

SUGAR

Sugar stocks rally up to 18% on production worries globally

Sugar stocks soared up to 18 per cent on Monday amid hopes weak supplies globally may lift sugar prices further high. The stocks have rallied even as experts believed the valuations have turned expensive and there is little scope of further upside.

Data showed Piccadilly Sugar & Allied Industries zoomed 17.71 per cent to Rs 8.24. Dharani Sugars & Chemicals surged 12.94 per cent to Rs 38.85. Dalmia Bharat Sugar climbed 12 per cent to Rs 126.90. Mawana Sugars, Dhampure Speciality Sugars and KM Sugar Mills climbed 9.07 per cent, 8.01 per cent and 6.84 per cent, respectively.

Big sugar players Balrampur Chini, Shree Renuka and Bajaj Hindusthan Sugar gained up to 4 per cent in early trade. Sugar stocks had surged up to 530 per cent in one year to Friday.

Analysts believe that a drop in production and steady demand may keep sugar prices stable.

Nonetheless, gains in sugar stocks could be limited as valuations appear stretched and prices may not rise in a big way going ahead.

(Source-<http://sugarnews.in/sugar-stocks-rally-up-to-18-on-production-worries-globally/>, published on 19th September, 2016)

AP: Sugar refinery opposed

The sugarcane growers have vehemently opposed the State government's proposal to facilitate setting up of sugar refinery by Toyota Tsusho Sugar Company near Krishnapatnam in Nellore district.

The Andhra Pradesh Sugarcane growers Association organised a roundtable on the government's proposal and its consequences, here on Sunday.

Expressing serious concerns, the speakers felt that setting up of a refinery by the Toyota Tsusho would deal a blow to the sugarcane farmers and sugar factories in the State. Though there were reports that the proposed refinery would provide employment to about 1,600 people, it would impact the lives of lakhs of sugarcane farmers and farm workers and thousands of sugarcane factory workers in the State as the existing sugar factories would be forced to close down, they said, adding, the government was requested to shelve its proposals.

Addressing the gathering, Former Minister Vadde Sobanadreeswara Rao said that the Andhra Pradesh used to be in the third position with regard to sugar production in the country. But, it slid to fifth position due to the government policies. The sugarcane farmers were already facing hardships for various reasons, including the policies. Sugarcane cultivation was coming down as the farmers were not getting remunerative price. They would be at receiving end if the Multinational Companies (MNCs) were allowed, he said, adding, the farmers should express their resentment through protests and objections.

Federation of Sugarcane Growers Associations secretary N .S .V. Sarma said that eight sugar factories in the State were already closed down due to losses in the last four years and a few others were struggling for existence. The remaining 21 sugar factories would also be closed down if the government gave permission for setting up Refinery unit in Nellore district, he felt.

AP Rytu Sangham vice-president Y Kesava Rao, State Rytu Sangham general secretary Vangala Subba Rao, AP Rytu Sangham state committee member Talupula Sudhakar and sugarcane farmers others spoke.

(Source- <http://sugarnews.in/ap-sugar-refinery-opposed/>, published on 19th September, 2016)

Trading margin on sugar futures to rise above 50%

Market regulator Sebi could direct agri bourse NCDEX to further raise trading margin on sugar to weed out speculative activity amid the recent hardening of prices, a person aware of the development told ET. The front month futures contract shot up 6.5% from a low to Rs 3,665 a quintal in eight sessions through September 14.

"Margins could be raised next week itself," the person told ET on Friday. "A ban on sugar futures is not on the cards for now," he added. He did not add the quantum of likely margin increment.

Sebi and NCDEX officials were not immediately available for comment. The matter is politically sensitive with the festive season having got under way and with the Centre's eye on the UP assembly polls next year. While consumer food price inflation dipped 0.6% in August from a month ago, sugar and confectionery price inflation rose 1.4%.

