

# SpiceJet flies in the face of logic

India's second-largest airline has taken aggressive steps to survive the pandemic but it is an open question whether they are smart or rash

ANULI BHARGAVA  
New Delhi, 9 October

There's a thin line between bravery and bravado, aggressive and rash. It is this line that many in the aviation sector argue low-fare airline SpiceJet and its co-founder Ajay Singh appear to be treading during the pandemic. There are some who admire the way Singh has reacted when his back has been against the wall but with the airline announcing its plans last week to start direct flights to London in the winter of 2020, the list of naysayers is growing.

After the lockdown crippled the aviation sector and brought passenger traffic to a halt, airlines globally stared at a bleak future. As the weeks rolled on, the usual revenue streams for the carriers dried up as expenses continued to impinge on existing finances. All airlines were stuck with salaries, aircraft that needed maintenance, and the bills began to pile up. Even if the aircraft were not flying, staying afloat required funds.

Very soon after the shock, the industry — led by SpiceJet — announced a cargo as a revenue stream, a step followed quickly by market leader IndiGo. This was true not just for Indian carriers; many foreign airlines filed aircraft with goods instead of passengers. Almost all the Indian airlines started flying Vande Bharat routes, which the government had started to ferry passengers stranded overseas owing to the suspension of international flights, and charter flights that helped bring in much-needed cash. In addition to this, in March, the airlines had some cash collected from passengers for flights that were to be taken in the weeks to follow but were in fact cancelled.

For the cargo flights, many airlines used their existing fleet but SpiceJet decided to wet-lease two aircraft and is now operating a fleet of 16 cargo aircraft on two wide-bodies (wet-lease) and is planning to add three more soon, a gambit that many felt was quite rash, since wet-leasing is expensive — it includes the cost of hiring crew and maintenance staff — and is usually not considered an optimum option. The airline, however, said the cargo push has really paid off with revenues from cargo up 144 per cent in the first quarter of this year over the same period last year. SpiceXpress — its cargo wing — has been in operation since September 2018.

Last week, however, the airline went a step further and announced direct flights three times a week to London starting this winter — again with aircraft taken on wet-lease. Although Vistara, too, has started flights to London recently, market leader IndiGo — which is in the strongest position to go international — has not taken the plunge, opting for caution in the present environment.

SpiceJet's decision raised many eye-



Year end	Net worth	Total debt	Net sales	PBT	PAT
FY17	-613	1,155	6,191	427	427
FY18	-56	1,303	7,760	557	557
FY19	-350	1,100	9,211	-302	-302
FY20*	-1,580	9,833	12,375	-927	-927

\*As per results filing  
Source: Capitaline. Compiled by BS Research Bureau

brows; industry experts felt it was both "rash", "unplanned", "at the wrong juncture". Said industry veteran Shanki Lumba: "Timing-wise this seems nothing short of suicidal. Instead of stabilising the airline during the crisis, he seems to be hurting it heading into the month."

Lumba argued that there will be "no first-mover advantage", hardly any load (Vistara's London flights have been infrequent loads) as a result of the pandemic and that wet-lease is an expensive option at this juncture.

Many others agreed with Lumba, saying it almost appeared as though the airline had stopped keeping accounts. "It's almost as if SpiceJet has lost touch with reality," said a former SpiceJet staffer, who has been closely associated with the airline.

The airline, however, contended that the move was neither rushed nor unplanned. In response to an email, the airline said it had been mulling the move to get into long haul for over two years and a dedicated team had been working on it.

The airline had applied for Heathrow

slots in the past too as well as for designated carrier status "well before the lockdown". "London is a heavily competitive sector and Heathrow is a constrained airport so chances need to be taken as and when they present themselves," an airline insider said.

The airline added that wet-leasing costs are very low currently and the travel bubble meant competition was less and December was peak season.

Nevertheless, industry experts questioned Singh's solo approach of running the carrier, a charge made many times against the way he functions although the airline has always maintained that Singh has an efficient team backing him up. Recently, the airline's CFO Kiran Koteswar put in his papers, though a replacement is expected soon, according to sources.

