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NEW DELHI, MONDAY, JANUARY 18, 2021

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# FINANCIAL EXPRESS

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## IN THE NEWS

### FinMin looks at BIC model for bank recap

THE FINANCE MINISTRY is looking at other avenues for affordable capital infusion, including setting up of a Bank Investment Company, as the RBI has raised concern over the issuance of zero coupon bonds for recapitalisation of public sector banks, sources said, reports **PTI**.

### Excise duty collection jumps 48% this fiscal

WHILE THE PANDEMIC pummelled tax collection across the board, the excise duty mop-up jumped 48% in the current fiscal on the back of a record hike in taxes on petrol and diesel, reports **PTI**. Excise duty mop-up during April-November 2020, was at ₹1,96,342 crore, up from ₹1,32,899 crore during the same period in 2019.

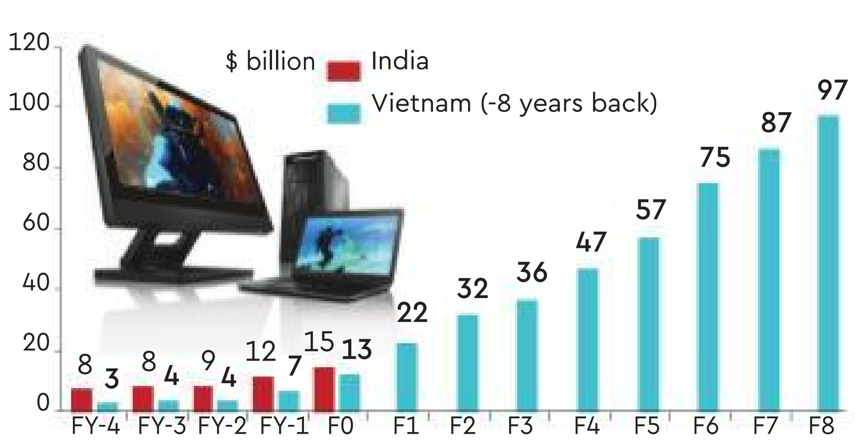
MeitY DRAFT

# PLI outlay for laptops, servers at ₹7,500 crore

KIRAN RATHEE
New Delhi, January 17

**THE OUTLAY FOR** production-linked incentives to make laptops, tablets, personal computers and servers has been pegged at ₹7,500 crore with the benefits expected to be in the range of 2-4%. Much like it did when it rolled out production-linked incentive (PLI) scheme for manufacturers of mobile phones, the government is likely to set different qualifying targets for domestic and overseas companies, official sources told *FE*. While overseas players would be eligible for incentives if laptops are priced over ₹30,000 and tablets cost more than ₹15,000, local players would not be subject to this condition. MeitY is hoping to roll out the scheme by April 1 following an in-principle clearance by the Cabinet.

The investment targets for overseas players would be fixed at around ₹500 crore spread over a period of four years (₹125 crore per year) while for local companies it would be ₹20 crore (₹5 crore per year). The annual production targets over the base year, that would make firms eligible for the benefits, are yet to be decided.




India aspiring to repeat what Vietnam achieved in electronics exports over last decade
Source: ITC Trade Map

Continued on Page 2

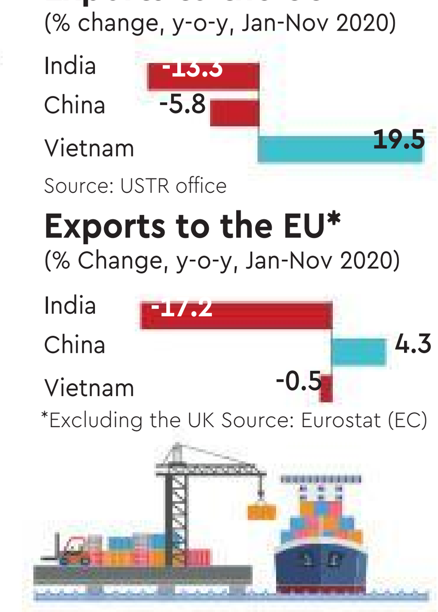
EXPORT RECOVERY

# Rivals Vietnam, China far outpace India

BANIKINKAR PATTANAYAK
New Delhi, January 17

**AS INDIA'S MERCHANDISE** exports limp back to normalcy, two of its key rivals in global markets have surged ahead with greater vigour, beating the Covid blues. While China has pipped India in scripting a resurgence in exports to the US and the EU (excluding the UK), New Delhi's largest destinations that account for a third of its overseas despatches, Vietnam outpaced even China in the recovery.

This suggests India's export contraction may have been accentuated by factors other than just a Covid-induced demand slowdown, mainly in the West. Forget China, in absolute term, even Vietnam has now beaten India in exports to the EU, having already surpassed it in supplies to the US in 2018. Between January and November 2020, while India's shipment to the US shrank 13.3% on year to \$46.3 billion, China's dropped by only 5.8% to \$393.6 billion despite a trade war and growing criticism of Beijing's mishandling of the Covid outbreak.




Continued on Page 2

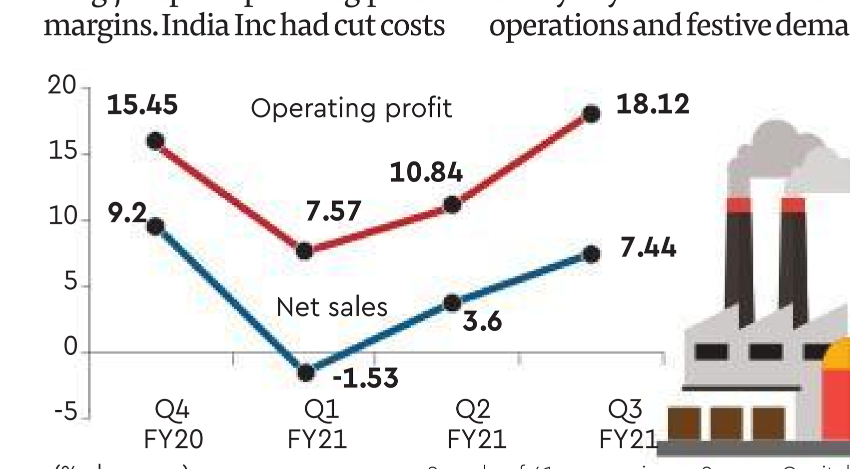
EARLY BIRDS

# IT firms take the lead in strong Q3 show

FE BUREAU
New Delhi, January 17

**DRIVEN BY STUNNING** numbers from IT majors, especially TCS and Infosys, as also a good set of results from HDFC Bank, earnings from the early birds have been strong. Expenditure for the sample of 61 companies and banks rose at a much slower pace than revenues resulting in a big jump in operating profit margins. India Inc had cut costs sharply in Q1 and Q2 as revenue growth was very muted.

Commentary from the managements at IT firms post the Q3 results has been more than encouraging; most believe the deal pipeline will continue to be strong and that they are well-positioned to exploits segments like digital and cloud. Avenue Supermarts posted better-than-expected revenue growth of 10% y-o-y on near-normal store operations and festive demand.

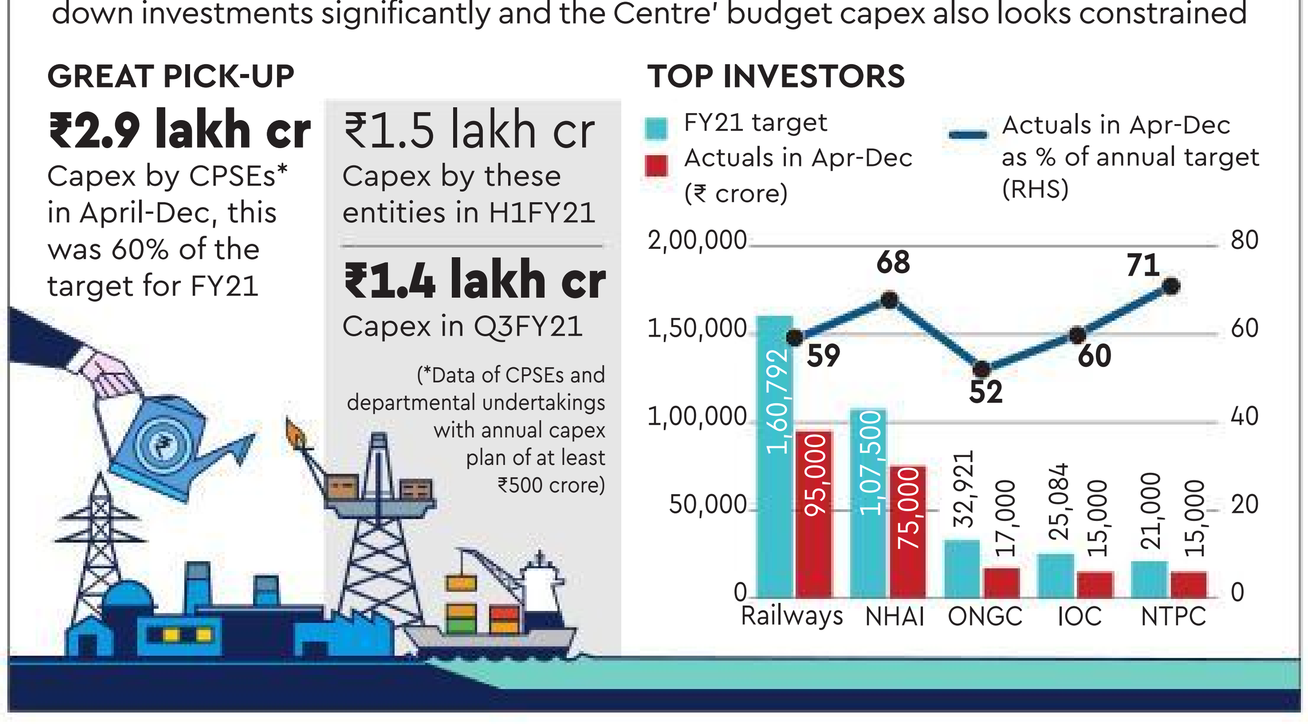



## Push from FM

PRASANTA SAHU

### Big jump in CPSE capex, Q3 matches H1

Large CPSEs achieved about 30% of their capex target for FY21 in Q3, almost matching their investments in the first two quarters. State governments have slowed down investments significantly and the Centre' budget capex also looks constrained




RECOVERY

### Franklin MF's shut schemes generate near ₹14,000 crore since closure

PRESS TRUST OF INDIA
New Delhi, January 17

**FRANKLIN TEMPLETON MUTUAL** Fund on Sunday said its six shut schemes have received ₹13,789 crore from maturities, pre-payments and coupon payments since closing down in April.

Franklin Templeton MF shut six debt mutual fund schemes on April 23, 2020, citing redemption pressures and lack of liquidity in the bond market.

"The six schemes have received total cash flows of ₹13,789 crore as of January 15, 2021 from maturities, pre-payments and coupon payments since April 24, 2020," the fund house said in a statement.

Over the latest fortnight (January 1-15), these schemes received ₹669 crore, of which ₹617 crore was as pre-payments, it added.

Continued on Page 2

## QuickPicks

### DHFL resolution: Lenders approve Piramal's bid

DHFL ON Sunday said the committee of creditors has approved resolution plan submitted by Piramal Capital and Housing Finance, reports **PTI**. This was approved by the CoC in its 18th meeting concluded on January 15, 2021. Piramal's bid received 94% votes compared to 45% for the US-based Oaktree Capital. **PAGE 3**

### India's Covid vaccination drive hits app glitch bump

INDIA'S COVID-19 vaccination drive hit a bump on the first day due to glitches in an app called Co-Win that is being used to coordinate the campaign, reports **Reuters**. Co-Win is supposed to help by alerting healthcare workers who are first in line to get shots, and by allowing officials monitor and manage the entire drive.

GROWTH PANGS

# E-retailers must scale up to become profitable

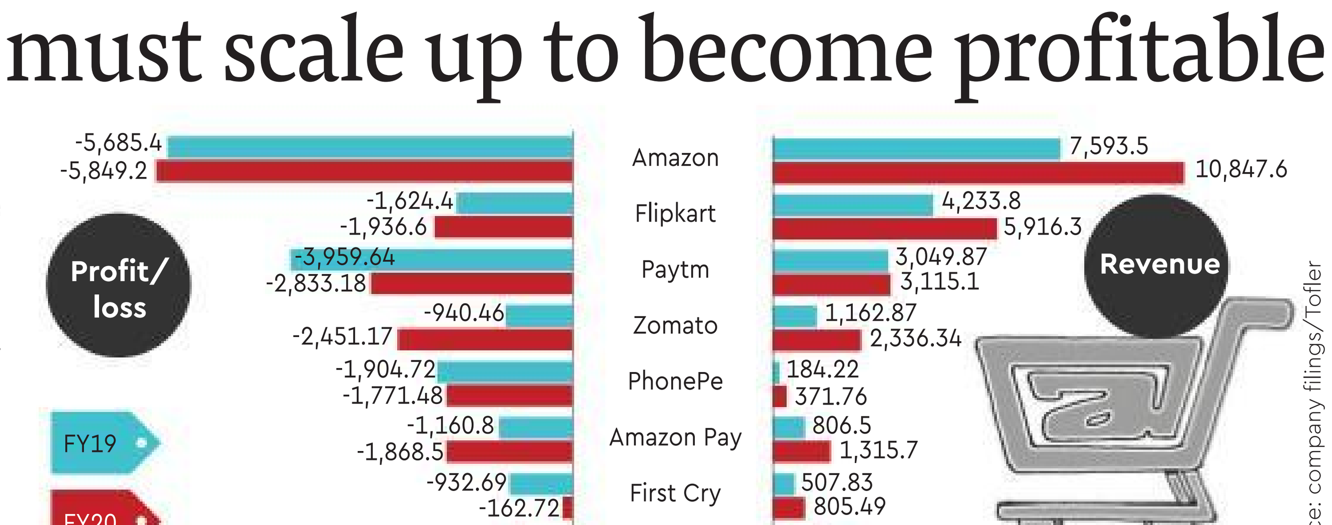
ASMITA DEY
New Delhi, January 17

**WHILE E-RETAILING CONTINUED** to gain momentum in 2019-20, most players reported losses for the year. For a clutch of e-commerce companies — Amazon, Flipkart, Myntra, Paytm, Zomato, PhonePe, Amazon Pay and First Cry — losses rose to ₹17,617.15 crore from ₹16,747 crore in 2018-19.

Combined revenues, however, grew at a brisk pace, increasing by over 40% to around ₹26,384 crore.

As experts point out, it's not as though the business models are in themselves unviable, it's merely that companies continue to invest in acquiring customers. "It is not so much of a unit economics challenge for some of the scaled-up players," observes Arpit Mathur, partner, Kearney. Mathur explains it is about what is the pace at which they want to continue to acquire new customers because that is the key determinant of their overall profitability. He believes that attaining profitability in the next 18-24 months should not be a challenge because on a per transaction basis, the companies can still make money.

Of course, companies are taking a closer look at costs and losses, as Ankur Pahwa, partner at EY, observes. Discounts are smaller, procurement is more efficient and many are charging for delivery. Pahwa points out several players are rolling out private labels, which then helps improves their gross profits.



(₹ crore)

| Company | Profit/loss FY19 | Profit/loss FY20 | Revenue FY19 | Revenue FY20 |
|---|---|---|---|---|
| Amazon | -5,685.4 | -5,849.2 | 7,593.5 | 10,847.6 |
| Flipkart | -1,624.4 | -1,936.6 | 4,233.8 | 5,916.3 |
| Paytm | -3,959.64 | -2,833.18 | 3,049.87 | 3,115.1 |
| Zomato | -940.46 | -2,451.17 | 1,162.87 | 2,336.34 |
| PhonePe | -1,904.72 | -1,771.48 | 184.22 | 371.76 |
| Amazon Pay | -1,160.8 | -1,868.5 | 806.5 | 1,315.7 |
| First Cry | -932.69 | -162.72 | 507.83 | 805.49 |
| Myntra Designs | -539.2 | -744.3 | 1,041.1 | 1,675.4 |

Source: company filings/Tofler

Continued on Page 2

# Economy

MONDAY, JANUARY 18, 2021

**HIGH-SPEED RAILWAY TRACK**

Narendra Modi, Prime Minister

Rail tracks are being made capable for higher speed. This is the reason it is being made possible to run semi high-speed trains. We are fast moving towards high-speed track and technology.

FM'S PUSH

# Big jump in CPSE capex, Q3 matches H1

**Railways was the largest investor in the first nine months of FY21 with ₹95,000 crore, which was about 60% of its capex plan for the full year**

PRASANTA SAHU
New Delhi, January 17

**LARGE CENTRAL PUBLIC-SECTOR** entities – companies and undertakings – achieved about 30% of their capital expenditure target for FY21 in the third quarter of the financial year, by spending ₹1.4 lakh crore, almost matching their investments in the first two quarters, according to official sources. The jump in CPSE capex comes after constant prodding by the finance minister Nirmala Sitharaman.

State governments have slowed down investments significantly in the current fiscal year and the Centre's Budget capex also looks constrained, due to the pandemic-induced revenue shortfalls.

The jump in CPSE capex in Q3 could give leg-up to gross fixed capital formation (GFCF) in the quarter; a sharp narrowing of contraction in GFCF was already seen in Q2 (down 7.3% on year) from a record decline (47.1%) in Q1.

Three dozen CPSEs, with capex plan of at least ₹500 crore, invested ₹2.9 lakh crore or about 60% of their annual capex target of ₹4.95 lakh crore in April-December of FY21.

This is a creditable achievement, as it reflects that these companies have managed to hold on to the capex pace shown in recent years, despite the Covid-19 shock. Among the government agencies, the railways was the largest investor in the first nine months of FY21 with ₹95,000 crore, which was about 60% of its capex plan for the full year.

The National Highways Authority of India (NHAI) invested ₹75,000 crore or 68% of its FY21 target in April-December 2020. During the period, Oil and Natural Gas Corporation reported capex of about ₹17,000 crore or about 52% of its full year capex targe. ONGC was followed by fuel retailer-cum-refiner Indian Oil Corporation with ₹15,000 crore (60% of full-year target) and power producer NTPC at ₹15,000 crore (71%).

In the last few years, CPSE capex has remained robust; the ratio of capex deployment between the first and second halves of a financial year has been 3:7.

Of course, the Centre is putting extra pressure on these entities to augment capital investments in the current year as it hopes that the slippages on the part of other public-sector investors, including the state governments will be offset to an extent by the CPSEs.

Even though the Union finance ministry and prime minister's office have already told many CPSEs that they must strive to achieve 50% more than their annual capex target in FY21, this is going to be a daunting task for these entities. Officials expect the capex achievement by CPSEs will be within targeted ₹4.95 lakh crore for this fiscal.

The combined capital expenditure by the CPSEs turned out to be ₹4.41 lakh crore or 90% of the target in FY20. More than 80% of the capex by these CPSEs and departmental units usually comes from their own surpluses and loans while the balance funds are provided from the Union Budget.

As against a 30% year-on-year jump projected for FY21, budgetary capital expenditure by state governments might have dropped by a quarter in April-November, going by an *FE* review of data from twelve states. Among them, these twelve states — Uttar Pradesh, Tamil Nadu, Madhya Pradesh, Andhra Pradesh, Karnataka, Rajasthan, Odisha, Telangana, Kerala, Chhattisgarh, Haryana and Jharkhand — reported combined capital expenditure of ₹1,09,860 crore in April-November FY21, compared with ₹1,48,571 crore in the year-ago period, down 26%. The annual capex target for all states as per their budgets is ₹6.5 lakh crore.

Compared to this, the Centre has managed to spend ₹2.41 lakh crore as Budget capex during April-November, up 12.8% on year, even though the FY21 target is ₹4.12 lakh crore (up 22.4% on year).

In FY20, public capex was roughly in the 5:3.6:3.4 ratio among the states (budget), CPSEs (own funds) and the Centre (Budget). However, this ratio will likely change to 3:4:4.5 in FY21 as the share of states in public capex has fallen.

# 2.24L vaccinated so far; 447 cases of adverse effect: Govt

PRESS TRUST OF INDIA
New Delhi, January 17

**A TOTAL OF** 2,24,301 beneficiaries have been inoculated with Covid-19 vaccine so far, out of which only 447 adverse events following immunisation (AEFI) were reported, the Union health ministry said on day two of the nationwide vaccination drive on Sunday.

Addressing a press briefing, the ministry's additional secretary Manohar Agnani said out of the 447 adverse events following immunisation, only three required hospitalisation.

"Today being Sunday, only six states conducted vaccination drive and in 553 sessions a total of 17,072 beneficiaries were vaccinated," he said.

The six states where the vaccination drive was carried out on Sunday are Andhra Pradesh, Arunachal Pradesh, Karnataka, Kerala, Manipur and Tamil Nadu, he added.

Agnani said a total of 2,24,301 beneficiaries have been vaccinated till January 17 as per provisional reports, adding that 2,07,229 of them received the jabs on day one of the drive.

"A total of 447 AEFI have been reported on January 16 and 17, out of which only three required hospitalisation. Most of the AEFI reported so far are minor like fever, headache, nausea," he said.

He said a meeting was held with all states and union territories on Sunday to review the progress of the drive, identify bottlenecks and plan corrective actions.

Prime Minister Narendra Modi rolled out the world's largest inoculation drive against Covid-19 on Saturday and said the two vaccines being deployed will ensure a "decisive victory" for India against the pandemic.

India has approved two vaccines -- Covaxin developed by Bharat Biotech and Covishield from the Oxford/AstraZeneca stable being manufactured by the Serum Institute of India -- for emergency use in the country.

According to the government, the shots will be offered first to an estimated one crore healthcare workers and around two crore frontline workers, and then to persons above 50 years of age, followed by persons younger than 50 years of age with associated comorbidities.

## Vaccination drive hit by app glitch

**INDIA'S COVID-19** vaccination drive was still facing some delays on Sunday after it hit a bump on the first day due to glitches in an app used to coordinate the campaign, according to officials in some states.

Prime Minister Narendra Modi launched on Saturday what his government has described as the "world's largest vaccination programme". It aims to vaccinate around 300 million people to curb the pandemic in India, which has reported the second highest number of coronavirus cases after the United States.

India was aiming to vaccinate more than 300,000 people on Saturday, but only 191,181 people were inoculated on the first day, official data shows.

— REUTERS



# Tomar urges farmers to give up stubborn stand

PRESS TRUST OF INDIA
New Delhi, January 17

**AHEAD OF THE** tenth round of talks scheduled on January 19, agriculture minister Narendra Singh Tomar on Sunday again urged the protesting farm leaders to give up their "stubborn" stand on the new farm laws and come for a clause by clause discussion.

"Now that the Supreme Court has stayed the implementation of these laws, then there is no question of being stubborn," Tomar told reporters before leaving for his home constituency of Morena in Madhya Pradesh.

The government wants farmer leaders to come for clause by clause discussion at the next meeting on January 19. Except for the demand of repealing the laws, the government is ready to consider "seriously and with an open heart" other alternatives, he said.

Tomar, who left for his constituency by Hazur Sahib Nanded-Amritsar Superfast Express, was seen sharing langar from co-passengers of Sikh community -- a gesture which comes amid the ongoing protests by farmers from Punjab against the agri laws.

The Supreme Court on January 11 had stayed the implementation of the three laws till further orders and appointed a four-member panel to resolve the impasse.

Tomar said the government offered certain concessions, but the farmer leaders have not shown flexibility and were constantly demanding a repeal of the laws. He reiterated that the government makes laws for the entire country. Many farmers, experts and other stakeholders have supported the laws.

So far, the nine rounds of formal talks between the Centre and 41 farmer unions have failed to yield any concrete results to end the long-running protest at Delhi's borders as the latter have stuck to their main demand of a complete repeal of the three Acts.

From the Front Page

## MeitY draft: PLI outlay for laptops, servers at ₹7,500 crore

India is aspiring for a more than five-fold increase in electronics manufacturing to $400 billion by FY25, by focusing on export markets and incentivising manufacturers to become globally competitive. In the case of laptops tablets and servers, the objective is to try and transfer 20% to 30% of the world's manufacturing to India.

Last April, the government rolled out a PLI scheme for large scale electronics manufacturing. The scheme extended incentives of 4% to 6% on incremental sales over the base year for goods manufactured in India for a period of five years subsequent to the base year as defined.

However, applicants have indicated to the government they will not be able to meet the manufacturing targets for the March-end deadline and have sought a rollover of the milestones to the second and third years. This is only for those firms that meet their investment targets for the first fiscal.

Experts believe mobile PLI-applicant companies are likely to meet first-year incremental revenue target despite challenges posed by Covid-19. Given low base and large entry-level mobile market (1,300 million units below $200), incremental revenue targets for domestic mobile manufacturers should not be hard to achieve.

## E-retailers must scale up to become profitable

Nonetheless, the market is getting competitive as players like Reliance Industries scale up and new entrants like the Tata Group come in.

To be able to grow their catchments, e-retailers will work on strategies to reach out to the next lot of potential customers. Today there are an estimated 200 million online shoppers whereas close to 600 million users use mobile broadband services. While lockdowns have given online shopping a push, e-retailers would need to work hard to get more people to transact on the Internet. Kearney's Mathur believes it may take more than just regular discounts and prompt deliveries. "There could be some behavioural reasons for more people not going online, it is not only about affordability," he said, adding companies will need to do something different.


The omni-channel route is likely to be used to grow the user base signalling more partnerships between online and offline stores. Already, RIL is picking up stakes in online firms Urban Ladder, Netmeds or partnering with kiranas to fulfill orders for JioMart. The Tatas for instance are understood to be nearing a deal to buy a stake in BigBasket while ed-tech firm Byju's is reportedly looking to acquire Aakash Educational Services.

With capital likely to remain abundant, as new investors look to bet on the India Internet story, Pahwa believes e-retailers are likely to continue to spend on acquiring customers. Indeed, Mathur estimates we could have as many as 350 million online customers by 2024.

