ONGC News as on 07 October 2024 (Print & Online)

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Date :7 October 2024	Page : 12

ET Q&A

ARUNANGSHU SARKAR
DIRECTOR, STRATEGY AND CORPORATE AFFAIRS, ONGC

ONGC will now Have a Four-pronged Strategy for Growth'

Faced with the challenge of decreasing hydrocarbon reserves and maintaining production levels, state-run Oil and Natural Gas Corporation no longer wants to rest on its laurels. The company has devised a four-pronged strategy to emerge as an integrated energy player, Arunangshu Sarkar, ONGC's first-ever director of strategy and corporate affairs, told ET's **Kalpana Pathak** in an interview. Edited excerpts:

What are your immediate tasks?
We are aware that the exploration and production industry is going through a sea change now. Though disruptions are widespread in this industry, we see a different type of disruption caused by the advent of renewable energy. As director of strategy and corporate affairs with a portfolio encompassing marketing, legal, joint ventures, petrochemical, digitalisation and centralised procurement, my immediate tasks would primarily focus on aligning these departments to achieve overarching business objectives and carefully craft a strategy for the future.

What will that strategy be?
My strategy will be four-pronged. First, we are embracing the new energy frontiers to diversify into renewable energy and set up capacities in solar, wind, hybrid, and RTC (round-the-clock renewable energy). Our target will be to grow inorganically. We have also set an ambitious target to achieve net zero (scope 1 and 2) by 2038. The second priority will be to build on the existing strengths. We need to consolidate our existing portfolio by controlling costs and plugging the loopholes where we can, to reduce the cost, be it onshore or offshore. Third, we are looking at digitisation in a big way. Remote monitoring will help bring down our costs and manage our assets efficiently. And fourth, we are planning to go big on petrochemicals as petrochemicals demand in the country is expected to remain strong.

How do you plan to leverage ONGC Petrol Additions Ltd (OPaL) to go big on petrochemicals?
ONGC's strategic vision is to become an integrated global energy major by increasing its footprint across the downstream and petrochemical value chain. OPaL is the largest direct investment in greenfield projects to date and a significant step towards realising its goal of integrating global oil to a chemical major. But OPaL has had a problem with high debt. So, ONGC has taken steps to correct its lopsided capital structure and this August, we received government approval for capital infusion of ₹18,365 crore (into the firm). With this, OPaL's debt burden will come down to a healthy level.

GREEN HYDROGEN

ONGC is setting up a demonstration plant for generating hydrogen from its produced effluent containing permissible limit of oil and gas

ONGC's P/E ratio is low and comparatively undervalued. Any strategy to improve the same?
I agree that the PE is comparatively undervalued for ONGC. My approach to boosting the P/E ratio will focus primarily on four factors – improving profitability through cost optimisation and expansion in new geographies through strategic M&As; focusing on diversification of revenue streams through investments in renewable sources; enhancing investor confidence by developing a keen focus on ESGs, consistent dividend policy and transparent communication; and socialising key strengths of the company and optimising capital structure, as we have almost always been debt-free.

ONGC's hydrocarbon production has been on a decline. Any measures you are taking to stem the decline?
We have already exploited our assets for over 40 years. So, the pressure of hydrocarbons is less and now there is a natural decline in production. But we are trying to maintain our production by reservoir management methods. And that, in itself, is a challenge. Also, our equipment, platforms, and structures are getting old and we need to replace those.

What is your plan on the green hydrogen front?
On the green hydrogen front, ONGC is setting up a demonstration plant for generating hydrogen from its produced effluent containing permissible limit of oil and gas. The plant at Mehsana, Gujarat, is under the commissioning stage. ONGC has engaged a consultant for detailed technical feasibility, cost estimate, and tender documents for setting up an alkaline electrolyser green hydrogen plant at Tatipaka, Andhra Pradesh, corresponding to 5 MW of existing sola capacity.

Publication : Business Standard	Editions : New Delhi
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QUICK TAKE: OIL INDIA HITS GUSHER IN WEST ASIA'S TENSE OILFIELDS

State-run explorer Oil India saw its shares rise 6% on Friday, lifted by increasing oil prices amid tensions in West Asia. JM Financial forecasts over a 20% upside to ₹700, supported by strengthening oil prices, a robust growth outlook, and attractive valuations. The stock trades at 9x 2025-26 earnings and 1.5x book value

Publication : Millennium Post	Editions : New Delhi
Date :7 October 2024	Page : 10

Adani starts blending green hydrogen in natural gas being supplied to households

NEW DELHI: Adani group has started blending green hydrogen in natural gas that is supplied to households for cooking purposes in parts of Ahmedabad, with a view to cut emissions and meet net-zero targets.

