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The Financial Express
OVL acquires Australia's FAR stake in Senegal block for $45 mn
Nov 12, 2020 | Delhi | Pg No.: 4 | | Sq Cm:51 | AVE: 166255 | PR Value: 831275

OVL acquires Australia's FAR stake in Senegal block for $45 mn

INDIA'S FLAGSHIP OVERSEAS firm ONGC Videsh on Wednesday announced the acquisition of Australian firm FAR's stake in the $4.2-billion Sangomar oil project off Senegal's shore for $45 million. This is the first acquisition by OVL, the overseas investment arm of state-owned Oil and Natural Gas Corp (ONGC), in two-and-half-years. Sangomar is a joint venture with Australia's Woodside Petroleum and Senegal's national oil company, Petrosen.

OVL to acquire FAR stake in Senegal blocks

ONGC Videsh (OVL), a wholly-owned subsidiary of state-run Oil and Natural Gas Corporation (ONGC), has agreed to acquire participating interest in a Senegal offshore oilfield.

It has signed definitive binding agreements with Australia's FAR for acquiring 13.7 per cent participating interest in Sangomar field and 15 per cent participating interest in the remaining contract area of Rufisque, Sangomar Offshore and Sangomar Deep Offshore block. OVL is making an overseas acquisition after two years. The acquisition involves an upfront consideration of $45 million with customary adjustments, including the opening working capital as of January 2020 and the cash calls paid or to be paid from January 2020 onwards until completion (excluding any default interest paid / payable by FAR for any delay in cash call payments).

SHINE JACOB

OVL to acquire stake in Senegal oil field

Investment expected to be $600 m

OUR BUREAU

New Delhi, November 11

ONGC Videsh on Wednesday announced that it has signed definitive binding agreements with FAR Senegal RSSD SA for acquiring 13.7 per cent participating interest in the Exploitation Area (Sangomar Field) and 15 per cent participating interest in the Remaining Contract Area (Exploration Area) of Rufisque, Sangomar Offshore and Sangomar Deep Offshore (RSSD) Block, Offshore Senegal.

Woodside Energy (Senegal) BV (Woodside), Capricorn Senegal Ltd (Cairns) and Le Société des Pétroles du Sénégal (Petrosen – the national oil company of Senegal) are other partners in the RSSD Block.

The acquisition by ONGC Videsh is subject to satisfaction of customary conditions precedents including approvals of Senegal regulatory authorities, FAR shareholders' approval, non-exercise / waiver of pre-emption by joint venture partners and termination of certain third-party agreement. The Sangomar Field, currently under development, is located in the deep waters of Mauritania, Senegal, Gambia, Guinea-Bissau and Guinea-Conakry Basin (MSGBC Basin), Offshore Senegal, covering an area of 772 sq km and is planned to go on production in 2023 under Phase-1 development.

The acquisition involves an upfront consideration of $45 million and contingent payments payable annually (capped at $55 million) depending upon the Brent Oil price from First Oil until the earlier of three years from First Oil or December 31, 2027. Total investment involved, including the development cost until the First Oil, is expected to be around $600 million.

Pre-emption rights

Woodside is the operator of the block and has recently exercised its pre-emption rights to acquire the participating interest held by Cairns in the RSSD Block. Post completion of acquisition of Cairns' stake by Woodside, Woodside will hold 68.3 per cent participating interest in Sangomar Field and 75 per cent participating interest in the Exploration Area while Petrosen will hold 18 per cent participating interest in Sangomar Field and 10 per cent participating Interest in the Exploration Area of the RSSD Block.

The step to continue foreign acquisitions comes despite recent setbacks from some earlier attempts. ONGC Videsh is said to have completely lost out on the Farzad-B gas field in the Persian Gulf. The development was a significant setback as OVL had discovered this gas field in 2008 and along with its partners offered to invest $11 billion for developing it. OVL's consortium that had Oil India and IndianOil had invested $100 million in this project.

Recent acquisitions by ONGC Videsh

- **November 2020** - 13.7% participating interest in exploitation area and 15% participating interest in exploration area, Offshore Senegal
- **February 2018** - Consortium led by ONGC picks 10% stake in Lower Zakum Concession, Offshore Abu Dhabi
- **July 2017** - 30% participating interest in Petroleum Exploration License 0037 Offshore Namibia
- **February 2016** - 11% additional interest in Vankor Field located in East Siberia of Russian Federation
- **September 2015** - 15% interest in Vankor Field located in East Siberia of Russian Federation

ONGC eyes stake in $4bn Senegal field in distress sale

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New Delhi: ONGC Videsh has entered into a definitive agreement to buy cash-strapped Australian company FAR's stake in the $4.2-billion Rufisque-Sangomar offshore oil project of Senegal, marking its bid to buy into an asset in a distress sale prompted by the oil price crash.

