

Bears take over

CRUDE CHECK. MCX futures to drop more

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bl. research bureau

Crude oil prices fell for the third week in a row – Brent crude oil futures on the Intercontinental Exchange (ICE) slumped 4.1 per cent to close at \$81.4 per barrel. Crude oil futures on the MCX dropped 3.2 per cent to end the week at ₹6,487.

The war risk premium seems to be fading and the oil market fundamentals are having a bigger say on the prices. Despite the supply reduction from major producers like Saudi Arabia and Russia, the price of the energy commodity has been under downward pressure recently.

The global growth uncertainties and its potential impact on the demand for crude oil is what traders are discounting more recently. So, broadly, a recovery is not likely, at least in the coming weeks.

The charts too indicate that the momentum is with the bears.

MCX-CRUDE OIL (₹6,487)

The December futures of crude oil declined to mark an intraweek low of ₹6,300 on Wednesday. Although the contract pared some of its losses in the last two sessions, it remains below key hurdles.



The uptick could extend from here. But then, crude oil futures can resume the fall. That is, it can go up to ₹6,650 from the current level and then start the descent again. In such a case, December expiry crude oil futures could witness a drop to the support band of ₹6,000-6,070.

Post this fall, there could be a rally. The magnitude of this upswing is uncertain at this juncture.

Trade strategy: We suggested selling November futures last week. Traders would now be holding shorts initiated at ₹6,700 and the revised stop-loss would be at ₹6,720. Book profits in this trade.

After exiting, wait for December futures to rise to ₹6,650 and then initiate fresh short positions. Stop-loss can be at ₹6,830.

When the contract falls below ₹6,300, revise the stop-loss to ₹6,500. Book profits at ₹6,100.

CSR funding getting pro-climate, one small step at a time

VAISHALI DAR
New Delhi, November 11

LONG FOCUSED ON health, sanitation and education, corporate social responsibility (CSR) spending is now taking a serious turn toward environment protection.

As per segregated (provisional) data by the ministry of corporate affairs (MCA), spending on health stood at ₹9,987 crore in FY22, against ₹8,382 crore on education. Environment was at ₹2,837 crore in FY22, more than double from ₹1,337 crore in FY21.

For instance, Schneider Electric India Foundation, a CSR initiative of Schneider Electric, focuses on education, employment, entrepreneurship, electrification, environment, and emergency—all aimed at addressing the imminent climate crisis. “We focus on skill

development to enhance employment opportunities for the youth aligned with industry demands. We have established digital classrooms powered by renewable energy sources in schools across various states. In our ‘Clean Energy for Sustainable Livelihood’ project, we’ve helped 10,000 indigenous farming families secure reliable irrigation using solar-powered pumps. This enabled them to cultivate two to three crops annually, resulting in doubled incomes for female smallholder farmers and strengthening food security,” said Venkat Garimella, VP—Sustainability, Greater India Zone, Schneider Electric.

Bisleri International has increased its overall CSR funds by 20% from the previous year. “Under the Bisleri Greener Promise campaign that implements water conservation and plastic recycling programmes

LONG WAY TO GO

₹79,386 crore

Total CSR funding from 2015 to 2021



₹5,831 cr



Education (₹29,861 cr),



Healthcare (₹22,365 cr)

Primary recipients of CSR funds from 2015-2021

80%

Mid-size corporations expressing interest in funding climate projects, as per India Climate Collaborative

CSR funding designated for environment-related issues from 2015 to 2021

1.64%

Share of CSR allocation for environment-related issues received by northeast India from 2015-2021, equating to just ₹96.11 cr

9.2%

Actual allocation towards environment

through Project Nayi Umeed and Bottles for Change, we have set an ambitious target for 2025, aiming to recycle 12,500 MT of plastic and construct check dams in western India to enhance water security

through these programmes,” said Angelo George, CEO, Bisleri International.

Tejashree Joshi, head, environmental sustainability, Godrej & Boyce, said water scarcity in particular continues

to be a major social and environmental issue for many regions. “We have worked with communities to initiate rejuvenation programmes for several water bodies in places with severely depleted groundwater levels

and scarcity like Tamil Nadu and Punjab,” said Joshi, who has kept environment and community at the focus of everything. The company has been part of industry-led initiatives like EP 100, India Wetlands Coalition,

India Plastic Pacts and more.

