Economy

MONDAY, APRIL 18, 2022

EXPERT VIEW

With the start of earnings season, domestic market is also likely to be buoyed by sector-specific momentum in the coming days

—Vinod Nair, Head of Research, Geojit Financial Services

CAPEX PACE QUICKENS

Not just Centre, states also see jump in FY22 tax revenue

20 big states reviewed by *FE* report a 39% jump in tax receipts for April-February, their capex up 37%

PRASANTA SAHU
New Delhi, April 17

IF THE CENTRE reported an unprecedented 34% annual jump in gross tax revenues in FY22, the state governments likely fared even better. According to data of 20 big states reviewed by *FE*, their overall tax receipts — own revenue plus divisible-pool receipts from the Centre — jumped 39% on year to ₹18.8 trillion in April-February FY22, thanks to a reviving economy, improved compliance and higher transfers from the Centre. The combined tax target of all states in FY22 was ₹22.85 trillion, which required annual growth of 26%.

The surge in tax revenues and a reining in of welfare spending after two years of Covid-related splurge seem to have also enabled state governments to scale up their capital expenditure in FY22.

The 20 states reviewed reported a combined capex of ₹3.44 trillion in April-February of FY22, up 37% on year, compared with an year-on-year decline of 14% witnessed in the corresponding period of FY21.

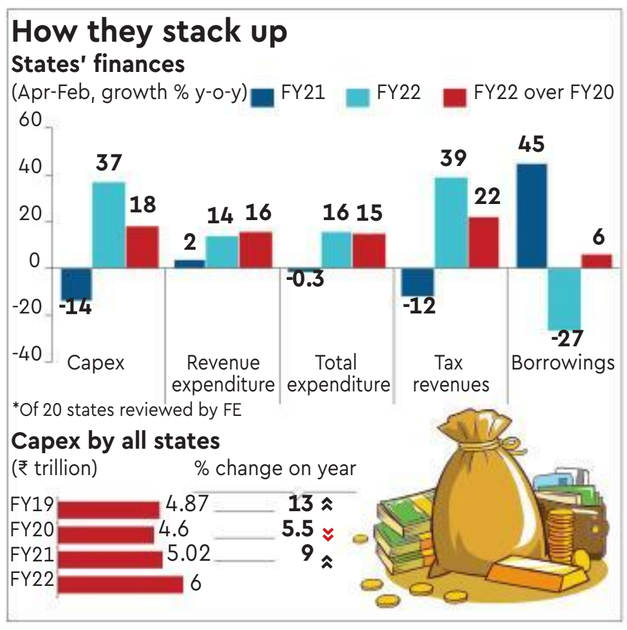
Going by the usual bunching of expenditure in March — a third of states' capex in FY21 was accounted for in the final month of the year — , these states may report impressive capex of ₹5 trillion in FY22, compared with ₹3.7 trillion in FY21.

Capex pace of the states reviewed is impressive even in comparison to the level in the same period in FY20, the pre-pandemic year, with a growth of 18% over the two-year period. However, they may still miss the ambitious capex target of ₹6.09 trillion for the year by a big margin.

The combined capital expenditure of all states need to grow 44% on year to achieve their investment target of ₹7.23 lakh crore for FY22. Going by the trend, combined capex by all states could be around ₹6 trillion in FY22, a neat ₹1 trillion higher than in FY21 (see chart).

Aware that capex by states are augmented towards the end of a financial year, the Centre had front-loaded tax devolution this year to enable states to keep the capex momentum, which is critical for fast-tracking gross capital formation in the economy, given that private investments continue to be weak.

Thanks to buoyancy in tax revenues, the Centre released ₹8.83 trillion to states for FY22 as their share of the divisible tax pool, 19% more than the revised estimate (RE) for the year.



