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**SHARES GAIN 11.8%** Karvy expects EBITDA and PAT margins to improve to 14.6% and 8.9% by FY18, respectively

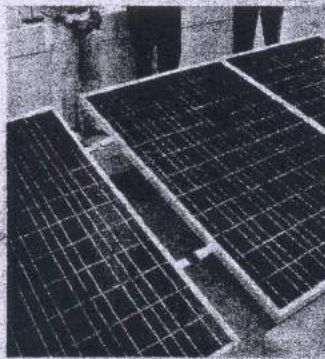
## Ujaas Gets More Shine, Experts Feel it's a Buy

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**Mumbai:** The climate may be getting colder, but companies affiliated to the solar power generation industry are getting a lot of warmth recently. Shares of Ujaas Energy gained 11.82% to ₹34.06 on Tuesday after it received an order from Airports Authority of India (AAI), and better than expected September quarter results. Ujaas Energy could be a good long-term bet according to analysts who advise investors to accumulate on every dip.

"It's a good time for retail investors to enter this counter as the stock price is not perfectly reflecting the order volumes that the company is getting," said Ankit Soni, analyst at Karvy Stock Broking. "The stock will fetch good returns as we expect demand to pick up." Soni expects EBITDA and PAT margins to improve to 14.6% and 8.9% by FY18, respectively.

Ujaas received an order for design, manufacturing and commissioning of rooftop grid-connected



### EARNINGS BOOST

**Co posted net profit of ₹9.7 cr for Sept quarter on Friday versus ₹3.3 crore a year ago**

solar photovoltaic system on Tuesday. It reported a net profit of ₹9.7 crore for the September quarter on Friday versus ₹3.3 crore a

year ago, much ahead of analyst expectations.

JP Morgan India Mid & Smallcap fund owns 1.15% in the company. Since the first week of March, Ujaas Energy shares have gone up by 47% compared to a 17.46% gain in the broad index, Sensex. The BSE Smallcap index rose by 38% during the same period. The stock is currently trading at 25 times its trailing 12-month earnings as against one year average of 26.

"Rooftop solar project awarded by AAI are good for the company though it is small in size. However, this could help them to get into more such projects in the rooftop solar space," said Soni. Karvy analysts said to make the best use of the government's solar EPC commissioning (EPC) space, both the government and as a commissioning on solar power production, specifically a capacity target of 48 GW generation by early 2019, the company is positioned well to receive big orders in the absence of many other players in the EPC space according to analysts.

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## NTPC, UPL, Grasim Among Stocks Favoured by Global Brokerages

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**ETMarkets.com:** Global brokerage firms such as Morgan Stanley, Macquarie and Citigroup have maintained buy ratings and have selectively raised 12-month target prices on stocks such as NTPC, Grasim, Bharat Financials, UPL and NTPC following their September quarter earnings.

**Grasim Industries: Overweight, Target price ₹1,196**

Morgan Stanley said the key surprise was higher-than-expected volume in the chemicals businesses. Net profit growth for the quarter came in ahead of estimate at 11%, helped by higher-than-expected other income.

The company is likely to benefit from ongoing expansion in chemical business on the volume side, said the Morgan Stanley note.

**Eicher Motors: Outperform, Target price ₹28,500**

The strong performance came from motorcycle segment, said Macquarie. Royal Enfield EBITDA growth of 3% was ahead of estimates. The Volvo Eicher Commercial Vehicles (VECV) saw the mixed performance as operating margin declined but the company managed to gain market share.

**Bharat Financials: Overweight, Target price ₹1,125**

Good numbers with better risk metrics add to our positive outlook but a net profit of 3% was below Morgan

Stanley estimates. Net interest income (NII) was below estimates, operating costs were higher which was partially offset by lower provisions.

**UPL: Buy, Target price ₹860**

The developed markets such as US & Europe remained weak as expected, but that got offset by strong growth in India and Latin America. A 23% volume growth makes the September quarter as one of strongest quarters, said a Citigroup note.

**NTPC: Buy, Target price ₹174**

The company delivered another steady quarter as the net profit came in 6% ahead of estimates, said Citigroup. NTPC added 575MW of capacity in H1FY17 including 250MW of solar and acquired 325MW.

Deccan Herald 2/11/16  
**Smart energy for  
a smart city**

The govt must reassess how India produces and consumes energy, and work towards a lower-carbon future.

By Prashant Kumar

**T**he Government of India's bold, new initiative of 100 smart cities has put the need for efficient infrastructure under the scanner for the last year. The Smart Cities Mission (SCM) is nothing less than a challenge given the rapid and chaotic urban growth which has resulted in traffic congestion, air pollution, rising greenhouse gas emissions, and poor public health.

At the rate at which urbanisation is taking place, the country is also about to face substantial increase in energy demand in the next few decades which will translate into higher demand for electricity. Despite making significant strides to meet the energy requirements, the sector encounters a series of concerns like availability of fuel and its environmental impact. All this is nothing but a reflection of the fact that cities are struggling with the growing urban population.

At this stage, the government's step to seek sustainable development and smart solutions for the future has been quite a relief. The SCM promises an inclusive development to drive economic growth. A key feature of the mission is energy management.

In the Paris Agreement last year, India had also pledged that non-fossil fuels would account for 40% of its total energy generation capacity by 2030. In this regard, utilising energy from cleaner alternatives such as gas can play a crucial role in India's transition to a smarter future.

The importance of a cleaner fuel at this stage cannot be stressed enough. Natural gas is not only credible and a clean source of energy that can address the growing energy demands of India but it also offers a fuel option that is cheap, safe and much more efficient than other sources.

