ONGC News as on 24 August 2023 (Print)

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FIRMS FACE ACTION FOR NON-COMPLIANCE WITH LISTING REGULATIONS

Nearly two dozen companies have faced regulatory action for violation of listing regulations. While the quantum of penalties has been minuscule given the size of these companies, the development has put the spotlight on important issues such as appointing women directors and having a proper board composition. II,1

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Companies face action for lapses in listing regulation

Bourses slap penalties for lack of women directors, improper board composition

KHUSHBOO TIWARI
Mumbai, 23 August

Nearly two dozen companies have faced regulatory action this week for violation of listing regulations.

While the quantum of penalties has been minuscule vis-à-vis the size of these companies, the development has put the spotlight on important issues such as appointing women directors and having a proper board composition.

The stock exchanges, which also act as first-level regulators, have slapped penalties on companies such as ACC, Rail Vikas Nigam, Indian Oil Corporation, Adani Enterprises, and GAIL (India) for violations of listing regulations, mainly around the appointment of women and independent directors, as disclosed by individual companies.

In cases where there are no women independent directors, the penalties issued amount to ₹5.37 lakh. Some companies have disputed the action on technical grounds.

However, data shared by PRIME Infobase, a firm that tracks listed company data, shows that there are currently as many as 394 listed firms with no woman independent director on the board. Some of them include big names like State Bank of India, Adani Green, Zee Entertainment, and Coal India.

Under the Listing Obligations and Disclosure Requirements (LODR), the top 1,000 listed companies are required to have at least one woman independent director on their boards. Furthermore, at least 50 per cent of their boards should comprise independent directors.

Among companies that have disclosed the penalties imposed, most fall in the public sector enterprise space. These firms have requested exchanges to waive the penalties, as they have no role to play in such appointments and the power to do so lies with the government.

"The rule around the compulsory appointment of women directors aims at fostering greater gender diversity on corporate boards and encourage a broader representation of perspectives in decision-making. There might have been some challenges in the implementation. However, over time, the hope is that companies would adapt and benefit from the diverse skill sets and insights that women directors could bring to the table," said Sameena Jahangir, partner, Kochhar & Co.

It has been nearly three years since the Securities and Exchange Board of India (Sebi) mandated the presence of at least one woman independent director on the board. Earlier, companies were required to have at least one woman director, not necessarily independent.

Under the Listing Obligations and Disclosure Requirements, the top 1,000 listed companies are required to have at least one woman independent director on their boards

"The legislature had taken a good initiative in recognising women on the boards of Indian companies by making the appointment of women directors on the boards of Indian companies mandatory. This legislature's initiative is in furtherance of the fundamental right to equality provided under the Constitution of India. Companies should appreciate that non-compliance is always more expensive compared to compliance," said Supreme Waskar, partner, P&A Law Offices.

While there have been discussions within the industry about the limited talent pool for choosing independent directors, data from PRIME Infobase shows that nearly half of the total 2,623 appointed women directors hold a postgraduate degree, and nearly 7 per cent hold a doctorate.

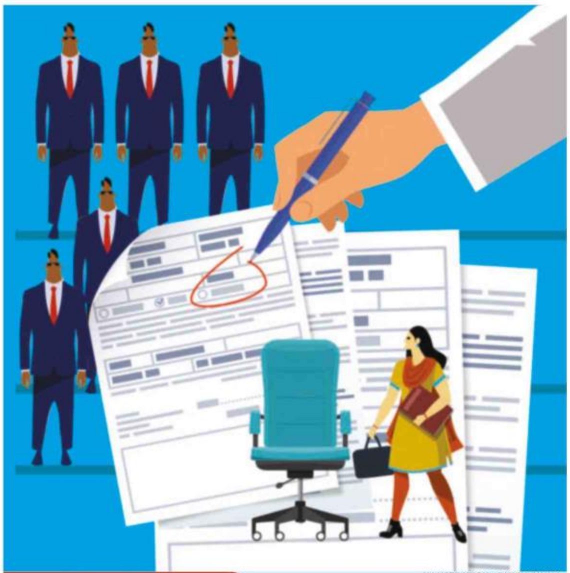

ILLUSTRATION: BINAY SINHA

UNFAIR GAME

- Nearly 20 companies have received penalty notices from stock exchanges
- Penalties for lack of women independent directors, lapses in board composition
- PSUs request for waiving penalty as appointment of independent director is to be done by the government
- According to PRIME Infobase, 394 listed companies do not have any woman director
- Data shows that a total of 2,623 women hold directorship positions in India's listed space

Last month, Sebi further tightened the LODR regulations, mandating disclosure of arrangements made by promoters and directing companies to clarify market rumours that could lead to a material impact on the company's shares. Sebi further quantified and introduced thresholds for material events. However, the industry has voiced implementation challenges with some of these new norms.

