ONGC News as on 21 December 2023 (Print)

Publication : Mint	Editions : New Delhi
Date :21 December 2023	Page : 4

ONGC, Oil India set to grow despite crude fall

Manvi Agarwal
feedback@livemint.com

Shares of Oil & Natural Gas Corp Ltd (ONGC) and Oil India Ltd have risen sharply, significantly outperforming the benchmark Nifty50 index with gains of 38% and 73%, respectively, so far this calendar year. These gains were fuelled by a rise in global crude oil prices, which buoyed the profitability and operating margins of these state-owned energy companies.

However, the landscape shifted when crude oil prices declined from around $100/barrel in September to approximately $80/barrel amid a market reversal despite tight supplies and escalating tensions in the Middle East.

This abrupt decline followed a shift in market concerns from supply risks to global economic uncertainties and oil demand. Despite OPEC's decision to extend supply cuts beyond December 2023, oil prices haven't responded significantly. The limited impact is attributed to the realization that the supply cut isn't enough to offset non-OPEC output growth. Moreover, lingering worries about a weakening global economy persist.

This drop in crude prices typically signals reduced net realizations for upstream producers, but the government's windfall tax has kept the outlook optimistic.

This tax was introduced in 2022. When crude prices increase, the windfall taxes also rise, and conversely, they decrease when crude prices decline.

This tax, adjusted biweekly, stabilizes net oil realizations for companies like ONGC and Oil India, ensuring consistent earnings.

JM Financial Securities Ltd said that the windfall tax adjustments by the government imply a comfortable net crude realization of about $75/barrel for Oil India and ONGC.

"Brent crude price of $75-80/barrel is a sweet spot for ONGC/Oil India, as it improves visibility for net crude realization of $75/barrel by eliminating the risk of ad-hoc fuel subsidy burden," JM Financial said in report dated 18 December.

In Q2FY24, Oil India reported a marginal 2% sequential uptick in net realizations to $75 and a 5.7% year-on-year rise in crude oil production, while ONGC saw a slight decrease in net realizations to $73, alongside a 1.6% drop in output.

Brent prices below $75/barrel could adversely affect earnings of these companies.

Going by the estimates of Emkay Global Financial Services, for every $5/barrel decline in oil prices, ONGC/Oil India's FY25 standalone earnings per share would fall 10% and 9%, respectively.

Aside from government policies, factors like production volume increases are key. ONGC is resuming operations in Mozambique and starting production in the Eastern offshore block KG-98/2.

These new assets, expected to contribute 12% to 20% of ONGC's current domestic oil and gas output, serve as potential catalysts for a favourable reassessment of the stock.

Both companies also have ambitious capital expenditure plans, with ONGC allocating over ₹20,000 crore across FY24 and FY25, and Oil India planning to spend over ₹ 14,000 crore in FY24.

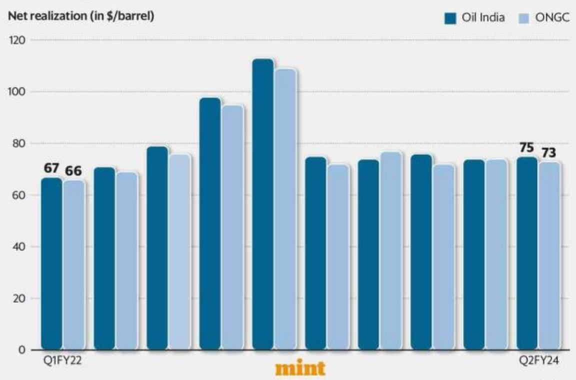
Despite their strong dividend history, ONGC and Oil India have experienced substantial impairments in the past, especially during the commodity boom.

With the current lower oil prices and global growth concerns, investors should be cautious of potential impairments.

Ultimately, the trajectory of these stocks depends heavily on crude oil price movements.

