



## Congratulations to the Winners of Dun & Bradstreet PSU Awards 2019

dun & bradstreet



Sectoral Categories	Award Winner
Crude Oil	Oil and Natural Gas Corporation Ltd.
Minerals & Metals	NMDC Ltd.
Coal	Northern Coalfields Ltd.
Power Generation	NTPC Ltd.
Power Transmission	Power Grid Corporation of India Ltd.
Fertilizers	National Fertilizers Ltd.
Heavy & Medium Engineering	Bharat Heavy Electricals Ltd.
Petroleum - Refining & Marketing	Indian Oil Corporation Ltd.
Financial Services	Power Finance Corporation Ltd.
Hotel & Tourist Services	Indian Railway Catering and Tourism Corporation Ltd.
Telecommunication & Information Technology	RailTel Corporation of India Ltd.
Contract, Construction & Technical Consultancy Services	Rail Vikas Nigam Ltd.
Life Insurance	Life Insurance Corporation of India
Non-Life Insurance	The New India Assurance Company Ltd.
Re-insurance	General Insurance Corporation of India
Banks	State Bank of India
Growth Performance Categories	Award Winner
Contract, Construction & Technical Consultancy Services	Rail Vikas Nigam Ltd.
Financial Services	Indian Railway Finance Corporation Ltd.
Heavy & Medium Engineering	Goa Shipyard Ltd.

Dais Partner



Principal Partners



Co-Partner





Minerals & Metals	MOIL Ltd.
Petroleum - Refining & Marketing	Indian Oil Corporation Ltd.
<b>Ratna Awards</b>	<b>Award Winner</b>
Best Miniratna in Manufacturing, Processing and Generation	Mangalore Refinery & Petrochemicals Ltd.
Best Navratna in Manufacturing, Processing and Generation	Hindustan Petroleum Corporation Ltd.
Best Maharatna in Manufacturing, Processing and Generation	Indian Oil Corporation Ltd.
Best Miniratna in Services	Indian Railway Finance Corporation Ltd.
Best Navratna in Services	Power Grid Corporation of India Ltd.
Best Miniratna in Mining & Exploration	Northern Coalfields Ltd.
Best Navratna in Mining & Exploration	NMDC Ltd.
Best Maharatna in Mining & Exploration	Oil and Natural Gas Corporation Ltd.
Overall Best Miniratna	Northern Coalfields Ltd.
Overall Best Navratna	Power Grid Corporation of India Ltd.
Overall Best Maharatna	Indian Oil Corporation Ltd.
<b>Special recognition Awards</b>	<b>Award Winner</b>
Best Corporate Social Responsibility Initiatives	Oil and Natural Gas Corporation Ltd.
Best Export Performance	National Aluminium Company Ltd.
Best Swachh Bharat Initiatives	Oil and Natural Gas Corporation Ltd.

## Dignitaries at Dun & Bradstreet PSUs 2019

(L-R) **Mr. Manish Sinha**

Managing Director - India, Dun & Bradstreet

**Shri Arvind Ganpat Sawant**

Honourable Union Minister of Heavy Industries and  
Public Enterprises, Government of India

**Shri Subhash Chandra Garg, IAS**

Secretary, Ministry of Power, Government of India

**Shri Deepak Kumar Hota**

Chairman & Managing Director, BEML Limited

# BS-VI fuel will cost more as oil companies plan to hike prices from April 2020

Move aimed at recovering ₹30,000 crore invested in upgrading refineries

PIYUSH PANDEY  
MUMBAI

State-owned oil marketing companies (OMCs) are set to increase the prices of petrol and diesel with effect from April 2020 to recover over ₹30,000 crore of investments made by these firms in upgrading their refineries to meet the BS-VI standards.

Hindustan Petroleum Corporation Limited (HPCL) chairman Mukesh Kumar Surana told *The Hindu*, "Upgrading to BS-VI was part of our expansion project in our Mumbai and Visakh refineries. Upgrading to BS-VI comes at a cost. We have invested close to ₹5,000 crore for upgradation to BS-VI. Besides, we need to incur additional operating expenses to run those units as we need to produce hydrogen. We will try to get a compensation."

State-owned OMCs had so far invested over ₹30,000 crore in upgrading their refineries to produce cleaner BS-VI fuels after the govern-



**Cleaner and costlier:** BS-VI fuels will be priced higher by between 50 paise and ₹2 per litre. ■ SANDEEP SAXENA

ment, in 2016 decided to meet global best practices and leapfrog to BS-VI, skipping BS-V norms.

On the quantum of hike, Mr. Surana said, "We will not charge more than what we are supposed to do. We need to see the pricing as it depends on the international products prices and demand and supply in the international markets. We need to benchmark our prices with

global prices." He, however, did not elaborate.

BS-VI norms will come into effect from April 1, 2020. "Pricing, we have not decided yet. It will be done closer to the launch. We will start making available BS-VI fuels in our depots by January so that all our outlets have these fuels by March. It may be a marginal hike between 50 paise per litre and ₹2 per litre," the director of another

OMC said on condition of anonymity.