PRE-OFFER ADVERTISEMENT CUM CORRIGENDUM TO THE DETAILED PUBLIC STATEMENT FOR THE ATTENTION OF THE PUBLIC SHAREHOLDERS OF

PANTH INFINITY LIMITED

Corporate Identification Number: L45201GJ1993PLC114416;
Registered Office: 101, Siddh Chambers, Taratiya Hanuman Street, Gurjar Faliya, Haripura, Surat - 395003, Gujarat, India.
Contact Number: +91-7925462907; Website: www.panthinfinity.com; Email Address: info@panthinfinity.com;

This Pre-Offer Advertisement cum Corrigendum to the Detailed Public Statement (**'Advertisement'**) is being issued by CapitalSquare Advisors Private Limited (**'Manager'**), for and on behalf of Patel Parshottambhai Z. (**'Acquirer'**) and pursuant to the provisions of Regulation 18 (7) of the Securities Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (**'SEBI (SAST) Regulations'**), in respect of the Offer for acquisition of up to 32,04,500 (Thirty-Two Lakhs Four Thousand and Five Hundred) fully paid-up equity shares of face value of ₹10.00/- (Rupees Ten Only) each (**'Equity Shares'**), representing 26.00% (Twenty-Six Percent) of the Voting Share Capital of Panth Infinity Limited (**'PANTH'** or **'Target Company'**), at a price of ₹13.00/- (Rupees Thirteen Only) per Equity Share (**'Offer Price'**) payable in cash (**'Offer'**).

This Advertisement is to be read in conjunction with the a) Public Announcement dated Monday, February 28, 2022 (**'Public Announcement'**), (b) Detailed Public Statement dated Thursday, March 03, 2022 which was published on Friday, March 04, 2022 in the newspapers, namely being, Financial Express (English daily) (All Editions), Jansatta (Hindi daily), Financial Express (Gujarati daily) (Ahmedabad Edition), Mumbai Lakshadeep (Marathi daily) (Mumbai Edition) (**'Newspapers'**) (**'Detailed Public Statement'**), (c) Draft Letter of Offer dated Wednesday, March 09, 2022 ('Draft Letter of Offer'), (d) Letter of Offer dated Wednesday, April 06, 2022, along with the Form of Acceptance-cum-Acknowledgement ('Letter of Offer'), and (e) Dispatch confirmation advertisement dated Tuesday, April 12, 2022, which was published in Newspapers on Wednesday, April 13, 2022 (**'Dispatch Confirmation Advertisement'**). The Public Announcement, Detailed Public Statement, Draft Letter of Offer, Letter of Offer and Dispatch Confirmation Advertisement are hereinafter referred to as the 'Offer Documents'. This Advertisement is being published in the Newspapers..

1) **Offer Price:** The Offer Price of ₹13.00/- (Rupees Thirteen Only) payable in cash. There has been no revision in the Offer Price. For further details relating to the Offer Price, please refer to the Paragraph 6.1.3 beginning on page 22 of the Letter of Offer.
2) **Recommendations of the Committee of Independent Directors of the Target Company ('IDC'):** The Committee of IDC have opined that the Offer Price of ₹13.00/- (Rupees Thirteen Only) is fair and reasonable in accordance with the provisions of SEBI (SAST) Regulations, which was approved on Tuesday, April 12, 2022, and published on Wednesday, April 13, 2022, in the Newspapers.
3) This Offer is not a competing offer.
4) On Friday, April 08, 2022, the Letter of Offer has been dispatched to 4,189 (Four Thousand One Hundred and Eighty-Nine) Public Shareholders of the Target Company whose names appear on Friday, April 01, 2022, being the Identified Date, through:
a) Electronic mode to all the Public Shareholders whose e-mail addresses had been registered with the Depositories/Target Company.
b) Registered/ Speed post to those Public Shareholders who have not registered their e-mail addresses with the Depositories/Target Company, or whose Email Addresses are inactive.
5. Please note that a copy of the Letter of Offer along with other Offer Documents are also available and accessible on the websites of SEBI at www.sebi.gov.in, BSE at www.bseindia.com, Target Company at www.panthinfinity.com, Registrar at www.purvashare.com, and Manager at www.capitalsquare.in.
6) Public Shareholders are required to refer to the Paragraph 8 titled as ***'Procedure for Acceptance and Settlement of the Offer'*** beginning on page 25 of the Letter of Offer in relation to the procedure for tendering their Equity Shares in the Offer.

Instructions for Public Shareholders

a) **In case the Equity Shares are held in physical form**
Public Shareholders holding Equity Shares in physical form may participate in this Offer through their Selling Broker by providing relevant information and documents as mentioned in Paragraph 8.9 titled as ***'Procedure for Equity Shares held in physical form'*** beginning on page 25 of the Letter of Offer along with Form SH-4.

b) **In case the Equity Shares are held in Demat form**
Public Shareholders holding the Equity Shares in Demat form may participate in this Offer by approaching their Selling Broker and tender their Equity Shares in Offer as per the procedure as mentioned in Paragraph 8.10 titled as 'Procedure for Equity Shares held in dematerialized form' beginning on page 26 of the Letter of Offer along with other details.

