Tribunal (NGT) in its judgement dated May 9, has asked all the sugar mills without Explosives Licence to cease alcohol production. This is likely to hit the sugar industry and India's ambitious Ethanol Blending Program (EBP) which involves mixing 5% ethanol blending in petrol by state-owned oil marketing companies (OMCs).

In the order, the NGT said production should be stopped with immediate effect until distilleries receive relevant licences. "No manufacturer will produce absolute alcohol without seeking appropriate permission from the Ministry of Commerce, Chief Controller Explosives and other Authorities, in accordance with law," said the order.

The order comes in response to a PIL filed by environmental NGO Social Action for Environment (SAFE), who referred to media reports showing 33 out of 35 distilleries

manufacturing ethanol in Uttar Pradesh do not have the relevant licenses regarding storage of hazardous chemicals as well as recommended safety precautions.

When contacted, Indian Sugar Mills Association (ISMA) said the judgement is a setback for the sugar and ethanol industry. "It is going to adversely impact not only the industry on which several lakhs of workers and millions of farmers are dependent, but also the cane farmers whose payments will get delayed because massive quantity of ethanol and molasses will get stuck," said Abinash Verma, ISMA DG. ISMA is the representative organization for sugar mills across the country.

The NGT has ruled the distilleries will have to abide by the Manufacture, Storage and Import of Hazardous Chemical Rules, 1989 and Chemical Accidents (Emergency Planning, Preparedness and Response) Rules 1996 under the Environment (Protection) Act, 1986. Industry insiders said even the trucks used to transport the ethanol don't have proper licences.

"The distilleries also do not have proper safety precautions in place to offset major accidents on site." Salik Shafique, lawyer for SAFE said. He added that a labourer had been killed by an accident at a distillery in Uttar Pradesh, the country's largest sugar producer. The application has dragged the state governments of major sugar producing states like Uttar Pradesh and Maharashtra to answer the lack of regulations for handling such cases.

It has also questioned the Central Pollution Control Board and the Petroleum and Explosives Safety Organization for not strictly enforcing laws in this regard. Two weeks have been given for all the parties to reply.

To meet the 5% blending demand, the OMCs need 133 crores litres of ethanol and for the upcoming 10% blending, they would need 266 crore litres for the sugar year 2015-16 (October-September). Since grains-based ethanol is not allowed to be produced in India, OMCs remained fully dependent for its procurement from sugar mills for which the green fuel is a by-product. India also does not allow import of ethanol.

A government statement in March 2016 said against the tender floated, offers of 120 crore litres of ethanol have been received by OMCs. One more Expression of Interest (Eoi) has been floated to procure remaining quantity, it said.

EBP kick-started in 2013 with the then government approving 5% blending with petrol to bring down oil import bill and promote greener fuel options. It is now after three years that the target would be met by the end of sugar year in September 2016.

No comment was received from IOC, the largest OMC till the time of going to print.

ISMA further said against the petition calling ethanol as a chemical, it is a green bio-fuel, which when blended with petrol reduces environmental pollution, which is currently plaguing the nation including the capital city of Delhi.

"We have full faith in NGT which we know is a protector of the environment and therefore are very hopeful that once we are able to produce the facts and figures before the Hon'ble Tribunal including about the green renewable biofuel and its benefits, some relief will be given to ensure that the ethanol blending programme is continued," said Verma.

(Source-<http://sugarnews.in/tribunals-order-to-hit-oil-firms-blending-plans/>, published 10th May, 2016)

Thought of the day

"Success is not final, failure is not fatal: it is the courage to continue that counts."

-Winston Churchill