A former aviation secretary argued that instead of trying to recapitalise the airline, Singh seemed determined to burn more cash. Pointing towards a recent Centre for Asia Pacific Aviation estimate that put the fund requirements for the airline to stay afloat at nearly \$300 million, he argued that introducing a new international sector at this juncture, even if not daily, was unlikely to help matters. "Keeping up with the Joneses will prove costly," he added, arguing that London was some kind of "psychological victory" for Indian airline owners. But he was of the view that no matter which long-haul route an airline introduces, it takes a few months for it to stabilise. Whether he proves right or Singh proves his critics wrong will be keenly watched in the next few months.

# Three cheers for RBI's October policy



**BANKER'S TRUST**  
TAMAL BANDOPADHYAY

Bond prices rallied, bank stocks rose and rupee appreciated on Friday, cheering the Reserve Bank of India's (RBI's) October monetary policy.

The Monetary Policy Committee (MPC), India's central bank's rate-setting body, with three new members on board, met between October 7 and 9, with one eye on the markets and the other on the economy.

The new MPC has not gone for a rate cut (none expected it to) but has done everything else to ensure that the massive market borrowing programme of the Centre and the states goes through without any disruption and to instill growth impulses in Asia's third-largest economy, which the RBI feels has left the rest behind it. It has also repaired the damage done by the minutes of the last MPC meeting, released in the third week of August, where one of its key members expressed serious concerns about persistently high inflation and spoke about remedial action to bring it down. That spooked the market and bond

yields started rising.

The latest policy has taken a series of steps to ensure that the government is able to borrow from the market without paying too much and the banks continue to buy bonds. The combined market borrowing of the Centre and the states is pegged at around \$2.6 trillion at this point, but it can rise if the government decides to go for more fiscal stimulus to prop up the economy, which sank 23.9 per cent in the first quarter of the current fiscal year.

The RBI has doubled the size of the auction through which it buys bond from the market under the so-called open market operations (OMOs) to \$200 crore. What's more, the central bank has announced such OMOs for the state development loans — the first in its 85-year history. Finally, the rise in the investment limit of banks in bonds classified as held to maturity (HTM), from 19.5 per cent to 22 per cent of their net demand, and time liability, a loose proxy for deposits, which was to end in March 2021, has been extended by a year. The higher limit is for bonds bought between September 2020 and March 2021. The bond in the HTM basket does not carry any market risks. Should the RBI have

announced an OMO calendar to put on the table its bond buying programme? That's asking for too much. RBI Governor Shaktikanta Das is explicit in his statement — the central bank stands ready to conduct market operations as required through a variety of instruments to ease pressures and maintain liquidity and order in financial markets.

This de facto monetisation is the Indian version of quantitative easing. Unlike, say, the Bank of Japan and the Reserve Bank of Australia, the RBI is not targeting yield of government bonds but

what it is doing could be called a soft yield curve control. Probably 6 per cent is the target for the 10-year bond, for the 10-year yield closed at 5.925 per cent — falling 9 basis points, but the shorter end, three-year bond yield dropped 33 bps to 4.541 per cent. (One bps is a hundredth of a percentage point.)

The accommodative stance of the monetary policy will continue "as long as necessary" — at least during the current financial year and into the next year — to "revive growth", Das said. This is one of the rare instances of the RBI giving such a long forward guidance. This, coupled with its softer inflation projection in the coming months, keeps the door open for a rate cut in April 2021.

months, keeps the door open for a rate cut in April 2021. Even if it does not do so, the message is crystal clear. There is no rate hike till next financial year.

The headline retail inflation increased to 6.7 per cent during July-August 2020. It will ease to 5.4-4.5 per cent in the second half of 2021 and further to 4.3 per cent in the first quarter of 2022, with risks broadly balanced. The MPC blames the supply shocks for the rise in inflation and feels that these will dissipate in the coming months as the economy unlocks, supply chains are restored, and activity normalises.

For the first time this year, the October policy has given the RBI's estimate of the real GDP growth in 2021. It is expected to be negative at (-) 9.5 per cent, with "risks tilted to the downside". The RBI expects the Indian economy to contract 9.8 per cent in the second quarter, 5.6 per cent in the third, and finally to bounce back with 0.5 per cent growth in the last quarter of 2021.