## Export recovery: Rivals Vietnam, China far outpace India

Vietnam's exports to the US, in fact, rose by as much as 20% to $72.7 billion, according to the US government data. India's exports to all destinations were down by 16% until November last calendar year.

Similarly, India's exports to the EU (excluding the UK) witnessed a steep 17.2% decline to 30.6 billion euros in the January-November period, showed the official data with the EU. However, China's shipment to the 27-member block rose by 4.3% to 350 billion euros during this period and Vietnam's fell only marginally by 0.5% to 31.9 billion euros. A recent free trade agreement between Hanoi and Brussels may further tilt the balance in favour of Vietnam in the coming years.

India's inherent structural bottlenecks, including high logistics costs, unimpressive trade infrastructure, container shortage and inadequate flow of cheaper credit, seem to have just exacerbated the Covid-induced stress in its export sector. Its exports have risen only for a second time in 10 months in December, that, too, by just 0.1%.

As *FE* had reported in October, India had emerged as the worst performer among key developing economies in Asia in exports in the aftermath of the Covid-19 outbreak, trailing not just the usual stars China and South Korea but also Vietnam, Indonesia, Malaysia and even Bangladesh.

To be sure, India imposed a much more stringent lockdown (from March 25 until it was eased gradually from June) than any of these nations. A domestic demand compression battered its imports much harder than its exports. Consequently, import-sensitive export segments, too, saw a sharp drop. Also, India was among the last set of nations where the pandemic spread its tentacles, which means it should be among the last to stage a rebound. To that extent, the contraction in its exports is understandable.

However, what signals a deeper fissure in India's export resurgence story is the loss of momentum since the 6.1% expansion in September, the first since February. Its outbound shipments faltered by 5.1% in October and 8.7% in November before recording the marginal rise last month.

Exporters have complained that a combination of a spike in shipping costs, the rupee appreciation and a huge cut in government benefits has eroded their competitiveness. The allocation under the Merchandise Exports from India Scheme (MEIS) for the first three quarters of this fiscal was reduced to less than 40% of last year's total.

The rupee was "over-valued" by 21% vis-à-vis a basket of 36 export-sensitive currencies in November, although it was lower than 23% in October, according to the RBI's real effective exchange rate index.

The government and the central bank have stepped in to boost liquidity for cash-strapped firms. But export credit dropped by 2.3% year-on-year as of November 20, even though overall priority sector lending rose by 8.9%.

The Centre has rolled out a scheme from January 1, 2021, to reimburse various embedded taxes on inputs consumed in exports and replace the MEIS (the latter is considered by some wings of the government to be an inefficient programme that only drains the exchequer). But the extent of benefits under the proposed RoDTEP scheme is yet to be worked out.

## Franklin MF's shut schemes generate ₹13,789 cr since closure

The schemes — Franklin India Low Duration Fund, Franklin India Dynamic Accrual Fund, Franklin India Credit Risk Fund, Franklin India Short Term Income Plan, Franklin India Ultra Short Bond Fund, and Franklin India Income Opportunities Fund — together had an estimated ₹25,000 crore as assets under management (AUM).

Individually, Franklin India Ultra Short Bond Fund, Franklin India Low Duration Fund, Franklin India Dynamic Accrual Fund, Franklin India Credit Risk Fund and Franklin India Short Term Income Plan have 63%, 50%, 41%, 26 and 9% of their respective AUM in cash.

Borrowing levels in Franklin India Income Opportunities Fund continue to come down steadily and currently stand at 6% of AUM.

Franklin Templeton MF said that cash available stands at ₹9,190 crore as of January 15, for these five cash positive schemes, subject to fund running expenses.

# CBI arrests senior railway official, two others in bribery case

PRESS TRUST OF INDIA
New Delhi, January 17

**THE CBI ARRESTED** the chief administrative officer (construction) of the Northeast Frontier Railways on Sunday for allegedly receiving a bribe of ₹1 crore for granting favours in awarding lucrative contracts to a private company, officials said.

Mahender Singh Chauhan, 1985-batch Indian Railways Service of Engineer (IRSE) officer, was nabbed from Maligaon in Assam's Guwahati, while two others -- Bhupendra Rawat, an employee of accused company ABCI Infrastructures Private, and Indra Singh -- were apprehended from Dehradun, where the bribe amount was allegedly being delivered on Chauhan's instructions, they said.

Besides the arrested, the Central Bureau of Investigation (CBI) has also booked railway officials Hem Chand Borah (deputy chief engineer), Laxmi Kant Verma (assistant executive engineer) and director of ABCI Infrastructures Private Pawan Baid. It is alleged that Chauhan (58) had demanded the bribe to show favours to the accused company in awarding contracts for various projects in the Northeast Frontier Railways, the officials said.

"The contractors were allegedly being facilitated in awarding the contracts, processing of subsequent bills, release of payments etc. by the public functionaries in lieu of illegal gratifications," the CBI spokesperson said in a statement.

# DHFL resolution: Lenders approve Piramal's bid

PRESS TRUST OF INDIA
New Delhi, January 17


DEBT-RIDDEN MORTGAGE lender DHFL on Sunday said the Committee of Creditors (CoC) has approved resolution plan submitted by Piramal Capital and Housing Finance, a Piramal Group company.

This was approved by the CoC in its 18th meeting concluded on January 15, 2021, DHFL said in a regulatory filing.

The "resolution plan submitted by Piramal Capital and Housing Finance Limited was duly approved by CoC by majority voting under section 30(4) of the Insolvency & Bankruptcy Code....as the successful resolution plan," it said.

Piramal's bid received 94% votes as compared to 45% for the US-based Oaktree Capital.

Since the conclusion of the fifth and final round of the bidding process last month, Piramal and Oaktree Capital each claimed that their bid was the highest and fully implementable.

According to sources, suitors have submitted bids in the range of ₹35,000-37,000 crore.

In November 2019, the Reserve Bank referred Dewan Housing Finance (DHFL), the third-largest pure-play mortgage lender, to the National Company Law Tribunal (NCLT) for insolvency proceedings.

DHFL was the first finance company to be referred to NCLT by the RBI using special powers under Section 227 of the IBC. Prior to that, the company's board was superseded and R Subramaniakumar was appointed as the administrator. He is also the resolution professional under the Insolvency and Bankruptcy Code (IBC).

As of July 2019, the company owed ₹83,873 crore to banks, the National Housing Board, mutual funds and bondholders.

Its large lenders are SBI, including SBI Singapore with ₹10,083 crore exposure. Others are Bank of India (₹4,125 crore), Canara Bank (₹2,681 crore), NHB (₹2,434 crore), Union Bank (₹2,378 crore), Syndicate Bank (₹2,229 crore), Bank of Baroda (₹2,075 crore), Indian Bank (₹1,552 crore), Central Bank (₹1,389 crore), IDBI Bank (₹999 crore) and HDFC Bank (₹361 crore).

# Modi flags off eight trains with linkage to Statue of Unity in Gujarat

PRIME MINISTER NARENDRA Modi on Sunday flagged off new eight trains connecting Gujarat's Kevadia to several other destinations pan India, which will boost commerce, tourism and generate employment. The new trains link Kevadia to Varanasi, Dadar, Ahmedabad, Hazrat Nizamuddin, Rewa, Chennai and Pratapnagar. Kevadiya is home to the 'Statue of Unity' dedicated to Vallabhbhai Patel and a growing global tourist spot.

"This is a beautiful picture of 'Ek Bharat, Shreshtha Bharat'. It is the first time in the history of IR that so many trains from different locations of the country started their run to the same destination," Modi said, flagging of the trains via video-conferencing. One of the trains flagged off for Kevadia connects Kevadia to the Puratchi Thalaivar Dr MG Ramachandran Central Railway Station in Chennai. "It is a pleasant coincidence that today is the birth anniversary of MGR. His life was dedicated to the service of the poor," Modi said, in an outreach to the state which has Assembly polls this year.

Modi also inaugurated several other railway projects in Kevadiya, including the Dabhoi-Chandid broad gauge rail line, Chandod-Kevadita new broad gauge rail line, Pratapnagar-Kevadiya newly electrified section.

FE BUREAU

FBI FLAGS VIOLENCE RISK

# US state capitals brace for pro-Trump armed protests

NATHAN LAYNE AND PATRICIA ZENGERLE
January 17

**PROTESTERS ARE EXPECTED** to descend on statehouses across the United States on Sunday in support of baseless claims that electoral fraud robbed President Donald Trump of a second term, as law enforcement officials girded for possible violence.

More than a dozen states have activated National Guard troops to help secure their capitol buildings following an FBI warning of armed protests, with right-wing extremists emboldened by the deadly attack on the US Capitol in Washington on January 6.

There were scattered demonstrations on Saturday, but statehouses remained mostly quiet. Security officials have eyed Sunday as the first major flashpoint as that is when the anti-government "boogaloo" movement made plans weeks ago to hold rallies in all 50 states.

While many states have erected fences or other barriers to secure their capitols, Texas and Kentucky have taken the further step of closing their capitol grounds to the public.

It is just days until Wednesday's Inauguration Day, when Democrat Joe Biden will be sworn in amid extraordinary security efforts in Washington, DC. The downtown area of the capital was virtually empty on Saturday, with streets near the Capitol closed and battalions of camouflaged National Guard soldiers taking up positions across the city centre.


Capitol police secure the area ahead of Joe Biden's inauguration, in Washington on Saturday. REUTERS

Connecticut has activated its National Guard in preparation for 2,000 mostly Trump supporters at its capitol complex in Hartford on Sunday, a state police spokesman said.

"We are preparing possibly for anything to happen," said Trooper Pedro Muniz, adding that there had been many specific threats. "We won't tolerate any acts of violence."

The nationwide security scramble followed the attack on the US Capitol in Washington by a mix of extremists and Trump supporters, some of whom called for the death of Vice President Mike Pence as he presided over the certification of Biden's election victory.

The Democratic leaders of four US congressional committees said on Saturday they had opened a review of the events and had written to the FBI and other intelligence and security agencies asking what was known about threats, whether the information was shared and whether foreign influence played any role.

The FBI and other federal agencies have warned of the potential for future violence, as white supremacists and other extremists look to exploit frustration among Trump supporters who have bought into falsehoods about electoral fraud.

It was not clear whether the ramped up security presence might lead some protesters to stay at home. Following the January 6 violence in Washington, some militia members said they would not attend a long-planned pro-gun demonstration in Virginia on Monday, where authorities were worried about the risk of violence as multiple groups converged on the state capital, Richmond.

Some militias and extremist groups have told followers to stay home this weekend, citing the increased security or the risk that the planned events were law enforcement traps.

Bob Gardner, leader of the Pennsylvania Lightfoot Militia, said his group had no plans to be in Harrisburg this weekend, where the capitol has been fortified with barricades and will be protected by hundreds of members of its National Guard. "We've got our own communities to worry about," Gardner said earlier this week. "We don't get involved in politics." — REUTERS

# In first 10 days, Biden to act on 'overlapping' crises

GREGORY KORTE
January 17

**PRESIDENT-ELECT JOE BIDEN** plans an early blitz of executive action to reverse some of President Donald Trump's most contentious policies and address the coronavirus pandemic, according to an outline of Biden's first 10 days in office.

The plan, spelled out in a memo on Saturday by Biden Chief of Staff Ron Klain to incoming White House advisers, will address what Klain called "four overlapping and compounding crises." They are the Covid-19 pandemic that has claimed close to 400,000 US lives, the resulting economic downturn, climate change, and a national reckoning over racial equity in the wake of the Black Lives Matter movement.

"In his first 10 days in office, President-elect Biden will take decisive action to address these four crises, prevent other urgent and irreversible harms, and restore America's place in the world," Klain wrote. "President-elect Biden will take action — not just to reverse the gravest damages of the Trump administration — but also to start moving our country forward."

Klain said Biden would begin with about a dozen executive actions on Wednesday, Inauguration Day. But Biden's inaugural has been greatly scaled down because of the coronavirus outbreak and security concerns.

First-day directives will focus on measures to mitigate the Covid-19 pandemic and its economic fallout, including an extension of student loan forbearance past January 31 and an extension of a moratorium on evictions and foreclosures, according to Klain. Biden will also launch a "100 Day Masking Challenge," imposing new mandates that require masks on federal property and for interstate transportation.

Typically, "Day One" is more a rhetorical concept for any new administration, with actions often rolled out over days, weeks or longer. But during the campaign and since his election, Biden has repeatedly promised action "on Day One," creating what would be an overwhelming priority list. Klain's memo is the transition team's first effort to temper those expectations with an ambitious but achievable to-do list.

Other orders are waiting on a legal clearance process — a step Trump often skipped in his first days, leading to confusion and legal challenges that sometimes required him to correct his own orders. Klain emphasised that Biden's orders will restore "an appropriate, constitutional role for the President."

"Clearly, this is for public consumption," said Andrew Rudalevige, a Bowdoin College professor and expert on executive orders. He said Biden was probably eager to demonstrate an organised White House after Trump's turbulent governing style, and to reassure key Democratic constituency groups that action on their priorities is coming. — BLOOMBERG

## Roubini expects violence, cyber attacks during Biden's term

**US ECONOMIST NOURIEL** Roubini fears Joe Biden's presidency will be marked by unrest and cyber attacks, according to an interview he gave to Der Spiegel. There will be additional armed riots, especially from white nationalists, and Russia and China will orchestrate more cyber attacks against the US and spread false information, Roubini, a professor at the Stern School of Business and a former adviser to the US government, told the German magazine. Roubini also called for stricter regulation of social media platforms like Facebook and Twitter. — BLOOMBERG

# Breakthrough in transition talks for Libya: UN official

SAMY MAGDY
Cairo, January 17

**THE TOP UN** official for Libya said on Saturday that an advisory committee for representatives of Libya's different regions has proposed a way forward for choosing a transitional government that would lead the war-torn country to elections late this year.

The talks in Geneva, structured around the Libyan Political Dialogue Forum, have been taking place amid a heavy international push to reach a peaceful settlement to Libya's civil war. Previous diplomatic initiatives have all collapsed.

UN acting envoy for Libya Stephanie Williams told a news conference in Geneva that the advisory committee's members "have met their responsibility with a constructive spirit, cooperative efforts, and a great deal of patriotism".

The committee is part of a 75-member forum that represents all the three main regions of Libya. The 18-member committee has proposed that each region's electoral college name a representative to a three-member presidential council, Williams said. A prime minister would be chosen by the 75-member forum. A successful nominee should receive 70% of votes.

Williams said that the forum would resort to lists formed from Libya's three regions, with each list consisting of four names, nominated for the presidential council and a prime minister position. She said a list should obtain 17 endorsements: eight from the western region, six from the eastern region and three from southern Libya.

The winning list should receive 60% of the votes of the 75-member forum in the first round. A run-up is expected if no list received the required votes, she said. Williams said the forum would vote on the proposed mechanism on Monday and the results are expected the following day.

The transitional government would be "a temporary unified executive staffed by Libyan patriots who want to share responsibility rather than to divide the cake," the UN acting envoy said.

The forum reached an agreement last year to hold elections on December 24, 2021. — AP

# 20 Indian-Americans in Biden administration, 17 at key WH positions

LALIT K JHA
Washington, January 17

**LESS THAN 100** hours ahead of his historic inauguration, US President-elect Joe Biden has either nominated or named at least 20 Indian Americans, including 13 women, to key positions in his administration, a new record in itself for this small ethnic community that constitutes 1% of the country's population.

As many as 17 of them would be part of the powerful White House complex.

The January 20th inauguration is already set to be historic as for the first time, a woman — Kamala Harris — would be sworn as the vice president. Harris, 56, is also the first ever Indian-origin and African American to be sworn in as the vice president.

It is also for the first time ever that so many Indian-Americans have been roped into a presidential administration ever before the inauguration.

Topping the list are Neera Tanden, who has been nominated as Director of the White House Office of Management and Budget, and Dr Vivek Murthy, nominated as the US Surgeon General.

Vanita Gupta has been nominated as Associate Attorney General Department of Justice, and on Saturday, Biden nominated former foreign service official Uzra Zeya as the Under Secretary of State for Civilian Security, Democracy, and Human Rights.

"The dedication that the

BLOOMBERG

Indian-American community has shown to public service over the years has been recognised in a big way at the very start of this administration! I am particularly pleased that the overwhelming majority are women. Our community has truly arrived in serving the nation," Indiaspora founder M R Rangaswami said.

Mala Adiga has been appointed as Policy Director of the future First Lady Dr Jill Biden and Garima Verma would be the Digital Director of the Office of the First Lady, while Sabrina Singh has been named as her Deputy Press Secretary.

For the first time, appointees among the Indian-Americans include two who trace their roots to Kashmir: Aisha Shah, who has been named as Partnership Manager at the White House Office of Digital Strategy, and Sameera Fazili, who would occupy the key position of Deputy Director at the US National Economic Council (NEC) in the White House.

White House National Economic Council also has another Indian American, Bharat Ramamurti, as Deputy Director. Gautam Raghavan, who served at the White House in the Obama administration, returns to the White House as Deputy Director in Office of Presidential Personnel. Among Biden's inner circle is his top confidant, Vinay Reddy, who has been named as Director Speechwriting.

Vedant Patel is all set to occupy a seat in the White House lower press as Assistant Press Secretary to the President. He is only the third-ever Indian American to be part of the White House press shop.

Three Indian-Americans have made their way to the crucial National Security Council of the White House. They are Tarun Chhabra, Senior Director for Technology and National Security; Sumona Guha, Senior Director for South Asia; and Shanthi Kalathil, Coordinator for Democracy and Human Rights.

Sonia Aggarwal has been named Senior Advisor for Climate Policy and Innovation in the Office of the Domestic Climate Policy at the White House and Vidur Sharma has been appointed as Policy Advisor for Testing for the White House Covid-19 Response Team.

Two Indian Americans have been appointed to the Office of the White House Counsel: Neha Gupta as Associate Counsel and Reema Shah as Deputy Associate Counsel.

For the first time, the White House will have three other South Asians in key positions. Pakistani-American Ali Zaidi as Deputy National Climate Advisor, White House; Sri Lankan American Rohini Kosoglu as Domestic Policy Advisor to the vice president, and Bangladeshi-American Zayn Siddique as Senior Advisor to the White House Deputy Chief of Staff. — PTI

# Quick View

## UK hopes to ease lockdown from March

BRITAIN'S GOVERNMENT HOPES to ease some lockdown restrictions in March as it presses ahead with Europe's fastest rollout of Covid-19 vaccines, foreign minister Dominic Raab said on Sunday. The country, has been under national lockdown since January 5.

## Israel, Bahrain banks ink MoUs

ISRAEL'S TWO LARGEST lenders, Bank Leumi Le-Israel and Bank Hapoalim, have each signed MoUs with National Bank of Bahrain to facilitate business dealings between the two countries, they said on Sunday.

## European powers rebuke Iran

THREE EUROPEAN POWERS, France, Britain and Germany, on Saturday warned Iran against starting work on uranium metal-based fuel for a research reactor, saying it contravened the 2015 nuclear deal.

## Uganda Oppn rejects poll result

A DAY AFTER Uganda's leader Yoweri Museveni was declared winner of the presidential election, the opposition dismissed the results as "fraud" and called for the release of their leader, Bobi Wine.

# Earthquake death toll now 78 as Indonesia struggles with string of disasters in new year

STANLEY WIDIANTO AND AGUSTINUS BEO DA COSTA
Jakarta, January 17

**AT LEAST 78** people have been killed after an earthquake struck Indonesia's West Sulawesi province on Friday, the search and rescue agency (Basarnas) said on Sunday, the latest in a string of disasters to hit the Southeast Asian country.

More than 740 people were injured and over 27,800 left their homes after the 6.2 magnitude quake, the country's disaster mitigation agency separately (BNPB) said in a situation report.

The police and military officers have been deployed to crack down on looting in several parts of the region, BNPB spokesman Raditya Jati said. An emergency response status, intended to help rescue efforts,

Search and rescue personnel inspect a collapsed building following an earthquake in Mamuju, West Sulawesi province, Indonesia, on Saturday. REUTERS

has also been put in place for two weeks, he said.

Dwikorita Karnawati, the head of Indonesia's meteorological, climatology and geophysical agency (BMKG), has said that another quake in the region could potentially trigger a tsunami.

Straddling the so-called Pacific Ring of Fire, Indonesia is regularly hit by earthquakes.

In 2018, a devastating 6.2-magnitude quake and subsequent tsunami struck the city of Palu, in Sulawesi, killing thousands.

Just two weeks into the new year, the world's fourth-most populous country is battling several disasters. Floods in North Sulawesi and South Kalimantan province each have killed at least five this month, while landslides in West Java province have killed at least 29, authorities said.

On January 9, a Sriwijaya Air jet crashed into the Java Sea with 62 onboard. East Java's Semeru mountain erupted late on Saturday, but there have been no reports of casualties or evacuations.

Dwikorita said extreme weather and other "multi-dangers" of hydrometeorology are forecast in the coming weeks. — REUTERS

# Gunmen kill two women Supreme Court judges in Kabul, say police

ABDUL QADIR SEDIQI
Kabul, January 17

**UNIDENTIFIED GUNMEN KILLED** two female judges from Afghanistan's Supreme Court on Sunday morning, police said, adding to a wave of assassinations in Kabul and other cities while government and Taliban representatives have been holding peace talks in Qatar.

The two judges, who have not yet been named, were killed and their driver wounded, in an attack around 8:30 am, police said, adding the case was being investigated by security forces.

A spokesman for the Taliban said its fighters were not involved.

Afghan President Ashraf Ghani issued a statement condemning attacks on civilians by the Taliban and other militant groups. Ghani said "terror, horror and crime was not a solution to Afghanistan's problem and beseeched the Taliban to accept "a permanent ceasefire".

Relatives carry the body of one of the judges shot dead by unknown gunmen in Kabul on Sunday. REUTERS

Government officials, journalists, and activists have been targeted in recent months, stoking fear particularly in the capital Kabul.

The Taliban has denied involvement in some of the attacks, but has said its fighters would continue to "eliminate" important government figures, though not journalists or civil society members. — REUTERS

# Oil-rich Abu Dhabi targets hydrogen as fuel for future export

VERITY RATCLIFFE
January 17

**ABU DHABI'S GOVERNMENT-RUN** oil company is teaming up with two of its sovereign wealth funds to turn the petroleum-rich emirate into an exporter of blue and green hydrogen.

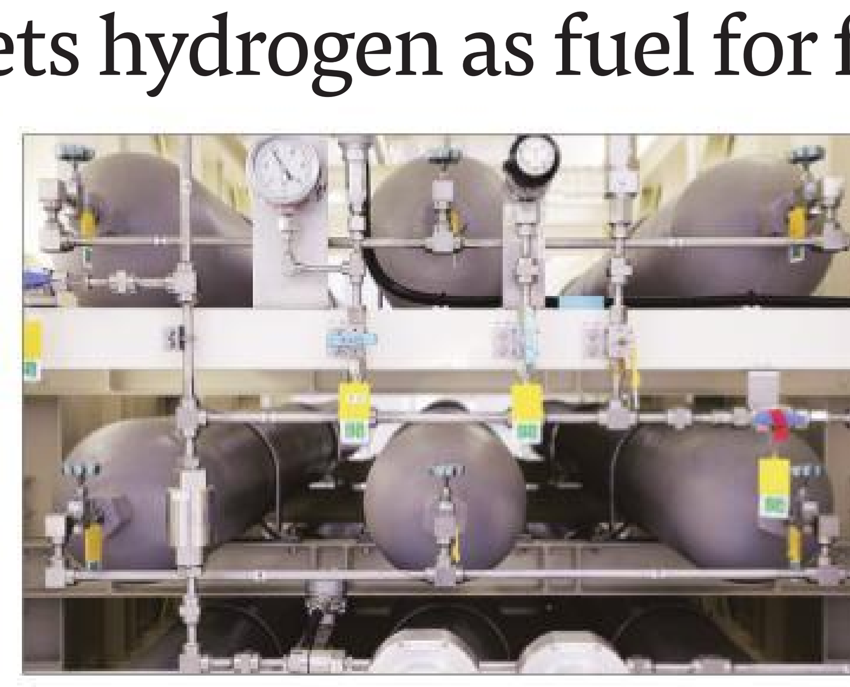
Abu Dhabi National Oil formed an alliance with Mubadala Investment and ADQ to produce hydrogen from natural gas and renewable energy and to create the fuel overseas as well as in the United Arab Emirates, ADQ said in a statement.

In a related deal, Abu Dhabi Future Energy, also known as Masdar, agreed with Siemens Energy to develop a facility to make green hydrogen at Masdar City in Abu Dhabi, Mubadala said in a statement. Munich-based Siemens Energy is already building a hydrogen demonstration plant at the Mohammed bin Rashid Al Maktoum Solar Park in the neighbouring emirate of Dubai.

Some Middle Eastern states that built their fortunes on oil are seeking to develop hydrogen as fuel, given a shift among some of their buyers toward less-polluting alternatives to crude.

Saudi Arabia's energy minister has said he wants the kingdom — the world's biggest oil exporter — to become the largest shipper of hydrogen.

Abu Dhabi, like Saudi Arabia, produces natural gas, which it could use to develop what is known as blue hydrogen. It also has ample sunshine, which it could harness to make a variant called green hydrogen.



Some West Asian nations are seeking to develop hydrogen as fuel, given a shift among some buyers toward less-polluting alternatives to crude oil BLOOMBERG

Abu Dhabi is the capital and largest emirate in the United Arab Emirates.

Abu Dhabi National Oil will develop blue hydrogen independently, while cooperating with the two wealth funds to make the green variety, according to the ADQ statement.

Abu Dhabi National Oil produces around 300,000 tons of hydrogen annually for its downstream operations, and it intends to expand output to more than 500,000 tons, according to the statement.

