ONGC News as on 31st May 2023 (Print)

Publication : Mint	Edition : Mumbai
Date : May 31, 2023	Page: 01

STOCK TALK

ONGC

REDUCE
TARGET PRICE ₹143
CURRENT PRICE ₹158.80

Operating cash flow (pre-working capital) grew 4% YoY in FY23 amid higher oil/gas realization. Oil and Natural Gas Corporation still disappoints on production despite strong realisation. Windfall tax shall drag near term profits.

NUVAMA RESEARCH (29 MAY)

BALKRISHNA INDUSTRIES

ADD
TARGET PRICE ₹2,468
CURRENT PRICE ₹2,226.25

Post couple of quarters of inventory destocking at dealer level, Balkrishna Industries is looking forward to one more quarter of destocking exercise, thus restricting volume growth in Q1FY24 over the elevated base of last year.

ICICI SECURITIES (30 MAY)

AU SMALL FINANCE BANK

NEUTRAL
TARGET PRICE ₹830
CURRENT PRICE ₹774.50

AU Small Finance Bank's stock has delivered healthy returns of over 40% during the past two months, particularly after RBI approve re-appointment of Sanjay Agarwal as MD and CEO of the bank.

MOTILAL OSWAL (29 MAY)

AUROBINDO PHARMA

BUY
TARGET PRICE ₹660
CURRENT PRICE ₹650.55

In FY24, Aurobindo Pharma anticipates better margins. US sales growth relies on niche approvals and stable pricing, supported by investments in vaccines, injectables, biosimilars, and PLI.

PRABHUDAS LILLADHER (29 MAY)

Publication : Business Standard	Edition : Mumbai
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THE COMPASS

One-offs impacted Q4, but FY24 likely to be better for ONGC

DEVANGSHU DATTA

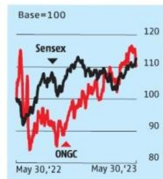
ONGC's January-March quarter results for the 2022-23 financial year (Q4FY23) indicated changes in the trends of the energy cycle as well as the impact of policy change in gas-pricing. The public sector oil and gas major reported standalone Ebitda (earnings before interest, tax, depreciation and amortisation) at ₹16,340 crore, down 12 per cent year-on-year (YoY), and down 20 per cent quarter-on-quarter (QoQ).

There was a net loss of ₹250 crore due to exceptional items of ₹9,240 crore for provisions related to the ongoing dispute regarding the applicability of service tax and goods and services tax on Royalty. Adjusted for this, PAT (profit after tax) would be ₹6,180 crore, down 30 per cent YoY. Crude realisations were down while APM (administered pricing mechanism) gas prices were higher and compensated to some extent. Reported revenue was at ₹36,290 crore, with crude oil sales at 4.7 mmt (million metric tonnes), while gas sales were at 4.1 bcm (billion cubic meters). The oil realisation was calculated at $77.1 per barrel (/bbl) and it was at $71.6/bbl net of tax.

The crude production was down 2 per cent YoY and domestic gas production fell 3 per cent YoY. Management estimates that oil & gas production in FY24 may rise 10 per cent due to the production from KG-DWN-98/2.

Management guidance is that oil production from KG-DWN-98/2 will commence between August 2023 and October 2023. The peak oil production is likely to be about 40,000-45,000 barrels of oil per day (bopd). The windfall tax has been adjusted to fall in line with crude oil fluctuations, with industry analysts assuming that post-windfall realisations would be allowed to be between $68-81/bbl and likely realisations of $70/bbl in FY24. But it will still put a ceiling on profitability. The fortnightly revision reduced it to nil in May 2023 due to correction in Brent prices to $75/bbl, implying that this is the equilibrium point and likely ceiling.

ONGC looks to add more than 100,000 sq. km of exploratory area each year in the future while spending ₹10,000 crore annually on exploration. The capex guidance is of ₹30,100 crore for FY24 with three recently approved new projects for a capex of ₹5,880 crore. It is also looking at ₹7,000- 8,000 crore of petchem expenditure at MRPL and might also consider construction of a new petchem facility.



Compiled by BS Research Bureau

The implementation of the APM gas-pricing recommendations from April this year has provided a respite to the company, allowing it to hike gas prices. Given the recommendations, price assumptions could be around $6.5/MMBTU (metric million British thermal unit) for FY24 and FY25.

The ONGC management pointed out that 6-8 per cent of APM gas production comes from new fields that will be at 20 per cent premium (pricing) in the new policy. Consolidated valuation estimates for the company could include a valuation of ₹33-35 for ONGC's holdings in HPCL, MRPL and Petronet LNG.

Analysts' valuations range between ₹153-215 with some analysts pointing to the high dividend yield (6-8 per cent). The current price may only be discounting $55-60/bbl of net crude realisation whereas the recent reviews of windfall tax implies that higher realisations may be possible.

