

# Strong profit surge on robust revenue growth and improving profitability 45 Cos in ET 500 List Earn More Profit in H1 Than in Entire FY23

**Ranjit Shinde  
& Jaikishan Yadav**

**ET Intelligence Group:** Amid buoyant markets and soaring valuations, it becomes crucial for investors to look for companies which hold significant growth potential. One way is to find out companies that have reported strong profit growth in the recent past backed by robust revenue growth and improving profitability. According to an ETIG analysis, there are 45 companies in the latest ET 500 listing which have reported higher net profit in the first half of FY24 compared with the full year profit in FY23. In addition, these companies have also expanded operating margin before depreciation and amortisation (EBITDA margin) Majority of these companies, 41 to be precise, earned double digit or higher returns on bourses in 2023. Some of the companies that hold a promise are as follows

**AXIS BANK**

Axis Bank has reported a stellar revenue and profit growth in the first half of FY24. Its net interest margin expanded by 15 basis points year-on-year to 4.1% in the September quarter. It expects to reduce costs-to-assets ratio to 2.1% by the end of FY25 from 2.3% as of September 2023 while maintaining the return on equity (RoE) above 18%. The stock trades at a price-book (P/B) multiple of around 2.5.

**TATA MOTORS**

New model launches and improving profitability augur well for the company. The EBITDA margin improved to 12.6% in the first half of FY24 from 5.3% in the comparable period of the previous fiscal year. The company's commercial and passenger vehicle segments reported robust growth in the September quarter. For the JLR division, the company has guided for 200 basis point improvement in EBIT margin to 8% for FY24. The stock trades at a P/E multiple of around 17.

**ET ANALYSIS**

**High Return Potentials**

Comparative financials (₹ crore)

	Market cap (Current)*	April-September 2023		FY23		Stock Price (₹) (current)*	Price Change (YoY %)
		Revenue	Net Profit	Revenue	Net Profit		
Axis Bank	3,46,659	53,663.3	12,295.5	87,448.4	10,818.5	1,124.1	18.4
Tata Motors	2,64,382	2,05,971.6	6,966.8	3,42,874.6	2,414.3	795.7	105.7
Lupin	63,650	9,681.4	941.9	16,270.0	4,30.1	1,397.9	88.2
Prestige Estates	53,939	3,917.3	1,117.8	8,315.0	941.8	1,345.6	185.4
Welspun Corp	14,611	8,128.7	550.1	9,758.1	206.7	558.4	146.5
CEAT	9,892	5,988.5	352.6	11,314.9	186.2	2,445.6	46.8

\*As on January 04, 2023

Source: Capitaline, ETIG

**LUPIN**

Lupin's net profit doubled in the first half of FY24 to Rs 942 crore compared with the year-ago period helped by strong growth in the US market. The EBITDA margin improved to 18% from 10.8% by similar comparison. The US sales are expected to grow amid product launches in injectable and respiratory segments. It is focusing on strengthening the respiratory portfolio to mitigate margin pressure in other segments. In December, it acquired some of the brands in the respiratory field from Sanofi. The stock trades at a P/E of 45.3.

**PRESTIGE ESTATES PROJECTS**

The South based realty company reported strong numbers in the September quarter aided by the success of new projects and higher income from rental assets. It launched five projects during the quarter with a developable area of 13 million square feet. The company has a strong launch pipeline and has guided for ₹20,000 crore of pre-sales for FY24. The stock trades at a P/E of around 29.

**WELSPUN CORP**

Helped by buoyancy in the US operations, the company delivered ₹8,128.7 crore in revenue and ₹555 crore in net profit in the first six months of FY24 compared with ₹9,758 crore and ₹199 crore in FY23

respectively. The company's order book across segments remains strong. The stock is available at a P/E of around 19.

**CEAT**

The company was benefitted by lower commodity prices, increase in product prices, and better product mix. The company reported a net profit of ₹352 crore in the first half of FY24 from ₹186 crore in the year-ago period. The EBITDA margin

expanded to 14% from over 8% during the period. The overall demand across segments including original equipment makers, export, and replacement is stable. The stock trades at a P/E of around 19. Other companies that delivered higher profit in the six months to September 2023 compared with FY23 profit includes names such as JSW Steel, Adani Power, Indian Oil, Interglobe Aviation, Zomato, and MRF among others.

MAHESH B

# African Crude Makes Up for Fall in Russian Imports

**Sanjeev Choudhary**

**New Delhi:** India's increased intake of African oil helped partly offset the 18% month-on-month import decline from its top supplier Russia in December, according to energy cargo tracker Vortexa.