It's "well-placed to build on its advantaged position as a major natural gas reserves holder and producer," Adnoc said. — BLOOMBERG

# Israel to begin reopening economy in Feb: Minister

ALISA ODENHEIMER
January 17

**ISRAEL WILL BEGIN** gradually reopening its economy from February, and much of it will be active by March, Finance Minister Israel Katz said in a statement on Sunday.

> The country has been under lockdown since December-end

The country has been under lockdown since the end of December, its third since the beginning of the coronavirus pandemic, as infections continue to rise.

"We will have to be very exact with our decisions, in order to stop the spread of infection on the one hand, and allow the economy to reopen on the other," Katz said in an interview with Kan radio.

Israel's economy probably contracted by 3.7% in 2020, according to the central bank's January 4 estimate. The economy may expand by as much as 6.3% in 2021 under a rapid vaccine drive, or as little as 3.5% if doses are given out gradually, according to the forecast. Some 23% of the population has received its first dose of vaccine in a two-dose regimen, and 2.5% have had both doses. — BLOOMBERG

PSB RECAPITALISATION

# Govt looks at BIC model after RBI raises concern over zero coupon bonds

PRESS TRUST OF INDIA
New Delhi, January 17

THE FINANCE MINISTRY is looking at other avenues for affordable capital infusion, including setting up of a Bank Investment Company (BIC), as the RBI has raised concern over the issuance of zero coupon bonds for recapitalisation of public sector banks (PSBs), sources said.

Setting up BIC as a holding company or a core investment company was suggested by the P J Nayak Committee in its report on 'Governance of Boards of Banks in India'.

The report recommended transferring shares of the government in the banks to the BIC which would become the parent holding company of all these banks, as a result of this, all the PSBs would become 'limited' banks. BIC will be autonomous and it will have the power to appoint the board of directors and make other policy decisions about subsidiaries.

The idea of BIC, which will serve as a super holding company, was also discussed at the first Gyan Sangam bankers' retreat organised in 2014, the sources said.

They added that it was proposed that the holding company would look into the capital needs of banks and arrange funds for them without government support.

It would also look at alternative ways of raising capital such as the sale of non-voting shares in a bid to garner affordable capital.

With this in place, the dependence of PSBs on government support would also come down and ease fiscal pressure.

Bank Investment Company (BIC) will be autonomous and will have the power to appoint board of directors and make other policy decisions regarding subsidiaries

To save interest burden and ease the fiscal pressure, the government decided to issue zero coupon bonds for meeting the capital needs of the banks.

The first test case of the new mechanism was a capital infusion of ₹5,500 crore into Punjab & Sind Bank by issuing zero-coupon bonds of six different maturities last year. These special securities with tenure of 10-15 years are non-interest bearing and valued at par.

However, the Reserve Bank of India (RBI) expressed concerns over zero-coupon bonds for the recapitalisation of PSBs.

The RBI has raised some issues with regard to calculation of an effective capital infusion made in any bank through this instrument issued at par, the sources said.

Since such bonds usually are non-interest bearing but issued at a deep discount to the face value, it is difficult to ascertain net present value, they added.

# Two IPOs to hit market this week, eye over ₹5,800 cr

PRESS TRUST OF INDIA
New Delhi, January 17

TWO COMPANIES — INDIAN Railway Finance Corporation and Sequoia Capital-backed Indigo Paints — are set to hit the market with their initial share-sale offers this week to raise an estimated over ₹5,800 crore.

The companies are expecting to benefit from an equity market, which is flush with liquidity and has seen a sharp increase in new retail investors.

The three-day initial share-sale of Indian Railway Finance Corporation (IRFC) would be open for public subscription during January 18-20, while the IPO of Indigo Paints would open on January 20 and conclude on January 22.

IRFC IPO comprises up to 178.20 crore shares, comprising a fresh issue of up to 118.80 crore and offer-for-sale of up to 59.40 crore shares by the government. The price band has been fixed in the range of ₹25-26 per equity share and at the upper end of the price band, the IPO is expected to fetch ₹4,633.4 crore.

On Friday, the company raised ₹1,390 crore from anchor investors.

IRFC, set up in 1986, is a dedicated financing arm of the Indian Railways for mobilising funds from domestic as well as overseas markets. Its primary objective is to meet the predominant portion of "extra budgetary resources" requirement of the Indian Railways through market borrowings at the most competitive rates and terms.

# Opinion

MONDAY, JANUARY 18, 2021

## PROMOTIING ARTS & CULTURE

I&B minister Prakash Javadekar, exhorting film industry to participate in organising IFFI

Just because it's the government's responsibility to ensure a thriving atmosphere and and promotion of arts and culture, doesn't mean the government should do everything

## RationalExpectations

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# Make the most of the SC's farm panel

### This is a chance for Punjab's agitating farmers to negotiate a central package to help fund a crop diversification plan

**THERE IS LITTLE** doubt the Supreme Court (SC) erred in putting the central farm laws in abeyance and setting up a panel of experts who were to hear the agitating Punjab farmers and suggest a way forward. Since the laws were not unconstitutional, by putting them in abeyance, SC dealt a big blow to the government's ability to govern. The resignation of BS Mann, one of the members of the four-member panel, even before the first meeting, only reinforces the fear that SC is going to have egg on its face; the farmers' refusal to stop the capital's *gherao* even after SC put the laws in abeyance was the first indication of the trouble SC's plan would run into.

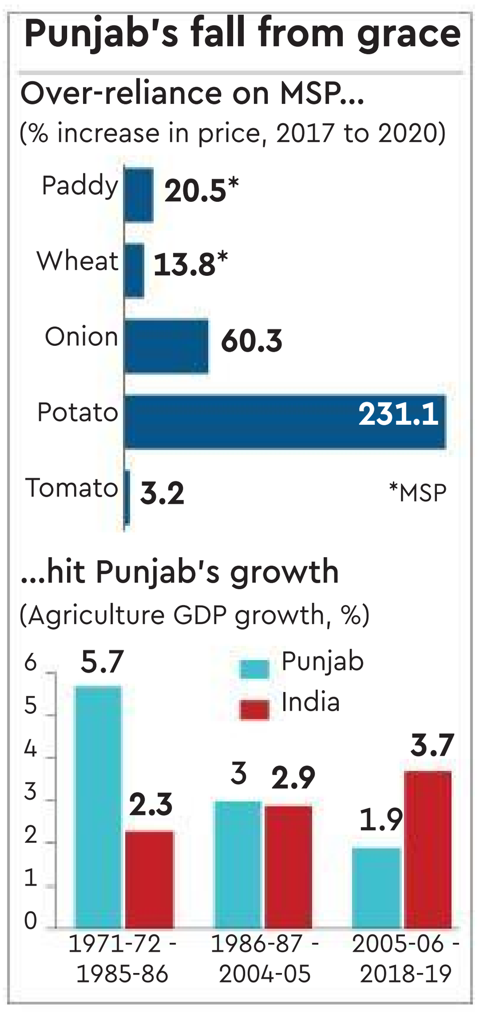
But now that the panel is there, it is in everyone's interest to give it a shot. Sadly, farmers have refused to appear before it as they say it is packed with supporters of the farm law. That may well be true, but not appearing before the panel is probably a mistake.

Apart from casting aspersions on the intellectual honesty of the panel, the farmer unions and political parties that are supporting them don't appreciate that the panel has their best interests at heart. While various Congress party leaders have argued that India subsidises its farmers very little compared to the EU or the US—and so must raise subsidy levels—*FE* columnist and Icrier professor Ashok Gulati, who is a member of the panel, was the first to argue, several decades ago, that India actually *taxes* its farmers by stopping exports or imposing stocking limits the moment various crop prices rise! This is not to say that Gulati supports legally guaranteeing MSPs—or substantially hiking wheat and rice MSPs—which is what the farmers and the Congress party want, but his approach will help farmers in even the medium-term.

More important, while talks between the Centre and the farmers centred around the repeal of the farm laws—once the Centre had abjectly surrendered on the issue of electricity reforms and stubble-burning laws—the panel offers Punjab's farmers a chance to negotiate a much more meaningful package for the state.

As the graphic makes clear, Punjab has steadily lost its top position among agricultural states in the country. While its growth was around 2.5 times India's in 1971-72 to 1985-86, it fell to around the same level in the next two decades and, over the last 13 years, it has been around half that of the entire country. There are many reasons for this, ranging from over-use of urea lowering soil productivity to excessive use of water causing salinity, but growing the wrong crop and lack of diversification are at the root of it.

**Punjab's fall from grace**




While Punjab has remained focused on growing wheat and rice, the increase in MSP of these crops has been muted, around 21% over the past three years in the case of paddy and 14% in the case of wheat. Compare this with onions where prices rose by over 60% and potatoes where prices rose by more than 2.3 times. There is a lot more volatility in prices of fruit and vegetables (tomato prices barely rose over the last three years but rose by over 83% in the last two), but not diversifying its cropping pattern is the main reason for the state's fall from grace.

MSPs of these crops can't be raised by too much as the Centre has budget constraints and, if you raise the prices too much—as has already happened in the case of wheat—the ballooning stocks can't even be exported; FCI has 42 million tonnes of extra stocks of wheat and rice precisely because there isn't enough demand, either locally or globally, at the price at which they were bought.

What the panel can do, if the farmers choose to engage with it, is to come up with a diversification plan for Punjab that includes a generous dose of central funding. Indeed, recognising there was a problem, the Punjab government under Amarinder Singh set up a Group of Experts headed by former planning commission deputy chairman Montek Singh Ahluwalia, and one of the suggestions made by the Group a few months ago was to reduce the area under paddy by a third over the next 6-7 years and to diversify into maize, fruits and vegetables, dairy, etc; as it happens, using maize as cattle feed raises milk productivity dramatically.

While such a plan will involve paying farmers higher MSPs on other crops like maize, and perhaps even gap payments—till citrus trees start fruiting, assuming that citrus is planted—it can be funded by both the Centre and the states. The Centre's FCI, for instance, would save around ₹5,600 crore a year from just getting less stocks that it has to carry; another ₹13,275 crore is spent by the Centre and the state on annual electricity and fertiliser subsidies, and so, as the diversification takes place, some part of this will be freed up. Nor is it that the state is not aware of the need to diversify away from wheat and rice; in 2006, it allotted 300 acres to the Bharti Group for corporate farming and Field Fresh, which works with 200 partner farmers in the state, is the largest exporter of baby corn from India today; then prime minister Manmohan Singh inaugurated the venture.

Even if the SC panel comes up with such recommendations on funding Punjab's diversification, and also looks at ways in which to increase procurement from eastern UP, Bihar and West Bengal, it is not certain the agitating Punjab farmers will accept it, or even that it will find favour with the government. But, the panel's skill lies in also convincing the Centre that its best bet is to start thinking along these lines.

To recapitulate, there can be little doubt that SC wanting to stand in judgment over a law cleared by the Cabinet and by Parliament is bad news for the country; but, if handled well, there is a possibility we can come out of this by limiting the damage.

## BadSCIENCE

### Many studies seem to ignore the retraction of the controversial study on negative outcomes of HCQ administration in Covid-19

**RAPID KNOWLEDGE DISSEMINATION** on Covid-19 has, without doubt, given the fight against the pandemic a huge leg up. However, this hasn't come without costs. The need for sharing research findings in the larger interest has also meant wide coverage for questionable research. Pre-prints (works that have not been peer-reviewed) have received almost as much publicity as published work. One consequence of this is bad science getting amplified..

*Science* reports that it found that nearly 200 articles published last year—including in many respected journals—cite two studies that were retracted by *Lancet* and *New England Journal of Medicine* in June 2020, to support their own findings, long after the retractions. The two retracted papers were based on what Surgisphere, a company with links to a co-author in each of the two articles, claimed was a large database of Covid-19 patient records from across the world. The *Lancet* study was the one that claimed the antimalarial hydrochloroquine worsened clinical outcomes in Covid-19. Surgisphere's 'database' and its genuineness had come under a cloud, with questions over its very existence. Yet, *Science* found one of the two studies was a primary source for many of the 200 studies examined by it. Such callous amplification muddles the understanding of the disease. While publications need to vet research works better, the media too must publicise retractions and peer criticism of research work far more proactively.

## FROM PLATE TO PLOUGH

### AGRI-FOOD POLICIES SHOULD BE DEMAND-DRIVEN, PROTECT SUSTAINABILITY AND EFFICIENCY IN PRODUCTION, AND GIVE CONSUMERS MORE CHOICE ON NUTRITIOUS FOOD

# The contours of an optimal agri-food policy

ASHOK GULATI
Infosys Chair Professor for Agriculture, ICRIER
*Views are personal*

**MAKING AN OPTIMAL** agri-food policy in India is the need of the hour. It should look at not only the short run but also medium- to long-term challenges. The UN Population projections (2019) indicate India will be the most populous country by 2027. By 2030, India is likely to have almost 600 million people living in urban areas, who would need safe food coming from the hinterlands. Indian agriculture has an average holding size of 1.08 hectares (2015-16 data) while engaging 42% of the workforce. Cultivable land and water for agriculture are limited and already under severe pressure. Given these basic parameters, how does one design an optimal agri-food policy?

Such a policy must have at least four touchstones. One, it should be able to produce enough food, feed and fibre for India's large population. Two, it should do so in a manner that not only protects the environment (soil, water, air, and biodiversity) but achieves higher production with global competitiveness. Third, it should enable seamless movement of food from farm to fork keeping marketing costs low, save on food losses in supply chains, and provide safe and fresh food to consumers. And finally, consumers should get safe and nutritious food at affordable prices. And, at the centre of all these is the farmer, whose income needs to go up with access to the best technologies and best markets in India and abroad.

On the production front, the best policy is to invest in R&D for agriculture, and its extension from lab to land, irrigation, etc, that raise productivity. For developing countries, it is believed that they should invest in agri-R&D and extension, at least about one percent of their agri-GDP. India is hovering at about half of this number. It needs doubling with commensurate accountability of R&D organisations (ICAR and state agriculture universities) to deliver. Can it be done over say the next three years?

But, where India is failing is to protect its natural resource endowments, especially water and soil. Free electricity for pumping groundwater and highly subsidised fertilisers, especially urea, are damaging groundwater levels and its quality, more so in the Green Revolution states of Punjab, Haryana and western Uttar Pradesh. This region is crying for crop diversification, especially reducing rice area by almost half, while augmenting farmers' incomes.

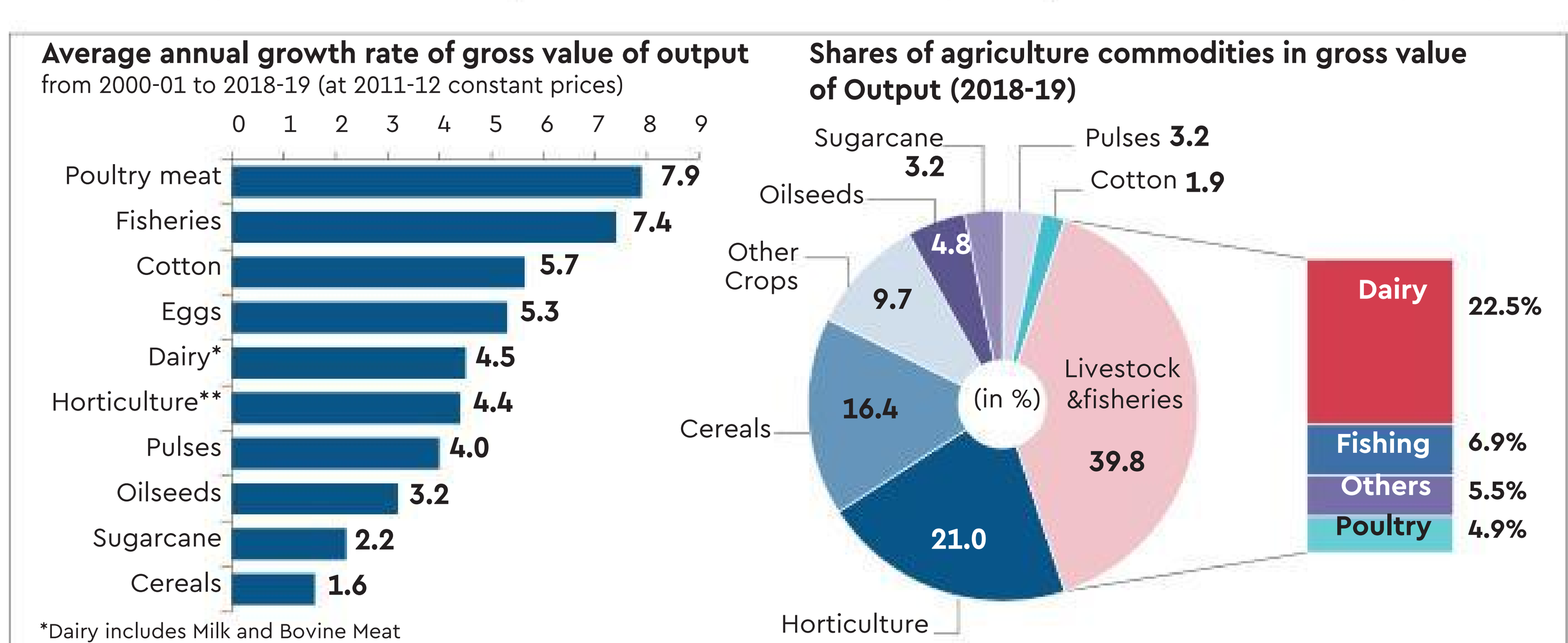
It can be done by switching from highly subsidised input price policy (power, water, fertilisers), and MSP/FRP policy for paddy, wheat, and sugarcane, to more income support policies linked to the saving of water, soil and air quality. But policymaking so far on this front has failed, resulting in excessive production of these three crops in the country. Sugar and wheat are being produced at prices that are higher than global prices, and can't be exported unless heavily subsidised. Excessive stocks of wheat and rice with Food Corporation of India (FCI) are putting pressure on finances of FCI. Rice is still globally competitive for exports, but we are exporting massive amounts of precious water (almost 25-30 billion cubic meters, annually) through the rice as water (power for pumping) is highly subsidised. All these are signs of sub-optimal agri-food policies.

Interestingly, these are the three crops in which MSP/FRP have any significant meaning, but they are growing at the slowest pace (see graphic). Poultry, fishery, dairy, and even horticulture, for which there is no MSP, are growing much faster (3 to 5 times) than cereals or sugarcane. It may be noted that in 2018-19, the value of livestock and fishery was almost 40% of the gross value of agricultural output. Horticulture accounted for another 21% (see graphic). And they don't enjoy any MSP programme of the government. Overall, the total value of purchases by government agencies at MSP of paddy, wheat, pulses, oilseeds and cotton, was just about 6% of the value of total agriculture and allied sector.

In the marketing segment also, for most of our agri-commodities, our costs remain high compared to several other developing countries due to poor logistics, low investments in supply lines and high margins of intermediaries. This segment has been crying for reforms for decades to bring about efficiency in agri-marketing and lower the transactions costs. It is still a tall challenge before us.

Let us now look at the consumer end. Basic hunger has been more or less conquered, but the biggest challenge for the next 10 years is that of malnutrition, especially amongst children. It is a multi-dimensional problem. From women education to immunisation and sanitation, to nutritious food, all have to be addressed on a war footing. Public Distribution of Food (PDS) that is relying on rice and wheat, and that too at more than 90% subsidy over its costs of procurement, stocking and distribution, is not helping much. It is already blowing up the finances of FCI, where its borrowing are touching ₹3 lakh crore. Finance minister will do an honest job if she puts the full food subsidy bill in the central budget rather than putting it under the carpet of FCI borrowings. But more importantly, beneficiaries of subsidised rice and wheat need to be given a choice to opt for cash equivalent to MSP plus 25%. FCI adds about 40% cost over MSP while procuring, storing and distributing food. This cash option will save some money to the FM and also encourage more diversified and nutritious food to beneficiaries.

All this would mean setting the agri-food policies based on a demand-driven approach, protecting sustainability and efficiency in production and marketing, and giving consumers more choice for nutritious food at affordable prices.




# Is inflation coming back?

### If inflation is set to rise globally—contrary, by the way, to what most analysts expect—what would be the implications for equity markets and the rupee?

JAMAL MECKLAI
CEO, Mecklai Financial
*Views are personal*

**HISTORICALLY, THE LOUDEST** signal of upcoming inflation has always been the slope of the US yield curve. This was seen as the best signal because the US treasuries market was—and remains—the most liquid in the world, and bond investors, ever sensitive to their investments losing value, was the fastest on the trigger.

Over the past 15 years or so, this classic signal has been somewhat devalued because inflation has appeared dead as a result of globalisation (the "China price") and automation, both of which have reduced the ability of labour to negotiate for fairer terms. Indeed, this bias against labour has persisted despite the fact that rampaging capitalism has delivered multiple crises, each time being bailed out by ever more generous monetary policy, which has lit a seemingly permanent fire under asset prices.

This has increased inequality, as a result of which there has been a huge flow of funds into alternate investment vehicles, like private equity and real estate. These vehicles are not as sensitive to inflation, which may explain why the market is not—as yet—reacting to the rising slope of the yield curve as it would have a couple of decades ago.

Indeed, the difference between the 10-year and 2-year US treasury yields has been rising steadily since it briefly turned negative in August 2019. This despite the fact that the Fed pushed the entire yield curve sharply lower when the coronavirus hit (March this year) and committed to keeping short term rates close to zero for the foreseeable future. The 10-year hit 1% for the first time since March last week, and continues to rise; significantly, the spread itself has risen to 1% this week, its highest level since July 2017.

Other inflation indicators have also been on a straight ride up—the price of copper, for instance, has risen 60% since August last year, and other raw material prices are also surging. Oil, which always does its own dance, is also back to the level it was pre-coronavirus and looks like it could hit $65/bbl soon.

Perhaps, the most significant factor for the inflation outlook in the medium term is the structural change in the Chinese economy. Over the past few years as part of the US-China "trade war", China has been moving away from being the world's manufacturing centre for low-value goods to focusing on the higher end, higher technology products; this shift has been accelerated by the coronavirus, which compelled many, many global companies to look to shift production to other centres, both in Asia and closer to home.

Again, over the past five years or so, many young people in China are looking for more value for their labour—they are, perhaps, the first generation that is not steeped in the historic ethos of working hard without complaint. Thus, local costs are rising and the central bank has signalled as much in allowing a sharp appreciation in the yuan from 7.25 in May to below 6.50 today, a rise of nearly 10% in about eight months. In particular, there was a sharp (1%) appreciation on January 3, 2021, which suggests that this policy may well be on track to continue. So, if indeed inflation is set to rise globally—contrary, by the way, to what most analysts expect—what would be the implications for equity markets and the rupee?

Well, if most analysts end up surprised, equity markets will obviously also be surprised; contrariwise, many analysts are, in fact, beginning to warn of a pull-back—a few, in fact, looking for Armageddon. However, at least from an interest rate point of view, it is likely that the Fed will happily suffer (slightly) higher inflation than risk yet another trauma in equity markets. Then again, it is likely that over the next six months at the very least, the new US administration will—finally—focus on the only way to address America's real problems and start using fiscal policy as a corrective for the years of almost criminally enabling capital. Thus, the near term for equities looks like volatility with a downward bias (at best).

Far more interesting is what will happen to the rupee. Clearly, RBI has been able to hold off the rupee's year-end rally and the 73 target remains (mostly) unbreached. While vegetable price inflation has come down in December, there are concerns that prices may start to rise again, partly from global considerations and partly from expected increasing demand with the re-opening of the economy. Thus, it is hard to see interest rates coming down materially. This should continue to support the rupee.

However, oddly—and, perhaps, significantly—while foreign portfolio inflows are still positive, although down from the huge $8 bn that came in during December, debt inflows have turned negative (from a net inflow of over $700 mn in December, they are running at about $350 mn negative in January so far). Further, imports have started rising while exports remain underwater, all of which could bring some pressure on the currency.

Very hard to call; perhaps we will see the rupee continue to jockey around in a slightly narrower range—say, 72.50 to 74.00—with an upward bias.

*www.mecklai.com*

## LETTERS TO THE EDITOR

### On farm laws

The demand of the farmers to repeal the three new farm laws resonates with the people. Thousands of farmers must be quite convinced that the new laws will have a detrimental effect on their lives, livelihoods and landholdings to stay put at various borders of Delhi braving elements and the odds stacked up against them. One must be on another planet to believe that the new farm laws were brought in for farmers' prosperity and not for the monopolisation of agriculture by corporates for accumulation of wealth. The government's claim that these laws are major farm reforms aimed at deregulating agri-market and increasing farmers' incomes is at variance with the construction put on them by the farmers. To anyone who looks at the laws without blinkers, it is crystal clear that they will jeopardise the state-run *mandis* and the minimum support prices for agri-produce and leave farmers at the mercy of big corporations. Farmers need reforms that respect them, their occupation, their labour and their symbiotic relationship with their lands. Their condition is not susceptible of improvement by these laws. The Modi government has promised to give 'complete costs +50%' to farmers, but filed an affidavit in the Supreme Court expressing its inability to raise MSP to 50% more than the input costs. Worst, it has brought in laws inimical to their interests. It must be called to account for using its parliamentary majority won by playing the religious and development cards in the furtherance of the commercial interest of corporates and made to repeal the anti-farmer laws.

— G David Milton, Maruthancode

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UNDERSTANDING STANDARDS

# Facilitating acceptance of Indian goods abroad

The challenges in the standards and conformity assessment domain are quite complex, needing a highly professional, expertise-driven cohesive strategy

**AS NOTED IN** my previous column ('Towards global acceptance of Indian products', *FE*, January 11, 2021; *https://bit.ly/3nQdoFR*), the challenge of meeting global regulations is not the only challenge India faces in accessing the world market. There are two more challenges that may impede Indian exports.

