ONGC News as on 19th May 2023 (Print)

ओएनजीसी ONGC
Publication : The Hindu Business Line	Edition : Bangalore, Chennai, Hyderabad, Mumbai
Date : May 19, 2023	Page: 8

Day trading guide

18179 » Nifty 50 Futures

S1	S2	R1	R2	COMMENT
18150	18090	18220	18300	Take fresh shorts below 18150. Stop-loss can be kept at 18180

₹1645 » HDFC Bank

S1	S2	R1	R2	COMMENT
1640	1620	1655	1670	Go short below 1640. Stop-loss can be kept at 1645

₹1246 » Infosys

S1	S2	R1	R2	COMMENT
1240	1220	1260	1275	Go long on a bounce from 1240 with a stop-loss at 1230

₹420 » ITC

S1	S2	R1	R2	COMMENT
416	413	422	424	Go short now and at 421. Keep the stop-loss at 423

₹166 » ONGC

S1	S2	R1	R2	COMMENT
165	163	169	170	Take fresh longs now. Stop-loss can be placed at 164

₹2434 » Reliance Ind.

S1	S2	R1	R2	COMMENT
2425	2400	2450	2465	Go short below 2425. Keep the stop-loss at 2435

₹574 » SBI

S1	S2	R1	R2	COMMENT
572	569	578	581	Go long now and at 573. Keep the stop-loss at 571

₹3200 » TCS

S1	S2	R1	R2	COMMENT
3190	3170	3210	3230	Go short on break below 3190 with a stop-loss at 3195

S1, S2: Support 1 & 2; R1, R2: Resistance 1 & 2.

Publication : The Asian Age	Edition : New Delhi
Date : May 19, 2023	Page: 7

Russian energy giant resumes supply to GAIL

FC CORRESPONDENT
NEW DELHI, MAY 18

A year after it halted supplies due to the Ukraine war, a former unit of the Russian energy giant has resumed operation in supplying liquefied natural gas or LNG to state-owned gas utility Gail India Ltd. Sefe Marketing and Trading Singapore Pte Ltd (SMTS), erstwhile Gazprom Marketing and Trading Singapore Pte Ltd, supplied two LNG cargoes each in March and April and has committed 4 shiploads each in May and June, Gail India Ltd chairman and managing director (CMD) Sandeep Gupta said on Thursday.

Gail India had in 2012 signed a 20-year deal with Gazprom Marketing and Singapore (GMTS) to buy 2.85 million tonnes per annum of LNG. The supplies started in 2018 and the full volume was to reach in 2023. Sefe will decide on volumes on a month-to-month basis. As the normal supplies have resumed and hope they will continue. After May and June, hopefully, similar volumes will be nominated for future months also," Gupta said.

Initially, GMTS had signed the deal on behalf of Gazprom and GMTS was moved to Gazprom Germania, now called Sefe. But in early April last year, Gazprom gave up the ownership of the German unit without giving a reason and placed parts of it under Russian sanctions. This followed the West slapping sanctions on Russia for its February 24 invasion of Ukraine.

To mitigate the shortfall in Russian supplies, Gail imposed supply cuts to users from mid-July 2022 to mid-March 2023. In order to meet the shortage, Gail sourced spot LNG volumes from the domestic and international market and also partially or fully stopped its petrochemical complex at Pata in Uttar Pradesh for fulfilling supply obligations to the customers. "All the supply cuts have been restored from March 16," Gupta said.

Meanwhile, the country's largest gas distributor, posted over 77 per cent reduction in its quarterly profit on Thursday, mostly dented by weakness in its petrochemicals segment. The company's standalone profit plunged 77.5 per cent year-on-year to Rs 603 crore in fourth quarter against the net profit of Rs 2,683 crore in the year-ago period.

Publication : Mint | Edition : Mumbai
Date : May 19, 2023 | Page: 2

India to import 9 mn barrel of oil for its strategic reserve

Bloomberg
feedback@livemint.com

India is considering refilling its strategic hoard of crude oil, joining the US as the world's top guzzler begins to rebuild its depleted stockpiles after a period of drawdown.

India plans to import about 1.25 million tonnes (9.2 million barrels) of oil to fill empty reserves, said people with knowledge of the matter, who asked not to be identified as the information isn't public.

The grades and timing are still under discussion, one of the people said. It's unclear if India, which has emerged as a major buyer of Russian crude since the Ukraine invasion, will choose to buy cargoes from the OPEC+ producer, or its traditional suppliers in West Asia.

The US and India are making plans to beef up reserves—the back-up for emergencies such as acute global outages or price spikes—as benchmark prices trade near the lowest in more than a year. Brent is around 45% lower from its 2022 high as demand concerns hang over the market.

An oil ministry spokesman didn't immediately reply to phone call and text message seeking comments.

India allocated ₹5,000 cr in its budget earlier this year toward filling stockpiles. REUTERS

India plans to fill about one-quarter of its reserve spread across two sites in Visakhapatnam and Mangalore. India has strategic storage in three locations with capacity to hold about 5.33 million tonnes. The capacity is not much considering India imported 232.4 million tonnes crude in the year ended 31 March.

India allocated ₹5,000 crore in its budget earlier this year toward filling strategic stockpiles.

The International Energy Agency said in February that the funds could cover purchases of about 10 million barrels of Russian crude, or around 7 million barrels of non-sanctioned oil.

The country last added to its strategic stockpiles in 2020 after oil crashed due to Covid lockdowns, buying crude at an average price of $19 a barrel.

The South Asian nation initiated a plan early last year to allow local and foreign companies to lease space that could accommodate around 8 million barrels at two underground locations.

However, India's refiners were unwilling to pay what the government was asking to rent the space, one of the people said.

Discussions about leasing storage were also held with Saudi Aramco and Abu Dhabi National Oil Co. (Adnoc), but they didn't progress, according to Parliament documents.

Adnoc signed a deal in 2017 to lease some space, enough for almost 6 million barrels.

India is seeking to increase its reserve capacity by 6.5 million tonnes, but progress has been slow due to issues related with land acquisition.

Publication : The Financial Express	Edition : All
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SEC reward puts spotlight on India's whistle-blower policy

ASHLEY COUTINHO
Mumbai, May 18

THE US SECURITIES and Exchange Commission's record payout of $279 million to a single whistle-blower a few days back has brought into focus the whistle-blower policies being followed in India.

The Securities and Exchange Board of India mandates all listed entities to have a whistle-blower policy. It has a dedicated office to receive and process such complaints. In 2019, it introduced a mechanism for informants to file complaints directly with Sebi. In 2021, Sebi raised the compensation for whistle-blowers in insider trading cases to ₹10 crore from ₹1 crore.

"Sebi's whistle-blower policy has evolved over time. The policy now encompasses a wider range of violations, including corporate fraud, insider trading, and accounting irregularities. It provides mechanisms to protect the confidentiality and anonymity of whistle-blowers, empowering them to come forward without fear of retaliation," said Nikhil Varma, managing partner, MVAC Advocates & Consultants.

Whistle-blower complaints are becoming common. In 2021, a large pharma company paid ₹56 lakh to settle a case involving whistle-blower complaints that alleged the company and its subsidiary were diverting funds through its sole distributor. Earlier this year, a healthcare company initiated a forensic investigation on allegations made by an anonymous whistle-blower on lapses by some employees.

"While there are lacunas, Sebi is moving towards incentivising whistle-blowers and making companies aware that violations cannot be hidden," said Sumit Agrawal, founder, Regstreet Law Advisors.

Legal framework

A 2003 Sebi circular sought an amendment to the standard listing agreement which mandated companies to formulate a whistle-blowing policy. Clause 49 of the Listing Agreement was amended to include the said requirement, which is now encapsulated in regulation 18 of the Sebi (LODR) regulations.

