

BUSINESS TO BE VALUED 10X BY 2050: BERNSTEIN

‘Clean Energy Biz a New Growth Pillar for RIL, Stock can Rise 21%’

Our Bureau

Mumbai: Reliance Industries’ clean energy business represents a new growth pillar for the oil-to-telecom conglomerate that has plenty of scope for expansion over time, according to Bernstein.

The Wall Street research firm reiterated its bullish call on India’s largest company by market value and expects its stock to deliver nearly 21% returns from the current levels.

Shares of RIL closed ₹2,517.90 on the NSE on Tuesday, up 1.36% from the previous close. At Tuesday’s closing, RIL’s market capitalisation was ₹17.05 trillion.

Bernstein said decarbonizing world energy is the biggest challenge facing the world, and therefore will attract one of the biggest thematic investments over the next thirty years.

The US brokerage estimates India’s cumulative clean energy investments to touch \$2 trillion by 2050. This translates into a total

Bernstein Notes

Decarbonising to attract one of the biggest thematic investments over the next 30 years

India’s cumulative clean energy investments is likely to touch **\$2 trillion by 2050**

Reliance New Energy to be valued at ₹1,200-2,200 per share by 2050

RIL aims to have 100 GW of installed solar capacity by 2030 which will be **35%** of India’s targeted capacity of **280 GW**



addressable market (TAM) worth \$30 billion in the next seven years and worth \$200 billion by 2050.

“Based on our assumptions and company plans for the New Energy business, we estimate Reliance can achieve \$10 billion of revenue in 2030 which represents 40% of the TAM,” said Bernstein in a client note.

The highlight of Bernstein’s bullish thesis on RIL is the valuation multiple it assigns to the clean energy business. Reliance New Energy would be valued in ₹1,200-2,200 per share by 2050, or more than 10 times its current valuation, it said.

“Assuming a 1.0-1.5x multiple which seems to be an appropriate valuation level for profitable growth companies in the energy sector and a large market share of the India market (c.50% range), we can see Reliance New Energy valued in the range of ₹100-200 per share after discounting the valuation back to today.”

Continued on >> Smart Investing

‘RIL Can Rise 21%’

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RIL aims to have 100 GW of installed solar capacity by 2030 which will be 35% of India’s targeted capacity of 280 GW but will likely represent 50% incremental share, said Bernstein. “By 2030, we estimate RIL could capture 60%, 30% and 20% of solar, battery and hydrogen TAM respectively,” it said.

Bernstein also remained confident of RIL’s future capex given its balance sheet strength and the optimistic outlook on its free cash flows. “Funding is not an issue for Reliance...targets to fund future capex from OCF and maintain net debt to EBITDA of less than 1x (0.6x in FY23). FCF will turn positive in FY24 and reach ₹1 trillion by FY27,” Bernstein added.

Electricity grid, rig operators race to minimize cyclone hit

Oil producers including state-run ONGC are also preparing for cyclone landfall

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NEW DELHI

As cyclone Biparjoy heads for landfall on the Gujarat coast on 15 June, power grid and oil rig operators in the region are rushing to minimize the impact on their operations.

A top official with a power transmission company, who did not want to be named, said that stakeholders in the power segment are prepared and are following the standard operating procedure for such events as directed by the Central Electricity Authority (CEA) and National Disaster Management Authority (NDMA).

Power transmission companies including state-run Power Grid Corp are in touch with the Union ministry of power over the required preparedness, said people in the know.

Oil producers including state-run ONGC having rigs in the Arabian Sea are also preparing for the landfall of the cyclone. "We are evacuating the non core personnel from the drill ships in Arabia sea," said an ONGC official.

The power ministry in a statement said that Power Grid is closely monitoring the weather conditions and its transmission system regularly, and 24x7 control rooms have been set up at Manesar and Vadodara.

The ministry also said that the National Load Despatch Centre (NLDC) is continuously monitoring the grid supply for variations in load or generation to take timely action to ensure stable operation of the grid and also for alternative supply through other transmission lines in the best possible manner.

