ONGC News as on 12 December 2023 (Print)

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CORPORATES BRIEFS

WARD WIZARD INKS EV MANUFACTURING DEAL WITH TRITON

Wardwizard Innovations & Mobility Ltd., a leading manufacturer of electric vehicles under the 'Joy e-bike' brand in India, signed a Memorandum of Understanding (MOU) with Triton EV, a distinguished U.S.-based electric vehicle manufacturer. This strategic collaboration spans five years and aims to revolutionize the electric vehicle landscape in both India and the UAE. Himanshu Patel, Founder of Triton EV, and Yatin Sanjay Gupte, Chairman and Managing Director of Wardwizard Innovations & Mobility Limited, inked this transformative agreement. Yatin Sanjay Gupte, Chairman & Managing Director, of Wardwizard Innovations & Mobility Ltd., expressed, "In line with our commitment to grow sustainable mobility and encourage the use of electric vehicles, we are delighted to partner with Triton EV (TEV), one of the leading EV manufacturers in the United States of America. Under the partnership, we are poised to combine our manufacturing expertise with Triton's cutting-edge technology, redefining the electric vehicle landscape in the market. WardWizard shall support TEV in manufacturing electric trucks, and two & three-wheelers for the India and UAE markets from its state-of-the-art facility in Vadodara. We are confident that this association will boost the 'Make-in-India' initiative and pave the way for advanced products."

KENDRIYA VIDYALAYA ONGC CAMBAY CELEBRATES ANNUAL SPORTS DAY 2023

Kendriya Vidyalaya ONGC Cambay recently celebrated its Annual Sports Day. The Chief guest of the programme was ED Asset Manager ONGC Cambay, Shanti Swaroop Sharma and the Special guest was Reeta Sharma First Lady in Asset and President of OOMS. The meet was declared open by the Chief Guest, lighting thetorch flame and the torch was carried by the Sports champions of the school. The Trophy for the leading house was bagged by the RED house. 100m, 200m, 400m races and many more events were organized during this program. The Principal of Vidyalaya, Vishnubhai Raval welcomed all the guests and presented the Annual Sports report and threw light on the importance of sports in our daily life.

NARENDRA GANDHI MITRA MANDAL AND SURAT MANAV SEVA SANGH" CHANYADO" BLOOD DONATION CAMP

Surat Manav Seva Sangh "Chanyado" reports that "Shatakveer Blood Donor- Narendra Gandhi " created awareness of voluntary blood donation in Surat. In remembrance of his birthday and celebration of the Silver Jubilee year of Surat Manav Seva Sangh " Chanyado " has jointly organized a Blood Donation Camp". An appeal to the charitable organizations of the city, blood donation camp organizers, and voluntary blood donors to participate actively and promote more blood donation. The blood bank of New Civil Hospital and Surat Rajputan Kendra collected blood bags.

THE STATE GOVERNMENT ACCORDS APPROVAL FOR THE DEVELOPMENT OF CNG STATIONS IN THE STATE OF GUJARAT

The State Government accords approval for the development of CNG Stations in the State of Gujarat through a public-private partnership model, i.e. Full Dealer Owned Dealer Operated (FDODO) Model. Honourable Prime Minister has a vision to increase the utilization of natural gas in India's energy portfolio from the current 6% to 15% by the year 2030. The Government of India has been actively promoting the CNG (Compressed Natural Gas) business and its expansion through various initiatives aimed at ensuring a stable pricing mechanism and facilitating the growth of the CNG vehicle ecosystem. As part of these efforts, the government has revised the Administered Price Mechanism (APM), leading to a noteworthy reduction in CNG prices. The CNG (Compressed Natural Gas) segment is playing a pivotal role in efforts to enhance air quality and align with India's commitment to reduce the Emissions Intensity of its GDP by 45% by 2030 compared to 2005 levels. A panel established by the Ministry of Petroleum & Natural Gas has recommended a prohibition on the use of diesel-powered four-wheelers in cities with a population exceeding one million by the year 2027. From a cost perspective, it is noteworthy that the price of Petrol is approximately double that of CNG, and Diesel is roughly 1.4 times the cost of CNG. The State Government has focused on the development of Gas Based Economy. Gujarat is the only state which has a state-wide Gas grid Network. Most of the Districts of Gujarat are connected toa gas network.

