ONGC News as on 25 September 2023 (Print)

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बीपीसीएल के बाद ओएनजीसी ने मुंबई अपतटीय क्षेत्र से एचपीसीएल को तेल बिक्री का करार किया

आज समाज नेटवर्क

नई दिल्ली। सार्वजनिक क्षेत्र की कंपनी ऑयल एंड नैचुरल गैस कॉरपोरेशन (ओएनजीसी) ने मुंबई के अपतटीय क्षेत्रों के कच्चे तेल की हिंदुस्तान पेट्रोलियम कॉरपोरेशन लि. (एचपीसीएल) को बेचने के लिए एक समझौते पर हस्ताक्षर किये हैं। ओएनजीसी ने दो महीने में इस तरह का दूसरा करार किया है। देश की शीर्ष तेल एवं गैस उत्पादन कंपनी नीलामी के बजाय अनुबंध के जरिये बिक्री को प्राथमिकता दे रही है।

ओएनजीसी ने 'एक्स' पर एक पोस्ट में कहा कि उसने मुंबई अपतटीय क्षेत्र से कच्चे तेल की बिक्री के लिए एचपीसीएल के करार किया है। कंपनी ने इस करार का ब्योरा नहीं दिया है। हालांकि, मामले की जानकारी रखने वाले सूत्रों ने कहा कि यह करार एचपीसीएल की मुंबई रिफाइनरी को सालाना 45 लाख टन कच्चे तेल की बिक्री के लिए है।

ओएनजीसी ने कहा, "विपणन की स्वतंत्रता मिलने के बाद मुंबई अपतटीय कच्चे तेल की बिक्री के लिए यह दूसरा करार है।" पिछले महीने ओएनजीसी ने भारत पेट्रोलियम कॉरपोरेशन लिमिटेड (बीपीसीएल) को 40 लाख टन और पांच लाख टन वैकल्पिक कच्चे तेल की सालाना बिक्री के लिए करार किया था। बीपीसीएल के पास भी कच्चे तेल को पेट्रोल और डीजल जैसे ईंधन में बदलने की रिफाइनरी है।

ओएनजीसी अरब सागर से अपने क्षेत्रों से सालाना 1.3-1.4 करोड़ टन कच्चे तेल का उत्पादन करती है। पिछले साल जून में सरकार ने 1999 से पहले दिए गए ब्लॉकों से तेल सरकार द्वारा नामित ग्राहकों.. ज्यादातर सरकारी रिफाइनरी कंपनियों को बेचने के नियम को समाप्त कर दिया था। पुराने नियम की वजह से ओएनजीसी और ऑयल इंडिया जैसे उत्पादकों को अपने उत्पाद के लिए बेहतर बाजार मूल्य नहीं मिलता था। इस नियम में बदलाव के बाद ओएनजीसी ने पश्चिमी अपतटीय में मुंबई हाई और पन्ना/मुक्ता क्षेत्रों से उत्पादित कच्चे तेल की तिमाही नीलामी शुरू की थी।

Publication : Deccan Chronicle	Editions : Hyderabad
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ONGC signs pact to supply crude oil to HPCL

FC CORRESPONDENT
NEW DELHI, SEPT. 24

State-owned Oil and Natural Gas Corporation (ONGC) on Sunday said that it has entered into an agreement to supply crude oil from its Mumbai offshore fields to Hindustan Petroleum Corporation Ltd (HPCL). After Bharat Petroleum Corporation Limited (BPCL), ONGC signs up HPCL for sale of oil from Mumbai offshore fields. This marks the second such agreement in the past two months, as ONGC opts for term contracts over auctions to avoid substantial discounts offered by refiners.

Announcing the deal on X, (formerly known as Twitter), ONGC also mentioned a "term agreement with HPCL for the sale of crude oil from Mumbai offshore." Although specific details were not disclosed, sources familiar with the matter have revealed that the agreement covers the sale of approximately 4.5 million tonnes of crude

oil per annum to HPCL's Mumbai refinery.

As far as the ONGC's latest contracts are concerned, this agreement represents ONGC's second term contract for the sale of Mumbai Offshore crude oil following the freedom to market its own products. The ONGC's annual production of crude oil from its fields in the Arabian Sea, off the coast of Mumbai, ranges from 13 to 14 million tonnes.

Last month, ONGC had also signed a similar kind of agreement to supply 4 million tonnes per annum of crude oil, with an optional 0.5 million tonnes, to Bharat Petroleum, which also operates a refinery in Mumbai for converting crude oil into products like petrol and diesel.

Publication : Echo of India	Editions : Kolkata
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After BPCL, ONGC signs up HPCL for sale of oil from Mumbai offshore fields

NEW DELHI, SEPT 24 /--/ State-owned Oil and Natural Gas Corporation (ONGC) has signed an agreement to sell crude oil it produces from Mumbai offshore fields to HPCL - the second such agreement in as many months, as India's top oil and gas producer prefers term contracts over auctions where refiners hammer deep discounts.

In a post on X, formerly known as Twitter, ONGC said it has inked "term agreement with HPCL for sale of crude oil from Mumbai offshore." While it did not give details, sources aware of the matter said the pact for sale of about 4.5 million tonnes per annum of crude oil to Hindustan Petroleum Corporation Ltd's (HPCL) Mumbai refinery.

