

LoAs to 4 entities to avail incentives for coal gasification



THE GOVERNMENT ON Thursday gave letters of award to four entities, including

BCGCL- a joint venture of CIL-BHEL - for availing fiscal incentives totalling ₹4,150 crore for setting up coal gasification projects. Letters of Award (LoAs) have been given to CIL-BHEL, a consortium of CIL-GAIL, Coal India and New Era Cleantech Solution.

PSUs spur impact across sectors through CSR activities

Public Sector Undertakings accounted for 26.23 per cent of the total CSR spending in FY 21-22, a recent CSR spending report revealed



FOCUS ON INNOVATION

CSR is also powering innovation by providing financial assistance to the startup ecosystem, through a collaboration of IIT-Kanpur's Startup Incubation and Innovation Centre (SIIC) and Advanced Weapons and Equipment India Limited (AWEI Ltd).

REC Limited acts as a nodal agency of the government for several flagship electrification programmes like Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) & Pradhan Mantri Sahaj Bijli Har Ghar Yojana (also known as SAUBHAGYA), which aim to electrify every household in the country. The company has numerous other community programmes focusing on education, skill development, health, sanitation, access to safe drinking water, rural and urban infrastructure development and women empowerment, reaching a wide spectrum of beneficiaries.

Recently, the Power Grid Corporation of India Limited (Power Grid), a Maharatna PSU under the Ministry of Power, received the Green Organization's Global Gold Award for improving agriculture productivity and rural livelihood in 10 villages of Odisha.

PSU companies have often come under fire for underspending on corporate social responsibility. However, the work that these PSUs are doing to invest in CSR for health is admirable.



Meanwhile, public sector oil companies have shown a robust commitment to their CSR spends over the years. In the past three years (2018-19 to 2020-21), they invested a total of Rs 5,582.34 crore under CSR in various regions of the nation, according to Rameshwar Teli, Minister of State in the Ministry of Petroleum and Natural Gas. During the same period, the country spent a total of Rs 53,667 crore on CSR. As a result, for this time-frame, the oil PSUs' average CSR spending stayed at roughly 10 per cent.

According to Teli, oil and gas PSUs spent a total of Rs 1,377 crore on CSR in 2021-22, with ONGC being the biggest spender. The largest CSR expenditure among oil and gas PSUs for 2021-22 was made by ONGC, which spent Rs. 436.02 crore. Following BPCL and OIL, who each spent Rs 166.73 crore and Rs 163.73 crore, Indian Oil came in second with Rs 204.77 crore.

These oil PSUs include HPCL, IOCL, ONGC, GAIL, BPCL, OIL, EIL, BL, NRL, MRPL and CPCL. The top 25 PSUs contribute around 17 per cent of total CSR expenditure in India. Teli added that Public Sector Oil Companies have been earmarking 2 per cent of their average net profits made during the three immediate preceding financial years as per Section 135 of the Companies Act. The CSR activities are undertaken under the heads identified under Schedule VII of the Companies Act 2013.

GOING BEYOND THE CALL OF DUTY

While many PSUs have been committed to nation-building through CSR activities, some have even gone beyond the call of duty to exceed their CSR budgets. GAIL spent Rs 136.46 crore on CSR, compared to HPCL's Rs 161.86 crore. NRL spent Rs 59.05 crore on CSR, whereas EIL spent Rs 10.47 crore. Coal India Ltd, a major player in the public sector, spent more money on CSR than was re-

quired for the fiscal year 2022-2023 (FY 2022-2023). The firm spent Rs 513 crore on CSR projects for the current fiscal year, 15.3 per cent more than the mandated minimum of Rs 445 crore, it informed through a statement. CIL has spent a total of Rs 2,238 crore on CSR during the last four years (until the end of 2022-23). This indicates that the corporation has spent 29 per cent more than the Rs 1,735 crore mandated amount.

PSUs, such as NTPC, ONGC, Indian Oil and BHEL, among others have also supported states through public awareness programmes, such as educating communities on the use of restrooms and demolishing the long-held belief that cooking as well as excretion cannot take place within the common boundaries of their homes. They also run mobile health checkup facilities, providing free consultations and medication. On a larger scale, they have contributed towards affordable healthcare by building multi-speciality hospitals in areas where medical access was a challenge.

PSUs cast a wide net when it comes to directing their CSR efforts, including issues such as women entrepreneurship, sustainable energy, etc, which cater to the disadvantaged sections. ONGC, for instance, was responsible for distributing wheelchairs, crutches, Braille kits, hearing aids and artificial limbs to over 20,000 PwDs (persons with disabilities) across 21 states in collaboration with ALIMCO (Artificial Limbs Manufacturing Corporation). NTPC, meanwhile, joined hands with the Entrepreneurship Development Institute of India to empower underprivileged women through entrepreneurship, providing necessary training and support.