GMDC'S ICEM TEAMS UP WITH TEXMIN OF IIT (ISM) DHANBAD TO TRANSFORM MINING

Gujarat Mineral Development Corporation Ltd. (GMDC) takes a significant stride in innovation through its wing, the International Centre of Excellence in Mining Safety and Automation (iCEM). iCEM proudly announces a strategic collaboration with IIT (ISM) Dhanbad's Technology Innovation in Exploration & Mining (TEXMiN) Foundation, marking a shared vision for the future of mining. This partnership is not just about technology; it's a commitment to exploring and developing cutting-edge technologies like Mining 4.0, AI, and digitalization for the betterment of mining operations. GMDC's dedication to sustainable mining aligns seamlessly with TEXMiN's mission of deploying IT and digitalization-based solutions to enhance human capabilities. Operating under the National Mission on Interdisciplinary Cyber-Physical Systems, TEXMiN brings expertise in developing practical solutions for mineral exploration and mining using cyber-physical systems. iCEM, GMDC's Center of Excellence, aspires to be India's leading institute for enabling sustainable mining. Positioned at the intersection of innovation, sustainability, and collaboration, iCEM reflects the global shift towards critical minerals, sustainable mining practices, and digitalization. The symbolic signing ceremony featured Prof. Dheeraj Kumar of IIT(ISM) Dhanbad & Director, TEXMiN, and Anupam Jalote, CEO of iCEM, officially marking this transformative partnership. Roopwant Singh IAS, Chairman of iCEM and Managing Director of GMDC, expressed his enthusiasm for this collaboration.GMDC and iCEM, through this collaboration, set a new benchmark for technological advancement in mining, showcasing a commitment to nurturing talent for a sustainable future.

AMRIT KAAL-VIMARSH VIKSHIT BHARAT@2047 PROGRAM JOINTLY ORGANIZED BY THE GOVERNMENT OF INDIA ANDSANKALCHAND PATEL UNIVERSITY

Under the leadership of Prakashbhai Patel, President of Sankalchand Patel University, under the guidance of Provost Dr Prafulkumar Udani, and with the efforts of Dr Hetalkumar Shah, Director Technical & Paramedical, the AmritKaal-Vimarsh Viksit Bharat@2047 programme was organised for the students and faculties of Sankalchand Patel University with the joint support of PMO and AICTE. Dr Sandeep Patil, Founder and Director of E-Spin Nanotech Pvt. Ltd., was presented for an expert talk. The MoU was signed between the management of Sankalchand Patel University and Dr Sandip Patil to move forward together in the field of technology and research. The entire programme was made online mode through Facebook and YouTube. More than 200 students and staff members were present in this programme. The program was organized by the Engineering Department of the university.

INDUS INSTITUTE OF PHARMACY AND RESEARCH, INDUS UNIVERSITY CELEBRATED NATIONAL PHARMACY WEEK-2023

National Pharmacy Week was celebrated by the Indus Institute of Pharmacy and Research, IndusUniversity in Association with the Indian Pharmaceutical Association, Gujarat State branch. Deputy General Manager of Regulatory Affairs, Zydus Life Science, Darshan Doshi graced the inaugural function as a Chief Guest and motivated the youth of IIPR. He also solved the doubts and questions of students regarding current trends and the future of Pharmaceuticals in India. Manager of the RA department, Piramal Healthcare and Deputy Secretary of IPA, Chintan Shah were present as the Guest of Honor of the event and guided the students about different activities of IPA, Gujarat State branch. On the second day of the event, the General Manager of F&D, Zydus Health Care, Dr Jitendra was present who is also a Renowned Teacher of the Art of Living, motivated students to live stress-free life and enjoy each moment with fulfilment. Different events like Quizzes, Elocution, and Debate competitions were organized as a part of the celebration.

GMDC'S "MANTHAN: LAKSHYA 2030" EVENT AT BHUBANESWAR, ODISHA UNVEILS STRATEGIES FOR FUTURE GROWTH

Gujarat Mineral Development Corporation Ltd, one of India's leading mining Public Sector enterprises, held its first-ever on-site board meeting in Bhubaneswar, Odisha "MANTHAN: Lakshya 2030" led by Dr Hasmukh Adhia, IAS (Retd.) Chairman of GMDC. The strategic event in Bhubaneswar featured enriching discussions and presentations by senior officials of GMDC showcasing the path for future days to come. During the keynote, Roopwant Singh, IAS, Managing Director of GMDC, emphasized GMDC's expertise in Lignite and coal, and the organization's dedication to diversification, highlighting coal's crucial role in GMDC's present and future endeavours. Renowned global consultancy, the Boston Consultancy Group, provided insights on current global trends in digitalization, sustainability, and infrastructure, exploring GMDC's strategic positioning in the evolving global context. The event delved into plans for establishing two new coal mines in Odisha, strategic coal utilization apart from other opportunities and capabilities in existing and new portfolios. The Chairman, Managing Director, and other Directors of the Board also visited the coal block area in Angul and interacted with local communities. The chairman of GMDC Dr.Adhia, IAS (Retd.) summarized the key takeaways from the learnings of this program.

