NEWS FLASH –21st November, 2016

SUGAR

Assam: Experts visit Sugarcane Research Station

Following the popularity of sugarcane species for special quality molasses developed by Burahlikson Sugarcane Research Station (BSRS) of Assam Agricultural University (AAU) near here, the State Government is all set to implement different schemes to promote sugarcane cultivation.

After shutting down Barua Bamungaon Cooperative Sugar Mill and Kampur Sugar Mill, and rapid development of smallscale tea plantations, the farmers here diverted towards tea plantation. However, the success story of Burahlikson Sugarcane Research Station has brought back a ray of hope to the farmers cultivating sugarcane for better production.

With a view to promote sugarcane production, the Principal Secretary to the Government of Assam for Industry, Commerce and Mineral Resources, Ravi Kapoor, had a discussion with the chief scientist of AAU, Dr Bijnan Chandra Bordoloi regarding sugarcane cultivation.

In this connection, an expert of the Indian Sugar Mill Association in New Delhi, Deep Malik, along with Additional Director of Industry and Commerce PK Saikia, Deputy Director of Agricultural Department Mahesh Barman, Sugarcane Development Officer (Barua Bamungaon) KK Pandit, sugarcane specialists PK Gupta, Raja Srivastava, GV Singh and Binoy Singh visited the Burahlikson Sugarcane Research Station to take stock of the progress and had a discussion with the scientists here.

During the discussion, the present status of sugarcane cultivation, prospects, quality of soil, irrigation and agriculture system and technique were discussed in detail. The team also took stock of the quality of sugarcane species developed by the scientists here. The experts also discussed the low production rate of sugarcane cultivation in comparison to the all-India rate and reviewed the prospects of higher production with the help of latest technology, etc.

The expert team also visited Khanikar Sugarcane Farm Cooperative Ltd and interacted with the local farmers there.

(Source-http://sugarnews.in/assam-experts-visit-sugarcane-research-station/, published on19th November, 2016)

Sugar Shares Sweeten As Production Rises Amid Early Crushing

Shares of sugar manufacturers rallied as much as 20 per cent in an otherwise lacklustre market after Indian Sugar Mills Association said that the sugar production has seen a marginal uptick.

Shares of Oudh Sugar Mills rallied as much as 20 per cent to hit intraday high of Rs. 96.40. Mawana Sugars, Dwarikesh Sugar, Dalmia Bharat Sugar, Simbhaoli Sugar Mills, Sakthi Sugars, Ponni Sugars Erode, Dhampur Sugar Mills, Thiru Arooran Sugars, Balrampur Chini Mills, Bajaj Hindusthan and Shree Renuka Sugars also moved higher.

Indian Sugar Mills Association (ISMA) stated that sugar mills have produced a total of 15,000 tonnes more till November 15 this year at 7.87 lakh tonnes as compared to 7.72 lakh tonnes in the same period last year. This is majorly because sugar mills in Uttar Pradesh and Karnataka

have begun crushing sugarcane earlier than their usual time, ISMA added. Sugar marketing year runs from the month of October to September.

Meanwhile, Business Standard in a report stated that Uttar Pradesh government on Friday hiked the state sugarcane price by Rs. 25 per quintal or a little over 9 per cent to Rs. 305 per quintal for the ongoing 2016-17 crushing season.

Brokerage firm Dynamic Levels is positive on sugar stocks with Upper Ganges Sugar and Oudh Sugar among its top picks.

(Source-http://sugarnews.in/sugar-shares-sweeten-as-production-rises-amid-early-crushing/, published on 19th November, 2016)

Mawana Sugars to sell Titawi plant to IPL for Rs 375cr

Mawana Sugars has decided to sell its plant at Titawi in Muzaffarnagar district, Uttar Pradesh, to Indian Potash Ltd (IPL) for Rs 375 crore.

In a regulatory filing, Mawana Sugars said the board of directors has "agreed to sell one of the operating units of the company, Titawi Sugar Complex, situated at Titawi, district Muzaffarnagar, UP, as a going concern on an 'as is where is what is' basis to Indian Potash Ltd".

The agreement for sale has been entered into by these two companies today.

On consideration to be received from this sale, Mawana Sugars said: "Rs 375 crore inclusive of about Rs 150 crore to be paid to cane farmers of the unit for eliminating long standing overdues".

(Source-http://sugarnews.in/mawana-sugars-to-sell-titawi-plant-to-ipl-for-rs-375cr/, published on 18th November, 2016)

South Gujarat's 5,500 crore rural economy under strain

Cash crunch has put south Gujarat's Rs 5,500 crore rural economy under strain as over 1.2 lakh farm labourers have not received their wages for the last one week and there is fear that they may be forced to migrate soon. Sugar factories and paddy farm owners have not been able to pay the workers due to cash crunch after demonetization.

