

NEWS FLASH – 27th April, 2016

SUGAR

Bearish cues dissolve sugar

Sugar prices in spot and futures extended further loss by over ₹ 20 a quintal tracking weak physical demand and selling pressure in resale trade. Naka rates were also steady.

Stockists stayed away from fresh bulk bets and tried to ease their inventory. Freight rates were steady. Sources said arrivals to the Vashi market declined to 50-52 truck loads and local dispatches were at about 57-58 loads.

The Bombay Sugar Merchants Association's spot rates: S-grade 3,600-92 and M-grade 3,622-3,602. Naka delivery rates: S-grade 3,580-3,630 and M-grade 3,620-3,780.

(Source-<http://sugarnews.in/bearish-cues-dissolve-sugar/>, published on 25th April, 2016)

Skyrocketing Sugar stocks: Defying production woes

Though sugar production in India, the world's second largest producer and consumer of the sweetener, is expected to be lower for the current sugar season (Oct-2015 to Sept-2016) due to drought-hit Maharashtra and Karnataka, sugar stocks have still emerged as 'Sweet Hearts' for investors. At a time when the benchmark stock indices Sensex and Nifty are facing headwinds at 2% negative return, as many as 24 sugar stocks have offered a hefty return between 6-586% since October 1, 2015, the beginning of sugar season in India.

The unprecedented Bull Run has seen 15 of the 24 sugar stocks 15 doubling in price in last 7 months. Dwarikesh Sugar leads the rally from the front with a mammoth return of 585.55%. Joining the bandwagon, Uttam Sugar, Oudh Sugar, Dalmia Bharat Sugar, Mawana Sugar and Upper Ganges have skyrocketed more than 200%.

According to industry experts, for the current sugar season, India is expected to achieve a sugar export target of 32 lakh tonnes. Besides, soaring price of the sweetener in domestic markets will help the companies to improve their balance sheets. Sugar prices in domestic retail markets have already gone up to Rs. 40 a kg as against Rs. 30 a kg in the corresponding period last year. Apart from direct daily usage, demand from sugary product (chocolates, confectionary, soft drinks, etc.) manufacturers has witnessed an impressive upsurge.

Meanwhile, experts are of the view that amid increasing volatility in the Indian stock markets and particularly in high beta and blue chip stocks, sugar stocks which fall into small-cap and mid-cap segment have succeeded in attracting investors to a major extent. Following is the snapshot of how sugar stocks have carved a niche amid volatile market scenario:

Company	30/09/2015	25/4/2016	%
Dwarikesh Sugar	27.7	189.9	585.55
Uttam Sugar	11.24	53.05	371.97
Oudh Sugar Mill	18.1	76.65	323.48
Dalmia Bharat Sugar	25	99.7	298.80
Mawana Sugars	7.24	27.85	284.66
Upper Ganges	33.45	121.7	263.82
Dhampur Sugar	31.2	86.5	177.24
Sakthi Sugars	15.07	39.05	159.12
Bannariamman	714.75	1754.25	145.43
Kesar Ent	16	39.25	145.31
Thiru Arooran	25.95	62.2	139.69
Dharani Sugars	12.3	28.95	135.36
Empee Sugars	2.9	6.5	124.13
Triveni Engg	25.9	53.2	105.40
DCM Shriram Ind	62.1	125.1	101.44
Balrampur Chini	52.95	105.6	99.43
Shree Renuka	7.21	13.62	88.90
KCP Sugar	14.26	26	82.32
EID Parry	131.2	232.25	77.01
Sir Shadi Lal	23.55	39.95	69.63
Andhra Sugar	92.4	139.4	50.86
Bajaj Hind	13.96	19.6	40.40
Piccadilly Agro	12.76	17.58	37.77
Ponni Sugars(E)	174.2	186	6.77

Gloomy production scenario

During the current sugar season, total 243.44 lakh tonnes of sugar has been produced till April 15, which is 21.24 lakh tonnes less than 264.68 lakh tonnes produced in the corresponding period a year ago, according to the Indian Sugar Mills' Association (ISMA). During the period, only 117 sugar mills were reported operational as against 245 mills in the same period a year ago. According to latest ICRA report, sugar production in India will be 10% short in the current sugar year, which could be the lowest production in last five years.

