

(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.)

## Factory Activity Worsens in July on State Curbs

India's manufacturing activity contracted at a faster pace in July after showing some recovery in June, as localised lockdowns by state governments took their toll on business activity. The IHS Markit India Manufacturing Purchasing Managers' Index (PMI) dropped to 46 in July from 47.2 in June. The reading pointed to a "marked deterioration in business conditions across the Indian manufacturing sector", to which firms responded by cutting both staff numbers and purchasing activity, IHS Markit said in its report. A reading below 50 in the index is an indicator of contraction, while one above that shows expansion. Data from Indian manufacturers shed more light on the state of economic conditions in one of the country's worst affected by the Covid-19 pandemic, IHS Markit economist Eliot Kerr said in the report. "The survey results showed a re-acceleration of declines in the key indices of output and new orders, undermining the trend towards stabilisation seen over the past two months," he said.

*The Economic Times - 04.08.2020*

<https://epaper.timesgroup.com/Olive/ODN/TheEconomicTimes/shared/ShowArticle.aspx?doc=ETKM%2F2020%2F08%2F04&entity=Ar00101&sk=11FEFEB8&mode=text>

## Govt's disinvestment policy must address HR issues

The government needs to work on a mechanism wherein before it takes decisions like strategic sale, employees are made partners in the whole process. The biggest challenge for the government in successfully implementing its strategic disinvestment programme would be dealing with the employees of the entity going under the hammer. Should there not be a clear guidance on how to deal with this critical human resource asset of the organisation being sold? Should not the government as the promoter talk to the employees first and prepare them before taking this decision? There is a clear-cut difference between disinvestment and 'privatisation', and therefore if the employees of the profit-making Bharat Petroleum Corporation Ltd (BPCL) raise their voice against the government decision or

## These are the 18 sectors that have been identified as 'strategic' for India by Modi govt

In a big step towards privatisation of many state-owned firms in its second term, the Narendra Modi government has identified 18 strategic sectors, including banking, insurance, steel, fertiliser, petroleum and defence equipment, where it will retain only a limited presence, ThePrint has learnt. If implemented in its entirety, it will mean the government is completely exiting non-strategic sectors through privatisation or strategic disinvestment. Even in strategic sectors, there will be a maximum of four public sector units and a minimum of one unit operating. The Department of Investment and Public Asset Management (Dipam) functioning under the finance ministry, which moved a cabinet proposal last month on 'Redefining Public Sector Participation in Commercial Sector Enterprise', has classified 18 strategic sectors into three broad segments — mining and exploration, manufacturing, processing and generation, and the services sector.

*The Print - 07.08.2020*

<https://theprint.in/economy/these-are-the-18-sectors-that-have-been-identified-as-strategic-for-india-by-modi-govt/476511/>

## Demand for diesel declines 12.5% over the previous month, petrol 1% lower in July

Demand for diesel in July fell 12.5% over the previous month while that for petrol was 1% lower, halting a swift recovery seen in the previous two months as lockdowns in states and high fuel prices dampened sales, industry executives said. Compared with a year ago, diesel was down 21% in July, while petrol fell 11%. The data is for sales by state-run fuel retailers, which control 90% of the market. Sale of aviation turbine fuel (ATF) rose 3.8% in July from a month earlier but was down 65% from the July of 2019 due to the absence of international flights and limited domestic operations. Sales of liquefied petroleum gas, used mainly as cooking fuel in India, rose 10% month-on-month and were up 3.4% year-on-

oppose the voluntary retirement scheme (VRS) floated by the company, then one shouldn't be surprised. BPCL disinvestment is to happen in two parts: Strategic disinvestment of the government's shareholding of 53.29 per cent — except BPCL's equity shareholding of 61.65 per cent in Numaligarh Refinery Ltd (NRL) and management control thereof; and BPCL's shareholding of 61.65 per cent in NRL along with transfer of management control to a central public sector enterprise operating in the oil and gas sector.