If the value of downstream subsidiaries is taken into account, there should be some upside. According to Bloomberg, 13 of the 17 analysts polled after Q4 results last Friday have a 'buy/add', three have 'reduce' and one has 'hold' rating on the stock. Their average one-year target price is ₹190, an almost 20 per cent upside from Tuesday's closing price of ₹158.80 apiece.

Publication : The Financial Express	Edition : All
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Energy mission running out of gas

MANISH GUPTA
New Delhi, May 30

INDIA'S GOAL TO become a "gas-based economy" by more than doubling the share of natural gas in its energy mix to 15% by 2030, seems a tall order, given inadequate capacity of liquefied natural gas (LNG) terminals, stagnant domestic production and volatile gas prices.

The prospects of complete pricing freedom from 2027 and the high prices of gas from "difficult fields" may encourage major domestic producers like Reliance-bp and ONGC to scale up production, yet inadequate infrastructure for LNG imports could stymie the plans to accelerate gas consumption at the targeted pace.

"I think 15% by 2030 is an ambitious target. India is a price sensitive market and the gas markets are likely to remain tight after the Ukraine crisis. Share of gas can rise to about 9% by 2030," said Prashant Vashisht, vice president and co-head, Icra.

Owing to the high prices, India's natural gas consumption fell 6% to 60,311 million metric standard cubic meters (mmscm) in FY23 from 64,159 mmscm a year ago. LNG import declined 14% to 26,647 mmscm from 31,028 mmscm in FY22.

India's gas output has been stagnant for over a decade. It was 33,664 mmscm in FY23. As per Petroleum Planning and Analysis Cell (PPAC) data for past 11 years, the highest was 46,453 mmscm in FY12 and median output was 32,056 mmscm in FY19.

While gas prices remained unattractive to local producers and users as against prices of alternatives like renewable energy, coal and oil, the dependence on LNG imports for domestic gas consumption rose to 48% in FY22 from 28% in FY12.

Gas is the main feedstock for fertiliser sector, besides being a fuel for thermal power units, and having end uses as auto fuel (CNG) and piped gas for cooking.

Another major impediment in achieving the 2030 energy mix target is the infrastructural bottleneck such as gas grid, pipelines, distribution network and more importantly the LNG terminals, which despite billions of investment in new projects, are not enough.

Currently, there are six operating LNG storage and regasification terminals at Dahej, Hazira and Mundra in Gujarat, Dabhol in Maharashtra, Kochi in Kerala, and Ennore in Tamil Nadu with a total capacity of 42.5 million metric tonne per annum (mmtpa).

Four new terminals are coming up at Jafrabad and Chhara in Gujarat, Dhamra in Odisha and Jaigarh in Maharashtra with combined capacity of 20 mmtpa. Dahej and Mundra terminals will add 5 mmtpa each. So, new capacity of 30 mmtpa in pipeline.

While some projects are delayed, even if all get done in next few years, total capacity by 2030 will be about 70 mmtpa, less than half of 144 mmtpa required to achieve the 15% target, considering local gas production rising from 92 to 120 mmscmd by then.

The Cabinet Committee on Economic Affairs in April decided that the price of natural gas from legacy fields, which account for 70% of domestic output, will be fixed at 10% of the monthly average of the Indian crude basket, subject to a price band of \$4-6.50/metric million British thermal unit (mmBtu), for the next two years. The price is now capped at \$6.5/mmBtu, down from \$8.57 which prevailed from September 2022 to March 2023. The price was then linked to select international gas hubs, subject to six-monthly revisions.

LNG terminals in India

LNG Terminal	Company	Current capacity (MMTPA)
Dahej (Gujarat)	Petronet LNG	17.5
Hazira (Gujarat)	Shell Energy India	5
Dabhol (Maharashtra)	Ratnagiri Gas & Power	5
Kochi (Kerala)	Petronet LNG	5
Ennore (Tamil Nadu)	Indian Oil Corp	5
Mundra (Gujarat)	Adani Ports & SEZ	5

LNG terminals in the pipeline

LNG Terminal	Company	Proposed capacity (MMTPA)
Dhamra (Odisha)	Indian Oil Corp	5
Jaigarh (Maharashtra)	H-Energy Gateway	6
Jafrabad (Gujarat)	Swan Energy	5
Chhara (Gujarat)	HPCL Shapoorji Energy	5
Mundra (Gujarat)	APSEZ	5
Dahej (Gujarat)	Petronet LNG	5

Publication : The Asian Age	Edition : New Delhi
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Centre plans to set up smaller petro refineries

New Delhi, May 30: India is looking to set up smaller petroleum refineries to achieve its ultimate goal of 450 million metric tonne per annum refining capacity in the country, Oil Minister Hardeep Singh Puri said on Tuesday.

