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ANALYST CORNER

◆ Maintain 'buy' on ONGC with target price of ₹225

MOTILAL OSWAL

EBITDA in line; continued production challenges seen ahead: ONGC reported in-line revenue with realisation at \$75.4/bbl (+75% YoY, in line) and gas sales at 4.3 bcm (-4% YoY). EBITDA also stood in line at ₹15,970 crore (+91% YoY, +21% QoQ).

Management has guided for production of 21mmt/24.3bcm of oil/gas for FY23E and 24mmt/32bcm of oil/gas for FY24E, respectively. Our estimates were already conservative and thus remain unchanged. Further, we build modest production estimates at 22/23mmt for oil and at 21.7/25.8bcm for gas for FY23E/24E, respectively.

Commercial inventories of the US oil and liquids have declined to 1.18 bn bbl in December 21 from 1.34 bn bbl in December 20. Commercial oil and liquid inventories in the OECD have declined to 2.7 bn bbl in Dec '21 from 3bn bbl in Dec '20.

Despite the modest assumptions, ONGC's gas production is likely to clock 7% CAGR over FY21-24E, with efforts to arrest decline in oil production. We

value the company at 10x FY24E Adj. EPS of ₹19.2 and add value of investments to arrive at our target price of ₹225. Maintain Buy.

In-line revenue and EBITDA; announced second interim DPS of ₹1.75: The company reported in-line revenue at ₹284.7b. Crude oil/gas sold was at 5.1mmt/4.3bcm, both in line with our estimates. VAP sold stood at 724 tmt (6% lower than our estimate, down 8% YoY and 7% QoQ). EBITDA stood at ₹159.7 billion (up 91% YoY and 21% QoQ). Reported PAT came in at ₹87.6 billion (7% higher than our estimate, up 597% YoY, but down 52% QoQ).

Valuation and view – Reiterate BUY: For 9MFY22, ONGC's revenue was up 62% YoY to ₹759 billion due to improvement in realisation to \$70.2/bbl (v/s \$37.8 in 9MFY21) with decline in gas production by 4% YoY to 16.3 bcm. The management guided for capex of ₹300 billion for the enhanced production targets set by the company at 63 mmtoe (including JV) for FY25E and 60 mmtoe for FY24E as the major thrust remains on the east coast projects.

Benchmarks extend losses to 3rd day amid Ukraine tension

Rupee appreciates by 40 paise to 74.66 against dollar

OUR CORRESPONDENT

MUMBAI: Equity indices surrendered mid-session gains to close lower for the third day in a row on Friday as participants remained cautious amid geopolitical uncertainties in eastern Europe.

Persistent selling by foreign investors and expectations of policy tightening by global central banks kept sentiment muted, traders said.

After swinging about 700 points between gains and losses, the BSE Sensex finally closed 59.04 points or 0.10 per cent lower at 57,832.97.

On similar lines, the NSE Nifty edged lower by 28.30 points or 0.16 per cent to settle at 17,276.30.

The Sensex was dragged lower by mainly Ultratech Cement, M&M, Infosys, Reliance Industries, Bajaj Finance and Nestle -- dropping as much as 1.88 per cent.

In contrast, HDFC topped the gainers' chart with a jump of 1.25 per cent, followed by L&T, Axis Bank, SBI, Dr Reddy's, Kotak Bank and HDFC Bank. On the index, 17 shares closed in the negative zone.

On a weekly basis, the Sensex lost 319.95 points or 0.55 per cent and the Nifty fell 98.45 points or 0.56 per cent.

Sectorally, realty, oil and gas, basic materials, healthcare and energy indices were major the



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losers — dropping as much as 1.23 per cent on Friday.

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Asian markets were mixed as investors weighed renewed US warnings of an imminent Russian attack on Ukraine. However, bourses in Europe were trading modestly higher in the

afternoon session.

Crude oil benchmark Brent futures dropped 2.19 per cent to trade at 90.93 per barrel.

The rupee appreciated by 40 paise to 74.66 against the US dollar on Friday.

Foreign institutional investors offloaded shares worth a net Rs 1,242.10 crore in the Indian capital markets on Thursday, exchange data showed.

BPCL in talks to set up 2-wheeler EV charging systems

SHINE JACOB

Chennai, 18 February

Bharat Petroleum Corporation (BPCL) is in talks with two original equipment manufacturers (OEMs) in the electric two-wheeler segment to allow them to set up charging stations at BPCL retail outlets.

