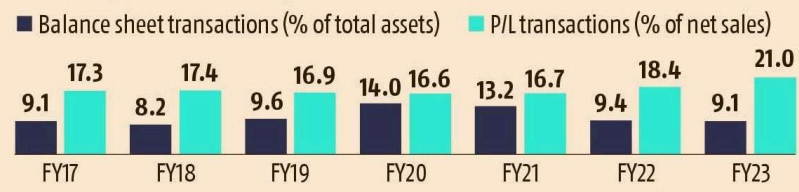




# Rise in related-party transactions outpaces sales growth

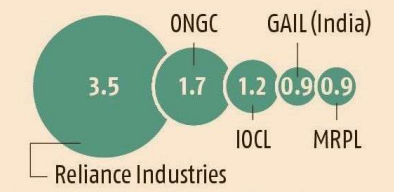
## DIVERGENT TRENDS



Note: Based on 268 companies with comparable data from financial year 2016-17 (FY17) and FY23  
Source: Capitaline, Business Standard calculations

## TOP 5 FIRMS: P/L RELATED-PARTY TRANSACTIONS

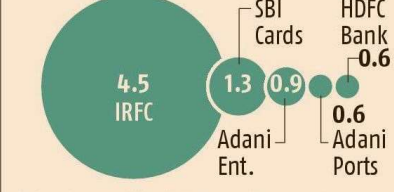
Value of related-party transactions on P/L statement (in trillion ₹)



Note: Data for S&P BSE 500 as of financial year 2022-23 (FY23).  
Source: Capitaline

## TOP 5 FIRMS: BALANCE SHEET RELATED-PARTY TRANSACTIONS

Value of related-party transactions on balance sheet (in trillion ₹)



Note: Data for S&P BSE 500 as of financial year 2022-23 (FY23).  
Source: Capitaline

SACHIN P MAMPATTA  
Mumbai, 27 May

The value of transactions that listed companies enter with related parties is worth trillions of rupees among the top companies.

The value of related party transactions as a percentage of total assets on the balance sheets of S&P BSE 500 companies is over 9 per cent as of 2022-23 (FY23).

Transactions on the profit and loss (P/L) statement are equivalent to over a fifth of net sales, shows a *Business Standard* analysis of numbers from corporate data provider Capitaline.

In absolute terms, the value of related party transactions on the balance sheets of companies totalled ₹11.6 trillion, and those on P/L statements ₹21 trillion in FY23. These numbers cover 268 companies from

the S&P BSE 500 for which data is available over seven years.

Balance sheet transactions have remained at similar levels over seven years. Transactions on the P/L statement show a rising trend and are now at their highest level in at least seven years.

Jio Financial Services, through a wholly owned subsidiary, is set to enter into a ₹36,000 crore deal with a related party. It is set to purchase telecommunications equipment and devices from Reliance Retail, a step-down subsidiary of Reliance Industries Ltd (RIL).

The Securities Appellate Tribunal set aside a Securities and Exchange Board of India (Sebi) order against Linde India's related party transactions last week.

The value of related party transactions reported on the balance sheet was equivalent to 9.6 per cent

in 2018-19/FY19 (pre-pandemic year) for the companies that were part of the analysis. It is at 9.1 per cent in FY23. The value of related-party transactions reported on the P/L statement was equivalent to 16.9 per cent of net sales for the sample in FY19. It is 21 per cent in FY23.

Group companies can often be a source of raw materials or technology support, which can make such transactions necessary for business. Sebi has tightened regulations around related-party transactions to prevent the possibility of their abuse. This is because the promoter, or majority owner, can potentially skew the transaction to serve their interests at the cost of other shareholders. It has sought to give more shareholders the right to decide whether such transactions, if material, should be carried out.

# Army to develop hydrogen fuel cell tech for e-mobility

TIMES NEWS NETWORK

**New Delhi:** The Indian Army has set its sight on deploying hydrogen fuel cell technology for heavy-duty e-mobility, even as the force on Monday received a state-of-the-art green hydrogen fuel cell bus for use in Delhi from IndianOil, India's largest state-run refiner and fuel retailer.

