ONGC News as on 09 September 2024 (Print & Online)

Publication : Western Times	Editions : Ahmedabad
Date :9 September 2024	Page : 6

ONGC opens well in KG field to raise oil production

(Agency) New Delhi: State-owned Oil and Natural Gas Corporation (ONGC) on Sunday said it has opened another well on its flagship deep-sea project in Krishna Godavari basin in Bay of Bengal, which will help augment production of crude oil and natural gas.

In January this year, ONGC had started producing oil, which is converted into fuels like petrol and diesel in refineries, from the KG-DWN-98/2 or KG-D5 block.

ONGC marked a significant milestone by starting production from its fifth oil well in the Block KG-DWN-98/2 Cluster-2 asset. Leveraging the floating production, storage, and offloading (FPSO) vessel, ONGC has begun transporting and sale of associated gas, all the while underscoring its commitment to achieving zero gas flaring. It, however, did not state how much the new well was producing. With this, ONGC also successfully commissioned its gas export line from the offshore-to-onshore terminal.

"Earlier in January, oil production commenced from the same asset, with 4 of 13 wells already flowing. Gas production is also advancing, with 3 of 7 wells online," it added. The block, which sits next to Reliance Industries' KG-D6 block in the KG basin, has a number of discoveries that have been clubbed into clusters.Located 35 kilometers off the coast of Andhra Pradesh in water depths ranging from 300-3,200 metres, the discoveries in the block are divided into Cluster-1, 2 and 3. Cluster 2 is being put to production first. As per original plans, oil production from Cluster-2 should have begun by November 2021, but was delayed because of the Covid pandemic.

Thereafter, ONGC set May 2023 as the first Cluster-2 oil production deadline but then extended it to August 2023 and thereafter extended the flow of first oil every month, with the last deadline announced being December 2023.

Oil started flowing from January 7, 2024.expected to be 45,000 barrels of oil per day (bopd) and over 10 million standard cubic meters per day (mmscd) of gas which is used to make fertilisers, generate electricity, turned into CNG for use as fuel in automobiles and piped to household kitchens for cooking.

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Publication : Business Standard	Editions : New Delhi
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CRUDE CALCULATIONS

More cheap oil from Venezuela is coming to Indian shores. How big an opportunity is this?

S DINAKAR
New Delhi, 8 September

Sometime soon, in the next few days, Degas, a very large crude carrier laden with Venezuelan oil, is expected to dock at Jamnagar to unload 2 million barrels of dirty, high sulphur crude oil, shipping data shows. With this, the cheapest crude available to India is again within reach, nearly five months after the United States reimposed restrictions on oil exports from the South American nation.

The 42-day journey, made around the horn of Africa, to evade missiles hurled by the Houthi rebels on tankers taking the shorter Suez Canal route, will end at India's west coast on September 11, according to data from Paris-based market intelligence agency Kpler. Reliance, India's second biggest refiner, operates a 1.36 million barrels per day (bpd) refinery in Jamnagar where it has the capability to process some of the dirtiest crudes.

The dark, viscous Merey aboard the Degas is one such. It is also acidic in nature, corrosive and tougher to refine into petrol or diesel. These oils are available at large discounts to the Gulf and Russian oils populating the Indian crude universe, enabling huge savings.

Venezuelan grades were, on an average, cheaper by $15-19 a barrel (bbl) this year compared to the Indian crude import basket, according to oil ministry and customs data. That translates into annual savings of $3 billion annually based on peak volumes, according to Business Standard's calculations.

US sanctions on Venezuelan state-run oil company PDVSA extend from 2019, with curbs on exports lifted twice. The first time was in October 2023 for a six-month period, but with conditions. Venezuelan President Nicolás Maduro allegedly violated Washington's terms, prompting the Biden administration to reimpose in mid-April this year a ban on crude sales, with exceptions made for companies such as Chevron, Repsol, and Maurel and Prom to operate in Venezuela. As part of the exceptions, Reliance obtained a licence, and the soon-to-arrive ship is coming from PDVSA.

Reliance declined to comment.

Cost advantage

It's a timely trade for Reliance, says Vandana Hari, a Singapore-based energy expert. In 2015, when India's purchases of Venezuelan oil peaked at 441,000 bpd — around 12 per cent of crude imports that year — Reliance's share was 75 per cent. Rosneft-run Nayara Energy accounted for the rest, Kpler data shows.

The savings that feed into its refining margins prompted Reliance to secure Washington's blessings in July to import Venezuelan oil. Merey averaged $68 a bbl in June — $14 a bbl cheaper than the discounted Russian barrels and $20 a barrel cheaper than the Saudi Arabian and US grades, according to customs data.

Reliance, despite having no production assets in Venezuela and being of non-western origin, secured a licence because of New Delhi's strong ties with Washington, which has offered India an option to turn away from further Russian purchases, industry officials say.

Venezuela's crude exports this year averaged 705,000 bpd, the highest since 2019. India imported around 22 million barrels of Venezuelan oil in 2024, 1.5 per cent of India's total purchases during the period, of which Reliance's share was nearly 20 million barrels, including this month's delivery, Kpler data shows. Indian Oil, which is keen on securing a licence to import the crude, imported one cargo.

A senior Indian government official expressed scepticism if other Indian companies would secure exemptions from Washington because Maduro was accused of rigging elections to retain power. State-run explorer ONGC has applied for permission to operate two areas in Venezuela, but US officials have said Washington will continue to "calibrate" its sanctions policy through Venezuela's presidential inauguration in January, says London-based information provider Energy Intelligence. Former US President Donald Trump has threatened to impose stringent sanctions on Venezuela, if elected, industry sources say.