Later, 9A(6) of Sebi (Prohibition of Insider Trading) Regulations, 2015 created an obligation on listed companies to formulate a whistle-blower policy. In 2019, Chapter IIIA of the LODR 2015 regulations provided for a system of incentives to encourage informants to report insider trading. This was further enhanced in 2021.

Section 177 (9) of the Companies Act, 2013 provides for a 'vigil mechanism' for directors and employees of listed companies to report genuine concerns. Sub-section 10 provides for adequate safeguards against victimisation of persons who use such mechanism.

"The regulations offer sufficient safeguards against victimisation of the people who use the system along with facilitating direct access to the audit committee chairman. The regulation 30 of the LODR also mandates listed companies to report significant developments to the stock exchanges as part of a new corporate governance regime," said Sandeep Bajaj, managing partner, PSL Advocates & Solicitors.

Gaps in regulations

India currently lacks a statutory whistleblower policy that provides legal protection to whistle-blowers in general. Statutory protection is only granted to public servants and officials, according to experts.

The legal framework on whistle-blowing has largely been geared towards listed companies. Unlisted, private companies can use their discretion in applying the whistle-blower's policy and vigilance committees are dominated by internal members of an organisation.

"The Indian version of the Sarbanes-Oxley Act does not have the necessary penalties and effective enforcement mechanisms in place. It is crucial to fill the existing gap in current laws to ensure the protection of whistle-blower anonymity," said Archana Balasubramanian, partner at Agama Law Associates.

"While whistle-blowers are required to submit a voluntary information disclosure form to the Sebi's information protection office through their legal representative, they have the option to exclude any information from the VIDF that could reveal their identity. However, submissions can never be anonymous," said Pratik Bakshi, counsel (ESG), BTG Legal.

The problem of confidentiality and whistle-blower protection could become especially acute when it comes to small and mid-sized companies. "On paper, there are many provisions to protect a whistle-blower. But in Indian managed companies and also the state of law as it exists, a whistle-blower cannot be too hopeful for protection from persecution. Also, it is not clear as to what level of evidence needs to be provided to convince the company or the audit committee chairman of a particular wrongdoing," said Jayant Thakur, a chartered accountant.

Past episodes, like that at Infosys, show that whistle-blowers may not reveal their identity and instead make complaints public to force regulators to investigate.

"US regulators allow anonymous complaints to be filed directly and offer uncapped financial incentives. In India, whistle-blowers' identities must be disclosed, which may deter them from coming forward. There is a fear of regulator itself not taking action and possibility of systemic leak of identity," said Agrawal, a former Sebi official.

Frivolous complaints

Sebi on an average receives around 30,000 whistle-blower complaints every year, Sebi chief vigilance officer Yatri Dave Vitekar said late last year. These include several anonymous, irrelevant, poorly analysed and motivated complaints that seek to settle personal scores. The regulator has a mechanism, Public Interest Disclosure and Protection of Informers, which can help protect the whistle-blower's identity, she had said.

"Whistleblowers fear retaliation and harassment, and companies may not take up the complaint. Sebi should create awareness about what constitutes a valid whistle-blower complaint and deal strictly with complaints that seek to settle personal scores," said Agrawal.

Sebi can waive the requirement for whistle-blowers to disclose their identity when a legal representative files a complaint, incentivise whistle-blowers with awards linked to the amount to be received, and tie awards to the veracity of information and the total penalty or unlawful profit, considering Sebi's low recovery rate, he added.

"Independent investigations and analysis of information disclosed to the stock exchanges and other relevant sources should be conducted before dismissing a complaint. This can be achieved by leveraging AI-based technologies," said Balasubramanian.

"Just like the SCORES platform, whistle-blower complaints that satisfy the basic requirements of evidence could be tracked by Sebi on whether they are being given due consideration by the company, its audit committee and whether the closure was formally recorded. That would put a possible disincentive on erring companies," said Thakur.

WHO'S A WHISTLE-BLOWER

- This information is supposed to be in interest of company and stakeholders
- She will come forward if her safety & security is assured
- Often get financial rewards if complaint is proven
- Whistle-blowers Protection Act, 2014 provides for the legislative intent to provide a legal mechanism for reporting of illegal, unethical and illegitimate practices by members of an organisation

Publication : The Free Press Journal	Edition : Mumbai
Date : May 19, 2023	Page: 8

REC plans to increase loan book by two-fold

State-owned non-banking finance firm REC Ltd is planning to increase its loan book over two-fold to Rs 10 lakh crore by 2030, including Rs three lakh crore for renewable energy projects. This assumes significance given India's ambitious target of having 500GW of renewable energy capacity by 2030. REC Ltd's loan book is Rs 4.35 lakh crore as of March 31, 2023.

Publication : The Hindu Business Line	Edition : Mumbai
Date : May 19, 2023	Page: 8

Goldman, FPIs cut Adani group stake in ESG funds

Bloomberg

The investment arm of Goldman Sachs Group Inc. dramatically reduced its exposure to the Adani Group in its ESG portfolios in the weeks following allegations of fraud against the conglomerate by short-seller Hindenburg Research.

TURNING AWAY. 13 actively-managed ESG funds sold a total of 12 million Adani group shares post Hindenburg report

Goldman Funds, registered as promoting environmental, social and governance goals under European Union rules, sold about 11.7 million shares in Adani companies in February, according to data compiled by Bloomberg. Following the retreat, Goldman Sachs Asset Management's actively-managed ESG fund exposure to Adani was limited to a stake of roughly 4 lakh shares in Ambuja Cements, data show. Other asset managers cutting Adani from ESG funds include Northern Trust Corp. and Storebrand ASA, according to Bloomberg data, which doesn't include exchange-traded funds. In all, 13 actively-managed ESG funds scaled back their holdings, selling a total of 12 million Adani Group shares. A spokesperson for Goldman Sachs declined to comment. Spokespeople for Northern Trust and Storebrand didn't immediately respond.

FUNDRAISE, AGAIN

Meanwhile, Adani companies are trying to tap markets. Adani, which saw the market value of its empire shrink by more than $100 billion after the Hindenburg report, is now trying to rebuild relations with financial markets. Adani Enterprises and Adani Transmission will seek to raise as much as $2.6 billion.

"Goldman Sachs cutting Adani Group stakes from ESG funds and Adani Group companies now seeking to raise capital are two entirely separate events," a spokesperson for Adani said by email. Overall, the number of ESG funds, including ETFs, with direct holdings in Adani companies dropped to 59 from 90 at the beginning of February. Including indirect holdings, the number of ESG funds exposed to Adani is broadly unchanged at just over 500.

ओएनजीसी ONGC
Publication : The Indian Express | Edition : Mumbai
Date : May 19, 2023 | Page: 15

Former Gazprom unit resumes LNG supplies to India

PRESS TRUST OF INDIA
NEW DELHI, MAY 18

A FORMER unit of Russian energy giant Gazprom has resumed supplying LNG to Indian state gas utility GAIL a year after it halted supplies due to Ukraine war.

Sefe Marketing and Trading Singapore Pte Ltd (SMTS), erstwhile Gazprom Marketing and Trading Singapore Pte Ltd, supplied two liquefied natural gas (LNG) cargos each in March and April and has committed 4 shiploads each in May and June, GAIL (India) Ltd chairman and managing director Sandeep Gupta said Thursday. "Hopefully, similar volumes will ne nominated for future months."

Sefe will decide on volumes on a month-to-month basis.

GAIL had in 2012 signed a 20-year deal with Gazprom Marketing and Singapore (GMTS) to buy 2.85 million tonnes per annum of LNG. Supplies started in 2018 and the full volume was to be reached in 2023.