The company also plans to add four-wheeler electric vehicle (EV) charging facilities at around 7,000 or 36 per cent of its retail outlets by 2024, a top company official told Business Standard. On Thursday, the company launched India's first EV fast-charging corridor on Chennai - Trichy - Madurai highway, with the rollout of DC fast chargers at 10 outlets along the 900-km route.

"We are planning to add 1,000 more retail outlets with charging facilities for four-wheelers by the end of this year and increase it to 7,000 by 2024 with an investment of around ₹1,400 crore," said P S

Ravi, executive director in-charge (Retail), BPCL. "In two-wheelers, we are in talks with at least two OEMs to set up their charging centers at our company-owned-dealer-operated (Codo) outlets."

The model will be such that the revenue generated by OEMs using the outlets will be shared between the company and the dealers.

"For four wheelers, you have a standardised charging protocol. For two-wheelers, each player will have a separate protocol. Hence, a tie up with us will be advantageous for them," he said. BPCL has set a target of becoming a net-zero company by 2040. It has already set up battery swapping centers at Cochin and Hyderabad.

Indian Oil Corporation (IOC), Hindustan Petroleum Corporation (HPCL) and BPCL already have plans to come up with at least 22,000 charging stations in the next few years.

Coal India fuel supply at 575 mn tonnes this fiscal

State-owned CIL has supplied 575 million tonnes (MT) of coal so far this fiscal, surpassing the total dispatch of dry fuel in 2020-21. "With almost a month-and-a-half remaining before FY22 draws to an end, CIL as of February 16 has already raced ahead of the total coal despatch of FY21," it said. **PTI**

'Green hydrogen viability hinges on RE costs'

CUTTING COST OF green hydrogen (GH) and making it commercially viable would need massive investments by corporate groups, besides more incentives, industry officials say, reports **Vikas Srivastava** in **Mumbai**. Viability will be real only when the cost of GH is \$2/kg or lower — it has to be nearly halved from the current level.

● GLOBAL COMPETITIVENESS

'Green hydrogen viability hinges on cutting costs'

VIKAS SRIVASTAVA
Mumbai, February 18

CUTTING COST OF green hydrogen (GH) and making this environmentally-benign fuel commercially viable require massive investments by corporate groups, besides more incentives from the government and regulators, industry officials say. Viability and global competitiveness will be real only when the cost of GH is \$2/kg or lower, meaning it has to be nearly halved from the current level.

On Thursday, the government unveiled the first phase of National Hydrogen Mission, which includes waiver of interstate power transmission charges for 25 years for projects commissioned before June 2025. There will also be the facility where a green power producer can save surplus renewable power with discounts for up to 30 days. Viability gap funding and purchase obligations on key user industries are on the anvil, too.

Since manufacturing of GH (industry-scale electrolysis) is to be powered by renewable energy, it is also important that the cross subsidy charges for open access to green power plants – facility to buy power directly from the producers, rather than from distribution entities – doesn't inflate the electricity tariffs to be paid by GH units, according to company executives, who *FE* have spoken to.

Parag Sharma, founder & CEO at O2 Power, one of the largest renewable power producers, said: "If green hydrogen producers locate the renewable power plants within their premises, the question of cross subsidy would not arise. But this would require huge capital investments and the overall cost equations will need to be evaluated." He said he still believed that most of the large GH producers would likely set up captive power plants.

Apart from Reliance Industries (RIL) and Adani Green, JSW Energy and Acme Solar, state-run NTPC, Indian Oil Corporation, GAIL, and BPCL have already announced plans to produce green hydrogen. As the GH ecosystem is still evolving, RIL is also getting into Blue Hydrogen which is relatively



GREEN PLANS

■ Apart from RIL and Adani Green, JSW Energy and Acme Solar, state-run NTPC, IOC, GAIL, and BPCL have already announced plans to produce green hydrogen

■ GH offers a green fuel for long-haul transportation and be the energy source for heavy manufacturing sectors and steel industries



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— PARAG SHARMA, FOUNDER & CEO, O2 POWER



The company is deliberating to reduce the cost of hydrogen production to \$2 per kg levels by 2025. However, the major component of this process would be the cost of electrolyzers and price of renewable power

— MOHIT BHARGAVA, CEO, NTPC RENEWABLE ENERGY

less costly though not as benign as GH. Blue Hydrogen is produced by steam methane reformation, with emissions curtailed through carbon capture and storage.

