

FEW PAYMENT AGGREGATORS WILL SURVIVE

# Tough rules, tougher competition

**AJAY RAMANATHAN & SHOBHANA SUBRAMANIAN**  
Mumbai/New Delhi, May 26

AT THE LAST count more than two dozen applicants were awaiting a Payment Aggregator (PA) licence. The rush is surprising not only because the space is crowded with nearly 30 incumbents but also because the rules of the game are tough. The proverbial spoke in the wheel in the Reserve Bank of India's (RBI) draft guidelines is the CPV—or the Contact Point Verification.

The need for a physical KYC and the accompanying due diligence requirements are onerous. In fact they're very similar to what the RBI expects of universal banks. In addition, PAs also need to verify the bank account in which the funds of merchants are settled. Ranadurjay Talukdar, Partner and Payments Sector Leader, EY India is of the view that that conducting a CPV, is a tedious and time-consuming process especially for smaller merchants. "This could have an adverse impact on payment acceptance itself because it will not be cost-effective to verify small merchants," Talukdar said, adding that it could be deal-breaker for some. He also points out that if PAs opt to not service smaller merchants funds could be diverted to their personal accounts. "This will impact peer-to-merchant volumes," he added.

By one estimate a physical verification could cost as much as ₹5,000-per KYC. Outsourcing the task to Business Correspondents (BC) or other agencies could result in incomplete verification given the volumes will be large. Nidhi Tiwari, Partner, Kearney, feels that given the costs and the onerous responsibilities, PAs will require focused strategies to be able to sustain their operations. "It will require lot of focused work and effort to identify the right use cases, right segment of merchants to focus on and the right value proposition for targeting those merchants," she told FE.

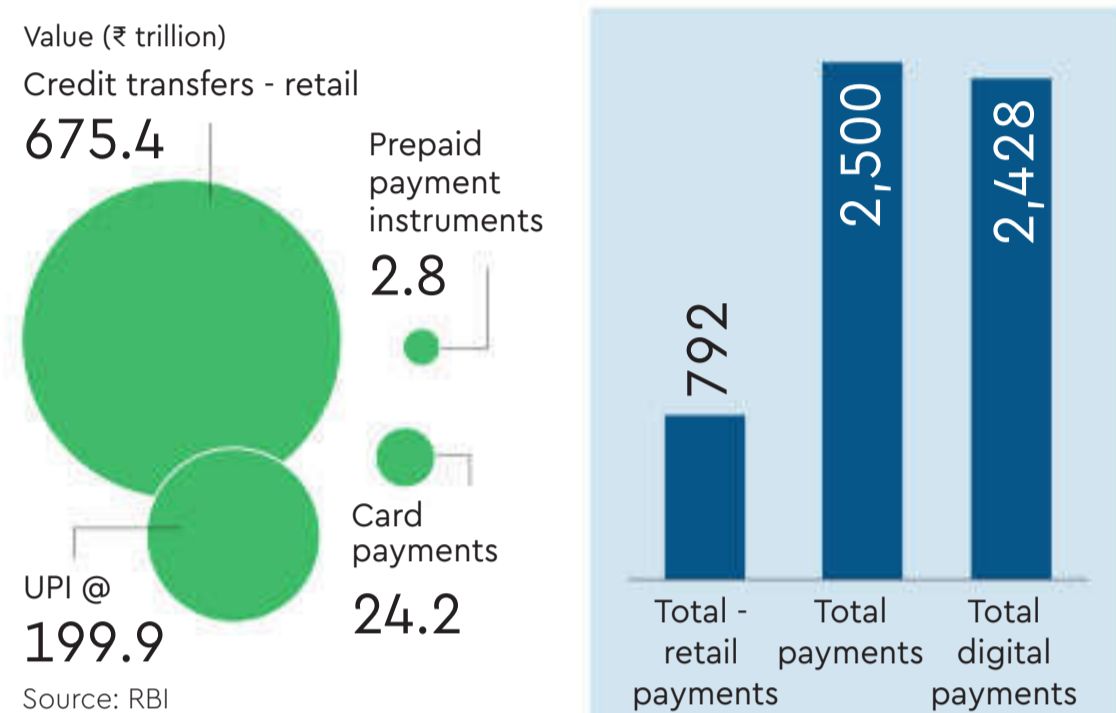
Some incumbents have suggested that a KYC done by a bank for a merchant should be adequate for the PA too. However, as Vivek Mandhata, Managing Director & Partner, BCG points out, while this may be the



