

Higher diesel exports help refined products shipment grow 15% y-o-y in July

Rishi Ranjan Kala
New Delhi

India's petroleum products (POL) exports rose 8 per cent m-o-m and 15 per cent on an annual basis in July 2023 aided by higher outbound shipments of diesel during the months, the highest so far in FY24.

According to the Petroleum Planning and Analysis Cell (PPAC), India's POL exports stood at 5.4 million tonnes (mt) in July. Diesel exports accounted for more than 44 per cent of the total outbound shipments of refined petroleum products

during the month. Export of high speed diesel (HSD) rose a healthy 22 per cent m-o-m and 9 per cent y-o-y to 2.38 mt last month, which is the second highest in the 2023 calendar year, after March (2.48 mt).

An oil marketing company (OMC) official said that lower demand during the monsoon months led to more capacity to spare for exports and demand from Southeast Asia and some from North-western Europe. Most of the uptick is from diesel.

HSD EXPORTS
ICRA's Senior V-P & Co-

India's refined petroleum products export

	April		May		June		July	
	2023	2022	2023	2022	2023	2022	2023	2022
Volume (million tonnes)	4.4	5.4	5.3	5.7	5.0	5.5	5.4	5.01
Value (\$ billion)	3.3	5.8	3.6	6.5	3.5	6.6	4.1	4.90

Source: PPAC

Group Head (Corporate Ratings) Prashant Vasisht also pointed out that July exports are higher owing to a surge in HSD exports.

"HSD production has declined due to crude production cuts by OPEC+ which has led to higher lighter

crude processing leading to a fall in HSD production. Another reason for the surge in HSD exports is the embargo on Russian HSD by the EU because of which supply has reduced," he added.

For the April-July period in FY24, the POL exports



fell by more than 6 per cent y-o-y to around 20 mt. In value terms, the decline was steeper at 39 per cent to \$14.4 billion during the same review period.

The current financial year commenced with POL exports declining from March

2023 high of 6.06 mt to 4.37 mt in April. Outbound shipments rose to 5.31 mt in May before softening to 5.01 MT a month later. In FY23, barring March, the exports were in the range of 4-5.7 mt.

DIESEL EXPORTS

Diesel exports are following a similar trajectory in FY24. Shipments, which stood at 2.5 mt in March 2023, fell to 1.91 mt in April before appreciating to 2.4 mt a month later. It again fell to 1.95 mt in June.

Besides diesel, the uptick in exports was registered in petrol, ATF and fuel oil.

Petrol, or motor spirit (MS), rose by 2.4 per cent y-o-y to 1.26 mt in July 2023. Petrol exports have largely been in the range of 1.23-1.26 mt so far in the current fiscal year.

Aviation turbine fuel (ATF) exports rose 9 per cent y-o-y to 7,82,000 tonnes in July. This is the fourth consecutive month of increase in jet fuel shipments abroad.

Export of fuel oil, also called heating oil, rose 4 per cent y-o-y to 1,42,000 tonnes in July making it the fourth month of higher outbound cargoes in a row during FY24.

Oil export uptick helps refiners maintain high run rates

SUKALP SHARMA
New Delhi, August 27

WITH DOMESTIC DEMAND for fuels and other petroleum products witnessing a slump due to the monsoon rains, India's refined products exports has witnessed an uptick, helping the country's refiners keep refinery runs high at a time when refining margins are robust globally, shows an analysis of data shared by commodity market analytics and intelligence firm Kpler.

The cumulative clean product exports from India in August have so far been the

highest since May 2022, with jet fuel exports at a historic high. In oil industry parlance, clean products refer to the class of petroleum products that are uncontaminated and not previously used in any application. Most major crude oil-based fuels like diesel, petrol, jet fuel, kerosene, and naphtha are categorised as clean products. Dirty refined products refer to the likes of fuel oil, low sulphur waxy residue, and carbon black feedstock.