GMTS signed the deal on behalf of Gazprom. GMTS was moved to Gazprom Germania, now called Sefe. But in early April last year, Gazprom gave up ownership of the German unit without giving a reason and placed parts of it under Russian sanctions.

This followed the West slapping sanctions on Russia for its February 24 invasion of Ukraine.

It invoked force majeure and stopped supplies to India from June 2022. Sefe, formerly GMTS, "in its annual delivery plan and in their latest communications have maintained their alleged force majeure stance citing various reasons such as Russian sanctions on its LNG source/portfolio and mandate from German authorities (BnetzA) for ensuring energy security for Europe for their inability to deliver LNG cargoes," Minister of State for Petroleum and Natural Gas Rameswar Teli had told Lok Sabha on March 23.

However, "while SMTS maintains its force majeure stance, as on date SMTS has informed that they shall be able to supply two cargoes (shipload) in March 2023 and two in April 2023," he had added.

Publication : The Financial Express	Edition : All
Date : May 19, 2023	Page: 6

CLIMATE FINANCE

CASH-STRAPPED PUBLIC UTILITIES ARE LARGE BUYERS FOR MOST CLEAN-TECH PROJECTS. A FIRST LOSS FACILITY CAN REDUCE RELATED RISKS AND ACCELERATE FUNDS FLOW

Greenbacks for backing green

MANISH CHOURASIA

Managing director, Tata Cleantech Capital, and working group lead, Gateway House's independent G20 Task Force on Energy Transitions and Climate Finance

CLIMATE FINANCE IS not a macroeconomic problem. There is no dearth of funds available in developed countries, but the requirements for finance are growing exponentially in developing countries. According to IEA's World energy Outlook 2021 report, there is an estimated annual investment requirement of $4-5 trillion to reduce emissions in developing countries, which is significantly small relative to the global annual savings of $20trillion and global GDP of $80 trillion. To encourage sustainable development, capital must flow from the Global North to the Global South, prioritising low- and middle-income countries.

The transfer of savings is imperative, and can be achieved successfully by addressing the following key issues.

First is the high cost of debt: Clean technologies inherently have higher upfront costs, but significantly lower operating costs as compared to conventional technologies. This means the key recurring cost is mainly cost of the capital, which has a direct bearing on the price of clean energy or energy services. Apart from this, clean technology projects have long payback period, necessitating funding through patient, long-term funding solutions.

Second is the need for cost-reflective hedging to eliminate foreign exchange risk: Nearly 90% of cross-border debt to projects in developing countries from developed countries, is in hard currency while the revenues generated from these projects are in local currencies. The market for currency hedging swaps in developing countries is not deep enough especially for average maturity of over three years. For a tenure greater than the average maturity of 10 years, the hedging solution itself is non-existent, leaving projects exposed to currency risk depreciation in the medium to long term. This unhedged forex risk adds to the fragility of projects. Ultimately, it translates to high overall cost of capital because of expensive hedging, even if the cost of the foreign currency loan is low, thereby neutralising all savings. For example, the annual cost of rupee-dollar hedging is around 6%, which is significantly higher than the long-term annual rupee depreciation rate of 3.5%.

Third, it is necessary to consider the weak financial position of public utilities: The off-takers for most of clean technology projects are public utilities. These include state distribution companies, state transport corporations and municipalities. The financial health of most of these entities is weak. The nature of clean technologies is such that their future price could be much more attractive than it is today, because technology becomes cheaper as its scale increases. New contracts therefore look far more competitive than the ones entered into in the previous five years, resulting in commitments being reneged as they were expensive. This has increased the risk of financing clean technology projects with public utilities as off-takers, and it is reflected in the cost of funding.

> **The market for currency hedging swaps in EMEs is not deep enough, especially for average maturity of over three years. For an average maturity tenure of more than 10 years, the hedging solution itself is non-existent**

In addition to promoting capital flows, emerging technologies, storage and new business models also need to be encouraged. Power generation, being the largest source of emission, has brought global attention to renewable energy, and also to the issue of storing it. Financing support is also necessary to mainstream other nascent sectors such as electric mobility, green hydrogen and carbon capture and storage. Hence to meet climate goals, an entire ecosystem of clean technologies needs to be created and promoted.

One way to resolve the multidimensional aspects of financing clean energy is through the creation of a Global Climate Finance Agency (GCFA) which can provide hedging capacity and support the creation of currency risk market. The GCFA can be managed by a reputed existing multilateral agency and capitalised by some part of the promised financial support from developed countries. Apart from this sovereign support, additional funds can be sourced from grants provided by foundations. These foundations in turn will receive Certified Emission Reductions (CER) credits, which they can use either as green credentials or for trading.

This agency will be responsible for the following key functions:

The main purpose of the platform will be to provide a cost-effective hedging mechanism for private sector projects that are green. Similar to an insurance cover, the GCFA will create a gross currency book by pooling together capital from multilateral banks, climate investors and philanthropies from developed countries for green projects. Developers of green projects can avail of foreign capital from this pool at a rate marginally above the annual currency depreciation. Any volatility in the hedging cost can be absorbed by GCFA with its transparent and long-term pricing of risk related to currency depreciations. This will result in green project developers getting better off-sets for their exposure. The GCFA will also act as a market maker by creating new risk markets at a global scale and crowd in commercial actors such as investors, borrowers, donors, corporates and remitters to bring additional hedging capacity and diversity in it to further lower the hedging costs.

Second is the creation of a first loss facility. Government utilities with weaker financial positioning are major buyers for clean technology projects in developing countries. In the absence of a payment security mechanism, the risk perception of a project increases, resulting in higher energy and energy services costs. A first loss facility for clean technology projects will reduce such related risks and accelerate adoption and funds flow in these segments.

Finally, venture capital for emerging technologies/ business models is needed. Today, there is a large dependence on some countries for imported capital equipment for the solar and battery sector. This restricts the creation of a local ecosystem for new technologies. For adoption of hydrogen, battery storage and electric mobility, emerging countries needs to reduce import dependence before scaling up these technologies. It is also necessary for business models to evolve to reflect the nature of emerging technologies. Venture capital for emerging technologies/ business models will ensure that energy transition is more democratic.

The GCFA will not only increase mobilisation of capital but also bring in risk transparency and market discipline especially in developing countries. The larger size and transparent pricing of currency risks by GCFA is will likely to attract more institutional investors as this futuristic energy source expands.

Publication : Millennium Post	Edition : New Delhi
Date : May 19, 2023	Page: 10

Former Russian unit resumes regular LNG supplies to India

Six US cos have offered GAIL a stake in their LNG export facility

OUR CORRESPONDENT

NEW DELHI: A former unit of Russian energy giant Gazprom has resumed supplying LNG to Indian state gas utility GAIL a year after it halted supplies due to the Ukraine war, GAIL chairman Sandeep Kumar Gupta said Thursday.

The resumption of supplies, which came to a halt in June last year, has shored up gas availability in the country.

Separately, six US companies have offered GAIL a stake in their liquefied natural gas export facility.

Sefe Marketing and Trading Singapore Pte Ltd (SMTS), erstwhile Gazprom Marketing and Trading Singapore Pte Ltd supplied two liquefied natural gas (LNG) cargoes each in March and April and has committed 4 shiploads each in May and June, Gupta said.

"Hopefully, similar volumes will renominated for future months also," he said.

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GMTS had signed the deal on behalf of Gazprom. GMTS was moved to Gazprom Germania, now called Sefe. But in early April last year, Gazprom gave up the ownership of the German unit without giving a reason and placed parts of it under Russian sanctions.

This followed the West slapping sanctions on Russia for its February 24 invasion of Ukraine.

It invoked force majeure and stopped supplies to India from June 2022.

Gupta said normal supplies have resumed and hope they will continue.