One of these is the market demand for voluntary standards and certifications, which are generally private because in developed economies governments rightly focus their energies on good regulations. The interesting aspect of voluntary standards is that these are demanded in the market even in regulated sectors, so it is not enough to meet European regulations on food, stringent as they are, but also meet such private standards as FSSC 22000 or BRCGS or IFS. A similar situation exists in forest produce where not only regulations related to legality of wood have to be met with, but voluntary forest certification has become a de facto requirement in the developed markets. Such private standards, now called private sustainability standards, address concerns related to environmental compliances, fair wages, worker safety, fair trade practices, etc, and are becoming increasingly a prerequisite in developed societies. It would not be long before these become prerequisites in the Indian market as well, as ISO 9001 became one after initially being touted as a gateway to the European market.

The above are in addition to internationally recognised certifications like ISO 9001 for quality management systems or ISO 14001 for environment management systems or ISO 45001 for occupational health and safety management systems, and industry standards like IATF 16949 in the automotive sector or AS 9100 in the aerospace sector, which are much sought after in voluntary sectors.

Some of these private standards allow development of local schemes and benchmarking like GlobalGAP for good agricultural practices or the Programme for the Endorsement of Forest Certification (PEFC) for sustainable forest management that impacts all wood and forest products like furniture, paper and handicrafts. It is here that India is yet to figure out an effective strategy; despite having a national scheme IndGAP premium certification of QCI which is on a par with GlobalGAP or the forest management certification of the Network for Certification and Conservation of Forests (NCCF), which commendably has been benchmarked by the PEFC, India is yet to leverage them to the benefit of its industry. It has to be recognised that local schemes bring down costs of compliance for the industry and make them more competitive in the global market.

It is commonly believed in India that our industry faces the challenge of meeting global standards as the biggest one, be these regulations or voluntary standards. A study by the WTO of the specific trade concerns raised by the member countries has shown that only 30% of these related to standards; 70% trade concerns related to what is called conformity assessment, which means issues related to inspection, testing and certification procedures. This is an aspect that we have ignored and to which we need to pay special attention to facilitate acceptance of Indian products abroad.

The most commonly used method for acceptance of inspection, testing or certification across borders is accreditation, be these regulations or voluntary standards. However, despite having internationally recognised accreditation bodies, the National Accreditation Board for Certification Bodies (NABCB) and the National Accreditation Board for Testing and Calibration Laboratories (NABL), we continue to rely on a little practised model of BIS conformity assessment without accreditation in our regulations, leading to non-acceptance of its certification even if international standards are used in regulations under the BIS Act. This works to the detriment of India's interest as the industry has to, at times, secure additional certification in order to export, which increases the cost of compliance.

In fact, the entire system of using BIS as the hub of technical regulations under the BIS Act is an anachronism, practised as it is mostly in less developed countries where technical competence is limited and does not befit a country like India with considerable technical expertise and aspiring to match the developed economies. It is time to take a hard look at our approach to technical regulations and adopt international best practices.

Increasingly, it is being recognised across the world that conformity assessment could be left to professional bodies in the private sector, except may be in high-risk sectors while the regulators exercise an oversight over the system and deal with essential regulatory functions like notifying regulations, licensing and market surveillance.

Indian regulators are yet to embrace this concept in entirety, although some progressive regulators like the Food Safety and Standards Authority of India (FSSAI) in the food sector, the Central Drugs Standard Control Organisation (CDSCO) for medical devices, and the Bureau of Energy Efficiency (BEE) for star rating scheme have taken commendable initiatives in this direction with reliance on accredited third-party conformity assessment, which should actually be a rule. They now need to leverage the international equivalences earned by our accreditation bodies to secure acceptance from overseas regulators to facilitate exports of relevant products.

**The most commonly used method for acceptance of inspection, testing or certification across borders is accreditation, be these regulations or voluntary standards**

The WTO TBT and SPS Agreements provide for acceptance of exporting country's conformity assessment procedures by importing countries and India needs to pursue this option assiduously to promote acceptance of its products once we have fixed our regulatory regime. Bilateral trade agreements and better still multilateral trade agreements can go a long way in making exports easier, rather than making individual manufacturers struggle with overseas acceptance on their own. The free flow of goods in the EU and ASEAN markets are excellent examples, and in many regional groupings like the SAARC or the BIMSTEC, India is ideally paced to take the leadership to push such mutual agreements. It may be appropriate to point out that even harmonisation of standards is not a prerequisite for such agreements as long as we display a capability to manufacture and demonstrate compliance to standards/regulations of the importing countries. The seafood certification done by the EIC, as a duly designated competent authority for the EU, is an excellent example of one-sided understanding where India has gained access to the EU market.

The above narration reemphasises that the challenges in the standards and conformity assessment domain are quite complex, needing a highly professional, expertise-driven cohesive strategy.

# On cartels and regulators

YOGINDER K ALAGH

The author is a former Union minister

We need 21st century thinking of distinguishing cartels from competition

**WE HAVE AGAIN** seen the government at the highest level upbraid cement and steel cartels, and announce the setting up of regulatory authorities. Officials and lawyers love this. Retired officers get sinecures in such regulatory authorities, and lawyers get lucrative jobs. Official committees like the Pai Panandikar Committee set up by Morarji Desai as the Prime Minister on 'decontrol' may have suggested that such 'regulation' leads to possibility of corruption, but the files are brought out and dusted: these go back to the draconian controls of WW II and a 21st century version is suggested.

*Déjà vu*, as an economist friend suggested.

If the market price is the same, the regulator says it's a 'cartel'. But then the agricultural sector, the only real case of perfect competition taught in textbooks, must be a cartel. The price is the 'same'. Léon Walras had said that happens with '*tâtonnements*'. These are repeated transactions to achieve equilibrium. As a young man, I would get down at Sealdah station in Kolkata and walk down to my favourite '*mishti*' shop. Hawkers were peddling fountain pens. As I walked down, I heard them saying '*do rupiah char anna*' (one price), and while coming back I heard '*do rupiah dus paisa*' (one hawker reduced the price by reducing his commission, and then the others joined). The result is one market price. Please notice that this one price comes out of cartels, but almost perfects competition in the short run.

This is not to say that cartels are not there. But proving them needs hard work. Economic analysis based on facts is needed, which is not easy and a retired civil servant's domain. What were the communication channels? Hotel rooms where meetings took place and so on? Even then, as the American antitrust economists have shown by diligent research, the cases go to courts, and so it goes on.

Delhi has to appreciate that steel and cement are priority industries. It is this government that has given up long-term planning of industries and the dominant role of the public sector in these priority industries. This has consequences for policy. These industries are needed for defence as these are required for roads and armaments. These are sectors with large-scale linkages needed for growth. When I used to chair the Bureau of Industrial Costs & Prices (BICP), I decontrolled both. We developed the concept of the desired price as LRMC (long-run marginal cost). The bureaucracy asked: How will you implement it? I replied we will fix the control price and the market price will be there. The controlled quantity can go for social needs or the *netas*' relatives. I don't care. How will you get the right share? I won't. The market will. If the joint return is less than LRMC, we will reduce the controlled share. The concept of LRMC was the price needed to modernise and expand existing capacity and set up greenfield plants. It was an advance in regulation and the World Bank said so. We used dual pricing and tax and tariff policies to implement market-friendly laws.

It broke the nexus between the *babu* and the *seth*, which is the basis of corruption (with a percentage for the *neta*?). My successor Vijay Kelkar perfected it. The BICP published reports hiding individual firm data, but making the rules and calculations public. It is now a part of textbook industrial economics.

A lot has happened in the last quarter of century. Out there are trained economists and policymakers, including in the government to design new systems. These would, of course, take care of newer, more sustainable technologies and business practices.

Let's do a modern 21st century version of distinguishing cartels (which, as the policymakers say, must be punished) from competition again.

(**Declaration of Interest:** The author, an independent director of Shree Cement, strongly believes in ethical practices in business.)

# Battling Covid-19 with digital armour

How technology helped the humankind overcome the biggest disruption in recent history

DHANENDRA KUMAR

The author is former chairman, CCI and ED, World Bank. Views are personal

**BILL GATES HAD** forecast in 1999 in his book '*Business @ the Speed of Thought*' how, using a digital nervous system, technology will transform the nature of new businesses. Indeed fortuitous, it was the digital nervous system that survived the daily life and economy during the pandemic. Quite appropriately, the President, while rounding off 2020 at the Digital India Awards, said, "Technological advances are often termed as disruptions but this year they helped us overcome the big disruption to a great extent."

When the first lockdown was clamped in March 2020, unsuspecting people were stunned, daily lives frozen, airports shut, planes grounded, trains stopped, shutters downed in markets and theatres, schools closed, and it was the digital technology that came to the rescue. In the new normal, socialisation got curbed, work-from-home (WFH) became routine, needs curtailed to essentials, e-commerce with hyperlocal home delivery, schools and education, medical consultation, entertainment, financial services, everything turned online. New business models evolved to survive; others became history.

The Digital India initiative came in handy and got a big fillip. With the investment under various programmes by government and private agencies, there is now a robust infrastructure, with 500 million internet users, 95% connected via mobile. The BharatNet project (₹8,000 crore) is planned to provide broadband services to 2.5 lakh gram panchayats, and 5 lakh Wi-Fi hotspots for providing broadband service to 5 crore rural people will help expand digital services across the country. The number of smartphones, currently 80 crore, is expected to grow to 120 crore, and will give a big boost to m-commerce, including fintech. India's monthly usage per smartphone of 15.7 GB (up 16.3% from 2019), which is the highest in the world, is likely to touch 37 GB soon.

A sector that saw a big spurt after some hiccups during initial lockdown shocks was e-commerce. Consumers' need for safety and convenience resulted in an inflexion in shopping trends. There was an upsurge in sales of biggies like Flipkart and Amazon during the festival season. There were supportive linkages to boost digitisation of retailers and *kirana* merchants and helping artisans and handicrafts. With coverage of 95% of India's PIN codes, much of the new incremental growth is being driven by tier-2 and tier-3 towns and rural areas. According to a report by StoreHippo (*tinyurl.com/389x07q8*), the growth of B2B e-commerce segment was 200% faster than B2C, and hyperlocal e-commerce model and m-commerce have come to the centre-stage. According to a recent study (*tinyurl.com/u3mgcugj*), tech and e-commerce will be the silver bullets for businesses in 2021. E-retail has benefited consumers, suppliers, MSMEs, and there have been heart-warming stories of such support by Flipkart (*tinyurl.com/1otdjd9h*). A similar report elaborates benefits to a million SMBs working with Amazon in India (*tinyurl.com/1n81ld45*). Infusion of technologies like artificial intelligence and augmented reality is slated to give customers a virtual close-to-real experience, driving growth.

Covid-19 changed the scenario for the fintech industry, with innovations that will facilitate holistic financial services over a single mobile interface. A plethora of wallets grew as payment options, such as Paytm, Amazon Pay, Airtel Money, Mobikwik, Freecharge, Razorpay, Jio Pay, PayZippy, etc. Innovations stemmed from players like Paytm with concept of business hardware like Soundbox verbally conveying payment confirmation along with the amount when multiple buyers make a payment at a shop, in languages such as English, Hindi, Tamil, Telugu and Kannada—helpful in a multilingual country.

Teleconsultation with doctors and telemedicine have come in handy. According to an EY study, telemedicine in India is expected to grow at a CAGR of 31% during 2020-25 to reach $5.5 billion. Teleconsultation and e-pharmacy account for 90% of this market. Aarogya Setu app was developed for Covid-19 contact tracing. A digital ecosystem soon got evolved around healthcare. Several players emerged like Practo, Docprime, 1mg, Mfine, Call health, Lybrate, Pharmeasy, Netmeds, Medlife, Medplus, Wellness Forever. E-pharmacies are diversifying their offerings into constituent areas like diagnostic tests, in-house doctor consultations, lifestyle blogs.

Education, which was severely disrupted during Covid-19, got a big boost to due to edtech. Byju's is reportedly acquiring bricks-and-mortar test prep leader Aakash Educational Services for $1 billion. Start-up Unacademy, which turned unicorn, made five acquisitions and raised three rounds of funding, is looking at 2021 with a focus on 'building things for India'. Now valued at $2 billion, it aims to build Graphy, which allows users to explore stories, ideas and original content through video, audio and quizzes. Amazon is foraying into edtech with Amazon Academy, which will help students prepare for JEE. There are many other learning platforms such as Vedantu, Toppr, Coursera, Meritnation and Gradeup. Government platforms like Diksha, National Repository of Open Educational Resources, e-pathshala, Swayam and Swayam Prabha have been widely used. Firms like Orion Innovation are betting on evaluation and assessment solutions to provide uninterrupted exams during the pandemic.

With the closure of theatres, digital has become the platform of choice for people, and the OTT sector witnessed an upsurge. According to a MoffettNathanson report, Disney+ had expected to gain 20 million subscribers by October 2020, but after raking in 10 million subscribers on their very first day, the streaming platform continued its meteoric rise through the New Year and the pandemic. As it celebrated its first birthday in November 2020, Disney+ boasted over 73 million subscribers. Similar is the trend with other OTT platforms that have all hosted new film releases.

With the disruption in travel and tourism, a new firm tourHQ.com, which earlier provided a platform to connect tourists with its 35,000 guides around the globe, was facing a near death, but with tech pivoted (*tinyurl.com/1cxgxv3d*) to bring online experiences of virtual visits of global destinations and activities like music, dance, culinary skills, all within the comfort of homes, it provided virtual excursions to home-stuck families.

Services platforms like Urban Company (formerly UrbanClap) are providing home services of haircut, beauty salon, carpenter, electrician, etc. They are upgrading skills of these gig workers, providing them modern tools and market linkages. Food delivery services like Zomato and Swiggy have seen phenomenal growth.

In the new normal, people prefer hiring personal transport services like Ola/Uber or low-cost solutions like 'auto' and 'moto', which include scooter sharing firms Vogo and Bounce, bike-taxi firm Rapido, etc.

As India is gearing up for the world's largest vaccination drive, it is hoped that 2021 will be much safer, benign, gentler and kinder to everyone.

# eFE

MONDAY, JANUARY 18, 2021

**NEW HEIGHTS**

Debjani Ghosh, president, Nasscom

"The Indian tech startup ecosystem's performance in 2020 has demonstrated the resilience and can-do spirit of the Indian entrepreneur."

TIME TO ACT

# Business transformation needs a Business Cloud

**The need of the hour is to offer customised solutions so that companies can provide a personalised experience and run their businesses seamlessly, says Kulmeet Bawa, president and managing director, SAP Indian Subcontinent**

SUDHIR CHOWDHARY

**ONE THING THE** year 2020 has proved is that no matter where in the world you live or what you do for a living, technology is indispensable in life. It is transformational, exciting, mysterious, omnipresent—all at once. "It has also re-emphasised the need for enterprises to find bold ways to drive business transformation by adopting digitalisation to emerge stronger," says Kulmeet Bawa, president and MD, SAP Indian Subcontinent.

In a free-wheeling chat with FE, Bawa says this is not just a short-term goal anymore. "There is a need for a holistic experience that can help employees be more efficient and flexible, enabling customers to go digital, and partners to be adaptable," he emphasises. As uncertainty becomes the norm in the global business community, companies are looking at technology to drive efficiency and transparency across their business networks. So, what holds the key to a resilient and agile 2021?

The answer (again) is cloud, says Bawa, "although with some more context given our learning in this historical year." He reckons that the real digital transformation deal is when the business processes are holistically automated, integrated and made autonomous. It calls for a platform on which business get a digital edge and can be transformed in the real sense. This, in essence, is Business Cloud, says Bawa. "It takes a business-first approach and is defined directly by the imperatives to become competitively responsive, ruthlessly efficient, and inherently sustainable. It is not just about the IT infrastructure, it's all about integrated business applications underlying the enterprise processes. It is inherently architected for cloud—making it scalable, elastic, agile, secure, and data-centric," he says.

Today, companies can choose from a wide variety of cloud deployment options—public, private or hybrid. Bawa says, "What is most important is building your own business case based on the current IT landscape and maturity, business realities, and most importantly, business requirement based on anticipated scale."

### Changing business models

If we look at the past few decades, products and services have revolutionised the way business is done. Think about any business—all the processes from front-office to back-office have undergone transformation—from manual and error-prone to one that's automated and efficient. Digitalisation has truly disrupted business, blurred boundaries, and led to new business models.

According to Bawa, business processes have critical dependencies on internal or external factors. Companies rely on their partners to help meet the growing demands and deliver as and when needed. The need of the hour is to offer customised solutions so that companies can provide a personalised experience and run their businesses seamlessly. "This is the time when enterprises need enablers and expertise, this is the time to build networks on a global scale," he adds.

"It is pivotal for every enterprise to push harder and work towards one goal—integrated digital transformation to leverage the power of the ecosystem at full scale."

—KULMEET SINGH BAWA, PRESIDENT & MD, SAP INDIA

### Leading the revolution

As the world continues to look towards emerging economies such as India to drive the transformation agenda, the role of technology in enabling that growth cannot be understated, says Bawa. For both business as well as the overall governance framework, managing and utilising data is going to be the key driver for the next few years.

The choice for companies who want to thrive in the true sense is quite clear – perform by adapting to the current customer needs or go into oblivion.

According to Bawa, 2021 is not just another new year that beckons us. It's the beginning of a new decade that will witness the rapidly changing business dynamics. Those serious about keeping or attaining leadership, in the long run, must exhibit the ability to experiment, learn and fail fast, embed innovation in business & IT processes and be ready to pivot business models to be relevant.

"A sustainable cloud strategy will play a pivotal role in helping organisations in their flight to Cloud 9," he summarises.

CRANKING THE ENGINE

# Going beyond robotic process automation

**Hyperautomation holds the promise of automating the whole body of knowledge work instead of just the simple tasks and rules**

Uma Ganesh

**ORGANISATIONS THAT HAVE** embraced digital transformation have recognised the advantages that Robotic Process Automation (RPA) has to offer and many of them have implemented it in their key business areas. By enabling businesses to automate certain tasks, RPA has eliminated mundane manual tasks, enhanced cycle time thus ensuring predictability, accuracy, standardization, flexibility and better control. Further to this, businesses have experienced short pay back periods of their investment in RPA and achieved cost savings of 25-50%.

However the primary disadvantage of RPA is that while it has found acceptance for automating select simple and stable processes aimed at tactical quick wins, it has limited applicability and potential for scalability. RPA also has the inability to automate via unstructured data. In most businesses there are many continuous processes that require optimisation and human intervention for decision making and action. This is where hyperautomation could help large organisations in scaling their automation efforts and realise significant returns.

Hyperautomation has caught the imagination of businesses in the last couple of years as it holds the promise of automating the whole body of knowledge work instead of just the simple tasks and rules. Gartner defines hyperautomation as "an effective combination of complementary sets of tools that can integrate functional and process silos to automate and augment business processes." This approach is also known as Digital Process Automation (Forrester) and Intelligence Process Automation (IDC).

Moving from simple automation of tasks to complex and sophisticated status of automation, hyperautomation has the potential to impact the processes and workflows across multiple stages such that processes are completed with speed, more efficiency and fewer errors. These outcomes are possible to be realised with a mix of automation technologies and artificial intelligence tools such as natural language processing (NLP), optical character recognition (OCR) and machine learning (ML) that not only simplify the processes but also empower and augment human capabilities for ensuing robust design, timely discovery and efficient management of work.

In order to consider an initiative around hyperautomation, firstly it is important to examine the current systems, reengineer the processes as required and eliminate unnecessary steps in tune with the business realities. Since hyperautomation is built around a combination of technologies to augment human productivity, a sound strategy is required to be put in place to support this goal. It would call for a new automation strategy that would be centered around the goal of end-to-end automation and optimisation of digital processes at scale such that business stakeholders are empowered with minimal dependance on technical expertise. Identifying the right complimentary tools for RPA platform based on the prioritised set of addressable problems is an essential step towards this goal. Finally, executive support would be crucial for success. Potential benefits such as customer retention, enhanced revenue, reduced cost, decreased risk or increase in customer satisfaction would make a strong case to win the business mandate for hyperautomation.

*The writer is chairperson, Global Talent Track, a corporate training solutions company*

# Tech Bytes

## IT helps to know your customers better

HCL TECHNOLOGIES HAS partnered with Artificial Intelligence (AI) innovation firm Bobble AI to offer customer engagement solutions in the open banking space through a plug-n-play White-label Keyboard SDK (Software Development Kit). The keyboard-based solution creates a unique advantage and strengthens HCL's relationships with its banking and insurance clients. The solution, to be deployed remotely, will help HCL's banking clients develop a 360-degree understanding of their consumers based on smartphone behaviour across 24x7 usage.

The Bobble AI Keyboard SDK offers core typing functionalities like auto-correct, word predictions, swipe-to-type, speech-to-text, clipboard and more. In addition to English these features work efficiently in 36 Indic languages and over 100 international languages. The solution seamlessly integrates with a bank's mobile app, giving consumers access to services while creating an opportunity for banks to extend their features and offerings to their consumers based on real-time intent. It serves as both a strategic driver for promoting mobile banking services and helps banks regain P2P (peer-to-peer) transactions that may be lost to digital wallets and other dedicated solutions.

## TCS wins award for its return-to-work IoT solution

TCS' Intelligent Urban Exchange (IUX) for Workplace Resilience software has won the 2021 IoT Breakthrough Award in the category 'Enterprise IoT Management Innovation.' The IoT Breakthrough Awards showcase the innovators, leaders and visionaries that exemplify the best in IoT technology solutions across the globe. IUX for Workplace Resilience helps enterprises make it safer for employees to return to work amid Covid-19 by combining risk analytics with key business relaunch functions such as workforce safety, regulation compliance, operational resilience, and customer engagement. It is part of TCS's Secure Borderless Workspaces model, which enabled its workforce of over 453,000 across 46 countries to work remotely in just a few weeks.

Currently, TCS has successfully deployed the solution across nearly all its locations in 19 cities in India, and is doing so at key TCS facilities in the United States and Canada.

# Gadgets

SHARP-QNET ZENSATIONAL AIR PURIFIER

## Clean & fresh air on wheels

**Sharp-QNet ZENsational is an elegant piece of equipment that incorporates high-end technology and ensures a very good level of air purification**

SUDHIR CHOWDHARY

**NOWADAYS, QUITE A** few Indian households (at least in the big cities) have air purifiers to keep their indoors pollution-free. Studies appear to suggest that reduction in particulate matter and allergens results in reducing symptoms, and in certain cases, preventing disease progression across all age groups including elderly and children. The evidences are apparent in chronic respiratory diseases such as asthma and cardiovascular health. Air purifiers with Plasmacluster ion technology are also said to deactivate coronavirus by 90%. More on it at a later stage.

This reviewer has been using Sharp-QNet ZENsational air purifier for the past few days and the machine is pretty effective in keeping our indoors clean and fresh. It gives you a very good level of air purification. It also promises to remove dangerous particulates from our living and work places. QNet, one of Asia's leading direct selling company, is offering this co-branded (Sharp-QNet ZENsational) air purifier for ₹97,620. QNet's distribution channel comprises a strong network of over 5 lakh distributors spread across key cities in India. Let us check some of its key features and performance.

Out of the box, the Sharp-QNet ZENsational air purifier comes across as a elegant piece of equipment that is pleasing to the eye. Therefore, you can place it anywhere you like—in the living room, bedroom or even at your workplace, provided there is a need for it. The best thing I liked about this air purifier is its portability and ease of use. It weighs a mere 10.5 kg and has wheels, therefore it is quite mobile.

Most important, the ZENsational air purifier has Sharp's patented Plasmacluster ion technology, an integrated humidifier, and seven Intelligent-Detection Modes, the first of its kind in this category. The air purifier has an intelligent sensor system that monitors and indicates the dust, odour, haze, temperature, and humidity conditions of the room. Based on the requirement, the sensors detect the need and automatically adjust the function, resulting in energy efficiency. It purifies the indoor air by emitting positive and negative ions which are present in nature.


Let me point out some of the key benefits. One, high density Plasmacluster ions are said to kill 29 different types of pathogens (H1N1, MRSA, E.coli, Cladosporium, etc) present in the air and from the surfaces. Two, dual action with Pandaa filter neutralises gases and chemical fumes and converts into harmless gases. Basically, a double deodorising function is performed here. It decomposes haze substances (Toluene, Ethylbenzene, xylene, etc) along with other household toxins. Three, true HEPA filter captures 99.97% of particles as small as 0.3 microns that pass through it, including pollen, mould, pet dander and dust. Four, an integrated humidifier helps to keep your skin healthy and safeguard against throat infection. Five, the air purifier removes clinging odors and bacteria quickly.

Once you press the button, everything operates automatically. Humidifying and air purification are controlled according to the impurities, odours, temperature, and humidity of the air in the room. Also, a motion sensor detects whether people are present, working in coordination with a light sensor to automatically switch to energy-saving operation.

In short, bring this air purifier home and say goodbye to indoor air pollution.

**Estimated street price: ₹97,620**

BOSCH HAEMOGLOBIN MONITOR

## Now AI helps determine haemoglobin levels

**A portable and compact device that helps in early detection of anaemia without blood tests**

SUDHIR CHOWDHARY

**ACCORDING TO ESTIMATIONS** by the WHO, 1.6 billion people suffer from anaemia, a condition resulting from the reduced hemoglobin concentration in the blood. This has prompted the WHO to define the fight against anaemia as one of its critical sustainable development goals for 2025.

Towards this, Bosch has developed a portable Hemoglobin Monitor Solution (HMS) especially for regions where routine access to medical care tends to be difficult. This HMS allows a large number of people to be screened for anaemia rapidly, safely, using a non-invasive approach. The solution has been named a CES Innovation Award Honoree in the "Health and Wellness" category. "Bosch has developed the non-invasive hemoglobin monitor as an innovative solution and as an alternative to traditional methods for the early detection of anemia. This should offer people better diagnosis options even in resource constrained conditions. The use of Artificial Intelligence is revolutionising anaemia management, specifically in point-of-care setups and closer to the patient," says Dattatri Salagame, president and MD of Robert Bosch Engineering and Business Solutions (RBEI).

