

OMCs may report weak Q2 on lower refining margins

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INDIAN OIL MARKETING companies (OMCs) are expected to report muted numbers for the second quarter, compared to the year-ago period, owing to lower gross refining margins, analysts said. However, the sequential earnings trend shows a marginal improvement.

“HPCL (Hindustan Petroleum) is likely to be impacted by a potential \$7.8 per barrel year-on-year drop in GRMs (\$5.9 per barrel drop in Singapore GRM year-on-year), which is a function of both lower product spreads as well as our assumption of inventory loss in Q2FY25, partly offset by strength in diesel and petrol retail margins,” ICICI Securities said in its preview.

The Singapore GRM in the first half of FY25 averaged only \$3.6 per barrel, reflecting the effects of a

subdued oil demand environment, according to Motilal Oswal.

Indian Oil may see similar trends, marked by a small improvement in its petchem segment’s earnings.

“Year-on-year performance remains sharply lower, owing to sharply lower GRMs and higher depreciation or interest costs,” the preview said.

ICICI Securities estimates Ebitda, or the profit after tax, for the two companies to increase 26% and 78% sequentially, but decline 54% and 71%, respectively, from the corresponding quarter last year.

The upstream companies are expected to witness a marginal growth in their net crude realisations from the previous quarter due to a slight lag in windfall tax adjustments compared to changes in prices of Brent crude.

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CHANGING FORTUNES

Oil companies standalone net profit Q2FY25 preview



Q2FY25 estimates as per ICICI Securities

tive to changes in Brent crude prices, net crude realisations are set to show nearly \$2 per barrel improvement quarter-on-quarter,” ICICI Securities said.

The firm sees limited change in effective gas realisations, with a cap of \$6.5 per MMBtu. Oil India and Oil and Natural Gas are expected to deliver a similar trend in oil and gas production, with both companies likely showing 1% quarter-on-quarter improvement

in oil and gas output.

“Overall, Ebitda for both the upstream companies may improve 1% quarter-on-quarter and 1% year-on-year, while the profit after tax will likely improve by 4% on a quarter-on-quarter basis with a decline of 12% year-on-year,” ICICI Securities said.

City gas distribution companies (CGDs), on the other hand, are likely to show mixed results. While Mahanagar Gas’ volume may jump

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sequentially by 3% with an annual growth at a robust 11%, Indraprastha Gas is likely to report a muted growth in its volume sequentially with a healthy annual growth of 5% for the quarter.

“A sharp slowdown in Morbi volumes and seasonal factors drive a material 17% quarter-on-quarter decline in volumes for Gujarat Gas, but Ebitda/profit after tax are supported by stronger margins, due to lower spot LNG offtake and moder-

ate LNG prices,” the brokerage said.

As per analysts at ICICI Securities, there could be some improvement in the percentage of APM allocation in the second quarter which supports margins for all the three CGDs.

“While Ebitda trends for upstream (up 1% year-on-year) and gas utilities (up 10% year-on-year) are positive, profit after tax may decline 12% and 6%, respectively, due to lower other income and higher interest costs,” it said.

The three gas utilities — Petronet LNG, Gujarat State Petronet and GAIL — show a mixed set of earnings, with strong annual growth for GAIL and Petronet LNG, but weak trends for GSPL.

“Higher transmission and trading volumes support GAIL’s earnings, but we have conservatively factored in muted trading margins for the quarter,” the brokerage said. “The petchem segment could see the benefit of lower gas costs and the LPG segment may see weaker realisations, dragging earnings.”

ONGC explores mini-LNG plants for efficient gas transportation

PTI ■ NEW DELHI

State-owned Oil and Natural Gas Corporation (ONGC) is looking to set up mini-LNG plants to evacuate natural gas from wells located in areas that are not connected with pipelines.

The firm has identified five sites in Andhra Pradesh, Jharkhand and Gujarat for setting up mini plants at wellhead that will convert the gas pumped out from under the ground into liquefied natural gas (LNG) by supercooling it to minus 160 degrees celsius.

