

HSBC Raises ONGC, OIL Target Prices

Our Bureau

Mumbai: HSBC has raised the target price on Oil and Natural Gas Corporation by 8.1% and on Oil India by 4.5% as it believes that subsidy-sharing concerns on state-owned upstream companies could ease further with the upcoming Union Budget on July 5.

HSBC has increased the target price on ONGC to ₹200 from ₹185, and raised the target price on Oil India to ₹230 from ₹220, while maintaining a 'buy' rating on both.

State-owned oil companies have not borne any subsidy for the last four years but volatile oil prices and multiple elections in the past 12 months have made investors wary about potential policy change, said HSBC.

The brokerage believes that policy continuity is likely to be maintained with the formation of a strong and stable government after the recently concluded general elections.

Shares of ONGC ended up 0.7% at ₹167.45 on Wednesday and Oil India ended up 1% at ₹178.45 on Wednesday. ONGC shares have gained 6% in the last one year while Oil India's shares have fallen nearly 16%.

HSBC is positive on both the stocks due to attractive valuation and dividend yield. "At current share prices, ONGC and Oil India have discounted oil net realisations at \$55-57/b (barrel), no growth in gas prices and flatish volumes. Their current FY20 dividend yield of 5-6% is driven by a 50% payout ratio, underpinned by the government's desire for a higher payout as well as strong FCF (free cash flow) generation," said HSBC.

The department of Women and Child Development celebrated the International Day against Drug Abuse and illicit trafficking by participating in 'The Run' organised at the Jawaharlal Nehru Stadium on Wednesday. This annual event to raise awareness amongst the masses is being organised since the last 16 years. All the stakeholders including Ministry of Social Justice and Empowerment, National Institute of Social Defense (NISD), Narcotics Control Bureau, Directorate of Prohibition, UN Agencies and corporate partners like ONGC, GAIL, Indian Oil, IGL, Petronet, NDMC, ITS, LPU put their efforts to involve the masses, especially the youth in sports and physical activities to keep children and youth away from drugs and channelise their energy into positive mode.

The morning routine included the one kilometre race, thematic cultural show, theme poster making, *Shapath* by all 5,000 participants.

The Union Minister of Ministry of Social Justice and Empowerment Thaawar Chand Gehlot, assured the gathering that his ministry has framed a national action plan to educate the public and pro-

LISTEN FIRST



viding them counselling and management of drug-related problems.

This year's theme 'Listen First' is an initiative started in 2016 to increase support for prevention of drug use that is based on science and is thus an effective investment in the well-being of children and youth, their families and their communities. Speaking on the occasion, SB Shashank, director of department of Women and Child Development, mentioned that the department is

coordinating with all the stakeholders such as health and education, Institute of Human Behaviour and Allied Sciences, Delhi Police, Delhi State AIDS control society, etc., to combat drug abuse. For the past 16 years, the campaign has seen more than 1,00,000 participants or families.

All the activities were planned keeping the drug abuse preventive measures in the focus and educating the youth to stay away from the drugs.

Decreasing LNG prices to revive prospects of stressed power units

PRESS TRUST OF INDIA
Mumbai, June 26

FALLING SPOT PRICES of liquefied natural gas (LNG) makes this an opportune time for revival of stressed gas-based power assets in the country, says a report.

LNG prices are currently at \$5 per million metric British thermal unit (mmbtu), down from a peak of \$10 per mmbtu as recently as November 2018.

"The decline has been due to increasing supply in global markets from newly commissioned projects in Australia and the US.

"Moreover, a few of the liquefaction capacities in the US and Australia became operational in the last quarter of fiscal 2019, putting downward pressure on spot LNG prices," rating agency Crisil said in the report.

The rating agency expects spot LNG prices to trend lower in 2019, averaging



\$5-6 per mmbtu.

"Beyond this year, prices could increase slightly to \$6-7 per mmbtu, as the demand in winter season improves.

Additionally, the government plans to waive off customs duty of 2.57% as well as bring natural gas under the GST regime (lower rate at 5% as compared to 15-20% VAT at present).

