

## SUGAR

### Sugar companies to see more gains

#### With firm sugar prices and better profits, the earnings of sugar producers are set to improve further

Earlier moves to control sugar prices through export duty, concerns on cane procurement price revision, and note ban, all led to a correction in share price of sugar companies recently. However, the stocks have become attractive now, with clarity on cane costs and firm sugar prices. Meanwhile, the financial health of sugar companies has continued to improve, and is expected to turn even better with favourable sugar prices.

Sugar production is estimated to decline to 23.4 million tonnes (mt) in sugar year(SY) 2016-17 compared to 26 mt in SY15-16, says Indian Sugar Mills Association or Isma. SY is from October to September. The closing stock of around 7.7 mt as of October is likely to decline further with consumption estimated at 25.5 mt, keeping prices elevated. Thus, Balrampur Chini Mills and Eid-Parry, with stronger balance sheets, as also Dalmia Bharat, Dhampur Sugar Mills, among others, are well placed to gain from the favourable sugar cycle.

Uttar Pradesh government recently announced state advisory price (Sap) for cane, which was in line with expectations. This eliminates uncertainties on costs. The Sap, after three years, has been revised to Rs.315 a quintal from 280-290 for normal and advanced varieties of cane. Isma said the cost of production, which stood at ₹33 a kg, would rise to Rs. 36 a kg. However, analysts at IIFL, had earlier said that their estimates factored in the state price hike, which translated into multi-year high margin of 25 percent in current financial year for Balrampur Chini.

Performance of companies is also improving. For example, Balrampur Chini has reported record profit in the first two quarters of FY17 on robust sugar and distillery realisations (up 49 and 11 per cent year over year, respectively). Volumes also surged 24 and 22 per cent, respectively, in the two segments. Distillery is where spirits are made. The company has been reducing its overall debt too. All other players have also benefited. Shree Renuka Sugars, which has been reeling from debt, reported a net profit of Rs.2.5 crore in September quarter (versus loss of Rs.150 crore in year-ago quarter) for Indian operations. While its net profit is estimated to grow 11 per cent in FY17, analysts at IIFL see 18 per cent growth in FY18 for Balrampur Chini. The latter's share buyback will also support its stock price, say analysts at JM Financial.

(Source-<http://www.indiansugar.com/NewsDetails.aspx?nid=6184>, published on 29th November, 2016)

### UP sugar mills still owe farmers over Rs 1,000 crore as cane dues for last season

It's more than a month into the new sugar season in 2016-17, but sugar factories in Uttar Pradesh still owe farmers Rs 1,095.27 crore as cane dues for the previous 2015-16 season. Out of this, 27 sugar mills belonging to five sugar companies, namely Modi Sugar, Mawana Sugars, Simbhaoli Sugars, Bajaj Hindusthan and Rana Sugar groups, owe almost Rs 929 crore as on November 25.

According to data culled by the department of sugar and sugarcane development, these five sugar firms are the main culprits which are bringing down the industry's average payment of sugarcane dues for the last season.

While Modi Sugars' two sugar factories are the worst defaulters, owing a whopping Rs 335.40 crore, the three factories of Simbhaoli Sugars owe Rs 210.17 crore. One sugar factory of Mawana Sugars owes Rs 161.88 crore, while the Bajaj group, too, which has 15 sugar factories in the state, owes Rs 136.19 crore and the Rana group's four factories owe Rs 86.28 crore.

While these five groups' dues total Rs 929 crore, some single units owe the remaining Rs 164 crore. However, when compared to last year's scenario on the same date, when the sugar mills owed a total of Rs 2,703 crore, the situation looks better.

According to sources in the industry, the percentage of cane dues paid for the previous year stands at 94% paid as compared to 87% paid last year at the same time.

"The situation is slightly better this year owing primarily to the fact that sugar prices have been better this year as compared to last year. However, high sugar prices may not continue for very long and in the event of a drop in sugar prices, the cane price paying capacity would be adversely affected. The need of the hour, therefore, is a revenue-sharing model. That would be in interest of both farmers and the industry," an insider said, requesting anonymity.

The Siddharth Shriram-promoted Mawana Sugars, which had recently sold its Titawi Sugar in UP for Rs 375 crore to Indian Potash, has been able to dramatically bring down its dues from the whopping Rs 310 crore as on November 2 this year to Rs 161.88 crore on November 25. "The company has pumped in almost Rs 150 crore towards settlement of sugarcane farmers' dues from the sale proceeds of Titawi," a source said.

**(Source-<http://sugarnews.in/up-sugar-mills-still-owe-farmers-over-rs-1000-crore-as-cane-dues-for-last-season/>, published on 29th November, 2016)**

### **Government's sweet dose for the sugar lobby in Maharashtra**

Maharashtra's sugar sector is all set to gain considerably with the state government further easing control of molasses for the production of ethanol. The excise department, led by BJP's Chandrasekhar Bavankule, has decided to withdraw the existing cap on the surplus molasses gained during the extraction of sugar from sugarcane. Molasses is the dark, sweet, and syrupy byproduct of refining sugarcane.