SHANTI BUSINESS SCHOOL RECEIVES EDUCATION EXCELLENCE AWARD

Shanti Business School - A Renowned Management education institution has been honoured with an Education excellence award in "Connect - An Education Summit" organized by College Duniya. The award was received by Dr Neha Sharma, Director of Shanti Business School and Tejinder Singh Dhatt, Dean of Admissions of Shanti Business School. On this occasion, Dr Neha Sharma shared that "This award is a testament to hard work and commitment shown by every team member of vibrant Shanti Business School. It is an indication that we are at par with the expectations of our stakeholders and we must strive hard to keep on nurturing industry-ready professionals and socially responsible citizens". SBS Ahmedabad was felicitated with the award because of its robust placement preparation process, faculty research output, strong industry connection and industry-relevant curriculum.

SHREE MAHARANI CHIMNABAI STREE UDYOGALAYA ORGANISED "FASHION MODELING WORKSHOP"

Shree Maharani Chimnabai Stree Udyogalaya organised a "Fashion Modeling Workshop" with Mehul Suthar. The purpose of this workshop was to educate youth that Modeling also can be looked at as a career opportunity. In this workshop, Mehul Suthar & his team gave insights about how to start a career in modelling and how to go forward. Different professional experts shared their knowledge and a totalof 36 fashion enthusiasts from different backgrounds participated in the workshop. Rajmatasaheb, Maharanisaheb Radhika Raje Gaekwad and Jasdan Maharani saheb Alaukia Raje graced the occasion. During their visit, Maharani Radhikaraje and Rajmatasaheb interacted with participants and motivated them.

Best Hospital Award

Zydus Hospitals has clinched the title of the Best Hospital in Ahmedabad for the fifth year in a row, a recognition bestowed by the survey organized by The Week and implemented by Hansa Research. The hospital's remarkable contributions are evident across various fields, especially in Robotic Surgeries, Organ Transplants, Gastrointestinal, Neurology, Cardiology, ENT, and more that has not only made waves, but their achievements have also garnered recognition in various healthcare forums over the years. Zydus takes pride in hosting one of the largest Nephrology department with a huge Dialysis setup in the state. Furthermore, they also stand out as one of the most successful transplant teams among other private hospitals in the state. Numerous international patients and those across the country have parked their trust and faith in Zydus which has resulted in this achievement. Besides the infrastructure, the backbone of Zydus is the formidable team of diverse and renowned consultants, specialists, and super-specialists including luminaries such as Dr. Pankaj Shah, a nationally renowned Oncologist, and a Padma Shree awardee for his contributions to medicine, along with skilled para-medical and support staff. This accolade from Hansa and The Week reaffirms Zydus Hospitals' position as a leader in healthcare excellence, highlighting the expertise of its skilled professionals and their commitment to delivering top-notch medical care.

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RUN-UP PUSHED THEM INTO OVERBOUGHT TERRITORY, LEADING TO PROFIT BOOKING

Oil Stocks Fall on Talk of Poll Sops, Some say Time to Buy

Fuel price cut may be temporary; margins strong, valuations attractive: Analysts

Kairavi Lukka

Mumbai: Stocks of oil marketing companies dropped on Monday as reports that the government may consider cutting retail fuel prices prompted traders to cut some of their bullish bets. Analysts said these stocks were overbought after the recent run-up but a reversal might be an opportunity to load up on some of them.

Among oil marketers, Hindustan Petroleum fell 4.36%. Indian Oil and Bharat Petroleum both lost about 1%. The BSE Oil & Gas index was also down by 0.15%. Among oil explorers, ONGC gained 1.1%, while Oil India shed 0.3%.

"OMCs have seen some profit booking in the short run as they are in the overbought territory and are experiencing a temporary pullback," said Ruchit Jain, lead research analyst at 5Paisa.com.

The BSE Oil and Gas index is still positive and a reversal in the trend is unlikely, he said.

Since October 26, when the market bounce began, HPCL shares surged 49%, BPCL jumped 39% and IOC rose 36%. The BSE Oil & Gas index gained 24% and the Sensex moved up 10.7% in this period.

The rebound came in the wake of global crude prices falling from $87 a barrel to $75.6 and strong September quarter results. When global oil prices fall, it boosts the profitability of OMCs. "OMCs have healthy operating margins and the advantage of discounted Russian crude coming in as raw materials," said Avishek Datta, research analyst at Anand Rathi. "Natural gas companies also benefit from price clarity as the price of domestic gas has been set to $6.5 mmBtu in advance."