The price of natural gas at the burner tip is also lower than liquid fuels, and is likely to remain so in future. The advantages of natural gas thus extend to India's quest for energy security and cost reduction, and also its cherished ecological goals.

However, currently, the level of gas utilisation in India is less than 9% of the country's overall energy requirements, against a world average of 24% of the overall primary energy mix. Even though the gas industry has witnessed reasonable growth in terms of demand, it has remained limited to just a few regions and states whereas large parts of country continue to struggle with basic infrastructure for its distribution.

Thus, extensive fiscal, policy and regulatory actions are required which should encourage gas production and consump-

tion. The overall framework should provide incentives to energy users to make the transition to gas by allowing a reasonable return on investments.

A major challenge is that of taxation. Despite enormous environmental and health benefits associated with use of gas as a fuel, natural gas trade attracts higher tax rates compared to competing fuels. Thus, under the current system, delivered price of gas from the same source of supply varies considerably on account of taxation differences. For instance, the VAT rate on gas in Tamil Nadu is 4% whereas in Uttar Pradesh it is as high as 26%.

Such high tax rates render natural gas an unviable investment option. Interventions should be made to accord the status of "Goods of Special Importance" to gas under section 14 of CST Act 1956, that limits the power of states to levy tax and other incidence to a maximum of concessional rate of tax under CST, which is currently 2%.

#### Regulatory framework

An enabling policy and regulatory framework is also critical for the development of gas infrastructure. However, India unlike other countries, does not have a single Central body that is responsible for energy policy and regulatory affairs. This results in inconsistency for sub-sectors namely coal, oil, electricity and gas. The option in front of the government is to create bodies that allow the right balance of fuel mix, which is to say bringing the usage of coal, liquid fuels and natural gas at par in the mix.

India will continue to grow its existing towns and smaller cities into future cities but all of this demands cognisance and inclusion of smart solutions in policy administration. There is also an urgent need to enhance the quality of life of citizens and promote eco balance.

In the last two years, the government has launched various projects for urban sector such as Pradhan Mantri Awas Yojana Housing for All (Urban), Atal Mission for Rejuvenation and Urban Transformation (AMRUT), Smart Cities Mission, Swachh Bharat Mission and Heritage Development and Augmentation Yojana (HRIDAY) etc.

However, ultimately there is a need for integrating these initiatives in a way that they aren't at loggerheads with one another, making way for more holistic development. For instance, natural gas will not just help India achieve its 2030 pledge but it will also offer a long term solution to the rapidly diminishing air quality in the country.

Thus, the government should reassess how India produces and consumes energy and, together with its stakeholders, work towards a lower-carbon future. It is imperative that such sustainable solutions be at the core of smart cities development.

*(The writer is a Fellow at University of Sussex. He was formerly with Observer Research Foundation, New Delhi)*

## THE BLACK GOLD

# Panel to put 7 coal blocks under scanner

ENS ECONOMIC BUREAU  
@ New Delhi

THE allotment of seven coal blocks to power generation firms will be examined and evaluated by a technical committee which is due to meet next week.

"A meeting of the technical committee (TC)...is scheduled to be held on November 11, 2016 ...for examination/evaluation, as per the Terms of Reference of the (TC), of applications as received in response to (Coal) Ministry's Notice inviting applications," a notice issued by the Ministry said. The panel will include eight members and will be chaired by the Coal Ministry's Advisor (Projects).

"It is therefore, requested to send a representative of (ministries like power) not below the rank of director/deputy secretary to attend the meeting," the notice further stated.

The Coal Ministry said that applications were invited from entities involved in the mining of coal and other related activities.

Last month applications were invited for the allotment of seven coal blocks which included Deocha-Pachami mine in West Bengal with reserves of 2,102 MT, Ghogarpalli and Jadunathpur in Odisha with reserves of 1,163 MT and 525 MT, respectively and Pokharia Paharpur in Jharkhand with 584.25 MT. Other blocks are Behraband North Extn in Madhya Pradesh with reserves of 174.87 MT.

# Hyderabad-based firm to map solar energy potential

STAFF REPORTER

**BENGALURU:** The Bangalore Electricity Supply Company (Bescom) last week chose a Hyderabad-based company for aerial mapping of the city to study its rooftop solar energy generation prospects.

The aerial mapping exercise will use the light detection and ranging (LIDAR) technology, which is said to be a first in the country. An aircraft will fly over the city, sending pulses of light, which will get reflected back from objects on the ground.

## What happens next

Bescom has partnered

with the Centre for Study of Science, Technology and Policy (CSTEP) and Karnataka Renewable Energy Development Limited (KREDL) for the project.

The reflected light will be translated into data points by receivers to map buildings, trees, poles and other objects, making consumers aware of how viable their rooftop is for generation of solar energy.

This way, consumers will no longer require the help of a consultant.

"We will only give them the RR numbers of our consumers. The capturing of data, storage device and

other processes will be worked out by them. We are looking at a March 2017 deadline for completion of the entire project," a Bescom official said.

The data generated is expected to aid the power utility in boosting the quantity of grid-connected solar energy generation, which at present stands at 30 MW from 650 commissioned installations.

## The challenges

The challenges to the ambitious project are funds and coverage.

With a budget of Rs. 3 crore, it is not possible to

cover the entire jurisdiction of Bescom (eight districts). In addition, large tracts of lands belong to defence establishments who will send a supervisor to oversee what can and cannot be mapped.

A Bescom official said, "A team is in New Delhi seeking clearances from the Directorate General of Civil Aviation and the Ministry of New Renewable Energy. Work will commence once we get the clearances."

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