NEWS FLASH – 21st March, 2016

SUGAR

India's sugar production trails behind last year; expected to fall by 9%: ISMA

India's sugar production till March 15 has been recorded lower than the corresponding period of previous year.

The sugar production is expected to be 9% lower than the actual production of 283 lac tons of sugar of last year.

The sugar production of current season was higher than last year's corresponding period till a few days ago.

Industry body Indian Sugar Mills Association (ISMA) confirmed that the sugar production in the current year has actually started trailing behind last year's production, indicating that the total production will be much less than the previous year. An ISMA release stated: "At the same time last year, 473 sugar mills were under operation. In the balance period of the last year's season after March 16, around 62 lakh tonnes of sugar was produced. As compared to that, 325 sugar mills are under operation in the current sugar season, which is lower by 148 numbers of sugar mills. Therefore, as is the expectation, the current year's sugar production will be around 9% lower than the actual production of 283 lakh tonne of sugar of last year."

"The trend indicates a shorter tail of crushing and sugar production this year, as compared to last sugar season, and therefore resulting in the lower estimated sugar production in the current season in comparison to the previous one," it added.

The sugar mills in the country have produced 221.30 lakh tonnes of sugar during the current season upto March 15, 2016. This is slightly lower than last season's sugar production upto the corresponding period of 221.57 lakh tonnes.

As on March 15, 2016, 325 sugar mills were still under operation, which were 473 mills last year at the same time. 189 sugar mills in the country have already closed their operations, out of which 31 are in U.P, 91 in Maharashtra, 36 in Karnataka, 10 mills in Bihar and remaining in other States like Gujarat, A.P & Telangana, Uttarakhand etc.

Maharashtra sugar mills have produced 76.77 lakh tonnes of sugar as against 84.07 lakh tonnes last year upto March 15, 2015. As compared to 168 sugar mills, which were still crushing sugarcane last season, 86 sugar mills continue to crush sugarcane in this season now.

The mills in Uttar Pradesh have produced 60.82 lakh tonnes of sugar upto 15th March, 2016 which was 56.25 lakh tonnes at the corresponding period last season. As against 100 sugar mills operating last year at this time, 85 sugar mills are crushing sugarcane now.

Karnataka sugar mills have produced 38.79 lakh tonnes of sugar and 28 sugar mills are still crushing sugarcane now. Last year, as on March 15, 2015, Karnataka had produced 38 lakh tonnes and 61 sugar mills were operating.

As per reports furnished by sugar mills, contracts have been finalised for 14 lakh tonnes for exports against MIEQ, of which about 11.5 lac tons have already been moved from mills to ports. It is expected that sugar mills can export another 5 to 6 lac tons in the remaining period of the current sugar season.

(Source-http://sugarnews.in/ndias-sugar-production-trails-behind-last-year-expected-to-fall-by-9-isma/)

Maharashtra exempts sugar exporting mills from paying cane tax

Maharashtra on Friday exempted sugar exporting mills from paying cane purchase tax for the 2015/16 marketing year that started on October 1, the state's finance minister said.

The cane purchase tax will be exempted for mills exporting sugar according to government guidelines, Sudhir Mungantiwar said in his budget speech.

Maharashtra levies 3 per cent purchase tax on sugarcane, which works around 9 rupees per 100 kg, said an official with Maharashtra State Cooperative Sugar Factories Federation.

The cane purchase tax exemption and other incentives provided by the government will encourage mills in raising exports, said a Mumbai-based dealer at a global brokerage.

India, the world's second-biggest sugar producer, is likely to export 1.9 million tonnes to 2 million tonnes of sugar in the 2015-16 marketing year started on October 1, a leading trade body said in a statement on Friday.

(Source-http://sugarnews.in/maharashtra-exempts-sugar-exporting-mills-from-paying-cane-tax/,)

Getting Sweeter! Sugar stocks surge as prices breach highest levels

Sugar stocks ended higher after report stated that sugar prices jumped to their highest levels in more than a year on Thursday.

Balrampur Chini Mills Ltd ended at Rs. 96.75, up by Rs. 1.3 or 1.36% from its previous closing of Rs. 95.45 on the BSE.

The scrip opened at Rs. 96.1 and touched a high and low of Rs. 100 and Rs. 96.1 respectively. A total of 4561237(NSE+BSE) shares were traded on the counter. The current market cap of the company is Rs. 2338.05 crore.

The BSE group 'A' stock of face value Rs. 1 touched a 52 week high of Rs. 102.8 on 08-Mar-2016 and a 52 week low of Rs. 33.45 on 03-Jun-2015. Last one week high and low of the scrip stood at Rs. 101 and Rs. 91.5 respectively.

The promoters holding in the company stood at 40.83 % while Institutions and Non-Institutions held 31.18 % and 27.99 % respectively.

The stock traded below its 50 DMA.

EID Parry (India) Ltd ended at Rs. 193.1, down by Rs. 1.25 or 0.64% from its previous closing of Rs. 194.35 on the BSE.

The scrip opened at Rs. 194 and touched a high and low of Rs. 201.95 and Rs. 189.5 respectively. A total of 644453(NSE+BSE) shares were traded on the counter. The current market cap of the company is Rs. 3416.96 crore.

The BSE group 'A' stock of face value Rs. 1 touched a 52 week high of Rs. 214.05 on 18-Nov-2015 and a 52 week low of Rs. 123 on 08-Sep-2015. Last one week high and low of the scrip stood at Rs. 211.5 and Rs. 188 respectively.

