

IN BRIEF



FM holds meeting on GST simplification

NEW DELHI
Finance Minister Nirmala Sitharaman on Saturday held a meeting with chartered accountants, traders and other stakeholders as part of efforts to further simplify Goods and Services Tax (GST) forms and make the filling process more user friendly. To highlight the problems faced by GST filers, the stakeholders attempted to file specific returns on a real-time basis in the meeting and tried to show where they were facing difficulties. PTI

Vodafone Idea plans to monetise data centres

NEW DELHI
Vodafone Idea said it was exploring the monetisation of data centres as part of its debt reduction plans. Apart from data centres, Vodafone Idea is planning to monetise its 11.15% stake in Indus Towers on completion of the Indus Towers-Bharti Infratel merger, and is also exploring monetisation of nearly 1.6 lakh km of fibre. "We believe this will provide us financial flexibility," Vodafone Idea MD & CEO Ravinder Takkar said. PTI

SPIC net rises 9.86% despite drop in revenue

CHENNAI
Southern Petrochemicals Industries Corp. Ltd. (SPIC) has posted a 9.86% increase in standalone net profit for the second quarter ended September 2019 to ₹12.70 crore. Revenue dropped by 28.05% to ₹627.63 crore due to sluggish market conditions. "I am confident that our performance will pick up pace in the ensuing quarters," said Ashwin Muthiah, chairman, SPIC.

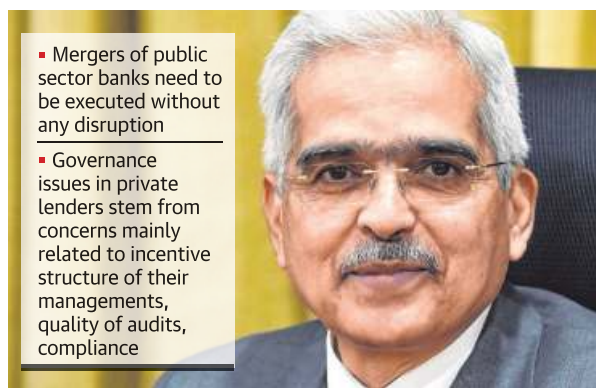
Governance key concern for PSBs: Das

Lack of corporate governance has led to high bad loans, capital shortfalls, frauds, says RBI Governor

**SPECIAL CORRESPONDENT
MUMBAI**

Reserve Bank of India (RBI) Governor Shaktikanta Das on Saturday said corporate governance remained the central concern of public sector banks, the lack of which was responsible for problems such as high bad loans, capital shortfalls and frauds.

Speaking at the first Annual Economics Conference of Amrut Mody School of Management, Ahmedabad University, Mr. Das termed corporate governance in public sector banks 'the elephant in the room' and said, "The role of independent boards in fostering a compliance culture by establishing the proper systems of control, audit and distinct reporting of business and risk



- Mergers of public sector banks need to be executed without any disruption
- Governance issues in private lenders stem from concerns mainly related to incentive structure of their managements, quality of audits, compliance

management has been found wanting in some PSBs, leading to build-up of NPAs."

On the issue of merger of PSBs, he cautioned that the process needed to be executed without any disruption.

"I must, however, hasten to add that the merger process has to be executed without creating any disruption

in the normal functioning of these banks," he said.

The government had earlier announced the merger of 10 public sector banks into four, and the process is expected to be completed by March 2020.

The RBI Governor said governance issues in private sector banks originated from

an altogether different set of concerns, which were mainly related to the incentive structure of their managements, quality of audits and compliance, and functioning of audit and risk management committees.

'IBC a game changer'

On resolution of stressed assets, Mr. Das said despite delays in resolution in the bankruptcy process, the Insolvency and Bankruptcy Code, 2016 had been a game changer.

"I am optimistic that these are teething problems in a new law. The real impact of the IBC is to be seen in fresh cases where I expect the law to provide an efficient avenue to effect a resolution," he said. In this context, he said various efforts towards

resolution of stressed assets had resulted in non-performing assets (NPAs) of the banking system declining for the first time in March 2019 after a gap of seven years.

"Fresh slippages declined and the system-level provision coverage ratio jumped to 60.5% from 48.3% a year ago," he said, adding that the capital adequacy ratio of the banking system had increased to 14.3%, much higher than the Basel norms, which was also due to recapitalisation of PSBs to the tune of ₹2.9 lakh crore in the recent period.

The RBI Governor also highlighted the steps taken over the years leading to the digital payments-to-GDP ratio rising to 8.6% at end-March 2019, from 6.7% at end-March 2016.

Godrej Locks eyes global expansion, export growth

Digital locks' share in product mix rises

**LALATENDU MISHRA
MUMBAI**

Godrej Locks, a business unit of Godrej & Boyce Mfg. Co. Ltd., is eyeing double-digit growth this year and hopes to continue the growth momentum.