Amid the uncertainty, a question that pops up is how big of an opportunity does a US licence offer India. On paper, it is huge.

The opportunity

Deciphering the savings accruing from Venezuelan oil, industry officials say Indian refiners may have to seek the more expensive Russian or Gulf crudes if Merey was not available legally. For instance, in March, Reliance imported 4.8 million barrels of Merey, which on a delivered basis cost $66 a bbl, according to Kpler and customs data. Russian crude oil, despite the discounts, cost $15 a bbl more. An alternate grade from Russia, in Venezuela's absence, would have cost $75 million more that month — if India were to replicate its past peak of 450,000 bpd of Venezuelan oil, it stands to save more than $5 billion at current prices.

"Venezuelan crude oil exports have seen steady growth to China, Europe, and the US over the last seven months, and the trend is likely to continue unless the Caracas-Washington DC relations hit roadblocks," said Narendra Taneja, a Delhi-based energy expert. "India's top refiners know Venezuela well, thanks to their long history of buying crude oil from there before the American sanctions."

But there are practical considerations.

"Considering Merey is a very heavy crude with high acidity levels, Indian refineries are not designed to process the crude neat, in the absence of large-scale blending facilities," said R Ramachandran, an oil industry consultant and former refining head at Bharat Petroleum. "Certain complex refineries have been experimenting to process this crude, mixing it with other lighter oils to create value in terms of margins, but in order to obtain larger benefits of this discounted crude, significant investments need to be made in plant configurations."

Hari doubts that India's appetite for Venezuela will grow much because traditionally only a few refiners have bought crude from the country. "Having to get prior approval is no doubt also a barrier to growing demand. Finally, if Trump comes back into power, there could be a big question mark again on the crude flows," she says.

FILLING UP

India–Venezuela oil imports in 2024 (in mn barrels)

2024	RIL	IOC	HMEL	Total	Avg price ($/bbl)	Avg price India crude basket	Venezuelan savings ($/bbl)
Jan	2	0	0	2	60.6	79.2	18.6
Feb	3.1	1.2	0.8	5.1	63	81.6	18.6
Mar	4.8	0	0	2	66	84.5	18.5
Apr	2	0	0	2	72	89.4	17.4
May	3.9	0	0	3.9	68	83.6	15.6
Jun	2	0	0	2	67.8	82.5	14.7
Jul	0	0	0		NA	84.1	
Aug	0	0	0		NA	78.3	
Sep*	2	0	0	2	NA	75.3	

*Estimate; Note: IOC = Indian Oil Corporation, HMEL = HPCL–Mittal Energy Limited
Sources: Indian customs data; Kpler

Publication : Financial Express	Editions : New Delhi
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OMCs' marketing margins to get a push from low crude prices

ARUNIMA BHARADWAJ
New Delhi, September 8

BRIGHT PROSPECTS

- Three major OMCs—Indian Oil, Bharat Petroleum, and Hindustan Petroleum—experienced a weak first quarter in FY25
- It was driven by lower refining margins
- Crude prices are currently at one of their lowest points
- It is due to factors such as lower global demand growth and an increase in supply entering the market

- ONGC and Oil India, reported strong earnings in Q1FY25 as their net crude oil price realisations improved
- However, if crude prices continue to decline, upstream companies may have to reevaluate their cost structures
- Brent crude prices hovered around $71 per barrel on Sunday, while WTI crude fell further to $67 per barrel

AFTER A PROLONGED period of volatility in crude oil prices, which led to state-run oil marketing companies (OMCs) posting weak earnings in the first quarter of the current financial year, a new declining trend in prices, if sustained, is expected to result in healthier marketing margins for downstream companies moving forward.

Analysts also anticipate that diesel and petrol prices could drop at the retail level if crude prices remain within the current range.

"Given the nature of our oil industry, it is likely that marketing margins (of OMCs) will be healthier, while refining margins may be under pressure," said Ashwin Jacob, partner at Deloitte India.

The country's three major OMCs—Indian Oil, Bharat Petroleum, and Hindustan Petroleum—experienced a weak first quarter in FY25, driven by lower refining margins. Moreover, the reduction in fuel prices compressed their marketing margins. Earlier, these state-owned companies had reduced auto fuel prices by ₹2 per litre, marking the first cut since April 2022.

"Typically, overall OMC margins at all three companies have a close relationship with refining margins. This market seems to be signaling a lower gross refining margin environment in the near future, so OMC margins may also be under stress," Jacob added.

Crude prices are currently at one of their lowest points, especially compared to the previous 12-13 months. This is due to factors such as lower global demand growth and an increase in supply entering the market. Analysts believe that crude prices could fall further, particularly if the Organisation of Petroleum Exporting Countries (OPEC) does not delay unwinding its production cuts.

"Crude prices are likely to remain range-bound between $70-75 per barrel but may move further downwards if OPEC doesn't delay the unwinding of their output cuts," Jacob said. "It is expected that prices of petrol and diesel may fall at the retail end if the decline in crude prices is seen as a consistent trend, which appears to be the case."

Analysts are projecting that crude oil prices will edge lower in the medium term, driven by an expected surplus in the global market by 2025, despite OPEC's decision to maintain voluntary production cuts of 2.2 million barrels per day (bpd) until September 2024.

The International Energy Agency (IEA) expects non-OPEC supply to rise robustly by 1.4-1.5 million barrels per day in 2024 or 2025.

For the country's upstream companies, however, analysts foresee shrinking margins in the near future, putting pressure on their earnings.

State-owned oil producers, Oil and Natural Gas (ONGC) and Oil India, reported strong earnings in Q1FY25 as their net crude oil price realisations improved. However, if crude prices continue to decline, upstream companies may have to reevaluate their cost structures.

