

# OVL gets \$420-mn loan from DBS Bank and BoB

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ONGC VIDESH, THE overseas investment unit of the country's top explorer, Oil and Natural Gas Corp, has received a five-year \$420-million loan from DBS Bank and Bank of Baroda, a company spokesperson said on Thursday.

The loan will strengthen ONGC Videsh's available cash as it contends with shrinking free cash.

Merchant bankers said last month that the company was likely to issue bonds to raise funds, and Venezuela provided some respite in



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January by agreeing to give ONGC Videsh some oil in lieu of \$600 million dividend dues.

ONGC Videsh's free cash flow was down about 88% from a year earlier to ₹648 crore (\$78 million) in the financial year ended March 2023, as per LSEG data.

The new loan is a refinancing of a \$500-million loan it had received in 2019 for a project in Mozambique, the spokesperson told Reuters.

DBS Bank, a unit of Singapore's DBS Group Holdings, is leading the syndicated transaction guaranteed by ONGC, spokespersons for both ONGC Videsh and DBS Bank told Reuters.

A syndicated loan involves two or more lenders providing funds for a single loan to a borrower. DBS Bank is committing \$300 million for loan while the state-owned Bank of Baroda is providing \$120 million, the spokespersons said.

Bank of Baroda did not immediately respond to a Reuters request for comment.

— REUTERS





# IEA raises 2024 oil demand forecast

**THE INTERNATIONAL ENERGY** Agency (IEA) has again raised its 2024 global oil demand growth forecast, though its projection remains lower than OPEC's expectations, and said the market looked well supplied because of strong growth outside the producer group.

The IEA and the Organization of the Petroleum Exporting Countries (OPEC) have clashed in recent years over issues such as future oil demand. The IEA expects oil demand to peak by 2030 as the world shifts to cleaner fuels, a view OPEC dismissed in an article on Wednesday.

The IEA, which advises industrialised countries, on Thursday predicted global consumption will rise by 1.24 million barrels per day (bpd) in 2024. This was its third consecutive upward revision in as many months but was below OPEC's 2.25 million bpd projection.

With conflict in the Middle East raising concern over supply, the IEA said that - barring significant disruptions to flows - the market looked reasonably well supplied in 2024 and a surplus could emerge if OPEC and its allies unwind output cuts as scheduled in the second quarter. —REUTERS



# India has a cost advantage in production of green energy: Union Minister Hardeep Puri at WEF Davos

## AGENCIES

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Union Minister for petroleum and natural gas, and housing and urban affairs Hardeep Singh Puri has said that India has a cost advantage in production of green energy and electrolyzers.

"In the Indian energy story, the thing that stands out is that in the next 20 years, 25% of the increase in global demand is going to come from India," said Puri at the CII-Bain session on 'Green Hydrogen Opportunity in India' at Davos 2024.

"If you look at the costs, the India advantage is that we are able to significantly reduce the cost of production of green solar energy and electrolyzers" he added.

Among other speakers at the session were Sumant



Sinha, Founder, Chairman and CEO, ReNew, Jorgen Sandstrom, Head, Transforming Industrial Ecosystems, World Economic Forum, and Shrikant Madhav Vaidya, chairman, Indian Oil Corporation.

In his address, Shrikant Vaidya said, "Our endeavor

is to see that the consumption of green hydrogen goes up and spiking CNG with green hydrogen will be one very big area where the consumption can go up. While hydrogen in mobility will take its own time, industries such as the steel industry and the fertiliser industry

can benefit from the use of green hydrogen and they need to come forward in a very big way."

Jorgen said, "We are working on how we can drive energy transition and industrial transformation in a smart, efficient and a sustainable way and the acceleration of the green hydrogen economy."

Sumant Sinha, Founder, Chairman and CEO, ReNew commended the supportive policies of the government and added that "They create a situation where India can become a globally competitive producer, not just for the domestic market but it can also emerge as an exporter".

A Bain & Company and WEF study titled 'Green Hydrogen: Enabling Measures Roadmap for Adoption in India' was also launched during the session.

The study underlines that the role of green hydrogen is strategic and critical to achieve net zero and optimize India's imports. It notes that India can competitively participate in global value chain and become an energy exporter for Green Hydrogen. It also identified that the biggest challenge in large-scale adoption of green hydrogen today is the cost premium vs. current processes.

Green hydrogen, it notes, needs to come down to a benchmark goal of \$2/kg for a green energy ecosystem to develop in India. In terms of energy production, that equates to a renewable energy cost of less than or equal to Rs 2/kWh.

Earlier, Minister Hardeep Puri, held productive discussions with Catherine MacGregor, Chief Executive Officer of ENGIE group in Davos.





# No impact on oil, LNG production because of Middle East tensions: IEA

RAKESH KUMAR @ New Delhi

THE ongoing geopolitical tensions in the Middle East, which accounts for one-third of the world's seaborne oil trade, have not impacted oil and LNG production so far but boosted freight and insurance costs, as per the International Energy Agency in its monthly report.

According to its oil market reports for January 2024, the risk of global oil supply disruptions from the Middle East conflict remains elevated, particularly for oil flows via the Red Sea and, crucially, the Suez Canal. The route, in 2023, accounts for 10% of the world's seaborne oil trade, or about 7.2 mb/d of crude and oil products, and 8% of global LNG trade. Moreover, the US and the UK airstrikes on Houthi targets in Yemen in response to attacks on tankers in the Red Sea by the Iran-backed group have raised concerns that an escalation of the conflict could further disrupt the flow of oil via key trade choke-



points. While oil and LNG production have not been impacted, a rising number of ship owners are diverting cargoes away from the Red Sea.

"Main alternative shipping route around Africa's Cape of Good Hope extends voyages by up to two weeks, adding pressure on global supply chains and boosting freight and insurance costs," said the report.

It also noted that Russia's revenue from oil exports slumped to its six-month lowest despite an increase in oil shipments. It is attributed to an increase in oil price discount, while benchmark oil prices declined.

The market looks reasonably well supplied in 2024, with higher-than-expected non-OPEC+ production increases set to outpace oil demand growth by a healthy margin. As per the IEA, the global oil supply is forecast to rise by 1.5 mb/d (million barrels per day) to a new high of 103.5 mb/d in 2024.

The Americas, led by the United States, Brazil, Guyana, and Canada, will dominate gains in 2024, just as the region did last year. Meanwhile, the world oil supply is forecast to rise by 1.5 mb/d to a new high of 103.5 mb/d, fuelled by record-setting output from the US, Brazil, Guyana, and Canada.