PUBLIC sector undertakings (PSUs) are putting their might behind changing the world, creating the building blocks of development through rigorous corporate social responsibility (CSR) practices. While CSR is usually associated with corporate India, the sheer size of public sector companies position them to make a much larger impact. PSUs are creating impact majorly across education and healthcare, while propelling inclusive growth, sustainable development and catering to the socio-economic needs of marginalized sections of society.

In fact, PSUs accounted for a whopping 26.23 per cent of the total CSR spent in FY 21-22, according to a recent CSR spending report. Public sector oil companies alone have been spending around 10 per cent of the total expenditure in India for the past three to four years. As per the Public Enterprises Survey, CSR expenditure of PSUs during the last three financial years stood at Rs 4,488 crore in 2020-21, Rs 5,088 crore in 2019-20 and Rs 3,873 crore in 2018-19. Reports by KPMG and CAG from 2021 revealed that PSU firms have consistently focussed on furthering the cause of health and education through a major chunk of their CSR funds.

CSR activities are usually undertaken in regions where the PSUs or companies largely operate. Often, the allocated budgets also prioritise the focus areas of the Central government, such as a commitment to an open-defecation-free society under the Swachh Bharat Abhiyan, the Clean Ganga initiative, rural electrification, creating access to affordable healthcare, etc.

OIL PSUS SET AN ADMIRABLE TREND



EYE ON REASONABLE VALUATION, CAPEX CYCLE

Pharma, Capital Goods Stocks New Darlings of Fund Houses

Fund houses used the weakness in the mid- and small-cap space to accumulate select pharma and capital goods stocks where valuations are reasonable and companies have potential for growth. India pharma companies' progress in complex generics, stable US pricing and steady sales growth in India led to fund houses buying into stocks like Alembic Pharma, Divis Labs, Glenmark, Medplus, Orchid and Sanofi Consumer. Some fund managers bought into capital goods companies as they believe we are at the beginning of the capex cycle and it is likely to continue for the next 5-7 years as they focus on PLI, renewables, and energy transition. This has led to funds managers buying into stocks like GE Vernova T&D, and KEI Industries.

– Prashant Mahesh



IN THE CART

AMC	BUY	SELL	COMPLETE EXIT	FRESH BUY
SBI MF	HDFC Bank	Voltas	KEC International	Varun Beverages
	Reliance Industries	Hero MotoCorp	–	Concord Biotech
	GAIL (India)	NALCO	–	–
ICICI Pru MF	Axis Bank	HDFC Bank	JIO Financial Services	TeamLease Services
	Reliance Industries	Infosys	JSW Energy	Colgate-Palmolive (India)
	Maruti Suzuki India	HCL Technologies	Premier Energies	PNB Housing Finance
HDFC MF	JSW Steel	ICICI Bank	Varun Beverages	Suzlon Energy
	Zomato	Tech Mahindra	Thyrocare Technologies	Dodla Dairy Ltd
	Indraprastha Gas	HDFC Bank	Simplex Infrastructures	Bajaj Finserv
Nippon India MF	Reliance Industries	Power Grid Corp	GAIL (India)	Biocon
	GE Vernova T&D India	ITC	Marico	Metro Brands
	Avenue Supermarts	Kotak Mahindra Bank	–	–
Kotak MF	GE Vernova T&D India	HDFC Bank	TBO Tek	MedPlus Health Services
	KEI Industries	Persistent Systems	Escorts Kubota	Timken India
	Zomato	Cummins India	Adani Ports	MTAR Technologies
UTI MF	Zomato	HDFC Bank	Premier Energies	Varun Beverages
	Maruti Suzuki India	Coforge	GMM Pfaudler	ZF Commercial Vehicle
	ICICI Bank	Dabur India	–	–
Axis MF	Zomato	Avenue Supermarts	Eureka Forbes	Welspun Corp
	SBI	Bajaj Finance	Escorts Kubota	Neuland Laboratories
	TCS	Bajaj Auto	–	360 One Wam
Aditya Birla SL MF	ZF Commercial	HDFC Bank	GMM Pfaudler	Varun Beverages
	Avenue Supermarts	Maruti Suzuki India	Pidilite Industries	Karur Vysya Bank
	Zomato	Voltas	Tanla Platforms	Arvind
Mirae MF	SBI Life	HCL Technologies	Triveni Turbine	Adani Ports
	MCX	HDFC Bank	Nestle India	Suzlon Energy
	Hindalco Industries	Tata Steel	Natco Pharma	Aster DM Healthcare
Quant MF	State Bank Of India	United Spirits	Mphasis	NMDC
	ONGC	BLS International Services	Coforge	ACC
	Reliance Industries	Gillette India	L&T Finance	Mazagon Dock

Source: Accord Fintech. Compiled by ETIG Database



● SUSHMA RAWAT, DIRECTOR (EXPLORATION), ONGC

'Equity oil, rather than exploration, at core of overseas strategy now'

With crude oil prices near the lower range, state-run ONGC is looking at cost optimisation and profit maximisation. It is targeting 40 million tonne of oil equivalent (mmtoe) of indigenous oil and gas output in the medium term, with production expected to start in a clutch of new fields, Sushma Rawat, director (exploration), tells Arunima Bharadwaj. Excerpts:

What are the company's plans regarding growth in its exploration & production of oil and gas?