Adani Total Gas Ltd, the group's city gas joint venture with French energy giant TotalEnergies, has started blending 2.2-2.3 per cent of green hydrogen in piped natural gas (PNG) supplies in Shantigram in Ahmedabad, the firm said in a post on LinkedIn.

Hydrogen produced through clean pathways is injected into natural gas pipelines, and the resulting blends are used to generate heat and power with lower emissions than using natural gas alone.

The firm has started producing green hydrogen by using renewable energy sources like wind or solar power, to split water into hydrogen and oxygen through a process called electrolysis. This hydrogen is blended in natural gas that is currently piped to households for cooking purposes and industries.

"We are thrilled to announce the successful commissioning of our Hydrogen Blending System and in-situ Hydrogen Generation at Adani Shantigram, Ahmedabad," Adani-Total Gas Ltd (ATGL) said. "This project will provide uninterrupted hydrogen-blended natural gas to 4,000 domestic and commercial consumers."

Presently, state-owned power generator NTPC supplies green hydrogen blended natural gas to households in Kawas in Surat district, Gujarat.

State-owned gas utility GAIL (India) Ltd is also doing a small pilot in Indore, Madhya Pradesh, to supply CNG that has been doped with grey hydrogen.

ATGL's project is the biggest so far. The firm will slowly increase the green hydrogen blend in natural gas to 5 per cent and ultimately to 8 per cent and widen supplies beyond Shantigram to other parts of Ahmedabad and eventually across other areas where it holds a city gas license.

"This achievement marks a significant step towards reducing our carbon footprint and transitioning to cleaner energy solutions. By blending hydrogen with natural gas, we are lowering greenhouse gas emissions, enhancing energy security, and supporting sustainable development," ATGL said. PTI

Publication : The Hindu Business Line	Editions : New Delhi
Date :7 October 2024	Page : 2

Middle East tension comes in the way of fuel price cuts

Rishi Ranjan Kala
New Delhi

Uncertainty over the nature and extent of retaliatory strikes by Israel on Iran is not just keeping the Middle East and global oil markets on tenterhooks but also reducing the headroom available with Indian oil marketing companies (OMCs) to cut petrol and diesel prices.

Between September 11 and October 5, Brent prices rose from below $70 a barrel to more than $78, a development that skews the dynamics of firming up decisions to reduce retail prices of key auto fuels.

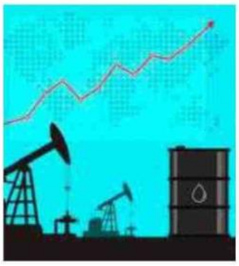
Analysts and trade sources point out that geopolitical risk dominated oil markets in the first week of October 2024 with WTI and Brent up roughly 8 per cent since the beginning of the week when Iran fired missiles at Israel which, coupled with an expected retaliatory action, has upped the risk premium.

CHORUS FOR PRICE CUT

The voices in favour of a reduction in retail prices of auto fuels have been growing since September 11 when Brent crude futures dropped below $70 a barrel, the lowest since late 2021, and down $20 a barrel from April's 2024 high. In early August, prices were at $82.

On September 12, Oil Secretary Pankaj Jain said, "In the last 7-10 days, crude oil prices have come down. Currently, the Ministry is analysing the prices and how long they will stay low. It would not be appropriate to cut prices by following developments in just a week. We need time to analyse this trend."

On September 26, ratings agency ICRA, in a report, said that OMCs' net realisation was higher by around ₹15 a litre for petrol and about ₹12 for diesel against international product prices (till September 17). Retail selling price (RSPs) of these fuels has been unchanged since March 2024 and there appears to be headroom for their downward revision by ₹2-3 per litre if crude prices remain stable.



A senior government official indicated that crude oil prices are still below OMCs' comfort level of $80 a barrel. "Refiners' export earnings and other dynamics also need to be factored in," he added. However, a top official with a domestic refiner said, "Reducing retail prices at this point can happen due to political exigencies. Business-wise, volatility has increased in oil markets. It is difficult to say what will happen there (Middle East) but trade will largely remain out of the conflict's purview like in the last year."

