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Petronet LNG welcomes PNGRB's decision for establishing LNG dispensing station in country

NEW DELHI: Petroleum Natural Gas Regulatory Board (PNGRB) in its public notice on June 2, 2020 announced that any entity can set up an LNG station in any Geographical Area (GA) or anywhere else, even if it is not the authorised entity for that GA.

This clarification by the PNGRB has been wholeheartedly welcomed by PLL management. PLL being the pioneer and the largest LNG infrastructure company of India would like to facilitate LNG dispensing infrastructure across the country on major national highways and invites OMCs, CGD entities or any interested parties to partner up for this project.

Petronet's MD&CEO Prabhat Singh said "PLL in its endeavour to contribute towards vision of Prime Minister Narendra Modi ji and relent-



less efforts of Cabinet Minister of Petroleum and Natural Gas and Minister of Steel Dharmendra Pradhan ji of making India a gas based economy is putting in all efforts to promote LNG as a cleaner, greener and economic automotive fuel for Medium and Heavy Commercial Vehicles(M&HCVs) in India."

In these efforts, PLL has already launched its first com-

mercially registered LNG buses and LNG dispensing stations at its Dahej and Kochi Terminals. These buses are deployed for commuting PLL employees between their residence and work location which demonstrates the safety of LNG as an automotive fuel and provides travel range of 900 km in a single filling. PLL is already developing LNG dispensing infrastructure along Delhi-

Mumbai highway and has already floated a tender. With this clarification of the PNGRB, PLL is encouraged to develop LNG dispensing infrastructure across the country.

Apart from being environmentally superior fuel, LNG also reduces fuel bill of the fleet operators about 25% and import bill of the country by 30%-40% as compared to crude oil based fuel.

PLL envisions that the LNG infrastructure will further strengthen GoI's commitments toward COP 21 for reduction of emission intensity by 33%-35% from 2005 level and increasing gas share in India's energy mix from 6% to 15%. PLL will soon be coming out with the finer details of the partnerships in coming weeks.

Petronet LNG Limited is one of the fastest growing world-class Public Limited

Company in the Indian energy sector. It has set up the country's first LNG receiving and regasification terminal at Dahej, Gujarat with present nominal capacity of 17.5 MMTPA and another terminal at Kochi, Kerala having a nominal capacity of 5 MMTPA.

The company is also exploring suitable opportunities within and outside India to expand its business presence.

PLL formed as an independent Board managed Joint Venture Company (JVC) to import LNG and set up R-LNG terminals in India has strong lineage of Maharatna promoters viz Oil & Natural Gas Corporation Limited (ONGC), Indian Oil Corporation Limited (IOCL) and Bharat Petroleum Corporation Limited (BPCL) and GAIL (India) Limited each having an equity of 12.5%, totalling to 50% PSU's shareholding. MPO51

PANDEMIC IMPACT was less severe this qtr as fuel demand recovered to 70% of pre-Covid levels: Morgan Stanley

Brokerages Maintain Buy Rating as BPCL Beats Mkt Estimates

Positive Outlook

Brokerage	Rating before result	Rating after result	Target Price result (₹)	
			Before	After
Antique	Buy	Buy	435	425
CLSA	Sell	Sell	330	330
Edelweiss	Buy	Buy	525	501
Kotak Inst	Buy	Buy	490	440
Nomura	Buy	Buy	390	390

SOURCE: Brokerage Reports



Our Bureau

Mumbai: Most brokerages have maintained a buy rating on Bharat Petroleum Corporation (BPCL) after core earnings for the March quarter beat estimates.

Nomura, Edelweiss, Kotak and Antique Stock Broking have maintained buy ratings on the stock. Shares of BPCL ended up 3.5% at ₹369.90 on Friday.

"Core earnings beat expectations with robust integrated margins and stable refinery run rates. Covid-19 impact was less severe in current quarter with refinery utilisation up to 77% by end May and India's fuel demand recovering to 70% of pre-Covid levels despite the ongoing lockdowns," said Morgan Stanley, which has maintained overweight rating on the stock with a target price of ₹517.

Some of the brokerages have cut target price while maintaining a buy rating. Edelweiss has cut target price to ₹501 from ₹525. Kotak Institutional Equities has cut target price to ₹440 from ₹490 and cut its EPS



Some of the brokerages have cut target price while maintaining buy rating

estimates by 7-24%. The brokerage said sharp rise in debt is a worry albeit partially attributed to one off factors. CLSA has maintained sell rating on the stock with a target price of ₹330, citing weak macro in refining and marketing. Motilal Oswal has a neutral rating as it sees slim possibility of divestment in the current circumstances.