The politically influential sugar lobby in the state had been up in arms over the cap, that was introduced by the department on May 2, 2015 and had restricted the release of surplus molasses, gained over and above the declared annual production, to five per cent.

Millers had claimed that the cap was adhoc and lacked any scientific basis as the production of molasses can vary depending on the variety and the manner of sugar extraction, along with the process used for the extraction of the byproduct.

Following their protest, the department has decided to withdraw the cap allowing the millers to release and sell molasses gained in surplus.

Chief Minister Devendra Fadnavis had announced decontrol of the byproduct on January 16 this year.

Sources said the move is expected to translate into a handsome gain for the sugar mills, especially since the sale price of molasses has risen sharply — from Rs 3,000 per tonnes to Rs 7,000 per tonnes.

Confirming the move, Excise Commissioner V Radha said about 1 lakh tonne of molasses was pending disposal across the state due to the cap. "We have decided to release it. But the mills have been asked to submit an affidavit confirming that they are aware about facing strict action if this was found to be misused or misdirected," she said. Radha had held a meeting in this regard with the representatives from the sugar industry and the state's sugar commissionerate last week.

Formal orders regarding the withdrawal of the cap are expected to be issued soon. Industry sources said that the move will provide sugar mills a legalised mechanism for disposal and sale of surplus molasses. Maharashtra is the country's largest sugar producer. It has about 194 sugar mills, most of which are controlled by senior politicians. Of these, nearly 100 have also set up distilleries for production of alcohol using molasses, while a few sell the molasses to nearby distilleries.

The release of the surplus old molasses is also expected to cushion the impact of an estimated shortage in its production this year. Sources said that the estimated availability of sugarcane this year stood at 445 lakh tonnes, that when crushed translates into just five million tonnes of sugar as compared to 8.5 million tonnes last season. The drop in sugar extraction will proportionately impact molasses production too, said sources. Following the rise in the molasses sale price, several sugar factories have stepped forward to report surplus gain of molasses. In fact, even three mills with linked distilleries, too, have applied for regularisation of gain in surplus, sources said.

(Source-<http://www.indiansugar.com/NewsDetails.aspx?nid=6182>, published on 27<sup>th</sup> November, 2016)

## **Indian bioscientists discover novel uses for sugarcane waste**

Indian researchers have found a new use for sugarcane pulp as a source of highly fluorescent carbon quantum dots, which could reduce agricultural waste and offer a new revenue stream for farmers.

These dots are tiny carbon nanoparticles, which are about four nanometers across, meaning that more of them would fit on the head of a pin than there are stars in the Milky Way.

Because they emit light and are non-toxic, carbon quantum dots can serve as biosensors, in light-emitting diodes, and even deliver drugs around the human body.

For example, researchers have injected liquids containing carbon quantum dots into a living body to image it from the inside.

"In our study, we developed a simple, low-cost and efficient method for green synthesis of fluorescent carbon quantum dots from sugarcane bagasse," says Ravi Shankaran Dhesingh, co-author of the paper and associate professor at the National Centre for Nanoscience and Nanotechnology at the University of Madras, Chennai, India.

The research demonstrates a new method of producing these versatile nanoparticles.

To begin with, the Indian team cut the sugarcane bagasse into small pieces and sun-dried it for six days, and after burning the dry bagasse, they chemically oxidised and exfoliated it.

While this approach produces a useful substance, it also removes agricultural waste from the environment. More than 90 countries produce sugarcane, and by extension, sugarcane waste.

"Huge quantities of agricultural residues – rice husks, sugarcane bagasse and coconut husks – are produced annually around the world, and these are vastly underutilised," Shankaran said.

To make sugar, machines crush the sugarcane stalks to free the sugary juice inside them.

This juice, when dried and crystallized, will become the sugar you put in your coffee.

But every three tonnes of sugarcane crushed to produce sugar in a factory will yield about one tonne of bagasse.

There have been many attempts to use sugarcane bagasse, but it is a difficult material to work with.

It is unsuitable for paper production because it is very stringy, and so it is often used for bioenergy, but about half of the bagasse is unusable for this because it is too wet.

Given the dwindling margins of sugarcane producers, nanomaterials could provide an answer for both the environment and industry.

"The conversion of solid waste to functional nanomaterials provides a new avenue in solid-waste management, as well as in the production of novel materials," Shankaran added.

(Source- <http://www.indiansugar.com/NewsDetails.aspx?nid=6181>, published on 25th November, 2016)

## COGEN

### Infosys produces solar power at ₹ 2.85/kWhr, plans expansion

The cost of solar power has dipped well below the ₹ 3-mark, if software major Infosys is any example.

The company has 6.6 MW of ground mounted solar capacity (and another 600 kW on the roofs) at its Hyderabad facility. The cost of generation of electricity, averaged over 20 years, works out to ₹ 2.85, Infosys' Executive Vice-President, U Ramadas Kamath, told BusinessLine recently.