India's overall crude import fell 4.6% or 210,000 barrels per day (bpd) sequentially in December to 4.3 million barrels per day (mbd). Imports from Russia fell 274,000 bpd to 1.29 mbd in December while imports from Africa expanded 119,000 bpd to 330,00 bpd.

Russia's share in India's imported crude market shrank to 30% in December from 34.5% in November. Africa's share increased to 7.6% from 4.7%. The shares of Iraq (22.3%) and Saudi Arabia (16.4%), the second and third-largest suppliers respectively, expanded about one percentage point each. The UAE's share fell to 4.5% from 6.6%. Kuwait inched ahead of the US as the fifth largest supplier to India with a 4% share in December, up from 3.4% in November. The share of the US fell to 3.6% in December from 4% in the previous month.

India's imports of Russian crude in December were the lowest in 11 months, with the largest declines from Urals and Sokol crude, according to Vortexa.

"Lower Russian Urals arrivals into India are partially caused by disruptions in Russian Black Sea port loading operations due to bad weather conditions in November," said Serena Huang, an analyst at Vortexa. "The absence of Sokol imports into India in December has report-



**Russia's share shrinks from 34.5% in Nov to 30% while Africa's share rises from 4.7% to 7.6%**

edly been a result of payment issues between Indian Oil and Sakhalin-1 LLC, but this should be resolved with time." Some Russian oil tankers haven't been able to discharge at Indian ports probably due to G7 sanctions that bar

western ships from carrying Russian oil priced above \$60 per barrel. "We see at least five tankers that are Sokol-laden and headed for India making a U-turn at Bay of Bengal and diverting to China or slowing to a near halt," said Huang.

Sokol, which is selling above \$70 per barrel, made up just about 10% of total Russian crude imports in November. Urals, currently selling below \$60 per barrel, has been the mainstay of India's Russian oil imports.

*sanjeev.choudhary@timesgroup.com*

# Boost to Ethanol

A recent governmental policy announcement imposing restrictions on cane juice utilization for ethanol production has unsettled bio-ethanol producers. This move appears to signal a slowdown in ethanol blending due to dwindling sugar stocks. Instead of an outright ban on ethanol production from sugar, the government could have explored options such as sugar imports, analogous to stockpiling cooking oil and onions during scarcity. A flagship initiative like ethanol blending, with its unequivocal success, should encounter minimal hindrances



The burgeoning energy demand in our nation, propelled by its growing economy, currently witnesses approximately 98 per cent of the transportation sector's fuel needs being fulfilled by fossil fuels, while the remaining 2 per cent is sourced from bio-fuels. Attaining energy security and pivoting toward a flourishing low-carbon economy stand as critical imperatives for a nation such as India. Renewable ethanol emerges as a catalyst for a net reduction in CO<sub>2</sub> emissions, carbon monoxide, and hydrocarbons (HC). Notably, ethanol combustion demonstrates superior cleanliness and completeness compared to petrol.

The imperative for biofuel production to escalate by an average of 11 per cent annually throughout this decade, as outlined by the International Energy Agency, remains crucial in steering the globe towards a net-zero trajectory. To facilitate this growth, the Global Biofuel Alliance has set its targets. Ethanol presents a low-carbon alternative to fossil fuel-based transportation, spanning from gasoline to aviation turbine fuel.

Bio-ethanol, an agricultural by-product derived from processing sugarcane, cane juice, and molasses, undergoes fermentation to yield ethanol. Additionally, ethanol production extends to grains, broken rice, maize, and agricultural residues like rice husk and stubble. Technologies applied to ethanol production span across distinct generations, encompassing 1G, 1.5G, and 2G methodologies.

The blending of bio-ethanol with petrol has stood as a flagship initiative under Prime Minister Narendra Modi's government since 2014. The programme's resounding success manifests in the escalating blending percentage, surging from 1.6 per cent in 2013 to nearly 12 per cent by 2023. In absolute terms, the initial blending of 38 crore liters of alcohol burgeoned to approximately 470 crore liters in 2023. With an eye on the future, the government has unveiled a roadmap targeting a blend of up to 20 per cent ethanol in petrol by 2025-26, underlining the necessity for a nationwide production capaci-

ty of up to 1,500 crore liters of ethanol. This pioneering programme not only champions the use of renewable fuels but also curtails greenhouse gas emissions while fortifying energy security.

