

OMCs slip 3% as Brent crude prices plunge

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Mumbai, June 23

SHARES OF OIL marketing companies (OMCs) fell around 3% on Friday after international benchmark Brent prices slipped 4% to \$74.43 per barrel.

While shares of Indian Oil and HPCL fell nearly 2.5%, BPCL declined 3.74%. ONGC and Oil India also tumbled as oil prices have a direct impact on their margins and profitability. The Oil India stock fell 1.46% and ONGC declined 1.32%.

Markets experts attribute this fall to the unexpected interest rate hike by Bank of England and warnings about the looming US rate hikes by the Fed.

"The quantitative tightening by different central bankers has put pressure on oil prices. In the last six months, we have seen a good demand and production growth. The OPEC is wrestling with whether to make another cut in supply. While Saudi Arabia desires to cut production, Russia indicated that no change to output is expected. Considering this scenario, Brent may touch \$68 in near future," said Kunal Shah, VP, head of research, Nirmal Bang Commodities.

Higher interest rates could slow economic growth and reduce oil demand. The official data of US oil inventory and Chinese factory activity is due next week which may further drive oil prices.

According to a Motilal Oswal's report, the Chinese government enforces a strict quota system on crude imports as well as exports of refined products. Hence, with the largest refining capacity in the world, its policy decisions will play a major role in shaping up the supply-demand dynamics of the global refined product market.

"Once we have a clarity that there won't be further tightening, the oil demand can recover. I am optimistic about the recovery of demand of crude oil in the next



SLIPPERY SLOPE

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quarter and we shall see better pricing by next year" Shah said.

According to Vandana Bharti, head of commodities research, SMC Global Securities, the UK central bank raised interest by 50 bps when the market expectation was 25 bps. Additionally, the hawkish commentary by Fed chairman led to the fall in crude prices.

In addition, the demand from China market is slow as the economy is struggling to recover and while they have cut interest rates, a stimulus is still awaited. Until then the price is likely to remain range bound. In worst case scenario, the price may fall to \$60. In the domestic market, Crude MCX may rally up to ₹6,200 and support would be at ₹5,400.

"Until some relief measures are announced by China, price may remain range bound. The support level remains between \$72 and \$76 per barrel," said Ravi Diyora, director of research, Kunvarji Group.

BPCL to raise ₹17k cr to fuel net-zero plans

IN THE Budget 2023-24 presented on February 1, the government had announced ₹30,000 crore equity capital investment in the three OMCs — Indian Oil Corporation (IOC), BPCL and HPCL — towards energy transition and net-zero objectives. IOC, the largest state-run OMC, will get the largest share of the pie.

The amount of equity infusion in IOC, also likely through a rights issue, will be finalised soon.

IOC and BPCL had demanded capital support through loans, keeping in mind the market sensitivity to an increase in the government holding in these companies after the equity infusion. However, the government felt that a rights issue would address their concerns as the government holding would not increase.

The government's direct/indirect holding in the three state-run retailers, which provide over 90% of domestic fuel supplies, is around 51% each, the minimum required to be classified as a state-run firm. The Centre owns 51.5% of IOC, while the country's top state-run explorer ONGC owns 54.9% of HPCL.

In HPCL, the Centre will likely infuse capital through preferential allotment of equity shares, the source added.

The Centre has announced the capital investment in the OMCs' refinery upgradation and emission reduction projects such as hydrogen plants.

Due to the inability to pass on the full impact of hardening global crude prices to consumers, BPCL's net profit declined by 79% on year to ₹1,870 crore in FY23, while IOC's net profit declined by 66% on year to ₹8,789 crore. HPCL reported a loss of ₹8,974 crore in FY23 compared to net profit of ₹6,383 crore in FY22.

All the three companies had reported losses in the first two quarters of last fiscal, subdued net profits in the third quarter, and sharp increase in profits in the fourth quarter ending March 2023.

