India's business e-daily

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BIZZ BUZZ

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FROM HANS UP OF PUBLICATIONS

Monday to Friday

The investor of today does not profit from yesterday's growth

-Warren Buffet

A business is simply an idea to make other people's lives better

-Richard Branson

INSIDE

Consumers expand shopping basket in Dec quarter

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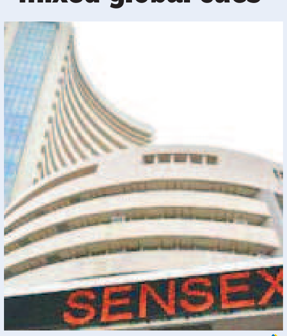
Cong demands withdrawal of 'Modi Tax' on petrol, diesel

Amid rising fuel prices, the Congress on Tuesday demanded immediate withdrawal of taxes on the petroleum products, and alleged that in the last over six years the government has earned more than Rs 20 lakh crore through taxes even as a common man suffers

P5

Mkts end lower amid mixed global cues



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Nizamabad awaits industrial growth

BIZZ TAKE

NIZAMABAD

On various investment opportunities in districts

TELANGANA

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Is Nureca's IPO fraudulent?

₹100 crore IPO kicks off, but credentials are suspect; Promoter has a dubious past

ARUN KEJRIWAL

NURECA Limited is tapping the capital markets with its fresh issue to raise Rs 100 crore in the price band of Rs 396-400. The issue opened on Monday the 15th of February and closes on Wednesday the 17th of February. Earlier the company on Friday had allotted 11,13,750 equity shares to two anchor investors.

The company is in the business of home wellness and healthcare products and operates in the B2C segment. The company sells its products through e-commerce players and its own website.

This company has produced a questionable top line growth in the six months ended September 2020 where revenues have zoomed to Rs 122.97 crore against Rs 99.48 crore in the previous 12 months. What is even more shocking is the profit after tax at Rs 36.18 cr for the six-month period against Rs 6.39 crore for the previous year. The profit for other years was Rs 6.22 crore and Rs 3.11 crore. What explains the margin expansion leaves one wondering. The promoters have issued themselves a more than handsome bonus of six shares for one in September 2020.

In what may just be coincidence, the promoters of the company were subject to a search and seizure operation by the income tax department in the first fortnight of December 2020 for three days

There is a preferential issue of 5 lakh shares in October 2020 of which 4.41 lakh shares or 88.2 per cent of the shares have been issued to a stock market intermediary, raising a fishy stink. This preferential offer was done at Rs 100 per share.

The PE ratio is 43.33 to 43.76 times based on March 2020 numbers. The company buys a large portion of its products from a listed group company Nectar Lifesciences Limited which has been struggling and reporting losses. The company has also paid Rs 11.52 crore in the six-month period ended September 20 to the parent as business support services. This company chose not to make potential investors aware about itself through the now convenient and cost-effective method of organising a video conference. Beats me behind the logic of remaining incognito.

In what may just be coincidence, the promoters of the company were subject to a search and seizure operation by the income tax department in the first fortnight of December 2020 for three days. Cash, jewellery, ornaments and mobile sets were seized from some of the persons concerned. While the promoter states that they have disassociated from the promoters of Nectar Lifesciences Limited, things still remain cloudy and murky. The company states that there are no comparable companies and has therefore chosen not to give any names of the peer group. Sounds quite odd as products like nutraceuticals and healthcare products are available dime a dozen. Almost all pharmaceutical companies have entered this business and are selling products.

To sum up, a trading company having a dubious past where the promoter has been unsuccessful in his earlier venture, separating from the family and starting a new company.

(Continued on P2)

Unions fear corporatisation of major ports

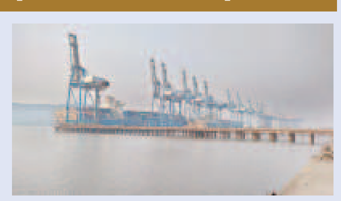
Refute claim by Union Minister for Ports that new legislation not aimed at privatisation of ports

SANTOSH PATNAIK
VISAKHAPATNAM

EVEN as the Major Port Authorities Bill, 2020 replacing the Major Port Trusts' Act, 1963 was passed through in the Rajya Sabha after a division vote, trade unions have declared their resolve to intensify protests against what they termed attempts to corporatise the State-owned major ports.

The unions at the national level are now in protest mode and refute the claim by the Union Minister for Ports, Shipping and Waterways Mansukh Mandaviya that the new legislation was not aimed at privatisation of the ports.

Visakhapatnam Port Trust board member B Ch Masen told Bizz Buzz that out of 27 berths at Visakhapatnam Port., eight had been given for development and maintenance under PPP basis to BOT operators. Once the Bill is notified as an Act after Presidential Assent, it will convert ports into companies to be managed by corporates.



"Its main motto is to entrust the job of running the berth operations to private companies. After some time the ports are likely to come under Companies Act. As per the Section 22 lands and other properties may be put up for sale," he said.

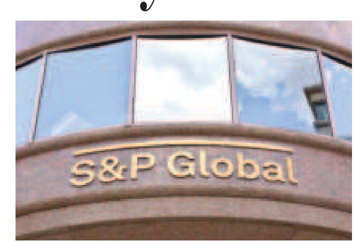
(Continued on P2)

Indian economy on track for recovery: S&P

NEW DELHI

S&P Global Ratings on Tuesday said Indian economy is on track for a recovery in the next fiscal year beginning April 1, as consistent good performance of the farm sector, flattening Covid-19 infection curve, and a pickup in government spending are all supporting the economy.

Stating that India needs many things to be right for its recovery to continue, S&P said the country needs to quickly and thoroughly vaccinate most of its 1.4 billion people. "The emergence of yet more contagious Covid-19 variants with the potential to evade vaccine-derived immunity presents a major risk to this recovery. As does the possibility of early withdrawal of global fiscal stimulus," S&P said in a report titled 'Cross-sector outlook: India's escape from Covid'. It said the budget for fiscal 2021-22, will also support the recovery, with higher than expected expenditures. India's improving growth prospects are critical to its ability to sustain the higher deficits associated with its more aggressive fiscal stance. The economy still faces important risks as it transitions from stabilisation to recovery.



We estimate that India faces a permanent loss of output versus its pre-pandemic path, suggesting a long-term production deficit equivalent to about 10 per cent of GDP, S&P said. "The Indian economy is on track for a recovery in fiscal 2022, bolstering corporate earnings and demand for utilities. The recovery's pace and scale determines the sustainability of the government's higher fiscal deficit and debt stock... Consistently good agriculture performance, a flattening of the Covid-19 infection curve and a pickup in government spending are all supporting the economy," S&P said. In our view, India's banking system's performance is likely to start improving materially in fiscal 2023, trailing an economic recovery of 10 per cent in fiscal 2022. On a positive note, banks are building capital buffers and reserves to deal with the Covid crunch," S&P said.