Addressing an energy summit organised by Indo-American Chamber of Commerce and Industry here, Puri said smaller refineries pose lesser hurdles like land acquisition and others.

His statement comes against the backdrop of stuck plans of IndianOil, Bharat Petroleum and Hindustan Petroleum to set up a 60 million metric tonne per annum (MMTPA) capacity refinery at Ratanagiri in Maharashtra.

At present, India has a refining capacity of 252 MMTPA. "(Setting up new large) refineries are high cost (proposition). We are looking a large number of up to 20 million metric tonne per annum capacity refineries which are smaller ones. If we make it too big then land acquisition and other issue come up," Puri said.

The minister said India can plan to have 300 MMTPA capacity.

"We need to take few more policy decisions for taking the capacity up to 450 MMTPA target," he added.

● **AT PRESENT,** India has a refining capacity of 252 MMTPA. Government looking at a large number of up to 20 million metric tonne per annum capacity refineries

India will become an energy hub and is going in the green direction, Puri stated adding that "we need refineries as those would make petrochemicals, green hydrogen etc."

About the biofuel blending with petroleum products like petrol, diesel and aviation turbine fuel, he said, "All kind of experimentation is taking place. It is not that it is done in laboratory. It is the marketplace where it is done."

He cited the example of blending one per cent biofuel with aviation turbine fuel and expressed happiness over its impact on agriculture, calling it transformational.

Operating Partner Essar Capital Sunil Jain also stressed on the need for energy transition by adding more and more renewable energy capacity like solar, wind and green hydrogen.

He stated that India would require $ 500 billion investment in next eight years till 2030 to achieve its target of 500 GW of green energy.

Jain stressed on the need for change in energy consumption pattern or mix with increasing share of renewables in that to make the country and the world sustainable.

Speaking on energy transition and the evolution of the country's energy mix, Pankaj Kalra, CEO, Essar Exploration and Production Ltd said,"Over the past two years, India has witnessed a remarkable increase of over 13 per cent in gas production YoY (year-on-year), showcasing a very healthy upward trend."

"We take immense pride in our significant contribution of nearly 65 per cent to India's overall CBN (Coal Bed Methane) production, and we have our firm plans to expand our production by almost five times in the next three to five years and contribute five per cent of India's overall production," he stated.

Kalra futher elaborated that the share of gas has been the cornerstone and is expected to rise from 6.7 per cent to 15 per cent by 2030. *— PTI*

Publication : The Asian Age	Edition : New Delhi
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Inox Wind gets 150-MW wind energy project

Inox Wind said it has bagged a 150 MW wind energy project from NTPC Renewable Energy Limited in Gujarat. With this, the total orders awarded to Inox Wind from NTPC to date stands at 550 MW. The project will be executed in Gujarat. Inox will supply and install existing and new technology wind turbine generators at the project site, said Inox Wind chief executive officer Kailash Tarachandani.

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Suzlon net profit at ₹320 crore

FE BUREAU
Pune, May 30

RENEWABLE ENERGY SOLUTIONS provider, Suzlon Energy reported a consolidated net profit of ₹320 crore during the March 2023 quarter. The company posted a loss of ₹203 crore in the March'22 quarter. Suzlon reported a 30% year-on-year (y-o-y) fall in revenues to ₹1,690 crore. A 35% y-o-y decline in expenses to ₹1,628.39 helped the company post profits during the quarter.

Himanshu Mody, CFP, Suzlon Group, said, their balance sheet was stronger and leaner as a result of net debt reduction to ₹1,180 crores with the successful rights issue in FY23 playing a crucial role. The net debt in the Marc'22 quarter was ₹5,796 crore. Net finance costs reduced 44% on y-o-y basis.

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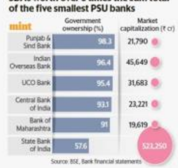
Why small PSBs are on the divestment radar

BY HOWINDIALIVES.COM

In her 2021 Budget speech, finance minister Nirmala Sitharaman said the government would privatize two public sector banks. News reports have suggested that these could be from among the following five: Central Bank of India, Indian Overseas Bank, Bank of Maharashtra, UCO Bank, and Punjab and Sind Bank. Divestment of these relatively small banks may not draw strong protests and their good growth and profitability metrics make them attractive to buyers. But gaps remain. The government is setting up a panel to identify the banks for divestment, *The Economic Times* reported recently.

SBI is worth over 3 times the sum total of the five smallest PSU banks



Source: BSE, Bank financial statements

1 Government Holding

AT CURRENT share prices, the central government can raise ₹28,000-54,000 crore by reducing its stake to 26% in two of these five banks. The actual amount will depend on the banks chosen and sale price.

This is still a fraction of what it can raise from stake sales in larger PSU banks. At current prices, it can raise ₹31,395 crore by selling 6% in State Bank of India (SBI), the largest PSU bank by assets.

