

## Methodology

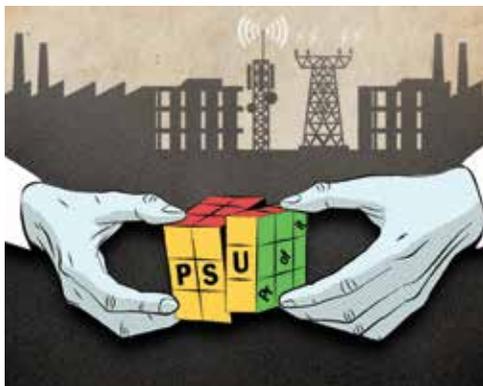
# CPSEs Sustaining Growth Trajectory

Jai Mrug

**A**t the Governance Now 6th PSU Awards, we built a holistic approach towards assessing the PSUs not just financially, but also from their approach towards social goals as well. The broad framework analyses financial health and growth of the organisation.

The scoring based on Moody's framework offers rich insights on how several PSUs were still at the vanguard of creating core sector-specific expertise. Using Moody's methodology, industries are compared across different industries, but on the same parameters, thus making them comparable for an award.

Way back in the mid-2000s, when Indian Railways generated a surplus of Rs 20,000 crore, it made the news. PSUs do have their reservoir of talent, with which they develop a whole lot of resilience. Innovations were carried out in the Financial Metrics to bring out aspects of a PSU's journey that are not often necessarily assessed for private sector companies, such as a turnaround in its financial performance, across many years. The performance of PSUs for each financial metric is benchmarked against the performance of all the companies in their business sector. This determines if the PSU of interest is performing above or below average performance. A resilient



growth metric is included in the portfolio of Governance Now PSU awards to acknowledge the strategic excellence of organisations with a robust Business Continuity Plan.

The public sector organisations are also ranked based on their commitment to CSR efforts, to felicitate the PSUs that are leading their sectors with a commitment to excellence in CSR.

### Some key highlights

BHEL has been strategically growing in the past few years. Though it showed losses a couple of years back, they have turned around and are increasing their profits significantly.

Among the Navratnas, Power Grid Corporation stands out. The Power Grid Corporation of India Ltd. has achieved a high EBIDTA/Income. It is the only Navratna with a positive CAGR of income. It is also one of the two Navratnas with positive assets CAGR.

The Innovation metric focuses on R&D expenditure. Amongst the Maharatnas, NTPC and HAL in the Navratnas are leading their sectors best by setting the example – investing back a great share of profits into R&D. Hindustan Copper Limited has outdone everyone in the Industry, with an aggressive R&D investment, which is about 4.4 times the standard deviation.

However, it is the CSR spends that provide the most important indicator of how a public enterprise can influence social causes. Many Navratnas have gone out of their way in CSR spending. Especially NMDC and HAL are several standard deviations ahead of their peers and are indisputable leaders in their respective sectors in the context of CSR spending.

Many companies of Miniratna1 have shown a turnaround in recent years, indicating the PSUs mettle to turn around and join the march of commercial viability. In the last three years, eight Miniratna companies (Security Printing & Minting Corpn. of India Ltd., Indian Rare Earths Ltd., KI-OCL Ltd., ONGC Videsh Ltd., Goa Shipyard Ltd., Mangalore Refinery & Petrochemicals Ltd., Chennai Petroleum Corpn. Ltd. and State Trading Corpn. Of India Ltd.) have set sail on the path of profitability.

*Mrug is the founder of M76 Analytics, which provided evaluation for the Sixth Governance Now PSU Awards.*



