ECL Finance plans to raise up to ₹500 crore via NCDs

To offer additional incentive to existing NCD/bond holders

OUR BUREAU
Mumbai, November 3

ECL Finance Ltd (ECLF), the NBFC arm of Edelweiss Financial Services Ltd (EFSL), on Sunday, announced the public issue of secured redeemable non-convertible debentures (NCDs) aggregating up to ₹500 crore.

To ensure that the NCD issue sails through, the company said existing holders of NCDs/bonds previously issued by it and/or are equity shareholder(s) of the promoter, EFSL, as the case may be, on the deemed date of allotment, are eligible for an additional incentive of 0.25 per cent per annum. According to EFSL's stock exchange filing, the NCDs offer an effective yield (cumulative) of 9.90 per cent per annum for 24 months tenure, 10.20 per cent per annum for 39 months tenure, up to 10.40 per cent for 60 months tenure, and 10.41 per cent for 120 months tenure (monthly option).

NBFC crisis

The additional incentive offer comes in the backdrop of banks turning conservative in lending to NBFCs following the debt default crisis at IL&FS and mortgage lender DHFL coming under enforcement agencies lens for alleged diversion of funds.

The funds raised through this 'tranche II' issue, whose base issue size is ₹100 crore, with an option to retain oversubscription up to ₹400 crore, will be used for the purpose of onward lending and repayment of interest and principal of existing borrowings of the company and for general corporate purposes, it added.

Scan & Share

"CRISIL has rated the offering AA-/stable and CARE has rated it as AA-/stable. These ratings indicate that the instruments are considered to have a high degree of safety for timely servicing of financial obligations and carry very low credit risk," said EFSL. The issue opens on November 4 and closes on November 22, with an option for early closure. The NCDs will be listed on the BSE to provide liquidity to investors.

Deepak Mittal, MD and CEO of ECL Finance

Deepak Mittal, MD and CEO of ECL Finance, said: "We continue to focus on maintaining the quality of our loan book. While we have maintained a diversified business, we hope to further diversify our funding sources, with the public issue of NCDs."

ECL Finance had announced the issue of tranche I NCDs on May 10 with a base size of ₹150 crore and an option to retain oversubscription up to ₹150 crore aggregating to a total of ₹300 crore. "The tranche I issue witnessed a keen interest from retail investors with the retail bucket being oversubscribed by 2.36 times with total collection of about ₹212 crore," the company said.

SEBI DIRECTIVE

Banks start disclosing divergence in asset classification and provisioning

OUR BUREAU
Mumbai, November 3

United Bank of India, Union Bank of India, Indian Bank, and Corporation Bank have so far made disclosure of divergences and provisioning beyond specified threshold in the wake of the recent SEBI directive that banks have to make such disclosures within 24 hours of receiving the Reserve Bank of India's risk assessment report (RAR).

Scan & Share

With the RBI assessing that United Bank of India has to make ₹1,617 crore more provisions towards non-performing assets (NPAs) for FY2019, the Kolkata-headquartered public sector bank's net loss widened by the amount of additional provisions made to ₹3,933 crore. The bank, which, along with Oriental Bank of Commerce, is set to be amalgamated with Punjab National Bank, had to make more provisions due to divergence in NPAs as reported by the bank and as assessed by the RBI.

In the case of Union Bank of India, the RBI's RAR assessed that it has to make ₹1,588 crore more provisions towards NPAs. The bank's net loss widened by ₹1,031 crore to ₹3,978 crore for FY2019.

South-based Andhra Bank and Corporation Bank are set to be amalgamated with Union Bank of India. In the case of Indian Bank, the RBI's RAR assessed that it has to make ₹1,004 crore more provisions towards NPAs. Following this provision, the Chennai-headquartered bank's reported net profit of ₹322 crore (after considering the impact of deferred tax asset) for FY19 has turned into a net loss of ₹333 crore (after considering the impact of deferred tax asset). Kolkata-headquartered Allahabad Bank is set to be amalgamated with Indian Bank.

According to SEBI, banks have to disclose divergences within 24 hours of receiving the RBI's risk assessment report

In the case of Corporation Bank, the RBI's RAR assessed that it has to make ₹878 crore more provisions towards NPAs. The Mangaluru-headquartered bank's net loss, as per its stock exchange filing, widened by ₹611 crore to ₹6,944 crore for FY2019.

Over the course of next few weeks, more banks are expected to disclose divergence in asset classification and provisioning.

RBI rejects ICICI Bank move to appoint Sandeep Batra as Executive Director

OUR BUREAU
Mumbai, November 3

The Reserve Bank of India has rejected a proposal by ICICI Bank to appoint Sandeep Batra as Executive Director after SEBI penalised him in a case related to the merger of Bank of Rajasthan.

Fresh submission

It said the proposal can be submitted only one year after the settlement proceedings with SEBI are concluded.

"The bank has received a communication from the RBI not acceding to the request for appointment of Batra at present and to resubmit the proposal for approval after one year from the conclusion of settlement proceedings," ICICI Bank said in a regulatory filing late Friday night.