7) All the observations received from SEBI vide letter bearing reference number 'SEBI/HO/CFD/DCR-III/ OW/13477/1 dated Wednesday, March 30, 2022, in terms of Regulation 16 (4) of the SEBI (SAST) Regulations upon submission of the Draft Letter of Offer are duly incorporated in the Letter of Offer.
8) There are no other material updates in relation to this Offer since the date of Public Announcement, save as otherwise disclosed in the Offer Documents.
9) As on the date of this Advertisement and in the best of knowledge of the Acquirer as on the date of this Advertisement, there are no statutory, regulatory, or other approvals required by the Acquirer to be implemented to complete this Offer. Please refer to the Paragraph 7.6 titled as 'Statutory Approvals and conditions of the Offer' beginning on page 24 of the Letter of Offer.
10) **Schedule of Activities:**

Schedule of Activities	Original Tentative Schedule (Day and Date)	Revised Schedule (Day and Date)
Issue date of the Public Announcement	Monday, February 28, 2022	Monday, February 28, 2022
Publication date of the Detailed Public Statement in the newspapers	Friday, March 04, 2022	Friday, March 04, 2022
Last date for filing of the Draft Letter of Offer with SEBI	Wednesday, March 09, 2022	Wednesday, March 09, 2022
Last date for public announcement for a competing offer(s) #	Monday, March 28, 2022	Monday, March 28, 2022
Last date for receipt of comments from SEBI on the Draft Letter of Offer will be received (in the event SEBI has not sought clarification or additional information from the Manager)	Thursday, March 31, 2022	Wednesday, 30 March,2022
Identified Date*	Monday, April 04, 2022	Friday, April 01, 2022
Last date for dispatch of the Letter of Offer to the Public Shareholders of the Target Company whose names appear on the register of members on the Identified Date	Monday, April 11, 2022	Friday, April 08, 2022
Last date by which a committee of the independent directors of the Target Company is required to give its recommendation to the Public Shareholders for this Offer	Monday, April 18, 2022	Wednesday, April 13, 2022
Last date for upward revision of the Offer Price and / or the Offer Size	Tuesday, April 19, 2022	Monday, April 18, 2022
Last date of publication of opening of Offer public announcement in the newspapers in which the Detailed Public Statement had been published	Tuesday, April 19, 2022	Monday, April 18, 2022
Date of commencement of Tendering Period	Wednesday, April 20, 2022	Tuesday, April 19, 2022
Date of closing of Tendering Period	Wednesday, May 04, 2022	Monday, May 02, 2022
Last date of communicating the rejection/ acceptance and completion of payment of consideration or refund of Equity Shares to the Public Shareholders	Thursday, May 19, 2022	Wednesday, May 18, 2022

Note: The above timelines are indicative (prepared on the basis of timelines provided under the SEBI (SAST) Regulations) and are subject to receipt of requisite approvals from various statutory/ regulatory authorities and may have to be revised accordingly. To clarify, the actions set out above may be completed prior to their corresponding dates subject to compliance with the SEBI (SAST) Regulations.

@Actual date on being in receipt of SEBI's Observation Letter.

 # There has been no competing offer.

**Identified Date is only for the purpose of determining the names of the Public Shareholders to whom the Letter of Offer would be sent. All the Public Shareholders (registered or unregistered) of the Equity Shares (except the Acquirer and the parties to the Share Purchase Agreement) are eligible to participate in this Offer any time before the closure of this Offer.*

11) The copies of the inspection documents as specified under Paragraph 13 titled as ***'Documents for Inspection'*** beginning on page 32 of the Letter of Offer will be available for inspection at the registered office of the Manager, CapitalSquare Advisors Private Limited, located at 205-209, 2nd Floor, AARPEE Center, MIDC Road No. 11, CTS 70, Andheri (East), Mumbai - 400093, Maharashtra, India, on any working day between 10:00 a.m. (Indian Standard Time) and 5:00 p.m. (Indian Standard Time) during the Tendering period i.e., commencing from Tuesday, April 19, 2022 to Monday, May 02, 2022.
12) The Acquirer accepts full responsibility for the information contained in this Advertisement and for the fulfillment of his obligations laid down in the SEBI (SAST) Regulations. A copy of this Advertisement shall also be available and accessible on website of the SEBI at www.sebi.gov.in, BSE at www.bseindia.com, Target Company at www.panthinfinity.com, Registrar at www.purvashare.com, and Manager at www.capitalsquare.in.
13) The capitalized terms used in this Advertisement shall have the meaning assigned to them in the Offer Documents, unless otherwise specified.