"This will reduce the delivered cost of LNG further, reducing the cost of generation for power plants," Crisil said.

Oil prices rise 3% as US crude, products stockpiles fall

STEPHANIE KELLY
New York, June 26

OIL PRICES ROSE about 3% on Wednesday and hit their highest in about a month, buoyed by US government data that showed a much larger-than-expected drawdown in US crude inventories as exports hit a record high, and surprise drops in refined product stockpiles.

Brent crude futures rose \$1.61, or 2.5%, to \$66.66 a barrel. US West Texas Intermediate (WTI) crude futures rose \$1.84, or 3.2%, to \$59.67 a barrel.

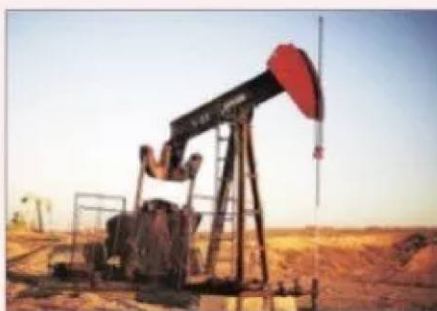
Crude inventories fell 12.8 million barrels last week, the Energy Information Administration said, far surpassing analyst expectations for a decrease of 2.5 million barrels. That was the most since September 2016, according to the statistical arm of the Department of Energy.

Net US crude imports fell last week by 1.2 million barrels per day. Overall crude exports rose to 3.8 million bpd, beating its previous record of 3.6 million bpd in February.

"A lot of this drawdown is due to strong demand," said Phil Flynn, an analyst at Price Futures Group in Chicago. "We're finally seeing the impact of Opec production cuts and starting to see Venezuelan cuts."

Gasoline stocks fell by 996,000 barrels, while distillate stockpiles fell by 2.4 million barrels, the EIA data showed.

The product drawdown comes at the same time as news that the largest and old-



est refinery on the US East Coast will be permanently shut after a massive fire last week caused substantial damage.

Philadelphia Energy Solutions plans to shut down the 335,000 bpd refinery complex next month, Philadelphia mayor confirmed after two sources told *Reuters* about the plans. US gasoline futures were up 4% after climbing to their highest since May 23 in overnight trade.

"Refinery margins are improving globally because if that refinery can't operate then you'll have to compensate with higher runs elsewhere," Olivier Jakob of Petromatrix consultancy in Switzerland said.

The crude inventory fall and refinery outage added to uncertainty over oil supplies created by the war of words between Washington and Tehran. This has prompted fears that oil shipments through the Strait of Hormuz — the world's busiest oil supply route — could be disrupted. —REUTERS

● 100-DAY AGENDA

8 cr PMUY connections by Aug, quality of service now in focus

SAURABH KUMAR
New Delhi, June 26

THE MINISTRY OF Petroleum and Natural Gas, as part of its 100-day agenda, plans to achieve the target of issuing 8 crore liquefied petroleum gas (LPG) connections under the Pradhan Mantri Ujjwala Yojana (PMUY) by August. The original target was May 2020.

At the same time, as LPG penetration nears saturation with 90% of households being covered, the ministry has issued guidelines to the oil marketing companies (OMCs) to improve the quality of service and delivery.

Under the PMUY, 7.25 crore connections have already been issued since the programme was launched in May 2015.

While initially it targeted to provide 3 crore LPG connections to below-poverty-line families by May 2018, the programme was expanded to 8 crore households by May 2020 owing to its resounding success.

The ministry has also asked the OMCs to increasingly improve the quality of service. "There have been



complaints that people get SMS of booking a LPG cylinder when in fact they have not," said a source. OMCs have been asked to come up with a mechanism, maybe through an app, to capture the location of delivery so that it can be matched with the original address of the connection holder.

For PMUY beneficiaries, distributors have been asked by the OMCs to create groups on WhatsApp to encourage them to go for refilling. While the national refilling average for PMUY beneficiaries is around 80%, it is quite low in some areas as many households find it difficult to buy a 14.2-kg cylinder.