For Voltas, total CSR expenditure for FY 22-23 is ₹14.60 cr as compared to ₹12.60 cr in FY 21-22, across three verticals: sustainable livelihood, community development and issues of national importance. Polycab India has an annual CSR expenditure for FY23 at ₹229 million as compared to ₹192 million in FY 21-22 with major focus areas like healthcare (44%), environment (26%), education & skill development (12%), rural development (5%), etc.

McCain Foods India’s CSR initiatives have adapted to emerging global and local needs on education, skill development, entrepreneurship, and sustainability. “We prioritise impactful projects,” said Saranya Pradhan, head—sustainability & corporate communications—McCain Foods India.

“Many businesses have

started giving more than the government-mandated 2%, which has helped fuel this surge further, with BSE 200 companies contributing an additional ₹1,200 crore over the 2% mandate in FY 2022. While CSR grew at a slower pace in FY22, we expect it to sustain its historical growth and reach \$6.4 billion (₹52,000 crore) by FY27,” said Neera Nundy, co-founder and partner, Dasra, a strategic philanthropy foundation.

While Nundy said there is a need for India to ramp up climate investment, she estimates that India needs over \$1.5 trillion in climate investments between 2020 and 2030 across sectors like transport, energy, sustainable agriculture, waste management and city resilience to minimise the impacts of climate change.

Continued on Page 2

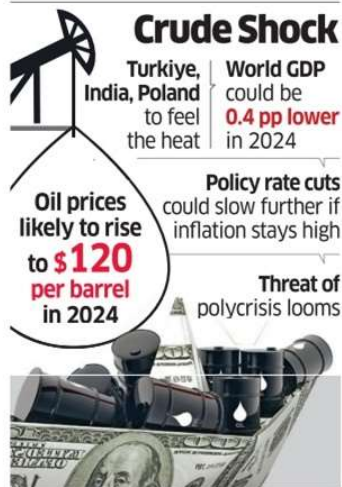
CSR funding getting pro-climate, one small step at a time

Even World Bank president Ajay Banga had stressed recently during the G20 meet how private capital and CSR funds need to provide debt relief to low-income countries and to fight climate change. The India Philanthropy Report 2022 in association with Bain & Company and Dasra reports CSR spending on the social sector has seen a robust annual growth rate of 13% over the past five years. Currently it stands at over ₹27,000 crore in FY22. Fund allocation towards environment, sustainability witnessed a surge of 54% from FY21 to FY22, underscoring the growing importance of these critical causes in the CSR landscape. While CSR in India has witnessed substantial growth in spending, critical funding gaps and disparities persist. The MCA has flagged the limited impact of CSR initiatives, highlighting the need to enhance their effectiveness and visibility. "A prominent issue is the stark regional disparity in the allocation of CSR funds. During FY21, states like Maharashtra, Gujarat, Karnataka, and Andhra Pradesh secured a significant portion of CSR funds, while north-eastern states received only a fraction," shared Shloka Nath, CEO, India Climate Collaborative (ICC), a collective dedicated to accelerating climate action. ICC recently announced the launch of Earth Exponential, a platform aimed at addressing critical funding gaps for India's home-grown climate solutions, supported by JSW Foundation.

GEOPOLITICAL UNREST

Higher Oil Prices to Push Inflation in 2024: Fitch

Israel-Hamas conflict to disrupt oil supply, upend growth figures

**Our Bureau**

New Delhi: The geopolitical uncertainty from the Israel-Hamas conflict could upend countries' inflation and growth calculations with oil supply getting disrupted, leading to a higher-than-expected inflation for India as well, Fitch Ratings has said.

In its earlier report, Fitch had predicted India to grow 6.3% in FY24 and maintain 6.5% growth until FY28

"Higher oil prices would lead to higher-than-expected inflation rates in 2024, followed by corrections in 2025. Türkiye sees the highest percentage point rise in forecast inflation, followed by India and Poland," the global rating agency noted in a report.

"However, India and Poland's relative increases would be much larger," it added.

The calculations assume oil prices going up to \$120 per barrel in 2024 and staying elevated at \$100 per barrel in 2025, owing to supply restrictions.

"World GDP growth would be 0.4 pp (percentage point) lower in 2024, but only 0.1 pp lower in 2025," the rating agency said.

'Muted Monetary Policy Response' >> 7

'Muted Monetary Policy Response'

►► From Page 1

"Although the absence of a significant rebound suggests there could be a persistent moderate impact beyond the initial shock," the agency said.