Some analysts have raised doubts about OMCs sustaining their high margins given the uncertainties in oil prices

Brokerage Emkay Global said it has a 'constructive' outlook for OMCs despite the possibility of retail fuel price reductions before the general elections, as they could be for a brief period.

"Valuations remain reasonable, with current one-year forward price-to-book multiples being 25-50% lower than the 10-year peak multiples," said Emkay's analysts Sabri Hazarika, Harsh Maru, and Arya Patel in a note. "Post-election optimism with respect to revisiting disinvestment, re-deepening of deregulation and other reforms could drive a further rerating."

Some analysts, however, do not favour OMC shares at this juncture. "With uncertainty in oil prices amidst upcoming elections, we do not see OMCs sustaining supernormal marketing margins on petrol and diesel and have downgraded them," Swarnendu Bhushan, co-head of research at Prabhudas Lilladher. "Even natural gas companies are under a cloud due to uncertainty on their volume growth and we do not see further upside."

TOP SECTOR PICKS

ONGC and Mahanagar Gas are Jain's top picks as they are showing "good price volume action and bullish patterns on the daily charts".

"Oil India and ONGC are our top picks. We prefer Oil India as it has a sharp strong volume growth coming up along with capacity expansion plans," said Datta.

kairavi.lukka@timesgroup.com

More Gains Ahead

Stock	LTP (₹)	Change Since Dec 3* (%)	Since Nov 26 (%)	YTD (%)
Indian Oil Corporation	117.50	5.60	36.3	50.64
Hindustan Petroleum	361.00	4.50	49.0	52.19
Bharat Petroleum	465.90	6.40	39.0	39.66
ONGC	198.05	1.78	9.4	31.68
GAIL	140.95	3.52	19.0	45.91
Mahanagar Gas	1,178.60	10.87	19.0	39.47

*State election Results were declared on Sunday, December 3. Source: BSE

PRAVIN G

Publication : The Hindu Business Line	Editions : New Delhi
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Day trading guide

21079 » **Nifty 50 Futures**

S1	S2	R1	R2	COMMENT
21030	20950	21150	21200	Risk-reward doesn't favour any trade. Stay out of the market

₹1651 » **HDFC Bank**

S1	S2	R1	R2	COMMENT
1645	1630	1655	1670	Go short only below 1645. Keep the stop-loss at 1655

₹1489 » **Infosys**

S1	S2	R1	R2	COMMENT
1485	1475	1495	1510	Go long only above 1495. Keep the stop-loss at 1485

₹452 » **ITC**

S1	S2	R1	R2	COMMENT
451	449	454	456	Go long only above 454. Stop-loss can be kept at 453

₹198 » **ONGC**

S1	S2	R1	R2	COMMENT
196	194	201	204	Immediate outlook is unclear. Avoid trading this stock

₹2459 » **Reliance Ind.**

S1	S2	R1	R2	COMMENT
2440	2420	2475	2500	Wait for dips. Go long at 2445 with a stop-loss at 2430

₹614 » **SBI**

S1	S2	R1	R2	COMMENT
612	608	616	618	Go short now and at 615. Stop-loss can be kept at 617

₹3642 » **TCS**

S1	S2	R1	R2	COMMENT
3620	3600	3670	3685	Go long now and also at 3630. Stop-loss can be kept at 3610

S1, S2: Support 1 & 2; R1, R2: Resistance 1 & 2.

Publication : Business Standard	Editions : Mumbai
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INPUT TAX REFUNDS UNDER GST

HC's IndianOil ruling to benefit all firms: Experts

INDIVJAL DHASMANA
New Delhi, 11 December

The Delhi High Court has settled a dispute arising out of conflicting interpretations of input tax refund under goods and services tax (GST) by the GST authorities and Indian Oil Corporation (IndianOil).

Experts say the judgment sets a precedent not only for the oil industry but for many others. The court instructed the authorities to process the input tax refund sought by IndianOil despite the tax rate on its principal input and principal output being the same.

According to GST rules, input tax refund is applicable either when the output draws zero tax or when the tax on input is higher than that on output, technically called the inverted duty structure.

In all other cases, input taxes need to be utilised for paying taxes on output, technically called input tax credit (ITC).

In the extant case, input tax refund was denied to IndianOil because GST on its principal input — bulk liquefied petroleum gas (LPG) — stands at 5 per cent, the same as that on its principal output — bottled LPG.