After a slowdown during Covid, we have started refocusing on acreage acquisition as well as trying to increase exploratory drilling and data acquisition. Just last year, we acquired over 32,000 SKM new acreages, taking the total to around 180,000 SKM.

In terms of data acquisition, we are conducting non-seismic as well as seismic surveys. Coming offshore, we have both shallow water as well as

deepwater and ultra-deepwater blocks coming up. In the last two years, we had several workshops, joint technical studies on potential exploration areas with firms such as Exxonmobil, Chevron, Total Energies, etc. Coming to the drilling aspect, we have 113 of our own rigs and last year we did over 100 wells in exploration. For this fiscal, we are targeting to reverse the production drop and achieve over 40 mmtoe of indigenous production and drilling around 550 wells.

How do you plan to reverse the output decline from mature fields?

The decline in gas production is only momentary. We have a number of discoveries underway and are also trying to bring in technology improvement. We are working on partnership for the development of modular solutions such as small LNG

plants/mobile LNG or CNG plants, etc, for stranded discoveries.

What is the update on the production from KG basin? Have you been able to source technical partners for the Deen Dayal field yet?

It is going as per plans and production is going to rise and by December end, we will see some real changes. We have just connected 6 of the 20 wells. Once the wells start getting connected, the production definitely is going to go as per the predicted numbers. We want to go a little bit deeper and grow further.

Deen Dayal field is a totally different ball game. One, it is a tight reservoir, and the other, what we call the HPHT (high pressure high temperature) zone. In that, cutting-edge tech is required, otherwise it will not give good returns, and also the volume we get out may not be very high. So, we



are scouting for technological partners in the field.

When are the new blocks expected to start production? What's the update on their drilling operations?

We are doing something in the Tapti Daman area, new blocks are coming up. And also, we are looking for a consortium for Kutch field discoveries. In Mahanadi basin, if we can ready the field development plan this year and submit it with the directorate general of hydrocarbons, subsequent to their and government approval, we can start operations in a year or two.

How do you plan to increase overseas E&P operations via ONGC Videsh?

Right now, OVL is a little bit slow in exploration overseas and is focusing more on asset acquisition. We do have 3-4 countries, like Colombia, Sudan, Iraq and even

WE ARE LOOKING INTO COST OPTIMISATION, MAXIMISING PROFITS, AND IMPROVING PROJECT TIMELINES

Vietnam, where we are focusing. The focus is more on equity oil or production sharing for acreages which have already been discovered.

Do you plan to enter into mining of offshore minerals?

Right now, we have not really thought of getting into seabed mining. But given our expertise on the drilling side, that may come in helpful. Especially if it is a government venture, it can be looked into.

Are you looking for tie-ups for exploration of hydrocarbon blocks?

How do you think the amendment in the Oilfields Regulation and Development Act will aid business?

It will bring in easier clearances in terms of approvals for data acquisition as well as project development. The majors are still interested... With the next round (OALP), we are trying to bring in as many players as possible. We are open to any partners who can bring in some value addition.

How are the current crude realisations? With oil prices trading at \$70-74/barrel and the scrapping of windfall tax, how do you see financial growth?

The more we produce, the more comfortable we are. For us, crude prices at \$75/bbl is the upper limit. Yes, we are still comfortable but we are also looking in to cost optimisation, maximising profits, and improving project timelines. With gas prices being good, a lot of projects are coming up in gas.





Four entities get LoAs to avail of coal gasification incentives

The government on Thursday gave letters of award (LoAs) to four entities, including Bharat Coal Gasification and Chemicals Limited (BCGCL) – a joint venture of Coal India Limited–Bharat Heavy electronics Limited – for availing fiscal incentives totalling ₹4,150 crore for setting up coal gasification projects. LoAs have been given to CIL–BHEL , a consortium of CIL–GAIL , Coal India Ltd and New Era Cleantech Solution Pvt Ltd. "Ministry of Coal has reached a significant milestone in India's Coal Gasification Initiative with the issuance of LoAs to the selected applicants under Categories I and III of the ₹8,500 crore Coal Gasification Incentive Scheme," the coal ministry said in a statement.

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