Issued by the Manager to the Offer on behalf of the Acquirer

CAPITALSQUARE®
Teaming together to create value

CAPITALSQUARE ADVISORS PRIVATE LIMITED
205-209, 2nd Floor, AARPEE Center, MIDC Road No 11, CTS 70, Andheri (East), Mumbai 400093, Maharashtra, India;
Tel: +91-22-6684-9999/ 145/ 138;
Email Address: tanmoy.banerjee@capitalsquare.in/ pankita.patel@capitalsquare.in;
Website: www.capitalsquare.in;
Contact Person: Mr. Tanmoy Banerjee/Ms. Pankita Patel;
SEBI Registration Number: INM000012219;
Validity: Permanent;
Corporate Identification Number: U65999MH2008PTC187863

On behalf of the Acquirer
sd/-
Patel Parshottambhai Z.

Date: Wednesday, April 13, 2022
Place: Mumbai

Crises in Sri Lanka, Nepal : Labour intensive exports to take a hit

BANIKINKAR PATTANAYAK
New Delhi, April 17

A BREWING FOREIGN exchange crisis in Nepal, on top of the worst economic turmoil in Sri Lanka since 1948, has added to the worries of Indian exporters, who apprehend a 20% drop in supplies to the neighbours in FY23 from a year before unless the situation improves soon.

Exporters that *FE* spoke to said the fall in shipments to Sri Lanka could be steeper, unless New Delhi extends a fresh line of credit, in addition to the assistance of $2.4 billion already provided since January, to bail out the island nation.

New Delhi's major exports to Colombo include petroleum products, pharmaceuticals, steel, textiles (mainly fabric and yarn), food products and automobiles. Exports of many of these products to Sri Lanka are going to ease in FY23.

Similarly, given Nepal's curbs on imports of luxury items and cars, auto and auto component supplies, which made up about 9% of New Delhi's total exports to Kathmandu in FY22, are set to drop this fiscal. However, supplies of petroleum products, which accounted for a quarter of India's total exports to the Himalayan nation in FY22, are not yet restricted.

Both Sri Lanka and Nepal have witnessed their fortunes slide after the pandemic battered their tourism sector, which has been the major revenue earner for them.

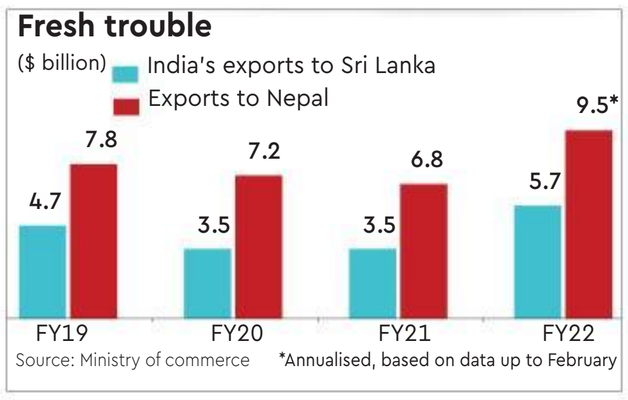
While any potential fall in India's exports to these nations can be offset easily, given the limited trade value, they, nevertheless, add to an array of external headwinds for Indian exporters, most notably the massive supply-chain disruption in the wake of the Ukraine crisis. Moreover, the crises came at a time when India is seeking to build on its robust export performance in FY22.

An industrial resurgence in western nations, which drove up demand for Indian goods in FY22, has been hit by the geopolitical tensions. Consequently, the World Trade Organisation has now slashed its global trade growth outlook for 2022 to 3% from 4.7% announced earlier.

The economic crisis has forced Sri Lankans to cut discretionary purchases, while Nepal has reportedly curbed "non-essential imports". Together, these two countries imported merchandise worth $15 billion from India in FY22, up about 50% from the pandemic year of FY21. India was the largest exporter of goods to both Nepal and Sri Lanka in FY22.

