ONGC News, 30.04.2021 Print

From Coal to Gas for Low-Carbon Shift

India's energy security gets a boost, with the Union Cabinet's nod last week for the coal-gasification urea plant at Talcher, Odisha. It would boost domestic output of plant nutrients and reduce fertiliser imports in the process, by gainfully leveraging our large coal reserves. The project would also be a boost for the Make in India 'Aatmanirbhar' initiative.

The lack of gas feedstock has significantly raised urea imports lately in the backdrop of declining domestic production. The Talcher urea plant would induct technology for negligible discharge of SOx, NOx and particulate matter. Successful coal gasification at Talcher would enable technology diffusion elsewhere, such as Korba in neighbouring Chhattisgarh. India is aiming to step up gas usage in its energy mix from a lowly, 6%-odd today, to 15% by 2030. Meanwhile, ONGC and RIL-BP have recently announced plans to raise gas output from the Krishna-Godavari basin by 52% to 122 million standard cubic meters (mmscmd) per day by 2024. Natural gas is the cleanest and most efficient fossil fuel, and we do need to shore up domestic gas output, including by tapping biogas in bio-converters. However, drilling and extraction of natural gas from wells and its transportation in pipelines cause leakage of methane, with far stronger heat-trapping potential than carbon dioxide, in fact, as much as 86 times stronger over a 20-year period. Methane leakage should be curbed.

Use of gas as an intermediate step towards a low-carbon economy also runs the risk of locking into a hydrocarbon for long enough to recoup the investment made. However, gasifying coal is imperative for coal-rich India, to cut down hydrocarbon imports and move towards hydrogen, produced from gas, preferably using clean energy.

Business Standard

Adani group's meteoric rise on the bourses

Apr 30, 2021 | Delhi | Pg No.: 7 | | Sq Cm:628 | AVE: 1554821 | PR Value: 7774103

Adani group's meteoric rise on the bourses

The jump in market capitalisation in the past year is not matched by its financial performance

KRISHNA KANT
Mumbai, 29 April

The past 12 months have been of the rise of the Adani group. Once a medium-sized group based out of Ahmedabad, Adani's companies now have the third-biggest market capitalisation among family-owned businesses in India after Tatas and Reliance Industries. This has made the group owners and promoters — the Gautam Adani family — the second wealthiest in business in India, ahead of older and well-established industrial families.

Most of the gains to the group accrued in the past one year. The combined market capitalisation of six Adani group companies is up nearly 455 per cent since the end of March 2020 against an 80 per cent rise in the combined market capitalisation of the country's top 1,000 listed firms. The Adani group companies now have a combined market capitalisation of around ₹7.3 trillion, up from ₹1.31 trillion at the end of March 20.

The group accounted for 7.3 per cent of the incremental rise in the market capitalisation of all companies in the past year even though it had 1.2 per cent share in the overall market cap at the end of March last year. All six Adani group companies outperformed the broader market in the last 12 months. This makes Adani the most successful business group in the country, at least in terms of stock market performance.

The group companies now lead the market capitalisation league table in sectors such as ports, power generation, gas distribution and transmission, and power transmission and distribution, ahead of incumbents in both public and private sector.

But the group's finances are still to catch up. The group reported consolidated revenues of ₹1.02 trillion and net profits of ₹3,781 crore during FY20. This makes Adani the sixth largest industrial group in terms of revenues behind Mahindra and eighth largest in terms of profits behind Hindujas. At ₹2.12 trillion at the end of FY20, Adani group assets were eighth biggest in the country behind L&T group but ahead of Mahindra's.

However, the stratospheric rise in the Adani companies' market capitalisation has little to do with the companies' financial performance; it's more a bet on growth potential. "Many analysts expect a sharp jump in group revenues and profits by FY25 or FY26, thanks to a slew of licences and infrastructure assets won by the group companies in the last three years," said an analyst on the condition of anonymity.

In the last two years, the group has acquired infrastructure assets worth nearly ₹50,000 crore in the ports, power and airport sector. Most of these assets were acquired from financially beleaguered promoters, making Adani a buyer of last resort in the infra space (*see chart*). The spree of asset acquisition by the group is yet to translate into faster growth for the group. The combined revenues of the listed Adani group companies were down 5.7 per cent during the trailing 12 months ending December 2020, while net profit was down 3.9 per cent. This is not very different from the financial performance of the rest of India Inc. For comparison, the combined revenues of all listed companies were down 7.6 per cent year-on-year and net profit was down 3.4 per cent in the same period.

