DSTREET

NEWSLETTER

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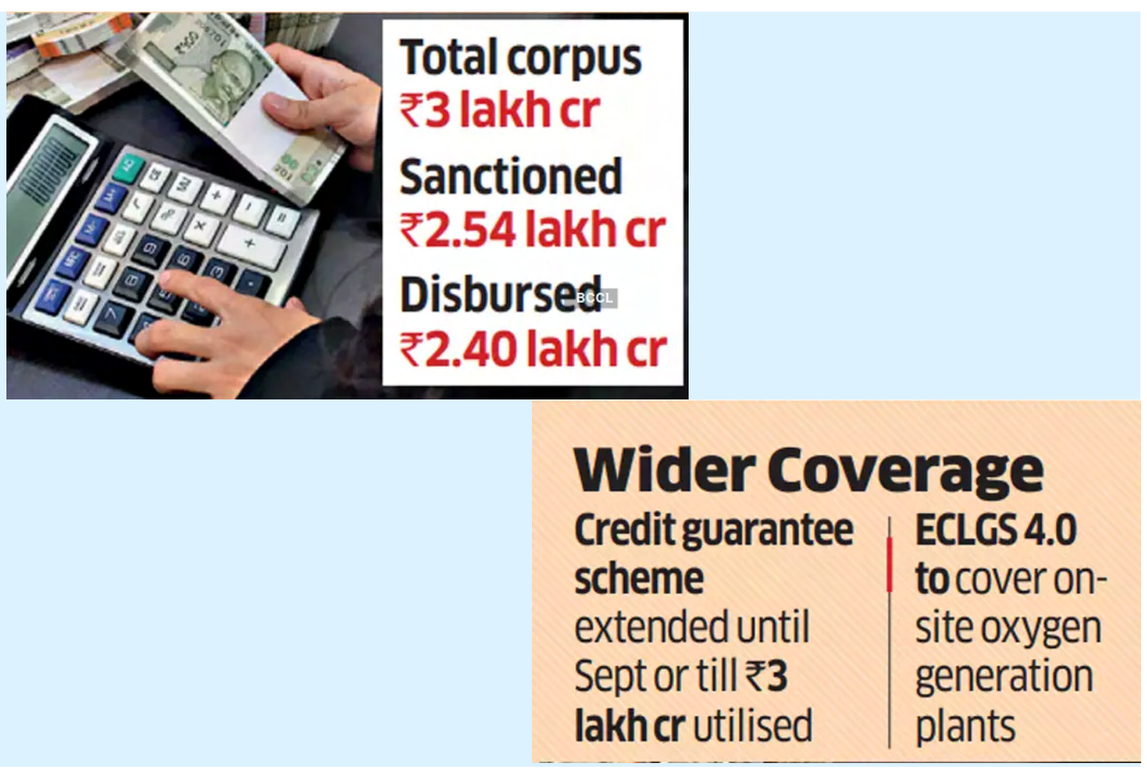
Special Takes

01 ECLGS- Has the loan guarantee scheme really served its purpose?

One of the biggest resolution plans that RBI came up with to revive the slumping Indian economy stifling through the COVID-19 Pandemic last year was the Emergency Credit Line Guarantee Scheme (ECLGS). Remember that massive 3 lakh crore resolution plan for stressed sectors? That's exactly what I'm talking about. The main objective of the Scheme is to provide an incentive to Member Lending Institutions (MLIs), i.e., Banks, Financial Institutions (FIs) and Non-Banking Financial Companies (NBFCs) to increase access to, and enable availability of additional funding facility to MSME borrowers, in view of the economic distress caused by the COVID-19 crisis, by providing them 100 per cent guarantee for any losses suffered by them due to non-repayment of the loan funding by borrowers.

The ECLGS 1.0 offered a collateral-free credit guarantee by the government to banks for loan outstanding up to ₹50 crores as on February 29, 2020. It allowed to take 20% of the outstanding loan and the stressed sectors identified by K V Kamath committee were power, construction, iron & steel, roads, real estate, trading, textiles, chemicals, consumer durables, pharma, logistics, gems & jewellery, cement, auto component, mining etc. However, till November 2020 (6 months after the programme was released) the credit sanctioned — ₹2.03 lakh crore – by banks fell short by nearly ₹1 lakh crore of the scheme amount remaining unutilised while it managed to disburse only ₹1.48 lakh crore.



There were multiple reasons for the same. Some of them so big enough that the government had to give in and bring more and more additions to the whole programme:

- Interest rates under ECLGS were capped at 9.25 per cent for banks and financial institutions and 14 per cent for NBFCs. So, borrowers with low outstanding loans did not find the whole deal to be very lucrative

- Only firms with an outlay of 50 lakhs were allowed. So, the overall interest in the industry was quite low

- Also, the overall interest in the MSME sector was very uncertain and volatile. As per a recent survey titled 'Study on the Impact of ECLGS (Survey) prepared by the National Institute of Bank Management for the National Credit Guarantee Trustee Company (which provided the credit guarantee coverage), whilst most respondents believed that the Scheme would ease short-term liquidity problems (for up to three months), the long-term concern, that is, increase in business volumes, remains unaddressed.

All these reasons somewhat pushed the government to come out with ECLGS 3.0 and then 4.0 with more tweaks, adjustments and enhancements. Since the whole outlay was not realized, the validity of this whole scheme has now been extended till 30th September, 2021 or whenever the unutilized amount gets over, whichever is earlier. Only 2.5 lakh crore of the total outlay has been utilized till date. More sectors are now included such as hospitality, travel and luxury, and sporting goods. Under ECLGS 4.0, a 100% guarantee cover will be provided to loans up to ₹2 crore to hospitals/nursing homes/clinics/medical colleges for setting up on-site oxygen generation plants. The interest rates, which were quite high earlier, have now been capped at 7.5%. Also, the whole tenor will be increased to 5 years, with the first two years for interest payment, and principal payments starting after that. The move to include civil aviation in the scheme will provide the sector much-needed liquidity support amid materially constrained cash generation ability due to several localised lockdowns. The data for April 2021 shows that banks' outstanding loans to medium enterprises jumped 44 percent between April 2020 and April 2021, while in the micro and small segment it rose nearly 4 percent.