In Delhi, a 14.2-kg cylinder comes for ₹737 with eligible beneficiaries getting ₹240 reimbursed in their bank accounts as subsidy. However, the upfront cost has proved to be a hurdle in many areas.

To solve the issue, the OMCs are giving the option that a beneficiary can exchange the 14.2-kg cylinder for a 5-kg cylinder. The smaller cylinder in Delhi at present comes for ₹270 upfront with ₹85 subsidy being refunded.

The petroleum ministry has also identified 10 districts with low refills among PMUY beneficiaries where OMCs are only providing 5-kg cylinders.

Distributors have also been asked to come up with innovations at their level to attract more refills. "They can think of maybe cash backs or loyalty schemes which will drive up their sales," said another source.

तिवारी एवं हंस राज हंस ने किया बिजली एवं सीएनजी उत्पन्न करने के लिए संयंत्र का शिलान्यास

हमारे संवाददाता

नई दिल्ली। भारतीय जनता पार्टी के दिल्ली प्रदेश अध्यक्ष एवं सांसद मनोज तिवारी एवं उत्तर पश्चिम क्षेत्र से सांसद हंस राज हंस ने उत्तरी दिल्ली नगर निगम के वार्ड-20 श्रद्धानंद कॉलोनी, भलस्वा डेरी में भारत सरकार के आवास एवं शहरी विकास मंत्रालय द्वारा प्रायोजित गाय एवं पशु के गोबर से बिजली एवं सीएनजी उत्पन्न करने हेतु संयंत्र का शिलान्यास किया। इस अवसर पर उत्तरी दिल्ली के उप महापौर योगेश वर्मा, स्थायी समिति के अध्यक्ष जयप्रकाश, वार्ड नं-20 के निगम पार्षद, पूर्व उप महापौर विजय कुमार भगत, प्रमुख निदेशक देवेन्द्र कुमार, मुख्य अभियंता (डेम्स) संजय जैन व निगम के अन्य अधिकारी उपस्थित थे।

उप महापौर योगेश वर्मा ने कहा कि भलस्वा डेरी जैसे क्षेत्र में पशु पालन की अधिकता होने के कारण गोबर की मात्रा बहुत अधिक है। जो अभी तक ज्यादा काम में नहीं लिया जाता था और इस गोबर से जनजीवन का स्वास्थ्य भी प्रभावित होता था। उप



भारतीय जनता पार्टी के दिल्ली प्रदेश अध्यक्ष एवं सांसद मनोज तिवारी एवं उत्तर पश्चिम क्षेत्र से सांसद हंस राज गोबर से बिजली एवं सीएनजी उत्पन्न करने हेतु संयंत्र का शिलान्यास समारोह के दौरान।

महापौर योगेश वर्मा ने बताया भारत सरकार द्वारा ये संयंत्र लगाया जा रहा है उससे बिजली एवं सीएनजी गैस का उत्पादन होगा। जो गोबर अभी तक अपशिष्ट होता था वो बिजली एवं गैस उत्पादन में काम आएगा। आने वाले दिनों में इस संयंत्र के लगने से लोगों को कई स्वास्थ्य संबंधी दिक्कत दूर हो जाएगी। उन्होंने ने भारत के प्रधानमंत्री आदरणीय नरेन्द्र मोदी जी का धन्यवाद किया।

इस अवसर पर स्थायी समिति के अध्यक्ष जय प्रकाश ने कहा कि उत्तरी दिल्ली नगर निगम नवीनतम तकनीक और विचारों को अपनाकर पर्यावरण को बेहतर बनाने के लिए सभी प्रयास कर रही है। कचरे और अपशिष्ट के प्रसंस्करण सबसे महत्वपूर्ण है। उत्तर निगम पर्यावरण को बेहतर बनाने के लिए अधिकतम अपशिष्ट संसाधित करने के लिए संसाधन में प्रयास कर रहा है।