

# Business Standard



### BRAND WORLD P15

## PURPOSE DRIVES THE OREO BRAND WAGON

### COMPANIES P3

## ADANI GROUP JOINS RACE TO BUY AIR INDIA

#### THE MARKETS ON MONDAY

	Chg#
Sensex	40,363.2 ▼ 806.9
Nifty	11,829.4 ▼ 251.4
Nifty Futures*	11,835.5 ▲ 6.0
Dollar	₹72.0 ₹71.7**
Euro	₹77.9 ₹77.3**
Brent crude (\$/bbl)**	55.1** 57.9**
Gold (10 gm)**	₹43,415.0 ▲ ₹1,840.0

\* (Mar) Premium on Nifty Spot; \*\* Previous close; # Over previous close; ## At 9 pm IST; ### Market rate exclusive of VAT; Source: IBIA

## Coronavirus pang: Sensex falls 807 pts

All Nifty stocks end in the red; Dow plunges over 1,000 points

SUNDAR SETHURAMAN  
Mumbai, 24 February

The benchmark indices logged their largest single-day drop since the Union Budget, amid fears that the outbreak of coronavirus has now become a global pandemic. With an increase in the number of cases outside China, market players said investors were worried over a prolonged economic damage to the global economy.

The Sensex closed 807 points or 1.96 per cent lower at 40,363, while the Nifty dropped 242 points or 2 per cent to close at 11,829. All the BSE sectoral indices, as well as components of the Sensex and Nifty, ended the session in the red. The last time all Nifty components had ended with losses was in November 2013.

Investors' risk appetite took a beating after South Korea issued a health alert, given the number of cases has now risen to 833. In Italy, reports suggested the number of cases has jumped to over 150 in just three weeks. The outbreak in Europe has prompted the Italian government to impose a lockdown in an area of 50,000 people near Milan. Authorities have also cancelled the remaining days of the Venice carnival, while universities were shut.

Hong Kong's Hang Seng fell 1.8 per cent, with Germany's DAX shedding 3.8 per cent, the UK's FTSE closing down 3.6 per cent, and France's CAC losing 3.9 per cent. Investors fled to safe assets such as gold. Gold prices in India rose ₹1,840 or 4.4 per cent per 10 grams to ₹43,415, recording the highest ever single-day gain.

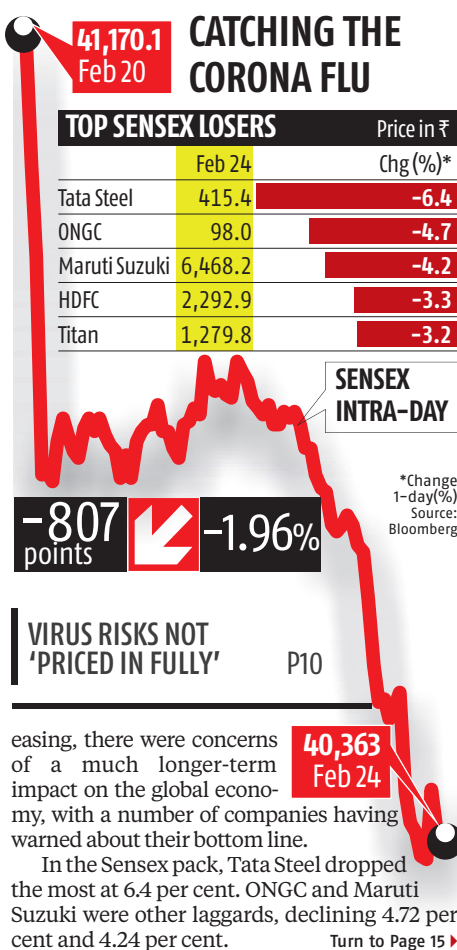
The Dow was also trading down 1,073 points, as of 11:50pm (IST).

"People are worried about the virus spreading, which will lead to further slowdown globally," said Jyotivardhan Jaipuria, founder of Valents Advisors. Metal and automobile stocks lost the most, with their sectoral indices dropping 5.71 per cent and 3.4 per cent, respectively.

Analysts said outbreak in Europe had rattled investors who, till now, had seen it as a situation confined to Asia.

"The fact it has spread to Italy, which is far from China, is worrying. If this prolongs for another three months, supply chains across the world will suffer, impacting India too. The automobile, electrical and pharma industries could suffer," said Saurabh Mukherjee, founder of Marcellus Investments.

Deepak Jasani, head (retail research), HDFC Securities, said with little signs of the situation



ease, there were concerns of a much longer-term impact on the global economy, with a number of companies having warned about their bottom line.

In the Sensex pack, Tata Steel dropped the most at 6.4 per cent. ONGC and Maruti Suzuki were other laggards, declining 4.7 per cent and 4.24 per cent.

## POLICEMAN AMONG 4 KILLED AS CAA STIR INTENSIFIES IN DELHI

A head constable was among four people killed, and at least 50 others — including several paramilitary and Delhi Police personnel — injured as violence spiralled over the amended citizenship law in northeast Delhi on Monday, with protesters torching houses, shops, vehicles, and a petrol pump, and also hurling stones. Police fired tear gas shells and also resorted to lathicharge. 16▶

## COMPANIES P2

### GAIL, non-telcos in talks for AGR legal recourse

GAIL India is in talks with non-telecom public sector undertakings to take a common legal recourse in the adjusted gross revenue (AGR) issue. It is in discussion with Oil India and Power Grid Corporation, among others. Earlier this month, the Supreme Court had directed the transmission major to approach the appropriate forum.

## BACK PAGE P16

### Misappropriation worth ₹25K cr in DHFL case: ED

The Enforcement Directorate's preliminary enquiry has indicated misappropriation of funds worth ₹25,000 crore by the promoters of Dewan Housing Finance Corp (DHFL), in the alleged financial fraud. Earlier, the ED had suspected the financier of diverting about ₹12,773 crore of loans to 79 "shadowy" firms.

## COMPANIES P3

### HUL to establish new manufacturing unit

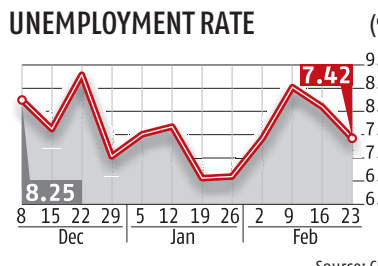
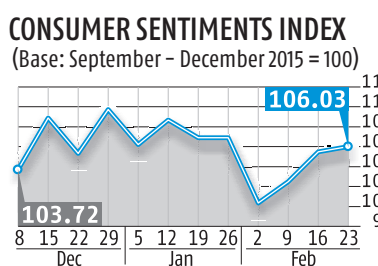
Hindustan Unilever (HUL) on Monday said its board had approved the formation of a new wholly-owned subsidiary with an authorised share capital of ₹2,000 crore. HUL's Chief Financial Officer Srinivas Phatak told *Business Standard* that the subsidiary was set up for manufacturing purposes.

## ECONOMY & PUBLIC AFFAIRS P6

### RBI gets ₹1.23 trillion of bids for ₹25,000-cr LTRO

The Reserve Bank of India (RBI) on Monday received bids worth ₹1.23 trillion for ₹25,000 crore on offer, for its one-year long-term repo operations. In the auction for three-year maturity liquidity operations made last week, it had received bids worth ₹1.94 trillion for the ₹25,000 crore on offer.

## THE CMIE TRACKER



## THE EXITING WOMEN

## Voda Idea, Bharti spar over tower stake

SURAJEET DAS GUPTA  
New Delhi, 24 February

Differences seem to have cropped up in negotiations between cash-strapped Vodafone Idea and the Bharti group, regarding the sale of Vodafone Idea's 11.15 per cent stake in Indus Towers. The all-cash deal could take place after the merger between Bharti Infratel and Indus Towers gets all clearances.

Last week, the deal received clearance from the Department of Telecommunications.

Sources close to Bharti said that though talks were on, no agreement had been signed. However, those close to Vodafone Idea said that an

agreement had been signed in April 2018, and an National Company Law Tribunal (NCLT) clearance had also been obtained in May 2019. Therefore, they added, fresh clearance was not needed.

Bharti's view is that it would have to go to the NCLT once again, with a modified agreement for the merger, said people privy to the negotiations. They also pointed out that the tower business had seen erosion in value, with tenancy reducing to 1.8 from 2.3. This was on the back of consolidation in the industry between the date of the merger agreement being signed (in April 2018) and today.

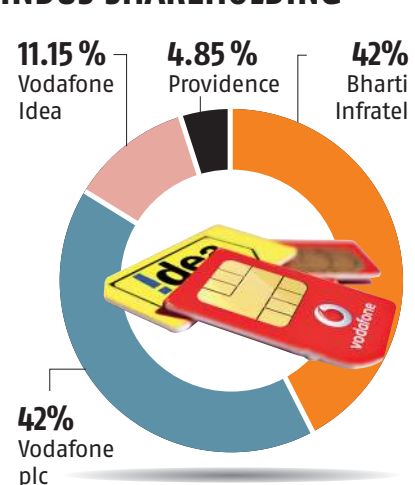
Spokespersons for both Bharti

group and Vodafone Idea declined to comment. The Vodafone Idea stock shed 11.82 per cent to close at ₹3.88 on Monday. In an exchange filing after Bharti Infratel's board meeting on Monday, the firm decided to extend the long-stop date for the merger to April 24 from February 24, subject to each party having the right to terminate and withdraw the scheme.

Bharti and Vodafone plc own 42 per cent each in Indus Towers, while Vodafone Idea owns 11.15 per cent and Providence owns 4.85 per cent. The deal will give Vodafone Idea the cash to pay its AGR dues of over ₹57,000 crore.