The 13 sugar factories in south Gujarat have started cutting and crushing job. They are expected to harvest 70,000 tonne of sugarcane in this season spending nearly Rs 500 per tonne. Labourers from Dang and Narmada districts in Gujarat and some belonging to Maharashtra and Madhya Pradesh are paid Rs 250 per tonne on a weekly basis. Sugarcane harvesting has just started whereas paddy harvesting is 60 per cent over in south Gujarat whose sugar economy is estimated at Rs 2,500 crore, cotton market at Rs1,000 crore and milk business at Rs 2,000 crore.

"The cap on withdrawal of money from bank, which is just Rs 10,000, makes it impossible for us to make payment to all labourers. We have made arrangement for the labourers to get grocery items on credit from our credit societies. But, still we need some cash to give them," Bardoli Sugar chairman Bhavesh Patel said. This sugar factory alone has 7,000 labourers of the estimated 70,000 workforce engaged in sugarcane harvesting. The number of labourers

working in paddy fields is around 30,000. Nearly 10 per cent of these workforce has left for their homes after demonetization.

Gujarat Khedut Samaj president Jayesh Patel said, "We fear that another 20 per cent of workers may return home as there is no point in staying here without money. We plan to take out a rally on Saturday to demand that the government pay us cash and allow farmers to open accounts in district banks. If this situation continues any further, the operation of sugar factories will come to a standstill."

(Source-http://sugarnews.in/south-gujarats-5500-crore-rural-economy-under-strain/, published on 19th November, 2016)

Despite increase in state advised price, up sugar mills may retain profitability: ICRA

The Rs 25/qtl increase in the Uttar Pradesh (UP) government's state advised price (SAP) for sugarcane for the season SY2016-07 is likely to result in an increase in the cost of production by around Rs. 2,500/MT of sugar. However, given the likelihood of healthy sugar realisations and sugar recovery rates, ICRA expects that most UP-based sugar mills, especially the efficient and integrated ones, are likely to be able to absorb the costs and still remain profitable.

Mr Sabyasachi Majumdar, Senior VP, ICRA, said, "We expect sugar prices to remain steady in the next 3-4 quarters, given the domestic and global supply deficit. Further, UP-based sugar mills are likely to continue to derive the benefit from the improved sugar recovery rates arising out of cane development activities undertaken in the past. Thus, while the UP-based sugar mills may see some reduction in margins compared to what was seen in the previous two quarters, their margins are still likely to remain satisfactory in the near-term. This may be especially true for efficient and forward integrated mills."

The UP government has, through a November 18, 2016 order, announced a Rs. 25/quintal (qtl) increase in the state-advised price (SAP) of sugarcane for the sugar year (SY) 2016-17 (October-September season). The order raises the cane price for the normal varieties from Rs. 280/qtl in SY2015-16 to Rs. 305/qtl in SY2016-17, and that for the early maturing varieties from Rs. 290/qtl to Rs. 315/qtl. For the rejected varieties, the SAP has been raised from Rs. 275/qtl to Rs. 300/ qtl. At these prices, ICRA expects the landed cost of cane (inclusive of basic SAP, taxes and levies and inward freight costs) to be around Rs. 321-325/qtl.

According to ICRA's estimates, with the new cane prices, the cane cost of production for sugar is likely to increase by around Rs. 2500/MT vis-a-vis SY2015-16and stand at around Rs. 28500-30500/MT, given that the recovery rates for most UP-based sugar mills range between 10.5% and 11.5%.

On the positive side however, ICRA expects the UP-based sugar mills to continue to report steady sugar realisations (currently at Rs. 35,500/MT) in the near-term, given the supply deficit, both domestically and globally. This apart, these mills are likely to continue to derive benefits from the relatively healthy recovery rates (estimated at between 10.0-11.5% for most mills in SY2015-16 and SY2016-17 – ICRA projected – as against the sub 10% levels seen in the previous two to three years, on the back of cane development activities undertaken in the recent past, which resulted in better varietal mix. Margins are likely to come down somewhat from the levels seen in the previous two quarters (Apr-Sep 2016) and they are still likely to be satisfactory for most efficient and forward integrated sugar mills over the next two to three quarters.

ICRA, however, notes that for SY 2016-17, mills will have to pay the entire cane price upfront, unlike in SY2015-16, when mills were given the flexibility of paying Rs. 50/quintal (out of the total

basic SAP of Rs 280/qtl) within a period of 90 days. This may have some short-term liquidity impact on mills, which are financially weaker and relatively more levered.