## Price build-up

Currently, the price build-up of petrol comprises the base price of ₹32.81 and freight cost of ₹0.35 per litre. The price charged to dealers (excluding excise duty and VAT) is ₹33.16. With excise duty at ₹19.98 per litre, average dealer commission of ₹3.55 per litre and VAT (including VAT on dealer commission) of ₹15.30 per litre, the retail selling price at Delhi is ₹71.99 per litre.

Similarly, price build-up of diesel includes the base price of ₹37.15 per litre. With freight cost of ₹0.32 per litre, the price charged to dealers (excluding excise duty and VAT) is ₹37.47 per litre. With an excise duty of ₹15.83 per litre, average dealer commission of ₹2.49 per litre and VAT (including VAT on dealer commission) of ₹9.64 per litre, the retail selling price at Delhi is ₹65.43 per litre.

**ANALYSTS ESTIMATE** both the carriers to post growth of 40-51% revenue growth in September as against an average of 22-26% over the previous eight quarters

# Benign Crude, Pricing Power to Give IndiGo, SpiceJet a Q2 Boost

Rajesh Naidu & Jwalit Vyas

ET Intelligence Group: India's two listed airlines, InterGlobe Aviation and SpiceJet, will likely post a strong performance in the September quarter, which otherwise is a seasonally weak quarter business wise.

On year-on-year comparison, according to Bloomberg estimates, InterGlobe Aviation and SpiceJet are likely to post 40-51% growth in revenue for the September 2019 quarter, one of the highest in the past 12 quarters. On an average, in the past eight quarters, revenue growth for these airlines has been in the range of 22-26%.

A key factor is the low price of fuel. In the past two months, Brent crude prices have fallen 8% to \$53 per barrel. Average Brent crude prices last year were \$73.86 in this quarter. In



the June 2019 quarter, the average crude oil price was \$67.2. Presently, Brent crude price of \$53 per barrel is about 28% cheaper than the average Brent price last year.

Also, on quarter-on-quarter comparison (June with respect to September quarter), Brent crude is trading at a 21% cheaper level. OPEC

commentary on the movement of oil prices has been quite favourable. OPEC estimates that oil prices may fall further due to oversupply in the global markets. This would provide a strong source of savings for airlines as fuel expenses account for about half the total expenditure. This should translate into higher ear-

nings for these airlines.

Furthermore, carriers have been able to keep fares at elevated levels in a seasonally weak quarter. In the past two months, according to data sourced from domestic brokerage firm Elara Capital, the average airfares of 630 routes have been 6-8% higher in comparison with the same period last year. Sequentially, the brokerage expects lower fall in fares. This should further boost revenue growth of these airlines. According to analysts, it has become a two-airline market and these carriers have pricing power. Their yields are expected to climb 3% to 5%.

On the valuation front, on a one-year forward basis, SpiceJet is trading at an EV/EBIDTA of 6.8, against its four-year average of 11.3. On one-year forward basis, the stock of InterGlobe Aviation is trading at an EV/EBIDTA of 5.8 against four-year average of 11.56.

## Oil rises 1% as hopes grow for US-China trade breakthrough

NOAH BROWNING  
London, August 27

**OIL PRICES ROSE** more than 1% on Tuesday after US President Donald Trump predicted a trade deal with China following positive comments by Beijing, calming concerns raised by an earlier round of tit-for-tat tariff hikes.

Brent crude was up 61 cents, or 1.04%, at \$59.31 a barrel. US West Texas Intermediate crude futures were up 70 cents, or 1.3%, at \$54.34.

Trump said on Monday that he believed China was sincere about wanting to reach a deal, while Chinese Vice Premier Liu He said China was willing to resolve the dispute through "calm" negotiations.

"While 'de-escalation' and the expectation of a temporary truce in the trade war may be what is lifting sentiment and oil prices this morning, the resolution of the US-China trade rift will take time," said Harry Tchilinguirian, global oil strategist at BNP Paribas in London.

"Oil prices appear to be getting a reprieve from the past week's US and Chinese announcements of retaliatory trade measures."

Crude oil prices have fallen by about 20% from 2019 highs reached in April, partly because of worries that the US-China trade war is hurting the global economy, which could dent demand for oil.

China's commerce ministry last week said it would impose additional tariffs of 5% or 10% on 5,078 products originating from the United States, including crude oil, agricultural products and small aircraft.

In retaliation, Trump said he was ordering US companies to look at ways to close operations in China and make products in the United States.

"A relative sense of calm has been restored, but it is simply impossible to know how long it will last," said oil broker PVM's Tamas Varga. "Any market optimism will only prevail when the ink has dried on a new U.S.-China trade agreement".

## Rosneft set to raise India bet ahead of PM's Russia visit

Sanjay.Dutta@timesgroup.com

Moscow: Russian oil major Rosneft appears to be raising its bet on India ahead of Prime Minister Narendra Modi's September 4 visit to Vladivostok as the chief guest at this year's Eastern Economic Forum, a business conference aimed at promoting investments in the Far East region of Russia.



