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Govt offers shorter lock-in, lower net worth to sell Pawan Hans stake

The successful bidder can now sell assets after one year of acquisition instead of two in the revised EoI

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NEW DELHI

The finance ministry has sweetened the terms to sell helicopter operator Pawan Hans in its fourth attempt, reducing minimum net worth for potential bidders and the lock-in period of investment, and allowing the successful bidder to sell assets after one year.

The investor is now allowed to sell assets one year after acquisition instead of two years proposed in the EoI issued last year. While change in shareholding among consortium partners was not allowed earlier, the new offer document allows it if the lead investor holds a minimum of 26% stake and other members hold at least 10% each.

The lock-in period for investment has been reduced to one year from three years earlier.

However, a new clause of business continuity has been added to ensure that the successful bidder will not liquidate or close down the business for three years. The minimum net worth of bidders has also been reduced to ₹300 crore



Both the Centre and ONGC have decided to disinvest their entire equity shareholdings in Pawan Hans in a strategic disinvestment. HT

from ₹350 crore earlier and the profitability criteria has been abolished.

“This will increase the universe of bidders for Pawan Hans. All perceivable hurdles have been removed. Valuation of the company has not been decided now. We are at EoI

(expression of interest) stage. If we get some EoI responses, then we will move to valuation,” a finance

ministry official said under condition of anonymity.

Pawan Hans is a Mini Ratna

lic sector undertaking to primarily provide helicopter services for the exploration activities of Oil and Natural Gas Corp. Ltd (ONGC) and to the North-East region of India. The PSU is now India’s leading helicopter company with the largest fleet size, engaged in providing helicopter services for various purposes such as offshore operations, inter-island transportation, connecting inaccessible areas, pipeline surveillance, casualty and rescue work, charter services, VIP transportation, services under Regional Connectivity Scheme and various other customized services.

As on 31 July, the company had 686 employees—363 regular employees and 323 contractual employees. Both the Centre (51%) and ONGC (49%)

have decided to disinvest their entire equity shareholdings in Pawan Hans in a strategic disinvestment with transfer of management control. Last

date of submission of EoIs is 19 January.

The company’s authorized cap-

ital as on 31 March 2020 was ₹560 crore. The PSU’s revenue has been falling since FY16 and it recorded losses in FY19 and FY20. In FY20, total revenues stood at ₹376.8 crore and Ebitda (Earnings before interest, taxes, depreciation, and amortization) loss of ₹8.1 crore.

“Drop in revenue from operations in FY16 onwards can be attributed to lower flying hours due to a reduction in operational fleet caused by 3 accidents during 2015. Revenue has further declined in FY20 due to ageing of helicopters as vintage clauses enforced by various customers act as a hurdle to participate and win new businesses,” the EoI document said.

The government has set a disinvestment target of ₹2.1 trillion for FY21, including the privatization of Air India and Bharat Petroleum Corp. Ltd. So far this year, the government has garnered ₹6,734 crore through minority stake sales and the initial public offering of Mazagon Dock Shipbuilders Ltd. It is, however, yet to carry out any strategic disinvestments so far this fiscal year.

The Pawan Hans deal is unlikely to be completed during the current fiscal.

SWEETENING THE DEAL

THIS is the finance ministry’s fourth attempt to sell helicopter operator Pawan Hans

THE lock-in period for investment has been reduced to one year from three years earlier

THE minimum net worth of bidders has also been reduced to ₹300 crore from ₹350 crore earlier

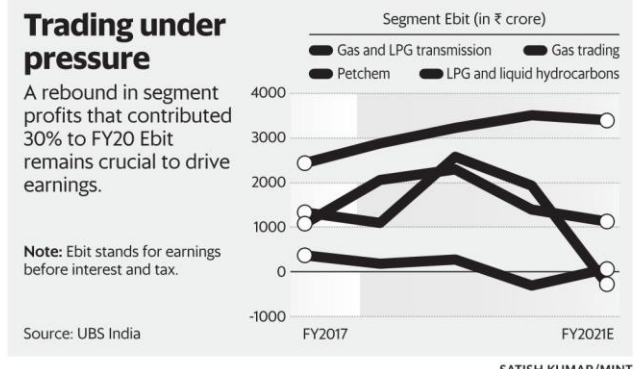
under the administrative control of the ministry of civil aviation. It was incorporated in 1985 as a pub-

GAIL's metrics see silver lining with likely rebound in trading biz

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Positive developments on the vaccine front have raised expectations of a recovery in demand for oil and gas and related products. GAIL Ltd, a leading upstream gas company in India, is naturally expected to gain. Investors had started taking cues from a better-than-expected Q2 performance itself, when there was a marked improvement in profitability in various segments. Not surprisingly, the stock has gained around 46% since its October lows and is seeing regular earnings upgrades from analysts. Prospects for gas demand in the country already remain strong.

