ONGC News, 23.06.2020 Print

ONGC looking at capex optimisation amid pandemic

New Delhi,

State-run ONGC is looking at opportunities for optimising its capital and operational expenditures as the coronavirus pandemic has impacted the progress of its projects.

"The short term liquidity position was managed by raising short term borrowings to the extent required. The onset of COVID-19 itself will impact project progress to some extent and the Company is identifying opportunities for Capex and Opex optimisations," Oil and Natural Gas Corporation Ltd (ONGC) said in a regulatory filing.

It said that going forward it is anticipated that a combination of higher oil and gas prices, rationalisation in expenses and some statutory relief will help the company to protect and maintain our activity level.

The PSU also said that it is making efforts to get the taxes and duties rationalised due to the severe impact caused by the pandemic.

"Management is well abreast of all the challenges and attempts are also underway to seek assistance from the government for rationalisation of existing taxes and duties structure," it said.

It noted that lower oil and gas prices are expected to impact internal resource generation capacity, but given low gearing levels at standalone basis fund raising for the same is not expected to be an issue, it added.

Assam pollution board sets aside OIL well closure notice

PSU will also have to apply for authorisation under E-Waste (Management) Rules, 2016 & take necessary action for proper disposal of the e-waste, the board added

GUWAHATI: Three days after slapping a 'closure notice' on Oil India Ltd (OIL), the Pollution Control Board, Assam on Monday withdrew its order asking the company to shut down all operations in the Baghjan oil field, where a gas well caught fire earlier this month after a weeks-long blowout.

This comes a day after Assam Chief Minister Sarbananda Sonowal expressed displeasure over the PCBA order and said authorities need to be "more sensible". OIL had on Sunday said it will approach the Gauhati High Court on Monday against the PCBA if the order to shut its Baghjan oil field is not withdrawn.


Water delivery line placement over Bailey Bridge Completed on Monday

Revoking its order, the PCBA, in a letter to OIL, set five conditions for the PSU.

It asked OIL to "submit a detailed time-bound environmental management plan within 15 days... for environmental mitigation and extinguishing of fire at the Baghjan oil field and act accordingly". The second condition requires OIL to apply for Consent to Operate (CTO) under Section 25 of the Water (Prevention & Control of Pollution) Act, 1974 and Section of the Air (Prevention & Control of Pollution) Act, 1981 separately for each drilling, production and other installations along with environmental management plan and requisite documents within one month.

"They have to submit all the details of hazardous waste generated, disposed and treatment facilities as per the Hazardous & Other Waste (Management & Transboundary Movement) Rules, 2016," the PCBA letter, signed by its member secretary, stated.

The PSU will also have to apply for authorisation under E-Waste (Management) Rules, 2016 and take necessary action for proper disposal of the e-waste, the pollution control watchdog added.

The letter stated, "They have to submit the return as per Batteries (Management & Handling) Rules, 2001 framed under the Environment (Protection) Act, 1986 within July 31, 2020."

Citing a number of violations by the PSU, the PCBA had issued the "closure notice" on June 19 alleging that the company did not obtain required permissions for the Baghjan oil field. OIL had categorically denied the charge and claimed it had the "PCBA's consent" for its all operations in the state.

Earlier in the day, the company said in a statement that the PCBA chairman spoke to OIL chairman and MD on Monday and "the Closure Notice is in the process of being lifted". The Baghjan oil field has a total of 22 producing wells -- 18 crude and four gas. The oil field has been in operation since 2003.

Well number 5 at Baghjan in Tinsukia district of Assam has been spewing gas uncontrollably for the last 27 days and it caught fire on June 9, killing two of OIL's firefighters at the site.

Following the accident, the PCBA sent a show cause notice to the energy major on June 10 seeking details of its operations in Baghjan in the last 15 years, within one week. On the ongoing process to douse the blaze at the gas well, OIL said a crucial packing element for the casing hanger will be airlifted from Singapore on Monday.

The consignments being mobilised from outside Assam were stuck at Dalkhota, West Bengal due to a very long waiting queue for COVID testing, it said in the statement.