Whether ONGC Videsh succeeds in breaking a four-year-long hiatus in acquisitions will depend on Woodside Energy, an Australian pioneer in LNG (liquefied natural gas) and the operator of the Sangomar project, waiving its first right of refusal in the 30 days. Woodside has 68% stake in the project.

On Wednesday, ONGC Videsh said the definitive agreement is for buying FAR Senegal SSD SA's 13.6% stake in the "exploitation area" (Sangomar project) and 15% in the "remaining contract area" (exploration area) of what is officially identified as Rufisque, Sangomar Offshore and Sangomar Deep Offshore block. FAR is selling out to get out of a financial corner after defaulting on cash call for the project as its debt financing fell through in the wake of the oil price crash. Capricorn Senegal, a subsidiary of Scottish explorer Cairn Energy, and Senegal's national oil company Petrosen are the other partners in the block, besides FAR and Woodside.

Though ONGC Videsh did not give financial details, sources in the know said the buyout will cost about $111 million, including reimbursing FAR's share of development cost since January. FAR is also likely to get over $50 million in three years after oil production starts. Total investment involved, including the development cost until the First Oil, is expected to be around $600 million.

The deal size, sources said, indicates more than 60% discount to Russian major LukOil's offer for acquiring Cairn Energy's 36.4% stake for $400 million in August, which Woodside pre-empted by matching the offer. Analysts reckon Sangomar could hold more than 5-billion barrels of oil, with the initial development set to recover about 230-million barrels.

OVL buys FAR Ltd. stake in Senegal for $45 mn

NEW DELHI

ONGC Videsh Ltd. on Wednesday announced the acquisition of Australian firm FAR Ltd.'s stake in the $4.2-billion Sangomar oil project off Senegal's shore for $45 million. This is the first acquisition by OVL, the overseas investment arm of ONGC, in two-and-half-years. Sangomar is a JV with Australia's Woodside Petroleum and Senegal's national oil firm Petrosen. PTI

Brent oil hits $45 on hopes for COVID-19 vaccine, US crude stock draw

Covid to hamper oil demand recovery till 2021, says Opec

ALEX LAWLER
London, 11 November

Global oil demand will rebound more slowly in 2021 than previously thought because of rising coronavirus cases, Organization of the Petroleum Exporting Countries (Opec) said on Wednesday, hampering efforts by the group and its allies to support the market.

Demand will rise by 6.25 million barrels per day (bpd) next year to 96.26 million bpd, the Opec said in a monthly report. The growth forecast is 300,000 bpd less than expected a month ago.

The weakening demand recovery could support the case for Opec and its allies, a group known as Opec+. to delay a scheduled increase in oil output next year.

The latest report was published ahead an Opec+ advisory panel meeting next week before the group convenes to set policy over November 30 and December 1.

Opec said that recent moves by European governments to shut restaurants and encourage working from home would hit demand for the rest of 2020, with pandemic's impact on the oil market lingering until the middle of next year.

"The oil demand recovery will be severely hampered and sluggishness in transportation and industrial fuel demand is now assumed to last until mid-2021," Opec said in the report.

Oil prices have risen this week and hit a more than two-month high above $45 a barrel on Wednesday after drugmakers Pfizer and BioNTech said their Covid-19 treatment was more than 90 per cent effective in initial trial results.

Opec said that "an effective and widely distributable vaccine" could support the economy as soon as the first half of 2021. **REUTERS**

Business Standard
GAIL fuels Street sentiment with Q2 comeback
Nov 12, 2020 | Delhi | Pg No.: 1 | | Sq Cm:221 | AVE: 547001 | PR Value: 2735003

GAIL fuels Street sentiment with Q2 comeback

Growth prospects, fair valuations offer good entry point

Compiled by BS Research Bureau

UJJVAL JAUHARI

The gradual improvement in GAIL's performance following the easing of lockdowns — evident from its September quarter (Q2) results — has spurred Street sentiment. The GAIL stock has gained over 4 per cent in two sessions after the results announcement.

The company, operating India's largest pipeline network for gas transmission, is seen as a major beneficiary of an uptick in domestic gas demand. Growing city gas distribution, and rising demand for cleaner and cost-effective fuel from automobiles and industrial sectors, will improve it's transmission and trading volumes.

