India's most GIFTed city

The Centre has extended a slew of tax breaks and deployed parliamentary procedure to get the Gujarat government-owned International Financial Services Centre moving

SAI MANISH
New Delhi, 31 August

India's first International Financial Services Centre (IFSC) in Gandhinagar seems to be moving up — at least on paper — after delays in land acquisition, infrastructure development snags and political crosswinds.

Touted as India's offshore alternative to Singapore, Hong Kong and London, the IFSC is located in an under-development "smart" township called Gujarat International Finance Tec-city (GIFT), which is about a tenth of the size of Vatican City, the world's smallest state. It is a tax mecca, offering incentives that Indian businesses outside the city cannot avail of.

After infrastructure lender IL&FS (a 50 per cent shareholder in GIFT) imploded in 2018, things have moved briskly for the IFSC. Especially intriguing are developments over the last year when India locked down to contain the coronavirus pandemic and most businesses were fighting to stay alive.

Documents show that at a meeting on June 11, 2020 at GIFT's headquarters, its board of directors approved the transfer of IL&FS's entire stake to Gujarat Urban Development Corporation (GUDC). This effectively gave the Vijay Rupani-led Gujarat government control over GIFT. A month later, the board met again and approved raising GIFT's authorised share capital ten times to ₹1,000 crore. GUDC later injected ₹200 crore into GIFT in various tranches for the shares it was allocated.

Another state government body named Gujarat Maritime Board was made a shareholder on March 30, 2021. It paid ₹100 crore for a minority stake.

The Rupani government aims to offload 50 per cent of the stake it took from IL&FS, but it is unclear yet who will buy it. IL&FS nominees were eased out of the IFSC management and replaced by officers and other managerial personnel of the Gujarat government in 2018. After the Gujarat government took full control and IL&FS exited, GIFT's financial statements said the move "will boost the confidence of stakeholders and investors".

The IFSC was spoken of at the annual Gujarat investors' summit in 2007, when Prime Minister Narendra Modi was chief minister of the state, but the project was in limbo till 2015. In April 2015, then finance minister Arun Jaitley unveiled IFSC regulations at GIFT city to set in motion the process of laws for setting up a tax paradise within India.

While it remains unclear whether there is a correlation between the exit of IL&FS and a boost in investor confidence, there seems to be an uptick in a few crucial parameters. Between 2015 and 2018, when IL&FS exited, 139 units primarily in finance and real estate were approved to set up shop. In 2019-20, there were 201 units in GIFT. That year alone, 62 units were approved, probably the highest since it informally spurted to life five years ago.

In 2019-20, the volume of banking transactions touched $28 billion, up from $400 million five years ago. From just two banks transacting $200 million then, 13 banks are now transacting ten times that amount each. Capital market transactions touched $4 billion from negligible amounts during the same period. Service exports from GIFT nearly touched $1 billion in 2019-20.

"GIFT City was conceived as a public-private partnership (PPP) project so that it could be developed in a fast-track mode. IL&FS was selected due to its years of experience in complex and high-value infrastructure projects to realise this PPP model. However, they were over-leveraged, and their position to infuse equity in GIFT felt compromised. Before any doubt could set in, the IL&FS stake was taken over by the government of Gujarat," said Tapan Ray, CEO of GIFT city and a former Union commerce secretary.

"Now, as a public entity, GIFT city is in a better position to take decisions in public interest, where immediate returns are not the only motive," said Ray.

Every single national Budget since 2017-18 has provided GIFT city with massive policy incentives. Modi inaugurated the India International Exchange, the country's first international stock exchange, at GIFT city in January 2017. A few days later, Jaitley announced a unified regulator for IFSC, a landmark announcement that would fructify through a deft legislative manoeuvre. Minimum alternate tax was halved to nine per cent. Non-resident Indians trading on stock exchanges in IFSC were spared short-term capital gains tax. The finance ministry also exempted intermediary units from goods and services tax (GST). The Reserve Bank of India (RBI) and Securities Exchange Board of India (Sebi) dangled carrots later that year to further sweeten the deal.