Some analysts say the curb on imports under the Atmanirbhar Bharat initiative is also negative for the ports and coal trading businesses, which are the group's biggest cash cow

The Adani group companies' financial ratios are not very different from rest of India Inc either. Adani group companies reported return on equity (RoE) of around 9.4 per cent during the first nine months of FY21, slightly less than 9.7 per cent RoE for Sensex companies.

The group is also among one of the country's most indebted groups. Total borrowings were up 14.3 per cent year-on-year in the first half of FY21 to ₹1.25 trillion, while all financial liabilities were up 18 per cent to ₹1.41 trillion. This translated into gross debt to equity ratio of 1.8x for the group, up from 1.7x at the end of September 2019 (or H1FY20).

Many analysts feel that the sharp rally in Adani stocks is a classic case of irrational exuberance amplified by the group's ability to bag large infrastructure assets in recent years. For example, at ₹1.28 trillion, Adani Total Gas market capitalisation is just a notch below the combined market capitalisation of the five biggest gas companies in India — Indraprastha Gas, Petronet LNG, Gujarat Gas, Mahanagar Gas and Gujarat State Petronet. However, Adani Total Gas net profits in FY20 was just 5 per cent of the combined net profit of these five companies. In August 2018, Adani Gas won rights to retail piped natural gas in 11 circles in the country — the most among all the bidders.

The period also saw French energy major Total SE picking up a minority stake in two Adani group companies for nearly ₹23,000 crore.

Similarly, Adani Green Energy is now the country's top power company in terms of market capitalisation, ahead of NTPC, Power Grid Corporation and Tata Power despite reporting a fraction of their revenues and profits.

In the past three years, the group has bagged seven airports, including the lucrative Mumbai International Airport, acquired two major ports worth ₹16,000 crore and power assets worth nearly ₹24,000, crore including Mumbai's power, generation and distribution business.

Analysts, however, warn that it may be risky for investors to bet on the group's future. "Investors have rewarded Adani for its pace of asset creation and purchases in the infra space, but all these assets come with liabilities. There is a big risk that many of these may earn sub-optimal returns given the economic slowdown in India post-Covid-19," says an analyst.

A questionnaire sent to the company remained unanswered when this report went to press.

In the last five-years (FY15-20), Adani group companies' combined revenues have grown at a compounded annual rate (CAGR) of 9.3 per cent, while the net profit grew at a CAGR of 14.3 per cent during the period. In the same period, group assets grew at a CAGR of 11 per cent to reach ₹2.12 trillion at the end of March 20, up from ₹1.26 trillion at the end of March 2015.

Some analysts also say the restriction on imports under the Atmanirbhar Bharat (self-reliant India) initiative is also negative for the ports and coal trading businesses, which are the group's biggest cash cow. Adani Ports & SEZ accounted for nearly 55 per cent of the group net profit in the nine months of FY21.

The group also faces challenges from a series of controversies it has landed in. Early this month, S&P Dow Jones Indices removed Adani Ports & SEZ from its sustainability index following reports of its business ties with Myanmar's military, which staged a coup in February. The Adani Group firm is building a $290-million container port in Myanmar in partnership with a firm allegedly controlled by the military.

Farmers protesting against the new farm laws have also accused the Adani group of being a prime beneficiary of these laws.

In Australia, Adani's Carmichael Coal mining project, which the group acquired in 2014, has been facing protest from local residents and environmentalists. This has forced the group to scale down the project from $16.5 billion to around $2 billion now.

The group's bid to acquire and operate the Thiruvananthapuram and Mangaluru airports is also facing legal challenges.

All these issues suggest that the group's rapid growth trajectory could bear a high risk element as well.

ADANI COs: MOST EXPENSIVE ON THE BOURSES

ADANI GROUP REVENUES & PROFITS

ADANI GROUP: STEADY RISE IN ASSETS & DEBT

*based on interim and unaudited balance sheet
Source: Capitaline

Compiled by BS Research Bureau

Shell raises dividend for 2nd time in six months after Q1 beats forecasts

Royal Dutch Shell's profits leapt to $3.23 billion in the first three months of the year and the energy company raised its dividend as planned but warned on Thursday that the outlook remained uncertain due to the pandemic.