The official, however added that in the next 2-3 months, as OPEC+ reverses production cuts (December 2024) and clarity emerges on China and global oil demand, a far better window of opportunity will be available on reducing the retail prices of petrol and diesel.

MARKET DYNAMICS

The International Energy Agency (IEA), in its September oil market report, pointed out that global oil demand growth continues to decelerate, with reported H1 2024 gains of 8,00,000 barrels per day (b/d) y-o-y — the lowest since 2020. Outside of China, oil demand growth is tepid at best.

"Chief driver of this downturn is a rapidly slowing China, where consumption contracted y-o-y for a fourth straight month in July, by 2,80,000 b/d," it added.

Trade sources said that weak Chinese demand and economic headwinds had heightened oversupply fears, putting pressure on prices.

In an apparent effort to halt the precipitous slide in oil prices, the IEA said Saudi Arabia and its OPEC+ allies in September announced that they would postpone by two months the planned unwinding of extra voluntary production cuts.

Last week, the Libyan government said it would reopen all oil fields and export terminals, returning around 7,00,000 (b/d) of crude to the market.

Publication : The Telegraph	Editions : Kolkata
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CNG reach widens in city

SAMBIT SAHA

Calcutta: The supply of compressed natural gas (CNG) is set to double in Calcutta by the end of the month, making the green fuel available in at least 10 more pumps in and around the city and turning the existing ones more ready with stocks.

The national gas grid that connects Bengal with the rest of the country has reached Kalyani, about 40 kilometre north of Calcutta, cutting down time to market by at least one-fourth.

Bengal Gas Company Ltd (BGCL), which has the licence to supply CNG in and around the city, will now be able to service the existing 15 gas stations and the upcoming ones more consistently, given the source is much nearer than the existing one at Panagarh in Burdwan.

Last week, the supplier charged the pipeline with CNG to test the readiness of the network.

Once the Petroleum and Explosive Safety Organisation (Peso), the government agency that regulates the safety of hazardous substances, including compressed gases, gives the green signal, BGCL will start commercially using the pipeline.

CLEAN FUEL

- National gas grid linked till Kalyani
- Time to bring CNG to Calcutta reduced by 25%
- CNG to be available at 10 more outlets
- Existing 15 outlets to have more stocks

As the trunk pipeline is yet to reach Calcutta, the company brings CNG by truck-mounted casket to the pumps. Today, the trucks get CNG all the way from Panagarh, which is 160 kilometres away, making the round trips longer. With Kalyani now the source of gas, the trucks would be able to turnaround faster and cater to a wider network.

"Once the gas flows to Kalyani commercially, we will be able to service our existing CNG stations better and also expand the network. Higher and assured availability of gas is expected to attract more consumers to switch to CNG from traditional fuels," Anupam Mukhopadhyay, CEO of BGCL, said.

BGCL is a joint venture between central public sector unit GAIL India Ltd and the state PSU Greater Calcutta Gas Supply Corporation Limited (GCGSCL). It has the licence to develop the city gas distribution network in Calcutta and parts of adjoining districts of North and South 24 Parganas, Howrah, Hooghly and Nadia, catering to customers in the domestic, transport and commercial sectors. The Calcutta CGD project also happens to be a part of the Urja Ganga Pipeline Project.

The trunk pipeline to Kalyani took a long time to be ready due to issues at the grassroots level that delayed the construction. The chairperson of the Petroleum and Natural Gas Regulatory Board met Bengal chief secretary earlier this month seeking greater co-ordination among different organs of the state.

The PNGRB chairperson also requested the state government to include the supply of piped natural gas to households into RERA that sanctions real estate projects of a certain size. Even though not made mandatory, a few states have included PNG supply under RERA, nudging developers to create provisions/facilities for residential units during construction.

Bottlenecks

Even as the pipeline reached Kalyani, advancing it to Calcutta could take some time as there are a few bottlenecks that the network has to cross.

For now, BGCL has received the requisite nod to lay the pipeline along the Kalyani Expressway up to Bhatpara, reducing distance with the city further in three months from now.

One of the tricky areas is the stretch between Barasat and Haldirams on VIP Road because of Metro construction.

BGCL has sought permission from the Airport Authority of India to take the pipeline along the eastern boundary of the Dum Dum airport to enter Newtown-Rajarhat and bypass the VIP Road stretch.

Another tricky part appears to be the stretch between Nicco Park and E.M. Bypass along the canal as BGCL is yet to receive a nod to lay the pipeline.

