ONGC News as on 12 April 2024 (Print)

Publication : The Hindu Business Line	Editions : New Delhi
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Maharashtra Seamless bags ₹674-crore order from ONGC

Bengaluru: Maharashtra Seamless Ltd has received work order from ONGC for supply of casing pipes. The contract is valued at ₹674 crore and is to be executed in 44 weeks, according to the stock exchange filing. Maharashtra Seamless stock closed at ₹902 on the NSE, up 0.18 per cent on Wednesday. Meanwhile, ONGC stock rose 1.17 per cent to close at ₹272.10. OUR BUREAU

Publication : Financial Express	Editions : New Delhi
Date :12 April 2024	Page : 6

Oil trouble

Supply-demand imbalance and heightened geopolitical tensions trigger elevated prices

OIL PRICES ARE hovering around $90 a barrel due to simmering geopolitical tensions in the Middle East following the assassination of Iran's two generals and five military advisors in Damascus. Markets have remained on the edge as Iran has vowed revenge and has even asked the US to "step aside" as it readies its response to Israel, which carried out that deadly air strike in Syria. The uptick in Brent crude spot prices is also due to diminishing prospects of a ceasefire in the ongoing war between Israel and Hamas forces since last October. The oil rally marks a departure from the last six months when prices did not flare up despite the conflict. Although in the initial weeks, Brent crude spot prices remained elevated at $90-plus a barrel, they settled down to lower levels of $77.6 a barrel in December 2023. The attacks on shipping in the Red Sea by Yemeni Houthi forces contributed to some upward pressure as oil prices edged up to $85.4 a barrel in March. But they were range-bound as the assumption was that conflict will not engulf the Middle East that accounts for a major proportion of the world's oil production.

Besides heightened geopolitical risks, an equally important factor behind higher oil prices is the imbalance between supply and demand. The Saudi Arabia-led OPEC+ alliance is constraining supply when the global demand for oil is growing. Last month, several members of OPEC+ agreed to extend additional voluntary cuts of 2.2 million barrels per day (bpd) till end-June 2024 to prop up prices. The oil cartel and its allies reaffirmed this decision at their joint ministerial monitoring committee meeting on April 3. Oil prices flared up with the prospect of tighter supply.

Leading hedge funds believe that the cartel has regained control over the market. OPEC+ has been reducing output since November 2022, which has taken 5.3 million bpd or 5.2% of global supply out of the market. Constrained production at a time global consumption is expected to grow is a recipe for higher Brent spot prices of $90 a barrel and $91.4 a barrel in the April-June and July-September quarters this year according to the US Energy Information Administration.

The outlook on prices could be much worse if Iran targets Israel and US assets. Besides a military response, the US could impose further sanctions on Iran, including curbs on its sale of oil. Iran is the third largest OPEC producer generating 3.23 million bpd in January-March 2024 or 3.2% of global crude supplies. It is true that past sanctions during November 2011 to October 2012 and ongoing ones since July 2018 led to only small declines in global oil supplies by 0.9% and 1.2% respectively, resulting in limited price spikes. But the current situation portends a more dismal scenario if Iran retaliates by blockading the Strait of Hormuz — located between Oman and Iran and connecting the Persian Gulf with the Gulf of Oman and the Arabian Sea — through which a fifth of global oil supplies pass daily. Oil prices then would sky-rocket and bring the world economy to its knees. International diplomacy must therefore prevail to contain a wider spread of the Israel-Hamas conflict to the Middle East. The prospect of higher oil prices is definitely not good news for India that imports the bulk of its energy requirements.

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Day trading guide

22812 » Nifty 50 Futures

S1	S2	R1	R2	COMMENT
22750	22650	22900	23000	Buy if it breaks out of 22850; place stop-loss at 22780.

₹1535 » HDFC Bank

S1	S2	R1	R2	COMMENT
1525	1500	1550	1580	Buy when the price dips to 1525; place stop-loss at 1500.

₹1506 » Infosys

S1	S2	R1	R2	COMMENT
1490	1470	1510	1530	Go long if it breaks out of 1510; place stop-loss at 1490.

₹436 » ITC

S1	S2	R1	R2	COMMENT
430	420	445	450	Buy now and on a dip to 425; keep a stop-loss at 418.

₹271 » ONGC

S1	S2	R1	R2	COMMENT
270	266	275	280	Stock in a sideways crawl; refrain from fresh trades.

₹2958 » Reliance Ind.

S1	S2	R1	R2	COMMENT
2950	2900	2980	3000	Trend unclear. Stay away from initiating new positions.

₹779 » SBI

S1	S2	R1	R2	COMMENT
775	765	790	800	Appears positive. Buy the stock with a stop-loss at 770.

₹3982 » TCS

S1	S2	R1	R2	COMMENT
3925	3900	4030	4100	Initiate longs on a breakout of 4030; stop-loss at 3970.