The RBI said the proposal can be submitted by the bank one year after the proceedings with SEBI are concluded

The board of directors of ICICI Bank had proposed the appointment of Batra as ED for a five-year period on May 6, subject to the RBI's approval.

However, market regulator SEBI, in an order on September 12 this year, imposed a penalty of ₹2 lakh on Batra in his capacity as the compliance officer of the bank in 2010.

"The order was in respect of a matter where ICICI Bank had made a disclosure after its board meeting held on May 18, 2010, providing in-principle approval for the amalgamation of the Bank of Rajasthan with the bank," ICICI Bank said, adding it had entered into an agreement earlier on the same day with certain shareholders of eBoR.

Mastercard and Visa keen to join common mobility card platform

SURABHI
Mumbai, November 3

Global payments major Mastercard and Visa are keen on joining the National Common Mobility Card (NCMC) programme that allows for a single debit or credit card to be used for transit as well. The NCMC scheme, under the 'One Nation One Card' platform, was launched earlier this year by Prime Minister Narendra Modi, and is currently available through the domestic RuPay card system.

"Talks are on with the government on NCMC as we believe that the more interoperable you make it, the better it is. The best and most sustainable systems are interoperable, and it is most easy for the consumer to convert to digital payments," said Manasi Narasimhan, Vice-President, Marketing and Communications, Mastercard, adding that Mastercard is the leader in transit in many parts of the world, including London and Singapore.

Visa also said it supports the government's objectives for the NCMC programme to enable convenient, secure, and universally accessible methods of digital payment for public transportation across the country.

"In that spirit, we have developed an interoperable technology specification that is consistent with the official NCMC standard and are now engaging all stakeholders to ensure that more than 330 million Visa credentials will be fully included in this ambitious national effort," it said when contacted by BusinessLine.

"We believe inclusion of all networks will not only help accelerate the adoption of contactless payments for transportation but also facilitate customer choice and innovation," it further said. Prime Minister Narendra Modi had, in March this year, launched the Indigenous Automatic Fare Collection System based on One Nation One Card Model, or NCMC, which is the first-of-its-kind in India.

These can be debit, credit or prepaid cards. The objective is that the customer can use this single card for payments across all segments, including metro, bus, suburban railways, toll, parking, smart city and retail.

TCS and Wipro in fray to manage business analytics project of IRDAI

PRESS TRUST OF INDIA
New Delhi, November 3

Four IT companies, including TCS and Wipro, are in the fray to manage and operate the business analytics project (BAP) of insurance sector regulator, Insurance Regulatory and Development Authority of India (IRDAI). The regulator said TCS, Larsen and Toubro Infotech, Wipro, and EIT Service India Private Ltd have been shortlisted for the next round of bidding. IRDAI said BAP was implemented for automation of registration and other connected activities for insurers, brokers, surveyors and third-party administrators.

US electronics major Flex keen to shift base to India

Aims to generate $1 b in exports in the next 12 months

S RONENDRA SINGH
New Delhi, November 3

US-based electronics manufacturer Flex Ltd is keen to shift its major manufacturing base to India from China, and wants to set up export-oriented facilities with a target turnover of $1 billion in the next one year.

Sources close to the development told *BusinessLine* that the company's President Richard Hopkins, along with some senior officers, recently met the Minister of Electronics and Information Technology (MeitY), Ravi Shankar Prasad, to discuss the same.

"The company is interested in a big way in component manufacturing in India, and has committed to invest around $50 million in India in the near future.

"The company is going to set up export-oriented manufacturing facilities in India, and is targeting a turnover of $1 billion in the next one year. And to start with, it will be manufacturing only for the American companies based out of India," a senior government official said on condition of anonymity.

The official said Hopkins and his officers had a 30-minute meeting with the Minister and discussed feasibility of local manufacturing and "a significant export roadmap of specific electronic components from India".

"The purpose of this meeting was to discuss feasibility of local manufacturing in India. Flex is one of the US companies looking to diversify its manufacturing from China towards other geographies, and with specific support from the Indian government, there is a real possibility of moving significant portion to India," said another senior official.

Digital India drive

Another source said that Hopkins and his officials also met the Commerce Minister to discuss similar issues. The company, which already has a presence in India with over 25,000 employees, wants to expand further to be a key part in the Digital India programme.

Through this initiative, Flex will kick-start the growth of the electronic component ecosystem in India, which, it believes, would eventually lead to India being one of the global leaders, the sources said.

Flex has been present in India since 2001, and has 11 facilities spread across India, including Chennai, Bengaluru, Pune, Hyderabad, Gurugram and Vishakhapatnam. The company has four facilities in Tamil Nadu itself.

The company, in July this year, inaugurated a new facility at Walajabad in Kancheepuram district of Tamil Nadu, which is dedicated for smartphone accessories.

The company manufacturers various parts for mobile phones, automotive, computers, medical and solar components.

It is also present in the drugs and pharma industry.

United Bank loss widens to ₹3,933 cr

OUR BUREAU
Mumbai, November 3

United Bank of India said its adjusted (notional) net loss for FY19 has widened by ₹1,617 crore to ₹3,933 crore, after taking into account divergence in provisioning as assessed by the RBI.

