ONGC News as on 23 April 2024 (Print)

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Govt to finalize geothermal policy soon

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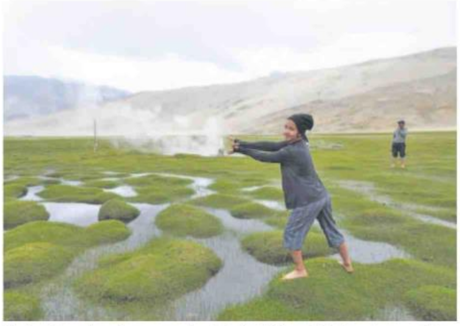
Eight years after coming up with a draft national policy on geothermal energy, the Centre is looking to expedite the process of finalizing the new policy, which would provide non-fiscal support to the sector.

The Union ministry of new and renewable energy first came up with a draft policy for geothermal energy in 2016, however, it has not been finalized as yet.

Two people aware of the development said the ministry is looking to finalize the policy and after the new government takes charge, the policy may be put up for approval.

"Initially, the plan was to first set up a few demonstration projects and based on their success, the final policy would be mapped. However, there is so far only one project, in Ladakh, which is not yet complete and the drilling process has been delayed," said one of the two people cited above.

The pilot project of 1 MW is being set up by state-run ONGC Ltd.



So far there is only one project, in Ladakh, which is not complete and the drilling process has been delayed. GEOTHERMAL RISING/FLICKR

The government has now recalibrated its approach and is looking at coming up with the policy even as demonstration projects are being set up. There is a target to set up demonstration projects with a cumulative capacity of about 25 MW, said the other person.

One of the key sites being looked at is Barren Island in Andaman & Nicobar, with plans to add to the clean energy supply across the islands. The government may also look at using the energy for production of green hydrogen in the Andaman & Nicobar islands and use it for domestic requirements along with looking at export opportunities to Singapore, said the first official mentioned above.

A key site being looked at is Barren Island, with plans to add to the clean energy supply to A&N islands

"For geothermal projects we will soon come up with a policy. We plan to handhold the players foraying into the segment. It would be largely be non-fiscal support," the second person said. Easier environmental clearances and land acquisition would be among the key features of the policy.

The draft policy released in 2016 proposed awarding land for developing the project and maintenance of production wells, thereby securing the commercial viability of the project along with providing land on lease at prices charged to government departments.

Soft loans as in the case of other renewable energy projects were also proposed under the draft policy.

The new policy would largely be in line with the 2016 draft policy, said the first person mentioned above.

In this mode of energy generation, heat trapped in the subsurface of the earth is extracted, which can then be used directly for heating and cooling, or can be converted into electricity. It is considered to be a relatively clean fuel and is available round the year. According to initial estimates, India has the potential to produce 10 GW of geothermal energy. The Geological Survey of India (GSI) had carried out initial exploratory efforts in the country during 1970-80.

Queries mailed to the ministry of new and renewable energy remained unanswered till press time.

Publication : The Economic Times	Editions : New Delhi
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FRESH START AFTER FAILURE IN 2022

ONGC Plans to Drill in June for India's 1st Geothermal Project

If successful, it could power emission-free electricity, space heating, irrigation in Ladakh

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New Delhi: Oil and Natural Gas Corp (ONGC) is planning to mount a fresh drilling campaign in June for India's first geothermal project after suffering a setback two years ago. If successful, the project could open a source for emission-free electricity, space heating, and irrigation in the cold and harsh terrains of Ladakh.

The company plans to begin drilling the first well in the second or third week of June and complete two geothermal wells of 1,000 meters depth each by September-end, ONGC energy centre director general Ravi, who is overseeing the project at Puga in Ladakh, told **ET**.

If all goes well, a power plant of at least 1 MW capacity will be set up by next year, he added. The geothermal wells help pipe hot water or steam to the surface, which then is used to power a turbine to generate electricity.

