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Adani to raise ₹21k-cr from share sale

NEW DELHI: Billionaire Gautam Adani's group will raise ₹21,000 crore (over $2.5 billion) through share sale in two group companies in the boldest comeback strategy after the ports-to-energy conglomerate was rocked by allegations of fraud levelled by a US short-seller.

Adani Enterprises Ltd, the group's flagship firm, plans to raise ₹12,500 crore while electricity transmission company Adani Transmission another ₹8,500 crore, the companies said in stock exchange filings. The board of renewable energy arm, Adani Green Energy Ltd too was scheduled to meet on Saturday for a fundraise but the meet was deferred to May 24.

The fundraise will be through issue of shares to qualified institutional buye`. Sources said investors in Europe and the Middle East have evinced strong interest.

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BIZ TRENDZ

E20 blending initiative will help India save ₹30k cr

Need for a phased launch of fuel blended with 20% ethanol (E20) to achieve 2025 target

VINCENT FERNANDES

India's requirement of ethanol for petrol blending will increase to 1,016 crore litres in 2025-26. To meet this demand, the ethanol production capacity will have to be increased from 684 crore litres in 2019-20 to 1,500 crore litres. This includes production capacity of 740 crore litres of grain-based ethanol and 760 crore sugar-based ethanol

The Union Government has targeted the E20 blending programme for vehicles by 2025, which is advancement by five years from an earlier 2030 target. It is estimated that a wellaid-out and effective implementation of the E20 program can save the country up to $4 billion annually annually.

India has been a net importer of petroleum. It imported 185 Mt at US $ 551 billion in 2020-21, most of it being used for transportation.

Ethanol is a less polluting fuel and offers equivalent efficiency at a lower cost compared to petrol. Blending locally produced ethanol with petrol will help India strengthen its energy security, enable local enterprises and farmers to participate in the energy economy and also reduce vehicleemission.

Rising production of foodgrains and sugarcane, technological advancement in ethanol production from plant-based sources and SIAM working on the feasibility of making vehicles compliant to E20 ethanol-blended petrol, are a strategic requirement.

A favourable regulatory and retail ecosystem for the safe and effective use of ethanol-blended petrol has been put in place by various government agencies. OMCs have prepared their plans for the phased rollout of E20 blended petrol. Vehicle manufacturers have assured of making a similar plan for tweaking the engine and other parts to make the vehicle safe without compromising on the engine's efficiency.

India's requirement of ethanol for petrol blending will increase from 173 crore litres in 2019-20 to 1,016 crore litres in 2025-26. To meet this demand, the ethanol production capacity will have to be increased from 684 crore litres in 2019-20 to 1,500 crore litres in 2025-26. This includes production capacity of 740 crore litres of grain-based ethanol and 760 crore sugar-based ethanol.

Fuel blended with 20% ethanol (E20) should be launched in a phased manner to ensure availability of E20 by 2025.

Ethanol production plants need environmental clearances for new projects and expansion of existing projects. The report recommends certain measures to expedite regulatory clearances for ethanol production like expediting consent to establish distilleries by state governments. Further, a single window system may be formulated by the Department for Promotion of Industry and Internal Trade to accord speedy clearances. This can facilitate speedy clearances for new projects and expansion of current projects for ethanol production.

Ethanol pricing and environmental impact: In 2018-19, the government introduced a differential pricing policy wherein higher rates were offered to sugar mills for ethanol production from B-heavy molasses (an intermediate product) and sugarcane juice. This incentivizes sugarcane-based ethanol production. One litre of ethanol from sugar requires about 2,860 litres of water. In view of the need for water conservation, the report recommended that suitable incentives should be used to (i) source ethanol from less water intensive crops and (ii) promote production from maize and second-generation sources.

The panel highlights that in order to use higher ethanol blends, vehicles need to be designed holistically to prevent engine failure and low fuel economy. Flex Fuel vehicles, though proven, would cost more than normal petrol vehicles. To ensure production of ethanol blended petrol compatible vehicles in the future, it recommended (i) E20 material compliant and E10 engine tuned vehicles may be rolled out across the country from April 2023 and (ii) rolling out vehicles with E20 tuned engines from April 2025.

Ethanol used for blending purposes is denatured ethanol (unfit for human consumption). The State governments are empowered to legislate, control, and levy taxes and duties on liquor meant for human consumption. However, the movement of denatured ethanol across India should not be under control of statesto ensure unrestricted movement across India.

Ratings agency ICRA says that ethanol blending will reduce vehicular emissions, strengthen energy security, help reduce oil imports and conserve forex reserves. The other benefits include controlling excess sugar supply in the country, as approximately 65% of total ethanol production comes from molasses-based distilleries.

The Centre has targetted an increase in the share of gas in the energy mix up to 15% in 2030 to achieve a gas-based economy. Presently we are importing around 50% of the natural gas requirement.

India had commissioned 46 compressed biogas plants under SATAT (Sustainable Alternative Towards Affordable Transportation) scheme. Presently, around 100 outlets are dispensing compressed biogas across the country.

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Set targets under Green Open Access Rules: Govt

PRESS TRUST OF INDIA
NEW DELHI, MAY 13

UNION NEW and Renewable Energy Minister R K Singh on Saturday directed the industry to set targets under Green Open Access Rules 2022.

In June 2023, the government notified the Green Open Access Rules 2022 to further accelerate India's renewable energy programmes. These rules were notified for promoting generation, purchase and consumption of green energy including through waste-to-energy plants.

It also enables a simplified procedure for the open access to green power.

