

WEEKLY MEDIA UPDATE

(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.)

India Inc confident of achieving \$5 trillion economy: Deloitte survey

India Inc is confident of achieving USD 5 trillion economy with the central government's support in infrastructure investments, additional reforms, and enhanced technology adoption, according to a CXO survey by Deloitte Touche Tohmatsu India LLP. Stating that business leaders anticipate strong economic growth for the next fiscal year, Deloitte in a statement said about 50 per cent of India Inc reflects optimism about the country posting above 6.5 per cent growth in FY25. Amongst industry sectors, automotive (50 per cent), consumers and retail (66 per cent), technology, media, and telecommunication (47 per cent) and energy, resources and industrials (44 per cent) anticipate high growth. "Government initiatives, increased trade collaborations, lowering of logistics cost, and policies to increase industrial production (such as intelligent automation in manufacturing and increased investment towards sustainable technologies), will further this momentum. Changing consumer preferences and strong demand in tier-2 and tier-3 cities are other factors aiding this outlook," it said.

Business Standard - 23.01.2024

https://www.business-standard.com/budget/news/india-inc-confident-of-achieving-5-trillion-economy-deloitte-survey-124012300635_1.html

Centre's budget capex growth to slow to 12% in FY25: India Ratings and Research

The Centre's capital expenditure growth may slow down to 12% in FY25 from 37.4% pegged in Budget for FY24, India Ratings and Research (Ind-Ra) said in a report. This is mainly due to the pickup in private capex in few sectors, the forthcoming elections in April and the fiscal consolidation target of 4.5% by FY26, it said. The agency also sees FY25 gross market borrowing to marginally decline to Rs 15.1 trillion from 15.4 trillion in FY24 BE, and net market borrowing to fall to Rs 11.4 trillion from Rs 11.8 trillion. According to rating agency, the Centre's net tax revenue buoyancy is expected to come in at 1.2 in

Jan business activity hits 4-month High

A faster rate of expansion in new orders compared with the previous month likely pushed Indian private sector activity to a four-month high in January, according to preliminary data from a private survey released Wednesday. The HSBC flash India PMI Output index rose to 61 in January compared with 58.5 the previous month, with manufacturing and services recording the fastest increase in aggregate sales in six months. The Flash PMI is typically based on 75-85% of the total Purchasing Managers Index survey responses received each month. The survey interviews 400 participants each from services and manufacturing units. The final manufacturing PMI will be released on February 1 and the services PMI on February 5. "The economy grew at a faster pace in January, led by stronger manufacturing output, as well as more robust business services activity. New orders rose at a faster pace than a month ago, and within that, international orders were stronger than before," said Pranjul Bhandari, chief India economist, HSBC.

The Economic Times - 25.01.2024

<https://economictimes.indiatimes.com/news/economy/indicators/business-activity-at-a-four-month-high-in-january-hsbc-flash-pmi/articleshow/107107661.cms?from=mdr>

PSUs lose Rs 2.41 lakh crore in a single day

The selloff in shares of state-owned companies on Tuesday resulted in their total market value eroding ₹2.41 lakh crore in a single day. Following the state election results on December 3, the market capitalisation of public sector companies has gained more than ₹10 lakh crore till Saturday. The losses incurred on Tuesday represent almost one-fourth of the gains posted since December 3. PSUs such as Rites, STC, HUDCO, Railtel Corp, and Ircon plunged between 10% and 15% on Tuesday. RCF, Engineers India, National Fertilizer, IRFC, IRCTC, Chennai Petro, and General Insurance, among others, declined 8-9%. Market

FY25, sharply lower than 1.9 projected in the current fiscal year. This will translate into a net-tax revenue growth rate of 12.6% in FY25, said Ind-Ra. Net tax revenue represents the tax revenue of the Centre post refunds and devolution to states. In the current year, net tax collections have grown 17.2% in April-November, higher than the 11.1% growth pegged in the Budget.

