

**NIFTY DIPS BELOW 10,000 MARK**

# Bulls Take Cover as Sebi Shells Some D St Firms

## Taking Stock



**MAJOR NIFTY GAINERS**

Stock	CMP (₹)	% Chg
Vedanta	297.7	3.48
Hindalco	234.9	3.18
Tata Steel	616.45	2.73

**MAJOR NIFTY LOSERS**

Stock	CMP (₹)	% Chg
Dr.Reddy's	2095.65	-5.04
BPCL	505.05	-4.29
Indian Oil	413.25	-4.16

**MAJOR SECTORAL LOSERS**

NSE Index	Value	% Chg	NSE Index	Value	% Chg
REALTY	272.4	-4.4	BANK	24599.5	-1.23
PSU BANK	3569.6	-2.39	FMCG	25306.05	-1.18

**Probes against 331 suspected shell companies, restricted trading in listed firms**

**Our Bureau**

**Mumbai:** Stocks fell on Tuesday after the regulator announced that investigations will be launched against 331 suspected shell companies and that trading will be severely restricted in those that are listed, forcing the Nifty below the 10,000 mark for the first time in about two weeks.

The benchmark Sensex closed 0.80% lower at 32,014 points while the Nifty ended 0.78% down at 9,978, capping a second day of declines. The last time the Nifty fell below the 10,000 mark was on July 27. The BSE mid and small cap indices fell 1.20% and 1.27%, respectively, over the last two trading days.

The Securities and Exchange Board of India (Sebi) said late on Monday that the ministry of corporate affairs had identified the companies and asked bourses to ensure that the listed ones be "placed in Stage VI of the Graded Surveillance Measures with immediate effect". This means the stock can only be traded once a month and any increase in value will be capped. Sebi also told exchange-

es to verify credentials and conduct forensic audits if needed. Any entity found to be a shell company will be delisted, the regulator said.

Many of those on the list plan to move the Securities Appellate Tribunal against the decisions, lawyers said.

Fund managers said the regulator may have found reason to suspect some entities of money laundering after last year's demonetisation.

**No Definition for 'Shell' >> 16**

**A WINDOW TO LAUNDER MONEY**  
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# No Definition for 'Shell' in Cos Act

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Analysts said the order may not go unchallenged by some companies especially due to the lack of a definition for the word 'shell' in the Companies Act. Some of the entities said that they were bona fide companies that operate genuine businesses and will seek to have the curbs lifted.

"While it is an excellent order overall, there are seven-eight companies where there is some uncertainty regarding it and they may" file appeals, said SP Tulsian, founder, Premium Investments. He said there could be a loan trail from some of the listed companies to other shell entities, which may have prompted the regulator to take action. The Sebi step appeared to do little to dent activity. Trading volumes in the cash segment on both exchanges rose 26% to ₹35,653 crore from the previous day.

Participants said the greater impact of the Sebi move was on sentiment rather than the market. Investors and traders used the event as an opportunity to cut some of their more bullish bets as the market searches for the next major trigger. With first-quarter results failing to inspire investors and the Reserve Bank of India signalling limited interest rate cuts in the near future, such events may test the strength of the market, already on edge amid worries about valuations

being excessive. The Nifty has risen 21.9% so far this year, breaching 10,000 on the way, while the Sensex has risen 20.2%.

### INDIA VIX UP 7.4%

Some of the nervousness was apparent in the movement of the volatility index. The India VIX was up 7.4% at 12.7 Tuesday. It has risen in the past two days from 11.4 at the end of last week.

"Moves like these give opportunities to clear the excess froth in the market," said Dharmesh Mehta, managing director, Axis Capital. "The money is now likely to flow into good-quality companies rather than operator-driven ones."

The Nifty trades at a relatively expensive price-to-earnings ratio of 19.6 times earnings for the current financial year compared with the MSCI Emerging Market index which trades at 13.4 times.