But the government can only think of selling another 6% in SBI. Its current shareholding in SBI is 57.6%, and it would not like to go below 51%, for economic and political reasons. The same is the case with Punjab National Bank (73% stake) and Bank of Baroda (63%), the next-biggest PSU banks by assets. In the five small PSU banks, the government owns more than 90%, and a majority stake sale would be politically more palatable, though not easy.

2 Asset Growth

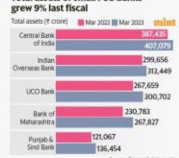
TOTAL ASSETS of small private banks grew by 9.1% in 2022-23, driven by a jump in loans and advances, which were up by 24%.

Even the two top banks among the smaller lot, Central Bank of India and Indian Overseas Bank, saw their loans and advances grow by over 20%, even as their total assets grew in mid-single digits. Bank of Maharashtra reported the highest growth in total assets among all PSU banks.

Reflecting the rest of the banking sector, loans and advances grew despite higher interest rates, thanks to greater economic activity. This growth is an indicator of the improving financial health of these banks and would help in their eventual sale. At the same time, they are still too small to be of strategic importance to the government.

The total assets of SBI are larger than the assets of these five banks put together.

Total assets of small PSU banks grew 9% last fiscal

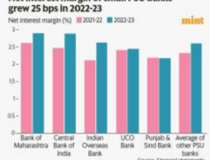


Source: Financial statements

3 Widening Margins

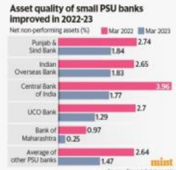
IMPORTANTLY, THE smaller PSU banks are also making more money, a measure of which is the 'net interest margin'. NIM measures the difference between the interest income generated by banks and the interest paid out to their lenders (principally, depositors), relative to the amount of their interest-earning assets. On average, in 2022-23, the NIM of large PSU banks went up by 29 basis points. The NIM of smaller PSU banks increased by 25 basis points, with UCO Bank (0.03%) and Punjab and Sind Bank (-0.01%) being a drag. The same is reflected in profits, too. The cumulative net profit of all PSU banks crossed ₹1 trillion for the first time in 2022-23, up 57% from the previous fiscal. Again, SBI accounted for about half the profits, underscoring the strategic importance of big banks in general and SBI in particular.

Net interest margin of small PSU banks grew 25 bps in 2022-23



Source: Financial statements

Asset quality of small PSU banks improved in 2022-23



Source: Financial statements

4 Shrinking NPAs

THE IMPROVEMENT in profitability didn't just come from growth. In 2022-23, smaller PSU banks not only reduced net NPAs (non-performing assets) to a greater extent than their larger peers, they also reported lower net NPAs. For these five small banks, net NPAs fell by 1.2 percentage points (pp) over 2021-22 and 2.6 pp over 2020-21 (compared to 1.17 pp and 2.17 pp, respectively, for large PSU banks).

On average, the five small PSU banks had net NPAs of 1.39% in 2022-23, compared to 1.47% for large PSU banks. Lowering NPAs in PSU banks has been a core element of the government's so-called 4R strategy of recognition, resolution, recapitalization and reforms.

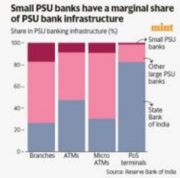
Net NPAs refer to the loans held by banks that are not generating expected returns due to non-payment or default by borrowers. It is an indicator of the quality of a bank's loan portfolio and also impacts its ability to lend.

5 Infra Woes

THIS SET of five small PSU banks accounts for 17% of all PSU bank branches. Beyond them, SBI accounts for 26.4% and other PSU banks the rest. Interestingly, SBI accounts for a disproportionately large number of ATMs, point-of-sale (PoS) terminals and micro ATMs. The five small PSU banks have a lesser share of this infrastructure in relation to their number of branches. ATMs, PoS terminals and micro ATMs are cheaper than setting up branches, and are increasingly becoming more capable of offering other banking services. Lower investments by small PSU banks in other infrastructure is partly a result of their financial constraints. However, as the sector gets more competitive, smaller banks will have to strengthen their own infrastructure or partner with other entities to compete. Or, they will be absorbed into larger banks, as the government wants.

www.howindialives.com is a database and search engine for public data.

Small PSU banks have a marginal share of PSU bank infrastructure



Source: Reserve Bank of India

PARAS JAIN/MINT

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AVOIDING HURDLES

India mulls setting up smaller petro refineries

PTI / New Delhi

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Finance Ministry asks PSU banks to settle small debt defaults via haircuts

The finance ministry has suggested public sector banks to go for a one-time settlement of loan default worth Rs 2-10 mln, financial daily Business Standard reported on Tuesday citing government officials. "The move will help reduction of cases as they (such default cases) constitute about 72-74% of the pending cases with DRTs (debt recovery tribunals) and also expedite the recovery of non-performing assets by banks," the official told the newspaper.