As a pilot project, Sebi, along with various industry stakeholders, is working on formulating an industry standard to smooth the implementation of new and existing regulations.

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GAIL to invest ₹30,000 cr in 3 years, scouts for LNG abroad

Gas Authority of India Ltd (GAIL) plans to invest ₹30,000 crore in the next three years as it expands petrochemical capacity and scouts for liquefied natural gas (LNG) supplies globally, its chairman Sandeep Kumar Gupta said on Wednesday.

The nation's top gas marketing and transportation firm is looking at LNG as a transport fuel, joining Essar-promoted GreenLine which operates the nation's largest LNG-powered fleet of heavy commercial vehicles.

Speaking at the company's annual shareholders meeting, Gupta said the firm had a ₹10,000 crore capex in the 2022-23 fiscal.

"The company is growing steadily and creating infrastructure facilities across the nation. We are targeting to incur a capex ₹30,000 Crore in the next three years, mainly on pipelines, ongoing petrochemical Projects, CGD projects, operational capex, equity contribution in group companies etc," he said. PTI

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Coal India working on listing two subsidiaries

MITHUN DASGUPTA
Kolkata, August 23

STATE-RUN MINER COAL India on Wednesday said it is working on listing its arms — Bharat Coking Coal (BCCL) and Central Mine Planning & Design Institute (CMPDI).

"We have identified the banks. First, we will be listing BCCL and CMPDI will follow," chairman-cum-MD PM Prasad told shareholders at CIL's annual general meeting.

BCCL, which produces the bulk of the coking coal mined in the country, meets almost 50% of the requirement of the integrated steel sector. CMPDI provides consultancy and support for mineral exploration, mining and infrastructure engineering, among others.

In 2022, CIL had said that its board had given an 'in-principle' approval to the divestment of 25% of paid-up share capital of BCCL held by the company and its subsequent listing on the bourses. BCCL and CMPDI reported profits of ₹502.88 crore and ₹366.95 crore, respectively, in FY23, according to the annual report.

Prasad told shareholders during the AGM that CIL is planning to set up 3,000 MW solar power capacity in the next three years. Of this, around 380 MW is expected during the current fiscal.

Talcher Fertilizers, a joint venture between CIL, Rashtriya Chemicals and Fertilisers and GAIL, is expected to come into operations in the next financial year.

Prasad said CIL is on track to achieve the 780-million-tonne production target in FY24.

ON TRACK

- Bharat Coking Coal to be listed first, says CMD Prasad
- Listing of another arm Central Mine Planning & Design Institute to follow
- CIL board gave nod for sale of 25% of paid-up share capital of BCCL in 2022

Publication : Mint	Editions : Mumbai
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Sandeep Kumar Gupta, chairman and managing director, GAIL (India) Ltd.

GAIL eyes ₹30K cr capex in next 3 yrs

State-run GAIL is looking at incurring a capital expenditure of around ₹30,000 crore over the next three years on pipelines, petrochemical projects, city gas distribution (CGD) among others. The total capex for FY23 was ₹10,000 crore. "The company is growing steadily and creating infrastructure facilities across the nation. We are targeting to incur a capex ₹30,000 crore in the next 3 years, mainly on pipelines, ongoing petrochemical projects, CGD projects, operational capex, equity contribution in group companies, etc," said GAIL CMD Sandeep Kumar Gupta while addressing the shareholders in the AGM. Gupta also said that the company has been trying to secure natural gas for the country and the consumers. "Your company has issued an EoI to explore opportunity of equity acquisition in LNG liquefaction terminal along with 1 MMTPA LNG tie up from USA," he said. Further, the CMD said that the company has taken steps to provide tie-in connections with its natural gas pipelines to the upcoming new gas sources and upcoming RLNG terminals to enable more and new gas injections into its pipelines.