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

Publication : The Economic Times	Editions : New Delhi
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AS NCLT LIFTS STAY ON PROCEEDINGS

KSK Mahanadi Likely to Undergo Fresh Bidding

Shilpa.Samant
@timesgroup.com

New Delhi: The debt-ridden KSK Mahanadi project may soon undergo a fresh round of bidding as the National Company Law Tribunal (NCLT) has vacated a stay on the resolution plan proceedings and allowed issuance of fresh expression of interest.

The move will give a chance for a better valuation for the 1,800-MW project, which saw interest from the likes of Adani Power, Jindal Power and Vedanta Ltd in the first round of auctions, people close to the development said. The NCLT had stayed the sale process for the project in June 2022 following a plea to consolidate the resolution of KSK Mahanadi and two of its ancillary companies, which are also under resolution process. The tribunal removed the stay on April 5. The concern in the matter was to consolidate resolution of associated projects — KSK Mahanadi Water, which operates a water pipeline to the power plant, and raw material—carrying Raigarh Champa Rail. After a delay, lenders recently agreed for KSK Mahanadi project to go standalone under the insolvency proceedings and moved a petition in the NCLT to remove the stay, said one of the persons, who did not wish to be identified.

"Now, the committee of creditors has decided for fresh bidding, so the project can go standalone," the person said.

Publication : The Economic Times	Editions : New Delhi
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Day Trading Guide | Axis Securities

V SAHU

The benchmark index is in a strong uptrend across all the time frames, forming a series of higher tops and bottoms. It has also registered a new all-time high at 22,775 levels, representing bullish sentiments. We expect this momentum to gear up towards 23,000-23,300 levels in the upcoming weeks. Hence, we recommend traders adopt buy on dips strategy. On the other hand, the crucial support zones are placed around 22,500-22,300 levels. The benchmark index is also well placed above its 20, 50, 100 and 200-day SMA, and these averages are also inching up along with the price rise, indicating positive bias. The daily and weekly strength indicator RSI is in positive terrain, which signals rising strength.

Tech Picks

RAJESH PALVIYA
SVP – Technical & Derivative Research

FEDERAL BANK — BUY, TARGET ₹178

Daily "rounding bottom" breakout at 158 levels, with huge volumes. Daily, weekly RSI in positive terrain.

LAST CLOSE ₹**159** STOP LOSS ₹**153**

NIPPON LIFE ASSET MANAGEMENT — BUY, TARGET ₹630

Daily "multiple resistance" breakout at 540 along with huge volumes, above 20, 50, 100 SMAs.

LAST CLOSE ₹**551** STOP LOSS ₹**525**

AARTIIND — BUY, TARGET ₹850

Daily "rounding bottom" breakout at 713 levels with huge volumes. Daily, weekly RSI in positive terrain.

LAST CLOSE ₹**736** STOP LOSS ₹**700**

F&O Strategy

VEDANTA FUTURE (25 APR EXPIRY) — BUY, TARGET ₹385

On the derivative front, stock has observed a Long Build since the start of the current expiry session.

LAST CLOSE ₹**361.50** STOP LOSS ₹**350**

IDFCFIRST FUTURE (25 APR EXPIRY) — BUY, TARGET ₹90

On the derivative front, stock has seen addition in OI at 6 % with price jump of 7% indicating long build-up.

LAST CLOSE ₹**84** STOP LOSS ₹**81.5**

Commodity Calls

MCX GOLD — BUY, TARGET ₹71,400

Technical indicators are above 20 and 60 EMA, and RSI is above 70 level. Buy on dips recommended.

LAST CLOSE ₹**71,000** STOP LOSS ₹**70,700**

MCX ZINC — BUY, TARGET ₹242

Weekly breakout above 236 level, a bullish sign. Buy on dips as long as 232 is intact on downside.

LAST CLOSE ₹**236** STOP LOSS ₹**232**

Publication : Business Standard | Editions : New Delhi
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Oil's slick grip threatens corporate margins

Corporate margins and profits in India remain vulnerable to changes in crude oil prices in the international market. Historical quarterly data from listed companies (excluding banks, finance and insurance, oil and gas, and power sectors) indicate an adverse correlation between corporate margins and crude oil prices.

An increase in companies' core operating margins was observed in 2020-21 (FY21) following a sharp decline in crude oil prices in the first half of calendar year 2020 after the outbreak of the pandemic.

For instance, operating margins reached a record high of 20.3 per cent of net sales in the October-December quarter of FY21 as oil prices dropped to a record low of $33.7 in the April-June quarter (Q1) of FY21 from $66.4 a year ago. However, margin gains for companies were reversed in 2021-22 (FY22) and the early part of 2022-23 (FY23) as Brent crude oil surged to a record high of $113.8 per barrel in Q1FY23. This rally was fuelled by post-pandemic economic recovery worldwide and supply-chain disruptions caused by the Russia-Ukraine conflict. Elevated energy prices led to increased operating costs for Indian companies, resulting in a decline in corporate margins to 15.5 per cent of net sales in the July-September quarter of FY22 quarter from 19.6 per cent a year ago. This cycle reversed again in FY23 as crude oil prices declined, boosting corporate margins.