The company is also planning to sharply enhance its exports business, a top executive said.

"We are driving international business very muscularly. We have a good footprint today with [presence] in, and around India, the SAARC countries, the Middle East and the entire sub-Saharan Africa. There are plans to get into more and more countries," Shyam Motwani, executive VP and business head, Godrej

Locks, said in an interview.

The firm now exports to over 27 countries. "Currently, 3-4% of the revenue comes from exports and our plan is to take it to 25% of our revenues," he said.

He said the company is aiming to cater to the requirements of the Indian diaspora living all over the world and who understand and know the brand well.

"Over time, we will improve the share of international revenue and take it to the desired aspiration of 25% of total revenue."

The company is also raising the share of digital locks in the product mix. From FY15 to FY19, its digital door locks segment grew at a CAGR of 13%.

Anil Ambani exits RCom board

Four others too resign; firm records Q2 loss of ₹30,142 crore

**SPECIAL CORRESPONDENT
MUMBAI**

Reliance Group chairman Anil Ambani on Friday resigned as the director of the bankrupt Reliance Communications (RCom). This follows the company's reported consolidated loss of ₹30,142 crore, the second highest in corporate India after Vodafone Idea, whose quarterly financials came out on Thursday.

Chhaya Virani, Ryna Karani, Manjari Kacker and Suresh Rangachar have also resigned as directors, the company said in a filing with the BSE on Saturday.

The company recorded a humongous loss of ₹30,142 crore after provisioning for statutory licence fee and spectrum usage dues, following the recent Supreme



Anil Ambani

Court order favouring the Telecom Department on calculation of adjusted gross revenues. This compares with a profit of ₹1,141 crore a year earlier.

"The resignation of Manikantan V. and appointment of D. Vishwanath as executive director and chief financial officer have been put up to the Committee of Credi-

tors [COC] for their approval... Since the company is under CIRP [Corporate Insolvency Resolution Process], the above resignations are being put before the COC members for their consideration," said the statement.

RCom had filed for insolvency and owes ₹47,000 crore to financial creditors.

Last month, the company's chief financial officer Manikantan V. had tendered his resignation.

RCom had provisioned ₹25,588 crore for liability on account of licence and spectrum fee, leading to the massive loss. Industry biggie Bharti Airtel also reported a loss of over ₹23,000 crore due to similar provisions.

RCom's revenue from operations in the second quarter fell by 70% to ₹302 crore.

CESC calls off demerger of power business

State regulator refuses nod for recast

**SPECIAL CORRESPONDENT
KOLKATA**

CESC Ltd., the flagship company of the RP-SG Group, has called off its proposal on the demerger of its power business.

The group's power business comprises thermal power plants in West Bengal and Maharashtra, renewable power plants in Tamil Nadu, Rajasthan, Gujarat and Madhya Pradesh, and power distribution franchisees in Rajasthan and Maharashtra. It will make "necessary application to the Kolkata Bench of the National Company Law Tribunal in this regard," the company said in a regulatory filing.

The demerger of the power business was part of a composite scheme of arrangement among CESC and 9 other firms.

The scheme was made effective from October 2017, barring the part on the demerger of the generation undertaking into Haldia Energy Ltd., a wholly owned subsidiary.

The CESC board at its meeting decided "it would be prudent and in the best interest of the company, its shareholders and other stakeholders to no longer pursue the said demerger," the company said. The Composite Scheme of Arrangement created new firms out of CESC's retail business, its FMCG and ITES businesses.

Its generation and distribution businesses were to be segregated under the CESC demerger scheme. The West Bengal power regulator's nod was not available for this part of the recast proposal.

Hind Rectifiers to focus on opportunities in metro rail

Bets on electric locomotives for IR

**LALATENDU MISHRA
MUMBAI**

Hind Rectifiers Ltd., which manufactures a range of products for the Indian Railways and for industrial applications, is gearing up to develop new products and tap opportunities in emerging areas of metro rail and the overall mobility space, its CEO Suramya Nevatia said in an interview.

The company, which produces converters, control electronics, transformers, rectifiers, inverters and semi conductor devices, has lined up a new range of products through enhanced focus on Research & Development (R&D).

"Our main focus is Indian Railways. We want to develop technology which is more efficient, low cost and durable, which we can pro-

vide to Indian Railways. Through emphasis on R&D we want to be a technology company that does manufacturing," he said.

"Emerging areas for us is electric locomotives; Indian Railways is planning to increase the number of units from 650 to around 1,000 every year." Apart from this, they are planning to acquire about 4,000 more passenger coaches, which is a big opportunity, he said.

