



ONGC News as on 29 May 2024 (Print)

Capex spending of oil & gas PSUs at ₹6,669 cr in April

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New Delhi, May 28

INDIAN OIL gas PSUs have spent more than ₹6,669 crore as capex in the first month of the current financial year, nearly 6% of their total capex target of ₹1.2 trillion, provisional data from the Petroleum Planning and Analysis Cell showed.

The capital expenditure during April was driven by Oil and Natural Gas Corp, Indian Oil Corp, and Hindustan Petroleum Corp. While ONGC incurred a capex of ₹2,283 crore constituting 7.4% of its annual capex target of ₹30,800 crore, Indian Oil spent ₹2,174 crore of its annual target of ₹30,909 crore in April.

ONGC is expected to invest a major portion of its capex towards increasing its oil and gas production from the KG-98/2 block in FY25. The company expects the oil output from the block to increase to 20,000 barrels per day in the third quarter of the current fiscal and then subsequently reach its peak production of 45,000 barrels per day in the fourth quarter. The company's capital expenditure target for FY25 is lower than ₹37,000 crore it spent in FY24.

The country's top oil producer's overseas arm, ONGC Videsh Ltd, spent ₹241 crore of its full-year target of ₹5,580 crore last month. The

MONEY FOR FUTURE

Capex spending in April (₹ crore)

ONGC	2,283
Indian Oil	2,174
ONGC Videsh	241
HPCL	800
Bharat Petroleum	243
GAIL India	262



company is expected to boost overseas oil and gas production and will be investing 71% more this year than the capex in FY24. Oil India incurred a capex of ₹259 crore in April, accounting for almost 4% of its annual target of ₹6,880 crore.

HPCL and Bharat Petroleum Corp spent ₹800 crore and ₹243 crore respectively in April. The country's state-owned downstream companies intend to boost their refining capacity and strengthen their marketing infrastructure going ahead.

The country's leading natural gas company, GAIL India, spent a meager ₹262 crore in April, 3.2% of its annual target of ₹8,044 crore.

ENTERPRISE VALUE PEGGED AT \$800M-1B

Petronas Arm Leads Race to Climb Green Tower at Brookfield

Gentari signs exclusivity pact for further talks on 2GW India assets; ONGC too in fray

Reghu Balakrishnan & Kalpana Pathak

Mumbai: Gentari Sdn Bhd, the renewable energy arm of Malaysian energy giant Petronas, is the frontrunner for a part of the India renewable portfolio of Brookfield Asset Management, said two people aware of the development. Gentari, which has conducted due diligence of the assets, has signed an exclusivity agreement for further negotiations with Brookfield, they said.

Government-run Oil and Natural Gas Corp (ONGC) is another contender that has completed due diligence, said people with knowledge of the matter. The 2 GW renewable portfolio of Brookfield in India that's up for sale has an estimated enterprise value of \$800 million-1 billion (₹6,600-8,300 crore). Other entities that had submitted initial bids but are no longer in the race include Sekura Energy, Sembcorp and UAE's Masdar Energy, they said.

Of the portfolio, 1 GW is operational and projects with a capacity of 1 GW are under construction, expected to be completed within 18 months, said the people cited.

Five years after entering the renewable energy sector in India, Canadian investor Brookfield Asset Management is looking to partially monetise its assets, having hired investment bank JP Morgan to run the sale process, ET was first to report in February.

Brookfield has about 20 GW of wind and solar assets in operation or in the development pipeline across India.

Charged up

₹1.32 Lcr Investments in India's green energy sector in past 3 years

170 GW expected installed capacity by March 2025 from 132 GW in Oct 2023, according to Icra



OTHERS ON THE BLOCK

NIIF's 4 GW renewables platform Ayana

Part of Shell's stake in 3 GW platform Sprng Energy

Enel's 750 MW operational assets

Part of EDF's India clean energy assets

Macquarie's 415 MW India platform Stride



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On the Lookout for Buyout Opportunities

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The holdings that will be divested include capacities of 500 MW in Rajasthan, 50 MW in Gujarat, 300 MW in south India and 80 MW in Madhya Pradesh.

