ECONOMIC TIMES, Delhi, 7.11.2024
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HIGHEST BID FOR RENEWABLE POWER CO TABLED BY ONGC

NTPC, ONGC may Join Hands to Acquire Ayana

Sanjeev Choudhary

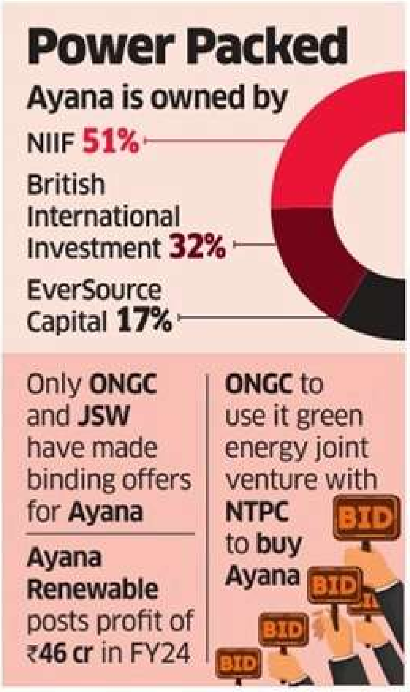
New Delhi: NTPC Ltd may join ONGC as an equal partner in the latter's bid to acquire Ayana Renewable Power, according to the people with knowledge of the matter.

Oil and Natural Gas Corporation (ONGC) has emerged as the highest bidder, ahead of JSW Neo Energy, for Ayana Renewable Power, which is co-owned by India's sovereign investment fund NIIF (51%), British International Investment (32%), and EverSource Capital (17%), the people said.

The state-run oil and gas producer is currently negotiating the share purchase agreement with Ayana's owners and, if all goes well, it may use its planned green energy joint venture (JV) with NTPC to acquire 100% stake in the renewable energy platform in an all-cash deal, they added.

On Monday, NTPC said its subsidiary NTPC Green Energy had applied to the corporate affairs ministry to incorporate a 50:50 JV company with ONGC Green after obtaining clearances from the finance ministry's divestment department and NITI Aayog. "The JV company will also seek opportunities to acquire renewable energy assets," the state-owned company added.

"The deal with ONGC will likely go through if there are no surprises in the share purchase agreement," a person familiar with the matter said on condition of anonymity, adding that the deal could still take months to close as the current Ayana shareholders might try to maximise gains.



'BANKERS MAY NUDGE JSW'

While ONGC seems determined to close the deal, bankers are trying to persuade JSW to improve its offer, said the people cited earlier. Only ONGC and JSW have made binding offers for Ayana, they added. ONGC, NTPC, JSW, NIIF, BII and EverSource Capital declined to comment.

The current shareholders have infused ₹3,700 crore in Ayana so far against their capital commitment of $721 million (about ₹6,000 crore at the current conversion rate), according to a report released in September by rating agency ICRA.

Ayana operates 1.6 giga watt of renewable energy capacity and is developing another 3 GW, the report added. The company posted a consolidated profit of ₹46 crore on an operating income of ₹856 crore for FY24.

A partnership with NTPC would help split acquisition risks and get ONGC access to the power sector capabilities it doesn't currently possess. The Ayana deal would herald a new era for the oil producer under pressure to go green while providing exit to private equity investors at a time when multiple renewable energy platforms are finding it hard to get new owners in the country.

ONGC'S RENEWABLE PLAY

In August, ONGC chairman Arun Singh had said that the company intended to acquire more than 1 GW of renewable assets in this financial year. By 2030, ONGC aims to scale up its renewable portfolio to 10 GW.

BII incorporated Ayana Renewable Power in 2017. NIIF and EverSource bought a 25.5% stake each in the company in 2019. NIIF's stake rose to 51% in 2021. Ayana group's pending capital expenditure for the under-construction portfolio is about ₹13,500 crore, as per the ICRA note.

Trump's policies may have bearish impact on petroleum prices

SUKALP SHARMA
New Delhi, November 6

AS REPUBLICAN PRESIDENTIAL candidate Donald Trump wrested the White House from the Democrats, international oil prices declined on Wednesday. Even as the fall in oil prices had more to do with the strengthening dollar—a stronger greenback makes dollar-denominated commodities like oil dearer in other currencies—and other oil market factors, the market reaction may be seen as symbolic of the general sentiment around oil prices going forward.