This LNG will be loaded on cryogenic trucks and transported to the nearest pipeline where it will be reconverted into its gaseous state and pumped into the network for supply to users like power plants, fertilizer units or city gas retailers.

ONGC has floated a tender seeking manufacturing/service providers to tap stranded natural gas, according to the tender.

The locations identified for setting up mini-LNG plants in the tender are two sites at Rajahmundry in Andhra Pradesh and one each at Ankleshwar in Gujarat, Bokaro in Jharkhand and Cambay in Gujarat.

ONGC in the tender document said while the country has an extensive network of pipelines that connect supply and demand centres, there remains a substantial volume of stranded gas (non-connected) that is required to be tapped for enhancing



domestic supplies and meeting the needs of nearby demand centres.

The stranded volumes, it said, range from 5,000 to 50,000 standard cubic meters per day that can be produced for up to 5 years.

The tender called for bids from manufacturers and service providers to "set up a small scale LNG plant on BOO (build, own and operate) basis to produce LNG, transport the produced LNG by cascades / tankers to consumption sites located within a distance of around 250 kilometers, depressurize / re-gasify the LNG and then inject the gas into existing gas distribution grids or supply directly to bulk consumers."

India produces over 90 million standard cubic meters per day of natural gas that is used to generate electricity, produce fertilisers or turned into CNG to run automobiles and piped into household kitchens for cooking purposes. But domestic production meets roughly half of the demand.

ONGC is India's largest crude oil and natural gas producer and has been investing billions of dollars to boost

production to cut India's reliance on imports.

Prior to floating of this tender, it had entered into a partnership with nation's largest fuel retailer Indian Oil Corporation (IOC) to set up a small-scale LNG plant near its Hatta gas field in Vindhyan basin in Madhya Pradesh.

The Hatta gas field is located in Batiyagarh tehsil of Damoh district in Madhya Pradesh, approximately 45 km from Damoh town.

The initial LNG plant capacity is planned for 32 to 35 tonnes, with 45,000 standard cubic meters per day of gas coming from the Hatta field.

As per that agreement, IOC, which is conducting a detailed feasibility study of the project, will bear the cost of the small-scale LNG plant. ONGC will sell gas to IOC. The LNG plant will be operated and managed by IOC and it will further sell the gas to consumers.

Earlier in March this year, state-owned gas utility GAIL (India) Ltd had announced setting up a small-scale LNG plant at its Vijaipur LPG unit in Madhya Pradesh.

ONGC looks at mini-LNG plants to evacuate gas from isolated fields

The Oil and Natural Gas Corporation has identified five sites in Andhra Pradesh, Jharkhand and Gujarat for setting up mini plants

OUR CORRESPONDENT

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Officials said ONGC has over 100 wells across the country where the volumes are very small to make laying pipelines economically unviable. This gas is lying stranded or has to be flared currently. Small LNG plants can help tap this vital resource, helping boost domestic output.

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गेल के सीबीजी प्लांट का उद्घाटन

नई दिल्ली। प्रधानमंत्री नरेन्द्र मोदी ने नई दिल्ली में आयोजित वर्चुअल कार्यक्रम के जरिए रांची में गेल इंडिया के कम्प्रेसड बायो गैस (सीबीजी) संयंत्र का उद्घाटन किया।

संयंत्र को नगरपालिका के टोस अपशिष्ट (एमएसडब्ल्यू) के जैविक अंश को सीबीजी में परिवर्तित करने के लिए डिजाइन किया गया है। इस

संयंत्र की पांच टन प्रतिदिन (टीपीडी) की उत्पादन क्षमता है। इस पर कुल 26 करोड़ रुपये का निवेश किया गया है। इस दौरान रांची में आयोजित कार्यक्रम में केंद्रीय रक्षा राज्यमंत्री और रांची से सांसद संजय सेठ, गेल के पूर्वी क्षेत्र के कार्यकारी निदेशक आर. के. दास और कार्यकारी निदेशक एच. के. गर्ग मौजूद रहे।