In Q1, the lockdown had impacted volumes and gas trading revenues, while lower gas prices raised concerns over the placement of its high-priced imported gas contracts. Similarly, lower petrochemical prices, too, played spoilsport.

GAIL, however, saw a gradual rebound in Q2, with higher gas transmission volumes and a better performance in the petchem segment. Gas transmission volumes jumped 18 per cent sequentially to 106 mmscmd (million standard cubic feet per day), crossing the FY20 average.

The segment's operating profit surged 42.4 per cent sequentially, and 27 per cent year-on-year (YoY). Completion of the Kochi-Mangaluru gas pipeline in November should aid volume growth in the near term, while expansion in East India (completion by FY22-23) will improve long-term prospects.

Gas trading, however, remains under pressure. Volumes were 6 per cent lower YoY, with operating loss coming in at ₹364 crore. Nevertheless, the loss narrowed from ₹545 crore in Q1, thanks to rising global spot prices.

With demand improving, GAIL received 20 LNG cargoes in Q2 (including six that it sold outside India). Despite concerns over placement of high-priced imported gas contracts, the re-starting of domestic fertiliser plants should help.

Analysts expect the commissioning of Gorakhpur, Sindri and Barauni (pre-commissioning by end-CY21) plants, along with demand from refineries (connected to Urjan-Ganga pipeline) to increase gas sales by 11 mmscmd, thereby improving placement of imported gas.

The petchem segment, too, registered a 22 per cent sequential and 3 per cent YoY rise in sales volume. While realisations were flat sequentially, lower gas prices aided margins, which helped the segment return to profits.

Other segments such as liquid hydrocarbons and LPG saw better utilisation and profitability. Therefore, adjusted net profit increased 4.3 per cent to ₹1,240 crore despite consolidated revenue falling 24 per cent YoY.

Analysts maintain their positive stance on GAIL, consdiering growth prospects and cheap valuations. With seven new pipelines to start by FY23, transmission volumes are seen rising 35-40 mmscmd (35 per cent).

Trading at a 50 per cent discount to its long-term 1-year forward P/E of 13.2x, it is an excellent opportunity, says Motilal Oswal Securities.

Hindustan Petroleum to invest ₹10,000 cr on gas value chain

Kalpana Pathak
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MUMBAI

State-run Hindustan Petroleum Corp. Ltd (HPCL) on Wednesday said it will invest ₹10,000 crore over five years to create an end-to-end natural gas value chain.

"We are trying to create a value chain from end to end, right from buying liquefied natural gas (LNG) to LNG conversion to gas and LNG transportation. We have got a plan of around ₹10,000 crore of investment in various LNG-related facilities, through a combination of joint ventures or private participation," HPCL chairman and managing director Mukesh Kumar Surana told analysts.

HPCL is setting up 11 LNG stations and is in talks with vehicle manufacturers to encourage them to build facilities for LNG-based trucks and buses. The company has also approved a project worth around ₹100 crore for a corridor that can be used along with other oil marketing companies to use LNG as a fuel, in addition to compressed natural gas (CNG).

HPCL also plans to build fuel stations that will dispense both LNG and hydrogen compressed natural gas. "Whether it's biofuel, whether it's renewable gas, or whether it's electric, we are working on all the floors, because ultimately our business is to provide mobility and to cater to the energy needs of the customers. That means, we will adopt as it develops," said Surana.

The company plans to create facilities through a combination of joint ventures or through private participation

HPCL, the third-largest state-run oil marketing company is building a 5 million metric tonnes per annum LNG regasification terminal at Chhara, in the Gir Somnath district in Gujarat, through joint venture company HPCL Shapoorji Energy Pvt. Ltd. It is also participating in the development of three cross-country natural gas pipelines, from Mehsana to Bathinda, Bathinda to Srinagar, and Mallavaram to Bhilwara through joint venture companies GSPL India Gasnet Ltd and GSPL India Transco Ltd.

Energy companies are increasingly focusing on natural gas, a clean burning fuel. Other oil marketing companies including Indian Oil Corp. Ltd (IOCL) and Bharat Petroleum Corp. Ltd are also bullish on natural gas. India plans to increase the share of natural gas in its energy mix from 6% to 15% over the next decade.

IOCL has established itself as the second-largest player in natural gas in India with a licence to retail CNG and piped cooking gas in 40 geographical areas.