The OMCs are likely to report significant profits in the current and the next quarter (Q1 and Q2FY24) as well, considering the moderation in crude oil prices.

Next from Micron: Chip-making plant

THESE WOULD be brought to the India unit, where they would be processed into chips, packaged and then transported globally to industries which use semiconductor in their products.

"Processing of wafer into chips is a complex process, which will be done by Micron at its upcoming unit in Gujarat," the minister said.

Vaishnav said the government has not set any time frame for Micron to set up a raw wafer manufacturing unit in the country. "We won't be giving them any time frame to start manufacturing raw wafers in the country. We want to become the capital of the semiconductor industry and for that our approach is very comprehensive," he said, adding that the focus is on building the foundation of the semiconductor industry, which is today the foundation of other industries.

While Micron will only process wafers produced by it, other packaging units which would come up in India may have a mixed business structure; some may process only their own produced wafers, while others may get global orders from third parties to process them.

When asked if there's a plan to increase the \$10-billion (₹76,000 crore) outlay for the semiconduc-



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tor incentive scheme, Vaishnav said that the government is open to modifying the incentive programme and go beyond \$10 billion if the industry needs such support. "However, one should also note that once the industry becomes self sustainable then it does not require that kind of incentives. Ecosystem will develop automatically," he added.

As part of the ₹76,000-crore incentive scheme, the government provides 50% subsidy to firms which evince interest in setting up any form of semiconductor units and qualify as per the laid down norms. State governments where the firms concerned decide

as they were not getting answers from Byju's founder and senior management. Byju's and its lenders are involved in legal cases in the US over the restructuring of a \$1.2 billion loan. — REUTERS

India, US to end 6 WTO disputes

THE DECISION to terminate the WTO disputes was taken during Modi's visit.

The Trump administration had imposed 25% additional duties on steel imports and 10% on aluminium in 2018 under a national security law. Known as Section 252 tariffs, they were imposed on imports from all countries barring Canada, Mexico, Australia, Argentina, South Korea, Brazil and the European Union.

In retaliation, India had imposed additional duties on imports from the US on 28 products, including

to put up the units can top it up with their own subsidy. In the case of Micron, the Gujarat government is providing an additional subsidy of 20%. As a result, of the total investment of \$2.75 billion, Micron will have to spend only \$825 million.

Apart from the Micron project, the government has also approved a \$400 million project by Applied Materials for setting up engineering centre to develop components for manufacturing semiconductor equipment. Similarly, in a bid to push research and development, Lam Research will launch a programme to train 60,000 workforce for the semiconductor industry.

On Vedanta-Foxconn's plan for setting up a semiconductor manufacturing unit, also in Gujarat, Vaishnav said the government has asked them to resubmit the application under the modified scheme.

The advantage for companies like Micron which are into semiconductor manufacturing is that they do not need technology partners, but need companies getting into this business, like Vedanta-Foxconn, need to have technological partnership with firms having expertise in this field.

almonds, apples, boric acid, motorcycles and some products of iron and steel.

The additional tariffs had impacted \$1.21 billion worth of India's exports of steel and aluminium to the US in 2018. The duty burden on exports due to additional US tariffs amounted to \$241 million. India's retaliatory tariffs in June 2019 put an additional burden of \$217 million on US imports of the 28 items on the list.

India had complained at the WTO against the US tariffs on aluminium and steel. In return, the US had gone to the trade organisation against India over the retaliatory tariffs. It had filed another complaint at the WTO against export incentive schemes like the Merchandise Export from India Scheme.

The WTO dispute panel ruled against India on that matter, and New Delhi in 2019 appealed against

the ruling at the appellate body. In the meantime, India replaced the schemes in question with a new scheme, Remissions of Duties and Taxes on Exported Products (RoDTEP), designed to refund all taxes that go into an exported product.

Other disputes at WTO include one filed by India in 2012 after the US imposed countervailing duties on certain hot rolled carbon steel flat products. In 2013, the US approached WTO against India regarding conditions in the Jawaharlal Nehru National Solar Mission that made local content in solar cells and solar modules mandatory.

