



RIL Leapfrogs In Market Value

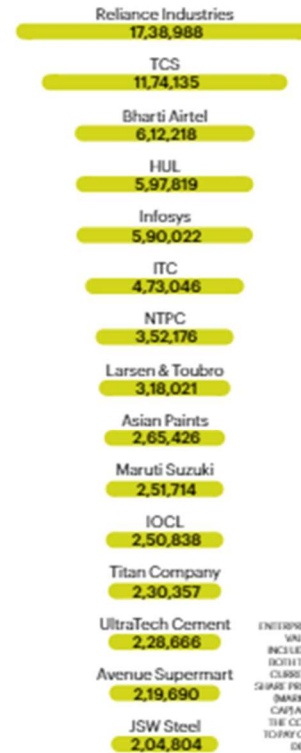
RIL increased its mcap by ₹8,71,881 crore in last three years, almost double that of second-placed TCS at ₹4,88,940 crore.



Firms Score Big On Enterprise Value

Top five account for a cumulative ₹47.13 lakh crore.

(Total enterprise value; FY23, ₹ crore)



Debt Rises On Capex Push

Capital expenditure fueled by a rebounding economy and rising demand have raised debt levels for top firms of India Inc.



₹11.1

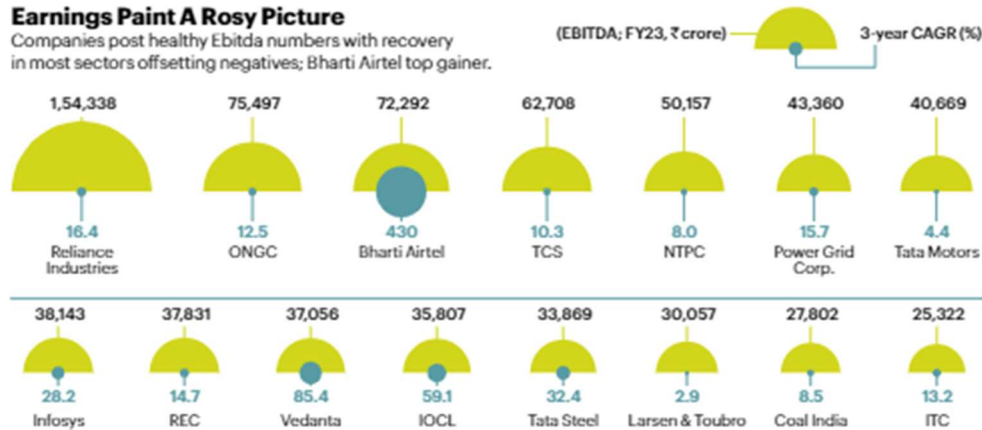
LAKH CRORE
RECORD PROFIT CLOCKED
BY NIFTY 500 COMPANIES
IN FY23, AN 8.8% RISE YoY

34.3

PER CENT
CORPORATE PROFIT
GROWTH DURING FY23

Earnings Paint A Rosy Picture

Companies post healthy Ebitda numbers with recovery in most sectors offsetting negatives; Bharti Airtel top gainer.



* GRAPHICS INCLUDE NON-BANK COMPANIES WITH MORE THAN ₹1000 CRORE IN SALES, SOURCE: CAPITALINE, ICFE

BJP'S DOUBLE
ENGINE DESERT
BLITZ PG 9

PUNJAB: ALLIANCE
HITS VIGILANCE
BUMP PG 12

UPFRONT

Illustration by TANMOY CHAKRABORTY



THE OIL PRICE RALLY

Oil prices have seen a 14 per cent
spike in the past one month



Source: Oilprice.com

OIL PRICES

CRUDE SHOCK

By M.G. Arun

A rising trend of crude oil prices has once again come to haunt the country, threatening to widen the current account deficit (CAD), weaken the rupee and further stoke inflation. CAD refers to the situation where the total value of goods and services India imports exceeds the total value of its exports. Crude oil prices in the global market rose to 10-month highs in the past few weeks as large producers like Russia and Saudi Arabia cut supply, and reserves of fuel and crude remained low. This has led to the price of the benchmark Brent crude rising

over 14 per cent in the international market in just over a month—from \$82.9 a barrel on August 24 to \$95 on September 29. There are fears that crude prices may breach the \$100 mark by early next year.