The Indian Coast Guard evacuated 50 person-



The Indian Coast Guard carries out evacuation operation at Okha, off Gujarat coast, as part of preventive measures before the expected landfall of cyclone Biparjoy on Thursday.

PTI

The power ministry said that the National Load Despatch Centre is monitoring the grid supply for variations in load or generation

nel from an oil rig off Gujarat's coast named 'Key Singapore', which is owned by Dubai-based Shelf Drilling and is working for Cairn Oil & Gas. Acknowledging the rescue efforts, the ministry of

petroleum and natural gas tweeted: "Splendid teamwork by @India-CoastGuard & @DghIndia & @IndianOilcl in evacuating 50 personnel from Key

Singapore, a Vedanta Oil Rig, off Dwarka Coast. More than 12 sorties through #CycloneBiparjoy shows commitment of @DefenceMinIndia safeguarding citizens always #CycloneBiparjoy." The rescue efforts and preparedness gain signifi-

cance after 86 workers in the Arabian Sea died during Cyclone Tauktae in May 2021, leading to suspension of three officials of ONGC.

Queries sent to ONGC and Power Grid remained unanswered till press time.

Mrutyunjay Mohapatra, director-general of India Meteorological Department (IMD) on Tuesday told reporter that Biparjoy may cause extensive damage and it is likely to impact Kutch, Devbhoomi Dwarka, and Jamnagar the most. The cyclone could lead to extremely heavy rainfall (over 20 cm) at isolated places in Kutch, Devbhoomi Dwarka and Jamnagar districts.

Biparjoy is predicted to cross Saurashtra and Kutch coasts between Mandvi and Karachi near the Jakhau Port (Gujarat) on 15 June as a very severe cyclonic storm with a maximum sustained wind speed of 125-150 kmph.

EU official shifts blame from India to European cos on Russia oil sale

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New Delhi: A month after seeking a crackdown on India for circumventing western energy sanctions on Moscow by reselling Russian oil as refined products, European Union's chief diplomat Josep Borrell appears to have backtracked by shifting the blame on European companies.

"If Indian refiners are selling, that is because European companies are buying, directly or through an intermediary... But who is responsible for this — the seller or the buyer...?" EU high representative for foreign affairs and security policy said in a clarification published on the EU diplomatic service website.

"When I raised the issue of Indian exports of refined products based on cheaper Russian oil, it was not to criticise the Indian government but to say that we cannot close our eyes to how EU companies themselves are circumventing the sanctions by purchasing refined oil coming originally from Russia," Borrell said.

The clarification stands out against his comments to Financial Times last month. "If diesel or gasoline is entering Europe... coming from India and being produced with Russian oil, that is certainly a circumvention of sanctions and member states have to take



Once refined, these products are no longer treated as Russian but as Indian, and we cannot prevent Indian refineries selling them to an EU operator, Josep Borrell said

measures," Borrell had told London newspaper ahead of the May 16 India-EU summit.

"That India buys Russian oil, it's normal. And if, thanks to our limitations on the price of oil, India can buy this oil much cheaper, well the less money Russia gets, the better... But if they use that in order to be a centre where Russian oil is being refined and by-products are being sold to us... we have to act," FT had quoted him as saying.

India responded by dismissing the basis of Borrell's charge. "My understanding of the (European) Council regulations is that if Russian crude is transformed substantially in a third country, then it's not treated as Russian anymore. I would urge you to look at Council Regulation 833/2014," external affairs minister S Jaishankar had told reporters after the summit.

Borrell acquiesced to Jaishankar's point in his note, saying, "It is not the Indian government that is to be blamed. Once refined, these products are no longer treat-

ed as Russian but as Indian, and we cannot prevent Indian refineries selling them to an EU operator, or to an intermediary." The clarification appears as a reality check in the backdrop of reports saying Russian oil supplies to the EU through the Druzhba pipeline will rise 16% this month.

