ONGC News as on 27 July 2023(Print)

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ONGC takes lead in implementing Vivad se Vishwas-2 scheme to fast track contractual dispute resolution

Oil and Natural Gas Corporation Limited (ONGC), has taken the lead in implementing Government's one-time settlement scheme 'Vivad se Vishwas – 2', to fast-track resolution of contractual disputes. ONGC has constituted an internal task force to settle such issues.

The settlement criteria under the scheme is defined as 85% of net amount to be awarded where court order is passed on or before 30 April 2023; 65% of the net amount to be awarded where arbitral award is passed on or before 31 January 2023.

Vivad se Vishwas - 2 is a one-time settlement scheme announced by the government to settle pending contractual disputes. Application for settlement are to be made by the contractors through the GeM portal. The Scheme is valid during 15 July to 31 October 2023.

Energy major ONGC has taken many pioneering initiatives to forge strong and transparent relations with its business partners. ONGC was the first in India to adopt the Integrity Pact (IP) by Transparency International in 2005. Recently, ONGC has become the first PSU in India to get certified for Anti-Bribery Management System (ABMS) by M/s InterCert, USA.

ओएनजीसी ONGC

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India's crude oil imports may hit eight-month low

SUKALP SHARMA
NEW DELHI, JULY 26

INDIA'S OIL imports are set to fall to an eight-month low in July due to a combination of the monsoon-led fall in domestic fuel and petroleum product demand and lower refinery runs with a few units under maintenance, according to estimates by commodity market analytics firm Kpler. So far in July, India's crude imports have averaged at 4.64 million barrels per day (bpd), down around 40,000 bpd compared to June and the lowest since November 2022, Kpler data shows.

"We believe that Indian (oil) imports will drop even lower in August, to approximately 4.4-4.5 million bpd for several reasons. First and foremost, the monsoon season is already making itself felt in terms of domestic product demand," said Viktor Katona, the head of oil analysis at Kpler.

India's domestic demand for petroleum products usually dips during the monsoon. Additionally, Indian refiners had decided against going for maintenance shutdowns in January-May due to strong profitability in petroleum product margins, pushing them to operate refineries at over 100 per cent capacity use. However, from June, maintenance work at a few units has affected refinery runs. India has cumulative refining capacity of around 5.3 million bpd, and the country's domestic oil production is around 580,000 bpd. India depends on imports to meet over 85 per cent of its oil requirement.

With the impact of monsoon likely to continue at least through August and more refinery maintenance work likely in September, Kpler expects India's oil imports to return to previous months' highs only in October.

"We would wager that a full-blown return to large-scale imports would only materialise from October onwards. By October, the impacts of the monsoon season would be largely accounted for...and maintenance would no longer be an obstacle to ramp up runs," Katona said. With India's overall oil imports seeing a seasonal dip, supply of Russian crude is also expected to be lower than record volumes seen in recent months.

According to Kpler data, India's imports of Russian crude hit an all-time high of around 2.2 million bpd in May, before declining marginally in June.

The sequential decline in July is also expected to be marginal, with Russian oil imports so far in the month averaging at around 2 million bpd.

FULL REPORT ON
www.indianexpress.com

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Date : 27 July 2023 | Page : 6

BPCL back in black: Q1 profit at ₹10,644 crore

State-run Bharat Petroleum Corporation (BPCL) reported a profit after tax (PAT) of ₹10,644 crore during the June quarter (Q1FY24), compared to a loss in the year-ago period.

Correction in crude oil prices and improvement in marketing margins helped profits.

For Q1FY24, BPCL reported net sales of ₹1.12 trillion, down 6.7 per cent.

Sequentially, net sales fell 4.3 per cent and net profit was up 54.9 per cent.

The company reported a loss of ₹6,148 crore in the year-ago quarter.

In a Bloomberg poll, six analysts estimated revenue of ₹1.16 trillion and seven analysts estimated an adjusted net income of ₹7,772 crore..