02 China's new three-child policy and what makes Xi worried about its recent Census data

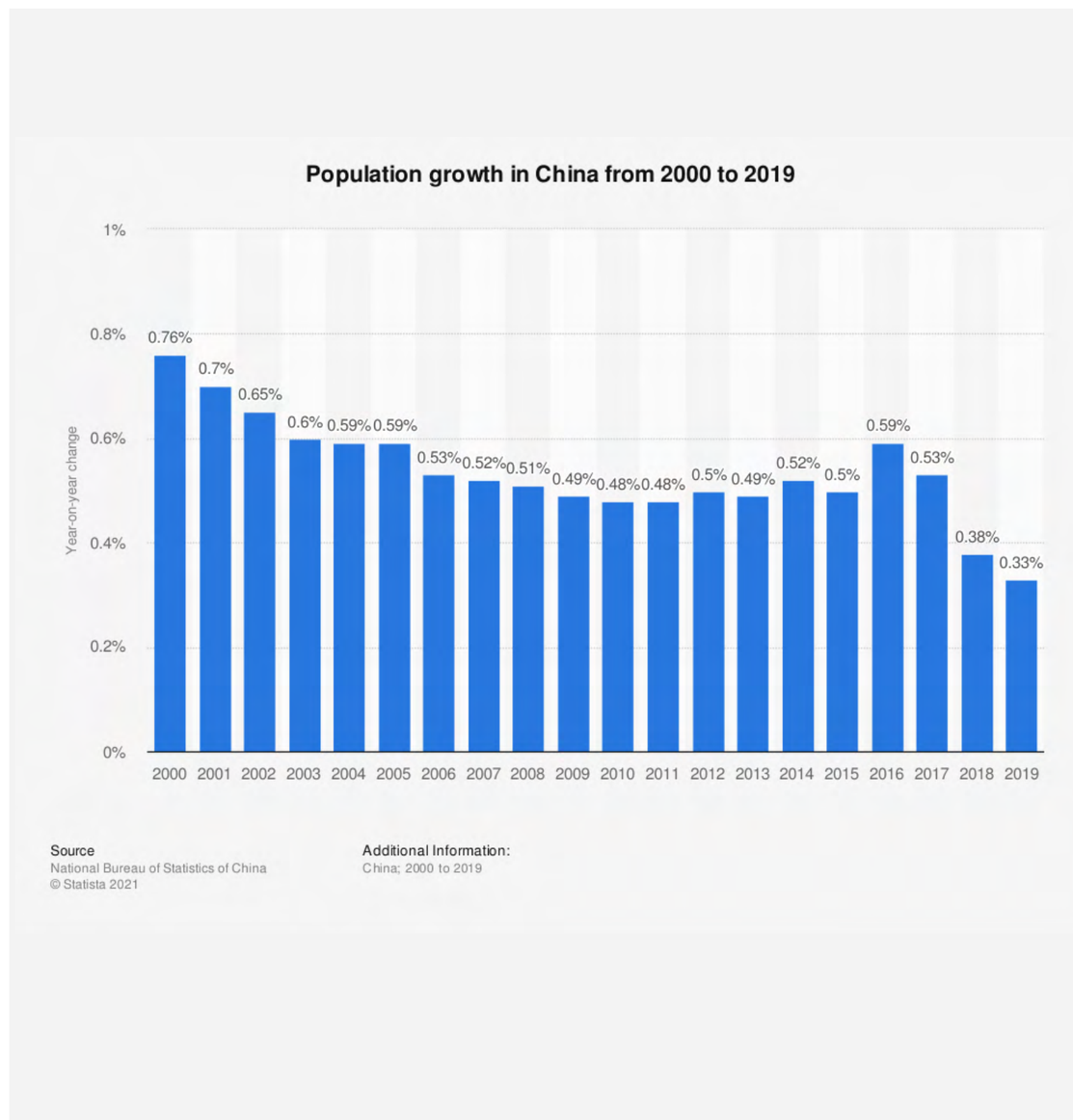
It seems like China, which is known for its oppressive and authoritarian regime, has turned out to be too liberal on its childbirth policy. It recently raised its bar on the maximum number of children in a family from 2 to 3. But before jumping to the conclusions about the CCP being kind towards its citizens, let's just go through the entire backdrop of the story.

Recently, the census data revealed that the working population of the country is on a declining trend. This doesn't come as a surprise for most of us as it was a predictable outcome looking at the age-long policy that the CCP followed for several decades. Fearing a population explosion in 1979, China implemented its one-child policy, which succeeded in curbing population growth but also led to coerced sterilisations and sex-selective abortions that exacerbated a gender imbalance as many parents preferred male children. But when things started to get out of hand, the Chinese government decided to lift this bar and keep the maximum number of children in a family to be 2. But hey, it would have been a really ideal place for us to live if nature started to behave in such a way that whatever we intended to achieve started falling into place without any extra effort.

When we look into East Asian economies, the participation of women in the active workforce has been on a steady rise . In countries like Japan and South Korea, where the percentage of women in the working population is really high, we can observe that the birth rates are also on a gradual decline. The case with China is also not so different. Beijing scrapped its decades-old one-child policy in 2016, replacing it with a two-child limit to try and stave off risks to its economy from a rapidly aging population. But that failed to result in a sustained surge in births given the high cost of raising children in Chinese cities, a challenge that persists to this day. China had a fertility rate of just 1.3 children per woman in 2020, recent data showed, on par with ageing societies like Japan, and far short of the roughly 2.1 needed for replacement level.

