

Indian refiners stand to gain as Brent crude price falls below \$85 per bbl

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INDIAN refiners like Nayara Energy and Indian Oil Corporation are likely to benefit from the sharp fall in crude oil prices recently.

Amid the talks of a price cap on Russian oil by the European countries, oil prices in the international market fell rapidly in the past 2-3 weeks. Brent Crude Future, the benchmark of crude price, was trading at a

two-month low at \$84.87 (6 pm IST) per barrel, down from \$98 a barrel at the start of the month.

Experts reasoned that the prices have declined due to weak consumption data from China. They said it would benefit downstream companies like Nayara Energy, Indian Oil Corporation as they would make profits on sale of both MS (Petrol) and HSD (High Speed Diesel) and recoup some of

their losses on auto fuels incurred earlier.

“The realisations and cash accruals of upstream (explorations and production) companies on crude oil sales would be adversely impacted. The price of long-term Brent price linked LNG would decline, benefitting consuming industries such as fertilisers, CGD etc. This would also reduce GoI’s subsidy burden on fertiliser sales,” said Prashant Vasisht, vice-presi-



dent & co-Group head - corporate ratings, ICRA Limited.

Gaurav Moda, India Energy Leader, EY, said falling and consistent crude prices are always good news for India, given the country continues to import nearly 80% of its oil requirements.