## WINNERS TAKE ALL

### FINANCIAL CATEGORIES

#### STRATEGIC PERFORMANCE

**Maharatna:** Bharat Heavy Electricals Ltd

**Navratna:** Power Grid Corporation of India Ltd

**Miniratna I:** Numaligarh Refinery Ltd

#### EMPLOYEE PRODUCTIVITY

**Maharatna:** Bharat Petroleum Corporation Ltd

**Navratna:** Power Finance Corporation Ltd;

Hindustan Petroleum Corporation Ltd

**Miniratna I:** Mangalore Refinery & Petrochemical Ltd

**Miniratna II & Others:** Mumbai Railway Vikas Corporation Ltd

#### CONSISTENT GROWTH

**Maharatna:** Coal India Ltd

**Navratna:** Power Grid Corporation of India Ltd

**Miniratna I:** Bharat Dynamics Ltd

#### TECHNOLOGY ADAPTATION

**Maharatna:** National Thermal Power Corporation Ltd

**Navratna:** Engineers India Ltd; Hindustan Aeronautics Ltd

**Miniratna I:** Hindustan Copper Ltd

**Miniratna II & Others:** Electronics Corporation of India Ltd

#### CSR

**Maharatna:** GAIL (India) Ltd

**Navratna:** NMDC Ltd

**Miniratna I:** Goa Shipyard Ltd; Rashtriya Chemicals & Fertilizers Ltd

**Miniratna II & Others:** Konkan Railway Corporation Ltd; Rajasthan Electronics & Instruments Ltd

#### RESILIENT GROWTH

**Maharatna:** Steel Authority of India Ltd

**Miniratna I:** BEML Ltd; National Fertilizers Ltd

**Miniratna II & Others:** Hindustan Shipyard Ltd.

#### STRATEGIC INVESTMENTS

**Maharatna:** Indian Oil Corporation Ltd

**Navratna:** Oil India Ltd

**Miniratna I:** ONGC Videsh Ltd

**Miniratna II & Others:** Export Credit Guarantee Corporation of India Ltd

#### BEST PERFORMANCE (FINANCIAL)

**Maharatna:** National Thermal Power Corporation Ltd

**Navratna:** NMDC Ltd

**Miniratna I:** Hindustan Copper Ltd

### NON-FINANCIAL CATEGORIES

#### HR EXCELLENCE

**Maharatna:** Oil & Natural Gas Corporation Ltd

**Navratna:** Shipping Corporation of India Ltd

**Miniratna I:** EdCIL (India) Ltd; M O I L Ltd

#### COMMUNICATION OUTREACH

**Maharatna:** Oil & Natural Gas Corporation Ltd

**Navratna:** Engineers India Ltd

**Miniratna I:** Garden Reach Shipbuilders & Engineers Ltd.

**Miniratna II & Others:** National Research Development Corporation

#### DIGITAL PSU

**Maharatna:** Bharat Heavy Electricals Ltd

**Navratna:** Hindustan Petroleum Corporation Ltd

**Miniratna I:** RITES Ltd

**Miniratna II & Others:** ITI Ltd

### VALUE GROWTH

**Miniratna I:** Indian Railway Catering & Tourism Corporation Ltd; IRCON International Ltd; KIOCL; Mazagaon Dock Shipbuilders Ltd; MIDHANI

