

RIL's energy biz will continue to fuel earnings

IN CONSOLIDATION MODE. Slow growth seen in consumer business and Reliance Jio in Q3

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Mumbai

Reliance Industries Ltd has diversified over the last 3-4 years and aims to be a digital services and consumer products behemoth in 2023 at least.

The company's mainstay and earnings driver will still be its core energy business, if its December quarter earnings are an indication.

'HEALTHY EARNINGS'

RIL's consumer business and Reliance Jio have showed slowing growth in the third quarter of 2022-23 while all the indications are there that refining, petrochemicals, exploration and production will be its backbone in 2023, according to analysts.

They added that the company is consolidating its consumer-facing business for the next phase of growth.

In a note, JP Morgan said it

assumed that there may not be any tariff hikes by the company in 2023-24. "Overall, we still see a healthy earnings environment for RIL with the O2C and E&P businesses benefiting from China re-opening and higher volumes," said the brokerage adding that the listing of the company's consumer business was unlikely this year.

Stating that the stock's recent underperformance was part of the overall outflows by foreign portfolio investors, driven by macro factors, the brokerage is overweight on Reliance Industries. Over the last one month, the RIL stock has moved down nearly 3 per cent, compared to the benchmark Nifty50 that went up 1.8 per cent.

Jio Financial Services, carved out last year through a de-merger process, should be a near-term growth catalyst, depending on how it is scaled up and its expansion strategies.



Mukesh Ambani, Chairman, Reliance Industries Ltd PTI

The company's oils-to-chemical business reported a strong operating profit in the third quarter at ₹12,200 crore, up 19 per cent sequentially due to an improvement in refining margins and a lower windfall tax of ₹1,890 crore.

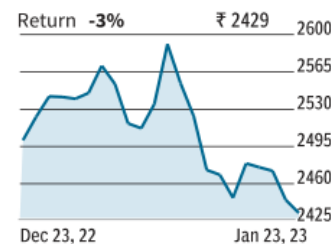
O2C BUSINESS, JIO

Prabhudas Lilladher said the company's O2C business would continue to be its bedrock of the future. RIL doesn't

give gross refining margin (GRM) figures any longer, but ICICI Securities said it expects refining margins to be at elevated levels with a tighter demand-supply balance over the next 12-18 months.

The company also saw strong momentum in its upstream business and has maintained its production guidance by FY24-end. With price realisations holding firm, earnings in this segment are expected to

Reliance Industries



keep growing over the next two years, said ICICI Securities. The company has been aggressive in its rollout of 5G wireless services but there was no hike in tariff during the quarter and subscriber additions were lower than in previous quarters. This has resulted in a flat monthly average revenue per user.

Savings on spectrum usage charge helped the company notch up a sequential rise of 4 per cent in operating profit in Q3. ICICI Securities said it has cut Reliance Jio's operating profit estimates by 6.2 per cent

in FY23 and 2.7 per cent in FY24, with an expected delay in price hikes.

STRONG, BUT SLOWER

Reliance Retail showed a slower growth compared to the previous two quarters. After a scorching pace of revenue growth of 52 per cent and 43 per cent in the first two quarters, Q3 saw a modest rise of 17 per cent in revenue.

The management said post the festival demand that came earlier this year, consumer sentiments had become subdued with retail inflation peaking and personal loan rates also rising. The large-scale job losses also soured buying sentiments to some extent.

The company is expanding its footprint by adding more stores, making strategic acquisitions, investing in omnichannel strategies and analysts see all these paying dividends over the next few years.

Tax credits for charity spends by biz may go

Govt may introduce amendments to GST law through Finance Bill, 2023

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The government is likely to introduce amendments to the goods and services tax (GST) law through the Finance Bill, 2023, revoking a provision that allowed businesses credit for taxes paid on goods and services procured to meet corporate social responsibility (CSR) obligations.

This implies that GST incurred on goods and services used for CSR cannot be adjusted against the company's overall GST liability, according to two people aware of the discussions. "This would be a major change to the GST law," one of the people said, requesting anonymity. The plan is to amend sections in the GST Act (16 and 17) dealing with input tax credits.

