

# Biofuels Junction eyes opportunities in decarbonisation drive

**Our Bureau**  
Chennai

Biofuels Junction, which is focussing on industrial demand to replace coal and furnace oil, sees opportunities for growth in the decarbonisation drive and the Centre mandating the use of 5 per cent agri residue-based pellets in all power plants based on coal, said Ashvin Patil, Founder and Director of Biofuels Junction.

Biofuels Junction sources agriculture wastes and residues, otherwise known as biomass, for making briquettes or pellets by manufacturing companies located near the source of the material. Then, these are supplied to companies such as Hindustan Lever, Reliance, PepsiCo, ITC, and United Breweries for fuel purposes.

The company has a strong presence in the central, north-



After the net zero target set by nations, every firm wants to replace fossil fuels with biofuels as they are huge environmental saving factors

**ASHVIN PATIL**

Founder, Biofuels Junction



ern, eastern and north-western parts of the country. "In the south, we have presence in Karnataka, Andhra and we have executed orders in Kerala. But we are looking to grow in this region," he said.

Biofuels Junction, whose turnover was ₹67 crore last fiscal, has plans for expansion through contract manufacturing or joint venture basis. Biofuels are helping to increase income in rural areas as farm-

ers are now getting money for agriculture residues which otherwise would have been converted into manure or burnt on farms, Patil said.

## RURAL EMPLOYMENT

The rising popularity of biofuels offers additional employment in rural areas. "The collection is being run by the rural entrepreneurs or aggregators. They are labourers who do not have work after harvest. Col-

lecting the raw material is an additional employment and they take it to the manufacturing plant," said the founder of the company, which handles 7,000 tonnes of biomass every month.

The briquettes and pellet manufacturing plants are run by rural entrepreneurs. "So they (aggregators/entrepreneurs) not only get employment but also support 7-8 people at the plant for their employment throughout the year. So the major benefit is in the rural areas. It strengthens the rural economy," said Patil, whose family has been into agriculture for generations.

## SHIFTING FROM COAL

Biofuel gained prominence in 2022 when prices of coal, particularly from Indonesia, surged. That time, a major part of the unorganised market shifted to biofuel from coal. "Biofuels are getting accepted

as main fuel over the last few years and investments in the manufacturing side or the technology side have got a boost. They are emerging as a mainstay fuel in the country," said the company's founder.

There are three types of biofuels. The first is solid biofuel in the form of briquettes and pellets. The second is liquid biofuel such as biodiesel and the third is gaseous biofuel such as compressed biogas (CBG). "Huge investments being discussed and talked about by large corporate groups in India. It is a good sign that this sector is attracting investments. I see large investments happening on the gas and the biodiesel side. With the advent of technology on the solid biofuel side, it will be scattered," he said.

Rather than a large group making investment, biofuels will help rural entrepreneurs to have more solid biofuel

plants across the country and generate more employment.

Stating that biofuel is acquiring the status of a primary fuel, he said earlier it was looked at as only some kind of fuel. "But after the net zero target set by all countries, every company wants to replace fossil fuels with biofuels for two reasons. One, they are huge environmental saving factors. So companies tend to reduce their emission norms. Two, pollution decreases with the usage of biofuel," Patil said.

Biofuels Junction, which was launched in 2019 as a private firm by aggregating briquettes from small manufacturers, runs a satellite business model, where it does all the biomass procurement through its platform. While procuring biomass, the company looks for briquette or pellet manufacturers in a nearby area, aided by its software.

# HPCL Prepared to Handle Any Disruption Due to Gaza Conflict

CMD Joshi says company's crude procurement is geographically well diversified

**Sanjeev Choudhary**  
@timesgroup.com

**New Delhi:** The conflict in the Middle East remains the "centre stage" for crude, and if it escalates and impacts supplies from the region, Hindustan Petroleum Corp (HPCL) is prepared to cover any short-term disruptions, the company chairman has said.

"The conflict, even if in a stalemate at present, remains centre stage for crude and the war premium continues to rise and fall on the back of emerging headlines," HPCL chairman and managing director Pushp Kumar Joshi told ET. "Basis current scenario, we do not expect this conflict to spill over to the wider Middle East region that may hamper supplies," he added.