A senior executive from a company, which has big GH plans told *FE* on condition of anonymity that since cross-subsidy charge/surcharge is in the domain of states, there may be a need for guideline by the Central Electricity Regulatory Commission for its waiver for renewable energy sourced by GH units. Cross subsidy charges vary between 80 paise/unit and 1.25 paise/unit across states; besides many states levy surcharges on open access transactions. "Renewable energy being an important raw material for production of green hydrogen and it accounts for 60-65% of the overall cost. Any extra burden in the form of

duties and surcharges would make the projects non-viable, and delay green hydrogen adoption in the country by at least five years," the official, quoted above said.

As such, GH offers a green fuel for long-haul transportation and be the energy source for heavy manufacturing sectors such as refineries, fertilisers, and steel industries which are now heavily dependent on fossil fuels.

Under the Electricity Act, companies can look at waiving off the cross subsidy charges by entering into a joint venture agreement with the suppliers of renewable power by buying an equity of 26% in the captive power plants. Hydrogen produced from renewable power is costlier than fossil fuels. It is even costlier than hydrogen produced from other sources such as coal and naphtha.

इंडियन ऑयल ने बॉन्ड से 1,500 करोड़ रुपये जुटाए

इंडियन ऑयल कॉरपोरेशन ने 6.14 प्रतिशत ब्याज पर बांड जारी कर 1,500 करोड़ रुपये जुटाए हैं। कंपनी ने मौजूदा कर्ज के भुगतान को लेकर यह राशि जुटाई है। देश की सबसे बड़ी तेल कंपनी आईओसी जिस ब्याज दर का भुगतान करेगी, वह सरकारी बॉन्ड के प्रतिफल से कम है। आईओसी ने शुक्रवार को एक बयान में कहा कि कंपनी ने 6.14 प्रतिशत की दर पर निजी

नियोजन के तहत 10-10 लाख रुपये के कुल 15,000 मूल्य के बॉन्ड जारी किए हैं। 18 फरवरी, 2022 को जारी इस बांड से 1,500 करोड़ रुपये जुटाए गए हैं। आईओसी के निदेशक (वित्त) संदीप गुप्ता ने कहा कि इसमें निवेशकों की मजबूत मांग दिखी और हम एक बहुत ही आकर्षक दर पाने में सफल रहे।

भाषा

Indian Oil Sets Up 1,000 EV Charging Stations

Our Bureau

New Delhi: Indian Oil Corporation, the nation's largest refiner and fossil fuel retailer, has set up 1,000 electric vehicle (EV) charging stations, the company said in a statement on Friday.

"With the successful deployment of over 1,000 EV charging points, we have achieved the first of our many milestones towards enabling an EV revolution in the country," said V Satish Kumar, director (marketing), Indian Oil Corporation.

The company is targeting to provide EV charging facilities at 10,000 fuel stations in the next three years. "This will give confidence to customers for an uninterrupted drive as well as to automobile manufacturers to enhance the production of electric vehicles," said Kumar.

Indian Oil Corporation now has EV charging points in more than 500 towns and cities including multiple state and national highways. The company is planning to have a base of more than 3,000 charging stations to convert highways into e-highways across the country, over the next three years, as per the statement.

The company has collaborated with Tata Power, REIL, PGCIL, NTPC, Fortum, Hyundai, Tech Mahindra, BHEL and Ola for setting up EV chargers at its fuel stations.

IOC expects H₂ costs to halve

DEBJIT CHAKRABORTY &
RAJESH KUMAR SINGH
February 18

INDIAN OIL CORP, the country's biggest oil refiner and a large user of hydrogen, expects prices of the cleanest form of the fuel to halve after the government scrapped fees on wheeling renewable power across the country.

The offer to waive transmission charges on green energy from one state to the other can reduce costs by as much as 50% from \$5-\$6 a kilogram at present, Director for Research & Development S.S.V. Ramakumar said in an interview. The country now needs to cross the second-biggest cost barrier by promoting domestic manufacturing of electrolysers, key hardware needed for producing the fuel.

Green hydrogen, produced from water and green electricity, is seen as a potential path to decarbonise heavy industries, such as steel, cement and oil



refineries. India, the world's third-biggest emitter of greenhouse gases, plans to take the lead and has won support from state-run heavyweights like Indian Oil and NTPC as well as billionaires Mukesh Ambani and Gautam Adani.

"While the whole world is gung-ho about India's declining renewable electricity costs, inter-state transmission charges inflate the price at application sites," Ramakumar said. "Now with the policy, the overall pie of green hydrogen cost cycle will cut by at least 40% to 50%."