(Source-http://sugarnews.in/despite-increase-in-state-advised-price-up-sugar-mills-may-retain-profitability-icra/, published on 18th November, 2016)

Early start to sugar season

The sugar crushing season has started earlier this time. As on Tuesday, 222 mills had started crushing, as against 175 in the season at the same time last year.

Production, at 787,000 tonnes is a marginal 15,000 tonnes higher as compared to last year on the same date.

Mills in UP advanced their crushing by a fortnight and Maharashtra's starting crushing from November 5 (later than last year); Karnataka mills have also started earlier than their usual time. In UP, 55 mills have been working, producing 193,000 tonnes as compared to 150,00 tonnes at the same period last year, when only six mills were operational.

In Maharashtra, 95 mills had produced 112,000 tonnes, as compared to 431,000 tonnes from 114 mills last year.

However a TV channel had quoted Narendra Murkumbi, vice-chairman, Shree Renuka Sugars, as saying, "Transport in the sugar industry is badly hit. New purchases have come down 50 per cent. Supply of manpower at the lower levels is getting difficult. Sales lost or delayed this week will get made up, as the inventory starts filling up and trucks return in full strength to the roads."

(Source-http://sugarnews.in/early-start-to-sugar-season/, published on 18th November, 2016)

COGEN

India's solar power capacity crosses 10,000 MW

India has achieved a major milestone in solar power capacity addition. Cumulative solar capacity, including rooftop and off-grid segments, has crossed 10,000 MW in the country.

"The pace of sector activity has picked up tremendously in the last two years because of strong government support and the increasing price competitiveness of solar power," according to a report by Bridge to India, a global solar energy consulting firm.

India is expected to become the world's third biggest solar market next year, after China and the US. An average annual capacity addition of 8-10 GW per annum is expected from next year.

Utility-scale solar accounts for more than 85 per cent of the total installed capacity. Rooftop solar, so far about 10 per cent of the sector, has also grown at a healthy CAGR of 98 per cent between 2011 and 2015 and is expected to play an increasingly important role in the sector.

Improving net metering implementation and subsidy disbursal are expected to lead to a significant demand boost for rooftop solar across consumer segments. There is also a strong impetus on increasing rooftop solar deployment in government-owned buildings. Around 1500

MW of potential rooftop solar capacity has been identified in central ministries and departments alone.

However, the off-grid segment, which is important from the point of view of increasing access to electricity and relieving stress on the transmission grid, has reached 360 MW till mid-November 2016.

Some key themes can be observed in the growth of the Indian solar market so far. Among the states, Tamil Nadu has the highest installed capacity, followed by Rajasthan, Andhra Pradesh, Gujarat, Telangana, Madhya Pradesh and Punjab. These seven states collectively accounted for more than 80 per cent of total installed capacity as of mid-November 2016. Some of the larger power consuming states such as Maharashtra and Uttar Pradesh are way behind in the sector.

The report pointed out that the solar park scheme has also been instrumental in tackling the two major issues of land acquisition and power evacuation for project development.

The government originally envisaged developing 20,000 MW of solar park capacity by 2020, but the scheme has received an enthusiastic response from the private sector and the government is already planning to double this capacity to 40,000 MW. Further, eight green energy corridors are under construction, with financial assistance from German development bank KFW, to evacuate and integrate the growing share of renewable energy into the grid. The corridors will allow transmission of solar power from the solar rich states to other states.

Also, the growing solar market in India has attracted the attention of leading investors from both India and other countries, including the US, Europe, Japan and China. The list of active project developers in the market includes prestigious names including Softbank, Fortum, CLP, Adani, Tata Power, ReNew and First Solar, it said.

(Source-http://www.thehindubusinessline.com/news/indias-solar-power-capacity-crosses-10000-mw/article9361638.ece, published on 18th November, 2016)

ABB and IIT Madras to develop microgrid models for electricity in remote areas

As part of the government's Uchchatar Avishkar Yojana (UAY) scheme, ABB India and IIT Madras have signed an MoU to collaborate for developing a power management system to optimise the operation of multiple microgrids, with and without grid connection, while managing electricity supply to villages. This system will also enable the integration of individual solar PV rooftops to a village microgrid.

"The UAY scheme is the need of the hour and will foster greater corporate-academia partnerships which can contribute to solving the country's issues and I am pleased that IIT Madras and ABB have embarked on this journey. We are looking forward to adding another facet to our enriching association with IIT Madras. In a country as huge and diverse as India, it is important to design models of integration with power management and load balancing for proven microgrids technology with the existing grid infrastructure. This, along with the modular nature of this technology, will enable access to reliable, sustainable and cost efficient power to even the most disadvantaged, remote areas of the country," said Sanjeev Sharma, CEO and Managing Director, ABB India.