So far in August, India's jet fuel exports have averaged at a record high of 242,382 barrels per day (bpd), Kpler data shows.

CUMULATIVE EXPORTS FROM INDIA

2023 Clean Product Exports
(million bpd)



*Provisional

Source: Kpler

The previous peak of 206,871 bpd was in June 2018. Last

month, India's jet fuel exports were 198,968 bpd.

In June, which marked the onset of the southwest monsoon, jet fuel exports stood at a robust 183,661 bpd. As for cumulative clean products, India exported 1.29 million bpd in August, the highest since May last year when the export volumes stood at 1.32 million bpd, as per Kpler. In July and June, India's clean product exports were also strong at 1.21 million bpd and 1.20 million bpd, respectively.

"Jet fuel exports out of India are hitting an all-time high in August and in general, clean product exports out of

India are the highest since May 2022. So, even though domestic demand is shaky because of the monsoon season impact, Indian refiners seem to be running quite high, availing themselves of refinery margins being well in the double digits," Kpler's Lead Crude Analyst Viktor Katona told *The Indian Express*.

Demand for fuels and other petroleum products usually tempers during the monsoon in India due to lower demand for transportation fuels and refined products used in some industries where work slows down because of the rains.



RAINS DAMPENED INDIA'S DOMESTIC PETROLEUM DEMAND

Uptick in petroleum exports help refiners maintain high run rates

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NEW DELHI, AUGUST 27

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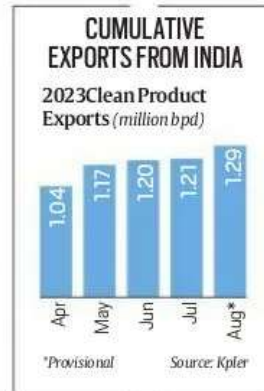
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June 2018. Last month, India's jet fuel exports were 198,968 bpd. In June, which marked the onset of the southwest monsoon, jet fuel exports stood at a robust 183,661 bpd. As for cumulative clean products, India exported 1.29 million bpd in August, the highest since May last year when the export volumes stood at 1.32 million bpd, as per Kpler. In July and June, India's clean product exports were also strong at 1.21 million bpd and 1.20 million bpd, respectively.

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shaky because of the monsoon season impact, Indian refiners seem to be running quite high, availing themselves of refinery margins being well in the double digits," Kpler's Lead Crude Analyst Viktor Katona told *The Indian Express*.

Demand for fuels and other petroleum products usually tempers during the monsoon in India due to lower demand for transportation fuels and refined products used in some industries where work slows down because of the rains. This year, the season's pattern has been more disruptive than usual, including some extreme weather events in some parts of the country, which ap-



pears to have had an enhanced impact on fuel demand, a senior official with a public sector fuel retailer said. Indian refiners expect the demand to recover from next month and improve further with the upcoming festival season.

According to data released by the Petroleum Planning & Analysis Cell (PPAC) of the Ministry of Petroleum and Natural Gas, India's consumption of fuels and other petroleum products in June declined 6.4 per cent from May to 19.36 million tonnes. It further declined to 18.09 million tonnes in July. The official data for August is likely to be available in the second week of September.

Domestic diesel consumption was down 3.7 per cent sequentially in June and 12.9 per cent in July, as per the PPAC data. Diesel is the most-consumed petroleum fuel in India with a share of nearly 40 per cent in the country's petroleum product consumption pie. In the case of petrol, domestic consumption fell 5.9 per cent month-on-month in June and 5.3 per cent in July.

India, the world's third-largest consumer of crude oil, depends on imports to meet over 85 per cent of its oil requirement. The country is a net exporter of petroleum products thanks to its refining capacity of 250 million tonnes per annum, or around 5 million bpd, which is higher than its domestic demand.

While public sector refiners Indian Oil Corporation, Bharat Petroleum Corporation, and Hindustan Petroleum Corporation have traditionally been more focussed on the domestic market, private sector players Reliance Industries and Nayara Energy are relatively big-exporters. Having enough export outlets during the lean monsoon season helps Indian refiners maintain high capacity utilisation levels even when domestic demand is subdued.