**Miniratna II & Others:** Bengal Chemicals & Pharmaceuticals Ltd

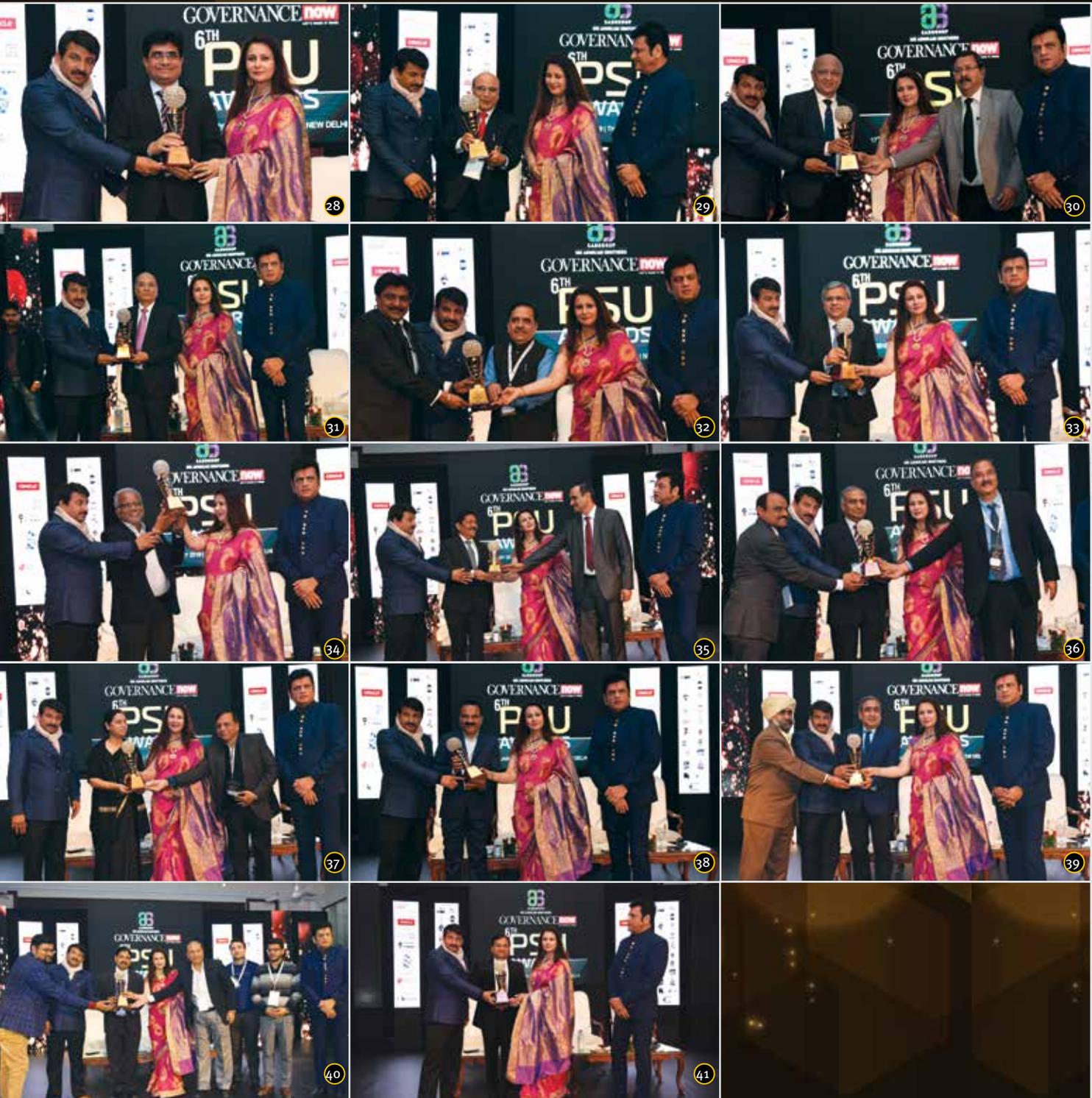
# PSU AWARDS



# WINNERS



1. Atul Sobti, CMD, BHEL | 2. Monika Wadhani, Executive Director (Aviation), Bharat Petroleum Corporation Ltd | 3. G.S. Bhati, GM, Coal India Ltd | 4. Aseem Rai, CGM, GAIL (India) Ltd | 5. Ranjan Mohapatra, Director (HR) & D K Sharma, Executive Director (Coordination), Indian Oil Corporation Ltd | 6. Nandini Sarkar, CS, NTPC Ltd | 7. Alok Mishra, Executive Director (HR) & V K Verma, Executive Director (HR), Oil & Natural Gas Corporation Ltd | 8. Sumita Dutta, Executive Director, SAIL | 9. V C Bhandari, Director (HR), Engineers India Ltd | 10. Piyush Kumar Sinha, Hindustan Aeronautics Ltd | 11. Sarvesh K Wadhwa, CGM - IS (Refineries), Hindustan Petroleum Corporation Ltd | 12. A K Padhy, GM (F), NMDC Ltd | 13. Biswajit Roy, Director (HR & BD), Oil India Ltd | 14. C Gangopadhyay, Director (Proj.), PFC Ltd | 15. Ravi P Singh, Director (P), Power Grid Corporation of India Ltd | 16. Capt Yogesh Puri, Shipping Corporation of India Ltd | 17. Pawan Kumar, GM, BEML Ltd | 18. CMDE Triloknath Kaul, Executive Director (Mktg), Bharat Dynamics Ltd | 19. Sandeep Goel, CGM (F), EdCIL (I) Ltd | 20. Cdr. Harish Kumar, Addl. GM, GRSE | 21. Cmde. B B Nagpal, CMD, Goa Shipyard Ltd | 22. S Dey, GM & Unit Head, Hindustan Copper Ltd | 23. V Sriram, Director (CS), IRCTC Ltd | 24. Parag Verma, CGM (BD) & Peeyush Arya, CGM (IT), IRCON | 25. MV Subba Rao, CMD & S.K. Gorai, Director (F), KIOCL | 26. Usha Singh, Director (HR), MOIL Ltd | 27. Cmdr Yogesh Mahani, Mazagon Dock Shipbuilders Ltd



