REGULATORY REQUIREMENTS

IDBI Bank or LIC HF may have to cease housing finance activity

IDBI Bank does not need to raise further capital at the moment

SURABHI
Mumbai, February 13

Life Insurance Corporation of India, which owns 49.24 per cent stake in IDBI Bank, has said it may have to ensure that either IDBI Bank or LIC Housing Finance stops conducting housing finance activities in order to meet regulatory requirements.

"...the RBI in its Approval Letter has stipulated that either IDBI Bank or LIC Housing Finance, our associates, will have to cease conducting housing finance activity within a period of five years from the date of the Approval Letter and that housing finance activity shall be conducted only by one entity," LIC said in its draft red herring prospectus, which was filed with SEBI on Sunday.

RBI had through a letter on November 2, 2018 granted approval to LIC to acquire the additional equity shares in IDBI Bank, subject to, among others, LIC adequately capitalising the lender to ensure it meets the minimum capital requirements for a period of at least five years so that it could move out of the prompt corrective action framework.

Outlining possible risk factors, LIC said the impact of complying with this requirement of the RBI may have an adverse effect on its financial condition, results of operations and cash flows.

IDBI Bank became a subsidiary of LIC with effect from January 21, 2019. LIC is however, confident that IDBI Bank does not need to raise further capital at the moment due to its improved its financial condition and results of operations. "However, if IDBI Bank requires additional capital prior to the expiry of the applicable five-year period and it is unable to raise capital, we would be required to infuse additional

funds into IDBI Bank, which may have an adverse effect on our financial condition and results of operations," it said.

LIC said it is also keen that LIC Asset Management completes the proposed takeover of the scheme of IDBI AMC as soon as practically possible. It, however, noted that there is no assurance that it will be completed, given the process involved. As a result, it may continue to be in breach of SEBI Mutual Fund Regulations, which prohibit any shareholder from holding 10 per cent or more of the shareholding or voting rights in any asset management company, or the trustee company of a mutual fund from holding 10 per cent or more of shareholding or voting rights in the asset management company or the trustee company of any other mutual fund.

Impact of pandemic

In the risk factors, LIC also highlighted the adverse impact of the pandemic on its operations. Insurance claims by death has shot up to ₹21,734.15 crore in the six months ended September 30, 2021 of the current fiscal on a consolidated basis, compared to ₹17,128.84 crore in 2018-19. The pandemic and the lockdowns also adversely affected sales of its individual policies primarily in the fourth quarter of 2019-20, which declined by 22.66 per cent year on year to 63.5 lakh, and the first quarters of 2020-21 and 2021-22, it said. The pandemic also impacted persistency ratios. In the case of individual business, persistency ratio in the 13th month was 72 per cent as at March 31, 2020 compared to 77 per cent as at March 31, 2019.

IPL auction: 204 players sold for over ₹550 crore on Day 2

Delhi Capitals biggest spender, forks out ₹88.7 cr

OUR BUREAU
Mumbai, February 13

Big bucks changed hands as the Indian Premier League mega auctions concluded on Sunday, with the overall bids over 3.5 times more than the 2021 auction. With two additional teams, Gujarat Titans and Lucknow Super Giants in the fray, the bidders spent over ₹550 crore compared to ₹145 crore last year.

Of the 600 registered players in the fray, 204 got sold. JSW and GMR co-owned franchise Delhi Capitals emerged as the largest spender, shelling out ₹88.7 crore of the ₹90 crore purse allotted to each team.

Liam goes for ₹11.50 cr

Ishan Kishan was the most expensive buy at the auction when Mumbai Indians broke the bank on Saturday, to get

him for ₹15.25 crore. Bowler Deepak Chahar fetched the second highest bid from Chennai Super Kings for ₹14 crore.

Among foreign players, England's Liam Livingstone was the most expensive buy at ₹11.50 crore while all-rounder Joffra Archer got an unexpected bid of ₹8 crore on Day 2. Mumbai Indians acquired Archer after a heated bidding war, despite the fact that the English player will be out of commission for the 2022 season. Market watchers said this deal will pay off for the 2023, 2024 editions.

Copious funds were flowing during the mega auction on the weekend, with 11 players fetching a price in double digits, in contrast to only four players crossing that mark last year.

The notable bids for Day 2 included Singapore cricketer Tim David bought by Mumbai Indians for ₹8.25 crore, Marco Jansen picked up by Sunrisers Hyderabad for ₹4.2 crore, West Indies all-rounder Odean Smith bought by Punjab Kings for ₹6 crore.

Newbie franchise to the 2022 edition, Lucknow Super Giants, added 16 players to its roster with the most expensive buy being bowler Avesh Khan for ₹10 crore. Gujarat Titans added 14 new players to its squad, with New Zealand's Lockie Ferguson being its top buy, also at ₹10 crore.