Shares of companies in sectors such as realty, energy, power, banking and fast-moving consumer goods (FMCG) fell 1.2-4.4%.

Lawyers advising some of the entities on the Sebi list said principles of natural justice had not been followed and the criteria by which they were chosen for the

graded surveillance mechanism wasn't clear.

"The intention of Sebi is rightly placed though the process and the manner in which such an order has been passed without hearing the parties is legally untenable," said Sumit Agrawal, founder, Suvan Law Advisors.

Mehta of Axis Capital said: "My sense is that Sebi won't take such a decision unless there is incriminating evidence for the same."

Some analysts warned that the selloff could indicate a change in investor perception of a market trading at record levels. "This could be a sign that they are getting scared of the overall market momentum, because otherwise such incidents were being ignored," said Dhananjay Sinha, head, institutional research, Emkay Global Financial Services. "People are getting rid of the fatigue by selling off across the board."

The Nifty PSU Bank Index fell 2.39% on Tuesday. Shares of State Bank of India, ITC, ONGC, NTPC and Axis Bank fell as much as 2%. Both foreign and domestic investors used the dip in the market to buy shares on Tuesday after selling equity to the tune of ₹500 crore on Monday. Foreign portfolio investors bought shares worth ₹1,539 crore while domestic institutional investors bought shares worth ₹796 crore on Tuesday as per provisional data.

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# Dilip Shanghvi's Sun Oil and Gas likely to acquire Hazira field from GSPC

**Kalpana Pathak**

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**MUMBAI:** Billionaire Dilip Shanghvi's Sun Oil and Natural Gas is close to acquiring state-run Gujarat State Petroleum Corp's (GSPC) 66.67% in the Hazira gas field located in the Cambay basin in Gujarat, two people aware of the development said.

The deal is expected to close by September, the people said on condition of anonymity, without disclosing the deal value.

The purchase would give Sun Oil and Natural Gas full control of the gas field, in which it bought a 33.3% stake from Canada's Niko Resources Ltd in December for an undisclosed sum.

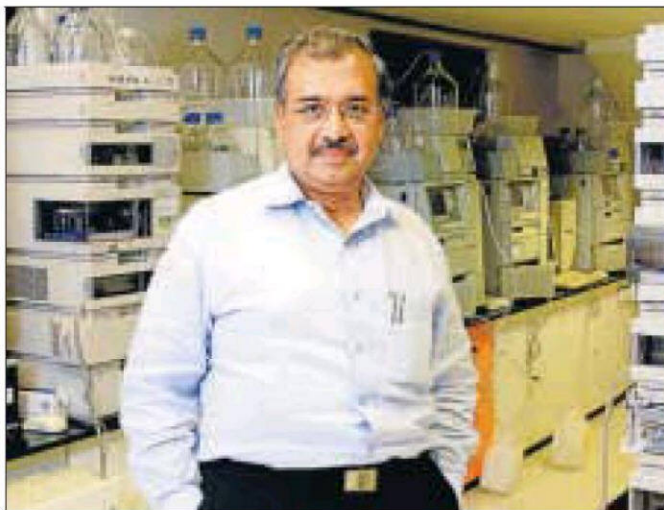
Also in December, state-owned explorer Oil and Natural Gas Corp. Ltd (ONGC) said it had decided to purchase an 80% stake and development rights in GSPC's Deen Dayal West field in the Krishna - Godavari offshore block OSN-2001/3 for \$995.26 million.

The Hazira field is part of 16 hydrocarbon assets in Gujarat's Cambay basin in which GSPC holds stakes. Niko has operated the field for the past 22 years.

Sun Oil and Natural Gas is a unit of Shanghvi's Sun Petrochemicals Pvt. Ltd.

GSPC is 87% owned by the Gujarat government.