*The Hindu Business Line - 05.08.2020*

<https://www.thehindubusinessline.com/opinion/govts-divestment-policy-must-address-hr-issues/article32278261.ece#>

### **Oil PSUs spend 13 per cent of annual capex target in Q1FY21**

State-run oil companies have spent 13 per cent of their annual capex target of Rs 98,500 crore in the first quarter of the financial year with Oil India spending at the fastest clip and GAIL the slowest. The government is banking on accelerated spending by public sector companies to revitalize the economy damaged by the pandemic and lockdowns. Finance minister Nirmala Sitharaman has been regularly engaging with chiefs of state-run companies to prod them to speed up spending. Resource-rich oil and gas companies, usually the biggest spenders among state firms, have spent Rs 12,900 crore in April-June. This is only 13 per cent of the annual target mainly because of the lockdown and inability to get workers back on to sites after restrictions were eased, an industry executive said. More lockdowns in states have also slowed projects. Oil India has spent 21 per cent of its annual target of Rs 3,877 crore while its bigger rival, ONGC, has spent 17 per cent of its planned outlay of Rs 32,502 crore.

*The Economic Times - 05.08.2020*

<https://energy.economictimes.indiatimes.com/news/oil-and-gas/oil-psus-spend-13-per-cent-of-annual-capex-target-in-q1fy21/77362509>

### **BPCL selloff doubt this fiscal**

The strategic sale of the government's 53 per cent stake in state-owned refiner BPCL is unlikely this fiscal, which can impact the Modi-government's disinvestment targets. Senior government officials were not hopeful of the deal going through in the current fiscal. They said one has to see how the situation develops after September, the new deadline to submit the expressions of interest (EoI). The officials pointed out it takes around 9 months to 12 months for a selloff exercise. If bidders submit EoIs by September, they will get access to the data room to study the financials of

year. Oil demand is unlikely to return to pre-Covid levels any time soon as the disease continues to spread and states respond with more lockdowns, Indian Oil Corp NSE 0.64 % chairman Shrikant Madhav Vaidya said on Friday. India is reporting more than 50,000 coronavirus cases daily, sparking fears among people and pushing state governments to extend lockdowns, affecting mobility, economic activity and fuel demand.

*The Economic Times - 04.08.2020*

<https://economictimes.indiatimes.com/industry/energy/oil-gas/demand-for-diesel-declines-12-5-over-the-previous-month-petrol-1-lower-in-july/articleshow/77324395.cms>

### **Reliance Ind 'not to bid' for BPCL**

Reliance Industries Ltd will not bid for Bharat Petroleum Corporation Ltd (BPCL), which has been put up for privatisation by the government, according to an RIL official. "We are not interested in BPCL at all," the executive told BusinessLine on conditions of anonymity. Reliance narrowly missed reporting a first quarter loss last week, thanks mainly to an exceptional gain from the sale of stake in domestic fuel retailing joint venture with BP plc, and strong performance by Jio Platforms Ltd, the digital services arm. Mukesh Ambani's increasing focus on digital and retail businesses has led Reliance to separate its oil-to-chemicals business into a new subsidiary. But the plan to sell a 20 per cent stake in this unit to Saudi Aramco — the world's largest oil producer — has failed to materialise so far, potentially the fallout of the recent oil market meltdown, casting doubts over the finalisation of the deal. It also raises doubts over Aramco's interest in BPCL.

*The Hindu Business Line - 04.08.2020*

<https://www.thehindubusinessline.com/companies/reliance-ind-not-to-bid-for-bpcl/article32262359.ece>

### **Pandemic to cut global gas and LNG demand by about 4 per cent in 2020: industry group**

The coronavirus pandemic will cut global natural gas and liquefied natural gas (LNG) demand by about 4 per cent in 2020 from record highs in 2019, according to a study by the International Gas Union, an industry lobby group, and others. Still, demand can recover to pre-Covid-19 levels in the next two years as the world economy regains momentum, the study said, citing abundant supply and continued low prices. The report projected global LNG demand will fall

the BPCL. Given the restrictions on international travel, it would be naive to expect the global bidders to travel immediately, the officials said. The government has for the third time extended the deadline for the submission of EOIs for BPCL to the end of September, which has put a question mark on the Centre's ability to achieve the ambitious disinvestment target of Rs 2.10 lakh crore set for the current fiscal.

*The Telegraph - 10.08.2020*

<https://www.telegraphindia.com/business/bpcl-selloff-doubt-this-fiscal/cid/1788742>

### **Iraq says will make additional oil cuts in August**

Iraq said on Thursday it would make an additional cut in its oil production of about 400,000 barrels per day in August to compensate for its overproduction over the past period under the OPEC+ supply reduction pact. Iraq says the oil output cut in August will be over and above the agreed cut for August, according to a statement by Iraq's oil ministry and state oil marketer SOMO. The Organization of the Petroleum Exporting Countries and allies, known as OPEC+, began a record supply cut in May to bolster oil prices hammered by the coronavirus crisis. Iraq is cutting output by 1.06 million bpd under the deal. Iraq says it is committed to the OPEC+ agreement and will boost compliance. Iraq had told OPEC+ it would make up for over-production in May and June through larger cuts in later months. Iraq's total oil exports for July averaged 2.763 million barrels per day (bpd).