CRUDE OIL VERSUS CORPORATE MARGINS

Sources: Bloomberg, Capitaline

This cycle is once again swinging, with Brent crude oil up nearly 18 per cent since the end of December 2023.

As in the past, the rise in crude oil prices has been accompanied by an increase in industrial commodity prices as well. For instance, the London Metal Exchange, which tracks prices of industrial metals like copper, aluminium, zinc, and lead, is up 10 per cent year-to-date. This is likely to result in higher manufacturing costs for Indian companies, with a lag of four to six months.

"In the past two/three quarters, gains in corporate profits largely resulted from a decline in energy and commodity prices, while revenue growth was in low single digits. These gains are likely to reverse in forthcoming quarters if the recent rally in crude and commodity prices sustains," says Dhananjay Sinha, co-head of equities and head of research at Systematix Group.

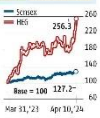
Here are the 12 companies from the BSE 500 universe that could experience significant impact from a rise in crude oil prices. The analysis excludes oil and gas, power producers, and gems and jewellery companies.

KRISHNA KANT & RAM PRASAD SAHU

HEG

RM/NS (%)			P&F/NS (%)			Core OPM (%)		
FY22	FY23	9MFY24	FY22	FY23	9MFY24	FY22	FY23	9MFY24
42.7	53.2	46.5	12.4	13.0	12.8	18.9	9.0	18.4

- Graphite electrode manufacturer HEG's operating profit margin (OPM) and profitability also show high sensitivity to changes in crude oil prices
- HEG's core OPM halved between 2020-21 (FY21) and 2022-23 (FY23) as the average price of Brent crude oil more than doubled in the period from $45.5 to $95.3
- The company's margin has again expanded in the first nine months of 2023-24 (9MFY24) as crude oil prices cooled down
- Changes in crude oil prices affect HEG's margins through raw material and power and fuel costs
- For example, HEG's raw material cost as a proportion of net sales increased to 53.2 per cent in FY23 from 40.2 per cent in FY21. The ratio again declined in 9MFY24 as crude oil prices moderated



MRF

RM/NS (%)			P&F/NS (%)			Core OPM (%)		
FY22	FY23	9MFY24	FY22	FY23	9MFY24	FY22	FY23	9MFY24
69.6	68.6	59.7	4.8	4.9	-	6.2	8.9	17.8

- With the share of raw material to net sales rising by 13 percentage points over 2020-21 through 2022-23, the operating profit margin more than halved in this period before recovering sharply in the nine months of 2023-24. Rising crude oil and natural rubber prices, however, are likely to aggravate the situation going ahead
- Domestic demand trends for some replacement segments over the past three quarters are lower than expected which, coupled with sluggish average selling prices due to the pass-through of lower raw material costs, have weighed on revenue growth
- The company's competitive positioning has weakened over the past few years, evident in the dilution of pricing power in the passenger and truck/bus radial segments

EXIDE INDUSTRIES

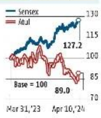
RM/NS (%)			P&F/NS (%)			Core OPM (%)		
FY22	FY23	9MFY24	FY22	FY23	9MFY24	FY22	FY23	9MFY24
70.0	70.7	68.6	3.3	3.6	-	8.9	8.5	10.9

- Lead-acid storage battery maker Exide Industries' operating profit margin (OPM) and profits also show high sensitivity to the changes in crude oil prices
- Changes in crude oil prices largely affect Exide's raw material costs — its biggest operating expenses besides the power and fuel costs
- The firm's raw material cost as a proportion of net sales increased to 70.7 per cent of net sales in 2022-23 (FY23) from 64.6 per cent in 2020-21 (FY21). Crude prices more than doubled in this period. The firm also reported a rise in power and fuel and freight costs in the period
- Exide's core OPM declined to 8.5 per cent of net sales in FY23 from 13.2 per cent of net sales in FY21 as operating expenses grew faster than revenue
- In contrast, Exide's operating expenses declined, and its OPM improved in nine months of 2023-24, thanks to gains from moderation in crude oil prices

ATUL

RM/NS (%)			P&F/NS (%)			Core OPM (%)		
FY22	FY23	9MFY24	FY22	FY23	9MFY24	FY22	FY23	9MFY24
55.0	52.1	54.1	10.0	11.9	11.3	13.9	14.9	13.9