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India's fuel price paradox

Global oil prices have slumped and India has access to larger amounts of discounted Russian crude oil, yet refiners are not passing on their savings to consumers

S DINAKAR
30 May

Minister of Petroleum and Natural Gas, Hardeep Singh Puri, extolled the virtues of affordable fuels to Indian consumers in a speech he gave last week at a CII event titled 'Powering Amrit Kaal Through Energy Transition'. He said, "India has successfully been able to modulate the effective price to consumers, thus insulating the common man from price rise and volatility in international prices."

Agreed, Indian consumers were insulated when fuel prices touched near records in the early part of 2022. But motorists are now overpaying for fuels after international rates of petrol and diesel crashed 40 to 50 per cent from last year's record levels.

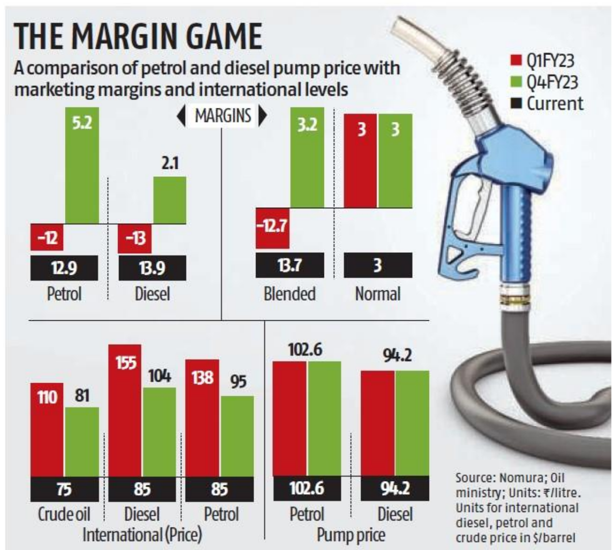
The question that arises is whether Indian state-run oil companies led by IOC, which holds the biggest share of India's $200 billion oil products market, are making fuels affordable for Indian households. High fuel prices feed into India's inflation, sticky interest rates, and crimp households' disposable income.

Ramesh Rajan's family of four, comprising three working professionals and a student, have been paying over ₹100 for over a year for a litre of petrol in the south Indian temple town of Madurai. Rajan, a consulting engineer with a two-wheeler manufacturer, questioned why he still continues to pay the same amount at the pump despite a decline in international prices, and with cheap Russian crude flowing into Indian refineries. IOC and BPCL were also profitable for the whole of FY23 despite facing headwinds in the early part of the financial year after Russia's invasion of Ukraine roiled commodity markets.

When IOC, HPCL, and BPCL were asked why consumers like Ramesh are not benefiting from the low global rates of both crude and transport fuels, HPCL and BPCL said they cannot comment on this issue. IOC chose not to reply.

On paper, Indian refiners are obligated to adjust pump prices every day, or, at least every fortnight, in line with international product prices. In practice, they have given rate adjustments a quiet burial.

One of the biggest achievements of the Modi government's nine-year reign was lifting price controls on oil product prices in 2014. New Delhi gave IOC, BPCL and HPCL the power to charge market prices for fuels. Price reforms also sent a signal to the world that India, arguably the world's fastest growing market for fuels, welcomes investments in refining and marketing.



But since April 2022, prices of transport fuels have remained unchanged, barring an adjustment in federal taxes. During this period, the price of the Indian crude basket oscillated between $116 a barrel in June 2022 and $75 a barrel in May 2023. This price does not take into account the $10-$15 a barrel discounts Indian refiners enjoyed by importing Russian crude — Moscow supplied 44 per cent of India's fuel needs in May, data from market analytics firm Kpler show.

Indian state refiners have saved billions of dollars from importing cheap Russian grades, which is reflected in record refining margins. IOC was the biggest buyer of Russian crudes in May at 22 million barrels, accounting for 36 per cent of India's imports from Russia and around half of the company's overall May crude imports, Kpler data on loadings show. Assuming a discount of even $10 a barrel on landed Russian barrels, IOC may have saved around $220 million this month. The company's average gross refining margins, a function of crude costs, rose 73 per cent last financial year to $19.5 per barrel. IOC, on a standalone basis, ended the financial year with a net profit of ₹8,242 crore, despite a net loss of around ₹1,993 crores in the first quarter.

State refiners bought 154 million barrels of Russian crude in calendar 2022 and 167 million barrels so far this year, according to Kpler, which, at prevailing discounts, may have resulted in $3.2 billion dollars in savings.