"One will likely see lower margins at the upstream companies' end in the immediate future, though if the government reduces the windfall tax again (as it did at the end of August), it may provide some margin relief. Upstream companies will also likely reassess their costs and be prudent with their capital expenditure programmes," Jacob said.

Brent crude prices hovered around $71 per barrel on Sunday, while West Texas Intermediate (WTI) crude fell further to $67 per barrel.

Union petroleum and natural gas minister Hardeep Singh Puri, in an interview with CNBC, indicated that the government is "on the side of lower oil prices" given the country's reliance on imports for 88% of its crude oil requirements.

Puri emphasised that global oil prices are not driven by scarcity but by an "artificial holding back of supplies." He also mentioned that the government is not currently considering raising taxes on fossil fuels.

Publication : The Hindu	Editions : New Delhi
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Betting on commodity

THINKINVESTOR

A retail investor has few commodity investment related choices. Buying physical commodities is not meaningful on account of storage costs leaving you with commodity derivatives/funds.

Market risk

Conclusion

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Publication : The Hindu Business Line	Editions : New Delhi
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Building on the domestic infrastructure expansion wave

FUND TRACKER. Here are the top 5 infrastructure funds for your portfolio, based on the average daily five-year rolling returns

Sai Prabhakar Yadavalli
bl. research bureau

The winds for infrastructure funds continue to be favourable in FY25, with GDP growth estimates lingering above 7 per cent and budgeted capex for infrastructure building reaffirmed at historically-high levels for the year.

The sector has outperformed the broader market in the last five years, with Nifty Infrastructure delivering 210 per cent returns, compared with the Nifty50's 130 per cent returns.

Investors should allocate a portion to the infrastructure space considering the long runway of growth. There are several funds to choose from, each with seasoned operations and nearly every fund beating the index by a wide margin. We analyse the top funds in the sector and the factors for outperformance.

THE SEGMENT

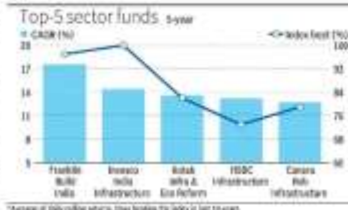
Nifty Infrastructure is one of the benchmarks for the segment, and includes companies from diverse sectors including telecom, power, port, air, roads, railways, shipping and other utilities. This is a wide array of sectors under the infrastructure theme. The current index is comprised of 31 per cent invested in oil and gas, and around 13 per cent each from construction, power and telecom. Even healthcare and autos are part of the fund composition.

The wide definition of sectors allows for funds to have a diverse portfolio composition to gain from varying industry cycles in power, construction, roads and telecom. This is reflected in the wide outperformance of the sector funds, compared with the benchmark.

For instance, Franklin Build India Fund has only a 5 per cent exposure to oil and 14 per cent to construction and also includes a 10 per cent exposure to banks. While sector or thematic funds possess the risk of concentration, the broad theme of infrastructure allows these funds to reduce that risk significantly.

The overall prospects of the sector are underlined by the above 7 per cent GDP growth estimates and high budgeted capex, which is widely expected to be followed by the private capex cycle too. The capex allocation moved from 3.3 lakh crore in FY19 to the current 11 lakh crore at 27 per cent CAGR. Within the expenditure head, allocation to roads, rail, power and defence grew at 15-25 per cent CAGR in the previous five-year term. This is a direct boost to the sector and a second order driver to other allied sectors, such as capital goods, automobiles and banking.

The increasing expectation of a rate cut in the US, followed by cuts in India, may spur the private industry to the capex cycle in FY25 as well.



SECTOR FUNDS

There are 18 funds in the infrastructure sector and the average age of the funds is close to 17 years. Measured on the basis of average daily five-year rolling returns, the top five funds are Franklin Build India, Invesco India Infra, Kotak Infra & Eco Reform, HSBC Infrastructure and Canara Rob Infrastructure. Owing to the large field of investible universe, all the funds have bettered the index in all the three time frames (1-3-5), which implies the role of active management in this sector compared to passive management, which might be relevant for other sector funds.

Franklin Build India Fund returned an average 17.6 per cent CAGR over all the five-year periods in the last 10 years, compared to Nifty Infrastructure TRI of 7.3 per cent CAGR in the same period. The fund has also beaten the index on 97 per cent of the days in the period. The same performance is seen in shorter cycles of three years (18.5 per cent average) and one year (21.5 per cent) as well, and is the better performer in the segment.

The fund's largest holding is in Larsen & Toubro (9.5 per cent) and has been so since October 2021. The other large holdings are NTPC, ONGC, ICICI Bank, and Reliance Industries.

The fund is well-diversified with the top five holdings accounting for 30 per cent of the fund, which was invested in 44 companies as of July 2024.

Publication : Western Times	Editions : Ahmedabad
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BPCL and ONGC to jointly explore setting up a new refinery: Report

(Agency) New Delhi: Indian refiner Bharat Petroleum Corp and explorer Oil and Natural Gas Corp are jointly exploring setting up a refinery, two sources familiar with the matter said. BPCL plans to increase its integrated refining and petrochemical capacities within the next five to seven years to meet growing energy demand, its chairman told shareholders. Both the companies declined to comment on the development. India's Oil and Natural Gas Corp. is considering setting up a multibillion dollar refinery and petrochemical project in the nation's most populous state to bolster its business as fuel demand expands. BPCL itself has been considering setting up a refining and petrochemical unit, either in the coastal state of Andhra Pradesh or Uttar Pradesh, two of the people said. The company, which has hired a US-based consultant for a siting study, favors Andhra Pradesh as the state has promised incentives, they said. The New Delhi-based company — India's largest crude explorer — is looking at a 9-million-ton-a-year project in Uttar Pradesh that could cost more than 700 billion rupees ($8.3 billion), according to the four people familiar with the matter, who declined to be identified as the talks are not public. ONGC has held talks with Bharat Petroleum Corp, Ltd. to set up the unit in the city of Prayagraj as the state-owned refiner holds a parcel of land there, they said.