Oil minister Dharmendra Pradhan is arriving in Moscow on Thursday for discussing new areas of co-operation in the oil and gas sector with his Russian counterpart Alexander Novak. This will be the third ministerial-level interaction with the Russian establishment ahead of Modi's visit.

External affairs minister S Jaishankar arrived in Moscow on Tuesday. Commerce minister Piyush Goyal was in Vladivostok earlier this month as the head of a delegation, including four chief ministers. These visits are laying the ground work for dovetailing bilateral trade and investments into the time-tested strategic ties between the two countries. "Oil and gas remain one of the key areas of co-operation. Both sides now want to take the relationship to a new level. Rosneft has very good working relationship and is comfortable working with state-run companies. Rosneft now wants India to participate in a big project," one official source told TOI without identifying the project.

Indian state-run oil companies have invested billions of dollars in Russia's oil and gas fields in the country's Far East. In a big-ticket reverse flow, a Rosneft-led consortium acquired Essar Energy's Vadinar refinery in a \$13 billion deal in 2017.

Pradhan wants to expand the Indian footprint in Russia's exploration and production sector. He will also want to see Russian companies invest in the massive expansion in gas distribution networks in 400 cities across India. Talks have been going on between the two sides for an Oil India-led consortium of Indian PSUs investing in the Vankor Cluster field. That deal has been hanging fire.

# Policy on petroleum & chemical zone may come in a new avatar

SHINE JACOB  
New Delhi, 27 August

In an effort to revive the ₹8.87-trillion investment plan in the chemicals industry, the government will come out with a revised policy on petroleum, chemicals and petrochemical investment regions (PCPIR) in about four months.

Though the PCPIR in Dahej (Gujarat) is operational, others including Vishakhapatnam-Kakinada (Andhra Pradesh), Paradeep (Odisha) and Cuddalore and Nagapattinam (Tamil Nadu) are yet to take final shape.

The department of chemicals and fertilisers had organised a meeting with industry stakeholders on Monday in this regard and a detailed policy revision is being worked out, possibly giving more autonomy to PCPIRs.

“The industry has given us certain suggestions. Once we are able to crystallise our thoughts, we will come out with a revised policy on PCPIR. It will take another four months. We are now planning four PCPIRs and once the policy is strengthened, we will look at additional projects,” P Raghavendra Rao, secretary, department of chemicals and petrochemicals, told Business Standard on the sidelines of a Confederation of



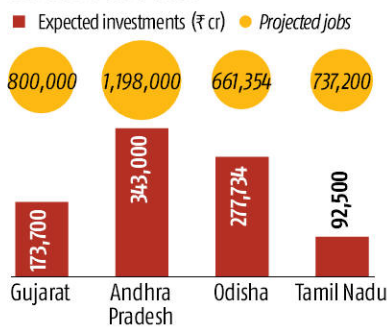
Indian Industry (CII) summit in Delhi on Tuesday.

The four PCPIRs are expected to give employment to around 3.4 million people. Based on the existing policy, the Centre is responsible for infrastructure outside PCPIRs, while the state’s role is more inside the region.

“The government is very keen to reactivate PCPIRs. The country needs it and I believe that there should be a nodal agency for it at the state level,” said Kamal P Nanavaty, president, Chemicals and Petrochemicals Manufacturers’ Association (CPMA).

Based on the plan, an investment to

## IN THE OFFING



Source: Department of chemicals and petrochemicals

the tune of around ₹43,700 crore is already committed through the PCPIR in Andhra Pradesh while the Paradeep project may see ₹45,000 crore.

According to the revised estimates by the government, a total of ₹8.87 trillion is expected to come up in the PCPIR regions. This include ₹1.737 trillion in Gujarat, ₹3.43 trillion in Andhra Pradesh, ₹2.78 trillion in Odisha and ₹92,500 crore in Tamil Nadu. The government has set up steering committees to monitor the developments of PCPIR in various states.

“We need a more autonomous PCPIR system where all the ministry people are co-located. All approvals can happen at

a single window,” said R Mukundan, managing director and chief executive officer (MD & CEO), Tata Chemicals.

This would require an anchor for PCPIR. Many of the PCPIR projects, including the Vishakhapatnam-Kakinada one, were struggling to find anchor investors.

Mukundan also batted for relaxation in the existing product flexibility norms to give a push to the industry. “Now, for even minor changes in product mix, we need clearances, which takes two to three years. We need a faster clearance for product flexibility,” Mukundan added. With changes in policy, the industry has a potential to grow at 12-15 per cent.

The role of the Centre includes granting approval for establishment of PCPIRs, ensuring the availability of external physical infrastructure linkages to the PCPIR and supporting the state governments concerned in promoting domestic and global investment. On the other hand, the state has to play the lead role in setting up the PCPIR.

The Centre government had plans to come up with a PCPIR in West Bengal’s Haldia in 2009. However, this got dropped after the state government decided to develop an industrial park, power plant and an eco tourism unit in the same location.