FINANCIAL EXPRESS, Delhi, 30.10.2023
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'ADANI LNG UNIT FULLY FINANCED BY PROMOTERS'

ADANI GROUP built an LNG import facility at Dhamra in Odisha entirely based on financial backing of promoters, with no financial undertaking or guarantees of public sector giants IOC and GAIL, who merely were tenants, sources said. They said Indian Oil Corporation and GAIL (India) Ltd have hired capacity on the newly built terminal at rates lower than a similar but older and depreciated facility in Gujarat.

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'Dhamra LNG terminal built on promoter finance, no commitment from IOC & GAIL'

Sources said no amount upfront or during the project either as cash or bank guarantee has been given by Indian Oil Corporation & GAIL

NEW DELHI: Adani Group built an LNG import facility at Dhamra in Odisha entirely based on financial backing of promoters, with no financial undertaking or guarantees of public sector giants IOC and GAIL, who merely were tenants, sources said.

Clarifying the group's position, they said Indian Oil Corporation (IOC) and GAIL (India) Ltd have hired capacity on the newly built terminal at rates lower than a similar but older and depreciated facility at Dahej in Gujarat.

This came in response to reported comments by Trinamool Congress MP Mahua Moitra, who is facing a Lok Sabha Ethics Committee examination over cash for query in Parliament, on Dhamra being built on financial backing and commitments to buy gas at a fixed price.

The project cost of Dhamra LNG terminal is Rs 6,450 crore, the sources said responding to Moitra's assertion that the terminal to import natural gas in its liquid form, called LNG, was built at a much higher cost than Rs 5,000 crore that IOC incurred in construction of a similar sized facility at Ennore in Tamil Nadu.

Sources said no amount upfront or during the project either as cash or bank guarantee has been given by IOC and GAIL.

The project is fully financed by equity and debt by shareholders of Dhamra LNG terminal, they said, rejecting the assertion that IOC and GAIL paid Rs 46,500 crore.

IOC had in 2015 signed to use up to 60 per cent of the terminal's 5 million tonnes a year capacity for importing gas for its refineries at Haldia in West Bengal and Paradip in Odisha. GAIL too had signed up for 1.5 million tonnes of the terminal's regasification capacity.

Sources asserted that its tariff and commercial terms of Dhamra LNG terminal (inclusive of port charges) was arrived at through competitive benchmarking.

Petronet LNG (which is owned by IOC, GAIL, BPCL and ONGC) operates India's largest LNG terminal at Dahej was used as benchmarking the tariff and commercial terms, they said. Dhamra tariff is 1.5 per cent lower (Rs 46.49 per ton or Rs 21 crore annually over 4.5 million tonnes of LNG capacity use) than Dahej LNG terminal charges and has better commercial terms as well.

Moitra had, however, compared the tariff of Dhamra with Ennore, which was commissioned not so long back.

This charge compares to Rs 57.38 per mmBtu regasification charges for Ennore LNG terminal, he had said.

Originally, IOC and GAIL had on September 21, 2016, signed a 'non-binding' agreement to buy a 50 per cent stake in Adani Group's Rs 5,500-crore Dhamra LNG project in Odisha. But that agreement expired on September 20, 2018, without being translated into a firm pact apparently because of differences over valuation.

Sources said IOC and GAIL import LNG on their own and only pay tolling charges.

Dhamra LNG will not buy and sell LNG during the operations of the facility. It only provides the service of LNG handling and dispatch, they said, rejecting the claim of a 20-year fixed payment by IOC and GAIL to Adani for gas.

On a charge that businessman Darshan Hiranandani posed questions on Adani Group using Moitra's parliamentary logins as his business was impacted because of IOC and GAIL committing to Dhamra, sources said Hiranandani's H-Energy had obtained a NOC from the Kolkata Port Trust to set up a LNG terminal in Kukrahati in February 2020. Though this NOC is still valid, they have been unsuccessful in progressing the same.

This terminal of H-Energy would cater to the same catchment area being serviced by Dhamra LNG, they said.

H-Energy was also looking at IOC and GAIL to book capacity for their terminal. However, they were unable to justify a value proposition to IOC and GAIL that was better than what was being offered at Dhamra LNG terminal. This stymied their efforts to develop this facility, sources claimed.

On IOC and GAIL not taking equity in Dhamra, they said the LNG terminal was able to offer commercially competitive terms to the users and given the pipeline tariff competitiveness of supplying nearby consumption centres, IOC and GAIL were confident of bringing LNG at the cheapest terms via Dhamra to their consumption centres. Hence, their strategic objective was met without injecting equity and they decided to progress on a capacity booking basis only. PTI

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FINANCIAL EXPRESS
READ TO LEAD

PIONEER, Delhi, 30.10.2023
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Adani Group wins a Rubicon

Dhamra Port in Odisha to save ₹5000 cr per annum for users

PNS ■ NEW DELHI

Adani Ports and SEZ's Dhamra LNG terminal will save over ₹5,000 crores annually for users.

