

# Private sector halting oil imports from Iran

Private companies have not booked any oil cargo from Iran.

KUNDAN JHA  
NEW DELHI

To avoid exposure to the United States' (US) secondary sanctions on Iran, scheduled to be slapped on 4 November this year, the country's oil companies have halted import and have not booked any oil cargo containers from Iran for November, sources close to the shipping companies said.

According to sources, the companies that have not booked any oil cargo from Iran for November include Reliance Industries Limited and Nayara Energy.

Both the companies are in the list of the four largest buyers of Iranian oil in India.

A source close to the shipping lines told *The Sunday Guardian*: "In order to avoid the wrath of US sanctions and protect their business interests in the US, oil firms, namely Reliance Industries and Nayara Energy, have not booked any oil containers from Iran for November."

The sources also informed this newspaper that Reliance Industries, one of the country's major Iranian oil importers, has already halted its oil import from Octo-

ber this year.

Reliance Industries' decision not to import oil is likely to be a big blow to Iranian oil exports to India as the company owns the world's biggest refining complex and has a major share in the total oil imports from Iran, according to industry experts.

"The container tracking data clearly shows that Reliance Industries had imported 2 million barrels of Iranian oil in September, but it has not booked any oil cargo for October-November. The company's decision to halt purchase of Iranian oil from October came after the in-

surer of Reliance Industries' oil imports had cautioned it," the same source cited above said.

This reporter had sent a mail to Reliance Industries, seeking the company's comment on the oil import cut; however, the response is still awaited.

However, according to another source close to the Shipping Corporation of India (SCI), state-owned oil companies, namely the Indian Oil Corporation Limited (IOCL) and Mangalore Refinery and Petrochemicals Ltd (MRPL), have booked cargo of 1.25 million tonnes of oil from Iran for

import in November.

The SCI works as a carrier of state-owned oil companies—IOCL and BPCL—for importing oil from Iran. Earlier, speaking to the media, Petroleum Minister Dharmendra Pradhan had said that the Centre will explore all possible measures to ensure that oil imports from Iran continue.

"The Centre is working at the possibility of reviving the rupee-rial arrangement that was functional before the US sanctions were lifted. The move will facilitate buyers a smooth shipping of oil from Iran to India," the SCI source said.

India is the second-largest buyer of Iranian oil, having imported an average of 577,000 barrels a day this year, as per tracking data available for oil shipments.

Effective from 5 November, secondary sanctions related to Iran's port and shipping sector, petroleum-related purchases from Iran, transactions with Iran's Central Bank and other Iranian financial institutions, the provision of specialised financial messaging services, the provision of insurance, and engagement or investment in Iran's energy sector, will be re-imposed.

## Vigilance awareness week at MRPL from October 29

**MANGALURU, DHNS:** Mangalore Refinery and Petrochemicals Limited (MRPL) will observe Vigilance Awareness Week 2018 from October 29 to November 3. This year, the theme is "Eradicate Corruption – Build a New India".

Rajeev Kushwah, CVO, MRPL, said that in continuance with the 'Integrity Pledge' popularised by MRPL in the last two years through kiosks at MCC, Mini Vidhana Soudha and ZP office, one kiosk will be set up at Surathkal Railway Station this year, in association with Konkan Railway Corporation for facilitating citizens to take Online "E-Integrity Pledge"

### Contests

An inter-professional collegiate debate competition will be held at Sahyadri College of Engineering and Management on November 2. Another debate competition will be conducted at Mangalore University for PG Students of different colleges. Street plays

and walkathon will also be on the cards on November 1 in association with Govinda Dasa PU College, Surathkal and NGOs.

An elocution competition is planned at Vidyadayinee High School at Surathkal on November 2 where more than 30 schools are expected to participate. A vendors meet is planned on October 30.

Within MRPL, various competitions like online quiz, poster making, online essay writing and short movie making are being organized for employees and dependents.