"This is the second term agreement sealed for sale of Mumbai Offshore crude oil post marketing freedom," ONGC said.

Last month, ONGC had signed a similar pact to sell 4 million tonnes per annum plus an optional 0.5 million tonnes of crude oil to Bharat Petroleum Corporation Ltd (BPCL), which too has a refinery to convert the crude oil into fuels like petrol and diesel at Mumbai.

ONGC produces 13-14 million tonnes per annum of crude oil from its fields in the Arabian Sea, off the Mumbai coast.

In June last year, the Union government abolished a rule that said oil from blocks awarded prior to 1999 must be sold to government-nominated customers, mostly state refiners.

The old rule had led to producers such as ONGC and Oil India not getting the best market price. Subsequent to that rule change, ONGC started quarterly auctions of crude oil produced from Mumbai High and Panna/Mukta fields in the western offshore.

While the company got a slight premium over Brent - the crude oil its Mumbai offshore is closest in quality to - in the initial auction, refiners like Indian Oil Corporation (IOC) started seeking discounts equivalent to one they got on Russian oil, sources said. Following Moscow's invasion of Ukraine in February last year, Russian oil was sanctioned and shunned by European buyers and some in Asia, such as Japan.

This led to Russian Urals crude being traded at a discount to Brent crude (the global benchmark).

The discount on Russian Urals grade was as high as USD 30 a barrel in the middle of last year and now around USD 16. Sources said refiners like IOC argued that they needed discounts as they suffered losses on selling petrol and diesel at below cost to keep inflation in check.

ONGC resisted the discounts arguing that the government has taken away all upsides of the recent surge in oil prices through a levy of windfall profit tax. And as a way out, it floated the idea of a term contract - selling a fixed quantity of oil in a year at the pre-agreed benchmark.

It first signed up BPCL for the term contract and now it has inked a pact with HPCL. Sources said the pact with BPCL and HPCL are benchmarked to traded price of Brent.

In the first auction last year, ONGC had offered 33 lots of 412,500 barrels each - 26 cargoes from Uran near Mumbai and seven cargoes from Mumbai offshore - for sale starting November 1, 2022 at a minimum USD 0.5 premium over the average monthly price of Brent.

All the cargoes were sold to state refiners except one, which was awarded to Reliance Industries Ltd, sources said adding the refiners bid to pay a premium of USD 1.80-1.85 per barrel for cargoes from Uran, where supplies come through a pipeline, USD 3.8-6.5 per barrel for offshore cargoes and about USD 1.55 per barrel for a parcel from Panna-Mukta field. Uran cargoes fetch a lower premium as local taxes make the crude costlier than offshore supplies.

Pipelines from fields in Mumbai offshore directly connect to BPCL and HPCL's Mumbai refineries. (PTI)

Publication : Financial Express	Editions : Mumbai
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ONGC SIGNS UP HPCL FOR MUMBAI OFFSHORE OIL SALE

STATE-OWNED OIL and Natural Gas Corporation (ONGC) has signed an agreement to sell crude oil it produces from Mumbai offshore fields to HPCL — the second such agreement in as many months. Sources said the pact is for sale of about 4.5 million tonne per annum of crude oil to HPCL.

Publication : Hindustan Times_edge	Editions : New Delhi
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After BPCL, ONGC signs up HPCL for oil sale from Mumbai fields

Press Trust of India
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NEW DELHI: State-owned Oil and Natural Gas Corporation (ONGC) has signed an agreement to sell crude oil it produces from Mumbai offshore fields to HPCL — the second such agreement in as many months, as India's top oil and gas producer prefers term contracts over auctions where refiners hammer deep discounts.

In a post on X, formerly known as Twitter, ONGC said it has inked "term agreement with HPCL for sale of crude oil from Mumbai offshore."While it did not give details, sources aware of the matter said the pact for sale of about 4.5 million tonnes per annum of crude oil to Hindustan Petroleum Corporation Ltd's (HPCL) Mumbai refinery.

"This is the second term agreement sealed for sale of Mumbai Offshore crude oil post marketing freedom," ONGC said.

Last month, ONGC had signed a similar pact to sell 4 million tonnes per annum plus an optional 0.5 million tonnes of crude oil to Bharat Petroleum Corporation Ltd (BPCL), which too has a refinery to convert the crude oil into fuels like petrol and diesel at Mumbai.

ONGC produces 13-14 million tonnes per annum of crude oil from its fields in the Arabian Sea, off the Mumbai coast.

In June last year, the government abolished a rule that said oil from blocks awarded prior to 1999 must be sold to government-nominated customers, mostly state refiners. The old rule had led to producers such as ONGC and Oil India not getting the best market price.

Subsequent to that rule change, ONGC started quarterly auctions of crude oil produced from Mumbai High and Panna/Mukta fields in the western offshore.

While the company got a slight premium over Brent—the crude oil its Mumbai offshore is closest in quality to—in the initial auction, refiners like Indian Oil Corporation (IOC) started seeking discounts equivalent to one they got on Russian oil, sources said.