Limited traction

The realizations of upstream oil companies Oil India and ONGC have been range bound lately



Source: Company, CLSA

PRANAY BHARDWAJ/MINT

OIL'S WELL

THE drop in crude prices typically signals reduced net realizations for upstream producers

DESPITE FALL IN CRUDE PRICE, Centre's windfall tax has kept the outlook optimistic

ASIDE from government policies, factors like production volume increases are key

Publication : The Economic Times	Editions : Kolkata
Date :21 December 2023	Page : 8

Day Trading Guide | Axis Securities

In the short-term, Nifty is in corrective mode, forming a lower top and lower bottom, indicating a downtrend. The index has violated its four-month multiple support zone of 19,250-19,200 levels on a closing basis, indicating weakness. Currently, it is sustaining below its 20, 50 and 100-day SMA. On the downside, it may extend its down move towards 19,000-18,000 levels. On the flip side, 19,400-19,500 may act as a crucial resistance zone. The overall sentiments remain bullish, and any short-term correction remains a buying opportunity.

Tech Picks

RAJESH PALVIYA
SVP – Technical & Derivative Research

ONGC

Series of higher tops and bottoms, huge volumes, daily, weekly RSI in positive terrain.

LAST CLOSE ▸ ₹**204** STOP LOSS ▸ ₹**197**

BUY TARGET ₹**227**

KALYAN JEWELLERS

Sustaining above multiple support zone of 310-308 levels with huge volumes and holding 50-day SMA.

LAST CLOSE ▸ ₹**325** STOP LOSS ▸ ₹**308**

BUY TARGET ₹**380**

TATA CONSUMER

Series of higher tops and bottoms, huge volumes, Above 20-, 50- and 100-day SMAs.

LAST CLOSE ▸ ₹**420** STOP LOSS ▸ ₹**406**

BUY TARGET ₹**465**

Publication : The Hindu Business Line	Editions : New Delhi
Date :21 December 2023	Page : 8

Day trading guide

21169 » **Nifty 50 Futures**

S1	S2	R1	R2	COMMENT
21100	20985	21220	21280	Go short now and also at 21195 with a stop-loss at 21240

₹1656 » **HDFC Bank**

S1	S2	R1	R2	COMMENT
1640	1615	1665	1680	Go short only below 1640. Keep the stop-loss at 1650

₹1535 » **Infosys**

S1	S2	R1	R2	COMMENT
1515	1500	1540	1550	Take fresh short positions now. Keep the stop-loss at 1545

₹450 » **ITC**

S1	S2	R1	R2	COMMENT
449	446	453	456	Wait for a rise. Go short at 452. Keep the stop-loss at 454

₹204 » **ONGC**

S1	S2	R1	R2	COMMENT
202	199	206	209	Wait for dips. Go long at 203. Keep the stop-loss at 201

₹2527 » **Reliance Ind.**

S1	S2	R1	R2	COMMENT
2510	2485	2550	2575	Go short only below 2510. Stop-loss can be kept at 2520

₹636 » **SBI**

S1	S2	R1	R2	COMMENT
631	628	638	640	Wait for dips. Go long at 632. Keep the stop-loss at 630

₹3780 » **TCS**

S1	S2	R1	R2	COMMENT
3730	3700	3790	3835	Go short now and at 3785. Stop-loss can be kept at 3805

S1, S2: Support 1 & 2; R1, R2: Resistance 1 & 2.

Publication : The Morning Standard	Editions : New Delhi
Date :21 December 2023	Page : 10

Mkt falls as fresh Covid cases spook investors

Wipes out ₹9 lakh crore investors' wealth as market capitalisation of BSE-listed firms falls

ARSHAD KHAN @ New Delhi

DOMESTIC equity market fell sharply on Wednesday with the benchmarks -- BSE Sensex and NSE Nifty50 -- plunging about 1.30-1.40% each as a fresh spike in COVID-19 cases spooked investors, prompting them to book profit amid the ongoing dream run.

The crack, which came during the second half of the trading session, wiped out nearly ₹9 lakh from investors' kitty as the market capitalization of all BSE-listed firms fell from ₹359.11 lakh crore on Tuesday to ₹350.01 lakh crore on Wednesday.

The 30-share Sensex pack fell 931 points or 1.30% to settle at 70,506 while the NSE Nifty50 slumped 303 points or 1.41% to shut shop at 21,150. During the first half of the trading session, Sensex moved ahead 476 points to hit an all-time high of 71,913 and Nifty touched its fresh peak of 21,593.

The broader markets clocked their biggest single-day loss in 2 months with the BSE MidCap and SmallCap indices falling 3.3% and 3.4%, respectively.