It seems to be a realistic estimate. In fact, if the economic activities in September are any indication and India is spared a second wave of the Covid-19 pandemic, there may not be any downside risks to the RBI estimate. It could end up confirming its position of a conservative central banker.

*The writer, a consulting editor with Business Standard, is an author and senior adviser to Janus Small Finance Bank Ltd. Twitter: TamalBandopadhyay. To read the writer's previous columns, please log on to www.bankerstrust.in*

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For Borosil Renewables Limited (Formerly Borosil Glass Works Limited)  
Kishor Taleja  
Company Secretary & Compliance Officer  
FCS No.7064

Place: Mumbai  
Date: October 09, 2020

**MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED**  
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Notice is hereby given in compliance with the Regulations 29 and 47 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, that a Meeting of the Board of Directors of the Company will be held on Thursday, October 29, 2020 to inter alia, consider and approve the Unaudited Financial Results of the Company for the quarter and half year ended September 30, 2020, subject to a limited review by the Statutory Auditors of the Company. This information is also available on the website of BSE Limited (www.bseindia.com) and National Stock Exchange of India Limited (www.nseindia.com) where the Company's shares are listed and on the website of the Company viz. www.clubmahindra.com.

For MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED  
Sd/-  
Dhanraj Mukhi  
General Counsel & Company Secretary

Place: Mumbai  
Date: October 9, 2020

# Proposed health data policy puts question mark on privacy concerns

DEVANGSHU DATTA  
New Delhi, 9 October

In September, an Australian cyber security researcher, Sami Toivonen, discovered that Dr Lal Path Labs had left the data of over a million customers exposed on an unencrypted on the Amazon Web Services cloud. The data was recorded in some 9,000 spreadsheets, containing name, address, gender, date of birth, contact number, details of booking, doctor details, payment details, patient's unique identification numbers, and details of when, where and in what lab that tests were done.

Earlier, in February, an even larger set of data breaches was revealed. German research outfit Greenbone Networks found patient records, scans and images from some of 97-odd medical institutions across India exposed. Details included the name of over 120 million — yes, 120 million — patients, their dates of birth, Aadhar numbers, names of the medical institutions, medical history, physician names and other details. To the credit of Dr Lal Path Labs, the pertinent records were secured within hours of the breach being notified. However, the German study indicates that carelessness about health data is endemic.

This is undoubtedly private personal data, and it could be deeply embarrassing for the patients. Consider the reluctance with which politicians and people in public life disclose details of their medical history. There are social implica-



tions of such data being freely available, as well as deep concerns about privacy. That's quite apart from surveillance. Any health insurer would kill to have access to large datasets, with such granular details. So would the healthcare and pharmaceuticals industry. As the above incidents indicate, there are already loads of digitised health data floating around. These will expand exponentially. There's been an increase in online consultations and telemedicine, as well as online ordering of drugs, digital prescriptions, etc. Mass vaccination of a billion-plus citizens may soon be necessary.

The sooner there is legal protection for that data, the better. But safeguarding it will be complex, given the intersection of sensitive personal data, healthcare services, insurance implications, and the need for medical research. India doesn't have a law protecting personal data. There are no specific penalties for failing to keep such data secure. A proposed law on Personal Digital Privacy

duals to be treated any where.

"Data fiduciaries" will be allowed to collect and store "sensitive personal data". This could include financial information; physical, physiological and mental health data; sex life and sexual orientation; genetic data; caste or tribe; data; and "religious or political belief or affiliation". It's impossible to understand why much of this is necessary. The draft also suggests that even the local pharmacy could be considered a fiduciary. This means higher probabilities of data leakage since it's very unrealistic to assume every fiduciary will be secure.

Importantly, this data will be shared with the government, and "agencies designated by government". Anonymised or de-identified data will be made available in aggregated form for facilitating health and clinical research, academic research, archiving, statistical analysis, policy formulation, the development and promotion of diagnostic solutions, etc.