"With the Deen Dayal deal with Oil and Natural Gas Corp. done, GSPC is looking at monetizing other assets. GSPC is in talks with Sun Oil and Natural Gas to sell its entire stake in the field," said one of the two persons cited



■ Sun Oil and Natural Gas chairman Dilip Shanghvi

MINT/FILE

**DEAL FOR GSPC'S 66.7% STAKE WILL GIVE SUN FULL CONTROL OF THE FIELD, EXPECTED TO CLOSE BY SEPTEMBER**

earlier.

Sun Oil and Natural Gas declined to comment.

GSPC did not reply to an email sent on Monday.

Currently, the Hazira field produces 1,300-1,400 barrels of oil per day (bopd) and 7-9 million standard cubic feet of gas per day. Gas production began from the field in 1996 and oil production commenced in March 2006.

"The field has neared the end of its life and post September, GSPC may have to abandon the block. However, selling it to Sun Oil and Natural Gas would be a

better way to monetise the field than abandoning it as abandoning a field costs nearly \$30 million (to adhere to the safety norms of abandonment like dismantling the offshore platforms, maintenance of the pipelines etc)," added the first official mentioned above.

A banker aware of the deal said it would be a good purchase for Sun Oil and Natural Gas, which has studied the field and wants to explore it further unlike Niko and GSPC, which have other financial commitments.

"Sun Oil and Natural Gas's technical advisers are confident of rich hydrocarbon deposits in the field, which Niko and GSPC do not wish to commit financially to. Thus Sun Oil and Natural Gas would be getting the field at almost scrap value," said the banker, the second person cited above.

# Sun Oil may buy GSPC's Hazira field

Deal for GSPC's 66.7% stake, expected to close by September, will give Sun Oil full control of the field

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MUMBAI



Inside  
Sony's  
search for  
the next  
Walkman

bit.ly/2wEkByz

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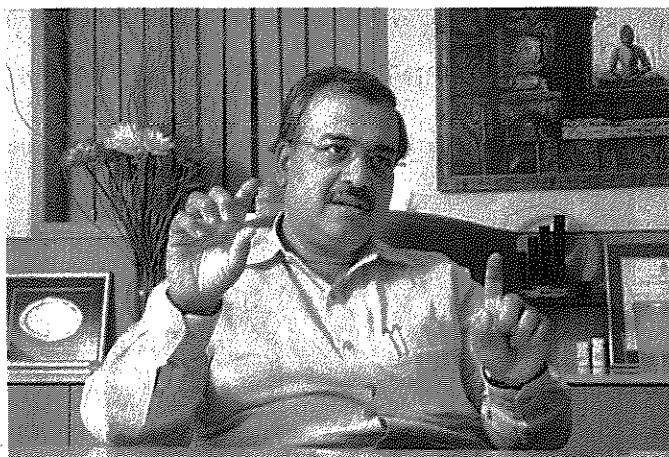
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# सेंटिमेंट पर ज्यादा पड़ा सेबी के कदम का असर

पेज 1 शेष

पार्टिसिपेंट्स ने कहा कि सेबी के कदम का बड़ा असर मार्केट के बजाय सेंटिमेंट पर रहा। इनवेस्टर्स और ट्रेडर्स ने इस मौके का इस्तेमाल अपने ज्यादा बुलिश बेट्स में कमी लाने के लिए किया। पहले क्वॉर्टर के लिए कंपनियों के नतीजों से निवेशकों में कोई जोश आता नहीं दिख रहा है और आरबीआई ने भी निकट भविष्य में लिमिटेड इंटरैस्ट रेट कट का संकेत दिया है। ऐसे में ऐसे घटनाक्रम मार्केट के दमखम की थाह लेने के काम भी आएंगे। निफ्टी इस साल अब तक 21.9 पैसेंट चढ़ चुका है। वहीं संसेक्स में 20.2 पैसेंट बढ़ोतरी हो चुकी है।