Parth Nyati, founder of Tradingo said that while the reason for the sudden reversal remains unclear, several factors could be at play. "The easy money sentiment buoyed by a buoyant primary market may have set the stage for a correction. Additionally, tight liquidity among HNIs due to their involvement in IPOs could have contributed to the selling pressure. The recent rise in COVID cases may also be serving as a convenient excuse for some investors to exit," added Nyati.

India on Wednesday reported 614 new coronavirus cases, the highest since May 21, while the active cases increased to 2,311. Besides this, the chances of oil prices going up after attacks by Yemen's Houthi militants on ships in the Red Sea are believed to have impacted investors' sentiments.

Wednesday's slump was so widespread that all the sectoral indices closed in red with Nifty PSU Bank, Nifty Metal and Nifty AUTO losing the highest by 4.04%, 3.82% and 2.28% respectively. In the Nifty50 pack, ONGC, Tata Consumer Product and Britannia were the top gainers, while Adani Ports, Adani Enterprise and UPL were the prime laggards.

"This is the first serious slide in the Nifty index after seven weeks of up move and it may result in further dip. However, it is too early to conclude the uptrend has faded until the Nifty breaks 20,700 i.e. 20 EMA on the daily chart," said Ajit Mishra, SVP - Technical Research, Religare Broking.

Publication : The New Indian Express	Editions : Hyderabad
Date :21 December 2023	Page : 12

Mkt falls as fresh Covid cases spook investors

Wipes out ₹9 lakh crore investors' wealth as market capitalisation of BSE-listed firms falls

ARSHAD KHAN @ New Delhi

DOMESTIC equity market fell sharply on Wednesday with the benchmarks -- BSE Sensex and NSE Nifty50 -- plunging about 1.30-1.40% each as a fresh spike in COVID-19 cases spooked investors, prompting them to book profit amid the ongoing dream run.

The crack, which came during the second half of the trading session, wiped out nearly ₹9 lakh from investors' kitty as the market capitalization of all BSE-listed firms fell from ₹359.11 lakh crore on Tuesday to ₹350.01 lakh crore on Wednesday.

The 30-share Sensex pack fell 931 points or 1.30% to settle at 70,506 while the NSE Nifty50 slumped 303 points or 1.41% to shut shop at 21,150. During the first half of the trading session, Sensex moved ahead 476 points to hit an all-time high of 71,913 and Nifty touched its fresh peak of 21,593.

The broader markets clocked their biggest single-day loss in 2 months with the BSE MidCap and SmallCap indices falling 3.3% and 3.4%, respectively.

Parth Nyati, founder of Tradingo said that while the reason for the sudden reversal remains unclear, several factors could be at play. "The easy money sentiment buoyed by a buoyant primary market may have set the stage for a correction. Additionally, tight liquidity among HNIs due to their involvement in IPOs could have contributed to the selling pressure. The recent rise in COVID cases may also be serving as a convenient excuse for some investors to exit," added Nyati.

India on Wednesday reported 614 new coronavirus cases, the highest since May 21, while the active cases increased to 2,311. Besides this, the chances of oil prices going up after attacks by Yemen's Houthi militants on ships in the Red Sea are believed to have impacted investors' sentiments.

Wednesday's slump was so widespread that all the sectoral indices closed in red with Nifty PSU Bank, Nifty Metal and Nifty AUTO losing the highest by 4.04%, 3.82% and 2.28% respectively. In the Nifty50 pack, ONGC, Tata Consumer Product and Britannia were the top gainers, while Adani Ports, Adani Enterprise and UPL were the prime laggards.

"This is the first serious slide in the Nifty index after seven weeks of up move and it may result in further dip. However, it is too early to conclude the uptrend has faded until the Nifty breaks 20,700 i.e. 20 EMA on the daily chart," said Ajit Mishra, SVP - Technical Research, Religare Broking.

Publication : Business Standard	Editions : New Delhi
Date :21 December 2023	Page : 4

BPCL to invest ₹5,044 cr to set up polypropylene unit

Bharat Petroleum Corporation (BPCL) will invest ₹ 5,044 crore, to set up a polypropylene (PP) unit at Kochi refinery. The unit, with a production capacity of 400 kilo-tonnes per annum, is to be completed in 46 months. The project will leverage the propylene feedstock at the Kochi refinery, the company said. The facility is expected to cater to domestic demand from sectors such packaging films and containers. The company said the project will be funded through a mix of debt and equity in a 65:35 ratio. **AMRITHA PILLAY**

Publication : Financial Express	Editions : New Delhi
Date :21 December 2023	Page : 2

BPCL TO INVEST ₹5,044 CR AT KOCHI REFINERY

STATE-OWNED BHARAT Petroleum (BPCL) on Wednesday said it will invest ₹5,044 crore in setting up a polypropylene production unit at its Kochi refinery in Kerala to meet rising petrochemical demand in the country.