Borrell's clarification is a reality check in the backdrop of reports saying Russian oil supplies to the EU through the Druzhba pipeline will rise 16% this month. "We should be well aware of how complex real life is and try to look for solutions on that basis..." Borrell said, pointing out that the G7 and EU curbs are not binding on other countries.

India's rising import of discounted Russian crude amid G7 and EU energy sanctions on Moscow has been equally matched by a deepening Western indignation. From less than 1% before the Ukraine conflict, Russian crude now accounts for about 36% of India's oil imports. Product exports have also risen sharply during this period.

Fuel Cos on 'Convenience' Drive to Draw in Buyers

Adani Total, Bharat Petroleum, Indian Oil diversifying into convenience stores, cafes and kiosks

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New Delhi: Leading fuel retailers such as Adani Total, Indian Oil and Bharat Petroleum are diversifying rapidly to set up non-fuel retail businesses at petrol filling and EV charging stations specially at highways, by setting up convenience stores, cafes, pharmacies, toy kiosks and gaming zones, which they said are top captive emerging retail destinations. "In an effort to improve customer experience at CNG and electric vehicle charging stations, Adani Total Gas is planning to set up convenience retail stores that will have fast food counters, medicines, books, ice-cream parlours, car wash facilities and gaming zones," an Adani spokesperson said in an email revert. "There are about 460 gas filling and 115 electric vehicle charging points across India and the plan is to optimise these stations. The multi brand shops will be under the umbrella of ATGL Value Added Services offering," the spokesperson said.

Bharat Petroleum, which launched its first BeCafe outlet in January this year, plans to set up about four dozen more such cafes at strategic retail points. "Next time, when you drive on from New Delhi to Naini-



RETAIL EXPERIENCE
Convenience retail is being driven by infrastructure development and a surge in highways and expressways

tal, stop by at our newly-launched BeCafe at our Fuel Station in Haldwani," Bharat Petroleum Corporation Ltd (BPCL)'s website states. "We plan to roll out BeCafes across our network," the company said.

Executives said convenience retail is being driven by infrastructure development and a surge in highways and expressways, which is leading petrol companies to diversify to non-fuel businesses.

Gaurav Marya, founder and chairman of retail and franchising consultancy Franchise India, which is advising Adani Total on its non-fuel retail business said, "There are over a lakh upcoming petrol filling and EV charging stations across highways. These are plum consumer catchment destinations and most large fuel re-

tailers and EV charging stations are looking to unlock potential of non-fuel retail here".

The integration of convenience stores, cafes, pharmacies and other retail outlets at refuelling stations is common in the US and Europe.

Anuj Puri, chairman at Anarock Group, said how strongly the trend takes off in the future will depend on multiple factors. "Non-fuel retail works well with the right operators. By integrating a convenience store, eatery or pharmacy, operators can capitalise on this traffic to generate additional revenue," Puri said.

Indian Oil Corporation (IOCL) plans to set up toy shops and kiosks across its extensive retail outlets through a recently-signed MoU with Deepak Houseware and Toys, also known as Urban Tots. "Providing such facilities enhances the overall customer experience at refuelling stations and helps create a positive brand image for the operator. For retailers and coffee-shop chains, the advantage lies in having outlets at unconventional locations, which can operate at all hours of the day and night. Additionally, they get larger spaces with parking facilities and captive footfall," Puri added.

A Bank of America Securities India report has forecasted that India will have a cumulative highway length of 180,000 km and rail lines expanding to 120,000 km by 2025-end.

"From merely being 'petrol pumps', the filling stations being operated by our oil marketing companies are transforming into experience stations," Union petroleum and natural gas minister Hardeep Singh Puri had said in April.

India's fuel exports to EU up 572% since Ukraine war

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New Delhi: Export of refined products like jet fuel or diesel from India to the European Union has increased from 1.1 million barrels in January 2022 to 7.4 million barrels in April this year, according to the grouping's chief diplomat Josep Borrell.