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### INDUS SHAREHOLDING



## Pay more for the fizz: Cola majors set to hike prices after 6-year gap

ARNAB DUTTA  
New Delhi, 24 February

If your daily diet includes a glass of sparkling cola, then you should get ready to shell out more. After keeping prices in check for years, the American cola giants are set to make their fizzy drinks portfolio costlier.

Coca-Cola and PepsiCo — the two beverage majors that control over 80 per cent of the country's organised cola market — are likely to raise prices by 6-14 per cent ahead of the summer season. While minor changes to prices of specific shelf keeping units (SKUs) have been effected earlier, it is for the first time since 2014 that prices will be revised across portfolios.

People in the know said the price of the 600-ml PET (polyethylene terephthalate) bottle of Coca-Cola, ThumsUp, Sprite, Pepsi, and 7UP would be raised by 8.6 per cent in Delhi. The revised price of the SKU is set at ₹38 for the National Capital Territory — up from ₹35. For certain brands like Mountain Dew, the hike could be steeper — by 14.3 per cent — to ₹40.

The price of a 2-litre PET bottle has been set at ₹90 for popular brands — 5.9 per cent higher than the current ₹85. For 1.25 litres, it is ₹65, an 8.3 per cent increase.

However, the prices of their glass bottle SKUs — both 200ml and 300ml — remains unchanged at ₹12 and ₹15, respectively. Glass bottles are targeted towards price-conscious consumers, who are yet to shift to larger packs. The upcoming hike will, however, cover a larger part of their portfolio as PETs and cans now constitute over 60 per cent of the industry's volume uptake.

### REVISED PRICE LIST

- 200ML/300ML\* Unchanged
- 600ML PET ₹38-40 (8.6-14.3%)
- 1.25L PET ₹65 (8.3%)
- 2L PET ₹90 (5.9%)



Source: industry

## 72% software jobs outside tech industry: Nadella



Nadella talked about India's burgeoning digital potential, given its 560 million Internet users, 450 million mobile users

### Microsoft CEO, Mukesh Ambani talk changing landscapes of digital India

PAVAN LALL  
Mumbai, 24 February

Reliance Industries Chairman Mukesh Ambani and Microsoft Chief Executive Officer (CEO) Satya Nadella engaged in a fireside chat on Monday at the St Regis Hotel in Mumbai.

The chat was attended by 150 CEOs at the Future Decoded CEO Summit, and talked about the nuances of overhauling a business landscape, the progress telecom had made over the years, and the potential of India as a digital nation.

Nadella, who had earlier made a solo presentation to the audience, talked about India's burgeoning digital potential and growing appetite for technology, given its 560 million Internet users, 450 million mobile users, and a start-up ecosystem that is the third-largest in the world.

He said 72 per cent of jobs for software engineers were outside the technology industry, thereby indicating that the defining capability for companies would hinge on how they built their own technology.

India, Nadella pointed out, has a youth population with 650 million residents under the age of 25, and an information technology industry valued at \$180 billion, before getting Ambani on stage for a discussion.

Ambani lauded Nadella's leadership style, built on trust, empathy, partnerships, and the philosophy that it wasn't just about product or profit but about people and their continuous reinvention of capability which was the strength of an organisation.

"I'm very privileged you have committed to India on a scale that I never anticipated that a multinational will, and we're very

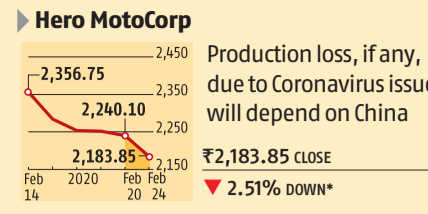
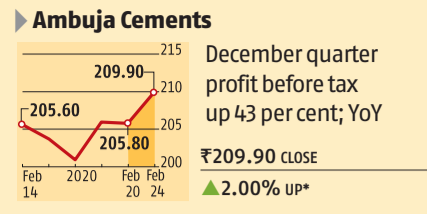
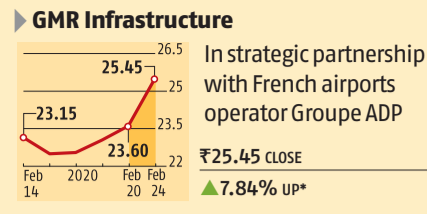
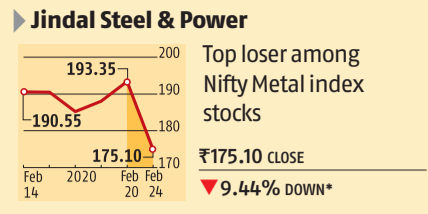
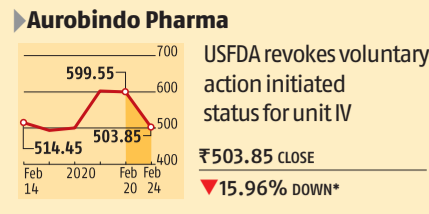
excited about the partnership that Jio and Microsoft will have. And I think, as we look at this decade, it will be a defining partnership. So, thank you for your commitment to India," Ambani said.

"I think as we are speaking President Trump has arrived in Ahmedabad and the India he will see in 2020 is very different from the one that President Carter or President Clinton or even President Obama saw when they came. We have millions of people on the street and each one having their own personal experience with their phones with a network strong enough and I can say that mobile networks in India are better on a par with anywhere else in the world and that's a big change."

"The infrastructure in the stadium in (Gujarat) is better than anywhere in the world, and that's the India as we start 2020," he said.

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STOCKS IN THE NEWS



IN BRIEF

Facebook looks to ramp up investment in the country



Facebook is looking to ramp up its investment programme in India after its two fundings in Meesho and Unacademy, its Vice-President and Managing Director Ajit Mohan (pictured) said on Monday. "These two investments have given us the conviction that we are on to something good. Therefore, the idea will be to ramp up this programme and accelerate it over the next few weeks and months," said Mohan. Last year, Facebook invested in Meesho, which provides resellers, who largely comprise housewives and small businesses, with a platform to sell their products across social networks like WhatsApp and Facebook.

Indian Hotels to open more than one hotel a month

Indian Hotels Company (IHL), the Tata Group hospitality arm plans to open more than one hotel every month even as it will remain sharply focused on asset monetisation and exiting from the non-core segments, Puneet Chhatwal, managing director and chief executive, IHL, said.

TVS Motor says Feb production affected due to COVID-19



TVS Motor Company said the coronavirus outbreak has impacted the supply of certain parts, affecting about 10 per cent of its planned production for February. "Some tier-II suppliers have been impacted adversely which will lead to 10 per cent drop in the planned production in February 2020," it said.

Realme launches 1st 5G smartphone in India at ₹37,999

Realme launched first 5G smartphone models in India at a price starting ₹37,999 onwards. Industry analysts see it of no value for customers in India in the absence of the 5G network.

Ola-backed scooter sharing start-up Vogo raises \$19 mn



Vogo, a bike- and scooter-sharing start-up, has raised \$19 million (around ₹136 crore) in a funding round led by LGT Lightstone, an investment fund managed by the Princely House of Liechtenstein.

Tech Mahindra to acquire Zen3 Infosolutions

IT company Tech Mahindra said on Monday it had signed an agreement to acquire 100 per cent stake in US-based Zen3 Infosolutions for \$64 million (₹460 crore) in an all-cash deal. Headquartered in Seattle, Zen 3 has over 1,300 employees spread across a number of offices.

RCom committee of creditors to meet again on March 2



With many of the bank representatives in the committee of creditors (CoC) informing that their respective boards had not met to consider the Reliance Communications (RCom) sale, the meeting was shifted to March 2. The decision was taken in a CoC meeting with representatives included State Bank of India, which, too, has not cleared the resolution plan, sources said. The resolution professional together with a law firm is working with banks to clarify pending points. The voting results on the various resolutions to sell RCom, Reliance Telecom and Reliance Infratel is expected to be declared on March 4.

TALE OF TELCOS

Non-telecom PSUs may put up a joint legal front on AGR issue

GAIL lines up ₹1 trn capex for next five years

SHINE JACOB  
New Delhi, 24 February

GAIL India is in talks with non-telecom public sector undertakings (PSUs) to take a common legal recourse in the controversial adjusted gross revenue (AGR) issue. Among the companies it is in discussions with are Oil India (OIL) and Power Grid Corporation (PGCL). Earlier this month, the Supreme Court had directed the transmission major to approach the appropriate forum regarding the issue.



"WE ARE HOPING THAT WE WILL NOT HAVE TO PAY THE MONEY"  
MANOJ JAIN,  
Chairman and managing director, GAIL

The department of telecommunications (DoT) had raised a demand of ₹1.83 trillion from the company towards annual licensing fee, including interest and penalty of AGR. If the amount has to be paid, it will significantly affect the ₹1 trillion capital expenditure plan the company has lined up for the next five years.

"We are hoping that we will not have to pay the money," said Manoj Jain, chairman and managing director of GAIL. The firms are yet to decide on the legal options, including approaching the Telecom Disputes Settlement and Appellate Tribunal (TDSAT).

Around 50 per cent of the capacity expansion that the firm has lined up will be on the transmission business. For this, the government is already working on a proposal to come up with a separate subsidiary.

"We have lined up invest-

ments to the tune of around ₹1 trillion for the next five years. Of this, around ₹50,000 crore will be for the transmission business, ₹10,000 crore will go towards petrochemicals and ₹40,000 crore for its joint venture infrastructure expansion," he said.

This includes an addition of 7,000 km of pipeline network to its existing capacity. GAIL is looking to double its revenue and increase profits by 1.5 times by 2025.

