TIMES OF INDIA, Delhi, 17.6.2025
Page No. 18, Size:(18.90)cms X (22.74)cms.

GAIL wins award for marketing excellence

GAIL (India) Limited's flagship initiative, 'Hawa Badlo', has been honoured with the prestigious Afaqs! Marketers Excellence Award in the category of 'Best Content Marketing Campaign–Content'. This recognition is a testament to the powerful storytelling and impactful engagement achieved through the campaign, which has consistently championed the cause of clean air and environmental responsibility. 'Hawa Badlo: Reconnect To Roots' is an impactful reminder of India's rich culture and ecological heritage, and urges its citizens to reconnect and revive the sustainable living practices that are a significant part of the Indian way of living. The campaign seeks to remind audiences of the values of organic living, recycling, upcycling, and waste minimisation, which are rooted in Indian culture.

ECONOMIC TIMES, Mumbai, 17.6.2025
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India may Lead Flow to West Africa

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A potential closure would likely send prices soaring, drawing the US into a direct confrontation with Iran, while alienating Gulf nations and other oil import-dependent countries, executives said. Blocking the strait would not only disrupt Gulf oil and gas exports, including Iran itself, but also hinder imports of essential items. This, an executive said, would serve as a strong deterrent to Tehran. Indian refiners are not resorting to 'panic buying' for now, a second executive said.

However, they are prepared for any eventuality, the executive said, adding that "closure of the strait would shrink the global pool of available oil and gas. No matter how carefully you prepare, every economy would feel the impact of a supply crunch and price spike."

"If India turns to West Africa for additional supplies, other importers are likely to follow," another executive said, underscoring the complexity of the situation.

India imports about 90% of its crude oil needs, with local refiners relying on the Gulf for a major portion of their supplies. Of India's total crude imports, around 35% comes from Russia, a little over 40% from the Gulf, and the rest from Africa, the US and other sources. Africa's share of imports dropped to 5% in May from 12% in April.

In 2024, India sourced 54% of its LNG requirements from the Gulf, with Qatar supplying 80% and UAE the remainder.

Qatar, among the world's top three LNG exporters, plays a key role in global gas supply, and any disruption to its exports could send spot LNG prices soaring. Even long-term LNG prices could rise, as 60% of India's long-term contracts are linked to crude rates.

The global LNG market is not as evolved as the oil market, with very limited sources of alternative supplies.

India imports about 90% of its crude oil needs, with local refiners relying on the Gulf for a major portion of their supplies

During the 2022 global energy crisis, a former Gazprom unit reneged on its LNG supply contract with India's GAIL, forcing the latter to cut supplies to domestic users. India does not have strategic gas storage, though it does maintain strategic crude reserves. However, New Delhi does not disclose data on national oil and gas inventories.

According to the oil ministry, India has total crude and petroleum product storage 'capacity' equivalent to 74 days of national consumption. This includes strategic reserves that can cover 9.5 days of demand.

Total capacity includes inventory at refineries, pipelines, ships enroute, product depots, and empty tanks that can hold crude or refined products, executives said.

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BUSINESS STANDARD, Delhi, 17.6.2025

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'Aim is to produce two-thirds of 1 bt coal target by FY29'

Q&A Increasing coal production has led to focusing on improving evacuation infrastructure to match the higher supply, and the coal ministry is prioritising projects to transport the commodity efficiently and in a cost-effective manner. **PM Prasad**, chairman and managing director, Coal India Ltd (CIL), in an email interview with **Puja Das**, said as the state-owned company expected to produce two-thirds of 1 billion tonne by FY29, of its seven rail line projects, three — of a capacity of 115 million tonnes per year — are expected to be operational by FY27. Edited excerpts.

Has there been a shift in the functioning of the company, which is aiding surplus coal availability?

■ CIL is geared up to meet the coal demand. At present, the amount in the system is about 161 million tonnes, with around 103 million tonnes with CIL and 58 million tonnes at domestic coal-based power plants. Meetings of sub-groups and inter-ministerial committees are held every week to monitor coal stocks at linked power houses to address any demand surge and ascertain sufficient supplies. Our monsoon preparedness ensures there is no loading disruption at rail sidings even if there is heavy rain.

How much does CIL estimate to produce and despatch in FY26?