वोलैटिलिटी इंडेक्स के मूवमेंट में भी बेचैनी का अक्स दिखा। इंडिया वीआईएक्स मंगलवार को दोपहर में 7.4 पैसेंट बढ़ा हुआ था। एक्सिस कैपिटल के मैनेजिंग डायरेक्टर धर्मेरा मेहता ने कहा, 'इस कदम से ऑपरेशन आधारित कंपनियों के बजाय अच्छी क्वालिटी की ओर निवेश का रुख मुड़ने की संभावना बढ़ी है।' निफ्टी मौजूदा वित्त वर्ष के लिए 19.6 के पीई रेशियो पर ट्रेड कर रहा है और एमएससीआई इमर्जिंग मार्केट इंडेक्स के मुकाबले महंगा दिख रहा है, जो 13.4 गुने पर ट्रेड कर रहा है। रियल्टी, एनर्जी, पावर, बैंकिंग और एफएमसीजी सेक्टरों की कंपनियों के शेयरों में 1.2 से 4.4 पैसेंट तक गिरावट रही। सेबी लिस्ट में शामिल कुछ कंपनियों को सलाह दे रहे वकीलों ने कहा कि नेचुरल जस्टिस के सिद्धांत का पालन नहीं किया गया और यह भी साफ नहीं है कि किस आधार पर ग्रेडेड सर्विलांस मैकेनिज्म के लिए इन कंपनियों का चयन किया गया।

सुवन लॉ एडवाइजर्स के फाउंडर सुमित अग्रवाल ने कहा, 'सेबी का इरादा तो नेक है, लेकिन प्रोसेस और जिस तरह से ऑर्डर संबंधित पक्षों की बात सुने बिना जारी किया गया, सवाल उस पर है।' एक्सिस कैपिटल के मेहता ने कहा, 'मेरी राय यह है कि बिना ठोस सबूत के सेबी ऐसा निर्णय नहीं करेगा।'

कुछ एनालिस्ट्स ने आगाह किया कि बिकवाली रिकॉर्ड लेवल पर ट्रेड कर रहे मार्केट के बारे में निवेशक के नजरिए में बदलाव का संकेत भी हो सकती है। एमके ग्लोबल फाइनेंशियल सर्विसेज के इंस्टीट्यूशनल रिसर्च हेड धनंजय सिन्हा ने कहा, 'यह इस बात का संकेत हो सकता है कि वे ओवरऑल मार्केट मोमेंटम से डरे हुए हैं क्योंकि ऐसा नहीं होता तो ऐसी घटनाओं को नजरंदाज कर दिया जाता है।' निफ्टी पीएसयू बैंक इंडेक्स मंगलवार को 2.39 पैसेंट गिरा। एसबीआई, आईटीसी, ओएनजीसी, एनटीपीसी और एक्सिस बैंक के शेयरों में 2 पैसेंट तक गिरावट रही। फॉरेन और डोमेस्टिक, दोनों इनवेस्टर्स ने इस गिरावट का फायदा मंगलवार को शेयर खरीदने में उठाया।

# 'E-vehicles still have decades to reach gasoline car levels'



**MARTIN FRAENKEL**  
President, S&P Global Platts

Low investment in petroleum and coal, already facing a challenge from renewables, could impact their future production, says **MARTIN FRAENKEL**, president, S&P Global Platts, an independent provider of information and benchmark prices for the commodities and energy markets. In an interview with **Jyoti Mukul**, he talks about the crude oil price trend and the global hype around electric vehicles, among other issues. Edited excerpts:

## **Global commodity prices have been moderate for some time now, except for some blips. How long do you see this trend continuing?**

Most commodities are in the reasonable supply situation. One of the things that happened during the commodities boom in 2009 and 2010 was, people tended to look at commodities as an asset class, and everything went up. But we have moved out of that environment now. We are in a scenario where different commodities are in a different supply scenario. If investors come back to the commodity market, then the weight of capital can be significant.

## **What kind of price trend do you see in crude oil?**

Stocks of crude oil continue to be high but are gradually being drawn down, though it is taking longer than anticipated. We are going to be in the \$50-60 a barrel price range till the end of 2019.