State refiners said domestic product prices are pegged to international petrol and diesel rates. They do not track crude movements. Agreed, but the price of petrol oscillated between $149 a barrel last June and $85 a barrel in both December 2022 and in May 2023; the price of diesel, India's most consumed fuel and a contributor to inflation, shifted between $171 a barrel last June and $85 a barrel this May. The reference rates of diesel and petrol used by Indian refiners to price fuels locally involve processing of fully priced crudes, not discounted Russian oil. So pump prices in India are also fully priced, and do not reflect the discounts that refiners enjoy from processing cheaper Russian grades.

The average crude price flirted with an average $100 a barrel levels in the first five months of 2022, a period when refiners posted losses; petrol averaged $127 a barrel during the period, and diesel averaged $148 a barrel. These prices have substantially dropped to around $85 a barrel in May.

"The GRMs [gross refining margins] are very strong for Indian refiners but on the marketing side profitability for diesel has been a recent phenomenon," said Prashant Vashisht, vice president, Icra. Overall, he added, "it's a function of margins at refining and marketing levels." Vasisht said marketing margins on diesel have turned positive only in the last quarter, explaining that HPCL is the most affected because its refineries do not provide adequate fuels for its own pumps, forcing it to source diesel and petrol from the market.

But state refiners have also gained from subsidies New Delhi offered to offset some of their losses. State refiners were offered over ₹20,000 crore to compensate from a loss of LPG sales. The government has also earmarked ₹30,000 crore this financial year towards capital expenditure for state refiners.

In addition, IOC, BPCL, and HPCL are making "supernormal" margins on fuel marketing. Blended margins rose to ₹12.5 a litre in the week ended 21 May, 2023, sharply above normative levels of ₹3 a litre, said Nomura analyst Hemang Khanna in a May 24 report. Margins were ₹3.2 a litre in January-March 2023, and -₹12.7 a litre in April-June 2022. Based on current crude and product prices, blended marketing margins for fuels remain at super-normal levels of ₹10.3 a litre, driven by a significant decline in international prices, while Indian retail prices remain unchanged, Khanna said in the note. Marketing margins for diesel are at ₹10.8 a litre and petrol margins are at ₹8.6 a litre.

Besides consumers like Rajan, frozen pump prices also end up hurting private sector retailers Reliance and Nayara Energy, which struggle to comprehend India's fuel pricing policy. They were burned once in the past, in early 2000, when price reforms were scrapped. It makes little sense to repeat history in the name of affordability, because inconsistent policies sow doubts in the minds of oil investing heavyweights like Exxon, Total, Saudi Aramco, or Adno — on the government's commitment to energy sector reforms.

Publication : The Hindu Business Line	Edition : Mumbai
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Crude oil falls on US debt deal struggles

Tokyo: Crude oil fell on Tuesday, giving up earlier gains, as concerns about the viability of the US debt ceiling pact cooled the market's risk-on sentiment and mixed messages from major producers clouded the supply outlook ahead of their meeting this weekend. Brent crude futures fell 59 cents, or 0.8 per cent, to $76.48 a barrel by 0615 GMT after rising by 0.5 per cent earlier on Tuesday. REUTERS

Publication : The Hindu Business Line	Edition : Mumbai
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India is net copper importer for 5th year in a row owing to infra push, demand

Narayanan V
Chennai

India's copper imports increased 15 per cent year-on-year during the 2022-23 fiscal. The government's thrust on infrastructure coupled with a strong rebound in economic activities in sectors ranging from real estate to consumer durables and electric vehicle manufacturing have pushed the demand for the red metal.

As per Commerce Ministry data, India imported 2,75,341 tonnes of copper in the previous financial year. These include both refined and finished copper. Refined copper is the end product where impurities are removed from copper ore. Finished copper, on the other hand, refers to copper that has been processed and shaped into its final form such as wires, tubes, pipes, sheets etc.

Manish Gupta, Senior Director, CRISIL Ratings Ltd., said strong domestic demand for copper and supply challenges due to nil capacity additions in the domestic market are the two factors that pushed copper imports in FY23.

He said in fiscal 2023, domestic demand for copper grew at 18-20 per cent year-on-year mainly on account of weak base since demand for the previous two fiscals was impacted due to Covid pandemic. He said, post Covid, strong growth was witnessed in key sectors such as power, automobile, infrastructure and construction, which have spiked the demand for copper. "Usage of copper in EVs manufacturing is 2-3 times higher as compared to fuel-based vehicles," Gupta pointed out.

Spiking imports

Values in tonnes

Year	Exports	Imports	Net
FY18	4,19,138	2,38,874	1,80,264
FY19	61,516	3,44,748	(2,83,233)
FY20	42,293	3,57,423	(3,15,130)
FY21	93,900	2,38,483	(1,44,583)
FY22	1,20,302	2,38,694	(1,18,392)
FY23	61,057	2,75,341	(2,14,284)

Source: Ministry of Commerce #Figures include refined and finished copper

IMPORT

India's copper import in fiscal 2021 and 2022 stood at 2,38,483 tonnes and 2,38,694 tonnes, respectively. However, copper imports in FY23 were still lower than the pre-Covid high of 3,57,423 tonnes recorded in FY20.