While it is too early to say how Trump's second term as president will turn out to be for global oil markets, industry watchers expect the Trump administration's economic and energy policies to put limited downward pressure on oil prices. If strictly implemented, his plans to impose high tariffs on imports—particularly on those from China—could negatively impact global oil demand as China is the world's top oil importer. Moreover, Trump's push to significantly increase US oil production and even exports, for which he employed the slogan "Drill, baby, drill", could add to the global oil supply and even push major oil producers to compete for market share, which again could put some pressure on prices.

Realistically though, the incoming dispensation in Washington is likely to push for a largely balanced global oil market to keep oil prices in check while avoiding a steep decline or crash, as that would make production unviable for American oil producers as well. And although Trump has been promising voters that he will drastically cut energy bills in the US, the White House on its own has limited instruments to meaningfully sway oil prices.

To be sure, there may also be a few bullish triggers for oil prices, like crackdown on sanction evasion by Iran and a tighter sanction regime for Venezuela under Trump, which could take some barrels off the market. But their impact may be limited.

For India, which is the world's third-largest consumer of crude oil and depends on imports to meet over 85 per cent of its requirement of the commodity, downward pressure on international oil prices would be generally beneficial. Heavy dependence on imported crude oil makes the Indian economy vulnerable to global oil price volatility, apart from having a bearing on the country's trade deficit, foreign exchange reserves, rupee's exchange rate, and inflation.

S&P Global Commodity Insights (SPGCI) expects Asian buyers—including India—to witness significantly more opportunities to import "attractively priced crude from the US" as its competition with the OPEC (Organization of the Petroleum Exporting Countries) suppliers intensifies. The US is India's fifth-largest source market for crude oil behind Russia, Iraq, Saudi Arabia, and the UAE.

"The dynamics of oil flows to Asia are unlikely to change significantly in 2025, barring dramatic policy shifts following the US presidential elections...With growth in US crude production and exports, the US will continue to compete with OPEC exporters in Asia, while targeting European refiners and developing new markets in Africa and Latin America," said Benjamin Tang, head of liquid bulk at S&P Global Commodities at Sea.

Growing US crude production has posed a significant challenge for OPEC+ (OPEC and its other partner countries) in recent years, exerting downward pressure on prices, threatening the bloc's market share and prompting massive output cuts. Analysts say increased US production, as well as output increases in other non-OPEC+ countries, such as Brazil, Guyana and Canada, have nearly nullified the impact of OPEC+ production cuts in 2024, SPGCI said.

Commodity market analytics firm Kpler believes that Trump will forcefully support domestic oil and gas producers in the US, pursue a policy of aggressive energy infrastructure buildout, and could attempt to moderate emissions standards.

"Despite our expectations for a sharp decline in US oil production growth next year, Trump will still push for policies supportive of oil and natural gas drilling, even if these measures are only marginally impactful. During the campaign, Trump has reiterated plans to expedite permit issuance for drilling on federal lands and an intent to roll back regulations that prevent oil and gas extraction operations," Kpler said in a recent note.

FINANCIAL EXPRESS, Delhi, 7.11.2024
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GEOPOLITICAL TENSIONS, CRUDE PRICE VOLATILITY CONTINUE TO POSE CHALLENGES

