

NEWS & VIEWS

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ECONOMY

Fiscal deficit to be at 4.3% of GDP; Revised outlook on State finances to 'Stable' from 'Stable-to-Negative' for FY22

The aggregate fiscal deficit of states is likely to be at 4.3% of the Gross Domestic Product (GDP) in 2021-22 compared to 4.6% in 2020-21, says a report by India Ratings and Research. The rating agency has revised the outlook on state finances to stable for FY22 from stable-to-negative. "We expect the aggregate fiscal deficit of states for FY22 to come in at 4.3% of GDP compared to 4.6% (revised) in FY21," report stated. It had earlier forecast FY21 fiscal deficit of states to be at 4.5% but revised it later due to a sharper-than-expected contraction of 6.1% Y-O-Y in the nominal GDP.

INTERNATIONAL

Dubai secures position as 'FDI Global City of the Future'

His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE and Ruler of Dubai said Dubai's high ranking in the new 'FDI Global Cities of the Future 2021/2022' report corroborates the Emirate's status as a magnet for Foreign Direct Investment (FDI). Dubai was placed third overall globally and second in the 'Major Cities' category according to the report published by fDi Intelligence, a UK-based provider of industry insight and cross-border expansion, and part of the Financial Times. Dubai's high rankings are expected to create global awareness about its unique investment environment and create new opportuni-

ties across the world, particularly in the Middle East, Europe and Africa. Bengaluru has turned out to be the only Indian city to rank among the 25 global cities of the future 2021/22 report by fDi Intelligence. Singapore remains at the top followed by London, Dubai, Amsterdam and Dublin.



PERSONS IN NEWS

SBI appoints Swaminathan Janakiraman & Ashwini Kumar Tewari as MDs

The Appointments Committee of the Cabinet (ACC) has approved the appointment of Swaminathan Janakiraman as Managing Director of State Bank of India, the country's largest commercial bank. Janakiraman, who is currently Deputy Managing Director, has been appointed as MD for three years. ACC has also approved the appointment of Ashwini Kumar Tewari, Deputy Managing Director, as Managing Director of SBI for three years. Both Janakiraman and Tewari are eligible for the extension of their term of office after a review of their performance, according to an order issued by the Department of Personnel & Training.



Adani Power appoints Nitin Rohilla as Chief Information Officer



Adani Power Limited (APL), a part of the diversified Adani Group, is the largest private thermal power producer in India. APL has appointed Nitin Rohilla as the Chief Information Officer. Rohilla will operate from Ahmedabad and will report to Anil Sardana, Managing Director. As CIO, he will be responsible for spearheading the company's digital transformation and IT initiatives for business growth. Formerly, Rohilla was Vice President - IT at Adani Electricity. He has nearly 30 years of professional experience and has worked with companies like Tata Power, Cairn Energy, and BSES Delhi. APL has a power generation capacity of 12,450 MW comprising thermal power plants in Gujarat, Maharashtra, Karnataka, Rajasthan, and Chhattisgarh and a 40 MW solar power project in Gujarat.

INTERNATIONAL

London loses; Share Trading Crown goes Dutch in 'Symbolic' post-Brexit Shift

London has lost its crown as Europe's top share trading hub in a 'symbolic' post-Brexit shift. Stock exchanges in the Dutch capital traded €9.2 billion (\$11.15 billion) a day in January, compared to London's €8.6 billion. This compares with an average of €17.5

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billion traded daily in London during 2020, when Frankfurt was second with €5.9 billion and Amsterdam sixth with €2.6 billion. The data has caused alarm in some political quarters, with the chair of the European Securities and Markets Authority saying the shift could be permanent. The decline in London trading was prompted by a ban on EU institutions trading in London post-Brexit, as authorities in Brussels have not recognised the regulatory regime in the UK. While British-based companies can still trade EU shares in London, European companies must now trade European stocks on exchanges based in the EU.

Goldman says ESG finance to become 'core part' of strategy



The New York-based lender, Goldman Sachs Group Inc. plans to issue more environmental, social, and governance bonds on a regular basis as part of its plans to deploy \$750 billion in sustainable financing, investing and advisory activity by 2030, according to Carey Halio, Chief Executive Officer of Goldman Sachs Bank USA. It sold bonds aimed at financing environmentally and socially conscious projects for the first time in February 2021. "We expect to issue once every 12 to 18 months with respect to benchmark issuance and we have the flexibility to do other kinds of liabilities as well in addition to the benchmark bond," said Halio. "We think it will be a core part of our strategy going forward." Goldman said its sustainability bond was well received by investors from the U.S., Europe and Canada, in addition to other countries, including new investors. The order book reached well north of \$3 billion at the peak, with more than half of the deal going to ESG accounts. The demand helped it price 5 basis points inside of the bank's normal credit curve for the tenor, Halio said. "We do think the size of our ESG bonds will grow over time," said Halio. "We think investors value the liquidity in the benchmark size issuance."




Total to change its name to Totalenergies; a proposal to its Shareholders

Patrick Pouyanné, Chairman and CEO of Total, announced that the Board of Directors have decided to ask for shareholder's approval to change the Group's name to TotalEnergies. He said, "TotalEnergies will symbolize our strategic transformation into a broad energy company." Along with a new name, Total plans to expand on its green energy initiatives, with an annual spend of \$2B/year.

Jeff Bezos to step down as Amazon CEO in Q3 2021, Andy Jassy to be the next CEO

Amazon.com Inc.'s founder, Jeff Bezos has decided to step down as CEO in the third quarter of 2021. While disclosing its first \$100 billion-plus sales in the fourth quarter of 2020, Amazon shared the next leader will be Mr. Andy Jassy, the head of Amazon Web Services cloud-computing segment. Bezos will remain as Executive Chairman of the company when Jassy takes the CEO reins.