According to our view, there are two main reasons why we say that things won't work out that easily as Beijing expects. On one hand, the increased cost of living is forcing couples to drop off the idea of having even two children. So, if the government doesn't step into the matter by providing them with the incentives to have more than two babies, there is no point in having a three-child policy.. Also, on the other hand, women, who are currently working and looking forward to getting into the workforce, will face a trade-off between having kids and the opportunity to work. Currently, most employers are hesitant about maternity benefits and how this would impact their businesses.

Also, if men don't take up the responsibility of looking after the kids and decide to share the responsibility equally, it would add more pressure on their partner.



But even if we remain optimistic as the CCP appears to be now, does it really make sense that the babies who are going to be born this year will get induced into the workforce in the near time, and make a significant change in the productivity of the economy. It would take a minimum of 20 years from now, i.e., 2041, to see some kind of desired results. Also, the introduction of automation into the manufacturing space is gaining momentum and is expected to replace a large portion of human labour.

Hence, any kind of change in the childbirth policies of the world's most populous country is bound to be a big deal. Most importantly, for couples, the new policy means people have more choice than ever to decide how many children they want to have. The change will inevitably allow thousands of families to have three children at their own wish. While these numbers may look like a marginal change, the impact of the change in policy on such households should not be underestimated.

03 Unravelling Zerodha:

ZERODHA is a Bootstrap Unicorn. The word "Bootstrap Unicorn" has a substantial role in the company's profit-making ability. Let us analyze this term comprehensively. Any entity which is entirely dependent on the entrepreneur for funds and the cash flows from the initial sales, or in other words, an entity that is independent of the funding from external sources, is called a Bootstrap entity. Bootstrap has been the vision for many startups these days. This idealist business model aims at reducing the operational costs to the minimum so cash flows could be efficiently managed. The entrepreneur of a bootstrap company has control over the entire company as compared to the companies which are funded by Private Equities and Venture Capitalists. The main advantage of the model is that the profits are pumped back to the capital to keep things moving.

Zerodha has rightly achieved this feat by reducing its presence in the offline mode. It has developed its whole business online, thereby minimizing the heavy capital intensive costs. The company has never focused on heavy advertisement and has a user base that really trusts the services provided by the company. Well, bootstrapping is not the only reason behind Zerodha's fortune. Its discounted brokerage charges have a pivotal role to play. It charges ₹0 brokerage for equity delivery trades or direct mutual funds. For intraday and F&O, it charges flat ₹ 20 or 0.03% (whichever is lower) per trade. This enterprising combination of perks has made this company climb the charts

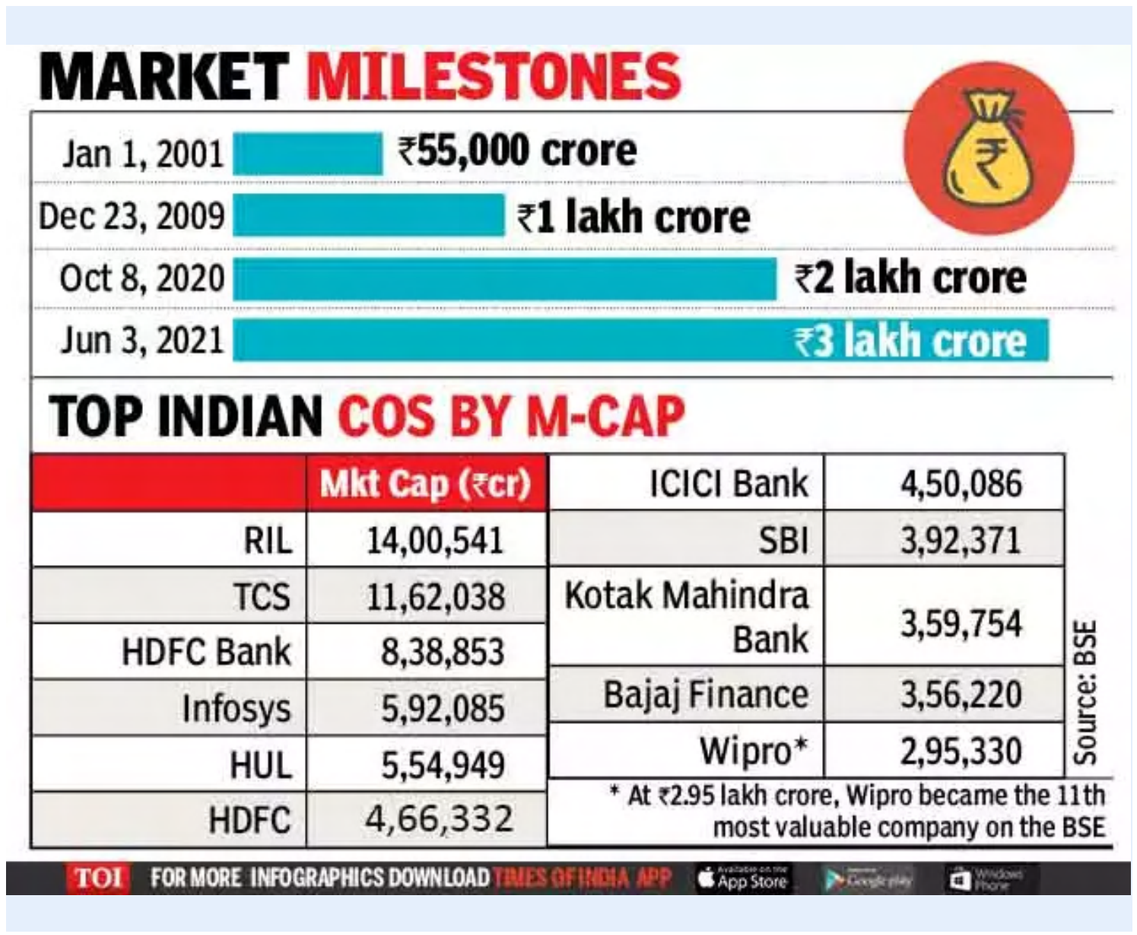
Apart from its ingenious business model, Zerodha has lately been in limelight for signing a resolution that enables the promoters Nikhil Kamath, Nithin Kamath, and Seema Patil to draw a salary of ₹100 Crs. People have started to believe that the founders really drew the entire salary provision, and have begun to compare their salaries with the Multinational Companies' CEOs like Mukesh Ambani. Nithin Kamath said that this development was "misinterpreted" and has finally cleared all the noise about their salaries through his tweets, stating that the resolution enables the promoters to withdraw a maximum salary of ₹100 Crs in case of liquidity requirements, and is not the actual salary being withdrawn. Emphasising the importance of liquidity in the process of De-risk, Kamath said that this provision helps them to maintain their liquidity levels.