■ The aim is 875 million tonnes and the despatch target is 900 million tonnes.

What are your coal-export plans?

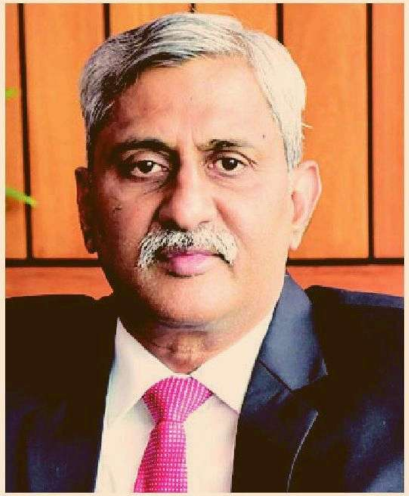
■ As such there are no plans, but if there is any demand we will take a look after meeting the domestic requirements.

How are you planning to improve the coal-supply infrastructure?

■ CIL is constructing seven major railway lines to enhance evacuation capacity for supply increases. Three lines will be in Chhattisgarh, and two each will be in Odisha and Jharkhand, with plans to produce by 2028-29 two-thirds of its 1 billion tonne target from these states. Currently, four rail lines with a capacity of 250 million tonnes annually are operational. It has initiated 92 first-mile connectivity projects totalling 994 million tonnes in annual capacity. Of these, 37 projects (373.5 million tonnes) are operational, with the rest to be completed by 2028-29. Additionally, we are developing new railway sidings and integrating them with rapid loading systems to improve both the quantity and quality of coal delivery as production grows. CIL is also renewing old sidings to strengthen connectivity with main rail lines.

What's the status of exploring critical minerals abroad? Is there any project in the pipeline, specifically for rare-earth elements?

■ We are participating in domestic auctions held by the Ministry of Mines. CIL has emerged as preferred bidder for two domestic graphite blocks — one in Madhya Pradesh and the other recently in Chhattisgarh. We have inked a non-binding agreement with IREL India to cooperate and collaborate on the development of critical minerals including rare-earth elements. CIL is scouting for critical mineral assets within the country and overseas in mineral-rich countries like Australia, Argentina, and Chile. Our focus is on lithium, graphite, and cobalt. We are exploring assets currently under development and also the potential long-term projects where assets are in the exploration stage.



What is the status of coal gasification plans?

■ CIL is pursuing coal to synthetic natural gas (SNG) and coal to ammonium nitrate. For this, we have joined hands with Bharat Heavy Electricals Ltd (Bhel), Gail, and Bharat Petroleum Corporation Ltd (BPCL). Through the joint venture with Bhel, Bharat Coal Gasification & Chemicals has been incorporated for setting up an ammonium nitrate project of 660,000 tonnes per annum capacity at Lakhanpur, Odisha. Coal Gas India is a joint-venture entity between CIL and Gail for gasification of coal to SNG of a capacity of 633.6 million normal cubic metres at Bardhaman, West Bengal. The technology is capable of gasifying coal having high ash content in the range of 18-30 per cent. A similar project of similar capacity in a tieup with BPCL will come up in Chandrapur, Maharashtra.

Coal Minister Kishan Reddy in November had said CIL would develop 36 new projects in the next five years. What is the status?

■ The cumulative capacity of the 36 projects is 196 million tonnes a year, which have estimated extractable reserves of around 4,800 million tonnes. Of the 36, project reports have been approved for 27 and these are under pre-project activities like acquisition of land and grant of statutory clearances. The remaining nine are being considered. This financial year, mining operations started in two greenfield projects of a capacity of 6 million tonnes a year. Three more projects — collectively of a capacity of around 19 million tonnes a year — are expected to start operations. This apart, six-seven discontinued mines offered on a revenue-sharing basis are anticipated to go on production.

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THE COMPASS

Higher crude oil prices positive for upstream players

DEVANGSHU DATTA

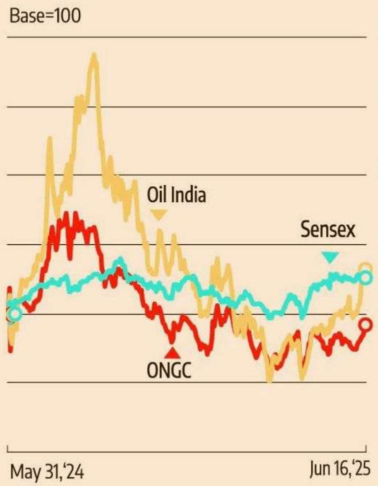
Brent crude oil prices have spiked 7 per cent (to $74 per barrel) after the war began between Israel and Iran.