Weak refining margins may dent profitability of OMCs in Q3 too

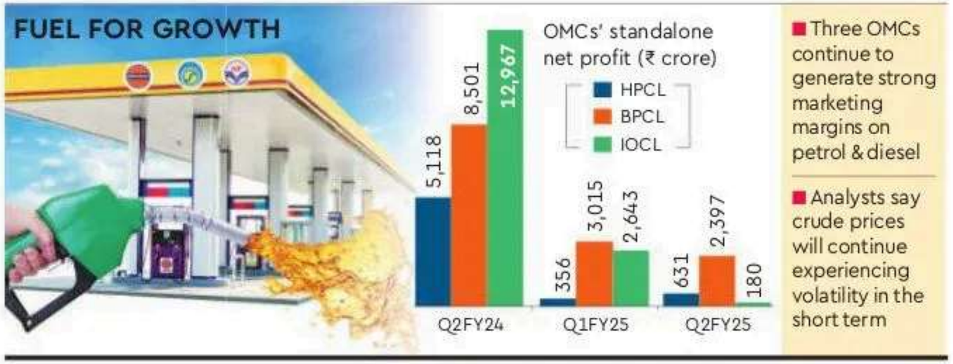
ARUNIMA BHARADWAJ
New Delhi, November 6

RISING GLOBAL UNCERTAINTY and a declining trend in refining margins have forced the three state-owned oil marketing companies (OMCs) to a weaker start to the current financial year. With peak earnings of FY24 fading, the three OMCs are likely to report lower gross refining margins in the third quarter of the current fiscal too, taking a hit on their profitability, according to analysts. On a sequential basis, the downstream companies may see some improvement though.

In the second quarter of FY25, the three oil marketing companies —IndianOil Corp, Bharat Petroleum Corp and Hindustan Petroleum Corp — reported weak earnings owing to lower gross refining margins and under-recoveries made on liquefied petroleum gas (LPG).

"BPCL and HPCL's reported Q2FY25 financial performances were significantly below our expectations, mainly due to a weaker refining margin. LPG under-recoveries have largely remained in line with the Q1FY25 trend," said Motilal Oswal in its report. "Overall, the gross refining margins remain muted in October 2024, along with the oil demand outlook."

The firm highlighted that the benchmark Singapore gross refining margin has been averaging $3 per barrel in October 2024 against $3.6 per barrel in the second quarter of FY25, implying that refining might remain under pressure in the third quarter as well. IOCL reported a chemical EBIT (earnings before interest and taxes) loss of ₹91.6 crore as weak margins offset the 3% quarter-on-quarter volume rise, Nuvama



Institutional Equities said. "Valuations remain expensive (close to long-term average), baking in strong earnings growth of the past few quarters," it said, adding that further deterioration (in earnings) is underway.

While refining margins have taken a hit due to volatility in crude oil prices, the three OMCs continue to generate strong marketing margins on petrol and diesel, as per analysts. Despite a dismal Q2FY25 earnings performance, analysts at Motilal Oswal believe Q3FY25 profitability to improve further on a sequential basis on the back of strong marketing margins.

The OMCs made under-recoveries on LPG in the first two quarters of the present fiscal. However, LPG being a controlled product, analysts remain hopeful of financial support to OMCs from the government.

Motilal Oswal has cut its FY25 Ebitda and net profit estimates by 27% and 49%, respectively, for HPCL owing to weak refining performance. "We also reduce our FY25 and FY26 GRM (gross refining margin) estimate to $4.6 per barrel and $6.1, respectively," it said. HPCL took a hit of ₹2,060 crore due to LPG under-recoveries in the quarter under review.

IOCL's GRM fell 91% on-year and 75% sequentially to $1.6 per barrel, the lowest among its peers, in the July-September quarter.

In the near-to-short term, analysts see crude oil prices to continue experiencing volatility which may come against the prospects of the OMCs. "In the short term, oil prices may continue to experience volatility. Market sentiment is likely to remain cautious, especially with Israel's potential retaliation options still unclear and global geopolitical tensions on the rise," said Narinder Wadhwa, managing director of SKI Capital.

Long-term crude outlook, however, may remain bullish due to the low global inventory levels and the possibility of renewed geopolitical pressures. "Should these tensions escalate, crude could see upward pressure despite demand concerns from economic slowdowns in major markets like China," he said. Even as robust marketing margins might be able to support growth of the three OMCs, any additional profitability for them will depend upon cheaper crude sourcing, higher share of value added products in the product slate, and better spreads of non-auto fuel products and volume growth, according to analysts.

FREE PRESS JOURNAL, Mumbai, 7.11.2024
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Oil India posts ₹4,085.46 cr net profit in H1 FY25

FPJ News Service
MUMBAI

Oil India Limited (OIL), a Maharatna CPSE and leading energy company in India has demonstrated continued momentum in crude oil and natural gas production by recording 4.79% rise in crude oil output for Q2 FY25, achieving 0.875 MMT. The Crude Oil production for the half-year FY25 increased by 5.5% to 1.746 MMT while Natural gas production also grew by 3.99%, reaching 1,617 MMSCM during the period.