The government's expeditious advancement of the blending programme, via streamlined environmental clearances and backing through tax credits, subsidies, and financial incentives for biofuel producers and distributors engaged in ethanol blending, reflects an India-centric energy trajectory, reliant on local raw materials, technologies, and plant machinery. Furthermore, the government guarantees ethanol purchase by Public Sector Undertakings (PSUs), ensuring a secured off-take. This has unlocked avenues for profitable enterprises and catalyzed the establishment of bio-refineries across the nation, luring in billions of rupees in investments, fostering ethanol distilleries across nearly every district in India.

Ethanol, blendable up to 85 per cent with gasoline, finds common usage in Flexible Fuel Vehicles (FFVs) engineered to function optimally with ethanol blends. FFVs are equipped with specialized engine and fuel system components to accommodate higher ethanol concentrations. Ethanol amplifies octane ratings, curtails dependence on fossil fuels, and diminishes greenhouse emissions, thus nurturing energy sustainability and security.

Most distilleries in the country primarily produce bio-ethanol from C-heavy molasses, B-heavy molasses, or cane sugar. However, alternate feedstocks like food grains, broken rice, corn, etc., are gradually gaining traction. These stocks are transformed into sucrose, glucose, and fructose, which are subsequently fermented into ethanol utilizing yeast.

The government's practice

of offering higher prices for ethanol produced from certain feedstock, such as anything other than C-heavy molasses, lacks a rational basis. Ethanol producers should have the autonomy to select technologies and feedstock based on economic viability. The pricing framework requires rectification to ensure a level playing field.

A recent governmental policy announcement imposing restrictions on cane juice utilization for ethanol production has unsettled bio-ethanol producers. This move appears to signal a slowdown in ethanol blending due to dwindling sugar stocks. Instead of an outright ban on ethanol production from sugar, the government could have explored options such as sugar imports, analogous to stockpiling cooking oil and onions during scarcity.

A flagship initiative like ethanol blending, with its unequivocal success, should encounter minimal hindrances on its path to realizing its full potential. Additionally, billions of rupees invested in distilleries currently hang in uncertainty.

Capitalizing on abundant biomass resources as feedstock for Compressed Bio-Gas (CBG) plants could catapult India toward an impressive daily CBG production capacity of 170,000 MT.

This surge could potentially supplant one-third of crude oil imports or triple the imported LNG. The government has recognized the potential of biogas generation, given the livestock population of 536 million.

The government's policy document spanning from 2021-2022 to 2025-2026 underscores this pursuit. Biogas, comprising approximately 55-65 per cent methane, 35-44 per cent carbon dioxide, and traces of Hydrogen Sulphide, Nitrogen, and Ammonia, can serve as a substitute for LNG.

Cow dung and organic waste serve as primary sources for

biogas generation. The government's annual budget outlay of Rs. 858 crore encompasses Rs. 100 crore dedicated to small plants (generating 1 m<sup>3</sup> to 25 m<sup>3</sup> biogas per day) and medium-sized biogas plants (ranging from 25 m<sup>3</sup> to 2500 m<sup>3</sup> biogas per day and within the spectrum of 3 kW to 250 kW biogas for thermal/cooling energy).

Building upon the triumph of the ethanol blending programme, the Government of India proposed the establishment of a Global Biofuel Alliance during the G20 summit.

Led by nations within the G20 like India, Brazil, and the US, along with 12 international organizations, the Global Biofuel Alliance aims to channel technology investments, foster expert collaboration, and set global standards to diminish reliance on hydrocarbons.

Bio-ethanol, biodiesel, and Aviation Turbine Fuel are slated to supplant fossil fuels. Biofuels, derived from renewable sources like vegetable oils and animal fats, emerge as cleaner alternatives to traditional diesel and can be blended with petroleum diesel in varying ratios.

The Global Biofuel Alliance pledges support for second-generation (2G) ethanol crafted from agricultural waste, used cooking oil, and processed animal byproducts like fats.

Presently, India's biofuel market encompasses 230 biomass pellet manufacturers and 1,030 briquette manufacturers, catering to power plants and industries. Bolstered by investments from global green energy entities and governmental initiatives, the Indian biomass market is poised to reach INR 320 billion by the fiscal year 2030-31.

Given the substantial growth potential of biofuels and compressed biogas, unwavering government policies stand as an imperative. These policies can substantially curtail India's reliance on imported fossil fuels, resulting in reduced carbon emissions.

Recognizing the significance of biofuels and compressed biogas, coupled with the unwavering support provided by the government in this sector, it becomes indispensable for the government to ensure the consistency of policies.