Following Moscow's invasion of Ukraine in February last year, Russian oil was sanctioned and shunned by European buyers and some in Asia, such as Japan. This led to Russian Urals crude being traded at a discount to Brent crude (the global benchmark).

Sources said refiners like IOC argued that they needed discounts as they suffered losses on selling petrol and diesel at below cost to keep inflation in check.

ONGC resisted the discounts arguing that the government has taken away all upsides of the recent surge in oil prices through a levy of windfall profit tax.

And as a way out, it floated the idea of a term contract - selling a fixed quantity of oil in a year at the pre-agreed benchmark.

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Sources said the pact with BPCL and HPCL are benchmarked to traded price of Brent.

Publication : Millennium Post	Editions : New Delhi
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ONGC, HPCL ink pact for Mumbai offshore oil sale

Last month, ONGC had inked a pact to sell 4 mn tonnes/ annum plus an optional 0.5 mn tonnes of oil to BPCL

OUR CORRESPONDENT

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While it did not give details, sources aware of the matter said the pact for sale of about 4.5 million tonnes per annum of crude oil to Hindustan Petroleum Corporation Ltd's (HPCL) Mumbai refinery. "This is the second term agreement sealed for sale of Mumbai Offshore crude oil post marketing freedom," ONGC said.

Last month, ONGC had signed a similar pact to sell 4 million tonnes per annum plus an optional 0.5 million tonnes of crude oil to Bharat Petroleum Corporation Ltd (BPCL), which too has a refinery to convert the crude oil into fuels like petrol and diesel at Mumbai.

In June last year, the government abolished a rule that said oil from blocks awarded prior to 1999 must be sold to government-nominated customers, mostly state refiners. The old rule had led to producers such as ONGC and Oil India not getting the best market price.

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Publication : The Asian Age	Editions : New Delhi
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FC CORRESPONDENT
NEW DELHI, SEPT. 24

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Publication : The Economic Times	Editions : Mumbai
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MUMBAI OFFSHORE FIELDS

ONGC Inks Deal with HPCL for Crude Oil Sale

New Delhi: State-owned Oil and Natural Gas Corporation (ONGC) has signed an agreement to sell crude oil it produces from Mumbai offshore fields to HPCL–the second such agreement in as many months, as India's top oil and gas producer prefers term contracts over auctions where refiners hammer deep discounts. In a post on X, ONGC said it has inked "term agreement with HPCL for sale of crude oil from Mumbai offshore." While it did not give details, sources said the pact for sale of about 4.5 mtpa of crude oil to Hindustan Petroleum Corporation Ltd's (HPCL) Mumbai refinery. "This is the second term agreement sealed for sale of Mumbai Offshore crude oil post marketing freedom," ONGC said.

Last month, ONGC had signed a similar pact to sell 4 million tonnes per annum plus an optional 0.5 million tonnes of crude oil to Bharat Petroleum Corporation Ltd (BPCL), which too has a refinery to convert the crude oil into fuels like petrol and diesel at Mumbai.

ONGC produces 13-14 million tonnes per annum of crude oil from its fields in the Arabian Sea, off the Mumbai coast.

Publication : The Pioneer	Editions : New Delhi
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After BPCL, ONGC signs up HPCL for sale of oil from Mumbai offshore fields

PTI ■ NEW DELHI

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In June last year, the government abolished a rule that said oil from blocks awarded prior to 1999 must be sold to government-nominated customers, mostly state refiners.

The old rule had led to producers such as ONGC and Oil India not getting the best market price.

Subsequent to that rule change, ONGC started quarterly auctions of crude oil produced from Mumbai High and Panna/Mukta fields in the western offshore.

Publication : The Telegraph	Editions : Kolkata
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ONGC opts for term deals to sell crude

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"This is the second term agreement sealed for sale of Mumbai Offshore crude oil post-marketing freedom," ONGC said.

Last month, ONGC had signed a similar pact to sell 4 million tonnes per annum plus an optional 0.5 million tonnes of crude oil to Bharat Petroleum Corporation Ltd (BPCL), which too has a refinery to convert the crude oil into fuels like petrol and diesel at Mumbai.

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Subsequent to that rule change, ONGC started quarterly auctions of crude oil produced from Mumbai High and Panna/Mukta fields in the western offshore. PTI

Publication : Veer Arjun (Hindi)	Editions : New Delhi
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बीपीसीएल के बाद ओएनजीसी ने मुंबई अपतटीय क्षेत्र से एचपीसीएल को तेल बिक्री का करार किया

