

## SUGAR

### Sugar prices down on constant supply, limited offtake

Sugar prices suffered a loss of Rs 50 per quintal at the wholesale market in the national capital today following reduced offtake by retailers, stockists and bulk consumers amid persistent supplies from mills.

Marketmen stated a fall in sweetener prices to supply pressure from mills along with selective buying by retailers, stockists and bulk consumers such as soft-drink, ice-cream and sweet makers.

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

Mill delivery M-30 and S-30 prices also noted a fall of Rs 40 each at Rs 3,600-3,810 and Rs 3,590-3,800 per quintal.

In the millgate section, sugar doralá lost the most by Rs 50 to Rs 3,670, followed by Asmoli Rs 40 at Rs 3,800 per quintal.

Sugar dhanora and khatuli slipped by Rs 30 each to Rs 3,810 and Rs 3,630, while dhampur, sakoti and nazibabad eased by Rs 20 each to Rs 3,630, Rs 3,620 and Rs 3,580 per quintal, respectively.

Following are today's quotations (in Rs per quintal)

Sugar retail markets – Rs 40.00-43.00 per kg.

Sugar ready: M-30 Rs 3,920-4,150, S-30 Rs 3,910-4,140.

Mill delivery: M-30 Rs 3,600-3,810, S-30 Rs 3,590-3,800.

Sugar millgate (including duty): Mawana Rs not traded, Kinnoni Rs N.T., Asmoli Rs 3,800, Doralá Rs 3,670, Budhana Rs N.T., Thanabhavan Rs N.T., Dhanora Rs 3,650, Simbholi Rs N.T., Khatuli Rs 3,810, Dhampur Rs 3,630, Ramala Rs 3,610, Anupshaher Rs 3,600, Baghpat Rs 3,610, Morna Rs 3,600, Sakoti Rs 3,620, Chandpur Rs 3,610, Nazibabad Rs 3,580 and Malakpur Rs N.T.

(Source-<http://sugarnews.in/sugar-prices-down-on-constant-supply-limited-offtake/>, published on 17th October, 2016)

### Sugarcane growers seek inquiry into irregularities

Sugarcane growers and shareholders of the Pandavapura Sahakara Sakkare Karkhane (PSSK), a cooperative sector mill in Pandavapura near here, have demanded that the mill immediately clear the sugarcane dues to farmers who supplied cane during the previous crushing seasons. They staged a protest outside the office of the Deputy Commissioner here on Monday and raised slogans against the management of the mill.

They also demanded an inquiry into various alleged irregularities pertaining to recruitment and procurement of material in PSSK during the previous crushing seasons. Honnagirigowda, former president, PSSK, who led the protest, said that the mill has to pay Rs. 27 crore to the cane suppliers.

"The farmers were put to hardship due to the non-clearance of dues. The previous management of the mill had misused funds meant for the development of PSSK," Mr. Honnagirigowda, who is also the former president of the Pandavapura Town Municipal Council, said. The agitators demanded action against those who are reportedly involved in the alleged irregularities at the mill. Later, they submitted a memorandum to Chief Minister Siddaramaiah through Deputy Commissioner S. Ziyullah demanding suitable measures against the management of the mill.

(Source- <http://sugarnews.in/sugarcane-growers-seek-inquiry-into-irregularities/>, published on 17th October, 2016)

## **Pepsi to reduce sugar content in juices and carbonated drinks in India by 2025**

PepsiCo will reduce sugar content in its juices and carbonated drinks in India by 2025 as part of a global pledge announced by Chief Executive Indra Nooyi on Monday amid a backlash against such products over an obesity epidemic and illnesses such as diabetes. Several countries are also considering a sugar tax to reduce consumption of sugary drinks.

As part of the initiative, the company will introduce smaller sizes and bring zero-calorie drinks to India with close to two-thirds of the company's beverages having 100 calories or less per 12-ounce serving.

"We have started the sugar reduction journey across colas, flavours and juices. We will be replacing sugar with natural and artificial sweeteners across our portfolio, and will also reduce portion sizes of beverages in bottles and cans," PepsiCo India Chairman D Shivakumar told ET. Pepsi began selling colas in 150-ml cans, the smallest in the domestic market, in February.

These are now being extended to other brands such as 7Up, Mountain Dew, Diet Pepsi and Mirinda. This is about portion control," Shivakumar said. "For the next 10 years we will focus on products, planet, and people."

The company began testing the use of plant-based sweetener stevia in 7Up in August, leading to a cut of 30% sugar content.

That's the first time stevia was used in 7Up anywhere in the world and in a fizzy drink in India. The Indian government had urged Nooyi to reduce sugar in its beverages two years ago during an India trip.

A PepsiCo India spokesperson said the company is in the process of taking its vitamin and electrolyte fortified brand 7Up Revive national and has stepped up use of grains, fruit and vegetables in oats brand Quaker. Lime-lemon drink Nimbooz already combines fruit juice with fizz.