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Adani starts hydrogen-natural gas blending programme

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Date :7 October 2024	Page : 8

Oil moguls key cash source for Trump

Oil executives have emerged as an increasingly important source of funding for Donald Trump, as industry titans open their wallets to bolster the Republican nominee's campaign for a second term in the White House. The billionaires backing Trump include Kelcy Warren, chief executive officer of pipeline operator Energy Transfer LP; Harold Hamm, the founder of Continental Resources Inc.; and Jeff Hildebrand, CEO of Hilcorp Energy. Trump sought more support last week with fundraisers in Midland, Texas, the heart of the prolific Permian Basin, and Houston, the self-styled "energy capital of the world." **BLOOMBERG**

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PHOTO: REUTERS

Palestinians flee Gaza Strip on Sunday

A YR OF ISRAEL-HAMAS WAR: TRADE WITH W ASIA HOLDS STEADY

A year after a Hamas attack against Israel on October 7 and the ensuing Israeli invasion of the Gaza Strip, India's trade with most West Asian countries has largely escaped any major disruption, except with countries like Israel, Lebanon, and Jordan. However, repeated flare-ups of geopolitical tensions in the region continue to drive up shipping and logistics costs. There are fears of the conflict escalating and further inflaming the troubled region, which accounts for almost a third of global crude oil production. 12

Publication : Business Standard	Editions : New Delhi
Date :7 October 2024	Page : 1, 12

A yr of Israel-Hamas war: Trade with W Asia holds steady

However, trade with Israel, Lebanon, Jordan declines during January-July period

DHRUVAKSH SAHA, SHREYA NANDI & SUBHAYAN CHAKRABORTY
New Delhi, 6 October

A year after a Hamas attack against Israel on October 7 and the ensuing Israeli invasion of the Gaza Strip, India's trade with most West Asian countries has largely escaped any major disruption, except with countries like Israel, Lebanon, and Jordan. However, repeated flare-ups of geopolitical tensions in the region continue to drive up shipping and logistics costs.

The conflict has led to two wide-scale missile attacks on Israel by Iran, a limited ground offensive by Israel into neighboring Lebanon to confront the Tehran-aligned Hezbollah, and maritime attacks by Yemeni Houthi rebels on Israel-bound ships.

There are fears of the conflict escalating and further inflaming the troubled region, which accounts for almost a third of global crude oil production. Despite this, crude oil flows from West Asia have remained robust.

More importantly, India's trade with the Gulf Cooperation Council (GCC) — comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates — has remained robust.

During the first seven months of the calendar year, exports to GCC nations grew by 17.9 per cent year-on-year (Y-o-Y) to $34.9 billion. Similarly, imports grew 10 per cent at $68.92 billion during January-July, according to latest commerce department data.

Among other West Asian countries — Iran, Iraq, Israel, Jordan, Lebanon, Syria, and Yemen — exports contracted by nearly a third to $5.58 billion during January-July. As much as 59 per cent of the $5.58 billion worth of goods were exported to Iraq and Israel.

Overall exports from Israel contracted by 63 per cent in January-July to $1.29 billion. Similarly, imports contracted by 29 per cent to $974 million. Israel also dropped to India's 47th largest trade partner in 2024, down from 32nd position in FY24.

Exports to Jordan and Lebanon, though relatively smaller, saw contractions of 38.3 per cent and 6.8 per cent, at $637.97 million and $197.96 million, respectively.

Biswajit Dhar, distinguished professor at the Council for Social Development, said India has not experienced a major impact from the war, partly because the main source of crude oil has shifted from West Asia to Russia.

"Conflict in the Red Sea, with Houthis attacking vessels, has been sporadic. Besides, cargo traffic has been rerouted via the Cape of Good Hope. However, going forward, Israel-Iran tension could be a major source of trouble," Dhar said.

"Until now, Israel has attacked countries that have little power to retaliate. As a result, it has been one-way traffic. Once they start attacking Iran seriously, there could be major retaliation from Iran," he added.

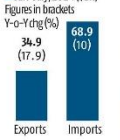
Dhar said the ripple effects of this tension on trade would depend on how serious the Iran-Israel conflict becomes.