The company also saw a 43.4 per cent jump in other income at ₹1,038 crore. It said other income for the quarter includes ₹24.40 crore of foreign exchange gain.

In the year-ago quarter, BPCL saw other expenses inclusive of ₹966.02 crore on account of foreign exchange loss.

BPCL's refinery throughput was 8 per cent higher at 10.36 million tonnes (MT), from 9.6 MT a quarter ago. And, market sales reported a similar growth of 8.42 per cent.

The company said market sales increased mainly due to 6.12 per cent rise in petrol and 5.95 per cent growth in diesel.

AMRITHA PILLAY

REPORT CARD

Consolidated figures in ₹ crore

Year end	Net sales	Reported profit after tax
Q1FY23	121,082	-6,148
Q4FY23	118,115	6,870
Q1FY24	112,985	10,644
CHANGE %		
QoQ	-4.3	54.9
YoY	-6.7	LTP

LTP: Loss to profit
Compiled by BS Research Bureau Source: Capitaline

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'GAIL Plans to Tie Up 7-8m Tonnes of LNG to Meet Domestic Demand'

Co looks to boost its long-term volumes to protect consumers from price shocks, says CMD

Sanjeev.Choudhary@timesgroup.com

A lesson from the global energy crisis is that we probably need to diversify our portfolio further. We do not intend to have more than 1-2 million tonnes per annum of incremental supply from any country.

SANDEEP KUMAR GUPTA
CMD, GAIL

New Delhi: GAIL is planning to tie up 7-8 million tonnes per annum of long-term liquefied natural gas (LNG) from diverse sources as it bets big on domestic gas demand and aims to play a leading role in India's transformation into a gas-based economy, its chairman has said.

"GAIL is committed to ensuring that the domestic demand is well supplied and protected from price shocks. To do the same, GAIL is looking to grow its long-term volumes by at least 50% or 7-8 million metric tonnes per annum in a staggered manner till 2030," GAIL chairman Sandeep Kumar Gupta told **ET** in an interview.

The company is in talks with suppliers in several countries including the US, Qatar, the UAE, and other countries east of India, he added.

Gupta, the former finance chief of Indian Oil Corp, took over as the chairman and managing director of GAIL last October in the middle of a global energy crisis that had cut off a fifth of its LNG supplies after a former German unit of Russia's Gazprom stopped supplying.

"We managed well. The supply cut to our customers was much smaller as we brought in our US volumes to meet their demand," said Gupta. After the global markets cooled off this year, the supplies resumed but GAIL has learnt its lessons.

"A lesson from the global energy crisis is that we probably need to diversify our portfolio further. Also, we do not intend to have more than 1-2 million tonnes per annum of incremental supply from any country."

International LNG prices have fallen sharply from their highs in 2022 but are "still unaffordable for many customers in India, especially power plants," said Gupta, adding that the domestic demand will pick up once prices drop further. He expects domestic gas demand to grow at 7-8% annually given the planned city gas expansion, expected demand from power plants, and net-zero ambition of companies.

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In addition to enhancing its gas marketing business, GAIL is also ramping up its petrochemicals and pipelines capacity with an aim to grow its revenue and profit by "one-and-a-half times of our best till now" by 2030, Gupta said.

The rise of electric vehicles, however, presents a challenge to compressed natural gas (CNG) vehicles. "States want to look more environment friendly, so want to electrify public transport. But the electric grid is largely grey. Besides, electric buses are still very expensive compared to a CNG bus," said Gupta.

The current pace of CNG vehicle conversion is not as much as "we would want" because there is no price certainty, he said. "Price of domestic gas, which is supplied as CNG, is currently capped but nobody is sure how long it will remain so."

An abundant global supply of gas is expected from 2027 as several exporting countries are ramping up liquefaction capacity, Gupta said. "Unlike in oil, there is no cartel of gas suppliers and so the abundant supply should bring down prices to affordable levels."