NCDEX had at the instance of the regulator raised the margin on longs (buyers) from 20% on August 10 to over 50% thereafter. Margin on shorts (sellers) was raised 5% to around 20%. This was done to curb speculative activity, specially on the buy side.

"Regulatory tools like hiking margins, lowering position limits, imposing stock limits etc, are used to rein in speculation amid rising spot prices, but if they fail to check prices -- as is the case always due to structural shortages, a ban -- though inexpedient, is the only option," said Madan Sabnavis, chief economist, rating agency Care. Sabnavis earlier served as chief economist at NCDEX .

Viral Shah, head of commodity desk at Geofin Comtrade, said raising margins would literally 'kill' the contract. "If margins are raised to, say, 75%, a participant could well buy the same from the spot market."

Open interest, the quantity potentially deliverable, across three sugar contracts on NCDEX is a minuscule 28,000 tonnes against anticipated production of 23.3 million tonnes this sugar season.

The fall is because of regulatory action in 2011, which saw the imposition of stock limits to curb hoarding.

The stock limit of 500 tonnes delivery was applied to the futures market too this year. So, while

a client can take position of 20,000 tonnes in a near month contract, he can give or take delivery of just 500 tonnes.

(Source-<http://economictimes.indiatimes.com/markets/commodities/news/trading-margin-on-sugar-futures-to-rise-above-50/articleshow/54401300.cms>, published on 19th September, 2016)

Co-gen/Power

Canada's CDPQ in talks to pick up to 35% in Azure

Canadian pension fund Caisse de depot et placement du Quebec (CDPQ) is in talks with solar-energy developer Azure Power to buy up to 35% stake in the company for about \$180 million (Rs 1,200 crore), two people close to the development said.

"The talks are in an advance stage and the investment could be concluded by the end of December this year," one of the persons cited earlier said. "This would also give partial exit to some of the existing investors in Azure Power."

International Finance Corporation (IFC), the investment arm of the World Bank, Foundation Capital, Helion Ventures, and German development bank DEG are the main investors in New Delhi-based Azure Power, a major player in the Indian solar power space. Most of the investors are set to get a partial exit.

Azure has been expanding and making investments aggressively. In June, it invested about Rs 800 crore to set up 150 mw of solar projects in Punjab. According to people in the know, Canadian fund Brookfield, too, had approached Azure Power for a stake buy about two months ago. ET had reported on August 15 that Brookfield was looking to invest about Rs 500 crore for a minority stake in the company.

"The deal between CDPQ and Azure would be in its final lag," the person quoted earlier said, when asked whether Brookfield was still in the race. Azure Power, which was also looking to get listed on the New York Stock Exchange, may be "reconsidering" this plan, he said.

The second person said, "Negotiations are in the final stage and CDPQ could end up owning 30-35% in Azure Power and pay about \$180-200 million."

CDPQ declined to comment on the matter. Email queries sent to Azure on Monday and IFC, Foundation Cap, Helion Ventures and DEG on Thursday did not elicit any response till the time of going to press.

According to industry trackers, encouraged by the government's renewable energy push, more private equity players are now exploring investment in Indian solar companies. Last year, ReNew Power Ventures raised \$265 million (about Rs 1,700 crore) from Abu Dhabi Investment Authority (ADIA), the UAE based sovereign fund.

CDPQ, the second largest pension fund in Canada with a war chest of around \$240 billion, has been actively exploring investment opportunities in India. ET had reported on September 14 that CDPQ was also in talks with Edelweiss ARC for buying anywhere around 30%.

Last week, CDPQ also gave a commitment that it would infuse capital in a joint investment platform announced by Tata Power and ICICI Ventures.

(Source- http://economictimes.indiatimes.com/industry/energy/power/canadas-cdpq-in-talks-to-pick-up-to-35-in-azure/articleshow/54371782.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst, published on 17th September, 2016)

Renewable energy ministry pushing states to release wind firms' outstanding payments

The government is talking to power distribution companies in various states to clear their outstanding dues to wind energy players, a senior ministry official said.

