

# Adani Green: Rays of optimism

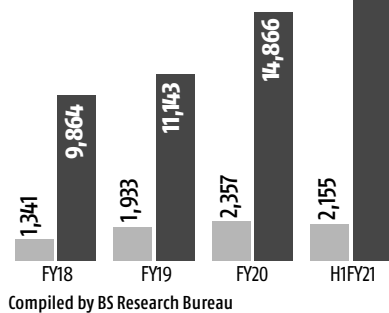
Investors place big bets on the country's fastest growing renewable energy company but the risk-reward outlook is an open question



## SOME RED LIGHTS

(Figures in ₹ cr)

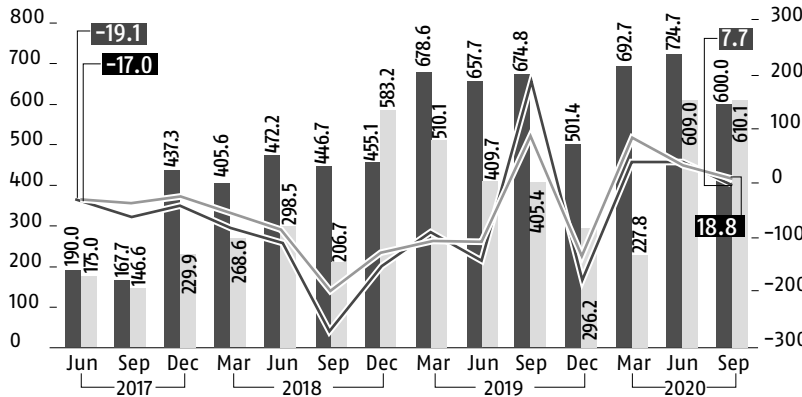
■ Net worth  
■ Total debt



Compiled by BS Research Bureau

## POWERING ON

■ Net sales ■ PBIDT (LHS)  
— PBT — PAT (RHS)



SHREYA JAI

New Delhi, 25 January

Port-to-power behemoth Adani Enterprises' trust with renewable energy started in 2009 with the Vibrant Gujarat Summit when it signed memorandums of understanding to develop renewable projects in the state. In 2011, it commissioned a 40-megawatt (Mw) solar power project in Bitta, Gujarat, marking its entry into the sector. A decade later, the group's renewable capacity has exceeded 14 gigawatt (Gw) and it now has a separate entity for it — Adani Green Energy Ltd (AGEL).

Those watching the stock market closely would jump at the mention of AGEL, which listed in 2018. Share of AGEL, which is into solar and wind power, jumped over six times in 2020 versus a gain of 10 per cent for the National Stock Exchange's Nifty 100 Index — the first and only green energy company to do so in India.

Recently, global energy major Total France announced it will pick up a 20 per cent stake in AGEL, by way of acquiring shares held by the promoter group. Along with the minority stake, the French firm will acquire 50 per cent portfolio in the 2.35 Gw operating solar assets owned by AGEL in a deal worth \$2.5 billion, or about ₹18,000

crore, implying that it will have a 50 per cent stake in the projects under implementation.

The rise of AGEL has been a wonder to many market watchers. With mega pipelines of projects with steady operations, coupled with the Bharatiya Janata Party-led government's aggressive push for renewable energy growth, AGEL has placed itself as one of the premier players in the sector.

Bitta — the group's first solar power project — was selling power at ₹15 per unit. As it stands today over a heap of projects, AGEL's average dispatch price is lower than the average procurement cost of power distribution companies (discoms) across the country. This implies that the price at which AGEL is selling renewable power is the lowest in India — lower than thermal as well.

The company said the average procurement price of discoms is ₹3.60 per unit, whereas the AGEL portfolio aggregate dispatch price is ₹3.26 per unit.

Renewable power has been given must-run status by the Central government, which means discoms/power procurers cannot back down or curtail RE power. While this is one of the reasons for the company's revenue growth, the reduction in cost is on account of in-house back-end services and a strong vendor network in

the domestic market.