Exporters said Nepal has imposed curbs on the opening of letter of credit (LC) for auto and jewellery imports. For a large number of products, if Nepalese importers want to open the LCs, they have to keep a 100% cash margin in their LC accounts; for the rest, they must have a 50% margin. However, some of the essential food items are included in the list of products where 100% cash margin is required.

"It's not a desperate situation for Nepal but they are cautious probably because of what is happening in the neighbourhood (Sri Lanka) and taking action before it's too late," said Ajay Sahai, director general and chief executive at apex exporters' body FIEO.



No bias against CGD players in gas allocation, says petroleum board

VIKAS SRIVASTAVA
Mumbai, April 17

THE PETROLEUM AND Natural Gas Regulatory Board (PNGRB) has denied allegations of discrimination against city gas distribution (CGD) companies in natural gas allocations since April 2021.

A senior PNGRB official told FE that 10% extra allocation of gas used to be made to every CGD player based on their previous six months' allocation after a review. But the reduction in sales during the Covid period lowered the base for fresh allocations. The CGD players will get the same level of hike from the March review since the sales are back to pre-Covid levels, the official said.

However, the official accepted that the allocations have not kept pace with the increased demand in the last couple of months due to which CGD players had to blend costly regasified natural gas (R-LNG) with domestic gas to produce compressed auto fuel (CNG) and piped cooking gas (PNG).

The CGD players have raised concerns that the reduced allocation of domestic natural gas, and a 110% hike in domestic gas price from April 1 forced them to blend RLNG with domestic gas and increase the CNG and PNG price by ₹10 per kg/scm.

Companies such as Mahanagar Gas (MGL) are blending around 15-20% of R-LNG with local gas, sources said.

The government on April 1 doubled the domestic natural gas price for six months to $6.1 per million British thermal unit (mmBtu), and the price of gas from difficult — high pressure-high temperature — gas fields to $9.92 per mmBtu from $6.1/mmBtu. This coupled with increase in the landed price of imported LNG at $37/mmBtu has increased the overall cost of production for the CGD players.

The PNGRB official said, that government is aware of the development and the rising input cost for the CGD players. If the war in Ukraine extends to this year-end, the possibility of domestic gas price going up is high. Plans are afoot to pool the long term RLNG of GAIL and the high-pressure-high-temperature (HPHT) gas and sell that to well entrenched CGD players who have reached closer to completing their capex cycle.

GST Council may do away with 5% rate; move items to 3% & 8% slabs

PRESS TRUST OF INDIA
New Delhi, April 17

WITH MOST STATES on board to raise revenue so that they do not have to depend on Centre for compensation, the GST Council, at its meeting next month, is likely to consider a proposal to do away with the 5% slab by moving some goods of mass consumption to 3% and the remaining to 8% categories, sources said.

Currently, GST is a fourtier structure of 5, 12, 18 and 28%. Besides, gold and gold jewellery attract 3% tax.

In addition, there is an exempt list of items like unbranded and unpacked food items which do not attract the levy.

Sources said in order to augment revenue the Council may decide to prune the list of exempt items by moving some of the non-food items to 3% slab.

FROM THE FRONT PAGE

Individual insolvency for poor on the back burner

Unlike in corporate insolvency, the adjudicator in individual insolvency process is the debt recovery tribunal (DRT), and not the National Company Law Tribunal (NCLT). The minimum default amount to trigger individual insolvency is set at just ₹1,000 (In case of corporate insolvency, it's ₹1 crore).

However, given the tiny size of loans and limited ability of the poor to go through a rigorous insolvency process overseen by the DRT, the government was considering a proposal to facilitate such a waiver via out-of-court settlements. Also, the DRTs — already burdened with corporate cases under the SARFAESI Act, etc. — don't have adequate capacity to adjudicate on a potentially large number of such cases. So, the government was weighing the option of facilitating such a scheme through an administrative process, with the involvement of low-cost professionals (instead of insolvency resolution professionals) and institutions at the panchayat level, under the overall supervision of the IBBI.

Extreme poverty in India eased during '11-19: World Bank

Real incomes for farmers with the smallest landholdings have risen by 10% in annualised terms during the 2013-2019 period.

While Sinha Roy and Weide has used the CMIE's survey data, they acknowledged that, in its current form, it's 'not nationally representative' and that it uses its own measure of consumption expenditure that is not readily comparable to the NSS' measure of consumption.