28. Dr. S K Jha, Director (Production & Mktg), MIDHANI | 29. Rajeev Chandiok, Director (F), NFL | 30. SK Barua, MD, NRL | 31. Narendra K Verma, MD, ONGC Videsh Ltd | 32. SV Gawade, GM, RCF | 33. Rajeev Mehrotra, CMD, RITES Ltd | 34. PM Chandriah, MD & Dir (F), Bengal Chemicals & Pharmaceuticals Ltd | 35. RAdm Sanjay Chaubey (Retd.), CMD, ECIL | 36. RAdm LV Sarat Babu, NM, IN (Retd.), CMD, Hindustan Shipyard Ltd | 37. Dr Jyoti Kaul, GM(Mktg), ITI Ltd | 38. Arvind Kumar, Konkan Railway Corporation Ltd | 39. R S Khurana, CMD, MRVC | 40. Dr H Purushotham, CMD, National Research Development Corporation | 41. AK Jain, MD, REIL

## Panel Discussion

# Unlocking the potential of PSUs with digital innovations



L to R : K S Kalidas, NTPC Ltd; Suresh Nambiar, Indian Oil Corporation Ltd; Anil Joshi, BHEL; Akshya Singhal,EY; R Priyamvada, Engineers India Ltd; Kamlakar Kaul, TCI; Abhay Mishra, RVNL; Manoj Bhagchandani, Avaya

**G**overnance Now organised the 6th PSU Awards and IT conference on January 17, 2019 at the Imperial, New Delhi. The event witnessed participation from 200+ CPSEs. Digital transformation of CPSEs is critical to India's development and in achieving the vision New India 2022. Public Sector Enterprises, both profit and generating social benefit, are essential. Governance Now celebrated the efforts of PSUs and their invaluable contribution towards the vision of India 2022.

During the panel discussion on 'Unlocking the potential of PSUs with the digital innovations', Vivek Banzal, director, Consumer Fixed Access (CFA), BSNL, said, "Unlocking the potential of PSUs combined with digital innovations is a very powerful statement, and when we join them, it results in something which goes beyond imagination. The digital innovation does not



Vivek Banzal, director (CFA), BSNL

mean that we have to make technology very complex or adopt 5th-6th generation products. Using digital innovation means we need to put simple things in process re-engineering." He also highlighted how BSNL is making simple yet powerful transformation using digitisation.

**Suresh Nambiar, GM(IS), Indian**

**Oil Corporation**, talked about the convergence of digital with people and processes. The organisation started with ERP solutions 15 years back, and accumulated so much data and reached the extent where they need to analyse the data. He highlighted IOCL's digital innovations and how the company integrated mobile app with SAP to engage with customers. "We have other mobile applications from dealers, distributors, etc. We are also using customer-facing Chatbots for internal customers. Even we have tried through voice from SAP." Giving an example of how analytics is helping the PSU, he said, "IOCL procures a lot of crude from the international market, and analysis plays a vital role in finalising the most cost-efficient and better chartered vessel."

BHEL's range of activities and customers are vast both from the private sector and the public sector. They need

to create a platform to interact with the internal and external customer. **Anil Joshi, General Manager (Incharge), BHEL**, talked about indigenisation. “Our whole business runs on two primary software: Oracle and SAP. Some software stops working in a few years until we upgrade. However, sometimes upgraded features may not be useful to the user but the user has to migrate to the newer version to continue using that. At times with the change in software, we need to buy the new hardware too on which a company like BHEL has to spend cores of money every few years. So we are trying to understand from other PSEs how they go about it. ERP is the bloodline for every operation of the company. We can think of leveraging a common platform trying to indigenise ERP as the Indian product,” he said. He further said that unless we do that we will always be tied to specific vendors, which means there will always be a need to upgrade.

