

(This document comprises news clips from various media in which Balmer Lawrie is mentioned, news related to GOI and PSEs, and news from the verticals that we do business in. This will be uploaded on intranet and website every Monday.)

Fitch puts India GDP contraction in FY21 at 10.5%, Ind-Ra At 11.8%

India's economy is expected to contract 10.5 per cent in the current fiscal before bouncing back in the next financial year, Fitch Ratings said on Tuesday. India's gross domestic product (GDP) contracted by a massive 23.9 per cent in April-June and some agencies have predicted negative growth even during the July-September quarter of the current fiscal (April 2020 to March 2021). "GDP should rebound strongly in 3Q20 (October-December) amid a re-opening of the economy, but there are signs that the recovery has been sluggish and uneven," Fitch said in its Global Economic Outlook (GEO). It slashed its GDP forecast for the current fiscal to 10.5 per cent, a huge revision of (-) 5 percentage points compared to the June GEO. The economy, it said, will recover to 11 per cent in 2021-22 largely owing to base effect and grow by 6 per cent in the following year. Separately, India Ratings and Research, the domestic arm of rating agency Fitch, projected an 11.8 per cent contraction in the Indian economy in FY21, as against its previous projection of 5.3 per cent contraction in the current fiscal.

Outlook India - 09.09.2020

<https://www.outlookindia.com/outlookmoney/newsflash/fitch-puts-india-gdp-contraction-in-fy21-at-105-ind-ra-at-118-5252>

Rating India Inc Becomes More Difficult Amid Covid

While the real impact of the Covid-19-related stress is yet to reflect on corporate credit quality, rating agencies are grappling with an increase in the number of companies refusing to share the exact picture of their financials, which makes their job difficult. Close to half the firms rated by rating agencies have been assigned a 'non-cooperating' tag, highlighting the divergence in credit quality in India Inc, data analysed by Primecrmdatabase exclusively for ET shows. With the Covid stress emerging, there are concerns that more companies could choose not to cooperate with rating agencies fearing a downgrade. Out of the 56,413 companies rated as of August 2020,

Crisil forecasts sharper GDP fall of 9% in FY21

Ratings agency Crisil on Thursday forecast a sharper contraction for India's GDP in 2020-21, estimating that it will decline by 9%, higher than its earlier forecast of a 5% fall. "With the pandemic's peak not yet in sight and the government not providing adequate direct fiscal support, the downside risks to our earlier forecast have materialised," Crisil said in its report. "If the pandemic were to peak out in September-October, GDP growth could move into mildly positive territory towards the end of this fiscal. Even in that event, manufacturing is expected to revive faster compared with services. But the risks to our outlook remain tilted to the downside till such time a vaccine is found and mass produced," the report said. The latest revision comes days after official data showed the economy contracted 23.9% in the April-June quarter, the sharpest quarterly decline on record, triggering calls for measures to revive growth. Fitch ratings has forecast the economy to contract 10.5% in 2020-21, while investment banker Goldman Sachs estimated it to decline by 14.8% during the current fiscal year.

The Times of India - 11.09.2020

<https://epaper.timesgroup.com/Olive/ODN/TimesOfIndia/shared/ShowArticle.aspx?doc=TOIKM%2F2020%2F09%2F11&entity=Ar01312&sk=BFA10376&mode=text>

Clamour for stimulus to kick start demand

The government needs to go in for a major fiscal push on the demand side to return to positive growth trajectory, according to an industry survey released on Wednesday. "In the absence of a major fiscal push on the demand side, we could end up being stuck in a quagmire of low demand and low-income cycle. If we have to return to the positive growth trajectory, the time for bold and decisive action is now," FICCI President Sangita Reddy said. Reddy said reviving the economy requires sustained efforts, especially when we have seen that in the first quarter, the gross domestic product (GDP) has suffered a major blow. In May, the

26,537 or 47%, are assigned an 'issuer not cooperating' (INC) rating as companies, especially the smaller ones, are reluctant to share data, want a better rating and do not cooperate because they don't want to pay the fees after the initial rating, agencies said. This ratio is higher than 25% rated non-cooperating two years ago, Primecrrm database said.