Fizzy drinks now contribute less than 25% of PepsiCo's global sales, according to data by global

research firm Mintel. Other unsweetened drinks the company makes include Starbucks and Pure Leaf ready-to-drink coffee and iced tea, juices and Gatorade sports drinks.

The commitment to boost nutritional content extends to snacks as well, PepsiCo said. The US parent has said that by 2025, three-quarters of its global foods portfolio will restrict sodium to 1.3 milligrams per calorie. Also, three-fourths won't exceed 1.1 grams of saturated fat per 100 calories. Pepsi-Co said it has made "significant strides and is now frying snacks in many countries using heart-healthy oil". In India, its snack brands include Lays chips and Kurkure.

## **SUSTAINABILITY STEPS**

On sustainability, the PepsiCo spokesperson said, "The India business is the first in the global system to get to positive water balance, by recharging and replenishing water. In India, we have delivered a reduction of 34% in beverages and 39% in foods. And Quaker has pledged to provide a minimum of 400,000 meals to children."

Other goals include reducing its carbon footprint and achieving increased water savings worldwide. These will include 20% reduction in greenhouse gas emissions across production, packaging and transportation by 2030. On water, the firm said it will target 15% improvement in water efficiency by 2025 and replenishing all of the water it consumes in manufacturing operations.

On October 11, the World Health Organization (WHO) had urged countries to tax beverages with high sugar content.

"A tax of 20% results in a drop in sales and consumption of sugary drinks, which are driving the obesity crisis. If governments tax products like sugary drinks, they can reduce suffering and save lives. They can also cut healthcare costs and increase revenues to invest in health services," WHO said.

UK and Portugal have said they will introduce a sugary drinks tax. Mexico has already introduced it, while the Philippines and South Africa are learnt to be considering such a levy. In India, the implementation of a sugar tax is being debated.

(Source- <http://economictimes.indiatimes.com/industry/cons-products/food/pepsi-to-reduce-sugar-content-in-juices-and-carbonated-drinks-in-india-by-2025/articleshow/54906701.cms>, published on 18th October, 2016)

## **Shorter crushing season expected on lower cane supply**

The new crushing season of the sugar industry is starting on a nervous note with the Central government keeping a close tab on the retail prices that are inching close to ₹ 43-45 a kg. The cane acreage has fallen by five per cent to 50 lakh hectares. In the season started October, sugar output is expected to drop seven per cent at 23.37 million tonnes (mt) against 25.1 mt recorded last year. Niraj Shirgaokar, Managing Director, Ugar Sugar Works, the flagship unit of Shirgaokar Group, hopes that the Karnataka government does not hike cane prices.

### **How do you see this sugar season panning out?**

Cane supply in the new crushing season is expected to be much lower compared to last year. In Karnataka, we are expecting a 20-25 per cent drop in cane supply this season.

Despite this, we are trying to meet last year production. Last year, we had crushed about 18 lakh tonnes of cane and bagged 20 lakh quintals of sugar.

We hope to achieve the same numbers this year though we may fall short slightly depending on cane supply.

However, the recovery may improve marginally due to the late rain. We are planning to start crushing around November 15 and looking at shorter crushing season of not more than 100-110 days due to shortage of cane against 129 days last season. Similarly, the second unit at Jevargi (Kalaburagi district, Karnataka) it would be 60-70 days against crushing of 90 days done last year.

### **What is your view on cane prices?**

For the last two years, luckily Karnataka has followed fair and remunerative price fixed by the Central government. The FRP has been fixed at ₹ 2,300/quintal for 9.5 per cent recovery by the Centre this year.

Hopefully, the State government adopts it this season also because our cost of production is close to that level and there is not much room to pay higher price to farmers. Any increase in cane prices will lead to bleeding of sugar producers.

### **Have you cleared cane arrears to farmers?**

We have cleared the entire cane arrears to farmers. There are some pending payments in Karnataka but it has been cleared for our two mills. Going forward, we have made provision for buying cane for this season.

We do not believe in holding back payments unless there is some dispute. If it is not cleared, farmers will also delay cane supply. It is all linked to one another.

### **Are sugar mills in Karnataka seeking extension in soft loan repayment like in Maharashtra?**

In Maharashtra, recovery rate is much high so the FRP payment is higher.

In Karnataka, the average recovery is about 11 per cent, while in belts of Sangli and Kolhapur in Maharashtra the recovery rate is 12-12.5 per cent. So their payments are much higher.

We have availed a soft loan of about ₹ 42 crore. Our overall loan outstanding is about ₹ 105 crore. By March 2017, loan outstanding would come down to ₹ 87 crore. Repayment of soft loan will start soon.

If the (factory gate) sugar prices come down to ₹ 33 a kg, the margins becomes thin. The industry would be comfortable to pay the farmers if the sugar prices stay at ₹ 37.