*The Economic Times - 06.08.2020*

<https://energy.economictimes.indiatimes.com/news/oil-and-gas/iraq-says-will-make-additional-oil-cuts-in-august/77394117>

### **Reliance has a 15-year plan to convert itself into a new energy company**

Billionaire Mukesh Ambani's Reliance Industries Ltd has a 15-year vision to build itself as a new energy company that aims to recycle CO2, create value from plastic waste and has an optimal mix of clean and affordable energy, analysts said. While the oil-to-chemical conglomerate has in recent times seen focus on consumer business, RIL's core oil-to-chemical (O2C) business is well placed to generate sustained free cash flow, BofA Securities said in a report. "Until demand normalises, RIL is looking to maximise

about 4.2 per cent in 2020 after soaring 13 per cent in 2019 to a record 482 billion cubic meters. IGU partnered with Italian gas company Snam SpA and BloombergNEF, a research company, to write the report. The collapse in global gas demand due to government lockdowns to stop the spread of the virus caused prices to fall to record lows in Europe and Asia earlier this year. US prices dropped to a 24-year low. Analysts said prices are still low and are expected to remain relatively low for years, which should encourage utilities to burn more gas in coming years.

*The Economic Times - 07.08.2020*

<https://energy.economictimes.indiatimes.com/news/oil-and-gas/pandemic-to-cut-global-gas-and-lng-demand-by-about-4-per-cent-in-2020-industry-group/77404594>

### **Total and Adani group to apply for petrol pump licence in India**

A newly formed joint venture of French supermajor Total and an Adani group firm will soon apply to the government for permission to open petrol pumps in India, Adani Gas chief executive said. Total-Adani Fuels Marketing Ltd will apply for licences to offer the full bouquet of auto fuels at retail outlets, Adani Gas CEO Suresh Manglani said in first-quarter earnings call. Last year, Total had bought 37.4 per cent stake in billionaire Gautam Adani-promoted Adani Gas to enter the world's fastest-growing fuel market. "Definitely we will take full benefit of the expertise and strength of Total," he said. Total-Adani Fuels Marketing Ltd, which is a subsidiary of Adani Gas, will offer natural gas, petrol, diesel, and electric vehicle charging facilities.

*The Economic Times - 06.08.2020*

<https://energy.economictimes.indiatimes.com/news/oil-and-gas/total-and-adani-group-to-apply-for-petrol-pump-licence-in-india/77393839>

### **Saudi Aramco still aims for \$15 billion investment in India's Reliance**

Saudi Aramco said it's still working on a deal to buy a \$15 billion stake in Reliance Industries Ltd.'s refining and chemicals business, even as lower oil prices forces it to slash investment spending. Reliance's shares fell in mid-July after Chairman Mukesh Ambani said a transaction had been delayed "due to unforeseen circumstances in the energy market and the Covid-19 situation." A deal with Reliance would help the world's biggest crude exporter join the ranks of the top oil refiners and chemical

throughput, focus on cost by leveraging deep petrochemical integration and continue to focus on domestic fuel marketing," it said. Future of O2C is new energy company and partnerships. "RIL has a 15-year vision to build itself as one of the world's leading new energy and new material companies. It also intends to be a net carbon zero company by 2035. To achieve this, the company is open to work with global financial investors, reputed technology partners and start-ups working on futuristic solutions," it said.

*The Economic Times - 10.08.2020*

<https://energy.economictimes.indiatimes.com/news/oil-and-gas/reliance-has-a-15-year-plan-to-convert-itself-into-a-new-energy-company/77454142>

### **FY21 likely to see de-growth in domestic air passenger traffic**

Domestic air passenger traffic is likely to witness a de-growth by 41-46 per cent during 2020-21, rating agency ICRA said. The rating agency said the domestic airlines witnessed a rather slow uptick in capacity in July 2020 despite recommencement of operations over two months ago. Accordingly, airlines operated at a much lower capacity at 27 per cent in July 2020 vis-a-vis their July 2019 capacity, which was a marginal increase over the 25 per cent capacity deployed in June 2020. In July 2020, the domestic passenger traffic was 20.6 lakh, as against 118.6 lakh in July 2019, a Y-o-Y de-growth of 83 per cent. The domestic passenger traffic witnessed a sequential improvement of 4 per cent over 19.8 lakh in June 2020. Officially, the Ministry of Civil Aviation (MoCA) has permitted increasing the capacity to 45 per cent with effect from June 27, 2020, post the initial recommencement of operations of the scheduled domestic flights with effect from May 25, 2020 to a limited extent. "The average number of passengers per flight during July 2020 was 86, as against an average of 134 passengers per flight in July 2019," Kinjal Shah, Vice President, ICRA said in a statement.