SAURAV ANAND

Publication : The Asian Age	Editions : New Delhi
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Gail to invest ₹30,000 crore in three years

MADHUSUDAN SAHOO
NEW DELHI, AUG. 23

● WITH INDIA'S increasing petrochemical demand, India is projected to contribute more than 10 per cent of the incremental global growth in petrochemicals over the next decade.

State-owned Gail India Ltd (Gail) is mulling a capital expenditure ₹30,000 crore, mainly in pipelines, petrochemical projects and city gas distribution, over the next three years, while its total capital expenditure for FY23 was ₹10,000 crore. However, Gail is also hoping that its natural gas transmission volumes to expand 12 per cent and polymer sales to double this financial year, a top official in the company said on Wednesday.

Speaking to the shareholders at the company's annual general meeting (AGM), Gail chairman and managing director Sandeep Kumar Gupta said that the firm had a ₹10,000 crore capex in the 2022-23 fiscal (April 2022 to March 2023) and the company is growing steadily, creating infrastructure facilities.

"We are targeting to incur a capex ₹30,000 crore in the next 3 years, mainly on pipelines, ongoing petrochemical projects, city gas distribution or CGD projects, operational capex, equity contribution in group companies etc," said Gupta.

Besides, the country's top oil & gas major is looking at liquefied natural gas (LNG) as a transport fuel, joining Essar-promoted GreenLine, which operates the nation's largest LNG-powered fleet of heavy commercial vehicles.

"The company expects its natural gas transmission volumes to expand 12 per cent and polymer sales to double this financial year. With 15,600 kilometres of pipelines under operation and about 4,200 km of pipelines under construction, we will complete around 20,000 km of the national gas grid in the next calendar year," the Gail chairman said.

The company has also won the licence to lay, build and operate the 160 km Gurdaspur-Jammu natural gas pipeline.

"With India's increasing petrochemical demand, India is projected to contribute more than 10 per cent of the incremental global growth in petrochemicals over the next decade," he said.

The company is also implementing five lakh tonnes per annum propane dehydrogenation polypropylene (PP) plant at Usar and also another 60,000 tonnes of PP unit at Pata.

Publication : The Economic Times	Editions : New Delhi
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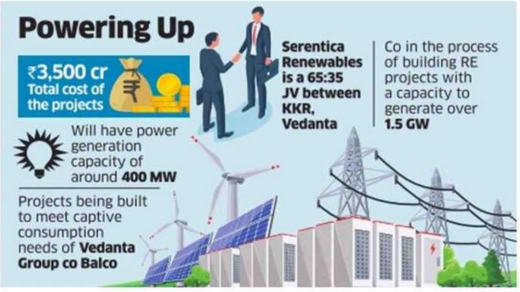
KKR-Vedanta JV Ties Up ₹2.6k-cr Loans for Green Power Projects

PFC said to have sanctioned 19-year loan to Serentica Renewables in Karnataka

Mohit.Bhalla@timesgroup.com



New Delhi: A KKR and Vedanta JV has tied up ₹2,600 crore in loans to finance new green power projects that are being built to meet captive energy consumption needs of Vedanta group companies, according to two people in the know.

The JV known as Serentica Renewables in which KKR has pumped over $650 million so far has tied up a 19 year loan from Power Finance Corporation to build solar and wind projects in Karnataka, according to the sources cited earlier.

The total cost of those projects is around ₹3,500 crore and they will have a power generation capacity of around 400 megawatts.

The projects are being built to meet captive consumption needs of Vedanta Group company, Balco, the sources said. A KKR spokesperson said they would not comment on market speculation when contacted.

"As part of our strategy to develop 4000 MW of renewable installations, Serentica is currently working towards securing financial closure with a diverse group of domestic and international lenders. However, we cannot comment on any specific transaction", a spokesperson for Serentica Renewables said.

Power Finance Corporation did not respond to ET's queries.

Serentica Renewables is a 65:35 JV between KKR and Vedanta with the former owning a dominant stake. The company is in the process of building renewable power projects with a capacity to generate over 1.5 gigawatt of power.