The Financial Express - 24.01.2024

<https://www.financialexpress.com/budget/centre-s-budget-capex-growth-to-slow-to-12-in-fy25-india-ratings-and-research-3373172/>

Govt halves support to oil firms, defers filling strategic oil reserves

The government has halved the amount of equity infusion in state-owned fuel retailers to Rs 15,000 crore for supporting their investments in energy transition projects, the finance ministry has said. Finance Minister Nirmala Sitharaman had on February 1 last year while presenting the annual Budget for 2023-24 fiscal (April 2023 to March 2024) announced equity infusion of Rs 30,000 crore in Indian Oil Corporation (IOC), Bharat Petroleum Corporation Ltd (BPCL) and Hindustan Petroleum Corporation Ltd (HPCL) to support the three state-owned firms' energy transition plans. Alongside, she had also proposed Rs 5,000 crore for buying crude oil to fill strategic underground storages at Mangalore in Karnataka and Visakhapatnam in Andhra Pradesh that India has built to guard against any supply disruptions. That plan has also been deferred in view of emerging trends in oil markets, the finance ministry said. While other state-owned oil companies such as Oil and Natural Gas Corporation (ONGC) and GAIL (India) Ltd too have lined up billions of dollars of investment to achieve net zero carbon emissions, the equity support was limited to the three fuel retailers, who had suffered huge losses in 2022 when they held retail petrol, diesel and cooking gas (LPG) prices despite a spike in raw material (crude oil) prices following Russia's invasion of Ukraine.

Business Standard - 26.01.2024

https://www.business-standard.com/industry/news/govt-halves-support-to-oil-firms-defers-filling-strategic-oil-reserves-124012600410_1.html

India's natural gas demand is expected to rise 6% in 2024, says IEA

capitalisation of PSUs gained 26% from December 3 till Saturday, compared to the 6% jump in the Nifty 50 index. IRFC's shares surged by 134% during this period, surpassing the market value of companies such as IOC, M&M, Bajaj Auto, and Tata Steel. According to Amit Goel, Co-Founder at Pace 360, active government reforms in the PSU sector, aimed at improving efficiency and profitability, coupled with plans to divest stakes in select PSUs, attract investor interest and signal a positive outlook for the sector.

The Economic Times - 24.01.2024

<https://economictimes.indiatimes.com/markets/stocks/news/psus-lose-rs-2-41-lakh-crore-in-a-single-day/articleshow/107095982.cms?from=mdr>

Just 3 per cent growth seen in demand for petroleum products in FY25

India's demand for refined oil products is likely to see a modest 3% growth in the upcoming financial year 2024-25, as per the data published by the Petroleum Planning and Analysis Cell. The growth will be lowest since FY22. The country's demand for petroleum products including jet fuel, diesel, LPG among others is likely to grow to 239 million tonne in the financial year beginning April 1. The country's consumption of petroleum products stood at 233 million tonne last year, the data showed. The government has estimated a growth of 2.5% in the consumption of LPG (Liquified Petroleum Gas), while demand for diesel is seen rising 3%. As of November, the country has imported 31.9 million tonne of petroleum products against 44.6 MT in the last fiscal. India's oil demand has been rising and according to the International Energy Agency, the country is likely to be the second-biggest contributor to the global oil demand growth this year after China. The consumption pattern by the two economies will also determine global crude oil prices which have now moderated after trailing a volatile trajectory in 2023.