COST DISALLOWANCE ISSUE

Vedanta wins arbitration against govt in \$1.1 bn case

PRESS TRUST OF INDIA

New Delhi, 27 August

Mining magnate Anil Agarwal's Vedanta has won an arbitration against a demand for a higher payout from its prolific Rajasthan oil and gas fields after disallowance of ₹9,545 crore (\$1.16 billion) in certain costs incurred, the company said.

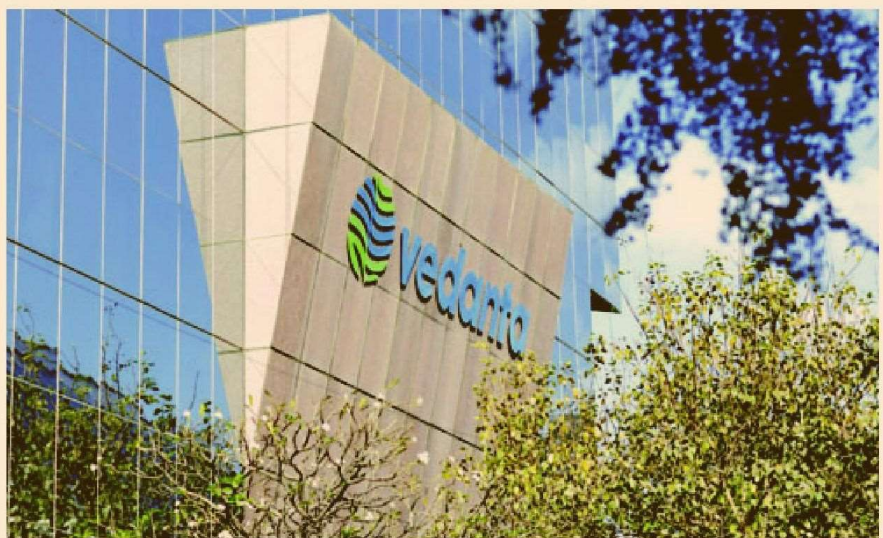
The government had sought additional profit petroleum (or its share from the oil and gas fields) after it reallocated certain costs between the fields in the block and disallowed a portion of the cost incurred on laying a pipeline to evacuate oil produced from the Rajasthan block. According to the contract, companies are allowed to recover all costs incurred before splitting profit in a pre-determined ratio with the government. If a certain portion of cost is disallowed, it would result in higher profits and a resultant higher share to the government. Vedanta had challenged such a demand before an arbitration tribunal.

"The company has received an arbitration award dated August 23, 2023... upholding the contention of the company that additional profit petroleum, on account of Director General of Hydrocarbon (DGH) audit exceptions in relation to allocation of common development costs across Development Areas and certain other matters, is not payable as per terms of the Production Sharing Contract for Rajasthan Block," it said in a stock exchange filing.

It, however, did not give details of the arbitration award. "The company is in the process of reviewing the award in detail and evaluating its financial impact," it said.

In its latest annual report, Vedanta had put the number at ₹9,545 crore.

"DGH, in September 2022, has tried



The government had sought additional share from the oil and gas fields after it reallocated certain costs between the fields in the block

up the earlier demand raised till 31 March 2018 up to 14 May 2020 for Government's additional share of profit oil based on its computation of disallowance of cost incurred over retrospective re-allocation of certain common costs between Development Areas (DAs) of Rajasthan Block and certain other matters aggregating to ₹9,545 crore applicable interest thereon representing share of the company and its subsidiary," it said.

The firm said it disputed the demand and the other audit exceptions as it believed these were not in accordance with the PSC and are entirely unsustainable. "In accordance with PSC terms, the group had commenced arbitration proceedings. The final hearing and arguments were concluded in September 2022. Post hearing briefs were filed by both the parties and award is awaited," the annual report released last month said.