"Vehicles carrying second load of equipment from ONGC, Rajahmundry, three vehicles carrying materials and bulldozer from ONGC-Vadodara are in transit," it added.

The company informed that various works at the well site have been hampered due to inclement weather and soft ground condition.

"In order to mitigate the delay and make access of vehicles and placement equipment at the site, actions (have been) initiated for mobilising heavy-duty composite porta deck mats from Kolkata and Guwahati. Materials are expected to be loaded today," it said.

On the loss of production due to agitation by locals, OIL said there was an output drop of 149 metric tonnes (MT) of crude oil and 0.16 million metric standard cubic metres (MMSCM) of natural gas on Sunday due to disruptions in 22 oil wells and one gas well.

"Cumulative production loss since May 27, 2020 due to bandhs and blockades: 8,162 MT crude oil, 10.4 MMSCM of natural gas," it said. MPOST

54 EMPLOYEES TESTED POSITIVE FOR CORONAVIRUS

ONGC suspends ops at two rigs in Arabian Sea, tightens safety norms

NEW DELHI: State-owned ONGC has temporarily suspended operations at two drilling rigs in the Arabian Sea after 54 employees tested positive for coronavirus and one died but the oil and gas production has not been impacted.

Operations at two rigs operating in the firm's prime Mumbai High and Bassein fields off the west coast were temporarily suspended after the company's testing rigour detected coronavirus positive cases, officials said. As many as 54 offshore employees tested positive for coronavirus and one died.

The suspension of operations at the drilling rig has not impacted production and the company continues to produce 1,70,000 barrels per day (bpd) of oil and 12 metric million standard cubic metres per day (mmscmd) of gas from Mumbai High and 60,000 bpd oil and 32 mmscmd gas from Bassein.

Mumbai High and Bassein are India's top oil and gas producing fields, accounting for almost a two-third of the country's production.

"Our operations are not affected. Production levels are being maintained; all precautions are being taken to ensure the safety of employees," Oil and Natural Gas Corp (ONGC) said in a statement when reached for comments.

Any employee showing symptoms of illness is brought to the base, tested and provided medical attention.

"There is a dedicated Medivac helicopter to bring offshore people with illness back to the base," it said. "To ensure safety of employees, work at two rigs has been temporarily suspended. Remaining 34 rigs are operating in the offshore with all COVID-19 safety precautions."

Officials said the company was following a strict rigour of employee screening and attending to anyone with even remotest symptoms. After the coronavirus cases, that rigour has been further strengthened, beginning with a screening well before an employee boards a helicopter to go to an offshore location for work.

Every employee is tested for COVID-19 and only employees with negative test results are sent to the locations, they said adding that employees were provided with sanitisers, mask gloves and sanitised vehicles for to and fro travel from their catchment area.

ONGC Chairman and Managing Director Shashi Shanker took lead in ensuring employee safety by mandating following of WHO and government guidelines regarding COVID-19. He has also been regularly communicating with employees to impress upon them the need to follow the safe practices.

ONGC aligned all its IT and communication infrastructure well before the announcement of the countrywide lockdown to enable employees to work from home.

Advisories as per government guidelines have been issued to employees regarding staggered timings and reduction in employee count in office, the statement said adding that deep sanitisation of all installations and offices is carried out regularly and use of masks and sanitisers are mandatory. PTI

54 Covid cases prompt ONGC to halt ops at 2 rigs in Arabian Sea

STATE-OWNED ONGC has temporarily suspended operations at two drilling rigs in the Arabian Sea after 54 employees tested positive for coronavirus and one died but the oil and gas production has not been impacted.

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Business Standard
54 employees test +ve, ONGC halts ops at 2 rigs
Jun 23, 2020 | Delhi | Pg No.: 3 | | Sq Cm:163 | AVE: 402392 | PR Value: 2011960

54 employees test +ve, ONGC halts ops at 2 rigs

SHINE JACOB
New Delhi, 22 June

State-run Oil and Natural Gas Corporation (ONGC) has halted operations at two drilling rigs in Western Coast, following the death of an employee and another 54 testing positive for coronavirus (Covid-19). The two rigs are in two of the most lucrative assets of the company — Mumbai High and Bassein.