Shell's adjusted earnings came in ahead of an average analyst forecast of $3.125 billion and were also above earnings of $2.9 billion last year, boosted by assets sales as well as higher oil and liquefied natural gas prices.

Shell said its fuel sales fell 13 per cent in the first quarter due to further lockdown measures and the impact of the Texas storm in February, saying there was still "significant uncertainty" over the outlook for demand in the second quarter.

The Anglo-Dutch company raised its dividend in the first quarter by 4 per cent as planned, the second increase since its slashed its payout by two-thirds at the start of last year due to the coronavirus pandemic.

REUTERS


TAKE TWO P7
SORRY, ARAMCO, RELIANCE
JUST ISN'T THAT INTO YOU

Sorry, Aramco, Reliance just isn't that into you

Saudi Crown Prince Mohammed bin Salman

Reliance chairman Mukesh Ambani

DAVID FICKLING

29 April

Could one of the energy industry's longest-running on-again, off-again romances be catching fire again? Saudi Arabian Crown Prince Mohammed bin Salman seems to think so.

"There are discussions happening right now about a 1 per cent acquisition by one of the leading energy companies in the world" in state-owned Saudi Arabian Oil Co, he said in a local television interview on Tuesday.

Prince Mohammed didn't disclose which company might make the investment, but you don't have to be a Jane Austen protagonist to work out the most likely partner. Reliance Industries Ltd, owner of the world's biggest oil refinery, has been dancing the quadrille with Saudi Aramco for nearly two years. At current prices, 1 per cent of Aramco would be worth about \$19 billion — not far off the \$15 billion price tag put on 20 per cent of Reliance's energy division, at the time the Saudi company first took an interest in buying a stake in 2019.

A tie-up with Reliance is exactly what Aramco has in mind, the *Financial Times* reported on Wednesday, citing people familiar with the matter. The two companies would initially exchange shares, with cash payments from the Saudis over subsequent years making up the balance of the transaction, the paper reported.

It is a truth universally acknowledged that an Asian company in possession of an oil refinery must be in want of a West Asian strategic investor. In this case, though, it's hard to see the attraction for Reliance's chairman, Mukesh Ambani.

First, consider why the Saudi company is looking to sell a stake in the first place. Back in 2019 when the deal was first mooted, Reliance was in a tough financial spot. Net debt had more than tripled to ₹2.06 trillion (\$30 billion) in March that year, from ₹670 billion five years earlier, as the company plowed cash into its fast-growing telecom and internet arm Reliance Jio.

NEWS ANALYSIS

Ambani certainly doesn't need shares in one of his biggest suppliers, least of all when they're locked up on a foreign stock exchange in a currency whose long-standing dollar peg is looking less secure than it once did

Aramco, meanwhile, was awash with oil cash and expecting to be even more flush after its initial public offering, which eventually raised about \$29 billion in December of that year. By offering to put down a 10-figure amount in return for a fifth of Reliance's energy business, Saudi Inc was following a time-honoured tradition of using its bottomless funds to get a strategic midstream or downstream asset in one of its consuming countries. That would put the deal in line with long-standing tie-ups over oil storage in Japan, and a venture proposed earlier in 2019 to build a \$10-billion refining complex in northeast China.

How things have changed. Faced with paying an over-generous \$75 billion annual dividend, as well as the \$69 billion purchase price of state-owned chemicals business Saudi Basic Industries Co — at a time when all its peers are cutting their oil-price forecasts — Aramco is no longer swimming, Scrooge McDuck style, through piles of money. Though funds are hardly tight, they can no longer be treated as limitless.

That Chinese refinery project was put on ice last August, while investments in the US and elsewhere are being wound back, the *Wall Street Journal* reported the following month citing people familiar with the matter. Another \$44-billion refinery near Mumbai, in which Aramco and Abu Dhabi National Oil Co would have taken a joint 50 per cent stake, has also ground to a halt. Aramco's most prominent deal this year — the \$12.4 billion sale of its pipelines network to EIG Global Energy Partners — saw cash coming into the Saudi business, rather than going out of it.

