

# Govt's PPA exit guidelines stuck amid generator-discoms tussle

Once relinquished, generators and discoms can sell and buy power under other arrangements

JYOTI MUKUL  
New Delhi, 16 February

The Union power ministry's proposal to introduce flexibility in power purchase after the completion of 25 years is stuck because of differences between generators and distribution companies (discoms).

The ministry had come up with a draft proposal in December, but no decision has been taken so far, though there are regulatory guidelines for this.

According to a letter written by the Union ministry of power to state discoms and generating stations owned by the central public sector enterprises, there were seven proposed principles on which power relinquishment or continuation would work after the completion of 25-year PPAs. These included relinquishment of entire centrally allocated power, except where it is bundled with solar power. Once relinquished, both generators and discoms could sell and buy power under other arrangements. The first right of taking power beyond the contractual period, however, was to rest with the existing buyer.

The plan was devised as states had written to the Union government with a request to surrender the allocated share of power from the central generating stations. The states were asked to



send in their responses in 21 days.

Since these PPAs and the central allocation of power were devised in a power deficit scenario, many states and discoms wanted to exit these contracts on their expiry. Punjab, Andhra Pradesh, Odisha, and Delhi had written to the Centre conveying their willingness to surrender the power allocated to them. In the case of Delhi, the issue has landed in the court. Almost all the states have been purchasing some part of their power from NTPC plants for over 25 years.

Most of these generation plants were set up by the Union government-owned NTPC as part of the regulated tariff

mechanism under the Electricity Act. The central government allocated power from these plants under guidelines issued in 2000. In some cases, the states entered into bilateral agreements with NTPC for purchasing power. According to the power ministry letter, such arrangements were more appropriate during a power deficit scenario since the Centre wanted every state to get a share. When there was a power surplus, procurement too shifted to tariff-based bidding.

The Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019, allows generators to build cost of renovation and

maintenance into the tariffs, which means discoms could end up paying more after the expiry of the initial contract period, said an industry insider. Also, states that are purchasing costlier power from the central generating unit could purchase power through other routes like short-term contracts, procurement in open market, bilateral transactions, etc.

"Such a proposition would allow discoms to substitute their costly power through alternate sources, thereby, presenting scope to lower their overall power purchase cost," said the letter. This, the power ministry felt, could help states that face power deficits.

## POWER PLAN

Proposed dispensation for power sale

- First right of buying power with the existing buyer/distribution company
- State/discoms can relinquish power from central generators after 25 years
- Discoms can exit power purchase agreements if beyond 25 years. A three-month notice needs to be given
- Part-relinquishment not allowed, except if bundled with renewable power
- Generators can sell power through any mode after discom exits

# Five detected with South African, Brazil coronavirus strains

Govt concerned over rise in cases in Maharashtra

RUCHIKA CHITRAVANSHI  
New Delhi, 16 February

The South African Covid-19 strain has been detected in four Indian returnees and the Brazil variant in one, the health ministry said on Tuesday, amid concerns over the rise in the number of cases in Maharashtra.

The Union health ministry is holding discussions with the civil aviation ministry to put in place a mechanism to monitor air traffic from South Africa and Brazil and contain the spread of these variants.

"Our experience with the UK variant taught us that testing after disembarkation and then genome sequencing positive samples was very effective. We will deploy a similar strategy for South Africa and Brazil flights as well," said Rajesh Bhushan, health secretary. However, unlike the UK, which had direct flights to India, most flights from South Africa and Brazil are routed through different sectors.

Both the South African and Brazilian strains have a mutation in the receptor binding domain of the virus, which makes it easier for the virus to bind itself to the lungs. All five people and their contacts have been tested and quarantined.

While the South African variant was detected in passengers who arrived in January, the Brazilian variant was detected in a returnee in the first week of February.