The two sides also signed an MoU for testing and deployment of hydrogen fuel cell technology for heavy-duty e-mobility at the National War Memorial, India Gate, in the presence of army chief, Gen. Manoj Pande, and IndianOil chairman S M Vaidya.

The trial run of the hydrogen fuel cell bus is the latest in a series of sustainability and green initiatives taken by the Army, a large consumer of hydrocarbons, to reduce its carbon footprint. The initiatives range from tapping renewable energy sources to planting trees and moderating energy use through increased efficiency.

Hydrogen fuel cell bus is one of several initiatives IndianOil is carrying out in the new-age mobility solutions, including a joint venture with an Israeli startup Phinergy or aluminium-air batteries.

"The Indian Army is committed to exploring and adopting innovative technologies that enhance our operational capabilities while en-

**The two sides also signed an MoU for testing and deployment of hydrogen fuel cell technology for heavy-duty e-mobility**

sureing environmental sustainability. We will be testing one of the hydrogen buses, and I must thank IndianOil for choosing the Indian Army as their partner," he said.

Describing the collaboration with the Army as a "landmark step towards a greener and more sustainable future," Vaidya said IndianOil is currently operating 15 fuel cell buses in the Delhi-NCR region, accumulating a total mileage of 3,00,00 km.

The project will assess the performance of fuel cell electric buses for public transit in the demanding climatic conditions of the Delhi-NCR region, analyzing the impact of local fuel and air quality on the performance of fuel cell systems and vehicles. It will also evaluate the effectiveness, longevity, and operational reliability of fuel cell buses intended for public fleet utilisation.

A company statement said the initiative marks a pivotal step in the journey towards sustainable transportation, setting a precedent for future collaborations aimed at advancing green hydrogen and fuel cell technologies in India.

# Shift towards sustainability

*Since the urge to transition away from fossil fuels, including coal, has become inevitable due to environmental and economic factors, mainstreaming of the renewable energy sector becomes pertinent*



**SUTIRTHA BHATTACHARYA  
& DN PRASAD**

This year, many parts of the world have witnessed what climate change portends. In India, the summer sizzled with temperatures soaring to hitherto unseen levels. Dubai, a 24-hour functioning city, was without even any aircraft connectivity for three days because of destructive rains. Floods wreaked havoc in southern Brazil, which scientists diagnosed as an element of calamitous trend of climate change.

Climate change can no longer be ignored, and is a clear and present threat. Antonio Guterres, the Secretary General of United Nations, has cautioned: "We are on a highway to climate hell with our foot still on the accelerator."

How to address the climate change issue? There are many answers, but an important one among them is to transition to cleaner and renewable energy sources, because use and means of energy plays a pivotal role in climate control of the Earth. At the same time, economic development today with the extant technological pathways is positively correlated with availability of energy. There is no gainsaying that the path forward has to be moderated with forms of energy compatible with environmental sustenance.

It was the 28<sup>th</sup> Climate Conference in Dubai which first came out with a clear statement on the need for reducing fossil fuels (coal, gas, oil etc.) as means of climate control. COP 28 also recommended that financing be made available to developing countries from the developed countries to manage their transition from fossil fuels so that the resultant changes do not cause mayhem, with the economy and the people at the centre of such GHG emitting activities. The idea is to enable the transition process justly without affecting the economic sustenance.

But in India, coal is deeply entrenched in the energy economy. Despite this, the country has been proactive and vigorous



**Renewables could be overshooting the dry fossil fuels by a wide margin in growth in installed capacity**

in bringing about the changes in its energy mix with increased impetus on new and renewable energy. India's strategies have been manifold—incentivisation, regulation, cross subsidisation and by making energy efficiency a cornerstone of development.

Coal is still the mainstay of power generation in India because of its abundance, availability and affordability. Abundant coal resources located primarily in eight states of Chhattisgarh, Odisha, Jharkhand, West Bengal, Telangana, Madhya Pradesh, Maharashtra, and Uttar Pradesh have been historically mined by two public sector companies — Coal India Limited, and Singareni Collieries Company Limited. End use-based mining and commercial mining are also picking up fast, with NTPC, WBPDC, DVC, and RRVUNL ramping up their production.