As the country moves towards becoming a gas-based economy, it should consider building strategic gas reserves as it would "help us shield from short-term volatility," he said.

GAIL, which plans to raise a debt of ₹5,000-7,000 crore this fiscal year for capital spending, recently raised about ₹1,500 crore, Gupta said.

By the end of the current financial year, most of GAIL's planned pipeline expansion would have been completed and the network would have expanded to 20,000 km from 15,000 km, Gupta said. "The additional transmission volume will boost returns."

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Gas leak in IOC's Dadri-Panipat pipeline

A GAS LEAK was noticed on IOC's pipeline traversing below the riverbed of the flooded Yamuna River in the Baghpat district of UP in the early hours of Wednesday.

(FE BUREAU & AGENCIES)

ओएनजीसी ONGC
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Oil imports to hit 8-month low in July

Domestic demand has fallen due to monsoon

SUKALP SHARMA
New Delhi, July 26

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So far in July, India's crude imports have averaged at 4.64 million barrels per day (bpd), down around 40,000 bpd compared to June and the lowest since November 2022, Kpler data shows. "We believe that Indian (oil) imports will drop even lower in August, to approximately 4.4-4.5 million bpd for several reasons. First and foremost, the monsoon season is already making itself felt in terms of domestic product demand," said Viktor Katona, the head of oil analysis at Kpler. India's domestic demand for petroleum products usually dips during the monsoon.

Additionally, Indian refiners had decided against going for maintenance shutdowns in January-May due to strong profitability in petroleum product margins, pushing them to operate refineries at over 100% capacity use. However, from June, maintenance work at a few units has affected refinery runs. India has cumulative refining capacity of around 5.3 million bpd, and the country's domestic oil production is around 580,000 bpd. India depends on imports to meet over 85% of its oil requirement.

"We would wager that a full-blown return to large-scale imports would only materialise from October onwards. By October, the impacts of the monsoon season would be largely accounted for...and maintenance would no longer be an obstacle to ramp up runs," Katona said. With India's overall oil imports seeing a seasonal dip, supply of Russian crude is also expected to be lower than record volumes seen in recent months. According to Kpler data, India's imports of Russian crude hit an all-time high of around 2.2 million bpd in May, before declining marginally in June.

The sequential decline in July is also expected to be marginal, with Russian oil imports so far in the month averaging at around 2 million bpd. "Outflows from Russian ports to India last month have declined to 1.7 million bpd, (down by) a whopping 500,000 bpd...Consequently, we expect that August should see a sizable drop in Russian deliveries to India, in line with the overall plummeting of Russian exports," Katona said.

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Oil companies pre-tax profit seen jumping three times to Rs 1 lakh cr this fiscal: Report

MUMBAI, JULY 26 /--/ Oil marketing companies are set to book a record pre-tax profit of at least Rs 1 lakh crore this fiscal amid higher retail prices in the domestic market and stable but considerably low crude prices overseas, a report said. Crude price has fallen more than 30 per cent this fiscal so far from the year-ago period, yet oil companies have not reduced retail prices which have been unchanged since May 2022.

Oil marketing companies (OMCs) may see operating profit rebounding to Rs 1 lakh crore this fiscal, compared with an average of Rs 60,000 crore between fiscals 2017 and 2022, and thrice of the last fiscal's low of Rs 33,000 crore, Crisil said in a note on Tuesday. Higher profitability will help improve the companies' credit metrics, which had weakened significantly in the past few fiscals amid muted profitability and significant capital expenditure, the report based on the three state-run oil companies.

The oil companies make money from two businesses: refining, where they earn a gross refining margin, which is the value of refined products at the refinery gate minus the cost of crude; and marketing through retail pumps, where they earn a margin on refined products. Fiscal 2023 saw record gross refining margins averaging USD 15/barrel as global demand, particularly for diesel, was strong after alternative fuels like natural gas soared and the European Union imposed sanctions on Russian products following the invasion of Ukraine.