It will act as a primary source of gas for more than 35 per cent of India's population and serve more than 8 eastern States by substituting expensive and polluting fuels like Naphtha and HSD. Dhamra is one of the deep draft ports of India which can accommodate super cape-size vessels.

The project cost of Dhamra LNG Terminal is estimated to be ₹6,450 crores. It is fully financed by equity and debt by the shareholders of Dhamra LNG Terminal.

There has been no amount upfront or during the project either as cash or Bank Guarantee has been given by Indian Oil Corporation Limited or GAIL

Dhamra LNG Terminal is owned 50/ 50 by Adani and TotalEnergies. Total equity of Adani and TotalEnergies (of France) shareholders is ₹1,900 crores. The entire investment has been made without any financial undertaking by IOCL or GAIL. Adani had started committing capital expenditure to the project from 2016 onwards and commercial operations commenced on 21st May 2023.

All risks related to the completion and performance of Dhamra LNG have been solely borne by the Adani-TotalEnergies JV.

The tariff and commercial terms of Dhamra LNG Terminal (inclusive of port charges) was arrived at through competitive benchmarking. Petronet LNG (which is owned by IOCL, GAIL, BPCL and ONGC) operates India's largest LNG terminal at Dahej and was used as benchmarking the tariff and commercial terms. Dhamra's tariff is 1.5 per cent lower (₹46.49 per tonne or ₹21 crores annually over 4.5 million tonnes of LNG capacity use) than Dahej LNG terminal charges and has better commercial terms.

In addition to the tariff of Dhamra LNG Terminal being 1.5 per cent lower than Dahej, supply from Dhamra (instead of Dahej) to the nearby markets of IOCL and GAIL (e.g., refineries and fertiliser plants in UP, West Bengal, Bihar) helps these users save at least ₹800 crores annually on pipeline tariff. Dhamra LNG is located within the limits of Dhamra Port. It is a multi-user, multi-cargo, all weather, deep draft port. As such, the port continuously looks to grow its business and Dhamra LNG development was ably served by the Indian infrastructure capabilities of the Adani Group and the strong international LNG credentials of TotalEnergies.

This grouping saw tremendous value in creating a new LNG market in the eastern part of India via the development of the terminal within Dhamra Port. IOCL and GAIL are owners of gas molecules at all times during the process of using Dhamra LNG Terminal. IOCL and GAIL contract for LNG volumes internationally from global suppliers. Dhamra LNG will not buy and sell LNG during the operations of the facility. It only provides the service of LNG handling and dispatch. While the offer remained for IOCL and GAIL to take equity in Dhamra, the companies did not take that option as their strategic objective was to supply gas competitively to their consumers in the eastern part of the country.

At the same time, Dhamra was able to offer commercially competitive terms to its users. Hence, their strategic objective was met without injecting equity and they decided to progress on a capacity booking basis only.

The Dhamra Port Company Limited (DPCL) is a 100 per cent subsidiary of Adani Ports and SEZ.

DPCL has been awarded a concession by Government of Odisha to build and operate a port north of the mouth of river Dhamra in Bhadrak district on BOOST (Build, Own, Operate, Share and Transfer) basis for a total period of 34 years including a period of 4 years for construction.

Situated between Haldia and Paradeep, Dhamra Port is in close proximity to the mineral belt of Orissa, Jharkhand and West Bengal offers deepened hinterland connectivity and operational efficiency.

Dhamra LNG terminal built entirely on promoter finance; no financial commitment from IOC, GAIL: Sources

PTI / New Delhi

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This came in response to reported comments by Trinamool Congress MP Mahua Moitra, who is facing a Lok Sabha Ethics Committee examination over cash for query in Parliament, on Dhamra being built on financial backing and commitments to buy gas at a fixed price. The project cost of Dhamra LNG terminal is Rs 6,450 crore, the sources said responding to Moitra's assertion that the terminal to import natural gas in its liquid form, called LNG, was built at a much higher cost than Rs 5,000 crore that IOC incurred in construction of a similar sized facility at Ennore in Tamil Nadu.

Sources said no amount upfront or during the project either as cash or bank guarantee has been given by IOC and GAIL.

The project is fully financed by equity and debt by shareholders of Dhamra LNG terminal, they said, rejecting the assertion that IOC and GAIL paid Rs 46,500 crore.

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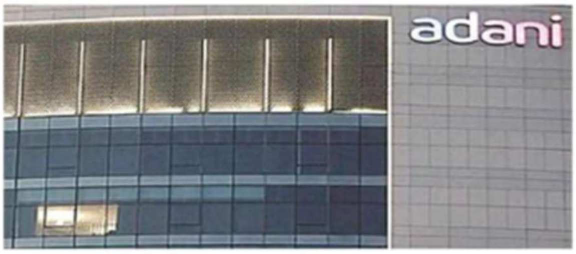
'Dhamra LNG terminal built on promoter finance'

PTI @ New Delhi



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