Copper is the third most used industrial metal after steel and aluminum. Gupta said while the demand for copper increased in the previous fiscal, there has been no capacity addition in the country.

India used to be a net exporter of copper until FY18. In May, 2018 Tamil Nadu government ordered the State pollution control board to seal and "permanently" close Vedanta's Sterlite copper smelter plant at Tuticorin in Tamil Nadu citing pollution concerns and following violent public protests. Sterlite Copper plant was catering 40 per cent of the domestic demand until its closure.

According to estimates India's total refined copper production capacity is about 7.85-lakh tonnes, out of which Hindalco has about 5-lakh tonne capacity. Sterlite Copper has four lakh tonnes per annum (LTPA) capacity but it is not operational since 2018. Hindustan Copper roughly has a capacity of about 70,000 tonnes.

While the production has come down sharply since 2018, domestic demand has been going up consistently every year due to increase in annual capacity of renewable energy, rising use of copper in smart home appliances, rapid growth in the construction industry. According to the International Copper Association India, demand for red metal rose to 12.5-lakh tonnes in FY22 compared to 9.78-lakh tonnes in FY21. This is further set to go up in FY23

500 GW TARGET

India has set a target of 500 GW of renewable energy capacity by 2030. According to estimates, 3,000 kg of copper is required for generating 1 MW of power via the solar photovoltaic and onshore wind platforms. Power generation via offshore wind is even more copper-intensive, requiring over 8,000 kg of copper per MW.

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Looking to build smaller refineries to avoid land acquisition hurdles: Puri

SUBHAYAN CHAKRABORTY
New Delhi, 30 May

The Centre will focus on setting up relatively-smaller oil refineries, with capacities of around 20 mtpa (million tonnes per annum), instead of the larger ones planned till now, petroleum and natural gas minister Hardeep Singh Puri has said. He was speaking at the inaugural energy summit organised by the Indo-American Chamber of Commerce-North India Council (IACC-NIC).

Puri said that expanding the country's refinery capacity to 450 mtpa remains a key focus area and certain policy decisions would follow. "If we make it too big, then land acquisition and other issues will come up," he stressed.

The minister's comments come in the backdrop of multiple projects such as the West Coast mega refinery facing roadblocks due to land hurdles, lack of environmental clearances or funds.

Set to come up in Maharashtra's Ratnagiri district, the refinery was first announced in 2015. The $44-billion project had targeted an unprecedented refinery capacity of 60 mtpa. But back and forth on the issue between the previous Shiv Sena-controlled Maharashtra government and the BJP-led Centre had held up the mega project.

Announced in 2013, India's largest upcoming integrated refinery and petrochemical complex, the Rajasthan Refinery Project (RRP) is also behind deadline.

Business Standard had recently reported that the government will soon be forming a core team to look into the hurdles, revive talks and bring multiple stakeholders to the discussion table, officials said. This will include officials from the ministry, oil marketing companies (OMCs), and others.

Currently, India's refining capacity stands at approximately 250 mtpa or about 5 million barrels per day (bpd). Meanwhile, fuel demand is expected to double to 10 million bpd by 2050.

The country already has the fourth-largest crude refining capacity in the world, but rapidly burgeoning domestic demand has made the government prioritise capacity addition. Puri said the country needs refineries, which would also contribute to the production of petrochemicals and green hydrogen.

Speaking at the event, Sunil Jain, operating partner at Essar Capital, stressed on the need for energy transition by adding more and more renewable energy capacity like solar, wind and green hydrogen.

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After RIL-bp, Nayara sells fuel at ₹1 less than state-run retailers

After Reliance Industries and its partner bp plc of the UK, Nayara Energy — the nation's largest private fuel retailer — has started selling petrol and diesel at ₹1 less than the fuel sold by state-owned retailers, officials said. While state-owned Indian Oil Corporation, Bharat Petroleum Corporation and Hindustan Petroleum Corporation continue to hold prices despite a drop in international rates, private fuel retailers have started passing on the benefit to consumers. PTI

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'India to set up smaller refineries to avoid hurdles'

'Smaller refineries pose lesser hurdles like land acquisition'

OUR CORRESPONDENT

NEW DELHI: India is looking to set up smaller petroleum refineries to achieve its ultimate goal of 450 million metric tonne per annum refining capacity in the country, Oil Minister Hardeep Singh Puri said on Tuesday.

Addressing an energy summit organised by Indo-American Chamber of Commerce and Industry here, Puri said smaller refineries pose lesser hurdles like land acquisition and others.

His statement comes against the backdrop of stuck plans of IndianOil, Bharat Petroleum and Hindustan Petroleum to set up a 60 million metric tonne per annum (MMTPA) capacity refinery at Ratanagiri in Maharashtra.