“We do not consider IT as software and hardware, rather we see business challenge with which we can transform the company without banking on outsiders,” he added. He also said that the company has a tremendous pool which can be motivated and utilised to deliver things. BHEL’s promotion system is driven by the programme logic and the last two promotions were done indigenously through this programme.

**R Priyamvada, GGM (Tech) & HOD (IT), Engineers India Ltd**, shared that EIL has always considered technology as its partner. Giving an example, she said, “We use 100 software solutions for all our technology deliverances and they are seamlessly interconnected with each other. These are workflow based software in design, process, project implementation, procurement, inspection, etc. and that is developed in-house, and if there is a technology change, we upgrade. We are not using technology for internal working but also we are building the plants where commissioning and handover are fundamental.”

In a refinery where 35,000 people work and when commissioning happens, it is not easy to coordinate things.

In order to make things efficient, EIL has developed a unique software platform. Digitisation and adoption of technology gives EIL transparency, accountability, quality of work and save time. The company grows with technology. She agreed to the challenges highlighted during the discussion concerning indigenisation and being dependent on vendors for customisation as per their needs. On the IIoT technology, she highlighted the main issue, which is batteries of the sensors. “Unless the sensor technology develops further, we shall not be able to use it more in the industrial use,” she said. “If we have 5,000 devices and we need to change the battery every second day, it will call for full maintenance. So this is another area where the industry should focus,” she added.

While highlighting the technological innovations of PSUs and challenges, **KS Kalidas, general manager (IT), NTPC Ltd**, said, “Talking about the core business, which is power generation, NTPC is looking forward to efficiency improvement and IIoT.” The amount of data required in solar plants, IoT is the only solution. “We are also in a regulated regime, and we need to declare our capacity. For generating prediction, the accurate prediction of weather is equally important. This is the area where NTPC is facing the challenge,” he said. “We are not able to find any system which can monitor the solar power plant and accurately predict what we can do more and what is our capacity and also the prediction for tomorrow. There is no proven case so far,” he added. Another area which NTPC is eyeing is data analytics. “We are looking for a real-time dashboard which collects information from all sources and does analysis. For example, if in a given point of time the generation is low, then it should be able to tell us why it is so. These are some things which we expect from the system,” he said.

**Kamlakar Kaul, Executive Director (IT), TCIL**, talked about the projects that have an impact in common space whether in the public sector or the government. “We are helping them in

setting up the IoT labs so that they can use this technology in the field. We are also helping the organisations in setting up AI labs and train people on AI,” he said. He also highlighted another project of setting up of robotic animals for medicine testing.

**Abhay Mishra, Joint General Manager (IT) & CISO, RVNL**, said, “We need to look at the technology differently. There is an obvious and understandable phase lag in the creation of technology and adoption by the industry, especially manufacturing companies and PSUs. We do not get to the office to make IT software. We need to use IT to enable our core business. The application adopted has to have a clear defined objective. Some companies are using ERP to increase the efficiency but the way they are implementing it may reduce it, and its real function, which is increasing transparency, automatically fails. Therefore, for the adoption of the technology, the objective should be clearly defined and communicated to the end users.” He also highlighted that the public sector organisations are creating islands of technology such as ERP systems, project monitoring systems, etc., which do not talk to each other. “Therefore, integrated thought process is required while planning IT implementation,” he said.

**Manoj Bhagchandani, Director – Sales Government & PSU, Aava**, shared how the company helps in strengthening digitisation in PSUs. He said that unified communication and contact centre is the company’s forte. Building upon the challenges shared by various panelist he urged PSUs to ponder if their applications communicate with each other. He further said that they need to think if they can switch to more channels (audio or others) for more information? Further, he asked the PSUs if safety is the most critical parameter for them, and in case something goes wrong, do they have a system which makes dynamic information? “Can you get a decision maker at that point who would be responsible for taking decision without any manual intervention?” he asked. ■

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