The investment plans are part of the overall \$5 trillion lined up by the government and the strategy is to increase the share of gas to 15 per cent in the overall energy basket. The company expects the transmission business to have a larger share in the next five years as the demand for natural gas is expected to increase by 6-8 per cent per year by then.

Jain said that the govern-

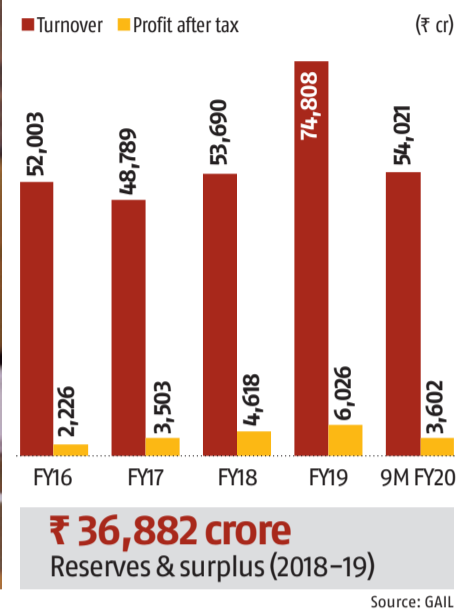
DoT not pressing for fast payment of ₹1.83 trn

The Department of Telecommunications has sought ₹7,608 crore in dues from GAIL India for 2017-18 as the department appeared to be not pressing for immediate payment of ₹1.83 trillion in past dues it had previously assessed from the state-owned gas utility.

For GAIL, the DoT assessed an outstanding of ₹1,83,076 crore towards annual licence fee in respect of IP-II licence. This included interests and penalty, sources said. The DoT sent a notice to GAIL soon after the February 14 hearing in the Supreme Court on dues owned by telecom companies such as Bharti Airtel, Vodafone Idea, sources privy to the development said.

The dues now being sought from GAIL include a penalty for late payment, they said.

HEALTH CARD



The SC's original ruling in October last year led the DoT to demand ₹1.47 trillion in unpaid dues on licence fees and spectrum usage charges from telecom companies such as Airtel and Vodafone Idea. Its demand related to a 14-year-old dispute regarding the definition of adjusted gross revenue (AGR), which the SC agreed should include all kinds of income generated by the telcos. Alongside, the DoT also raised a demand of over ₹3 trillion from non-telecom PSUs such as GAIL, Oil India and PowerGrid for telecom licences these firms had primarily acquired for internal communication purposes. GAIL and other non-telecom felt the October 2019 ruling of the SC did not apply to them and filed petitions seeking clarification from the apex court.

ment is working on a proposal to have a 100 per cent subsidiary for transmission and the new entity will be in place within a year "once the Cabinet nod is in place."

operates 5 mt LNG import facility in Dhabol, has already awarded contracts for construction of breakwater in Dhabol to Larsen & Toubro (L&T). "The terminal will start working to its full capacity in the next two-and-a-half years," he said. The country has already lined up an additional LNG capacity of 18 mt from the current 39 mt in the next few years.

Telcos to submit self-assessment papers on AGR maths

MEGHA MANCHANDA  
New Delhi, 24 February

The Centre on Monday asked telecom companies to submit documents supporting their self-assessment claims of adjusted gross revenue (AGR) dues. The department of telecommunications (DoT) issued letters to Bharti Airtel, Vodafone Idea and Tata Teleservices for submitting supporting documents for their statutory dues calculation.

However, no deadline has been given to companies to submit the supporting documents.

Once substantiating documents are filed by the companies, the telecom department will initiate random 'test checks' on the AGR calculation in a time-bound manner.

The 'test checks' will be done for any one year (of telcos' dues) to examine the deviation between telecom companies' assessment and the government calculation of AGR liabilities.

Asked what prompted the department to seek supporting documents

to verify the AGR maths done through self-assessment, a source equated the exercise to filing of income tax returns where the assessing authority examines the calculations or claims made.

Moreover, the DoT wants to ensure that the court-mandated criteria is followed by companies in computing their AGR dues, the source added.

While the three operators are first off the block, the DoT will also follow the same procedure for all other AGR-hit companies, including internet service providers.

"For those who are saying we are giving dues by self-assessment, we will seek supporting documents. If some companies say they are going by DoT's calculation, then we don't need to do it," the source added.

In all, 15 entities owe the government ₹1.47 trillion in unpaid statutory dues - ₹92,642 crore in unpaid licence fee and another ₹55,054 crore in outstanding spectrum usage charges.

Of the estimated dues, which include interest and penalty for late payments, Airtel and Vodafone Idea



The DoT has issued letters to Bharti Airtel, Vodafone Idea and Tata Teleservices for submitting supporting documents

account for about 60 per cent. These dues arose after the Supreme Court, in October last year, upheld the government's position on including revenue from non-core businesses in calculating the annual AGR of telecom companies.

The Supreme Court, earlier this month, rejected a plea by mobile com-

panies such as Bharti Airtel and Vodafone Idea for extension of the payment schedule.

Vodafone Idea, which is confronted with ₹53,000 crore in statutory dues as per DoT's calculation, has so far paid only seven per cent of dues in two tranches. Airtel paid ₹10,000 crore of its DoT estimated liability of over

₹35,000 crore. Airtel, on February 17, had said that the company "is in the process of completing the self-assessment exercise expeditiously and will make the balance payment upon completion, before the next date of hearing in the Supreme Court."

Tata Teleservices has paid ₹2,197 crore, the entire outstanding it believes to have arisen after the October ruling of the apex court for calculating dues.

DOT secretary Anshu Prakash on Monday met Ajit Pai, chairman of the US Federal Communications Commission (FCC) to discuss a slew of issues.

When asked about Huawei's participation for 5G in the US, Pai said, "I would refer you to the comments I made previously that the US government embraces risk-based framework domestically and that is part of the reason why FCC has prohibited the use of funding that we oversee from being used by telecom carriers in the US on equipment and services that have been deemed insecure."

ITC, Godfrey Phillips bet on flavours to burn illicit trade

AVISHEK RAKSHIT  
Kolkata, 24 February

Coming up with new flavours was not exactly how cigarette firms thought they would be expanding their market share, but that is exactly what ITC and Godfrey Phillips India are doing.

The firms, hit by the increase in the National Calamity Contingent Duty in this year's Union Budget, had to raise prices of their offerings. This, analysts say, is helping illicit cigarette trade. ITC increased cigarette prices between 10 per cent and 20 per cent - the steepest hike by the firm in the past three years. Analysts say the hikes would result in a volume decline of 3-4 per cent for the company.

"It (price hikes) will affect the industry and give a fillip to illicit trade, but we are trying our best to see consumption is not affected," Bhisam Wadhwa, CEO, Godfrey



Phillips, told Business Standard. An ITC spokesperson, too, said the company was relying on innovative products across different price points to maintain its market dominance.

In the recent past, ITC has introduced differentiated cigarettes like Gold Flake Indie Mint, Gold Flake Neo and Classic Rich & Smooth in the premium

end. It also came up with flavoured cigarettes for the Flake brand in the mid-tier segment, and introduced Wave, another exclusive flavoured cigarette.

Godfrey, too, introduced flavoured variants like Four Square Clove Crush in the mid-tier segment and has seven variants of the Marlboro brand for India.

Distributors said while earlier these companies were more focussed on regular and light variants, the same has now shifted to furthering innovation after it was noticed that differentiated brands were doing well. Imported brands - such as Gudang Garam from Indonesia, which offers clove flavoured cigarettes, and black toned Baba Khalif - have been becoming popular.

Trade sources say that while habitual smokers have been loyal to their brands, which are mostly not flavoured, new smokers are more prone to using flavoured cigarettes - a new section of buyers the companies are eager to acquire.

Driven by new launches, Godfrey, in the recent past, has gained 13.1 per cent in terms of volume growth. Although, the market share gain was only 1 per cent. "The gain (in sales volume

and market share) is more by our new launches which have gained from rivals," Wadhwa said.

Interestingly, while budget cigarettes are priced ₹45-60 for a pack of 10, illicit cigarettes are also sold at a near similar price range. "High rates of tax on cigarettes provide attractive arbitrage opportunities for illicit trade, allowing sale of these cigarettes to consumers at prices much lower than those of duty-paid domestic cigarettes. The sharp increase in taxes on cigarettes announced in the Budget 2020 will exacerbate the situation,"

the ITC spokesperson said. Industry officials said besides innovation, cigarette companies were focussing on increasing their market reach by collaborating with local law enforcement authorities to curb illicit cigarette trade.

Illegal trade of cigarette accounts for 11% of total market

# Adanis join race to buy Air India

Will take a final call after due diligence

## THE GAME IS ON

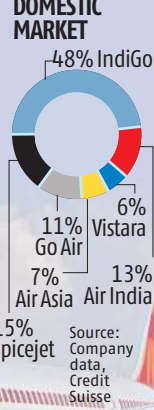
### THE CONTENDERS

Adani, Hinduja, Tata, IndiGo, Interups

### AIR INDIA IN A SNAPSHOT

- Fleet size: 150 aircraft
- International airport slots
- Debt reduced by ₹30,000 cr
- 100% ownership
- allowed with 49% foreign airline stake
- Air India Express and 50% stake in Air India SATS Airport Service on the block

### SHARE IN DOMESTIC MARKET



## Govt extends time till March 6 for bidders to pose queries on AI sale

The government has extended the time till March 6 for bidders to pose additional queries regarding sale of its 100 per cent stake in Air India. The government has issued the first set of clarification on Air India disinvestment answering queries of interested bidders on the 'confidentiality undertaking' listed out in the Preliminary Inform-

ation Memorandum (PIM) issued on January 27. The last date for submission of written queries on PIM and Share Purchase Agreement was originally set at February 11, following which the Department of Investment and Public Asset Management on February 21 issued a set of 20 clarifications on the queries raised. **PTI**

**ANEESH PHADNIS & DEV CHATTERJEE**  
Mumbai, 24 February

The Adani group will join the race to acquire Air India, and plans to submit an expression of interest (EoI) by next month, said a source close to the development.