The Ministry of New and Renewable Energy is in talks with the distribution utilities to clear the dues of around Rs 3,000 crore which is currently outstanding with various wind power generation companies.

The ministry has also asked the discoms not to discriminate between the payments of companies in renewable and other sources of energy. "There are dues of Rs 2000-3000 crore and we have taken it up with the distribution companies. We have also asked them not to discriminate with the payment within the conventional sources and the wind sector. So they are taking care of it," the official told ETEnergyWorld.

The Renewable Purchase Obligation (RPO) has been a driving force in India to promote the renewable energy sector. State Electricity Regulatory Commissions (SERCs) have defined their respective RPO Regulations.

Around 40 per cent of wind energy capacity is currently stuck due to issues regarding payments by various distribution companies to generators. As per the official, the payment is held up for the last one year, and it is not among all discoms.

"Gujarat is a good paymaster and there are no issues with Tamil Nadu, too. The problem is with Maharashtra, Rajasthan and Madhya Pradesh. But it is not so much," the official added.

Distribution companies have been financially sick and payment have been stuck for both renewable an conventional sources of electricity. The government hopes as the benefits of the discom reform scheme UDAY kick in, the states will be able to clear most of these dues.

The government plans to take India's renewable energy capacity to 175 Giga Watt by 2022 which comprises 100 GW solar, 60 GW wind, 10 GW from biomass and 5 GW from small hydro powers.

Around 3,300 Mw wind power capacity was added in 2015-16 as compared to the previous highest installation of 3,196 MW in 2011, propelled by technology and conducive policy environment for the renewable sector.

The industry has attracted an investment of over \$3.16 billion and the cumulative installations of the sector are around 64 per cent of India's total grid-interactive renewable energy capacity.

(Source- <http://energy.economictimes.indiatimes.com/news/renewable/renewable-energy-ministry-pushing-states-to-release-wind-firms-outstanding-payments/54364194>, published on 16th September, 2016)

SoftBank venture, Shapoorji Pallonji keen to invest in Odisha solar park

A mega solar park planned by Odisha has caught the attention of some of the top notch players in renewable energy business. SB Energy (formerly SBG Cleantech), a joint venture between Japan's SoftBank Group, Bharti Enterprises and Taiwan-based Foxconn Technology Group and homegrown conglomerate Shapoorji Pallonji are among major players keen to invest in the park.

Others queued up for investments are Azure Power, Panchvaktra Holdings, Orange Renewable and SkyPower Global.

"We are looking at investment opportunities in Odisha's planned solar park. But, we are awaiting some clarity to emerge from the state government on their efforts to acquire land and initiate bidding", said an official of SB Energy.

The Odisha government in association with the World Bank had recently organised an Investors' Meet in New Delhi to pull investors for its solar park.

A source at Shapoorji Pallonji said, "We had a brief meeting with the Odisha state officials on their solar park project. We are particularly interested to set up solar plant in areas not vulnerable to cyclonic storms and the ones with significant solar irradiation. Broadly, we are looking at a solar power capacity of 50 Mw and beyond."

Some of the developers interested in participating in Odisha's solar park have already bagged projects elsewhere in the country. SB Energy has won a 350 Mw solar project in Andhra Pradesh under Jawaharlal Nehru National Solar Mission. Delhi-based Orange Renewable has sealed a power purchase agreement (PPA) with Solar Energy Corporation of India (SECI) for a 100 Mw project in Maharashtra.

The SECI website informs 33 solar parks are proposed across 21 states with a generation capacity totaling 19,900 Mw.

The Odisha government has set off an ambitious plan to develop 1,000 Mw solar park over 5000 acres of land. The park, to be developed on a public-private partnership (PPP) model, has been approved in-principle by the Ministry of New and Renewable Energy (MNRE).

Now, the state government is awaiting nod from the ministry on the final detailed project report (DPR) of the park. The benchmark generation cost is pegged at Rs 5.3 crore per Mw. Going by this cost estimate, the park can draw investments of about Rs 5,300 crore.