Speaking to reporters during a media concall after their Q2 results in November, Vneet Jaain, MD & CEO, AGEL, said, "Across our portfolio companies, we have a centre of excellence called the Energy Nerve Operating Centre (ENOC) that helps us draw innovations and give advice on process improvement. Operations and Management (O&M) of all projects is completely in-house. There is also Adani Infrastructure Management, which provides certain basic O&M services to our infrastructure platform. All design and strategy is fully in-house with AGEL."

Adani-ENOC is a cloud-based platform that adopts machine learning, uses drones for monitoring project progress and digital asset mapping, and geospatial technologies for surveys and others.

The leadership of AGEL is also in-house with Sagar Adani, nephew of Gautam Adani, at that helm of affairs as executive director. Jaain is also an old Adani hand; he has been with the company for over a decade and is associated with some of its flagship thermal power projects.

Along with in-house O&M, the company also has a strong vendor network. For its 322 sites in 20 states at group level, it has a support network of 20,000 vendors. In the same media concall, Sagar Adani said the company runs a vendor management and support programme across group portfolio companies.

Against this growth story, one major risk the company faces is its own debt levels. In two years, AGEL's debt has doubled to ₹19,747 crore by H1 2021. And while its net worth has improved during the same period, the growth in profit is slow (see table).

AGEL said the debt levels are high because it has more capacity under construction than it has commissioned. In 2020, AGEL won the country's first solar manufacturing tender for setting up 2 Gw of solar cells and modules and 8 Gw of allied solar power plants. Including this mega capacity, AGEL has a contracted capacity of 12 Gw.

AGEL plans to raise \$1.8 billion for the upcoming capacity. It will tie up with 10 international banks for construction greenfield funding. "Our under-construction assets are in a cluster and land risk has been identified upfront. Therefore, most of our development risk is in relation to our capacity to build projects. We have a consortium of banks that will provide an interim development facility. This will be replaced by capital market issue when the projects are operational," Adani said during the call.

The company takes construction financing from banks and once projects are operational, refines that portfolio with international bond funding. "This will allow us to recycle the same approval on the development facility... and to continue with the development plan till 2024-25," Adani said on the concall.

Though Adani sounds confident, the downside is still deep. Recently, for instance, this paper reported that close to 39 Gw of RE projects are looking at delays and cancellations owing to Covid-19 and also lack of buyers for RE power. AGEL projects also feature in the list, including its 8 Gw mega solar project.

But AGEL's management does not see this as a problem. "Currently, we are completing projects at a click rate of 8 Mw per day. We hope to increase it to 10-11 Mw per day. Each construction period will see 3000-4000 Mw of projects being completed," the management stated while announcing its last financial results.

# Deal-making to air lifting, how the world will be vaccinated

SAI MANISH

New Delhi, 25 January

As nations across the world make steady progress in inoculating their populations, a lot of vaccine deal-making is underway to set the stage for what will perhaps be the biggest logistical operation in recent history.

While mass airlifting of vaccines is yet to begin, global deal-making shows interesting trends. Sixteen nations with production capabilities are looking to send vaccines to 189 others. India will be one of the leading vaccine suppliers in Africa and some nations in its immediate neighbourhood. Rich western nations, where pharma companies have developed their own vaccines, are most likely to sell to other rich nations while licensing their product for manufacture to middle-income ones. Russia and China's vaccines will dominate Latin America and parts of Southeast Asia, while corporations that made early breakthroughs in vaccine development could face stiff competition from the late entrants.

AstraZeneca's vaccine is being produced in seven nations including India — the most for any manufacturer. The geographical spread of this vaccine's production indicates it could be better placed than others to be shipped worldwide once domestic needs are partially satiated. From India, Australia and Brazil to China, South Korea and the UK, AstraZeneca has licensed production agreements with commercial partners or its own production facilities in these nations. While India is manufacturing four different vaccines, including an indigenously developed



one by Bharat Biotech, the US is manufacturing five — the highest for any nation.

Perhaps the biggest and most crucial cargo of the vaccine will originate in India. One of the biggest off-takes of vaccines is being done by COVAX, a global multilateral alliance of UN agencies and NGOs from India. COVAX is expected to buy two billion doses — half of this would be AstraZeneca and Novavax's vaccines being manufactured by Serum Institute of India. Agreements are in place to send over 70 million doses to other nations like Bangladesh, Philippines and South Africa. COVAX aims to transport almost a billion doses to 92 poor nations over the next few months. The movement from India, which will be co-ordinated by UNICEF, would perhaps be the biggest ever vaccine airlift and logistical exercise in recent history.