*Millennium Post - 04.08.2020*

<http://www.millenniumpost.in/business/fy21-likely-to-see-de-growth-in-domestic-air-passenger-traffic-414549>

### **COVID-19: Major ports' cargo handling drops 18% to 193 MT in April-July**

Hit by disruptions caused by COVID-19, India's major ports continued to witness a fall in cargo handling, registering 18.06 per cent dip to 193.38 million tonnes (MT) between April and July this

makers. State-owned Aramco is already a major supplier of crude to India, while Reliance sells petroleum products, including gasoline, to the kingdom. "We are still in discussion with Reliance," Aramco Chief Executive Officer Amin Nasser said on a call with reporters on Sunday. "The work is still on. We will update our shareholders in due course about the Reliance deal." Aramco reported on Sunday that second-quarter net income was down almost 75 per cent from a year earlier. It has been slammed by the roughly 33 per cent drop in oil prices in 2020.

*The Economic Times - 10.08.2020*

<https://energy.economictimes.indiatimes.com/news/oil-and-gas/saudi-aramco-still-aims-for-15-billion-investment-in-indias-reliance/77455829>

### **Domestic air traffic revival fails to meet Govt expectation**

If you expect India's aviation industry to take off immediately, you'd be considered rather optimistic. That's because airlines are not flying as often — and to as many stations — even after a stage-gated easing of operational curbs by the Centre. Theoretically, carriers can locally fly 1,500 flights a day, or about 45% of the pre-Covid daily run. But airlines continue to operate 750 to 800 flights with an average of about 60% of seats full — not the most encouraging sign for an industry buffeted by high fixed and variable costs. "Airlines are not adding flights because people are not flying due to the fear of Covid-19. Unilateral lockdown announced by some states and quarantine norms in some other are among the reasons that further discourage people from taking flights," said a senior government official, who did not want to be named. The government, which allowed airlines to restart domestic flights from May 25 after a two month lockdown, had first allowed airlines to operate about 33% of pre-Covid flights. The airlines could not even fully utilise the 33% option.

*The Economic Times - 06.08.2020*

<https://epaper.timesgroup.com/Olive/ODN/TheEconomicTimes/shared/ShowArticle.aspx?doc=ETKM%2F2020%2F08%2F06&entity=Ar00605&sk=95C59893&mode=text>

### **Shri P.V.V Patnaik takes charge as Director (Commercial) of MOIL**

The Appointments Committee of the Cabinet (ACC) has approved the appointment of PVV Patnaik as Director (Commercial) of MOIL Limited, a Miniratna PSU under the Ministry of

fiscal, according to the Indian Ports Association (IPA). Cargo volumes at these 12 major ports under the control of the Centre declined for the fourth straight month in July 2020 and all ports barring Mormugao saw a negative growth. These 12 ports had together handled 236.01 MT of cargo during April-July 2018-19, the ports body said. Ports like Chennai, Cochin and Kamarajar saw their cargo volumes nosedive over 30 per cent during April-July, 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). These ports handle about 61 per cent of the country's total cargo traffic. These ports handled 705 MT of cargo last fiscal.

*The Economic Times - 10.08.2020*

<https://economictimes.indiatimes.com/industry/transportation/shipping/-transport/covid-19-major-ports-cargo-handling-drops-18-to-193-mt-in-april-july/articleshow/77442736.cms?from=mdr>

Steel. He is currently serving as Executive Director in the same Steel PSU. With this promotion, Patnaik will succeed TK Pattnaik. According to an order from the Department of Personnel & Training (DoPT), Patnaik has been appointed for a period with effect from the date of his assumption of charge of the post on or after August 1, till the date of his superannuation i.e. August 31, 2023, or until further orders, whichever is earlier.

*PSU Watch - 04.08.2020*

<https://psuwatch.com/pvv-patnaik-appointed-as-director-commercial-of-moil-limited#>