The Economic Times - 08.09.2020

<https://epaper.timesgroup.com/Olive/ODN/TheEconomicTimes/shared/ShowArticle.aspx?doc=ETKM%2F2020%2F09%2F08&entity=Ar00712&sk=995A4383&mode=text>

Moody's predicts India's GDP to shrink a record 11.5% in FY21

Global rating agency Moody's on Friday forecast India's real gross domestic product to contract by a record 11.5% in FY21 before witnessing a 10.6% expansion in the next fiscal. With this Moody's joins a number of established agencies in projecting a much sharper contraction (some expect it to be as much as 15%) in FY21 than assumed earlier, thanks to a stringent lockdown, although they are divided over the prospect of a meaningful rebound. While most agencies have predicted a recovery in FY22, they have cautioned that it will be mainly because of a favourable base. It also forecast that the country's debt-to-GDP ratio will worsen to 90.1% in FY21 from 72.2% in the last fiscal, before easing a tad to 88.5% in FY22. Commenting on India's credit profile, Moody's said it's increasingly constrained by low growth, a high debt burden and a weak financial system. "The country's policymaking institutions have struggled to mitigate and contain these risks, which have been exacerbated by the coronavirus pandemic.

The Financial Express - 12.09.2020

<https://www.financialexpress.com/economy/moodys-predicts-indias-gdp-to-shrink-a-record-11-5-in-fy21/2081337/>

Exports rise 13% in 1st wk of Sept, rly freight up 10%

India's exports have increased 13% during the first week of September, while railway freight loading is around 10% higher, indicating signs of a pickup that augurs well for manufacturing activity. Merchandise exports were estimated at \$6.1 billion between September 1 and 7, but the increase was of the order of 23%, excluding petroleum and gems & jewellery — two segments hit hard by the coronavirus pandemic. Oil product exports shrunk 31% to a little under \$200 million on account of weak demand and subdued prices. Similarly, gems & jewellery exports fell 10% to

government had announced a new financial package of over Rs 20 lakh crore. The FICCI-Dhruva Advisors survey, conducted in August among 166 firms, showed that some of their operational parameters were improving as the economy is progressively opening up in phases. However, improvement in performance on a sustained basis will have to wait, FICCI said.

The Telegraph - 10.09.2020

<http://www.ficci.in/ficci-in-news-page.asp?nid=25333>

Industrial output contracts 10.4% in July, but pace slows

The country's industrial production contracted for the fifth consecutive month in July but the pace of decline has slowed, reflecting the increase in economic activity after the easing of lockdown across the country. Data released by the National Statistical Office (NSO) on Friday showed the index of industrial production (IIP) fell 10.4% in July, slower than the previous month's 15.8% decline. During the April-July period, industrial production contracted 29.2% compared to an expansion of 3.5% in the year-ago period, highlighting the stress in the key sector. Overall, the industrial sector remains in dire straits with the manufacturing sector contracting 11.1% in July compared to the 4.8% growth in July 2019. The capital goods sector, which is a key gauge of investment activity, contracted 22.8% in July compared to a decline of 7% in the year-ago period. The crucial segment has been under stress for a significant period and the strict lockdown has hurt the sector.

The Times of India - 12.09.2020

<https://epaper.timesgroup.com/Olive/ODN/TimesOfIndia/shared/ShowArticle.aspx?doc=ТОIKM%2F2020%2F09%2F12&entity=Ar01304&sk=6999C482&mode=text>

62% cos expect eco to be back on track within a year

Nearly 68% of companies have said weak demand is the biggest challenge facing the industry after end of-lockdown phase, a survey showed on Wednesday. About 62% of firms said they expect the economy to be back on track in a year's time, while 41% of the companies have said that their sales in August 2020 were less than 50% of their sales in August 2019. Another 21% said that sales in August 2020 were between 50-75% of the sales recorded in August 2019, the survey by Ficci and consulting firm Dhruva Advisors showed. In August 2020,

\$61 million, data accessed by TOI showed. Engineering products, chemicals and pharmaceuticals were among the sectors, which have seen healthy growth. Among the countries, exports to the US grew a healthy 20%, while those to China were 7.5% higher, sources said. The UAE, Singapore and Belgium were among the countries, which have seen a sharp contraction in exports from India.

