



## QUICKLY

## CROSS-LOC TRADE

## Terror funding with California almonds

New Delhi, April 19  
California almonds, known for their high nutritional value, are being used in cross-loc trade as a mode to earn profits, which are funnelled to terrorists and separatists in Jammu & Kashmir, officials have said. p4

## POCKET



Today's issue carries a 24-page supplement **BLink** (Tabloid) in select areas

# THE HINDU BusinessLine



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## EASY CASH DEPOSITS

Chennai-based start-up Life Tel is piloting a cash-deposit machine that caters to customers of all banks p7

## MORE POLL PROMISES

PM Narendra Modi promises collateral-free loans, insurance, pension and credit cards for traders if voted back to power p4

## Bankers hope for less pain as RBI readies new stressed-asset norms

Central bank working on revised rules to replace Feb 12 circular

K RAM KUMAR

Mumbai, April 19

Bankers are hoping the Reserve Bank of India (RBI) will be somewhat liberal when it brings out a fresh circular on the resolution of stressed assets. On the wish-list are an extended timeline for filing of the Corporate Insolvency Resolution Process (CIRP) with the National Company Law Tribunal (NCLT) as well as implementation of the resolution plan, and reversal of provisions at the time of change of management.

A fresh circular is required as the Supreme Court on April 2 set aside the RBI's February 12, 2018, circular on revised framework for the resolution of stressed assets.

RBI Governor Shaktikanta Das had said necessary steps, including the issuance of a revised cir-

## On bankers' wish-list

- Extension of time for filing of resolution process to 30 days from date of default
- Extension in timeline for implementation of resolution plan for large accounts to 270 days from the current 180 days
- Leeway to reverse provisions at the time of change of management



cular for quick and effective resolution of stressed assets, will be taken.

Bankers have suggested to the RBI that the time period for the filing of the CIRP with the NCLT be extended to 30 days (against 15 days in the defunct circular) on default during the 'specified period'. Extra time has been sought to explore the possibility of regularisation of accounts.

'Specified period' means the period from the date of implementation of the resolution plan (RP) up to the date by which at least 20 per cent of the outstanding principal debt as per the RP

and interest capitalisation sanctioned as part of the restructuring, if any, is repaid.

Further, banks have pitched for an extension of the 180-day timeline from the reference date for implementation of the RP in the case of large accounts to 270 days. Bankers reasoned that implementation of the CIRP within 180 days from the date of default — with mandate approval from all the banks in the consortium, taking into account techno-economic viability study, stock audit, forensic audit, completion of documentation and creation of security interest — is difficult, es-

pecially in the case of large and complex projects.

To alleviate the impact of provisions on their bottomline, banks have made a plea that they should be allowed to reverse provisions at the time of change of management under the Insolvency and Bankruptcy Code as well as outside it.

The February 12 circular had stipulated that the quantum of provisions held by a bank against a stressed account as on the date of change in ownership of a borrowing entity can be reversed only after satisfactory performance during the specified period.

## Flexible restructuring

As finance to stressed infrastructure projects is difficult when taken to the NCLT, bankers feel the circulars allowing flexible restructuring of loans to infrastructure and core industries, which were withdrawn after the February 12 circular was issued, can be brought back.

## Job offers, help pour in for Jet Airways employees

Twitterati join rival airlines in reaching out to distressed staff

AJ VINAYAK

April 19

Over 22,000 employees of Jet Airways — including pilots, cabin crew, technicians and ground staff — are staring at unemployment with the airline shutting down, but help is pouring in from various quarters, not least on Twitter.

For starters, rival airlines are hiring in a big way. While low-cost carrier Spicejet has hired 500 employees of Jet as part of its plans to induct more aircraft into its fleet soon, Air India has short-listed 150 Jet cabin crew members.

"We are giving first preference to those who have recently lost their jobs due to the unfortunate closure of Jet Airways," said Spicejet CMD Ajay Singh.

Amit B Wadhvani, a former Jet executive who now runs real estate consultancy Sai Estate Consultants in Bengaluru, has issued a press release saying his company is willing to offer jobs to the staff of his former employer. His company has also listed out the posts for which Jet employees can apply.

Salome Peters, an HR officer with Sai Estate, told *BusinessLine* in Bengaluru the company has already started receiving applications from airline employees.