A majority of cases in South Africa are due to the new variant, which has multiple mutations. It has spread to 44 countries. The Brazilian strain, which has increased transmissibility, has been found in 15 countries. The Indian Council of Medical Research and National Institute of Virology, Pune, have managed to isolate and culture this variant, which would help in research and detection.

The health ministry, concerned over the rise in cases in Maharashtra at a time when the overall active case count is reducing in the country, has asked states to increase RT-PCR testing. Maharashtra reported 3,365 new cases on Tuesday, which was the highest single-day tally in the country. Kerala and Maharashtra account for over 70 per cent of the total active cases in the country. "Central teams were

## VACCINE DOSES ADMINISTERED\*

8,569,917  
FIRST DOSE

170,678  
SECOND DOSE

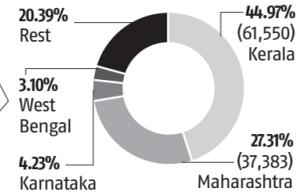
8,740,595  
TOTAL

\* Till 1 pm on Tuesday



## A VIRUS, CORNERED

2 states account for 72% of total active cases



## NEW WORRIES

### SOUTH AFRICAN VARIANT

- Emerged independently in South Africa in mid-December 2020
- Has spread to 44 countries
- Multiple mutations, including in receptor, binding domain of spike protein
- Most of the cases in South Africa are due to the strain

In India: Strain detected in four SA returnees in Jan 2021

### BRAZIL VARIANT

- Emerged independently in Brazil in early January 2021
- Attributed to increased cases in Brazil, particularly Manaus
- Mutations in the receptor binding domain of the spike protein
- Increased transmissibility; spread to 15 countries

In India: Strain detected in Brazil returnee in the first week of February

Source: Ministry of Health and Family Welfare

**NOTICE**

**Declaration of Dividend under Monthly Dividend Option of Kotak Equity Arbitrage Fund**

Notice is hereby given that Kotak Mahindra Trustee Company Limited, the Trustee to Kotak Mahindra Mutual Fund has approved declaration of dividend under the Monthly Dividend Option of Kotak Equity Arbitrage Fund, an open ended scheme investing in arbitrage opportunities. The details are as under:

Name of the Scheme	Quantum of dividend per unit #	Record Date	Face Value per unit	NAVs as on February 15, 2021
Kotak Equity Arbitrage Fund - Regular Plan - Monthly Dividend Option	Re.0.0251	February 22, 2021	Rs. 10	Rs.10.7064
Kotak Equity Arbitrage Fund - Direct Plan - Monthly Dividend Option	Re.0.0313			Rs.11.1898

# Distribution of the above dividend is subject to the availability and adequacy of distributable surplus.  
Note: The Payment of Dividend will be subject to deduction of applicable statutory Levy.

**Pursuant to payment of dividend, the NAVs of the Dividend Options of the Scheme would fall to the extent of payout and statutory levy if any.**

All Unit Holders / Beneficial Owners of the above mentioned Dividend Options of the scheme, whose names appear in the records of the Registrar, Computer Age Management Services Pvt. Ltd. / Depositories as on February 22, 2021 will be eligible to receive the dividend.

For Kotak Mahindra Asset Management Company Limited  
Investment Manager - Kotak Mahindra Mutual Fund

Sd/-  
Nilesh Shah  
Managing Director

Mumbai  
February 16, 2021

Any queries / clarifications in this regard may be addressed to:  
**Kotak Mahindra Asset Management Company Limited**  
CIN: U65991MH1994PLC080009 (Investment Manager for Kotak Mahindra Mutual Fund)  
6th Floor, Kotak Towers, Building No. 21, Infinity Park, Off. Western Express Highway, Goregaon - Mulund Link Road, Malad (East), Mumbai 400097. Phone Number: 022 - 66056825 • Email: mutual@kotak.com • Website: assetmanagement.kotak.com

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

# Credit default swap deals to be reported in 30 minutes: RBI

ANUP ROY  
Mumbai, 16 February

The Reserve Bank of India (RBI) on Tuesday said all over-the-counter credit default swaps (OTC-CDS) transactions should be reported within 30 minutes of the deals to the trade repository, clearly marking the purpose of whether it's for hedging or not.