A company official said work stopped temporarily only at two rigs and the remaining 34 in the offshore were operational. He added there was no impact on the firm's production.

ON THE BSE

Price in ₹

Compiled by BS Research Bureau
Source: Exchange

Mumbai High, also known as Bombay High, is an offshore oilfield located in the Arabian Sea, approximately 160 km west of the Mumbai coast. The field, discovered in 1974 and started production in 1976, is known primarily for its oil production. It also consists of two blocks – Mumbai High North and Mumbai High South. Mumbai High produces around 170,000 barrels of oil per day and 12 million metric standard cubic metres per day (mmscmd) of natural gas.

On the other hand, Bassein field, also called the Vasai field, is located 80 km off the Mumbai coast and is considered one of the largest gas fields in India. The field was discovered in 1976 and put in production in 1988. Spread across 7,300 square kilometres in the Arabian Sea, it consists of South Bassein field, NBP (D-1) field, B-193 super sour field, Vasai East field and C-Series and Daman gas field.

ONGC claimed that works are going on following the standard operating procedure and its staff is properly informed about social distancing. Interestingly, ONGC employee bodies had reportedly alleged that the infection was spreading due to lack of proper guidelines. During the lockdown, its staff in Mumbai offshore fields were working continuously for five weeks. It was only after the lockdown restrictions were lifted did ONGC arrange for charter flights for their workers to reach Mumbai.

The company's overall production was hit badly by the lockdown due to the Covid 19 outbreak. In April, the company's natural gas production dropped by 15 per cent while its crude oil production dipped marginally by 0.5 per

The Asian Age
Covid: ONGC suspends ops at 2 rigs in sea
Jun 23, 2020 | Delhi | Pg No.: 7 | | Sq Cm:54 | AVE: 190524 | PR Value: 952619

Covid: ONGC suspends ops at 2 rigs in sea

ONGC has temporarily suspended operations at two drilling rigs in the Arabian Sea after 54 employees tested positive for coronavirus and one died but the oil and gas production has not been impacted. Operations at two rigs operating in the firm's prime Mumbai High and Bassein fields off the west coast were temporarily suspended after the company detected coronavirus positive cases, officials said.

The Economic Times
Compact Diesel Vehicles sub Rs.8L find Few Takers
Jun 23, 2020 | Delhi | Pg No.: 8 | | Sq Cm:101 | AVE: 1029068 | PR Value: 5145342

Compact Diesel Vehicles sub ₹8L find Few Takers

Tilt towards petrol versions as petrol-diesel price gap narrows

Lijee.Philip@timesgroup.com

Mumbai: With the petrol-diesel price gap closing, car makers feel compact diesel vehicles in the sub- ₹8 lakh range could be under pressure. Consumers are increasingly preferring petrol cars, given that the price differential between BS-VI diesel and petrol cars has increased substantially. Compact diesel cars such as Mahindra KUV100, Toyota's Etios range, Hyundai i10 NIOS and Tata Tiago are likely to take a hit.

> Mahindra, focusing on diesel, has had to go back to drawing board to realign its product mix

Experts maintain that Maruti Suzuki's calculated risk of exiting the diesel space and moving to an all-gasoline portfolio has paid off. Hyundai's i10 Nios, which is in the personal segment, could take a hit but its SUVs Creta and Venue skew towards diesel. Mahindra and Toyota have a large dependence on diesel. Diesel penetration in passenger vehicles over the years has been steadily coming down from 58% in 2012-13 to 28% in 2019-20. The last quarter of 2019-20 saw the overall diesel penetration as low as 17%. The share of diesel sales in small cars has been falling from 36% in 2012-13 to 5% in 2019-20.

It's prompting rework of product planning strategy and focus on petrol versions. They have started reducing dependence on diesel models over the last few years. In 2019-20, diesel share in Maruti's portfolio was 17.9%, Hyundai's was 25.4%, Honda at 19.7% and Tata Motors at 32.3%. M&M and Toyota had a larger share at 92.3% and 70.2%, respectively. Mahindra, a predominantly diesel player given its utility vehicles, has had to go back to the drawing board to realign its product mix.