In its earlier report, Fitch had predicted India to grow 6.3% in FY24 and maintain 6.5% growth until FY28.

The agency had last week raised India's medium-term potential growth to 6.2% from 5.5%, but still said India is likely to grow slower than its pre-pandemic potential. Oil prices of the Indian crude basket rose to \$90.08 in October, compared



with \$83.76 at the start of the fiscal, but have since declined to \$85.55 in November.

"The monetary policy response is quite muted in this scenario because a supply-

side shock would increase price pressures through higher petrol prices and costs, but reduce demand from firms and households," Fitch said.

"Central banks would, all else being equal, look to increase policy rates to address higher inflation, but loosen policy in response to demand shortfalls." This would lead to slower rate cuts in the second half of 2024, it said.

RBI TO REMAIN CAUTIOUS

The Reserve Bank of India held policy rate at 6.5% for the fourth consecutive time in its October meeting and is likely to do so for its De-

cember meeting as well.

But experts indicate that it may end up delaying its rate cut further if inflation stays high. "Within food, while the earlier Q3 surge in perishable food prices has corrected, pressures from non-perishable food prices persist," Barclays economists said in a report released on Saturday. "Even with the moderation in core inflation, we think the RBI is likely to remain cautious over a potential recurrence of supply shocks and their impact on inflation expectations, and thus keep rates on hold for longer, till at least Q3 2024," they said.



CRUDE WATCH

OIL PRICES INCH UP

Oil prices gained about 2% on Friday as Iraq voiced support for OPEC+'s oil cuts ahead of a meeting in two weeks and as some speculators covered massive short positions ahead of weekend uncertainty. **REUTERS**

 **The Indian EXPRESS**
JOURNALISM OF COURAGE

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<https://epaper.indian>



ONGC Q2 net profit drops 20 per cent on lower oil prices, output

PTI ■ NEW DELHI

State-owned Oil and Natural Gas Corporation (ONGC) reported a 20 per cent drop in September quarter net profit on decline in oil prices and lower output. The company reported a net profit of Rs 10,216 crore in July-September (second quarter of current 2023-24 fiscal year), compared to Rs 12,826 crore earning in the same period last year, a statement said. This is the second consecutive quarter of a decline in net profit for ONGC, India's top crude oil and natural gas producer. The firm had reported a 34 per cent drop in April-June profit.

ONGC earned USD 84.84 for every barrel of crude oil it produced and sold from nomination fields against a gross realisation of USD 95.50 per barrel last year and USD 76.49 earning in the preceding quarter.

Oil prices globally had risen sharply in April-June 2022, after Russia's invasion of Ukraine led to uncertainties over supply and demand. Rates have this year cooled. They were in the USD 80-90 range in the second quarter.

ONGC Director (Finance) Pomila Jaspal said the main reason for the decline in net profit is lower oil prices. Also, oil and gas production was slightly lower than last year. This will however reverse in the current quarter (October-December), as the company brings to production a prolific



oilfield in the KG basin.

"We will be starting production from KG-DWN-98/2 this month and this will help raise the output and thereby earnings," she said.

Last year, the company had a Rs 1,900 crore reversal of impairment which had boosted earnings. This year there is no such exceptional income.

Crude oil pumped out of below ground and seabed is refined in

refineries to produce petrol, diesel and other fuels. Natural gas is used to generate electricity as well as burn kitchen stoves and run automobiles (CNG). Gross revenue fell 8.2 per cent to Rs 35,162 crore mainly because it realised lower oil prices.

ONGC said crude oil production was 1.9 per cent lower at 4.54 million tonnes, while gas output fell 3 per cent to 5.01 billion cubic meters.

"The reduction in production output can primarily be attributed to decline in some of the matured fields and marginal fields. To counter this decline, ONGC is taking proactive steps by implementing well interventions and advancing new well drilling activities within these fields," the statement said.

Furthermore, in a bid to bolster evacuation capacities and modernize off-

shore facilities, a shutdown was undertaken in Panna-Mukta for commissioning of a new crude oil pipeline, post taking over from joint venture Partner. The shutdown resulted in a temporary loss of production.

"Another factor impacting production was Cyclone Biparjoy struck in June 2023. This event disrupted both offshore and onshore production operations.

"Further, oil production of a Southern Asset was hampered due to the stoppage of wells caused by the cessation of crude oil receipts by a refinery, following a leak in its pipeline. ONGC, however, acted swiftly and devised an alternate method for the evacuation of crude oil through tankers, thus resuming production," it added.

