



# SIPNA BUSINESS INSIGHT

Quarterly Newsletter | Issue , Nov 2019 |

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## DISCLAIMER:

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## **Amazon, BookMyShow ink 5-year deal:**

**- By Ashwin Girgune**

Amazon has partnered with the online ticket booking platform BookMyShow to help its customers buy movie tickets from within its own app, boosting the US-based e-commerce firm's effort to become a one-stop-shop for all online consumer transactions in India.

The deal, a five-year exclusive commercial partnership, is similar to the one Amazon had struck with travel booking platform Cleartrip in May this year. Like flight bookings, buying movie tickets will appear as a separate option on Amazon Pay inside the e-commerce app. "This partnership increases the acceptance of Amazon Pay and adds a new dimension to how people see the instrument, its utility, and usefulness," said Mahendra Nerurkar, Director, Amazon Pay. "Amazon Pay is also available as a payment instrument on BookMyShow or Cleartrip, so we leave it up to the customer where they want to pay."



## **National retail framework for small stores on Cards:**

**- By Sakshi Raut**

India is preparing a national retail framework for small neighborhood stores to ensure they can better cope with competition from eCommerce platforms, which have been gaining ground. The program could include one-time registration fees, soft loans for working capital, and support to adopt electronic payments. As part of the exercise, the Department for Promotion of Industry and Internal Trade (DPIIT) has asked the states to embark on a count of such stores.

### **Move to Cut Costs**

According to estimates, domestic trade provides a livelihood to about 250 million people and is growing at 15% annually.

Most states have a shop and establishment legislation under which such stores are registered. The registration policy, fees, and other compliances vary, Registration is annual in some states and every five years in others.

The proposed exercise is aimed at consistency, simplification, and a lower compliance burden in order to lower costs. Under consideration is online enrolment for lifetime registration, said the person cited above. "We are looking at issues that small shopkeepers face and how those can be Addressed," the official said. "We are also looking at (whether) they can be Provided soft loans, assistance to adopt digital payment mechanisms."

Almost 65% of 70 million such stores are not digitally enabled, according to Praveen Khandelwal, secretary-general of the Confederation of All India Traders (CAIT) lobby group, which has been at the forefront of complaints against eCommerce companies. It has accused them of disregarding the rules to offer discounts. The eCommerce companies have said they are compliant with the rules.



## TCS, Wipro in the fray to manage Irdai's Business Analytics Project:

- By Suraj Nilkanth

Four IT companies, including Tata Consultancy Services and Wipro, are in the fray to manage and operate the Business Analytics Project (BAP) of insurance sector regulator Irdai. Irdai said TCS, Larsen and Toubro Infotech, Wipro, and EIT Service India EMENT Private Ltd (a DXC Technology company) have been shortlisted for the next round of bidding.

The four companies had submitted their initial bids in response to an 'expression of interest floated by the Insurance Regulatory and Development Authority of India (Irdai) in August.

Irdai said BAP was implemented for automation of registration and other connected activities for insurers, brokers, surveyors, and third-party administrators, as well as automation of product approvals, branch office opening, and advertisements, among others. In addition to providing the BAP services, the selected company will also be responsible for enhancing the services/functionality of the platform.

While inviting the expression of interest, Irdai had said 'BAP 2.0' will be the sion on the next version of the project with additional business and administrative OLOGY processes designed to provide a significantly enhanced experience to end GTHE users through a major revamp of some of the current interfaces. The regulator said the BAP system has been designed for effective supervision and regulation including compliance, monitoring trends of the insurance industry, risk-based assessment of the functioning of insurers, providing early warning signals and initiating corrective action. As part of BAP, Irdai had introduced the concept of e-filing, doing away with manual filing and paper-based records in its departments.



TATA CONSULTANCY SERVICES



## Mutual funds grow in strength as foreign funds take a step back:

- By Aarti Nachankar

Data compiled by ETIG shows mutual funds ownership in BSE500 stocks (among public shareholding) was at 18.77 percent at the end of September compared with 11.61 percent four years ago.

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Inflows into financial products are anywhere between Rs 10,000 crore and Rs 12,000 crore a month in Indian equities, of which inflows into the sticky systematic investment plans (SIP) are over Rs 8,000 crore a month for the last 10 months. The cumulative impact of this sustained investment journey was clearly visible in the resilience of Indian markets seen in the past few years. Despite heavy selling by foreign portfolio investors, markets, especially large caps, have managed to increase to new highs.

For instance, FPIs sold Indian equities worth Rs 35,800 crore in 2018, but Sensex gained 6 percent as domestic mutual funds bought nearly Rs 1.18 lakh crore. This is the power of retail investors and this has led to a big shift in power in capital markets from offshore players to onshore ones. A stronger dollar, a stalled earnings revival, and muted returns combined to drive foreign funds out of India in the past few years.