Business Standard

Petrol nears Rs.80 mark, diesel at new high after 16th price hike

Jun 23, 2020 | Delhi | Pg No.: 4 | | Sq Cm:69 | AVE: 171233 | PR Value: 856165

IN BRIEF

Petrol nears ₹80 mark, diesel at new high after 16th price hike

Petrol price on Monday was hiked by 33 paise per litre and diesel by 58 paise to take retail rates to record high as the oil companies increased prices for the 16th day in a row. In 16 days, petrol price has been hiked by ₹8.3 per litre and diesel by ₹9.46 — a record increase in rates of the fuel in any fortnight since pricing was deregulated in April 2002. Petrol price in Delhi was hiked to ₹79.56 per litre from ₹79.23 while diesel rates were increased to ₹78.55 a litre from ₹78.27, according to a price notification of state oil marketing companies. Rates have been increased across the country and vary from state to state depending on the incidence of local sales tax or value added tax. PTI

The Financial Express

Petrol nears Rs80-mark, diesel at new high after 16th price hike

Jun 23, 2020 | Delhi | Pg No.: 1 | | Sq Cm:48 | AVE: 157691 | PR Value: 788455

QuickPicks

Petrol nears ₹80-mark, diesel at new high after 16th price hike

PETROL PRICE on Monday was hiked by 33 paise per litre and diesel by 58 paise to take retail rates to record high as the oil companies increased prices for the 16th day in a row, reports **PTI**.

In 16 days, petrol price has been hiked by ₹8.3 per litre and diesel by ₹9.46 — a record increase in rates of the fuel in any fortnight since pricing was deregulated in April 2002. Petrol price in Delhi was hiked to ₹79.56 per litre from ₹79.23, while diesel rates were increased to ₹78.55 a litre from ₹78.27, according to a price notification of state oil marketing companies.

Slowing Chinese imports may delay EV target

Support from Centre on alternative fuel technologies and batteries holds key

PAVAN LALL
Mumbai, 22 June

PLUGGING IN: PRODUCTION FORECAST NUMBERS

Vehicle type	2019	2025
2-wheelers	130,000	3,000,000
Rickshaws	420,000	1,000,000
3-W/autos	5,000	540,000
Cars	3,600	270,000
Buses	400	6,000

Source: Frost & Sullivan

Rising anti-Chinese sentiment may push automakers' electric vehicle (EV) plans in to the slow lane, with imports from the country set to hit a snag. Incidentally, the world's biggest component makers for EVs is China.

Market leader Maruti Suzuki India (MSIL) says the impact could be offset by strong state support for other technologies like hybrids, which the industry has been pushing for but hasn't received.

C V Raman, senior executive director (engineering) of MSIL, said: "The government is primarily supporting battery electric vehicles (BEV), whereas equivalent support to other EV technologies (strong hybrid and plug-in hybrid) is missing. Further, the industry has worked for three decades to establish an internal combustion engine (ICE)-based ecosystem, because of which we achieved very affordable cost levels."

Similar support could help BEV adoption. "Government support by way of long-term policies can aid in the development of an ecosystem, R&D, and a supplier base — similar to ICE vehicles — and provide fiscal and non-fiscal incentives to generate consumer demand," he added.

"China captured above 60 per cent of the global EV supply chain, right from mining rare earth minerals to manufacturing and supplying of battery cells or modules, and key components like DC motors, inverters, converters, and control systems," said Suraj Ghosh, principal analyst (powertrain forecast), IHS Markit.

In markets where EVs have achieved significant penetration, the drive came from either huge 'incentivisation' schemes, or strict CO2 regulations.

"In India, the Centre's EV promotion scheme — FAME 2 — isn't enough to entice carmakers or tech suppliers to make investments in this area, even though GST has been lowered to 5 per cent," Ghosh added.

"Nor are CO2 regulations strict enough to push OEMs to include pure EVs in their product mix." MSIL sells two hybrid models — the Ciaz and Ertiga.