Besides, the firm is looking for large orders from the upcoming metro rail projects in the country. "The biggest opportunity for us is the Mumbai Metro. Apart from that, we are also looking at EMUs and mono rail," Mr. Nevatia said. The company is also in the process of designing chargers for electric vehicles.

Wildcraft to make rucksacks for Army

It will supply 1.8 lakh units of 90-litre bags that can carry supplies for 30 days

**MINI TEJASWI
BENGALURU**

For the first time in the history of the Indian Army, a third-party firm will make rucksacks for its jawans.

The private outdoor gear firm Wildcraft India has bagged an order from the Ministry of Defence to design, develop and deliver 1.8 lakh units of 90-litre rucksacks equipped to carry supplies for 30 days.

"Our R&D has been accredited by the Ministry of Defence. All trials and final sampling of the product are over and the Ministry has given the go-ahead for production of rucksacks," said Gaurav Dubhashi, co-founder of Wildcraft.

Production of the gadget that comes with high technical specifications will be-

gin soon and delivery will be completed in 12 months.

Siddharth Sood, also co-founder of Wildcraft India, said this work order came through a commercial tender and the company would design the rucksack as per the specifications given by the Army and the product will be proprietary to the Indian Army. Wildcraft is expecting more such orders from the Ministry on behalf of the Army, which has more than 1.4 million jawans.

This is a 'heavily-engineered' accessory meant for jawans, who are exposed to extreme envi-

ronments and climatic conditions. These high torso bags will be made out of high grade nylon and will have high resistance to abrasion. They come with a lightweight alloy back

- This is the first time that a third-party company will make rucksacks for jawans

- These bags are made using high grade nylon and will be resistant to abrasion

- They come with a lightweight alloy back frame so that they comfortably stay on the back of soldiers even after they are mounted with armament



frame so that they comfortably stay on the back of soldiers even after they are mounted with armament.

The Indian Ordnance Factories, an industrial organisation under the Department of Defence, currently makes such bags for the Army.

₹1,000-cr in revenue

Wildcraft, which specialises in outdoor gear, clothing and footwear, said that in a couple of years, it would be a ₹1,000-crore revenue firm, up from ₹630 crore currently.

It had raised \$11 million from Sequoia Capital for a 20% stake in 2013. Mynta and its parent firm Flipkart have also taken minority stake in Wildcraft for an undisclosed sum.

On a roll

Source: BSE

While the Sensex has risen nearly 12% so far in 2019, stocks of most listed insurance firms have outperformed the benchmark by a wide margin and have zoomed 50-70%

Name	Share price as on (in ₹)		
	Dec.31, 2018	Nov.15, 2019	% change
ICICI Prudential Life	323.90	522.00	61.16
ICICI Lombard GI	865.70	1,379.15	59.31
SBI Life Insurance	596.45	1,002.10	68.01
GIC	258.80	258.00	(0.31)
HDFC Life Insurance	387.55	577.65	49.05
Sensex (Points)	36,068.33	40,356.69	11.89

Insurance stocks shine in financial sector

SBI Life Insurance surges 68% in 2019

**ASHISH RUKHAIYAR
MUMBAI**

A strong growth in new business, strong distribution franchise and a sustained shift towards high-margin segments have made listed insurance companies the green shoots in the otherwise battered financials space, where banks and non-banking financial companies (NBFCs) are witnessing extreme volatility with a downward bias.

In 2019, while the Sensex has risen nearly 12%, stocks of most listed insurance firms have outperformed the benchmark by a wide margin and have surged between 50% and 70%.

SBI Life Insurance has been the best performer with its shares gaining 68% in 2019 till date. The stock surged from ₹596.45 in December 2018 to the current market price of ₹1,002.10.

ICICI Prudential Life Insurance has also gained more than 60% in 2019.

Sharp re-rating

Morgan Stanley, in a report released on Thursday, said that stocks of insurance players have re-rated sharply due to strong new business growth and continued diversification of earnings

towards protection and annuity products. "Insurers' increased focus on traditional non-par savings products (annuities/guaranteed savings) along with protection has helped drive strong value-of-new-business (VNB) growth even as ULIP (unit linked insurance plan) premium growth moderated," it said.

"We believe the mix shift towards higher-margin segments is in early stages and will continue to drive strong VNB growth over the medium term, even as lower interest rates moderate the pace of sales of annuities/guaranteed interest rate products," it added.

The global financial major believes that life insurance players have "strong distribution franchises, good cost and persistency metrics, and are well placed to gain market share."

Morgan Stanley, however, added that the recent surge in stock prices has stretched the valuations "above mean levels" that could imply "limited upside" in the near term. General Insurance Corporation has been a laggard among listed insurance firms in 2019, though it touched its 52-week high of ₹333.85 on October 31.