Water with a temperature of 220 degrees centigrade is expected at Puga. The steam could be first used to produce electricity and then for space heating, aqua farming and herbal spa. ONGC is being advised by consultants from Iceland, a country that depends on geothermal for two-thirds of its primary energy.

In 2022, ONGC had to abandon a well it was trying to drill after encountering a high volume of uncontrolled water. This time the contractor would have advanced equipment, including a blow-out preventor, to mitigate those challenges. Last year, no drilling contractor showed interest in the project due to logistical challenges.

ONGC is being advised by consultants from Iceland, a country that depends on geothermal for two-thirds of its primary energy

"In Puga, we have a limited window for actual work, between June and September. It's too cold after that. Before April, roads are covered with ice and so not accessible," said Ravi, adding that cold weather, less oxygen in the atmosphere, and logistics have been big challenges. Due to lower oxygen levels, planes can't carry very heavy equipment to the project site, Ravi said. Trucks also have to take a longer route to the site as some bridges can't take heavier loads.

ONGC has already awarded the drilling contract for the project this summer. Third-party inspection of equipment is currently being carried out at the contractor's sites and the mobilisation will start in the first week of May, Ravi said.

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

22393 » **Nifty 50 Futures**

S1	S2	R1	R2	COMMENT
22330	22250	22430	22540	Go long only on a break above 22430 with a stop-loss at 22390

₹1512 » **HDFC Bank**

S1	S2	R1	R2	COMMENT
1480	1465	1555	1600	Can go either way. Avoid trading this stock for now

₹1433 » **Infosys**

S1	S2	R1	R2	COMMENT
1420	1380	1460	1500	Wait for a rise. Go short at 1455. Keep the stop-loss at 1470

₹425 » **ITC**

S1	S2	R1	R2	COMMENT
423	419	429	432	Go long now and at 424. Stop-loss can be placed at 422

₹277 » **ONGC**

S1	S2	R1	R2	COMMENT
273	269	280	283	Go long only above 280. Stop-loss can be kept at 279

₹2961 » **Reliance Ind.**

S1	S2	R1	R2	COMMENT
2950	2920	2975	3000	Go long only above 2975. Keep the stop-loss at 2965

₹766 » **SBI**

S1	S2	R1	R2	COMMENT
763	760	773	777	Go long now and at 764. Stop-loss can be kept at 762

₹3865 » **TCS**

S1	S2	R1	R2	COMMENT
3845	3800	3920	3945	Go long now. Accumulate at 3855 with a stop-loss at 3830

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

Publication : Financial Express	Editions : New Delhi
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Gujarat State Petronet shares tank 20% after regulator cuts tariffs

ARUNIMA BHARADWAJ
New Delhi, April 22

SHARES OF GUJARAT State Petronet (GSPL) fell nearly 20% to end at ₹303.80 on the BSE on Monday after the Petroleum and Natural Gas Regulatory Board's (PNGRB) announcement of a 47% cut in tariffs for its HP Pipeline network.

In its order, the board reduced the tariff to ₹18.1 per mmbtu (metric million British thermal unit) from ₹34. The new tariff will be applicable from May 1. The company had requested for an upward tariff revision to ₹50.77 per mmbtu.

The board attributed the cut in tariff to higher volume assumption and economic life extension of the pipeline network. PNGRB's tariff order determines the prices that a company can charge for transporting natural gas through its pipeline networks.

"The tariff of GSPL HP would be reviewed in the next financial year if there is a considerable variation in actual volume flows (in line with GSPL's submission of 26 mmscmd, or million metric standard cubic meters per day) compared with the expected volume ie 31.67 mmscmd considered by the board in this tariff order," the regulatory board said.

The difference in the views of the two entities comes from the difference in assumptions of three key factors — capex (reduced by ₹13.7/mmbtu), opex (reduced by ₹8.7/mmbtu), and volumes (reduced by ₹11/mmbtu).