The Times of India - 10.09.2020

<https://epaper.timesgroup.com/Olive/ODN/TimesOfIndia/shared/ShowArticle.aspx?doc=TOIKM%2F2020%2F09%2F10&entity=Ar01312&sk=78AC2ABC&mode=text>

Inflation forecast above target

There is unlikely to be any good news on the inflation front with prices rising above the Reserve Bank of India's medium term target in August, a Reuters poll has showed. The poll of nearly 50 economists showed retail inflation to rise 6.85 per cent for the month because of supply disruptions which kept food and fuel prices high. Though this is lower than the 6.93 per cent rise in July, it still means that headline CPI inflation is above the RBI's target of 2-6 per cent for the fifth straight month. This would disappoint those expecting another round of interest rate cut from the RBI. The central bank has since March brought down the policy repo rate by 115 basis points. However, firm inflation saw the monetary policy committee deciding on a status quo in the August policy. A report from the economic research wing of State Bank of India (SBI) also expects inflation to be well above the 6 per cent mark in August. Attributing the recent surge in retail inflation to huge government procurement and supply disruptions on account of the Covid-19 pandemic, the SBI report said the rate of price rise was likely to come down to below 4 per cent only after December.

The Telegraph - 11.09.2020

<https://www.telegraphindia.com/business/inflation-forecast-above-target/cid/1791620>

Share of PSUs in total m-cap falls to decade's low of 4.6%

The insipid stock returns and unabated disinvestments are waning the Union government's clout in Indian equities. The proportion of the public sector units (PSUs) in India's total market capitalisation fell to a decade low of 4.6% in June 2020, according to an analysis by the ET Intelligence Group. There are 76 companies on the stock exchanges where the

44% of the companies reported that their order books have improved after opening up of the economy, while in June 2020, 25% of the companies had reported that unlocking of the economy had a positive impact on their order books. Only 21% of the companies had reported that unlocking had a positive impact on their cashflows in June, while in August, 51% of companies said their cash flows have improved.

The Times of India - 10.09.2020

<https://epaper.timesgroup.com/Olive/ODN/TimesOfIndia/shared/ShowArticle.aspx?doc=TOIKM%2F2020%2F09%2F10&entity=Ar01320&sk=8C3D0B17&mode=text>

Retail inflation to come down with easing of lockdowns: CEA K V Subramanian

Attributing the rise in inflation to supply-side frictions, Chief Economic Adviser K V Subramanian has exuded confidence that retail inflation will come down in the days ahead with the easing of lockdowns. According to the government data, retail inflation rose to 6.93 percent in July, mainly driven by rising prices of food items like vegetables, pulses, meat and fish. However, wholesale price-based inflation declined 0.58 percent in July, even as food items turned costlier. "If you look at inflation...it's primarily because of those supply-side frictions, but as local lockdowns are actually being reduced, these frictions should basically go down," he told PTI. "Overall, the difference between wholesale and retail inflation is primarily due to supply-side factors which should decrease and therefore going forward even the retail inflation should ease," Subramanian said. There are fears that retail inflation would remain at an elevated level during the rest of the year limiting the scope for the RBI to further ease the benchmark interest rate.

Moneycontrol - 13.09.2020

<https://www.moneycontrol.com/news/business/retail-inflation-to-come-down-with-easing-of-lockdowns-cea-k-v-subramanian-5832311.html>

Companies can now hold their FY20 Annual General Meeting by Dec 31: MCA

In a major relief for corporates, the Ministry of Corporate Affairs (MCA) has extended the deadline to hold Annual General Meeting (AGM) for the financial year 2019-20 till December 31 in the wake of the pandemic. The existing deadline was scheduled to end on September 30. According to an MCA statement, the move

government holding is more than 50%. Their total market cap is ₹12.5 lakh crore. Of this, 42% is spread among the top five PSUs by market cap including SBI, ONGC, Power Grid Corporation, NTPC, and BPCL. The market cap of PSUs shrank by 3% annually over the past decade even as the country's market cap increased by 8%. Following their poor show, PSUs no longer figure in the list of the country's top 10 stocks by market cap even though they are still the leaders across sectors including power generation and transmission, oil exploration, gas transmission and lending. Back in 2010, the price-book (P/B) multiples of the S&P BSE PSU Index and the S&P BSE Sensex were similar.

The Economic Times - 11.09.2020

<https://epaper.timesgroup.com/Olive/ODN/TheEconomicTimes/shared/ShowArticle.aspx?doc=ETKM%2F2020%2F09%2F11&entity=Ar00705&sk=05A6C8BD&mode=text>

CPSE-ETF and Bharat 22 ETFs yield negative returns over last one year

Investments made in Central Public Sector Enterprise-Exchange Traded Funds (CPSE-ETFs) and Bharat 22 ETF have yielded negative returns over the last one year. To meet its disinvestment target, the government had launched such ETFs. However, in the last one year, CPSE-ETFs have given negative returns of 23.30%, while Bharat 22 ETF is down by 21.48% over the same period, according to data from Value Research. Poor returns by both the ETFs could also impact returns of the Employees' Provident Fund Organisation (EPFO), which has investments in both the schemes. EPFO has been investing in the stock market through ETFs since 2015. According to the current investment pattern, EPFO invests 15% of its annual incremental receipts in equity, the rest in debt. So, EPFO invests in ETFs based on Nifty 50, Sensex, CPSE and Bharat 22 Indices. EPFO does not invest in shares and equities of individual companies. The total amount invested by EPFO in ETFs, as in September 2019, is Rs 86,966 crore.