Kaushik Madhavan, vice-president (mobility practice), Frost & Sullivan, says the dependency on imported EV components will continue before sufficiency kicks in. "Strong hybrids will not fill the gap for a couple of reasons. First, two energy sources are more complex to integrate and manage than one. Second, a hybrid is prohibitively expensive."

What would propel technological advancement is strong encouragement by the state for EV-related battery technology manufacture. Kavan Mukhtyar, partner and leader (automotive) at PwC, says hybrids come with a 'sin tax' of almost 42 per cent over their cost, making them unviable.

Last year, MSIL tested over 40 prototype EVs, the insights from which will be used to develop a suitable EV. "MSIL aims to expand its range with various electrified powertrain options (mild hybrid system, strong hybrid, and EVs)," said Raman.

"The firm aims to offer fuel-efficient electrified powertrains, starting with hybrid technologies, and gradually upgrade customers to fully electrified powertrain options," he added.

Crude oil imports account for 20 per cent of India's total import bill, and reliance on oil means it will continue to grow.

Before Covid-19, "it was estimated that India would have a 70 million car parc by 2030, growing at 8 per cent CAGR. If we consider 20-30 per cent annual EV penetration by 2030, ICE vehicles will be 83 per cent and EVs will have 17 per cent share of the total parc," said Raman.

Car parc refers to the number of cars and other vehicles in a region or market. It is typically used to gauge the capacity within a market or region for aftersales.

Therefore, he feels a comprehensive approach with simultaneous focus on ICE powertrains, as well as promotion of alternative fuels (CNG, ethanol, and methanol) along with BEVs, is required to reduce oil imports.

High acquisition cost and infrastructure are major challenges for BEVs. For instance, Hyundai's compact all-electric SUV Kona starts at ₹23 lakh, while MG's ZS starts at ₹20 lakh. However, both vehicles are at least 60 per cent more expensive than traditional fuel cars of the same size and class.

Tata Motors' Nexon EV ranges between ₹15 and ₹17 lakh. Shailesh Chandra, president (passenger vehicles business unit), says the firm is collaborating with Tata Power and Tata Chemicals to build chargers, lithium-ion battery cells, and explore active chemical manufacturing and battery recycling. "In addition, we have collaborated with Tata AutoComp for localisation of the battery pack assembly and motor assembly," he said.

However, it all hinges on policy change. "Unless policymaking evolves, the Indian EV market may not have volumes for large-scale domestic technology and supplier base, and without scale, the sector cannot become cost-competitive," said Ghosh.

This could drive the two-wheeler and three-wheeler segments to usher in mass EV mobility for now.

The Hindu Business Line
With no Indian vessels, oil PSUs at sea on under Rs200-cr deals
Jun 23, 2020 | Delhi | Pg No.: 10 | | Sq Cm:248 | AVE: 458022 | PR Value: 2290108

With no Indian vessels, oil PSUs at sea on under ₹200-cr deals

P MANOJ
Mumbai, June 22

State-run oil firms are scrambling to comply with a recent government order to go local while hiring ships to haul crude and petroleum products of value less than ₹200 crore as part of the revised 'Make in India' policy on procuring services.

The government move would be a bonanza for local fleet owners such as state-run Shipping Corporation of India Ltd (SCI), The Great Eastern Shipping Co Ltd, Seven Islands Shipping Ltd and Essar Shipping Ltd, but its immediate implementation could pose a problem due to shortage of Indian ships to meet the requirement, government officials said.

"The oil PSUs are working out the modalities but we don't know whether it would be possible to implement this policy immediately.

"Because we don't have that many Indian ships to meet the requirement," said an executive with one of the state-owned refiners based in Mumbai.

Shipping Ministry officials said the policy would come into play when oil PSUs hire ships on spot contracts, which are all less than ₹200 crore. In comparison, long-term time charter contracts are typically valued at more than ₹200 crore. "For instance, 30 per cent of Indian Oil Corporation's oil shipments are on spot basis, and 70 per cent on long-term deals. Within the 30 per cent spot contracts, as much as 97 per cent are deals below ₹200 crore," said a Shipping Ministry official.