Besides free transmission of renewable power, India's new policy offers help to companies

in setting up storage facilities near ports for green hydrogen and green ammonia. Policy support such as that being undertaken by India is critical to bring down prices and help spur adoption of hydrogen. The strategy may catapult the nation into an international leader in the development of the fuel, according to BloombergNEF.

There are more incentives on the way for producers. The country is also considering putting obligations on industries, such as petroleum refineries and fertiliser units, for using green hydrogen, power minister Raj Kumar Singh said Wednesday. A capital subsidy proposal is also under discussion, he said. While usage obligations are yet to be finalised, IOC is already bracing to produce 70,000 tonne a year of green hydrogen by 2030, which will account for 10% of its overall consumption by that time. Refineries typically use hydrogen for removal of sulfur from fuels like diesel.

—BLOOMBERG

IOC Raises ₹1,500 cr via Bonds Issue



New Delhi: State-owned Indian Oil Corporation (IOC) on Friday said it has raised ₹1,500

crore through a bonds issue at a coupon rate of 6.14% to refinance existing borrowing. The interest rate that IOC, the nation's largest oil company, will pay is less than the yield on government bonds.

"The company has issued 15,000, 6.14% unsecured, listed, rated, taxable, redeemable, non-convertible debentures (Series-XXI) of ₹10,00,000 each aggregating to ₹1,500 crore on private placement basis on February 18, 2022," IOC said. The firm got bids worth ₹5,403 crore in the range of 5% to 6.7% for its issuance.

—PTI

State-owned IOC raises ₹1,500 crore through bonds

Indian Oil Corporation (IOC) on Friday said it has raised Rs 1,500 crore through a bonds issue at a coupon rate of 6.14 per cent to refinance existing borrowing. The interest rate that IOC, the nation's largest oil company, will pay is less than the yield on government bonds.

PTI

आईओसी ने बांड के जरिए 1,500 करोड़ रुपए जुटाए

नई दिल्ली, (भाषा)। सार्वजनिक क्षेत्र की कंपनी इंडियन ऑयल कॉर्पोरेशन (आईओसी) ने 6.14 प्रतिशत ब्याज पर बांड जारी कर 1,500 करोड़ रुपये जुटाए हैं। कंपनी ने मौजूदा कर्ज के भुगतान को लेकर यह राशि जुटायी है। देश की सबसे बड़ी तेल कंपनी आईओसी जिस ब्याज दर का भुगतान करेगी, वह सरकारी बॉन्ड के प्रतिफल से कम है। आईओसी ने शुक्रवार को एक बयान में कहा कि कंपनी ने 6.14 प्रतिशत की दर पर निजी नियोजन के तहत 10-10 लाख रुपये के कुल 15,000 मूल्य के बांड जारी किये हैं। 18 फरवरी, 2022 को जारी इस बांड से 1,500 करोड़ रुपये जुटाये गये हैं। आईओसी के निदेशक (वित्त) संदीप गुप्ता ने कहा, 'इस निर्गम में निवेशकों की मजबूत मांग देखी गई और हम एक बहुत ही आकर्षक दर पाने में सफल रहे।'

THE COMPASS

Multiple tailwinds for Coal India

Increase in production, rising prices, better margins and high dividend yield are key positives

DEVANGSHU DATTA

Coal India delivered a strong performance in the third quarter of financial year 2021-22 (Q3FY22) despite facing hurdles such as heavy rainfall and the pandemic, which affected physical performance.

Coal prices are ruling very high globally, and this effect showed up in e-auctions, where prices were at 100 per cent premium to the agreed Fuel Supply Agreements (FSA).

The miner managed to produce 163 million tonnes (MT) in Q3, and sold 173 MT, which is

higher year-on-year (YoY) than 156 MT production and 154 MT sales. The company is considering a hike of about 4 per cent in the FSA rates as of now.

In financial terms, revenue rose 20 per cent YoY and 22 per cent quarter-on-quarter (QoQ) to ₹28,400 crore. The consolidated unadjusted operating profit of ₹6,825 crore (up 32 per cent YoY) was mainly due to higher e-auction realisation of ₹1,947 per tonne (up 33 per cent YoY and 22 per cent QoQ).

The adjusted Ebitda (excluding overburden removal; OBR) grew 26 per cent YoY and 84 per



cent QoQ to ₹7,390 crore. There was a 17 per cent rise in FSA off-take, reflecting higher power consumption. As a result, the company could not fully capitalise on e-auction demand and supplied 5 per cent less in e-auc-

tions at 26 MT.