Publication : Mint	Editions : New Delhi
Date :9 September 2024	Page : 4

Oil may bring a tailwind for IndiGo

Manish Joshi
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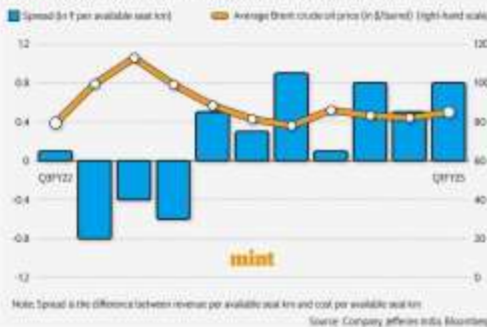
Brent crude oil price has hit a fresh calendar year low of $71 a barrel, down by about 16% so far in Q2FY25 as against the Q1FY25 average. Predicting crude price is generally hard even when current news reports range from the slowdown in China to tensions in the Gulf region. Still, if the crude drop sustains, it could mean a bonanza for InterGlobe Aviation Ltd that runs the IndiGo airline.

Aviation turbine fuel (ATF), a crude oil derivative, has eaten into about 40-50% of IndiGo's revenue earned from ticket sales over the last three financial years to FY24. A drop in the ATF cost flows directly to Ebitda. While companies consuming crude oil-based derivatives in other sectors might have to pass on the benefit of lower raw material price to their customers, there is no such pressure on IndiGo owing to the virtual duopoly in the Indian aviation market. IndiGo and Tata group dominate the country's skies with their respective domestic market shares at 62% and 28.8% in July, as per Directorate General of Civil Aviation. So, others such as SpiceJet Ltd and Akasa Air are much smaller.

A relevant question here is whether the Street is factoring the lower crude oil price bonanza into their estimates? Jefferies India's latest report shows that their estimates are conservative. Currently, the broking firm is assuming an ATF price of ₹100 per litre for FY25-FY27 versus around ₹104 per litre in FY24. However, even before the sudden drop in crude price over the last few days, ATF price in September is at about ₹95 per litre, according to Indian Oil Corp. Ltd's website. ATF prices generally move in tandem with crude price with about a month's lag between the crude oil price movement and the subsequent adjustment in ATF price. As such, each rupee fall per litre from Jefferies' assumed ₹100 per litre would mean a bump-up of about ₹270 crore and ₹300 crore to their profit before tax projections for FY25 and FY26 of ₹7,600 crore and ₹8,300 crore, respectively.



Jefferies analysts expect 13% CAGR in number of passengers and passenger revenue over the three years to FY27 without any change in ticket prices. But if the analysts have not factored likely gains from the business class service launched with Delhi-Mumbai route in the first tranche, proposed to be extended to 12 routes by December 2025, there could be further uptick to the unchanged ticket prices expectations. Collectively, sustained lower crude price and better ticket prices will mean improved spreads. In the June quarter (Q1FY25), IndiGo's spread stood at ₹0.8 per seat kilometre. Spread is revenue per available seat kilometre (ASK) minus cost per ASK.

FLYING HIGH

ATF has consumed 40-50% of IndiGo's ticket revenue over the past three fiscal years to FY24

INDIGO is ready to meet rising demand for air travel by boosting capacity over 40% by FY27

Investors who don't view IndiGo as a proxy play on crude price will have to take a call on valuation. *Bloomberg* consensus estimates show that the stock is trading at a price-to-earnings multiple of 22 times based on FY25 estimated earnings. But there is no comparable domestic peer to evaluate whether this is high or low. Alternatively, Delta Airlines, the world's largest aviation company by market capitalization, quotes at a price-to-earnings multiple of six times. However, it must be noted that Delta operates in a saturated market compared to IndiGo, which is present in the fast-growing Indian aviation market.

As such, IndiGo is well positioned to cater to the rising demand by increasing the ASK capacity to 200 billion by FY27 from 139 billion at FY24-end, according to Jefferies. Though IndiGo has weathered the aircraft engine snag issues well in the past, investors would hope that there are no faults in its aircraft fleet dominated by Airbus like the ones experienced with Boeing.

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Publication : The Economic Times	Editions : New Delhi
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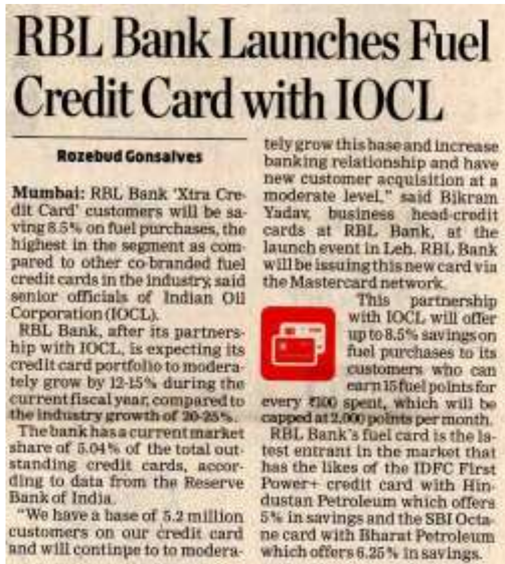

RBL Bank Launches Fuel Credit Card with IOCL

Rozebud Gonsalves

Mumbai: RBL Bank 'Xtra Credit Card' customers will be saving 8.5% on fuel purchases, the highest in the segment as compared to other co-branded fuel credit cards in the industry, said senior officials of Indian Oil Corporation (IOCL).

