Google wants

INDO-ASIAN NEWS SERVICE

In a thumbs up to India's

Unified Payments Interface

(UPI) scheme, Google has

written to the U.S. Federal

Reserve Board detailing the

successful example of UPI-

based digital payments in

India in order to build 'Fed-

Now' - a new interbank

real-time gross settlement

service (RTGS) for faster dig-

In a letter written by

Mark Isakowitz, vice presi-

dent, Government Affairs

and Public Policy, U.S. and

Canada, Google, the compa-

ny said it worked closely

with the National Payments

Corporation of India (NPCI),

the payment regulator go-

verned by the Reserve Bank

of India (RBI), to build 'Goo-

gle Pay' for the Indian

ital payments in the U.S.

NEW DELHI

U.S. Fed to follow

India's UPI example

Planning, design were key: Isakowitz

### No SEBI relief to lenders in Karvy matter

PRESS TRUST OF INDIA

Markets watchdog SEBI has refused to provide any relief to Bajaj Finance and three other lenders in the Karvy Stock Broking matter regarding pledged shares. The others are ICI-CI Bank, HDFC Bank and IndusInd Bank.

On December 4, the Securities Appellate Tribunal denied immediate relief to lenders who had petitioned against the transfer of securities held with Karvy Stock Broking Ltd (KSBL) back to the clients.

The tribunal had directed the four lenders to approach SEBI. "... reliefs sought by the represented are not tenable and the remedy for the representors lies against KSBL before civil court of competent jurisdiction," SEBI Whole Time Member Ananta Barua said in the order.

# Coffee Day targets 'financial health'

Nurturing Fresh & Ground an opportunity to build national brand, interim chairman tells investors

SPECIAL CORRESPONDENT BENGALURU

Coffee Day Enterprises, promoted by late coffee baron and serial entrepreneur V.G. Siddhartha, said it had identified financial health as the key agenda for the group in the next three years.

In his address to shareholders at the company's AGM held on Saturday, interim chairman S.V. Ranganath said, "We will continue to strengthen the much-loved Coffee Day brand, build on our relationships with millennials by offering newer, more relevant and a wider choice of products," he said.

#### Another national brand

To add an additional large revenue stream, Mr. Ranganath said the company had entered into a 51:49 venture with Impact HD Inc. from Japan to set up a chain of convenience stores in India to expand its Fresh & Ground



CDE will continue to strengthen the Coffee Day brand, and offer a wider choice, says S.V. Ranganath. • K. MURALI KUMAR

(F&G) business.

"About 425 retail outlets have been transferred to this subsidiary to be re-modelled into a chain of retail stores that will go by the brand name Essentials. Work is underway to develop this brand into a round-theclock, go-to store for food

and beverages (F&B) and convenience products. I see this as the perfect opportunity for us to launch yet another national brand, starting out from the largely local outlets of F&G," he told sha-

Keeping in view the current business health and

funds to earn higher returns

long-term prospects, the group was looking to disinvest stake in a few business undertakings to reduce its overall debt, he informed shareholders.

The investigation – by former DIG of CBI Ashok Kumar Malhotra into the circumstances surrounding Mr. Siddhartha's demise and into the books of accounts of the company and its subsidiaries – is still underway and a final report is awaited.

The company's Same Store Sales Growth rose from 7.23% in FY18 to 9.55% in FY19.

"We continue in our leadership position in fresh milk-based automated coffee vending machines. Indus Plus, our IoT-enabled, Android-based touchscreen machine, has received encouraging response.

"The freshly brewed tea market is larger than that of coffee; we launched Indus Automated Tea Brewer, which uses innovative tea pods," he said.

#### Logistics, a gainer

He added that the logistics sector was going to be a big gainer in the coming years. However, he said group company Sical Logistics needed additional capital infusion for new initiatives it is undertaking. The company was exploring various options of divestment of its assets, including partial stake sale, to strengthen liquidity, he added.

"To ensure we remain relevant in the next decade, we continue to invest in three pillars: talent, technology and superlative customer experience. To continue the expansion of our business, as recommended by the executive committee, the board is exploring options of having suitable business or financial partners," he said.

> market. NPCI deployed a realtime payment system UPI in 2016. UPI was thoughtfully planned and critical aspects of its design led to its success, Google said.