Meanwhile, Twitterati, who routinely come to the rescue when disaster strikes, are now out to help Jet staff, too.

On Friday, K Srinivasamurthy (@ksmkbookscom), Director of Productivity and Quality Publishing, put out a tweet offering jobs in his organisation.

"Happy to offer two Jet Airways employees opportunities in Customer Relations in my office... Please DM me for more info Location Chennai," he said.

**A tangible 'thanks'**  
Srinivasamurthy, known as 'Cheenu' on Twitter, told *BusinessLine* he regularly travelled on Jet for nearly 25 years.

"I have enjoyed good service from them, whether it is ground staff or flight attendants. I am really impressed by their commitment and training. It is one way of saying 'thank you' in a tangible way," he said.

The HR head of Jet contacted him after fellow Twitter users brought this to the notice of the airline, he said. No employee had

approached him at the time of filing this report.

## Changing course

Amith Prabhu (@amithpr), Founding Dean of the Mumbai-based School of Communication and Reputation, put out a tweet offering an interest-free education loan for Jet employees to do a full-time postgraduate programme in his institute. "Let them benefit from it, and get jobs in PR and communication in the future," he told *BusinessLine* over phone.

He said he struggled to reach his home town Mangaluru to cast his vote because the Jet flight he had booked himself in was cancelled. "I was struggling because the flight was cancelled. I wondered how much the employees must be struggling with no jobs," he said.

Asked about the response to his tweet, Prabhu said many people reached out to him, offering support to people who are in need of it. Others offered monetary help for interested candidates. The HR head of Jet contacted him and

sought details, he added.

Kamal Karanth, co-founder of Xpheno, a specialist staffing firm, said social media is a good tool to reach out to people. While entrepreneurs have the flexibility to offer a few opportunities, large corporates cannot do this as they are bound by various rules and regulations, he said.

Karanth wondered about the number of Jet employees going for such offers. "There are certain benefits that you may not get in these enterprises. What I realised after interviewing certain people is that they want job security. Not many of them are willing to work in smaller companies," he said.

A Jet source said the airline is also working on an outplacement process and is in talks with various companies. However, it has not made announcements as it is still working on the resurrection of the airline, the source added.

There was also some curiosity on why Kingfisher Airlines staff did not find similar support when their company closed down. "It's wonderful to see the support towards the employees of @jetairways which I did not see as much when Kingfisher shut down. Did we fail those employees?" said Deepa Dey (@ddeey67).

(With inputs from our Mumbai, Delhi and Bengaluru bureaus)

Detailed aviation reports p5

## Coal Ministry may fine GMR, Essar ₹900 cr for 'non-performance'

TWESH MISHRA

New Delhi, April 19

The Coal Ministry will rake in approximately ₹900 crore from Essar and GMR for non-performance after bagging coal blocks in the first auction round held in 2015.

This follows the Delhi High Court's dismissal of petitions filed by Essar and GMR seeking

a refund of the bank guarantees deposited by them, as they were not being allowed to pass through higher bid amounts to the consumers.

GMR Chhattisgarh Energy Ltd (GCEL) had won the Ganeshpur and Talabira coal mines while Essar Power Madhya Pradesh had won the Tokisud North coal block.

The companies had argued that they were unable to monetise the blocks due to changes in the bid terms after the award of contracts. They wanted to surrender the blocks to the Coal Ministry and seek a return of the bank guarantees. However, the court dismissed their petition. "As far as Ganeshpur is concerned, it

(GMR) did not remit the second or third instalments of the upfront payment, or apply for the mining lease or forest clearance, within the stipulated time frame... we are of the view that it would not be appropriate for the writ court to afford relief to the petitioners in such circumstances."

Both GMR and Essar did not

respond to queries from *BusinessLine*. But sources close to the development said Essar is going to appeal against the High Court order.

## Bank guarantees

According to a Coal Ministry letter, bank guarantees of ₹294.9 crore and ₹261 crore respectively were to be parked

by GCEL and Essar as performance security for the Ganeshpur mine and Tokisud North coal block. GMR Infra's audit report for FY18 said: "During the period ended September 30, 2017, GCEL has filed a writ petition with the Delhi High Court for surrendering both the coal blocks allotted during the year ended March 31, 2015."