- The majority of raw materials of Atul are derivatives of crude oil, and therefore, the prices of its raw materials vary with the fluctuation in international crude oil prices
- Atul's raw material to sales has consistently risen since 2020-21 and is up 700 basis points (bps) since then to nine months of 2023-24
- The rise in all key cost heads has led to a 900-bp fall in operating profit margin over this period
- After a muted show in the October-December quarter, Anand Rathi Research is cautious regarding the company's short-term performance, considering larger channel stocks globally of crop protection products
- While other segments could see a pickup on demand revival, the firm is focusing on retail, backward integration, product launches, which would support growth in coming years, the brokerage says



BALKRISHNA INDUSTRIES

RM/NS (%)			P&F/NS (%)			Core OPM (%)		
FY22	FY23	9MFY24	FY22	FY23	9MFY24	FY22	FY23	9MFY24
48.6	50.3	48.4	3.4	3.6	-	21.1	17.5	23.5

- About 72 per cent of all costs for a tyre company are accounted for by raw materials. Within this, crude oil derivatives account for 55 per cent of costs
- For Balkrishna Industries, raw material cost as a proportion of sales was at 50 per cent and came down by about 200 basis points for nine months of 2023-24 (9MFY24)
- In addition to rising crude oil prices, higher natural rubber prices too will weigh on margins for the tyre exporter
- Core operating profit margin has dropped by 11 percentage points over 2020-21 through 2022-23 before recovering in 9MFY24
- The uptick in freight cost due to the Red Sea crisis remains an incremental headwind for the company as 48 per cent of volumes are derived from the European Union, says Kotak Securities

INDIA CEMENTS

P&F/NS (%)			Freight&Transport/NS (%)			Core OPM (%)		
FY22	FY23	9MFY24	FY22	FY23	9MFY24	FY22	FY23	9MFY24
31.8	43.2	35.4	26.0	24.2	19.7	9.4	-3.4	1.6

ULTRATECH CEMENT

FY22	FY23	9MFY24	FY22	FY23	9MFY24	FY22	FY23	9MFY24
23.1	29.2	26.6	22.3	22.2	22.2	21.2	16.0	17.5

AMBUJA CEMENTS

FY22	FY23	9MFY24	FY22	FY23	9MFY24	FY22	FY23	9MFY24
23.4	30.2	25.1	24.6	24.5	26.2	19.7	12.0	19.4

SHREE CEMENT

FY22	FY23	9MFY24	FY22	FY23	9MFY24	FY22	FY23	9MFY24
24.1	34.1	30.7	22.0	21.2	20.3	23.5	16.2	20.5

- The numbers suggest that **cement makers** are among the most vulnerable to a rise in crude oil prices
- Analysts attribute this to the high usage of petroleum coke — a by-product of crude oil refining — in cement production in India, besides the high cost of transporting cement from factories to consumption centres
- In the past, a rise in crude oil prices has translated into higher power and fuel costs as well as transport and distribution expenses — two of the biggest operating expenses for cement makers
- This results in a decline in core operating profit margin (OPM) for cement producers leading to lower net profit
- Among the top listed cement makers, South-based India Cements seems to be the most vulnerable to higher crude oil prices, followed by Shree Cement, UltraTech, and Ambuja Cements
- India Cements' core OPM turned negative in 2022-23 (FY23) from 19.2 per cent of net sales in 2020-21 as crude oil prices surged from $45.5 per barrel on average to $95.3 in FY23
- In the same period, UltraTech's OPM was down to 16 per cent from 26.3 per cent, while Ambuja and Shree Cement also reported a decline in margins in the period
- Cement makers reported margin expansion in the first nine months of 2023-24 as crude oil prices were down 17 per cent
- The recent rise in crude oil price is expected to again put pressure on cement companies' margins

KAJARIA CERAMICS

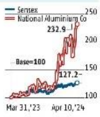
RM/NS (%)			P&F/NS (%)			Core OPM (%)		
FY22	FY23	9MFY24	FY22	FY23	9MFY24	FY22	FY23	9MFY24
39.8	39.2	41.9	20.5	24.1	19.6	16.5	11.2	15.8

- Power and fuel costs have jumped 10 percentage points as a proportion of sales for the country's largest listed tile maker
- Given the direct correlation between gas prices and the profitability of Kajaria Ceramics, margins have dropped by half for the company between 2020-21 and 2022-23 amid sluggish demand
- While lower gas prices in third quarter (as also fourth quarter) were positive, the issue for the company is weak demand which forces it to pass on some of the cost savings as discounts to boost volumes. Any sharp rise in gas costs remains a key worry
- Strong demand from real estate and the government's infrastructure push, steady exports from the Morbi cluster, the company's distribution push, and brand pull are expected to keep volumes strong

NATIONAL ALUMINIUM COMPANY

RM/NS (%)			P&F/NS (%)			Core OPM (%)		
FY22	FY23	9MFY24	FY22	FY23	9MFY24	FY22	FY23	9MFY24
13.9	22.3	20.3	24.1	33.2	29.4	31.2	16.3	17.9