But soaring crude prices, which averaged USD 94/barrel for the fiscal, were not accompanied by higher retail prices, which have remained unchanged since May 2022. As a result despite strong refining margins, marketing losses were a steep Rs 8/litre, which kept the overall profitability weak last fiscal. Fortuitously, there was a steady fall in the crude prices since then, helping them swing from an operating loss in Q1FY23 to strong profits Q4FY23.

According to Naveen Vaidyanathan, a director at the agency, this fiscal should see a switch in the growth drivers. Marketing margins could veer to an operating profit of Rs 5-7/litre, while gross refining margins may moderate to USD 6-8/barrel as global demand-supply imbalance eases, if crude averages USD 80/barrel and no cut in retail prices.

A spike in operating profit is critical as oil companies have significantly increased their capex to Rs 3.3 lakh crore between fiscals 2017 and 2023 to expand capacity in downstream refining and petrochemicals, product pipelines and marketing infrastructure. As a result, their gross debt more than doubled from Rs 1.2 lakh crore in fiscal 2017 to Rs 2.6 lakh crore in fiscal 2023, but profitability remained subdued. This fiscal, their capex is estimated to be Rs 54,000 crore.

According to Joanne Gonsalves, an associate director of the agency, despite continued capex, improved profitability should help shore up their standalone credit metrics from the low of last fiscal. For instance, interest coverage can improve to 7.4x from 2.4x last fiscal. Equity rights issues by the oil companies, currently being planned for capex, will also support credit metrics. But higher-than-expected crude prices, or any decline in retail prices without a corresponding fall in crude prices along with forex losses can alter the expectations. (PTI)

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OMCs heading to Rs1-trn PBT mark

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Indian Oil pipeline bursts, explosion rocks sleepy Baghpat village in UP by Yamuna

DHEERAJ MISHRA
BAGHPAT (UP), JULY 26

AN INDIAN Oil Corporation Limited (IOC) pipeline running under the Yamuna burst near a village in Baghpat district of western Uttar Pradesh early Wednesday morning, triggering panic among local residents.

Videos of the incident that emerged online showed a spout of water shooting up nearly 25 feet into the air.

The IOC, which operates the Dadri-Panipat Natural Gas Pipeline (DPPL), shut supplies at both ends to stop the leakage. No one was reported injured, even as residents of Jagos village, which lies by the river near the spot where the suspected pipeline burst took place around 4 am, said the noise was so loud that many felt vibration within their homes.

A video grab shows a spout of water shooting up nearly 25 feet into the air

IOC officials said the situation is under control and the pipeline is being repaired. The company's pipelines division stated that the exact cause of leakage will be "ascertained after water in the Yamuna recedes, and on further investigation at the site". It stated, "Immediate action has been taken to stop operations of the Dadri-Panipat pipeline, resulting in no further gas leakage."

The company also stated, "There is no damage to the environment (water or soil), property or life. Officials are at the site along with the local administration. Supply of gas through an alternate source is underway and likely to be resumed shortly."

Baghpat District Magistrate Jitendra Pratap Singh said the administration is providing all support to the company to fix the pipeline. He said: "No one has been affected. District officials went to the spot and took stock of the situation. Company's officials are still in the process of finding out the cause of the leak. The pipeline is around 15 or 16 feet deep below the riverbed. The situation is under control."

Satveer Kashyap, 45, a resident of Jagos village, said, "It was a loud noise...sounded as if a helicopter had crashed into the river. I was sleeping and suddenly heard the sound of a blast. I rushed to the riverbank and saw huge bubbles of water rising up."

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BHEL synchronises joint power plant in Bangladesh

NEW DELHI, JULY 26

Bharat Heavy Electricals Ltd (BHEL) has announced the synchronisation of 660 MW Unit-2 of the 1,320 MW Maitree Super Thermal Power Project (STPP) in Bangladesh. The synchronisation of the unit has been done ahead of the commitment given at a high-level meeting, which was a tough target even at the time it was given.