"First, UPI is an interbank transfer system [there are now over over 140 member banks, after initially launching with 9 participating banks]. Second, it is a realtime system. Third, it is 'open' – meaning technology companies can build applications that help users directly manage transfers into and out of their accounts held at banks," Mr. Isakowitz wrote to Ann Misback, secretary, board of governors of the Federal Reserve System.

#### 10% of GDP

"After just three years, the annual run rate of transactions flowing through UPI is about 10% of India's GDP, including 800 million monthly transactions valued at \$19 billion," said the company in the letter dated November 7, which surfaced on Saturday.

Google Pay's monthly active user-base grew three times to reach 67 million in September this year - up from 22 million in the same month last year.

According to the latest Worldline report titled 'India Digital Payments Report - Q3 2019', the total volume of UPI transactions in Q3 2019 in India touched 2.7 billion, a whopping 183% rise from a year ago. In value, UPI clocked ₹4.6 trillion, up 189% from Q3 2018.

The number of transactions done on mobile wallets was 1.04 billion, a rise of just 5% over the previous year period, while the value of transactions in the July-September period was ₹466 billion, an increase of 2% over Q3 of the previous year, the report said.

According to a recent Assocham-PWC study, digital payments in India will more than double to \$135.2 billion in 2023 from \$64.8 billion this year, with a compounded annual growth of 20.2%.

Google said after learning its lessons from the India digital payments market, it offered specific suggestions to the Fed Reserve to "support real-time low-value and high-value payments, use standardised messaging protocols with extended metadata, and provide clear standards for an Application Programming (API) layer that enables licensed non-financial institution third parties to access and submit requests into this payment system."

## 'Banking' on deposits not a good idea, says this fund house

With savings accounts yielding low returns, Nippon India woos salaried class to deposit their pay with the MF for investments

ASHISH RUKHAIYAR

A savings bank (SB) account, where pay is credited for millions of salaried-class people across the country every month, earns one of the lowest interest rates - mostly 3.5% – among most categories of deposit accounts.

As a result, a large chunk of money flows out from savings accounts every month after the salary is credited, as individuals eye a higher return by investing in fixed deposits, mutual funds, direct equities and public provident fund, among other

However, this requires some amount of paperwork or efforts, at least initially, as



As of November, the 'Salary Addvantage Program' had more than 37,000 investors. • R.V.MOORTHY

from the savings account to another account.

Nippon India Mutual Fund, earlier known as Reliance Nippon Life Asset Management, is targeting

the money has to be moved this huge segment through its 'Salary Addvantage Program', wherein the salary of an individual is directly credited to his account with the fund house and not a bank, before it is invested in liquid

compared with bank deposits. "We directly approach companies and explain the benefits of the scheme. If they are convinced, we create accounts for their employees, wherein the salary is directly credited and invested," said Kapil Arora, segment head - New Business Initiatives, Nippon India MF. The scheme was launched in 2017 and the fund house has been able to bring on board over 200 organisations with names including Shapporji Pallonji, Ola, Swiggy, Bajaj Finserve, Angel Broking and Prabhudas Lilladhar.

As of November, the scheme had more than 37,000 investors with the monthly average inflow pegged at over ₹20 crore. Further, the assets under management of such investments is around ₹280 crore. with around 8,000 systematic investment plans as well.

Incidentally, an individual also has the flexibility of choosing the quantum of salary – say 50% or may be just 35% – that goes directly to the fund house and the rest remains in his SB account.

The aim is to generate higher returns than a savings

Nippon India Liquid Fund, in which the investments are made, delivered a compounded annual growth rate of 7.01% in the last three cern that investors have, since a savings account is completely liquid.

A debit card on offer "An investor can withdraw a maximum of ₹50,000 per day. We also give Visa debit cards to all our investors that can be used across ATMs and shops," said Mr. Arora.

According to Mr. Arora, li-

quidity is the biggest con-

"There is huge potential for growth as there are still millions of salaried people whose salary is just lying idle in the savings account. With the right push and awareness, they can start investing without taking any undue risk," Mr. Arora said.

### + INTERVIEW | SACHIN PILLAI

## Awaiting right time for IPO, says Hinduja Leyland Finance CEO

'Post DHFL issue, investor confidence has fallen'

N. ANAND

Hinduja Leyland Finance Ltd., a non-banking finance company of the Hinduja Group, which had deferred its Initial Public Offering, is adopting a wait-and-watch policy for investors' confidence to return, its chief executive officer Sachin Pillai said in an interview. Edited excerpts:

#### You planned to raise funds via IPO twice, but it was deferred. Why?

■ We had filed the document in June 2018 and got approval in September. We started roadshows in India and the Asian market. Then, the DHFL issue came out. Post that, there has been a lack of confidence as far as the Indian BFSI, NBFC, HFI segments were concerned. That caused us not to go ahead with road shows and to wait and watch. After that, on a regular basis for two to three months, more names got added. Investor confidence has not yet come back.