In 2017, the government decided that the powers of all these regulators would be vested with a single entity called the IFSC Authority

The 2018-19 Union Budget was a revelation of sorts for GIFT city. Companies could now choose any period of 10 years in a 15-year window to claim 100 per cent exemption from paying corporation tax. The ambit of capital gains tax and dividend distribution tax for IFSC units in GIFT city was greatly widened. In the 2019-20 Budget, stamp duty exemptions were enhanced. Finance Minister Nirmala Sitharaman announced the setting up of the first bullion exchange at GIFT city. The RBI permitted the trading of rupee derivatives, which could be settled in foreign currency at stock exchanges located in GIFT city.

In 2020-21, Sitharaman announced a slew of measures to make IFSC at GIFT city a magnet for offshore funds in territories like Mauritius and Singapore. Additionally, aircraft leasing, another big source of foreign exchange outflow, was exempted from capital gains tax. In August 2021, the government announced that Indians could invest in select US stocks on American exchanges through facilities in GIFT city.

The government also ensured the project sidestepped legislative hurdles. The nature of financial services set up at GIFT IFSC required permissions from multiple regulators in India: RBI, Sebi, Insurance Regulatory Development Authority of India, Pension Fund Regulatory Development Authority of India and even, possibly, the Directorate General of Civil Aviation. In 2017, the government decided that the powers of all these regulators would be vested with a single entity called the IFSC Authority.

Legislation was introduced in the Rajya Sabha in February 2019. The Rajya Sabha sent it to a Parliamentary Standing Committee for consultations. With no progress on the legislation, the Cabinet in a meeting chaired by Modi on November 20, 2019, decided to withdraw the Bill from the Rajya Sabha and introduce it in the Lok Sabha. The legislation was classified as a Finance Bill, leaving the Rajya Sabha with the option of only accepting or rejecting the Bill. With the Bharatiya Janata Party in majority in the Upper House, the Bill was finally passed in December 2019.

In April 2020, the IFSC Authority Act was enacted after receiving the President's nod.

Why coronavirus variants are causing alarm

JASON GALE
31 August

A succession of more-transmissible SARS-CoV-2 variants has emerged over the past year, each harbouring a constellation of mutations. The most worrisome so far is the so-called delta variant.

Is delta more virulent?

Possibly as it appears patients are more likely to be hospitalised with delta than with the previously dominant alpha strain. A large UK study published in Lancet Infectious Diseases showed Covid-19 patients have a 2.3 times increased risk of being hospitalised within two weeks if they had delta compared with an alpha infection. That fit with an earlier study from Scotland that showed the risk of hospital admission was almost doubled in those with delta versus alpha. Doctors in India have linked delta to a broader array of Covid symptoms, including hearing impairment. Other evidence found delta had some propensity to evade antibody-based treatments and carries an increased risk of reinfection in those who have recovered from Covid caused by another strain.

How do variants affect the vaccines?

Scientists pay the most attention to mutations in the gene that encodes the virus's spike protein, which plays a key role in its entry into cells and is targeted by vaccines. The four variants of concern — alpha, beta, gamma and delta — all carry multiple mutations affecting the spike protein. That raises questions about whether people who have developed antibodies to the "regular" or "wild type" strain — either from a vaccine or from having recovered from Covid — will be able to fight off the new variants. In most instances, the variants of concern do lead to a reduction in vaccine effectiveness of varying degrees, though the shots mostly retain their ability to protect against severe disease, according to the WHO.

What else is out there?

The WHO has highlighted the risk that more variants will emerge given the ongoing high rates of transmission globally. For example, scientists in South Africa reported in August a potential variant of interest dubbed C.1.2 that carries "concerning constellations of mutations". It was first identified in May in the provinces of Mpumalanga and Gauteng, where Johannesburg and Pretoria, are situated. By August 13, it had been found in six of South Africa's nine provinces as well as the Democratic Republic of Congo, Mauritius, Portugal, New Zealand and Switzerland. Even in South Africa, as of late August, C.1.2 comprised just 2 per cent of the known SARS-CoV-2 variants spreading there.