The final decision of Adani will, however, depend on the outcome of the due diligence after submission of the EoI. After the EoI process, prospective bidders will get access to data of the airline.

Apart from the Adani group, the Tata group, the Hinduja group, IndiGo and a New York-based fund, Interups, are expected to submit EoIs.

The Adani group has ambitions to become India's largest private airport operator with three airports already in its kitty — Lucknow,

Ahmedabad and Mangaluru. It has also won the race for three more airports — Thiruvananthapuram, Ahmedabad and Guwahati — but is awaiting government clearance.

A spokesperson of the Adani group declined to comment. Analysts, however, feel that the group's bid for Air India could face legal challenges given its ownership of airports. While there are no restrictions on an airport developer to bid for Air India, bid conditions for six Airports Authority of India (AAI) airports won by the Adani group place ownership caps.

According to the bid criteria, an airline or a group owning an airline cannot own more than 27 per cent in these six airports. This could complicate matters for the Adani group.

A similar clause restricting airlines or group owning airlines from owning more than 10 per cent in Delhi airport recently resulted in collapse

of the Tata-GIC group's investment in GMR.

A banker, close to the sale process of Air India, said the present rules will not bar the Adani group from bidding for the airline. "We want as many companies to bid for the airline as it is a good asset after ₹30,000 crore of debt was removed from the airline along with the government's offer for 100 per cent stake," said the source. This is the second attempt made by the Centre to sell the airline after it failed to receive buyers in the first round last year.

Since then, the government offered to sell 100 per cent of the airline's stake instead of 76 per cent offered in the first round.

Air India and its subsidiary, Air India Express have about 120 aircraft at FY18-end and

126 aircraft till September last year. Its fleet has both narrow-body aircraft from Airbus and wide-body planes from Boeing, making it simpler for an incoming bidder.

While the wide-body fleet is being used for international operations, the airline is using the narrow-body planes for domestic operations.

Sale of Air India to a private player is important for the central government as it had to pump in ₹30,000 crore of tax payer's money into the airline since 2012. The airline, however, has not made money since the merger of Air India and Indian Airlines in 2007.

Apart from Air India, the government has also offered to sell Air India Express and its 50 per cent stake in Air India SATS Airport Services.

According to present aviation sector norms, foreign airlines can bid but acquire a maximum of 49 per cent stake due to sectoral caps on foreign direct investment.

## HUL to set up subsidiary for manufacturing

**VIVEAT SUSAN PINTO**  
Mumbai, 24 February

Hindustan Unilever (HUL) on Monday said its board had approved the formation of a new wholly-owned subsidiary with an authorised share capital of ₹2,000 crore.

HUL's Chief Financial Officer Srinivas Phatak told *Business Standard* that the subsidiary was being set up for manufacturing purposes, with an aim at capitalising on the 15 per cent corporation tax available to new manufacturing firms. Finance Minister Nirmala Sitharaman

had reduced the base corporation tax for existing companies to 22 per cent from 30 per cent, and to 15 per cent from 25 per cent for new manufacturing firms incorporated after October 1, 2019, and starting operations before March 31, 2023.

Phatak said HUL was setting

aside ₹500-800 crore for investment in new plants. "We are yet to evaluate which categories will be manufactured by the subsidiary and where the new plants will be located. But we are working towards it," he said. The new unit would be set up in the next few months, he added, after

which work on the new plants would start.

India is among the largest markets in terms of volume for Unilever, with 98 per cent of households in the country using one or more HUL brands and 45 billion units manufactured annually by the company

at its factories, which are over 80 in number.

HUL has already begun implementing an end-to-end digital transformation programme, which includes leveraging data and technology as well as artificial intelligence across the value chain.

# FRIENDSHIP ON THE FRONT LINE

## Trump to sign arms deal worth \$3 billion today

AJAI SHUKLA  
New Delhi, 24 February

Visiting US President Donald Trump, addressing a cheering throng of over 100,000 people in Ahmedabad's Motera Stadium soon after landing in India on Monday, talked up US-India defence cooperation and pitched to sell India "some of the best, most feared, military equipment on the planet".

"We make the greatest weapons ever made — aeroplanes, rockets, ships, missiles. We make the best and we are dealing now with India," said Trump.

"I am pleased to announce that tomorrow (Tuesday) our representatives will sign deals to sell over \$3 billion in the absolute, finest, state-of-the-art helicopters and other equipment to the Indian armed forces," said the US President on Monday.

Washington has already logged \$15-18 billion in defence sales to India over the preceding decade, including C-130J Super Hercules and C-17 Globemaster III transport aircraft, P-81 Poseidon long-range maritime aircraft, M777 ultralight howitzers and CH-47F Chinook and AH-64E Apache helicopters. With equipment worth billions more in the pipeline, Trump stated confidently: "I believe the United States should be India's premier defence partner and that's the way it's working out."

On the agenda on Tuesday, say US and Indian official sources, is the signature of a \$2.6 billion contract for the supply to India of 24 Sikorsky NH-60R (popularly called Romeo) naval multi-role helicopters, worth an estimated \$2.6 billion.

The Romeo is badly needed, say naval planners, to operate off Indian frigates, destroyers, and aircraft carriers. The Navy's dozen-odd Sea King helicopters are

well past their retirement dates. The Romeo provides its parent warship with greatly enhanced anti-submarine warfare capability. Its dunking sonar detects enemy submarines, which are then sunk with its formidable on-board torpedoes. Also, the chopper can patrol a vast expanse of ocean and destroy enemy ships with air-to-surface missiles. The Romeo can also fly naval commandos to enemy shores, landing them there with covering fire from its on-board machine guns.

The Romeo's versatility, large weapons payload, and sophisticated avionics have earned it the nicknames of 'flying frigate' and 'Swiss army knife of naval choppers'.

While Tuesday will witness the signing of a contract for just 24 helicopters — insufficient to equip even the Navy's current warships — the requirement is actually for 123 such helicopters. After buying the current 24 off the shelf, the

Navy will initiate another procurement to build 99 more in India under the strategic partner (SP) programme. This will involve selecting a private Indian company as SP, which would then partner a foreign vendor to manufacture the equipment in India. With 24 Romeos already in the fleet, Sikorsky would be in pole position in any competitive procurement to build more naval helicopters in India.

However, Make In India would cost some 50 per cent more than buying off the shelf, since it would involve setting up a new factory after obtaining a manufacturing licence from the original vendor, creating an ecosystem of Tier-1, Tier-2, and Tier-3 sub-vendors, training workers, and creating a testing and licensing ecosystem.

New Delhi and Washington are also keen to complete the signing of a contract for six AH-64E Apache attack helicopters, for an estimated \$930 million. The Indian Air Force (IAF) has already contracted for 22 Apaches, delivery of which will be completed this year. Now all further Apaches contracted will equip the Army's mechanised strike corps.

Also in the pipeline, but unlikely to be signed on Tuesday, is an Indian procurement of about 30 high-altitude long-endurance, remotely piloted vehicles, of the Sea Guardian category. This tri-services procurement is likely to cost about \$3 billion.

The biggest and most lucrative tender, however, is the IAF's ongoing tender for 114 medium fighters, which would cost \$15-20 billion. Two American firms are in the running for that contract: Boeing, with its F/A-18E/F Super Hornet, and Lockheed Martin which has offered the F-21 fighter — a renamed version of the F-16 Block 70.

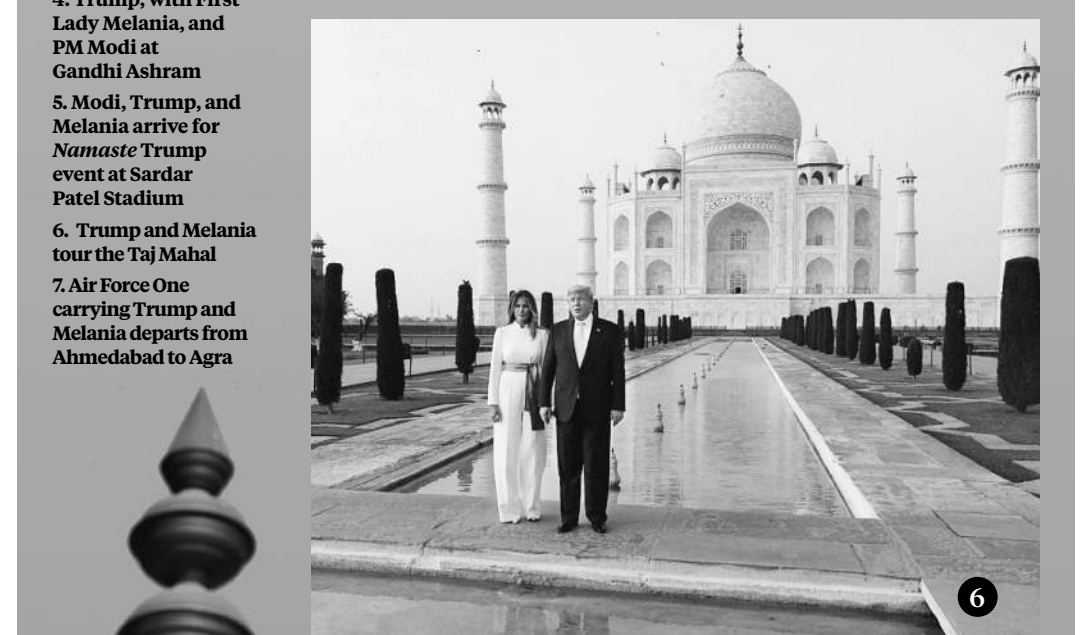
**"I AM PLEASED TO ANNOUNCE THAT TOMORROW (TUESDAY) OUR REPRESENTATIVES WILL SIGN DEALS TO SELL OVER \$3 BILLION IN THE ABSOLUTE, FINEST, STATE-OF-THE-ART HELICOPTERS AND OTHER EQUIPMENT TO THE INDIAN ARMED FORCES"**