RBL Bank, after its partnership with IOCL, is expecting its credit card portfolio to moderately grow by 12-15% during the current fiscal year, compared to the industry growth of 20-25%.

The bank has a current market share of 5.04% of the total outstanding credit cards, according to data from the Reserve Bank of India.

"We have a base of 5.2 million customers on our credit card and will continue to to moderately grow this base and increase banking relationship and have new customer acquisition at a moderate level," said Bikram Yadav, business head-credit cards at RBL Bank, at the launch event in Leh. RBL Bank will be issuing this new card via the Mastercard network.

This partnership with IOCL will offer up to 8.5% savings on fuel purchases to its customers who can earn 15 fuel points for every ₹100 spent, which will be capped at 2,000 points per month.

RBL Bank's fuel card is the latest entrant in the market that has the likes of the IDFC First Power+ credit card with Hindustan Petroleum which offers 5% in savings and the SBI Octane card with Bharat Petroleum which offers 6.25% in savings.

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Publication : The Economic Times	Editions : Mumbai
Date :9 September 2024	Page : 13

GUIDELINES FOR CALCULATING GREENHOUSE GAS EMISSION

Govt Releases Plan for Green Hydrogen Certification

Ministry has sought suggestions from stakeholders by September 27

Kalpana Pathak

Mumbai: The Ministry of New and Renewable Energy has released a draft proposal for the Green Hydrogen Certification Scheme of India (GHCI).

The Bureau of Energy Efficiency would be the nodal authority to accredit agencies for monitoring, verifying and certifying green hydrogen projects, as per the draft. The ministry is seeking suggestions from stakeholders on the draft proposals by September 27.

The scheme will be able to provide clear guidelines for calculating the greenhouse gas emission intensity during the production of green hydrogen and establish the certification procedure as a guarantee of origin, it said.

A carbon verification agency accredited by the Bureau of Energy Efficiency will perform validation and verification activities under the carbon credit trading scheme and conduct annual verification of the claim of green hydrogen producers, the ministry said in the draft proposal.

Green hydrogen producers should register on a designated portal and provide information as per the measurement, reporting and verification framework to ensure compliance with the certification scheme, it said.

"Many companies plan to export green hydrogen," said an industry executive whose company will be producing GH2 for exports. "So, a certification scheme will ensure set standards are followed in producing GH2. This will give buyers the surety and confidence in our products." According to the World Bank, India has already attracted commitments of $70 billion in investments in green hydrogen and electrolyser manufacturing. Companies like Reliance Industries, Adani Enterprises, IOC, Larsen & Toubro and NTPC have committed investments in the sector.

As for the scope of the certification, GHCI will operate at the project level of GH2 production encompassing all stages up to the compression and purification of hydrogen for transport.

However, processes such as transport and storage of hydrogen outside plant boundaries, conversion into hydrogen carriers, reconversions and utilisation are excluded from the certification scope.

"The reporting metric/functional unit for GHG (greenhouse gas) emission intensity shall be kg CO_2eq/kg H2," the draft said, adding that for eligibility under GHCI, producers should comply with all national and local regulations, including environmental and safety requirements, ensuring responsible and lawful project installations and operations.

The draft proposes to issue two types of certificates: a concept certificate for design compliance and a facility-level certificate for operational compliance. Facility-level certification is mandatory for GH2 production facilities to apply or a provisional or final certificate.

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Publication : Western Times	Editions : Ahmedabad
Date :9 September 2024	Page : 3

LNG under new pacts to flow from 2026, gets one more ship: GAIL

(Agency) New Delhi: State-owned gas utility GAIL (India) Ltd. will start importing LNG under two new contracts from 2026 and has added one more ship to transport the fuel, its Chairman said. The company had in January this year signed back-to-back deals to import liquefied natural gas (LNG). It first signed deal to import 1 million tonnes of LNG from Dutch energy trader Vitol for 10 years and then another agreement to buy 0.5 million tonne per annum of LNG from UAE's ADNOC-Gas.

As a leading natural gas player, your company recognises the importance of ensuring supply security. In this direction, we have signed two 10-year LNG supply agreements, starting in 2026: 1 million tonnes from Vitol Asia Pte Ltd., Singapore and 0.5 million tonnes from ADNOC Gas, UAE.

LNG is natural gas, extracted from below the surface, that has been cooled down to liquid form for ease and safety of non-pressurised storage or transport.

GAIL will import LNG in cryogenic ships and turn it back into its gaseous state before piping it to users that may include power plants for generating electricity, fertiliser units for producing crop nutrients or city gas operators for selling to automobiles as CNG or piping to household kitchens for cooking. India imports roughly half of its gas needs as local production is insufficient to meet demand.

GAIL operates a 5 million tonnes a year LNG import facility at Dabhol in Maharashtra and has leased space at terminals in Gujarat and Odisha. It is scouting for a 26 per cent stake in a US-based LNG plant to source 1 million tonnes-a-year of LNG for 15 years.

Additionally, GAIL's volume of 4.5 million tonnes per annum is now renewed under LNG SPA signed between Qatar Energy LNG and Petronet LNG Ltd., with supplies commencing in 2028 for a period of 20 years, he said.The time charter for this LNG carrier will begin in early 2025, adding that GAIL's fleet of five LNG carriers will enable the company to meet the requirement of transporting contracted LNG volumes to India.