The profit after tax (PAT) grew 48 per cent YoY and 55 per cent QoQ to ₹4,560 crore with a lower tax incidence. The receivables stood at a high ₹13,000 crore (as on January 31) and the company hopes to reduce it by fiscal end. The dividend yield is attractive at ₹14 per share in interim dividends so far.

The company is in the middle of wage negotiations, which would be a critical component to judging future employee expenses. Since June, it has made a provision of ₹100 crore per month towards wage increases — this may not be adequate and management may need to increase further.

The capex for FY22 is esti-

mated at ₹15,500-16,000 crore, and about ₹10,000 crore has been spent. The capex next fiscal will be about ₹17,000 crore, including various projects, such as first-mile connectivity, land acquisition, doubling of existing railway lines to improve dispatches, buying mining equipment, etc. The company is also investing in joint ventures in the aluminium sector, in fertiliser, and solar.

The company's margins expand sharply in non-FSA off-take as reflected in e-auction. Given very high global prices, there is more demand and the company could continue to reap the benefits of being considerably cheaper than imports and spot prices should remain strong. Coal India targets 110-115 MT in e-auctions in FY22 with total production of around 640-

660 MT this fiscal and around 700 MT in the next fiscal.

According to one sensitivity analysis, if wages increase by 15 per cent, assuming normal attrition and current levels of e-auction offtake and realisations, the FSA price will have to be hiked by 5 per cent to offset the increase in wage costs. The company currently has about 250,000 employees, but hopes natural attrition will lead to a reduction to 100,000 over the next 10 years.

The stock market response has been positive. Most analysts have 'buy' or 'accumulate' advisories on the stock, with a 'reduce' recommendation from some analysts. Target prices range from ₹165 (a drop from current price) to ₹217, about 30 per cent upside. The high dividend puts a floor on the stock price.

Oil retreats below \$90 with bumper rally starting to ease

Oil headed for the first weekly loss in two months as investors weighed the crisis over Ukraine and the possibility that Iran's nuclear deal may be revived.

West Texas Intermediate (WTI) fell below \$90 a barrel after losing as much as 3 per cent on Friday.

WTI crude futures shed \$0.43, or 0.47 per cent, to \$91.33 a barrel after sliding 2 per cent on Thursday. Brent crude futures fell \$0.13, or 0.14 per cent, to \$92.84 a barrel by 9.45 IST.

There have been signs that the market's recent rally is starting to cool in recent days — albeit from exceptionally high levels. The North Sea market has seen differentials for physical barrels ease, while refining margins have come under pressure.

Mounting speculation that Iran's nuclear deal may be revived, potentially paving the way for the removal of US sanctions on the nation's crude exports, is easing off some of the bullish signals. The oil market's structure weakened markedly on Friday, and one oil-focused exchange traded fund saw its biggest withdrawal since July 2020.

AGENCIES

IndiGo gets A320 neo plane with sustainable fuel

IndiGo on Friday took delivery of its first aircraft from Airbus that operated on a blend of sustainable aviation fuel and normal fuel. After the plane landed at the airport here from France on Friday, CEO Ronojoy Dutta said the airline is also talking to a lot of makers on Sustainable Aviation Fuel. **PTI**

LIC's ₹60,000-crore IPO likely to open on Mar 11

NEW DELHI: The LIC's Rs 60,000-crore IPO is expected to open for anchor investors on March 11, sources said on Friday. It would open for other investors a couple of days later, the sources said. **BUSINESS**

LIC's ₹60,000-crore public offer likely to open on March 11

SYDNEY/NEW DELHI, FEB 18

Insurance behemoth LIC's, set to be the country's biggest yet at \$8 billion, is expected to open for anchor investors on March 11, three sources with direct knowledge of the matter said. The book will open for bidding by other investors a couple of days later, the sources said.

LIC's initial public offering (IPO) is expected to obtain regulatory approval by the first week of March, after which an indicative marketing price band will be set, said the sources, declining to be named as the deal discussions are private.

LIC declined to comment. A Finance Ministry spokesperson did not immediately respond to a request seeking comment.

The insurer's IPO will be a test of the depth of capital markets in India, where equity deals worth more than a couple of billion dollars are rare. The biggest IPO so far was worth \$2.5 billion by Paytm last year.

LIC's offering will also sound investor appetite for new equity deals, with a number of Indian companies that listed last year trading below offer prices on concerns over lofty valuations and looming interest rates hikes by central banks.