At present, India has a refining capacity of 252 MMTPA.

"(Setting up new large) refineries are high cost (proposition). We are looking a large number of up to 20 million metric tonne per annum capacity refineries which are smaller ones. If we make it too big then land acquisition and other issue come up," Puri said.

The minister said India can plan to have 300 MMTPA capacity.

His statement comes against the backdrop of stuck plans of IndianOil, Bharat Petroleum & Hindustan Petroleum to set up a 60 million metric tonne/annum capacity refinery at Ratanagiri in Maharashtra

"We need to take few more policy decisions for taking it up to 450 MMTPA (target)," he added.

India will become an energy hub and is going in the green direction, Puri stated adding that "we need refineries as those would make petrochemicals, green hydrogen etc."

About the biofuel blending with petroleum products like petrol, diesel and aviation turbine fuel, he said, "All kind of experimentation is taking place. It is not that it is done in laboratory. It is the marketplace where it is done."

He cited the example of blending one per cent biofuel with aviation turbine fuel and expressed happiness over its impact on agriculture, calling it transformational.

Operating Partner Essar Capital Sunil Jain also stressed on the need for energy transition by adding more and more renewable energy capacity like solar, wind and green hydrogen.

He stated that India would require USD 500 billion investment in next eight years till 2030 to achieve its target of 500 GW of green energy.

Jain stressed on the need for change in energy consumption pattern or mix with increasing share of renewables in that to make the country and the world sustainable.

Speaking on energy transition and the evolution of the country's energy mix, Pankaj Kalra, CEO, Essar Exploration and Production Ltd said,"Over the past two years, India has witnessed a remarkable increase of over 13 per cent in gas production YoY (year-on-year), showcasing a very healthy upward trend."

"We take immense pride in our significant contribution of nearly 65 per cent to India's overall CBN (Coal Bed Methane) production, and we have our firm plans to expand our production by almost five times in the next three to five years and contribute five per cent of India's overall production," he stated. Kalra said the share of gas has been the cornerstone and is expected to rise from 6.7 per cent to 15 per cent by 2030.

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Crude imports from Russia jumped 14x in FY23

SUBHAYAN CHAKRABORTY
New Delhi, 30 May

Russia's share in India's crude imports soared to 19.1 per cent in FY23 (2022-23), up from 2 per cent a year ago, the Reserve Bank of India (RBI) said in its Annual Report FY23 released on Tuesday.

The country's overall import of crude oil rose to $162.2 billion in FY23, up from $107.5 billion, data from the Department of Commerce shows. This 50.7 per cent rise is attributable to Indian refiners getting access to much larger volumes of Russian crude oil over the past one year at highly discounted prices.

India's crude imports from Russia jumped 14 times in FY23, rising to $31.02 billion from just $2.2 billion in the previous year. Russia managed to unseat traditional sources of crude for India, such as Saudi Arabia, United Arab Emirates, and Kuwait. From a market share of less than 1 per cent in India's import basket before the Ukraine conflict, inbound flows from Russia rose to become the single largest supplier of crude oil.

Officials say the current trend is expected to continue for the time being as Russian oil continues to reach India.

As of April, Russian crude was the largest source of oil for India, averaging 1.68 million barrels per day (bpd), up from 1.64 bpd, shows estimates made by London-based commodity data analytics provider Vortexa, which tracks ship movements to estimate imports. The average daily volumes have continuously increased for the past six months.

But historical sellers in the Persian Gulf have also reached out to Indian refiners with offers to open discussions on what level of discounts would be needed to lure them back.

Case in point, Baghdad last year had undercut Russia from June by supplying a range of crude oils that on average cost $9 a barrel less than the Russian variety. The extremely price-sensitive market, therefore, had shifted heavily back in favour of Iraq. It had again moved back in Moscow's favor by the end of FY23.

From a market share of less than 1% in India's import basket before the Ukraine conflict, inbound flows from Russia rose to become the single largest supplier of crude oil

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India plans to set up smaller refineries, says Petroleum Minister

NEW DELHI, MAY 30

THE government plans to set up smaller refineries, Petroleum Minister Hardeep Puri said on Tuesday.

Addressing an industry event, Puri said that this would help in achieving the target of 450 million metric tonne per annum (MMTPA) refining capacity in the country. "We need to take few more policy decisions to take it up to 450 MMTPA," he said.

Currently India has a refining capacity of 252 MMTPA. Smaller refineries, Puri said, are easier to install as they face lesser hurdles like land acquisition.

His statement comes against the backdrop of stuck plans of IndianOil, Bharat Petroleum and Hindustan Petroleum to set up a 60 million metric tonne per annum (MMTPA) capacity refinery at Ratanagiri in Maharashtra. – IANS