GUJARAT STATE PETRONET
Intra-day on BSE (₹), Apr 22

"This is just an adjustment of tariffs and not a cut," PNGRB member AK Tiwari told a TV channel on Monday. He said the regulator had undertaken public consultations before issuing the final order.

GSPL can come up with an appeal if there are concerns and there is no question of renegotiations with GSPL on the volume front, Tiwari said, adding that there will be revisions in tariffs for GAIL as well.

A cut in tariffs could lead to lower prices of natural gas for consumers and industries. However, for GSPL, it could lead to a decline in its earnings per share by 30-40% in FY25, analysts say.

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Indian shares join global rebound

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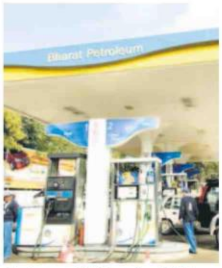
Indian shares closed higher on Monday, tracking a rebound in global markets due to easing worries over the escalation of tensions in the Middle East.

The NSE Nifty 50 rose 0.86% to close at 22,336.40, while the S&P BSE Sensex ended 0.77% higher to 73,648.62.

The benchmarks lost about 1.6% last week due to the worries over the Middle East conflict and a delay in the US rate cuts.

Those worries pushed Asian shares down 3.7% last week. They gained 0.9% on Monday, while gold prices dipped as overall risk sentiment improved over the weekend.



State-run OMCs gained 2.5-3.5% as oil prices eased. HT

"There was no follow-through escalation in geopolitical tensions in the Middle East as Iran attempted to defuse tensions," OCBC analysts said in a note.

Wipro gained 2% after the software services provider reported a bigger-than-expected quarterly revenue.

The State-run oil marketing companies Bharat Petroleum Corp, Hindustan Petroleum Corp and Indian Oil Corp, which rely on imported crude oil, gained 2.5-3.5%, as oil prices eased.

Market sentiment improved due to easing worries over the escalation of tensions in the Middle East

HDFC Bank, which has the highest weight on the Nifty 50 dropped 1.25% after reporting a smaller-than-expected quarterly profit due to higher provisions.

"After the profit-booking due to weak global cues last week, the upcoming key earnings and management commentaries will remain the key triggers for domestic markets," said Mohit Khanna, fund manager at Purnartha Investment Advisors.

Reliance Industries, the second-heaviest Nifty 50 stock, ended 0.78% higher. It is due to report after the bell.

The more domestically-focused small- and mid-caps rose 1.31% and 0.82%, respectively.

"The sustainability of the rebound in small- and mid-caps in April is dependent on earnings growth," said Abhijit Bhave, managing director and chief executive of Equirus Wealth.

"The worst may not be over for the broader markets yet."

Publication : The Economic Times	Editions : Mumbai
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GSPL's near-term earnings face a 30% hit; the co is expected challenge the ruling

GSPL Skids 19% After Regulator Halves HP Transmission Tariff

Our Bureau

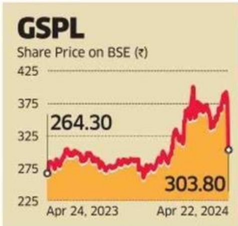
Mumbai: Shares of Gujarat State Petronet (GSPL) fell more than 19% on Monday after Petroleum and Natural Gas Regulatory Board (PNGRB) cut its tariffs for high pressure (HP) transmission by 47%. Analysts expect the company will challenge this order and are divided on the company's prospects.

PNGRB reduced the tariffs to ₹18.1/mmbtu (million British Thermal Unit), from the earlier price of ₹34/mmbtu. GSPL had asked a revision of price to ₹50.8/mmbtu to the board, which was not approved.

"Authorised tariffs were below our estimates, and much below Street's estimates, which had built in significant optimism, factoring only a moderate cut," said Nomura's Hemang Khanna in a note to clients. "We sharply cut FY25-26F EBITDA by 37%/42% and EPS by 34%/40%."