How are you managing funds under these circumstances? ■ In January, ₹200 crore came from existing shareholders. Over the last 16 to 18 months, the promoters and shareholders have put in ₹900 crore. While the intent of the group is to list the company, the capital was always made available. Growth was never compromised for want of capital. We are always well-capitalised. We will again look at the appropriate window to go ahead with listing the company.

Do you have a timeframe in

■ It depends on the market; the confidence comes back for the housing finance and NBFC

businesses. Till then, growth will remain unaffected. We will wait and watch for investors' confidence to return for NBFCs. The current capital is sufficient for the next one

How were the first two quarters in the backdrop of the economic slowdown?

■ We are largely into financing medium and heavy commercial vehicles. It constitutes 40% of our book. We have three non-vehicle financing capital businesses loan against property, wholesale financing of smaller NBFCs and affordable housing finance. Given the varied diversi-

fied asset classes that we have presence in, certain asset classes [were] going through a sluggish period in terms of growth.

In this year's H1 compared to last year, we have grown our book 23%. So, on an overall basis, disbursement growth has been there. We have been able to counter the slowdown, given the fact that we are well-diversified on asset class and have to maintain the growth momentum.

We have a gross NPA of 4.3% and net NPA of 2.8%. Compared to other players, it is very much in line.

How will the remaining two



quarters pan out?

■ Historically, 40% of business has happened in H1 and the rest in H2 due to festivals, monsoon and kharif crop. We always see Q3 [as a] stable quarter and Q4 sees growth.

Even in 2013-14 when there was substantial degrowth in the vehicle sales segment, the same pattern played out. We expect Q3/Q4 much better than Q1/Q2. Last year, from November to March, we had de-growth. Going forward, in these five months, we will see lesser degrowth, or marginal That's expectation.

Will the transition from BS-IV to BS-VI affect your business?

■ We don't anticipate slowdown per se to come in. However, there might be a brief period of wait-and-watch as far as customers are concerned, because it is a technology change happening.

What are your growth and expansion plans?

■ We are looking at 20% growth in this fiscal; this is broadly in line with the expectation at the start of the year. We are present in 1,550 locations. Our distribution is largely in the trucking cluster. So, we are in semi-urban and urban areas and have 3% reach in rural areas. Rural could well be a growth engine for us in future.

How is your affordable housing subsidiary doing?

■ We have a book size of ₹1,600 crore. We have presence in 480 locations. Our average ticket size is around ₹17 lakh. We will be focussing in the same space – on ₹17 lakh to ₹20 lakh loan size. We should be able to establish a growth of 25-30%.

## **PNB under** reported NPAs by ₹2,617 cr.'

Public sector lender Puniab National Bank (PNB) under-reported its nonperforming assets by ₹2,617 crore for the fiscal year 2018-19, as per RBI's riskassessment report.

In a regulatory filing on Saturday, PNB said the divergence in gross non-performing assets (NPAs) assessed by the central bank stood at ₹2,617 crore in FY19. The divergence assessed by the RBI in net NPAs was also ₹2,617 crore for the fiscal. Also, the divergence in provisioning for bad loans in FY19 was to the tune of ₹2,091 crore.

Consequently, based on the divergence assessed by RBI in provisioning for bad loans, PNB said it would have reported a net loss of ₹11,335.90 crore for FY19 as opposed to a net loss of ₹9,975.49 crore.

## Plastics sector seeks cut in customs duty

SPECIAL CORRESPONDENT

The All India Plastics Manufacturers Association (AIPMA), representing 22,000 industrial units, has called for immediate steps by the Centre to revive the industry. Jagat Killawala, presi-

dent, AIPMA, said, "The industry demands that customs duty on PVC should be brought down from 10% to 7.5%, as nearly half of the demand in India is being met through imports due to lack of domestic capacity. Any increase in customs duty will affect the agriculture sector due to [its] high use of PVC pipes and fittings." Customs duty on polypropylene and polyethylene should be retained at 7.5%, he added.

