DHFL's draft plan proposes debt-equity conversion

PRESS TRUST OF INDIA
NEW DELHI

Debt-ridden mortgage lender DHFL floated a draft resolution plan under which it proposes to convert debt into equity, subject to approval of investors and bankers.

The Wadhawan family, which owns a little over 39% in the company, has been looking at various ways of coming out of the stress, which came to light in 2018 following the IL&FS bankruptcy. These include selling stakes in group entities, including in the flagship to the extent of giving up half of their stake.

On September 27, the company held a meeting to present the draft resolution plan to all its institutional creditors including banks, financial institutions, mutual funds, insurance companies and other institutional bond holders, and to apprise them of the steps required to be undertaken to implement the Resolution Plan, DHFL said in a filing to stock exchanges on Saturday.

The plan assumed a price of ₹54 per share for debt conversion into equity by lenders to acquire 51% in the company, it said.

This proposed resolution plan, including all projections, cash flows, computation of liabilities, etc. are based on reports received from various consultants appointed by the lenders and the company, it added.

The cash flow projections factored in for the proposed resolution plan do not take into account any tax impact that may occur, in the hands of the borrowers, it said.

Clear vendor dues by Oct. 15, PSUs told

Finance Minister asks public sector firms to front-load investment for the second half of current fiscal

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NEW DELHI

Capex needs to be given a vigorous push in the next two quarters, says Nirmala Sitharaman. ▪ SANDEEP SAXENA

The government on Saturday set October 15 as the deadline for central public sector units to clear overdue payments to vendors and exhorted them to front-load capital expenditure, as it looks to lift economic growth from a six-year low.

Finance Minister Nirmala Sitharaman, who reviewed capital spending programmes with heads of 32 Maharatna and Navratna Central Public Sector Enterprises (CPSEs), said the state-owned companies have been asked to front-load investment for the second half of the current fiscal.

CPSEs have been asked to submit a road map for the next four quarters by October 15, she said after the meeting. "It was decided that all pending dues to be cleared by October 15 and by October 15, they will have a portal through which all dealers and contractors shall start monitoring their payment," Ms. Sitharaman said.

"Meeting [will be held] with the RBI and the Finance Secretary and select number of CPSEs to talk about why bank guarantees are becoming a big hitch or hurdle in government paying up the 75% post arbitration awards. If that is the case, then I will seek RBI's help," she said.

Also, the CPSEs have been asked to detail the lifespan of arbitrations that lock payments after disputes with vendors and contractors, she said.

'Spurs investment cycle'

The Minister stressed that capital expenditure (capex) needed to be given a vigorous push in the next two quarters. CPSEs must ensure that regular payments are cleared expeditiously as it spurs the investment cycle, and must establish the e-billing portal for enabling stakeholders to track the status of payments, she said.

She added that special efforts must be made to clear dues of MSMEs and resolve cases on the SAMADHAN portal of the Department of MSME.

Finance Secretary Rajiv Kumar said that 34 central PSUs have already spent ₹48,077 crore till August, and have detailed spending of another ₹50,159 crore till December 2019. An additional ₹54,700 crore would be spent in the January-March quarter.

The expenditure plan is on track and companies have expressed their willingness to meet the target set for the current fiscal, he said.

Expenditure Secretary Girish Chandra Murmu said the capex of all the 244-odd PSUs would be about ₹4 lakh crore for the current fiscal.

IRDAI-NHA panel bats for strong law to deter health insurance fraud

'Standardise definition of fraud, abuse'

N. RAVI KUMAR
HYDERABAD

▪ GETTYIMAGES/ISTOCK

A sub-group on fraud control in health insurance, forming part of the joint working group of National Health Authority and the Insurance Regulatory and Development Authority of India (IRDAI) has advocated a strong law to act as a deterrent.

A strong legislation – National Health Insurance Anti-Fraud Act – is "required to effectively to deal with the whole gamut of activities for preventing, detecting and deterring fraud." This would benefit the entire ecosystem, including private paid health insurance, the sub-group's report said.