The 572% increase — albeit on a low base — in product exports coincides with rising import of Russian oil by India. The share of Russian crude in India's oil imports has gone up from 1.7 million barrels to 63.3 million barrels since the conflict in Ukraine, the EU's High Re-

presentative on Foreign Affairs and Security Policy said in a note on the groupings foreign service website.

"Put differently, before Russia's invasion of Ukraine, the share of Russian oil in India's overall oil import stood at 0.2%. Last month (May),

LOW-BASE EFFECT

that share had risen to 36.4%," he said.

Borrell also named China, the world's top oil guzzler, as another big buyer of Russian oil. "It is a fact that India, but also China, is importing ever larger volumes of Russian oil

since the G7 introduced its price cap (\$60/barrel) at the end of 2022 and is doing so at a clear discount," he said.

India, with a refining capacity of 250 million tonne per annum (5 million barrels per day), has traditionally been an exporter of petroproducts. Russia was a major supplier of products and intermediaries to the EU before the energy curbs opened the market in a big way for Indian refiners.

Private sector Reliance Industries and Rosneft-owned Nayara, which run two of the world's largest refinery complexes, have been major exporters to the EU and the US.

Natural gas futures: Consider going long now

Akhil Nallamuthu

bl. Research Bureau

Natural gas futures (continuous contract) on the MCX has been volatile for over a month. Nevertheless, when looking at the price action since April, the contract has been forming higher lows despite the broader trend being negative.

COMMODITY

CALL.

This indicates that the contract is set to witness a corrective rally. Currently trading at around ₹190, there is a good chance for the price to go up to ₹212 in the short-term.

The nearest support, at ₹185, is a strong one, as there is a rising trendline coinciding at this level.

Therefore, the natural gas

Return -72.3% per MMBTU



futures contract is expected to use this base to rebound. Below ₹185, there are support levels at ₹180 and ₹170.

Consider going long on the natural gas June futures contract now at about ₹190. Add more longs if the price moderates to ₹185. Initial stop-loss can be placed at ₹170.

When the contract rallies past ₹200, alter the stop-loss to ₹190.

Further, when the contract touches ₹205, tighten the stop-loss to ₹195. Liquidate the longs at ₹212.

Oil prices rise 3% after China rate cut

STEPHANIE KELLY
New York, June 13

OIL PRICES CLIMBED 3% on Tuesday, recovering from steep losses the previous session, after China's central bank lowered a short-term lending rate for the first time in 10 months.

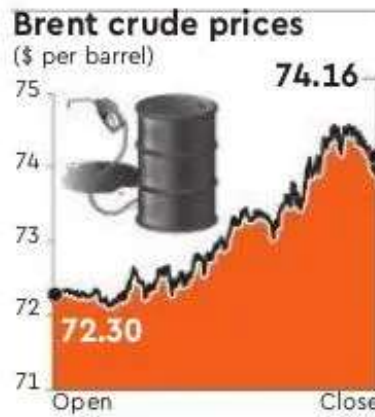
The rate cut, aimed at adding momentum to a hesitant post-pandemic recovery in the world's second-largest economy and biggest crude importer, is likely increase oil demand.

Brent crude futures climbed \$2.18, or 3%, to \$74.02 a barrel by 11:34 a.m. EDT (1534 GMT). U.S. West Texas Intermediate (WTI) crude was up \$2.04, or 3%, at \$69.16 a barrel.

Prices on Monday fell by about 4%, in part because of concerns about the Chinese economy after disappointing economic data last week.

"The market is showing a rebound from yesterday," Phil Flynn, an analyst at Price Futures group, said. "It was overdone with doom and gloom on Monday." Equities, which often trade in tandem with oil, also rose on Tuesday.

Meanwhile, Brent's six-month backwardation, a mar-



ket structure whereby shorter-dated futures trade above longer-dated ones, has fallen to its lowest since March at around \$1.30, indicating faltering confidence that demand will exceed supply over the year.