What will this mean for India? Since the country imports more than 80 per cent of its crude oil requirement, high crude oil prices are bound to hurt the economy. India's crude oil imports rose 9.4 per cent year-on-year in 2022-23 to 232.4 million tonnes (MT). In value terms, crude oil imports for the fiscal were at \$158.3 billion (Rs 13.2 lakh crore), up from \$120.7 billion (around Rs 10 lakh crore) in 2021-22, an increase of 31 per cent. Helping create this spike is the rising demand for petroleum products. India's consumption of petroleum products in 2022-23 rose over 10 per cent year-on-year to a record 222.3 MT. The country's crude oil production, however, was only 29.2 MT in 2022-23. This has led to the need for higher imports of crude oil.

As a rule of thumb, every \$10 increase in crude oil prices can cause the CAD to expand by 40-50 basis points. One basis point is one-hundredth of a percentage point. Higher CAD can affect investor confidence and further weaken the rupee, which has already depreciated to 83 to a dollar. A weaker currency can make imports more expensive, leading to higher inflation and a reduction in people's purchasing power. In the June quarter of this fiscal, India's CAD widened to \$9.2 billion (Rs 76,420 crore) or 1.1 per cent of the GDP from \$1.3 billion (Rs 10,799 crore) in the previous quarter. This was driven by a growing trade deficit or the difference in the value of imports and exports, reduced net services surplus and lower private transfer receipts (mainly representing remittances by Indians employed overseas), adding pressure on the local currency. India's merchandise exports have been slowing due to a fall in demand in western countries

9.4%

**Y-O-Y RISE IN INDIA'S
CRUDE OIL IMPORTS IN
2022-23 TO 232.4 MILLION
TONNES**

**222
MT**

**INDIA'S CONSUMPTION OF
PETROLEUM PRODUCTS IN
2022-23. IT PRODUCED ONLY
29.2 MT CRUDE IN 2022-23**

IMPACT OF RISING OIL PRICES

- It widens the current account deficit (CAD)
- High CAD is likely to affect investor confidence
- Can lead to a weaker rupee, making imports expensive
- Can trigger high inflation and reduce purchasing power

and China, which widens the trade deficit. "We may expect the CAD to be in the region of 1.5-1.8 per cent of the GDP for the year, but this will hinge a lot on the oil economies," says a research note from Bank of Baroda.

Indeed, inflation had cooled down in August due to the easing of food prices, compared to the 15-month

high in July. Consumer Price Index (CPI)-based inflation softened to 6.8 per cent in August, after surging to 7.4 per cent the previous month. However, it's still too early to believe that inflation will keep declining now as certain components in food continue to exhibit price rigidity in the upper regions. Moreover, high crude oil prices now threaten to negate any relief that could have accrued to the economy on account of low inflation. Fuel prices in India are already high, with the price of petrol more than Rs 100 for a litre in several parts of the country. However, the Centre is unlikely to hike fuel prices in India due to the impending assembly elections in a few states and the Lok Sabha election in 2024.

"Rising crude prices, if sustained, can show up as higher headline inflation print via direct and cascading effects—through higher prices at the retail pump, and through higher production and transport costs, respectively," writes D.K. Joshi, chief economist, Crisil. "This can also push up the fiscal deficit and CAD, given high subsidies and import dependence. It can also moderate GDP growth." The Economic Survey for 2017-18 had noted that a \$10 per barrel jump in oil prices trims the GDP by 20-30 basis points, he adds. On an optimistic note, though, he says India's macro economy will be able to withstand such transitory spikes in crude prices. But the people may feel the pinch ■

**EVERY \$10 JUMP IN
CRUDE PRICES CAN
WIDEN THE CURRENT
ACCOUNT DEFICIT BY
40-50 BASIS POINTS,
STOKING INFLATION**

Petrol Demand Rises 8%, Diesel 4% in September



Our Bureau

New Delhi: Petrol consumption increased 8% from a year earlier in September, while diesel consumption rose 4%, ahead of the festive season due to increased mobility and economic activity.

Jet fuel consumption also increased 12% as air travel rebounded, boosting airline revenue. Sales of liquefied petroleum gas (LPG), mainly used for cooking, expanded 4.5% in September while that of bitumen, used mainly for road construction, rose 45%.

The combined domestic consumption of all refined products, a proxy for oil demand, grew 7.6% year-on-year in September.