**THE BIG PICTURE**

DOING A PHYSICAL KYC IS A TEDIOUS AND TIME-CONSUMING PROCESS, ESPECIALLY FOR SMALLER MERCHANTS. IT IS ALSO VERY EXPENSIVE

**A BIG OPPORTUNITY**



ideal answer, the regulator may want the PA to take full accountability of KYC as well with this because the settlement process is such that the money is being routed from the sponsor bank via the PA's bank to the end-customer's bank account.

RBI is also unlikely to allow designated providers to help with the KYC process, as other regulators have done. It is also unlikely to accept the websites as the place of business

for an online venture. Even as costs stay high since PAs will also need to invest in technology and in incentives for customers, the margins will be wafer-thin.

As Ramakrishnan Ramamurthy, Executive VP, Worldline India, points out, the margins could be 4-10 basis points. "As such, only entities that have the appetite to play a large volume game will survive," Ramamurthy says. Ironically, though, it is this dif-

ficult environment that is prompting many to stay in the game. Each one's hoping the others will get out sooner or later and they will be the last men standing. A couple of them have quit realising the "real impact of putting in place the structure to commence the operations". But, as Ramamurthy points out, there is scope to create value even beyond the cross-selling opportunity. "There are niches to be exploited especially

with offline transactions also coming into the fold. With smaller merchants you can charge a little more," he says.

Tiwari believes players are looking to influence the merchant and consumer payment transaction journey experience. "The PA route can help players to have an influence on the merchant's and consumer's transactions and gradually try and monetise this. No one wants to miss this opportunity," Tiwari says. She observes that most of the players are hoping they will be able to cross-sell. "PAs are looking at value-added services and lending opportunities," she says.

As Talukdar points out, the addressable opportunity is big because it includes everything from UPI, cards to wallets. "It's much more than just P2M, it can also be B2B since suppliers and vendor payments are also included, as well as B2G and P2G flows (payments made to government). There are also commercial cards which target RTGS/NEFT flows and which fetch the bank interchange and interest revenues" Talukdar says.

The point, however, is that PAs don't control the type of transaction, which could be either a low-margin UPI transaction or a more lucrative card transaction. As BCG's Mandhata points out, "it will be more about how they capture value chains and transaction volumes."

The total value of digital payments in FY24 was ₹2,428 trillion. While retail transactions add up to some \$3.6 trillion, Tiwari points out a good part of the payments is accounted for by UPI transactions which attract zero MDR. "So money will have to be made through lending and value-added services," she says.

Indeed, as EY's Talukdar points out, big business groups like the Tatas and Reliance Industries are also attempting to capture the in-house flows by setting up their own PA entities. According to BCG's Mandhata, while the market may be initially fragmented, there will be consolidation. "It is not a high economics play but a scale business so there will be some exits," he says. Unless the regulator has a change of heart the exits could be many.



## Neeraj Chopra withdraws from athletic meet

**NIHAL KOSHIE**  
New Delhi, May 26

EXACTLY TWO MONTHS before the Paris Olympics, India's biggest medal hope Neeraj Chopra has pulled out of the World Athletics Continental Tour Gold event at Ostrava in the Czech Republic because of adductor muscle stiffness. The health scare comes towards the end of a hectic month where the Tokyo Olympics javelin gold medalist had participated in two competitions — Doha Diamond League and Bhubaneswar Federation Cup — that were just four days apart.