That essentially means the government can grab any data, and share it for any purpose, under such wide-ranging clauses. In theory, the consent of the individual will be asked for, before data collection. That consent could also be withdrawn, in theory. In practice, consent is a joke, if not so many parameters is collected by a wide range of fiduciaries, and disseminated for so many purposes. If you fall ill, on this policy goes through, your health data will not be your only concern.

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The unit holders can submit a request for a physical or electronic copy of the statement of scheme portfolio of the Fund for the half year ended September 30, 2020 by calling on 1800 266 7446 or by sending an email to care@pgimindia.com or by writing to PGIM India Asset Management Private Limited at 2<sup>nd</sup> Floor, Nirlon House, Dr. A.B. Road, Worli, Mumbai - 400 036 or by sending an SMS on 6607030 (i.e. to receive a physical copy, type HYPF-space <PAN> or <FolioNo> and to receive an electronic copy, type HYPE-space <PAN> or <FolioNo> and send it to 5607030).

For PGIM India Asset Management Private Limited (Investment Manager for PGIM India Mutual Fund)  
Sd/-  
Authorized Signatory

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**STATEMENT OF STANDALONE AND CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2021**

Sl. No.	Particulars	STANDALONE				CONSOLIDATED			
		Quarter Ended		Year Ended		Quarter Ended		Year Ended	
		Mar 31, 2020 (Audited)	Dec 31, 2019 (Unaudited)	Mar 31, 2019 (Audited)	Mar 31, 2020 (Audited)	Mar 31, 2019 (Audited)	Mar 31, 2020 (Audited)	Mar 31, 2019 (Audited)	Mar 31, 2020 (Audited)
1	Total Income from Operations	35,558.33	37,554.07	47,055.35	1,503,135.09	1,09,479.91	1,80,034.63	1,59,479.91	1,54,191.54
2	Net Profit/(Loss) for the period (before Tax and exceptional items)	1,493.88	1,598.49	3,452.28	6,285.60	4,039.54	3,745.79	2,677.77	
3	Net Profit/(Loss) for the period before Tax (after Exceptional Items)	(14,641.56)	1,598.49	(9,243.18)	(9,849.84)	(8,655.92)	3,745.79	1,893.24	
4	Net Profit/(Loss) for the period after Tax (after Exceptional Items)	(11,722.70)	1,171.78	(5,724.76)	(7,992.49)	(5,530.20)	5,796.34	1,592.92	
5	Total Comprehensive Income for the period	(11,742.79)	1,174.56	(5,720.20)	(8,004.24)	(5,528.85)	(3,085.93)	(2,977.84)	
6	Equity share capital	2,312.12	2,312.12	2,310.56	2,312.12	2,310.56	2,312.12	2,310.56	
7	Reserves (excluding Revaluation Reserve as shown in the Audited Balance Sheet)				79,323.79	87,295.56	74,349.18	79,307.01	
8	Earnings per share (EPS) (Face value of Rs. 10/- each)	(0.85)	0.09	(4.83)	(6.71)	(4.67)	(2.96)	(2.47)	

**Notes:**  
1. The above results were reviewed by the Audit Committee and approved by the Board of Directors in its meeting held on 8th October, 2020.  
2. The Hon'ble National Company Law Tribunal, Kolkata Bench by an order dated September 20, 2020 has sanctioned the Scheme of Amalgamation of the Scheme filed by Titagarh Wagons Limited and its subsidiary Cimco Limited and its wholly owned subsidiary Titagarh Capital Private Limited for amalgamation of aforesaid subsidiaries with the Parent Company with effect from April 1, 2019, being the appointed date as per the Scheme. In view of the sanctioned Scheme, the comparative figures for all the presented year periods have been restated.  
3. The above is an extract of the detailed Form of Quarterly and Yearly Financial Results filed with the Stock Exchanges under regulation 33 of the SEBI (Listing and other Disclosure Requirements) Regulations, 2015. The Full Form of the Financial Results for the Quarter and Year ended March 31, 2020 are available on the Stock Exchange websites, www.bseindia.com/ www.nseindia.com and Company's website www.titagarh.in

For and on behalf of Board of Directors  
Umesh Chowdhary  
Vice Chairman and Managing Director

Place: Kolkata  
Date: 8th October, 2020