The Financial Express - 26.01.2024

<https://www.financialexpress.com/markets/commodities-just-3-per-cent-growth-seen-in-demand-for-petroleum-products-in-fy25-3375578/>

India's crude oil production drops by 1.03%, processing rises to 22.7 MMT in December 2023: PPAC

India's natural gas demand is expected to rise by 6 per cent in 2024 with a rise in consumption in fertiliser units, power generation and industrial sectors, according to the International Energy Agency (IEA). Following the 7 per cent year-on-year decline observed in 2022, India's primary gas supply rose by 5 per cent in 2023, with growth primarily driven by the petrochemical, power generation, refinery and industrial sectors. "Natural gas demand in India is expected to increase by 6 per cent in 2024, mainly supported by higher gas use in industry (including in the fertiliser sector) and stronger gas burn in the power sector amid the development of its national pipeline grid and city gas infrastructure," IEA said Gas Market Report released last week. India's natural gas demand had risen to 64 billion cubic meters in 2023. Liquefied natural gas (LNG) imports rose by 7 per cent on the year to 29 billion cubic meters last year, with import dependency at 44 per cent of the nation's natural gas consumption.

Business Standard - 29.01.2024

https://www.business-standard.com/industry/news/india-s-natural-gas-demand-is-expected-to-rise-6-in-2024-says-iaa-124012800290_1.html

India on course to become main driver of incremental oil use by 2030

India's petroleum consumption climbed to a new record last year and the country is on course to overtake China as the primary driver of incremental oil consumption before 2030. Urbanisation, industrialisation and the growth of the middle class are driving a rapid increase in consumption of petroleum products for heating, lighting, cooking, transportation and petrochemicals. China's demand for transportation is increasingly satisfied by electric vehicles, but India's is still mostly met by internal combustion engines owing to their greater affordability. While China's oil consumption is expected to peak before the end of the decade and start to fall, India's will continue increasing throughout the 2030s. India is already the second-most important driver of incremental consumption in the world and is on course to take the top spot before 2030. The country's economic growth will become a primary driver of global consumption and prices and a focus for analysis and forecasts.

The Economic Times - 24.01.2024

<https://economictimes.indiatimes.com/industry/energy/oil-gas/india-on-course-to-become-main-driver-of-incremental-oil-use-by-2030/articleshow/107102761.cms>

India's crude oil and condensate production in December 2023 totalled 2.5 Million Metric Tonnes (MMT), marking a 1.03% decrease from the same period in 2022, according to the Petroleum Planning & Analysis Cell (PPAC). This production included 0.3 MMT from Oil India Limited (OIL), 1.6 MMT from the Oil and Natural Gas Corporation (ONGC), and 0.6 MMT from fields under Production Sharing Contracts (PSC) and Revenue Sharing Contracts (RSC). Despite the decline in crude oil production, India's total crude oil processing in December 2023 increased to 22.7 MMT, a 1.9% rise from December 2022. Public Sector Undertakings and Joint Venture refiners processed 15.7 MMT, with private refiners contributing 7.0 MMT. The processing of indigenous crude oil accounted for 2.6 MMT, while imported crude oil totalled 20.1 MMT. The overall growth in crude oil processing from April to December in FY 2023-24 was 3.3% higher than the same period in the previous fiscal year.

The Economic Times - 29.01.2024

<https://energy.economictimes.indiatimes.com/news/oil-and-gas/indias-crude-oil-production-drops-by-1-03-processing-rises-to-22-7-mmt-in-december-2023-ppac/107213557#>

Red Sea crisis unlikely to significantly impact crude prices, Indian export sectors face varied effects: CRISIL

Amidst the ongoing crisis in the Red Sea region, CRISIL Ratings has analyzed that the disruption is unlikely to significantly impact global crude oil prices, with only about 10% of the global oil trade passing through the Red Sea route. This situation comes as a relief for India, which sources the majority of its oil requirements from the Middle East and Russia, predominantly via the Persian Gulf. However, the crisis has necessitated rerouting shipping through the longer Cape of Good Hope, extending transit times by 15-20 days and substantially increasing transit costs. This development poses varying levels of impact on different sectors of the Indian economy, especially those dependent on perishable goods and with lean margin profiles. Agricultural commodities and marine foods sectors are expected to face significant challenges due to the perishable nature of their goods. Basmati rice exports, accounting for 30-35% of production to these regions, are already under pressure from rising freight costs.