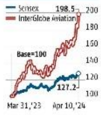
- The government-owned primary aluminium producer National Aluminium Company (Nalco) is also likely to be impacted by a rise in crude oil price
- In the past, a rise in crude oil price has resulted in higher raw material and power and fuel costs for Nalco leading to lower operating profit margin (OPM) and profits
- Petroleum coke is a key ingredient in the production of aluminium, and its prices are directly linked to the price of crude oil
- Nalco's raw material costs as a proportion of net sales increased to 22.3 per cent in 2022-23 (FY23) from 14.7 per cent as crude oil prices surged in the period. Similarly, its power and fuel costs increased to 33.2 per cent of net sales in FY23 from 29.8 per cent in 2020-21 (FY21)
- As a result, Nalco's core OPM declined to 16.3 per cent of net sales in FY23 from 31.2 per cent in FY21



INTERGLOBE AVIATION

RM/NS (%)			P&F/NS (%)			Core OPM (%)		
FY22	FY23	9MFY24	FY22	FY23	9MFY24	FY22	FY23	9MFY24
0.5	0.5	0.5	37.4	43.4	35.1	7.2	12.0	24.1

- Aviation turbine fuel (ATF), a crude oil derivative, is by far the biggest cost head for aviation companies. It accounted for 40 per cent of InterGlobe's (operator of IndiGo airline) costs and 35 per cent of its sales for the October-December quarter
- Power/fuel costs were at 43 per cent of sales in 2022-23 (FY23) and are up 17 percentage points over 2020-21. It is at 35 per cent for nine months of 2023-24 (9MFY24)
- Despite higher fuel costs, operating profit margins have doubled in 9MFY24 over FY23 as a sharp recovery in demand led by a resumption in corporate activity and revenge travel and better operating leverage improved operational performance
- Revenue was up 30 per cent Y-o-Y in Q3, while costs were up 22 per cent on the back of higher yields and occupancies, while lower ATF prices helped keep overall costs in check



RM: Raw material; P&F: Power and fuel; NS: Net sales; LTP: Loss-to-profit; PTL: Profit-to-loss; OPM: Operating profit margin

Source: Capitaline; Compiled by BS Research Bureau

Publication : Business Standard	Editions : New Delhi
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Citroën 1st multinational to export EVs from India

A shipment of 500 units of the 'Made-in-India' Citroën ë-C3 at Kamarajar Port near Chennai

SHINE JACOB
Chennai, 11 April

French carmaker Citroën became the first multinational car manufacturer in India to export domestically made electric vehicles to the international market. The company on Thursday announced the commencement of exports of locally manufactured ë-C3.

Initial shipment of 500 units of the Made-in-India Citroën ë-C3 to Indonesia was ceremonially flagged from Kamarajar Port on Thursday.

The move aligned with Citroën's global ambitions of democratising electric mobility to increase the adoption of sustainable and clean modes of transportation.

Aditya Jairaj, chief executive officer and managing director of Stellantis India, said the country is not only a strategic market but also a major sourcing hub for vehicles, components, and mobility technologies within the Stellantis group. "Commencing the export of the versatile 'Made-In-India Citroën ë-C3' electric vehicle to international customers is a proud validation of our engineering and development capabilities. We remain committed to growing in India and promoting sustainable mobility while showcasing India's manufacturing prowess on a global stage," Jairaj said.

Lise Talbot Barré, consul general of France in Pondicherry and Chennai said, "This Made-in-India Citroën ë-C3 symbolises the strength of the Indian-French industrial cooperation and our mutual commitment towards achieving cleaner mobility at the global scale.

Indeed, the Citroën e-C3's journey materialises the core ambition of the strategic partnership between our two countries, as it was already highlighted in July by the French Minister for Ecological Transition, when he came to Chennai for the G20. I am glad to observe that this car seems to be a success on the Indian market, with already a few thousand of it sold in the last year."

"Collaborating to deliver cleaner mobility solutions at affordable prices is an important aspect of the Indo-French contribution to the advent of an open, inclusive and sustainably developed Indo-Pacific region. This commitment is highlighted in the Indo-French roadmap for the Indo-Pacific signed last year between our governments," Barré said.

The ë-C3, crafted with modern design and innovation, offers a 320 km range certified by ARAI MIDC, along with 100 per cent DC Fast Charge and 15 AMP Home Charging options for convenience. It is available in 13 exterior colour combinations and 47 customisation options.

Citroën's export of the ë-C3 from India not only showcases the company's manufacturing and engineering prowess but also contributes significantly to India's goal of a sustainable and globally competitive EV manufacturing ecosystem. This initiative aligns perfectly with Citroën's global ambitions of promoting clean, safe and affordable mobility worldwide, it said.

In addition to the ë-C3, Citroën also began exporting the C3 to ASEAN and African markets last year.