Mode of purchase

The implementation of this policy will hinge on whether crude oil and products are purchased on free-on-board (FOB) basis or on cost-insurance-freight (CIF) basis. Under FOB deals, the Indian buyer is responsible for making the shipping arrangements, while in CIF contracts, the shipping part is finalised by the supplier.

The type of crude and product purchase contracts have always been points of friction between the oil PSUs and the local fleet owners.

The 'go-local' policy can only be enforced when crude and products are purchased on FOB basis.

And, with state-run firms barred from floating global tenders to finalise service contracts below ₹200 crore, even the right of first refusal (RoFR) policy will not be applicable.

Lowest rate offered

Indian fleet owners have a right to match the lowest rate offered by a foreign flag ship in global tenders issued by state-run firms for hiring ships under the chartering guidelines framed by the Director General of Shipping.

Only when Indian shipping companies decline the business can the foreign flag ship, which had quoted the lowest rate, be awarded the transportation contract.

In 2017, the government allowed state-run oil refiners to ship one-third of their annual crude imports on CIF basis, reducing the pie available to Indian shipping companies.

"The oil companies keep arguing that CIF is cheaper, but they will do well to look at what Japan, China and Korea are doing.

"They only want to buy FOB due to security and strategic considerations and to build a strong national fleet," said the managing director with a Mumbai-listed shipping company.

Closure notice issued to Assam OIL withdrawn

Jayashree Nandi and Utpal Parashar
letters@hindustantimes.com

NEW DELHI/GUWAHATI: The Pollution Control Board of Assam (PCBA) conditionally withdrew on Monday the closure notice issued to Oil India Limited's (OIL) Baghjan oil field where a blowout last month displaced thousands and wreaked havoc on wildlife.

In a letter, PCBA said the closure notice issued on June 19 was withdrawn following an affidavit by the company that said OIL will submit a detailed timebound environmental management plan within 15 days. Monday's order – seen by HT – also said OIL will have to apply for consent to operate (CTO) under section 25 of the Water (Prevention And Control) Act 1974 and section 21 of the Air (Prevention And Control) Act 1981 separately each for drilling, production and other installations. "They have to submit all the details of hazardous waste generated, disposed and treatment facilities as per the Hazardous and Other Waste (Management and Transboundary Movement) Rules, 2016," the letter said.

Hindustan Times
Petrol nears Rs.80, diesel price touches new high
Jun 23, 2020 | Delhi | Pg No.: 8 | | Sq Cm:219 | AVE: 5442155 | PR Value: 27210776

Petrol nears ₹80, diesel price touches new high

Rajeev Jayaswal
rajeev.jayaswal@htlive.com

NEW DELHI: Petrol price was hiked by 33 paise a litre and diesel by 58 paise on Monday as fuel retailers raised their rates for the 16th day in a row selling petrol at ₹79.56 a litre, highest in 20 months, and diesel at record ₹78.85 per litre in Delhi.

Executives at state-run oil marketing companies (OMCs) said petrol and diesel prices are going up in tandem with their rates in the international oil markets. Retail rates of auto fuels vary from state to state due to wide differences in local levies. According to petroleum ministry's datakeeper Petroleum Planning and Analysis cell (PPAC), the current pump prices of the two fuels are close to the level of October 2018, when India's average cost of international crude oil import was around $80 per barrel compared to current average import price of $40.06 a barrel. Petrol was sold at a record price of ₹84 per litre on October 4, 2018 and during the same month the highest price of diesel was recorded on October 16, 2018 at ₹75.69 per litre.

Domestic consumers have seen a sustained spike in petrol and diesel rates as global oil prices started moving north after the producers' cartel—the Organisation of the Petroleum Exporting Countries (OPEC) and its allies, particularly Russia (together OPEC+)—on June 6 decided to extend record output cuts by one more month till the end of July.

Despite global crude oil prices plunging in April and remaining low in May, they did not help Indian consumers because the government hiked levies that kept retail prices of the two fuels more or less unchanged. Executives of OMCs said requesting anonymity that petrol and diesel prices are high because of very high central and state's levies.