At the current price of ₹ 35/kg, the cost of production is close to realisation. The average sugar price last year was ₹ 27/kg. If a factory works on 9.5 per cent recovery, the cost of production would be about ₹ 2,300 a quintal.

This year the sugar prices are higher, but surprisingly there is not much demand in the eastern States where we sell.

We hope it picks up from the festival season after the lull in last two quarters.

### **How is the ethanol blending programme helping you?**

It is an important part of sugar industry.

The ethanol price of ₹ 43 per litre is quite remunerative. But the decision to withdraw excise duty exemption will hurt the industry.

The industry has achieved blending of four per cent and should move ahead to target 10 per cent blending.

We recently expanded crushing capacity at Ugar to 15,000 tonnes per day. Our total crushing capacity is 18,500 tonnes per day.

We supplied about six lakh litres per month of ethanol last year. We are thinking of expanding crushing and distillery capacity further in two-three years.

(Source- <http://sugarnews.in/shorter-crushing-season-expected-on-lower-cane-supply/>, published on 17th October, 2016)

## **Co-gen/Power**

### **Acciona Halts Work in Indian States Where Payments Are Delayed**

Acciona SA, the Spanish renewable-energy developer in over 30 countries, said it's holding up further work in some states in India because local electric utilities aren't paying their bills on time.

The company with 86 megawatts of wind power in India and another 78 megawatts under development is the latest investor to complain that some Indian power retailers are stifling investment and undermining Prime Minister Narendra Modi's green-power ambitions.

The power distribution companies, called discoms, are months in arrears in some places and are seeking to limit the amount of renewable energy they buy because electricity from fossil-fuel generators is cheaper.

"If the discom risk wasn't there, we could have easily built about 400 to 500 megawatts of additional wind projects," Glen Reccani, managing director of Acciona's Indian unit, said in an interview. "How do you fit that into your business model?"

(Source- <http://indianpowersector.com/2016/10/acciona-halts-work-in-indian-states-where-payments-are-delayed/>, published on 17th October, 2016)

## **ABB maps export hub vision for Make in India**

Engineering giant ABB is looking at India as an export hub for power and automation besides expanding its footprint in the country by buying out companies and backing start-ups in software engineering and applications.

“We are keen to make India our export hub for power and automation technology solutions,” ABB chief executive officer Ulrich Spiesshofer said at an interaction with a visiting group of journalists on the sidelines of the Capital Markets Day 2016 in Zurich.

Spiesshofer, who believes ABB is ideally poised to partner Prime Minister Narendra Modi's Make in India programme, underscored the country's importance as an export hub in areas such as power grids. Besides power equipment, the 125-year old company is engaged in robotics and automation.

“ABB India exports to around a hundred countries and its deep local footprint and rich global and local expertise combine for offerings to customers in India and around the world,” he said.

### **Keen on M&As**

On mergers and acquisitions, he said ABB was on the lookout for opportunities globally and India was an area of interest.

“There are tremendous software capabilities in India not only in engineering but also in application software. So we are active out there,” Spiesshofer said.

Zurich-based ABB's venture capital arm – ABB Technology Venture (ATV) – which was launched in 2009 and is active in India is exploring opportunities in software engineering, software applications and artificial intelligence.

“I am quite excited about it. I will be visiting India soon to meet young entrepreneurs. It is exciting times in India now with start-ups focusing on software, artificial intelligence and the fields that we are interested in,” he added.

ATV has so far invested \$150 million (Rs 1,000 crore) globally in technology and energy companies.

(Source- <http://www.business-standard.com/search?q=sugar&company-code>, published on 17th October, 2016)

## **Onset of winter may raise coal demand: CIL**

State-run Coal India (CIL) sees sales picking up in the coming days as the onset of winters in northern India would mean an increase in power consumption.

Sales at CIL fell 1% year-on-year in the first half of the current fiscal, mainly due to the four months of a near normal, well-distributed monsoon. Coal accounts for about three-fourths of India's electricity generation.

Over the past several weeks, power producers have been refusing to lift additional coal from pit heads, a Coal India senior executive said on condition of anonymity. As a result, coal stocks

at power plants hit a low of 16 days against 22 days during the same time last year.

“Power houses have assured us that they would now be lifting more coal compared to what they have been lifting in the past several weeks,” said the executive quoted above. “The decision is based on the assumption that power demand will rise steadily now that monsoon is over.”

Production growth at Coal India was flat in the first half of 2016-17 although the company achieved 90% of its targets. Despite a marginal fall in sales, it achieved 88% of its sales target for the period. CIL managed to produce 230 MT of coal and sold around 249 MT during the period, thereby reducing stocks by some 19 MT.

(Source- <http://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/onset-of-winter-may-raise-coal-demand-cil/articleshow/54906434.cms>, published on 18th October, 2016)

### **Quote of the day**

‘Thoughts lead on to purposes; purposes go forth in action; actions form habits; habits decide character; and character fixes our destiny.’ -Tyron Edwards