Publication : Financial Express	Editions : New Delhi
Date :12 April 2024	Page : 4

TATA EV ARM, SHELL INDIA PARTNER FOR CHARGING INFRA

TATA PASSENGER ELECTRIC Mobility has tied up with Shell India for public charging stations. The collaboration will leverage Shell's widespread fuel station network and Tata's insights from over 140,000 Tata EVs on Indian roads.

Publication : Mint	Editions : New Delhi
Date :12 April 2024	Page : 9

Essar Power's green arm gets new CEO

Essar Power on Thursday announced the appointment of Ankur Kumar as the chief executive officer of its renewables business divison.

Kumar will play a key role in advancing Essar's commitment to transitioning into green energy and establishing a robust renewable ecosystem in India, a company statement said.

With over 24 years of experience in renewable energy and public infrastructure sectors, Kumar brings a wealth of knowledge and expertise to his new role, the statement said.

Previously serving as the CEO at ACME Solar Holdings Pvt. Ltd, Ankur spearheaded the strategic expansion of the company into green hydrogen and ammonia businesses, while also enhancing their geographical footprint.

Essar Power has a power generating capacity of 1285 megawatt (MW) across three plants, in India and Canada. PTI

Publication : The Economic Times	Editions : New Delhi
Date :12 April 2024	Page : 13

‘With demand changing, peak oil can happen soon – some Indian steel and cement companies are leading the field in reducing emissions’

Jim Skea is Chair of the Intergovernmental Panel on Climate Change (IPCC).
Speaking to **Srijana Mitra Das**, he discusses key elements of the energy transition needed to combat global warming:

Q. What is the core of your research?

A. My research has been on the energy sector, technical innovations and means of reducing emissions. Of course, as chair of the IPCC, I don't get time for this currently.

ET evoke

Q. What are the most important changes in energy use and supply we now need in order to keep to the Paris Agreement's goals?

A. Certain key things were identified in the last IPCC Report — the first point was moving towards low-carbon energy supply, especially in the electricity sector by adopting renewable energy and, for countries that choose it, nuclear power. There are also advantages in moving from coal to gas because natural gas is less carbon-intensive. The second is energy efficiency in transport, building and industry — some Indian companies in sectors like steel and cement are actually leading the field in reducing emissions. The third is, if electricity becomes less carbon-intensive, greater electrification makes sense — electric vehicles (EVs) become key, including electric three-wheelers in India.

Q. What is sustainable transport?

A. There are several elements to this — I mentioned moving to EVs but there is also ensuring greater public transport, so people don't necessarily have to use private vehicles. This also includes the use of active travel, like cycling and walking, which may be harder in hot climates. On EVs, there is a big public sector role for ensuring a charging infrastructure and manufacturers having the right kinds of vehicles available for consumers at reasonable prices.

Q. Which countries are promoting innovation for the energy transition?

A. The IPCC doesn't single out individual countries but key elements here include the need to make progress in renewable energy processes and their efficiency. Also, a lot of work is needed on carbon capture and storage (CCS) and cross-cutting innovations across digital technologies, artificial intelligence, etc.

Q. What is the importance of strong innovation metrics here?

A. We must be able to accurately measure the progress we're making — this means measuring the inputs to innovation, research and development, the expenditure and number of people engaged, the outputs, patents, publications and finally, the outcomes and take-up of technologies in the marketplace — for example, the amount of photovoltaic electricity produced is an outcome. Understanding the relationships between these inputs, outputs and outcomes is critical.

Q. Alongside strides in renewables, we're also seeing ever-increasing exploration and supply of fossil fuels. How do you analyse this paradox?

A. In IPCC, we've never gone as far as the International Energy Agency, saying there should be no more exploration — but we have pointed out that the emissions associated even with the existing fossil fuel infrastructure will exceed the carbon budgets available to limit warming upto 1.5 to two degrees. If we want to achieve this, we cannot use all the fossil fuels we have already, never mind adding new reserves.

Q. Should fossil fuel subsidies stop?

A. It's one of the most beneficial ways — subsidies for fossil fuels still exceed, for instance, the public expenditure in renewable energy innovation. Withdrawing them could be one of the most cost-effective ways forward.

Q. Will fossil fuels eventually become a declining sector – and can their workers transfer to renewables?

A. We can already see the prospect of oil demand peaking and plateauing — this could be associated with the growing use of electricity for transport. Peak oil might happen quite soon, not because of supply but demand. The ability of workers to transition to renewables is very context-specific — I'm from Scotland where there is a strong possibility of transferring people from oil and gas into offshore renewables. It may be harder to do this in coal mining which has very specific skills. This will need examination case by case — for many regions worldwide, the importance of economic diversification is very great now.

Q. This week, the UN climate chief has asked the World Bank to take a 'quantum leap' in climate financing – would you comment on this?