Shares of GSPL closed at ₹305.45 on the NSE on Monday, after a 19.12% decline. Brokerage Nomura in its latest report had reduced the target price for the company to ₹320, from the earlier level of ₹440, and has given a rating of 'reduce' from a 'buy' earlier.

Analysts expect the company to challenge this price revision and get favourable pricing from the board. "In near term GSPL's earnings will take a hit of ~30% from sharp downward revision of tariffs," said Avishek Datta, research analyst at Anand Rathi Institutional Equities. "I expect the company to challenge this order and any favourable tariff will be an upside risk to earnings."



The brokerage has a 'buy' rating on the stock and Datta says it is better placed than its peers.

"Competitors like GAIL have got a favourable tariff order and are better placed but the company is exposed to commodity risk from fluctuations in petchem and LPG prices. We have a hold rating on the stock after a sharp run up," said Datta.

Shares of GSPL have declined 4.6% in 2024 so far, against GAIL which has gained 19.8% in the same period.

"Ironically, such tariff orders will discourage entities from growing volumes, in our view," said Sumit Pokharna, VP - analyst, Kotak Securities. "Stock will remain under pressure till further clarity."

Publication : Business Standard | Editions : New Delhi
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Chinese EV suppliers prefer tech tieups, shun 'risky' JVs

SURAJEET DAS GUPTA
New Delhi, 22 April

Chinese suppliers for electric vehicle (EV) companies in India, especially of lithium ion battery cells which account for 35-40 per cent of the cost, find technology tie-ups more attractive than a joint venture with a local player owing to the government's stringent FDI rules.

A senior executive of an EV company which is planning to set up a lithium cell battery plant said Chinese companies are ready 'to give you technology for which they receive technical fees paid upfront, royalty fees, commissions and installations by manpower and raw material cost'.

"But," he added, "They don't want a JV model because of possible risks of policy changes and also concern about the investigations that have happened with mobile device players."

The executive said that these various heads provided substantial income to the companies with no downside from JV risks.

The concerns are similar to those in the mobile device space where Chinese companies have shown no interest in coming through a JV model.

Apple's contract partners, for instance, received initial clearance for 12 of their vendors from the Ministry of Electronics and Information Technology so that they were allowed to go for a joint venture partner and set up facilities in the country.

However, the experiment did not work as Chinese vendors were not willing to enter even a 50-50 JV. This prompted Apple to look for suppliers in Japan, South Korea, Taiwan and home-grown players like the Tatas.

China is the largest cell and battery manufacturer in the world. Its companies have explored a possible entry to India but did not proceed due to stringent FDI norms for companies from China.

But Kolkata-based Exide Industries has signed up a long term technical collaboration with Chinese battery giant SVOLT to make lithium ion cell manufacturing in India.

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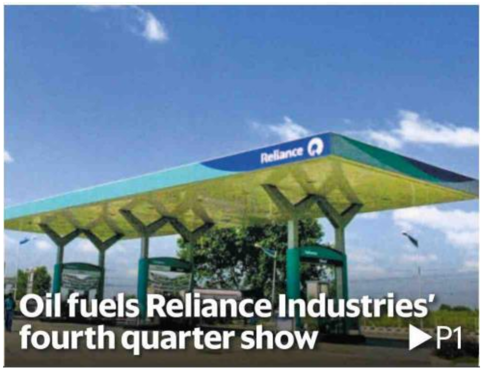

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RIL Q4 profit dips 2%

Consolidated profit at ₹18,951 cr, revenue at ₹2.4 tn; FY24 revenue crosses ₹10 tn

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Billionaire Mukesh Ambani-led Reliance Industries Ltd (RIL) saw net profit slip nearly 2% in the March quarter on the back of lower margins in petrochemicals business and higher tax outgo, even as its retail and telecom businesses reported steady growth.

India's most valuable company reported a consolidated profit of ₹18,951 crore attributable to owners, against ₹19,299 crore a year earlier. The earnings fell short of ₹19,726 crore estimated by eight analysts in a *Bloomberg* poll. RIL's consolidated revenue for the year crossed ₹10 trillion, becoming the first Indian company to cross the mark.