The Financial Express - 09.09.2020

<https://www.financialexpress.com/market/cpse-etf-and-bharat-22-etfs-lead-negative-returns-over-last-one-year/2078339/>

PM Modi inaugurates three petroleum sector projects in poll-bound Bihar

Prime Minister Narendra Modi on Sunday dedicated three petroleum sector projects in poll-bound Bihar to the nation. These projects that will help meet the demand for domestic cooking gas in the state include state-run Indian Oil Corporation's

would provide relief to around 12 lakh companies. "MCA issued directions to RoCs (Registrar of Companies) to issue orders without filing of formal application and payment of fee. Even applications already filed but not approved or rejected are also covered for this relief," it said. The statement noted that the MCA is extending this timeline due to Covid-19 and to meet the demand from various associations for extending time to hold the AGM. "This is for the first time that such relief generally is given to all companies," it said.

Business Standard - 09.09.2020

https://www.business-standard.com/article/companies/companies-can-now-hold-their-fy20-annual-general-meeting-by-dec-31-mca-120090900021_1.html

EPFO will try to pay interest of 8.5% for FY20 at one go

Retirement fund body the Employees Provident Fund Organisation will make "every effort" to pay the 8.5% interest to its subscribers for 2019-20 at one go and is banking on an improvement in the financial markets for better returns on its investments, sources said. The latest view on paying the interest of 8.5% at one go comes after the central board of trustees of the fund met on Wednesday and decided to recommend to the finance ministry that the interest rate should be paid in two tranches due to the shortfall in its income due to the Covid-19 pandemic and its impact on the financial markets. It has recommended that the first tranche 8.15% would be paid from the debt income and the balance 0.35% from the gains from its investment in exchange traded funds subject to their redemption by December 31. "Once the finance ministry gives its views we will make every effort to pay the interest rate in one shot and may not have to pay in instalments," an EPFO source said.

The Times of India - 11.09.2020

<https://epaper.timesgroup.com/Olive/ODN/TimesOfIndia/shared/ShowArticle.aspx?doc=ТОIKM%2F2020%2F09%2F11&entity=Ar01104&sk=539F2F87&mode=text>

Global Energy Transition Well Underway

Policymakers still tend to talk about the global energy transition in the future tense, as something that might or will happen in the next few decades, but the transition is already well underway and shows signs of accelerating.

193-km long Durgapur-Banka section of the Paradip-Haldia-Durgapur liquefied petroleum gas (LPG) pipeline that will supply cooking gas for bottling at the new Banka plant in the state. Apart from the pipeline and the bottling plant at Banka, PM Modi also dedicated state-run Hindustan Petroleum Corporation Ltd' LPG bottling plant at Harsidhi in East Champaran district through video conferencing, that was also attended by the state' chief minister Nitish Kumar. With the critical Bihar state assembly elections on the anvil, there has been a flurry of announcements and inaugurations for and from the state.

Mint - 14.09.2020

<https://www.livemint.com/news/india/pm-modi-inaugurates-three-petroleum-sector-projects-in-poll-bound-bihar-11599993004115.html>

Fitch says BPCL privatisation is 'event risk' due to little info

Fitch Ratings on Wednesday said the potential privatisation of BPCL is an "event risk" as there is little information about bidders and potential transaction structure. The rating agency affirmed Bharat Petroleum Corporation Ltd's (BPCL) long-term foreign-currency issuer default rating (IDR) at 'BBB-'. The outlook is 'Negative'. "Fitch equalises BPCL's rating with that of its largest shareholder, the India sovereign (BBB-/Negative)...due to the strong likelihood of government support," it said. The rating incorporates weak petroleum product demand and gross refining margins (GRMs) in the near term, followed by a gradual recovery and strong marketing margins, reflecting BPCL's ability to reap some benefits from low oil prices in its marketing segment, without a full cost pass-through to consumers. However, the improvement is subject to risks of weak industry conditions persisting beyond baseline scenario, or capex or shareholder returns that are higher-than-expected.