A. In our last Report, we identified huge gaps in finance flows between where we are and where we need to be to align ourselves with the Paris Agreement's goals. We need to scale up the financial flows for reducing emissions from current levels by a factor of three to six. That's just one area — the gaps are even larger on adaptation to the kind of climate change we inevitably face. This is where the World Bank, the Asian Development Bank and similar multilateral organisations have a much bigger role to play. There needs to be more emphasis on adaptation there because it's harder to raise funds from the private sector for this as compared to reducing emissions where there is a price on carbon and climate investors have something they can take to the bank.

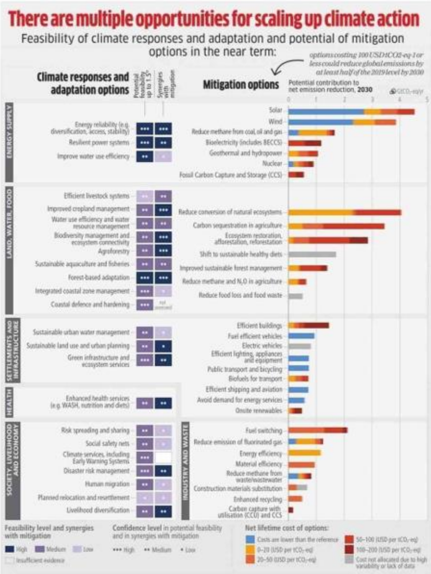
Q. Should such financing be loans or aid?

A. We don't take policy-prescriptive approaches — but we have found grants, as opposed to loans, can be particularly cost-effective in initiating action.

Views expressed are personal

> The IPCC finds huge gaps in climate finance flows – grants, as opposed to loans from the World Bank, ADB, etc., can really help initiate action

> Removing subsidies for fossil fuels is one of the most beneficial ways to encourage climate action – these still exceed, for instance, the public expenditure in renewable energy innovation. Withdrawing them could be a cost-effective way forward



Data Courtesy: IPCC, 2023: Climate Change 2023: Synthesis Report. Contribution of Working Groups I, II and III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [Core Writing Team, H. Lee and J. Romero (eds.)]. IPCC, Geneva, Switzerland. https://www.ipcc.ch/report/ar6/syr/

On the Brink of Breakthroughs: Earth has never experienced the kind of climate crisis as caused by the Anthropocene – however, just as humans heated the planet, they have also created numerous strategies to reduce global warming, as chronicled by the IPCC

Publication : The Economic Times	Editions : New Delhi
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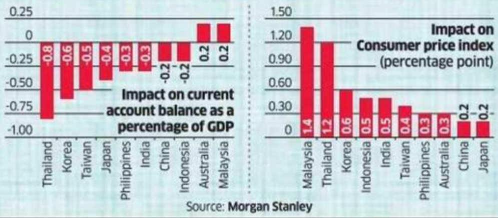
Oil's Rise Complicates Global War on Inflation

Oil's on the boil, and India's finances wouldn't look that pretty if fuel-stoked inflation rearers its ugly head. A Morgan Stanley study showed if global crude oil prices rise to $110-120 a barrel in the next 3-4 months due to supply or geopolitical concerns, India's inflation fight could stretch. A $10 increase per barrel could impact consumer prices by 0.2 to 1.4 percentage points on the consumer price gauge across Asian economies. India is somewhere in the middle of the pack, with the CPI rising up to 0.5 percentage points for each $10 a barrel increase in oil prices.

Any rise in inflation could derail rate easing plans of central banks, including those of the RBI. Also with many Asian economies being net importers of crude, there will be an impact on the current account deficit as well. Ten of the 12 economies in the region are net oil importers and would be affected, but the likes of Thailand, Korea, the Philippines, and India, which have higher CPI sensitivity to oil price increases and run wider oil deficits, would be more exposed, Morgan Stanley said.

– Gayatri Nayak

How Sensitive are Asian Economies to a $10 rise in Oil Prices



Source: Morgan Stanley

PRAVIN G

Publication : The Economic Times	Editions : New Delhi
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Russian Missiles Destroy Major Kyiv Power Plant, Damage Other Facilities

Kyiv: Russian missiles and drones destroyed a large electricity plant near Kyiv and hit power facilities in several regions of Ukraine on Thursday, officials said, ramping up pressure on the embattled energy system as Kyiv runs low on air defences.

The major attack more than two years since Russia's full-scale invasion completely destroyed the Trypilska coal-powered thermal power plant near the capital, a senior official at the company that runs the facility told Reuters.

Unconfirmed footage shared on social media showed a fire raging at the large Soviet-era facility and black smoke belching from it.

"We need air defence and other defence support, not eye-closing and long discussions," President Volodymyr Zelenskyy said on Telegram, condemning the attacks as "terror".

REUTERS

Smoke and fire rise from the site of a missile strike at the Trypilska power station in Kyiv region

The Russian defence ministry said it hit fuel and energy facilities in Ukraine in what it described as a massive retaliatory strike using drones and high-precision, long-range weapons from air and sea.

The strikes were a response to Ukrainian drone attacks on Russia's oil, gas and energy facilities, it said.