**DR. J. P. GUPTA**  
The writer is Managing Director, Oriented Hydrogen India Pvt. Ltd., and Chairman, Environment & Green Hydrogen Committee, PhD Chamber of Commerce & Industry, New Delhi. He can be reached at: gopalsatish@orientedhydrogen.com



# Crude oil imports from Russia may bounce back

Russian Urals at \$3 per barrel discount to Brent

ARUNIMA BHARADWAJ  
New Delhi, January 4

**INDIA'S IMPORT OF** Sokol crude from Russia, which ran into problems owing to Western sanctions and payment issues between Indian Oil and Russia's Sakhalin-1 LLC last month, is likely to be resolved soon, letting the country's import share from Russia bounce back to its earlier levels.

"Looking into January-February 2024, India's imports will most probably recover from the trough of December and move back to 1.4-1.5 Mbd (million barrel a day)," said Viktor Katona, lead crude analysts at Kpler.

"The Sokol cargoes weren't re-routed because Indian refiners didn't want them, rather because they couldn't find a suitable solution to pay for them," he said, while adding that the roadblock is expected to be cleared shortly and Sokol will be flowing to India again.

Further, the onset of Russian refinery maintenance in April and May is expected to release some additional 500,000-600,000 barrels per day of crude with peaking oil exports. "So, another run towards India buying 2 million barrels a day of Russian crude in the spring months is highly possible," Katona said. However, he also notes that outflows in the winter months will remain capped as the Kremlin maximises its own refining and has less crude to export.

S&P Global Commodity Insights also notes that Russian inflows will likely bounce back in the coming months as crude runs are projected to increase post-maintenance, especially with refining margins remaining robust and a need to meet seasonal demand growth.

In addition to this, the landed price of Urals into the west coast India is roughly \$7 per barrel cheaper than Saudi Arabia's Arab Medium and roughly \$6 per barrel cheaper than Iraq's Basrah Medium delivered to the country, according to Kpler. So, in terms of pricing, the incentive is still there, analysts say.

The landed price of Urals in the west coast India is trading at a \$3 per



barrel discount to Brent right now.

Russia presently has approximately 112 million barrels of oil on water, with a minimum of 43.7 million barrels destined for India, as per latest data by S&P Global Commodity Insights. Notably, 19.2 million barrels are positioned in proximity to the Indian subcontinent, covering the Arabian Sea, Indian Ocean East, and Southeast Asia, it said. "In the case of any disruptions, refiners or traders have the option to utilise these volumes to sustain refinery operations."

As far as the Sokol-laden tankers idling around India's coast for the past few days are concerned, the six tankers are now moving towards the Malacca strait and three have started to indicate China as their final destination, Financial Express has learnt. Earlier, only two of the six tankers had started moving to China.

"As the UAE banking delays of the Sakhalin-1 project operator continue, effectively being unable to fully relocate the trading of Sokol cargoes into the relatively calm waters of the Dubai trading world, China appears to be the final solution for some cargoes," said Katona.

The country's crude import from Russia had fallen to 11-month low to 1.28 million barrels a day in December due to lower arrivals of Urals caused by disruptions in Russian Black Sea port loading operations due to bad weather conditions in November, as per energy cargo tracker Vortexa. The country also saw nil imports of the Sokol grade for the first time in 13 months in December as a result of payment issues between Indian Oil Corp and Sakhalin-1 LLC.



**FY25 FIGURE MAY BE SET AT ₹30,000 CR**

# Disinvestment target may be slashed 40%

## A few offers for sale likely by March

**PRASANTA SAHU**  
New Delhi, January 4

**THE CENTRE MAY** aim for a modest disinvestment target of around ₹30,000 crore in 2024-25, 40% lower than the target of ₹51,000 crore for the current financial year, which is set to be missed by 60%, official sources said.

This would represent a progressive lowering of the ambition on this front (see chart), though the sources said the target for the next fiscal is being kept at realistic levels, considering that elections and new government formation would make it difficult to conclude any big-ticket sale in the year even if the process is initiated.

However, there will be last-ditch efforts to bridge the gap between the disinvestment receipts for the current fiscal — ₹10,052 crore so far — and the budget estimate (₹51,000 crore). The plan is to hit the buoyant markets with a few offers for sale, before the year draws to a close.

Non-debt capital inflows through this route could be around ₹20,000 crore or 40% of the target in FY24. The year has seen delays in the execution of most of the strategic disinvestment plans, including that of IDBI Bank, NMDC Steel and Container Corporation (Concor), partly due to a spate of state elections.