The sources said the IPO launch schedule could change, though for now the issuer was working to meet those timelines. LIC filed a draft IPO prospectus on Sun-



INDIA'S BIGGEST IPO

- LIC's public offering is expected to obtain regulatory approval by the first week of March, after which an indicative marketing price band will be set
- The biggest IPO so far was worth \$2.5 billion by Paytm last year
- SBI Caps, Citigroup, Nomura, JPMorgan, Goldman Sachs, along with five others, are book-running lead managers for the deal

day with the market regulator to sell 5% of the Indian government's stake to potentially raise nearly \$8 billion.

The government is rushing to complete the IPO by the end of March to meet its 2021/22 fiscal deficit target of 6.4% of GDP, which is contingent on it raising around Rs 60,000 crore (\$8.03 billion) from the issue.

New Delhi sharply trimmed its divestment and privatisation plans for the fiscal year that ends on March 31 to Rs 78,000 crore from 1.75 trillion.

So far, it has raised just Rs 12,000 crore from divesting stakes in state-run companies, including BPCL and two banks. — Reuters

Price rise needed for survival of certain Coal India subsidiaries

PTI ■ KOLKATA

Mining major Coal India has flagged an urgent need for price hike of the dry fuel, contending that without which, "certain subsidiaries" would find it "difficult to survive", company sources said on Friday.

It is also trying to bring stakeholders on board to build a consensus for hiking prices, they said. In an effort to tide over inflationary pressure, the miner will likely raise prices after the assembly elections in five states, including Uttar Pradesh, in March, the sources said.

"Every day is critical for me. A price hike has become very urgent. For certain subsidiaries, survival depends on it," Coal India Chairman Pramod Agrawal is understood to have told investors on Thursday, they said. Agrawal, however, did not disclose the name of the subsidiaries.

Global coal prices have been on the higher side, which has led to greater demand for the dry fuel from domestic sources.

He also said wage negotiations are expected to be completed in 2022-23. The mining behemoth is facing huge cost pressure from proposed wage hikes and fuel costs, the sources said.

In the second quarter of the current fiscal, higher diesel prices had resulted in cost inflation by around Rs 700 crore, the chairman had said earlier.

Saudi Arabia keeps lid on oil output as gas prices in US soar

AAA says current US national average for a gallon of regular gasoline costs around 3.50 a 40% increase from its average of 2.50 at this time last year

DUBAI: Saudi Arabia is signalling it isn't willing to pump more oil and won't push for changes to an agreement with Russia and other producers that has kept a lid on oil production levels.

This has Washington concerned as gasoline prices rise and tensions with Russia over Ukraine fuel market uncertainty.

The Biden administration dispatched Brett McGurk, the National Security Council's Middle East coordinator, and the State Department's energy envoy, Amos Hochstein, to Riyadh on Wednesday to talk about a range of issues chief among them the ongoing war in Yemen and global energy supplies.

Asked by reporters in Washington whether the US officials were also urging Saudi Arabia to pump more crude to alleviate high oil prices, White House press secretary Jen Psaki said she did not have more details on the meeting.

A White House official said the two US officials had not asked the Saudis to increase oil production at their meetings in Riyadh. The person insisted



on anonymity to discuss the meetings and said the conversation involved regional issues and energy security impacts on the global economy.

Two Saudi officials told The Associated Press the Saudi energy minister informed the Organisation of the Petroleum Exporting Countries, or OPEC, of the kingdom's commitment to the group's current roadmap of cautious monthly increases. They spoke anonymously because they were not authorised to brief journalists.

King Salman also said as much in a call last week with President Joe Biden. According to a Saudi readout of the

call, the king highlighted the importance of maintaining the agreement that is in place between OPEC, the oil cartel led by Saudi, and Russia.

The Saudi and Russian-led alliance, known as OPEC+, calls for gradual increases to oil production as the world continues to emerge from the pandemic, but geopolitical events have been rapidly evolving and driving market volatility.

Higher prices at the pump pose a threat to Democrats at the polls in upcoming midterm elections. Biden has warned that gas prices could rise even higher if Russian President Vladimir Putin invades Ukraine.

Benchmark crude is trading at around 95 a barrel, its highest level in eight years. AAA says the current US national average for a gallon of regular gasoline costs around 3.50 a 40% increase from its average of 2.50 at this time last year.

During a CNN forum in October, Biden said prices were rising because of the supply being withheld by OPEC. He said that while there's a lot of negotiation going on about the cost of gas, there's a lot of Middle Eastern folks who want to talk to me.

I'm not sure I'm going to talk to them. But the point is, it's about gas production, he added.