Neeraj said via social media that he "felt something" in his adductor after a recent throwing session and wasn't taking the risk of competing because of his past problems with the muscle. "...I am not injured but I don't want to take any risk during the Olympic year so I had to take this decision. Once I feel it's fully recovered, I will get back to competitions," he said.

Manisha Malhotra, the head of Sports Excellence and Scouting at JSW Sports, the firm that manages Chopra, mentioned "back-to-back competitions" as a reason for the pull out. "Neeraj has pulled out because of adductor tightness and the fatigue of competing in back-to-back events in Doha and Bhubaneswar. The day after the Federation Cup in Bhubaneswar he trav-

elled back to Poland, where he has been training. Neeraj skipping the meet is a precautionary step. He is scheduled to participate in the Paavo Nurmi Games in Turku next month," Malhotra said.

The blip in Neeraj's preparation, so close to the July 26-August 11 Olympics, raises a question: Why did the world's top javelin athlete participate in a domestic event like the Fed Cup at Bhubaneswar?

It is learnt that the Federation Cup was not on the star javelin thrower's original schedule but he made the trip following a call with top Athletics Federation of India (AFI) officials.

In the conversation, Chopra said that he wasn't willing to participate in the June-end Inter-State Championships at Panchkula, a competition mandatory for all Olympics-bound athletes as per AFI policy, since it would disturb his training and competition schedule in Europe.

So, in lieu of that, he opted for the Fed Cup and took the Bhubaneswar detour after the Diamond League in Doha.

AFI's chief national coach Radhakrishnan Nair gave a chronology of the events. "Two weeks before the Federation Cup we had a meeting which was attended by myself, president (Adille Sumariwalla), Lalit Bhanot (AFI planning commission chief) and Neeraj."

## Govt extends Army chief Gen Pande's tenure by a month

IN AN UNUSUAL move, the government Sunday extended by a month the tenure of Army chief General Manoj Pande who was to retire on May 31.

An official statement said the Appointments Committee of Cabinet "approved the extension in service of Chief of the Army Staff (COAS) General Manoj C Pande, PVSM, AVSM, VSM, ADC for a period of one month, beyond his normal age



of superannuation (May 31, 2024), i.e. up to June 30, 2024, under Rule 16 A (4) of the Army

Rules 1954". He was appointed as the COAS on April 30, 2022. He was commissioned in December 1982 in the Corps of Engineers. He held the appointment of Vice Chief of the Army Staff before taking over as the COAS.

The extension in tenure indicates that a decision on the

selection of the next Army chief will be open for the next government. This rarely happens. In the 1970s, the term of Army chief General GG Bewoor was extended. Many believe this denied Lt General PS Bhagat to become the new Army chief. General Bewoor was succeeded by General TN Raina. —ENS

**CHALLENGE PROCESS SALE NOTICE FOR SALE OF TALWALKARS HEALTHCLUBS LIMITED (IN LIQUIDATION)**

Regd. Off.: 801, Mahalaxmi Chambers, 22 Bhulabhai Desai Road, Mumbai - 400 026 (Sale of Assets under Insolvency and Bankruptcy Code, 2016)

Notice is hereby given to public in general that the undersigned Liquidator of Talwalkars Healthclubs Limited (THL/Corporate Debtor), in Liquidation, appointed by the Hon'ble National Company Law Tribunal, Mumbai, Court-IV (Adjudicating Authority/NCLT) vide order dated 26.04.2022 (Liquidation Order) intends to sell the Corporate Debtor as a going concern (excluding liabilities), forming part of the liquidation estate of Corporate Debtor, in accordance with Regulations 32(e), 32A, and 33(2) read with Clause 2 of Schedule I of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 (Liquidation Regulations), through Challenge Process Mechanism on "as is where is basis", "as is what is basis", "whatever there is basis" and "without recourse basis".

|  |                        |
|--|------------------------|
| Last date/time for submission of tender documents/bid                    | 12-06-2024 by 5.00 P.M |
| Last date for information sharing and site visit                         | 25-06-2024             |
| Last date for submission of Earnest Money Deposit and Corresponding Bids | 27-06-2024             |