In all, three disputes initiated by India at the WTO and three initiated by the US will be terminated, Goyal said. "The disputes have been completely solved," he said.

In three disputes, the ruling had come in favour of India and in the other three in favour of the US. "All of them have been agreed to be squared off," Goyal said.

With this, only one trade dispute between India and US will remain pending, which is the ban imposed by India on imports of poultry meat, live pigs and eggs.

India had cited avian influenza for the ban and had lost that dispute at the WTO. "We will be in a position to sort that out before the next US-India trade policy meeting," Goyal said.

India has been lobbying for restoration of its status under the Generalised System of Preferences (GSP) programme, which was revoked in June 2019. The programme enables duty-free imports into the US from some select countries.

The joint statement issued at the end of the Prime Minister's visit to the US noted India's interest in getting back into the GSP programme. "Discussion will commence on that issue also. Ultimately, it is the US Congress (which will) take a call," Goyal said. The US Congress lays down the eligibility criteria for the programme. "The leaders supported intensifying the work to advance progress on issues related to eligibility criteria," the joint statement had said.

India-US merchandise trade in 2022-23 stood at \$128 billion, up from \$119.4 billion in 2021-22. India's exports to the US during FY23 stood at \$78.5 billion and imports were \$50.02 billion. Bilateral services trade between the two countries is close to \$50 billion.

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PUBLIC NOTICE

In terms of Regulation 22(3) of the Securities and Exchange Board of India (Delisting of Equity shares) Regulations 2009 ("Delisting Regulations"), the rules made under Section 21A of the Securities Contracts (Regulation) Act, 1956 and the Rules, Bye-Laws and Regulations of BSE Limited ("the Exchange"), NOTICE is hereby given that the Exchange proposes to delist the undermentioned 14 companies from the Exchange as the said companies have, inter alia, made out grounds for compulsory delisting of their securities.

The Exchange has issued a notice to the below mentioned companies at their last known address as per the Exchange's as well as Ministry of Corporate Affairs records (where different), advising the said companies to SHOW CAUSE as to why the Exchange should not proceed with the compulsory delisting of the companies.

The list of these companies along with their last known addresses as per records is given below:

Sr. No.	Scrip Code	Name of Company	Address
1	526843	Atlanta Devcon Ltd	1009 Hemkunth, Behind LIC Office, Ashram Road, Ahmedabad - 380006, Gujarat
2	532342	Commex Technology Ltd	406, 4 th Floor, Dev Plaza, S. V. Road, Andheri (West), Mumbai - 400058, Maharashtra
3	519187	Fortune Foods Ltd	5, Gulshan Apartment, Tigrania Corner, New Mumbai Agra Road, Nashik - 422011, Maharashtra
4	509586	Govind Poy Oxygen Ltd	Fabrica De Gas Carbonico, N.H. 17, Nuvem, Salcete - 403604, Goa
5	517526	Inditalia Refcon Ltd	7&8 B, West View Building No, 2 nd Floor, Swami Vivekanand Road, Santacruz W, Mumbai - 400054, Maharashtra
6	506016	JRI Industries & Infrastructure Ltd	1, Borkar Compound, W E Highway, Borivali (E), Mumbai - 400066, Maharashtra
7	540812	Kids Medical Systems Ltd	C-101, Signor Residency, B/H-Sanjay Tower, Shyamal Char Rasta, Satellite, Ahmedabad - 380015, Gujarat
8	519560	Neha International Ltd	501, Manbhumi Jade Towers, Rajbhavan Road, Hyderabad - 500082, Telangana
9	521009	Niwas Spinning Mills Ltd	406/A, Chatti Galli, West Mangalwar Peth, Solapur - 413002, Maharashtra
10	539352	P. B. Films Ltd	18, Room No. 2-C, 2 nd Floor, Giri Babu Lane, Kolkata - 700012, West Bengal
11	530891	RKB Agro Industries Ltd	Kushal Chambers, 1 st Floor, M G Road, Raichur - 584101, Karnataka
12	524548	Sharma East India Hospitals & Medical Research Ltd	Jaipur Hospital, Lal Kothi Near S M S Stadium, Tonk Road, Jaipur - 302015, Rajasthan
13	532028	Surya Fun City Ltd	SCO-1086, 1087, Sector - 22B, Chandigarh - 160022, Chandigarh
14	521038	Tamilnadu Jai Bharath Mills Ltd	212, Ramasamy Nagar, Aruppukottai - 629159, TamilNadu