BLOOMBERG

A sign of Rlys' poor health

A 2015 Committee on Restructuring Railways had flagged that over-reliance on borrowings could exacerbate its financial situation

ISHAAN GERA
New Delhi, 31 August

In 2019-20, the capital expenditure of Indian Railways (IR) increased 60 per cent over 2016-17. The draft National Railways plan envisages a further increase in IR's capital expenditure, but an analysis by *Business Standard* shows that IR has come to depend more on borrowings and budgetary support. In 2016-17, while 11 per cent of its capital expenditure (capex) was funded by internal sources, in 2019-20 the ratio dropped to less than 1 per cent.

A 2015 Committee on Restructuring Railways had flagged that over-reliance on borrowings could exacerbate IR's financial situation.

The Railways has also not been paying dividend on its borrowings from the government since 2015-16

Although staff costs and pension liabilities are a significant source of drain for IR —staff costs account for over 70 per cent of the expenses — on the revenue side, too, the national carrier hasn't performed well. Freight earnings are down, and passenger services have suffered. A September 2020 report by the Comptroller and Auditor General (CAG) showed that freight profits could barely catch up with passenger losses. IR has also failed to capitalise on its assets. Sundry earnings, such as revenues from advertising and lease of space and land, have also fallen.

Amid all this, the *Business Standard* analysis found the Railways' spending on subsidies had increased manifold. In 2004-05, IR spent ₹5,738 crore towards its net social sector obligations — revenue forgone due to transporting essential commodities, passenger concessions and fare subsidies. Last year (2019-20), its obligations had ballooned nine times to ₹45,542 crore.

Revenues did not grow proportionately. While net social sector obligations accounted for 16.6 per cent of the total revenues in 2004-05, their share had risen to 26.6 per cent in 2019-20. Of the total working expenditure, social sector obligations account for 22.2 per cent.

It is not surprising then that the operating ratio — the amount the Railways spends to earn ₹100 — has increased drastically over the years. In 2012-13, it spent ₹90 to earn ₹100; in 2019-20, the amount went up to ₹98.

This figure, too, is fallacious. For the last two years, CAG has been highlighting how the Railways is adjusting advance payments to manage its operating ratio. In 2017-18, for instance, the Railways took advance payment for freight from NTPC and IRCON, which helped decrease its operating ratio from 102.7 to ₹98. Similarly, in 2018-19, it took an advance from NTPC and CONCOR to improve its operating ratio from ₹101.8 to 97.3.

However, CAG's calculations only explain part of the problem.

Our analysis showed that the actual operating ratio for the Railways in 2018-19 ought to be higher. And, this trend holds for the last few years.

Besides its net ordinary working expenses, the Railways appropriates two major funds each year: the pension fund and the depreciation reserve fund. The purpose of the pension fund is to service the growing pension corpus. The depreciation reserve fund is used for renewals and replacement of fixed assets.

The appropriation under this head has reduced by over 90 per cent in the past five years. Instead, the Railways has been carrying out track renewal and repairs using the Rashtriya Rail Sanraksha Kosh. The RRSK fund with a corpus of ₹1 trillion was started in 2017-18; repairs have been diverted from DRF to RRSK.

RRSK does not feature in the operating ratio calculations for the Railways and is instead appropriated from profits. While the Railways was to contribute ₹15,000 crore for the last three years towards the RRSK corpus, it has been able to make provisions for only ₹5,225 crore.

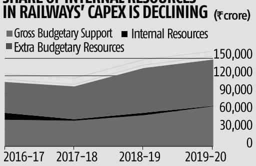
If RRSK calculations are moved back to DRF, then operating ratios go haywire.

The Railways has also not been paying dividend on its borrowings from the government since 2015-16. While the loan from the government to the Railways is considered a loan in perpetuity, up until 2014-15 the carrier was paying a dividend of 4 per cent on it. But given its dwindling finances, a Parliamentary Committee discontinued this practice until 2020-21.

The CAG report further highlights that even the calculations for appropriation to depreciation reserve fund may not be based on fundamentals.