On the expression of interest GAIL had released in February this year to buy up to 26 per cent stake in a US LNG export facility in an attempt to shore up supplies to meet rising demand in India, he said half a dozen interests have been received.

"We are in the process of second stage shortlisting," he said without giving details.

The company in February released an expression of interest to acquire as much as 26 per cent equity in an existing LNG plant or a proposed facility that will be commissioned by 2027.

It was also interested in sourcing 1 million tonne a year of LNG from the facility for 15 years from 2026. The contract could be extended by another 5 to 10 years.

Liquefaction plants convert natural gas into liquid form, enabling its seaborne transportation.

GAIL (India) Ltd had run into supply disruptions last year after Russia-owned Gazprom Marketing and Trading (GMTS) failed to deliver contracted LNG due to Western sanctions on Moscow over its invasion of Ukraine.

To make up for the shortfall, GAIL cut supplies to some customers, including its own petrochemical plant and bought LNG from the spot or current market.

It is also in discussions with Abu Dhabi National Oil Co and Russia's Novatek PJSC for long-term LNG deals.

Sefe, formerly GMTS, "in its annual delivery plan and in their latest communications have maintained their alleged force majeure stance citing various reasons such as Russian sanctions on its LNG source/portfolio and mandate from German authorities (BnetzA) for ensuring energy security for Europe for their inability to deliver LNG cargoes," Minister of State for Petroleum and Natural Gas Rameswar Teli had told the Lok Sabha in a written reply to a question on March 23 this year.

However, "while SMTS maintains its force majeure stance, as on date SMTS has informed that they shall be able to supply two cargoes (shipload) in March 2023 and two in April 2023," he had added.

To mitigate the shortfall in Russian supplies, GAIL imposed supply cuts to users from mid-July 2022 to mid-March 2023.

In order to meet the shortage, GAIL sourced spot LNG volumes from the domestic / international market and also partially/fully stopped its petrochemical complex at Pata in Uttar Pradesh to fulfilling supply obligations to the customers.

Gupta said all the supply cuts have been restored with effect from March 16.

Under the deal, GMTS was to progressively increase supplies to GAIL. It shipped 2 million tonnes of LNG in 2021 and was to supply 2.5 million tonnes or a minimum of 36 cargoes in the calendar year 2022. The full volume of 2.85 million tonnes is to be reached in 2023.

GAIL received one cargo of LNG in June 2022 and nothing after that.

Company officials said Sefe was supplying cargoes from its non-Russian portfolio in Egypt, United Arab Emirates and the United States. Because of the force majeure, they cannot supply from Russia, so they are giving GAIL LNG from non-Russian portfolios.

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Publication : Deccan Herald	Edition : Bangalore
Date : May 19, 2023	Page: 12

Barely a third of India Inc show ESG preparedness: Deloitte

LAVPREET KAUR
BENGALURU, DHNS

Merely 27% of Indian businesses feel confident about their preparedness to meet Environmental, Social, and Governance (ESG) requirements, according to India's ESG preparedness survey by Deloitte released on Thursday. Only 15% believe their suppliers to be prepared to comply with the organisations' ESG requirements.

The findings came at a time when the need for green and sustainable development has unequivocally become a pressing priority across sectors and ESG has evolved from a peripheral conversation to a critical component of investment decision-making.

The survey assessed the readiness of 150 organisations for ESG policies, regulations, disclosures, and compliance, with over 70% of them listed on the Indian stock exchanges. The report underscored the challenges ahead for Indian businesses, wherein commitment to ESG principles is high but there is a significant gap in actual preparedness for implementation. The respondent pool included chief executive officers (CEOs), chief financial officers (CFOs), chief sustainability officers (CSOs), heads of corporate social responsibility (CSR), and management and operations executives.

The survey report highlighted the increasing significance of ESG in India, with nearly 88% of organisations perceiving sustainability regulations as directly impacting their businesses.

Over 75% of organisations acknowledged that ESG had become an important agenda in their boardrooms, and 90% believed that ESG reporting would enhance their brand reputation. The report also highlights that socially conscious investors are holding businesses accountable for ESG actions with 75% organisations stating that their investors rate their ESG performance.

About 68% of organisations have made significant progress by integrating ESG strategies and mechanisms into their operations. In addition, although 83% organisations have designated sustainability leaders, only one-third have both internal ESG champions and sustainability leaders, indicating room for enhancing internal ESG leadership.

However, interestingly, less than half of the surveyed organisations reported a thorough understanding of ESG reporting mechanisms and regulations in India, highlighting the need for urgent attention.

"Organisations are grappling with evolving expectations on ESG compliance and disclosure from investors, boards, governments, and consumers," said Viral Thakker, Partner and Sustainability leader, Deloitte India.

Publication : Deccan Herald	Edition : Bangalore
Date : May 19, 2023	Page: 12

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Publication : Mint	Edition : Mumbai
Date : May 19, 2023	Page: 12

THEIR VIEW

Indian exports will take time to get wind in their sails

DHARMAKIRTI JOSHI & ADHISH VERMA

are, respectively, chief economist and senior economist at Crisil

India's overall exports (goods plus services) hit a high of $772.9 billion in 2022-23, surpassing the country's $750 billion target and rising 14.2% over 2021-22. The performance since the pandemic abated has been impressive. However, challenges loom.

Consider India's merchandise exports, which stood at $450.4 billion last fiscal. This represented a 6.7% growth over the $422 billion worth of merchandise exported the year before. But when you start breaking down the overall figure, the headwinds facing India's exports start becoming evident.

Goods exports growth was achieved solely through oil exports, which grew a massive 44.4%. Non-oil exports, on the other hand, contracted 0.4%. To be sure, India's oil exports were marginally lower by volume, which means the sharp rise in dollar terms was purely a price effect (average Brent crude oil price was $95.5 per barrel versus $80 in 2021-22). With oil prices correcting and global growth slowing, oil exports growth is bound to slow or even decline.

Non-oil exports also contracted, with many key items in India's top 10 dwindling: gems and jewellery (-3.0% on-year), base metals (-22.4%), textiles (-17.6%) and plastic and rubber articles (-12.1%). Chemical products, India's second-largest export item, grew a paltry 2%. Many of these have a disproportionately large dependence on advanced economies, mainly the US and the Eurozone, which are seen slowing this year. That implies a further drag on exports. And the decline in international commodity prices will only exacerbate the impact.

India's merchandise exports have contracted for three consecutive months, with April witnessing a double-digit decline of 12.7% on-year. The thesis of growth set to slow in the US and Eurozone but remaining resilient in the Asia-Pacific (which commands a larger share of India's merchandise exports) needs to be read with a caveat. If we take China out, the Asia-Pacific is expected to decelerate this year owing to a waning of demand for manufactured goods that sprang up after post-covid reopenings combined with the financial impact of higher interest rates.

Second, despite being the largest export destination, the Asia-Pacific's share of Indian exports has declined in recent years.

Two of India's top-10 export items—agricultural products and electronics—did display a healthy performance last fiscal. While the former grew 11.8%, the latter grew a massive 51.6%, reflecting support from the production-linked incentive (PLI) scheme. That said, agricultural exports could slow if the lurking risk of El Niño hurts food output.

As for the 'high' growth in electronic exports (largely mobile handsets), it is pertinent to note that its share in India's overall exports is still low, at about 5%, and these are heavily import-dependent. This means that the kind of multiplier effect that the export of a large item can have, such as automobiles—which are manufactured using products from a number of industries, including tyres, engine, plastic, paint and steel—will be missing in the case of a mobile handset, as these are mostly assembled and import-dependent, even as the ecosystem for their production has not yet developed in India.

While merchandise exports are facing near-term hiccups, services exports are providing much-needed support, helping keep total goods and services exports growth in the positive zone. Compared with the 6.7% growth in merchandise exports (including oil) last fiscal, services exports grew a solid 26.7%.