Commercial mobility tends to increase ahead of the festive season every year as retailers move consumer goods from factories to their warehouses and stores. Most e-commerce platforms launched their annual sales in the past few days for which they would have stocked up last month.

Diesel, which comprises 40% of all refined products, is used mainly for long-distance transport, mining, farming, and backup power generation.

'INDIA TO ACCOUNT FOR 25% OF GLOBAL ENERGY DEMAND'



India is likely to account for 25% of the global energy demand growth over the next two decades, oil minister Hardeep Singh Puri said

while addressing the gathering on 26th Energy Technology Meet."India's energy demand will continue to provide fuel for future economic growth and is bound to grow exponentially in the coming years," Puri said. Talking about the Biofuel Alliance, the minister also said that the global biofuel market is expected to go up from \$92 billion to \$200 billion in a very short span of time.

India's natural gas demand to rise 4% in 2023, says IEA

Global natural gas demand growth to slow to 1.6% till 2026, down from 2.5%

SUBHAYAN CHAKRABORTY

New Delhi, 10 October

India's natural gas demand is set to grow by 4 per cent in 2023 and rise at an average annual rate of over 8 per cent till 2026, a medium-term forecast by the International Energy Agency (IEA) has shown.

Released on Tuesday, it also showed that global gas demand is on course to grow by an average 1.6 per cent a year between 2022 and 2026, down from an average of 2.5 per cent a year between 2017 and 2021. Following a steep 6 per cent decline in 2022, liquefied natural gas (LNG) imports into India increased by 8 per cent in the first eight months of 2023 compared to the same period of the previous year. Primary gas supply increased by 2 per cent.

Since June, spot LNG prices have fallen to below the \$15 per metric million British thermal unit (MMBTU) threshold, which led to a positive demand response from the industry and the power sector, the report said.

During the next five years,

ON THE RISE

- > **20 billion cubic meters** of additional natural gas to be needed by India in the next 5 years
- > **50%** of natural gas requirement currently imported by India
- > **3x** growth in demand for regasified LNG in fertiliser

sector in the first 8 months of 2023

- > **2025-end** is government deadline for ending urea imports
- > **15%** share of energy mix is targeted to become gas-based by 2030

India is set to add over 20 billion cubic metres (bcm) of natural gas incremental demand, the report said. The industry is set to remain the largest contributor to this growth, accounting for close to 40 per cent of the total rise.

In April, the Dhamra LNG import terminal — with a capacity of 7 bcm per year — was commissioned.

The seventh LNG import facility and second on the East Coast, along with Ennore, raised India's total regasification capacity by 10 per cent.

Natural gas is shipped in its liquid form as LNG to terminals. Regasification is the

process of converting the LNG back to its gaseous state by heating it, after which it is transported through pipelines.

"According to data from the Petroleum Planning and Analysis Cell, demand for regasified LNG in the fertiliser sector almost tripled during the first eight months of 2023 compared with the same period in 2022. It was largely due to government subsidies and improved connectivity for fertiliser plants in southern India."

The fertiliser sector is set to be a key driver behind India's growing industrial gas demand, as urea imports are planned to be phased out by

2025-end.

The government wants to raise the share of gas in its energy consumption mix to 15 per cent by 2030, up from the current 6 per cent. The country currently imports about 50 per cent of its gas requirements. India's energy demand is rising 4-5 per cent annually.

Despite continuing renewable capacity additions, gas-to-power demand is expected to grow at an average of 15 per cent per year between 2022 and 2026. This comes as capacity factors improve at existing gas plants in response to growing power demand, the IEA projects. The development of the distribution network and a continued push to favour gas in household applications are expected to drive average annual growth of 7 per cent in city gas distribution.

After a decade of expansion, growth in global demand for natural gas is expected to slow in the coming years as consumption declines in mature markets. Going ahead, half of the growth is expected to be driven by China, which is doubling down on the fuel.

ONGC Ready for Big Investments, Says Finance Chief

Oil co expects capex to rise by ₹3,000 cr next year to ₹33,000 cr and stay there until FY27

Sanjeev.Choudhary
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New Delhi: ONGC's record-high profits of the past two years have turned the company's balance sheet robust and ready for making big investments, its finance chief has said, adding that the company's annual capex will rise by 10% next financial year on increased upstre-

am activity, and double to ₹60,000 crore after three years as the new petrochemical and green energy plans shape up.