The Government of India is looking at a generation capacity of 40 GW in the next five years through grid connected (GC) rooftop solar PV and small scale solar PV plants. Such clusters have the capability of generating and using renewable energy locally from one kilowatt to a few hundred kilowatts. It is imperative to network such locally distributed nano or microgrids for optimal usage of renewable power across users, keeping in mind the dynamic demand/supply situation. Such inter-connection and interleaving of microgrids with the existing distribution system and infrastructure will provide economic benefits for the people, in terms of reduced outages and lower cost of power.

Prof Bhaskar Ramamurthi, director, IIT Madras, commented, "While India has set an ambitious target for solar energy generation, IIT Madras has been at the forefront in developing decentralised energy-efficient solar PV microgrid solutions tailored to meet India's urban, rural and off-grid power requirements. Partnering on this project with ABB India, a pioneer in technologies in electrical grids, enables us to ensure that the solutions we develop integrate seamlessly with large trans-national grids, and also possibly to take these solutions to other geographies where they may find beneficial application."

The project scope includes microgrids of 20 to 100 kW capacity equipped with battery storage. Detailed studies and simulation of the various system components along with related control and optimisation logics, protection criteria, monitoring and communication will also be undertaken.

ABB's Access to Electricity social initiative in India has already demonstrated significant impact in the country. It has brought solar power to 1,200 households in the Rajasthan desert and to over 100 households in the world's largest delta region of the Sunderbans. This project follows two ongoing CSR projects with IITM; one for the design, installation and commissioning of a microgrid able to supply 50 kW power to a rural village, the other one to help establish and research the Center of Battery Engineering at IITM. ABB recently announced the setting up of India's first solar powered microgrid to provide uninterrupted power supply to its factories in Vadodara.

(Source-http://www.business-standard.com/content/b2b-manufacturing-industry/abb-and-iit-madras-to-develop-microgrid-models-for-electricity-in-remote-areas-116112100142_1.html, published on 21st November, 2016)

ETHANOL

Oil firms plan to set up seven 2G ethanol units for Rs4,000 crore

State-run fuel retailers Indian Oil Corp. Ltd (IOCL), Bharat Petroleum Corp. Ltd (BPCL) and Hindustan Petroleum Corp. Ltd (HPCL) will set up around seven so-called second generation (2G) ethanol plants across the country, three people aware of the development said. The plants will be set up at a cost of Rs4,000 crore and will help enhance ethanol availability for blending with petrol.

2G ethanol is produced using non-edible agricultural waste left over after harvesting. This could include corn cobs, rice straw and wheat straw, among others. Currently, technology is available to convert cellulose into sugar, which can later be fermented to form ethanol.

"The OMCs are in the process of setting up nearly seven such plants in the initial stage. These will be set up at a cost of Rs600 crore each. The plan is currently under the consideration of the ministry of renewable energy and the ministry of petroleum and natural gas," said an industry official aware of the talks, one of the three mentioned above. He spoke on condition of anonymity as he is not authorized to speak to reporters. These plants, the official added, will produce 100,000-150,000 litres of ethanol per day and correspondingly equivalent bio-CNG (compressed natural gas).

Bio-CNG will be an alternative to diesel.

These plants will come up at locations close to farm lands, in order to reduce costs. "We are looking for locations where we can set up a blending refinery or depot," added the third official from an oil marketing company.

In September, IOCL tied up with Pune-based Praj Industries Ltd to build three 2G bio-ethanol plants with technology developed by Praj. IOCL did not reply to an email sent last week seeking details of the investment in the venture.

A BPCL official confirmed the plan to build these plants. "In addition to Praj Industries, we are in talks with other technology service providers also to set up two 2G ethanol plants. Location of the plants will be decided in a few months," the official added. BPCL did not reply to an email sent last week. The country is targeting a more than seven-fold expansion in its biofuel market in the next six years, oil minister Dharmendra Pradhan said on 10 August.

This July, Union minister Nitin Gadkari had said the government will soon come up with a new policy on non-conventional resources as it plans to take up ethanol blending in petrol to 22.5% and in diesel to 15%. He added that this could reduce India's annual crude oil imports bill of Rs7 trillion.

"1G ethanol will continue to be the main contributor to the blending programme, besides serving beverage and industrial demand. However, the desired 10% ethanol blending programme calls for alternative feedstocks and hence, the need for 2nd generation cellulosic ethanol (2G) technology," said Pramod Chaudhuri, executive chairman, Praj Industries in his second quarter address to shareholders.

(Source-http://www.livemint.com/Industry/VNyQwPsVYa4FFa5MTI72TN/Oil-firms-plan-to-set-up-seven-2G-ethanol-units-for-Rs4000.html, published on 21st November, 2016)

Quote of the day

"Don't cry because it's over, smile because it happened." — Dr. Seuss