DONALD TRUMP  
US President



### PRESIDENT'S DAY OUT

PHOTOS: PTI & REUTERS



1. Folk artistes perform as Prime Minister Narendra Modi welcomes US President Donald Trump and First Lady Melania Trump on their arrival at Sardar Vallabhbhai Patel International Airport
2. Modi greets Trump
3. Sabarmati Ashram's visitor's book signed by Trump and Melania
4. Trump, with First Lady Melania, and PM Modi at Gandhi Ashram
5. Modi, Trump, and Melania arrive for Namaste Trump event at Sardar Patel Stadium
6. Trump and Melania tour the Taj Mahal
7. Air Force One carrying Trump and Melania departs from Ahmedabad to Agra

### SIDELIGHTS

#### 'MAN OF THE MATCH' TRUMP STRIKES CHORD WITH CROWD

The renovated Motera Stadium is yet to host its first cricket match, but on Monday the sprawling facility became the site of a public spectacle where US President Donald Trump showered encomiums on Prime Minister Narendra Modi amid a rather delirious crowd. The jam-packed arena, also known as Sardar Patel Stadium, frequently broke into applause as people displayed enthusiasm for the first visit by any US president to the home state of Modi. Trump's praise for India, his denouncing of the menace of terrorism, and his try at Hindi during his over 25-minute-long speech was well received by people and punctuated by constant clapping by the over 100,000-strong crowd. **PTI**

#### Tata Steel major supplier of rebars to Motera stadium

Tata Steel said three-fourths of the steel rebars supplied to Sardar Vallabhbhai Patel Stadium in Motera came from the steel producer. The world's largest cricket stadium was built with Tata Tisco rebars. Of the 11,000 tonnes of rebars provided, 8,400 tonnes was supplied in the cut and bend form, besides supply of 41,000 pieces of couplers and 84,000 threads. **ADITI DIVEKAR**

#### Pradhan, US energy secretary discuss strategic partnership

US Energy Secretary Dan Brouillette and Union Petroleum and Steel Minister Dharmendra Pradhan co-chaired the US-India Energy Cooperation Roundtable to review strategic partnership in the energy sector. It was attended by the US and Indian energy firms. "Had a productive engagement with players from the US and India to advance energy security with the objective of achieving energy justice," said Pradhan. **BS REPORTER**

#### Manmohan and Azad not to attend banquet for Trump

Former prime minister Manmohan Singh and leader of Opposition in the Rajya Sabha Ghulam Nabi Azad, both senior Congress leaders, will not attend the official banquet being hosted by President Ram Nath Kovind in honour of US President Donald Trump in the national Capital on Tuesday. Singh and Azad will not attend as Rashtrapati Bhavan has not invited Congress interim president Sonia Gandhi to the banquet, Congress sources said.

Singh had earlier accepted the invite but on Monday expressed his inability to attend it. He has conveyed his regret to the President's office for not being able to attend the banquet, sources close to Singh said. Azad had earlier declined the invite as Sonia Gandhi has not been invited.

It has been customary for Rashtrapati Bhavan to invite former prime ministers, leaders of the two Houses of Parliament and leaders of the Opposition to the banquet hosted in honour of a visiting head of state or government. **ARCHIS MOHAN**

### VOICES



**"THE US AND INDIA ARE THE TWO LARGEST DEMOCRACIES IN THE WORLD AND SHARE MANY VALUES. THERE IS MUCH TO BE GAINED BY THE FRIENDSHIP OF MODI AND TRUMP"**

NIKKI HALEY  
Former US Ambassador to the UN



**"TO USE PRESIDENT TRUMP'S FAVOURED ADJECTIVE, THIS IS A HUGE OPPORTUNITY. WE ALL KNOW TOURISM CAN BE A MAJOR ENGINE FOR SPURRING GROWTH, EMPLOYMENT, AND FOREX"**

ANAND MAHINDRA  
Chairman, Mahindra Group

## Driftwood project on India-US agenda, but pricing remains a concern

SHINE JACOB  
New Delhi, 24 February

The \$12 billion worth of annual crude oil imports to India, along with a possible LNG deal, are set to take the energy relations of India and the US to a new high. The energy ties between the two nations had picked up after Donald Trump took over as President of the United States in 2017.

Under the deal, India is to get a share in natural gas from the proposed Driftwood project in Louisiana.

Petronet LNG had signed a deal with US' Tellurian for the project last September. The over-\$2 billion deal is likely to get final shape during the current visit of Trump.

With a rise in imports over the past few years, India has become the fifth-largest buyer of LNG from the US. However, with LNG prices dropping to record lows, GAIL and Petronet are likely to push for realigning long-term contracts.

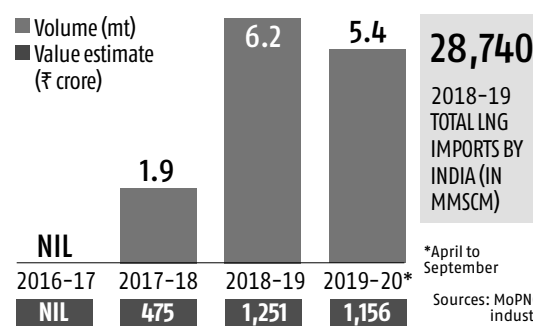
"The gap between the spot and long-term deals are widening, which is a cause for concern. We will take a call on this at an appropriate time," said Manoj Jain, chairman and managing director of GAIL. Currently, the spot prices of LNG are hovering around \$3-4 million standard cubic metres per day (MSCMD).

GAIL has a 20-year contract with Dominion Energy Inc's Cove Point plant and Cheniere Energy Inc's Sabine Pass facility in Louisiana to buy 5.8 million tonne per annum (MTPA) of US LNG. The cumulative import of 27,433 million metric standard cubic metre (MMSCM) for the current financial year (till January 2020) was higher by 12.9 per cent, compared with the corresponding period of the previous year.

US LNG is primarily swapped by Indian companies since the shipping cost works out to be high.

"In general, most of the LNG contracts in the past were indexed to oil and since oil prices were

### CRUDE OIL IMPORTS FROM THE US



high, LNG rates were also high. When the US LNG contracts started linking price to the Henry Hub gas price, it seemed like an attractive alternative. However, since then, oil prices have come down, and some have been re-negotiated,

reducing the delta between oil-linked and gas-linked LNG contracts," said Aditya Gandhi, vice-president (technology, energy and commodities) Publicis Sapient. This made some of the old contracts, like the

one signed by GAIL with Cheniere Energy and Dominion Energy Cove Point LNG, less attractive. It is important to negotiate the terms more aggressively with the US counterparts, so that the landed cost of LNG in India is not significantly higher than other sources, he said.

Crude oil imports have increased over the last few years, from 1.9 million tonne (mt) in 2017-18 to 6.2 mt in 2018-19. The US became a part of India's energy basket again in January 2017, after about 42 years. During the first six months of the current financial year, India imported 5.4 mt crude oil from the US. The shortfall in imports from Iran and Venezuela was made up by the US supply.

"Over the past six months, there have been multiple instances of unrest in West Asia. This created fear of gas and oil supply disruption in the region. Therefore, it is important that India diversifies its energy supply chains to include sources like the US, Russia, and Australia," said Gandhi.

# Vivad se Vishwas: MNCs will have to bring all disputed amount to India

Else, the entire money will be considered as loan from subsidiaries on which interest will have to be paid

INDIVIAL DHASMANA  
New Delhi, 24 February

The subsidiaries of multinational companies (MNCs) can settle their transfer pricing disputes under the proposed Vivad se Vishwas scheme, but they will have to bring the entire disputed money to India.

Or else, the money not brought into India will be considered as loan from subsidiaries on which interest has to be paid.

According to the amendments to the Direct Tax Vivad se Vishwas Bill, the settling of disputes regarding transfer pricing adjustment would not have any effect on secondary adjustment. Secondary adjustment is repatriation of an excess amount MNCs keep after tax officers make adjustments.

If an Indian subsidiary of an

## EYEING A PIE OF ₹9.32 TRN AS... (₹ trillion)

	Corporation tax	Personal income tax	Total
Projection for 2019-20 (Revised Estimates)	6.1	5.6	11.7
Actual collections till December	3.7	3.2	6.9
Gap to be filled in three months	2.4	2.4	4.8

Sources: Budget papers, Controller General of Accounts, finance ministry



MNC provides some technical service to global headquarters, it shows in its books that ₹100 crore is given by headquarters to it and pays tax on it. However, transfer pricing officers arrive at a conclusion that the service rendered is to the tune of ₹110 crore and the subsidiary has to pay tax on ₹110 crore. Now, this

difference of opinion may be pending in some court or tribunal.

This can be settled by paying tax on ₹110 crore, but this entire amount will have to be brought to India. Otherwise, ₹110 crore will be taken as loan to the MNC by the subsidiary and interest will have to be paid on it at the rate of 6 per cent a year.

Alternatively, an all-time interest of 18 per cent, besides surcharge of 12 per cent, or a total of 20.16 per cent of ₹110 crore, can be paid and the case settled.