Vigilance Awareness Week will also be observed at ONGC Mangalore Petrochemicals Limited (OMPL) and Shell MRPL Aviation Fuels and Services Limited, said K Upendra Rao, Deputy General Manager (Vigilance).

The programme will be inaugurated by Manoj Chakravarti, COO, Centre for Corporate Governance and Citizenship, IIM, Bengaluru at MRPL on October 29.

**DH News Service**

# इसरो में दो, ओएनजीसी में 24 का हुआ चयन

धनबाद | मुख्य संवाददाता

आईआईटी आईएसएम धनबाद के दो छात्र-छात्राओं का चयन इसरो ने अपने कैम्पस में किया है। पिछले दिनों हुए कैम्पस प्लेसमेंट में इलेक्ट्रॉनिक एंड कम्यूनिकेशन इंजीनियरिंग की भारती लाला व मैकेनिकल इंजीनियरिंग के भारत कुमार के इसरो में चयन की घोषणा हुई है।

पहली बार इसरो कैम्पस सेलेक्शन के लिए आईआईटी आईएसएम पहुंची थी। कोलकाता कैम्पस में ओएनजीसी ने

संस्थान के 24 छात्र-छात्राओं का प्लेसमेंट करने की घोषणा की है। इस संबंध में रिजल्ट जारी कर दिया गया है। पेट्रोलियम इंजीनियरिंग के नौ व अप्लाइड जियोलॉजी के सात, जियो फिजिक्स के आठ छात्र शामिल हैं। पेट्रोलियम के गौरव गुप्ता, नितिन गोयल, शहबाज अहमद, अमृत्य राज सिंह, अमन कुमार, राहुल कुमार, दादुबल कुमार, रोनाल अप्लाइड जियोलॉजी की सुदेशना पांडा, ज्योतिरंजन मिश्रा, सुलगना पाल, पी साहू, भास्कर राय, विवेकानंद बारिक शामिल हैं।



Crude prices: Union minister Dharmendra Pradhan said on Saturday crude prices are not under the control of the Indian government and are determined by international forces.

PTI

# Integrated model may aid RIL growth, despite refining woes

AMRITHA PILLAY  
Mumbai, 27 October

Reliance Industries Ltd, which operates the world's largest single-location refinery, is facing certain difficulties. While the gross margin of its refining business hit a multi-year low, the petcoke gasification plan is stuck with a 'scaling up' hurdle.

Also, part of its margin upside prospects hinges on timely implementation of new regulations for bunker fuel.

For the September 2018 ended quarter, RIL reported a gross refining margin (GRM) of \$9.5 per barrel. The company last reported a single digit GRM in the December 2014 ended quarter.

"A tight crude market has reduced RIL's competitive advantage of sourcing difficult-to-process cargoes as the premium on these items has come off," analysts at JP Morgan wrote in a recent note on the company.

The benchmark Singapore refining margins, to which RIL enjoys a premium, has also been under pressure. "Singapore refining margins have been particularly weak this month as gasoline cracks slumped in line with weakness in the US and Europe but should improve over the next couple of months as demand picks up seasonally," said Platts Analytics, a provider of energy and commodities information.

A lot also depends on how crude oil prices move from here on, as well as demand from customers.

Rahul Prithiani, director with CRISIL Research, said the rise in crude oil prices will have a further impact. "Rise in crude oil prices is expected to impact GRMs of refiners if high crude oil prices can't be passed on to end consumers. Moreover, sluggish growth in demand for petroleum products

**According to industry experts, a tight crude market has reduced RIL's competitive advantage of sourcing difficult-to-process cargoes as the premium on these items has come off**



alongside supply glut in the Asian market is expected to put further pressure on the GRMs of Indian refiners."

The JP Morgan analysts note that in the current scenario, IMO 2020 and the gasifier are extremely important for RIL's FY20-21 earnings and de-leveraging.

However, there are some uncertainties on both counts. Closer home, RIL at present, is facing concerns on the scale-up of its ambitious petcoke gasification project. The company informed analysts that there have been technical challenges in the continuous synchronised operations of petcoke gasifiers.