"For market participants to start building up long positions again, they likely need to see larger inventory declines," said UBS strategist Giovanni Staunovo, adding he expected this to happen within weeks.

A rise in global supplies is weighing on the market, along with concerns about demand growth, ahead of a US Fed monetary policy meeting concluding on Wednesday.

Most market participants expect the Fed to leave interest rates unchanged.



OPEC holds 2023 oil demand forecast steady

Reuters

London

OPEC left its 2023 global oil demand growth forecast steady for a fourth month on Tuesday, although the producer group warned that the world economy faced rising uncertainty and slower growth in the second half of the year.

World oil demand in 2023 will rise by 2.35 million bar-

rels per day (bpd), or 2.4 per cent, the Organization of the Petroleum Exporting Countries (OPEC) said in its monthly report. This was virtually unchanged from 2.33 million bpd forecast last month.

“There are rising uncertainties regarding economic growth in the second half of 2023 amid ongoing high inflation, already elevated key interest rates and tight labour markets,” OPEC said.

RIL may earn \$10-15bn from new energy biz: Bernstein

DEV CHATTERJEE

Mumbai, 13 June

Reliance Industries (RIL) may by 2030 earn \$10-15 billion from its new energy business but will need acquisitions or partnerships to make up for limited expertise in technology, said a report by Sanford C Bernstein on Tuesday.

"By 2030, we estimate RIL could capture 60 per cent, 30 per cent and 20 per cent of solar, battery and hydrogen target market, respectively. RIL plans to have 100Gw of installed solar capacity by 2030, which is 35 per cent of India's targeted capacity of 280 Gw but represents 50 per cent incremental share," said the US-based securities firm.

RIL aims to fund capex from its own cash flows and maintain net debt to Ebitda (earning before interest, tax, depreciation and amortisation) at less than 1 times (0.6x in FY23). The conglomerate's free cash flow will turn positive in FY24 and reach ₹1 trillion by FY27, it said.

"Based on our assumptions, we estimate RIL can achieve around \$10-15 billion of revenue from New Energy business in 2030, which represents roughly 40 per cent of the market. Our assumptions for the New Energy business target market are aligned with current domestic energy policies and our expectation of India's EV adoption in India," said Bernstein.

Reliance has the balance sheet and relationships, but it lacks technology and manufacturing knowledge in green energy. "While it is easy to dismiss their ability to pull it off, Reliance has shown they can move into new verticals successfully. We think the same is true here. Reliance, however, cannot afford to spend a year in R&D and instead have to make strategic investments in key companies, which will enable them to start building capacity in India," it said.

The biggest risk for investors is that Reliance has limited expertise in technology for batteries, fuel cells, solar PV or electrolyzers.

"This will have to be acquired through investments or partnerships with key technology leaders. It also has no experience in mass manufacturing of new energy equipments. But then again, Reliance had no expertise in telecoms or retail before it entered these industries. Reliance is not the only company from the chemical or refining industry to make the transition into new energy. LG Chem and SK Innovation, both with backgrounds in refining and petrochemicals, are now amongst the largest battery makers in the world in terms of capacity," it said.

पेट्रोल-डीजल, आभूषण, किराने का सामान खरीदने पर लोग खर्च कर रहे हैं 2,000 का नोट : सर्वे

वीर अर्जुन समाचार ब्यूरो

नई दिल्ली। भारतीय रिजर्व बैंक (आरबीआई) के 2,000 रुपये का नोट चलन से बाहर करने के बाद लोग अपने पास मौजूद इस मूल्य वर्ग के नोटों का इस्तेमाल मुख्य रूप से ईंधन, आभूषण और किराने का सामान खरीदने में कर रहे हैं। एक सर्वेक्षण से यह बात सामने आई है।