Petrol nears ₹80 mark, diesel at new high after 16th price hike in a row

OUR CORRESPONDENT

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Rates have been increased across the country and vary from state to state depending on the incidence of local sales tax or Value Added Tax (VAT).

RIL becomes 1st Indian co to hit $150b market cap

PRESS TRUST OF INDIA
NEW DELHI, 22 JUNE

Reliance Industries Ltd (RIL) today became the first Indian firm to hit a market valuation of $150 billion during the day.

In the morning trade, the company's market valuation jumped Rs 28,248.97 crore to Rs 11,43,667 crore ($150 billion) on the BSE. However, it failed to continue the momentum and at the close of the trade, the company's market valuation remained at Rs 11,07,620.56 crore ($145.68 billion).

The heavyweight stock surged 2.53 per cent to a record high of Rs 1,804.10 during the day on the BSE. However, fag-end selling emerged at the counter and it declined 0.70 per cent to close at Rs 1,747.20.

On the National Stock Exchange (NSE) also, it erased all early gains and closed at Rs 1,752.50, 0.39 per cent lower after rising 2.54 per cent to an all-time high of Rs 1,804.20 during the day.

RIL, the country's most-valued firm, on Friday became the first Indian company to cross the Rs 11-lakh crore market valuation mark.

Its market valuation crossed Rs 11 lakh crore in the previous session as its share price rallied over 6 per cent after its chairman Mukesh Ambani announced that the oil-to-telecom conglomerate has become net debt-free.

Mr Ambani announced that RIL has become net debt-free after raising a record Rs 1.69 lakh crore from global investors and a rights issue in under two months.

The company raised Rs 1.15 lakh crore from global tech investors by selling a little less than a quarter of the firm's digital arm, Jio Platforms, and another Rs 53,124.20 crore through a rights issue in the past 58 days.

Taken together with last year's sale of 49 per cent stake in fuel retailing venture to BP Plc of the UK for Rs 7,000 crore, the total fund raised is in excess of Rs 1.75 lakh crore, the company said.

RIL had a net debt of Rs 1,61,035 crore as on 31 March 2020.

On 18 June, Reliance Industries said it has sold a 2.32 per cent stake in its digital unit to Saudi Arabia's Public Investment Fund for Rs 11,367 crore.

So far this year, the company's stock has gained 15.39 per cent.

RIL virtual AGM for 25 lakh investors

OUR SPECIAL CORRESPONDENT

Mumbai: India Inc's capability to hold virtual annual general meetings will face its real test on July 15 — the day Reliance Industries hosts the jamboree for its 25 lakh retail shareholders.

The oil-to-digital services conglomerate on Monday announced its 43rd shareholders meeting will be held through video conferencing (VC) or other audio visual means (OAVM).

"The 43rd AGM of the members of the company will be held on Wednesday, July 15, at 2pm through VC/OAVM in accordance with the relevant circulars issued by the ministry of corporate affairs and the Securities and Exchange Board of India," RIL said on Monday.

Details of the agenda of the AGM will be known when RIL releases its annual report in the next few days.

Amid Covid-19 and rules on social distancing, listed companies have begun to hold their AGMs virtually. The process started with Tata Consultancy, DIC India and SBI.

The RIL AGM will put the process to test. The private sector giant has more than 25 lakh retail shareholders and its meetings at Birla Matushri auditorium in South Mumbai have generally been a full-house affair.

"With the company now holding a virtual meeting, we can expect more participation and some of the shareholders who could not travel to attend the meeting will now log in," an analyst with a foreign brokerage said.

JULY 15 DATE

- TCS AGM attended by 1,300
- DIC meet attended by 100
- SBI attendance 248
- Previous RIL AGM streamed live on YouTube

Sources at RIL said they were aware of the logistics challenges that would crop up with shareholders joining the meeting and asking questions.

At the TCS virtual AGM, some of the 1,300 shareholders who had logged in for the meeting reported snags such as not being seen on the screen.