The award has now come.

Sources said DGH, which is the upstream nodal agency of the Ministry of Petroleum and Natural Gas, had way back in May 2018 raised a demand for additional share of profit oil for the government after disallowing ₹1,508 crore out of the cost incurred on laying a heated-pipeline to transport Barmer crude and ₹2,723 crore in the reallocation of certain common costs.

The numbers were revised in subsequent years. These costs pertain to only Vedanta's share in the Rajasthan block as state-owned Oil and Natural Gas Corporation (ONGC), which holds 30 per cent interest in the block, had agreed to pay the government if these costs are disallowed. It was not immediately known if the government will abide by the arbitration award. The government had previously challenged all arbitration awards it had lost.

Vedanta Wins Arbitration Against Govt in \$1.1b Case

New Delhi: Mining magnate Anil Agarwal's Vedanta Ltd has won an arbitration against a demand for a higher payout from its prolific Rajasthan oil and gas fields after disallowance of ₹9,545 crore (\$1.16 billion) in certain costs incurred, the company said. The government has sought additional profit petroleum (or its share from the oil and gas fields) after it reallocated certain costs between the fields in the block and disallowed a portion of the cost incurred on laying a pipeline to evacuate oil produced from the Rajasthan block. —PTI

Vedanta wins arbitration against govt in ₹9.5k cr case

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mand for a higher payout from its Rajasthan oil and gas fields after disallowance of Rs 9,545 crore (about \$1.2

billion) in certain costs incurred, the company said.

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Vedanta wins arbitration in Rajasthan oil block case

PTI

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NEW DELHI

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वेदांता ने 1.16 अरब डॉलर की लागत के मामले में सरकार के खिलाफ मध्यस्थता मुकदमा जीता

नई दिल्ली, (भाषा)। खनन कारोबारी अनिल अग्रवाल की अगुवाई वाली वेदांता लिमिटेड ने 9,545 करोड़ रुपये (1.16 अरब डॉलर) की लागत को स्वीकार नहीं करने के मामले में सरकार के खिलाफ मध्यस्थता का मुकदमा जीत लिया है। सरकार ने कंपनी के राजस्थान तेल और गैस क्षेत्रों से अधिक भुगतान की मांग की थी। दूसरी ओर वेदांता ने कहा था कि कुछ निश्चित लागत में 9,545 करोड़ रुपये खर्च हुए। सरकार ने तेल ब्लॉक की कुछ लागत को फिर से आवंटित करने और राजस्थान ब्लॉक से उत्पादित तेल के लिए पाइपलाइन बिछाने पर आने वाली लागत के एक हिस्से को अस्वीकार कर दिया था। ऐसे में अतिरिक्त लाभ पेट्रोलियम (या तेल और गैस क्षेत्रों में इसका हिस्सा) की मांग की गई। समझौते के अनुसार, कंपनी को सरकार के साथ तय अनुपात में लाभ बांटने से पहले सभी लागत को वसूलने की अनुमति दी जाती है। यदि लागत के एक हिस्से को नकार दिया जाता है, तो इसके चलते अधिक मुनाफा होगा और सरकार को ज्यादा हिस्सा मिलेगा। वेदांता ने इस मांग को मध्यस्थता न्यायाधिकरण के समक्ष चुनौती दी थी। वेदांता ने शेयर बाजार को बताया, कंपनी को 23 अगस्त, 2023 को एक मध्यस्थता आदेश मिला है। कंपनी ने हालांकि मध्यस्थता फैसले का अधिक विवरण नहीं दिया और कहा कि वह फैसले की समीक्षा कर रही है और इसके वित्तीय प्रभाव का मूल्यांकन किया जा रहा है। वेदांता ने अपनी ताजा वार्षिक रिपोर्ट में बताया था कि इसका वित्तीय प्रभाव 9,545 करोड़ रुपये तक का है।