MSCI Global revamps India index

YES Bank, Kotak Bank among the 12 new constituents; LIC Housing, Bosch out

OUR BUREAU

Chennai, November 11

MSCI Global has added 12 Indian stocks, including Kotak Mahindra Bank and YES Bank, to MSCI India Index in its Semi Annual Index Review on Tuesday.

The other stocks are ACC, Adani Green Energy, Apollo Hospitals, Balkirshna Industries, IPCA Lab, L&T Infotech, MRF, Muthoot Finance, PI Industries and Trent. The global index major, however, excluded LIC Housing Finance and Bosh from the index. Most of the stocks included in the list surged . Apollo Hospitals was the biggest gainer by ending the day 7.67 per cent higher on the BSE at ₹2,187.90, followed by Adani Green (5 per cent) and YES Bank (4.95 per cent). Though IPCA Lab, L&T Infotech, MRF and Muthoot Finance opened the day on a strong note, they closed the day in the red by losing between 1 per cent and 1.5 per cent.

On the other hand, excluded companies LIC Housing Finance and Bosch also ended the day in the green, up 0.6 per cent and 2.6 per cent, respectively.

The changes in MSCI India Index will take effect from December 1.

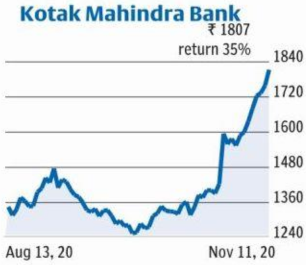
MSCI also added 12 stocks -- Aavas Financiers, Astrazeneca, Balrampur Chini, BEML, Chalet Hotels, Essel Propack, L&T Technology Services, Linde India, Maharashtra Scooters, Oil India, TCNS Clothing and Ujjivan Finance-- to MSCI Small Cap Index, and removed Asahi India, CESC Ventures, DCM Shriram, GMDC, ISGEC Heavy, Reliance Communications, Shankara Building Products, Spencer's Retail and Tejas Networks.

$2.5b inflow expected

The MSCI's index revamp decision was done after the recent disclosure of foreign investment limits for Indian securities by National Securities Depository Ltd and Central Depository Services Ltd.

Earlier in a note, Morgan Stanley Research said it expected MSCI India to see passive inflows of $2.5 billion on this.

MSCI India's weight in MSCI EM will increase to 8.7 per cent (weight increases for current constituents) and 8.8 per cent



(new additions) from the current level of 8.1 per cent, and passive inflows of $1.93 billion and $0.6 billion, respectively, Morgan Stanley Research had said.

Earlier, the global index major in June had deferred its index revamp. "MSCI will defer until further notice potential increases in FOL resulting from the recently implemented relaxation of the Foreign Portfolio Investor (FPI) limit of Indian companies to the sectoral limit," it had said.

Business Standard
Start-ups show interest in doorstep diesel delivery
Nov 12, 2020 | Delhi | Pg No.: 2 | | Sq Cm:325 | AVE: 804591 | PR Value: 4022957

Start-ups show interest in doorstep diesel delivery

Mobile petrol pump business likely to see ₹9,000-cr investment

SHINE JACOB
New Delhi, 11 November

PUMPED UP

217	355	159	102	94
No. of cities with doorstep delivery of diesel	No. of start-ups that have evinced interest	Start-ups that submitted EoIs to IndianOil	Start-ups that submitted EoIs to BPCL	Start-ups that submitted EoIs to HPCL

State-run oil-marketing companies — Indian Oil Corporation (IndianOil), Bharat Petroleum Corporation (BPCL), and Hindustan Petroleum Corporation (HPCL) — have received expressions of interest (EoIs) from 355 start-ups across the country for doorstep delivery of fuel.

This comes at a time when OMCs are planning to launch home delivery of petrol and compressed natural gas (CNG) before March 2021.

The downstream companies had invited two rounds of EoIs from start-ups recognised by the Department for Promotion of Industry and Internal Trade for door-to-door delivery of diesel.

According to a source, 123 start-ups — 52 for IndianOil, 30 for BPCL, and 41 for HPCL — had evinced an interest in Round 1. In Round 2, 232 start-ups — 107 for IndianOil, 72 for BPCL, and 53 for HPCL - had shown interest.

The OMCs are planning to come up with Round 3 by November 15.

According to industry estimates, the mobile petrol pump business is expected to see an investment of ₹9,000 crore.

For start-ups which sign up as fuel entrepreneurs (FuelEnts), at least ₹2,000 crore revenue is up for grabs in the next 12-18 months.