On the other hand, the installed capacity of renewables (excluding large hydro) has shown a spectacular growth from 6 GW in 2004-05 to about 18 GW in 2010-11 and about

125 GW in 2022-23. India has further achieved an impressive figure of 182 GW, including about 47 GW of large hydro in FY 2023-24 as installed capacity.

As per the CEA's Report on Optimal Generation Mix, India's estimated installed capacity in 2030 would be 777 GW, with 431 GW of renewable energy (55 per cent) — excluding large hydro — and 252 GW (32 per cent) of coal & lignite. Evidently, renewables could be overshooting the dry fossil fuels by a wide margin in growth in installed capacity.

The falling price of renewable energy pitches it strongly as an effective alternative. If the energy storage solution (ESS) becomes cost-effective to a greater degree, as projected to be, then not only in terms of ecological sustenance but in strict economic terms also, the solar, primarily backed up by wind with ESS, has potential to emerge as the mainstay power, even in India.

Thus, given the kind of emerging scenario, the coal sector and associated generation sector will have to firmly

dedicate themselves to more climate-friendly functioning. Sustainability-oriented mining, High Efficiency Low Emission (HELE) generation technology, and much enhanced consumer-centric attitude are sine qua non for coal and coal user industry in the face of both ecological and economic headwinds from the renewable forms of energy.

We suggest that standard international practices of coal preparation, crushing, sizing and washing should become mandatory practices. Large tracts of land diverted for coal mining need to be brought back and put into productive usage once the mining need is over. Coal gasification route for extraction and power generation has not yet proved to be cost-effective, and that path perhaps has to be travelled with caution.

There is a real need to put a Coal Regulator in place, tasked to ensure a level playing field, transparency in fuel supply agreements, and engaging ombudsmen to look at the quality assurance issues. These are essential for a smooth regulatory chain operation, from

extraction of coal to the use of the resource in the regulated power sector, keeping in mind the needs of climate sustenance, consumer interest, and overall public interest.

Empathetic actions will have to be taken by the mining companies and generating companies in their operational areas once, because due to the environmental and economic factors, transition away from coal and coal-related activities becomes inevitable. Facilitating the related people to justly and seamlessly transit by helping the local administration in this task has to be an avowed corporate duty.

The words of Jane Goodall, a scientist and activist, aptly captures the essence of the situation, "What you do makes a difference, and you have to decide what kind of difference you want to make".

*Sutirtha Bhattacharya is a former Chairman, Coal India Limited and a former Chairperson of West Bengal Electricity Regulatory Commission; DN Prasad was Adviser, Ministry of Coal, GoI. Views expressed are personal*

**India's estimated installed capacity in 2030 would be 777 GW, with 431 GW of renewable energy and 252 GW of coal & lignite**

# Step-up in investments at ONGC to delay its deleveraging over next 12-24 months: S&P

*ONGC's integrated operations will support earnings resilience*

## OUR CORRESPONDENT

**NEW DELHI:** A step-up in investments at Oil and Natural Gas Corp (ONGC) will slow down its deleveraging over the next 12-24 months, eroding headroom for the state-owned firm's 'bbb+' standalone credit profile, S&P Global Ratings said on Monday.

Stating that ONGC's financial results for the fiscal year ended on March 31, 2024, were in line with expectations, S&P said despite a decline of 2-3 per cent in the company's domestic oil and gas production volumes and lower realizations in fiscal 2024, EBITDA grew to Rs 1.1 lakh crore from Rs 93,600 crore in fiscal 2023.

"We attribute the higher EBITDA to the strong performance of downstream subsidiaries - Mangalore Refinery and Petrochemicals Ltd and Hindustan Petroleum Corp Ltd, which together accounted for about 30 per cent of the group's EBITDA during the year. We forecast ONGC's EBITDA will remain at about Rs 1 lakh crore over fiscal years 2025 and 2026," it said.