The trade repository will be run by the Clearing Corporation of India (CCIL). "In case a market participant assigns a CDS contract to any other market participant, the market-maker in the assigned contract shall report such assignment to the trade repository of CCIL," the RBI said in a draft guideline on CDS released on its website.

Participants in the credit derivatives market will be obliged to furnish any information relating to credit derivatives transactions to the Reserve Bank or any other agency as may be specified by the RBI.

Data disseminated by the RBI or any other agency could be published in public interest, the central bank said.

The Fixed Income Money Market and Derivatives Association of India (FIMMDA) will devise standard master agreements for the Indian CDS market, including credit event definitions and settlement



Data disseminated by the RBI or any other agency could be published in public interest

procedures.

The CDS curve would be valued based on CDS curve published by FIMMDA or a benchmark administrator, or a proprietary model. In case the model is proprietary, the rational has to be published in the notes to accounts.

Retail users can buy the CDS only for hedging purposes. Non-retail can buy the product for any purposes. The CDS cannot be sold to related parties, the RBI draft guidelines said.

The market makers would be banks, NBFCs, housing finance companies, stand-alone primary dealers, and all India institutions. In addition, protection could be sold by insurance companies, pension funds, mutual funds, alternate investment funds and even by foreign portfolio investors.

**VARUN BEVERAGES LIMITED**

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**Statement of consolidated financial results for the quarter and year ended on 31 December 2020**  
[Regulation 33 read with Regulation 47 (1) (b) of the SEBI (LODR) Regulations, 2015]

(₹ in million, except per share data)

Particulars	Three months ended on 31 December 2020 (See Note 2)	Year to date 31 December 2020 (Audited)	Three months ended on 31 December 2019 (See Note 2)
Total income from operations	13,569.08	65,927.63	12,755.19
Net profit/(loss) for the period before tax and exceptional items	(188.65)	4,290.34	(641.62)
Net profit/(loss) for the period before tax (after exceptional items)	(188.65)	3,625.05	(641.62)
Net profit/(loss) for the period after tax (after exceptional items)	(72.42)	3,572.71	(539.51)
Total Comprehensive Income for the period [Comprising Profit for the period (after tax) and Other Comprehensive Income (after tax)]	(92.02)	2,948.20	134.65
Equity Share Capital (face value of ₹ 10 each)	2,886.89	2,886.89	2,886.89
Other Equity		32,353.12	
Earnings per share (of ₹ 10/- each) (not annualised for quarters)			
(a) Basic	(0.68)	11.40	(2.05)
(b) Diluted	(0.68)	11.40	(2.05)

**See accompanying notes**

**Notes:**

- The above is an extract of the detailed format of quarterly and yearly financial results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the quarterly and yearly financial results are available on the websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) and on Company's website (www.varunpepsi.com).
- These standalone and consolidated financial results for the quarter and year ended on 31 December 2020 have been reviewed and recommended for approval by the Audit, Risk Management and Ethics Committee and accordingly approved by the Board of Directors of Varun Beverages Limited ("VBL" or "the Company") at their respective meetings held on 16 February 2021. The Statutory Auditors have audited the annual financial results. The figures for the quarter ended 31 December 2020 and 31 December 2019 are the balancing figures between the audited figures in respect of full financial year and the published year to date figures upto the third quarter of the relevant financial year, which were subject to limited review.
- VBL follows calendar year as its financial year as approved by the Company Law Board, New Delhi.
- The key standalone financial information of the Company is given below:

(₹ in million)

Particulars	Three months ended on 31 December 2020 (See Note 2)	Year to date 31 December 2020 (Audited)	Three months ended on 31 December 2019 (See Note 2)
Revenue from operations	8,376.40	48,764.51	8,356.05
Net profit/(loss) for the period before tax	(661.25)	2,026.80	(788.04)
Net profit/(loss) for the period after tax	(518.84)	2,264.29	(542.44)
Total comprehensive income for the period	(564.00)	2,176.36	(545.82)

