

## NEWS FLASH – 30<sup>th</sup> March, 2016

### SUGAR

#### Dalmia Bharat Sugar seeks shareholders' nod to raise Rs400 crore

Dalmia Bharat Sugar and Industries Ltd on Tuesday sought shareholders' approval to raise up to Rs.400 crore through issue of securities for increasing sugar manufacturing capacity.

The company has sought shareholders' approval through postal ballot on its special resolution to raise "an aggregate amount not exceeding Rs.400 crore" through issue of securities, according to a regulatory filing.

"In order to meet the increased demand for sugar consequent upon the liberalisation of the export policy by the government, the company proposes to raise funds for increase in its manufacturing capacity by undertaking further modifications to its existing projects or by incurring expenditure on new projects," the company said, explaining the rationale.

"For this purpose it proposes to raise funds by issue of securities as mentioned in the resolution to the extent of around Rs.400 crore," it added.

The company has five sugar plants in Uttar Pradesh and Maharashtra with cane crushing capacity of about 30,000 tonnes per day. Dalmia Bharat Sugar posted a revenue of about Rs.1,150 crore in fiscal 2015.

(Source- <http://www.livemint.com/Industry/XtEpftrUQi1YMCz3uvO8HL/Dalmia-Bharat-Sugar-seeks-shareholders-nod-to-raise-Rs400-c.html>)

#### Jaggery-makers in Kolhapur face challenge from Karnataka imports

Kolhapur's Rs 300-350 crore jaggery-making business is in trouble. Jaggery manufacturers in Kolhapur are complaining of being outpriced by cheap chemically-made jaggery imports from Karnataka. They fear that this traditionally-made jaggery, which is known throughout the country for its unique taste and aroma, could soon become a thing of the past. The farmers have been seeking a minimum support price (MSP) for jaggery. Of late, a cheaper variety of jaggery has been flooding the neighbouring Sangli market near Kolhapur and other markets in the state as well. This variety of jaggery, according to top industry officials, contains 80% sugar and just 20% cane juice, the main ingredient in jaggery, unlike the jaggery from Kolhapur which contains 80% juice and 20% sugar. Kolhapur is the main market for jaggery in the country; it ranks first in qualitative terms and second in terms of quantity after Muzaffarnagar.

According to Vikram Vilas Kale, president, Shahupuri Merchants Association, also known as Kolhapur Jaggery Traders Association, the number of jaggery making units has come down to some 400 from the 2,500-odd units several years ago. It remains chiefly a cottage industry, which has been fighting the onslaught of chemically-prepared jaggery available at cheaper rates (cheaper by 10-15%). Arrivals have dwindled to 20-25 lakh raves (10 kg

packs) for the season from the 50-55 lakh raves in the earlier years. Of the jaggery manufactured in the Shahupuri jaggery market of Kolhapur, 80% goes to Gujarat, the top consumer, but since the cheaper jaggery is available in Sangli, traders from Gujarat have been going there, jaggery makers pointed out.

Jaggery-making continues to remain a cottage industry and this has helped jaggery makers here to retain that unique taste and aroma, since it is made entirely manually by small units in this region, Kale pointed out. The units have been facing problems due to chronic labour shortage and shortage of sugarcane. Since most of the units fall under the small and medium enterprises sector, they lack the muscle to sustain their losses and continue operations, he explained. Moreover, cheaper jaggery from Karnataka is now available in Sangli — one of the major markets for jaggery.

At present, sugar mills in the district are paying about ₹2,600-2700 a tonne, while jaggery-making units pay about ₹2,500-2,600 per tonne. On the other hand, farmers also have to bear the cost of sugarcane transportation, which works out to ₹400-500 a tonne. Therefore, the farmer makes less money by selling his sugarcane to the units, he said. Since the product is seasonal in nature and its production takes place only during November to April in a year, storage also becomes an issue.

Gujarat, Rajasthan and Mumbai are the main markets for jaggery and the jaggery from this region is also exported to West Asia and the Gulf, especially where the Indian diaspora resides, he said. The traders association, which has over 200 members, has been seeking restrictions on the entry of cheaper varieties from other states. A demand for a jaggery cluster has also been pending.

(Source-<http://www.financialexpress.com/article/markets/commodities/jaggery-makers-in-kolhapur-face-challenge-from-karnataka-imports/230654/>)

## CO-GEN/ POWER

### JSW Energy eyeing distressed power plants: Seshagiri Rao, CFO

India's JSW Energy is looking at various distressed coal-fired power plants in anticipation of demand improving, an executive said, amid talk the company is buying a big power plant from Jindal Steel & Power.

JSW Group Chief Financial Officer Seshagiri Rao said there were several attractive opportunities in the power sector hit by coal mine cancellations and heavy debt, but declined to comment on specific deals.

"JSW Energy has been evaluating various opportunities," Rao told Reuters on Monday at the company's headquarters in Mumbai. "There are so many assets available at attractive prices."

Two sources told Reuters last week Sajjan Jindal's JSW Energy is nearing a deal to buy a 1,000 megawatt (MW) plant from his brother's debt-laden Jindal Steel & Power for about \$782 million as part of a plan to nearly triple its generation capacity in the next decade.