This will be facilitated by a consortium of 18 of the biggest logistics companies and airlines entailing transport of vaccines in temperature-controlled environments. While most of the signatories of the charter are logistics behemoths like DHL and UPS, two global commercial airlines will be part of this exercise. Many of the 800-strong fleet of Lufthansa and Singapore Airways will be used in this operation. Lufthansa said it had been doing the groundwork with a special task force since the summer of 2020 when lockdowns were enforced across the world.

"The distribution of temperature- and time-sensitive pharmaceuticals is far more demanding than the transport of

fabric masks. We were among the first airlines to specialise in the transport of medical goods and pharmaceuticals and can therefore draw on many years of experience. Thanks to the recent expansion of our ground infrastructure, we can also handle larger quantities while constantly maintaining the cold chain and transport them worldwide," said Katharina Stegmann, spokesperson of Lufthansa Cargo.

Like Lufthansa, the Singapore Airlines management hit the drawing board in May 2020 to chalk out plans for redefining its cargo operations for airlifting vaccines. Singapore Airlines' authorities told *Business Standard*, "We will make available cargo space on flights and accord uplift priority to vaccine shipments across the key vaccine trade lanes. This means redefining the airline's seven Boeing 747-400 freighters, as well as the airline's passenger aircraft fleet that will be deployed on cargo operations to increase the capacity for vaccine transportation where needed."

UNICEF estimates that transporting vaccines to 92 nations would cost commercial airlines around \$70 million. Global transport outside the COVAX initiative would likely cost many times more.

A DHL white paper published in 2020 estimated that it would take 15,000 flights to transport 10 billion doses of vaccines in 15 million cooling boxes over two years to ensure universal vaccination across the globe.

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## ON SENTIMENTS

# India's K-shaped recovery



MAHESH VYAS

The Indian economy has been recovering from the Covid-19-induced lockdown better than most expectations. Year-on-year real GDP contraction in the second quarter was much lower at 7.5 per cent compared to the 23.9 per cent in the first quarter. While the better-than-expected recovery is real, it is enigmatic. What drove such a dramatic recovery? It was clearly not driven by any government spending or initiative to spur growth. Neither was it driven by any increased investments by the private sector.

While the government announced several schemes, its spending during April-November 2020 was 4.7 per cent higher than it was in the same months of 2019. This is the lowest year-on-year growth in central government spending in the past five years. In real terms, central government spending contracted during this period. Net fixed assets of listed companies grew y-o-y by 5.9 per cent as of September 2020. This again, is negative in real terms and the lowest since 2016.

If it is not the government and if it is not business enterprises, then it can only be households that scripted the recovery. That makes the puzzle of the rapid recovery of the Indian economy even more perplexing. We know that the recovery is largely by profits and not by wages. And those profits were not invested into fresh capacities that could have created jobs and growth in wages. How then can households be the driver of the recovery process? This is possible only if households are considered not as a homogeneous block but are divided

into the rich and the rest.

The rich have not seen an erosion in incomes partly because capital incomes such as interest and dividends that accrue mostly to the rich were quite protected and, capital itself was doing exceptionally well, such as on the stock markets. Further, it has become increasingly clear that at least in India, increased mobility does not lead to increased infections. Forced savings by the rich during the initial lockdown period and a much reduced fear of infections explain the contribution of households to the revival of the Indian economy.

What could sustain this unexpected recovery process? Increased government spending cannot be relied upon. The government surprised by not spending when it was needed the most, which was in the very early stages of the lockdown, when households were pained the most. Much is being made of an uptick in government spending in November. But, this is inadequate evidence of the government planning to splurge to revive the economy. The corporate sector has no business reason to expand capacity.

Can then the rich households continue to sustain this strange recovery process? Or, can the recovery spread to rest of the households as well? The apparent sustenance of the recovery process beyond the festival season implies that the recovery dynamics are beyond pent-up demand and festive demand. Factors that would determine the sustenance of the recovery process are a mix of the spread of employment, increase in household income levels and also positive perceptions regarding personal and economy-wide recovery process. These factors are summarised as consumer sentiments.