His remarks were widely interpreted as a swipe at Saudi Crown Prince Mohammed bin Salman, who oversees the kingdom's major policy decisions and day-to-day affairs.

Saudi Arabia has the ability to produce some 12 million barrels a day, but its output is around 10 million barrels a day in line with the OPEC+ curbs made during the coronavirus pandemic. The Biden administration has emphasised US strategic interests with Saudi Arabia, a departure from the Trump administration's personal relationship with the crown prince that was cultivated by advisor Jared Kushner.

Early on in his presidency, Biden reversed a terrorism designation of Yemen's Houthi rebels that a Saudi-led coalition is battling a decision he's now being lobbied to reconsider. He also declassified an intelligence report that concluded Prince Mohammed likely approved the operation that killed Saudi writer Jamal Khashoggi at the Saudi Consulate in Istanbul in 2018. Throughout his presidency, Biden has circumvented speaking directly with the crown prince, choosing instead to hold calls with King Salman, the prince's 86-year-old father.

The OPEC+ group has consistently rebuffed pressure from Biden to pump significantly more oil, deciding instead to stick with cautious monthly increases. The higher oil prices are a boon to the economies of both Saudi Arabia and Russia as Moscow faces possible Western sanctions over Ukraine. AGENCIES

Sri Lanka out of cash to buy oil: Minister

AGENCE FRANCE-PRESSE

COLOMBO

Sri Lanka's state-run petroleum company has run out of cash to buy oil, and fuel shortages across the country could get worse, the Energy Minister said on Friday.

Udaya Gammanpila said the loss-making Ceylon Petroleum Corporation (CPC) continued to haemorrhage cash and could no longer afford to procure supplies from abroad.

"Earlier, we were short of dollars to import oil. Now we don't have the rupees to buy the dollars," Mr. Gammanpila said.

Diesel is the most commonly used fuel for public transport, and motorists outside the capital have reported long queues at understocked pumps.



Thousands of e-autos to ply on Delhi roads in next 2 months: Gahlot

OUR CORRESPONDENT

NEW DELHI: Hundreds of e-buses and thousands of e-auto rickshaws will be running on the roads of the national capital in the next two months, Delhi Transport Minister Kailash Gahlot said on Friday.

The minister handed out the first set of Letters of Intent (LOIs) to the first 20 people, including 10 women, who have been granted permits for driving e-auto rickshaws here.

“Delhi is making a huge transition from diesel and petrol to electric vehicles and in the next two months, the city will see hundreds of e-buses and thousands of blue and lilac e-autos running on its roads,” he said.

E-auto rickshaws in lilac colour will have women drivers and blue will be the colour in case of those being driven by men.

The Delhi government is procuring 300 e-buses for the Delhi Transport Corporation (DTC), out of which two have already arrived, while the rest

20 LOIs issued, 10 of them to women

are likely to be rolled out in the coming months.

Gahlot said that with the distribution of LOIs, a huge step has been taken towards not just reducing pollution and ensuring last mile connectivity, but also in establishing a strong women presence in Delhi’s public transport system.

Last Monday, the department held a computerised draw of lots for nearly 20,000 applicants to select 2,855 men and 743 women for issuing e-auto rickshaw permits.

The successful applicants, who receive LOI, will be required to purchase an e-auto rickshaw and apply for registration on the single-window portal of the Convergence Energy Services Limited, within 45 days of its issue.

“I strongly urge the women in whose name the e-auto is registered, to drive the autos, since we will be strictly enforcing the same,” Gahlot said.

इराक से भारत के कच्चे तेल आयात में रिकॉर्ड बढ़ोतरी

नई दिल्ली। भारत ने जनवरी में इराक से हर दिन 13 लाख बैरल कच्चे तेल का आयात किया। यह आंकड़ा अगस्त, 2019 के बाद 29 महीने में सबसे ज्यादा है।

सूत्रों ने कहा, भारतीय बाजार में ओपेक देशों के दूसरे सबसे बड़े उत्पादक सदस्य इराक की पैठ बढ़ रही है। इस साल कम-से-कम दो घरेलू रिफाइनरी कंपनियों ने सालाना तेल आयात सौदे में वृद्धि की है। एजेंसी