According to the sources, a few more OFSes that are to be expected in the January-March

### GOING SLOW

Disinvestment revenue (₹ crore)

■ Budget estimate ■ Achievement



quarter are Indian Railway Finance Corporation, NLC India and Mazagon Dock Shipbuilders. These firms are in the pipeline because they haven't met the market regulator's norm that the minimum public shareholding in listed firms should be at least 25%.

Of the transactions that the government could conclude next fiscal are that of the IDBI Bank disinvestment, wherein the Centre and LIC would together sell a 60.72% stake in the bank.

Continued on Page 10

## FROM THE FRONT PAGE

# Disinvestment target may be slashed 40%

ON JANUARY 7, the Centre received multiple expressions of interest (EOIs) from domestic and foreign investors for the 60.72% stake in IDBI Bank, which will go to the successful bidder along with management control.

The offer comprises 30.48% from the government (current market value ₹22,700 crore) and 30.24% from LIC, the current promoter.

Another transaction that could materialise at the earliest next fiscal is that of NMDC Steel (NSL), which would fetch at least ₹11,000 crore for the Centre's 50.79% stake.

So far in the current financial year, the government has mobilised disinvestment revenues largely via the OFS route, which enabled incremental sale of stakes in Coal India, Rail Vikas Nigam, SJVN, Ircor International, Housing and Urban Development Corporation (Hudco) and Indian Renewable Energy Development Agency.



Officials said it would be prudent to set a moderate target and overachieve in FY25, than set a higher aim, given the uncertainties involved in market-based transactions.

The government has never met its ambitious disinvestment targets since FY20 (see chart) due to a host of factors, including volatility in the market, obstacles created by administrative ministries and electoral compulsions.

With the government

expected to be in election mode after the presentation of the Budget on February 1 and a new government coming in by May end, there are doubts whether initiating and concluding a transaction like Concor would be feasible in FY25.

The proposed disinvestment of a 30.8% stake to a strategic buyer in Concor worth about ₹17,000 crore at the current market prices has been hanging fire since 2019.

The railway ministry's processes in this regard have been slow.

The government's hope of selling a portion of its residual stake in Vedanta-controlled Hindustan Zinc (HZL) worth about ₹39,700 crore at the current market prices was dashed in FY24 due to unilateral announcements by the company's promoter and has doubts have been cast it would take place in FY25 as well. A planned stake sale by the Centre in the company was abandoned the previous year due to promoter Vedanta's plan of a related-party transaction that spooked investor sentiment. On September 29, the HZL board asked the company to explore creating separate legal entities for its zinc and lead, silver and recycling.

In FY25, the government could also conclude a few small-ticket strategic sales, including Shipping Corporation. Some OFSes will also likely be included in the transactions next year.



# Dividends from CPSEs may cross ₹50,000 cr for 3rd year in a row

**MIXED BAG.** Missing sell-off target may not impact fiscal deficit given revenue buoyancy

**Shishir Sinha**  
New Delhi

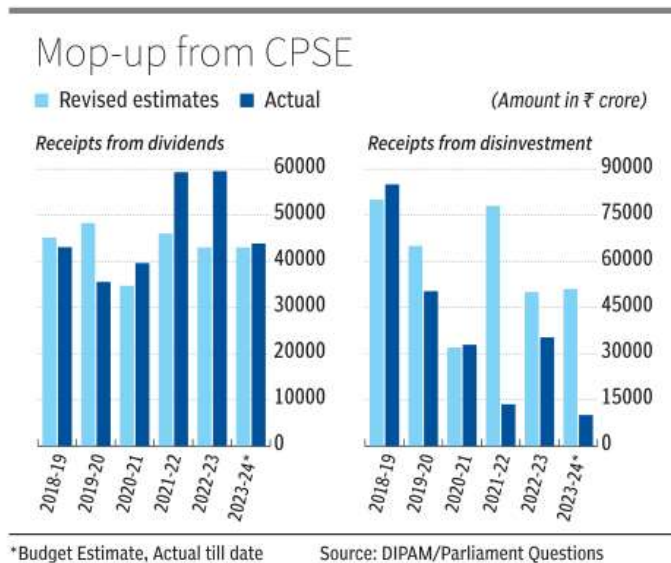
Dividends from central public sector enterprises (CPSEs) are likely to cross ₹50,000 crore during the current fiscal for third year in a row. It has already exceeded the Budget Estimate (BE) during the current fiscal year. However, disinvestment proceeds from CPSEs are likely to remain below the Budget Estimate.

Collections from dividend and disinvestment are part of non-tax revenue and maintained by the Department of Investment and Public Asset Management (DIPAM).

While combined collection is lower than the target, it is unlikely to affect the fiscal deficit target of 5.9 per cent as mobilisation through direct tax, GST and RBI surplus is likely to be much higher.