A Brookfield spokesperson declined to comment. Gentari and ONGC didn't respond to queries.

Brookfield entered the Indian renewables space in 2019 with the acquisition of wind farms from Hyderabad-based Axis Energy Ventures for Rs 500 crore. It also picked up 51% in CleanMax Enviro in 2023, with an equity investment of Rs 3,000 crore.

In 2022, Brookfield monetised its road portfolio by selling it to Canada Pension Plan Investment Board in a deal valued at Rs 9,375 crore (\$1.2 billion at the time).

Gentari, which operates locally through Gentari Renewables India, has been aggressively looking for buyout opportunities in the country. Last month, Finnish firm Fortum signed an agree-

ment to sell a 43.75% stake in its 185 MW solar power portfolio in India to Gentari Renewables India.

In October 2023, Gentari invested \$1.5 billion for a 30% stake in AM Green Ammonia Holdings BV (AMG Ammonia), a green ammonia platform of AM Green set up by Greenko Energy Holdings, a renewable energy company. Gentari also owns Amplus Solar, with a portfolio of more than 1.4 GW of distributed solar assets serving over 300 companies in the commercial and industrial sector.

In July 2023, Gentari and renewable energy provider ReNew Energy Global formed a joint venture with 5 GW of renewable capacity in India. The collaboration follows Gentari's initial investment for a 49% equity stake in ReNew's 403 MW Peak Power project in May.

Similarly, ONGC is also exploring buyout opportunities in the clean energy space as part of decarbonising its operations. ONGC plans to have a 10 GW renewable energy capacity by 2030 with an investment of Rs 1 lakh crore. In Fe-

bruary, the company set up ONGC Green for its renewable operations.

ONGC's total installed capacity of renewable energy as of March 2023 was 189.53 MW — 36.52 MW of solar energy and 153 MW of wind energy. ONGC is in talks to form a consortium with NTPC Green Energy to bid for National Investment and Infrastructure Fund-owned Ayana Renewable Power, ET reported a week ago.

Brookfield is one among the early infrastructure investors in India. Since 2014, Brookfield has deployed about \$25 billion in the country, including a Rs 25,215 crore investment in Jio Towers, a Rs 21,000 crore deal to buy ATC India and a Rs 13,000 crore buyout of East-West Pipeline (formerly Reliance Gas Transportation Infrastructure).

India has attracted investments of Rs 1.32 lakh crore in the renewable energy sector in the past three years. Installed renewable energy capacity is expected to increase to about 170 GW by March 2025 from 132 GW in October 2023, according to research agency Icra.

Day trading guide

22925 » Nifty 50 Futures

S1	S2	R1	R2	COMMENT
22890	22840	23010	23100	Go short only on a break below 22890 with a stop-loss at 22910

₹1530 » HDFC Bank

S1	S2	R1	R2	COMMENT
1520	1510	1545	1560	Go long only above 1545. Keep the stop-loss at 1535

₹1466 » Infosys

S1	S2	R1	R2	COMMENT
1455	1425	1480	1500	Go short below 1455. Stop-loss can be placed at 1465

₹429 » ITC

S1	S2	R1	R2	COMMENT
426	423	431	434	Go short now and at 430. Keep the stop-loss at 432

₹274 » ONGC

S1	S2	R1	R2	COMMENT
272	268	276	280	Go short on a break below 272 with a stop-loss at 273

₹2911 » Reliance Ind.

S1	S2	R1	R2	COMMENT
2885	2850	2930	2960	Go short now and at 2925. Stop-loss can be kept at 2940

₹831 » SBI

S1	S2	R1	R2	COMMENT
827	823	834	840	Mixed and range bound. Avoid trading this stock for now

₹3840 » TCS

S1	S2	R1	R2	COMMENT
3810	3790	3845	3870	Take fresh shorts positions now. Stop-loss can be placed at 3855

S1, S2: Support 1 & 2; R1, R2: Resistance 1 & 2.