A growing feeling in the oil market that the theatre of conflict may remain limited has brought down oil prices to around \$82 per barrel from above \$90, which they had re-



**With an efficient & agile crude procurement process, we are in a position to take advantage of the global realignment of crude trade flows in the wake of geopolitical tension**

**PUSHP KUMAR JOSHI**  
CMD, HPCL

ached soon after the Israel-Hamas conflict began last month.

Joshi, who assumed the role of CMD last year after leading HPCL's human resource function for a decade, is confident of meeting any short-term supply challenges in case of fight spillover.

"In case the conflict escalates and supplies from the Middle East are impacted, HPCL's crude procurement is geographically well diversified to cover any short-term disruption," he said. "However, escalation of the war situation to other oil installations or infrastructure or to other Middle Eastern producing countries can potentially affect global supply, leading to a possible spike in crude prices."

Indian refiners have already been dealing with the fallout of another war, between Russia and Ukraine, which remade the global oil trade since early last year. Russian supplies, which come at a discount to

other comparable grades, now comprise one-third of the crude Indian refiners process, up from nearly nothing before the Ukraine war.

"The current geopolitical situations, though challenging, have also resulted in the availability of opportunity crude that has helped HPCL to mitigate the impact of volatility in crude oil prices," Joshi said. "With an efficient and agile crude procurement process, we are in a position to take advantage of the global realignment of crude trade flows in the wake of geopolitical tension."

HPCL's ability to process a diversified crude basket has helped it optimise its term and spot purchases and maximise refining margins, he said. "Daily volatility in crude prices does not directly impact HPCL as we usually procure crude on a period-average price basis," he said.

Production cuts by OPEC+ have "tightened global oil supply and led to a drawdown in global oil stocks," Joshi said.



# IEA lifts oil demand growth forecast despite economic gloom

**REUTERS**

London, 14 November

The International Energy Agency (IEA) on Tuesday raised its oil demand growth forecasts for this year and next despite slower economic growth in nearly all major economies, although its 2024 outlook remains much lower than that of producer group Opec.

The Paris-based IEA said the market could shift into surplus at the start of 2024 having been kept in a “significant deficit” through year-end by voluntary cuts from Saudi Arabia and Russia which last until the end of December.

“For now, with demand still exceeding available supplies heading into the Northern

Hemisphere winter, market balances will remain vulnerable to heightened economic and geopolitical risks and further volatility ahead,” the IEA said in a monthly report.

Oil has weakened to around \$82 a barrel for Brent crude from a 2023 high in September near \$98. Concern about economic growth and demand has pressured prices, despite support from supply cuts by Opec and its allies, and conflict in the West Asia. The IEA joins the Organization of the Petroleum Exporting Countries in raising its oil demand growth forecast for 2023.

Demand in 2023 has been supported by resilient US deliveries and record September

demand from China, the IEA said.

In 2023, the IEA expects world demand to rise by 2.4 million barrels per day (bpd), up from 2.3 million bpd seen previously and bringing its view closer to that of Opec, which on Monday nudged up its forecast to 2.46 million bpd.

**Oil has weakened to around \$82 a barrel for Brent crude from a 2023 high in September near \$98**

## Slowdown in view

For 2024, the IEA raised its oil demand growth forecast to 930,000 bpd from 880,000 bpd. Expectations are underpinned by hopes of interest rate cuts and the recent fall in crude prices, the IEA, the energy adviser to industrialised nations, said.

This is still well below Opec’s forecast of

2.25 million bpd. The difference — 1.32 million bpd — is equivalent to roughly 1 per cent of daily world oil use and translates into more than the daily production of an Opec member such as Libya.

Opec and the IEA, which represents industrialised countries, have clashed in recent years over issues such as the long-term oil demand outlook and the need for investment in new supplies.

The IEA said the 2024 demand slowdown will arise as “the last phase of the pandemic economic rebound dissipates and as advancing energy efficiency gains, expanding electric vehicle fleets and structural factors reassert themselves.” The 2024 outlook will be in focus at the next meeting of Opec and its allies, known as Opec+, on November 26.

# IEA raises forecasts for global oil demand

Global oil markets won't be as tight as expected this quarter, as upward revisions to demand are outpaced by upgrades to supplies, the International Energy Agency (IEA) said.

The IEA boosted forecasts for world fuel consumption this year on surprising strength in China, and still anticipates a supply shortfall during the fourth quarter. But it will be roughly 30% smaller than previously projected, at about 900,000 barrels a day.