Haemoglobin is a protein found in red blood cells and carrying oxygen and carbon dioxide throughout the body. People with a low haemoglobin count may experience symptoms such as general fatigue, weakness, pale skin, and even serious illnesses. Anaemia particularly affects women, more so when they are pregnant, and also people suffering from malnutrition. In cancer patients undergoing chemotherapy or in palliative care, hemoglobin levels should be checked regularly.

The intelligent solution by Bosch is designed for use directly at the point-of-care and is completely pain-free with no need for a blood test, as the value is determined by a finger scanner using multi-wavelength spectrophotometry on the surface of the skin. The system uses an optical sensor to precisely and reliably measure the photoplethysmogram (PPG) signals.

Photoplethysmography, or PPG, is an optical technique used to detect volumetric changes in blood in peripheral circulation. The device provides a reliable result within 30 seconds even for low haemoglobin concentrations. This is where machine learning comes in: the device's algorithm monitors the wavelength of the light and uses 27 different characteristics to determine and classify the haemoglobin value. The algorithm has been trained with more than 10,000 anaemia data points. These clinically collected data along with the corresponding ground truth data, are the basis for the machine learning algorithm. The more validated data sets are put into the continuously learning algorithm, the more precise the results will be.

A laboratory analysis is not necessary and there is no risk of infection from contaminated needles. Participants receive their test results quickly at the point of care. The device is battery operated, does not need subsequent calibration, and is extremely easy to use. It is intended for use in outlying and remote regions by healthcare professionals. Market release in India is expected by mid-2021.

# Investor

MONDAY, JANUARY 18, 2021

EXPERT VIEW

We maintain that Infosys, given its significant contribution from cloud and digital, remains a major beneficiary of this tech upcycle

—Edelweiss

● INFOSYS RATING: BUY

## Another strong performance by the company

**Numbers were sound across verticals; mgmt has raised guidance; TP up to ₹2,124 given the revenue growth, execution; 'Buy' retained**


**INFOSYS AGAIN DELIVERED** strong results with revenue growth of 5.3% q-o-q (in cc) in Q3FY21 compared with our and Street's estimates of 5% q-o-q and 3% q-o-q, respectively. Margins came in flat at 25.4%, but ahead of Street's estimate of 25.1%. The company notched up highest-ever deal-wins, aggregating $7.1 bn, with 73% being net new clients. The net new deals for 9MFY21 stand at over $8 bn. Moreover, the net new deals signed in Q3 are more than 1.5 times of the entire FY20.

Management remains confident of the strength in business momentum and strong market share gains. In light of Infosys's robust revenue growth and consistent execution, we are raising the TP from ₹1,850 to ₹2,124 while rolling forward the valuation to Q1FY23e.

**Verve across verticals**

Financial services/Retail/Communication/Energy and utility/Manufacturing/Hi-Tech/Life sciences grew 12%/2%/0.8%/4.9%/-4.1%/17.4%/ 11% on a y-o-y basis (in cc). Similarly, by geography, North America/Europe/Rest of World/India posted y-o-y growth of 8.8%/1.3%/6.1%/4.3% (in cc). Free cash flow increased to $772 mn from $674 mn in the previous quarter. Voluntary attrition was 10% compared with 7.8% in Q2FY21, much lower than the acceptable 14–15%. The company added 139 new clients. It won 22 large deals, mostly in America and Europe.

**Sector tailwinds continue to aid growth**

The company again raised its revenue guidance, to 4.5–5% (in cc); management also edged up the margin guidance to 24–24.5%. Utilisation stood at 86.3%, an all-time high. Onshore mix came in at 25.2%, the lowest ever. More than 9,100 employees joined the company in Q3.

**Financials** (₹ bn)

| Year to March | FY20A | FY21E | FY22E | FY23E |
|---|---|---|---|---|
| Revenue | 908 | 1,005 | 1,181 | 1,354 |
| Ebitda | 223 | 282 | 330 | 385 |
| Adjusted profit | 168 | 198 | 240 | 287 |
| Diluted EPS (₹) | 39.4 | 46.6 | 56.5 | 67.6 |
| EPS growth (%) | 8.1 | 18.2 | 21.4 | 19.5 |
| RoAE (%) | 25.7 | 29.7 | 33.7 | 35.2 |
| P/E (x) | 35.2 | 29.8 | 24.5 | 20.5 |
| EV/Ebitda (x) | 27.1 | 21.1 | 17.5 | 14.6 |
| Dividend yield (%) | 2.0 | 2.3 | 2.3 | 2.3 |

Source: Company and Edelweiss estimates

Infosys will roll out wage hikes across levels effective 1st January, 2021. Margins remained stable with a positive contribution from better utilisation and better onshore mix offset by transition costs, promotion and compensation-related costs and others. That said, wage hikes are likely to keep margins under pressure in Q4FY21e. Cash at the end of the quarter was $4.5 bn.

**Outlook: Consistency continues**

The company impressed with strong results this quarter as well. We maintain that Infosys, given its significant contribution from cloud and digital, remains a major beneficiary of this tech upcycle. Maintain 'BUY/SO' while increasing the TP from ₹1,850 to ₹2,124 (36x Q1 FY23e) as we roll forward to Q1FY23e.

EDELWEISS

● EQUITY STRATEGY

## Broad-based upgrade in earnings likely

**All 13 sectors should see growth in Q3; domestic firms to clock 7-qtr high; margins expected to flatten q-o-q**

**CORPORATE EARNINGS SHOULD** grow at 21% y-o-y with the earnings growing across all 13 sectors in Q3 vs. 6 in the previous quarter. Domestic company earnings growth of 12% will be at a 7-quarter high. Margins should flatten to decline q-o-q as cost normalisations are seen across several sectors and raw material prices have risen. Metals, cement, pharma and mid-cap earnings should rise 30%+ while consumer and IT will be in mid-single digits.

**Earnings recovery broadens**

Q3FY21 pre-exceptional profit growth for Jefferies coverage universe is expected to rise 1ppt q-o-q to a 7-quarter high pace of 21% y-o-y. The earnings quality will show significant improvement as the ex commodities, metals & financials earnings is forecast to rise at an 8-quarter high pace of 14% (vs. 1% in Q2). On a sequential basis, several sectors will likely return to profit growth. These include: autos, consumer, cap-goods/infra, property, telecom and metals.


**Domestic earnings to grow after 3 qtrs**

Our group of domestic companies' (universe excluding exporters, O&G, metals) 12% earnings growth would be driven by autos, cement, mid-caps and property which should grow earnings at c.20%+. The earnings decline in cap-goods and property sector in Q2 is set to reverse as the problem of lack of construction labour has been largely resolved.

**Revenues recovering, margins flattening**

The earnings growth improvement for the ex O&G, metals & finance universe is largely driven by revenue growth improving by 6pp q-o-q to 9% y-o-y in Q3. Domestic sector revenue growth improvement is sharper at 10ppt q-o-q; and will be driven by double digit revenue growth in autos, consumer and cement. Domestic company margins though will be flat q-o-q/y-o-y at 21% as benefit from higher revenue growth would likely be neutralised by cost normalisation.

**Sectors/stocks with strong earnings**

Steel companies Tata Steel and JSW are expected to post ~25% q-o-q/~110% y-o-y Ebitda growth on improvement in steel prices; Consumer cos volume growth +3ppt q-o-q to 10%: Dabur's Ebitda to grow ~20% y-o-y on strong health portfolio. HUL's 18% PAT growth helped by GSK merger; Property cos should report double digit y-o-y pre-sales growth; 30%+ earnings growth reported from most pharma majors such as Sun, Cipla and Lupin helped by domestic cost cuts supporting margins (+3.3ppt y-o-y) and new launches in the US.

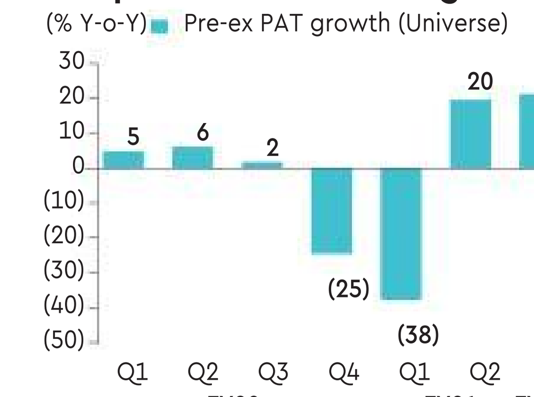
**Our domestic firms universe's (excl exporters, O&G, metals) 12% earnings growth would be driven by autos, cement, mid-caps and property**

**Earnings laggards**

While ITC will see a sequential improvement, Ebitda would be down 7% y-o-y as cigarette volumes (-5%) are still pressured on y-o-y basis; earnings growth for 2Whlr cos would be in flattish to down, where volume recovery has trailed that for PVs (Maruti earnings +18% y-o-y); PSU banks, will likely see higher provisioning (2.7%, +70bps q-o-q) while it falls for private banks q-o-q on upfronted NPL recognition by latter.

JEFFERIES

**Pre-ex PAT growth of companies under coverage**




Source: Companies, Jefferies


● KARNATAKA BANK RATING: BUY

## CoD fall, lower credit costs aided earnings

**Lagging loan growth was a dampener; 'Buy' retained with target price of ₹75**

**KARNATAKA BANK (KBL)** reported Net Profits of ₹135 crore, higher than our estimate of ₹119 crore led by decline in Cost of Deposits (CoD) of 66/11bps y-o-y/q-o-q to 5.4% and lower provisions of ₹214 crore, down 32/34% y-o-y/q-o-q. NIM expanded by 43bps to 3.26% leading NII growth of 21/7% y-o-y/q-o-q, even as yields moderated and loan growth fell by 3% to ₹53,187 cr.

The bank continues to run down its large corporate book which stood at 15.5% of loan mix vs. 25.2% a year ago. Mix of Retail and mid corporate loan improved to 51/33% vs 47/28% y-o-y. Deposits growth of 3% was led by CASA, up ~13.5% y-o-y. CASA ratio improved to 30.1% vs 27.4/29.2% y-o-y/q-o-q. Non-interest income growth was muted, down 32/17% y-o-y/q-o-q on lower trading profits. C-I was up at 50.6% from ~45% y-o-y/q-o-q on higher employee costs (on superannuation fund). Provisioning came down 32/34% y-o-y/q-o-q to ₹214 crore.

Asset quality movement was benign on Supreme Court's NPA standstill. Without this dispensation, GNPA would have been 3.95% from 3.16% while NNPAs at 2.42% vs 1.74%. Proforma slippages stood at ₹427 crore, (~3.2% of loans). Morat book has come down to 1.7% from 11.4/51.1% in Q1/Q2FY21. Restructured advances during the quarter stood at ₹690 crore, ~1.3% of advances. YTD provisions are ~2% of the book which looks adequate.

Uptick in NIM, improved CASA and lower credit costs were the key operational positives in Q3FY21. However, the lagging loan growth is a dampener. Asset quality buffers look adequate though tailwind risks exist. On undemanding valuations, we maintain a **Buy** with a TP of ₹75 (0.30x FY23e ABV).

AXIS SECURITIES

**Change in estimates** (₹ cr)

| | Revised | | Change (%) | |
|---|---|---|---|---|
| | FY21E | FY22E | FY21E | FY22E |
| NII | 2,342 | 2,693 | 7.4 | 12.3 |
| PPOP | 2,081 | 2,253 | -8.8 | -1.1 |
| PAT | 616 | 755 | 32.8 | -17.2 |
| EPS (₹) | 19.8 | 24.3 | 33.0 | -17.1 |

Source: Company, Axis Research

# Personal Finance

● MUTUAL FUNDS

## Reaping benefits of SIP in a market rally

**As the Nifty-50 has risen by 90% since its March 23 lows, investors are seeing a steady rise in SIP returns after a steep fall**

SAIKAT NEOGI


ILLUSTRATION: SHYAM KUMAR PRASAD

**AT A TIME** when stock markets are touching new highs and investors are booking profits from equity funds, many individual investors are increasingly investing in mutual funds via systematic investment plans (SIPs). In December, collections from SIPs touched ₹8,418 crore, the highest for a month since April when it was ₹8,376. Collection through SIPs dropped to ₹7,300 crore in November last year. Even the number of new SIPs registered nearly doubled to 14.22 lakh in December from 7.5 lakh in April last year, according to data from Association of Mutual Funds in India.

As on December-end, there are 3.47 crore SIP accounts and experts say increase in SIP folios is reflective of retail investors' confidence in mutual funds. Individuals are investing through SIP in large, mid and small cap funds and also in certain thematic funds. In fact, overall sectoral/thematic schemes attracted strong inflows of ₹3,412 crore, which is the highest for the category since April 2019. Even those investors who had put a pause to their SIPs in the last few months due to loss of income have also started to invest through this staggered mode of investing.

While the increase in SIP collections in December is a positive sign, equity schemes faced net outflows for six months in a row since July last year. In December, the net outflows were ₹10,147 crore, slightly lower than the previous month's net outflows of ₹12,917 crore. Despite this, according to a note from Crisil, the open-ended equity fund asset base advanced 6% on-month to settle at a fresh record high of ₹9.07 lakh crore, riding on mark-to-market (MTM) gains in the underlying equity asset class as stock benchmarks S&P BSE Sensex and Nifty 50 rallied 8% each in December.

In FY20, the mutual fund industry collected ₹1 lakh crore through SIPs, up 8% over ₹92,700 crore collected in FY19. In FY21 till December, the industry collected ₹71,347 crore. In the mutual fund industry, growth is expected to be led by equity funds, which will continue to garner strong investor interest. A Crisil research notes that average equity AUM is expected to increase at 18% CAGR to ₹25 trillion by FY25, from ₹11.1 trillion in March 2020, driven by strong inflows.

**Accumulate through SIPs**

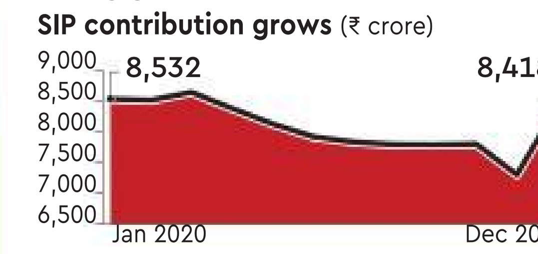
Disciplined investing can help an individual to accumulate wealth over a long period of time. To gain from SIPs over the long term, the investor has to be disciplined to take the advantage of compounding. In fact, investing during the highs and the lows through an SIP will enable an investor to buy units on a given date each month and not need to time the market. During market volatility, SIPs average out the cost as more units are purchased when a scheme's NAV is low and fewer units are bought when NAV is high.

The real benefit of higher numbers of units are seen when the markets recover. As the Nifty-50 has risen by 90% since its March 23 lows, investors are now seeing a steady rise in SIP returns for well-performing schemes after a steep fall. Experts say investors who had stopped investing in SIPs during March and April because of paper loss in their portfolio would regret the decision now as the market corrections help SIP investors to average the costs.

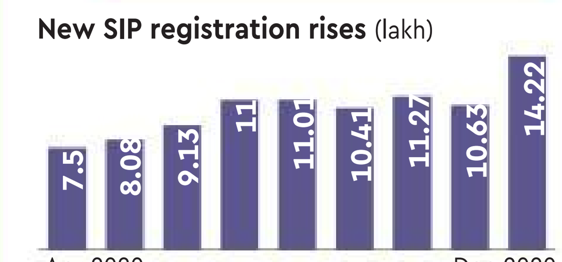
As investing in a SIP is a great way to build wealth, experts suggest a minimum of five years of investment. Losses due to market volatility are evened out over a long-period of time, provided the fundamentals of the scheme are strong.

**Staggered purchase**

**SIP contribution grows** (₹ crore)




**New SIP registration rises** (lakh)




Source: Amfi

**SIP returns of top 5 funds by AUM** (%)

| Fund | 1-year | 3-year | 5-year | AUM (₹ cr) |
|---|---|---|---|---|
| Kotak Standard Multicap Fund Regular Plan | 67.13 | 17.66 | 14.31 | 3,3461.66 |
| Axis Long Term Equity Fund | 75.36 | 22.83 | 18.11 | 2,7180.98 |
| ICICI Prudential Bluechip Fund | 73.24 | 18.15 | 14.31 | 26,541.23 |
| SBI Bluechip Fund | 78.88 | 19.60 | 14.17 | 25,925.01 |
| HDFC Mid-Cap Opportunities Fund | 78.42 | 17.84 | 12.87 | 24,714.42 |

Source: Value Research

● YOUR MONEY

## Pvt life insurers see low growth in Dec premium

**Growth in the protection segment has likely moderated from peak levels observed in H1FY21, reducing contribution to quarterly APE**


ILLUSTRATION: SHYAM KUMAR PRASAD

**INDIVIDUAL ANNUALIZED PREMIUM** equivalent (APE) for the private sector was muted at 3% year-on-year (y-o-y) in December 2020 (base was a bit high), higher than 7.1% y-o-y decline in November but lower than 14% growth in October 2020. Overall APE growth was a tad higher at 5% y-o-y due to strong 60% y-o-y growth in group APE indicating likely pick up in credit protect business (disbursements by financial institutions were strong during the month).

Overall growth in individual APE for the private sector was muted at 3% y-o-y in Q3FY21 (16% y-o-y in Q3FY20) despite robust 14% y-o-y growth in October 2020. It however remains higher than the 3% y-o-y decline in Q2FY21. LIC was down 22% y-o-y in Q3FY21 on a high base of 40% y-o-y in Q3FY20. While growth has improved from trough levels, protection business has slowed down likely due to moderation from heightened risk aversion. Unit-linked insurance plans (Ulips) have picked up a bit from trough levels, likely tracking the buoyant equity market. Traditional business segments and protection, however, continued to remain key drivers for incremental volumes in Q3FY21, in our view. We expect growth to pick up in Q4FY21E on a low base of March 2020 (due to the sudden lockdown).

**Individual sum assured weak**

Individual sum assured for the private sector declined 14% y-o-y in December 2020 (down 17% y-o-y in November 2020 and 9% y-o-y in 3QFY21) compared to 9% y-o-y growth in October 2020 and 8% y-o-y growth in H1FY21. This is likely following recent tariff hikes by large players and lower risk aversion among consumers driving slowdown in retail protection.

Individual non-single sum assured to individual non-single premium declined to 26X in Q3FY21 from 29X in Q3FY20 and 35X in Q2FY21 reflecting a sharp slowdown in individual protection. Sum assured in the group single segment was up 13% y-o-y in December 2020 (up 11% y-o-y in Q3FY21 compared to 46% y-o-y decline in H1FY21) likely reflecting pick up in credit protect business.

**Q3FY21E forecast**

Large private life insurers (excluding ICICI Prudential Life) reported 5-22% y-o-y increase in APE in 3QFY21; ICICI Prudential Life's APE is down 21% y-o-y. Growth in the protection segment has likely moderated from peak levels observed in H1FY21, reducing their contribution to quarterly APE and value of new business. Ulip growth, a low margin business, was the likely volume driver.

*Edited extracts from Kotak Institutional Equities Research report*

# BrandWagon

MONDAY, JANUARY 18, 2021

**NUMEROLOGY**

Spending intent of consumers in the near future:

- 52% - Household goods
- 25% - Electronics
- 1% - Restaurant/ Takeout

— Deloitte Consumer Tracker

M&E

## 2020: Rise of paid subscribers

OTT platforms have benefitted from the dearth of entertainment avenues in the past year

VENKATA SUSMITA BISWAS

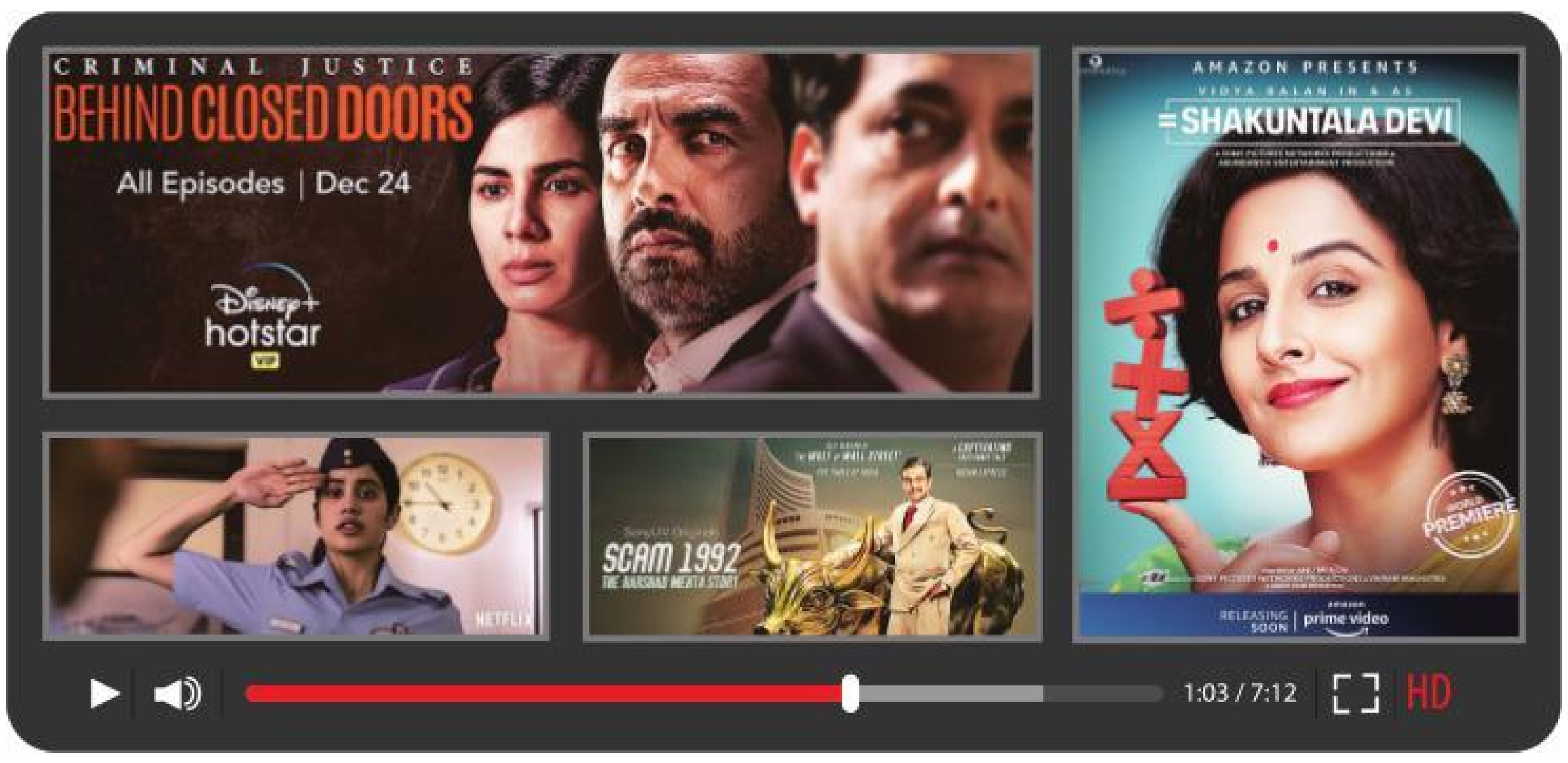
**OTT VIDEO STREAMING** platforms have had a good run over the past nine months. Several VoD providers have registered an increase in not just usage and time spent on their apps, but also in the number of paid subscribers. According to Omdia (which excludes subscriptions from bundled offers), as of December 2020, Disney+ Hotstar had 18.69 million subscribers, a big jump from 5.36 million in 2019. Amazon Prime Video had 5.83 million subscribers — up from 4.34 million in 2019 — while Netflix added more than a million paying users to reach 3.08 million subscribers in 2020. The subscriber count of Zee5 and SonyLiv stood at 2.7 million (up from 1.99 million) and 1.81 million (up from 6.5 lakh), respectively, in 2020.

A combination of factors has worked in favour of OTT platforms. The absence of fresh content on television during the lockdown drove people to explore OTT platforms. And once it became clear that theatres will not be able to resume operations at the same level as earlier, producers opted to release movies directly on digital platforms behind paywalls. That apart, OTT platforms continuously spruced up their library with new original shows through the year.

In its 2020 M&E report, KPMG has predicted that SVoD subscription base will grow 2.8 times in the next two years to 62 million, and drive OTT subscription revenue by 4.8 times to ₹4,600 crore in FY22. Could subscription become a more bankable revenue stream for OTT platforms going forward?

### Subscriber surge

According to India Brand Equity Foundation, the OTT sector in India witnessed a 30% rise in the number of paid subscribers,




from 22.2 million to 29 million, between March and July 2020 alone. Until 2019, paid subscriptions brought in hardly 10% of a video streaming platform's total revenue. "In 2020, paid users increased by about 25% resulting in subscription revenue contributing 15-20% to the overall pie," says Constantinos Papavassilopoulos, principal analyst, Omdia.

Voot's premium paid service which was launched just days ahead of the lockdown is now "well ahead of estimates", says Ferzad Palia, head – Voot Select, youth, music and English entertainment, Viacom18. The streaming platform was expecting to reach the current level of subscriptions only by next year. Omdia estimates that Voot Select has 5.6 lakh paying subscribers. A Zee5 spokesperson informs that the platform's paid users increased by 45% in 2020 over 2019 and overall subscribers grew by 80%.

ShemarooMe, which did not plan to concentrate on the B2C part of the business until 2022, is now reconsidering. "We are pleasantly surprised to see consumers paying to watch movie premieres and Gujarati content on our platform with no marketing investment from our end," says Hiren Gada, CEO, Shemaroo Entertainment.

Meanwhile, Amazon Prime Video, in a bid to add more subscribers, has tied up with Airtel to launch mobile-only plans starting at an introductory price of ₹89 per month.