India's services exports have been rising steadily, taking their share in total exports to 41.7% in 2022-23 from 32.3% a decade ago; India's commerce minister expects services exports to rise to $1 trillion by 2030, which could increase its share to 50%. This also reflects in India's global share of services exports, which rose to 4.5% in 2022 from 3.1% a decade ago. In comparison, India's share of goods exports has stagnated around 1.8%. So, while India was the seventh-largest services exporter, it ranked a much lower 18th in goods exports.

Even as computer services remain the mainstay of India's overall services exports (45-50% share), the past few years have seen a rise in professional and management consulting exports; their share in total services exports rose steadily from 7.9% in 2011-12 to 16.4% in 2022-23 (April-December). The rise in professional and management consulting exports reflects the successful rise of global capability centres (GCC) that provide a wide range of value-added services such as research and development, system design, etc.

According to Nasscom's recently released *Strategic Review 2023*, India added 65 new GCCs in 2022, taking the total to 1,570, commanding a lion's share (about 50%) of GCCs across the world. In fact, while computer exports (net) grew an average 20.7% in 2022-23 (April-December), growth in professional and management consulting exports more than trebled to 66.7%. So, robust professional and management consulting exports can act as a counterbalance. From a medium-term perspective, however, the rapid rise of artificial intelligence applications in many services areas remains a risk.

While healthy growth in services exports does provide some cushion, it does not fully compensate for the slowdown in goods exports, as the gap between the two remains huge. A slowdown in exports, therefore, looks imminent at this juncture.

QUICK READ

Overall exports grew strongly but thanks mostly to robust services even as merchandise shipments lagged. And once the effect of oil price inflation is taken away, the latter have been unimpressive.

Buoyant services exports help offset weak goods exports, but slowing growth, including in our chief markets of the US, Europe and the Asia Pacific excluding China, pose broad headwinds.

ओएनजीसी
ONGC

Publication : Business Standard (Hindi)	Edition : Mumbai
Date : May 19, 2023	Page: 1

संदिग्ध ट्रेडिंग पर रोक के लिए सेबी के नए नियम!

खुशबू तिवारी
मुंबई, 18 मई

भारतीय प्रतिभूति एवं विनिमय बोर्ड (सेबी) ने संदिग्ध ट्रेडिंग गतिविधियों से निपटने के लिए नए नियमन का प्रस्ताव किया है। इसके जरिये बाजार नियामक उन इकाइयों के खिलाफ कार्रवाई करने में और सक्षम होगा जो बिना फंडामेंटल के असामान्य लाभ कमाते हैं।

परिचर्चा पत्र में सेबी ने प्रतिभूति बाजार संदिग्ध ट्रेडिंग गतिविधियों पर रोक के लिए मसौदा पेश किया है। इसका उद्देश्य कपटपूर्ण गतिविधियों जैसे फ्रंट रनिंग, फर्जी खातों का उपयोग, शेयरों के दाम में हेरफेर करने तथा सोशल मीडिया इन्फ्लुएंसरों के दुरुपयोग पर रोक लगाना है।

वर्तमान में बाजार नियामक धोखाधड़ी और अनुचित व्यापार व्यवहार तथा भेदिया कारोबार निषेध नियमन के जरिये इस तरह की गतिविधियों के खिलाफ कार्रवाई करता है। हालांकि मेसेज के अपने आप डिलीट होने जैसी नई तकनीक के आने से मौजूदा नियमन ढांचे के तहत नियामक को उल्लंघन साबित करने में चुनौती का सामना करना पड़ता है।

प्रस्तावित नियमन के अंतर्गत संदिग्ध ट्रेडिंग गतिविधियों में लिप्त शख्स या असामान्य लाभ कमाने वालों को प्रतिभूति नियमों का उल्लंघन करने वाला माना जाएगा, यदि वह इसकी पर्याप्त वजह साबित करने में विफल रहते हैं।

नए नियमन का जिक्र करते हुए सेबी ने कहा, 'नया नियमन ढांचे की अवधारणा की ऐसे मामले में जरूरत है, जहां किसी व्यक्ति या समूह से जुड़े लोगों के संदिग्ध ट्रेडिंग रुझान का पता चलने, जैसे कि प्रतिभूतियों के लेनदेन में असामान्य लाभ, अप्रकाशित सूचनाओं की जानकारी होने, को प्रतिभूति कानून के तहत नियम का उल्लंघन माना जाएगा, अगर संबंधित व्यक्ति इसके बारे में पर्याप्त साक्ष्य उपलब्ध कराने में विफल रहता है।'

नए नियमन ढांचे में किसी व्यक्ति या संबंधित समूह से जुड़े शख्स द्वारा असामान्य ट्रेडिंग रुझान का पता चलने, जोखिम लेने की क्षमता में व्यापक बदलाव होने, अप्रत्याशित लाभ या भारी नुकसान से बचने के लिए किए गए ट्रेडिंग को पकड़ने और उसके खिलाफ कार्रवाई करने के तरीके बताए गए हैं। इसमें सार्वजनिक नहीं की गई ऐसी सूचनाएं भी शामिल होंगी जिसमें ऐसी जानकारी हो आम तौर पर उपलब्ध नहीं होती है या किसी प्रभावशाली व्यक्ति द्वारा ऐसी सलाह या सिफारिश जो किसी कंपनी की प्रतिभूतियों की कीमतों पर प्रभाव डाल सकती है।

असामान्य लाभ कमाने वाले किसी व्यक्ति या समूह पर कार्रवाई करने का प्रस्ताव आयकर विभाग द्वारा उपयोग किए जाने वाले तरीकों की तर्ज पर है। सेबी के प्रस्ताव के मुताबिक आरोपी को यह साबित करना होगा कि उनका ट्रेड अप्रकाशित पुख्ता सूचनाओं पर आधारित नहीं है। इसके साथ ही उन्हें अपने दावे के समर्थन में विस्तृत दस्तावेजी साक्ष्य भी उपलब्ध कराने होंगे। ऐसा करने में विफल रहने पर संबंधित शख्स को कार्रवाई का सामना करना होगा। बाजार नियामक ने प्रस्तावित बदलाव के बारे में हितधारकों से 2 जून तक सार्वजनिक टिप्पणियां आमंत्रित की हैं।

सेबी की सख्ती

- सेबी की प्रणाली संदिग्ध ट्रेडिंग को पकड़ेगी
- असामान्य ट्रेडिंग रुझान और अप्रकाशित संवेदनशील सूचनाओं में समानता होने पर संदिग्ध ट्रेडिंग मानी जाएगी
- अल्पावधि में अगर ट्रेडिंग रुझान में बहुत ज्यादा बदलाव होने या अप्रत्याशित लाभ कमाने या भारी घाटा टालने की गतिविधि हुई तो प्रणाली उसे पकड़ लेगी
- इस तरह की गतिविधि में शामिल शख्स को प्रतिभूति कानूनों का उल्लंघनकर्ता माना जाएगा
- ऐसे शख्स को साबित करना होगा कि ट्रेडिंग अप्रकाशित पुख्ता सूचनाओं पर आधारित नहीं है और इन्हें इसके बारे में विस्तृत सबूत भी देने होंगे
- ऐसा करने में विफल रहने पर उन पर प्रस्तावित ढांचे के तहत कार्रवाई की जाएगी