Iran's oil production is 3.5 million barrels per day (mbpd) with around 2.5 mbpd of exports. And, China is the buyer of over 80 per cent of this.

The Israeli assault targeted Iranian infrastructure. There is also some chance of disruption of shipping via the Straits of Hormuz, which is a choke point for 20 per cent of global oil and gas traffic. It includes exports from Saudi Arabia, Iraq, Iran, UAE, Kuwait, and Qatar. Even if Iranian production is curtailed, the Opec+ decision to ramp up production implies that other supply would compensate.

A blockade of the Strait of Hormuz is a low probability, but it would create a huge issue if it occurs. Even without that, crude and gas prices will be somewhat elevated on the threat of supply disruptions.

ONGC and Oil India (OIL) are key beneficiaries of high crude price. Their current valuations discount realisations of $65 per barrel. Every dollar per barrel of higher oil prices boosts earnings by 1.5-2 per cent. ONGC and OIL are pushing production up by 15 per cent and 25 per cent, respectively, in the next two-three years.



Importantly, the windfall tax on crude was removed in December 2024 and there is a low probability of windfall tax being re-levied. This is due to the recently enacted Oilfields (Regulation and Development) Amendment Bill, 2024, which tries to encourage exploration and production (E&P).

Conversely for oil-marketing companies (OMCs), the gross marketing margin (GMM) for auto fuels is a blended ₹3.5/litre at $77 per barrel (Brent) and ₹5.5 per litre at $73 per barrel (Brent). Every $1 per barrel rise in crude oil prices reduces GMMs by ₹0.5 per litre. OMCs are still witnessing underrecoveries in gas.

Oil India has seen delays in gas production schedule due to capacity constraints in pipelines with expectations of upstream gas field connectivity with the national grid only in H1FY27.

But OIL targets 25 per cent growth in crude oil & gas production between FY25 and FY30 with 200 per cent capacity expansion at Numaligarh Refinery (NRL) seen by Q4FY26 and accelerated drilling plans.

If oil prices sustain higher, the near-term prospects will also improve.

OIL's Q4 net profit was down 22 per cent year-on-year (Y-o-Y) due to lower crude realisation.

Operating and net profits were ₹1,980 crore and ₹1,590 crore, respectively, in Q4FY25. They were down 15 per cent and 22 per cent respectively.

OIL had a provision of ₹200 crore for goods and services tax (GST) demand on royalty paid on oil & gas production.

Gas realisation, at $6.5 per million British thermal units or mBtu, was steady. OIL plans to increase production to 10-12 mtoe by FY30 from 8.8 million tonnes of oil equivalent (mtoe) in FY25. It expects 7-8 mntoe from domestic fields, 1-2 mtoe from new wells and 1-2 mtoe from international assets.

OIL is accelerating plans to drill 75-80 wells in FY26 (versus 62 wells in FY25). It is also awaiting commissioning of the Indradhanush Gas Grid pipeline (which may need 18 months to complete after approval by the PNGRB).

This will connect to GAIL's national grid. Expect strong growth in production (at least 25 per cent in oil and 50 per cent in natural gas in the next four years). The valuation of OIL's 69.6 per cent stake in NRL.

ONGC had better oil and gas volumes in Q4FY25 but lower realisations. Operating profit was up 9.2 per cent Y-o-Y but net profit was hit by high dry well write-off of ₹4,200 crore.

The appointment of BP as a technical service provider for Mumbai High improves the prospects.

ONGC's oil and gas production and sales volumes are improving after a long period of stagnation.

Oil production from own fields was up 0.6 per cent for FY25 and gas sales rose 2.2 per cent Y-o-Y in Q4.

Gas production will rise due to higher KG-98/2 volumes and higher production from fields with a new well gas (NWG) pricing at 20 per cent premium to the administered price mechanism. The production outlook is positive.