REGULATORY

Withdrawal of Tax benefit on Mergers and Acquisitions

The government has withdrawn a tax benefit for Mergers and Acquisitions (M&A) that would result in marginal increase in the cost of transactions.



- The government in the Budget 2021 said that no depreciation would be allowed on goodwill. The amendment is to be effective from FY 20-21 and also applies also to earlier acquisitions, and the consequent goodwill related to such earlier transactions. In that sense, the amendment is retroactive.
- Up until now many companies would end up buying companies more than what the "book value" of the company is on its financial statements.
- The amendments on goodwill are retrospective as depreciation on any past goodwill, partly claimed in the past, would not be available going forward. Therefore, while the amendment is prospective, it would adversely impact any goodwill created before March 31, 2021, as per the tax experts. The amendment is retrospective from April 1, 1998 and will also impact internal corporate restructuring where goodwill was claimed.

Removal of 400 old exemptions to reduce anomalies in GST

Proclaiming record GST collections in the past few months, Hon'ble Union Finance Minister, Mrs. Nirmala Sitharaman has announced a proposal to remove 400 old exemptions and take every possible measure to reduce anomalies in Goods and Services Tax (GST). GST collections for January 2021 touched an all-time high of Rs 1.19 lakh crore since the introduction of GST regime. "A record GST collections have been recorded in the last few months. As chairperson of the GST Council, I want to assure the government will take every possible measure to reduce anomalies. The government is focused to further ease the process," Mrs. Sitharaman said during her budgets.

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REGULATORY

MCA notifies new definition for Listed Companies under Section 2(52) of Companies Act, 2013

MCA has notified Companies (Specification and definitions details) 2nd Amendment Rules 2021 on February 19, 2021. For the purpose of the proviso to clause (52) of Section 2 of the Companies Act, 2013, the following classes of companies shall not be considered as 'Listed Companies', namely:

- a) Public companies which have not listed their equity shares on a recognized stock exchange but have listed their –
 - i. non-convertible debt securities issued on private placement basis in terms of SEBI (Issue and Listing of Debt Securities) Regulations, 2008; or
 - ii. non-convertible redeemable preference shares issued on private placement basis in terms of SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013; or
 - iii. both categories of (i) and (ii) above.
- b) Private companies which have listed their non-convertible debt securities on private placement basis on a recognized stock exchange in terms of SEBI (Issue and Listing of Debt Securities) Regulations, 2008;
- c) Public companies which have not listed their equity shares on a recognized stock exchange but whose equity shares are listed on a stock exchange in a jurisdiction as specified in subsection (3) of section 23 of the Act."

These rules shall come into force with effect from April 01, 2021.

INDIAN COMPANIES

boAt's income crossed Rs 704 Crore in FY20; 460% growth in profits

The Mumbai based consumer Electronics Company, boAt had a stellar run during the fiscal ended March 2020, becoming the joint fifth-largest seller of wearable electronics riding on the wave of its popular series of wireless headsets and speakers, as per market intelligence and research firm IDC. The stupendous growth of boAt was also reflected in its income that crossed the Rs 704 crore mark during FY20, its regulatory filing shows. The five-year-old brand managed to almost triple its earnings from sales to Rs 700.44 crore in FY20 from Rs 239.4 crore in FY19. boAt earned another Rs 3.4 crore through financial instruments during FY20. With most smartphone manufacturers deciding to do away with the 3.5 mm jack, sale of wireless earphones and headphones accounted for the largest chunk of its sales. boAt sold wireless headsets worth Rs 375.7 crore in FY20, making up 53.6% of its total sales.

MERGER AND ACQUISITION



Magnite acquires SpotX for \$1.17 Billion

Magnite, the world's largest independent omnichannel sell-side advertising platform, has acquired video supply-side platform SpotX from European entertainment network RTL Group for \$1.17 billion. The cash and stock deal, announced on February 05 2021, is part of Magnite's vision to go big in the connected TV space. Magnite bought SpotX for more than four times the amount Radio Television Luxembourg (RTL) originally paid to acquire the company. Magnite's stock has been doing really well, up 13% in January, giving them more financial leverage to do big deals. The purchase price consists of \$560 million in cash and 14 million shares of Magnite stock. SpotX's net revenue for 2020 was \$116 million, \$67 million of which was connected TV (CTV) related.



Adar Poonawalla to buy 60% stake in Magma Fincorp for Rs 3,456 crore

Adar Poonawalla controlled investment firm Rising Sun Holdings (RSHPL) will buy a controlling stake in Magma Fincorp with an investment of Rs. 3,200 crore reflecting a gradual return of investor interest in non-banking finance companies, which lost charm since the collapse of infrastructure conglomerate IL&FS more than two years ago. Magma Fincorp will hold an Extraordinary General Meeting (EoGM) on March 9, 2021, as per the regulatory filing. Magma Fincorp will seek shareholders' approval to the preferential allotment of shares for Rs 3,206 crore to RSHPL to give it a controlling stake in the NBFC. Besides, the company has proposed allotting preferential shares to two members of promoter group for Rs 250 crore, taking the total capital infusion to Rs 3,456 crore.

STARTUP



Indian Angel Network

k plans to invest over Rs 100 crore in start-ups in 2021

Venture capital consortium Indian Angel Network (IAN) is planning to invest over Rs 100 crore in start-up firms across sectors in 2021, according to a governance committee member and co-founder of the network. IAN co-founder Padmaja Ruparel said, the consortium members will evaluate opportunities in biotechnology, augmented reality, manufacturing and in environmentspace.