Publication : The Economic Times	Edition : Mumbai
Date : May 19, 2023	Page: 6

Only 27% Indian Businesses ESG-Ready: Deloitte Survey

Says significant gap between preparedness and action

Kalpana.Pathak
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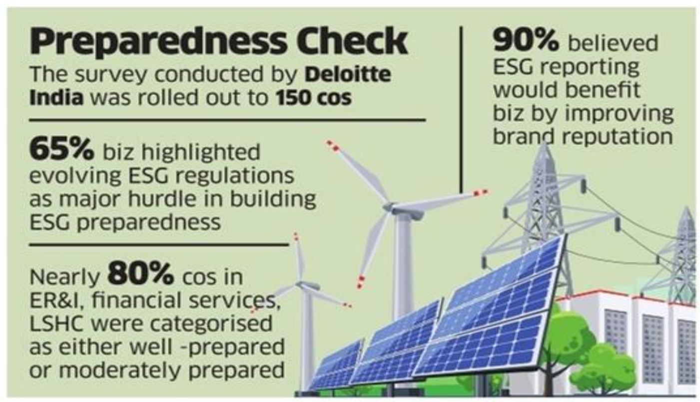
Mumbai: Merely 27% Indian organisations feel adequately equipped to meet their environmental, social and governance (ESG) strategy and compliance requirements, and only 15% believe their suppliers to be prepared to comply with the organisations' ESG requirements, revealed Deloitte India's ESG preparedness survey released on Thursday. These results underscore the challenges ahead for Indian businesses, wherein commitment to ESG principles is high but there is a significant gap in preparedness and action.

The survey conducted by Deloitte Touche Tohmatsu India LLP (Deloitte India) was rolled out to 150 organisations, 70% of which are listed on the bourses, to assess their readiness for ESG requirements (policies, regulations, disclosures and compliances) and evaluate their ESG strategies and efforts.

The respondent pool included chief executive officers (CEOs), chief financial officers (CFOs), chief sustainability officers (CSOs), heads of corporate social responsibility (CSR), and management and operations executives.

"Organisations are grappling with evolving expectations on ESG compliance and disclosure from investors, boards, governments, and consumers. They need to account for emerging global regulations on sustainable finance, climate disclosures, biodiversity, and social and governance dimensions, including gender diversity and living wages, within a couple of years," said Viral Thakker, partner and sustainability leader, Deloitte India.



Thakker added that a robust ESG culture will translate into better top-line growth, cost reductions, reduced compliance burden, increased productivity, better investment quality and asset optimisation. "ESG is a significant value driver and embedding it into an enterprise's operations is a key differentiator."

About 65% surveyed businesses highlighted evolving ESG regulations as a major hurdle

From a sector-specific perspective, the consumer industry was found to lag, with only 7% of organisations indicating robust preparedness for ESG requirements.

On a brighter note, nearly 80% organisations in the energy, resources and industrials (ER&I), financial services, and life sciences and health care industries (LSHC) were categorised as either well-prepared or moderately prepared to meet ESG requirements.

With respect to the challenges, 65% surveyed businesses highlighted evolving ESG regulations as a major hurdle in building preparedness, followed by the existence of multiple frameworks, as indicated by 62% organisations. Seventy five percent organisations expressed the need to simplify ESG compliance and enhance ESG reporting procedures.

While almost 88% organisations perceived sustainability regulations to directly impact their businesses, over 75% concurred that ESG has become an important boardroom agenda and 90% believed ESG reporting would benefit the business by improving brand reputation. The report also highlighted that socially conscious investors are holding businesses accountable for ESG actions. Almost 75% organisations stated that their investors rate their ESG performance.

Publication : The Times Of India	Edition : Mumbai
Date : May 19, 2023	Page: 12

G20 meet lens on US interest in aiding India's tech transition

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Mumbai: Foreign interest, especially that of the US, in helping India in technology transition such as small modular reactors (SMRs) for nuclear power, creation of large battery storage for renewable energy generation targets set for 2030, creating state-wise land-pool identification for solar power plants, and taking prompt steps to encourage green hydrogen, biofuel and offshore wind turbines were some of the highlights of the third three-day energy transition meeting that concluded in Mumbai on Wednesday as part of the ongoing G20 summit.

The meeting saw participation of over 100 delegates from G20 member countries, special invitee countries and several international organisations. "The US delegation supported technology transfer. But it is always on a voluntary, mutually agreed basis. There are details being worked out. My sense is the US side is very keen to collaborate with India in the area of technology, including nuclear technology," said Union power secretary Alok Kumar, who chaired the meeting.

It may be recalled that India's G20 Sherpa Amitabh Kant had on Tuesday called for an unfettered access to nuclear technology from the US to build SMRs in the country.

He had also said that the private sector needed to be allowed into the atomic energy sector to take advantage of the more efficient SMRs. Advantages of SMRs lie in the speed and flexibility of installation, cost savings, enhanced safety, base load power to support renewables and better waste management.

"We should create an ability to co-produce SMRs in the US and India, and further bring down their costs," Kant had said. He had pointed out that the initiative could be a win-win situation for both the countries and would also radically reduce time, cost overruns and the capex.

Publication : Business Standard	Edition : Mumbai
Date : May 19, 2023	Page: 7

GAIL NET FALLS 77.5% TO ₹603 CRORE

GAIL (India) on Thursday reported a net profit of ₹603 crore in the fourth quarter (Q4) of 2022-23 (FY23), a 77.5 per cent decline, compared with ₹2,683 crore in the same period a year back. Higher gas prices due to a global surge in energy rates, following Russia's invasion of Ukraine continued to hurt GAIL's margins in Q4. 7

GAIL profit declines 77.5% to ₹603 crore

SUBHAYAN CHAKRABORTY
New Delhi, 18 May

State-run gas supplier GAIL on Thursday reported a net profit of ₹603 crore in the fourth quarter of financial year 2022-23 (Q4, FY23), a 77.5 per cent decline compared to ₹2,683 crore in the same period a year back.

Higher gas prices due to a global surge in energy rates following Russia's invasion of Ukraine continued to hurt GAIL's margins in Q4.

But India's largest natural gas major managed a sequential recovery in net profit, which increased nearly 1.5 times from the ₹245 crore registered in the previous October-December quarter. This was due to global gas prices declining early 2023 to aid business, analysts have said.

Marketing of natural gas, which contributes 96 per cent of overall revenue saw a 37 per cent rise in quarterly revenue. On a quarterly basis, revenue from operations stood at ₹33,264 crore in Q4, as against ₹35,940 crore in Q3.

In Q4, the natural gas transmission volume stood at 108.23 MMSCMD (million standard cubic meters of gas per day) in Q4, FY23, as against 103.74 MMSCMD in Q3 FY23.

Gas marketing volume stood at 96.46 MMSCMD as against 89.89 MMSCMD in previous quarter.

However, it managed a sequential recovery in net profit, increasing 1.5x

LHC sales stood at 230 TMT as against 248 TMT & polymer sales stood at 118 TMT as against 65 TMT compared to the previous quarter.

High costs

For the full FY23, the company's net profit fell 48.5 per cent to ₹5,301 crore in FY23, down from ₹10,363 crore in FY22. This was despite consolidated revenue from operations for FY23 reaching ₹144,302 crore, highest for any financial year so far.

GAIL's mainstay natural gas marketing business, saw gross revenue at ₹135,290 crore in FY23, up 75 per cent from ₹77,325 crore in FY22. However, profit from the same segment stood at ₹3,078 crore in FY23, down from ₹4,932 crore in the previous year. The company has blamed high operational expenses for the decline in profit.

The company has incurred its highest ever capital expenditure of ₹9,100 crore during FY23 mainly on pipelines, petrochemicals and equity to joint ventures, Sandeep Kumar Gupta, chairman & managing director at GAIL, said.

Total annual capex in the latest year was therefore 15 per cent higher than the annual target of ₹7,918 crore, he said.

From April 1, 2023, GAIL has implemented a unified tariff for the gas it carries for its customers, with an aim to achieve the One Nation One Grid One tariff model, and boost the gas consumption in distant areas.