Publication : Mint	Editions : Mumbai
Date :21 December 2023	Page : 6

Govt plans lower stake sale target in FY25, no big names

RINL may join FY25's divestment candidates including Concor, IDBI Bank, Shipping Corp

Rhik Kundu & Gulveen Aulakh
NEW DELHI

The Centre is likely to reduce its divestment target for FY25 and complete stake sales processes initiated during the current fiscal FY24, while not making any new big-ticket additions to its divestment list for the upcoming fiscal, two people aware of the matter said.

In FY24, the Centre had planned to sell its stake in IDBI Bank, Shipping Corp. of India Ltd, BEML Ltd and Container Corp. of India Ltd. However, these divestments didn't materialise and will spill over to the next fiscal. Other likely candidates for divestment during FY25 are Rashtriya Ispat Nigam Ltd (RINL) and some subsidiaries under the AI Assets Holding Limited (AIAHL, formerly Air India Assets Holding Limited), among others, the people mentioned above said.

"The divestment target for the next fiscal is likely to be lower than the FY24 target, which was ambitious. Various factors, including market conditions, prevented the government from reaching its target," said the first person mentioned above.

"However, there will be a push to complete some of the divestment processes initiated in FY24 during the upcoming fiscal. These will depend on the market conditions as the government would want to unlock the maximum value from these divestments," the person added.

A spokesperson for the finance ministry didn't respond to emailed queries sent on Tuesday.

As things stand, the government is unlikely to meet its divestment target for FY24. Against a target of ₹51,000 crore, the centre has realised only about ₹10,050 crore through various divestment transactions conducted in the ongoing fiscal as of 13 December 2023.

₹51,000 cr Government's divestment target for FY24

Interestingly, the government's divestment target of ₹51,000 crore for FY24 is lower than the initial estimate for the previous fiscal. The initial estimate of ₹65,000 crore for FY23 was later cut down to ₹50,000 crore.

Since 2016, the centre has given "in-principle" approval for strategic disinvestment of 36 cases of public sector enterprises (PSEs) and government-owned companies.

At present, the department of investment and public asset management (Dipam) is processing as many as 14 transactions where the government is looking to sell its stake, Bhagwat Kishanrao Karad, minister of state for finance, recently informed the Rajya Sabha.

₹10,050 cr Sum realized via divestment in FY24 till 13 Dec 2023

According to the minister, these include PSUs such as BEML Ltd, The Shipping Corp. of India Ltd; HLL Lifecare Ltd; Project & Development India Ltd; Ferro Scrap Nigam Ltd (subsidiary); Indian Medicines Pharmaceuticals Corporation Ltd; Container Corporation of India Ltd; Rashtriya Ispat Nigam Ltd; NMDC Steel Ltd (NSL); Bharat Petroleum Corp. Ltd (except Numaligarh Refinery Ltd); Pawan Hans Ltd; Central Electronics Ltd (CEL); Alloy Steel Plant, Durgapur, Salem Steel Plant and Bhadrawati Steel Plant (units of Steel Authority of India Ltd); and IDBI Bank.

However, despite being in the list, oil refiner and marketer BPCL's disinvestment is unlikely to be taken up after it was halted last year. "The strategic disinvestment of BPCL will not be revived in the near future unless oil prices hit a record high," the first person mentioned above said. "This is unlikely given the economic slowdown and other global trends currently affecting major economies."

Last year (FY23), the government shelved the strategic disinvestment of BPCL, which was expected to generate ₹50,000 crore-₹60,000 crore. Plans to revive the company's divestment process were not pursued as the cooling of oil prices depressed valuations.

Also during FY23, the disinvestment of Central Electronics Ltd was scrapped after the selected bidder failed to disclose its ongoing litigation in the National Company Law Appellate Tribunal (NCLAT).

Earlier this year, the government scrapped the strategic disinvestment of helicopter rental and leasing company Pawan Hans Ltd after it disqualified the successful bidder because it failed to disclose the litigations of its consortium partners.

