

SUGAR

Sugar stocks may lose sweetness as many are fully priced

Amid rally in mid- and small-cap stocks, sugar stocks have turned out to be multibaggers due to high sugar prices and better financial performance.

Many hit upper circuit

Stock prices of companies such as Upper Ganges Sugar & Industries, KM Sugar Mills, Dalmia Bharat Sugar & Industries, Dharani Sugars & Chemicals, Mawana Sugars, Simbhaoli Sugars, Oudh Sugar Mills, Uttam Sugar Mills, Parrys Sugar Industries, Rajshree Sugars & Chemicals and Ugar Sugar Works were locked in upper circuit of 5-20 per cent.

Sugar companies have witnessed a turnaround in their financial performance in the June 2016 quarter with 23 companies reporting combined net profit of ₹ 326 crore, compared to a net loss of ₹ 880 crore in the same quarter last year. But market watchers warn that the current market rally may fizzle out soon.

"There is no steam left in 90 per cent of sugar stocks. UP-based companies have rallied too much," said G Chokkalingam, founder, Equinomics Research and Advisory.

Factors, such as the upcoming elections in Uttar Pradesh (hence, populist measures such as hike in cane prices) and pressure on government to control inflation (sugar is a main component) do not work in favour of the sugar sector.

Relatively short rally

Achal Lohade and Chandra Gopal Choudhary, analysts at JM Financial, downgraded the Balrampur Chini stock as they see the current upcycle's nature and longevity to be relatively short. Government actions (stock limits, export duty, and withdrawal of excise duty benefit on ethanol) may cap the sugar price increase and there is likelihood of rise in sugarcane plantation on robust monsoon in Maharashtra / Karnataka. There is also uncertainty around the price of cane to be fixed by the UP Government.

Nevertheless, shares of companies such as KCP Sugar, Andhra Sugar and Dwarikesh Sugar are among the top picks.

(Source- <http://www.thehindubusinessline.com/markets/stock-markets/sugar-stocks-may-lose-sweetness-as-many-are-fully-priced/article9003735.ece>, published on 18th August, 2016)

TN: Expedite co-generation project, urge cane farmers

Sugarcane farmers across Tamil Nadu, particularly Perambalur and Thanjavur districts, have urged the state government to complete the process of establishing a co-generation project as well as the modernisation work in all the 12 sugar mills in the state.

The co-generation project, which was planned in 2010 with a view to generate 183 megawatts, has been remained idle for years without much improvement. The farmers

expressed unhappiness over the progress of the work, as crores of rupees that was being invested for the project may go waste.

To press their demands, cane farmers from Perambalur and Thanjavur districts decided to stage a massive protest near the collector's office at Perambalur on Thursday.

"If the project had been executed as per plan in all the 12 sugar mills across the state, a considerable amount of power could have been generated and utilised at least for those mills' needs," said Tamilaga Vivasayigal Sangham general secretary Raja Chidambaram.

(Source- <http://sugarnews.in/tn-expedite-co-generation-project-urge-cane-farmers/>, published on 18th August, 2016)

Sugar stocks hit upper circuit; Upper Ganges zooms 20%

Shares of sugar companies back into focus and rallied by up to 20% on the bourses after correcting more than 20% from their 1-year high price.

10 sugar stocks Ugar Sugar Works, Dwarikesh Sugar Industries, Oudh Sugar Mills, Parrys Sugar Industries, Rajshree Sugar Chemicals, Dharani Sugars & Chemicals, Rana Sugars, Riga Sugar Company, Mawana Sugars and Uttam Sugar Mills have locked in their respective upper limit of circuit breaker on the BSE.

Upper Ganges Sugar & Industries locked in 20% upper circuit of Rs 373 on the BSE. A combined 3.93 million shares changed hands till 02:00 pm. There were pending buy orders 39,858 shares on the BSE and NSE.

On August 2, the stock hit a record high of Rs 533 during intra-trade, corrected 42% since then to close at Rs 311 on Wednesday.

Kesar Enterprises frozen upper circuit of 20% of Rs 54.70, after falling 40% from its 52-week high of Rs 76 till yesterday.

Total 38 sugar companies so far announced their April-June, 2016 quarter (Q1FY17) results, posted a combined net profit of Rs 467 crore against net loss of Rs 957 crore in the same period last year.

According to PTI reports, sugar production during the ensuing season of 2016-17 could be lower compared with the current year's estimated output of 252 lakh mt due to drought that hit Maharashtra and Karnataka, Lok Sabha was informed on last Tuesday.