Petronet LNG welcomes PNGRB's decision for establishment of LNG dispensing station in the country

Petroleum Natural Gas Regulatory Board (PNGRB) in its public notice on 2nd June 2020 announced that any entity can set up an LNG station in any Geographical Area (GA) or anywhere else, even if it is not the authorised entity for that GA. This clarification by the PNGRB has been wholeheartedly welcomed by PLL management. Petronet's MD&CEO Prabhat Singh said "PLL in its endeavour to contribute towards vision of Prime Minister Narendra Modi ji and relentless efforts of Cabinet Minister of Petroleum and Natural Gas and Minister of Steel Dharmendra Pradhan ji of making India a gas based economy is putting in all efforts to promote LNG as a cleaner, greener and economic automotive fuel for Medium and Heavy Commercial Vehicles (M&HCVs) in India."

India Inc takes cautious approach to Covid disclosures

Most firms not indicating financial impact

VIVEAT PINTO, SHALLY SETH MOHILE,
AMRITHA PILLAY & SHREEPAD S AUTE
Mumbai, 5 June

Corporate India is going slow on Covid-related disclosures mandated by the Securities and Exchange Board of India (Sebi) last month. At least twenty-five companies across sectors have come out with disclosures in separate filings to the stock exchanges, but they have given a general business update, without specifying the financial impact of the coronavirus crisis on their operations.

In a circular dated May 20, Sebi had directed the listed companies to evaluate the impact of Covid-19 on their capital and financial resources, profitability, liquidity position, assets, and ability to service debt.

Instead, companies have spoken about the number of plants, warehouses and distribution centres that have resumed operations; work-



IMPACT CHECK

Dabur: ₹400-450-crore hit on revenue and ₹60-80 crore on net profit in June quarter

Ultratech Cement: Capital expenditure capped to the extent of ₹1,000 crore due to Covid-19

M&M: Volume loss of 87,000 vehicles and around 30,000 tractors seen in Q4

BPCL: April demand down by 55%; up 67% in May

from-home and safety measures undertaken for employees; and the labour shortage they are facing. They say it is difficult for them to assess the impact of the pandemic on their business. The few which have bucked the trend include names such as Mahindra & Mahindra (M&M), Dabur India, BPCL, and Ultratech Cement.

Corporate lawyers, however,

point out the May 20 circular is worded as an "advisory". "Across the circular, the listed entities are encouraged to assess the impact of Covid-19 to the extent possible and consider disclosing the material information," Anchal Dir, Anshu Choudhary, and Aakriti Thakur of law firm Cyril Amarchand Mangaldas said in a note.

Bajaj Finance has opted to give a detailed insight of the financial impact of the pandemic on its business in its recently released March-quarter investor presentation rather than making a separate disclosure to the stock exchanges. The above-mentioned four companies, however, have come up with separate disclosures on the same. Some experts argue that the Sebi circular has come after many firms declared their March-quarter results.

Dabur, for example, said it expected its revenue from operations and net profit to take a hit to the tune of ₹400-450 crore and ₹60-80 crore, respectively, in the quarter ending June 2020 as coronavirus cases continued to rise in the country, impacting demand.

BPCL said April 2020 demand was down by around 55 per cent versus the previous year, while demand for petroleum products increased by around 67 per cent in May 2020 versus the previous month. Ultratech Cement, on the other hand, said in a disclosure on Friday that it was

restricting its capital expenditure to ₹1,000 crore due to Covid-19.

M&M said in an exchange filing on Wednesday that it estimated a quantum loss of around 23,400 vehicles and 14,700 tractors in March, and a volume loss of 87,000 vehicles and around 30,000 tractors in the April-June period.

Proxy advisory firms say there should be a detailed framework by which companies should abide when making Covid-related disclosures rather than dispersing it across financial results, investor calls and presentations, and even fundraising documents.

"A couple of things need to be kept in mind here," says Amit Tandon, founder and managing director, Institutional Investor Advisory Services (IIAS). "First, whatever is material needs to be shared with investors. Second, where companies feel that the failure to disclose a particular risk will make the financial statements misleading, then it must be disclosed to investors," he said.

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India Inc...

Reliance Industries (RIL), for instance, said in the prospectus of its recently closed rights issue that its refining, petrochemical, and oil and gas businesses had received a "demand-side shock" due to Covid-19, adding that the lockdown was expected to have an "adverse effect" in the short-to medium term on several businesses.