Amit Maheshwari, partner at Ashok Maheshwari & Associates, said: "Thus, the declarant shall be required to repatriate the funds to

India even if he goes for settlement."

The intention seems to offer relief only for litigation and not from repatriating the funds, said Maheshwari. The scheme offers interest waiver, penalty, and prosecution for settlement of these disputes pending before the commissioner (appeals), income tax appellate tribunal, high courts or the Supreme Court as of January 31, 2020.

While a complete interest waiver and penalty will be given in case of payments made by March 31, an additional 10 per cent of the disputed amount will have to be paid later.

In case of tax arrears pertaining to only disputed interest or penalty, 25 per cent of the disputed penalty or interest will need to be paid while settling appeals up to March 31, 2020, and 30 per cent if payment is made after that.

# 'Export incentives on rupee payment via Vostro account'



## CHATROOM

T N C RAJAGOPALAN

**We have made a shipment denominated in Indian rupees to the UK and the US. We have received payment through banking channels and our bank has informed us that the payment has been received through Vostro account. Can we claim MEIS benefits on this shipment against such receipts?**

Yes. According to Para 2.52(b) of FTP, "export proceeds against specific exports may also be realised in rupees, provided it is through a freely convertible Vostro account of a non-resident bank situated in any country other than a member country of Asian Clearing Union (ACU) or Nepal or Bhutan. Additionally, rupee payment through Vostro account must be against payment in free foreign currency by buyer in his non-resident bank account. Free foreign exchange remitted by buyer to his non-resident bank (after deducting bank service charges) on account of this transaction would be taken as export realisation under export promotion schemes of FTP."

RBI Master Direction 16/2015-16 dated January 1, 2016 (as amended), also quotes this Para and says that there is no restriction on invoicing of export contracts in Indian rupees in terms of the Rules, Regulations, Notifications and Directions framed under the Foreign Exchange Management Act, 1999.

**While affording us pre-shipment and post-shipment export credit**

limits, our bank has insisted on charging us an interest rate of 10.5 per cent. This is based on their understanding that preferential export credit is available only to manufacturing exports and not merchant exports. Is it correct?

According to the RBI circular 2018-19/17 dated January 11, 2019, bearing reference DBR Dir BC No.22/04.02.001/2018-19, "it has been decided by the Government of India to include merchant exporters also, w.e.f. January 2, 2019, under the ongoing Interest Equalisation Scheme for Pre and Post Shipment Rupee Export Credit and allow them interest equalisation at the rate of 3 per cent on credit for export of products covered under 416 tariff lines identified under the Scheme".

**We approach our bankers for grant of GR waiver for export of goods free of cost, say for sending goods as free replacement, or for testing abroad, or for repairs or as free samples. We are not clear what value we should declare for the goods. Should we declare commercial value of goods or declare notional value? Please clarify.**

You should declare the value determined in accordance with Section 14 of the Customs Act, 1962, read with Customs Valuation (Determination of Value of Export Goods) Rules, 2007.

**We refer to DGFT PN 55 dated January 3, 2010, extending the period for seeking extension of first block and final EO period of EPCG authorisations till end-March this year. What will be the treatment of export shipments made between date of expiry of the EPCG authorisation and date on which request was made for extension in time period for fulfillment of EO? That PN does not extend the first block or final EO period. It only relaxes the period within which you can ask for extension of the first block or final EO period.**

Business Standard invites readers' SME queries related to excise, VAT and exemption policy. You can write to us at [smchat@bmail.in](mailto:smchat@bmail.in)

# RBI receives ₹1.23-trn bid for ₹25K-cr LTRO

ANUP ROY  
Mumbai, 24 February

The Reserve Bank of India (RBI) on Monday received bids worth ₹1.23 trillion for ₹25,000 crore on offer for its one-year long-term repo operations (LTRO).

In the auction for three-year maturity liquidity operations made last week, the RBI had received bids worth ₹1.94 trillion for ₹25,000 crore on offer. On Monday's auction, the RBI received 52 bids, which the RBI allotted on a pro-rata basis.

The idea behind the LTRO, and also relaxations on cash reserve ratio (CRR) for incremental lending to the retail and micro, small and medium enterprises, announced as a policy measure on the same day, is to bring down the cost of



**In the auction for three-year maturity liquidity operations made last week, the RBI got bids worth ₹1.94 trillion**

funds for banks without necessarily lowering the deposit rate. The banks can then lower the lending rate, and extend credit at a cheaper rate.

The central bank plans to go for ₹1 trillion worth of LTRO for now.

# CRISIL downgrades PNB Housing's deposits to AA+ on poor asset quality

ABHIJIT LELE  
Mumbai, 24 February

Rating agency CRISIL on Monday downgraded PNB Housing Finance's fixed deposits from AAA to AA+ due to weakening of asset quality, as several big-ticket developers have defaulted on payments. Also, the size of equity-raising plan is lower than envisaged.

PNB Housing stock closed 2.7 per cent lower at ₹405.85 per share on the BSE.

According to analyst call transcript after the announcement of third quarter results, the housing finance company raised over ₹7,500 crore via deposits during the nine



months of 2019-20. These deposits are sticky in nature, with tenure ranging between 30 and 36 months and a healthy high double-digit renewal rate. Deposits stood at ₹16,470 crore, which is 19 per cent of total financial resources at the end of December 2019.

CRISIL in a statement

said the long-term rating was downgraded from AA+ to AA. It also revised the outlook to 'stable' from 'negative'.

In July 2019, CRISIL had revised the rating outlook to 'negative'.

In terms of asset quality, its gross non-performing asset (GNPA) ratio deteriorated to 1.75 per cent in December 31, 2019, up from 0.48 per cent in March 31, 2019.

The retail on-balance sheet loan book has witnessed a marginal uptick in delinquencies in early buckets, but remains in control. The increase in overall GNPA was mainly on account of

slippages from some large developer accounts.

PNB Housing's fundraising ability has remained intact over the past six-nine months and it is continuing to maintain high on-balance liquidity.

Further, CRISIL notes that the management intends to recalibrate its growth strategy, keeping in mind the capital availability. The company will also increase the share of retail book due to challenges in the wholesale book.

To further reduce leverage, the firm had planned to raise ₹2,000 crore of equity by March 2020. However, the equity raise is expected to be lower at ₹1,500 to ₹1,600 crore, CRISIL said.

## TENDER CARE

### S. S. Bose takes charge as Executive Director (Regional Services), Western Region, IndianOil



S. S. Bose has taken charge as Executive Director (Regional Services) Western Region, IndianOil, Mumbai which caters to the service needs of five states, viz. Maharashtra, Gujarat, Madhya Pradesh, Goa and Chhattisgarh. With more than three decades of rich and diverse experience across the key regions of the country including the North East Mr. S. S. Bose brings with him a rich experience in Supply logistics, International trade & Commerce. He played a key role in guiding the decade old business relationship between NOC (Nepal Oil Corporation) and IOC to greater heights and construction and operationalisation of the first cross border oil pipeline in Asia between Motihari in India and Amlekhgunj in Nepal.

### UCO Bank, SREI Equipment Finance to co-lend through iQuippo platform

UCO Bank, one of India's premier public sector banks, and SREI Equipment Finance Limited ("SREI Equipment"), a wholly-owned subsidiary of Srei Infrastructure Finance Limited ("SREI"), announced a strategic alliance to offer joint loans for purchase of construction and mining, farm and medical equipment under a co-lending arrangement.



iQuippo, a Kanoria Foundation initiative, will facilitate sourcing of loans under this programme. The partnership will allow UCO Bank and SREI Equipment to collaborate, co-operate and widen their respective markets and customer base. The strategic alliance will also allow both lenders to leverage each other's customers and cross-sell their products.

### MD NRL honoured with PSU Leadership Award



Managing Director, Numaligarh Refinery Limited, Mr. S K Barua has been honoured with 'The PSU Leadership Award' at the 7th PSU Awards function of Governance Now held in New Delhi on 19-02-2020. The award was presented to him by Hon'ble Union Minister of State for Heavy Industries and Public Enterprises, Shri Arjun Ram Meghwal. NRL also won the award for Environment and Sustainability, Investment in Start ups. Governance Now is a fortnightly publication on public policy and national affairs from SAB group. The PSU Awards instituted by them has been recognizing and honouring the efforts of PSUs that have been key to the country's economic growth and social development.

## Commercial Feature

### OBC, Vadodara celebrated its 78th Foundation Day

Oriental Bank of Commerce, Circle Office Vadodara celebrated its 78th Foundation day on Wednesday 19.02.2020. Bank celebrated the day in the august presence of customers & retired employees. Bank distributed necessary items to the needy children of Blind School, Orphanage,



New born at Sayaji Hospital etc. Sh. Dilip Kedar, Circle Head was present during the celebration with esteemed customers, retired employees & other officials of the Bank.

### 18th Edition of NALCO Lecture

Dr. Subramanian Swamy, eminent economist and Hon'ble Member of Parliament has delivered the 18th Edition of NALCO Lecture Series on 'Relevance of PSUs in Shaping New India', here at Bhubaneswar on 22.02.20. In his speech, Dr. Subramanian Swamy stressed that the Public Sectors of India have crucial role to play in shaping New India. He said: "The Public Sectors are important for the development of India and these sectors need to be encouraged to prosper. The PSUs should be given freedom to take decisions and operate in sync with the market dynamics." He stressed that Public Sectors should move beyond profit making and should focus on the multi-dimensional objectives. He also appreciated NALCO's contribution, as an integrated business entity, towards Indian aluminium sector in particular and Indian Economy as a whole. While delivering the welcome address, Shri Sridhar Patra, CMD, said that as a Central Public Sector, NALCO has always given priority to boost the country's economy and serve the interest of the Nation through continuous improvement in production, productivity and profitability and also works beyond profitability for promoting social and economic development through its CSR arm.