(Source- <http://sugarnews.in/sugar-stocks-hit-upper-circuit-upper-ganges-zooms-20/>, published on 19th August, 2016)

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Company	17/08/2016	LTP	% chg	1-Year high
UPPER GANG. SUG.	310.65	372.75	19.99	532.60
KESAR ENTERPRISE	45.60	54.70	19.96	75.90
SAKTHI SUGARS	35.25	41.10	16.60	56.00
DHARANI SUGARS	31.30	34.40	9.90	71.40
SIMBHAOLI SUGAR	29.80	32.75	9.90	61.20
MAWANA SUGARS	39.40	43.30	9.90	71.40
DCM SHRIRAM INDS	187.05	205.50	9.86	229.00

RIGA SUGAR	20.90	22.95	9.81	33.75
KCP SUGAR & INDS.	32.25	35.30	9.46	45.90
KM SUGAR MILLS	12.12	13.23	9.16	14.40
DALMIA BHARAT	104.90	114.45	9.10	168.40
PONNI SUG. ERODE	207.35	225.80	8.90	359.35
EMPEE SUGARS	6.80	7.30	7.35	9.93
TRIVEN. ENGG. IND.	50.50	54.15	7.23	68.00
PICCADILY AGRO	18.25	19.50	6.85	24.70
THIRU AROOR. SU.	65.55	69.90	6.64	118.85
SH. RENUKA SUGAR	15.10	16.05	6.29	19.18
BAJAJ HINDUSTHAN	16.90	17.90	5.92	24.20
Balrampur Chini	110.50	117.00	5.88	138.00
DHAMPUR. SPL. SUG.	18.90	20.00	5.82	22.50
DHAMPUR SUGAR	107.30	113.50	5.78	137.65
Bannari Amm. Sug.	1832.40	1933.00	5.49	2242.25
Oudh Sugar Mills	90.00	94.50	5.00	160.95
Dwarikesh Sugar	237.20	249.05	5.00	379.20
Uttam Sug. Mills	47.35	49.70	4.96	98.00
Rajshree Sugars	45.70	47.95	4.92	89.75
Parrys Sugar	38.65	40.55	4.92	71.90
Ugar Sugar Works	37.95	39.80	4.87	73.10

(Source-http://www.business-standard.com/article/markets/10-sugar-stocks-hit-upper-circuit-116081800457_1.html, published on 18th August, 2016)

Co-gen/Power

Power Grid may form joint ventures with states for transmission projects

Power GridBSE -0.58 % Corporation of India is looking to participate in intra-state projects, a deviation from its traditional role as the central power transmission utility that has been prompted by the reforms in state-run power distribution companies.

The firm plans to expand its consultancy services in states but it is more keen to participate in projects as a joint venture partner to different states and even take up projects on ownership basis as a developer, chairman IS Jha told ET. "The states are coming up with projects worth Rs 1,50,000 crore of intrastate transmission lines, which is a good opportunity for us and we have offered them to execute projects on their behalf," Jha said. "We are targeting to have projects worth Rs 15,000-20,000 crore in states over the next two-three years," he said.

The power ministry has said that there are orders totalling Rs 3 lakh crore in the pipeline over the next four years for the power transmission sector. So far, the corporation has executed transmission projects connecting states, but now it wants to tap into the opportunity in projects within states. "In addition to interstate projects, we want to do intrastate projects. We have one JV with Bihar for Rs 1,600 crore projects and hope to do another Rs 1,500 crore of projects with them. So far, our focus was not states but now we are making presentations to different states," Jha said.

The central government has launched the Ujwal Discom Assurance Yojana or Uday to facilitate revival of distribution companies which have been struggling with losses and mounting debt. The industry expects that this will improve their ability to pay and also boost investment in transmission sector. Early signs are visible, with some states already announcing bigticket power transmission projects which have even attracted private sector heavyweights such as Larsen & Toubro. The states are also looking to develop projects under the build-operate-own model.

"Last year we commissioned projects worth Rs 30,000 crore and bagged 40% of the projects that came up under competitive bids, beating the private sector. This has made us confident that we can take on more work," Jha said.

(Source- http://economictimes.indiatimes.com/industry/energy/power/power-grid-may-form-joint-ventures-with-states-for-transmission-projects/articleshow/53747469.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst, published on 18th August, 2016)

Power Min Launches Power Transmission Projects E-Auction Portal

Power Minister Piyush Goyal on Wednesday launched the process of tariff-based reverse auction in the transmission sector, simultaneously inaugurating a portal for electronic bidding for transmission projects.

He launched the "Tarang" mobile App, "e-Trans" and "DEEP" (Discovery of Efficient Electricity Price) e-bidding web portals developed by Rural Electrification Corp, saying that reverse

auction is being introduced in transmission sector on the lines of coal sector in order to facilitate better price discovery in such projects.

The web portal marks a shift from the current manual auction process to the electronic mode for determining the lowest bidder for the projects.

(Source- <http://indianpowersector.com/2016/08/power-min-launches-power-transmission-projects-e-auction-portal/>, published on 19th August, 2016)

Quote of the day

The ultimate measure of a man is not where he stands in moments of comfort and convenience, but where he stands at times of challenge and controversy.

- Martin Luther King, Jr.