The reserve price and earnest money deposit will be as mentioned in the table below: (Amount in INR)

| Option | Description of Assets  | Minimum Bid for initiation of Challenge Process | EMD       | Incremental Amount |
|--------|--|---|-----------|--------------------|
| 1.     | Sale of Corporate Debtor as a whole on-going concern basis pursuant to Regulation 32(e) and 33(2) read with Clause 2 of Schedule I of Liquidation Regulations on "as is where is basis", "as is what is basis", "whatever there is basis" & "without recourse basis".<br>The said Challenge Process shall exclude:<br>(a) Asset(s) lying at third party premises;<br>(b) Asset(s) lying at premises located at CIT Road, Kolkata which belongs to the sister concern of the Corporate Debtor i.e., Talwalkars Better Value Fitness Limited (in liquidation);<br>(c) Cash and cash receivables;<br>(d) Applications filed in accordance with Sections 43, 45, 50, and 66 of the Code, which are pending adjudication; | 6,00,00,000                                     | 60,00,000 | 10,00,000          |

Note: Civil Court of Greater Bombay through its order dated 27 October 2020 has stayed the change of registered address of Corporate Debtor to Ground Floor, Mangal Simran, Off Turner Road, 20th Road Bandra West, Mumbai-400050

- The minimum proposed Financial Proposal for sale of Corporate Debtor as going concern (excluding the liabilities) through Challenge Process is INR 6,00,00,000 (Indian Rupees Six Crore Only). No Financial Proposal below the said Bid shall be entertained under any circumstances.
- The Notice shall be read in conjunction with the Process memorandum envisaging the Challenge Process issued by the Liquidator. Bidders are requested to send their bids to Liquidator as per the stipulations under the said Process Memorandum and as per the timelines contained therein. Interested Bidders are advised to carefully read the said Process Memorandum carefully in its entirety.
- In case an Interested Bidder does not submit the documents required under the Process Memorandum/ Challenge Process (including Inter alia Confidentiality Undertaking, Affidavit under section 29A of the IBC) in the prescribed form/format and manner, the said Interested Bidder may be disqualified by the Liquidator at his sole discretion.
- The particulars of the Corporate Debtor specified in the table above have been stated as per best knowledge.
- Information available with the Liquidator on bona fide basis. It is clarified that the Liquidator makes no representation regarding the accuracy of the status of the details.
- The prospective bidders are also advised to make their own independent inquiries regarding the Corporate Debtor.
- The liabilities of the Corporate Debtor shall be settled in accordance with Section 53 of the Insolvency and Bankruptcy Code, 2016.

For detailed Eligibility Criteria, inspection, clarification, manner in which such challenge process takes place, terms and conditions and other details, kindly write to: liquidation.thl@gmail.com

Sd/-  
Mr. Gajesh Labhchand Jain  
As Liquidator of Talwalkars Healthclubs Limited  
Date: 25/05/2024  
Place: Mumbai  
Regn. No.: IBBI/PA-001/PA-P-01697/2019-2020/12588 | AFA Validity: 22/09/2024  
Address: C-602, Remi Biz Court, Off Veera Desai Road, Azad Nagar, Andheri West, Mumbai - 400053.  
Email: liquidation.thl@gmail.com | Contact No: +91-9451898835

**Reliance Industrial Infrastructure Limited**  
Regd. Office: NKM International House, 5th Floor, 178 Backbay Reclamation, Behind LIC Yogakshema Building, Babubhai Chingai Road, Mumbai - 400 020  
Phone: +91-22-7967 9053 | E-mail: investor\_relations@riil.in  
CIN: L60300MH1988PLC049019

**NOTICE**  
(for the attention of Equity Shareholders of the Company)  
Sub.: Transfer of Equity Shares of the Company to Investor Education and Protection Fund Authority

This notice is published pursuant to the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended ("the Rules").

The Rules, amongst other matters, contain provisions for transfer of all shares, in respect of which dividend has not been paid or claimed for seven consecutive years or more, in the name of the Investor Education and Protection Fund ("IEPF") Authority.