ONGC's integrated operations will support earnings resilience. The firm's production volumes should rise gradually over fiscal years 2025 (April 2024 to March 2025) and FY2026 as the company scales up oil and gas production from its block in the Krishna Godavari (KG) basin in India.

"We expect output from



**S&P said despite a decline of 2-3 per cent in the company's domestic oil and gas production volumes and lower realizations in fiscal 2024, EBITDA grew to Rs 1.1 lakh crore from Rs 93,600 crore in fiscal 2023**

the group's international assets, held through ONGC Videsh Ltd (OVL), to grow by 2-5 per cent during this period," S&P said.

The higher output should mitigate the impact of moderating oil prices based on S&P Global Ratings' Brent crude oil price assumption of \$85 per barrel for the rest of 2024 and \$80 per barrel for 2025 and 2026.

"Our base case also assumes the average realization on the company's domestic gas production will be \$9.5 per metric million British thermal unit (mmBtu) for the next two years. This is given the mix of output from nomination fields and difficult acreages, and India's

administered gas price formula," the rating agency said. It forecast ONGC's annual capital expenditure will increase to Rs 57,000-58,000 crore annually over the next 12-24 months, from about Rs 52,000 crore in fiscal 2024 (April 2023 to March 2024).

Of this, the company is likely to spend Rs 33,000-35,000 crore annually to primarily arrest declining output from its matured fields in India. The balance will be spent at its downstream subsidiaries, MRPL and HPCL, to enhance refining and petrochemical capacities.

"ONGC's planned capital investments are likely to consume about 60 per cent of the

## Highlights

» 'We expect output from the group's international assets, held through ONGC Videsh Ltd, to grow by 2-5 per cent during this period'

» 'Our base case also assumes avg realization on the company's domestic gas production will be \$9.5 per mmBtu for the next two years'

» It forecast ONGC's annual capex will increase to Rs 57,000-58,000 crore annually over the next 12-24 months

company's operating cash flow. This, and ONGC's stated financial policy on shareholder distributions, will leave limited headroom for the company to undertake sizable additional investments, in our view.

"We expect ONGC's ratio of funds from operations (FFO)-to-debt to remain at 45-55 per cent in fiscals 2025 and 2026, compared with about 55 per cent in fiscal 2024, assuming the acquisition of ONGC Petro additions Ltd (OPaL) will be completed in fiscal 2025. This leaves limited headroom to our downside trigger of 40 per cent FFO-to-debt for the 'bbb+' rating," it said.

## Crude oil edges higher ahead of inflation data



**London:** Crude oil prices perked up in muted trade owing to public holidays in Britain and United States after a downbeat week characterised by the outlook for US interest rates in the face of sticky inflation. The Brent crude July contract was up 76 cents at \$82.88 a barrel by 1411 GMT. The more active August contract rose 80 cents to \$82.64. US WTI crude futures were up 78 cents at \$78.50. REUTERS



## **Special bidding round opened for oil, gas fields**

**New Delhi:** The government has offered two discovered oil and gas fields in Mumbai offshore and a coal bed methane field in West Bengal for bidding in the latest Discovered Small Fields bid round, regulator DGH said on Monday. In a notice on its website, the Directorate General of Hydrocarbons said notice inviting offer will be launched on May 28 and bids will close on July 15. PTI



## Govt offers special auction of discovered oil & gas fields

The government has offered two discovered oil and gas fields in Mumbai offshore and a coal bed methane field in West Bengal for bidding in the latest Discovered Small Fields (DSF) bid round, regulator DGH said on Monday. In a notice on its website, the Directorate General of Hydrocarbons (DGH) said, notice inviting offer will be launched on May 28 and bids will close on July 15. The government, however, did not give details like reserves. Those may be included in the NIO. DSF was launched in 2016 and since then three rounds have been held.