The index of consumer sentiments summarises household views on change in household income, change in perceptions regarding intentions to buy non-essentials, or durables, change in perceptions regarding personal income in the future and per-

formance of the economy in the future. This index, with a base of 100 in September-December 2015 hovered in the 90s and rose above 100 only fleetingly till 2018. In 2019, it averaged at 106 and remained around there till the lockdown brought it down to 45.7 in April 2020. The index averaged less than 43 during May, June and July 2020. A small recovery in the index began in August. The quarter ended September 2020 ended with the index at 45.2. Then, in the quarter of December 2020, the index scaled up to 52.7.

This recovery in the index of consumer sentiments split by income groups graphically reflects India's weird K-shaped recovery post-lockdown. We consider five income groups: those who earn less than ₹100,000 in a year; those who earn between ₹100,000 and ₹200,000 in a year; those who earn between ₹200,000 and ₹500,000 in a year; those who earn between ₹500,000 and ₹10 lakh in a year; and those who earn more than ₹10 lakh in a year.

The K-shaped recovery was most evident in the quarter ended September 2020. In June 2020, the ICS for all the five income groups was in a very narrow band of 38 to 42. By September 2020, the difference widened from 4 to 22 points. The index for the poorest fell to 31 and that for the richest rose to 53.

Diversities have since narrowed. Households of the lowest income group have recovered and the richest income groups pared some of their gains by December 2020. During this quarter, the gains have been in the two middle-income households that earn between ₹200,000 and ₹500,000 per annum and those that earn between ₹500,000 and ₹10 lakh a year. It is unclear how sentiments improved in the middle-income groups. But, their recovery is impressive. It is worth keeping a watch on this group because it holds the key to the recovery process.

The writer is MD, CMIE P Ltd

## SUTLEJ TEXTILES AND INDUSTRIES LIMITED

Regd. Office: Pachpahar Road, Bhawanimandi 326 502 (Raj.)  
Ph: (07433) 222052/82/90; Fax: (07433)222916;  
Website: www.sutlejtextiles.com. CIN: L17124RJ2005PLC020927

### NOTICE

Pursuant to Regulation 29(1)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, notice is hereby given that a meeting of the Board of Directors of the Company will be held on Wednesday, the 03<sup>rd</sup> February, 2021, inter-alia, to consider, approve and take on record the Un-Audited Financial Results (Standalone and Consolidated) of the Company for the quarter and nine months ended 31<sup>st</sup> December, 2020.

For Sutlej Textiles and Industries Limited  
Manoj Contractor  
Company Secretary & Compliance Officer

Place: Mumbai  
Dated: 25<sup>th</sup> January, 2021

## EMI TRANSMISSION LIMITED (In Liquidation)

Regd. Office: Centre Point, 101, 1st Floor, Dr. B. A. Road, Parel, Mumbai-12

### E-AUCTION

Sale of Assets under the Insolvency & Bankruptcy Code, 2016  
Date and Time of E-Auction: 29th January 2021  
12:00 PM to 01:00 PM (With unlimited extension of 5 minutes each)

The following Assets and Properties of M/s. EMI Transmission Limited (in Liquidation) forming part of Liquidation Estate are for sale by the Liquidator "AS IS WHERE IS BASIS", "AS IS WHAT IS BASIS", "WHATEVER THERE IS BASIS" and "NO RECOURSE BASIS". The sale will be done by the undersigned through the e-auction platform provided at the Web Portal (<https://ncltauction.auctiontiger.net>)

Lot	Description	Approx. Weight (in Kgs)	Reserve Price (Rs. / Kgs)	EMD Amount (Rs.)
Lot 1	M. S. Bolt. Nut & Washer	1,57,876	26	6,00,000
Lot 2	M. S. Forging (Black)	71,142	25	2,75,000
Lot 3	M. S. Plate (Galvanised)	45,065	24	1,75,000
Lot 4	M. S. Plate (Black)	28,889	26	1,25,000
Lot 5	ACSR Conductor	11,284	75	1,25,000
Lot 6	M. S. Containers	3,50,000	25	13,00,000
Lot 7	Wooden Boxes	9,660	15	25,000

The above material is lying at survey no. 157/1, 157/2/1, 157/2/2, Village Bramhanavade, Shinde - Naigaon Road, Taluka - Sinnar, District - Nasik, Maharashtra

Interested applicants are requested to refer to the detailed E-Auction Process Document uploaded on the website of the liquidator <http://headwayip.com> under the tab Liquidation and on the E-Auction website <https://ncltauction.auctiontiger.net>. Last date to apply is 28th January 2021 till 5 PM. The Liquidator have right to accept or cancel or extend or modify, etc any terms and conditions of E-Auction at any time. He has right to reject any of the bid without giving any reasons.