The Economic Times - 26.01.2024

https://energy.economictimes.indiatimes.com/news/oil-and-gas/red-sea-crisis-unlikely-to-significantly-impact-crude-prices-indian-export-sectors-face-varied-effects-crisil/107148814?utm_source=newslist

Biofuel demand set to soar by 30% in five years, led by Brazil, Indonesia, Indonesia, India: Report

In a significant shift towards renewable energy, the International Energy Agency (IEA) projects a 30% increase in global biofuel demand over the next five years, totalling an additional 38 billion liters by 2028. This surge is predominantly driven by emerging economies like Brazil, Indonesia, and India, according to the latest IEA report. According to the IEA, the total biofuel demand is set to rise by 23% to 200 billion liters by 2028, with renewable diesel and ethanol accounting for two-thirds of this growth. Biodiesel and bio jet fuel make up the remainder. This increase is largely attributed to the robust biofuel policies, growing transport fuel demand, and significant feedstock potential in these emerging economies. In contrast, advanced economies including the European Union, the United States, Canada, and Japan, while also strengthening their transport policies, face constraints in volume growth due to factors such as the increasing adoption of electric vehicles, improvements in vehicle efficiency, and the high costs and technical limitations associated with biofuels.

The Economic Times - 24.01.2024

https://energy.economictimes.indiatimes.com/news/oil-and-gas/biofuel-demand-set-to-soar-by-30-in-five-years-led-by-brazil-indonesia-india-report/107066096?utm_source=top_story&utm_medium=latestNews

In Calcutta, warehouse space doubles to 5.8 million square feet

Calcutta and its adjoining areas absorbed 3 million square feet of warehouse space in 2023, down by 21 per cent from the year before even as supply more than doubled to 5.8 million square feet. A research report prepared by consultancy firm CBRE pointed out that third party logistics (3PL) companies were the biggest occupiers of logistic space in Calcutta and its adjoining areas, followed by retail companies and electronic and electric materials manufacturers. Share of the 3PL firms was 30 per cent in Calcutta leasing activities, while retail and electronics/ electrical were 23 per cent and 13 per cent respectively. National Highway 6, which connects the metropolis with Mumbai, was the leasing hotspot according to the report. CBRE listed three large transactions that took place during the year viz. retail firm Spencer's taking up 120,000 square feet space in NDR Industrial and Logistic Park, Cabcon and Polar Electricals leasing 100,000 square feet and 85,000 square feet respectively in Sankrail Industrial & Logistics Park.

The Telegraph - 23.01.2024

<https://www.telegraphindia.com/business/in-calcutta-warehouse-space-doubles-to-5-8-million-square-feet/cid/1995742>

Exports from Kolkata Port may be hit due to soaring freight rate, rice ban, geopolitical turmoil

Exports from Kolkata port, a gateway to eastern India, are facing several challenges including, geopolitical tension, a government-imposed rice export ban and skyrocketing ocean freight costs, which could lead to a slowdown in trade activities, officials said on Sunday. Key export items, like engineering goods, shrimp, and rice, have been impacted in recent weeks, they said. Freight charges, especially for West Coast destinations, have surged by 30-50 per cent since December last year due to the escalating conflict in the Red Sea, they said. Most of the major shipping liners are "rerouting vessels around the Cape of Good Hope to avoid the Red Sea, causing significant delays of 14-20 days," one of the officials said. Shipping through this alternative route resulted in higher freight and insurance costs, further squeezing exporters' margins, he said. This sudden hike has "disrupted cost structures and led to the temporary hold-up of several export consignments", he said.

Business Outlook - 28.01.2024

<https://business.outlookindia.com/news/exports-from-kolkata-port-may-be-hit-due-to-soaring-freight-rate-rice-ban-geopolitical-turmoil>