Anti-fraud task force

Suggesting that such a law should provide for setting up of a special anti-fraud task force to take punitive action, carry out recoveries, searches and seizures, the report said joint collective measures by all payers would have great impact on fraudulent practices of providers "which are the major players for fraud."

While IRDAI is the regulator for the insurance sector, the National Health Authority (NHA) is the nodal agency for implementing the Pradhan Mantri Jan Aroygya Yojana (PMJAY) or Ayushman Bharat as the healthcare scheme is known.

In the set of recommendations and measures for collaboration, the sub-group said the definition of fraud and abuse should be standardised.

Also, the contracts entered into by a payer – with policy holder, empanelled hospitals, intermediary, employee – should mandatorily incorporate a standard definition of fraud, clauses, and the resulting punitive action that those indulging in them could face.

The report also emphasised the need for creation of a common talent pool for effective investigation and a certification programme for ensuring minimum standards.

The impact of healthcare fraud is not only financial but also on the people's health, and was an issue of "grave concern.

As the coverage/penetration of health insurance expands to more people, for more services, the element of fraud and abuse will also go up exponentially if handled inadequately," the report said.

With the launch of Ayushman Bharat, the number of people covered under health insurance - private paid, organised through insurance companies under the aegsis of IRDAI or government funded, organised by State governments, now stands at 65 crore, including 15 crore under private paid insurance and 50 crore under PMJAY.

RBI brings Lakshmi Vilas Bank under PCA

Action due to 'high level of bad loans, lack of sufficient capital to manage risks'

PRESS TRUST OF INDIA
NEW DELHI

Dark clouds: The move may cast doubts over the proposed merger of Indiabulls Housing Finance with LVB. ▪ BIJOY GHOSH

The Reserve Bank has initiated Prompt Corrective Action (PCA) against Lakshmi Vilas Bank (LVB) due to a high level of bad loans, lack of sufficient capital to manage risks, and negative return on assets for two consecutive years, the private sector lender said on Saturday.

The RBI move comes at a time when the Delhi Police Economic Offences Wing has registered a complaint against the board of LVB alleging cheating and misappropriation of funds.

The regulatory action may cast doubts over the proposed merger of Indiabulls Housing Finance with LVB, which is awaiting RBI nod.

The Delhi High Court on Friday agreed to hear a petition alleging that Indiabulls had given loans worth crores of rupees to shell companies. In a regulatory filing, LVB said RBI had taken the action "on account of high net NPAs, insufficient Capital to Risk (weighted) Assets Ratio (CRAR) and Common Equity Tier 1 (CET 1), negative return on assets for two consecutive years and high leverage."

PCA was initiated after an on-site inspection, under the risk-based supervision, was carried out for the year ended March 31, 2019.

"RBI has also advised the bank on the restrictions put in place and the actions to be taken by the bank, which the bank has taken note of for necessary compliance, with progress to be reported on a monthly basis to RBI," it added.

For FY19, the bank's net NPA stood at 7.49%, capital adequacy ratio was at 7.72% and its return on assets was (-) 2.32%. It had reported a net loss of ₹894.10 crore for 2018-19.

PCA is aimed at improving the performance of the bank and will not have any adverse impact on the day-to-day operations, including acceptance/repayment of deposits in the normal course, LVB said.

Glenmark to raise debt up to $200 mn

PRESS TRUST OF INDIA
NEW DELHI

Glenmark Pharmaceuticals on Saturday said its shareholders had approved a proposal to raise up to $200 million (about ₹1,413 crore) through issuance of debt securities.

The proposal was approved at the company's annual general meeting held on September 27. "All the resolutions were declared passed with the requisite majority," the company said in a BSE filing.

According to the proposal, the firm plans to raise up to $200 million in Indian and/or international markets through bonds, debentures or other debt securities in one or more tranches.

'Amazon India's growth trajectory intact'

E-tailer onboards 1.2 lakh new sellers, 90,000 additional delivery staff this year

MINI TEJASWI
BENGALURU

Gopal Pillai

Amazon India expects sales volumes from this year's Great Indian Festival to go 'much higher' than what it sold a year ago.

Gopal Pillai, president, Seller Services, Amazon India, told *The Hindu*: "All indicators for this season look fantastic for us. In the last 12 weeks, we have not seen any deceleration in our sales and, in fact, our growth trajectory for India is quite intact."