Adhering to the various requirements set out in the Rules, the Company has, so far, transferred to IEPF Authority, on respective due dates, all shares in respect of which dividend(s) for the financial year 2015-16 or before had remained unpaid or unclaimed for a period of seven consecutive years or more. The Company has, vide its letter dated May 25, 2024, communicated individually, the concerned shareholders whose shares are liable to be transferred to IEPF Authority during the financial year 2024-25 for taking appropriate action.

The Company has uploaded full details of such shareholders and shares due for transfer to IEPF Authority on its website at [www.riil.in](http://www.riil.in). Shareholders are requested to refer to the web-link [https://www.riil.in/transfer\\_suspense\\_accountiepf.html](https://www.riil.in/transfer_suspense_accountiepf.html) to verify the details of unencashed dividends and the shares liable to be transferred to IEPF Authority.

Shareholders may note that both the unclaimed dividend and the shares transferred to IEPF Authority including all benefits accruing on such shares, if any, can be claimed back by them from IEPF Authority after following the procedure prescribed under the Rules.

The concerned shareholders, holding shares in physical form and whose shares are liable to be transferred to IEPF Authority, may note that the Company would be issuing new share certificate(s) in lieu of the original share certificate(s) held by them for the purpose of dematerialisation and transfer of shares to IEPF Authority as per the Rules and upon such issue, the original certificate(s) which stands registered in their name will stand automatically cancelled and be deemed non-negotiable. The shareholders may further note that the details uploaded by the Company on its website shall be deemed to be adequate notice in respect of issue of new certificate(s) by the Company for the purpose of transfer of shares to IEPF Authority pursuant to the Rules.

In case the Company does not receive any communication (including the unclaimed / unencashed dividend) from the concerned shareholders on or before September 3, 2024, the Company shall with a view to complying requirements set out in the Rules, dematerialise and transfer the shares to IEPF Authority by way of corporate action as per procedure stipulated in the Rules.

In case the shareholders have any queries on the subject matter and the Rules, they may contact Shri V. Balakrishnan, Vice President, KFin Technologies Limited, Company's Share Transfer Agent at Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032; Toll Free No.: 1800-309-4001 (From 9:00 a.m. (IST) to 6:00 p.m. (IST) on all working days); Email: [riilnkm@kfintech.com](mailto:riilnkm@kfintech.com); Website: [www.kfintech.com](http://www.kfintech.com).

For Reliance Industrial Infrastructure Limited  
Sd/-  
Amitkumar Mundhe  
Company Secretary and Compliance Officer  
Place : Mumbai  
Date : May 27, 2024  
[www.riil.in](http://www.riil.in)

**EXPRESS explained.Live**

**THE WEST ASIA CRISIS: WAY FORWARD IN A CRUCIAL REGION**

In conversation with

**Navtej Sarna**  
Former Ambassador of India to US, UK and Israel

**Shubhajt Roy**  
Diplomatic Editor, The Indian Express

The Hamas attack on Israel triggered merciless retaliation. Gaza is on the brink of famine, and Israel's leader could face an arrest warrant for war crimes. Israel-Iran tensions have risen dramatically; Israel-US relations have seen unusual dissonance.

What's the endgame for the war in Gaza?  
Could Israel-Iran tensions explode into war?  
What should India do in the wake in this period of uncertainty?

How could the Iranian President's death impact the regional situation?  
What are India's concerns and opportunities in this time of uncertainty?

For answers and perspective, listen to Ambassador Navtej Sarna, one of India's foremost experts on the West Asian region, at the next edition of The Indian Express explained.Live

29 May 2024 06:00 PM Join us on ZOOM

To register, SMS - IIEXP <space> "IE" <space> "Your name and email ID" to 56161  
Confirmation SMS will be your registration

Associate Partner **PLUTUS IAS** UPSC/PCS

**The Indian EXPRESS**  
— JOURNALISM OF COURAGE —