Maharashtra worst-affected

The drought-hit Maharashtra, which is the biggest sugar producing state in India, has so far produced 83.60 lakh tonnes of the sweetener as compared to 99.61 lakh in the corresponding period last year, reflecting a less production of 16 lakh tonnes. As compared to 84 sugar mills operating at this time last year, only 24 sugar mills are crushing sugarcane in Maharashtra as on April 15, 2016. The 740 lakh tonnes of sugarcane crushed till April 15, at an average recovery of 11.29%, is slightly lower than 880 lakh tonnes of sugarcane crushed last year.

Stock limit on traders soon?

Recently in an interview with CNBC TV18, Praful Vithalani, President of India Sugar Trade Association was quoted as saying, "The government's move to impose stock limit in sugar traders is expected to bring sugar prices down, which will be unfortunate for the industry. The Food ministry is all set to cap stock limits in a week or so. The closing stock of sugar will be around 70 lakh tonnes for 2015-16. Moreover, the government should look into the export policy for sugar. Of 32 lakh tonnes sugar export target, 15 lakh tonnes have already been exported, added Vithalani.

Not so sugary prospects

The current demand and supply scenario for sugar in India seems in favour of sugar mills with the production is expected to fall and ample closing stock lies with the traders. However, if capping the stock limit brings sugar prices down, traders' off-take from mills might decline, which will eventually affect sugar mill balance sheets. Moreover, nearly 70% payments to farmers have been carried out by the mills and now if the prices fall, mills would find it difficult to complete the farmer waiver program

(Source-<http://sugarnews.in/skyrocketing-sugar-stocks-defying-production-woes/>, published on 26th April, 2016)

32 Maharashtra sugar mills may lose crushing licences over FRP

At least 32 sugar factories in Maharashtra are likely to lose their crushing licences for the ongoing season with show-cause notices issued to them by the state sugar commissionerate for their failure to make 80% fair and remunerative price (FRP) payments to farmers for the 2015-16 season.

According to Maharashtra sugar commissioner Vipin Sharma, these factories will be summoned to the commissionerate on April 29 to seek clarifications on why payments have not been made to farmers yet. Together these factories owe farmers around R800-900 crore in FRP payments. "The season is almost ending. The prices are high and the factories now have enough stocks on hand. There is no reason why these mills do not sell sugar and pay the farmers," he said.

If the factories do not start making payments, their crushing licences for this season will be cancelled, Sharma said. This effectively means that the cane crushing during the season by these factories will be illegal and they will may end up paying hefty fines for the cane crushed so far.

Mills have been directed by the state cooperation minister to also begin making remaining 20% payments to farmers. The demand for the second installment usually starts May onwards. However, the government has decided that millers need to pay the remaining arrears soon in the wake of rising sugar prices.

The commissionerate had earlier issued Revenue and Recovery Certificate (RRC) notices to some 24 factories for their failure to make FRP payments for the 2014-15 season. Of these 24 factories, there is a court stay on 6 factories and crushing licences of two factories have been cancelled, Sharma had stated earlier.

At present, only 7 factories are crushing cane in the state while the remaining mills have completed their operations. Around 166 mills had closed crushing operations over the last week.

(Source-<http://sugarnews.in/32-maharashtra-sugar-mills-may-lose-crushing-licences-over-frp/>, published on 26th April, 2016)

Sweet news soon for cane growers: Kavitha

In a relief to the sugar cane farmers, the State government is planning to take a decision resolve their issues. Nizamabad MP Kavitha on Monday said, Chief Minister K Chandrashekar Rao is expected to take a good decision for sugar cane farmers, who may get some sops.

The State government is trying to mitigate the problems related to sugar cane farmers and cotton growers, she said. "We are making efforts in this regard", she said, adding that "We will try to get minimum support price to Turmeric and set up a Turmeric Board in the State.

Like nowhere in India, the KCR government has taken a rare decision of providing reservations in market committees, Kavitha said. She also claimed that the TRS government is taking care of its party activists. She called upon the party leaders and activists to make the TRS Plenary in Khammam on April 27 a grand success.

(Source-<http://sugarnews.in/sweet-news-soon-for-cane-growers-kavitha/>, published on 26th April, 2016)

CO-GEN/ POWER

Cyber Security of Smart Grids in India

An integral component of the ambitious flagship programme of the Indian Government-Digital India, which paves way for a digital data avalanche in the country, is a well-designed digital infrastructure ensuring high connectivity and integration of services, the potential areas being smart cities, smart homes, smart energy and smart grids, to list a few. Likewise, the 100 Smart Cities Mission envisions changing the face of urbanization in India, to manage the exponential growth of population in the cities by creating smart cities with ICT driven solutions, along with big data analytics. Smart grid technologies are key for both these schemes.