ONGC, India's largest oil and gas producer, reported a combined profit of about ₹80,000 crore in the two years to March 2023. It has zero net debt today. The company has been paying handsome dividends to its shareholders, about 30-45% of its annual profits every year for a decade. Its annual capex, however, has remained stagnant at around ₹30,000 crore for a decade.

This was due to the absence of new field development plans, Pomila Jaspal, director (finance), ONGC, told ET in an interview. ONGC hasn't made major oil discoveries in decades and some of its



COMPANY PHOTO

Pomila Jaspal, director (finance), ONGC gas discoveries couldn't be developed due to lower domestic natural gas prices.

"There was a time when the gas price was \$1.79 per mmbtu. We were not able to economically evaluate any

project. So, at that point in time, most of the projects remained in cold storage," said Jaspal. With domestic pricing policy changing this year and prices rising, some gas projects have become viable and are now being pursued, she added.

Annually, ONGC's capex broadly comprises ₹20-22,000 crore for maintaining production from current fields and another ₹7-8,000 crore for exploration and development. ONGC expects the capex to rise by ₹3,000 crore next year to ₹33,000 crore and stay there until 2026-27, Jaspal said. Green spending may boost it by another ₹2-3,000 crore by 2026-27, but the big jump in capex would come after that when petrochemicals and green projects shape up, she said.

ONGC has plans to spend ₹1 lakh crore on petrochemical expansion and another ₹1 lakh crore on green business by 2030, which could mean an additional annual spending of about ₹60,000 crore in the last three years of this decade on top of regular oil and gas capex of ₹33,000 crore. This could mean an annual capex of over ₹90,000 crore.

Jaspal said the annual capex wouldn't be that large and probably come around ₹60,000 crore in total. "It's not going to be our own capex, that's for sure. It will be collaborative, it will be a joint venture," she said, with reference to green business.

ONGC plans to buy small green projects initially and build bigger projects organically.

Oil slips on investor caution as mkt watches Middle East turmoil

REUTERS

LONDON, OCTOBER 10

OIL PRICES fell on Tuesday on easing concerns about potential supply disruptions from the battle between Israel and the Palestinian Islamist group Hamas though traders remained watchful.

Brent crude was down 47 cents at \$87.68 a barrel as of 11:35 CDT (1635 GMT), while US West Texas Intermediate (WTI) crude fell 42 cents to \$85.92 a barrel. Both benchmarks had fallen by more than \$1 in earlier trade.

"Today it's more like a ping pong game of fear-on, fear-off rather than trading on fundamentals," said Phil Flynn, an analyst at Price Futures Group.

Brent and WTI had surged more than \$3.50 on Monday as the military clashes raised fears that the conflict could spread beyond Gaza. Hamas launched the largest military assault on Israel in decades on Saturday, prompting the fiercest Israeli air strikes on the Gaza Strip in the 75-year history of its conflict with the

Palestinians.

"After solid gains in the previous session of over 4% the oil markets have turned cautious with prices edging lower," said Fiona Cincotta, senior financial markets analyst with City Index.

"For now, the market seems to accept that oil flows will not be directly affected, with no proof that there will be a meaningful reduction in oil exports," Cincotta said.

While Israel produces very little crude oil, markets worried that if the conflict escalates it could hurt Middle East supply and worsen an expected deficit for the rest of the year.

Israel's port of Ashkelon and its oil terminal have been shut in the wake of the conflict, sources said on Monday.

US officials have pointed fingers at Iran as being involved in the Hamas attack on Israel, but credible evidence of the Islamic Republic's role has yet to appear.

"Furthermore, there has been no evidence so far that Iran is complicit in the attacks, giving oil traders little reason to push prices higher for now," Cincotta said.

Opec to have a pavilion at COP climate summit for first time

Bloomberg
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This year's international gathering to tackle the climate crisis will for the first time have a major presence by an organization that sees oil demand rising to mid-century.

Opec will have a pavilion at COP28, the United Nations' flagship climate event due to be held at the end of November in Dubai, according to secretary-general Haitham Al-Ghais.

"The oil industry will be there at COP and we will be there," he said at a Gulf Intelligence forum in Fujairah in the United Arab Emirates on Tuesday. "I hope all voices will be at the table at COP28."

There's been widespread criticism of the oil industry's presence at COP28 and the decision of the UAE to appoint Sultan Al Jaber, the boss of Abu



COP28 will be held at the end of November in Dubai. REUTERS

Dhabi National Oil Co., as president of the climate summit. Adnoc is working on expanding crude production capacity in the UAE, Opec's third-biggest producer.