Finance

01 Motherson Sumi Profit jumps eight fold in Q4:

Auto components major, Motherson Sumi had reported a stupendous eight-fold increase in their consolidated net profit at ₹1018.69 crores in the fourth quarter ended March 31, 2021. This figure stood at ₹135.66 crore in the year-ago quarterly report. Consolidated total revenue stood at ₹ 16,971.91 crore as compared to the previous year fourth quarter's ₹14,434.48 crores. The company attributed this success to the rise in industrial activity globally, despite the blows like chip storage, and higher commodity cost. For the financial year ended March 31, the consolidated profit and total revenue were at ₹1,569.37 crores and ₹ 57,369.91 crores. The Board of Directors has recommended a dividend of ₹1.50 per share at 150% on equity share of ₹1, However, the payment is contingent on approval by shareholders in the Annual General Meeting.

02 Wipro Hits ₹ 3 Trillion in Market Capitalisation:



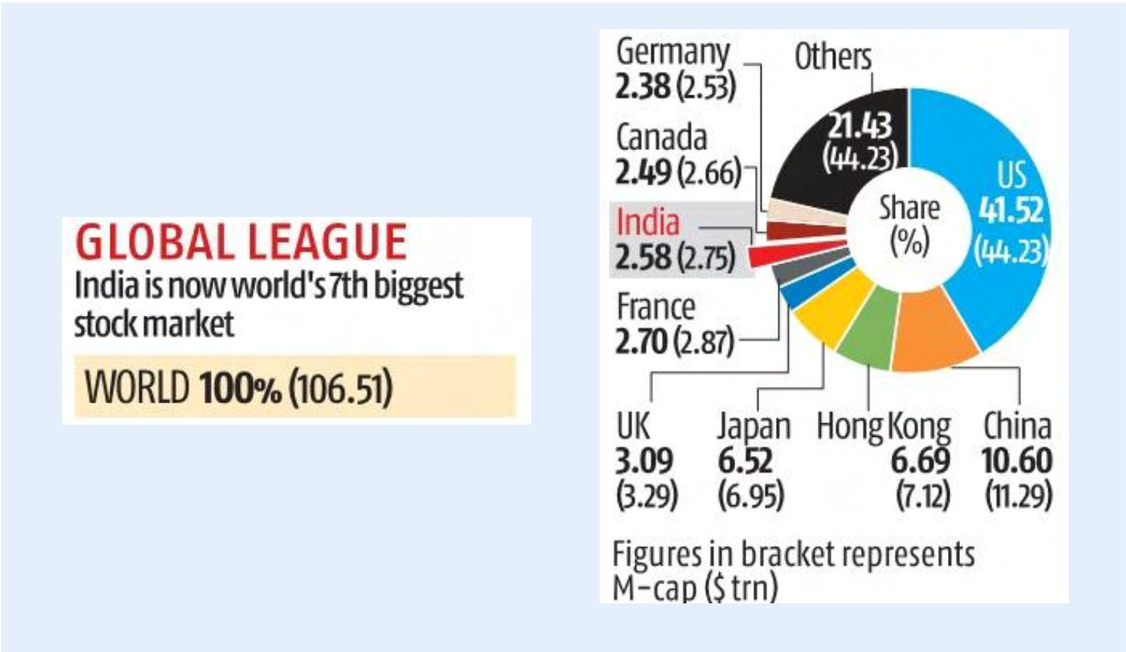
Wipro Ltd reached a new milestone on 3rd June by touching Rs 3 Trillion Market Capitalisation. Wipro Ltd became the third Indian IT firm to achieve this feat, following Tata Consultancy Services and Infosys. India has a total of 10 listed firms that have crossed the ₹3 trillion m-cap. Wipro now ranks 11th. The stock price has been rallying so far this year and has gained 41%. It has surged nearly 164%, since June 2020 lows. Analysts attribute this growth to the company's visionary CEO Thierry Delaporte. Delaporte slashed the top ranks of leadership from 25 people to four. The firm bagged strong deals valued at $ 7.1 billion of which deals estimated at $2.6 billion will be undertaken in the second half of 2021.

03 SEBI Banned two Infosys Employees over Insider trading:

Two Senior employees and six related entities of IT major firm Infosys Ltd have been banned by the Securities and Exchange Board of India (SEBI) on 1st June from accessing the capital markets until further orders, for insider trading. A SEBI order by whole-time director Madhabi Puri Buch said that the Infosys officials leaked unpublished price sensitive information (UPSI) about the company's audited financial results for the quarter ended 30 June 2020, which resulted in ill-gotten gains for those involved. "There is ample prima facie evidence that demonstrates that entities have been in violation of the SEBI Act and Prohibition of Insider Trading (PIT) Regulations. This has not only violated the integrity of the market but also prima-facie resulted in undue benefit to them over general investors" the SEBI order said.

04 Sensex Market Cap Tops ₹ 100 lakh crores:

The market capitalization of Sensex topped Rs 100 lakh crore as the investors rushed to seize their positions on shares despite the fact that many of them are looked upon as overvalued. Curiously, the market capitalisation of Sensex is highly contingent on just two companies - RIL and TCS. At 52,100.05, Sensex is trading at 21.8 times of its twelve-month forward earnings, which is a premium of 18% to its five-year average.