"This paper makes a comprehensive effort to address both of the above-mentioned concerns. We implement a rigorous reweighting exercise using multiple nationally representative benchmark surveys to obtain adjusted sampling weights that make the CPHS nationally representative," said the authors.

Order inflows at cap goods firms may decline in Q4FY22

This delay has been attributed to the lack of visibility on the rising commodity prices. There are concerns about mismatches in the project cost at the contractors end. Even otherwise, there is typically a lag between the tendering and awarding that happens every few months.

With orders from the high-speed rail corridor, metro or highways, typically in the range of ₹25,000 crore and above missing, the ticket size of orders shrank in Q4FY22. However, over the medium-term, the size of orders has been increasing from metros, high speed rail or long distance highways.

Larsen and Toubro (L&T) announced fresh orders of around ₹47,000 crore in the March quarter, according to a domestic brokerage. This would be about 7% lower y-o-y as the company had reported new orders worth ₹50,651 crore in Q4FY21. The company has guided it could close FY22 with a growth in order inflows of anywhere between low and mid-teens.

Bharat Electronics is expected to report an order intake of ₹7,000 crore for Q4FY22. This would be less than half of ₹15,280 crore worth of fresh orders bagged by the company during the fourth quarter last year. For KEC International, the order intake is likely to remain muted at about ₹5,200 crore, a 3% y-o-y increase or a tad above ₹5,000 crore orders recorded in Q4FY21.

Capex momentum continues in Q4

₹ trillion	Mar '21	Jun '21	Sep '21	Dec '21	Mar '22
New projects	2.3	2.8	3.1	3.4	5.1
Y-o-Y growth (%)	-38	243	38	128	118
Completed projects	1.2	0.7	1.3	2.7	0.8
Y-o-Y growth (%)	-33	188	62	207	-35
Stalled projects	0.3	0.3	0.0	0.1	0.3
Y-o-Y growth (%)	-62	200	-63	-81	4
Revived projects	0.2	0.1	0.4	2.0	0.2
Y-o-Y growth (%)	-45	-79	37	1260	0
Implementation stalled projects	0.3	0.4	0.3	0.7	0.1
Y-o-Y growth (%)	-97	322	178	225	-82

Source: CMIE, Company, PL

Debit card usage set to see a drop

Harish Prasad, head of Banking, FIS, said that banks' issuance of debit cards had seen significant growth over the last five to seven years, reaching 935 million outstanding cards as of February 2022. This may now start to flatten out as a consequence of high UPI use for merchant payments and saturation in card issuances.

"Also, with the recently announced interoperable cardless ATM cash withdrawal facility, using UPI based authorisation, as opposed to card and PIN based authorisation, and the announcement recently to allow activation of UPI via Aadhar OTP in lieu of a debit-card-linked OTP, the need for debit cards will be further diluted, and debit card numbers could likely start to shrink over the next few years," Prasad said.

Cash withdrawals at ATMs are the chief means of usage for a majority of debit cards issued in India, with merchant payments using debit cards starting to plateau and even seeing volumes falling on a year-on-year basis. In February 2022, the number of debit card-based ATM transactions fell to 527 million from 551 million in February 2021.

Independent fintech expert Parijat Garg said that it may take banks a few months to upgrade their ATMs and other systems at the back end to offer UPI-based withdrawals. But once that happens, the utility of debit cards for a large number of customers will practically be gone.

"Only the online payments where people may not be too comfortable using UPI on a particular device or where it's quite a large-value transaction or where the person is leveraging the benefits available on a particular debit card, such as debit EMI, might be the instances where a debit card is used," Garg said.

Consumers may eventually see no point in carrying debit cards as there is an annual or quarterly fee for maintaining them but UPI is practically free. Garg pointed out that merchants also prefer UPI because it does not draw a merchant discount rate (MDR), but on debit cards at POS merchants have to pay around 1%. "The consumer demand for debit cards may eventually fall and banks may also find it costly to issue them in a scenario of low usage," he added.

Textile cluster left in the lurch amid input shortages, rising costs

Raghu Yadav, a 40 year-old migrant who transports grey fabric from weaving units to processing houses, is worried about the slowdown. But he carries on regardless, trying to do at least three 10-15 km trips everyday even if it's hot and humid. Else, his family of four cannot afford even a simple life.