"World oil demand continues to exceed expectations," the Paris-based agency said in its latest monthly report. Yet "world oil supply growth is also exceeding expectations" as "production growth in the US and Brazil has been

## China To Account For 75% Of Increase

➤ World oil demand continues to exceed expectations, says IEA

➤ Global oil demand will climb by 2.4 million barrels a day this year, a shade higher than projected last month, to a record annual average of 102 million barrels a day, IEA adds

➤ Record Chinese



consumption will account for about 75% of the increase

➤ Oil supply growth is also exceeding expectations as production growth in US and Brazil has been outperforming forecasts

➤ Paris-based agency sees oil markets tipping back into a supply surplus in the first half of 2024

outperforming forecasts."

The softer outlook fits with a retreat in prices, which briefly slumped to a three-month low below \$80 a barrel in London last week. Fears have abated that conflict in the Middle East will disrupt oil exports

and worsen inflationary pressures, while the economic backdrop in China has darkened. World oil demand will climb by 2.4 million barrels a day this year — a shade higher than projected last month — to a record annual average

## Crude strengthens

Oil prices firmed on Tuesday after the International Energy Agency raised its demand growth forecasts, adding to bullish sentiment from the previous day's Opec guidance, while US data showed inflation in the world's biggest economy was slowing. Brent crude futures were up 0.7% to \$83 a barrel. US WTI crude futures climbed 0.8%, to \$79.

of 102 million barrels a day, the IEA said. Record Chinese consumption will account for about 75% of the increase, while US fuel use drove the upgrade to the forecast.

"The macroeconomic sentiment is deteriorating — the-

re's a lot of concern about interest rates and slowing growth," Toril Bosoni, head of the IEA's oil market divisions, said. Nonetheless, "oil demand is holding up strongly and exceeding expectations, especially China going from strength to strength."

Oil markets remain tight, with world inventories experiencing a "massive" drop last quarter equivalent to about 1.5 million barrels a day, according to the report. Yet in the final three months of the year, the upward revision to demand is only half of the 400,000 barrel-a-day boost to supplies from outside Organisation of Petroleum Exporting Countries, whittling down the resulting deficit to less than 1 million barrels a day. BLOOMBERG



## Oil Markets Less Tight than Expected as Supply Climbs

Bloomberg

Global oil markets won't be as tight as expected this quarter, as upward revisions to demand are outpaced by upgrades to supplies, the International Energy Agency said.

The IEA boosted forecasts for world fuel consumption this year on surprising strength in China, and still anticipates a supply shortfall during the fourth quarter. But it will be roughly 30% smaller than previously projected, at about 900,000 barrels a day.

"World oil demand continues to exceed expectations," the Paris-based agency said in its latest monthly report. Yet "world oil supply growth is also exceeding expectations" as "production growth in the US and Brazil has been outperforming forecasts."

The softer outlook fits with a retreat in prices, which briefly slumped to a three-month low



**World oil supply growth is exceeding expectations as production growth in the US, Brazil has been outperforming forecasts: IEA**

below \$80 a barrel in London last week. Fears have abated that conflict in the Middle East will disrupt oil exports and worsen inflationary pressures, while the economic backdrop in China has darkened.

World oil demand will climb by 2.4 million barrels a day this year—a shade higher than projected last month—to a record annual average of 102 million barrels a day, the IEA said. Record Chinese consumption will account for about 75% of the increase, while US fuel use drove the upgrade to the forecast.

"The macroeconomic sentiment is deteriorating—there's a lot of concern about interest rates and slowing growth," Toril Bosoni, head of the IEA's oil market divisions, said in a Bloomberg television interview. Nonetheless, "oil demand is holding up strongly and exceeding expectations, especially China going from strength to strength."

Oil markets remain tight, with world inventories experiencing a "massive" drop last quarter equivalent to about 1.5 million barrels a day, according to the report.

Yet in the final three months of the year, the upward revision to demand is only half of the 400,000 barrel-a-day boost to supplies from outside OPEC, whittling down the resulting deficit to less than 1 million barrels a day.

# Weaker ₹ bumped up India's H1 oil import bill by ₹25,000 crore

SUKALP SHARMA  
New Delhi, November 14

**LOWER VALUE** OF the rupee against the US dollar in the first six months of the current financial year (FY24) vis-à-vis the corresponding period of FY23 pushed up India's crude oil imports for the former period by over ₹25,000 crore, or 5%, shows an analysis of India's official trade data.