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Saudi may cut July oil prices for Asia, a first in 5 months

Saudi Arabia, the world's biggest oil exporter, may cut prices for most crude grades it sells to Asia in July, the first cut in five months, as Middle East benchmarks and margins for Asian refiners have weakened, refining sources said. The July official selling price (OSP) for flagship Arab Light crude is expected to fall by 30 to 50 cents a barrel, a *Reuters* survey of five refiners showed, after hitting a five-month high in June. **REUTERS**

Oil Steadies as OPEC+ Restraint Balances Interest Rate Concerns

Reuters

London: Global oil prices steadied on Tuesday as the prospect of OPEC+ maintaining oil supply curbs at its June 2 meeting and hopes of strong US summer fuel demand balanced concern about higher-for-longer U.S. interest rates.

On Monday, oil prices rose more than 1% in muted trade owing to public holidays in Britain and the United States,

with hopes of a demand boost from the start of the US summer driving and vacation season providing support.

The July contract for Brent crude, the global benchmark, rose 38 cents, or 0.5%, to \$83.48 a barrel by 1327 GMT U.S. West Texas Intermediate (WTI) crude was at \$79.15, up \$1.43, or 1.8%, from Friday's close, having traded through a U.S. holiday to mark Memorial Day without a settlement.



"Oil has been in a recovery mode lately, perhaps driven by expectations of strong fuel demand due to the start of the summer driving and vacation season," said Charalampos Pissouros, analyst at broker XM.

Worries over US interest rates remaining elevated for a longer period contributed to a weekly loss for crude last week.

Higher rates boost the cost of borrowing, which can dampen economic activity and demand for oil.

RELIANCE TO PURCHASE RUSSIAN OIL IN ROUBLES

It is likely to purchase 1-2 cargoes a month of low-sulfur crude oil

ENS ECONOMIC BUREAU @ New Delhi

RELIANCE Industries Limited (RIL), operator of the world's biggest refining complex, is believed to have signed a deal with Russia's Rosneft to buy at least 3 million barrels of oil a month in rouble for the next one year.

According to a report, citing sources, RIL will from this financial year buy two cargoes of about one million barrels of Urals crude with the option to buy four more each month at a discount of \$3 a barrel to the Middle East Dubai benchmark.

After Western countries shunned Russian crude following the Russia-Ukraine war, Russia diversified its supply to India and China. Both countries emerged as the biggest beneficiaries of Russian-discounted crude. The oil-to-telecom conglomerate owned by billionaire Mukesh Ambani houses two refining plants in its complex, with a combined capacity of about 1.4 million barrels per day. It is reported that Reliance will purchase 1-2 cargoes a month of low-sulfur crude oil, mainly ESPO Blend exported from Russia's Pacific port of Kozmino, at a premium of \$1 a barrel, according to reports.

The company will make payment for the oil using Russia's



rouble through India's HDFC Bank and Russia's Gazprombank. It is believed that the term deal will help Reliance secure oil at discounted rates at a time when the OPEC+ group of oil producers is expected to extend voluntary supply cuts beyond June. The OPEC+ group, comprising the Organization of the Petroleum Exporting Countries (OPEC) and allies including Russia, is due to discuss the output cuts in an online meeting on June 2. The quantum of discounts on Russian crude has

come down from \$8-10 a barrel last year to around \$3-5 a barrel this year. Rating agency ICRA mentioned that the discounted crude from Russia have led to savings in India's oil import bill amounting to \$5.1 billion in FY2023 and \$7.9 billion in 11 months of FY24. The Indian government was pushing for purchase of Russian Crude in Indian currency. However, due to reluctance of Russian crude sellers, and Russian banks to trade in rupee, those efforts failed to yield any result.