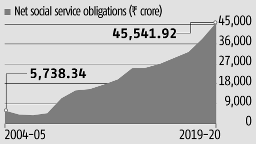
Last year, in a valiant effort, the government included off-Budget borrowings to reflect in the fiscal deficit to present a better picture of government finances. The Railways may need to do the same, especially when it is embarking on an ambitious national rail plan for 2030.

SHARE OF INTERNAL RESOURCES IN RAILWAYS' CAPEX IS DECLINING (₹crore)



Demand for Grants

RAILWAYS' SUBSIDY COMPONENT IS INCREASING



Indian Railways Yearbook

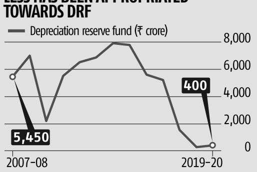
OPERATING RATIO IS WORSENING, BUT ACTUAL OR MAY BE EVEN HIGHER

Recalculated OR is based on 10-year DRF average

	Actual OR	Recalculated OR
2017-18	98.4	100.0
2018-19	97.3	100.1
2019-20	98.3	101.2

Calculation does not account for advance payments for 2017-18 and 2018-19; BS Analysis

LESS HAS BEEN APPROPRIATED TOWARDS DRF



Indian Railways Yearbook

dhani services
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CIN: L74110DL1995PLC069631
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Website: www.dhani.com,
Email: support@dhani.com

NOTICE OF 26TH ANNUAL GENERAL MEETING, E-VOTING AND BOOK CLOSURE

Notice is hereby given that the 26th Annual General Meeting ("AGM") of Dhani Services Limited ("the Company") is scheduled to be held on Thursday, 23rd September, 2021 at 4:30 P.M. (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") facility to transact the businesses as detailed in the Notice convening the AGM in compliance with the General Circular No. 14/2020 dated April 8, 2020, General Circular No 17/2020 dated April 13, 2020, General Circular No 20/2020 dated May 5, 2020 read with General Circular No. 02/2021 dated January 13, 2021 issued by the Ministry of Corporate Affairs ("MCA Circulars"), applicable provisions of the Companies Act, 2013 and rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI LODR Regulations"). The proceeding of AGM conducted shall be deemed to be made at the Registered Office of the Company. Members intending to attend the AGM through VC/OAVM may attend the AGM by following the procedure prescribed in AGM Notice.

Further in compliance with the MCA Circulars and relevant circulars issued by SEBI, the Company has on Tuesday, 31st August, 2021 had sent the Notice convening AGM and the Annual Report for the Financial Year 2020-21 through electronic mode to those members whose e-mail address is registered with the Company / Registrar & Share Transfer Agent (RTA) / Depository Participants (DPs). The aforesaid documents are also available on www.dhani.com, www.skylinerta.com, https://evoting.karvy.com, www.bseindia.com and www.nseindia.com.

Notice is further given pursuant to Section 91 of the Act read with Rule 10 of the Companies (Management and Administration) Rules, 2014 (as amended) (hereinafter referred to as "the Rules") and Regulation 42 of SEBI LODR Regulations, that the Register of Members and Share Transfer Books of the Company shall remain closed from Monday, September 20, 2021 to Thursday, September 23, 2021 (both days inclusive) for annual closing (for the purpose of AGM).

Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of Rules and Regulation 44 of the SEBI LODR Regulations and above mentioned Circulars, the Company is providing remote e-voting facility to all its members to exercise their right to vote on the resolutions listed in the AGM Notice and has availed the services of KFin Technologies Private Limited (KFintech) for providing VC facility and e-voting. The detailed procedure for attending the AGM through VC/OAVM and the e-voting is provided in the Notice convening the AGM. The Notice also contains Instructions/details with regard to process of obtaining Login credentials for shareholders, holding shares in physical form or in electronic form, who have not registered their e-mail address either with the Company or their respective DPs.