As a preparatory step, the e-tailer has on boarded 1.2 lakh new sellers on its platform, taking its seller population in the country to 5 lakh, from 3.8 lakh a year ago.

The company has also engaged additional delivery staff of 90,000 across the country. "We have reworked the delivery channels and the speed is going to be significantly better this year," he said.

The e-commerce major will kick off a month-long online shopping extravaganza starting midnight of September 28-29, and the first wave of deals will be available until October 4. Amazon said it experienced an overwhelming response from the seller community. With new sellers onboarded, the marketplace has over 200 million items. The company has also expanded its warehousing facility to 26 million cubic feet. According to Mr. Pillai, Amazon's India experience has been good so far. "Our loyalty programme, Amazon Prime, has received a 2x growth with millions of buyers coming to us."

Rising sales volume

Commenting on the value the platform had been creating for the seller community, Mr. Gopal said in the last 12 months, sales volumes for 23,000 sellers had doubled, 18,000 sellers reported threefold growth, while 14,000 sellers posted fivefold growth after selling on the platform.

"As a result, our seller profile has also seen a dramatic change. This year, we already saw 15,000 millionaires and 3,500 crorepatis being born on Amazon India," he added.

Amazon recently introduced three different seller cohorts such as Amazon Karigar, Amazon Saheli and Launchpad. Over 2,400 weavers and artisans as well as State co-operative bodies, who directly impact 8 lakh lives, will showcase over 55,000 products.

Saheli 'empowers' over 1 lakh women from underserved and underprivileged communities, while Launchpad offers opportunity to over 800 start-ups to showcase 8 lakh products.

Amazon's Global Selling Programme has generated a cumulative Gross Merchandise Sales of $1 billion in the last four years, which is expected to grow to $5 billion by 2023, the e-commerce major said.

Indiabulls Real Estate may sell U.K. property

PRESS TRUST OF INDIA
NEW DELHI

Indiabulls Real Estate on Saturday said shareholders have approved the proposal to sell its London property to promoters for £200 million in an annual general meeting held on September 28.

Earlier, the company had disclosed its plans to focus on its India business and cut down on debt.

In the notice for the AGM, the company had said, "In light of continuing Brexit related issues and uncertainty around it, the London property market remains sluggish."

Meanwhile, the Delhi High Court on Friday decided to examine allegations, based on a PIL, of financial irregularities against promoters of Indiabulls Housing Finance Ltd.

IRDAI issues norms for travel policies sold via portals

Wants details of insurance firm, premium clearly specified

SPECIAL CORRESPONDENT
HYDERABAD

An option to de-select before concluding the transaction needs to be provided

Travel insurance policies sold through travel agencies, portals or offered under the group platform, need to specify the insurance company offering the cover, the premium collected towards the same, as well as the rate of applicable tax.

This is one of the many norms the Insurance Regulatory and Development Authority of India (IRDAI) has issued, presumably for greater disclosure by insurers and intermediaries, and towards better clarity for policyholders.

Besides this, the regulator has stipulated that in case of domestic travel, the premium should not be received more than 90 days in advance to the date of commencement of the risk covered or while purchasing the travel tickets, whichever is earlier.

Insurance covers towards overseas travel, however, can be issued at any time, IRDAI said in its circular on travel insurance products and operational matters to general and standalone health insurers.

'No preselect option'

The regulator said insurers ought to ensure that the portal or app providing travel cover should not have a preselect option of buying the policy as a default option.

The prospective customer should be able to specifically choose whether or not to buy the cover. Further, an option to opt out or de-select before concluding the transaction needs to be provided.

Those buying a travel cover should be provided details such as the benefits, terms and conditions on the screen itself and give their consent in confirmation of having read and understood the terms and conditions.

The norms come into force with immediate effect. All group travel insurance arrangements not in compliance to the norms shall be terminated with effect from October 1, 2019, IRDAI said.