Notes:

The details of the promoters, directors and management personnel of the abovementioned companies are available on the Exchange website www.bseindia.com under the tab "Corporate Information" under 'Management' on the individual company's webpage. In case of any change in the said details, the same should be communicated immediately to the Exchange but not later than 15 working days from the date of this notice, in the manner specified herein below.

All concerned, including the promoters of the aforementioned companies, are advised to note that the Exchange proposes to compulsorily delist the securities of the aforementioned companies and the consequences of compulsory delisting provided in the Delisting Regulations are as follows:

- These companies would cease to be listed on the stock exchange and would be moved to the Dissemination Board of the Exchange.
- The relevant provisions of Delisting Regulations, 2009 are as follows:**
 - As per the provisions of Regulation 23(3) of the SEBI Delisting Regulations,
 - The promoter of the company shall acquire delisted equity shares from the public shareholders by paying them the value determined by the valuer within three months of the date of delisting from the recognized stock exchange, subject to their option of retaining their shares. Explanation: For the purposes of sub-regulation (1), -
 - 'valuer' means a chartered accountant within the meaning of clause (b) of section 2 of the Chartered Accountants Act, 1949 (38 of 1949), who has undergone peer review as specified by the Institute of Chartered Accountants of India constituted under that Act, or a merchant banker appointed to determine the value of the delisted equity shares;
 - value of the delisted equity shares shall be determined by the valuer having regard to the factors mentioned in regulation 15.
 - In terms of Regulation 24 of Delisting Regulations,
 - the delisted company, its whole-time directors, its promoters and the companies which are promoted by any of them shall not directly or indirectly access the securities market or seek listing for any equity shares for a period of ten years from the date of such delisting.
 - In case of such companies whose fair value is positive -
 - such a company and the depositories shall not effect transfer, by way of sale, pledge, etc., of any of the equity shares held by the promoters / promoter group and the corporate benefits like dividend, rights, bonus shares, split, etc. shall be frozen for all the equity shares held by the promoters / promoter group, till the promoters of such company provide an exit option to the public shareholders in compliance with sub-regulation (3) of regulation 23, as certified by the concerned recognized stock exchange;
 - the promoters and whole-time directors of the compulsorily delisted company shall also not be eligible to become directors of any listed company till the exit option as stated in clause (a) above is provided.
- As per directions received from SEBI, the consequences of compulsory delisting as provided for in Regulation 24(1) of SEBI Delisting Regulations, 2009 would not apply to such companies, its promoters and whole time directors, if the date of the appointment of provisional liquidator or the order of winding up is prior to the date of compulsory delisting of the securities of the company.

In case, any person concerned is desirous of making any representation to the Exchange in relation to the proposed compulsory delisting of securities of above companies, they may do so in writing with all supporting documents, **within 15 working days of the date of this Notice**. Scanned copy of the signed representation containing complete contact details (email id, address and phone number) of the person/s making the representation/s should be **mandatorily emailed to the specified email id** i.e., bse.delistscn@bseindia.com. Any anonymous representation(s) would not be considered valid.

Kindly note that representations sent through any mode of communication other than to the designated email id would not be construed as valid representation and thus, will not be considered by the Exchange.

For and on behalf of BSE Ltd.
June 24, 2023