गंतव्य आधारित सोशल नेटवर्क पब्लिक ऐप की तरफ से अखिल भारतीय स्तर पर किए गए सर्वे के अनुसार, 55 प्रतिशत लोग बैंक में 2,000 रुपये का नोट जमा करने की योजना बना रहे हैं, जबकि 23 प्रतिशत लोग इनको खर्च करने और 22 प्रतिशत इन्हें बैंक में बदलने को तैयार हैं। आरबीआई ने 19 मई को 2,000 रुपये के नोटों को वापस लेने की घोषणा की थी।

हालांकि लोगों को ये नोट अपने खातों में जमा करने या बैंक में बदलने के लिए 30 सितंबर तक का समय दिया गया है।

आरबीआई ने हाल ही में कहा था कि लगभग दो सप्ताह में ही चलन में मौजूद 2,000 रुपये के लगभग आधे नोट वापस आ चुके हैं। इस सर्वे में 22 राज्यों के एक लाख से अधिक लोगों की राय ली गई। सर्वेक्षण में कहा गया है कि 2,000 रुपये के नोट को लोग पेट्रोल और डीजल, सोने और आभूषण और रोजाना का किराना का सामान खरीदने के लिए खर्च कर रहे हैं। यह पूछे जाने पर कि क्या उन्हें अपने नोट बदलने में दिक्कत आ रही थी, सर्वेक्षण में शामिल 61 प्रतिशत प्रतिभागियों ने दावा किया कि उन्हें इस प्रक्रिया में कोई भी कठिनाई नहीं हुई।

Reliance climbs 8 spots on Forbes Global 2000 list

Press Trust of India
New Delhi

Billionaire Mukesh Ambani's Reliance Industries climbed eight spots to the 45th rank, the highest for an Indian company on Forbes Global 2000 list of public companies worldwide.

The Global 2000 ranks the largest companies in the world using four metrics – sales, profits, assets, and market value – said Forbes while releasing the 2023 ranking of the world's top 2,000 companies.

JPMorgan, America's biggest bank with \$3.7 trillion in assets, is at the top of the list for the first time since 2011 and has emerged stronger from this spring's regional banking crisis, with more deposits and opportunistic acquisition of the failed

First Republic Bank, it said. Warren Buffett's Berkshire Hathaway, which topped the list last year, fell to the 338th position in the latest list due to unrealised losses in its investment portfolio.

Saudi oil behemoth Aramco is at 2nd position, followed by three giant-sized state-owned Chinese banks. Technology giants Alphabet and Apple are at 7th and 10th place, respectively.

Oil-to-telecom conglomerate Reliance, with sales of \$109.43 billion and profit of \$8.3 billion, is the top Indian firm at the 45th spot, climbing from the 53rd position it had held in last year's ranking.

RIL OVERTAKES BMW

Reliance was ranked ahead of well-known names such as Germany's BMW Group; Switzerland's Nestle; Chi-



na's Alibaba Group; US-based Procter & Gamble; and Japan's Sony. State Bank of India climbed to 77th spot from 105th in the 2022 ranking. HDFC Bank is at 128th position (153 in 2022) and ICICI Bank is at 163 (204 in 2022).

Other Indian firms on the list include state-owned Oil and Natural Gas Corporation at 226 and HDFC (232).

Life Insurance Corporation (LIC) made its maiden entry at 363, while Tata Consultancy Services (TCS) slipped to 387th

rank from 384 last year. Axis Bank (423), NTPC (433), Larsen & Toubro (449), Bharti Airtel (478), Kotak Mahindra Bank (502), Indian Oil Corporation (540), Infosys (554), Bank of Baroda (586), Coal India (591), Tata Steel (592), Hindalco (660) and Vedanta (687) are other notable Indian firms on the list.

In all, 55 Indian firms figured on the list. Three firms of the conglomerate helmed by billionaire Gautam Adani, whose group faced a scathing attack from a US short seller earlier this year that led to him losing the world's third-richest tag, figured in the list.

The three Adani Group firms in the list include Adani Enterprises at 1,062, Adani Power at 1,488, and Adani Ports & Special Economic Zones at 1,598.