Oil consumption will climb 16% over the next two decades to reach 116 million barrels a day in 2045, about 6 million a day more than previously pre-

dicted, Opec said in its World Oil Outlook. Opec raised its forecasts for global oil demand through to the middle of the century, even as the world shifts away from fossil fuels to avert catastrophic climate change.

Al-Ghais' comments were echoed by officials from Opec member states as well as the chief executives of the world's top energy companies that have expressed their support for the UAE in hosting the climate summit.

At the Adipecc oil and gas exhibition and conference in Abu Dhabi earlier this month, top executives including from Halliburton Co., Exxon Mobil Corp. and BP Plc said they were pleased their voices will be heard at COP this year and that the oil industry was an integral part of the energy transition.

ENERGY DEMAND SET TO GROW EXPONENTIALLY, SAYS PURI

FC CORRESPONDENT
NEW DELHI, OCT. 10

Union minister of petroleum and natural gas Hardeep Singh Puri on Tuesday said that India's energy demand is bound to grow exponentially in the coming years. The 20 per cent blending target of 2030 has been advanced to 2025, he said.

"At present, the country is the world's third largest consumer of oil, third largest LPG consumer, fourth largest LNG importer, fourth largest refiner, fourth largest automobile market. With the launch of the bio-fuels alliance, the global biofuel market will go up from \$92 billion now to \$ 200 bn shortly. The 10 per cent ethanol blending already achieved has led to considerable savings on the import bill," he said at the inauguration of 26th Energy Technology Meet here.

Emphasising three challenges in the energy sector — availability, affordability and sustainability, he said, "slowly and surely, we are shedding this limit of 20 per cent blending. We imposed this limit because the automobile companies told that not much change is required in engines till this limit. The process of setting up of ethanol and biogas plants etc is underway," he said.

The automobile makers are moving forward in terms of technological advancements, he added.



NRL REFINERY TO MAKE ETHANOL FROM BAMBOO

Golaghat, Oct. 10: India's state-owned Numaligarh Refinery Ltd. says it's set to pioneer the production of ethanol from bamboo in the country, with a refinery slated to open in December.

The plant, located in the North Eastern states of Assam, is expected to produce 50,000 tons of ethanol a year, aided by what it says is a unique technology. Managing Director Bhaskar Phukan told reporters at an event in New Delhi.

Energy demand is booming in India, largely underpinned by greater use of fossil fuels, even as the challenge from climate change mounts. That's putting greater focus on alternatives. Amid that challenge, local rules will mandate 20% ethanol blending in gasoline by 2025, up from 12%.

"Bamboo is all around in the north-eastern region," Pukhan said, adding that the refiner intends to start a mass-planting campaign, with 6 million tissue-cultured bamboo saplings a year for feedstock. In two years, Numaligarh aims to grow 20 million saplings a year, meeting local refinery needs, he said.

—Bloomberg



India to account for 25 pc of global energy demand over next two decades: Puri



STATESMAN NEWS SERVICE
NEW DELHI, 10 OCTOBER

India is likely to account for 25 per cent of the global energy demand growth over the next two decades, Union Minister for Petroleum & Natural Gas Hardeep Singh Puri has said.

India's energy demand, he said, would continue to provide fuel for future economic growth and was bound to grow exponentially in the

coming years. He said that at present the country was the world's third largest consumer of oil, third largest LPG consumer, fourth largest LNG importer, fourth largest refiner and fourth largest automobile market, the minister said while addressing a gathering at the inauguration of the 26th Energy Technology Meet.

Talking about the fast progress made by India in the green and clean energy sec-

tor, Mr Puri said that the 10 percent target on biofuel blending by November, 2022 was attained five months in advance, and the 20 percent biofuel blending target of 2030 has been advanced to 2025. Speaking about the management of three challenges in the energy sector i.e. availability, affordability and sustainability, he said that for a start India did not allow its challenge on sustainability to decelerate.

"Slowly but surely, we are shedding this limit of 20 per cent as it was imposed by us on ourselves because the automobile companies told us that with up to 20 per cent blending not much change is required in engines. But now we have 20 per cent blended fuel and the process of setting up of ethanol and biogas plants etc. is underway rigorously," Mr Puri added.