However, IndianOil claimed some of its inputs drew more than 5 per cent GST and hence it is eligible for input tax refunds. Besides bulk LPG, IndianOil uses various inputs for purposes of safety of cylinders such as valves, safety caps, nylon thread, stainless steel clips, plastic seals, lubricants, nuts and bolts, gaskets, water pumps, fuel filters, oil, clamps, dry chemicals for extinguishers, etc. The court said the GST laws restricted the refund of unutilised ITC only to cases where there was accumulation of unutilised ITC on account of the rate of tax on inputs being higher than the rate of tax on output.

It also observed that the GST laws did not contemplate comparing the rate of tax on the principal input with the rate of tax chargeable on the principal output supply.

There is neither any reason nor any scope to further confine the refund of unutilised ITC only to cases where the rate on main input is higher than the rate of tax on the principal output, it noted.

As such, it upheld IndianOil's position.

Saurabh Agarwal, tax partner at EY, said the landmark judgment not only granted IndianOil the rightful refund but also set a precedent for all businesses operating under the GST regime such as manufacturers of fertilisers, vanaspati and cooking oil, and acrylic yarn, and traders of goods incurring the cost of packing materials.

"The judgement will benefit businesses across all sectors, leading to improved cash flows, enhanced competitiveness and a more equitable tax environment," Agarwal said.

The judgment also strengthens India's attractiveness for foreign investors through promoting tax transparency and predictability, encouraging capital flows and further fuelling economic growth, he said.

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THE COMPASS

Street remains optimistic about further gains in OMCs

DEVANGSHU DATTA

After a spike in crude oil and gas prices in October following the Hamas terror attack, prices eased down 9 per cent month-on-month in November.

The Organization of the Petroleum Exporting Countries (Opec) and Opec+ agreed to a further voluntary production cut in January-March 2024 to try and support global crude prices.

The best guess here is that crude prices (currently at $75/barrel, or bbl) will not likely cross significantly above $80, and gas prices are also likely to remain subdued unless there's a further escalation in the Israel-Hamas conflict.

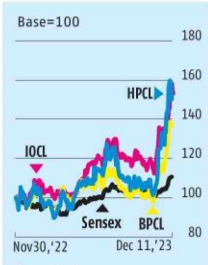
Demand growth could be moderate in calendar year 2024 due to the rise in penetration of electric vehicles, efficiency gains, and continued global macro weakness. This is likely to limit the sharp rise in oil prices unless Opec+ institutes another deeper round of production cuts.

Singapore's gross refining margins (GRMs) recovered to $5.3/bbl in November 2023 after dipping to $3.9/bbl in October.

Refining margins may remain strong over the next two quarters due to strong seasonal demand coupled with scheduled refinery maintenance across multiple refineries. If storms hit the US Gulf Coast, there could be a further upside to gross refining margins.

India appears to have a competitive advantage in diesel exports since it has access to Russian crude at a significant discount to Brent.

This implies that oil-marketing companies (OMCs), which were under pressure as crude and gas prices spiked, could get unexpected good news with moderating feedstock prices and decent GRMs.



Source: Exchange
Compiled by BS Research Bureau

The recent Assembly election results should also mean some degree of confidence that OMCs will not be asked to reduce retail prices and may be allowed to pass on any feedstock price increases that occur.

Petrochemical (petchem) spreads may also improve. However, the potential for some price cuts in retail prices does remain at least until April-May. There was a positive rerating of OMCs over the past six weeks as crude prices normalised.

Diesel marketing margins improved to a negative 70 paise/litre in November from a negative ₹7.5/litre in October, while petrol margins increased to ₹8.5/litre from ₹7.1/litre.

Bharat Petroleum Corporation is up over 15 per cent since mid-November, and IndianOil and Hindustan Petroleum Corporation are up 12-13 per cent. Chennai Petroleum Corporation and Mangalore Refinery and Petrochemicals are also up considerably in the same time frame.

Reliance Industries (RIL) should also ideally feature in this analysis since it is a big player across the whole energy and petchem space, and it will be a beneficiary. However, RIL's exposures in telecommunications and retail make it hard to assess how much of the valuation should be assigned to which vertical.

The strong price uptrend in OMCs over the past six weeks does, however, place a question as to the remaining upside. The market is optimistic and expects this benign cycle to continue through the next two quarters at the least.

In that case, better-than-expected 2023-24 operating profit would help OMCs to pay down debt. But any breakdown in the assumptions listed above — crude prices within a narrow range, strong GRM and strong petchem margins, and pricing freedom at the retail stage — would make the valuations look stretched.

