

# GAIL in Talks to Buy Stake in ACME Solar

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**New Delhi:** GAIL has entered exclusive discussions to buy a stake in privately owned solar power generator ACME Solar holdings, according to four people aware of the matter.

The state-owned company is said to be carrying out due diligence on solar power plants owned by ACME Solar. It is yet to discuss financial terms with ACME's shareholders, as per these sources. "The discussions are at an early stage. The proposal has not been taken up by GAIL's board," an executive said.

The state-run player could pick up 49-74% in ACME Solar holdings if discussions progress towards a deal, according to sources. "Talks are open-ended. The deal could involve an investment in the parent company and also separate investments in certain SPV's that house individual projects," another executive briefed on the matter said.

Spokespersons for GAIL and ACME Solar declined comment when contacted.



## Oil stocks plunge on fears of slowdown

Sudden decline in crude prices will lead to inventory losses, says Crisil report

**SURESH P IYENGAR**

Mumbai, March 18

The shares of oil producing and marketing companies have been on a slippery path and are falling much faster than the user industry on the back of the crude output war and expectation of lower demand due to a slowing global economy.

### **ONGC, the exception**

Shares of Indraprastha Gas and BPCL were down 9 per cent and 7 per cent at ₹342 and ₹333 while Petronet, HPCL, GSPL and GAIL were down over 5 per cent each at ₹191, ₹205, ₹182 and ₹71, respectively. Reliance Industries fell 4 per cent to ₹969. However, ONGC gained 10 per cent to ₹66

after the company announced an interim dividend of ₹5. The BSE Oil and Gas index was down 334 points at 9,805 on Wednesday.

The demand for fuel from both transportation and aviation sectors has been fast drying up due to the spread of Covid-19.

With no early relief from the fast spreading coronavirus in sight, petroleum product demand is expected to be low at 2-3 per cent in the next fiscal, as well.

This apart, falling prices of crude oil and other products will lead to lower revenue and impact the profit of oil marketing companies (OMCs). A sudden decline in crude prices will also lead to inventory losses for OMCs, said a recent Crisil Research report.

Moreover, slowdown in global demand is putting pressure on product spreads, impacting gross refining margins. For domestic oil explorers, the crash in

crude prices would adversely impact revenue and profitability.

Oil prices collapsed to a new low early this month after Saudi Arabia announced plans to increase production to protect its market share.

### **Russia breaks ranks**

Crude oil prices plunged to \$45 a barrel on March 6, as Russia clashed with the Organisation of the Petroleum Exporting Countries and allies, following differences over a cut in production during their meeting in Vienna.

The oil output war led to Saudi Arabia — OPEC's largest producer — announcing a big discount of \$6-8 a barrel on its April selling price, pulling down Brent prices by 30 per cent to \$31 a barrel on March 9. Adding to investor worry, the price war comes when the global demand for crude plunged due to slowing economic activity on Covid-19 pandemic.