## The twain meet



Samajwadi Party leader Mulayam Singh Yadav and Bahujan Samaj Party chief Mayawati greet each other at a joint election rally in Mainpuri, Uttar Pradesh, on Friday, as SP President Akhilesh Yadav (left) watches. Mulayam and Mayawati shared a dais after decades of rivalry (Report p10) AP

## First-year premium of life insurers up 11% in FY19; LIC retains top slot

G NAGA SRIDHAR

Hyderabad, April 19

The first-year premium of life insurers increased by 10.73 per cent to ₹2,14,673 crore in FY19 from ₹1,93,866 crore in FY18.

This marks about 300-basis point decrease in the growth. The first-year premium had increased by 13.5 per cent in FY18.

## Growth-driver

An analysis of data released by the Insurance Regulatory and Development Authority of India (IRDAI) shows that growth in FY19 was driven by a 39 per cent increase in group non-single premium.

Life Insurance Corporation of India registered 5.68 per cent growth in

premium at ₹1,42,192 crore (₹1,34,552 crore).

The total first-year premium of 23 private life insurers went up by 22.2 per cent to ₹72,481 crore.

While LIC enjoyed a market share of 66.24 per cent, its private sector peers' market share stood at 33.76 per cent.

"The year was challenging indeed, with many headwinds such as markets not doing quite well. Things picked up only in the last four months for many industry players," RM Vishakha, MD and CEO, India First Life Insurance Company Ltd, told *BusinessLine*.

While the growth in group non-single premium did make an impact, there

was a traction in retail and individual policies as well, which added up to the performance, she said. India First Life registered 39.94 per cent growth in first-year premium.

However, the CEO of a leading insurance company was less upbeat. "We seem to be having a job-less growth which does not augur well for life insurance. The economy needs to be revived," the CEO said on the condition of anonymity.

## Non-life premiums

Gross premium underwritten by non-life insurance companies increased 12.91 per cent to ₹1,70,111 crore, against ₹1,50,662 crore in the previous fiscal.

## Sale of assets of Nirav Modi's US firms fetches \$10 m, but PNB can't rejoice

Secured nature of debt and priority of claims may come in the way of the bank making meaningful recovery: US expert

RADHIKA MERWIN

BL Research Bureau

Over the past few months, Richard Levin, the Chapter 11 trustee for Firestar Diamond Inc, A Jaffe Inc and Fantasy Inc — Nirav Modi's three US entities that had filed for Chapter 11 bankruptcy protection after the massive PNB fraud — has been undertaking a sale of assets of the entities.

According to US court documents accessed by *BusinessLine*, after holding public auctions for the three entities' diamond and jewellery inventories, and their patents and trademarks, the trustee has also undertaken private sales of assets.

While the first three public auctions raised about \$5.7 million, the private sales authorised so far have raked in about \$4.5 million.

But aside from the fact that the sale value of the assets appears rather small in contrast to the \$2-billion fraud at Punjab National Bank, it is unlikely that PNB will receive a meaningful recovery from

the US bankruptcy cases, say experts.

On August 24, 2018, a US court approved the trustee's proposed procedures for selling assets free and clear of all liens and other interest, by public sales.

## What was on sale

The first public auction of the US firms' trademarks and patents and associated jewellery comprised 12 lots of intellectual property (IP).

'Diamonds Are A Girl's Best Friend', one of the well-known domain names and trademarks, fetched \$50,000. Patent rights for the exclusive brands '112 Facet' and 'Patriot Star' were sold for \$25,000 and \$280,000 respectively, along with associated inventory. Subsequent public sales of inventories of diamond and jewellery brought in about \$4.7 million.

But the value of these inventories in the book (book price as disclosed in the court documents) was nearly twice — \$9.1 million — im-

ing that the sales had happened at a substantial discount to the book price.

The examiner in the US Bankruptcy Court, appointed last year to probe Nirav Modi's ties with the three US entities, had identified tens of millions of dollars of purported diamond sales by the US companies to various shadow entities, where payment could be traced to proceeds from the alleged PNB fraud in India.

The investigation had also corroborated that transactions were used to inflate diamond inventory and accounts receivables artificially, to justify the need for Letter of Undertaking (LoU) financing. After he had completed the public auctions, the trustee was authorised to conduct private sales.