PTI



## Govt offers two new oil and gas fields

New Delhi, May 27

**THE GOVERNMENT HAS** offered two discovered oil and gas fields in Mumbai offshore and a coal bed methane field in West Bengal for bidding in the latest Discovered Small Fields (DSF) bid round, regulator DGH said on Monday.

In a notice on its website, the Directorate General of Hydrocarbons (DGH) said, notice inviting offer will be launched on May 28 and bids will close on July 15. "With the objective to augment domestic production of Petroleum and Natural Gas, the Ministry of Petroleum & Natural Gas, Government of India announces the Special DSF Bid Round offering two (02) Discovered Small Field located in Mumbai Offshore (MB/OSDSF/ C37/2024 & MB/OSDSF/ B15/2024) and one (01) Discovered Coal Bed Methane field located in West Bengal (SR-ONCBM (Raniganj)-2024) through International Competitive Bidding," it said. **PTI**



## 24-hr water cut in M-East, M-West for pipeline work

RUCHA KANOLKAR / MUMBAI

The BMC has announced a 24-hour water supply shutdown for parts of M-East and M-West divisions to facilitate crucial pipeline connection work at Vashi Naka. The water supply interruption will begin at 10am on May 29 and continue until 10am on May 30.

The BMC will be connecting 450mm and 750mm diameter water channels at Patil Marg, Vashi Naka. This essential infrastructure work aims to improve the water distribution system in the affected areas.

Residents in M-East division (beat 147 to 148) will be impacted by this shutdown. The specific areas affected include Lakshmi Vasahat, Rane Chal, Nityanand Bagh, Tolaram Vasahat, Sriram Nagar, JJ Wadi, Sheth Heights, Dongre Park, Tata Colony, Bharat Petroleum Corporation Limited (BPCL) Colony, HPCL Colony, Gawanpada, Hindustan Petroleum Corporation Limited (HPCL) Refinery, Indian Oil Corporation, Tata Power Thermal Plant, BARC, and Varun Beverages.

Similarly, residents in M-West division (beat No. 154 to 155) will also face a water supply shutdown. The areas affected include Mahul Village, Ambapada, Jijamata Nagar, Vashi Naka, Mysore Colony, Khadi Machine, RC Marg, Shahaji Nagar, Collector Colony, Sindhi Colony, Laldongar, Subhash Chandra Bose Nagar, Navjeevan Society, and Old Barrack Chembur Camp.

A senior BMC official said that the civic body appreciates the cooperation of the residents and are committed to completing the work promptly to minimise inconvenience. The BMC has urged residents in the affected regions to store sufficient water to meet their needs during the 24-hour disruption. The municipal administration also appeals to the public to use water judiciously.



**SPECIAL BIDDING ROUND**

# Govt offers two discovered oil and gas fields, 1 coal bed methane block

PTI / New Delhi

The government has offered two discovered oil and gas fields in Mumbai offshore and a coal bed methane field in West Bengal for bidding in the latest Discovered Small Fields (DSF) bid round, regulator DGH said on Monday.

In a notice on its website, the Directorate General of Hydrocarbons (DGH) said, notice inviting offer will be launched on May 28 and bids will close on July 15. "With the objective to augment domestic

production of Petroleum and Natural Gas, the Ministry of Petroleum & Natural Gas, Government of India announces the Special DSF Bid Round offering two (02) Discovered Small Field located in Mumbai Offshore (MB/OSDSF/C37/2024 & MB/OSDSF/B15/2024) and one (01) Discovered Coal Bed Methane field located in West Bengal (SR-ONCBM (Raniganj)-2024) through International Competitive Bidding (ICB)," it said.

It however did not give details like reserves. Those may be in the range of 100-150 million tonnes of oil and gas fields



DSF was launched in 2016 and since then three rounds have been held. In the first round, 17 discovered oil and gas fields

that were clubbed into 46 contract areas were awarded. These fields had an inplace resource potential of 45 million tonnes of oil and oil equivalent gas.

DSF-II in August 2018 offered 25 contract areas that were made up of 59 fields. These had an inplace resource potential of 190 million tonnes of oil and oil equivalent gas.