Bajaj Finance said growth of assets under management (AUM) was down by 400 basis points in the March quarter. Its new loan book growth had been hit by 18 percentage points and new customer acquisitions were also lower by 18 per cent in the period. One basis point is one-hundredth of a percentage point.

Bharti Airtel said in its March quarter investor call that coronavirus had impacted nearly all parts of its business in the short-term because very few people were walking into its stores.

Chartered accountants that Business Standard spoke to said there was a risk attached with making disclosures related to ongoing issues such as coronavirus. "It is an evolving situation," said Jayant Thakur, a Mumbai-based chartered accountant. "Investors can hold a company accountable if a disclosure is made prematurely. This could impact its stock price. Which is why there is a level of caution with these Covid

disclosures," he said.

But some analysts point to the contrary, saying that detailed Covid disclosures will not only help investors in understanding its impact on business better, but also raise corporate governance standards. In auto, for instance, Mitul Shah, vice president, research, Reliance Securities, says monthly sales dispatch numbers are simply not enough during unprecedented events such as coronavirus. "Precise details on the impact on revenue, bookings, and retail would have helped in interpreting and analysing numbers in a better way," he said. In information technology, companies such as Tata Consultancy, Infosys, Wipro, HCL Technologies, and Tech Mahindra have all said that projects are either getting cancelled or being deferred by clients due to the pandemic. Most firms expect their operating margins to be under pressure in the April-June period, with some expecting a fall in revenue.

With inputs from Ram Prasad Sahu and Debasis Mohapatra

The Hindu Business Line

No compromise

Jun 6, 2020 | Delhi | Pg No.: 9 | | Sq Cm:117 | AVE: 215827 | PR Value: 1079136

No compromise



Scene at a petrol bunk in Chennai which has been seeing over a thousand plus Covid-19 positive cases in the last few days BIJOY GHOSH

OPEC+ TO MEET TODAY ON EXTENDING CUTS

The Organization of the Petroleum Exporting Countries (Opec) and its allies led by Russia meet on Saturday to discuss extending record oil production cuts and to approve a new approach that aims to force laggards such as Iraq and Nigeria to comply better with the existing curbs.



The Hindu Business Line

US stocks surge on jobs data

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US stocks surge on jobs data

June 5

US stocks jumped and Treasuries fell after a better-than-forecast jobs report bolstered expectations for the economy to roar back from coronavirus lockdowns. The S&P 500 gains topped 2 per cent as it headed for a third weekly advance while 10-year Treasury yields rose past 0.9 per cent. Oil jumped, gold fell and the dollar held at a three-month low following data that showed unemployment fell in May and non-farm payrolls increased by 2.5 million. The tech-heavy Nasdaq 100 underperformed, signalling that investors are rotating away from the beneficiaries of the stay-at-home economy and into shares that will do well when more normal activity resumes. The S&P 500 Index climbed 2.3 per cent as of 9.50 am New York time. BLOOMBERG

Morbi takes Gujarat Gas's Q4 volume to record high

TIMES NEWS NETWORK

Ahmedabad: Buoyed by demand in the ceramic town of Morbi, Gujarat Gas saw its volumes reached 9.05 million metric standard cubic metres (mmscm) for the fourth quarter of the 2019-20 financial year. The company posted a net profit of Rs 250 crore for Q4 FY20, a rise of about 115% compared to Rs 117 crore it posted in Q4 FY19.

Though it missed the 10 mmscm mark, company officials said this was the highest gas volume achieved by a city gas distribution company in India.

"Morbi was a prominent factor for the growth witnessed by Gujarat Gas in the fourth quarter. Various other initiatives especially the CNG Sahabhagi Yojana



na announced by the chief minister, have boosted gas sales in the state," said Sanjeev Kumar, managing director of Gujarat Gas.

While gas volumes dipped during the Covid-19 lockdown period, demand has picked up after partial relaxation for industries. "Presently gas demand is up to

5.8 mmscm and we hope it will further pick up quickly from here," said Kumar.

The company on Friday announced its fourth quarterly results for FY20. Net sales stood at Rs 2,722 crore for the quarter ended on March 31, a rise of about 38.6% from the corresponding quarter the year previous.