The Maitree STPP is being set up by the BHEL for the Bangladesh-India Friendship Power Company, a 50:50 joint venture between the Bangladesh Power Development Board and NTPC Ltd.

The project is a symbol of cooperation between India and Bangladesh and is a priority infrastructure development project for Bangladesh. — TNS

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ReNew, Petronas arm in 5GW clean energy alliance

ReNew Energy Global Plc and Gentari Sdn Bhd, a unit of Malaysia's Petroliam Nasional Bhd (Petronas), on Wednesday announced an equal joint venture to develop solar, wind and energy storage projects in India totalling 5 gigawatts. >P6

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ReNew, Petronas arm in 5GW clean energy deal

Firms announce equal JV to develop solar, wind, energy storage projects

Staff Writer
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NEW DELHI

ReNew Energy Global Plc and Gentari Sdn Bhd, a unit of Malaysia's Petroliam Nasional Bhd (Petronas), on Wednesday announced an equal joint venture (JV) to develop solar, wind and energy storage projects in India totalling 5 gigawatts (GW).

Petronas set up Gentari in June 2022 to build a renewable energy capacity of 40GW, supply 1.2 million tonnes per annum (mtpa) of green hydrogen and set up electric vehicle (EV) charging points across the Asia-Pacific, with a focus on Malaysia and India. *Mint* was the first to report on the ReNew-Petronas partnership on 8 August 2022.

Sumant Sinha, founder, chairman and CEO of ReNew. MINT

"ReNew Energy Global Plc, India's leading decarbonization solutions company, through its subsidiary ReNew Power Pvt. Ltd (ReNew) and clean energy solutions provider Gentari, through its subsidiary Gentari Renewables India Pte. Ltd, have executed key terms to collaborate on a 50:50 joint venture in clean energy solutions. The term sheet was exchanged between Sushil Purohit, chief executive officer of Gentari, and Sumant Sinha, founder, chairman and CEO of ReNew," ReNew said in a statement.

Monday, August 8, 2022
mint
livemint.com
Petronas plans green projects with ReNew
Malaysian energy giant may buy up to 49% at the project level
GOING CLEAN
WE BROKE THE NEWS
mint DATED 8 AUGUST 2022

"As part of this proposed joint venture, Gentari and ReNew will collaborate to explore investments into the development of renewable assets, including solar, wind and energy storage, to achieve a target of 5GW in renewable energy capacity," the statement added.

ReNew has lined up an ambitious ₹35,000 crore capital expenditure plan. In June, Gentari agreed to purchase a 49% stake in ReNew's 403 megawatts (MW) peak power project.

Queries emailed on late Tuesday night to the spokespersons of ReNew Energy Global and Petronas about the deal value remained unanswered till press time.

Global oil companies such as energy giant Shell Plc, Total and Thailand's PTT Group have already established a significant presence in India's green energy sector as the conventional hydrocarbon space undergoes disruption. ReNew has a total portfolio of 13.7GW, of around 8GW is operational. *Mint* reported earlier that as part of its capital recycling strategy, ReNew has been exploring several opportunities. These include a potential sale of 1.1GW in clean power projects for approximately $450 million in equity value and plans to sell a 30% stake in its 2.3GW commercial and industrial project portfolio.

ReNew Power recorded a net profit of $1 million in the fourth quarter of FY23, against a net loss of $43 million a year earlier. The firm recorded a loss of $61 million in FY23 against a loss of $196 million in FY22.

ReNew had earlier announced a similar agreement with Mitsui and Co. Ltd, with the Japanese company picking up a 49% stake in ReNew's 1.3GW round-the-clock project comprising three wind farms and one solar plus battery storage farm being built in Rajasthan, Karnataka and Maharashtra.

Currently, India has an installed renewable energy capacity of 172GW, and another 128GW are either under implementation or have been bid out. Key issues in the renewable energy sector in India include the low availability of solar modules in the country and the high cost of setting up battery energy storage systems which is critical to maintaining grid stability.