ONGC News 26.06.2022 Print

GAIL to entre distributed LNG production business	Hindustan Times	20	Bureau

GAIL to enter distributed LNG production business

In a first-of-its-kind endeavour in the country, GAIL (India) Limited plans to enter into distributed Liquefied Natural Gas (LNG) production with the vision to cater for the demand from off-grid locations and the transport sector.

GAIL has placed an order for two small-scale liquefaction skids capable of producing LNG on a pilot basis. Liquefaction will be achieved through proprietary technology-based mobile liquefaction skids. These plants will help in distribution of natural gas through liquefaction in new CGD areas.

Calender bul-call spread on Gail India	Hindu Business Line	6	KS Badri Narayan

F&O STRATEGY

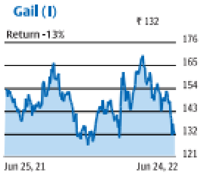
Calendar bull-call spread on Gail India

K. S. BADRI NARAYANAN

The stock of Gail India (₹132.45) is ruling at a crucial level. The stock finds an immediate support at ₹122 and resistance at ₹147. While the current trend is sideways, a close above ₹160 will change the outlook positive for Gail India and a dip below ₹102 will be bearish. We expect the stock to move in a range with an upward bias.

F&O pointers: Gail India futures witnessed a rollover of 13 per cent. While the Gail June futures closed at ₹132.85, the July futures closed at ₹132.70 against the spot close of ₹132.45. The discount of farther month contracts signals rollover of short positions. Option trading indicates that Gail India can move in ₹130-155 range.

Strategy: We advise a calendar bull-call spread strategy using 135-strike of current and July month contracts. These call options closed with a



premium of ₹1.65 and ₹4.60 respectively. That means traders will have to incur an outflow of ₹2.95/contract or ₹17,995 (market lot 6,100 shares). The position will turn extremely profitable if Gail India rules at current level till expiry of current month (June 30) and charges up sharply in July.

A close above ₹137.95 will turn the position positive i.e., ₹137.95 is the breakeven price. Hold the position for at least three weeks while stop loss can be placed at ₹12,500 initially i.e., exit if the loss mounts to this amount.

The maximum loss of ₹17,995 is possible if the stock rules below ₹135 till the time of July expiry.

Follow-up: The stock of Infosys (₹1,441.10) moved on the expected lines and the position is marginally in-the-money. We advise traders to book profits if Infosys surges above ₹1,475.

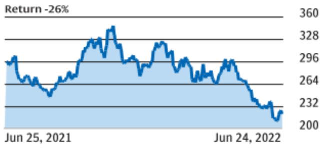
Note: The recommendations are based on technical analysis and F&O positions. There is a risk of loss in trading.

HPCL	Hindu Business Line	7	Bureau

HPCL (₹219.85)

Further fall likely

The stock of Hindustan Petroleum Corporation Ltd (HPCL) has broadly been trading in the broad range of ₹170-330 since early 2018. The latest leg of downtrend began in November 2021 from the range top. Since then, it has been dropping steadily. Although it posted a gain last week, it will most probably be a corrective rally and the scrip is expected to resume the fall. The rally might probably extend to ₹232 but not beyond. Given the above factors, traders can short in two legs. That is, initiate short now and on a rally to ₹232 so that the average selling price would be around ₹226. Keep initial stop-loss at ₹250. When price dips below ₹200, alter the stop-loss to ₹220. Exit the shorts when the stock touches ₹170 since there can be a bounce off this support.



With emission norms tightened in NCR, industries shift to clean fuels	Hindu Business Line	12	Bureau

With emission norms tightened in NCR, industries shift to clean fuels

Natural gas preferred as biomass faces supply, cost and transportation issues

RISHI RANJAN KALA
New Delhi, June 25

The government's move to tighten emission norms, in a bid to encourage industries to move to clean fuels, is propelling industries, particularly in the Delhi National Capital Region (NCR), to explore use of natural gas and biomass.

The Commission for Air Quality Management in NCR & Adjoining Areas (CAQM) is tweaking pollution norms to propel industries using fossil fuels such as coal and diesel to move to natural gas and biomass.

For instance, the air quality panel has directed NCR States not to use coal as a fuel in industries from January 1, 2023. It has also been issuing directions on permissible fuels for industries to maintain sustainable operations and check emissions.

However, analysts point out

The CAQM is tweaking pollution norms to push industries using fossil fuels to move to natural gas and biomass AFP

that easy availability of natural gas through city gas distribution (CGD) entities is tilting the scales in its favour against biomass, which faces issues of costs, availability and transporting over long distances.

Besides, CO_2 emissions from various biomass fuels are in the range of 93.80-118.17 kg per mBtu (million British thermal units) compared to 53.06 kg per mBtu from gas. Gas also wins over biomass on methane and nitrous oxide emissions. Particulate matter (PM) emission from gas is low, generally under 1mg/ MJ. PM emission from biomass is in the range of 10-70 milligrams/ megajoule (mg/ MJ).

Natural gas

Since the latest CAQM notification, the majority of industries have been opting for clean fuels such as PNG and biomass to ensure compliance, said an Adani Group spokesperson. Adani Total Gas, a JV between Adani Group and Total Energies, is a key player in CGD.

For instance, in the Faridabad region, gas consumption rose 30-40 per cent during the previous ban (mid-November 2021 to December 2021) compared to the average consumption from October-mid November 2021, he added. As gas prices seem to be stabilising post the Russia-Ukraine crisis, there is a significant uptick in signings and negotiations, with leading industries wanting to lock into long-term gas contracts with CGD firms.

A total of 223 new industrial and commercial PNG connections were added in Q4 FY22, which is 18 per cent higher than the new connections in Q3 FY22 (189), and is equivalent to 31 per cent of the total new connections in FY22 (710).

Industries have shown a clear preference for PNG, owing to supply reliability constraints with biomass. Additionally, CAQM has instructed use of emission-control devices for biomass which further adds to the already high upfront expenditure of ₹7-50 lakh to purchase the device, said the Adani Group spokesperson.