Though 2020 may have seen lockdown woes and has not been much of a favourable year, uptick from hereon is expected. The requirement for cleaner and cheaper fuel by industrials and automobiles, and expanding pipeline infrastructure and city gas distribution network expansions bode well for the company. The demand outlook for other oil commodity segments is also favourable. The petchem (petrochemicals) segment turned profitable in Q2 itself, after losses in Q1, as volumes surged with the progressive lifting of curbs. The LPG and hydrocarbon segments are on a better footing with margins improving. The petchem margin expansion trend, never-



theless, needs to be watched considering huge capacity expansions underway globally. Higher supplies outpacing demand can put pressure on realizations again. Meanwhile, as gas transmission

business continues to see better volumes, all eyes are on the profitability of the gas trading business. Lower spot gas prices have meant that GAIL saw losses in the gas trading segment, with placement

of take-or-pay US gas contracts at lower prices. On the positive side, spot gas prices are improving. Expected demand uptick in the country, upcoming completion of GAIL's Kochi-Mangaluru pipeline and commissioning of fertilizer plants should aid better placement of contracts henceforth. "We estimate a turnaround in gas trading profitability from a loss in H1FY21 to a profit in H2FY21 with FY22-23 segment earnings reaching FY17-18 levels" says Amit Rustagi at UBS India Research. Analysts are betting on commissioning of three fertilizer plants at Gorakhpur, Sindri and Barauni along with demand from refineries (connected to the Urjan-Ganga pipeline) to increase

gas sales by 11 mmscmd (million standard cubic metre per day) over the next few years. This means better placement of gas. However, timely project completion holds the key for these expectations to be met. GAIL had contracted imported gas cargoes, anticipating a demand surge. Analysts' positive stance is also based on seven new pipelines starting by FY23, which should aid transmission volumes to grow by almost 35% by FY23. Trading at 8.2 times the FY22 earnings estimates, valuations are comforting too and are at a huge discount to the long-term 1-year forward price to earnings multiple of 13.2 times that GAIL has historically traded on.



Capacity utilization of IOC had shrunk to 35% at the beginning of the lockdown. BLOOMBERG

Indian Oil refineries hit 100% capacity in November

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Indian Oil Corp. Ltd (IOC), the country's largest fuel retailer, on Thursday said its refineries are currently operating at 100% capacity.

The revival in fuel consumption points to the demand recovery in the economy, and comes in the backdrop of improvement in other economic indicators such as electricity, goods and services tax collections and railway freight.

"The crude oil throughput of Indian Oil refineries rose to 100% in November 2020, as consumption of all petroleum products has almost reached pre-Covid. In October 2020 this figure was 88%, and last year for the same period it was 99%," the company said in a press release.

This is a significant improvement from the time India imposed the world's largest and strictest lockdown in March to contain the coronavirus pandemic. Capacity utilization of IOC had shrunk to around 35% at the beginning of the lockdown.

"The Indian economy continues to witness the green shoots of revival. As we get closer to the covid-19 vaccine roll-out, the fundamentals of the economy being strong, we see a rapid V-shaped recovery in the overall consumption of petroleum products," Indian Oil chairman S.M. Vaidya said in the statement.

While the company's petrol and domestic cooking gas sales in November were higher than last year, diesel sales were 9% less from a year ago. Also, even as the aviation turbine fuel (ATF) clocked a 4% growth as compared to last month, it was still 45% less than the corresponding period last year due to the reduced number of flights operating.