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Publication : Western Times	Editions : Ahmedabad
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IOC, BPCL, GAIL fined for 5th straight quarter for not meeting listing norm

(Agency) New Delhi: India's biggest oil firms including Indian Oil, BPCL and gas utility GAIL have been slapped with fines for a record fifth straight quarter for failing to meet listing norms of having the requisite number of independent and women directors on their board.

Stock exchanges BSE and NSE have slapped fines on oil refining and fuel marketing giants Indian Oil Corporation (IOC), Hindustan Petroleum Corporation Ltd. (HPCL) and Bharat Petroleum Corporation Ltd. (BPCL), explorer Oil India Ltd. (OIL), gas utility GAIL (India) Ltd., and refiner Mangalore Refinery and Petrochemicals Ltd. (MRPL) for not meeting the listing requirement in the April-June quarter.

In separate stock exchange filings, the companies detailed the fines imposed by the BSE and NSE for either not having the requisite number of independent directors or the mandated women directors in the quarter ended

June 30, 2024 (first quarter of current 2024-25 fiscal year), but were quick to point out that appointment of directors was done by the government and they had no role in it.

The companies had faced fines for the same reason the previous four quarters as well. Listing norms require companies to have independent directors in the same proportion as executive or functional directors. They are also required to have at least one woman director on the board.

IOC said, BSE and the National Stock Exchange of India Ltd. (NSE) imposed a fine of Rs 5,36,900 each on the company for non-compliance of Regulation 17(1) of the SEBI (LODR) relating to composition of the Board of Directors during the quarter ended June 30, 2024.leum and Natural Gas, Government of India and hence the shortfall in independent directors including non-appointment of women independent director on the board of the company during the quarter ended June 30, 2024 was not due to any negligence / default by the company, IOC said.

Online

Headline	All Sivasagar District Students' Union Protests ONGC's Decision to Outsource Rig Management to External Company		
Publication	The Sentinel	Edition	Online Coverage
Published Date	8 Sep 2024		

All Sivasagar District Students' Union Protests ONGC's Decision to Outsource Rig Management to External Company

https://www.sentinelassam.com/north-east-india-news/assam-news/all-sivasagar-district-students-union-protests-ongcs-decision-to-outsource-rig-management-to-external-company

The activists of All Sivasagar District Students' Union has strongly opposed a decision by Oil and Natural Gas Corporation (ONGC) to hand over the

management of one of its rigs to an external company named South Asia' through a central tender. ONGC, a major national enterprise involved in oil production, has been operating in Assam, managing 14 rigs in the region.

Published on

SIVASAGAR: The activists of All Sivasagar District Students' Union has strongly opposed a decision by Oil and Natural Gas Corporation (ONGC) to hand over the management of one of its rigs to an external company named South Asia' through a central tender. ONGC, a major national enterprise involved in oil production, has been operating in Assam, managing 14 rigs in the region.

In a press release issued by the president Manab Hazarika and general secretary Dipankar Saikia of the union, the organization warned ONGC against implementing this decision. They remarked the move as the beginning of the end for ONGC's operations in Assam. The union alleged that anti-Assam elements within the corporation were behind this decision and emphasized that the people of Assam would not tolerate such actions. They demanded that ONGC employ local staff to manage the rigs directly and cancel the outsourcing plans immediately.

The student leaders further warned that if the authorities proceed with outsourcing, ONGC would not be allowed to operate peacefully in the region. Samiran Phukan, central executive of AASU, also criticized ONGC's top management, accusing them of neglecting Assam's resources. He claimed that ONGC's focus on production increases without recruiting adequate personnel and following scientific processes was unacceptable.

Recently, ONGC decided to hand over the operations and maintenance of Rig No. 4900, located at Taxi Mothadang area near National Highway 37 in Sivasagar, to the external firm South Asia. The student union stated that this step, along with the potential outsourcing of more rigs, is part of a larger conspiracy by ONGC to reduce costs at the expense of Assam's resources. The union is determined to stop this move at all costs.

In 2022, ONGC received approval to recruit 266 staff members under its Assam operations. However, after Arun Kumar Singh took over as chairman in December 2022, the organization halted recruitment, labeling the Assam asset as a loss-making entity. The union leaders stated that Assam would not accept such decisions and warned ONGC to reconsider its anti-Assam stance, or face widespread protests.

Headline	As crude oil prices fall, why next few weeks will set the course for IOC, ONGC stocks		
Publication	The Economic Times	Edition	Online Coverage
Published Date	9 Sep 2024		

As crude oil prices fall, why next few weeks will set the course for IOC, ONGC stocks

https://economictimes.indiatimes.com/prime/money-and-markets/as-crude-oil-prices-fall-why-next-few-weeks-will-set-the-course-for-ioc-ongc-stocks/primearticleshow/113169896.cms