### 5th edition of The Pulses Conclave



India Pulses and Grains Association (IPGA), the nodal body for India's pulses trade and industry successfully hosted the 5th edition of THE PULSES CONCLAVE 2020, a three day mega event for the global pulses trade and industry during February 12th -14th, 2020 at Aamby Valley, Lonavala, Maharashtra. Over 500 delegates from India and across 10 countries including Australia, Canada, Myanmar, Ethiopia, Uganda, Tanzania, Mozambique, Malawi, Russia, Turkey to name a few participated in the Conclave. Key dignitaries present were Shri Sanjeev Chadha, MD - NAFED; Shri Sunil Kumar Singh, Addl. MD - NAFED; Mr. David Marit, Hon'ble Minister of Agriculture, Government of Saskatchewan, Canada; Mr. Rick Burton, Dy. Minister of Agriculture, Government of Saskatchewan, Canada; Shri Ashish Bahuguna, Former Secretary - Agriculture and Former Chairperson - FSSAI, Ms. Cindy Brown, President - Global Pulses Confederation.













# Purpose drives the Oreo brand wagon

Mondelez pushes its biscuit brand out of the playpen, looks for a more meaningful association with consumers



The new campaign focuses on responsible parenting within the overall global brand position of 'staying playful'

VIVEAT SUSAN PINTO  
Mumbai, 24 February

For years, Oreo, the biscuit brand with a catchy tagline and a bag full of extensions has positioned itself around personal indulgence. Its tagline, "Twist, lick and dunk" has helped its owner, the confectionary, food and beverage multinational Mondelez, pitch the brand as a playful break from routine and the ritual it prescribes has become a powerful mnemonic for Oreo's recall. But now the company is rewiring the memory grid, with a narrative that takes play more seriously and paints it as a parenting responsibility, asking parents to spend more time with their children.

In the nine years since its India debut, Oreo has snapped up a large slice of the market. Its share stands at 8.5 per cent in cream cookies, a competitive segment that includes rivals such as ITC and Britannia. The market for Oreo in India is already the third largest after

the US and China and is expected to grow even more, say experts, as Indians, especially in urban areas, develop a taste for better products and graduate to consuming creams and cookies versus plain biscuits.

Why then is Mondelez tweaking the brand's positioning, stirring in purpose and societal good into dough? Experts believe that the reasons must have been extremely compelling for the shift. Sudhanshu Nagpal, director, Marketing (Biscuits), Mondelez India, says that the company wanted to drive purpose into its marketing, something it has been doing for a few years now globally with Oreo.

"Stay Playful", he says is Oreo's global brand proposition that aims to spark "playful" moments with family and friends. The Indian leg, he says,

has been titled 'Disconnect to Connect', where a busy father is gently schooled by his daughter into spending time with her and cajoled into stepping away from his gadgets, emails and phone calls.

**"The campaign puts forth the message of disconnecting from the screen world and spending quality time in the real world with your family"**

**SUDHANSHU NAGPAL**  
Director, marketing (biscuits) mondelez India

eral brands have sought to adopt, a recent advertisement by mobile handset brand Vivo used a similar narrative where the child brings home the need for calling a time-out on digital devices to spend quality time with the family.

Robby Mathew, chief creative officer, FCB Interface, which conceptualised and executed the campaign that shows a girl sending her father an Oreo

via mail, says, "The innocence of the little girl sending an Oreo by email lent itself to a cute story. This campaign builds on the 'Stay Playful' global platform."

Mondelez isn't the only marketer that is driving purpose into its brands. From Hindustan Unilever to Procter & Gamble, Nestle, ITC, Dabur, Coca-Cola and PepsiCo, all consumer goods companies today are driving purpose into their advertising and marketing. A global survey by Accenture Strategy of nearly 30,000 consumers in 2018 found that 62 per cent of customers want companies to take a stand on current and broadly relevant issues like sustainability, transparency or fair employment practices. The closer a company's purpose aligns to their own beliefs, the better.

In the Indian context, this has meant not only advertising that drives purpose, but also on-ground initiatives that help address real problems, issues and mindsets. It also helps, say experts, that companies in India have been mandated to spend two per cent of their three-year average annual profit on corporate social responsibility (CSR). According to a recent report by KPMG, more companies today comply with CSR norms, with 76 per cent firms having spent two per cent or more of their profits on such initiatives in the past year. The report that covered 100 companies also revealed a 150 per cent rise in the number of firms that have committed to carry forward their unspent amount into CSR activities. And a 325 per cent increase in the number of companies that have disclosed details of their CSR initiatives in their annual reports.

For Mondelez, the 'Disconnect to Connect' campaign will not be restricted to a few commercials alone. Instead, the company proposes to come up with a 360-degree exercise by March including extensive digital, outdoor and on-ground initiatives to drive home the message. Nagpal did not divulge what the digital campaign would entail, merely saying that it will take Oreo's playful proposition to the next level.

► FROM PAGE 1

## Sensex falls 807 pts

On an overall basis, 1,796 stocks declined, and 726 advanced on the BSE. Foreign portfolio investors (FPIs) sold shares worth ₹1,161 crore while domestic institutional investors bought shares worth ₹516 crore. Market participants said besides the virus outbreak, investors will keenly look for signs of recovery in corporate earnings. "We are grappling with the effect of lacklustre earnings growth and, other than the tax cuts, there has been no tangible sign of a revival," said Mukherjea.

## US Prez looks for...

He said the relations would continue to grow in the digital and Industry 4.0 age.

Even as the US continues to build its military equipment manufacturing muscle, it is looking at India to forge stronger ties in supplies from airplanes, missiles, and rockets to ships, as well as armed and unarmed aerial vehicles.

"As we continue to build our defence cooperation, the US looks forward to providing India with some of the best and most feared military equipment on the planet... And I am pleased to announce that on Tuesday, our representatives will sign a deal to sell over \$3 billion in the absolute, finest, state-of-the-art helicopters and other equipment to the Indian armed forces. I believe the US should be India's premier defence partner," said Trump.

Lauding India for Chandrayaan II, Trump said the US was looking forward to

"expanding space cooperation with India".

Islamic terrorism, Pakistan, Bollywood, and cricket also found mention in the nearly half-an-hour speech as Trump looked at hitting the right notes with the massive local crowd. However, contrary to speculation, the proposal for a US Consulate in Gujarat, among others, did not find mention. Trump also lauded Modi over steps taken towards village electrification, internet connectivity, access to cooking fuel, and basic sanitation. "Incredibly, 12 Indian citizens are lifted out of extreme poverty every single minute of every single day."

However, with much of the crowd gathered at the Motera stadium being rural, the US President's English speech could not hold their attention for long.

"First, the speech was in a language we didn't understand. Second, we have been here since early morning and it was getting hot," said Megabhai Bharwad, a farmer from Sabarkantha, who had come with his fellow villagers in a bus arranged by the local administration.

Landing first at the Sardar Vallabhbhai Patel International Airport as part of his two-day India trip, Trump — accompanied by First Lady Melania and Modi — visited Sabarmati Ashram and later the world's largest cricket stadium at Motera, amid a roadshow of over 100,000 people cheering from the sidelines.

## Voda Idea, Bharti...

It has so far paid only ₹3,500 crore and has been pushing for relief from the government. The deal will also help Bharti Infratel raise its stake in the merged entity from 33 per cent to 37 per cent. At present,

Bharti has 53 per cent stake in Bharti Infratel, with the remainder held by public shareholders. The Bharti Infratel stock has seen a sharp fall from as high ₹460 in 2017 to ₹216 at present. The original agreement states that the value of shares was to be based on an elaborate formula. First, the enterprise value of Infratel and Indus would be based on the last 12 months' Ebitda, the average of 60 days' price of Bharti Infratel as of the closing date, and net debt of the two entities on the date of closing.

The resultant EV/Ebitda for Infratel shall be discounted by 10 per cent to arrive at the value of Indus. However, people in the know say there is a push to renegotiate the terms.

## Cola majors...

"We continue to observe market dynamics and consumer preferences. Depending on the insights, we take decisions on our pricing strategy," a PepsiCo India spokesperson said. Despite the increase in the effective tax rate after July 2017 — when goods and services tax came into effect — the two Cola giants refrained from

hiking prices across their portfolio.

Specific changes in price for certain SKUs helped them mitigate some part of the additional cost. However, their attempt to absorb the higher taxation impacted their bottom line. For example, Coke's bottling arm Hindustan Coca-Cola Beverages posted a net loss of ₹118 crore in FY18.

Since the last price hike six years ago, prices of key raw material such as sugar have risen in double digits.

In addition, its performance over the past several quarters may have given Coca-Cola the confidence to raise prices. At least since late-2018, the India unit registered steady volume growth.

## 72% software jobs...

"When you were joining Microsoft in 1992 the economy in India was \$300 billion and today it's ₹3 trillion and fundamentally this whole progress in a certain way has happened on the back of technology," Ambani said. The transformation was supercharged in 2014, when the prime minister gave the country a vision of digital India, Ambani said, adding he was privileged to play a very small role in it with the launch of his telecom company Jio.

"Just to share, pre-Jio we had what we called broadband with 256 kbps in India and post-Jio we now have 21 mbps as average speed on data across every single village in India. The pre-Jio data price was ₹300 to ₹500 and for the poor as high as ₹10,000 a GB and post-Jio it's between ₹12 and ₹14 a GB and what Jio has achieved in the last three years is 380 million customers who have migrated to 4G technology."

Referring to how the landscape could be completely changed, Nadella asked Ambani what his ambition was in the context of what he could do for small, medium, and large businesses.