"Strategically divesting its stake in various public sector companies is an ongoing process for the government," the first person said. "As the global economy and market conditions recover, we could expect better divestment proceeds next fiscal (as compared with the current fiscal)."

rhik.kundu@livemint.com

In FY23, the government shelved the strategic disinvestment of Bharat Petroleum Corp. Ltd, which was expected to generate ₹50,000 crore-₹60,000 crore. REUTERS

Publication : Mint	Editions : Mumbai
Date :21 December 2023	Page : 9

BPCL's new Kochi unit to get ₹5,044 cr

State-owned Bharat Petroleum Corporation Ltd (BPCL) on Wednesday said it will invest ₹5,044 crore in setting up a polypropylene production unit at its Kochi refinery in Kerala to meet rising petrochemical demand in the country.

The 400,000 tonnes per annum polypropylene unit will be constructed in about 46 months from the date of the investment approval, the company said in a statement. BPCL chairman G. Krishnakumar said, "Our ₹5,044 crore investment in the Kochi Refinery's polypropylene unit is part of our strategic commitment towards a sustainable future. Addressing India's petrochemical demand, this project will reshape the industry, meeting the requirements for packaging films, containers and more." This initiative builds upon BPCL's existing capabilities, with the operation of a Propylene Derivative Petrochemical Plant at the Kochi refinery. PTI

Publication : The Indian Express	Editions : New Delhi
Date :21 December 2023	Page : 17

IGX plans to soon launch small-scale LNG trading, awaits PNGRB nod

ENS ECONOMIC BUREAU
NEW DELHI, DECEMBER 20

THE INDIAN Gas Exchange (IGX) plans to soon launch small-scale liquefied natural gas (LNG) contracts on its trading platform and has sought the approval of sector regulator Petroleum and Natural Gas Regulatory Board (PNGRB) for the same, the exchange's chief executive officer Rajesh Mediratta said.

This will be the first instance of exchange trading of natural gas in its liquefied or super-cooled form. Currently, the three-year-old IGX offers trading only in natural gas--domestic as well as re-gasified LNG. According to Mediratta, small-scale LNG contracts will benefit buyers located in areas that are not connected by natural gas pipelines. He added that the PNGRB's nod to the proposal is expected soon. Although there is no prohibition on LNG trading in India, IGX is required to seek the regulator's approval before launching any new contract.

Small-scale LNG refers to direct use of LNG in the liquid form, instead of the conventional route of regasifying it and then using it as natural gas. Regasified LNG, which is essentially natural gas, needs pipelines to be transported to consumers. In areas that are not covered by a natural gas pipeline network, small-scale LNG, which is supplied using cryogenic road tankers, is seen as an alternative route for increasing natural gas consumption.

LNG can be directly used as fuel for heavy commercial vehicles, and is viewed as an alternative for diesel in that segment. A few Indian oil and gas companies have plans to push the use of LNG directly as a vehicular fuel and small-scale LNG fits well into those plans.

Publication : Financial Express	Editions : New Delhi
Date :21 December 2023	Page : 2

DELHI TO HAVE OVER 5,000 EV CHARGING POINTS: DISCOMS

THE EV CHARGING infrastructure is expanding rapidly in Delhi with power distribution companies setting up over 4,500 charging points and battery-swapping facilities across the city and hundreds more to be installed by the end of the current fiscal, discom officials said on Wednesday.

FE BUREAU & AGENCIES

Publication : Financial Express	Editions : New Delhi
Date :21 December 2023	Page : 3

Govt to stop coal imports by FY26

26 more coal blocks go under hammer

ARUNIMA BHARADWAJ
New Delhi, December 20

THE COUNTRY WILL require coal for the next 30-40 years to maintain its energy security, Pralhad Joshi, Union minister for coal and mines, said on Wednesday. The minister also emphasised that the government aims at reducing the import share of coal to 2% in the next financial year and finally reduce it to zero in financial year 2025-26.

"The country's coal import share has reduced from 26% in 2019-20 to 21% in the current fiscal," coal secretary Amrit Lal Meena said.

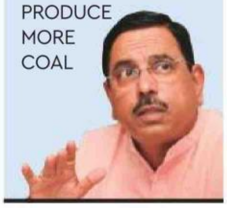
We are also enhancing the washing capacity for both coking coal and domestic coal so that the dependency on imports can be reduced, he added.