Encouraged, Infosys is now onto adding another 3.5 MW in the same area. Kamath said the plant would yield generation of 1.9 million kWhr of electricity per MW of capacity (which compares well with the industry benchmark of around 1.6 million units.)

Explaining the high performance, Kamath said that the company went in for premium modules. The 6.6 MW, set up last December, is a mix of both poly-crystalline and thin film—the two predominant technologies used in the manufacture of solar modules. It bought thin film

modules from the Japanese company, Solar Frontier, and polycrystalline from the Taiwanese company, BenQ. Kamath said that the modules were costlier, but the economics work out favourably.

Again, 40 per cent of the plant is fixed tilt, while the rest use trackers that enable the panels keep facing the sun all the time.

Infosys was the first Indian company to join RE100, a global initiative in which companies pledge that all the energy they use for all their operations would come from renewable energy sources by a voluntarily set deadline. Infosys has pledged it would be 100 per cent green by 2018; it has come half way now.

Energy consumption

Kamath said that Infosys' employee strength has doubled since 2008 (to 199,829 today), while energy consumption has gone up by 18 per cent. In 2008, per-employee energy consumption was 297 kWhr; today it stands at 151. The target is 90 – the level at which the Hyderabad campus, which has 16,000 employees, operates.

(Source-<http://www.thehindubusinessline.com/info-tech/infosys-produces-solar-power-at-285kwhr-plans-expansion/article9398901.ece>, published on 29th November, 2016)

## **Power Minister to nudge states for cheaper energy to powerlooms**

### **Piyush Goyal discussed power tariff and other issues faced by the powerloom sector in the meeting with Smriti Irani.**

Weaving units in the powerloom sector may get electricity at 'competitive prices' as Union Power Ministry will discuss the matter with the states with a view to providing a level-playing field to such units. Power Minister Piyush Goyal today gave assurance in this regard to Textiles Minister Smriti Irani at a meeting today, an official source said. "The Union Power Minister Piyush Goyal will discuss providing a level-playing field to the units in powerloom sector with state governments. If they (states) agree, the decision may be soon be implemented," a senior official who was present in the meeting told PTI.

Goyal discussed power tariff and other issues faced by the powerloom sector in the meeting with Irani here.

In a tweet, Irani thanked Goyal for "assuring support in providing power at competitive prices to the weaving units in powerloom sector".

"It was also decided that textiles industry associations will prepare a report in conjunction with the Government on technology upgradation for the powerloom sector," the official said.

The meeting also had representatives from the textiles industry.

"Powerloom is lifeline of textile sector. Technology upgradation for the powerloom sector could be a gamechanger for the entire industry," Confederation of Indian Textile Industry Secretary General Binoy Job said.

(Source-<http://indianexpress.com/article/india/india-news-india/power-minister-to-nudge-states-for-cheaper-energy-to-powerlooms-4401767/>, published on 29th November, 2016)

## ETHANOL

### Methanol blending with petrol stuck on blend's proportion issue

Despite the ministry of petroleum and natural gas' planned move towards cleaner sources of energy, methanol blending of petrol is stuck on the issue of the proportion in which methanol is to be blended with petrol.

"The matter being evaluated right now is the proportion of methanol to be blended. As soon as the optimum percentage is identified, the process will be carried forward," said a government official requesting anonymity.

India's push for cleaner sources of fuel comes in the backdrop of its ratification of the Paris climate deal on 2 October. The deal came into force starting 4 November.

"A Niti (National Institution for Transforming India) Aayog expert committee is looking into it. The matter is stuck as to how much methanol blending will be best for reducing carbon emission," said another government official who also did not want to be named, adding there will not be significant changes in the engines of vehicles using methanol blended petrol.

India currently imports one-third of its energy needs and plans to halve its import bill by 2030. The country is currently the world's third largest consumer for crude oil after China and the US. India imported 202.85 million tonne (MT) of crude oil in 2015-16 at a cost of Rs.4.16 trillion. In 2014-15, the country imported 189 MT of crude oil amounting to Rs.6.87 trillion.

The Union Cabinet on 13 October reduced the price of ethanol to Rs.39 per litre under the Ethanol Blending Programme.

Queries emailed to the spokespersons of the petroleum ministry and Niti Aayog on 25 November remained unanswered.

Experts believe it is an important step that the ministry is looking to come up with alternatives to conventional petrol.

"Starting from ethanol blending which has taken a concrete form, it is encouraging that the government is now coming up with a further energy-efficient form of fuel," said Raju Kumar, partner at EY, a consultancy.

The government in a statement on 6 September 2016 said adopting methanol as an alternative source of energy was capable of bringing about socioeconomic change in the country, as it would considerably bring down fuel import bill of the country and surplus fund could be diverted in developing the rural economy.

(Source-<http://sugarnews.in/methanol-blending-with-petrol-stuck-on-blends-proportion-issue/>, published on 29th November, 2016)

### Quote of the day

'Aim at heaven and you will get earth thrown in. Aim at earth and you get neither.' - C. S. Lewis