

# Companies

THURSDAY, APRIL 2, 2020



**AVAILABILITY OF ESSENTIALS**  
Lalit Agarwal, chairman & managing director, V-Mart Retail  
We are currently operating around 25 stores in the lockdown, which are mainly in states such as Uttar Pradesh and Bihar. Though we have supply, we have put restrictions on the quantity of purchase

## Quick View



### MedGenome raises \$55 m in funding led by LeapFrog

GENETIC DIAGNOSTICS firm MedGenome on Wednesday said it has raised \$55 million (over ₹415 crore) in funding led by LeapFrog Investments. Existing investors Sofina and Sequoia also participated in the round.

### FY20: GCMMF's provisional turnover at ₹38,550 crore

GUJARAT CO-OPERATIVE Milk Marketing Federation (GCMMF), which markets the popular AMUL brand of milk and dairy products, has registered a provisional turnover of ₹38,550 crore for the financial year 2019-20, which ended on March 31, 2020. The sales turnover achieved by the federation is 17% higher than the previous financial year's turnover of ₹32,960 crore.

### Nissan appoints new India chairman

JAPANESE AUTO giant Nissan has appointed Guillaume Carter as senior vice-president and chairman for the Africa, Middle East and India region and head of the global Datsun Business Unit, effective April 1. In this role, he will lead the regional management committee and be responsible for business strategy and performance with all functional heads for the Nissan brand, as well as assume the role of head of Datsun globally.

### Former Byju's executive named upGrad India CEO

ED-TECH COMPANY upGrad has brought on board former Byju's chief business officer Arjun Mohan as CEO-India. Mohan started his career in Byju's as a teacher and moved up the ranks into a leadership role.

### NLCIL contributes ₹25 cr to PM-CARES fund

CENTRAL PUBLIC Sector enterprise NLC India (NLCIL) has decided to contribute ₹25 crore to the Prime Minister's Citizen Assistance and Relief in Emergency Situations (PM CARES) fund for dealing with emergency and distress situation posed by the Covid-19 pandemic in the country and to provide relief to the affected people.

### Koki Sato appointed Takeda India head

HEALTHCARE COMPANY Takeda India on Wednesday announced the appointment of Koki Sato as country head for the India business. In his current capacity, he will lead the company's operations with a focus on the expansion of patient access to Takeda's highly innovative portfolio in the country. Koki has officially assumed his position, effective April 1.

### ALL extends warranty period for all vehicles

ASHOK LEYLAND on Monday announced a slew of measures to support customers and their drivers in its endeavour to make uninterrupted service during the current coronavirus crisis. For all M&HCV models with warranty/extended warranty period expiring between March 15, 2020 and April 15, 2020, this shall be extended by two months.

### Sanitizers: Praj offers free access to tech, design

PRAJ INDUSTRIES has developed a unique process technology at its research centre that helps formulate alcohol into high-quality sanitizers. Considering the seriousness of the situation and the need to spread of Corona virus, Praj has decided to offer open and free access to its company website of all design, engineering and formulation mixture packages to produce sanitizers.

### Spotify renews partnership with Warner Music

SPOTIFY ON Wednesday said it has renewed its global licensing partnership with Warner Music Group and artists in India will now have access to users of that label.

## COVID-19 IMPACT

# Companies want interim dividend rule relaxed

RISHI RANJAN KALA  
New Delhi, April 1

THE MINISTRY OF Corporate affairs (MCA) has received representations from industry bodies and companies for relaxation in Section 123 of the Companies Act, which deals with the declaration and payment of dividend to the shareholders, officials said. Sources said citing the Covid-19 outbreak, companies also urged the government that the report of the board of directors should be allowed to include the pandemic's impact on businesses and also whether the "going concern" position of a company is sustainable due to this pandemic.

Generally, dividend is paid for a financial year after the final accounts have been prepared and the amount of distributable profits is available. Final dividends paid only if it is declared by the firm at its annual general meeting (AGM) on recommendation of the board of directors. Dividends are also paid by the board between two annual general meetings without declaring them at an annual general meeting and is called interim dividend.



One of the sources said, "Firms want relaxation in Rule 3 of Section 123, which states that board may declare interim dividend during any fiscal or any year during the period from closure of financial year till holding of AGM out of the surplus in profit and loss account, or out of profits of the financial year for which such interim dividend is sought to be declared, etc."