'Mr IPL' Suresh Raina remained unsold at the end of the 2022 auctions, with Raina's long standing association with Chennai Super Kings finally coming to an end.

Biological E seeks EUA for its Corbevax vaccine for ages 12-18

PRESS TRUST OF INDIA
New Delhi, February 13

Biological E has sought emergency use authorisation (EUA) from India's drug regulator for its Covid-19 vaccine Corbevax for ages 12-18, official sources said on Sunday.

The Drugs Controller General Of India has already approved Corbevax, which is India's first indigenously developed RBD protein sub-unit vaccine against Covid-19, for restricted use in emergency situation among adults on December 28.

In an application sent to DCGI on February 9, Srinivas Kosaraju, Head of Quality and Regulatory Affairs of Biological E Limited, said the firm had received approval for conducting phase 2/3 clinical study of Corbevax among children and adolescents aged 5-18 years in September. The Corbevax vaccine is administered through intramuscular route with two doses scheduled 28 days apart.

Ashok Leyland to launch medium range of EVs by 2025

S RONENDRA SINGH
New Delhi, February 13

Commercial vehicle-maker Ashok Leyland has said that it is working on a medium range of electric vehicles (EVs) in the commercial vehicle (CV) segment, which would be launched by 2025.

The company has its electric buses running in some States, and an electric version of Dost (light commercial vehicle) is likely to be launched in the fourth quarter of this year. The company is also working on other alternative fuel options for its CVs, said a top official.

"While we have a sister concern called 'Switch', which deals with all the buses and smaller EVs, we are working on ICV (intermediate commercial vehicles) EVs. We are now preparing ourselves for all types of alternative fuel... we should have all the technologies available off the shelf and as and when infrastructure and ecosystem are created, we will be able to offer," Sanjeev Kumar, Head of Medium and Heavy Commercial Vehicles (M&HCV) Business, Ashok Leyland, told *BusinessLine*.

Last week, the company completed the sale of its EV business to Switch Mobility Automotive, its EV arm, for a consideration of ₹240 crore.

The transfer of EV business resulted in a profit of ₹96 crore for the company, and the transfer of EMaaS (Electric Mobility-as-a-Service) business is pending regulatory and other approvals.

Kumar also clarified that while compressed natural gas (CNG) and liquefied natural gas (LNG) are happening now, it may take some more time for adoption of electric in high-tonnage trucks. "My own sense is that electric will be there in buses and smaller vehicles and ICV range. But a shift

Sanjeev Kumar, Head, M&HCV Business, Ashok Leyland

to higher tonnage vehicles will take some time. After CNG, we may see LNG progressing now because it is progressing very fast in in Europe and China," he said.

The company recently launched the ecomet Star ICV CNG range, and customers can choose from two options of 16.1 tonne and 14.250 tonne with three CNG cylinder options – 360/480/570 litres – giving around 700 km range. According to Kumar, the CNG share of CVs has increased a lot over the last two years, especially with the government's focus on creating more CNG infrastructure across the country. The maximum number of CNGs was available in Maharashtra, Gujarat and North India, but now it is spreading across the country. He said CNG trucks right now form around 10 per cent of the market, and the remaining 90 per cent in diesel and around 40 per cent in ICV range.

Market scenario

Asked about the overall market scenario, especially sales over the last two years, which have been in red due to the pandemic and semiconductor shortage, Kumar said that it may continue for some more time, but demand is coming back.

The company sold 7,561 units of M&HCV in January, a jump of 11 per cent, compared to 6,839 units in January 2021.

Okinawa plans to invest ₹1,000 cr for doubling capacity

SWARAJ BAGGONKAR
Mumbai, February 13

Electric two-wheeler maker Okinawa Autotech has doubled its targeted spending to expand business operations and is in the final stage of talks with private equity companies to divest a minority stake in the company for raising funds.

Gurugram-based Okinawa, which is India's second-largest electric two-wheeler maker, is now planning to invest between ₹800 to ₹1000 crore for doubling its manufacturing capacity to 2 million units per annum, which includes raising the capacity of motors and batteries as well.

The recalibration in spending was the reason behind the delayed conclusion of talks with private equity companies which has been going on since the middle of last calendar year. The company, which has been bootstrapped till date, was earlier planning to raise around ₹500 crore through the divestment of stake.

Jeetendar Sharma, Founder and Managing Director, Okinawa Autotech, said, "When we had done the planning earlier it was ₹500 crore but now it will be ₹800₹1,000 crore in the next 3-4 years. We are in final discussions with PEs. The equity dilution from our side will be very minor. The promoters hold 100 per cent. This is the first time the company will dilute its stake."