नई दिल्ली, (भाषा)। सार्वजनिक क्षेत्र की कंपनी ऑयल एंड नैचुरल गैस कॉरपोरेशन (ओएनजीसी) ने मुंबई के अपतटीय क्षेत्रों के कच्चे तेल को हिंदुस्तान पेट्रोलियम कॉरपोरेशन लि. (एचपीसीएल) को बेचने के लिए एक समझौते पर हस्ताक्षर किये हैं। ओएनजीसी ने दो महीने में इस तरह का दूसरा करार किया है। देश की शीर्ष तेल एवं गैस उत्पादन कंपनी नीलामी के बजाय अनुबंध के जरिये बिक्री को प्राथमिकता दे रही है। ओएनजीसी ने एक्स पर एक पोस्ट में कहा कि उसने मुंबई अपतटीय क्षेत्र से कच्चे तेल की बिक्री के लिए एचपीसीएल के करार किया है। कंपनी ने इस करार का ब्योरा नहीं दिया है। हालांकि, मामले की जानकारी रखने वाले सूत्रों ने कहा कि यह करार एचपीसीएल की मुंबई रिफाइनरी को सालाना 45 लाख टन कच्चे तेल की बिक्री के लिए है। ओएनजीसी ने कहा, विपणन की स्वतंत्रता मिलने के बाद मुंबई अपतटीय कच्चे तेल की बिक्री के लिए यह दूसरा करार है। पिछले महीने ओएनजीसी ने भारत पेट्रोलियम कॉरपोरेशन लिमिटेड (बीपीसीएल) को 40 लाख टन और पांच लाख टन वैकल्पिक कच्चे तेल की सालाना बिक्री के लिए करार किया था। बीपीसीएल के पास भी कच्चे तेल को पेट्रोल और डीजल जैसे ईंधन में बदलने की रिफाइनरी है।

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समझौता | मुंबई अपतटीय कच्चे तेल की बिक्री के लिए यह दूसरा करार है

ओएनजीसी ने मुंबई अपतटीय क्षेत्र से करार किया

एजेंसी ■ नई दिल्ली

सार्वजनिक क्षेत्र की कंपनी ऑयल एंड नैचुरल गैस कॉरपोरेशन (ओएनजीसी) ने मुंबई के अपतटीय क्षेत्रों के कच्चे तेल को हिंदुस्तान पेट्रोलियम कॉरपोरेशन लि. (एचपीसीएल) को बेचने के लिए एक समझौते पर हस्ताक्षर किए हैं। ओएनजीसी ने दो महीने में इस तरह का दूसरा करार किया है। देश की शीर्ष तेल एवं गैस उत्पादन कंपनी नीलामी के बजाय अनुबंध के जरिए बिक्री को प्राथमिकता दे रही है। ओएनजीसी ने एक्स पर एक पोस्ट में कहा कि उसने मुंबई अपतटीय क्षेत्र से कच्चे तेल की बिक्री के लिए एचपीसीएल के करार किया है। कंपनी ने इस करार का ब्योरा नहीं दिया है। हालांकि, मामले की जानकारी रखने वाले सूत्रों ने कहा कि यह करार एचपीसीएल की मुंबई रिफाइनरी को सालाना 45 लाख टन कच्चे तेल की बिक्री के लिए है। ओएनजीसी ने कहा, विपणन की स्वतंत्रता मिलने के बाद मुंबई अपतटीय कच्चे तेल की बिक्री के लिए यह दूसरा करार है। उन्होंने बताया कि पिछले महीने ओएनजीसी ने भारत पेट्रोलियम कॉरपोरेशन लिमिटेड (बीपीसीएल) को 40 लाख टन और पांच लाख टन वैकल्पिक कच्चे तेल की सालाना बिक्री के लिए करार किया था। बीपीसीएल के पास भी कच्चे तेल को पेट्रोल और डीजल जैसे ईंधन में बदलने की रिफाइनरी है। ओएनजीसी अरब सागर से अपने क्षेत्रों से सालाना 1.3-1.4 करोड़ टन कच्चे तेल का उत्पादन करती है। पिछले साल जून में सरकार ने 1999 से पहले दिए गए ब्लॉकों से तेल सरकार द्वारा नामित ग्राहकों.. ज्यादातर सरकारी रिफाइनरी कंपनियों को बेचने के नियम को समाप्त कर दिया था। पुराने नियम की वजह से ओएनजीसी और ऑयल इंडिया जैसे उत्पादकों को अपने उत्पाद के लिए बेहतर बाजार मूल्य नहीं मिलता था। इस नियम में बदलाव के बाद ओएनजीसी ने पश्चिमी अपतटीय में मुंबई हाई और पन्नामुक्ता क्षेत्रों से उत्पादित कच्चे तेल की तिमाही नीलामी शुरू की थी।

ओएनजीसी ONGC

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From Wall Street via primrose path

Correction lurking for Wall Street-driven markets, warns Chris Wood

PUNEET WADHWA
New Delhi, 24 September

Wall Street-correlated stock markets are facing the risk of correction, as Christopher Wood, the global head of equity strategy at Jefferies, conveys to investors in his latest edition of *GREED & fear*.

Rising crude oil prices, which are nearing $100 a barrel (Brent), pose a threat to the global central bank's battle against inflation and have led to a re-evaluation of its exposure to Indian stocks.

"The potential for more US Federal Reserve (Fed) rate hikes, combined with the risk that monetary tightening finally bites as regards the economy, remains a risk for Wall Street-correlated world stock markets. There is also the oil factor. This is why *GREED & fear* continues to believe the pain trade is down. Areas in Asia, such as Indian midcaps, which have already done very well, are at obvious risk of some profit-taking," writes Wood.

The investment in Container Corporation of India within the India long-only portfolio will be removed and replaced with an investment in JSW Energy.