The Company posted Profit After Tax (PAT) of Rs 1,834.07 crore for Q2 FY25 while PAT for the half year ended 30th September 2024 is recorded at Rs 3,300.91 crore. Additionally, OIL's group turnover for the half-year FY25 increased to Rs 17,486.79 crore and PAT is recorded at Rs 4,085.46 crore. OIL's Earnings Per Share (EPS) for the half year ending September 30, 2024, stands at Rs 20.29/share.

Crude oil price realisation in the latest quarter was $79.33 per barrel.

The board of Oil India agreed to form separate joint ventures with Hindustan Waste Treatment Pvt. Ltd. and GPS Renewables Pvt. Ltd. to establish compressed biogas projects. The company will hold a 50% stake in each of the two joint ventures.

The substantial growth in OIL's physical & financial performance showcases OIL's strong performance and its commitment to Energy Self-reliance in India's energy sector.

FREE PRESS JOURNAL, Mumbai, 7.11.2024
Page No. 15, Size:(8.08)cms X (32.03)cms.

India's petrochemical sector to grow over 3-fold to $1 tn by 2040

ANI
NEW DELHI

India's petrochemical sector is on track to touch USD 300 billion next year, with the potential to reach upwards of USD 1 trillion in 2040, Union Minister for Petroleum and Natural Gas Hardeep Singh Puri.

India is transforming into a global petrochemical powerhouse under Prime Minister Narendra Modi's leadership, said the minister in an X post, attaching a video highlighting the works that are underway and or are in the plans.

"Our petrochemical sector, once valued at USD 220 billion, is on track to reach USD 300 billion by 2025, with potential to touch USD 1 trillion by 2040," Puri said.

The growth in the sector means more jobs, growth, and a sustainable, self-sufficient future for every Indian, Puri said.

With initiatives like Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIRs) and 100 per cent FDI, India is paving the way for global investors and building a cleaner, greener tomorrow.

INDIAN EXPRESS, Delhi, 7.11.2024
Page No. 14, Size:(7.95)cms X (15.99)cms.

US oil & gas policies may have bearish impact on global petroleum prices

SUKALP SHARMA
NEW DELHI, NOVEMBER 6

File

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FULL REPORT ON
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FULL REPORT ON
www.indianexpress.com

MINT, Delhi, 7.11.2024
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India's fuel demand increased 2.9% year-on-year in October

New Delhi: India's fuel consumption in October rose by 2.9% year-on-year to 20.04 million tonnes, oil ministry data showed on Wednesday, driven by strong economic activity. On a monthly basis, fuel demand was up 11.7% from 17.94 million tonnes in September, data from the Petroleum Planning and Analysis Cell's website showed. Sales of petrol rose 8.6% from a year earlier to 3.41 million tonnes. Diesel consumption saw a steep rise by 19.9% month-on-month to 7.64 million tonnes in October, also its highest in five months. It inched up by 0.18% year-on-year. **REUTERS**

PUNJAB KESARI, Delhi, 7.11.2024
Page No. 11, Size:(10.85)cms X (9.11)cms.

दिल्ली की 1901 पंजीकृत औद्योगिक इकाइयों को पीएनजी में किया परिवर्तित

राय ने बताया कि साथ ही दिल्ली की 1901 पंजीकृत औद्योगिक इकाइयों को पीएनजी में परिवर्तित कर दिया गया है और उद्योगों को केवल अनुमोदित ईंधन पर संचालित करना अनिवार्य है। यदि कोई भी औद्योगिक इकाई पर्यावरण के नियमों का उलंघन करते पाई जायेगी, उस पर सम्बंधित विभाग द्वारा उचित और सख्त से सख्त कार्रवाई की जाएगी। गोपाल राय ने डीपीसीसी और अन्य सम्बंधित विभागों को निर्देश दिए की वो औद्योगिक क्षेत्रों से औद्योगिक कचरे का नियमित उठान और उचित वैज्ञानिक निपटान सुनिश्चित करें साथ ही औद्योगिक इकाई केवल अनुमोदित ईंधन से संचालित हो।