## **How important will be shale oil prices for crude oil?**

Following two years of declining drilling and completion costs and improved production rates, break-even prices have landed below \$40 a barrel for many of the leading players in the US. Producers continue to target drilling activity in Texas and the Midcontinent where rates of return are still above 20 per cent, according to *Platts Well Economics Analyzer*. The relentless rise in oil production in the US,



Nigeria and Libya is piling pressure on the market. It is certainly possible that shale oil production costs will continue to fall, but it is by no means a certainty.

## **Indian companies that had invested in shale don't find it viable any more. Will there be price pressures on shale production?**

Productivity growth has been strong, and there are new technological and operational advances coming that will continue

to drive costs down. However, over the past several years, productivity growth has combined with reduced industry activity and associated reductions in drilling and completion costs to drive break-even costs down. As activity picks up cyclically, and service company costs and margins rise, this will now be a source of upward pressure. Whether continued productivity improvement is able to fully offset these upward cyclical pressures is an open issue that we are following closely. Even at the current level of crude oil prices, some of the shale areas are producing respectable returns on investment.

## **Besides shale, what will be the other factors that will play on oil price?**

We have seen Nigeria and Libya produce at more-than-the-expected rate. There is a strange situation where Opec (Organization of the Petroleum Exporting Countries) is being successful in implementing cuts. You think about the amount of political tension among Opec and the Middle East, Saudi involvement in Yemen, Saudi-led action on Qatar, and then the

Saudi-Iran situation. Yet, we do not see much supply disruption. If we look at what could take oil prices higher, it is a combination of factors like big investment getting postponed, the economics of shale which will continue to be produced, a lot of geopolitical instability in the Middle East, and the continuing rise in oil demand.

## **How important will be Saudi Arabia and other Opec countries for countries like India since supply from the US and Russia will rise?**

The Opec agreement was an agreement with Russia, and not just among Opec countries, to get a control around supply. India is importing from the US where the economics is same as the Middle East. The present government is keen to shed dependence on the Middle East for supply. There is no question that Russia and the US are important for the global energy supply. We are increasingly moving to a world where markets are interconnected and there is more flexibility in the trade flows.

*More on business-standard.com*



बीएस बातचीत

## ‘ओपेक की ढिलाई से तेल गिर सकता है 42 डॉलर तक’

पिछले साल पेट्रोलियम निर्यातक देशों के समूह ओपेक के सदस्य देशों और कुछ अन्य गैर-सदस्य देशों के बीच कच्चे तेल के उत्पादन को घटाने को लेकर हुए समझौते को अमलीजामा पहनाने में कई अड़चनें आ रही हैं। लंदन की नेटिविसज ग्लोबल कमोडिटीज मार्केट्स रिसर्च के मुख्य ऊर्जा विश्लेषक **अभिषेक देशपांडे** ने **राजेश भयानी** को बताया कि तेल की कीमतें बढ़ने में लंबा समय लग सकता है। बातचीत के अंश :



तेल की कीमतें नीचे आ रही हैं। इसकी वजह ओपेक के सदस्य देशों के अपने कोटे से ज्यादा उत्पादन करना है या शेल तेल की आपूर्ति बढ़ना है? दोनों। शेल तेल का उत्पादन बढ़ा है। इसकी वजह यह है कि अमेरिकी उत्पादक अपनी लागत घटा रहे हैं और ओपेक और गैर-ओपेक देशों के बीच समझौते के बाद 2017 में होने वाले उत्पादन की ऊंची कीमतों पर हेजिंग कर रहे हैं। ओपेक सदस्यों का उत्पादन भी बढ़ रहा है, जिन्होंने कभी उत्पादन की सीमा तय नहीं की, विशेष रूप से लीबिया और नाइजीरिया। इस अतिरिक्त तेल के उत्पादन से ओपेक के अन्य सदस्य देश भी समझौते का पूरी ईमानदारी से पालन नहीं कर रहे हैं। सदस्य देश समझौते का पालन करते हुए थक चुके हैं। यह ओपेक के लिए सबसे खराब स्थिति है, जब तेल की कीमतें भी कम हैं और निर्यात भी कम बना हुआ है। सटोरिया निवेशक भी तेल में बड़ी खरीद से पहले सतर्कता बरत रहे हैं।