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CRUDE OIL HAS SOFTENED DESPITE OPEC'S PROPOSED CUT

OMC stocks lose value on auto fuel price cut reports

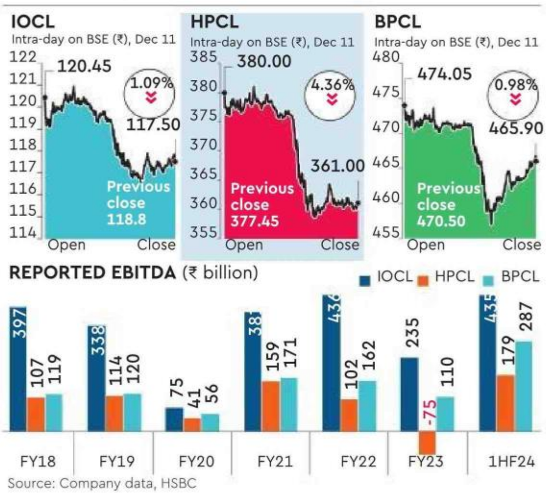
Analysts see possibility of reduction in prices before general elections

FE BUREAU
Mumbai, December 11

STOCKS OF OIL marketing companies (OMCs) lost some value on Monday because of media reports that prices of petrol and diesel may be cut to bring relief to customers.

In the fortnight ended December 8, shares of Bharat Petroleum, Hindustan Petroleum and Indian Oil Corporation rallied 15-20% on the back of benign crude oil prices and because of the convincing wins by the ruling BJP in three state elections. Moreover, the Street was reassured as petrol and diesel prices have remained stagnant for the past 18 months.

Media reports on Monday suggested the government is considering a move to bring down pump prices of auto fuels, though the timelines have not yet been finalised. Analysts at Emkay noted last week that the OMC stocks had rallied thanks to the BJP's wins in key states. "The markets now do not seem to anticipate populist measures, retail auto fuel price-cuts being one of these," analysts had observed. However, they did see the possibility of retail price cuts before the general elections and believe the volatility in oil prices could continue. "The price cuts could be for a brief period," analysts said.



In an earlier estimate, they concluded that while pump prices of auto fuels may be cut after the state elections, the system-wide impact from even a cut of ₹5/litre would still be under ₹26,000 crore in FY24. Analysts at HSBC recently wrote that they expect pricing freedom on marketing following the elections, allowing OMCs to reset pump prices. "We expect the government to allow them to earn profits as they are likely to help drive the energy transition while needing to manage their budgets," they added.

According to these analysts, the government lent support during FY23, with auto fuel prices remaining unchanged and an allocation being created for FY24. "Therefore, H1FY24 saw improved profitability and strong balance sheets." In H1FY24, the combined Ebitda (earnings before interest, tax, depreciation and amortisation) of HPCL, BPCL and IOC stood at ₹90,100 crore.

After witnessing a surge, prices of crude oil have now moderated despite proposed reduction in output by the Opec+ countries.

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AIMING FOR NET ZERO

John Slaven, CEO, Vedanta Aluminium

Vedanta Aluminium is expediting efforts to achieve net zero by 2050. Our multipronged approach reflects our unwavering commitment to making a meaningful impact on the environment and paving the way for a more sustainable future.

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TATA POWER, IOC TO DEPLOY 500 EV CHARGING POINTS

TATA PASSENGER ELECTRIC Mobility (TPEM) on Monday said it has tied up with charge point operators Chargezone, Glida, Statiq, and Zeon. TPEM will actively assist the four CPOs in installing chargers at locations most frequented by its EV owners and share insights on how the chargers are being used to help understand and enhance customer experience.

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Tata Power, IOC Tie Up for EV Charging Points

NEW DELHI Tata Power on Monday said its subsidiary Tata Power EV Charging Solutions has inked an agreement with India Oil Corporation Ltd (IOCL) to install more than 500 fast and ultra-fast electric vehicle (EV) charging points across India. Tata Power will install EV charging points across multiple IOCL retail outlets, a statement said. –**PTI**

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ANALYSTS EXPRESS DOUBTS

BluSmart optimistic about scaling up EV leasing scheme

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ANALYSTS SKEPTICAL OF SCHEME VIABILITY

BluSmart optimistic about scaling up EV leasing scheme

ANEES HUSSAIN & AYANTI BERA
Bengaluru, December 11

IN A BID to expand its fleet size and enter new cities, Gurugram-based all-electric taxi startup BluSmart has turned to individuals for investments through its Assure programme.

As part of the programme, individuals can buy an electric vehicle (EV) and lease it out to BluSmart for a period of four years in exchange for fixed monthly rentals, after accounting for EMI payouts. The company said monthly returns could range anywhere from ₹28,000–₹33,000 per month per sedan car and potentially higher for SUVs.