Morbi, is a mid-sized city in the state known for its contribution in the global ceramic sector, with a total of 900 ceramic manufacturing units, which contribute significantly to the region's economy. The use of coal gas in the manufacturing of the ceramic tiles was making ambient air quality of the area very poor causing problems to the citizens of the area and regulators of the state. The National Green Tribunal in its order in

March 2019 banned the use of gasification technology in ceramic units of the Morbi-Wankaner area and ordered Gujarat Pollution Control Board to shut down all coal gasifiers of this area. As a result, all ceramic units of the area switched to the piped natural gas for which the supply and network was already available.

About 65-70% of Gujarat Gas' gas volumes is consumed by Morbi ceramic units.

The company continued its supply of natural gas to its customers, based on demand, even during the lockdown period. With restrictions being lifted gradually in many of the company's operating areas there is an increase in demand, both in industrial and CNG category.

CPCL takes a ₹1,456-crore hit as crude prices crash

Lockdown impacts business, short-term borrowings rise

SPECIAL CORRESPONDENT
CHENNAI

Chennai Petroleum Corporation Ltd. (CPCL) said it would have to take a significant inventory write-down of ₹1,456 crore due to COVID-19-related events.

In a regulatory filing, the company said that international prices of crude and products crashed on account of COVID-9 and the consequent lockdown from March 25 in India impacted its business.

Consequently, lower demand for crude oil and petroleum products impacted the prices and refining margins of the company. Due to this, the finished goods, in-

 **CPCL expects the demand for products to improve as more and more sectors open up**

termediates and raw material inventory had been valued at net realisable value/replacement costs. This resulted in a significant inventory write down of ₹1,456 crore, the company said.

CPCL, which is currently operating at 60% capacity, expects the demand for products to improve over the next few weeks as more and more sectors open up.

The lower demand and

resultant inventory build-up has led to an increase in short-term borrowings, which is expected to get normalised based on turnaround in demand situation and stabilisation of international prices of crude and products, CPCL said.

After assessing the potential impact of COVID-19 based on the current circumstances, CPCL does not expect any significant impact on the continuity of operations of the business on a long-term basis, on useful life of the assets and on financial position, though there may be lower revenue and refinery throughput in the near term.

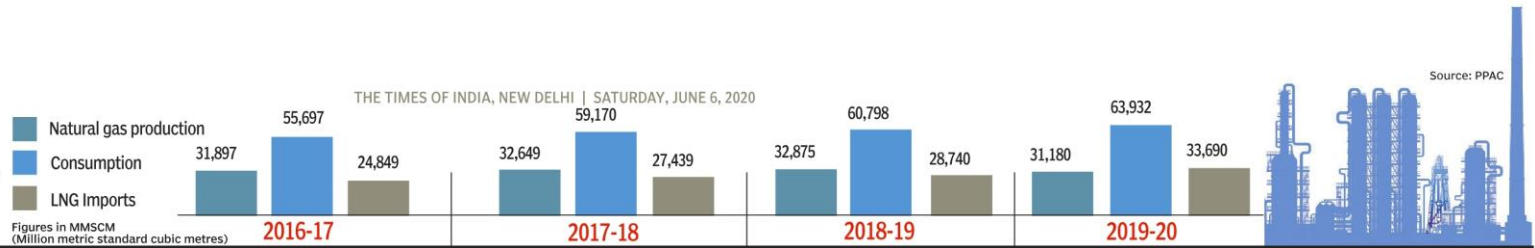


COVID CARE – IOCL GUJARAT REFINERY

IOCL Gujarat Refinery has partnered with Vadodara Municipal Corporation (VMC) in strengthening its resources for ensuring the well-being of its health workers tackling the ongoing COVID-19 pandemic by committing Rs. 150 Lakhs towards procurement of PPE Kits, Masks & contactless IR Thermometers for use in COVID Care Centres, COVID Health Centres and Dedicated COVID Hospitals in Vadodara. A Memorandum of Understanding (MoU) was signed between Sudhir Kumar, Executive Director & Refinery Head and Nalin B. Upadhyay, Commissioner, Vadodara Municipal Corporation as part of the efforts to fight the covid pandemic.

NATURAL, CLEANER, GREENER

The price of natural gas – a greener and cheaper feedstock for factories and fuel for automobiles – has fallen to a multi-year low because of warmer than average temperatures, reduced consumption and increased supplies. However, in India, while production remained unchanged, rise in consumption by over 5% in the past year is pushing imports as more regions get connected to the gas grid





Oil India Limited draws up compensation plan

GUWAHATI

Oil India Limited (OIL) has drawn up a compensation plan for the villagers affected by the blowout at one of its natural gas-producing well in Tinsukia district of Assam.