FEELING THE HEAT

India's trade with Israel

Source: Department of Commerce

India's trade with Gulf Cooperation Council members



IMPACT CHECK

On October 7, 2023, Hamas launched a massive surprise attack on Israel, killing 1,205 people. *Business Standard* takes a look at how key economic indicators moved in the first week of the attack and in the week leading up to its one-year anniversary

(change in %)

	Brent crude	Gold	₹ spot	Mcap*	10-yr India Gsec yield	BDI Baltic Exchange Dry Index
Oct 6 - Oct 14 '23	7.39	5.45	-0.02	0.67	-2.70	0.83
Sep 27 - Oct 4 '24	9.25	-0.17	-0.33	-3.56	7.40	-8.63

*Change in mcap of all BSE-listed firms; Sources: Bloomberg, exchange; Compiled by BS Research Bureau

Risk raises freight charge

While violence following the initial attack didn't immediately impact the maritime economy, the conflict's expansion to other actors, such as the Houthis in November, caused global shipping to spiral downward at the end of 2023, with dozens of vessels attacked by the Yemeni militant group, prompting major shippers to avoid the Red Sea entirely.

War risk insurance premiums and other surcharges also increased for shipping companies.

With ships having to take a detour around Africa, industry estimates showed a single tanker voyage between Asia and Northwestern Europe now costs shippers an additional $1 million and involves delays of weeks.

Between October 2023 and now, composite freight rates for East-West routes have risen by 151 per cent to $3,489 per 40-foot container, with sizable increases in China-Europe and China-US rates.

As supply chains reshuffle due to volatile international waters over the past year, along with a resurgence of Somali pirates in the Indian Ocean, the Drewry World Container Index rose to nearly $6,000 per 40-foot container in July, up from a base of $1,300 in October 2023.

Oil not on fire yet

Despite the series of regional conflicts erupting across West Asia as a result of the Hamas attack, fears of a potential disruption in the supply of crude oil from the region have not materialised.

Although the geopolitical risk premium on oil caused prices to rise immediately after the attack on October 7, a region-wide fluctuation in oil production and exports did not occur, officials said.

A key reason has been Iran's decision not to block the Strait of Hormuz, through which over half of all crude oil and at least 80 per cent of the natural gas purchased by India pass.

Meanwhile, the Gaza Strip and Israel are situated far from major oil-producing regions.

In the first four months of this financial year, Iraq, Saudi Arabia, and the United Arab Emirates continued to be the second, third, and fourth-largest sources of crude oil for India, following Russia, according to official data.

The share of crude from these nations has increased over the past few months, despite ongoing discounts on Russian crude oil, as the government prioritises diversifying its oil imports.

Publication : Financial Express	Editions : New Delhi
Date :7 October 2024	Page : 2

₹1,850 CRORE COMMITTED FOR BIOGAS SECTOR

INVESTMENTS WORTH ₹1,850 crore have been committed in the biogas sector during the Renewable Energy India (REI) Expo 2024, held from October 3-5, a top official of Indian Biogas Association (IBA) said. **AGENCIES**

Publication : The Hindu	Editions : Kolkata
Date :7 October 2024	Page : 14

Iran's Oil Minister visits key site after Israeli threats

Agence France-Presse
TEHRAN

Iranian Oil Minister Mohsen Paknejad visited an oil facility on Kharg Island on Sunday amid growing concerns over potential Israeli air strikes targeting such sites. The visit comes after an Israeli official said the country was "preparing a response" after Iran launched a barrage of missiles this week at Israel.

Mr. Paknejad arrived at the Kharg Island oil facilities in the morning and met with employees. "We are not afraid that our enemies will ignite a crisis, and visiting the region is a normal business trip," Mr. Paknejad said. Kharg Island, located on the Gulf, is home to Iran's largest crude oil export terminal.

Online

Headline	ONGC will now have a four-pronged strategy for growth', says director Arunangshu Sarkar		
Publication	The Economic Times	Edition	Online Coverage
Published Date	6 Oct 2024		

ONGC will now have a four-pronged strategy for growth', says director Arunangshu Sarkar

https://economictimes.indiatimes.com/industry/energy/oil-gas/ongc-will-now-have-a-four-pronged-strategy-for-growth-says-director-arunangshu-sarkar/articleshow/113992123.cms

Synopsis ONGC is implementing a four-part strategy to become an integrated energy company. This includes diversifying into renewable energy, enhancing existing operations, adopting digital tools, and expanding in petrochemicals. The company also aims to achieve net-zero emissions by 2038. A significant capital infusion will help reduce OPaL's debt and support ONGC's ambitious growth plans.