## **Bajaj Finance QIP mops up Rs 8,500 crore:**

**- By Muskan Gupta**

Marquee international funds such as BlackRock, Nomura, GIC of Singapore, and others have lapped up shares of Bajaj Finance in the Rs 8,500-crore private placement to qualified institutional investors. The issue was subscribed five times and will help India's fastest-growing non-bank lender to cut debt and improve a leverage ratio that had increased to 6.6 times in the first quarter of the financial year. SBI Mutual Fund is also one of the Y investors. Nomura, Morgan Stanley, JM Financial, Kotak and Axis Capital were the managers for the issue.

The issue was sold at a price range of Rs 3,860-3,900 per share, a 5.4-6.2 percent discount from Monday's closing price. "Within a few hours of opening, the issue was subscribed," said a banker involved in the deal. "This has been one of the best-performing stocks and so the response was huge. It received bids of Rs 42,500 crore against issue size of Rs 8,500 crore."

Banks have been at the forefront of fundraising so far this year with Bajaj Finance following Axis Bank, which raised Rs 12,500 crore. IndusInd Bank is looking to raise Rs 20,000 crore and RBL Bank plans a Rs 3,500-crore issue. Yes Bank raised Rs 1,930 crore in August and is slated to raise more money from a clutch of local and foreign equity investors later in December. Bajaj Finance raised \$700 million in 2017 when the leverage ratio touched around 6.5-7 times. It has a total capital adequacy ratio of 19.5 percent and reported a 63 percent increase in net profit in the second quarter to Rs 1,506 crore.

**TAX** The firm turned cautious earlier this year on growth and chose to conserve cash in light of the economic slowdown and the liquidity crunch. Its assets under management grew by 38 percent to Rs 1.35 lakh crore in the second quarter. Though the company guided for a 30-35 percent growth in assets under management, it cautioned against lending to lifestyle financing along with digital and two-wheeler loans.

## **National retail framework for small stores on Cards**

**- By Shriya Heda**

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## **Air India, Bharat Petroleum Corporation to be sold by March: FM** **Nirmala Sitharaman** - **By Arati Nikam**

The government is looking to wrap up the sale of state-run airline Air India and oil refiner and marketer Bharat Petroleum Corporation (BPCL) by March, finance minister Nirmala Sitharaman said on Saturday. “We are moving on both with the expectation that we can complete them this year. The ground realities will play out, she told TOI in an interview, while referring to the strategic sale of the two state-run companies, a crucial part of the government’s plan to raise over Rs 1 lakh crore in the current fiscal year. Sitharaman said there is a “lot of interest” among investors as evident in international road shows ahead of the sale of Air India. A year ago, the loss-making airline’s sale had to be aborted due to a tepid response from investors. The government is banking on receipts from the disinvestment-comprising strategic sales and public offers-to shore up revenues in a year when tax collections are under pressure.

The minister also said the government took measures to reverse the economic slowdown at the right time and several sectors are coming out of distress. The finance minister also said industry captains had helped improve their balance sheet and many of them were planning fresh investments.

The FM, however, said she expected GST collections to revive on the back of an improvement in sales in some segments as also due to recent efforts to plug leakages. Sitharaman also said the Supreme Court judgment on Essar Steel had established the constitutionality and legal strength of the IBC law and would have a huge impact on the balance sheets of banks in the next quarter.

She said there were signs of a revival in consumer sentiment, which was manifested in demand of nearly Rs 1.8 lakh crore in loans from banks at the outreach program during the festival season.

“If consumer confidence is not on its way to being restored, why would you think that such an amount would have gone out as loans during the two outreach programs started by banks? And, it is all over the country,” said Sitharaman.

## **Essar Steel: SC verdict lays down roles of creditors, adjudicating body** **- By Arpit Khawane**

The Supreme Court judgment on the Essar Steel case has clearly laid down the roles of the committee of creditors (CoC) and the adjudicating authority, and accepted that financial and operational creditors are distinct and cannot be equated, said a senior government official.

The official said the court had recognized the need for timebound resolution even though it had relaxed the 330-day limit for resolutions under the IOC, leaving room for exceptional cases to take longer if required. The Supreme Court on Friday set aside the judgment by the National Company Law Appellate Tribunal (NCLAT) which had equated all creditors, providing for the recovery of around 60.7% of dues for both financial and operational creditors.

“Government is fully satisfied with the Supreme Court judgment on Essar Steel. It clearly lays down the respective jurisdictions of the adjudicating authority and the committee of creditors,” corporate affairs secretary Injeti Srinivas said. While there should be fair and equitable treatment of all traders, the court has accepted the view that operational and financial creditors cannot be equated, he said. “The government precisely brought amendments for the above reasons.”

Srinivas pointed out that the Supreme court had not quashed the provision non restricting corporate insolvency process to 330 days, but only substituted the BLEMENT word “mandatorily” with “ordinarily”.