"We will be providing ₹30,000 to each affected family in immediate relief. The detailed beneficiary list with names and bank account details will be prepared by the district administration," an OIL spokesperson said.

Abu Dhabi investor to buy 1.85% in Jio Platforms

PRESS TRUST OF INDIA
NEW DELHI, 5 JUNE

Abu Dhabi-based sovereign investor Mubadala Investment Company will buy 1.85 per cent stake in Jio Platforms for Rs 9,093.6 crore, RIL said today.

With this investment, Jio Platforms has raised Rs 87,655.35 crore from leading global technology and growth investors, including Facebook, Silver Lake, Vista Equity Partners, General Atlantic, KKR and Mubadala, in less than six weeks.

The investment from Mubadala comes in Jio Platforms at an equity value of Rs 4.91 lakh crore and an enterprise value of Rs 5.16 lakh crore.

"Mubadala Investment Company (Mubadala) will invest Rs 9,093.60 crore in Jio

Platforms at an equity value of Rs 4.91 lakh crore and an enterprise value of Rs 5.16 lakh crore. Mubadala's investment will translate into a 1.85 per cent equity stake in Jio Platforms on a fully diluted basis," RIL said in a statement. RIL subsidiary Jio Platforms is a next-generation technology platform focused on providing high-quality and affordable digital services across India, with more than 388 million subscribers. The telecom services arm Reliance Jio comes under Jio Platforms.

"Through my long-standing ties with Abu Dhabi, I have personally seen the impact of Mubadala's work in diversifying and globally connecting the UAE's knowledge-based economy. We look forward to benefiting from Mubadala's experience and

insights from supporting growth journeys across the world," RIL chairman and managing director Mukesh Ambani said.

Mubadala owns electronic chip manufacturing company Global Foundries and has stake in several technology companies like AMD.

It has an investment portfolio across several fields, including petroleum, renewable energy, aerospace, satellite communications, agriculture, healthcare, metals and mining.

"We have seen how Jio has already transformed communications and connectivity in India, and as an investor and partner, we are committed to supporting India's digital growth journey," Mubadala Investment Company MD and Group CEO Khaldoon Al Mubarak said.

Crude oil prices rise as traders await Opec+ meeting on extending supply cuts

LONDON, JUNE 5

OIL prices rose on Friday after OPEC decided to move up discussions on whether to extend record production cuts to Saturday, indicating that some laggard countries may have agreed to align themselves with the deal.

Brent crude futures were up 95 cents, or 2.4 per cent, at \$40.94 a barrel as of 0920 GMT, after rising over \$1 to \$41.18.

US West Texas Intermediate (WTI) crude futures rose 64 cents, or 1.7 per cent, to \$38.05 a barrel.

Brent has risen 16 per cent since Friday to reach a three-month high, settling in a range more comfortable for producers like Russia. The contract has more than doubled since it crashed to as little as \$15.98 a barrel on April 22.

WTI is up nearly 14 per cent from Friday's close, leaving benchmarks

ducers, known as OPEC+, would be held on Saturday.

like they found a way forward," Olivier Jakob at Petromatrix consultancy

from July through December as previously agreed.



"The growing fear is that not only will a deal to extend the deep cuts not be reached, but (some) producers may even relax their current over-compliance. This would ultimately see output rise in coming weeks," ANZ Research said in a note.

Adding support was the first tropical storm of the season in the US Gulf of Mexico. Storm Cristobal is expected to enter the central Gulf this week, an area rich with offshore platforms, and could see landfall along Louisiana's refinery row on Sunday.

US energy companies have already closed some production. "It's not big but there will be some shut-ins," Jakob said.—Agencies

on track for a sixth week of gains, lifted by the output cuts and signs of improving fuel demand as countries ease lockdown measures imposed to prevent the spread of the new coronavirus.

Russia's energy ministry said on Friday a video conference of a group of leading oil pro-

OPEC and its allies had said they would bring forward the meeting, which had been scheduled for next week, should Iraq and others agree to boost their adherence to existing supply cuts.

"Prices are up with the meeting scheduled for tomorrow. There was lots of confusion... so it looks

said. Saudi Arabia and Russia, two of the world's biggest oil producers, want to extend output cuts of 9.7 million barrels per day (bpd) into July.

If OPEC+ fails to agree to roll over the current output curbs, that would mean the cut could drop back to 7.7 million bpd