Benign crude oil prices and robust refining margins in the past couple of years have fuelled the stock prices of Indias oil marketing companies (OMCs) to unprecedented heights. Take for example the shares of Oil India Corporation (IOC). From the Covid-19 lows of INR47 per share in March 2020, the stock has now risen to nearly INR200 a 300% jump. Similarly, the shares of Hindustan Petroleum Corporation (HPCL) and Bharat Petroleum Corporation (BPCL) have given returns of 357% and 196%, respectively, during the same period. These stocks continue to trade near their lifetime highs, but experts believe the valuations are still low making them look attractive. While the IOC stock trades at a low P/B (price-to-book) value of 1.4x, both HPCL and BPCL have a P/B value of 1.8x. Lower P/B ratios indicate that a stock is undervalued. With a ROCE (return on capital employed) of 21%, IOC is trading at price to earnings (PE) multiple of 8.31. ROCE is a gauge of a corporations profitability and how efficiently it generates profits. The higher the ROCE, the better a company is at converting its equity financing into profits. As per recent market capitalisation and Ebitda (earnings before interest, taxes, depreciation, and amortisation) figures from the last 12 months, OMCs continue to trade at EV (enterprise value)/Ebitda multiples ranging from 3.59 to 5.02. These valuations were in double digits in 2017-18 and are much below their global peers such as Chevron Corporation, Saudi Arabian Oil Company among others. EV/Ebitda multiple is a ratio used to determine the value of a company. The market believes that the profitability ratios of the OMCs will go into double digits. But will these state-run companies be able to maintain their dream run thereafter? Experts say going forward a lot will depend on which way crude oil prices move and government regulations. Crude oil movement In the last few days, Brent crude prices have fallen sharply by as much as 5%. Analysts expect the prices to sink towards USD65 per barrel from nearly USD70 per barrel now. Since January 2023, global crude oil prices have been trading in the broad range of USD67 to USD82 per barrel. According to The Economist, both oil and metals did terribly after the global financial crisis and the Covid-19 pandemic, despite the US Feds indications to slash rates. But this time around, when rates are actually slashed, there is a chance that metal prices might move up. However, there wont be any significant effect on oil prices. This is because OPEC will not cut supply and oil production is rising outside the cartel. If OPEC+ doesn't reduce production further, the average price of oil could drop to USD60 per barrel in 2025 due to reduced demand and increased supply from non-OPEC countries, Citi said in a note recently. So, who will benefit if oil prices go down further? The OMCs. Crude oil is trading at a broad range and is expected to take support at USD65 levels. Then it will inch up towards USD85 per barrel. Either side, a decisive breakout will only give a clear direction. Till then, it will continue to trade in the range. OPEC agreed to delay a planned oil output increase for October-November and said it could further pause or reverse the hikes if needed. What it means for OMCs Oil stocks go through cycles and the present cycle has not peaked just yet. And if crude oil prices continue to remain benign, OMCs profitability will get a further boost with an increase in gross refining margins (GRMs). This will help the stock prices rise further with the government not interfering with the pump prices despite on paper retail fuel prices in India are market linked. In the last six years, the net profit for the three largest OMCs IOC, BPCL, and HPCL have grown exponentially. For the financial year closing March 2024, IOC reported its highest ever profit ever at INR43,161 crore. In FY15, the company had reported a net profit of INR4,872 crore. In the point and figure chart above, the setup is bullish for IOC, with multiple bullish anchor columns. The stock has been consolidating after a stupendous rally and has already broken the 45- degree trendline on the super pattern. On the bar chart, it represents a flag pattern, where it will start another rally as soon as it provides a fresh breakout. The open target is towards INR263 per share in the short term. Currently, amid the war between Russia and Ukraine, India has been buying Russian oil on heavy discount. India has become the largest buyers of Russian oil as western countries restrict purchases and impose sanctions. Russia, which made up for just 0.2% of all oil imported by India in the pre-war period, has now taken a pole position in the countrys oil supplies even while the discounts have been narrowed. The Indian oil refiners are not only buying cheaper crude but exporting the refined products and making killer profits. The OMCs export surplus MS (petrol) and HSD (diesel) to other countries only after meeting domestic demand in the country. Profitability of exporting compared with refinery transfer price depends on prices quoted by the buyer on export tenders, the government said in a reply to Parliament. What it means for exploration companies While a drop in crude prices is a boon for the OMCs, a fall impacts exploration companies margins. ONGC, the countrys largest oil explorer, reported a highest ever net profit for the period ending March 2024 at INR57,101 crore. But ICICI Securities in its latest research report talks about a risk to ONGCs realisation. The ramp-up of the KG basin asset remains the key performance driver over FY25-26E and this remains the key to production growth and earnings strength for ONGC. Brent crude averaged USD83.1/ barrel driven by supply cuts and geopolitical tensions. The main risk to realisation is a sustained drop in brent prices

below USD75/bbl, which we see as unlikely, the report said Stronger cash flow and production outlook, meatier subsidiary earnings over the next twothree years and higher investment value of listed investments drive the uptick in our target price to INR375 per share, the report said maintaining a buy on the stock. On technical charts, ONGC recently hit a lifetime high of INR345 per share. It broke its previous life high of INR314 per share it made in 2014. The stock is retesting the breakout zone and trading above the 20-day weekly exponential moving average. On the point and figure chart, it has multiple bullish setup counts open towards INR372 and INR407. If ONGC holds at INR290 levels, it is likely to move higher toward its targets. The final cut So far, the oil market has shown resilience against production cuts which is a big positive for Indian OMCs. In November 2023, OPEC+ members agreed to slash their output by 2 million barrels per day until the end of 2024. However, the effectiveness of these cuts seems to be diminishing. Despite previous cuts, oil prices have remained within the USD75-USD85 range per barrel. Not only did oil prices not react to production cuts, but they were also resilient to the Houthi attack on shipping lines passing through the Red Sea or the ongoing conflict between Israel and Hamas, which might engulf the entire oil-rich West Asia. OMCs have said there has been no threat to their oil shipments from the escalating tensions over the Red Sea, and shipments till April are secured. However, the Red Sea issue has impacted freight rates, and it needs to be seen how things unfold over the next couple of weeks for an impact in FY25 numbers, HPCLs top management said. Investors are closely watching the developments in the oil market. If crude prices continue to decline, it might have a significant impact on the stocks. The next few weeks will be crucial in determining the fate of these companies and their investors. (Graphics by Manali Ghosh)