The promoters holding in the company stood at 45.26 % while Institutions and Non-Institutions held 18.34 % and 36.35 % respectively.

The stock traded below its 100 DMA.

(Source-http://sugarnews.in/getting-sweeter-sugar-stocks-surge-as-prices-breach-highest-levels/)

CO-GEN/ POWER

Policy on auction of coal linkages to power sector in 2-3 months

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"It (the proposed policy on auction of coal linkages to power sector) will take two to three months," Coal and Power Minister Piyush Goyal told reporters here after the launch of a portal on coal allocation and monitoring system for small and medium sector consumers.

"We are working jointly, between Power (Ministry) and Coal (Ministry) to make robust policy that will be most transparent, that will be most fair for all consumers, that will bring in greater degree of affordibility to the consumers of India for the power sector and that will ensure that everybody has equal opportunity to participate," he said.

Last month, the Cabinet Committee on Economic Affairs had approved allocation of coal linkages for non-regulated sector only through auction.

Stating that the process of giving coal linkages was not fully transparent, Piyush Goyal had last month said that there were many complaints about the whole process.

State-controlled Coal India Ltd and Singareni Collieries Company Ltd (SCCL) will put up a quarter of its production for auction to non-power companies.

On the Sasan ultra mega power project getting government nod to produce 17.20 MTPA coal from Moher & Moher Amlohri extension mines, Goyal said the Coal Ministry has allowed for additional mining of 1.2 MT with certain conditions, particularly related to the fact that the coal be used by UMPP only and not be diverted for any other purpose.

"Based on the request of several procurers or states which are benifitting from this low-cost power and on the report of CEA under the direction of Honorable High Court to take a decision in a fair manner the department has taken a view," to permit to allow Sasan Power Ltd (SPL) to raise coal output, he said.

On the government cancelling the gas subsidy auction, the minister said in the 3rd round when the bidding took place the bidders came down to zero which means they were ready to accept the gas without any subsidy.

"We had to obviously abort that auction because its very difficult to choose between all those bidders who are bidding zero therefore we have now come up with a revised formula...There is an Empowered Committee to work out such details."

(Source-http://energy.economictimes.indiatimes.com/news/coal/policy-on-auction-of-coal-linkages-to-power-sector-in-2-3-months/51450863)

Sajjan Jindal-led JSW Energy set to acquire 1,000 MW power plant for Rs 6,000 crore

JSW Energy, the flagship power generating company of Sajjan Jindal, is set to acquire a 1,000 MW Jindal Power plant for about Rs 6,000 crore, two persons familiar with the matter told ET.

"The broad contours of the deal have been almost finalised and it is likely to be announced shortly," one of these persons said. Jindal Power Ltd (JPL) is owned by Jindal Steel & Power Ltd (JSPL), the flagship company of Sajjan's younger brother Naveen Jindal.

Cash-crunch due to the downturn in steel prices and burgeoning debt have forced JSPL to shed assets. "As per company policy, we do not respond to speculations. As part of monetisation plans already advised, JSPL is looking at various options diligently to strengthen our balance sheets," a JSPL spokesperson said. A JSW Energy spokesperson, however, declined to comment.

JPL, the first domestic private sector player to commission an independent power plant (IPP) in 2007, has a total installed capacity of 3,400 MW set up at coal pitheads. This includes a 1,000 MW plant (250 MWx4), located at Raigarh district of Chhattisgarh, and another plant of 2,400 MW (600 MWx4) capacity, located at Tamnar in the same state.

The proposed transaction involved only the Raigarh unit. The Adani group was in discussions to acquire the company "The deal couldn't materialise as Jindal was not inclined to sell the entire power assets," the second person familiar with the development said.

The divestment is aimed at deleveraging the consolidated balance longsheet and a substantial portion of it is likely to be used to retire the debt of its parent's steel arm.

As on FY15, the consolidated group debt stood at Rs 45,500 crore. JSW will take on some of the debt of the power plant and will also pay some cash to JSPL, but the amount is not known yet. The steel sector has been impacted due to reduced demand from China, over capacity and cheap imports.

"SPL financials have been adversely impacted due to the cancellation of coal blocks and payment of additional levy on coal of more than Rs 3,300 crore in FY 14-15 & 15-16 as a result of a Supreme Court order," the JSPL spokesperson said. On a standalone basis though, Jindal Power has a better debt-equity profile than most of its peers. With an installed capacity of 3,400 MW, its total longterm debt is about Rs 5,120 crore. Profitability of both its key steel and power businesses has been impacted on the back of acute coal shortage, falling realisation and no material improvement in utilisation of recently commissioned assets.

"The divestment of 1,000 MW will resolve the immediate problem of meeting fund flow but wouldn't be sufficient in medium term," said the person quoted above. JSPL will have to look for some more asset sale in medium term, he added.

This would be the second major acquisition by JSW Energy that has an installed capacity of 4,531 MW. In 2015, it had acquired two hydro power plant with an installed capacity 1,391 MW from Jaiprakash Power Ventures Limited (JPVL) for Rs 9,275 crore (300MW - Baspa II & Karcham Wangtoo (1,091MW). In addition it has signed a non-binding agreement with JPVL for Bina Power, which has an installed capacity of 500 MW of thermal power, for Rs 3,500 crore. It has also signed an agreement to acquire 75% of Monnet Power

THOUGHT OF THE DAY:

"Tell me and I forget. Teach me and I remember. Involve me and I learn."

-Benjamin Franklin