Reliance is finalising the platform for the virtual AGM. Connectivity issues should not be alien to Reliance whose Jio has more than 39 crore subscribers. Subsidiary Jio Platforms has launched JioMeet a video conferencing platform.

At the virtual meet, the focus will be on whether RIL will continue to monetise some of its other assets, plans to list Reliance Jio and Reliance Retail as well as Jio Platforms.

Ambani is also expected to make some announcement on a deal with Saudi Aramco in its oil-to-chemicals business.

Reliance said it has fixed July 3 as the record date to determine the members eligible to receive dividend for the financial year 2019-20. It had declared a dividend of Rs 6.50 per share for the year.

The company has concluded its rights issue recently. Sources said the dividend on the partly-paid rights share would be made on a pro-rata basis.

The promoter group which holds 50.29 per cent post rights issue is expected to get around Rs 2,000 crore in dividends.

Reliance chairman Mukesh Ambani had foregone his entire salary of Rs 15 crore for this fiscal because of the stress on the company on account of the pandemic.

Transporters hit as fuel cost goes North, jacks up freight rates

JONATHAN ANANDA @New Delhi

MONDAY marked the sixteenth straight day of fuel price hikes for Indian consumers, petrol and diesel rates having surged by a record ₹8.30 and ₹9.46 per litre respectively in little over a fortnight. The day's diesel prices reached yet another all-time high — ₹78.85 per litre in New Delhi — while petrol was being sold just shy of the ₹80 per litre mark at ₹79.56.

This steep rise is already having a marked impact on the cost of road freight transport. According to S P Singh, senior fellow at the Indian Foundation of Transport Research and Training (IFTRT), truck rental rates have increased by as much as 10-12 per cent over the fortnight beginning June 7.

"The impact of the fuel price hikes have been observed on trunk routes pan-India," he said, adding freight costs had already been rising over the summer. "Very low demand meant transporters weren't able to get assured return loads and tried to protect their margins," he noted.

Transporters say, however, that the increase in freight prices have been "nowhere close" to the over 20% rise in diesel rates seen over the summer in places like Delhi.

"We are in a position where we cannot pass on the full impact of the fuel hike to consumers. Prices are a factor of demand and supply, and both remain very low," said Naveen Kumar Gupta, secretary general, All India Motor Transport Congress. He also pointed out that since fuel prices are revised daily, it was very difficult to factor in these changes for trips that generally last over several days.

"Most transporters are currently running on huge losses and over 60 per cent of the fleet remains idle," Gupta said. Singh agreed: "Current fleet utilisation is only at around 30-35 per cent."

Around 20 crore people are dependent on the commercial truck sector. "Even if we do pass on the entire impact, these 20 crore people will still be affected, since prices of food and other articles on the ground will also increase," Gupta pointed out. CONTINUED ON: P10

Livelihood of 20 crore tied to the sector

India's fleet of commercial trucks currently stand at over one crore light, medium and heavy duty trucks. Around 20 crore people are dependent on it, according to All India Motor Transport Congress

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COSTLY CHARGES

Fuel may well be govt's only steady income

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WHILE rising inflation is always a concern when fuel prices hit record highs, the Centre and state governments both are also facing an unprecedented shortfall in tax revenues from other sources. Fuel may well be the government's only "sure-shot" source of income at this time.

In fact, the reason why fuel prices stand at record highs at a time when crude oil rates are over 40% cheaper than their January level is due to mammoth excise duty hikes implemented since mid-March—a cumulative ₹13 a litre on petrol and ₹16 alitre on diesel. With demand rising and crude prices firming up, OMCs have been forced to pass on the duty hikes to protect profit margins. "It is being done from the point of view of protecting revenue. GST collections have been falling since services have ground to a halt... So, fuel becomes one of the few 'sure shot' avenues to earn income," noted Madan Sabnavis, chief economist, CARE Ratings.

As reported earlier, TNIE's calculations indicate that the Centre has earned over Rs 15,950 crore in additional revenue since mid-March due to the excise duty increase. If left unchanged, the tax hikes are likely to result in over Rs 1.5 lakh crore in additional revenue for the current fiscal year 2020-21.