Kyiv's appeals for urgent air defence supplies from the West have grown increasingly desperate since Russia renewed its long-range aerial assaults on the Ukrainian energy system last month.

The attacks, which hammered power plants, have caused fears about the resilience of an energy system that was hobbled by a Russian air campaign in the war's first winter. Ukraine's air force commander said air defences took down 18 of the incoming missiles and 39 drones. —**Reuters**

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Oil extends gains on West Asia tension escalation

Reuters
SINGAPORE

Oil prices extended gains on Thursday, after rising a dollar a barrel in the prior session, as investors braced for a worsening of the West Asia crisis, potentially involving Iran, the third-largest oil producer in OPEC.

Brent crude futures advanced by 30 cents to $90.78 a barrel by 0325 GMT. The contract rose more than 1% in the prior session after three sons of a Hamas leader were killed in an Israeli airstrike in Gaza, feeding worries the ceasefire talks might stall.

"Market participants are pricing for risks of supply disruptions if tensions were to drag for longer," said Yeap Jun Rong of IG.

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Greenbase Industrial plans ₹800-cr fresh investment at Oragadam near Chennai

G Balachandar
Chennai

Greenbase Industrial & Logistics Parks, a joint venture between Niranjan Hiranandani-led Hiranandani Group and US-based private equity major Blackstone Group, has chalked out a fresh investment of about ₹800 crore at Oragadam near Chennai to create space for manufacturing companies.

The proposed investment will be made for developing 100 acres contiguous to their existing industrial park, which shall create an additional 2 million sq ft of fully built-up industrial space to be leased out to various industries. This is expected to generate more job opportunities.

"We have already leased out the entire space created in the first phase and this significant achievement has opened new opportunities for the company to expand the footprint in the Chennai market with an enhanced investment," Hemant Prabhu, Chief Operating Officer, Greenbase Industrial & Logistics Parks, told *businessline*.

JOINING HANDS. Hemant Prabhu (right), COO, Greenbase Industrial & Logistics Parks, and S Raghuraman, Vice-President - Operations & BD (South), Hiranandani Group

Greenbase has already developed about 2.2 million sq ft of space on a 136-acre area at Oragadam. It has made an investment of about ₹1,200 crore in developing the space, which has successfully been leased out to various industries.

CLIENT BASE

"We started our operations with wind turbine company Vestas as our first and anchor client in 2020 and a few other companies in the wind power sector also came. However, we have diversified the client base to automotive, electronics, heavy engineering and garments, among others. Some of the names include Jost, Sanmina, Micronics, TDConnex etc, he said

Sri Lanka-based garment maker's facility inside the Greenbase park employs more women. "About 90 per cent of the staff in the unit will be women," he added.

While Greenbase Oragadam expects to attract new players in the upcoming expansion, its existing customers are also expanding and may need more space in future.

While Vestas has large operations at the Greenbase Oragadam facility, Zurich-based Gurit, a global component maker for the wind power industry, has set up large operations next to Vestas.

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EU opts for blocking Russian LNG

Brussels: The European Union has avoided sanctions on Russian gas, opting for a policy that allows governments to block Russian liquified natural gas imports. So far, no major importer has indicated they will use it. Russian LNG deliveries to Europe have increased to 22 bcm last year, up from around 16 bcm. REUTERS

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OPEC sees robust summer oil demand, economic upside potential

Reuters
London

The Organization of the Petroleum Exporting Countries predicted robust fuel use in the summer months on Thursday and stuck to its forecast for relatively strong growth in global oil demand in 2024, highlighting an unusually large gap between predictions of oil demand strength. OPEC, in a monthly report, said world oil demand will rise by 2.25 million barrels per day (bpd) in 2024 and by 1.85 million bpd in 2025.

SCORCHING PACE. OPEC said world oil demand will rise by 2.25 million bpd in 2024 and by 1.85 million bpd in 2025 REUTERS

GROWTH POTENTIAL

Both forecasts were unchanged from last month. A boost to economic growth could give extra tailwind to oil prices, which have rallied above $90 a barrel this year on tighter supply and war in the Middle East. OPEC and its allies, known as OPEC+, last week agreed to keep oil output cuts in place until the end of June. "Despite some downside risks, the continuation of the momentum seen in the beginning of the year could result in further upside potential for global economic growth in 2024," OPEC said in the report.

Looking ahead to the summer, when fuel demand rises seasonally as people travel more, OPEC said global jet/kerosene fuel demand will rise by 600,000 bpd year on year in the second quarter, gasoline by 400,000 bpd and diesel by 200,000 bpd. "The robust oil demand outlook for the summer months warrants careful market monitoring, amid ongoing uncertainties, to ensure a sound and sustainable market balance," the report said.

However, there is a wider than usual split between forecasters on the strength of oil demand growth in 2024, partly due to differences over the pace of the world's transition to cleaner fuels.