The scheme guarantees a pre-tax return of 14%, and while Anmol Singh Jaggi, co-founder, and Sandiip Bhammer, founder & co-managing partner, Green Frontier Capital, an investor in BluSmart, maintained that the scheme has attracted tremendous interest within a short span of time, analysts are not that hopeful of its viability.

"It is less likely for an individual to spend money for purchasing a new electric car costing about ₹13 lakh, and then hand it over to a cab aggregator just for some additional monthly income. How attractive the investment is largely depends on whether the promised 14%+ rate of return under the Assure programme is after accounting for the EMI payout or not," said Shyamasis Das, fellow and lead - electric mobility at Centre for Social and Economic Progress.

According to him, when the investment period of four years is over, it would be difficult to ascertain the battery health, the heart of an EV, which for sure would have gone through thousands of duty-cycles by that time. Currently, there is no reliable template to accurately analyse the vehicle telematics data for determining the battery degradation, Das said. The company said that the 14% rate of return under the scheme is after accounting for the EMI payout.

ON OFFER

- 'Assure programme' lets people buy EVs and lease them out for four years for monthly rentals, after accounting for EMI payouts

- The monthly returns could range between **₹28,000 – ₹33,000** per month per sedan car and potentially higher for SUVs

The scheme guarantees a pre-tax return of **14%**

Unlike ICE vehicles, the secondary market for EVs are much smaller and less matured, where getting a competitive re-sale price would be difficult. "The programme would rather have more takers if the company allowed existing EV owners to lease out the cars that they own. In this case, the risks related to road-worthiness of the EVs would have been on BluSmart," he added.

Jaggi said that 1,500 people have expressed interest in the programme, and that it plans to onboard at least 2,500-3,000 cars through this channel over the next 6 months. Though Jaggi talked about the huge interest the programme has generated in a short period of time, he did not disclose the number of participants the company has on-boarded so far.

Even with government subsidy, the on-road price of a Tata Tigor EV, which forms a large part of BluSmart's fleet, is ₹13.4 lakh. Earlier this year, the company raised $42 million in a mix of debt and equity to expand its fleet capacity in Delhi-NCR and Bengaluru and also to launch in new markets. Unlike cab aggregators such as Ola and Uber, BluSmart leases the vehicles from OEMs and hires drivers on its payroll to run its fleet.

The latest fundraise, where the founders pitched about half of the capital raised, is a fraction of the $250 million the company had been in talks to raise since mid last year. The four-year-old startup has for much of its existence functioned as a scheduled service for airport rides.

Recently, it entered into the on-demand ride-hailing business in some regions of Delhi NCR but its current fleet size of around 5,500 cars isn't enough to meet the demand. According to mobility experts, the company would need at least 40,000-80,000 cars across the two cities in currently operates in to keep up its on-demand services. BluSmart has a target to increas its fleet to 8,800 by mid-2024.

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COP28 turning into a trade show isn't such a bad thing

THERE'S A COMMON lament echoing through the halls of Expo City Dubai, the 1,000-acre conference venue where the COP28 climate conference is being held: This event feels more like a slick trade show than an environmental summit.

About 100,000 attendees are milling through the venue. Fossil fuel companies have more than 2,000 representatives attending—including Sultan Al Jaber, the president of the conference as well as the CEO of the Abu Dhabi National Oil Co, the UAE's state-owned petroleum business. Lavish provision make it feel as much like an industry conference in Las Vegas as a sobering reckoning with environmental catastrophe. Climate activism, meet capitalism. You two should get to know each other better.

This isn't a frivolous point. Since the industrial revolution, our civilisation has been built around fossil fuels. Fixing the resultant emissions can be likened to digging out the foundations of the global economy and resetting them on a new, cleaner footing. It's an extraordinary stroke of luck that we now have most of the technologies needed to not only achieve this objective, but to do so at a lower cost than the carbon-intensive alternative. Getting that new economy built, however, is going to involve one of the biggest splurges of peacetime investment the world has ever seen.

DAVID FICKLING

Bloomberg

Just how big? The world spends between \$2 trillion and \$2.5 trillion a year on its energy systems, around the annual GDP of France. Only in the past few years has clean power started to decisively overtake fossil fuels to take the majority share of that budget, but things still need to accelerate.

Clean energy investment in 2030 must be roughly double the \$1.7 trillion spent this year if the world is to meet governments' existing commitments, according to the International Energy Agency. That rises to about \$4.5 trillion if we're going to put the world on a sure path to zero emissions.