When it declared its financial results on May 13, the Kolkata-headquartered public sector bank had reported a net loss of ₹2,316 crore for FY2019.

In its disclosure made with respect to the RBI's risk assessment report for FY2019, the bank said its gross non-performing assets (GNPAs) as assessed by the RBI were ₹1,712 crore higher and stood at ₹13,765.38 crore as of March-end 2019.

Further, the net NPAs as assessed by the RBI, were ₹95 crore higher and stood at ₹5,880.61 crore as of March-end 2019.

Per the report, the provisions as assessed by the RBI should have been ₹1,617 crore more than what was made by the bank. According to the RBI's assessment, the provisions should have been ₹7,785.31 crore against ₹6168.31 crore made by the bank.

How brands are entering 'ad-free' zones

Netflix, Amazon series begin to weave brands into storylines

AMRITA NAIR-GHASWALLA
Mumbai, November 3

Stranger Things, the acclaimed Netflix series, has emerged as a powerful platform to promote a range of corporate brands. Though Netflix does not accept paid product placements, and rather seeks to subtly weave brands into storylines, the approach, while boosting brand sales, has also opened a Pandora's box for the advertising world.

As viewers continue to be spoilt for choice, with programme budgets going through the roof in the war for subscribers, there has been a shift in advertising opportunities for brands, with many attempting to find new ways to enter into these 'ad-free environments'.

'A revolutionary shift'

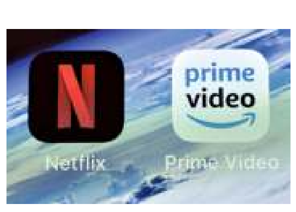
The shift from linear TV to streaming is revolutionary, says Sameer Makani, Co-Founder and MD, Makani Creatives, a digital agency, and the advertising that supports this content warrants a revolution of its own.

"That revolution won't happen by simply making TV ads more targeted or addressable," he says. As TV goes over the top, it is time to rethink the basics of TV advertising: how and when ads get delivered and how much control users have over that experience. Postponing the conversation, says Makani, means that by the time the industry gets targeted TV advertising sorted out, there will not be enough people left watching commercial television. Makani notes that nearly every major Netflix or Amazon original series features an abundance of product placements and brand integration. "Consumers don't object to them because they don't look and feel like ads, at least not in the way most people think of traditional TV ads. This is a win for brands that get to connect with non-traditional audiences," he says.

Citing an example, he says Netflix's *Designated Survivor*: Season 1, Episode 18 featured a Ford vehicle as part of the episode's narrative. "It is one of the few product placements in a top platform's show where the brand is prominently and evidently promoted. Usually, the placement is done far more subtly."

Stranger Things Season 3 also boosted revenue for brands such as Coke, BMX and Burger King by having key characters use products of the said brands. The show had a whopping $15 million worth of product placements.

Despite this, he adds, Netflix never misses a chance to talk about the fact that consumers "will never see ads on their service. That is because the company understands that our collective tolerance for interruptive TV advertising is



waning. By and large though, the advertising industry continues to ignore this reality", adds Makani.

Video-on-demand

According to a PWC report, over the past decade, the video-on-demand (VoD) market has evolved across the world, including India. Advancements in technology and telecom infrastructure have made 'anything-anytime-anywhere' a definite and scalable reality for content consumption.

With the launch of over-the-top (OTT) services, VoD has been at the forefront of disruption in the media industry. Though some may balk at the idea of OTT advertising out of fear that the largest streaming services are not ad-supported, creative agencies and marketers are warming up to the potential, given that it is an increasingly important component of digital marketing plans.

Arun Gupta, Founder and CEO, MoMagic Technologies, a mobile tech organisation, says OTT video streaming in India has witnessed exponential growth over the last four quarters. "Several tech companies have ventured into OTT streaming with platform-exclusive content in their effort to hold on to consumers," he adds. Citing an example, he says Flipkart recently launched a streaming video service on its platform and is now offering original content "as a marketing tool to ensure that its customers are not swayed away by competitors".

With the video streaming industry in India pegged to grow at a CAGR of 21.82 per cent reaching ₹11,977 crore by 2023, and OTT set to record the highest growth rate among all segments and drive evolution over the next four years within the media and entertainment industry, valued at ₹2,64,588 crore as of 2018, Gupta foresees more players joining the segment.

"What defines growth is consumers' ability to control their own media consumption and curate the selection of channels using OTT," says Makani, who expects 5G networks to further create use cases, enhance user experiences, and create disruptions that would result in generating business opportunities.

American Air opts for IBS platform

PRESS TRUST OF INDIA
Thiruvananthapuram, November 3

American Airlines Cargo has taken a giant leap forward in the modernisation of its cargo operations by deploying IBS Software's iCargo air cargo management platform across its entire global network. In doing so, the airline's cargo has consolidated a complex IT back-end comprising 90 legacy systems, built incrementally over the past 40 years, into a lean, next generation cargo management environment with just 10 core business applications. "Our partnership with the incredible team at IBS has been key to our success," said American Airlines Cargo President Rick Elieson.