05 RBI Monetary Policy:

The Reserve Bank of India (RBI) has announced the monetary policy after a 3-day meeting of the Monetary Policy Committee (MPC) headed by Mr Shaktikanta Das and with other members: Dr Shashanka Bhide, Dr Ashima Goyal, Prof. Jayanth R. Varma, Dr Mridul K. Saggar and Dr. Michael Debabrata Patra. The MPC maintains an accommodative stance, aiming for revival of growth and demand in the economy.

Policy rates:

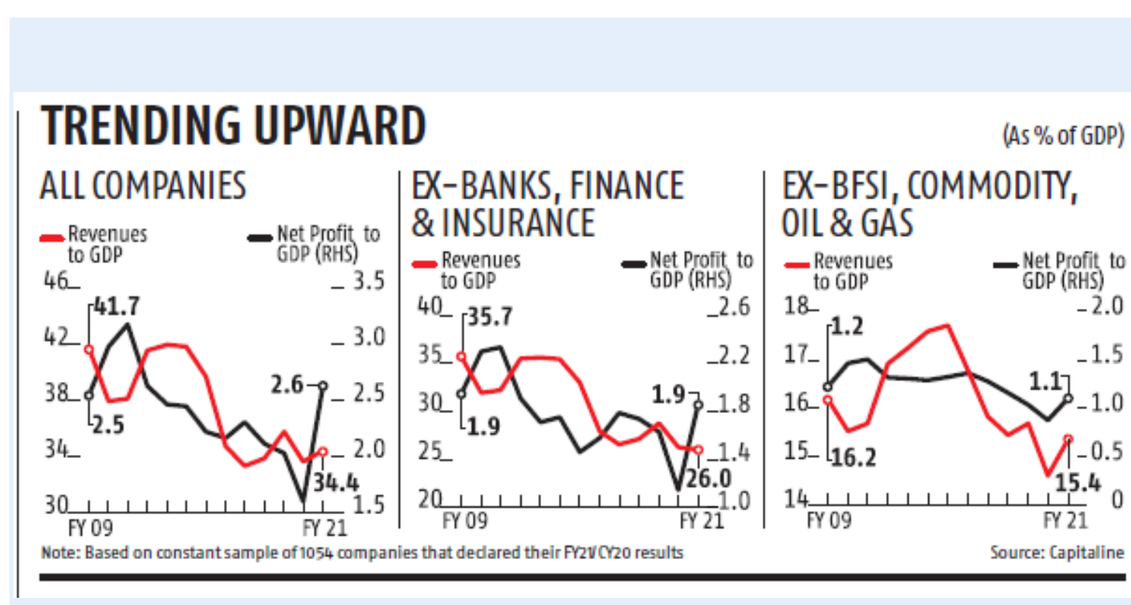
- The Repo Rate stands unchanged at 4.00%
- The Reverse Repo rate also unchanged at 3.35%
- The Marginal Standing Facility at 4.25%
- The Bank Rate at 4.25%

The Reserve Bank of India (RBI) is expecting a debatable roadmap for the inflation rates in the country. The inflation rates are expected to soar by virtue of rising fuel rates and high state taxes. However, multiple factors like a normal forecast for monsoon and declining COVID-19 infections may keep price levels in check. RBI expects CPI to be at 5.1% during the financial year 2021-22.

RBI foresees the growth rate at 9.5% for the financial year 2021-22, considering the fact that both rural and urban areas are being vaccinated and proactive action plans are facilitating economic movement. The central bank expects that “normal” economic activity may pick up.

06 Corporate Profits to GDP ratio hits a 10-year high of 2.63% in FY21

A decline in the prices of raw materials and cost of capital has given a boost to the profit figures of India Inc despite the pandemic situation still prevailing all over the country. The net profit of the listed companies was up 57.6% to ₹5.31 trillion in FY21. As a result, the corporate profit share in the country’s GDP hit a 10-year high of 2.63% in the last financial year. Surprisingly, it was at a record low of 1.6% in FY20.