'Chemical sector to double size to $300 bn by 2025'

'India will become manufacturing hub'

SPECIAL CORRESPONDENT
MUMBAI

Vijay Sankar

Indian Chemical Council (ICC), the apex body dedicated for the growth and development of chemical industry in India, is aiming to double the size of the industry to $300 billion by 2025.

"The Indian chemical industry has witnessed robust growth in the past decade and the potential for future growth is significant. In the coming years, India is expected to rise both as a manufacturing capital for valued goods as well as a consumer-driven economy, from a broader perspective," Vijay Sankar, president, ICC, said.

Growth in consumer base, changes in lifestyle, increase in disposable incomes and focus on healthcare and hygiene have created higher demand for the sector, he said.

Also, factors such as growth in specialty chemicals and pharmaceuticals, low per capita consumption leaving headroom for growth and likely demand growth from paints, textiles and diversified manufacturing base, would scale up the potential of Indian chemical industry, he added.

Kingston bets on HyperX for online gaming

SPECIAL CORRESPONDENT
MUMBAI

Kingston Technology, a leading manufacturer of memory devices, is planning to grow in the online gaming segment in India with its high performance gaming product division HyperX. "HyperX contributes up to 15% to 18% in overall revenue of Kingston and in the next three years, it is expected to rise from 25% to 30%," Vishal Parekh, marketing director, Kingston Technology & HyperX India, said.

He said HyperX had been instrumental in popularising competitive gaming in the country and had played a major role in changing the eSports gaming scenario. Kingston reported global revenue of $8.3 billion and achieved around 35% growth in Asia.

Spoton close to acquiring third-party logistics firm

Aims to combine air and road express businesses thereafter

LALATENDU MISHRA
MUMBAI

Abhik Mitra

Spoton Logistics, a multimodal express logistics company in India, is close to announcing an acquisition of a third-party logistics (3PL) company to provide a comprehensive offering to its customers. The company is doing due diligence with two to three players and the announcement is expected in a few quarters.

"We are looking at an inorganic play in third-party logistics space which will be an acquisition or partnership. We are evaluating a few different scenarios," said Abhik Mitra, MD & CEO, Spoton Logistics.

"Our customers who avail express business also need a third party logistics. It is a player with pan-India presence. We are looking at it internally between us and our investors. We have not reached a firm conclusion. But funding is not an issue," he said.

"So, thereafter, Spoton will have an express business which will combine the air express and road express business. And another business called the third party logistics. These will be two separate business units run with their own set of key performance indicators and metrics. We will look at synergy possibilities," he added.

The company had grown from ₹180 crore in 2012 to ₹700 crore this year and the growth momentum would continue despite the temporary setback to the economy, he said.

"Over the last three years we had a CAGR of 25% as compared to industry growth of 12-13%. That makes us the fastest-growing express logistics company in India. We have more headroom for growth," he added.

Super Plastronics raises Noida plant capacity

It can now make 85,000 TVs a month

SPECIAL CORRESPONDENT
CHENNAI

Super Plastronics Pvt. Ltd. (SPPL) has expanded its television manufacturing facility in Noida by investing almost ₹300 crore over the last two years, said a top official.

"We recently completed a total investment of ₹300 crore," said Avneet Singh Marwah, director and CEO, Super Plastronics Pvt. Ltd. "With this, our total manufacturing capacity has risen to 85,000 units per month from 30,000 units per month earlier."

According to Mr. Marwah, SPPL integrated two of its manufacturing plants in Noida into a single unit. It had invested about ₹150 crore in each plant. "We have an exclusive brand licence to produce Thomson TVs and Kodak TVs in India. Thomson TVs constitute a majority of the production. We are also exploring the export of Thomson TVs," he said. Currently, SPPL has three manufacturing plants at Noida, Jammu and Una in Himachal Pradesh.

To a question, he said it made sense to set up a unit in Chennai due to its proximity to sea ports and as it also came on the Chennai-Tirupati freight corridor.

Mr. Marwah was in the city to announce plans to sell 1.5 lakh units of Thomson TV smart television sets during the five-day 'Flipkart Big Billion Day' sale which was expected to fetch the company about ₹500 crore.

SPPL will offer Android 4K TVs starting from ₹5,999 for a 24-inch set to ₹55,999 for a 65-inch set.