The company hopes the problem will be over by March next year. The project, once fully operational, is expected to add \$2 per barrel as GRMs for the company.

Both RIL's management and analysts expect the IMO regulations to further add to RIL's earnings.

The JP Morgan report hopes IMO 2020-related earnings before interest, taxation, depreciation and amortisation (Ebitda) addition will be at ₹32 billion and ₹59 billion in FY2020 and FY2021, respectively. But delay in implementation of these regulations could curtail the expected upside.

## CONSOLIDATED QUARTERLY RESULTS

Quarter	Total Ebit (₹bn)	Refining Ebit (₹bn)	Petchem Ebit (₹ bn)	% of total Ebit
Q2FY19	158.8	53.2	81.2	33.50
Q1FY19	154.9	53.2	78.6	34.34
Q4FY18	136.2	56.1	64.4	41.18
Q3FY18	130.6	61.7	57.5	47.24
Q2FY18	110.8	66.2	49.6	59.74
Q1FY18	95.2	63.9	40.3	67.12

t- Earnings before interest and taxation

Source: Jefferies report

The United States is reported to have proposed certain changes to the implementation of these rules. However, not everyone is concerned on what stand the US takes.

"The global refining industry and the shipping industry have invested good amount of resources to comply with the new regulations on time. They have been preparing for it for a few years now. Companies will aim to comply, although the level of implementation may vary from country to country," said Sambit Mohanty, senior Asia oil editor at S&P Global Platts.

However, not everyone is worried but is hopeful RIL's integrated model will save the day.

"If one was to look at the company's earnings between 2009 and 2015, it is clear that RIL managed to expand earnings (now in the range of ₹300 billion or above in the last three years), either through good refining performance or through petrochemicals. RIL's integrated model helps it ride commodity uncertainties and that should continue," said an oil and gas analyst, who did not wish to be identified.

Moreover, on a consolidated basis, consumer businesses such as telecom (digital services) and retail have started to deliver.

## Crude prices not under govt control, says Pradhan

PRESS TRUST OF INDIA  
Hyderabad, 27 October

Union Minister Dharmendra Pradhan on Saturday said crude prices were not under the control of the government and were determined by international forces.

"I can understand you (BJY-M cadre) may have faced with many questions on petrol and diesel prices. We promised to the people of this country that we will not push our country into indebtedness. That is the reason we took some burden on us," he said. The minister said the Centre had cut diesel and petrol prices by ₹2.50 some days back, following which many states also reduced it by a similar amount, thus giving a respite of ₹five to the people.

"Oil prices are beyond the control of the Indian Government. It is an international commodity. Whatever price the international market dictates, India has to pay," the minister for petroleum said, addressing delegates at the Bharatiya Janata Yuva Morch (BJYM) national convention here. He said India was focusing on biofuels and alternative energy sources as replacement to petroleum products and also



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the minister said that oil prices have started coming down due to some international developments. Petrol price has been cut by ₹ two per litre and diesel by ₹one in the last eight days on the back of softer international rates, an official statement said on Friday.

Petrol price was reduced by ₹1.98 per litre and diesel by ₹0.96 per litre in the last eight days.

## Crude prices not under govt control: Pradhan

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HYDERABAD, OCTOBER 27

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He said India was focusing on biofuels and alternative energy sources as replacement to petroleum products and also suggested that oil producing countries control oil prices. The minister said that oil prices have started coming down due to some international developments.

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## 'ADNOC to fill up Mangalore oil reserves'

*Singapore:* The Abu Dhabi National Oil Company (ADNOC) is expected to fill up storage tanks that it has contracted from the Indian government in the first week of November, senior Indian oil officials said on Friday. "The third VLCC (Very Large Crude Carrier) will arrive next week," Sunjay Sudhir, joint secretary of international cooperation at Ministry of Petroleum & Natural Gas, told reporters. **REUTERS**