## GROWTH FACTORS

Better dividend collection can be attributed to improved profitability of CPSEs and a consistent dividend policy. According to



Finance Ministry guidelines announced in 2016, a CPSE would pay an annual dividend of 30 per cent PAT (profit after tax) or 30 per cent of the government's equity, whichever is higher.

However, due account should be taken of cash and free reserves with the CPSE and, accordingly, special dividend would have to be paid to the government as a return for its equity investments. Further, CPSEs with large cash/free reserves and sustainable profit may issue bonus shares.

“Any case of exception should be explained specifically by the concerned administrative ministry/department concerned to the Secretary DEA,” the guidelines say.

Later in 2020, an advisory on consistent dividend policy said that the CPSEs, especially companies that pay relatively higher dividend (100 per cent dividend or ₹10 per share), may consider paying quarterly dividend.

For others, the frequency could be half yearly. Further,

all CPSEs should consider paying at least 90 per cent of the projected annual dividend in one or more instalments as interim dividend.

## DIVESTMENT PACE

Selling stakes in CPSEs has not been easy for the government this fiscal. Though it managed to sell minor stakes in HAL, Coal India Ltd, RVNL, SJVN Ltd, and Hudco, strategic sell-off of IDBI Bank, Shipping Corporation, BEML PDIL, HLL Life Care Ltd and NMDC Steel Ltd are yet to be completed.

In fact, the bigger strategic disinvestment of IDBI Bank is likely to conclude only next year.

DIPAM attributes the snail's pace of divestment to the emphasis it lays on value creation in CPSEs.

It underlines that since the introduction of the new PSE policy in January 2021, the NSE CPSE and BSE CPSE indices have surpassed benchmarks, showcasing returns of over 160 per cent and 128 per cent, respectively, until November 2023.

# Govt urgently expands oil storage amid mounting geopolitical risks

## AGENCIES

NEW DELHI, 4 JANUARY

India is set to prioritize and accelerate efforts to expand its oil storage capacity in the face of escalating geopolitical risks and an anticipated surge in refining capacity, according to a parliamentary panel report and industry analysts.

According to S&P Global Commodity Insights, the move is prompted by India's vulnerability to disruptions in the energy supply chain, especially in critical regions like the Red Sea and the Middle East.

A comprehensive strategic plan is recommended to bolster the nation's energy resilience and reduce risks associated with external dependencies.

Highlighting the urgent need, the International Energy Agency (IEA) standards advocate that member countries maintain oil stocks equiv-

alent to no less than 90 days of net imports.

Currently, India falls short of this benchmark, emphasizing the importance of strategic measures to enhance energy security.

Analysts, including Sumit Ritolia, a refinery economics analyst at S&P Global Commodity Insights, stress the necessity for India to not only meet but surpass this critical threshold.

"Considering the IEA standards requiring member countries to maintain oil stocks equivalent to no less than 90 days of net imports, India should aim to achieve and surpass this benchmark. This entails a comprehensive strategic plan for building and maintaining reserves to meet this critical threshold," said Ritolia.

India's current total petroleum storage capacity stands at 74 days, including Strategic Petroleum Reserves (SPRs) and refinery inventories.



The parliamentary panel report indicates that while ISPRL-managed SPRs provide for about 9.5 days of total net oil imports, state oil companies' storage facilities cover an additional 64.5 days.

Despite these capacities, there's a notable shortfall compared to IEA standards, urging a dynamic and future-oriented strategic storage capacity plan.

India has taken steps to address this shortfall, implementing SPRs at three locations with a combined capacity of 5.33 million mt.

The second phase involves plans to augment storage

capacity further, creating an additional 6.5 million mt of SPRs at two locations.

The emphasis is on a public-private partnership model for the second phase, aiming to add another 12 days of storage requirements.

To bridge the gap and ensure better security, the parliamentary panel recommends that existing refinery projects and recently commissioned refineries set up strategic storage capacity with smaller capacities (two to three days) at five to six locations, contributing an additional 15 to 20 days of capacity.

Encouraging private sector participation in building, managing, and storing crude in petroleum storage facilities is seen as a way to expedite capacity expansion, leveraging expertise, investment, and efficiency.

India has taken steps in recent years to liberalize its strategic oil reserves policy.

Indian Strategic Petroleum Reserves Limited (ISPRL) is now allowed to trade 20 per cent of volumes, offering flexibility to sell crude to domestic refiners, and import, and refill reserves when international prices are favourable.