"During November 2020, the sale of Motor Spirit (Petrol) was 1.06 MMT, which is higher by 4% as compared to the same period last year. In the case of LPG, the demand has gone up by approximately 1.4% to 1.09 MMT as compared to the corresponding period last year. On the other hand, although HSD has registered a growth of 2% as compared on a month on month basis, it is still 9% less when compared on a year-on-year basis," the statement said.

IOC refining utilisation reaches 100%

AMRITHA PILLAY

Mumbai, 10 December

State-run refiner Indian Oil Corporation (IOC) on Thursday said crude oil throughput at its refineries rose to 100 per cent in November, as demand for petroleum products comes back.

“Consumption of all petroleum products has almost reached pre-Covid levels,” IOC said in its statement. IOC’s refining utilisation in October was at 88 per cent, and at 99 per cent in November 2019.

IOC said demand for petrol is now higher than last year. At 1.06 million tonnes (mt), petrol sale was 4 per cent higher year-on-year (YoY) in November. Liquefied petroleum gas (LPG) demand, IOC said, is up 1.4 per cent YoY.

S M Vaidya, chairman of IOC, expects a V-shaped recovery in demand for petroleum products. “The Indian economy continues to witness the green shoots of revival. As we get closer to the Covid-19 vaccine roll-out, the fundamentals of the economy being strong, we see a rapid V-shaped recovery in the overall consumption of petroleum products,” he said.

Demand for diesel continues to lag on a YoY basis. Diesel sales in November rose 2 per cent sequentially, but were 9 per cent lower than last year’s, IOC said.

Restrictions on air travel also kept demand for aviation turbine fuel (ATF) low in November, with a sequential growth of 4 per cent, but a 45 per cent decline on a YoY basis.

The nationwide lockdown in March and the temporary closure of industrial activity and travel led to mass demand destruction for petroleum products.

This also forced refineries to cut down on throughput.

According to the Petroleum Planning and Analysis Cell (PPAC) data, overall petroleum products consumption in April declined 45.8 per cent on a YoY basis.

LPG, PPAC said, was the only product which registered a YoY growth of 12.2 per cent during April.

IOC said as the Indian economy looks ready to bounce back, it has gradually started raising the throughput of its refineries to the maximum capacity in the last six months. IOC’s refining utilisation at the start of May was at 55 per cent of its rated capacity.

“Concomitantly with the growing consumption of white oils, petrol, diesel and ATF, the demand for black oils and specialty products like fuel oil, bitumen, petcoke and sulphur, is also improving, leading to an increase in throughput of refineries,” IOC said.

IOC said demand for petrol is now higher than last year, while that for diesel continues to lag on a YoY basis. LPG demand, IOC said, is up 1.4% YoY in November

How vaccine hopes are fuelling price surge in petrol & diesel?

KARUNJIT SINGH

NEW DELHI, DECEMBER 10

OIL MARKETING companies have hiked the prices of petrol and diesel by over Rs 2 and by nearly Rs 3.50, respectively, since November 19, after a period of 59 days when prices were held static. Diesel is currently retailing at Rs 73.87 per litre in the Capital while petrol is retailing at Rs 83.71 per litre.

What is causing petrol and diesel prices to rise?

Rising global crude oil prices and an improved demand outlook for petroleum products due to the prospects of a viable vaccine for Covid-19 are key reasons behind the recent rise in the prices of

petrol and diesel, according to experts. Brent has risen to around \$49 per barrel, its highest level since early March when prices fell due to Covid-related curbs.

Why are prices higher even though crude is cheaper than at the year's beginning?

The central government and a number of state governments have significantly hiked duties on

EXPLAINED

petrol and diesel, as a way to boost revenues since the Covid-19-related lockdown severely curtailed economic activity. This has led to the current price of petrol nearing price levels in October 2018 when the per-barrel cost of India's crude basket hit \$80.

Full report on
www.indianexpress.com

Indian Oil Corp. back at full capacity for first time since February

Runs all 9 plants at 100% in November



Fuel run: IOC sold 1.06 million tonnes of gasoline last month, 4% higher than the same month in 2019. ■SAMPATH KUMAR G P

REUTERS
NEW DELHI

Indian Oil Corp. (IOC), the country's top refiner, operated all of its 9 plants in November at 100% capacity for the first time since February, to meet rising local fuel demand, it said in a statement on Thursday.