Headline	मध्य प्रदेश के दमोह, पन्ना, धार और देवास में छिपे हैं पेट्रोलियम के भंडार, पता लगाने में जुटी सरकार		
Publication	Dmanand	Edition	Online Coverage
Published Date	8 Sep 2024		

मध्य प्रदेश के दमोह, पन्ना, धार और देवास में छिपे हैं पेट्रोलियम के भंडार, पता लगाने में जुटी सरकार

https://dmanand.in/archives/10220

मध्य प्रदेश का दमोह और पन्ना जिला पठारी इलाका है। यहीं पेट्रोलियम के भंडार होने की संभावना जताई गई है। ओएनजीसी और इसकी सहयोगी कंपनियां यहां खनन कर रही हैं। अब अब प्रदेश सरकार भी इस प्रयास में जुट रही है।

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<tr><td>Headline</td><td colspan="3">MP News live: मध्य प्रदेश के इन जिलों में छिपे पेट्रोलियम भंडार, खोज में जुटी सरकार, जानिए कहां-कहां है खजाना</td></tr>
<tr><td>Publication</td><td>Harit Prawah</td><td>Edition</td><td>Online Coverage</td></tr>
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https://haritprawah.com/mp-news-live-today/

MP News live: मध्य प्रदेश के पन्ना और दमोह जिला पठारी क्षेत्र में पेट्रोलियम के भंडार होने की संभावना है। ओएनजीसी और सहयोगी कंपनियों ने तलासी शुरू की है। प्रदेश सरकार भी प्रयास में जुट गई है

Bhopal samachar today: एमपी में पेट्रोलियम एवं प्राकृतिक गैस की खोज अब युद्ध स्तर पर की जा रही है. इसके साथ उत्पादन तथा विवरण और विपणन के लिए प्रदेश सरकार की तरफ से एमपी पेट्रोलियम कॉर्पोरेशन की स्थापना की जाएगी ,जिसको लेकर शुक्रवार (6सितंबर) को सीएम मोहन यादव ने खनिज साधन विभाग की समीक्षा की थी।

Headline	Petrol, diesel prices may stay unchanged but Oil Marketing Companies have better profit prospects in rest of 2024		
Publication	The Financial Express	Edition	Online Coverage
Published Date	9 Sep 2024		

Petrol, diesel prices may stay unchanged but Oil Marketing Companies have better profit prospects in rest of 2024

https://www.financialexpress.com/business/industry-petrol-diesel-prices-may-stay-unchanged-but-oil-marketing-companies-have-better-profit-prospects-in-rest-of-2024-3604947/

Analysts also expect the prices of diesel and petrol to fall at the retail end considering the prices remain in the range.

After long period of volatility in crude oil prices that resulted in state-run oil marketing companies reporting weak earnings in the first quarter of the current financial year, a new declining trend in the prices, if sustained, is expected to result in healthy marketing margins for the downstream companies going forward.

Analysts also expect the prices of and petrol to fall at the retail end considering the prices remain in the range.

Given the nature of our oil industry, it is likely that marketing margins (of OMCs) will be healthier, while refining margins may be under pressure, said Ashwin Jacob, partner at Deloitte

The country's three major OMCs Corp, , and Hindustan Petroleum Corp, registered a weak first quarter in FY25 owing to lower refining margins. Furthermore, the reduction in fuel prices slashed the company's marketing margins. The state-owned oil marketing companies had earlier cut fuel prices by Rs 2 per litre, first time after April 2022.

Typically, overall OMC margins at all three OMCs have a closer relationship with refining margin, and this market seems to be signaling a lower gross refining margin environment in the near future, so OMC margins may likely be under stress too, Jacob said.

Crude prices are currently at one of their lowest, especially as compared to the previous 12-13 months. This is on account of a number of factors including lower global demand growth, as well as additional supply entering the market. Analysts believe that crude prices may fall further given the Organisation of Petroleum Exporting Countries does not delay unwinding of its production cuts.

Crude prices are likely to remain range bound between $70-75 per barrel, but may move further downwards, if OPEC doesn't delay unwinding of their output cuts, Jacob said. It is expected that prices of petrol and diesel may fall at the retail end, if the falling crude prices is seen as a consistent trend (which seems to be the case).

Analysts are expecting prices to edge lower in the medium term due to an expected surplus in the global market by 2025 despite the Organisation of Petroleum Exporting Countries' decision to continue the voluntary cuts of 2.2 million barrels per day (bpd) till September 2024.

The International Energy Agency expects non-OPEC supply to rise by a robust 1.4-1.5 million barrels per day in 2024 or 2025.

For the country's upstream companies, however, analysts see lower margins in the immediate future, putting pressure to their earnings.

State-owned oil producing majors Oil and Natural Gas Corp and Oil India had reported healthy earnings in Q1FY25 as the net crude oil price realizations of the companies improved. If prices continue to fall, the upstream companies may have to reconsider their costs.

One will likely see lower margins at the upstream companies' end in the immediate future, though if the government reduces the windfall tax again (which it did in Aug end), it may provide some margin buffer. One would also likely see upstream companies relook at their costs, and be very prudent on their capex programmes, he said.

Brent prices hovered around $71 per barrel on Sunday while that of WTI crude fell further to $67 per barrel.

Union minister for Petroleum and Natural Gas Hardeep Singh Puri in an interview with CNBC had indicated that the government is on the side of lower prices of oil since the country is dependent for 88% of its crude oil requirements on imports.

He had said that global oil prices are not a result of scarcity but are being sustained by an artificial holding back of supplies. He also mentioned that the government is not considering higher taxes on fossil fuels at the moment.

The price levels are maintained essentially on account of artificial holding back. If the total amount of oil that is available in the world is allowed to be available, then I think we'd be in a slightly more comfortable situation, he had said.