The state government is expected to commit a provision to buy 20 per cent of the power generated from the park. Power producers would have an option to sell the remaining power out of Odisha at bilateral prices, upon securing the first right of refusal from the state government.

Since it is an uphill task to acquire a contiguous patch of 5,000 acres of land, the state government has opted for a cluster approach.

"We are looking at acquisition of 400-500 acres or even smaller land patches of 100-200 acres for the solar park. The energy department has asked Idco (Odisha Industrial Infrastructure Development Corporation) to allot land for the solar park from its land bank. We have some investors expressing interest for the solar park and they mostly prefer to put up their units in the state's western belt", said Rajesh Verma, principal secretary (energy), Odisha government.

The districts identified for the solar park are Balasore, Keonjhar, Deogarh, Boudh, Kalahandi and Angul. As per a plan about 650 Mw capacity is likely to come up at Balasore over 3200 acres of land. The balance 350 Mw is likely to come up in clusters at Keonjhar, Deogarh, Boudh, Kalahandi and Angul districts spreading over 2,000 acres.

(Source- http://www.business-standard.com/article/companies/softbank-venture-shapoorji-pallonji-keen-to-invest-in-odisha-solar-park-116091600744_1.html, published on 16th September, 2016)

ETHANOL

Centre's 22.5% ethanol in petrol plan causes alarm

The central government's plan to increase blending of ethanol with petrol to 22.5% from existing 10% is causing alarm among petroleum dealers and also vehicle users. City's dry and high temperature weather is said to be not suitable for using ethanol blended petrol.

TOI on Saturday had highlighted ethanol in petrol converting into water. Vidarbha Petroleum Dealers Association took up the issue with district administration after oil Companies turned a deaf ear to their complaints. City MP and union minister for road transport and highways Nitin Gadkari had announced many times about the Centre's plan to take ethanol blending in petrol upto 22.5% soon.

President of Vidarbha Petroleum Dealers Association Harvinder Singh Bhatia told TOI doing that will create havoc. "Already petroleum dealers and consumers are facing severe problems with ethanol getting converted into water in underground tanks at petrol pumps. Consumers are alleging that petroleum dealers were mixing water in petrol. Almost all dealers are receiving complaints. Centre should drop the plans of increasing ethanol blending in petrol," he said.

Bhatia added that oil companies should not permit ethanol blending with petrol in Vidarbha due to high humidity here. "Ethanol is hygroscopic (attracts moisture and converts into water. High humidity is common in city. Ethanol blending will cause problems not only during rainy season but throughout the year except one or two winter months," he said. Bhatia also said the petroleum dealers from other parts of the nation too were facing same problems and complaining to the oil companies.

One dealer Amit Gupta said oil companies should not sell ethanol blended with petrol unless infrastructure suitable for it was available in the region. "Infrastructure, right from depots, oil tankers, underground storage tanks at pumps to fuel tanks in vehicles, is totally different for ethanol blended fuel. We do not have it right now," he said.

Gupta claimed ethanol damaged existing vehicles running here. "It is highly corrosive and damaged silencer and rubber material used for joints in engines. Parts in existing vehicles cannot sustain blended petrol. We can see silencers in most vehicles getting corroded sooner these days, especially since blending was increased to 10%," he said.

RTI activist and executive member of Akhil Bhartiya Grahak Panchayat, local chapter TH Naidu said it was a serious issue and citizens needed to fight against the Centre's move. "I will take up the issue with panchayat office bearers. District administration cannot run away from it. It is the responsibility of the district administration to safeguard consumers and prevent loss to them," he said.

(Source- <http://timesofindia.indiatimes.com/city/nagpur/Centres-22-5-ethanol-in-petrol-plan-causes-alarm/articleshow/54414959.cms>, published on 20th September, 2016)

Quote of the day

'Our prayers should be for blessings in general, for God knows best what is good for us.'
-Socrates