"The minister exhorts industry leaders to set targets for going green. He called upon the industry leaders to set targets for going green and take advantage of the provisions of Green Energy Open Access Rules to get green power at reasonable rates," the ministry of power said.

The Green Energy Open Access Rules 2022, Singh said, are a major step towards India cutting emissions by 45 per cent in line with NDC (nationally determined contribution) target for 2030.

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HPCL reports standalone PAT of ₹3,223 cr in Jan-Mar 2023

Hindustan Petroleum Corporation Limited (HPCL) has reported a Nine Year High Quarterly Standalone Profit after Tax (PAT) of Rs3,223 crore during Jan-Mar 2023 as compared to Standalone.

Profit after Tax of Rs1,795 crore during the corresponding period of previous year, an increase of 80%. The Consolidated PAT during this period was Rs 3,608 crore as compared to Consolidated PAT of Rs 2,018 crore during the corresponding period of previous year. HPCL has reported Revenue from operations of Rs 1,14,445 crore for the period Jan-Mar 2023 registering growth of 8.7% over the corresponding period of previous year (Rs 1,05,288 crore).

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Adani to raise Rs 21,000 cr from share sale in two group cos

NEW DELHI, MAY 13 /--/ Billionaire Gautam Adani's group will raise Rs 21,000 crore (over USD 2.5 billion) through share sale in two group companies in the boldest comeback strategy after the ports-to-energy conglomerate was rocked by allegations of fraud levelled by a US short-seller. Adani Enterprises Ltd, the group's flagship firm, plans to raise Rs 12,500 crore while electricity transmission company Adani Transmission another Rs 8,500 crore, the companies said in stock exchange filings. The board of renewable energy arm, Adani Green Energy Ltd too was scheduled to meet on Saturday for a fundraise but the meeting was postponed to May 24. The fundraise will be through issue of shares to qualified institutional buyers. Sources aware of the matter said investors in Europe and the Middle East have evinced strong interest.

In a stock exchange filing, Adani Enterprises said its board on Saturday approved "raising of funds by way of issuance of...equity shares having face value of Rs 1 each of the company and / or other eligible securities or any combination thereof, for an aggregate amount not exceeding Rs 12,500 crore or an equivalent amount thereof by way of qualified institutional placement (QIP) or other permissible mode in accordance with the applicable laws."

Adani Transmission in a separate filing said its board has approved "raising of funds by way of issuance of such number of equity shares having face value of Rs 10 each of the company and / or other eligible securities or any combination thereof, for an aggregate amount not exceeding Rs 8,500 crore or an equivalent amount thereof by way of QIP or other permissible mode in accordance with the applicable laws." This comes three months after Adani Enterprises was forced to abort a Rs 20,000 crore follow-on public offering (FPO) in the wake of the Hindenburg report.

The offer was fully subscribed but the company returned the money to subscribers. The sources said the company stock which was offered in the price range of Rs 3,112 to Rs 3,276 in the FPO is now available at Rs 1,964 (at Friday's closing price).

US short-seller Hindenburg Research in January released a damning report alleging accounting fraud and stock price manipulation at Adani Group, triggering a stock market rout that had erased about USD 145 billion in the conglomerate's market value at its lowest point. Adani Group has denied all allegations by Hindenburg and is plotting a comeback strategy. The group has recast its ambitions as well as prepaid some loans to assuage investors. Promoters in March sold stakes worth Rs 15,446 crore in four group companies to leading US-based global equity investment boutique GQG Partners. The group has been trying to win back market confidence with a series of investor roadshows, early debt repayments, and plans to scale back its pace of spending on new projects.

The funds that Adani Group is looking to raise will be the conglomerate's biggest borrowing since the January 24 Hindenburg report. The money raised is intended to be used for funding the group's expansion projects. (PTI)

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Recovery not sustaining

CRUDE CHECK. Struggles to breach ₹6,000-level

Akhil Nallamuthu
bl. research bureau

Crude oil saw its prices fall on the back of the persisting demand concerns. The Brent crude futures on the Intercontinental Exchange (ICE) declined 1.2 per cent as it closed the week at $74.2 a barrel. Likewise, the MCX crude oil futures (June contract) fell 1 per cent for the week, as it ended at ₹5,805 per barrel.

While the demand continues to be a worrying factor, there was an unexpected increase in the inventory in the US. That weighed on the prices. Latest data by the Energy Information Administration (EIA) showed that the crude oil stocks in the US went up by 3 million barrels as against the market expectation of a drop by 2 million barrels.

MCX-CRUDE OIL (₹5,805)

The June futures of crude oil rallied in the first half of last week and marked an intra-week high of ₹6,075 on Tuesday. But after trading above ₹6,000 briefly, the contract declined and ended the week at ₹5,805. The recent trend has been bearish and thus, the likelihood of further fall from the current level looks high.

The nearest supports can be spotted at ₹5,500 and ₹5,000.

GETTY IMAGES

Note that ₹5,500 is a substantial support and we expect this level to arrest the fall unless some significant developments impact the prices. So, going ahead, we might see a drop to ₹5,500 and then a recovery to ₹6,000. If ₹6,000 is breached, the upside might extend to ₹6,250 or even to ₹6,500.

On the other hand, if ₹5,500 is taken out, we might see a quick drop to ₹5,000. A breach of this support can trigger a deeper fall, possibly to ₹4,600.

Trade strategy: The probability of a fall looks high. But the risk-reward ratio is unfavourable for fresh shorts. So, refrain from trading crude oil.

On a fall to ₹5,500, the risk-reward will turn favourable for the bulls. So, go long if the contract dips to ₹5,500. Place stop-loss at ₹5,200. Exit when the price recovers to ₹6,000.