The Economic Times - 11.09.2020

<https://energy.economictimes.indiatimes.com/news/oil-and-gas/fitch-says-bpcl-privatisation-is-event-risk-due-to-little-info/78018718>

Fitch Ratings cuts long-term oil price assumptions

Global energy consumption has already been shifting from a mid-20th century system dominated by coal and oil to one that will be dominated by gas and renewables by the mid-21st century. Global energy consumption from natural gas and renewables (mostly wind, solar and biofuels) grew much faster than energy consumption as a whole over the five years between 2014 and 2019. Renewables increased at a compound annual rate of more than 12.5% while gas increased at a rate of 2.9%, both much faster than total energy consumption growth of 1.6%. By contrast, oil consumption grew more slowly than consumption as a whole (+1.4%) and coal consumption fell (-0.5%) over the same period. The result is that gas and renewables have been seizing energy market share, especially from coal but to a lesser extent from oil as well.

Reuters - 11.09.2020

<https://in.reuters.com/article/us-global-energy-kemp/global-energy-transition-already-well-underway-kemp-idUSKBN2621XD>

IEA sees oil market stuck between no major slowdown but stalled recovery

The global economy is likely not headed for any major slowdown due to COVID-19 but piled-up storage and uncertainty over China's oil demand cloud oil markets' recovery, an official with International Energy Agency (IEA) said. Keisuke Sadamori, IEA director for energy markets and security, told Reuters the outlook for oil was in the midst of either a second wave or a steady first wave of the coronavirus. "There is an enormous amount of uncertainty, but we don't expect any additional serious slowdown in the coming months." "Even though (the market is) not expecting real robust growth coming back soon, the view on demand is more stable compared with three months ago," he said in an interview. Crude prices plunged in spring to historic lows as the pandemic's lockdowns crushed demand, and have pared losses but remained stuck near \$40 a barrel. The IEA cut its 2020 oil demand forecast in its monthly report on Aug. 13, warning that reduced air travel would lower global oil demand by 8.1 million barrels per day (bpd).

The Economic Times - 08.09.2020

<https://energy.economictimes.indiatimes.com/news/oil-and-gas/iea-sees-oil-market-stuck-between-no-major-slowdown-but-stalled-recovery/77972481>

India's fuel demand dips most since April

Fitch Ratings has reduced its long-term price assumptions for Brent and West Texas Intermediate oil despite a better-than-expected year-to-date performance due to decisive production cuts by Organization of the Petroleum Exporting Countries (OPEC), loosened lockdown measures and an economic recovery. According to Fitch, the reduced price assumption reflects large underutilised production capacities, the extended period of high oil inventory caused by the coronavirus pandemic, falling upstream unit costs and the long-term energy transition. "US oil production reduced to 10.5 million barrels a day (mmb/d) in mid-June from 13.1 mmb/d in mid-March, also lowering global supply. The shale industry exhibited its considerable operational and capital flexibility by reducing activity and spending, and temporarily shutting its wells to ease supply pressures," the statement said.

The Economic Times - 11.09.2020

<https://energy.economictimes.indiatimes.com/news/oil-and-gas/fitch-ratings-cuts-long-term-oil-price-assumptions/78032033>

India's fuel demand fell 15.6 per cent y/y in August

India's fuel demand fell 15.6 percent in August compared with the same month last year. Consumption of fuel, a proxy for oil demand, totalled 14.39 million tonnes, data from the Petroleum Planning and Analysis Cell (PPAC) of the oil ministry showed. Sales of gasoline, or petrol, were 7.5 percent lower from a year earlier at 2.38 million tonnes. Cooking gas or liquefied petroleum gas (LPG) sales decreased 5.1 percent to 2.28 million tonnes, while naphtha sales fell 6.6 percent to 1.07 million tonnes. Sales of bitumen, used for making roads, were 21.5 percent up, while fuel oil use edged up 0.4 percent in August.

