

## GAIL and Petron sign MoU to explore setting up a bio-ethylene plant in India

GAIL (India) Limited and Petron Scientech Inc (Petron) inked an MoU to jointly explore setting up a 500 Kilo Tons per Annum (KTA) bio-ethylene plant along with its downstream unit(s) in India, based on bio-ethanol produced in the plant in a 50:50 Joint Venture (JV) mode. Sumit Kishore, Executive Director (Business Development and Exploration & Production), GAIL and Yogi Sarin, CEO, Petron signed the non-binding MoU yesterday in the presence of Rajeev Kumar Singhal, Director



(Business Development), GAIL. In line with the MoU, GAIL and Petron will jointly undertake fea-

sibility studies to ascertain the technical viability and financial prospects of the project.

# Oil, gas PSUs carry out a third of FY25 capex in April-July

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**PUBLIC-SECTOR OIL AND** gas companies have spent more than ₹38,419 crore as capex — nearly 32.4% of the annual target of ₹1.2 lakh crore — in the first four months of the financial year 2024-25, provisional data from the petroleum planning and analysis cell showed.

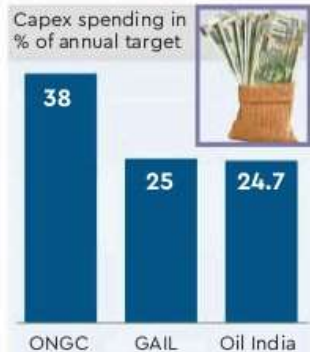
The capital expenditure during the period was driven by Oil and Natural Gas Corp, Indian Oil Corp, and Hindustan Petroleum Corp. While ONGC incurred a capex of ₹11,710 crore, constituting 38% of its annual capex target of ₹30,800 crore, Indian Oil spent ₹11,483 crore out of its annual target of ₹30,909 crore. The robust capex pace maintained by these firms is at a time the overall capital expenditure by central public sector enterprises fell by 16% on year in April-July due to the disruptions caused by the general elections. The decline in the CPSEs' capex in the first four months of the fiscal was more prominent for the top two investors — Railways Board and the National Highways Authority of India (NHAI).

ONGC, in its earnings call earlier, has guided to a capex of ₹32,000-33,000 crore each for FY25 and FY26. The company is expected to invest a major portion of its capex towards increasing its oil and gas production, particularly from KG 98/2 basin. The field currently produces 12,000 barrels per day of oil (from four wells) and ~0.4 mmscmd of gas. The company expects to start additional wells in the second and third quarters of the fiscal, which should help it reach oil production of 30,000 bbl/d in Q4 and 45,000 bbl/d in subsequent quarters, it had said.

Analysts believe that the major expansion projects announced by the oil marketing companies in the next two years, and robust volume growth for the city gas distribution companies are expected to lead to substantial growth for the Indian energy sector companies. HPCL and Bharat Petroleum Corp spent ₹3,521 crore and ₹3,088 crore, respectively, in April-July. State-owned downstream companies also intend to boost their refining capacity and strengthen marketing infrastructure.

GAIL, the state-owned leading natural gas company, has spent 25% of its targeted annual capex in the April-July period. The company

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incurred a capex of ₹2,033 crore during the period, out of its annual target of ₹8,044 crore.

“CGDs are optimistic about robust volume growth and margins, given that spot LNG prices are anticipated to stay stable. ONGC and OINL (Oil India Ltd) also forecast strong production growth due to KG-98 and NRL (Numaligarh Refinery Limited), respectively. Additionally, gas utility entities are anticipating continued strong transmission volumes, all setting the stage for substantial growth,” Motilal Oswal had said.

The country's top oil producer's overseas arm, ONGC Videsh Ltd (OVL), spent ₹1,754 crore out of its full-year target of ₹5,580 crore during the period. The company is expected to boost overseas oil and gas production and will be investing 71% more this year than the capex in FY24 which stood at ₹3,262 crore. Oil India incurred a capex of ₹1,703 crore in April-July, accounting for almost 24.7% of its annual target of ₹6,880 crore. In FY24, state-owned oil companies cumulatively spent close to ₹1.3 lakh crore, up 12% from the amount spent in FY23. During the last fiscal, ONGC, Indian Oil, BPCL, HPCL, GAIL and Oil India exceeded their initial annual capex target for the year.