"An investment in State Bank of India (SBI) will be introduced with a 4 per cent weighting. This will be paid for by shaving the investments in Oil and Natural Gas Corporation, HDFC Bank, and Bajaj Finance by 2 percentage points (pp), 1 pp, and 1 pp, respectively. The investment in Sea in the Asia-ex-Japan long-only portfolio will also be removed and replaced by an investment in SBI," he says.

WOOD'S INDIA LONG-ONLY EQUITY PORTFOLIO

Stock	Weight (%)
Reliance Industries	10
HDFC Bank	7
ICICI Bank	7
Axis Bank	6
REC	6
SBI Life Insurance	6
DLF India	5
Godrej Properties	5
Larsen & Toubro	5
Macrotech Developers (Lodha)	5
Oil and Natural Gas Corporation	5
Thermax	5
Zomato	5
Adani Ports and Special Economic Zone	4
Bajaj Finance	4
Century Textiles and Industries	4
JSW Energy	4
State Bank of India	4
AU Small Finance Bank	3

Source: *GREED & fear*

Crude reality

Another concern for both markets and central banks, according to Wood, is the escalating oil prices, which have risen nearly 14 per cent in the past month to reach $93 a barrel (Brent) after production cuts by Saudi Arabia and Russia.

They recently surpassed the $96-a-barrel mark before experiencing a slight decline.

Wood believes that this surge in oil prices has the potential to trigger a risk-off trade in global equity and bond markets.

"The practical problem for the Fed for now is that inflation remains well above its 2 per cent target on the traditionally dovish measure of core Personal Consumption Expenditures inflation. The stickiness of core inflation is why further rate hikes cannot be ruled out as long as the US employment market is deemed to be healthy. This is also why the oil price has the clear potential to trigger risk-off action in both stocks and bonds if it keeps rallying," he observes.

Losing altitude

Meanwhile, Indian markets have been on a slippery slope for most of this month. In the past two weeks alone, the S&P BSE Sensex has shed nearly 1 per cent to reach 66,009 levels.

The fall in the mid and smallcap indices has been more pronounced, with both BSE counters slipping by 2.2 per cent and 3.1 per cent, respectively, during this period, according to ACE Equity data.

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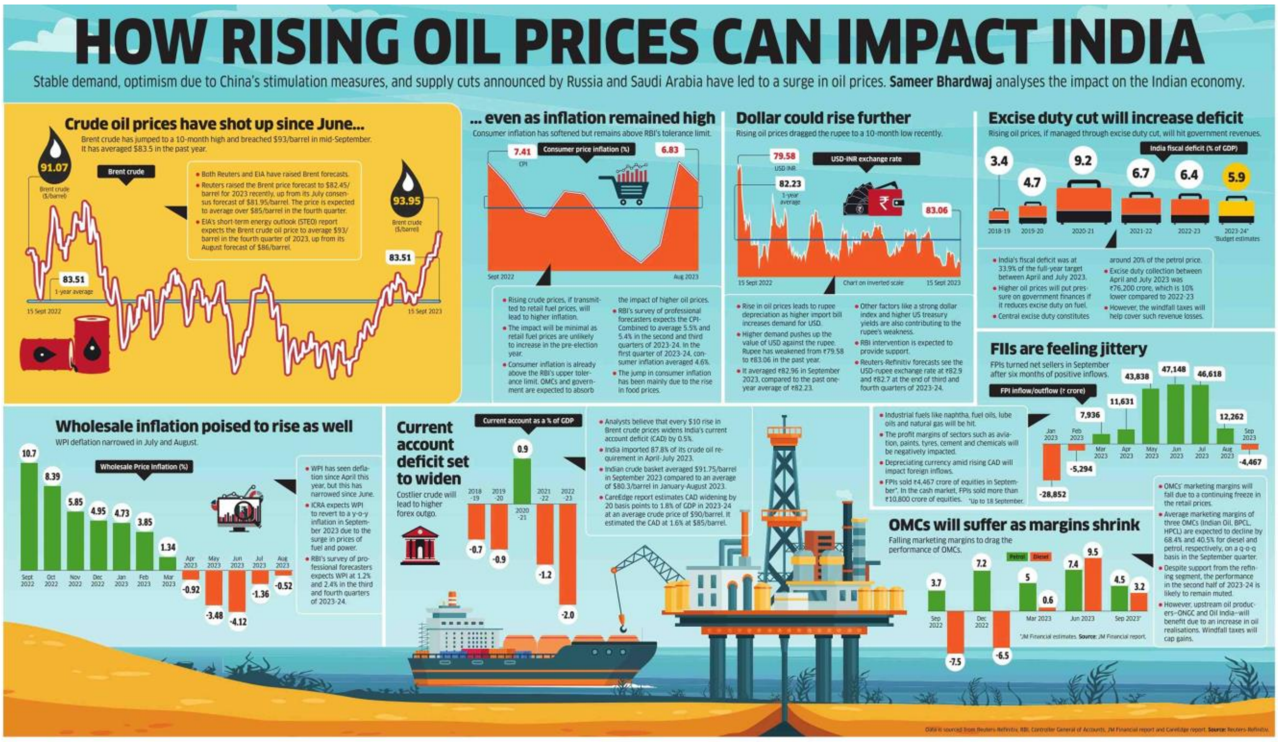

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Boiling crude dries up chance of price cuts by oil companies

SUBHAYAN CHAKRABORTY
New Delhi, 24 September

With prices of crude oil hitting new highs, there is little chance that the oil marketing companies (OMCs) will reduce pump prices anytime soon, Petroleum and Natural Gas Ministry officials hinted.