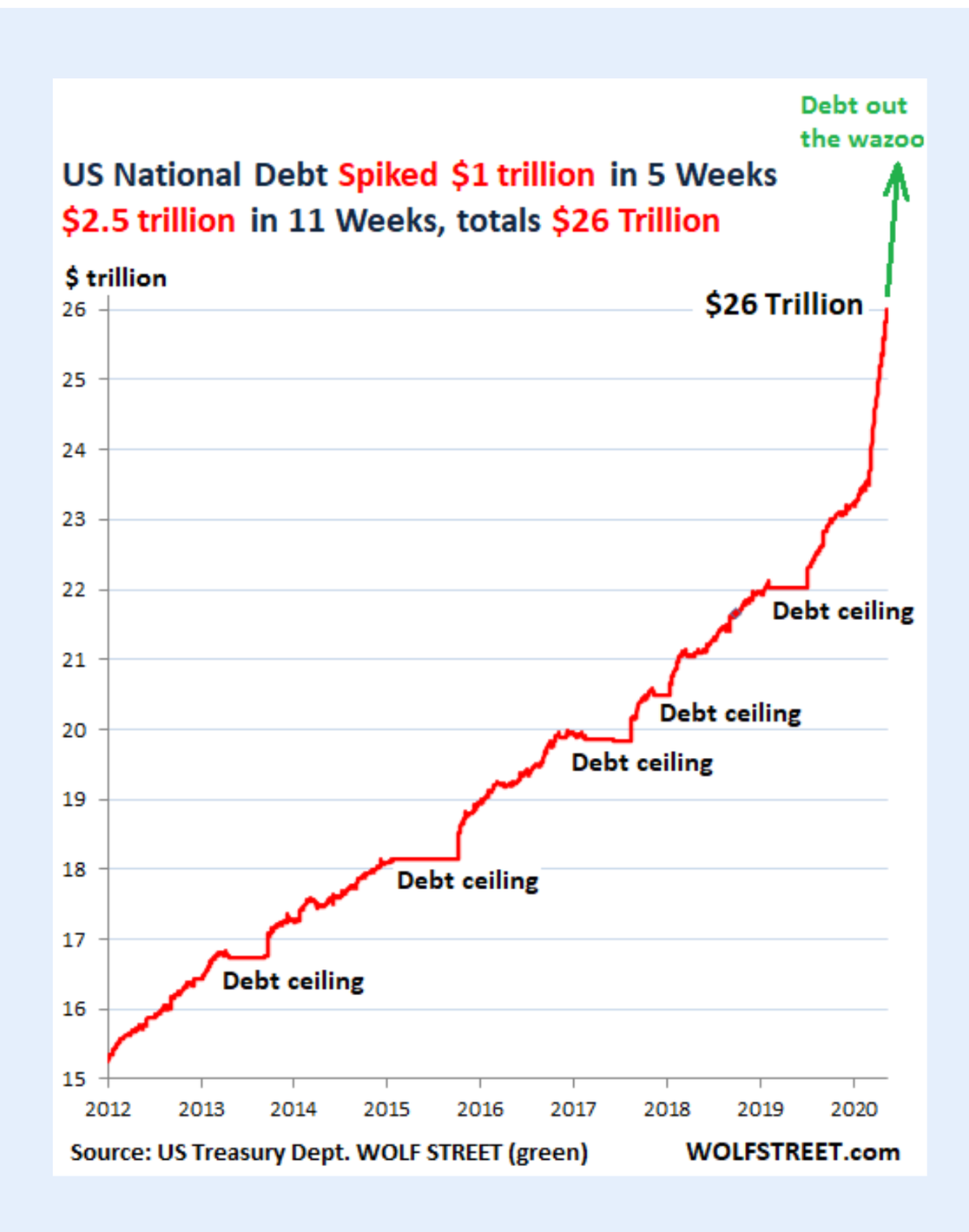


Analysts suggest that the gains in the corporate profit shares largely came from a sharp decline in the operating and capital expenses rather than increased revenues and sales volumes. Also, the corporate revenue to GDP ratio has inched up to 34.4% in FY21, from 33.6% in FY20, still short of the 35.7% mark from a few years ago.

Global Financial News

01 The $6 trillion Budget

The US president has proposed a gigantic budget for this year. And everyone's asking the same question; where's the money going to come from? "It is insanely expensive. It dramatically increases non-defence spending and taxes and would weaken the Pentagon", said South Carolina Senator and top Republican on the Budget Committee, Lindsey Graham. The forecasted deficit for this year would be a new high of $3.7 trillion, dropping to $1.8 trillion next year – double the pre-pandemic levels. After more than $5 trillion already approved for COVID-19 relief, the national debt will soon surpass $30 trillion. As a result, the government will have to borrow approximately half of every dollar spent this year and the next.



President Biden plans to finance his agenda by raising taxes on corporations and high earners, and the documents show budget deficits shrinking in the 2030s. Administration officials have said the jobs and families plans would be fully offset by tax increases over the course of 15 years, which the budget request also anticipates. Despite the financing plans, the proposal is sure to hit many roadblocks before becoming a reality.

02 G7 Tax Plans:

The advanced economies group, G7 reached a consensus regarding the tax plans on 5th June. The G7 group comprising Canada, Japan, Germany, France, Italy, the US, and the UK agreed on the following two major measures to counter the tax avoidance.

- A Global minimum tax rate of 15%.
- Allocation of the taxing rights for the market countries.

The finance ministers of all 7 seven countries ratified the above two plans and are likely to be put before the G20 summit next month. These tax measures are the outcomes of the US government's pursuant efforts to rebuild their tax revenues. According to the Tax Justice Network report, the US Treasury loses almost $50 billion a year to tax cheats, with Germany and France being the top losers.

The main targets of these tax measures are the low-tax countries such as Ireland, Caribbean nations such as the British Virgin Islands, the Bahamas, Central American nations such as Panama, that charge substantially low tax rates, thereby luring the multinationals to set up their subsidiaries in these countries. These tax measures will enable the market countries to charge at least 20% of the profits of large MNCs having over 10% margins. Thus, the firms will pay taxes at both source and market countries.

These measures have received a mixed response all across the globe. Apart from the low tax countries which largely rely on tax rate arbitrages to attract MNCs, many countries feel this might

be against the sovereign right of the country to have its own tax policies.

India has witnessed a recent corporate tax cut from 22% to 15% for new manufacturing entities and also extended it to the existing manufacturing entities subject to some conditions. Since the effective tax rate in India is more than the proposed Global minimum tax rate (15%), this move doesn't affect our country substantially. India is not completely dependent on tax policies to attract the MNCs, rather it's the large consumer base, competitive rates, and thriving private sector that alluring these companies. Hence, experts opine that G7's tax measures won't create havoc in the existing business environment of the economy.

03 El Salvador- The first country to make Bitcoin a Legal Tender

Seems like the main motive of cryptocurrency - 'using it as a standard currency' is not far after all. Bitcoin, the most sought after and costliest cryptocurrency around the world, has been made legal tender in the South American country, El Salvador. This historic proposal made by President Nayib Bukele was approved by Congress with 62 out of 84 votes on 8th June. Bitcoin will become legal tender, alongside the US Dollar, in 90 days. "It will bring financial inclusion, investment, tourism, innovation and economic development for our country," President Bukele said in a tweet shortly before the vote.

El Salvador highly depends on remittances, accounting for almost 20% of the country's GDP. The new law means that every business should accept payments in Bitcoins unless it doesn't have the proper technology to do so. Many people believe that this is a historic step. However, there are concerns rising on the volatility of Bitcoin and experts opine that this law could potentially dent relations with the International Monetary Fund (IMF), where El Salvador is seeking more than a $1 billion programme.

04 Google faces strong backlash from France's Competition Watchdog : Fined €220m for abuse of advertising power

Once again the US tech giant, Google has been slapped with hefty fines by the European regulatory authorities. This time, it has been discovered that Google Ad Manager favoured the company's own online ad marketplace, Google Adx. The authority concerned with the matter said that the company has been promoting its own online advertising services to the detriment of rivals.