IOC previously operated its directly-owned plants at full capacity ahead of a nationwide lockdown enforced from late March to combat the COVID-19 pandemic.

India's fuel demand has been recovering from the lows seen in April with a gradual pick up in the industrial and economic activity after the lockdown was eased. Along with its subsidiary Chennai Petroleum Corp., IOC controls about a third of the 5 million barrels-per-day refining capacity in India, where fuel demand in October rose by 2.5%, its first year-on-year rise in eight months.

Local fuel demand – a proxy for oil consumption – in India has almost reached pre-COVID levels, IOC said.

The refiner operated its plants at about 88% in October and at 99% in November last year, it said.

“As we get closer to the COVID-19 vaccine roll-out, the fundamentals of the economy being strong, we see a rapid V-shaped recovery in the overall consumption of petroleum products,” said S.M. Vaidya, chairman of IOC.

‘Revival at project sites’

“All our project sites too are witnessing a revival in terms of construction activities,” he said.

IOC, also the country's largest fuel retailer, in November sold 1.06 million tonnes of gasoline, 4% higher than same month last year, and sales of cooking gas rose by about 1.4% to 1.09 million tonnes.

However, the company's diesel sales last month were 9% lower than the previous year, while jet fuel was down by about 45% as air travel restrictions continued. Sales of diesel and jet fuel in November rose by 2% and 4% from October.

L&T arm wins \$100 mn deal from oil firm

SPECIAL CORRESPONDENT

BENGALURU

L&T Technology Services Ltd. (LTTS), an engineering services firm, won a five-year engagement, with a potential value of more than \$100 million, from a global oil and gas major, said the company.

Under the engagement, LTTS would be the primary engineering partner for the client and support two of its integrated refining and chemical manufacturing facilities in the U.S. It would also provide multi-discipline plant engineering activities, including site sustenance, discipline engineering and control automation support.

NOTICE BOARD

CORPORATE ASSOCIATE DIARY

EVENTS, HONOURS



MEDICAL CAMP - CWC

CWC recently organised a one-day medical camp for all its staff, including security guards and daily wagers, to undertake the RT-PCR test done through Dr Lal Path Labs at its Corporate Office, New Delhi.



CONTRIBUTION - PNB

PNB recently announced contribution towards the AFFDF for the welfare of war-widows and children of the Ex-servicemen, their families & dependents. Vivek Jha, CGM, PNB, presented a cheque to AIR CMDE B Ahluwalia, VSM.



INAUGURATION - DDA

After completion of the redevelopment of Phase-II of the QGC, the back 09 holes of the golf course and a state-of-the-art Driving Range were recently inaugurated by A Bajjal, Lt. Governor, Delhi in the presence of A Jain, VC, DDA.



MoU - IREDA

SJVN has entered an MoU with IREDA so that the latter will provide its services to SJVN for Green Energy projects. The MoU was signed by NL Sharma, CMD, SJVN and PK Das, CMD, IREDA in the presence of other senior officials.



MoU - CRPF

CRPF signed a MoU with Haryana Government to enable cooperation in massive plantation and maintenance/nurturing of the planted trees. This online event was attended by Dr. AP Maheshwari, DG CRPF, Dr. Amarinder Kaur, PCCF (HOFF), Haryana Govt and other senior officers.

OIL Consequent upon uncontrolled flow of Natural Gas and Blowout at Baghjan well No 5 on 27th May, 2020, OIL declared Emergency Situation for its internal control purposes. After final abandonment of the well on December 3, the Emergency Declaration has been withdrawn with immediate effect. All the jobs pertaining to capping, killing and final abandonment of the well were successfully completed in the evening hours on 3rd December 2020. OIL management acknowledges the tremendous support received from all stakeholders during this period, who were directly or indirectly involved throughout the control operations. OIL Management is indebted to the constant guidance and support received from the Government of Assam, Central Government and the Ministry of Petroleum and Natural Gas (MoP&NG) in particular.

SAIL has reported a growth of 7% in its crude steel production during Nov.'20 (1.417 MT) over CPLY (1.328 MT). The production in its 5 Integrated Steel Plants (ISPs) stood at 1.402 Million Tonnes (MT) in Nov'20 as against 1.303 MT during Nov'19. Commenting on the performance, AK Chaudhary, Chairman, SAIL said, "The performance during November'20 is reflective of the continuous efforts being put in by the SAIL Collective to bounce back to pre-Covid levels coupled with the improvement in market conditions. With the focus on seizing the opportunity provided by the current buoyancy in the market, SAIL has taken a number of initiatives towards increasing its sales in both domestic as well as exports market."