In June 2021, DSF-III offered 32 contract areas, comprising 75 fields with inplace resource potential of 232 million tonnes of oil and oil equivalent.

paper.freePressJournal.in

## नवीनतम बोली दौर में मुंबई के दो, बंगाल में एक तेल-गैस क्षेत्र की पेशकश

नई दिल्ली, 27 मई (एजेंसी): सरकार ने नवीनतम बोली दौर में मुंबई के अपतटीय क्षेत्र में खोजे गए दो तेल एवं गैस क्षेत्रों और पश्चिम बंगाल में एक कोल बेड मीथेन (सी.बी.एम.) क्षेत्र की पेशकश की है। हाइड्रोकार्बन महानिदेशालय (डी.जी.एच.) ने कहा कि नवीनतम खोजे गए छोटे क्षेत्र (डी.एस.एफ.) की बोली के दौर में इन क्षेत्रों की पेशकश की जा रही है।

डी.जी.एच. ने अपनी वेबसाइट पर सूचना में कहा कि प्रस्ताव आमंत्रित करने का नोटिस 28 मई को जारी किया जाएगा और 15 जुलाई तक बोलियां लगाई जा सकेंगी। हालांकि, इस सूचना में इन क्षेत्रों में मौजूद भंडार का विवरण नहीं दिया गया है।



## नवीनतम बोली दौर में मुंबई के दो, बंगाल में एक तेल-गैस क्षेत्र की पेशकश

नई दिल्ली, (भाषा)। सरकार ने नवीनतम बोली दौर में मुंबई के अपतटीय क्षेत्र में खोजे गए दो तेल एवं गैस क्षेत्रों और पश्चिम बंगाल में एक कोल बेड मीथेन (सीबीएम) क्षेत्र की पेशकश की है।

हाइड्रोकार्बन महानिदेशालय (डीजीएच) ने सोमवार को कहा कि नवीनतम खोजे गए छोटे क्षेत्र (डीएसएफ) की बोली के दौर में इन क्षेत्रों की पेशकश की जा रही है। डीजीएच ने अपनी वेबसाइट पर सूचना में कहा कि प्रस्ताव आमंत्रित करने का नोटिस 28 मई को जारी किया जाएगा और 15 जुलाई तक बोलियां लगाई जा सकेंगी।

महानिदेशालय ने अपनी सूचना में कहा, पेट्रोलियम और प्राकृतिक गैस के घरेलू उत्पादन को बढ़ाने के उद्देश्य से पेट्रोलियम और प्राकृतिक गैस मंत्रालय ने मुंबई अपतटीय क्षेत्र में स्थित दो खोजे गए छोटे क्षेत्रों की पेशकश के लिए विशेष डीएसएफ बोली दौर की घोषणा की है। इसके

अलावा पश्चिम बंगाल में खोजे गए एक कोल बेड मीथेन क्षेत्र के लिए अंतरराष्ट्रीय प्रतिस्पर्धी बोली (आईसीबी) मंगाई जा रही है। हालांकि, इस सूचना में इन क्षेत्रों में मौजूद भंडार का विवरण नहीं दिया गया है। इसके बारे में जानकारी बोली आमंत्रण नोटिस में दी जा सकती है। डीएसएफ की शुरुआत 2016 में हुई थी और अबतक इसके तीन दौर आयोजित किए जा चुके हैं। पहले दौर में 67 खोजे गए तेल एवं गैस क्षेत्रों को 46 अनुबंध क्षेत्रों में शामिल किया गया था। इन क्षेत्रों में 4.5 करोड़ टन तेल और तेल समकक्ष गैस की संसाधन क्षमता थी। अगस्त, 2018 में आयोजित दूसरे दौर में 25 अनुबंध क्षेत्रों की पेशकश की गई जो 59 क्षेत्रों से बने थे। इनमें 19 करोड़ टन तेल और गैस की आंतरिक संसाधन क्षमता थी। डीएसएफ का तीसरा दौर जून, 2021 में आयोजित हुआ था जिसमें 32 अनुबंध क्षेत्रों की पेशकश की गई।