Reliance's balance sheet has moved in the opposite direction. Investments from Alphabet and Facebook in its Jio business, combined with a rights issue, brought in ₹2.2 trillion last year. That left the company effectively with a net cash position by December. A breakneck pace of growth at Jio will likely cause it to overtake petroleum and chemicals as the biggest contributor to earnings, with or without a stake sale. Right now, Ambani isn't particularly in need of cash. He certainly doesn't need shares in one of his biggest suppliers, least of all when they're locked up on a foreign stock exchange in a currency whose long-standing dollar peg is looking less secure than it once did.

Looking at his comments at the time of Reliance's last annual general meeting in July, it's clear that the allure of a conventional petroleum business is rapidly fading: "The catastrophic impact of climate change calls for the legacy energy industry to reinvent itself on a war footing," he said, before committing the company to net-zero carbon emissions by 2035 and promising investments in hydrogen, wind, solar, fuel cells and batteries. Already at the time of Reliance's 2019 talks with Aramco, it was looking to shift from a traditional focus on road fuels into jet kerosene and petrochemicals.

It's important not to overstate how much Reliance is likely to change. The world's biggest oil refinery will continue to earn billions from processing crude and producing chemicals for a long time to come, and Ambani wouldn't be the first fossil-fuel boss to overstate the pace of his green makeover for the sake of some shareholder adulation.

Still, a business that's flush with cash and sees its future in technology and zero-carbon chemicals doesn't really need what Saudi Aramco is offering. If Prince Mohammed wants to seal this betrothal, he's going to have to offer a far more generous dowry. **BLOOMBERG**

Mukesh Ambani doesn't have much need for a 1% stake in Saudi Aramco

At current prices, 1% of Aramco would be worth about $19 billion— not far off the $15 billion price tag put on 20 per cent of Reliance's energy division

DUBAI: Could one of the energy industry's longest-running on-again, off-again romances be catching fire again? Saudi Arabian Crown Prince Mohammed Bin Salman seems to think so.

"There are discussions happening right now about a 1 per cent acquisition by one of the leading energy companies in the world" in state-owned Saudi Arabian Oil Co., he said in a local television interview Tuesday.

Prince Mohammed didn't disclose which company might make the investment, but you don't have to be a Jane Austen protagonist to work out the most likely partner. Reliance Industries Ltd., owner of the world's biggest oil refinery, has been dancing the quadrille with Saudi Aramco for nearly two years. At current prices, 1 per cent of Aramco would be worth about $19 billion — not far off the $15 billion price tag put on 20 per cent of Reliance's energy division, at the time the Saudi company first took an interest in buying a stake in 2019.

A tie-up with Reliance is exactly what Aramco has in mind, the Financial Times reported, citing people familiar with the matter. The two companies would initially exchange shares, with cash payments from the Saudis over subsequent years making up the balance of the transaction, the paper reported.

It is a truth universally acknowledged that an Asian company in possession of an oil refinery must be in want of a Middle Eastern strategic investor. In this case, though, it's hard to see the attraction for Reliance's chairman, Mukesh Ambani.

First, consider why the Saudi company is looking to sell a stake in the first place. Back in 2019 when the deal was first mooted, Reliance was in a tough financial spot. Net debt had more than tripled to Rs 2.05 trillion ($30 billion) in March that year, from Rs 67,000 crore five years earlier, as the company plowed cash into its fast-growing telecommunications and internet arm Reliance Jio.

Aramco, meanwhile, was awash with oil cash and expecting to be even more flush after its initial public offering, which eventually raised about $29 billion in December of that year. By offering to put down a 10-figure amount in return for a fifth of Reliance's energy business, Saudi Inc. was following a time-honored tradition of using its bottomless funds to get a strategic midstream or downstream asset in one of its consuming countries. That would put the deal in line with long-standing tie-ups over oil storage in Japan, and a venture proposed earlier in 2019 to build a $10 billion refining complex in northeast China.

How things have changed. Faced with paying an over-generous $75 billion annual dividend, as well as the $69 billion purchase price of state-owned chemicals business Saudi Basic Industries Co. — at a time when all its peers are cutting their oil-price forecasts — Aramco is no longer swimming, Scrooge McDuck style, through piles of money. Though funds are hardly tight, they can no longer be treated as limitless.