कमजोर हाजिर मांग से कच्चे तेल वायदा भाव में गिरावट

नई दिल्ली। कमजोर वैश्विक संकेतों के अनुरूप वायदा कारोबार में शुक्रवार को कच्चे तेल की कीमत 47 रुपए की गिरावट के साथ 6,680 रुपए प्रति बैरल रह गई। मल्टी कमोडिटी एक्सचेंज में कच्चे तेल के मार्च माह में डिलिवरी वाले अनुबंध का भाव 47 रुपए या 0.7 प्रतिशत की गिरावट के साथ 6,680 रुपए प्रति बैरल रह गया। इसमें 5,911 लॉट के लिए कारोबार हुआ। बाजार विश्लेषकों ने कहा कि ऐसी सूचना है कि वैश्विक शक्तियों के साथ ईरान के परमाणु समझौते को फिर से पटरी पर लाने की दिशा में हुई प्रगति के संकेतों के बाद ईरान से कच्चे तेल की अतिरिक्त आपूर्ति की उम्मीद के कारण वैश्विक बाजारों में कच्चातेल कीमतों में गिरावट आई।

Govt explores ways to bring home oil & gas from overseas Indian assets

Plans ₹1,500-crore seismic surveys as part of strategy to beat global supply disruption

TWESH MISHRA
New Delhi, 18 February

India will increase expenditure on surveys of domestic hydrocarbon assets to insulate the country from crude oil price shocks.

There has been discussion in the Ministry of Petroleum and Natural Gas to consider ways of bringing oil and gas from India's overseas assets in the event of a supply disruption.

These moves come at a time when Brent, the most popular benchmark for the global crude oil trade, is trading well above \$90 per barrel and may even touch \$100.

There is also geo-political turmoil owing to Russia's aggressive stance on Ukraine, threatening to overrun the former Soviet Union territory. These developments have put pressure on oil-importing countries like India.

The country meets 85 per cent of its roughly



OVERSEAS PLAY

21.9 mtoe India's overseas oil & gas assets

52 the number of India's oil & gas assets in 22 countries

\$38 billion investment in overseas fuel assets

Source: Oil ministry official

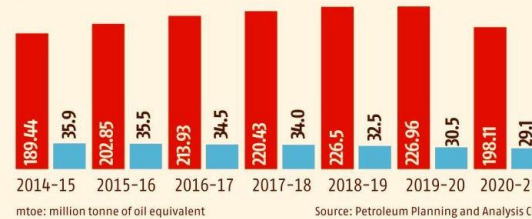
225 million tonnes annual crude oil requirements through imports. "There is no dearth of crude oil supply in the global market. The present prices are inflated due to geo-political tensions," a senior

government official told *Business Standard*.

"The first step to insulate the country from such massive price fluctuations is to ramp up local production, and this can be done only if the hydro-

A MAJOR CONCERN (in mtoe)

■ Import ■ Domestic production



carbon seismic survey is completed. This will give us a fairer assessment of India's domestic oil and gas resources," the official added.

The Centre had launched a National Seismic

Programme (NSP) in October 2016. The goal was to undertake a fresh appraisal of all sedimentary basins in India, especially where no or scanty data was available. This was to have a better understanding of the hydrocarbon potential of India.

Under this programme, Oil and Natural Gas Corporation and Oil India Ltd had been tasked to conduct 2D seismic acquisition, processing and interpretation (API) across the country. The National Seismic Program (NSP) for the 2D seismic API Project was to be completed by March 2019. But the exercise has been hit by delays and as on November 30, 2019, the surface coverage of 41,902 LKM (line km) out of 48,143 LKM was achieved.

According to officials in the know, currently the data for 47,000 LKM has been acquired. Some hilly areas of Manipur and Meghalaya were surveyed by using an advanced technology called airborne gravity gradiometry due to accessibility issues.

Turn to Page 6

Oil & gas...

“We are conducting a survey in the Andamans. In all, an investment of ₹3,000 crore has been made over four years across the country. It will require ₹1,500-2,000 crore to better assess the complete sedimentary basins of India,” the official quoted above said.

There are 26 sedimentary basins in the country.

“A 2D seismic survey has been almost completed in large areas of the Andaman basin. This survey of 22,500 LKM will be concluded by the end of February 2022,” an official

overseeing the implementation of the NSP said.

Eyes overseas

While ramping up domestic oil production has been a long-standing strategy, India is banking on its investment overseas in the event of a major global oil supply disruption. This is in addition to a diplomatic outreach towards oil-producing nations to offer crude oil to India on favourable terms.

“We have invested \$38 billion till now in 52 assets spread over 22 countries. These hold roughly 21.9 million tonnes of oil equivalent (mmtoe) hydrocarbon assets. This is equal to around 37 per cent of our domestic oil and gas production,” a senior oil ministry official said.