"Let me say that Reliance was founded as a start-up five decades ago with a table and a chair and ₹1,000. It then became a micro industry and then small and medium and today you can consider us large — I have been again very fortunate in knowing Steve (Ballmer) and Bill Gates from my Stanford days when Bill was recruiting Steve and I have seen the growth of Microsoft since then. Every small business and entrepreneur in India has the potential to become a Dhirubhai Ambani or a Bill Gates and that's what differentiates India from the rest of the world: The entrepreneurial power we have in our grass roots is enormous."

Mukesh Ambani's father, Dhirubhai Ambani, got started more than five decades ago with a dream and created what is today, one of the most amazing stories in business, and now that Mukesh Ambani was leading this organisation, what drove and inspired him and what would he like to see happen, Nadella asked him.

"I think that the opportunity that we have for India, really, is the opportunity to become the premier digital society. I think all the components are coming in. I have no doubt in my mind that we will become one of the top three economies in the world," Ambani said. "Can we really be a pacesetter in terms of using our technology?"



# Misappropriation of funds worth ₹25,000 crore in DHFL case, says ED

Officials say they've come across a dozen new transactions involving DHFL, Wadhawan brothers

SHRIMI CHOUDHARY  
New Delhi, 24 February

The Enforcement Directorate's (ED) preliminary enquiry has pointed at misappropriation of funds to the tune of ₹25,000 crore by the promoters of Dewan Housing Finance (DHFL) in the alleged financial fraud.

Earlier, ED had suspected DHFL of diverting ₹12,773 crore of loans to 79 "shadowy" companies allegedly associated with its promoters Kapil Wadhawan and Dheeraj Wadhawan between 2010 and 2015. Officials said they had come across at least a dozen new transactions involving DHFL and the Wadhawan brothers, implying that the fraud was much larger than estimated earlier. The transactions included price rigging of DHFL shares by the promoters through five front entities; certain loans and investments with private lender YES Bank; suspicious loans given to about 30 firms without proper due diligence; a close link with a Mumbai-based businessman Sudhakar Shetty and some real estate deals. On financial ties with YES Bank, the ED enquiry findings have highlighted the private lender debt exposure to the tune of ₹3,700 crore in

## MORE MONEY TRAILS UNDER ED LENS

- DHFL sanctioned ₹5,000 crore to 30 firms without proper due diligence
- ₹4,000 crore allegedly diverted by DHFL promoters by rigging share price
- ₹750 crore sanctioned to RKW Developers for a real estate project in Bandra
- DHFL defaulted on a loan of ₹3,700 crore from YES Bank
- ₹250 crore allegedly diverted to 8 shell companies controlled by the Wadhawans
- Another ₹1,317 crore siphoned off to Creatoz Builders, another shell firm of the Wadhawans

the DHFL debenture between April 2018 and June 2018 and also in July 2018. In addition, YES bank sanctioned a loan of ₹750 crore to Dheeraj Wadhawan's RKW developer for a project near Mumbai's Bandra Reclamation.

YES Bank declined to comment on the specific queries. The bank spokesperson, however, said under the bank's privacy policy, it would not be possible to disclose the client details and the respective transactions. Replying to a message, Rana Kapoor, founder and former managing director of YES Bank, said the allegations were false and malicious.

The ED, which is probing the DHFL promoters' role in financing funds to gangster Iqbal Memon (alias Iqbal Mirchi), is now ascertaining the scheme of things behind each of the financial transactions it had come across in the matter, said an ED official privy to the preliminary enquiry findings.

On the alleged price rigging, ED officials said an amount of around ₹4,000 crore was diverted by rigging the share price of DHFL by the promoters through some front companies based in Mumbai and Ahmedabad — Rite Developers, Rite Buildtech, Man infrastructure Infinium

India, and Basant Marketing. DHFL has extended loans of ₹5,000 crore to 30 companies without proper due diligence.

"We are in the process of examining the incriminating documents and records... The quantum of scam could easily touch ₹25,000 crore," said the official. The ED is also looking at the agreement between Shetty and Wadhawans, who were jointly developing a real estate project for which DHFL sanctioned loan of about ₹2,000 crore.

The ED is probing another ₹250 crore allegedly diverted to eight firms controlled by Wadhawans. In exchange, fake accounts were opened in the name of several individuals. An amount of ₹1,317 crore was diverted to Creatoz Builders, a shell firm of Wadhawan. ED on Monday conducted survey operations in relation to investments of UP Power Corporation Employees Provident Fund allegedly parked with DHFL. The survey was carried in Delhi, Noida, and Lucknow. The federal agency said DHFL paid a part of the ₹4,122-crore fund under investigation. While the EOW of the UP Police is probing the alleged criminal conspiracy and unauthorised investment of the PF corpus in DHFL, the ED is investigating whether the money was laundered and how the network was used to funnel it.

## FOUR, INCLUDING A COP, KILLED IN CAA PROTESTS



Vehicles were set ablaze and an individual was seen brandishing a gun as clashes continued between pro- and anti-CAA groups at Jafrabad in northeast Delhi. Four people, including a head constable, died in the violence

PHOTO: PTI

## Harvey Weinstein found guilty in landmark #MeToo movement



PRESS TRUST OF INDIA  
New York, 24 February

Harvey Weinstein was convicted Monday at his sexual assault trial, sealing his dizzying fall from powerful Hollywood studio boss to archvillain of the #MeToo movement.

He was found guilty of criminal sex act for assaulting production assistant Mimi Halesy at his apartment in 2006 and third-degree rape of a woman in 2013. The jury found him not guilty on the most serious charge, predatory sexual assault, that could have resulted in a life sentence.

The verdict followed weeks of often harrowing and excruciatingly graphic testimony from a string of accusers who told of rapes, forced oral sex, groping, masturbation, lewd propositions and that's-Hollywood excuses from Weinstein about how the casting couch works.

The conviction was seen as a long-overdue reckoning for Weinstein after years of whispers about his behavior turned into a torrent of accusations in 2017 that destroyed his career and gave rise to #MeToo, the global movement to encour-

age women to come forward and hold powerful men accountable for their sexual misconduct. The jury of seven men and five women took five days to find him guilty.

The case against the once-feared producer was essentially built on three allegations: that he raped an aspiring actress in a New York City hotel room in 2013, that he forcibly performed oral sex on Halesy and that he raped and forcibly performed oral sex on 'Sopranos' actress Annabella Sciorra in her apartment in the mid-1990s.

Three additional women who said they, too, were attacked by Weinstein also testified as part of an effort by prosecutors to show a pattern of brutish behavior on his part.

Jurors signaled their struggles with the Sciorra charges four days into deliberations. On Friday, after reviewing sections of her testimony and related evidence, they sent a note to the judge indicating they were deadlocked on the counts but had reached a unanimous verdict on the others. After some debate in the courtroom, the judge ordered jurors to keep deliberating.

While Weinstein did not testify, his lawyers contended that any sexual contact was consensual and that his accusers went to bed with him to advance their careers.

The defense seized on the fact that two of the women central to the case stayed in contact with Weinstein through warm and even flirty emails — and had sex with him — well after he supposedly attacked them.

The hard-charging and phenomenally successful movie executive helped bring to the screen such Oscar winners as 'Good Will Hunting,' 'Pulp Fiction,' 'The King's Speech' and 'Shakespeare in Love' and nurtured the careers of celebrated filmmakers like Quentin Tarantino and Kevin Smith.

# Indian refiners to get rare oil cheap

REUTERS  
New Delhi/Singapore, 24 February

Indian refining companies are snapping up rare crude grades as the coronavirus outbreak curtails China's demand for processing, executives and traders said, with prices for some grades falling by as much as 15 per cent.

Chinese refiners have slashed output by at least 1.5 million barrels a day in February, or over 10 percent, after the virus outbreak hit domestic fuel demand, leading to swelling stocks.

"Opportunity for Indian markets is more in the context of what is happening in China. In recent times, we received crudes which are appearing to be attractive as compared to their



from areas like the Mediterranean and Latin America because of higher freight rates.

However, shipping rates have plunged by nearly half since the virus outbreak, and after the US partially lifted sanctions on part of Chinese shipping firm COSCO.

BPCPL will receive a million barrels each of Brazil's Sapinhoa and Mediterranean CPC blend in April, Ramachandran told *Reuters*.

It is also scouting for a million bar-

value earlier," said R Ramachandran, head of refineries at Bharat Petroleum.

Refiners in India, the world's third-biggest oil importer, rarely get the opportunity to buy suitable grades

## Centre to industries: Evaluate airlifting China consignments

ARINDAM MAJUMDER &  
NEHA ALAWADHI  
New Delhi, 24 February

The Ministry of Civil Aviation has reached out to several industries asking their views on airlifting consignments from China, as the coronavirus outbreak continues to disrupt business. However, the move may not be practical or feasible, given the challenges involved.

The direction from the Ministry of Civil Aviation came following a finance ministry-led meeting to address supply chain issues of the Indian industry. Following that, a note was sent to associations of various industries, asking for their requirements.

However, ministry officials confirmed that no final call has been taken regarding the flight. "We haven't planned any flight till now. The idea is to check what the industry wants and decide if such a flight is feasible or not," said a ministry official.

The India Manufacturers' Association of Information Technology (MAIT) has welcomed the move.

Almost two weeks after the official reopening date, many factories across China remain shut, which will cascade down to manufacturing in India as its supply of raw material and equipment is disrupted, MAIT added.

As MAIT and others speak to their member companies, there is no clarity on whether such a move will fructify.

An Air India executive said that they haven't got any information for planning such a flight. Even if India plans a flight, the trickiest part will be planning it as industrial clusters are spread across China.