Smart grid is a promising power delivery infrastructure integrated with communication and information technologies which enables monitoring, prediction and management of energy usages. Establishment of smart grids becomes highly important for the Indian economy, as the present grid losses are one of the highest in the world at upto 50% and costing India upto 1.5% of its GDP. India operates one of the largest synchronous grids in the world – covering an area of over 3 million sq km, 260 GW capacity and over 200 million customers with the estimated demand of India increasing 4 times by the year 2032.

In the year 2013, the Ministry of Power (MoP), in consultation with India Smart Grid Forum and India Smart Grid Task Force released a smart grid vision and roadmap for India, a key policy document aligned to MoP's overarching objectives of "Access, Availability and Affordability of Power for All". It lays plans for a framework to address cyber security concerns in smart grids as well. To achieve goals envisaged in the roadmap, the Government of India established the National Smart Grid Mission in the year 2015 for planning, monitoring and implementation of policies and programs related to Smart Grid activities.

(Source-<http://indianpowersector.com/2016/04/cyber-security-of-smart-grids-in-india/>, published on 26th April, 2016)

'In coming decade, India will be a strong market for wind'

At a time when clean energy is gaining momentum globally with countries focusing on environment friendly measures to meet their energy demands, wind and solar energy players are competing neck and neck to grab the larger pie of the clean energy business.

Speaking to BusinessLine Marc De Jong, CEO, LM Wind Power – a Danish company in Wind Blades making, explained that after the India expansion recently, the company would now look at global expansion to tap the emerging wind energy markets in Europe, China and North America. Edited excerpts:

After the completion of India capacity expansion at Halol, what is your global expansion plan?

Wind energy business is growing fast. With Halol expansion we have total 1.6 Gw per annum of installed capacity in India as on 2016 and the capacity is already booked. Apart from India, we are also expanding in all major regions, where renewable energy focus is concentrated like Brazil, North America and Europe. In Europe it is offshore market that is likely to takeoff. Also, China has significant growth potential. We are not opening new plants there but we are expanding the three plants that we currently have in China.

What is the overall investment outlay you have planned for this year in these regions?

Overall we aim to grow by more than 20 per cent annually. And the investment that will be made will be more than EUR 100 million in all these regions towards partly capacity addition, but mostly to add new technology.

(Source-<http://indianpowersector.com/2016/04/in-coming-decade-india-will-be-a-strong-market-for-wind/>, published on 26th April, 2016)

Coal India forced to change sales tactic

Coal India Ltd, the world's biggest producer, is seeking to change the way it sells the fuel as sluggish demand adds to stockpiles and cheaper imports threaten its market share.

The company needs to "shrug off the years of inertia of monopolistic marketing and switch over to the competitive marketing with alacrity", chairman Sutirtha Bhattacharya said in a letter to employees posted on the firm's website. "Marketing of coal will be the decisive factor in defining our performance."

Kolkata-based Coal India, after years of underperformance, faces a surfeit of supply after production outpaced demand. Power plants, its biggest customers, have near-record inventories, adding to the more than 50 million metric tons of stocks at the company's mines. At the same time, the miner faces the threat of cheaper imports. Thermal coal at Australia's Newcastle port, considered Asian benchmark, has declined 58% over the past five years.

Coal India, which accounts for more than 80% of the country's output, must focus on quality and cost reduction to boost its performance, Bhattacharya said in the letter. Price, quality and commitment to customers will be key to the company holding on to its market share, he said.

"We are committed to increasing the ease of doing business with us," Bhattacharya said by phone. "We are trying to be more responsive to needs of the customers and will address all the issues to combat the threat from other fuels and coal from other sources."

Coal India has already taken some steps. It reduced the reserve price for some auctions sales and sacrificed bonus payments for increased supplies of higher grades of the fuel.

"Coal India is making efforts to become a better marketer of coal," said Goutam Chakraborty, a Mumbai-based analyst at Emkay Global Financial Services. "These small steps will not only help it clear the current stockpiles but also lure customers who have turned to imports

(Source- <http://www.livemint.com/Companies/hul9ipAFHR5N5OVe5EauqM/Coal-India-forced-to-change-sales-tactic.html>, published on 27th April, 2016)

Thought of the day

Happiness is when what you think, what you say, and what you do are in harmony.

-Mahatma Gandhi