The move aims to manage price risks and generate revenue while maintaining a strategic reserve that can be accessed by the government in emergency situations.

India's proactive approach in addressing energy security risks signifies a crucial step towards hedging against potential disruptions in the oil supply chain, ensuring a resilient response to unforeseen challenges, and fortifying the nation's energy security, according to analysts.

The call for timely expansion of storage infrastructure projects underlines the imperative of preparing for evolving geopolitical landscapes and safeguarding energy interests.





# IGX sees 16 per cent rise in gas volume trade in 2023

PTI ■ NEW DELHI

The Indian Gas Exchange (IGX) on Thursday said volume of gas traded on the platform rose 16 per cent in 2023 as producers and consumers flocked to the exchange.

IGX recorded 1.22 billion cubic meters or 3.3 million standard cubic meters per day of gas trade in 2023, it said in a statement.

December volume at 67 million standard cubic meters or 2.2 million standard cubic meters per day was a 7 per cent decline month-on-month.

"A total of 132 trades were executed during the month. The maximum number of trades were executed in daily contract, 61 trades; followed by fortnightly and monthly contracts of 27 and 18 trades, respectively," the statement said.

The most active delivery point for free market gas was Dahej and the domestic ceiling price gas was traded at Gadimoga. Other trading delivery points were Hazira, Ankot, Suvali, Mhaskal, Bhad-



bhut & KG Basin.

During the month, the exchange traded gas flows were 37,26,500 million British thermal unit or mmBtu (around 3 mmscmd).

GIXI (Gas Index of India) for December 2023 was Rs 1,098 (USD 13.1 per mmBtu), lower by 3 per cent last month.

IGX traded a total of 7,82,000 mmBtu domestic ceiling price gas during the month.

In 2023, IGX traded 4,84,93,750 mmBtu (3.3 mmscmd), marking a 16 per cent increase on a year-on-year basis. A "total of 1,424 trades were executed during the year, maximum number of trades

executed in daily contract followed by monthly, weekly and fortnightly contracts," the statement said.

IGX offers delivery-based trade in six different contracts such as day-ahead, daily, weekday, weekly, fortnightly and monthly, under which the trade can be executed for six consecutive months.

The gas trade takes place at multiple delivery points, such as - Dahej, Hazira, Ankot, Mhaskal, Bhadhbhut, Dabhol, KG Basin, Gadimoga, Suvali. It covers six regional gas hubs, namely, Western Hub, Southern Hub, Eastern Hub, Central Hub, Northern Hub, and North Eastern Hub across India.

Established in 2020, IGX is India's first automated national-level gas exchange for physical delivery of natural gas. The exchange provides a neutral and transparent marketplace to multiple buyers and sellers to trade in the spot and forward gas contracts at designated physical hubs.

IGX is an associate company of the Indian Energy Exchange Ltd.



## **IGX sees 16% rise in gas volume trade in 2023**

PTI / New Delhi

The Indian Gas Exchange (IGX) on Thursday said volume of gas traded on the platform rose 16 per cent in 2023 as producers and consumers flocked to the exchange.

IGX recorded 1.22 billion cubic meters or 3.3 million standard cubic meters per day of gas trade in 2023, it said in a statement.

December volume at 67 million standard cubic meters or 2.2 million standard cubic meters per day was a 7 per cent decline month-on-month.

The most active delivery point for free market gas was Dahej and the domestic ceiling price gas was traded at Gadimoga.



## India's demand for Russian crude resilient despite Red Sea threats

**New Delhi:** India's demand for Russian crude remains resilient despite Red Sea threats with no known diversions seen so far, said a report by S&P Global Commodity Insights on Thursday. Noting that the appetite of Indian refineries for Russian crude oil has slowed in recent months compared with the first half of 2023, the report said that Russia still maintains its position as India's top supplier.

**VAAGEESH THIRUMALAI**

# Red sea conflict: No major threat to India's fuel supplies

S DINAKAR  
Amritsar, 4 January

The conflict in the Red Sea region is unlikely to disrupt delivery of energy supplies to India or leave a lasting impact on its economy, despite around half of the country's oil imports transiting that area, suggest industry officials and shipping data.

So far, at least seven vessels carrying crude oil and fuels to India have been diverted via the Horn of Africa to avoid the Red Sea route. This might have meant longer voyages and higher shipping costs, according to London-based market intelligence agency Vortexa. But the overall impact is likely to be minimal as "these diversions... represent a small proportion of the total imports into India", says Serena Huang, an analyst at Vortexa. "If tensions escalate, however, we might see more vessels diverting, prolonging voyage time for cargoes from West of Suez to India."