### Content contest

Dishing out newer content and acquiring movies for digital premieres will come at a huge cost. "For a direct-to-OTT release, a filmmaker could demand four times the price of selling only digital rights after a theatrical release," estimates Shailesh Kapoor, founder and CEO, Ormax Media. The movie acquisition cost for a digital premiere could be as high as ₹75-100 crore; analysts estimate that a platform could easily churn out eight to 10 original shows within that cost.

The past year saw Viacom18 launch Voot Select, and Sony relaunch SonyLiv with a fresh focus on original content. Voot Select introduced six original shows, while SonyLiv added seven. "Indian platforms that have been following the freemium model have realised that subscription offers better monetisation opportunities," says Papavassilopoulos. Netflix, the most premium OTT platform in India, charging ₹499 per month, invested ₹3,000 crore on Indian originals in 2019-2020.

Subscription fees across platforms vary drastically. An annual subscription for Zee5 Club costs ₹365; Disney+ Hotstar charges ₹399 for the yearly VIP access, while Amazon Prime Video is part of the Amazon Prime bundle which costs ₹999 annually. As platforms pour in more money into creating content, profitability will continue to be a challenge, say analysts.

E-COMMERCE

## Meat delivery biz heats up

Online meat delivery platforms clock growth during the pandemic

DEVIKA SINGH

**THE PANDEMIC HAS** given online meat delivery platforms such as Licious, Zappfresh, TenderCuts and FreshToHome some much-needed impetus. According to a recent report by RedSeer, online meat delivery grew 2.5-3 times during January-September 2020. In a bid to tap this growth, online meat delivery platforms have expanded their product portfolios. In July 2020, Licious expanded its ready-to-eat (RTE) offering by introducing a prawn-based spread, while Zappfresh launched RTE products like meatballs and chicken momos. TenderCuts and FreshToHome have almost doubled their stock keeping units (SKUs) in the ready-to-cook (RTC) category.

Rohan Aggarwal, director, RedSeer, says that the monthly gross merchandise value that online meat delivery players were clocking in the pre-Covid period was over ₹58 crore; this grew to ₹150-175 crore in September 2020. Dedicated meat delivery platforms, such as the ones mentioned above, command over 80% of this market, while companies such as BigBasket, Swiggy and Milkbasket occupy the rest.

Their move towards RTE and RTC categories, analysts say, is an attempt to gain better margins — fresh meat products offer these platforms abysmally low margins (in single digits), whereas RTE and RTC products usually offer a profit margin of 10-15%.

### Party platter

The surge in at-home consumption of food has meant more takers for RTE and RTC products. Meat delivery companies are tapping into this demand by telling customers about their 'healthy products', which are free of chemicals and preservatives. Most of the products are being tailored for the young customer base that tends to cook less at home and wants a hassle-free experience. Zappfresh, for instance, has introduced bulk packs (two to three kg) and party packs of its products to cater to this target group.

Oil-free RTC products are also in high demand. "India did not have a barbecue culture earlier; but, of late, we have seen products that can be grilled or barbecued being bought increasingly," says Shan Kadavil, CEO and co-founder, FreshToHome. The company has doubled its SKUs in the RTC category from 60 to 120 in the past few months. This category now contributes 6-7% to its monthly revenue of ₹50 crore, up from 1.5% in the pre-Covid times.

**According to a recent report by RedSeer, online meat delivery grew 2.5-3 times during January-September 2020**

TenderCuts, too, has 80-90 SKUs in the RTC category, compared to 45-50 in the pre-pandemic period. It has seen sales from this category increase to 14%, compared to 4% earlier.

To encourage trials, FreshToHome offers its RTC products in small packs — 150 gm for ₹99; while TenderCuts offers free samples to customers who buy meat from its platform.

### Sustaining demand

Because the uptake of RTC and RTE products has been largely driven by the pandemic, these companies will have to ensure that the demand sustains even when dine-in resumes in full swing.

Aggarwal of RedSeer estimates that the dine-in business will return to 80% of pre-Covid levels by April-May.

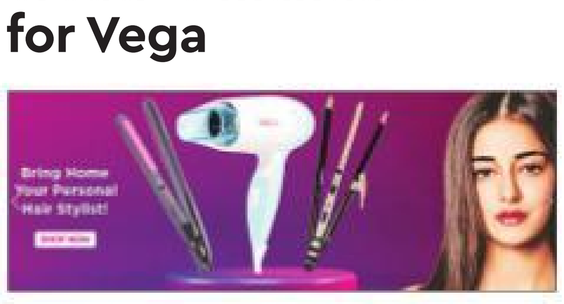
Taking cognizance of this, online meat delivery players have priced their products 15-30% lower than restaurant dishes. For example, TenderCuts' Madras Chicken 65 is priced at ₹150 for 400 gm, while Zappfresh's products are available for ₹150-300. "It is more economical for a customer to order from us than from a restaurant," says Nishanth Chandran, founder and CEO, TenderCuts.

Satiating the palate of consumers across the country with varied preferences will be key for these platforms. "Every region has its flavour preference for products like chicken tikka or tandoori; these brands need to customise their offerings accordingly," says Amarjeet Singh, partner, KPMG India.

Ensuring consistent quality in their offerings would also be crucial but challenging as they expand their operations in the country.

## In The News

### Leo Burnett wins creative mandate for Vega




LEO BURNETT INDIA has won the creative mandate for beauty accessory and personal care appliances brand Vega. Leo Burnett will handle the strategic and creative communication for the brand across platforms. The account will be handled by its New Delhi office. Vega recently brought on board actor Ananya Panday and cricketer Rohit Sharma as brand ambassadors.

### Rishi Vasudev moves on from Lifestyle


RISHI VASUDEV, CEO of Lifestyle and Home Centre, has decided to move on from Lifestyle International due to personal reasons. Vasudev had joined the company from Flipkart in March 2020. Until his successor is appointed, Kabir Lumba, CEO designate and group director, Landmark Group, will take over the responsibilities, in addition to his current role.

### Dentsu India merges all its commerce capabilities

DENTSU INTERNATIONAL HAS launched its global commerce unit Total Commerce in India. Under this unit, all of its commerce capabilities will be brought under one umbrella, "encapsulating every aspect of e-commerce, last-mile delivery as well as retail radius concentration".

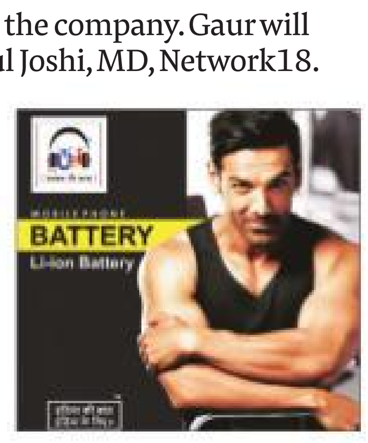
### VMLY&R Commerce Encompass elevates Shankar Shinde

VMLY&R COMMERCE ENCOMPASS has elevated Shankar Shinde to the position of chief operating officer. He was earlier managing partner at Geometry Encompass, overseeing the rural, shopper and urban activation practices.

### Netflix's Kunal Gaur moves to Viacom18

VIACOM18 HAS APPOINTED Kunal Gaur as its chief commercial officer. He moves from Netflix India, and will be taking over from Utpal Das who is slated to move on from the company. Gaur will report to Rahul Joshi, MD, Network18.

Consumer electronics company U&i has signed on actor John Abraham as its brand ambassador




# Motobahn

STELLANTIS

## An auto CEO much of Detroit doesn't know takes over a new empire

Carlos Tavares has spent a 40-year career rising up the ladder of an industry that birthed the modern day celebrity CEO, engineering impressive turnarounds while largely going unrecognised

TARA PATEL, GABRIELLE COPPOLA & DANIELE LEPIDO


PHOTO: BLOOMBERG

Logos of marquees of Fiat Chrysler Automobiles sit on the Mirafiori Motor Village dealership in Turin, Italy

**THE JUST-FINALISED** merger of Fiat Chrysler Automobiles and PSA Group is poised to raise the global profile of an under-the-radar chief executive who will lead a vast and massively complex carmaker with quiet intensity.

The market debut this week of Stellantis, the group formed by the Italian-American and French auto manufacturers, will function as coming-out party for its leader, Carlos Tavares. He's spent a 40-year career rising up the ladder of an industry that birthed the modern day celebrity CEO, engineering impressive turnarounds while largely going unrecognised taking commercial flights in and out of Detroit.

The wiry, hyperactive 62-year-old has shown little desire to be another Lee Iacocca, Dieter Zetsche, Sergio Marchionne or Carlos Ghosn. But whether he comes around to the spotlight or not, he'll get much more of it steering an empire of roughly 400,000 employees and 14 brands into an uncertain future, where cars increasingly run off of batteries and software and the combustion engine meets its demise.

"He's not selling Carlos, and he doesn't want to," said Jim Press, an auto executive who worked with Tavares when the latter headed Nissan Motor's North American operations. "He develops people and organisations. The guy is a great businessman."

Automotive mega mergers have failed in simpler times. Before Daimler's disastrous combination with Chrysler around the turn of the century, Renault acquired American Motors in a doomed deal the French company reversed from a little over a decade later.

For Tavares to succeed with Stellantis, he'll have to do more than just streamline and slash costs, the playbook he followed in bringing PSA back from the brink. The self-described "performance psychopath" also will have to prove his product chops and catch up on electrification in an era when little seems to matter more to investors.

Carlos Tavares, the CEO of Stellantis, formed by the merger of Fiat Chrysler and PSA Group

### Racing roots

Born and raised in Lisbon, Tavares displayed his early passion as a 14-year-old volunteer at the Estoril track. He has since competed in more than 500 races as an amateur driver and said he became an engineer because he lacked the talent and money to race professionally. He was scheduled to drive a Lancia Stratos at an annual rally in Monaco this month before Covid-19 forced its cancellation.

After graduating from one of France's top engineering schools, Tavares started his career at Renault in 1981. He headed up partner Nissan's North America operations for two years before becoming No. 2 to Ghosn at Renault in 2011.

In an unusual power play for a top job, he told Bloomberg News in 2013 that since Ghosn was planning to stick around, he would be interested in running General Motors or Ford. He left Renault within weeks and took the helm of almost-bankrupt PSA six months later.

The French state and China's Dongfeng Motor bailed out PSA by participating in a share sale and 3 billion-euro capital raise. Tavares pruned the model lineup, cut costs and raised vehicle prices. PSA turned its first annual profit in three years.

He applied similar tactics with Opel and Vauxhall, the brands GM cast off to PSA in 2017 after racking up about $20 billion of losses over two decades. By slashing development spending and buying out thousands of workers, he swiftly pushed those operations into the black.

"The Tavares factor was probably the most underestimated" of PSA's 2014 turnaround plan, said Societe Generale auto analyst Stephen Reitman. "Opel Vauxhall was seen as maybe a step too far, but he proved that by patiently going around and reasoning with people, they would reconsider positions that had contributed to 20 years of losses."

### Five-slide rule

Bloomberg News spoke with half a dozen people who have worked closely with Tavares. They describe him as ultra-competitive with a dogged attention to detail. He doesn't tolerate meetings starting late or dragging on and asks underlings to make presentations in five slides or less.

**He doesn't tolerate meetings starting late or dragging on, and asks underlings to make presentations in five slides or less**

Tavares shuns the annual gathering of business elite that Ghosn frequented in Davos, Switzerland, and shows up to glitzy car shows in scuffed-up dad shoes. He often spends weekends tinkering on cars at his suburban Paris home.

As head of Stellantis, he'll answer to dynastic shareholders—the Agnellis, led by Chairman John Elkann, as well as the Peugeots—and politics will play an outsize role. The French state will retain a stake in the merged company, and Italy's deputy economy minister has hinted its government may acquire a shareholding as well.

PSA's outgoing Chairman Louis Gallois has said that since Tavares's roots are in Portugal, where he owns a vineyard and small vintage-car business, he'll be an effective neutral arbiter.

Stellantis will be an amalgam of model lines with a strong presence in North America's lucrative truck and SUV segments, thanks to Fiat Chrysler's Ram and Jeep divisions. PSA's revitalised Peugeot and Citroen brands also have excelled in Europe and are the envy of Renault.

Yet Stellantis won't have much of a foothold in the luxury-car business. The Alfa Romeo and Maserati lines are struggling and PSA's DS is tiny. Fiat Chrysler and PSA also have stumbled in China's vast auto market.

"Tavares knows that if the Chinese market is a medium- or long-term goal, Europe is right now Stellantis' most compelling challenge," said Carlo Alberto Carnevale Maffe, a professor at Bocconi University in Milan. "He needs to act by cutting costs, recovering profitability and investing in a range of technologies."

*Bloomberg*

# Infrastructure

MONDAY, JANUARY 18, 2021

WISHLIST FOR UNION BUDGET 2021-22

# Spur spend by states, pvt sector to meet NIP goals

**Budget 2021-22 needs to prioritise interventions which can act as a force multiplier for both state govt investments as well as long-term private and external sources of finance**

ARINDAM GUHA

**WITH THE ECONOMY** poised for a turnaround post Covid-19 and given the strong GDP multiplier effect of investments in infrastructure, there is a lot of attention on what the forthcoming Budget will offer in terms of infrastructure spend. If we look at 2020-21, budgetary spending on infrastructure development is expected to be around ₹4.5 lakh crore. Even if this was to increase by 10% y-o-y over the next four years, the total budgetary spend during 2020-25 is likely to be 18-20% of the total National Infrastructure Pipeline (NIP) outlay of ₹111 lakh crore.

This is in line with the financing mix envisaged by the NIP, wherein the two other main sources of finance are states' budgetary spend (24-26% of total NIP outlay) and non-government/private sector financing (45-50%) provided by banks, infrastructure NBFCs, long-term investors like domestic and foreign pension funds (FPFs), sovereign wealth funds (SWFs), infrastructure investment trusts (InvITs), etc.

However, State Government-finances have always been constrained and have taken a further hit due to Covid-19, on account of a dip in revenues and increased healthcare spending. Private sector investments in infrastructure would also need a step change for NIP financing expectations to be met. The other concern has been of asset liability mismatch at banks and NBFCs (which have limited long-term financing sources), which have been the mainstay for funding long-term infrastructure projects. For ensuring the NIP is funded in a sustainable manner, it is important that Budget 2021-22 prioritises interventions which act as a force multiplier for both state government investments as well as long-term private/external sources of finance.

The first such area is the setting up of one or more Development Finance Institutions (DFIs) to finance greenfield infrastructure projects in select sectors. As highlighted in the NIP, DFIs funded 20-25% of infrastructure investments during 2013-2018, with annual infrastructure spend in this period being in the range of ₹7-12 lakh crore. DFI financing has been focused on specific sectors like power and railways, where institutions like PFC, IRFC, etc. have contributed around 40-50% of total investments. However, the number of DFIs at the state level has been limited. To address these issues, in addition to making allocations to support the existing DFIs, Budget 2021-22 can look at setting up one or more DFIs, focusing on high-impact sectors like urban infrastructure, health, education, etc. where project development responsibility is primarily with state and/or city governments and financing challenges have been higher.

While the initial risk capital for the DFI(s) can come from the Budget, this can be further leveraged through additional resources from bilateral/multilateral organisations, international capital markets, etc. A regional or state-specific DFI construct can also be explored, based on equity participation from state governments and backed by suitable governance arrangements and state-specific investment caps based on contribution from individual states.

The second potential area for intervention involves setting up of a suitable mechanism to facilitate infrastructure asset monetisation, with a focus on State and city-level projects. Budget 2021-22 can be used to contribute the initial capital to acquire completed projects generating revenues/having revenue potential, with additional funds being mobilised from external investors. The existing alternate investment fund (AIF) structure under the NIIF or the sector-specific InvITs being set up in the road, power sectors can be leveraged. New InvITs can also be considered with a focus on urban infrastructure, urban transport, etc. Suitable governance arrangements including appointment of professional investment managers would need to be put in place to attract external investors.

The third potential area which Budget 2021-22 can focus on is the extension of the existing credit guarantee facilities for infrastructure projects, either through the proposed Credit Guarantee Enhancement Corporation or any other similar entity. Although the corpus available with domestic pension funds and insurance firms is estimated at over ₹50,000 crore, only a small proportion of this is currently deployed in infrastructure sector bonds, etc. as most instruments do not meet the threshold rating requirements needed for investment. Leveraging of enhanced credit guarantee provisions can play a key role in removing these investment bottlenecks, with a part of the expanded credit guarantee limits also being made available through the DFIs. Any additional budgetary contribution can be positioned as risk capital to mobilise additional resources from multilateral development agencies.

Finally, from a taxation perspective, while measures like exempting the dividend and capital gains income of SWFs and FPFs from infrastructure investments are already in place, the Budget can address some additional issues. Potential areas include extending the tax exemption u/s 10(23FE) to SWF/FPF investments in holding companies, as against only infrastructure operating companies; allowing the SWF/FPF availing the exemption to have a role in the governance of the investee entity; and extending the benefits under the section to other potential long-term infrastructure investors like private equity funds.

Together with the aforementioned measures, equally (if not more) critical would be underlying policy reforms for individual sectors, some of which have been highlighted in the NIP earlier. Key action points include putting in place objective regulatory & tariff setting mechanisms for specific sectors; streamlining land allotment, approvals, contract enforcement & renegotiation and dispute resolution practices for infrastructure projects; and deepening the market for corporate bonds while streamlining trading & settlement mechanisms.

A coordinated and time-bound implementation of these measures is likely to facilitate timely financing and implementation of the NIP, thereby enabling the country to achieve its overall economic development objectives.

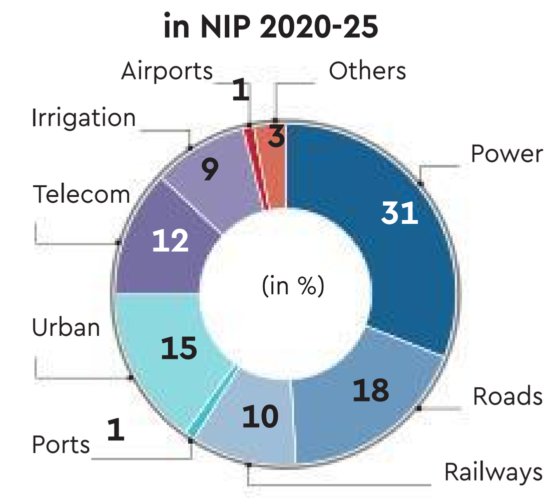
*The writer is Partner, Government & Public Services industry leader, Deloitte India*

**Likely sources of finance**

| | |
|---|---|
| Central Budget | 18-20% |
| State Budgets | 24-26% |
| Banks | 8-10% |
| Infra NBFC/DFI | 15-17% |
| Asset monetisation/InvIT | 3-5% |
| Bond markets | 6-8% |
| Equity | 2-4% |
| Others | 10-24% |

Source: DEA Task Force report on National Infrastructure Pipeline 2020-25; April 2020

**Sector share of investments in NIP 2020-25**




# Quick View

## Air traffic down 45% in Dec, though sequential growth continued

INDIA'S DOMESTIC TRAFFIC declined by around 45% y-o-y to about 71 lakh passengers in December last year even as passenger traffic was up 12% sequentially over November 2020, ratings agency ICRA said in a release last week. Capacity deployment in December 2020 at around 67% (vis-a-vis December 2019) was a significant increase over the 52% capacity deployed in October 2020 and 59% in November. The Indian aviation industry had witnessed a continued recovery in domestic passenger traffic in December 2020, with sequential growth (over November 2020) of around 12%, the ratings agency said. The number of flights departing has also gradually increased from 416 from the resumption of domestic operations on May 25, 2020 to 2,230 on Day 219 (December 28, 2020), Kinjal Shah, vice-president, ICRA said.

## Bengaluru Metro extension line inaugurated

UNION MINISTER OF State for Housing and Urban Affairs Hardeep Singh Puri inaugurated through video-conferencing the six-km-long southern extension line under Phase-2 of "Namma Metro", from Yelachenahalli to Silk Institute Metro stations, by flagging off a train on Thursday. The extension has five new stations beyond the Yelachenahalli Metro Station on the currently operational line — Konanakunte Cross, Doddakallasandra, Vajarahalli, Thalaghattapura and Silk Institute. The elevated extension is at the southern end of the operational 24.2-km-long Green (North-South) line.

## NHAI to set up performance threshold for road bidders

HIGHWAY CONCESSIONAIRES WILL have to pay more attention going forward on improving users' experience and maintaining the road quality to avoid being barred from bidding for new stretches. This is because the National Highways Authority of India (NHAI) will soon introduce a system of ranking of concessionaires based on their performance on various parameters. Anything less than the cut-off mark, which is yet to be decided, on these parameters will mean the bidding process being out of bounds for the aspiring investor.

# Startups

INTERVIEW: **VENKAT VALLABHANENI,** Managing Partner, Inflexor Ventures

## SaaS startups are already walking the revival road

*While it is clear that the Covid-19 pandemic and related lockdown/social distancing has impacted almost all businesses globally, there are some sectors particularly within technology that are experiencing tailwinds. Especially the ones that make work or business continuity from home more productive and safe, like cloud-based SaaS software companies, says* ***Venkat Vallabhaneni****, managing partner, Inflexor Ventures, an early-stage, sector agnostic tech VC fund. "SaaS companies have an edge as they are asset light with quick and easy DIY type adoption, have recurring revenue models and also lend themselves well to WFH," he tells* ***Sudhir Chowdhary*** *in a recent interview. Excerpts:*

**Why are you focusing on deep tech and SaaS at Inflexor? Is the SaaS space in India yet to achieve its full glory?**

Jatin Desai (managing partner) and I both come with a strong technology background—having set up and led technology divisions for global banks, and also having scaled our own tech focused ventures in the past. Deep tech/SaaS are an obvious choice for our investment thesis/ethos. Also, SaaS companies have an edge as they are asset light, offer quick and easy adoption, offer non-linear growth and have recurring revenue models.

We are a sector-agnostic fund, looking for products leveraging strong technology/IP/innovation to differentiate and create a mark for themselves in domestic and international markets. B2B, enterprise software platforms are where our sweet spot lies. Having said that, we are comfortable investing in selective B2C consumer tech and products with differentiated business model and technology IP.

Indian SaaS industry has 1,000-plus companies, generating revenues of $3.5 billion in FY20. Around 150 companies out of these generated an ARR of more than $1 million. Around seven of them are unicorns with the likes of Zoho, Freshworks, Druva, Postman, etc. And 75% of the demand for Indian SaaS products comes from overseas. If this is any indication, we have great things to be witnessed from this space in the future.

**Do you see any challenges in SaaS startups post Covid?**

While the pandemic and related lockdown has impacted almost all businesses globally, there are some sectors particularly within technology, that are experiencing tailwinds. Especially the ones that make work or business continuity from home more productive and safe, or OTT platforms with their endless choice of content to keep people entertained.

Another SaaS based industry which has seen substantial uptick in Covid-19 times is edutech with significant interest from K-12 kids as well as millennials looking to upskill themselves from the comfort of their homes. Our Fund–I portfolio companies offering SaaS solutions in EduTech, cybersecurity, automation are seeing some significant tailwinds with actual sales or in-bound leads up by 3X to 4X compared to pre-Covid-19 times.

SaaS was a fairly new term/ concept back in 2015, with slow adoption on both B2B and B2C fronts. But with increased awareness of its benefits, it has become a preferred business model. Covid-19 has given it the necessary push for rapid digitalisation and acceleration in digital adoption by users.

**Which are the sectors that you focus on?**

Few of the sectors that we are focusing more from our Fund–II are fintech, healthtech, edutech, consumer tech and also opportunistic sectors such as space tech. From a SaaS perspective, the maximum emergence we are observing is from healthtech with several startups offering EMR maintenance, efficient last mile distribution of medicines, B2B platforms assisting with scans for quick diagnosis of Covid-19 and other ailments, etc.

Another space would be enterprise tech offering B2B solutions to not only improve their internal processes but also increase their reach and revenues.

**What is the opportunity available for SaaS in India and globally?**

SaaS companies (from the mid players to the world giants) has been receiving immense traction, especially in the last few months and is expected to continue so. VCs investing $32 billion globally in 2019 in SaaS companies clearly demonstrate the faith they have in their growth. India has the geographical advantage to price its SaaS products substantially lower compared to its global peers, to attract customers.

Also, India's young demographic (forming a significant portion of India's huge user base) with its massive consumption of easily accessible internet content becomes a magnet for companies to setup as well as invest in India.

ENSUREDIT

## Taking insurance to the masses

**The platform aims to leverage the capital infusion led by Venture Catalysts to bolster its tech infrastructure and outreach**

SUDHIR CHOWDHARY

**FOUNDED IN 2019** by Amit Boni, Rohit Sadhu and Vikas Ranga, Ensuredit aims to disrupt the insurance industry and unlock the next chapter of its development by utilising the power of technology. To achieve this, it focuses on enhancing the sales force while enabling insurance players to onboard a greater number of insurance manufacturers and channel partners. Recently, Venture Catalysts, a fast-growing integrated incubator and accelerator, led a ₹2.5 crore pre-Series A investment in Ensuredit. The platform aims to leverage the capital infusion to establish its position as a market leader by bolstering its tech infrastructure and outreach, said Amit Boni, founder & CEO, Ensuredit.

Leveraging its 'Platform as a Service' business model, the platform is committed to helping brokers, corporate agents, IMFs, and insurers to bolster their revenue generation, Boni said. "Ensuredit's vision is simple: To digitally transform the Indian insurance industry using our AI-based, API-integrated platform and deliver a more enhanced customer experience to all the stakeholders across the sector. Venture Catalysts' support and confidence in our idea gives us the much needed motivation for making greater strides in our journey. We intend to use the funding to hit our next growth curve by significantly expanding our technology team and outreach capabilities."