"In the medium-term, Serentica aims to install 5000MW of carbon-free generation capacity coupled with different storage technologies. Eventually, it aims to supply over 15 billion units of clean energy annually and displace 20 million tonnes of CO2 emissions", a description about the company on is website reads.

The company is focused on the commercial and industrial segment of power consumers who account for almost half of India's power demand.

Sterlite Power's managing director Pratik Agarwal represent's Vedanta's shareholding interest on Serentica Renewables board of directors. Serentica was formed in March last year. KKR first invested $400 million in the company in November last year and then followed up with an additional investment of $250 million in May this year.

Publication : Deccan Chronicle	Editions : Chennai
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BHEL makes catalysts to limit emission

Bharat Heavy Electricals Ltd (BHEL) on Wednesday said it has successfully manufactured the first set of indigenous selective catalyst reactors (SCR) catalysts for limiting nitrogen oxide emissions from thermal power plants. These were earlier imported. The first set of catalysts for the Yadadri Thermal Power Station in Telangana, were flagged off by Renuka Gera, director (industrial systems) in Bengaluru.

Publication : Financial Express	Editions : Mumbai
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Shell Energy India to invest ₹3,500 cr in Guj

FE BUREAU
Gandhinagar, August 23

SHELL INDIA PRIVATE Limited signed a Memorandum of Understanding (MoU) with the government of Gujarat, to invest ₹3,500 crore in the state.

As per the MoU, Shell will invest ₹2,200 crore to set up a renewable energy generation plant on 1200 acre land in Banaskantha district of North Gujarat, which it claimed would generate direct or indirect employment for more than 1000 people. The commercial production at the plant is expected to start by 2027.

Shell India will also invest ₹500 crore in the projects of LNG regasification terminal, asset integrity rejuvenation and debottlenecking project.

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‘Doubling capacity to 10 GW in 2 years’

Aman Malik
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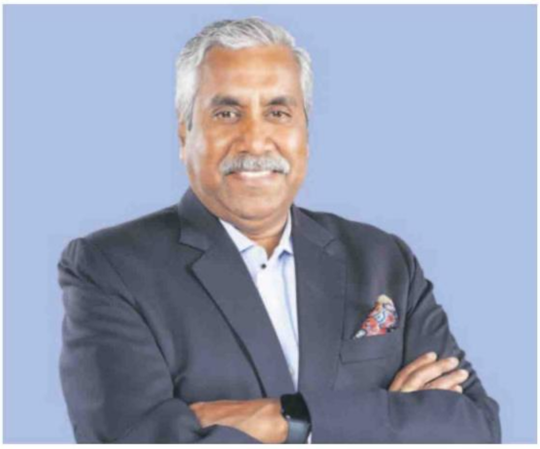
NEW DELHI

Ayana Renewable Power Pvt. Ltd has rapidly expanded its generation capacity in recent years. That has helped the company, majority owned by the Indian government-backed National Investment and Infrastructure Fund (NIIF) and the British International Investment (BII), to grow its revenue substantially and swing to a net profit last fiscal year.

Ayana is now working towards doubling its portfolio to 10 GW by 2025, chief executive Shivanand Nimbargi said in an interview. To do so, Ayana might look at raising fresh capital and explore new growth areas, he said.



VCCIRCLE

Edited excerpts:

Ayana swung from a loss in FY21 and FY22 to a net profit of ₹178 crore in FY23. How did the company manage to make the turnaround?

As and when capacities get commissioned, numbers go up. Projects typically have a lead time of 18-24 months of construction. Thereafter, the capacities come on stream and revenues start flowing in.

What is the size of your portfolio at present?

We have a portfolio of just under 5GW of which 1.3GW is operational.

Does that mean 3.7GW is still under development?

Yes, under development and under construction.

By when will this portfolio come on stream?

These would all come in a staggered way. There are a lot of linkages to these capacities and they depend on when some of the transmission lines can come up. On an approximate basis, by 2025-end, we should be closer to, say, between 3GW and 3.5GW operational capacity.

How much capacity are you looking to add? What is the estimated capex?