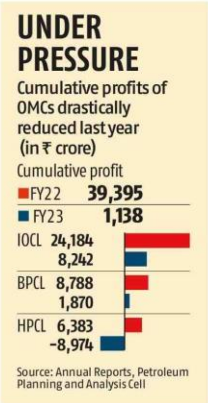
Over the past few months, the government has called for OMCs to reduce prices. But the oil giants have held back, pointing towards their accumulated losses. This was due to under-recoveries or the difference between the retail selling price and the international petrol, diesel, and liquefied petroleum gas rate.

That has again become a concern. "OMCs have reported that the under-recovery in diesel has currently crossed $10 per barrel," an official said.

The price of the Indian basket of crude oil hit a 14-month high at $93.5 per barrel on 21 September. The Indian basket of crude oil represents a derived basket comprising sour grade (Oman and Dubai average) and sweet grade (Dated Brent) of crude oil processed in Indian refineries in the ratio of 75.6 to 24.3. The prices are the average daily prices of the respective months. Last week, Brent crude prices touched $95 per barrel for the first time in 2023 as Saudi Arabia and Russia extended combined supply cuts of 1.3 million barrels per day (bpd) to the end of the year.

Analysts expect prices to soon climb beyond $100 as Russia, over the weekend, imposed an indefinite ban on the export of diesel and petrol to all countries other than four Central Asian allies. Belarus, Kazakhstan, Armenia, and Kyrgyzstan are members of the Moscow-led Eurasian Economic Union. Officials said since India imports crude oil from Russia, it won't be affected from these measures.

For India, every $1 per barrel increase in crude oil prices will impact its current account deficit by around $1 billion.



India is the third-largest oil consumer in the world, and the country met 87.4 per cent of its crude oil demand in 2022-23, up from 85.5 per cent in 2021-22.

Cumulative losses

Public sector OMCs have reported a cumulative profit of ₹1,138 crore in FY23, drastically down from ₹39,355 crore in the financial year 2021-2022, official figures show. This drop has been blamed on a freeze in retail prices of petrol and diesel in 2022 despite a steep rise in crude prices due to production cuts and the war in Ukraine.

Meanwhile, pump prices were last revised upwards on April 6, 2022. In May 2022, a steep cut in central excise duty had reduced prices further. At present, petrol and diesel cost ₹96.72 and ₹89.62 per litre respectively, in Delhi.

As a result, a further cut in excise duty remains on the table, officials said.

The OMCs have earlier sought compensation to make up for losses. With regards to the one-time grants for OMCs to shore up their finances, officials said only one proposal has been discussed so far.

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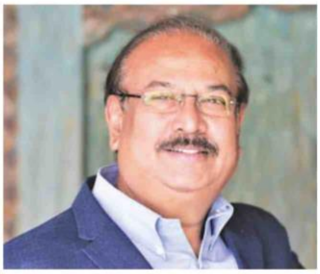
Bharat Bio plans to invest ₹3-4K crore in post-Covid shift

Not thinking about an IPO as of now, says chairman

SOHINI DAS
Hyderabad, 24 September



Bharat Biotech is charting out its next leg of growth, for which it is investing ₹3,000-4,000 crore in building vaccines, doing clinical trials, and having a manufacturing facility and partnerships.

At the same time, Krishna Ella-promoted Biovet is eyeing pole position as a veterinary vaccine player globally. Besides this, Anamay Biotech, led by Krishna Ella's daughter Jalachari Ella, is focusing on the therapeutics segment, especially wound-care therapies.

"We invested ₹600-700 crore during the pandemic for the development of Covaxin and other vaccines, and we have recovered more than that," said Krishna Ella, executive chairman of Bharat Biotech. *Business Standard* met Ella at Bharat Biotech's headquarters in Hyderabad.

"Our income increased, but we have not taken profits or dividends from the company. I am putting all that money into research and development (R&D), how to develop future vaccines like TB, etc, into manufacturing capabilities in eastern India," he added.

Ella said ₹3,000-4,000 crore would be required for funding projects, and the bulk of that would be for clinical trials.

So, would the company consider raising funds or going for an initial public offering?

"We are not thinking about an initial public offering...The next generation is joining the company, and they have to take the decisions. My family has to decide on listing. I am enjoying being a scientist," he said. Turn to Page 6 ▸

EYE ON GROWTH

- Bharat Biotech working with a Spanish firm on TB vaccine, now in phase 3 trials in South Africa
- Investing ₹1,200 cr in manufacturing facility in Bhubaneswar
- Manufacturing GSK's malaria vaccine for Africa
- Cholera vaccine ready for licensure
- Veterinary vax arm eyeing leading position globally

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Bharat Bio...

He added Bharat Biotech had always been a profitable company since its inception in 1996. Ella's son Raches Ella is a trained clinical researcher who has joined the company as chief development officer, and would be spearheading the vaccines pipeline.