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Headline	ONGC Assam Asset donates Rs 12 lakh for AC classrooms		
Publication	The Hills Times	Edition	Online Coverage
Published Date	7 Oct 2024		

ONGC Assam Asset donates Rs 12 lakh for AC classrooms

https://thehillstimes.in/assam/ongc-assam-asset-donates-rs-12-lakh-for-ac-classrooms

HT Correspondent SIVASAGAR, Oct 6: At a time when over a billion school children in government schools have been hit hard by sweltering heat, ONGC Assam Asset, Nazira, in an appreciable gesture, provided air conditioners to all the classrooms in Rudrasagar Primary School near here, to the delight of the little children, mostly from poor SC families nearby. ED asset manager Rajesh Tiwary inaugurated the renovated classrooms on Saturday, and in his speech said that ONGC has always been helping generously in improving the education sector, as it believes better infrastructure is essential for effective teaching and learning.

Jagat Hazarika, secretary, ONGC ST SC Employees Welfare Association, delivered a welcome speech at the meeting held for the purpose. It was also addressed by Dr Prafulla Kalita, Registrar, Sibsagar University, and Dembiram Panging, president, ONGC ST SC Employees Association.

Headline	China stimulus raise hopes of lower dumping into India		
Publication	The Financial Express	Edition	Online Coverage
Published Date	7 Oct 2024		

China stimulus raise hopes of lower dumping into India

https://www.financialexpress.com/business/industry-china-stimulus-raise-hopes-of-lower-dumping-into-india-3632225/

With China's new stimulus boost for its realty sector, the Indian steel industry is hopeful that fewer Chinese steel shipments will find their way to Indian ports. Industry analysts say that the stimulus will potentially increase China's domestic steel demand, hence reducing the country's need to export elsewhere and bring stability in steel prices in India.

The move is expected to reap short term benefits for the Indian steel companies as domestic HRC (hot rolled coil) prices become at par with Chinese import prices. "In the last few months dumping of steel had increased and steel realisations had been showing a down-ward trend. With this stimulus package, the construction sector will see an uptick in China thereby reducing the problem of dumping for those grades of steel and other metals associated with the building and construction industry," Niladri B, Partner, Grant Thornton Bharat said.

"Potential stabilization of the economy, especially the property market, may support steel demand in China, thereby boosting not just sentiment but also steel/ steelmaking raw material markets," Morgan Stanley analysts added.

However, analysts suggest a wait and watch approach for long term impact since the effect of the stimulus package in China remains to be seen.

Steel prices in India are significantly influenced by the quantity and price of Chinese steel available in Indian markets.

The Chinese domestic steel demand has slowed down significantly, as the property sector, which accounts for 50% of domestic steel consumption, is going through its weakest cycle in over a decade. Weak domestic demand and over-production have resulted in China's increased share of exports. China's current net steel exports, at 10% of production, are the highest since March 2017 brokerage firm Nomura observed.

The impact on flat steel will take more time to be felt, and the industry will need to wait for further reforms and stimulus for a wide-ranging positive impact. Industry executives agreed that while the stimulus package comes as a relief for Indian steelmakers, the extent of the long-term impact remains to be seen, and will depend on further initiatives taken by the Chinese government to boost its property market.

"There is such a huge capacity overhang of Chinese metals industry that even a small percentage fall in their capacity utilization translates into a big dumping problem for the world in sheer tonnes. The hope is that this issue will be on hold for some time now," he added.

However, analysts said that Chinese imports levels will remain elevated over the next couple of months due to lag effect even as green shoots for domestic steel spread start to appear.

The Chinese reforms package, coupled with sustained demand would lead to reduced dependence on exports for volume growth.

"Uptick in excavator sales, monetary easing measures, and the China government's resolve to shore up the property sector should support domestic demand and HRC margins," Nomura analysts added.

Analysts expect India HRC prices to remain range-bound for the second half of the fiscal and recovery to start in FY26 given the current scenario. India HRC prices are largely influenced by China's HRC import parity prices along with domestic supply and demand dynamics.

"We expect China's export HRC prices to remain range-bound over the next 3-6 months, resulting in suppressed domestic prices for Indian steel producers," analysts from Nomura said. India HRC prices have corrected 39% from the highs of April 2022 which in turn is causing domestic steel firms to experience pressure on margins.

Analysts however said that Chinese HRC prices have hit a trough indicating that recovery is around the corner. Domestic steel prices are now broadly similar to import parity prices (vs. 8-9% premium over the past year), according to a Morgan Stanley report.