Rupee depreciation also negatively impacted petroleum product imports in value terms, but its positive effect on value of petroleum product exports from India partly offset the hit to the country's overall oil and petroleum product trade in the first half of FY24.

India is the world's third-largest consumer of crude oil and depends on imports to meet over 85% of its requirement. Crude oil also tops the list of India's merchandise imports by value.

While India does not export crude oil, it is a net exporter of petroleum products, thanks to the country's refining capacity of over 2.50 million tonnes per annum which exceeds its domestic demand. Like most internationally traded commodities, crude oil and petroleum products are priced in dollars. In the case of oil importing countries, a weakening of their currencies against the dollar inflates their oil imports in local currency terms.

The rupee depreciated by over 9% between early April 2022 and end of September 2023. In the calendar year 2022 (January-December), the Indian currency depreciated by around 10% against the dollar, mainly on account of interest rate hikes and monetary policy tightening by the US Federal Reserve and the Russia-Ukraine war.

In fact, in April-September of FY23 alone, the rupee's value depreciated by around 7% due to the safe haven appeal of the greenback amid fears of recession and inflation globally, and the Ukraine war.

## INDIA'S PETROLEUM TRADE

Imports	Value (\$ billion)	Value (₹ trillion)	Effective Exchange Rate*
Crude oil (H1 FY24)	63.86	5.26	82.44
Crude oil (H1 FY23)	83.57	6.56	78.49
Petroleum products (H1 FY24)	18.42	1.52	82.46
Petroleum products (H1 FY23)	23.06	1.81	78.56
Exports	Value (\$ billion)	Value (₹ trillion)	Effective Exchange Rate*
Petroleum products (H1 FY24)	41.86	3.45	82.46
Petroleum products (H1 FY23)	50.84	3.99	78.45

\*In (₹/\$). Source: Based on data from DGCI&S, ministry of commerce and industry

Rise in oil prices also tends to push up the value of the dollar as demand for the greenback increases. While prices have been volatile since the war broke out in Ukraine, the extent of volatility and the rise in oil and petroleum product prices was higher in April-September of FY23 than in the corresponding six months of the current financial year.

As per the latest available data with the Directorate General of Commercial Intelligence and Statistics (DGCI&S), India's crude oil imports in April-September of the current financial year stood at \$63.86 billion, or ₹5.26 trillion. This reflects an effective average exchange rate of ₹82.44 per dollar. In the corresponding six months of FY23, crude oil imports were \$83.57 billion in dollar terms and ₹6.56 trillion in rupee terms, reflecting an average exchange rate of ₹78.49 per dollar for the period. Had the average exchange rate been ₹78.49 per dollar in April-September of this year as well, the country's crude oil imports in rupee terms would have been ₹5.01 trillion, lower by over ₹25,000 crore.

Similarly, the country's petroleum product imports in the first half of FY24 stood at \$18.42 billion, or ₹1.52 trillion, reflecting an effective average exchange rate of ₹82.46 per dollar. In April-September of last year, petroleum product imports were \$23.06 billion, or ₹1.81 trillion at an average exchange rate of ₹78.56 for a dollar. This suggests that just the depreciation

in the rupee's value inflated the import bill for refined petroleum products by nearly ₹7,200 crore.

Petroleum product exports, however, benefitted from the depreciation in the rupee's value. The country's total petroleum product exports for the first half of FY24 stood at \$41.86 billion, or ₹3.45 trillion, at an effective exchange rate of ₹82.46 per dollar. The average exchange rate for petroleum product exports in the corresponding six months of last year was ₹78.45 per dollar. Had the exchange remained the same as in the first half of FY23, petroleum product exports in April-September of the current financial year would have been lower by around ₹16,750 crore.

Therefore, the net impact of the fall in rupee's value in April-September of FY24 vis-à-vis a year ago on India's oil and petroleum product trade — crude oil and petroleum product imports and petroleum product exports — was nearly ₹15,700 crore, the analysis shows.

The impact of rupee depreciation would have hit all Indian refiners depending on their respective refining capacities as all of them mostly depend on imported crude oil. However, the gains due to the weakness in the rupee in terms of petroleum product exports would have mainly benefitted export-oriented private sector refiners Reliance Industries and Nayara Energy.