Overall, there have been 24 attacks on ships by Houthi rebels in the Red Sea since November 19, according to Washington. The US has accused Iran of aiding Houthi rebels — members of a Shia Islamist political and military

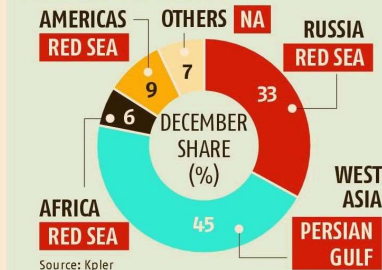


## DIVERSIONS OF TANKERS VESSELS TO INDIA VIA SOUTHERN AFRICA

VESSEL NAME	VESSEL CLASS	ETA
Sonangol Cabindia	Suezmax	Late Jan
Front Cruiser	Suezmax	Late Dec
Amber Ray	Flexi	Late Jan
Chem Silicon	Flexi	Mid-Jan
Damsgaard	Flexi	Late Jan
Eva Fuji	Flexi	Late Jan
Lyderhorn	MR1	Late Jan

ETA is estimates time of arrival  
Source: Vortexa

## INDIA'S CRUDE OIL IMPORTS VIA RED SEA



organisation which controls large swathes of Yemen. But Tehran has denied the charge. As for vessels carrying supplies to India, Vortexa data shows that Sonangol Cabinda, and Front Cruiser, a Suezmax vessel carrying one million barrels of crude oil, had to take the longer route around southern Africa. While Front Cruiser went around the Cape of Good Hope and discharged at Sikka on December 26, Cabinda is scheduled to unload on January 25. Among other tankers, diversion of Amber Ray, Chem Silicon and Lyderhorn around southern Africa

added 5,000 to 6,000 nautical miles to the typical journey from Europe to Asia, potentially increasing delivery time by up to four weeks.

Petroleum Minister Hardeep Puri said there had been no disruption in supplies due to the attacks by Houthi rebels on oil tankers transiting the Suez. Higher freight rates would be offset by savings from the Suez Canal fee, he explained. India Ratings & Research Associate Director Bhanu Patni sees no immediate threat to supply, but cautions that "inflationary pressures might be felt eventually on account of higher freight rates, if the issue pro-

longs". Vandana Hari, a Singapore-based energy expert and founder of Vanda Insights, says the diversion of some cargoes to a longer route increases freight costs "and will undoubtedly cause additional work on logistics and scheduling". But she does not foresee a supply crunch. "In an abundantly supplied market, the additional sailing time does not seem to be causing a supply shortage."

In December, India imported 4.4 million barrels per day (bpd) of oil, according to ship-tracking data from Kpler. Of this, less than half (around 45 per cent), was sourced from West Asia,

and sailed through the Persian Gulf. Around 33 per cent came from Russia, and the rest from Africa and South America. While vessels of up to the Suezmax size use the Suez Canal, very large crude carriers (VLCCs) — those that carry 2 million barrels of oil — cannot use the canal. Russian supplies come in tankers smaller than VLCCs, while West Asian nations use the largest carriers to ship oil to India.

Most of India's oil supplies are expected to stay safe because of the country's good relations with both Russia and Iran.

That would take care of over a third

## Commerce dept takes stock of situation

Commerce Secretary on Thursday chaired a meeting of senior government officials to take a close look at the ongoing Red Sea crisis and its impact on outbound shipments from India, people aware of the matter told *Business Standard*. The government has observed that disruptions at the Red Sea trade route may impact the exports of India's premium quality basmati rice to Europe, Egypt, and parts of West Asia.

SHREYA NANDI

of India's supplies. Over 1.5 million bpd of oil which India sources from Russia transits the Suez Canal. But, as a Mumbai-based refiner points out, there have been no attacks on vessels carrying Russian oil. Another industry official says: "Russian oil supplies are unlikely to be targeted, given Russia's close ties with Iran." Besides, if the Red Sea situation worsens, Indian refiners also have the option of taking additional cargoes from West Asian suppliers via the Persian Gulf. There is plenty of slack there, says Vandana Hari, thanks to the ongoing output cuts.



---

## Trading volume on Indian Gas Exchange up 16%

The Indian Gas Exchange (IGX) said volume of gas traded on the platform rose 16 per cent in 2023 as producers and consumers flocked to the exchange. IGX recorded 1.22 billion cubic metre or 3.3 million standard cubic metre per day of gas trade in 2023, it said. December volume at 67 million standard cubic metre or 2.2 million standard cubic metre per day was a 7 per cent decline month-on-month.