Some of the important details regarding the remote e-voting and VC/OAVM facility are provided below:

Link to VC	https://emeetings.kfintech.com/
Link for remote e-voting	https://www.evoting.nsdl.com/; www.cdslindia.com
Cut-off date for determining the Members entitled to vote through remote e-voting or during the AGM	Thursday, September 16, 2021
Commencement of remote a-voting period	Monday, September 20, 2021 at 10.00 A.M.
End of remote a-voting period	Wednesday, September 22, 2021 at 5.00 P.M. The remote a-voting module will be disabled by KFintech thereafter

Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@Kfintech.com. However, if he / she are already registered with KFintech for remote e-Voting then he / she can use his / her existing User ID and password for casting the vote.

The e-voting facility will also be made available during the AGM to enable the Members who have not cast their vote through remote e-voting, to exercise their voting rights. Members who have cast their votes through remote e-voting may attend the AGM through VC/OAVM.

Members holding shares in physical form or those who have not registered their e-mail ID with the Company/RTA/DPs can cast their vote through remote e-voting or through e-voting during the meeting by registering their e-mail ID and applying to the Company/RTA/DPs for attending AGM. Detailed instructions are provided in the AGM Notice. Those shareholders whose e-mail ID is not registered, can register their e-mail ID by sending e-mail at evoting@kfintech.com by providing their name registered as per the records of the Company, address, e-mail ID, PAN, DP ID/Client ID or Folio Number and number of shares held by them.

Any person who acquires Share of the Company and becomes a Member of the Company after the dispatch of the AGM Notice and Annual Report and holds shares as on the cut-off date i.e. September 16, 2021 may obtain the User ID and password in the manner as mentioned in the Notice.

All documents referred to in the accompanying Notice and the Explanatory Statement are available on the website of the Company for Inspection by the Members.

Mr. Raj Kumar (Membership No. 501863), Proprietor of M/s. AMRK & Associates, Practicing Chartered Accountants, Gurugram has been appointed as Scrutinizer in accordance with the Provisions of Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) to act as Scrutinizer for e-voting process.

In case of any query / grievance(s) connected with attending the AGM through VC/OAVM or the electronic voting, members may contact Mr. P.S.R.C.H. Murthy, Manager – RIS, KFin Technologies Private Limited Unit: Dhani Services Limited, Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, Tel: +91 40 6716 2222, Toll Free No.: 1800-345-4001; E-mail id: murthy.psrch@kfintech.com or evoting@kfintech.com.

By Order of the Board
For **Dhani Services Li**[illegible]
Lalit S[illegible]
Company Secretary & Compliance [illegible]

Place: New Delhi
Date: August, 31 2021

Carrier
Carrier Airconditioning & Refrigeration Ltd.
CIN: U74999HR1992FLC036104
Registered Office: Narsingpur, Kherki Daula Post, Gurgaon 122001, Haryana
Phone: +91-124-4825500, **Fax:** +91-124-2372230
Website: www.carrierindia.com **Email:** secretarial@carrier.com

NOTICE OF THE 29th ANNUAL GENERAL MEETING ("AGM"), REMOTE E-VOTING AND E-VOTING DURING AGM INFORMATION AND BOOK CLOSURE DATE

Dear Members:

The 29th (Twenty Ninth) Annual General Meeting of Carrier Airconditioning & Refrigeration Limited ("the Company") will be held on **Thursday, the 23rd day of September, 2021 at 2:30 P.M.** IST (Indian Standard Time) through Video Conferencing ("VC")/ Other Audio-Visual Means ("OAVM") in compliance with the applicable provisions of the Companies Act, 2013 and the rules made thereunder read with General Circular No. 14/2020 dated 8th April, 2020, General Circular No. 17/2020 dated 13th April, 2020 and General Circular No. 20/2020 dated 5th May, 2020, General Circular No. 02/2021 dated 13th January 2021 and all other applicable circulars issued by Ministry of Corporate Affairs ("MCA") to transact the business(s) set out in the Notice calling the 29th AGM. Members will be able to attend the 29th AGM through VC/OAVM. Members participating through VC/OAVM facility shall be reckoned for the purpose of quorum under Section 103 of the Companies Act, 2013.