Renewable capacity worldwide is already sufficient to power China, the US and Europe at peak output, but leaders of the G20 economies have promised to triple it by 2030. All those wind turbines, solar panels and transmission lines won't come cheap—and the funds aren't going to be mobilised by peer-reviewed studies or protest placards. For too long, global capital has underestimated both the threat and the opportunity of the energy transition. It's no bad thing that it's waking up to both sides of the equation.

The recent surge in prices for fossil fuels and the crisis in the offshore wind industry helped give the carbon producers some of their confidence back in 2023. Current ebullience looks like turning into the hubris that has long plagued the sector whenever the investment cycle peaks, however. On a 10-year timeframe, renewable power companies still do a better job of covering their costs of capital than petroleum businesses and fossil-powered utilities.

In that sense, the number of corporate types turning up at climate conferences should be taken as a positive, rather than a negative indicator. Visitors to the 500-desk media centre in Dubai—one of the biggest pavilions at COP28—could be forgiven for thinking otherwise, but the \$1.7 trillion emerging clean-energy economy remains woefully under-explored, especially compared to the coverage we lavish on a stagnating petroleum industry that invests less than half that amount. This imbalance will only grow as the likes of *CNBC* and *Vox* lay off climate reporters.

It's certainly true that the epic scale of COP28 may be too much of a good thing. Trade shows thrive on intimacy as much as scale.

The green economy already has plenty of its own industry events, too. So it's certainly true that spreading some of the load back to those conferences would give diplomats at the UNFCCC more breathing space to do their own important work. Still, from the dawn of industrial capitalism we've recognised that altruistic ends are often achieved through unedifying greed. It's not, as Adam Smith wrote, "from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own self-interest." If big business is finally recognising that its self-interest converges with that of the planet, that's not a bad thing.

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Recent order wins set the stage for BEL to beat FY24 order target

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Bharat Electronics Ltd's (BEL) shares have been scaling new highs lately. On Monday, the state-owned aerospace and defence electronics company's shares registered a new 52-week high to ₹163.25 apiece. The positive momentum is primarily followed by the announcement of significant order wins totalling ₹3,915 crore last week, including a ₹580 crore order from the Indian Army for artificial magnetic conductors (AMC) of radars. BEL secured an additional order worth ₹3,335 crore, which includes various defence systems, such as artificial magnetic conductors for airborne, early-warning and control systems, and uncooled thermal imaging sights. With this, BEL's order inflow stands at ₹18,298 crore so far in FY24.

Amit Anwani, analyst, Prabhudas Lilladher, said: "The recent order win has mitigated the risk of (BEL) falling short of the order inflow guidance, bringing significant relief and enthusiasm to investors."

The company had guided for an order inflow of over ₹20,000 crore in FY24. ICICI Securities said going ahead, BEL will receive orders worth ₹6,800 crore pertaining to fuses for the Indian Army and sub-systems for naval platforms, taking total order inflows for FY24 to ₹25,000 crore. "As a result, we believe the management might revise up its earnings/order inflow guidance," said ICICI Securities in a note dated 7 December.

For FY24, the company guided a growth of 15-17% in revenue and 21-23% in Ebitda (earnings before interest, taxes, depreciation, and amortization) margin. For the half-year ended September (H1FY24), year-on-year revenue growth stood at 6% year-on-year and Ebitda margin was 22%.

In the past one year, BEL shares have jumped by 52% mainly due to the government's increased spending on defence, focus on indigenization, improving share of non-defence segments, and rising exports share. Steady execution and healthy order pipeline have also helped the stock climb higher. Keeping in mind the upcoming general elections, execution of orders will be closely tracked. Moreover, there is a potential risk associated with a delay in awarding key orders, including quick reaction surface-to-air missile (QRSAM).

Steady execution and healthy order pipeline have also helped the stock climb higher

During the Q2 earnings call, BEL expressed confidence that big projects such as QRSAM, LRSAM (long range surface-to-air missile), radar systems, tank electronics, and tank upgrade programmes would give a major push its growth. The stock trades at 30 times estimated FY25 earnings, showed Bloomberg data.

While this may be deemed expensive, Anwani said the broader market momentum and the upward trend in defence stocks justify its valuation.

Racing ahead

Bharat Electronics shares have meaningfully outperformed Nifty 500 index in the past one year.

Values rebased to 100 Source: Capitaline

SATISH KUMAR/MINT

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Ola Electric reports ₹2,782-cr revenue in FY23

New Delhi: Ola Electric on Monday said its total revenue grew over six-fold year on year to ₹2,782 crore in 2022-23. The total revenue of Ola Electric Mobility Business stood at ₹456 crore in 2021-22, it said in a statement. The company said it has set in motion a number of initiatives like new product introductions, sales and service network expansion and strengthening of R&D function for growth and profitability. PTI