Amit Boni, founder & CEO, Ensuredit

The market that Ensuredit is addressing is valued at $100 billion. Apoorv Ranjan Sharma, co-founder & president – Venture Catalysts, said, "Using an AI-powered platform for empowering customers and insurance intermediaries is an innovative approach with great disruptive potential. Their robust IP, backed by the relentless dedication of the founding team, makes us confident in our investment."

Ensuredit's API-integrated platform provides access to AI-powered distribution system, streamlined workflows, open APIs, and AI based analytics suite for a transformational customer experience. Its range of services include agent on-boarding, quote generation, processing payments, policy insurance and comparison, identifying cross sell and upsell opportunities, and creation of proposal.

# Quick View

## Over 500 non-coal mining blocks on offer after Cabinet move

OVER 500 NON-COAL mineral blocks, partially or minimally explored under current leases but which are entangled in legacy issues and litigation, will be up for grabs as the Cabinet is learnt to have approved a proposal to amend the relevant law for their re-allocation through competitive bidding, *FE* reported last Thursday. Also, the highly under-invested sector will get a fillip from a Cabinet decision to do away with end-use restrictions for miners. Sources said the Cabinet also gave the go-ahead for reallocation of several non-producing blocks of state-run companies, a move that could enthuse private players as many of these blocks have abundant proven resources. The moves are in sync with the National Mineral Policy, which aims to increase the domestic production of non-coal, non-fuel minerals by 200% in seven years with greater private participation.

## States' capex seen to have dropped by a quarter

AS AGAINST A 30% y-o-y jump projected for FY21, budgetary capital expenditure by state governments may have dropped by a quarter in April-November, going by an *FE* review of data from 12 states. These 12 states — Uttar Pradesh, Tamil Nadu, Madhya Pradesh, Andhra Pradesh, Karnataka, Rajasthan, Odisha, Telangana, Kerala, Chhattisgarh, Haryana and Jharkhand — reported combined capital expenditure of ₹1,09,860 crore in April-November FY21, compared with ₹1,48,571 crore in the year-ago period, down 26%. Compared with this, the Centre has managed to spend ₹2.41 lakh crore as budget capex during April-November, up 12.8% y-o-y.

## Adani Enterprises wins ₹1,838-cr highway project

ADANI ENTERPRISES LIMITED (AEL) on Thursday said it had won a ₹1,838-crore highway project from the National Highways Authority of India (NHAI) in Kerala. The project, under the hybrid annuity mode (HAM), is a part of the Bharatmala Pariyojna. "AEL has recently participated in tender issued by NHAI under HAM and we are pleased to inform you that AEL has received a letter of award (LOA) from NHAI for...road project in the state of Kerala," the company said in a filing to the BSE.

# Education

MONDAY, JANUARY 18, 2021

**NEW TECHNIQUES IN EDTECH**

Kirthi Reddy, Director & Founder, The Gaudium

In 2020 the education sector saw an influx of newer techniques of teaching and learning. Looking forward, I believe 2021 will be driven by increased adaptation of these tech advancements and will focus on upskilling the faculty and teaching staff.

UNION BUDGET EXPECTATIONS

## Lower taxation can support edtech

**The tax of 18% on edtech can be reduced so that accessible quality digital education becomes a viable option for students from all sections of society**

ANOOP GAUTAM

THE COVID-19 pandemic has turned around the education sector. The transition from traditional learning to digital methods has helped the growth of edtech start-ups and existing companies, and it will most likely continue. At the same time, the Union Budget allocation for the edtech sector should be increased by 7-8%, compared to the previous year.

**Digital education:** Last year schools, colleges and institutions were shut entirely, with students and teachers having no other option left than going digital. Teachers and students demonstrated tremendous adaptability in adopting online learning methods. This opens new horizons for edtech start-ups. The National Education Policy 2020 focuses on extracurricular and vocational learning with no separation from academic streams across the country. According to NASSCOM, India's edtech space will be a $3.5 billion opportunity by 2022.

**Tax cuts:** The current taxation of 18% on the edtech sector can be reduced so that accessible quality digital education becomes a viable option for students from all sections of society. Recent months have witnessed the maximum funding during this pandemic in the edtech sector, which is also a direct result of increased awareness. Lower taxation can help the edtech sector to expand horizontally and revolutionise the education system.

**Prioritise education budget:** Even though institutions have adopted online learning methods, the normalcy in the education sector is still far away. Despite efforts being put by private companies and the government, we still lack a uniform solution for all the students, as e-learning is still a challenge for students coming from socioeconomically weaker sections of the society. The Union Budget 2021 must accord more priority to the education sector, so that the effects of Covid-19 can be normalised. Underprivileged students can be given more learning tools and opportunities to adapt to digital learning methods. Robust platforms should be developed and curated for such students. Moreover, skills like problem-solving, creativity and computational thinking are crucial for 21st-century kids to face future adversities, just like the Covid-19 pandemic.

Regular classes of basic academia should be the point of focus for the government, as new normalcy should be reflected in the education sector as well. Considering all these points, the Union Budget 2021 must be inclined towards the education sector.

**Education start-ups:** The importance of MSMEs on the Indian economy is evident from the fact that MSMEs provide a lot of employment, attract foreign investments and substantially contribute to the GDP. India is home to around 63 million start-ups (as per data from the MSME ministry), employing around 120 million people and contributing to 45% of exports. In the Union Budget 2021, the taxation scheme for MSMEs should be revised and reduced, as it will provide more opportunities for MSMEs and start-ups to grow. Besides, the loan approval process for MSMEs should be simplified, and collateral-free loans should be provided to start-ups and MSMEs. Last year witnessed record-breaking funding in the edtech domain, and this sector should be included under the benefits availing scheme for MSMEs, as it will provide a better ecosystem for start-ups to scale and promote quality education.

*The author is CEO & co-founder, Tinker Coders. Views are personal*

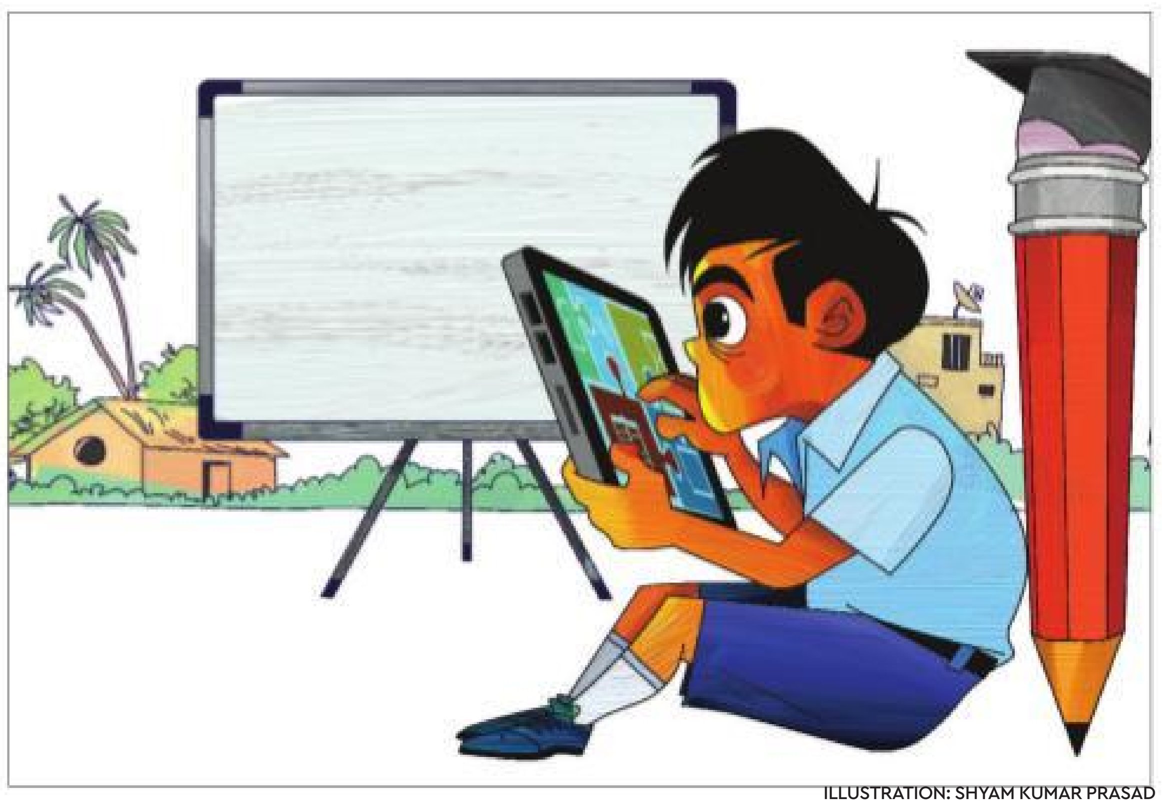


ILLUSTRATION: SHYAM KUMAR PRASAD

UNION BUDGET 2021

## Focus on job-creation

RITURAJ SINHA

THE PRIVATE SECURITY and facility management sector, broadly classified as outsourced business services, offers minimum wage level employment to almost 1 crore citizens of India, creating livelihood for the neediest sections of our society. The sector undertakes skill development and ensures employability of 8th/10th pass, and landless non-agricultural labourers hailing from the poorest states.

Even in the midst of the Covid-19 pandemic and the lockdown, the government notified our sector as 'essential services'. Private security guards, cleaning staff and cash van/ATM workers continued to work through the lockdown, risking their lives to support police/local administration, hospitals, grocery stores/marts, e-commerce warehouses, etc.

The upcoming Union Budget 2021 must focus on employment generation to revive the economy:

**Request 1:** Tax break/improvement in 80JJAA of the Income-tax Act, 1961: We suggest amendment to Section 80JJAA of the Income-tax Act, 1961, to compute the eligibility in respect of employees who have completed 90 days (in place of 240 days) in FY ended March 31, 2021, and where there has been a net increase in employees as compared to September 30, 2020 (instead of March 31, 2020).

**Request 2:** Inclusion of employers above 1,000 employees in the Atmanirbhar Bharat Rojgar Yojana: We humbly suggest considering amendment to the ABRY to subsidise both employers' and employees' contribution of PF in respect of new employees or in respect of employees who have lost their jobs during the lockdown period and gaining reemployment even in respect of those enterprises employing more than 1,000 people.

**Request 3:** Support from banks: Considering that we continue to pay wages of lakhs of private security guards, cleaners and other such minimum wage workers, the sector will need adequate working capital support from banks. Therefore, our sector should be classified as a priority sector and banks should be advised to extend at least six months equivalent working capital credit lines to eligible security, facility management, manpower supply and cash logistics companies.

**Request 4:** GST Relief: Allow manpower supply and private security sector to deposit GST only after collection is received from the end-user.

**The private security and facility management sector undertakes not only skill development, but also ensures employability of 8th/10th pass, and landless non-agricultural labourers hailing from the poorest states of the country**

*The author is group MD, Security and Intelligence Services*

## Are you job-ready for the new normal?

**Dynamism, critical thinking and problem solving are key skills for all professionals**

VIVEK BINDRA

THE COVID-19 economic crisis has compounded the problem of unemployment in India, which was already undergoing a phase of 'jobless growth'. According to the latest CMIE, India's unemployment rate jumped to 9.9% in the week ending December 13, which is a 23-week high. It is estimated that around 5.5 lakh jobs were lost in October alone.

The nature of jobs is also changing. Greater digitisation of workspaces, a shift in buying behaviours and growth of digital services has engendered the need for multiple skills. For those who lost their jobs or who have just entered the job market, a post-Covid-19 environment is a difficult space. They must study the market conditions, analyse the demand, and upskill themselves for the current job market.

**Digital marketing:** Targeted digital marketing strategies backed by effective data analysis are the need of the hour. Digital marketing knowledge includes skills of digital business analysis, content marketing, SEO, among others.

**Data analysis:** In a digital economy, data analysis is a useful strategy for organisations to better understand their market, predict and plan strategies accordingly.

**Creative skills:** In a crowded market space, an ability to creatively portray or depict your ideas and thoughts can set you apart. Creative communication skills, power point making skills and writing skills can help you find your own space.

**New language:** Learning a new language doesn't just add yet other ability to your skills, it also sharpens your mind. But which language should you learn is an important determinant. It will depend on your core area of work or field. For example, if your area of work is likely to take you to a European country, you must consider learning a European language. Or if you are a north Indian looking to start a career down south, you must consider getting a hang of a southern Indian language.

**Graphic designing:** In the age of infographics and visual appeals, content is no more limited to words. It encompasses visuals, informative figures, charts, statistics, etc. Presenting these elements in an aesthetically appealing and creative way is what graphic designers are required to do.

**Business skills training:** One-dimensional skill sets do not suffice anymore. Business skills training courses help professionals learn financial management, leadership, problem solving skills, project management and time management.

*The author is founder & CEO, Bada Business. Views are personal*

# Science & tech

## Save the internet

**Trust and safety starts with safeguarding vulnerable groups on the Internet**

Kanishk Gaur

WHILE THE WORLD rattles with accepting or not accepting changes in a major messaging platform's privacy policy, a key question that remains unaddressed is the trust and safety of the vulnerable population?

In India, law enforcement agencies have been battling the bigger issue of cooperation from tech companies/platforms, to share data given the rapid increase in crime against women and children.

The affordable smartphone revolution has helped the population in hinterlands get access to thousands of app broadcast and share content. With no formal education, training on using the internet and internet-enabled platforms, users are uploading viral content, which is hateful, extremist, violent and dangerous.

This includes children performing extremely dangerous stunts. While platforms make enough effort to use algorithms, tracing and tracking down content is a crucial challenge.

While the minimum age for accessing any social media and messaging platforms remain 13 years, millions of underage children access these platforms in India.

With apps offering live video recording feature, any kind of content can be made live on social media platforms.

India has the largest youth population in the world and almost all are using these platforms. Thus, the platforms, which are popular among youth, need to offer safety and security features, and educate the youth on do's and don'ts' of social media.

India also needs a central and as well distributed authority to monitor content on social media. The much-debated data protection law, if implemented, could offer a solution to this problem with central regulatory body monitoring and regulating guidelines ensuring trust, safety and privacy.

Another key aspect is that while the world views online child safety and women's cyber safety as two separate issues, India still treats and classifies it as a single subject. The central and state government divide on tackling this issue is another key problem as crime against children and women remains within the domain of the state police bodies, whereas perpetrators reside in multiple states.

Countries such as United States, United Kingdom, Australia and Canada have made significant effort to track crime against children perpetrated through use of technology. WePROTECT Global Alliance is one such initiative launched by the UK government.

WePROTECT Global Alliance is an international movement dedicated to national and global action to end the sexual exploitation of children online. Ninty-eight countries across the world are signatory to it.

Indian Government must ask schools to train children, adolescents about online best practices. It should also make platforms responsible for teaching kids basic hygiene.

*Author is founder, India Future Foundation. Views are personal*

EAVESDROPPER

## A signal for others

**Users want more features, but do not wish to forego privacy either. Is the market ready for paid messengers?**

ISHAAN GERA

The Signal of Distress, Winslow Homer (1836-1910)

NOT MANY WOULD remember, but WhatsApp's initial plan, at the time of the launch, was to provide the service for free for one year and then charge $1 for its annual subscription. As the company started gaining more users, the free period kept on getting extended until Facebook acquired the chat platform in 2014. With 600 million users, WhatsApp at the time had the potential to grow bigger than Facebook. However, the real challenge was to harness data. As chats were encrypted, Facebook could do little but to connect personally identifiable information. Given that pesky ads would have deterred people from using the service, the company's only option was to grow its business use cases.

Over the years, thanks to smartphones gaining popularity, Facebook expanded its domain. Expansion of users—WhatsApp now has 2bn users—and emerging business use cases has allowed Facebook to monetise services. It charges businesses to send messages over WhatsApp and recently got the nod from RBI to incorporate payments. Earlier this year, it changed its terms and conditions, allowing it to do more in terms of data collection and user tracking from its business accounts and over its payment transactions.

A week after WhatsApp announced that it would be changing its terms and conditions, creating a huge furore in India and across the world, on Saturday, the company said that it was postponing its policy roll out to May 15. Although WhatsApp was not giving up its encryption standards in favour of access to more data, rumour mills and Facebook's past mistakes with data handling led people to assume the worst. It did not help that Elon Musk endorsed chat platforms like Signal, which espouse better privacy standards.

Signal and Telegram have witnessed a surge in downloads since. Until last week, Signal had accumulated 7.5 million new users, while Telegram had gotten 9 million. The pressure on Signal's servers became so much that the service crashed on the weekend.

While WhatsApp service has nothing to do with data leaking, the areas of concern are not WhatsApp can do today, but what it will do in the future. More importantly, the fear is reverse engineering of personally identifiable information. Even if WhatsApp does not leak any of chat history, in the future, when it is monitoring payments and chats with business users, it can collect information to build more accurate user profiles.

The problem is not so much WhatsApp's conditions but data privacy laws across the world. In countries where there is a data privacy law, WhatsApp can do little to collect user information. But where privacy laws are in a limbo, the company gets freehand. However, users have started valuing privacy. What the WhatsApp episode has made apparent is that even though users do not respect privacy as much as other features, there is a line that companies cannot afford to cross.

But what is the way forward? Data privacy laws are a must, but users also need to realise that there can be no free lunch. There is a price to security and safety, and that can either come via trading of data or following a subscription model. Free services like Signal and Telegram can only run for so long; ultimately, they would want to monetise. More users require more people to handle security, more servers and more databases.d

WhatsApp and other messengers can ensure that not all users have to abide by the new terms and conditions. There needs to be a choice to either switch to a paid model or use the one with existing features.

The market might not have been ready a few years ago when WhatsApp launched its $1 plan, but companies would be surprised to find out how much people are willing to shell out for privacy. The growing demand for VPNs is a case in point.

ishaan.gera@expressindia.com

## A safe return to the school

**School interruption means a massive learning loss**

ANIRUDH KHAITAN

THE COVID-19 pandemic brought the world to a halt, and in India it has affected the education of nearly 290 million children. Already, there were 6 million children out of school. This number threatens to go up due to the economic insecurity in their families due to Covid-19, causing many children to leave studies.

The ASER has stated that there is a sharp jump in out-of-school children in the 6-10 age-group, gone up from 1.8% (in 2018) to 5.3% (in 2020), and among all children up to 16 years from 4% to 5.5%. One of the reasons may be that the admissions process may still not be complete due to Covid-19. But primarily it could be that parents have decided to keep their kids at home. However, closing of schools has other downsides as well.

Schools are not only places of learning, these also provide social protection, nutrition, health and emotional support to students. Decisions as to whether students should return to school in person must be tailored to fit each community, district, and even grade within a school.

While health risks are real, these must be balanced with the scientific consensus that children must be around other people.

**Schools are not only places of learning, these also provide nutrition, social protection, and health and emotional support to students**

The following are our recommendations for India's school systems:

- Open schools for voluntary attendance to start with, which will allow those that are less comfortable to opt out, but at the same time allow those that have the most need to opt-in;
- Prioritise reopening of primary grades: These are the most critical developmental years, and children who fall behind early are at increased risk of never catching up or dropping out of school;
- Focus on building foundational skills of children instead of completing or starting at grade level curriculum.
- Mitigate risks of reopening: Several resources and guidelines are available on making a return to school safer. The guidelines generally stress on social distancing by staggering school timings or shifts, wearing of masks, ensuring ventilation or increasing the time spent outdoors, frequent sanitisation, and standard protocols around health checks and quarantine.

Given the massive negative impact of continuing school closure on children, we must actively prioritise a safe return to the school that can reverse this impact.

*The author is treasurer, FICCI ARISE, and vice-chairman, Khaitan Public School*

**MOSCHIP TECHNOLOGIES LIMITED**
(formerly MosChip Semiconductor Technology Limited)
Plot No.83 & 84, 2nd Floor, Punnaiah Plaza, Road No.2, Banjara Hills, Hyd 500 034,
CIN: L31909TG1999PLC032184

## NOTICE

NOTICE is hereby given that the meeting of the Board of Directors of the Company scheduled be held on Monday, the 25th day of January, 2021;

1) To consider and to take on record, *inter alia*, the unaudited financial results (Consolidated & Standalone) of the Company for the Quarterended 31st December, 2020.

2) To consider and approve the scheme of arrangement for amalgamation of Maven Systems Private Limited (wholly owned subsidiary) with MosChip Technologies Limited.

**For MosChip Technologies Limited**
**Sd/- CS Suresh Bachalakura**
**Company Secretary**
Hyderabad
17th January, 2021



**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL, CHANDIGARH BENCH**
**COMPANY APPLICATION NO. 33/Chd/Pb/2020**

In the matter of Sections 230-232 read with Section 66 and other applicable provisions of the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016

**And**

Scheme of Amalgamation
Amongst
Melinex Investment and Finance Private Limited
*(Applicant Company-1 / Transferor Company 1)*

**And**

R N Gupta Construction Equipment Private Limited
*(Applicant Company-2 / Transferee Company 1/ Transferor Company 2)*

**And**

R N Gupta And Company Limited
*(Applicant Company-3 / Transferee Company 2)*

**And**

Their Respective Shareholders and Creditors

**ADVERTISEMENT OF NOTICE OF THE MEETING OF THE SECURED CREDITORS AND UNSECURED CREDITORS OF R N GUPTA AND COMPANY LIMITED (APPLICANT COMPANY-3 / TRANSFEREE COMPANY 2 / COMPANY)**

Notice is hereby given that by an order dated 22nd December 2020 ('**Order**'), the Chandigarh Bench of the National Company Law Tribunal ('**Tribunal**') has directed separate meetings to be held of the secured creditors and unsecured creditors of R N Gupta and Company Limited, for the purpose of considering, and if thought fit, approving with or without modification(s), the Scheme of Amalgamation amongst Melinex Investment and Finance Private Limited, R N Gupta Construction Equipment Private Limited and R N Gupta and Company Limited ('**Company**') and their respective shareholders & creditors ('**Scheme**').

In pursuance of the said order and as directed therein, further notice is hereby given that the separate meetings of the secured creditors and unsecured creditors of the said Company will be held, through Video Conferencing ("**VC**"), as follows at such time, the secured creditors and unsecured creditors (as applicable) of the Applicant Company 3 are requested to attend:

| S.N. | Meetings | Date and Time | Mode |
|---|---|---|---|
| 1. | Meeting of Secured Creditors | Saturday, 20th February 2021 at 10:00 A.M. | Meeting to be held through Video Conferencing ('VC') |
| 2. | Meeting of Unsecured Creditors | Saturday, 20th February 2021 at 11:00 A.M. | Meeting to be held through Video Conferencing ('VC') |

Copies of the Scheme and Explanatory Statement under Section 230(3) and other applicable provisions of the Companies Act, 2013 can be obtained free of charge between 10:00 AM to 12:00 Noon on all days (except Saturdays, Sundays and Public Holidays) at the registered office of the Applicant Company 3 at GT Road, Doraha, Ludhiana, Punjab-141421. Person entitled to attend and vote at the respective meeting (via VC), may vote in person or by proxy, provided that all proxies in the prescribed form are duly sent either through email or deposited at the registered office of the Applicant Company 3, not later than 48 hours before the time fixed for the aforesaid meeting(s) of the secured creditors and unsecured creditors of the Applicant Company 3.

The forms of proxy can be obtained free of charge at the registered office of the Applicant Company 3.

The Tribunal has appointed Mr. Jog Singh, Advocate and Former Member, Securities Appellate Tribunal, as the Chairperson, Miss Sanya Chhibbar, Advocate, as alternate Chairperson and Mr. Kanwaljit Singh, Company Secretary, as the Scrutinizer for the said meetings of the secured creditors and unsecured creditors of Applicant Company 3. The Scheme, if approved in the aforesaid meetings, will be subject to the subsequent approval of the Tribunal.

Secured creditors and Unsecured creditors of the Applicant Company 3 as on May 31, 2020 will be entitled to exercise their right to vote at the respective meetings.

In case of any query, please contact the Company Secretary of the Applicant Company 3 at telephone no. 01628-526900 or via email at info@rngupta.com.

**Sd/-**
**Gaurav Gupta,**
**Director**
**DIN: 00105818**
**Date: 18 January 2021**

# SHEELA FOAM LIMITED

**(CIN: L74899DL1971PLC005679)**
**Registered Office: C-55, Preet Vihar, Vikas Marg, Delhi-110092**
**Email: iquebal.ahmad@sheelafoam.com Phone: +91 11 2202 6875, Facsimile: +91 11 2202 6876 Website: www.sheelafoam.com**

## Notice

Notice is hereby given that pursuant to the provisions of Sections 108, 110 and other applicable provision, if any, of the Companies Act, 2013 read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2018 and General Circular No. 14/2020 dated 8th April, 2020, General Circular No. 17/2020 dated 13th April, 2020 ,General Circular No. 22/2020 dated 15th June 2020, General Circular No, 33/2020 dated 28th September 2020, and General Circular No. 39/2020 dated 31st December 2020 issued by the Ministry of Corporate Affairs ("MCA Circulars").

In accordance with the MCA Circulars, the Notice of Postal Ballot will be sent only through electronic mode to all the members whose e-mail IDs are registered with the Link Intime India Private Ltd., Registrar and Share Transfer Agent (RTA) of the Company or the Depository Participant(s).

The Notice will also be available on the website of the Company at www.sheelafoam.com on the websites of Link Intime India Private Ltd. Company's RTA at www.linkintime.co.in and on the websites of Stock Exchanges where the shares of the Company are listed i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively. The manner, instructions and other information relating to e-voting process will be provided in the notice.

We urge all the shareholders who have not registered their email addresses with the Company/Depositaries to do so forthwith in order to receive all communications promptly without any disruption. Updating of correct email address in the records will help us to communicate with you effectively, especially during these challenging times.