The Economic Times - 11.09.2020

<https://energy.economictimes.indiatimes.com/news/oil-and-gas/indias-fuel-demand-fell-15-6-percent-y/y-in-august/78017701>

India to launch 11th city gas licensing round soon: Pradhan

India's fuel demand in August posted its biggest decline since April as local lockdowns put brakes on economic activity and transportation, official data showed on Thursday. Petroleum product sales fell to 14.39 million tonnes in August, down 7.5% over the previous month and about 16% from a year earlier, data from the oil ministry's Petroleum Planning and Analysis Cell (PPAC) showed. The decline in August was the sixth consecutive year-on-year slide. Fuel demand had slumped by a record 48.6% in April to 9.4 million tonnes as the government imposed a nationwide lockdown in an attempt to curb the spread of Covid-19. It recovered in the subsequent two months but has been falling again since July, on a monthly basis. Sale of diesel, the most consumed fuel in the country, fell 12% to 4.84 million tonnes in August from 5.51 million tonnes in the previous month. On an annual basis, the demand for diesel declined by 20.7%.

The Economic Times - 11.09.2020

<https://epaper.timesgroup.com/Olive/ODN/TheEconomicTimes/shared/ShowArticle.aspx?doc=ETKM%2F2020%2F09%2F11&entity=Ar00610&sk=06D519C4&mode=image>

LNG investments vanish in 2020 as coronavirus slashes oil and gas prices

No new liquefied natural gas (LNG) export projects could be approved this year for the first time in at least two decades, banking and industry sources said, after the COVID-19 pandemic drove down energy demand and knocked prices to all-time lows. In a stark contrast to last year's record level of approvals for LNG production plants, 2020's dramatic oil and gas price drop has forced companies to delay decisions on new projects and write down investments in existing plants. The last year in which no new LNG exports plants were approved was 1998, consultancy Wood Mackenzie told Reuters, while the International Energy Agency estimated it was at least two decades ago. Five investment banking and energy analysts said they expect no final investment decisions (FIDs) this year, while four other sources said they expect at most one to two.

The Economic Times - 11.09.2020

<https://energy.economictimes.indiatimes.com/news/oil-and-gas/opinion-lng-investments-vanish-in-2020-as-coronavirus-slashes-oil-and-gas-prices/78029859>

Second wave of floating storage triggered by ailing oil market

India will soon launch a bid round to give out licences for retailing gas in cities to help extend the coverage of environment-friendly fuel to about 500 cities, Oil Minister Dharmendra Pradhan said on Thursday. During 2018 and 2019, sector regulator PNGRB gave out licences to retail CNG to automobiles and piped cooking gas to household kitchens in 136 geographical areas or GAs. This extended coverage of the city gas network to 406 districts and around 70 per cent of the country's population. "The 11th city gas distribution (CGD) authorisation round will be launched very soon. PNGRB is preparing for it," he said at a virtual event organised to commission 56 CNG stations in 13 states and one UT. "50-100 districts, particularly in Chhattisgarh, Madhya Pradesh, and Vidharba, will join the city gas network after the 11th round." The push for city gas expansion is part of the government plan for raising the share of natural gas in the country's energy basket to 15 per cent by 2030 from the current 6.3 per cent.

The Economic Times - 10.09.2020

<https://energy.economictimes.indiatimes.com/news/oil-and-gas/india-to-launch-11th-city-gas-licensing-round-soon-pradhan/78036406>

OMCs Set to Reap the Gains of Increase in Marketing Margins

The recent increase in marketing margins on auto fuels augurs well for the earnings trajectory of downstream state-owned oil marketing companies (OMCs) such as BPCL, HPCL and Indian Oil. After recent corrections, these three OMCs are trading at compelling valuations and the increase in margins will more than offset sustained weakness in underlying refining margins and inherent volatility in global crude prices, said analysts. For instance, a 50-paise/litre increase in marketing margin will increase an average 12% of FY21 estimated EBITDA for OMCs. "The elevated marketing margins on auto fuels will allow these companies to adequately offset underlying weakness in the earnings trajectory from lower refining margins and the lower-than-normal petroleum demand environment amid lockdowns," said Tarun Lakhota, analyst, Kotak Securities. "We reiterate a buy on BPCL, HPCL and IOCL noting inexpensive valuations after the recent correction in stock prices."

The Economic Times 12.09.2020

<https://epaper.timesgroup.com/Olive/ODN/TheEconomicTimes/shared/ShowArticle.aspx?doc=ETKM%2F2020%2F09%2F12&entity=Ar00608&sk=A97FAF26&mode=text>

A stalled global economic recovery from the coronavirus pandemic is leading to a fresh build-up of global oil supplies, pushing traders including Trafigura to book tankers to store millions of barrels of crude oil and refined fuels at sea again. The use of so-called floating storage onboard tankers comes as traditional onshore storage remains close to capacity as supplies outpace demand. Trading house Trafigura has chartered at least five of the largest tankers each capable of storing 2 million barrels of oil, known as very large crude-oil carriers (VLCCs), according to trading sources and shipping data. A number of the vessels are newly-built and are due to store gasoil and diesel, for which unsold volumes are especially high after a modest recovery mid-summer. The inventory build-up comes despite major oil producers including Saudi Arabia and Russia sharply cutting back output and refineries slowing operations in recent months in response to an unprecedented drop in consumption.