For and on behalf of Board of Directors of  
**Varun Beverages Limited**

Sd/-  
**Raj Gandhi**  
Whole Time Director

Place : Gurugram  
Dated : 16 February 2021

# Covid-19 may push NBFC stressed assets to ₹1.8 trn by March: CRISIL

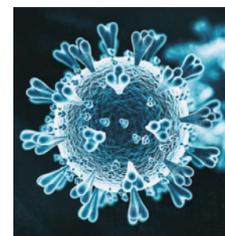
ABHIJIT LELE  
Mumbai, 16 February

The stressed assets of finance companies in India are expected to reach 6-7.5 per cent of their overall assets under management by March, reflecting the impact of Covid-19 pandemic, according to rating agency CRISIL.

In absolute terms, the tally works out ₹1.5-1.8 trillion. The maximum pain is expected to be in real estate segment, followed by unsecured loans.

Stressed assets are the pool of pro-forma gross non-performing assets (GNPA), including accounts that have not been declared NPA in line with the Supreme Court order, and potential stress in loan book (including restructuring).

The Reserve Bank of India's Financial Stability Report (FSR) in January estimated that gross bad loans of banks in India would rise to 13.5 per cent by September from 7.5 per cent in the year-ago month under the baseline scenario. The pain could be higher with GNPA of



14.8 per cent in September 2021 under severe stress scenario.

However, some regulatory steps to manage the pandemic impact, such as the one-time Covid-19 restructuring window and MSME rejig scheme, will limit the reported GNPA, the rating agency said.

Unlike previous crises, the current challenges on account of the pandemic have impacted almost all the NBFC asset segments, CRISIL said.

The operations were curbed the most in the April-June quarter, when disbursements and collections were severely affected. The collection efficiency has improved since

## STRESSED ASSETS ESTIMATES (In %)

	Share in AUM Mar '21 (E)	Collection efficiency Dec '20	Stressed assets Mar '21 (E)
Home finance	35-40	98-99	1-0.8-2
Vehicle finance	20-25	90-95	9-10
MSMEs	10-15	80-85	7.5-8
Unsecured loans	3-5	80-85	9.5-10
Real estate	10-15	75-80	15-20

E: Estimated; AUM: Assets under management Source: CRISIL

then, but it's still some way off the pre-pandemic levels in the MSME, unsecured, and whole-sale segments, given the volatility in underlying borrower cash flows. But some NBFCs have curtailed the impact on asset quality by better risk management and collection processes.

Krishnan Sitaraman, senior director of CRISIL Ratings, said: "This fiscal year has brought unprecedented challenges to the fore for NBFCs. The collection efficiencies, after deteriorating sharply, have now improved, but are still not at the pre-pandemic levels. There is a marked

increase in overdues across certain segments and players. Nevertheless, gold loans and home loans should stay resilient, with the least impact among segments."

Alongside wholesale loans (dominated by real estate and structured credit), vehicle finance, MSME finance and unsecured loans have been in spotlight this year due to a rise in stressed assets.

"For vehicle finance, however, we expect the impact to be transitory, and collection efficiencies to continue improving over the next few quarters as economic activity improves."

# India set to clear new investment proposals from China

AFTAB AHMED  
16 February

India is set to clear some new investment proposals from China in the coming weeks as frosty relations between the two neighbouring countries thawed amid an easing in border tensions, said three government officials with knowledge of the matter.

The foreign investment rule change by the Indian government said investments from an entity in a country that shares a land border with India would need government approval, markedly slowing investments flows from China. The rule change had put in limbo over 150 proposals from China worth more than \$2 billion, hurting the plans of Chinese companies in India.

Among the proposals delayed was China's Great Wall Motors' acquisition of a General Motors' plant in India. REUTERS