The trustee undertook private sales to companies such as Macy's Inc, Unique Designs, Simplex Inc, Martin V Marten and Diamond Traders International. Such sales authorised by the court have amounted to

Public sales of trademarks, patents and jewellery			
Sale value	Assets sold		
\$9,74,000	Domain names: 'Diamonds Are A Girl's Best Friend' (Diamondsareagirlsbestfriend.com, Diamondsareagirlsbestfriends.com, Diamonds-are-a-girls-best-friend.co)		
	Active trademarks: 'Diamonds Are A Girl's Best Friend', 'Perfect Cut', 'Patriot Star', 'Diamond Hub'		
	Active patents: Composite patents, 112 Facet Diamond, Patriot Star, Contour Ring		
	General patents and trademarks		
	Associated inventory		
Public sales of diamonds and jewellery			
Sale value	Book Price		
\$47,65,100	\$91,58,416		
Private sales of diamond and jewellery			
Buyer	Sale value	Buyer	Sale value
Macy's	\$1,35,000	Diamond Traders Intl	\$11,29,250
Unique Designs*	\$75,000	Jerry Hogan	\$2,49,783
Simplex Inc	\$52,000	Parag Diamonds	\$5,35,960
Unique Designs	\$13,62,007	GBC	\$5,21,700
Martin V Marten	\$1,72,100	Simplex Inc	\$59,000
Unique Designs	\$1,32,044	Diamond Traders Intl	\$81,005

\*Includes silver and jewellery samples, CAD files for jewellery styles and jewellery moulds  
Source: Compiled from various US court documents authorizing sales undertaken so far Pic: NYT

about \$4.5 million so far.

"Chapter 11 Trustee Levin's recent successful private sales benefit the Firestar Diamond Inc Chapter 11 estate as they are a more efficient and less expensive method of monetising the assets.

"These cases were filed in late February 2018, nearly 14 months ago, but in many ways they are just warming up with the arrest of Nirav Modi and filing of the recent RICO (Racketeer Influenced and Corrupt Organisations

Act) suit," said Seth R Freeman, Senior Managing Director of GlassRatner Advisory and Capital, LLC, a global specialty financial advisory services firm based in San Francisco.

He added that complex fraud-related bankruptcy cases, such as Firestar Diamond and DC Solar Solutions, are very expensive to administer. He recently served as the chief restructuring officer in the DC Solar bankruptcy involving a \$2-billion alleged fraud.

"It is vital for the Chapter 11 debtors to be able to generate cash to finance the case and ideally provide a distribution to the creditors," Freeman explained.

**Traced back to PNB fraud**  
So, will PNB get any monies out of these sales made by the trustee? Unlikely, said Freeman.

"While the examiner in Firestar Diamond demonstrated the connection with fraud against PNB, given the secured debt and priority of claims in the US bankruptcy, I think it is unlikely that PNB will receive a meaningful recovery from the US bank-

ruptcy cases. However, the facts developed in the US cases may provide support for third-party claims and other recoveries that benefit PNB in India," he added.

Concerned over the links among the US entities, their suppliers and Nirav Modi, and the manner in which the diamantaire's companies, as 'Debtors in Possession', conducted the Chapter 11 process, the independent trustee was appointed by the US court last year to assume control of the assets to maximise recoveries for the creditors.

The examiner appointed to probe Nirav Modi's ties with the three US entities had revealed that they were directly involved in transactions related to the LoU fraud at PNB.

The findings of the examiner in the 170-page report, which *BusinessLine* had covered at length (see bit.ly/2T96OMc) had disclosed that Nirav Modi's US entities engaged in a large volume of suspect transactions with shadow entities (shell entities created for laundering of funds obtained fraudulently from PNB).

## Crops in Gujarat, Rajasthan hit by rain; farmers approach govt

OUR BUREAU

Ahmedabad, April 19

After a devastating hailstorm and unseasonal rains earlier this week in parts of western India that damaged crops, farmers in Rajasthan and Gujarat are now pinning their hopes on government assistance to make up for the losses.

The worst hit are horticulture farmers and wheat growers, who are in the middle of the harvest season.

According to estimates by farmers, 20 per cent of the crops in Rajasthan and Gujarat has been damaged due to hailstorm and rains. The affected crops include summer sesame seed, wheat, pulses, mustard and castor seed.

The Gujarat wing of the Bhartiya Kisan Sangh (BKS) has approached the State government seeking compensation to farmers who have suffered losses.

Farmers in Rajasthan and North Gujarat have expressed hope that the government would support them.

Details p9