For this purpose, we request shareholders who have not updated their email addresses and Permanent Account Number to kindly update the same by following the below mentioned link and quoting your Folio No./DP/Client ID, Certificate No., PAN, Mobile No., Email ID along with a self attested copy of your Pan Card/Aadhar/valid Passport/Share Certificate:

Process for member's registration Email ID and Bank Details:-

(I) **Demat Holding:** The Members holding Equity Shares of the Company in Demat Form and who have not registered their email addresses may temporarily register the same with the Company's Registrar and Share Transfer Agent M/s Link Intime India Private Limited, by clicking on the link: https://linkintime.co.in/emailreg/emailregister.html and follow the registration process as guided therein. In case of any query, a member may send an email to M/s Link Intime India Private Limited at **rnt.helpdesk@linkintime.co.in.** It is clarified that for permanent registration of email address and Bank details in your Demat account, members are requested to approach the respective Depository Participant ('DP') and follow the process advised by DP.

(II) **Physical Holding:** The Members holding Equity Shares of the Company in Physical Form and who have not registered their email addresses and/or Bank Account details may register the same with the Company's Registrar and Share Transfer Agent M/s Link Intime India Private Limited, by clicking on the link: httns://linkintime.co.in/emailreg/emailregister.html and follow the registration process as guided therein. In case of any query, a member may send an email to M/s Link Intime India Private Limited at **rnt.helpdesk@linkintime.co.in.** Further, we hereby request all our shareholders who have not yet updated their bank account details to kindly update the same to facilitate electronic credit of dividend amount, as and when declared, going forward. In order to register the Bank account details in your folio, kindly contact your Depository Participant or our Registrar and Share Transfer Agent M/s Link Intime India Private Limited. This is for your Information and records.

**For any queries please contact :**

| | |
|---|---|
| Mr. Bharat Bhushan, Assistant VP<br>Link Intime India Private Limited<br>Noble Heights, First Floor, Plot NH2 C-1 Block LSC, Near Savitri Market, Janakpuri,<br>New Delhi-110058<br>Tel No : +91 1141410592,93,94<br>E-mail id : delhi@linkintime.co.in<br>Website : www.linkintime.co.in | Sheela Foam Limited<br>Md Iquebal Ahmad<br>Company secretary<br>Preet Vihar, Vikas Marg,<br>Delhi-110092 Email:<br>iquebal.ahmad@sheelafoam.com<br>Phone: +91 11 2202 6875,<br>Facsimile: +91 11 2202 6876 |

For **Sheela Foam Limited**
Sd/-
Md Iquebal Ahmad
Company Secretary and Compliance Officer
Date: 16.01.2021
Place: Noida

RP-Sanjiv Goenka Group
Growing Legacies

DHARIWAL INFRASTRUCTURE LIMITED

## DHARIWAL INFRASTRUCTURE LIMITED

Corporate Identification Number: U70109WB2006PLC111457
Registered Office: CESC House, Chowringhee Square, Kolkata -700001, West Bengal, India
website: **www.dilenergy.co.in**

**INTERNATIONAL COMPETITIVE BIDDING (ICB)**
**2X300 MW DIL TPP**
**Invitation for Bid (IFB) – Wet Limestone Based Flue Gas Desulphurisation System and Auxiliaries (WLFGD)**

Dhariwal Infrastructure Limited (DIL), a wholly owned subsidiary of CESC Limited (CESC), the flagship power utility of the 'RP-Sanjiv Goenka Group', intends to set up Wet Limestone Based Flue Gas Desulphurisation System and Auxiliaries for its 600 (2X300) MW Coal Based Thermal Power Plant at Chandrapur, Maharashtra, India.

DIL invites sealed bids through ICB mode from eligible bidders for complete design, engineering, procurement, manufacture, shop fabrication, quality control, preassembly, shop testing at manufacturer's works, integration with the existing system, project management, packing, transportation including transit insurance, unloading, handling and conservation of equipment at site, complete services of construction including erection, pre-commissioning, commissioning and performance testing of equipment of complete Wet Limestone Based Flue Gas Desulphurisation System and Auxiliaries including all associated Electrical, Control & Instrumentation, Civil, Structural and Architecture works as a single source responsibility of an EPC Contractor for its 2X300 MW Coal based Thermal Power Plant at Chandrapur.

For further details please visit our website - **www.dilenergy.co.in**

Address for communication:
**Deputy General Manager (Operation Services)**
Dhariwal Infrastructure Limited, 6th floor, RPSG House, 2/4 Judges Court Road, Alipore, Kolkata – 700 027, West Bengal, India
Tel: +91-8335067266, +91-9163302163 | Email: pulak.nandy@rpsg.in

**FORM G - INVITATION FOR EXPRESSION OF INTEREST**
(Under Regulation 36A (1) of the Insolvency and Bankruptcy (Insolvency Resolution Process for Corporate Persons) Regulations, 2016

**RELEVANT PARTICULARS**

| | | |
|---|---|---|
| 1 | Name of the corporate debtor | **MSA DEVELOPERS PRIVATE LIMITED** |
| 2 | Date of incorporation of corporate debtor | 24/05/2013 |
| 3 | Authority under which corporate debtor is incorporated / registered | ROC-Delhi |
| 4 | Corporate identity number / limited liability identification number of corporate debtor | U70200DL2013PTC252698 |
| 5 | Address of the registered office and principal office (if any) of corporate debtor | A-44,Ground Floor, Shakarpur, New Delhi- 110092 |
| 6 | Insolvency commencement date of the corporate debtor | 11th October, 2019 (Order received on 15th October, 2019) |
| 7 | Date of invitation of expression of interest | 18th January, 2021 (Earlier: 3rd January, 2021) |
| 8 | Eligibility for resolution applicants under section 25(2)(h) of the Code is available at: | Available on website: www.msadevelopers.com Available at email: msa.cirp@gmail.com |
| 9 | Norms of ineligibility applicable under section 29A are available at: | https://ibbi.gov.in/webfront/legal_framework.php More details can be sought by emailing at msa.cirp@gmail.com. |
| 10 | Last date for receipt of expression of interest | 1st February, 2021(Earlier: 18th January, 2021) |
| 11 | Date of issue of provisional list of prospective resolution applicants | 6th February, 2021(Earlier: 27thJanuary, 2021) |
| 12 | Last date for submission of objections to provisional list | 11th February, 2021(Earlier: 1st February, 2021) |
| 13 | Date of issue of final list of prospective resolution applicants | 16th February, 2021(Earlier: 6thFebruary, 2021) |
| 14 | Date of issue of information memorandum, evaluation matrix and request for resolution plans to prospective resolution applicants | 11th February, 2021(Earlier: 1st February, 2021) |
| 15 | Manner of obtaining request for resolution plan, evaluation matrix, information memorandum and further information | Only such applicants that meet the eligibility criteria (as per pt. 8 above) and have signed NDA, will be provided access to the request for Resolution Plan, evaluation matrix and Information Memorandum, and Data Room through electronic form. The applicant can raise specific request at email at msa.cirp@gmail.com. |
| 16 | Last date for submission of resolution plans | 13th March, 2021(Earlier: 3rd March, 2021) |
| 17 | Manner of submitting resolution plans to resolution professional | A prospective resolution applicant in the final list may submit resolution plan or plans prepared in accordance with the Code and these regulations to the resolution professional electronically and in the sealed envelope at the address mentioned in pt. 21. Further details will be provided in the Request for Resolution Plan. |
| 18 | Estimated date for submission of resolution plan to the Adjudicating Authority for approval | As soon as approved by CoC |
| 19 | Name and registration number of the resolution professional | Mr. Rabindra Kumar Mintri Reg No: IBBI/IPA-001/IP-P00707/2017-2018/11194 |
| 20 | Name, Address and e-email of the resolution professional, as registered with the Board | Mr. Rabindra Kumar Mintri Address: JD-18-B, Near Ashiana Chowk, Pitampura, New Delhi-110034. Email: mintri_ca@rediffmail.com |
| 21 | Address and email to be used for correspondence with the resolution professional | For Correspondence Purpose: Address: JD-18-B, Near Ashiana Chowk, Pitampura, New Delhi-110034. Email: msa.cirp@gmail.com |
| 22 | Further Details are available at or with | On request to Interim Resolution Professional, by sending E-mail at msa.cirp@gmail.com |
| 23 | Date of publication of Form G | 18th January, 2021(Earlier: 3rd January, 2021) |

**Note- The above dates filled by the IRP, be subject to the outcome of the Extension/Exclusion application being filed before the Hon'ble NCLT.**

sd/-
**Rabindra Kumar Mintri**
for **MSA Developers Private Limited**
**Reg No:** IBBI/IPA-001/IP-P00707/2017-2018/11194
**Address:** JD-18-B, Near Ashiana Chowk, Pitampura, New Delhi-110034
**Mail Id:** mintri_ca@rediffmail.com
**Date :** 18.01.2021
**Place:** Delhi

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## PUBLIC ANNOUNCEMENT

Nazara™

# NAZARA TECHNOLOGIES LIMITED

Our Company was incorporated as *'Nazara.com Private Limited'* on December 8, 1999 at Mumbai, Maharashtra as a private limited company under the Companies Act, 1956, and was granted a certificate of incorporation by the Registrar of Companies, Maharashtra at Mumbai ("**RoC**"). Subsequently, the name of our Company was changed to 'Nazara Technologies Private Limited' and a fresh certificate of incorporation consequent upon change of name was issued by the RoC to our Company on July 4, 2003. Our Company was converted from a private limited company to a public limited company, and the name of our Company was changed to 'Nazara Technologies Limited' and a fresh certificate of incorporation consequent upon change of name was issued by the RoC to our Company on December 13, 2017. For further details, see *"History and Certain Corporate Matters"* on page 167 of the Draft Red Herring Prospectus dated January 14, 2021 ("**DRHP**").

**Registered Office and Corporate Office:** 51-57, Maker Chambers 3, Nariman Point, Mumbai 400 021, Maharashtra, India; **Tel:** +91 22 4033 0800. **Website:** www.nazara.com;
**Contact Person:** Pratibha Mishra, Company Secretary and Compliance Officer; **E-mail:** cs@nazara.com, **Corporate Identity Number:** U72900MH1999PLC122970

**OUR PROMOTERS: VIKASH MITTERSAIN, NITISH MITTERSAIN AND MITTER INFOTECH LLP**

**INITIAL PUBLIC OFFER OF UP TO 4,965,476 EQUITY SHARES OF FACE VALUE OF ₹4 EACH ("EQUITY SHARES") OF NAZARA TECHNOLOGIES LIMITED ("COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE ("OFFER PRICE"), THROUGH AN OFFER FOR SALE OF UP TO 4,965,476 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION ("OFFER") BY THE SELLING SHAREHOLDERS, COMPRISING OF UP TO 1,136,320 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY IIFL SPECIAL OPPORTUNITIES FUND, UP TO 929,084 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY IIFL SPECIAL OPPORTUNITIES FUND - SERIES 4, UP TO 783,577 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY IIFL SPECIAL OPPORTUNITIES FUND - SERIES 5, UP TO 732,307 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY IIFL SPECIAL OPPORTUNITIES FUND - SERIES 2, UP TO 691,900 EQUITY SHARES AGGREGATING UP TO '[●] MILLION BY MITTER INFOTECH LLP (THE "PROMOTER SELLING SHAREHOLDER"), UP TO 352,659 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY IIFL SPECIAL OPPORTUNITIES FUND - SERIES 3, (IIFL SPECIAL OPPORTUNITIES FUND, IIFL SPECIAL OPPORTUNITIES FUND - SERIES 4, IIFL SPECIAL OPPORTUNITIES FUND - SERIES 5, IIFL SPECIAL OPPORTUNITIES FUND - SERIES 2 AND IIFL SPECIAL OPPORTUNITIES FUND - SERIES 3 TOGETHER, REFERRED TO AS THE "INVESTOR SELLING SHAREHOLDERS"), UP TO 200,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY GOOD GAME INVESTMENT TRUST, UP TO 75,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY INDEXARB SECURITIES PRIVATE LIMITED UP TO 25,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY SEEDFUND 2 INTERNATIONAL, UP TO 23,725 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY PORUSH JAIN, UP TO 14,959 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY AZIMUTH INVESTMENTS LIMITED AND UP TO 945 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY SEEDFUND 2 INDIA (GOOD GAME INVESTMENT TRUST, INDEXARB SECURITIES PRIVATE LIMITED, SEEDFUND 2 INTERNATIONAL, PORUSH JAIN, AZIMUTH INVESTMENTS LIMITED AND SEEDFUND 2 INDIA TOGETHER, REFERRED TO AS THE "OTHER SELLING SHAREHOLDERS, AND TOGETHER WITH THE PROMOTER SELLING SHAREHOLDER AND THE INVESTOR SELLING SHAREHOLDERS, REFERRED TO AS THE "SELLING SHAREHOLDERS"). THIS OFFER INCLUDES A RESERVATION OF UP TO [●] EQUITY SHARES (CONSTITUTING UP TO [●]% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL) FOR PURCHASE BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER WOULD CONSTITUTE AT LEAST [●]% AND [●]%, RESPECTIVELY, OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL. OUR COMPANY, THE PROMOTER SELLING SHAREHOLDER AND THE INVESTOR SELLING SHAREHOLDERS IN CONSULTATION WITH THE BRLMS, MAY OFFER A DISCOUNT OF UP TO 10.00% (EQUIVALENT TO ₹ [●] PER EQUITY SHARE) TO THE OFFER PRICE TO ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION ("EMPLOYEE DISCOUNT").**

**THE PRICE BAND, THE MINIMUM BID LOT AND THE EMPLOYEE DISCOUNT, IF ANY, WILL BE DECIDED BY OUR COMPANY, THE PROMOTER SELLING SHAREHOLDER AND THE INVESTOR SELLING SHAREHOLDERS IN CONSULTATION WITH THE BRLMS AND WILL BE ADVERTISED IN [●] EDITIONS OF [●], AN ENGLISH NATIONAL DAILY NEWSPAPER, [●] EDITIONS OF [●], A HINDI NATIONAL DAILY NEWSPAPER, AND [●] EDITIONS OF [●], A MARATHI DAILY NEWSPAPER (MARATHI BEING THE REGIONAL LANGUAGE OF MAHARASHTRA WHERE OUR REGISTERED OFFICE IS LOCATED) AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON ITS WEBSITE IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS").**

In case of any revision in the Price Band, the Bid/ Offer Period will be extended by at least three additional Working Days after such revision in the Price Band, subject to the Bid/ Offer Period not exceeding 10 Working Days. In cases of force majeure, strike or similar circumstances, our Company may, for reasons to be recorded in writing, extend the Bid/ Offer Period for a minimum of three Working Days, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the respective websites of the BRLMs and at the terminals of the Syndicate Members and by intimation to Designated Intermediaries and the Sponsor Bank, as applicable.

The Offer is being made through the Book Building Process, in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**") read with Regulation 31 of the SEBI ICDR Regulations and in compliance with Regulation 6(2) of the SEBI ICDR Regulations wherein not less than 75% of the Net Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**") (the "**QIB Portion**"), provided that our Company, the Promoter Selling Shareholder and the Investor Selling Shareholders in consultation with the BRLMs may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from the domestic Mutual Funds at or above the Anchor Investor Allocation Price. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion for proportionate allocation to QIBs. Further, not more than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not more than 10% of the Net Offer shall be available for allocation to RIBs in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. Further, Equity Shares will be allocated on a proportionate basis to Eligible Employees applying under the Employee Reservation Portion, subject to valid Bids received from them at or above the Offer Price. All Bidders (except Anchor Investors) are required to mandatorily utilise the Application Supported by Blocked Amount ("**ASBA**") process providing details of their respective bank account (including UPI ID for RIBs using UPI Mechanism), in which the corresponding Bid Amounts will be blocked by the SCSBs or the Sponsor Bank, as applicable. Anchor Investors are not permitted to participate in the Offer through the ASBA process. For details, see "Offer Procedure" on page 381 of the DRHP.

This public announcement is being made in compliance with the provisions of Regulation 26(2) of the SEBI ICDR Regulations to inform the public that our Company is proposing, subject to applicable statutory and regulatory requirements, receipt of requisite approvals, market conditions and other considerations, to make an initial public offering of its Equity Shares pursuant to the Offer and has filed the DRHP with the Securities and Exchange Board of India ("**SEBI**") on January 15, 2021. Pursuant to Regulation 26(1) of the SEBI ICDR Regulations, the DRHP filed with SEBI shall be made public for comments, if any, for a period of at least 21 days from the date of such filing by hosting it on the website of SEBI at www.sebi.gov.in, websites of the Stock Exchanges i.e. NSE and BSE at www.nseindia.com, www.bseindia.com, and the websites of the BRLMs i.e. ICICI Securities Limited, IIFL Securities Limited*, Jefferies India Private Limited and Nomura Financial Advisory and Securities (India) Private Limited at www.icicisecurities.com, www.iiflcap.com, www.jefferies.com and www.nomuraholdings.com/company/group/asia/india/index.html, respectively. Our Company invites the public to give their comments on the DRHP filed with SEBI, with respect to disclosures made in the DRHP. The members of the public are requested to send a copy of the comments sent to SEBI, to the Company Secretary and Compliance Officer of our Company and/or the BRLMs at their respective addresses mentioned herein. All comments must be received by our Company and/or the Company Secretary and Compliance Officer or the BRLMs at their respective addresses mentioned herein below in relation to the Offer on or before 5.00 p.m. on the 21st day from the aforesaid date of filing of the DRHP with SEBI.

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the SEBI, nor does SEBI guarantee the accuracy or adequacy of the contents of the DRHP. Specific attention of the prospective investors is invited to "Risk Factors" on page 25 of the DRHP.

Any decision to invest in the Equity Shares described in the DRHP may only be taken after the Red Herring Prospectus for the same has been filed with the RoC, Maharashtra at Mumbai and must be made solely on the basis of such Red Herring Prospectus.

The Equity Shares, when offered through the Red Herring Prospectus, are proposed to be listed on BSE and NSE.

For details of the share capital and capital structure of the Company, see **"Capital Structure"** on page 72 of the DRHP. The signatories to the Memorandum of Association of the Company are Vikash Mittersain, Nitish Mittersain and Sandhya Mittersain who subscribed to 10 equity shares each of the Company as initial subscription. The liability of the members is limited. For details of the main objects of its Company as contained in the Memorandum of Association, see *"History and Certain Corporate Matters"* on page 167 of the DRHP.

| BOOK RUNNING LEAD MANAGERS | | | | REGISTRAR TO THE OFFER |
|---|---|---|---|---|
| ICICI Securities | IIFL SECURITIES | Jefferies | NOMURA | LINKIntime |
| **ICICI Securities Limited**<br>ICICI Centre, H. T. Parekh Marg, Churchgate, Mumbai 400 020, Maharashtra, India<br>**Tel:** +91 22 2288 2460<br>**E-mail:** nazara.ipo@icicisecurities.com<br>**Investor grievance e-mail:** customercare@icicisecurities.com<br>**Website:** www.icicisecurities.com<br>**Contact Person:** Sameer Purohit / Shekher Asnani<br>**SEBI Registration No.:** INM000011179 | **IIFL Securities Limited***<br>10th Floor, IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel (West), Mumbai 400 013, Maharashtra, India<br>**Tel:** +91 22 4646 4600<br>**E-mail:** nazara.ipo@iiflcap.com<br>**Investor grievance e-mail:** ig.ib@iiflcap.com<br>**Website:** www.iiflcap.com<br>**Contact Person:** Koustav Pal / Shubham Tantia<br>**SEBI Registration No.:** INM000010940 | **Jefferies India Private Limited**<br>42/43, 2 North Avenue Maker Maxity., Bandra-Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India<br>**Tel:** +91 22 4356 6000<br>**E-mail:** nazara.ipo@jefferies.com<br>**Investor grievance e-mail:** jipl.grievance@jefferies.com<br>**Website:** www.jefferies.com<br>**Contact Person:** Aman Puri<br>**SEBI Registration No.:** INM000011443 | **Nomura Financial Advisory and Securities (India) Private Limited**<br>Ceejay House, Level 11 Plot F, Shivsagar Estate, Dr. Annie Besant Road, Worli Mumbai 400 018, Maharashtra, India<br>Tel: +91 22 4037 4037<br>**E-mail:** nazaratechnologiesipo@nomura.com<br>**Investor grievance e-mail:** investorgrievances-in@nomura.com<br>**Website:** www.nomuraholdings.com/company/group/asia/india/index.html<br>**Contact Person:** Vishal Kanjani / Ritesh Gupta<br>**SEBI Registration No.:** INM000011419 | **Link Intime India Private Limited**<br>C-101, 1st Floor, 247 Park L.B.S. Marg, Vikhroli (West), Mumbai 400 083 Maharashtra, India<br>**Tel:** 022 4918 6200<br>**E-mail:** nazara.ipo@linkintime.co.in<br>**Investor grievance e-mail:** nazara.ipo@linkintime.co.in<br>**Website:** www.linkintime.co.in<br>**Contact Person:** Shanti Gopalakrishnan<br>**SEBI Registration No.:** INR000004058 |

** In compliance with the proviso to Regulation 21A of the SEBI Merchant Banker Regulation, 1992, as amended, IIFL Securities Limited will be involved only in marketing of the Offer.*

All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to them in the DRHP.

For **NAZARA TECHNOLOGIES LIMITED**
On behalf of the Board of Directors
*Sd/-*
Company Secretary and Compliance Officer

Place: Mumbai
Date: January 16, 2021

**NAZARA TECHNOLOGIES LIMITED** is proposing, subject to applicable statutory and regulatory requirements, receipt of requisite approvals, market conditions and other considerations, to undertake an initial public offering of its Equity Shares and has filed the DRHP with SEBI. The DRHP will be available on the website of SEBI at www.sebi.gov.in, website of stock exchanges i.e. NSE at www.nseindia.com, BSE at www.bseindia.com and the website of the BRLMs, i.e. ICICI Securities Limited, IIFL Securities Limited*, Jefferies India Private Limited and Nomura Financial Advisory and Securities (India) Private Limited at www.icicisecurities.com, www.iiflcap.com, www.jefferies.com and www.nomuraholdings.com/company/group/asia/india/index.html, respectively. Any potential investors should note that investment in equity shares involves a high degree of risk and for details relating to the same, please refer to the DRHP, including the section *"Risk Factors"* of the RHP when available. Potential investors should not rely on the DRHP filed with SEBI for making any investment decision.

This announcement does not constitute an invitation or offer of securities for sale in any jurisdiction, including the United States. The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("**Securities Act**") or any state securities laws in the United States, and unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with any applicable U.S. state securities laws. The Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of each jurisdictions where such offers and sales are made. There will be no public offering in the United States.

**In compliance with the proviso to Regulation 21A of the SEBI Merchant Banker Regulations, IIFL Securities Limited will be involved only in marketing of the Offer.*

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14 DAYS IN HOTEL

# Australian Open to go ahead with 72 players in quarantine

DAVID STRINGER
January 17

THE AUSTRALIAN OPEN tennis tournament will go ahead as scheduled next month, even after the number of players sent into a 14-day hotel quarantine on arrival rises to 72.

A passenger has tested positive on a third flight, arriving in Melbourne from Doha, the event organisers said in a statement on Sunday. This means an additional group of people, including a further 25 players, will need to complete a 14-day hotel quarantine. It brings the total number of players in a two-week isolation period to 72.

"The passenger is not a member of the playing contingent and had tested negative before the flight," the Australian Open organizers said in the statement. "There were 58 passengers on the flight, including 25 players. All are already in quarantine hotels."

Players on two separate flights that arrived Friday from Los Angeles and Abu Dhabi will spend two weeks in isolation without opportunities to practice, after four positive Covid-19 cases were confirmed, including tennis coach Sylvain


Bruneau. Authorities disclosed the fourth positive test, a member of a broadcast crew, on Sunday.

"We are in this situation, we have to deal with it, the Australian Open is going ahead," Tournament Director Craig Tiley told Channel 9 on Sunday. Players will be provided with fitness equipment for their hotel rooms. "It's a tough situation and we have got to do whatever we can to make it as easy as possible for those players that are in lockdown," he said.

Isolated players or officials aren't permitted to leave hotel rooms but some people in quarantine had caused issues by opening doors to hold conversations, Covid-19 Quarantine Victoria commissioner Emma Cassar told reporters Sunday in Melbourne. "There are a few people who are testing our procedures and we would encourage them to remain in their rooms," she said.

**A passenger has tested positive on a third flight, arriving in Melbourne from Doha, the event organisers said in a statement on Sunday**

More than 1,200 officials, players and support teams arriving in Australia ahead of the tournament had already been anticipating strict rules. They're all subject to mandatory isolation in designated hotels, daily testing for Covid-19 and are restricted to daily five-hour blocks for training and treatment.

Some athletes now in hotel lockdown, including Swiss player Belinda Bencic and Romania's Sorana Cirstea, posted messages to Twitter arguing they'll be disadvantaged by a lack of training. Uruguayan player Pablo Cuevas and Kazakhstan's Yulia Putintseva uploaded videos to social media accounts showing them hitting balls against upended mattresses inside their rooms. —BLOOMBERG

# Divided Senate gives Kamala Harris powerful tiebreaker role

BLOOMBERG
January 17

KAMALA HARRIS'S TERM as vice-president will be defined from the start by the Senate's partisan split, as the former lawmaker is pushed into a powerful role in a chamber that must decide whether to convict the outgoing president of inciting an insurrection.

Harris will formally resign from the Senate on Monday, a transition official said, two days before she's sworn in as the nation's first female vice-president.

After wins by Democrats Raphael Warnock and Jon Ossoff in Georgia's runoff elections, the upper chamber is divided 50-50 between Republicans and the Democratic caucus, meaning Harris can use her tie-breaking vote as president of the Senate to push through nominees and pass bills on which senators are split along party lines.

And it's a cudgel she will likely have to use, even though Joe Biden's team has said it hopes to secure Republican support for legislation, especially if Democrats don't do away with the 60-vote rule on most legislation.