In compliance with the relevant circulars, the Notice of the AGM along with Financial Statements for the Financial Year ended 31st March 2021, Board's Report, Auditor's Report and other documents required to be attached thereto has been sent on 31st August 2021 to the members of the Company whose email addresses are registered with the Company/Depository Participant(s) (DP). The aforesaid documents shall also be available on the website of the Company at **www.carrier.com/building-solutions/en/in/investor/** and also on the website of Central Depository Services (India) Limited (CDSL) at **www.evotingindia.com**.

Instructions for remote e-voting and e-voting during 29th AGM:

The Company is providing to its members facility to exercise their right to vote on resolutions proposed to be passed at 29th AGM by electronic means. Members may cast their votes remotely, using the electronic voting system of Central Depository Services (India) Limited on the dates mentioned herein below **("remote e-voting")**. Further, the facility for voting through electronic voting system will also be made available at the 29th AGM **("e-voting")** and members attending the AGM who have not casted their vote(s) by remote e-voting will be able to vote at the 29th AGM through e-voting. The Company has engaged the services of Central Depository Services (India) Limited as the agency to provide remote e-voting and e-voting facility.

Information and instructions including details how to generate user id and password relating to e-voting have been sent to the members through e-mail. The same login credentials should be used for attending the AGM through VC / OAVM. The manner of remote e-voting and e-voting during 29th AGM by members holding shares in dematerialized mode, physical mode and for members who have not registered their email addresses is provided in the Notice of the AGM and is also available on the website of the Company at **www.carrier.com/building-solutions/en/in/investor/**. The remote e-voting facility will be available during the following voting period:

Commencement of remote e-voting : **9:00 a.m. on Monday, 20th September 2021**
End of remote e-voting : **5:00 p.m. on Wednesday, 22nd September 2021**

The remote e-voting will not be allowed beyond the aforesaid date and time and the remote e-voting module shall be forthwith disabled by CDSL upon expiry of the aforesaid period. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. Thursday, 16th September 2021 only shall be entitled to avail the facility of remote e-voting or for participation & e-voting at the 29th AGM. The Share Transfer Books and Register of Members of the Company will remain closed from Friday, 17th September 2021 till Thursday, 23rd September 2021 (both days inclusive).

Manner of registering / updating email addresses is as below:

Members holding shares in physical mode who have not registered/updated their email addresses with the Company and/or Registrar & Transfer Agent of Company can register/update their email addresses and obtain Notice of 29th AGM, Annual Report and/or login details for joining the 29th AGM through VC/OAVM facility by sending scanned copy of a signed request letter mentioning their name, folio no. and address, self-attested copy of the PAN Card & address proof (e.g. Aadhar Card, Driving License, Election Identity Card, Passport) by email to the Company at **secretarial@carrier.com** or to Registrar & Transfer Agent of Company at **admin@mcsregistrars.com**. Members holding shares in dematerialized mode who have not registered/ updated their email addresses with the Depository Participant(s) are requested to register/update their email addresses with their Depository Participant(s).

Any person who becomes a member of the Company after dispatch of the Notice of the AGM and holding shares as on the cut-off date may obtain the User ID and password in the manner as provided in the Notice of the AGM which is available on Company's website. Such members may cast their votes using the e-voting instructions, in the manner specified by the Company in the Notice of AGM. The members who would have casted their vote(s) by remote e-voting may also attend the AGM through VC/OAVM but shall not be entitled to cast their vote(s) again at the AGM. Once the vote is casted by the member the same shall not be allowed to be changed subsequently or cast again. In case of any queries or issues regarding attending AGM, e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at **www.evotingindia.com** under help section or write to Mr. Ajay Dalal, Sr. Manager, MCS Share Transfer Agents Limited, F-65, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi-110020 Email: **admin@mcsregistrars.com** (011-41406149 to 52) or **secretarial@carrier.com** or contact Mr. Nitin Kumar (022-2308783) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

By the order of the Board
For Carrier Airconditioning & Refrigeration Limited
Sd/-
Suraj Arora
Company Secretary
FCS: 10752

Place: Gurugram
Date: 31st August 2021