The Economic Times - 11.09.2020

<https://energy.economictimes.indiatimes.com/news/oil-and-gas/second-wave-of-floating-storage-triggered-by-ailing-oil-market/78029771>

Five Petroleum and Gas sector PSUs to join International Solar Alliance: Dharmendra Pradhan

Five Public Sector Undertakings (PSUs) under Petroleum and Natural Gas Ministry will be joining International Solar Alliance (ISA)'s Coalition for Sustainable Climate Action (ISA-CSCA) as Corporate Partners and will be contributing to ISA's Corpus Fund, said Ministry of Petroleum & Natural Gas on Tuesday. In his inaugural speech at the First World Solar Technology Summit organized by ISA, Minister of Petroleum and Natural Gas Dharmendra Pradhan said that Oil and Natural Gas Corporation Limited (ONGC), Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL), Hindustan Petroleum Corporation Limited (HPCL) and GAIL (India) Limited will be contributing to ISA's Corpus Fund. According to a press statement, Pradhan said that increasingly and rightly so, Indian Oil & Gas companies are actively taking part in this clean energy transition.

The Economic Times - 10.09.2020

<https://energy.economictimes.indiatimes.com/news/oil-and-gas/five-petroleum-and-gas-sector-psus-to-join-international-solar-alliance-dharmendra-pradhan/78009696>

Reliance unveils details of O2C business spinoff plan

Reliance Industries Ltd's new oil-to-chemical business unit will hold its oil refinery and petrochemical assets and retail fuel business but not upstream oil and gas producing fields such as KG-D6 and textiles business, the firm said detailing hiving-off plans. RIL has started work on hiving off the oil-to-chemical (O2C) business into a separate unit for a possible stake sale to companies such as Saudi Aramco. Reliance O2C Ltd will house oil refining and petrochemical plants and manufacturing assets, bulk and wholesale fuel marketing, and RIL's 51 per cent interest in retail fuel joint venture with BP of the UK, according to the Scheme of Arrangement. The O2C unit would also house RIL's Singapore and the UK-based oil trading subsidiaries and marketing subsidiary, Reliance Industries Uruguay Petroquimica SA. It would also house Reliance Ethane Pipeline Ltd that operates a pipeline between Dahej in Gujarat and Nagothane in Maharashtra as well as 74.9 per cent stake that RIL holds in the joint venture with Sibur.

The Economic Times - 08.09.2020

<https://energy.economictimes.indiatimes.com/news/oil-and-gas/reliance-unveils-details-of-o2c-business-spinoff-plan/77995672>

Air passenger traffic grows 26% sequentially in August, says Icra

Air passenger traffic in the country logged around 25 per cent month-on-month growth at 26 lakh passengers in August with airlines scaling up capacity by 27 per cent over July, rating agency Icra said on Monday. Passenger traffic on year-on-year basis, however, plunged by 77 per cent in August, Icra said. Overall, passenger traffic grew by 19 per cent till August 31, with carriers flying over 70 lakh passengers during the period, after the resumption of services in a graded manner on domestic routes from May 25 following a two-month hiatus. The capacity deployment at around 33 per cent year-on-year was rather a slow uptick despite recommencement of operations over three months ago, it said. "The number of flights departing has also gradually increased from 416 on Day 1 to 1,156 on Day 101 (September 2). For August, the average daily departures was around 930, significantly lower than the average daily departures of 2,846 in August 2019, though better than 780 in July 2020," said Kinjal Shah, Vice-President, Icra.

The Financial Express - 08.09.2020

<https://www.financialexpress.com/industry/air-passenger-traffic-grows-around-25-sequentially-in-august-icra/2077285/>

Diesel fuel found in ocean near Sri Lanka oil tanker fire

An Indian coast guard aircraft sprayed a special chemical on a patch of diesel fuel near a large oil tanker off Sri Lanka's coast where firefighters are battling a new blaze that broke out two days after an earlier fire was extinguished, the navy said. The MT New Diamond is carrying nearly 2 million barrels of crude oil and officials have warned of possible massive environmental damage to Sri Lanka's coast if the ship leaks or explodes. Navy spokesman Capt. Indika de Silva said the new fire started Monday evening and reached the magnitude of the previous blaze. Firefighters have contained it but it is still burning, he said. High winds, extreme temperatures on the ship and sparks reignited it, the navy said, adding that so far there is no risk of a crude oil leak or of the fire spreading into the oil storage area. The navy said the initial fire began in an engine room boiler and did not spread to the oil storage area. However, it said "a diesel patch" had been spotted in the ocean about one kilometer (0.6 mile) from the ship.