A key aspect of GST is the availability of credit to a business for the taxes paid on purchases so that tax applies only to the value addition at each stage of the supply chain, and there is no tax on tax. However, credit for GST paid while procuring goods and services for meeting CSR obligations is a grey area, with different advance ruling authorities giving contradictory orders. This has war-



GREY AREA

GST on goods and services used for CSR can't be adjusted against overall GST liability	THE govt's plan is to amend sections in GST Act (16 and 17) dealing with input tax credits	STATES differ on whether such GST can be credited as 'in the furtherance of business'
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SARVESH KUMAR SHARMA/MINT

ranted clearing the air through legislative amendments, the first person cited above said. It is through the annual Finance Bill that changes in various tax laws such as Income Tax Act, Customs Act, CGST Act and IGST Acts are implemented.

Queries emailed to the spokespeople for the finance ministry and the GST Council Secretariat on

Friday seeking comments remained unanswered at the time of publishing.

The advance ruling authorities in several states have differing views on whether GST incurred on CSR activities can be credited as "in the course or furtherance of business." The

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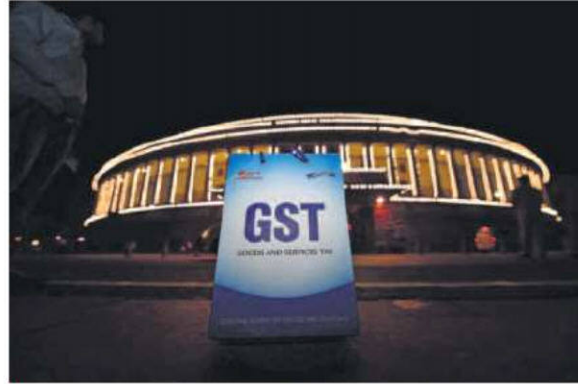
Amendments to GST law may revoke tax credits for charity spends by businesses

FROM PAGE 1

authorities in Telangana and Uttar Pradesh have ruled in favour, while Gujarat and Kerala have ruled against it.

The Telangana State Authority for Advance Ruling noted in its 20 October order that CSR spending mandated under the Companies Act is an expenditure made for the furtherance of the business. "Hence, the tax paid on purchases made to meet the obligations under corporate social responsibility will be eligible for an input tax credit under central GST and state GST Acts," said the order. The Authority for advance ruling in Uttar Pradesh explained in its January 2020 ruling that CSR spending is not voluntary but is a statutory obligation under company law, and hence tax credit on it is not restricted.

However, the Gujarat Authority for advance ruling, in its August 2021 order, explained that CSR activities are excluded from the normal course of business and, there-



The advantage of getting an input tax credit is it can be used to offset at least a part of the company's GST liability.

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fore, not eligible for the input tax credit.

Experts said clarification on the matter should be in favour of the industry. "Businesses would expect a clarification on CSR in line with the favourable rulings on the issue and also keeping in mind that the term 'furtherance of business' mentioned in Section 16 of the CGST Act, should be interpreted in a manner beneficial to business and not in a restrictive manner," said M.S. Mani, a

partner at Deloitte India.

The move to specify that input tax credit will not be available to businesses on CSR is relevant for large companies such as Reliance Industries Ltd, Tata Consultancy Services Ltd (TCS), Tata Sons Ltd, HDFC Bank Ltd and Oil and Natural Gas Corp. Ltd (ONGC), the highest such spenders according to government data. In FY21, Reliance Industries invested the most in CSR at ₹922 crore, followed by TCS at

₹674 crore, Tata Sons at ₹546 crore, HDFC Bank at ₹534 crore, and ONGC at ₹531 crore. Overall, Indian companies spent over ₹25,700 crore on CSR during the same period.

The industry's CSR spending has seen a sharp jump in recent years, up from more than ₹14,300 crore spent in FY17.

In January 2021, the government gave effect to a penalty provision for defaulting on CSR spending obligation and allowed businesses to spend more than their obligation, which could be adjusted against their future spending requirement.

Companies with a net worth of ₹500 crore or more, a revenue of ₹1,000 crore or more, or a minimum net profit of ₹5 crore are mandated to spend 2% of their average net profit of the preceding three years on CSR activities, regardless of tax credit availability.