Bharat Biotech arm is setting up a ₹1,200 crore manufacturing site in Bhubaneshwar, Odisha, where it will be making vaccines under development and that plant would also do contract manufacturing for global supplies.

The company has manufacturing sites in Hyderabad, Bengaluru, Pune, and Ankleshwar.

Ella said after the pandemic there was a problem of excess capacity in the world, and now African and Latin American countries too were adding capacities.

One needed to take up local problems (like leishmaniasis) and solve them in order to utilise the capacities that have come up.

"We took up a project on non-typhoidal salmonella, which was going from poultry to humans, and is a big problem in Africa. We partnered the Wellcome Trust and University of Maryland, and have already finished phase 1 trials in Baltimore. We are now taking it to phase 2 and 3 trials in Africa. We have to look into such local problems so that we find better utilisation of excess capacities," Ella told *Business Standard*.

Ella is upbeat about the animal vaccine space. He said the next pandemic might well be in the animal kingdom. "We are into veterinary vaccines, as animals are very important to farmers -- dairy, poultry etc. We might become one of the largest veterinary vaccine producers globally soon. We are looking at Africa because the Chinese are going aggressively there. Indian veterinary vaccine companies have not reached the continent," he said.

Promoted by Ella, Bengaluru-based Biovet is into veterinary vaccines.

Ella's daughter Jalachari Ella, who is a dermatologist, is heading the company's therapeutics business, which is into wound-care, burn wound treatment, etc.

"My daughter is running that business now. We have developed wound healing because we have the biotech hormones. It's a small project. We can develop more. But right now Bharat Biotech is working on the vaccine field, so now we are taking this therapeutics portfolio out from Bharat Biotech and putting it into a separate company -- a wound-care company called Anamay Biotech," Ella said.

He added during the pandemic the focus was on Covid vaccines, but now it was time to refocus on the therapeutics arm and put some new ideas into the game. This business makes a turnover of ₹20-25 crore annually.

As for the mainstay vaccines business, Bharat Biotech has it chalked out. It has a cholera vaccine ready for licensure; is working on a TB vaccine, which has entered phase 3 trials in South Africa; is going to manufacture GSK's malaria vaccine Mosquirix in India for the global market; and has a project with several partners for a pan-coronavirus vaccine, apart from the Chikungunya and Zika virus projects.

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Discoms propose asset monetisation to charge up capital needs

SHREYA JAI & SHINE JACOB
New Delhi/Chennai, 24 September

State-owned power distribution companies (discoms) have mooted the idea of asset monetisation to the Centre to free up working capital for infrastructure growth. The idea was backed by several state power departments and discoms in a recent meeting of the committee formed by the union ministry of power for 'Debt Sustainability of Discoms'.

The move comes at a time when states are facing record power demand. But at the same time, there has also been a spike in the electricity supply deficit in several states. Experts have pointed out that while at the national level the grid efficiently manages the load, states pose a challenge due to their redundant transmission networks and limited capacity for purchasing surplus electricity.

The union power ministry, through this committee which has representation from states, wants to explore new financing avenues for discoms. According to multiple sources, the committee has discussed monetising assets of discoms such as transmission networks and land banks. One mode of monetisation proposed is the Infrastructure Investment Trust (InvIT) route.

The committee is chaired by Rajesh Lakhoni, chairman and managing director of the Tamil Nadu Generation and Distribution Corporation's (TANGEDCO). The committee has members from discoms in Rajasthan, Maharashtra, Andhra Pradesh, Telangana and state-owned financiers PFC and REC. An executive said REC has already appointed PwC as a financial consultant for this.

"The interest on our borrowing is generally taken care of by the tariff. However, dealing with the principal amount is a cause of concern for discoms. We are considering several such options to shift the burden from discoms. One such option was the Ujwal DISCOM Assurance Yojana (UDAY) scheme, but then the finances of the state governments may come under pressure. Hence, InvITs are under consideration," said a source aware of the development.

According to a person in the know, the idea is to have a trust at the state level for discoms or a nodal trust at national level, which can be utilised by companies from all the states. "We want to transfer loan from discom books and this is one of the options under consideration," the source added.

POWER UP

- Move comes at a time when states are facing record power demand
- InvIT model proposed for monetisation
- Transmission assets proposed to be monetised
- REC, PFC part of the states-led panel of the power ministry

UDAY, which was the fourth debt restructhring scheme for discoms, floated by the Centre in 15 years and the first such by the BJP government, aimed at cleaning their accumulated financial and operational losses. The scheme allowed the state governments to take over the losses of their discoms and issue bonds. While this had helped clear the legacy loss and debt, losses have increased since the scheme concluded in 2019-20.

The latest discoms reforms scheme RDSS has a different approach by tying the budgetary grant of the central government backed power infrastructure schemes with the operational and financial performance of the discoms. It does not have any debt recycling portion.

Several discoms continue to face high debt levels, despite reduction in their booked losses. Out of these, the financially beleaguered state-owned ones are facing liquidity crunch and reduced capital expenditure by their state departments, revealed the latest Annual Integrated Ranking and Rating report by Power Finance Corporation (PFC) in April this year.

As the power demand touches a new record every month, the discoms face additional pressure to improve their power supply operations. This has led to a 24 per cent increase in the sectoral debt. The report said the total sectoral debt stood at ₹6.20 trillion during FY20-FY22.