The Economic Times - 10.09.2020

<https://energy.economictimes.indiatimes.com/news/oil-and-gas/diesel-fuel-found-in-ocean-near-sri-lanka-oil-tanker-fire/78008075>

Domestic Airlines Fly High in Sept as Demand Soars

India's airlines have seen a sharp improvement in demand so far this month as states have progressively relaxed restrictions and the number of flights has risen, prompting more business and leisure travel, beyond those flying due to personal emergencies. Maharashtra has doubled the number of domestic flights allowed out of Mumbai, for instance. Some carriers said passenger loads have risen as much as 10 percentage points in the early days of the month along with an increase in the number of flights. Average load factor has risen to about 70% at the top six scheduled airlines on the basis of data in the first nine days from 56% in July, industry experts estimated. The load factor is a measure of seats filled per flight and indicates demand. Airlines told ET that the reason for the revival is greater clarity on quarantine and other measures. Meanwhile, the reopening of the economy has meant that business travel is returning.

The Economic Times - 10.09.2020

<https://epaper.timesgroup.com/Olive/ODN/TheEconomicTimes/shared/ShowArticle.aspx?doc=ETKM%2F2020%2F09%2F10&entity=Ar00101&sk=6BF56477&mode=text>

SC: Devise a way to refund flyers for cancelled flights

The Supreme Court on Wednesday asked the Centre to think of a mechanism to refund ticket money to passengers left to fend for themselves when airlines abruptly cancel flights, often attributing it to technical snags. A bench of justices Ashok Bhushan, R S Reddy and M R Shah told this to solicitor general Tushar Mehta while examining the Centre's proposal on refunding ticket cost to passengers for cancelled flights during the lockdown period. When some counsel raised the issue of the Centre confining refunds to tickets booked from March 25 for flights cancelled during the lockdown period, Mehta clarified that it did not matter when the tickets were booked, whether before March 25 or later. "What matters is when was the flight cancelled. If a passenger had a valid ticket for a flight which was cancelled during the lockdown period, then he is entitled to refund," he said. While asking the SG to instruct the Directorate General of Civil Aviation to put this clarification in an affidavit, the bench said, "The proposal is with regard to the lockdown period.

The Times of India - 10.09.2020

<https://epaper.timesgroup.com/Olive/ODN/TimesOfIndia/shared/ShowArticle.aspx?doc=TOIKM%2F2020%2F09%2F10&entity=Ar00905&sk=D7450FF6&mode=text>

COVID-19: Major ports' cargo handling drops about 17% to 245 mn tonnes in Apr-Aug

Impacted by disruptions caused due to COVID-19, India's major ports continued to witness a fall in cargo handling, registering 16.56 per cent dip to 245.04 million tonnes (MT) between April and August this fiscal, according to the apex ports body IPA. Cargo volumes at these 12 major ports under the control of the Centre declined for the fifth straight month in August 2020 and all ports barring Mormugao saw a negative growth. These 12 ports had together handled 293.67 MT of cargo during April-August 2018-19, the Indian Ports Association (IPA) said in its latest data. Ports like Chennai, Cochin and Kamarajar saw their cargo volumes nosedive about 30 per cent during April-August, while JNPT and Kolkata suffered a drop of over 20 per cent. India has 12 major ports under the control of the central government — Deendayal (erstwhile Kandla), Mumbai, JNPT, Mormugao, New Mangalore, Cochin, Chennai, Kamarajar (earlier Ennore), V O Chidambarnar, Visakhapatnam, Paradip and Kolkata (including Haldia). While Kamarajar port saw 31.64 per cent decline in cargo handling to 9.11 MT, Chennai port suffered a drop of 30.36 per cent to 14.42 MT in April-August, as per IPA data.

The Financial Express - 13.09.2020

<https://www.financialexpress.com/industry/covid-19-major-ports-cargo-handling-drops-about-17-to-245-mn-tonnes-in-apr-aug/2082065/>