The current decline in production from matured fields will be compensated in upcoming quarters with commencement of additional production from upcoming projects, which are under various stages of development. Jaspal said the current decline in production is temporary and the same will be compensated in upcoming quarters with commencement of additional production from new projects; especially by crude oil production commencement from KG-DWN-98/2 in Q3 2023-24.

ONGC said it made five discoveries (02 in Onland and 03 in Offshore) during FY 2023-24 in its operated acreages.

ONGC Q2 net profit drops 20% on lower oil prices, output

Press Trust of India

NEW DELHI

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Oil prices globally had risen sharply in April-June 2022, after Russia's invasion of Ukraine led to uncertainties over supply and demand. But rates have cooled this year.

ONGC Q2 net profit slips 20% to ₹10.2k cr on crude price fall

TIMES NEWS NETWORK

New Delhi: Flagship explorer ONGC recorded a 20% decline in its second quarter net profit at Rs 10,216 crore compared to Rs 12,826 crore a year ago as a drop in global oil prices coincided with marginally lower production during the July-September period.

Company director (finance) Pomila Jaspal said lower crude prices reduced earning from each barrel to \$84.8 against \$95.5 in the year-ago period. She expected the situation to reverse in the December quarter with the KG-DWN-98/2 block off the Andhra coast coming on-to production this month.

Besides, she said last year earnings were boosted by a Rs 1,900 crore reversal of impairment, while this year there was no such exceptional income.

Global oil prices had surged in the April-June period of 2022 after Russia's invasion of Ukraine, which led to higher earnings. But



A drop in global oil prices coincided with marginally lower production during the July-September period

prices have fallen this year and were in the \$80-90 band during the second quarter.

Sequentially, this is the second consecutive quarter of decline in profit for ONGC, which posted a 34% drop in the April-June period, when realisation per barrel dipped to \$76.4 in the preceding quarter.

Gross revenue fell 8.2% to Rs 35,162 crore mainly because it realised lower oil prices. "The reduction in production output can primarily be attributed to decline in some of the matured fields and marginal fields," the company said.

तेल कीमतों, उत्पादन में गिरावट के कारण ओएनजीसी का शुद्ध लाभ दूसरी तिमाही में 20 प्रतिशत घटा



एजेंसी ■ नई दिल्ली

सार्वजनिक क्षेत्र की तेल एवं प्राकृतिक गैस निगम (ओएनजीसी) ने बताया कि चालू वित्त वर्ष की सितंबर तिमाही में उसका शुद्ध लाभ 20 प्रतिशत घट गया। कंपनी ने बताया कि तेल की कीमतों और उत्पादन में गिरावट के कारण उसका मुनाफा घटा। ओएनजीसी ने एक बयान में कहा कि उसने जुलाई-सितंबर 2023 तिमाही में 10,216 करोड़ रुपए का शुद्ध लाभ दर्ज किया।

पिछले वित्त वर्ष की समान अवधि में यह आंकड़ा 12,826 करोड़ रुपए था। ओएनजीसी के शुद्ध लाभ में लगातार दूसरी तिमाही के दौरान गिरावट हुई है। इससे पहले अप्रैल-जून तिमाही में उसका मुनाफा 34 फीसदी घटा था। ओएनजीसी ने

नामांकन क्षेत्रों से उत्पादित प्रत्येक बैरल कच्चे तेल के लिए 84.84 अमेरिकी डॉलर कमाए। ओएनजीसी की निदेशक (वित्त) पोमिला जसपाल ने कहा कि शुद्ध लाभ में गिरावट की मुख्य वजह तेल की कम कीमतें हैं।

साथ ही तेल और गैस का उत्पादन पिछले साल की तुलना में थोड़ा कम रहा। हालांकि, अक्टूबर-दिसंबर तिमाही में इसमें सुधार होगा, क्योंकि कंपनी केजी बेसिन में एक तेल क्षेत्र का उत्पादन शुरू कर देगी। कंपनी की कुल आय 8.2 प्रतिशत गिरकर 35,162 करोड़ रुपए रही। ओएनजीसी ने कहा कि कच्चे तेल का उत्पादन 1.9 प्रतिशत कम होकर 45.4 करोड़ टन रहा, जबकि गैस उत्पादन तीन प्रतिशत गिरकर 5.01 अरब क्यूबिक मीटर रहा।