

TOKYO, JAPAN, October 02, 2013 /24-7PressRelease/ -- [The Avanti Group](#) the equities research house based in Tokyo, providing professional trading and investment research solutions to institutional and private investors across the globe have recently drawn their investor's attention to new acquisition developments at India's largest energy company as competition develops from the Sinochem Group.

Perhaps with memories of its defeat in Kazakhstan, India's ONGC is again going against China's Sinochem Group in efforts to increase their access to important oil and gas sources. Earlier this year in July, ONGC missed out on its \$5 billion bid to purchase the rights to a significant oil field when the Government of Kazakhstan exercised its own rights to the field and subsequently on sold the holding to the Chinese company.

This time however the playing field would seem to favor the Indian oil giant as Sinochem makes a \$1.54 billion offer for a 35 percent stake in the Brazilian Parque das Conchas field from ONGC's local partner Petroleo Brasileiro SA. As an existing stakeholder in the field with 15 percent holding, ONGC has the right to refuse and better the deal with Sinochem. Early reports indicate that they will indeed do so in partnership with Royal Dutch Shell PLC, the field's operator and 50 percent stakeholder.

"Both the Chinese and the Indian oil companies are playing long term strategy, neither of the companies are looking to solve supply concerns, but rather support future supply in 5 to 15 years time when this will be a far more profitable venture and consequently a far costlier purchase. Kazakhstan was an embarrassing setback for ONGC, but in Brazil the shoe would seem to be firmly on the other foot," said Andrew Taylor Senior Vice President of Mergers and Acquisitions at The Avanti Group.

The arrangement between ONGC Videsh and Shell as it is believed to stand would see Shell acquiring an additional 23 percent of the stake and ONGC the remaining 12 percent, bringing each company's total holdings to 73 percent and 27 percent respectively. With the Indian company's cash rich position at this stage, the deal is expected to be a straight cash transfer to the value of around \$500 million.

"Both ONGC and Sinochem are large contributors in the highly profitable industry, they're not known for making mistakes in judgment, but in this case ONGC is in a superior position. We would expect some immediate gains on the back of a successful purchase, but since the acquisition is one of a long-term nature, most benefits will be future based. As a long term proposition ONGC makes a lot of good arguments and we covered many of them in detail with our clients, this situation will just be another confirmation of investment confidence in the

sector," concluded Andrew Taylor Senior Vice President of Mergers and Acquisitions at The Avanti Group.

The Avanti Group is an equity research house providing research and analysis outsourcing solutions for institutional financial traders worldwide, founded in early 2003.

The Avanti Group is an equity research house providing research and analysis outsourcing solutions for institutional financial traders world wide. Our method of identifying undervalued investment instruments through data collection, review and analysis techniques, and trend identification triumphs has become well known within the investment community over recent years as the words "Avanti Group" have become synonymous with success.