That Chinese refinery project was put on ice last August, while investments in the U.S. and elsewhere are being wound back, the Wall Street Journal reported the following month citing people familiar with the matter. Another $44 billion refinery near Mumbai, in which Aramco and Abu Dhabi National Oil Co. would have taken a joint 50 per cent stake, has also ground to a halt. Aramco's most prominent deal this year — the $12.4 billion sale of its pipelines network to EIG Global Energy Partners — saw cash coming into the Saudi business, rather than going out of it.

Reliance's balance sheet has moved in the opposite direction. Investments from Alphabet Inc. and Facebook Inc. in its Jio business, combined with a rights issue, brought in Rs 2.2 trillion last year. That left the company effectively with a net cash position by December. A breakneck pace of growth at Jio will likely cause it to overtake petroleum and chemicals as the biggest contributor to earnings, with or without a stake sale.

Right now, Ambani isn't particularly in need of cash.

He certainly doesn't need shares in one of his biggest suppliers, least of all when they're locked up on a foreign stock exchange in a currency whose long-standing dollar peg is looking less secure than it once did. AGENCIES

PSUs RAMP UP SUPPLY OF MEDICAL OXYGEN

New Delhi: Standing Conference of Public Enterprises (SCOPE) has compiled the data on public sector's instantaneous response towards providing medical oxygen supply at the time of extreme crisis. SAIL supplied over 41,000 MT of oxygen, while BHEL is upgrading to 22,000 cubic metres per day. GAIL is setting up pressure swing adsorption oxygen generation plants at 10 locations. Indian Oil is converting unused LNG tankers into oxygen carriers. BEL is setting up oxygen generation plants in 12 Government hospitals across 6 States.

Virat Vaibhav
Kacchatel vayda keematon mai giravat
Apr 30, 2021 | Delhi | Pg No.: 15 | | Sq Cm:39 | AVE: 231383 | PR Value: 1156914

कच्चातेल वायदा कीमतों में गिरावट

नई दिल्ली। कारोबारियों द्वारा अपने सौदों के आकार को घटाने से वाायदा कारोबार में बृहस्पतिवार को कच्चा तेल की कीमत 20 रुपए की गिरावट के साथ 4,758 रुपए प्रति बैरल रह गई। मल्टी कमोडिटी एक्सचेंज में कच्चातेल के मई डिलीवरी वाले अनुबंध की कीमत 20 रुपए अथवा 0.42 प्रतिशत की गिरावट के साथ 4,758 रुपए प्रति बैरल रह गई जिसमें 7,223 लॉट के लिए कारोबार हुआ। बाजार विश्लेषकों ने कहा कि कमजोर हाजिर मांग के बीच व्यापारियों द्वारा अपने सौदों का आकार घटाने के कारण वायदा कारोबार में कच्चातेल कीमतों में गिरावट आई। हालांकि, वैश्विक स्तर पर, न्यूयॉर्क में वेस्ट टैक्सास इंटरमीडिएट कच्चे तेल का दाम 0.30 प्रतिशत की तेजी के साथ 64.05 डालर प्रति बैरल हो गया।

पेट्रोल-डीजल के दाम 14वें दिन भी स्थिर

नई दिल्ली (वार्ता)। पेट्रोल-डीजल के दाम गुरुवार को लगातार 14वें दिन स्थिर रहे। देश की सबसे बड़ी तेल विपणन कंपनी इंडियन ऑयल कॉर्पोरेशन के अनुसार राष्ट्रीय राजधानी दिल्ली में पेट्रोल सोमवार को 90.40 रुपये और डीजल 80.73 रुपये प्रति लीटर पर स्थिर रहा। पंद्रह दिन स्थिर रहने के बाद तेल विपणन कंपनियों ने गत 15 अप्रैल को इनमें कटौती की थी। इसके बाद से फिर दोनों ईंधनों के दाम में कोई बदलाव नहीं किया गया है। मुंबई, चेन्नई और कोलकाता में भी के दाम स्थिर रहे। पेट्रोल-डीजल के दाम की रोजाना समीक्षा होती है और उसके आधार पर हर दिन सुबह छह बजे से नई कीमतें लागू की जाती हैं।