Contact: Address for correspondence: Headway Resolution and Insolvency Services Pvt. Ltd., 708, Raheja Centre, Nariman Point, Mumbai - 400021, Maharashtra.  
Email: [cirpermit@gmail.com](mailto:cirpermit@gmail.com), [ip10362.desai@gmail.com](mailto:ip10362.desai@gmail.com) Tel No.: 022-66107433

Date: 26th January 2021  
Place: Mumbai  
Shalish Desai - Liquidator  
IBBI/IPA-001/IP-P00183/2017-18/10362

## CENTURY ENKA LIMITED

CIN: L24304PN1965PLC139075  
Regd. Off.: Plot No. 72 & 72-A, MIDC, Bhosari, Pune-411026.  
Tel No.: 020-66127300, Fax: 020-27120113  
Website: www.centuryenka.com  
E-mail: [cel.investor@birlacentury.com](mailto:cel.investor@birlacentury.com)

### NOTICE

Notice is hereby given pursuant to Regulation 29 read with Regulation 47 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, that a Meeting of the Board of Directors of the Company will be held on Tuesday, 2<sup>nd</sup> February 2021 to consider, approve and take on record the Unaudited Financial Statements for the quarter ended 31<sup>st</sup> December, 2020.

This intimation would also available on the website of BSE Limited ([www.bseindia.com](http://www.bseindia.com)), The National Stock Exchange of India Limited ([www.nseindia.com](http://www.nseindia.com)) and the Company ([www.centuryenka.com](http://www.centuryenka.com)).

For CENTURY ENKA LIMITED  
Rahul Dubey  
Place: Mumbai  
Date: 25.01.2021  
Company Secretary

## Vinyl Chemicals (India) Limited

CIN: L24100MH1986PLC039837  
Regd. Office: 7<sup>th</sup> Floor, Regent Chambers, Jammalal Bajaj Marg, 208, Nariman Point, Mumbai - 400 021.  
Tel: 2282 2708 Fax: 2204 3969 E-mail: [cs.vinylchemicals@pidlite.com](mailto:cs.vinylchemicals@pidlite.com) Website: [www.vinylchemicals.com](http://www.vinylchemicals.com)

### EXTRACT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER & NINE MONTHS ENDED 31.12.2020

Particulars	For the Quarter ended		For the Nine Months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	Unaudited	Unaudited	Unaudited	Unaudited
Total income	12711	11157	23901	30452
Profit/(loss) for the period before tax	648	521	1007	968
Profit/(loss) for the period after tax	483	388	748	721
Total Comprehensive Income for the period (comprising Profit for the period (after tax) and Other Comprehensive Income (after tax))	482	388	745	721
Equity Share Capital (Face value of share: ₹ 1)	183	183	183	183
Reserves (excluding Revaluation Reserve) as shown in the Audited Balance Sheet of the previous year	-	-	-	-
Earnings per share of ₹ 1 each in ₹:				
Basic	@ 2.64	@ 2.12	@ 4.09	@ 3.94
Diluted	@ 2.64	@ 2.12	@ 4.09	@ 3.94

© For the period only and not annualised

Notes:  
The above is an extract of the detailed Unaudited Financial Results filed with the Stock Exchanges under Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full Unaudited Financial Results are available on the Websites of BSE Ltd. [www.bseindia.com](http://www.bseindia.com) and National Stock Exchange of India Ltd. [www.nseindia.com](http://www.nseindia.com) and on the Company's Website [www.vinylchemicals.com](http://www.vinylchemicals.com).

M.B. PAREKH  
Chairman & Managing Director  
(DIN: 00180955)  
Mumbai  
Dated: 25<sup>th</sup> January, 2021