Supply issues

The company is also trying to make up for the shortage in gas supplies. The disruption in supply from Russian energy giant Gazprom has continued, senior officials said.

Gazprom Marketing and Trading Singapore (GMTS), a subsidiary of Gazprom Germania, stopped delivering LNG to GAIL under a long-term contract in late May.

In 2012, GMTS had signed a 20-year contract to supply GAIL with 2.85 million tonnes of LNG a year. Supplies under the deal had started in 2018 and the full volume was expected to be reached in 2023.

Publication : The Financial Express	Edition : All
Date : May 19, 2023	Page: 14

GAIL Q4 profit falls 77.5% to ₹604 cr

MANISH GUPTA
New Delhi, May 18

COUNTRY'S LARGEST GAS distributor GAIL India Ltd reported a 77.5% decline in its standalone net profit to ₹603.52 crore in quarter ending March due to weak performance in its petrochemicals segment.

GAIL had earned a net profit of ₹2,683.11 crore in the corresponding fourth quarter of FY22. The revenue from operations went up from ₹26,968 crore in Q4FY23 to ₹32,858 crore in Q4FY22.

The company earned the highest ever annual revenue of ₹1,44,302 crore in FY23, up 57% from ₹91,646 crore in FY22. However, the net profit for full fiscal fell 49% to ₹5,302 crore in FY23 from ₹10,364 crore in FY22.

GAIL chairman and MD Sandeep Kumar Gupta said that higher expenses due to adverse prices of natural gas and disruption in long term contracts affected all the verticals of the business, particularly the petrochemicals segment.

Barring LPG transmission service, profit before interest and taxes fell y-o-y in all segments -- natural gas transmission service, natural gas marketing, LPG and liquid hydrocarbons, and petrochemicals actually resulted in a loss of ₹1,061 crore in FY23, as per the company's financial results.

The petrochemicals segment of GAIL saw a 42% decline in sales from ₹8,549 crore in FY22 to ₹4,917 crore in FY23. "The company has incurred its highest ever capex of about ₹9,100 crore during FY23 mainly on pipelines, petrochemicals, equity to JVs, etc. which is 15% higher than annual target of ₹7,918 crore," Gupta said.

GAIL has planned a capital expenditure of ₹10,000 crore in FY24, he said and added that the company has a comfortable debt-equity ratio and hence do not see any problem in raising funds.

Publication : Business Standard	Edition : Mumbai
Date : May 19, 2023	Page: 7

Green Energy to hold 1/3rd of REC loan portfolio by 2030

SHREYA JAI
New Delhi, 18 May

REC Limited, one of leading power sector lenders under the aegis of the Ministry of Power, is looking to decarbonise its lending portfolio with more exposure to green energy sectors. The non-banking financial company (NBFC), is looking to increase the share of green energy sectors in its loan portfolio to 30 per cent by 2030, from 6.8 per cent as of now, said Vivek Kumar Dewangan, chairman and managing director, REC Ltd, said.

REC on Wednesday reported a record high growth in its net profit during FY23. The company posted a profit of ₹11,055 crore during the 2022-23 financial year.

REC's management said the improvement in credit quality and reduction in non-profitable assets led to growth in profits. The company's net worth has also growth by 13 per cent year-on-year to ₹57,680 crore.

The management also said its growing exposure to green energy sector, non-power sectors, such as infrastructure, logistics and irrigation aided its growth plans.

To facilitate dollar lending to new green energy sectors, especially those looking to export, REC is setting up a subsidiary in GIFT City

"In our loan portfolio, 39 per cent share is of conventional or fossil fuel and 6.8 per cent towards renewable energy. By 2030, we will increase our green energy share to 30 per cent. This would include the existing green energy projects and newer sectors such as green hydrogen, green ammonia. In infrastructure, we have started lending to road, metro rail, IT and health care infra projects," Dewangan said.

To facilitate dollar lending to new green energy sectors, especially those looking to export, REC is setting up a subsidiary in GIFT City. REC executives said the company will explore variety of global and domestic funding such green bonds, ECBs to raise money for lending to green energy sectors.

In the power distribution sector where REC has 37 per cent exposure, it is confident that existing schemes would improve the financials and operations of state-owned power distribution companies (discoms).

"RDSS and several provisions under it would be a game changer for the distribution sector. Our lending exposure to the distribution segment is likely to remain the same," said Dewangan.

Publication : Business Standard (Hindi)	Edition : Mumbai
Date : May 19, 2023	Page: 3

ईएसजी नियमों में पीछे कंपनियां

खुशबू तिवारी
मुंबई, 18 मई

भारतीय उद्योग जगत की महज एक-चौथाई कंपनियां यह मानती हैं कि वे अपनी ईएसजी नीतियों के अनुरूप आगे बढ़ने और अनुपालन जरूरतें पूरी करने में सक्षम हैं। वहीं उपभोक्ता उद्योग इस मामले में काफी पीछे है। डेलॉयट इंडिया द्वारा कराए गए ईएसजी (पर्यावरण, समाज, प्रशासन) संबंधित सर्वेक्षण में यह खुलासा हुआ है। मार्च और अप्रैल के बीच कराए गए इस सर्वे में पाया गया कि 50 प्रतिशत से कम कंपनियों ने भारत में मौजूदा ईएसजी रिपोर्टिंग प्रणालियों और विनियमन से अवगत होने की बात कही।

75 प्रतिशत संगठनों ने ईएसजी अनुपालन और रिपोर्टिंग प्रक्रियाएं आसान बनाए जाने की जरूरत पर जोर दिया है

इस सर्वे में 150 संगठनों को शामिल किया गया जिनमें वित्तीय सेवा क्षेत्र के 68 प्रतिशत संगठन ईएसजी नियमों से पूरी तरह अवगत थे जबकि उपभोक्ता और रियल एस्टेट एवं निर्माण क्षेत्रों में सिर्फ 25 प्रतिशत कंपनियां इन नियमों से अवगत थीं। रिपोर्ट से पता चला है कि उपभोक्त उद्योग में सिर्फ 7 प्रतिशत संगठनों ने ईएसजी शर्तों के अनुपालन के संदर्भ में तैयारियों का संकेत दिया, क्योंकि इस क्षेत्र में ईएसजी प्रदर्शन पर निवेशकों ने कम ध्यान केंद्रित किया है।

हालांकि ऊर्जा, संसाधन, और उद्योग (ईआरऐंडआई), वित्तीय सेवा और हेल्थकेयर उद्योग या तो इसके लिए पूरी तरह तैयार हैं या कुछ हद तैयार हैं। डेलॉयट इंडिया में पार्टनर एवं सस्टेनेबिलिटी लीडर विरल ठक्कर ने कहा, 'मजबूत ईएसजी परिवेश से बेहतर राजस्व वृद्धि, लागत नियंत्रण, अनुपालन बोझ में कमी, बढ़ती उत्पादकता, और बेहतर निवेश गुणवत्ता में मदद मिलती है।

Publication : Business Standard	Edition : Mumbai
Date : May 19, 2023	Page: 15

A reality check for Indian oil product exports

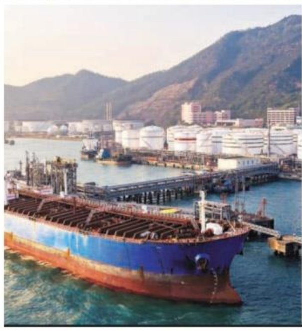
The European Union's threat to sanction India for exporting petroleum products to its member-nations based on cheap Russian crude oil will not be an existential risk

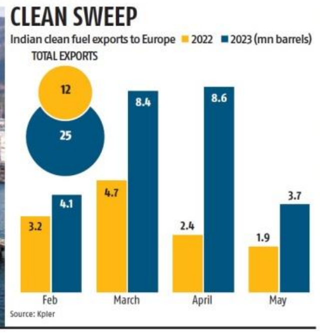
S DINAKAR
18 May

India, along with China and Turkey, may be the next target for the US-led G7 grouping, which is now setting its sights on sanctioning nations that convert discounted Russian crude oil into diesel, gasoline and jet fuel — known as "clean products" in the parlance — and re-export these products to European consumers at full prices.