Wellington-based GOFuel — the largest fuel station network on the marina throughout New Zealand — too has shown willingness.

Delhi-based FuelBuddy, Pune-based Repos Energy India, Noida-based Pepfuels, Bengaluru-based MyPetrolPump, and Delhi-based Humsafar are among those that are already delivering diesel to your door. They are the official resellers or FuelEnts.

Companies like Repos Energy India are acting as an ecosystem provider for the new start-ups that have enrolled.

"Around 150 start-ups have signed up. Repos will provide them with end-to-end solutions," said Chetan Walunj, chief executive officer of Repos Energy India, which is an energy distribution start-up backed by Ratan Tata.

The company also leverages Internet of Things- and artificial intelligence-driven Repos mobile petrol pumps to start-ups registered through them.

Some of the fuel start-ups which have registered with Repos are Easy Diesel from Pune, Nuvera Energy from Mumbai, Auro Fuel from Bengaluru, AMA Fuels from Kerala, Ecological Fuels from Guwahati, and Future Fuel Services from Mirzapur in Uttar Pradesh.

According to a source, the government was in the process of finalising certain standards and protocols to start home delivery of petrol and CNG.

"Once we finalise the protocols, Petroleum and Explosives Safety Organisation will place its comments and give clearance," he said.

The Times of India
GAIL Q2 net rises 16% to Rs.1,240cr
Nov 12, 2020 | Delhi | Pg No.: 23 | | Sq Cm:18 | AVE: 375401 | PR Value: 1877005

GAIL Q2 net rises 16% to ₹1,240cr

New Delhi: State-run gas utility GAIL has posted a net profit of Rs 1,240 crore in the quarter-ended September, marking more than 16% increase from Rs 1,064 crore in the year-ago period on the back of growth in all segments of the company's business. TNN

IGL reports total comprehensive income for Q2 FY21 at ₹307.52 cr

NEW DELHI: Indraprastha Gas Limited (IGL) the supplier of Compressed Natural Gas (CNG) and Piped Natural Gas (PNG) in the National Capital Territory of Delhi and NCR towns of Noida, Greater Noida, Ghaziabad, Rewari, Gurugram, Muzaffarnagar, Karnal, Kaithal and Kanpur today announced its financial results for the second quarter of FY'21, as the numbers showed resurgence from the impact of lockdown in the first quarter.

As per the unaudited Q2 results announced by the company for the quarter ending September 2020, IGL registered average daily sale of 5.50 mmscmd in the quarter as the lockdown restrictions started getting relaxed.

The total gross sales value during the quarter was Rs 1434 crore against Rs 1865 crore during the second quarter of FY'20. The total comprehensive income for the quarter ending September 2020 was Rs 307.52 crore as compared to Rs 380.72 crore in the corresponding quarter in the last fiscal.

These are standalone results for IGL only and do not include profits accruing from associate companies.

Both physical and financial performance of the company reflect strong recovery in the second quarter of the fiscal after the gradual easing of restrictions and beginning of unlock period leading to increased economic activity. Sales have picked up significantly now and presently have almost touched pre-lockdown levels.

The impact of the recovery shall further be observed in results of remaining quarters of the fiscal as educational institutions reopen. MPOST

IOC launches environment protection initiative #TreeCheers

MUMBAI: In a bid to promote environment protection, Indian Oil Corporation has launched a unique initiative - #TreeCheers. Under this initiative, the Corporation will plant a sapling on behalf of patrons who refuel their new vehicles from IndianOil petrol pumps between the period November 12 – 16, 2020. In addition, IndianOil is also offering them complimentarymembership for its loyalty programme, XtraRewards, with bonus reward points.

Customers driving into any IndianOil petrol pump with a new vehicle (4/3/2 wheelers) will be greeted at the forecourt by an IndianOil customer attendant, who will request fortheir basic information viz. mobile number, name, and vehicle details. Customers will then receive an SMS registering themfor #TreeCheers. Once the sapling has been planted, a follow – up message will be sent informing them about the details of the sapling planted. Customers will also be ableto download their badges recognizing their green contribution, from a link provided in the SMS

Speaking about #TreeCheers, SM Vaidya, Chairman, Indian Oil, said “It has always been our endeavour to provide diversifiedenergy solutionsthat minimize the negative impact on our environment and enhance quality of life of the community, while sustaining a holistic business. We hope that thisunique initiative of planting a sapling for every new vehicle on road will mobilize individuals to do their bit for a greener tomorrow. Every effort counts.” MPOST