Most bids that come out are either for hybrid or round-the-clock power. For example, last month, we won 300MW of REMC Ltd's bid for round-the-clock power. Although the capacity is 300MW, the assets on the ground will be equivalent to 1-1.1GW as a combination of wind and solar. So, that's the direction in which we are moving. From a technology perspective, we are fully geared up. From a portfolio perspective, we are trying to get closer to about 10 GW by 2025.

> As our operating capacity is 1.3GW and the rest is under construction, we have enough runway to grow this company
>
> **Shivanand Nimbargi**
> Ayana CEO

So, you are essentially looking to double the figure over the next 2 years?

Yes; that is why I explained how in order to achieve round-the-clock (power), the capacity multiplier will be 3-4x. So, though the nameplate capacity of the PPA (power purchase agreement) would be lower, the capacity on the ground will be higher. As the plant load factors of solar and wind are quite lower, in order to achieve round-the-clock output, we need to put more assets on the ground.

What proportion of the portfolio is solar and what is wind? How is this split likely to look going forward?

The operational 1.3GW is completely solar. We have 300MW (wind), which should get commissioned in 2-3 months. We are also building another 150MW wind. Going forward, growth will come almost 60:40 (solar-wind) or 50:50 between the two.

Is Ayana looking for more capital infusion beyond the $720 million raised between 2019 and 2022?

We have quite a bit of runway now. As our operating capacity is 1.3GW and the rest is under construction, we have enough runway to grow this company. But, as you know, this industry itself is capital-intensive, so going forward, when there would be a need, we might also look for any additional investors coming in.

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OMCs to spend ₹100 cr more on ethanol purchase after prices increase

Prabhudatta Mishra
New Delhi

After the Centre approved a hike in ethanol prices that could result in ₹100 crore additional expenditure by oil marketing companies (OMCs) and increase the open market demand for rice and maize, experts in the sugar industry have sought a curb on molasses export. Molasses could have been converted to ethanol domestically.

According to industry sources, grain-based distilleries have contracted to supply 21.25 crore litres of ethanol to be made out of damaged/broken rice and 0.08 crore litres to be made from maize in the current ethanol supply year ending October 31. However, the distilleries have supplied only 9.52 crore litres of ethanol made from damaged rice and no supply made from maize until July 31. Supplies of both these grains are stretched.

ADDITIONAL SOPS

After the two rounds of additional incentives announced by the government over and above the ethanol price set for the year, the distilleries will receive extra ₹8.46/litre when ethanol made from damaged rice and additional ₹ 9.72/litre for the biofuel made from maize for the remaining 11.81 crore litres to be supplied after August 22.

On the other hand, export of molasses in the first quarter of the current fiscal has been recorded at 2,83,598.19 tonnes worth ₹361 crore whereas in the entire 2022-23 fiscal it was 16,08,906.7 tonnes worth ₹2,034 crore, official data show. "Had there been restriction on molasses export, India could have produced 6.7 crore litres from the volume exported during April-June. The maximum quantity exported during crushing season and a decision restricting export should be taken before November as there has also been concern on sugarcane output due to prolonged dry weather in June-July in Maharashtra and Karnataka," said a sugar industry official.

> **Had there been restriction on molasses export,** India could have produced 6.7 crore litres from the volume exported during April-June.

The country could have produced 38 crore litres of ethanol from the molasses volume that was exported during 2022-23 fiscal, the official said, adding the government should at least allow export of value-added products from molasses rather than as a raw material.

12% BLENDING TARGET

Countries such as the Netherlands, Philippines, Vietnam, South Korea and Italy are the top five destinations of Indian molasses which are used for cattle feed manufacturing, an expert said.

Fearing of missing the 12 per cent blending target, distilleries have got second hike in rates of ethanol purchased by oil marketing companies (OMCs) in a span of 15 days. With effect from August 22, ethanol prices stand at ₹64/litre (from damaged rice) and ₹66.07/litre (from maize), up by 15-17 per cent from the rates fixed for the season.

Until July 31, the OMCs had achieved 11.77 per cent blending since ethanol season started from December 2022. But it dropped by a tad to 11.75 per cent until August 15 due to closure of many distilleries following discontinuation of ₹20/kg rice from the Food Corporation of India. The Government has shortened the current ethanol season to 11 months as from 2023-24 season, it has been changed from November to October.