In 2018, EU competition authority fined them a record sum of €4.34bn for using its popular android mobile app for blocking its rivals. In 2019, they were fined by the same authority for blocking rival online search advertisers. Apart from such unhealthy competitive practices, they were also fined for their various ad-tracking cookies too.
The French authority stated that their decision opens the way for publishers who felt disadvantaged to seek damages from Google.

05 After banning Twitter, Nigerian govt joins Indian-made rival Koo

In less than a week after banning the US-based microblogging website, the Nigerian government has joined the Indian-made rival Koo. Nigeria's decision to ban Twitter reportedly came as a result of the platform deleting a tweet by President Muhammadu Buhari for allegedly violating rules.
Also, the Nigerian government's decision to join Koo shows its potential to become an alternative to Twitter. The Nigerian government had alleged that the microblogging site was being used to undermine "Nigeria's corporate existence" through the spreading of fake news that has "violent consequences". There have been mixed opinions among the people of Nigeria itself, fearing a clampdown over people's freedom of speech. However, former US president Donald Trump had congratulated the Nigerian government for suspending the platform, stating that more countries should adopt the same for not allowing free and open speech "Who are they to dictate good and evil if they themselves are evil?" he asked.

Public Affairs and International Relations

01 Amul Vs PETA controversy

The standoff between Amul and People for Ethical Treatment of Animals (PETA) has escalated as both sides are exchanging barbs and engaging in open mudslinging, creating a controversial situation.

It all started in November last year. Amul wanted the producers of Soya, almond milk and other non-dairy producers of milk to discontinue using the word “Milk” as it created misinformation. Later on, Amul came up with an Ad that mentioned dairy alone contributes ₹8 lakh crore to the Indian economy. In comparison, the value of the vegan or plant based ‘milk’ industry in India would not exceed a few hundred crore rupees at the moment. It’s more like Goliath versus a speck of dust.

Recently, disgruntled with the ASCI remarks upholding Amul’s contentions, PETA wrote a letter asking Amul to switch to making vegan products. This sparked a Twitter war between the two. Amul contended that it would render its 36 lakh dairy farmers without a livelihood. It also led to Amul writing a letter to PM Modi for an outright ban on PETA alleging foreign conspiracy. The dairy industry is valued at $140 billion, the milk alternatives market is pegged to be at $25 million in India, as per industry estimates. Given the high prices, the vegan milk alternatives market will take time to see some adoption in India.

02 A jab of Indemnity

The union government is in talks with foreign manufacturers of COVID-19 vaccines on their demand for indemnity from liability as a condition for selling their vaccines to the country. Pfizer, which supplies the Pfizer-BioNTech mRNA vaccine, is said to have requested that the government indemnify it from any claim that may arise from vaccine users in the future, based on any adverse effects after getting the jab. No decision has been made yet on the request. However, it has already given rise to a similar demand from domestic vaccine-maker Serum Institute of India (SII), which says all players should be treated the same way.

In the absence of indemnity, overseas manufacturers may load the risk onto the price of the vaccines, making each dose more expensive. By indemnifying the companies in respect of these vaccines, the government of India may be able to negotiate lower prices and higher volumes. It may help accelerate India’s national vaccination drive. On the flip side, the government may be forced to make it a level playing field for local manufacturers, by extending similar indemnity to them, thereby exposing itself to the entire risk associated with more than a billion vaccine shots.

03 Free Vaccination doses from 21st June

Prime Minister Narendra Modi announced that the government would revert to a system of centralised procurement of COVID-19 vaccines wherein it will provide free shots to states for inoculation of all above the age of 18 from June 21, 2021. His announcement came as several states asked the Centre to step in after they drew a blank in global tenders to purchase vaccines. 25% of the vaccination work, which is presently being handled by the states, will now be taken over by the Centre. The central government will be responsible for procuring vaccine doses and distributing them to the states. This essentially means that the central government will buy 75% of the total vaccine produced from vaccine manufacturers eliminating the state government expenditure on vaccines.

Source:- The Indian Express

Startups and IPOs

01 Softbank in talks with Flipkart over $700 million infusion after exiting the giant in 2018

Japanese conglomerate Softbank Group seems interested in re-entering the e-commerce giant Flipkart by investing around $700 million, three years after selling its entire stake to Walmart Inc, the world's largest retailer. Before its exit in 2018, SoftBank had earlier invested $2.5 billion in Flipkart.
It has been reported that the financing is part of a larger $2 billion round. Sovereign wealth funds such as Abu Dhabi's ADQ and Canada Pension Plan Investment Board (CPPIB) are expected to participate in this round. Existing investors such as GIC and Qatar Investment Authority may also increase their stake. The transaction is likely to value the Bengaluru-based firm at $25-30 billion.

If the deal goes through, then it would help Flipkart undertake strategic partnerships and acquisitions. If Flipkart can harness this opportunity by getting into partnerships with various small and regional retailers across the country, it would become a race between the players like Amazon and JioMart, who are also in talks with multiple offline retailers in acquiring a strategic stake in them.

02 Paytm's financials take a hit again, revenue drops by 14%, losses taper down to ₹1,701 crores

One97 communications, the parent company of Paytm, booked losses amounting to ₹1,701 crores during FY21, which narrowed down from the previous period loss of ₹2,924 crore. Consolidated revenue from operations fell by 14% to ₹2,802 crore in FY21.

The company, which is backed by Chinese tech-giant Alibaba and Japanese conglomerate Softbank, will be going public by November, and is expected to file its Draft Red Herring Prospectus (DRHP) with SEBI by next month.
Paytm has been keenly focussing on reducing its losses by cutting down marketing and promotional expenses, which were down by 61% to ₹532 crore in FY21 compared to ₹1,397 in the previous fiscal year.