The advantage of getting an input tax credit is it can be used to offset at least a part of the company's GST liability.



DECIDE INTERIM AID IN 2 MONTHS: SC TO NGT OVER BAGHJAN OIL SPILL

NEW DELHI : The Supreme Court on Monday directed the National Green Tribunal to decide on environment restoration and compensation to people displaced due to the blowout at Oil India Limited's Baghjan oil well in Assam in May 2020.

Fixing interim compensation to be paid preferably within two months to nearly 9000 displaced people, the Court directed the green tribunal to adjudicate on the final compensation to be paid to affected people.

OIL represented by senior advocate Parag Tripathi said the company had paid ₹102 crore towards interim compensation. The affected victims asked the Court that NGT should distinguish between interim and final compensation to be worked out at the end. "We entrust the NGT to issue appropriate directions for adjudication of final compensation and its disbursement. The disbursement of interim compensation shall be done preferably within 2 months," the court observed.

HTC



MGL organised free Eye check-up Camp

Mahanagar Gas Limited organised free Eye check-up Camp for Auto rickshaw drivers under MGL Aarogya initiative - 188 auto rickshaw drivers and family members availed this free check-up. - Thirteen identified for cataract surgery 19 January 2023, Mumbai .- Mahanagar Gas Limited, one of the largest city gas distribution companies in India, organised a free eye check-up camp for auto rickshaw drivers and their families on 12 January 2023. The camp was organised under Mahanagar Gas Limited's CSR project – MGL Aarogya, in partnership with Sri Shanmukhanada Fine Arts & Sangeetha Sabha. The camp, which was organised at Regional Transport Office, Andheri (West), witnessed 188 beneficiaries avail free eye-check-up. Out of these, 13 patients have been further identified for cataract surgeries. In addition, 35 dilated evaluations were conducted, 5 retina issues and one glaucoma patient were identified. The camp was presided by the CSR team at Mahanagar Gas Limited, and had in attendance Ms. Pallavi Kotawade, the Deputy RTO for Mumbai West; Mr. Gunwant Nikam, Senior Inspector at RTO Mumbai West and Mr. Thampy Kurien, General Secretary of the Autorickshaw Union.

■ Reader Initiative Programme

पीएनजी लाइन डालते समय टूटी पाइप लाइन बह रहा है पेयजल

नई दिल्ली। बुराड़ी स्थित प्रधान एन्क्लेव में पीएनजी, पाइप लाइन द्वारा घरेलू गैस आपूर्ति के लिए की गई खुदाई के दौरान टूटी पानी आपूर्ति की पाइपलाइन छह दिनों बाद भी ठीक नहीं करने से रोजाना हजारों लीटर पानी बेकार बह रहा है। जिससे जहां एक तरफ सैकड़ों स्थानीय लोगों के घरों में पेयजल आपूर्ति नहीं हो पा रही है वहीं दूसरी तरफ पीने का हजारों लीटर पानी व्यर्थ बह रहा है। इस बारे में स्थानीय निवासी नागेंद्र सिंह इस बारे में कई बार कह चुके हैं लेकिन अभी तक कोई सुनवाई नहीं हुई है। इस बारे में स्थानीय आरडब्लूए जन कल्याण समिति (पंजी.) प्रधान एन्क्लेव के अध्यक्ष महेश चंद रजवार ने लोगों से अपील की है कि आईजीएल द्वारा पीएनजी लाइन डालते समय अगर कहीं पानी की पाइप टूट जाता है तो उस जगह को लेबर द्वारा मिट्टी से न भरने दें।

पेट्रोलियम मंत्री की तेल कंपनियों से अपील, दाम घटाएं

वाराणसी- पेट्रोलियम मंत्री हरदीप सिंह पुरी ने भी तेल कंपनियों से पेट्रोल-डीजल के दाम घटाने की अपील की है। उन्होंने रविवार को कहा- अंतरराष्ट्रीय बाजार में तेल की कीमतें नियंत्रण में हैं।

(संबंधित खबर पृष्ठ 8 पर)