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Coal shortage at thermal plants highest in Aug on peak power surge

BREAKING RECORD. High heat index and humidity drive demand; shortage crosses 4.43 mt so far this month

Rishi Ranjan Kala
New Delhi

As India's peak power demand broke all past records during the humidity-impacted August, the domestic coal-based (DCB) power plants are facing shortage of coal, which in the first 21 days of the month has already surpassed 4.43 million tonnes.

India's electricity consumption during peak hours surpassed Power Ministry's estimate of 229 GW on August 16, August 17 and August 18, with peak demand met during the day hitting 233 GW, 234.1 GW and 231.6 GW, respectively.

Sources said as India faces higher requirement for electricity due to high heat index and humidity, the power demand appreciated significantly, particularly in North, Central and South India.

At the same time, there is a gap between receipt and consumption of domestic coal, which has been increasing, said one of the sources.

Widening gap

Receipt & consumption of coal at domestic coal based power plants (million tonnes)

Month	Domestic coal receipt	Domestic coal consumption	Imported coal consumption	Total consumption	Gap
Apr-23	65.38	66.42	2.22	69.52	4.15
May-23	67.49	66.25	2.25	69.4	1.91
Jun-23	63.84	64.58	2.16	67.6	3.77
Jul-23	62.93	62.98	1.62	65.24	2.32
Aug 1-21 2023	41.29	43.95	1.26	45.72	4.43

For instance, DCB plants consumed 45.72 mt of the dry fuel between August 1 and August 21 against a receipt of 41.29 mt taking the shortage to 4.43 mt, which is the highest in FY24 and "possibly" in the current calendar year.

Similarly, the gap between receipt and consumption of coal during April, May, June and July 2023 stood at 4.15 mt, 1.91 mt, 3.77 mt and 2.32 mt.

IMPORTS

"This shortage forced power plants to import coal. Had plants not imported coal during December 2022, the shortage could have been higher. There seems to be a lag in the planning of transporting coal as electricity demand started rising in July and August against the summer months," a senior government official explained. Power sector imported 14.21 mt of coal during Q1 FY24. Besides, CareEdge data show that imports rose 25.6 per cent y-o-y to 192 mt in April-December FY23 with non-coking coal, mainly used in power generation, accounting for 66 per cent of the total.

According to the National Power Portal, the pan-India coal stocks at DCB plants stood at 29.7 mt, which is sufficient for just 11.4 days as on August 21. On the same day, the number of DCB plants with critical stocks stood at 28.

A comfortable position for reserves is around 14-15 days, an official said, adding that during rains transporting coal becomes an issue. The planning for transporting the crucial resource should have been done at least by April-May 2023.

Coal reserves data for DCB plants show that the 147 non-pithead plants with a capacity of 148.37 GW, against a daily requirement of 2.08 mt, the domestic stocks stood at 20.89 mt and imports were at 1.24 mt, as on August 21. The percentage of actual stocks *vis-a-vis* normative stock was 51 per cent.

This impacts power generation, another senior government official said. Between August 12 and August 21, the pan-India peak demand met during the day averaged at almost 225 GW, while the peak shortage averaged at around 3.80 GW.

HEAT & HUMID WEATHER

The official explained that heat and humid weather led to higher demand for cooling, which rose from an average of around 5-6 hours per day to more than 10 hours. It reflects in the record high consumption.

The record high consumption and deficit also reflected in the high prices for procuring electricity at power exchanges.

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Centre may give power plants time till Oct to import coal

Rishi Ranjan Kala
New Delhi

The Power Ministry is expected to direct thermal power plants to continue importing coal for blending with domestic supplies by a month till October this year.

In January, the Ministry directed Central, State Gencos and IPPs to take necessary action and plan to import coal through a transparent competitive procurement for blending at the rate of 6 per cent by weight so as to have coal stocks at their power plants for smooth operations till September 2023.

RISING DEMAND

Sources said that the Ministry, in a meeting earlier this week, decided to extend the deadline by a month on account of rising demand for power in the country led by a hot and humid August, which has spiked electricity consumption to hit an all time high of 234.1 gigawatts on August 17.