Earnings before interest, tax, depreciation and amortization (Ebitda) was 14% higher, while

ENERGY DRIVE

Ebitda margin rose 50 basis points to 17.8%. Consolidated revenue rose 11% to ₹2.4 trillion. The company declared a dividend of ₹10 per share for FY24, apart from ₹9 per share declared earlier in the year.

For the full year FY24, RIL reported consolidated profit of

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Reliance revenue crosses ₹10 trillion in FY24

FROM PAGE 1

₹69,621 crore, a 4% increase over FY23. Pre-tax profit, meanwhile, grew 11% to cross ₹1 trillion.

"I am happy to share that this year, Reliance became the first Indian company to cross the ₹100,000-crore threshold in pre-tax profits," Ambani said in a press statement.

Consolidated revenue for the year grew nearly 11% to cross ₹10 trillion, while Ebitda grew 16% to ₹1.8 trillion with an Ebitda margin of 17.9%.

"Strong demand for fuels globally, and limited flexibility in refining system worldwide, supported margins and profitability of the O2C segment," Ambani said. O2C is the company's key oil to chemicals segment engaged in oil refining and a variety of petrochemicals businesses.

"Downstream chemical industry experienced increasingly challenging market conditions through the year. Despite headwinds, maintaining leading product positions and feedstock flexibility through our operating model that prioritizes cost management, we delivered a resilient performance," Ambani said.

Strong fuel demand and limited flexibility in refining worldwide aided margins, Ambani said. AFP

Ebitda for the O2C segment for the March quarter was up 3% on-year at ₹16,777 crore, but Ebitda margin was 90 basis points lower at 11.8%.

"As highlighted, the advantageous feedstock sourcing, ethane cracking and higher domestic product placement were bottom line-accretive," said Nirav Karkera, head of research, Fisdom, while cautioning that benefits on these accounts may taper off in the coming quarters.

Meanwhile, a sharp uptick in production at the company's KG-D6 field helped offset lower crude prices at RIL's oil and gas segment. The segment reported a 48% surge in Ebitda to ₹5,606 crore. Ebitda margins expanded 330 basis points to 86.7%.

"The KG-D6 block has achieved 30 mmscmd of production and now accounts for 30% of India's domestic gas production," Ambani said. Mmscmd stands for million metric standard cubic meters per day.

The KG-D6 block will be a key lever to further earnings growth for RIL, Fisdom's Karkera said. "Though the lower realization on the field may appear to be a dampener, the segment made up for it on account of higher volumes," he said.

The company's retail division reported an 18% on-year growth in Ebitda at ₹5,829 crore. Margin was up 60 basis points at 8.6%. The segment saw nearly 11% growth in revenue to ₹76,627 crore as store count grew. The company now operates 18,836 stores across the country, up from 18,040 a year ago.

"Reliance Retail continues to deliver steady performance led by growth across consumption baskets. We continue to invest and innovate across formats and products to improve our customer value proposition and serve evolving consumer needs," said Isha Ambani, executive director, Reliance Retail Ventures Ltd.

The company's digital services segment, that includes a range of digital services including Jio Platforms, reported Ebitda of ₹14,644 crore, which was up 9% year-on-year.

While the company reported a nearly 10% year-on-year increase in its user base to 481.8 million subscribers, growth in average revenue per user (Arpu) grew less than 2% to ₹181.7. Arpu is a key metric in the telecom sector used to track the financial sustainability of providers.

"The management has indicated its commitment to the new energy business, but most developments on this front remains anticipatory. Overall, operating metrics across verticals seem to have stacked up decent and well against broader expectations," Karkera said.

The RIL stock closed 0.65% higher on the BSE on Monday at ₹2,960.6 against a 0.77% upwards movement in benchmark Sensex. The financial results were declared after the close of trading.