It is a lucrative business, controlled largely by Reliance Industries. India earned $58 billion from exports of all petroleum products in FY23, accounting for 13 per cent of its total exports by value according to oil ministry data. The government also has its fill by way of windfall taxes on fuel exports.

The EU barred imports of oil products from Russia from February, so European consumers turned to China, India and Turkey among others for fuel supplies. Europe absorbed up to 20 per cent of India's exports of clean products in volume terms in the February-mid-May period. That was 11 percentage points higher from a year-earlier period.





Josep Borrell, the EU's high representative for foreign policy, is targeting this trade as the 27-member grouping debates on a potential 11th package of sanctions against Moscow. "That India buys Russian oil, it's normal. And if, thanks to our limitations on the price of oil, India can buy this oil much cheaper, well the less money Russia gets, the better," Borrell said. "But if diesel or gasoline is entering Europe, coming from India and being produced with Russian oil, that is certainly a circumvention of sanctions and member states have to take measures," Borrell told the *Financial Times*. "If they sell, it is because someone is buying. And we have to look at who is buying," he said.

But after meeting Borrell in Brussels this week, Indian Foreign Minister S Jaishankar clarified that there are no sanctions on such resale. "Look at EU Council regulations," Jaishankar said. "Russian crude is substantially transformed in the third country and not treated as Russian anymore." He suggested a closer look at the sanctions regulations.

Top Indian officials said India typically follows all international sanctions. They point to Iran and Venezuela where US sanctions forced New Delhi to stop oil trade with both nations — while China continues to import Iranian and Venezuelan grades.

India doubled exports of clean products to Europe in the February-mid-May period to 25 million barrels from a year earlier period, according to Kpler data. Diesel/gasoil comprised over 40 per cent of the clean fuels, followed by gasoline and jet fuel. Shipments of clean fuels to Europe more than doubled to nearly 300,000 barrels a day (b/d) in March from 131,000 b/d in February, before dropping to 265,000 b/d in April, according to data from London-based data analytics agency Vortexa.

Since the imposition of the crude oil price cap (on December 5, 2022) and up to one year after the invasion (February 24, 2023), India (at 3.8 million tonnes) was the largest exporter of oil products to price cap coalition countries, followed by China (3 million tonnes) and UAE (2.9 million tonnes), said Finland-based researcher Centre for Research on Energy and Clean Air in a report last month.

The EU has until now avoided sanctioning a trade where Russian oil-derived fuels find a home in its member-states because it is virtually impossible to say if the diesel that India exported was made from processing Russian crude. Apart from Russia, India imports crude from West Asia and the US.

What has caught the EU's attention now is that Russian oil accounted for over 40 per cent of India's crude oil imports this month, doubling from last year

But what has caught the EU's attention now is that Russian oil accounted for over 40 per cent of India's crude imports this month, doubling from last year, and compared to 1-2 per cent prior to the Ukraine invasion. India's imports of all Russian crude grades averaged 2 million b/d in April and mid-May, fivefold higher from a year earlier, according to loading data from Kpler, which crunches ship tracking data to offer estimates.

Margrethe Vestager, EU executive vice president on competition, who was present with Jaishankar at the press briefing in Brussels this week, said that there was "no doubt about the legal basis of the sanctions", and that the EU and India would have the discussion as "friends... with an extended hand and of course, not a pointed finger." If the extended hand is not taken on the basis of legality in continuing the trade, then the EU may decide to bar the trade altogether.

Reliance Industries dominates fuel exports from its refinery complex at Jamnagar in Gujarat, accounting for nearly three- quarters of India's overseas fuel sales. Rosneft-owned Nayara Energy came a distant second at a little over 10 per cent. State-run refiners are told to prioritise supplies of transport fuels to the domestic market.

Let's look at what happened to India's oil product trade flows since February. India's potential for exports is limited by its refining capacity, and growing domestic demand for fuels. The country consumed 222 million tonnes of oil products in 2022-23, and exported 60 million tonnes. That compares to 63 million tonnes of exports in financial year 2021-22, before Russia's invasion of Ukraine, on the back of a much lower 202 million tonnes in pandemic-affected domestic consumption. India's nameplate refining capacity is 251 million tonnes a year but it has the ability to process 10 per cent more crude.

When Europe's market for fuels opened this February after the Russian ban, Indian refiners reduced supplies to South Korea, Australia, Saudi Arabia, UAE, Singapore, and Malaysia while boosting shipments of diesel, jet and gasoline to Netherlands, France, Spain, Italy, Germany and Belgium, industry officials said, and data show.

Shipments to South Korea declined by 65 per cent, and that to Australia by 57 per cent in the February-mid-May 2023 period from a year earlier while those to Netherlands grew by 51 per cent, Kpler data shows. Shipments to Saudi Arabia and UAE shrunk by 80 per cent and 25 per cent respectively but supplies to Spain rose fourfold, and that to Belgium and Romania multiplied tenfold. Germany received nearly a million tonnes of clean products from nil a year earlier.

Therefore, Borrell's threat, if exercised, is not an existential one for India's oil product exports. European consumers may stand to lose more. But Reliance and Nayara will find it tough to compete with discounted Russian diesel currently sold in their traditional markets like West Asia or Africa. So India needs to find markets that bar discounted Russian fuels but are still willing to accept oil products made from cheap Russian crude.

Publication : The Free Press Journal	Edition : Mumbai
Date : May 19, 2023	Page: 3

App launched to book slots for CNG refuelling

(From right) MGL board director Syed Shahnawaz Hussain, BEST general manager Lokesh Chandra, and deputy MD of MGL Sanjay Shende inaugurate the service

FPJ NEWS SERVICE

Mahanagar Gas Limited (MGL) and Brihanmumbai Electric Supply and Transport Undertaking (BEST) have jointly launched an initiative called 'MGL Tez', which provides a convenient way to refuel compressed natural gas (CNG) vehicles. The partnership aims to make CNG filling more accessible and efficient for customers in Mumbai.

The mobile application for the service was unveiled at the Ghatkopar BEST Bus Depot, where a dedicated CNG dispenser for MGL Tez users was unveiled. Lokesh Chandra, general manager of BEST, and Syed Shahnawaz Hussain, board director of MGL, and other officials from the two companies were present at the ceremony.

The MGL Tez app, available on Google Play, allows owners of four-wheeler CNG vehicles to book time slots for refuelling at the facility. This will help users avoid long queues at traditional CNG stations. Initially, the service will be available at the Goregaon and Ghatkopar bus depots, with plans to expand to 13 other BEST-managed depots across Mumbai.

Customers can reserve time slots between 9am and 7pm any day of the week through the app. Payments can be made digitally, enhancing convenience and eliminating the need for cash transactions.

Sanjay Shende, deputy managing director of MGL, expressed his satisfaction with the collaboration, stating, "We are delighted to introduce MGL Tez and launch a dedicated CNG dispensing facility in association with BEST. Through this initiative, our aim is to enhance the convenience of CNG filling for our customers. We plan to extend this facility to the remaining 13 bus depots managed by BEST, encouraging more individuals to join us in our commitment to a cleaner and greener future."

Chandra emphasised the positive environmental impact of the partnership, saying, "BEST is pleased to collaborate with MGL to further our green initiative of providing environment-friendly fuel. This endeavour will not only offer Mumbaikars a convenient way to refuel with CNG but also enable us to optimise our resources for the benefit of society."