SBI in its continuous effort to fulfil the bank's philanthropic responsibilities has decided to donate Rs. 10 crore towards the welfare of dependent girl children of war veterans/ex-servicemen/war widows. On the occasion of the Armed Forces Flag Day, celebrated on the 7th of December every year, the bank signed an MOU with KSB stating utilization of funds toward educating the girl child. Dinesh Khara, Chairman, SBI stated, "We are doing our bit by supporting the "Beti Bachao Beti Padhao" initiative by signing an MOU with KSB. We hope our humble efforts will help make a difference in the lives of the war veterans and their families."

IndianOil and LanzaTech (USA) jointly hosted a virtual global media meet on the theme "Circular Economy Vision – CO2 Valorization" to share details about the collaboration of two companies for a CO2 project and related vision of the future, where carbon turns from liability to a sustainable opportunity for all. Tarun Kapoor, Secretary, Ministry of Petroleum & Natural Gas; Dr Renu Swarup, Secretary, Department of Bio-Technology (DBT); SM Vaidya, Chairman, IndianOil, Dr Jennifer Holmgren, CEO, LanzaTech and Dr SS V Ramakumar, Director (R&D), IndianOil, attended this event.

NTPC "Meet The Bijlees", the comic book from NTPC, brought out in association with Amar Chitra Katha in both Hindi & English languages, attempts to present a panoramic view of NTPC's presence across the energy value chain and is aimed at educating young school-children on the significance of electricity without overwhelming them with engineering jargons. The comic book also presents the journey of the integrated energy player with its commitment to provide affordable, reliable, cleaner and greener energy. "Meet The Bijlees" also enlightens us about non-renewable sources of energy like coal, oil and gas which is limited in quantity and highlights the skewed supply-demand ratio.

AAI in its continuous endeavour to link under-served and unserved airports through RCS routes, is developing the airport at Bokaro in Jharkhand, for commencement of civil flight operations. The city will be connected to Patna and Kolkata under Regional Connectivity Scheme. AAI has undertaken the development work at an estimated cost of Rs 46 Crore which includes construction of terminal building along with associated facilities like ESS, Car Parking, ATC tower, Security huts, Fire Station. The terminal is being designed to process 300 passengers during peak hours. More than 80% of the project work is completed and soon the airport will be ready for civil operations.

PNB "In line with the market expectations, RBI has kept the Repo Rate unchanged. The accommodative stance has been maintained into the next fy in order to ensure durable economic growth. The growth is expected to be better with the GDP estimate being revised upwards for FY21. Liquidity measures have been announced to revive activity & On Tap TLTRO has been extended to the stressed sectors identified by the Kamath committee. The credit offtake is expected to get a boost going forward and we expect it to top at least 8% in the days to come", said, CH.S.S. Mallikarjuna Rao, MD & CEO, PNB, in a Monetary Policy Statement.

NBT INDIA recently organized a Webinar on Designing, Layout & Pricing in Children's Publishing. In his keynote address, Prof. GP Sharma, Chairman, NBT India said that apart from the design, layout & price of a book, another extremely important aspect is the selection of content. Such books should be produced which amplify the vision, thinking, curiosity & knowledge of a child. In his welcome address, Yuvraj Malik, Director, NBT India, spoke about the necessity of creating a culture of book-reading at affordable pricing so that accessibility of book pan-economic strata can be ensured.

Nov: Petrol demand rises

New Delhi: Diesel consumption fell 7 per cent in November, while that of petrol rose by 4.8 per cent, according to data compiled by the three leading oil marketing companies, Indian Oil Corporation Ltd, Bharat Petroleum Corporation Ltd and Hindustan Petroleum Corporation Ltd.

In October, diesel consumption had registered year-on-year growth for the first time in since February. The lockdown to curb Covid in March caused a sharp fall in the consumption of petroleum products.

Diesel accounts for around 40 per cent of fuel consumption and its consumption is a key indicator of economic activity. **ENS**