ओपेक की हाल की बैठक में उत्पादन कटौती के समझौते की खाामियां दूर करने का फैसला किया गया है। इससे कीमतों पर क्या असर पड़ेगा? साल के अंत में ब्रेंट और डब्ल्यूटीआई (कूड तेल) की कीमतें किस स्तर पर होंगी? जब तक लीबिया, नाइजीरिया

और ईरान अपने उत्पादन में संभावित कटौती नहीं करते और अन्य ओपेक सदस्य समझौते पर ईमानदारी से अमल नहीं करते, तेल की कीमतों को बढ़ने में ज्यादा समय लगेगा। हमारा अनुमान है कि ब्रेंट की कीमतों का औसत करीब 55 डॉलर प्रति बैरल रहेगा। लेकिन अगर नाइजीरिया और लीबिया तेल उत्पादन बढ़ाते रहे और ओपेक के अन्य सदस्यों ने भी समझौते का पूरी ईमानदारी से पालन नहीं किया तो ब्रेंट के औसत दाम 42 डॉलर प्रति बैरल पर आ सकते हैं।

**बाजार में निवेशकों का क्या रुख है?**

उन्होंने फरवरी से जून के बीच अपनी शुद्ध लॉन्ग पोजिशन में 50 करोड़ बैरल ब्रेंट एवं डब्ल्यूटीआई अनुबंधों की कमी की है। हालांकि जुलाई में सटोरियों की शुद्ध लॉन्ग पोजिशन में 12 करोड़ बैरल ब्रेंट एवं डब्ल्यूटीआई के अनुबंधों का इजाफा हुआ है। मगर यह फरवरी के स्तर की तुलना में बहुत कम है।

तेल की कीमतें नियंत्रित रहने से रिफाइनिंग कारोबार और रिफाइंड उत्पादों की कीमतों पर क्या असर पड़ेगा?

रिफाइनरी के लिए वर्ष 2015 और 2016 अच्छे रहे। वर्ष 2017 में अब तक पूरे विश्व में

उन्हें अच्छा मार्जिन मिल रहा है। कारण कि तेल की अच्छी मांग है और कीमतें तेजी से नहीं बढ़ रही हैं। हालांकि यह संभव है कि कुछ वजहों से यह वर्ष पिछले साल जितना अच्छा नहीं रहे।

**जब कीमतें करीब 30 डॉलर प्रति बैरल थीं, तब भारत और चीन ने स्टॉक किया था। क्या आपको लगता है कि वे फिर ऐसा करेंगे और अगर हां तो किस कीमत स्तर पर?**

भारत और चीन के लिए रणनीतिक भंडार हमेशा अहम रहा है। यह तेल की कीमतों और उपलब्ध भंडारण क्षमता पर निर्भर करता है। चीन पहले और दूसरे चरण की भंडारण क्षमताएं बना चुका है और उसके पास 25 करोड़ बैरल के भंडारण की क्षमता है। भारत इस मामले में पीछे है, लेकिन वह तेजी से अपनी भंडारण क्षमता बना रहा है। इस समय भारत में जितनी क्षमता तैयार करने की योजना बनाई गई है, वह 11 करोड़ बैरल है। इसमें से 3.8 करोड़ बैरल का स्टॉक किया जा चुका है। भारत और चीन अपने रणनीति भंडार को भरने के लिए कच्चे तेल का और आयात कर सकते हैं, लेकिन आम धारणा के विपरीत अगर कीमतें कम रहने रहें तो तुरंत भंडार भरने का रुझान सुस्त रह सकता है।