"The demand for power is rising and to cater to the rising demand, we will need to produce more coal," the minister said addressing the gathering at the 9th tranche of coal block auction. The coal ministry has put up 26 coal blocks in its latest tranche of coal auction of which seven are fully explored and 19 are partially explored. The government aims at enhancing the participation of more private players in the coal sector with its latest auction of coal mines.

The coal blocks from the state of Madhya Pradesh and Chhattisgarh have been put under the 9th tranche of auction, Meena said. Five mines from Jharkhand and one from Telangana has also been put under auction.

PRALHAD JOSHI,
minister, coal & mines

THE DEMAND FOR POWER IS RISING AND TO CATER TO THE RISING DEMAND, WE'LL NEED TO PRODUCE MORE COAL



Publication : The Hindu Business Line	Editions : New Delhi
Date :21 December 2023	Page : 11

Gas demand from Power sector to grow 30-40% in FY24: IGX

Our Bureau
New Delhi

India's rising power demand, fuelled by growing industrial and household consumption, is propelling higher consumption of natural gas, which the Indian Gas Exchange (IGX) expects to grow by 30-40 per cent y-o-y in the current fiscal.

"Natural gas consumption by the power sector stood at 20.4 million standard cubic meters per day in FY23, which is expected to grow by 30-40 per cent in FY24," IGX MD and CEO Rajesh Kumar Mediratta said.

Power consumption in India, which witnessed an all-time high peak power demand of 241 gigawatts on September 1, has grown by more than 20 per cent during August, September, October and November 2023.

The demand is expected to show a growing trend in the near term driven by CGD expansion and power sector demand.

Prices are expected to remain range bound given the brimming European Union storage levels, robust liquefied natural gas supply, high Norwegian pipeline gas supply and sluggish Asian LNG demand. In the upcoming months, temperatures across Europe and Asia will remain the key determinant for spot prices, Mediratta said.

LONG TERM CONTRACTS

IGX also signed an index sharing agreement with S&P Platts for Long Term Contracts. Now, Platts indices JKM, WIM and Brent will be used for launching contracts beyond a month—3 Months, 6 Months and 12 Months—With this, the exchange shall target to bring bilateral trading for up to a year contracts.

Publication : The Hindu Business Line	Editions : New Delhi
Date :21 December 2023	Page : 11

Govt notifies rules for leasing of seabed to offshore wind power firms

Rishi Ranjan Kala
New Delhi

The Ministry of External Affairs (MEA) on Monday notified rules for leasing the sea bed for offshore wind power projects with the lease being valid for 3 years for resource measurement, which can be further extended by an additional period for two years.

For the construction and operation of offshore wind energy farms, the lease period will be for 35 years, which can be extended further on a case-to-case basis.

The notification, published in the official gazette on Tuesday, mandates that no person or entity shall install offshore wind energy projects or offshore transmission projects, except under a Lease granted under these rules.

LEASE TERMS

The Centre can lease out the offshore area within Exclusive Economic Zone (EEZ) for offshore wind energy project and offshore wind transmission project with the area for the lease to be identified by the centre based on wind resource assessment followed by marine spatial planning, the notification said.

The selection process of the lessee will be governed by the National Offshore Wind Energy Policy. Before granting the lease, the clearances will have to be obtained from the Ministry of Defence, Ministry of Home Affairs, Ministry of External Affairs, Ministry of Environment, Forest and Climate Change, Department of Space and Ministry of Ports, Shipping and Waterways.

On rights of the lessee in the lease area, the notification said that every lessee shall have the exclusive right to carry out activities related to offshore wind energy and offshore wind transmission including studies and surveys, for fulfilling obligations.

The lessee will also have the right to restrict the navigation of boats, ferries and ships obstructing the operation of the project site.

"Provided that activities such as fishing for the purpose of livelihood and other activities that may coexist with the offshore wind energy farm in the interest of the common public shall be permissible, if they do not affect the normal working of the offshore wind energy farm," it added.

PROJECT TIMELINES

The area covered by the lease shall be specified and shall be valid for three years for resource measurement and related study or survey activities, further extendable for adequate reasons by an additional two years.

Post expiry of the five years period, the lease shall expire and all clearances to the lessee shall be withdrawn and the lessee shall have to deposit the study or survey data to NIWE, unless the lessee has started work to set up wind energy capacity as per the terms.