Following competitors' path

Okinawa's expansion plans coincide with similar aggressive plans already announced by market leader Hero Electric, Ola Electric, Bajaj Auto, TVS Motor Company, Ampere Vehicles and Ather Energy to name a few.

Hero Electric is talking to investors for raising funds to increase production capacity to 5

Jeetendar Sharma, Founder, Okinawa Autotech

million per annum units whereas Ola Electric has spoken about having a total capacity of 10 million per annum.

Okinawa presently manufactures half a dozen high-speed and low-speed electric scooters from its plant in Alwar, Rajasthan. This plant has the capacity to make 1.8 lakh units per annum in two shifts. The company started developing its second plant in Bhiwadi, Rajasthan around two years ago. This new plant, which has a total capacity of 1 million per annum, will be inaugurated on Monday.

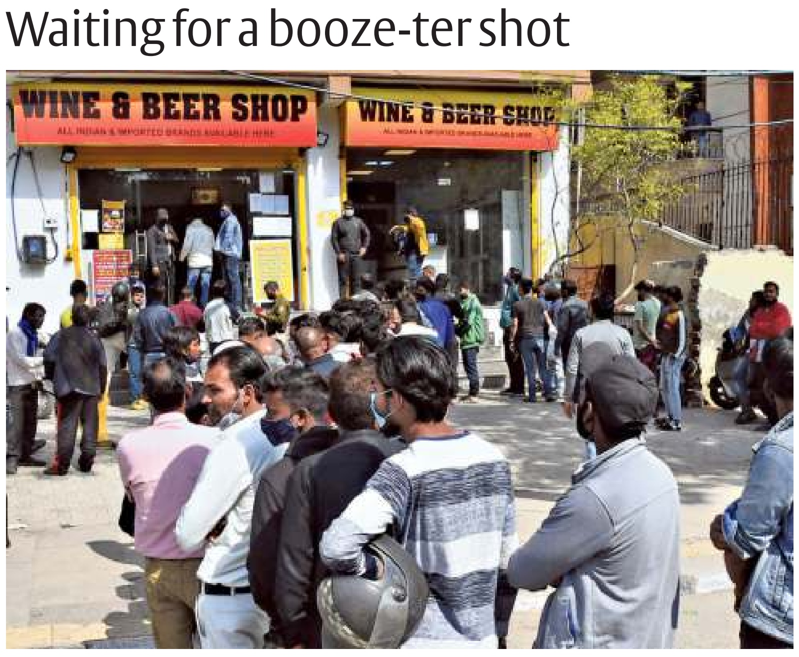
"We are planning to go with two phases. In the first phase, we will have a capacity of 300,000 vehicles per year from the new plant and the second phase will see a further ramp up from there," Sharma added.

This year the company is planning the launch of three products.

"One product is the high-speed scooter and the second one will be a high-speed motorcycle, which will have a speed of more than 80-90-km per hour. The first product will be launched next month which will be the scooter. The second quarter of next financial year will see the launch of the motorcycle," Sharma added.

Okinawa currently has a reach of 400 dealerships across the country which it plans to take up to 500 before the end of next financial year.

Waiting for a booze-ter shot



Long queue outside a liqour shop at Mall Road in New Delhi on Sunday. With the introduction of the new excise policy in November last year, liquor stores in New Delhi are under pressure to clear stock by the end of March as their licences will be renewed in the new financial year. As a result, shop owners are giving heavy discounts to increase sales and people have been buying in large quantities due to the rate cut SUSHIL KUMAR VERMA

Agricultural infrastructure cess on crude palm oil cut to 5%

Will help domestic refiners as move widens the gap with refined oil

PRABHUDUTTA MISHRA
New Delhi, February 13

The Union government has decided to reduce the agricultural infrastructure development cess (AIDC) on crude palm oil (CPO) to 5 per cent effective from February 13 from the current 7.5 per cent which will help it to widen the gap between crude and refined oil. After this reduction, the effective duty gap will be 8.5 per cent between CPO and RBD palmolein.

'Not enough'

In a notification issued on Saturday, the Finance Ministry has also extended the validity of the new duty on CPO and other crude oils to September 30. The effective duty on these crude edible oils will be 5.5 per cent.

"This is a welcome step but not enough to support domestic refiners. We had requested to create duty difference of minimum 11 per cent to enable domestic refiners to operate refinery economically," said BV Mehta, Executive Director of Mumbai-based Solvent Extractors' Association of India (SEA).

On December 20, the Centre had lowered the import duty on RBD palmolein and RBD palm oil by 5.5 per cent.