More than 40,000 MW of India's thermal power capacity is under stress because of weaker than expected demand, lower tariffs and the increasing debt burden of their owners, some of whom had to give up their coal mining licences following a court verdict on illegal allocation of coal fields.

But Rao said power demand would improve eventually as steel and other infrastructure sectors raise investments in one of the world's fastest growing economies.

"We are under no pressure to sign any deal but buyers have several options today," he said.

**(Source-<http://indianpowersector.com/2016/03/jsw-energy-eyeing-distressed-power-plants-seshagiri-rao-cfo/>)**

## **RBI announces private placement of special securities under UDAY**

The RBI today asked market participants interested in subscribing to the special securities under UDAY scheme through private placement route to approach it by March 30.

Power Ministry had launched the Ujjwal Discom Assurance Yojana (UDAY) in November last for revival of debt ridden power distribution companies (DISCOMs) in different states.

The special securities under UDAY are being issued by governments of Bihar, Haryana, Jammu and Kashmir, Jharkhand, Punjab and Rajasthan.

"The Reserve Bank of India (RBI) has asked market participants who are interested in subscribing to the Special Securities under UDAY Scheme through private placement route to approach the Internal Debt Management Department, RBI, Central Office latest by March 30, 2016," the central bank said in a statement.

Under the scheme, the Centre allows state governments, which own the discoms, to take over 75 per cent of the debt as of September 30, 2015 in two years and pay back lenders by selling bonds. For the remaining 25 per cent dues, discoms have been allowed to issue bonds.

The scheme is expected to help discoms save around Rs 1.8 lakh crore in the next three years. The cumulative debt of discoms is Rs 4.37 lakh crore.

Sources said banks have been allowed to keep UDAY scheme bonds under the held-to-maturity (HTM) category.

This will ease pressure on bond yields and debt market, sources said.

**(Source-<http://indianpowersector.com/2016/03/rbi-announces-private-placement-of-special-securities-under-uday/>)**

## **BHEL commissions 40-mw hydro power unit in West Bengal**

State-run power equipment maker BHEL has commissioned a 40-mw unit of a hydro power plant in West Bengal.

“Just a month after the commissioning of the first 40-mw hydro electric generating unit at the Teesta Low Dam Hydro Electric Project (HEP) Stage-IV in West Bengal, Bharat Heavy Electricals Ltd (BHEL) has successfully commissioned the second unit of the same rating at the project,” the company said in a statement today.

A run-of-the-river project located in Darjeeling district of West Bengal, Teesta HEP is being set up by National Hydroelectric Power Corporation (NHPC), on the River Teesta, it said.

The remaining two units of the project are also in the advanced stage of execution. In West Bengal, BHEL is also executing the 3×40 mw Rammam Stage-III hydro-electric project of NTPC.

The estimated annual energy generation of 720 million units from the project will result in significant reduction of green-house gas emissions and help in achieving a low carbon development path.

(Source-<http://indianpowersector.com/2016/03/bhel-commissions-40-mw-hydro-power-unit-in-west-bengal/>)

## **ETHANOL**

### **Farmers drag TN to court on ethanol scheme**

Vexed by the Tamil Nadu government's policies that prevent implementation of the ethanol-blended fuel programme in the State, the Consortium of Indian Farmers Association has filed a Public Interest Litigation in the Madras High Court seeking a remedy.

When the matter came up for hearing today, Chief Justice MM Sundaresh granted the State government time up to June 14 to file its counter.

The ethanol-blended fuel programme (EBP) by the Centre envisages supply of ethanol by sugar mills with distilleries to oil marketing companies to produce ethanol-blended automobile fuel. The additional revenue from ethanol is expected to support sugar mills to pay farmers the sugarcane price.

The petitioner, R Virudhagiri, President of CIFA, said sugar mills across India owe farmers over Rs. 15,000 crore for the 2014-15 season.

The industry is cash strapped because of continuous low sugar prices in recent years. The price of sugarcane by-products such as molasses, bagasse and spirit, including ethanol, is critical for the viability of the sugar mills and their ability to pay farmers.

CIFA pointed out in its affidavit that the State government, in an order of September 2015, has allowed distilleries to produce just 50 lakh litres of ethanol and conversion of 10 lakh litres of impure spirit against a total requirement of 20.18 crore litres a year.

The order is 'arbitrary and unreasonable' and affects the fundamental rights of the sugarcane farmers, CIFA said.

CIFA also said that the State government is "throttling the distilleries in Tamil Nadu with a high VAT (14.5 per cent)" but favours liquor manufacturers. It permits liquor manufacturers to bring in alcohol from other States by paying a CST of just 2 per cent.

Mills in Tamil Nadu have shut down production of potable alcohol because they do not find buyers for the expensive alcohol.

The sugar mills are also denied the Centre's support because they are not able to participate in the EBP.

**(Source-<http://www.thehindubusinessline.com/economy/policy/farmers-drag-tn-to-court-on-ethanol-scheme/article8410071.ece>)**

***THOUGHT OF THE DAY:***

Ambition is the spur that makes man struggle with destiny. It is heaven's own incentive to make purpose great and achievement greater. -Donald G. Mitchell