For the reported year 2021-22, current liabilities of discoms exceed their overall current assets, and amounts to nearly twice the value of their current liquid assets. The sector's total liquidity gap stands at ₹3.03 trillion, said the report, adding that the combined liquid assets of discoms are adequate to cover only their generation, transmission, and operational liabilities.

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Oil surge upends EM disinflation trade

Bloomberg
feedback@livemint.com

Just a couple of months ago, emerging-market assets were all the rage as inflation eased and interest rate-cut bets surfaced. The trade has all but fizzled out.

The rapid change has come about as oil rallied some 30% from the year's low to alter the dynamics for developing nations. Costlier crude is reviving price pressures and damping hopes that interest rates will fall, while threatening to undermine the fiscal balances of energy importers.

It's a shift that may upend the wagers of emerging-market bulls who had started the year on a high note. From Indian bonds to the Hungarian forint and the Philippine peso,


Costlier crude is threatening to undermine the fiscal balances of energy importers.

developing-nation assets are looking increasingly vulnerable as US vows to keep borrowing costs higher for longer and oil barrels toward $100 mark.

"It is clear that the disinflation trend in EM ex-China has already faltered," said Jon Harrison, managing director for emerging-market macro strategy at GlobalData TS Lombard in London. "Oil prices are certainly a material part of that, but food prices, a stronger dollar and less disinflation from China are additional drivers."

Developing nation assets are set to be impacted as oil barrels veer toward the $100 mark

The cracks are starting to show. A *Bloomberg* gauge of emerging-market government bonds and an MSCI index of developing-nation currencies are both closing in on a second month of declines.

Economies which are dependent on oil imports and those where crude accounts for a high percentage of household income will be the worst off, Tellimer strategist Hasnain Malik wrote in a note. These include India, the Philippines, Pakistan, Jordan, Kenya and Morocco.

India's bonds are the most susceptible to a surge in oil prices, according to *Bloomberg*'s analysis of five-year government securities from 13 major emerging economies. Rupee notes have displayed the most consistent reaction to a spike in crude, with their yields climbing an average of 13 basis points on eight occasions since 2015, as measured by the mean move divided over the standard deviation of responses.

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Date :25 September 2023	Page : 2

Petroleum product exports up 9% m-o-m in August

UPWARD TREND. Diesel exports rose 4.2 per cent on higher diesel crack spreads

Rishi Ranjan Kala
New Delhi

Exports of refined petroleum products rose by almost 9 per cent m-o-m to 5.83 million tonnes (mt) in August, largely supported by outbound shipments of diesel, aviation turbine fuel (ATF) and fuel oil.

According to the Petroleum Planning and Analysis Cell (PPAC), petroleum products exports last month were the highest in FY24 and the second highest in the current calendar year.

Diesel exports rose 4.2 per cent m-o-m to 2.48 mt in August 2023 as higher diesel crack spreads supported higher exports. A crack or crack spread is the overall pricing difference between a barrel of crude oil and the petroleum product refined from it.

"Further, the domestic consumption of diesel has been lower in July and August compared with previous months as monsoon restricted mobility and demand from the farm sector to an extent. The international gasoil prices have been increasing in the ongoing quarter on account of seasonal issues such as refinery outages and maintenance, amid increased temperatures across the US and Europe," ICRA Vice President & Co-Group Head (Corporate Ratings) Prashant Vasisht told *businessline*.

Besides, the sanctions on Russian refined products to Europe with effect from February 2023 have also impacted supplies. Exports of the other auto fuel, gasoline, fell in August. Petrol exports declined by 6.7 per cent m-o-m to 1.17 mt last month, which ICRA attributed to the tapering of the summer driving season in the northern hemisphere.

India's refined petroleum products export

	April		May		June		July		August	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Volume (mt)	4.4	5.4	5.3	5.7	5	5.5	5.4	5.0	5.8	5.2
Value ($ bn)	3.3	5.8	3.6	6.5	3.5	6.6	4.1	4.9	4.9	4.9

Source: PPAC Volume: million tonnes (mt) Value: Dollar/ billion

GROWING AIR TRAVEL

The export of jet fuel continued to rise for the fifth consecutive month in August with outbound shipments rising 15 per cent m-o-m to 900,000 tonnes last month.

"The international product prices of ATF were on an increasing trend in the last few months resulting in healthy product cracks. The product cracks for ATF were significantly higher in August 2023 compared to June and July 2023. ATF crack spreads witnessed an uptick in the last few months with improved demand owing to increase in overall air travel activity even as refinery output declined in a few months due to maintenance activity," Vasisht said.

Similarly, exports of fuel oil, which is also called industrial fuel oil, have more than doubled on a monthly basis to 300,000 tonnes in August 2023. After a subdued start in April its shipments have risen consistently in the next four months. Vasisht attributed the higher exports to lower production of fuel oil globally because of production cuts of heavier grades of crude oil by OPEC+.

SOFTENING EXPORTS

Exports from the world's fourth largest refiner are likely to soften beginning September due to autumn maintenance at refineries and stocking of auto fuels ahead of the festival October-December season, when domestic fuel consumption picks up.