As a result, the gap between refined varieties and crude had narrowed down. The SEA had sought a reduction in AIDC on CPO from 7.5 per cent to 2.5 per cent. While such a reduction would not have escalated the domestic prices of cooking oils, it could have helped the industry save on its investment, SEA had argued. In a letter to the Union Food Secretary Sudhanshu Pandey last month, SEA President Atul Chaturvedi had urged that RBD palmolein and refined palm oil be placed un-

der the "restricted list" to save the domestic palm oil refining industry. The Food Ministry, on February 3, had notified the order imposing stock limit on edible oils and oilseeds making it mandatory for States to implement it. The Centre also extended the validity of the stock limits until June 30, which was to expire on March 31. The earlier order issued on October 8 had empowered States to impose the stock limits, and only Uttar Pradesh, Karnataka, Himachal Pradesh, Telangana, Rajasthan and Bihar had imposed the quantitative restriction.

The Centre has asked States to implement the stock limit order on edible oils and oilseeds without causing any disruption in the supply chain and impacting the trade. The stock limit is expected to curtail any unfair practices such as hoarding and black marketing and is seen as a measure to prevent further increase in the prices of edible oils.

Indian consumers can expect little relief from high edible oil prices at least until May as a combination of factors such as labour shortage in South-East Asia oil palm plantations, surging crude oil prices and dry weather in South America will keep them elevated. These factors have resulted in palm oil prices zooming to record highs this year, gaining 20 per cent, while soyabean oil has increased by over 15 per cent.

'Budget misses out on long-term demands of realty sector'

ABHISHEK LAW
New Delhi, February 13

While the Budget does focus on pushing infrastructure and affordable housing, the middle class has been given a miss, says Niranjan Hiranandani, Co-founder and MD of Hiranandani Group and Vice-Chairman of Naredco.

THE BL INTERVIEW

In an interview with *BusinessLine*, the 71-year-old Indian billionaire pointed out that institutional investor interest in real estate, particularly new asset classes, was picking up and infrastructure status to data centres would push further growth in the sector. Excerpts:

Would you say that the Budget overlooked some of the long standing demands for the realty sector?

In a way yes. But then, there is no major tax implication on the sector. So, no bad news is good news for us. However, we are hopeful that the GST Council will consider extending input tax credit benefits to developers.

Has the Prime Minister Awas Yojana (PMAY) lived up to expectations?

Nearly ₹80,000 crore has been allocated under the PMAY-Urban and PMAY-Rural in the last five years. Execution of such a large scale project will always be a problem. But PMAY-Rural has really done well despite the Covid-induced slowdown over the last few years. It is PMAY-Urban which is facing some issues especially if one considers the bigger metros– Delhi, Mumbai and Chennai.

Slum development projects are an issue here, including ownership concerns. So naturally there is slowdown in big cities. Plus migration happened (during the pandemic) towards smaller towns, thus slowing down the scheme. But the same PMAY-Urban has done well in the peripheral areas of metros, tier-I and tier-II cities, and in larger urban areas of the hinterlands.

You expect the Budget to spur demand in the realty sector?

Infra push apart, there is a clear

The middle class was given a miss. There is no tax relief across any income bracket... A MNREGA type or income guarantee scheme for urban poor could have helped spur demand...

NIRANJAN HIRANANDANI
Co-founder and MD, Hiranandani Group

focus by increasing allotment of funds to PMAY schemes. Even without tBudget provisions, the real estate demand has improved post-Covid. Affordable housing, the upgrade market and premium homes are all doing well. The supply situation across cities has also stabilised. Demand is expected to be strong in the coming year if factors like the low interest rate regime and stamp duty cuts continue.

But is low interest rate regime a long term possibility?

The RBI Monetary Policy Committee maintained status quo on key policy rates on February 10 while also maintaining an 'accommodative' stance. This reflects on their consistency. For the home buyer, favourable market dynamics in terms of home loan interest rates continue. However, trends indicate that this 'historic low' may not continue for long.

What is your take on demand for alternative asset classes?

Warehousing, industrial and commercial real estate are witnessing good demand and institutional investment appetite is visible. Homes/real estate is also generating substantial queries. The Market has consolidated and many developers are cleaning up books, which has renewed investor interest.

India continues to give attractive high double digit returns (for investors in real estate) through alternate asset classes, as compared to the western world which has now dropped to mid-to-low single digits. This however, does not include big ticket REIT markets like Singapore.

The Budget has also given infrastructure status to data centres, which will make low-cost financing available. This sector will see increased foreign investor interest, too, and big ticket investment from Indian players. Some land locked States will emerge as attractive destinations also.

What is your take on the Budget?

The Budget takes a long term view in announcing capital outlay. So the infra push will see a multiplier effect across 260 industries. Then, there are PLI schemes which are expected to boost manufacturing. On the negative, the middle class was given a miss. There is no tax relief across any income bracket. A MNREGA type or income guarantee scheme for urban poor could have helped spur demand.