ET tech

Paytm Financials

(FY21-FY20 Figures in Rs crore)

	FY21	FY20	Change (-%+)
Total expenses	**4,728**	**6,138**	**-22.9**
Marketing and promotions	532	1,397	-62
Payments processing charges	1,916	2,265	-15.4
Other expenses	2,962	2,475	19.6
Total revenue	**3,186**	**3,540**	**-10**
Revenue from ops	2,802	3,280	-14.5
Other income	284	260	9.2
Loss (after tax)	**1,701**	**2,942**	**-42**

Source: One97 Communications Annual Report FY21

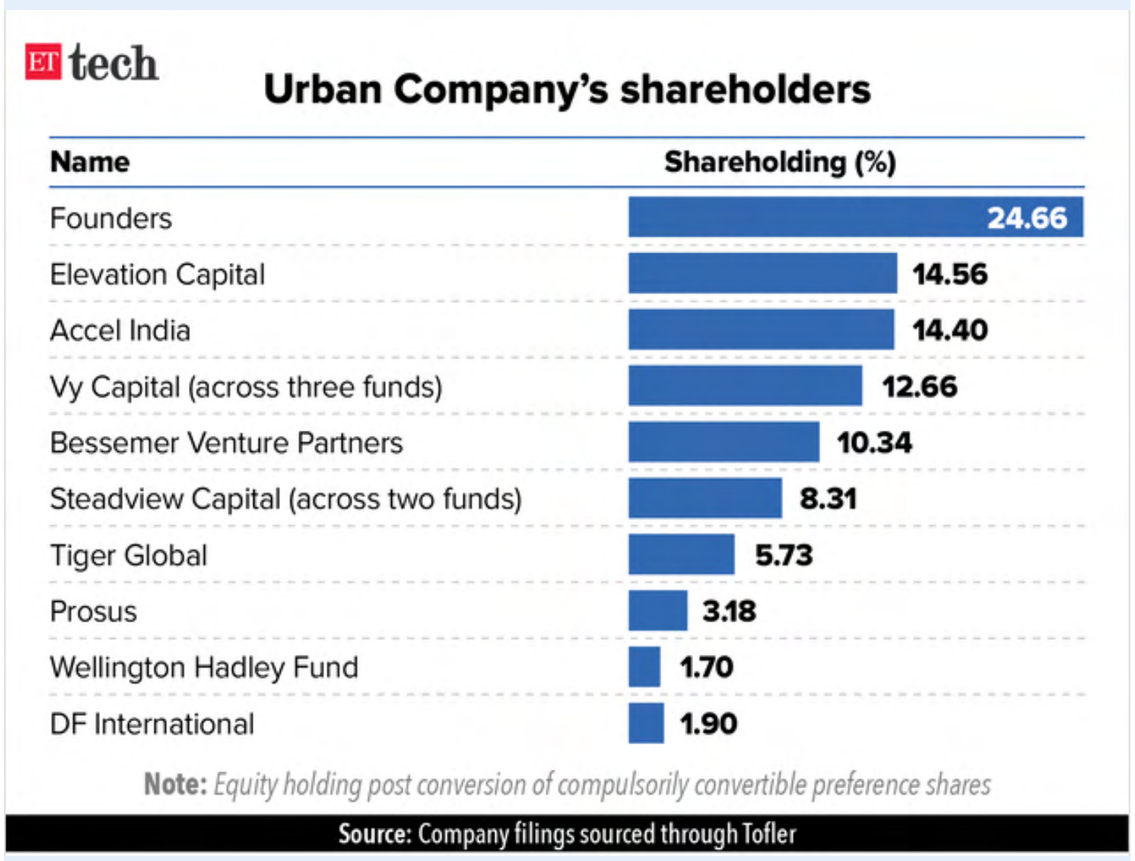
03 IPO-bound Delhivery shores up $275 million; valuation hits over $3 billion

Logistics firm Delhivery, on 31st May informed that it has successfully raised around $275 million and approximately $3 billion valuation in a pre-IPO round from multiple investors including Fidelity Investments. This infusion comes after the company was valued at $2 billion when Steadview Capital invested around $25 million to acquire shares last December through a secondary transaction. Delhivery was able to narrow down its losses to ₹270 crore in FY20 and was aiming to finish FY21 with revenues of ₹4,000 crore. Sahil Barua, co-founder

and CEO of the company, said that this also marks two significant milestones for the company, its 10th anniversary this month and completion of 1 billion cumulative shipments in April 2021 since its inception. American investment bank Citi acted as the sole financial advisor to Delhivery on this transaction.

04 Home services platform Urban Company raises $255 million, valuation stands at $2 billion

Domestic home services startup Urban Company is hopping onto the IPO bandwagon after they closed a $255 million funding round last month. The fund-raising was led by Prosus Ventures, Dragoneer and Wellington Management. It also included a secondary share sale of around $67 million by a few angel and early investors. Existing investors like Vy Capital, Steadview Capital and Tiger Global also participated in the financing.



The domestic-bred Unicorn, valued at $2 billion, is picking up momentum as the covid-related cases are easing all over the country. Abhiraj Singh Bhal, co-founder and CEO of the firm, said that the company vaccinated around 50% of its 35,000 partners, who provide various services to its consumers, at the comfort of their homes. He also added that they were initially planning to launch the IPO by 2023-24, but the pandemic has accelerated their growth plans and expectations and hence, will be going public in the next 18-24 months. Urban Company posted a revenue figure of ₹216 crore in FY20, up from ₹106 crore in FY19. The figures for FY21 are yet to be made public.

05 Shyam Metalics, who were set to go public by June 14, cuts its IPO size to ₹909 crore

Steelmaker Shyam Metalics decided to reduce its IPO size from ₹1,107 crore to ₹909 crore after the promoters decided to offload shares worth ₹252 crore from their own stake against the pre-planned amount of ₹452 crore. Analysts say that the high valuation of metal stocks might have made the promoters take such a conservative stance . It's also worth noting that they are one of the least leveraged firms in the domain. Post-IPO, promoters dilution will be around 12 per cent, but the final numbers will depend on the issue price which will be declared later by the book-builders.

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