Mon, 23 January

<https://mpaper.>



ऊर्जा सुरक्षा के लिए उत्पादन बढ़ाने पर जोर

वाराणसी, (पंजाब केसरी): पेट्रोलियम मंत्री हरदीप सिंह पुरी ने रविवार को कहा कि दुनिया का तीसरा बड़ा ऊर्जा उपभोक्ता देश भारत अपनी ऊर्जा सुरक्षा एवं बदलाव के लिए घरेलू स्तर पर तेल एवं गैस उत्पादन बढ़ाने के साथ वैकल्पिक ऊर्जा संसाधनों को तेजी से अपना रहा है। वाराणसी के प्रसिद्ध गंगा घाट पर चलने वाली नावों को सीएनजी-चालित बनाए जाने से संबंधित एक कार्यक्रम में शिरकत करने पहुंचे पुरी ने कहा कि अगले दो दशकों में आने वाली वैश्विक ऊर्जा मांग में चौथाई हिस्सा अकेले भारत का रहने की संभावना है। फिलहाल भारत अपनी 85 प्रतिशत तेल जरूरत और 50 प्रतिशत गैस जरूरत को आयात से ही पूरा करता है। ऐसी स्थिति में भारत को तेल-गैस आयात पर विदेशी मुद्रा का बड़ा हिस्सा खर्च करना पड़ता है। इस निर्भरता को कम करने के लिए भारत ने गन्ने के रस से बनने वाले



एथेनॉल को एक सीमा तक पेट्रोल में मिलाने की मंजूरी दे दी है। पुरी ने कहा कि वर्ष 2025 तक भारत पेट्रोल में 20 प्रतिशत एथेनॉल मिश्रण की मंजूरी दे देगा। उन्होंने कहा कि हमारी ऊर्जा सुरक्षा रणनीति चार स्तंभों पर आधारित है। ऊर्जा आपूर्ति में विविधता, उत्खनन एवं उत्पादन फुटप्रिंट को बढ़ाना, वैकल्पिक ऊर्जा स्रोतों का इस्तेमाल और गैस-आधारित अर्थव्यवस्था, हरित हाइड्रोजन एवं इलेक्ट्रिक वाहनों के जरिये ऊर्जा बदलाव लाना इस रणनीति के केंद्र में हैं। पुरी ने कहा कि यूक्रेन पर रूस के हमले के बाद दुनिया भर में ऊर्जा कीमतें बढ़ गईं। इसके बावजूद देश में सर्वाधिक इस्तेमाल होने वाले ईंधन डीजल की कीमत दिसंबर 2021 से दिसंबर 2022 के दौरान सिर्फ तीन प्रतिशत बढ़ी। इस दौरान अमेरिका में डीजल 34 प्रतिशत महंगा हो गया जबकि कनाडा में इसके दाम 36 प्रतिशत बढ़े।

पेट्रोलियम कंपनियों से दाम घटाने की अपील

पेट्रोलियम मंत्री हरदीप सिंह पुरी ने भी तेल कंपनियों से पेट्रोल-डीजल के दाम घटाने की अपील की है। उन्होंने रविवार को कहा- अंतरराष्ट्रीय बाजार में तेल की कीमतें नियंत्रण में हैं। तेल कंपनियां भी अब घाटे से उबर चुकी हैं, ऐसे में मेरा अनुरोध है कि कंपनियां पेट्रोल-डीजल के दाम कम करें। ऐसा माना जा रहा है कि यह अपील नौ राज्यों में विधानसभा चुनाव को देखते हुए कि गई है। पुरी ने कुछ राज्यों के वेट नहीं घटाने पर भी निशाना साधा। पुरी ने कहा- अंतरराष्ट्रीय बाजार में कीमतें बढ़ने के बावजूद केंद्र सरकार ने नवंबर 2021 और मई 2022 में एक्साइज ड्यूटी कम की थी, लेकिन कुछ राज्य सरकारों ने वेट नहीं घटाया। इस वजह से उन राज्यों में अब भी तेल की कीमतें ज्यादा हैं। हरदीप पुरी बनारस में गंगा घाट पर सीएनजी बोट रैली में बोल रहे थे।