Another relaxation sought is on Section 134 of the Companies Act, which deals with the report by the company board. This report, which is part of the annual report, basically informs and explains to the shareholders about the company's financial position, its opera-

tions and the scope of business. Nangia Andersen director Sandeep said that the nationwide lockdown and slump in demand is sure to have an adverse impact on the financial results of business houses across industries, and retraction of the investors in the month of March 2020 is a prelude to it.

As an interim solution to hold the interest of global and domestic investors, India Inseeks a dual-fold measure from the government. First being the relaxation of Rule 3 of the Companies (Declaration and Payment of Dividend) Rules, 2014 on conditions related to declaration of dividends out of reserves and second being inclusion of Covid-19 contagion effect on business in the report of Board for FY 19-20 and FY 20-21, he added.

"When the cash business is impacted, the healthy cash reserves can come to rescue for high dividend paying companies to lift investors' sentiments. As the coronavirus outbreak threatens to tip the world into a deep recession, inclusion of financial effects of the pandemic could be a move to reflect the true and fair view of the Company to its investors," Jhunjhunwala explained.

## London court dismisses Arcelor plea against Essar

PRESS TRUST OF INDIA  
New Delhi, April 1

A UK COURT has refused to issue a worldwide freezing order against the parent company of Essar Steel and members of the promoter family, Ravi and Prashant Ruita.

The order came as steelmaker Arcelor-Mittal looked to enforce a \$1.5-billion arbitral award stemming from a sourced supply agreement. In an 81-page judgment, High Court Judge Andrew Henshaw on Monday found merit in the case being brought by Arcelor-Mittal to enforce a worldwide freeze on Essar's assets to protect them from "dis-

ipation" while the former pursues parallel legal remedies.

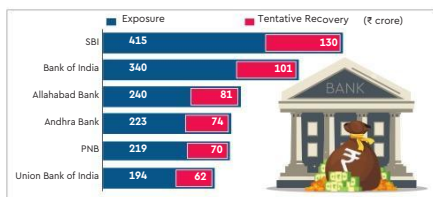
Reached for comments, Arcelor-Mittal hinted it may appeal against the judgment while an Essar spokesperson welcomed the decision saying the firm has "consistently argued that the underlying claims are wrong doing — and therefore the applications for the freezing orders — were (and continue to be) ill-conceived and without any factual support."

"We feel vindicated that the English Court has determined in this regard that Arcelor-Mittal US LLC (AMUSA) has no good arguable case to bring before the Court. This

Judgement has also vindicated Essar and its founders from any wrongdoing with regard to historic legitimate business transactions that AMUSA had previously sought to mischaracterize to its advantage in both the English and Cayman Courts," the spokesperson said.

Arcelor-Mittal in a statement said: "This is a complex dispute relating to alleged conspiracies to harm Arcelor-Mittal USA. The recent judgment is subject to appeal and is in any event ancillary to the main conspiracy claim against members of the Ruita family and Essar Group's parent company, amongst others."

## Orchid Pharma resolution: Banks will be able to show recovery in Q4



ANKUR MISHRA  
Mumbai, April 1

LENDERS TO ORCHID Pharma have received close to ₹1,100 crore from Gurugram-based Dhanuka Laboratories on the last working day of the financial year 2020, sources close to development told FE. The monitoring committee attached to the insolvency process of Orchid Pharma implemented the resolution plan on March 31. This implies around 32% recovery for banks against the exposure of ₹3,299 crore to Orchid Pharma. The development on late evening of March 31 also marks significance as banks will be able to show recovery on their books in the March quarter.

According to sources, lead creditor State Bank of India (SBI) has in all likelihood received ₹130 crore, Bank of India ₹101 crore, Allahabad Bank ₹81 crore, Andhra Bank ₹74 crore, Punjab National Bank (PNB) ₹70 crore and Union Bank of India ₹62 crore from the resolution of Orchid Pharma. The lenders will also receive 4,08,164 equity shares of Orchid Pharma at ₹10 each. There will also be issue of 0% non-convertible, non-marketable, cumulative redeemable debentures of value of ₹3,650 crore to a special purpose vehicle created by Dhanuka Laboratories as a part of the resolution plan.

The National Company Law Tribunal (NCLT), Chennai, had approved Dhanuka's resolution plan on June 25, 2019, for Orchid Pharma after earlier approved bidder — Ingen Capital — refused to pay money for the company. However, trouble started for the company when the National Company Law Appellate Tribunal (NCLAT) in its November 13, 2019, judgement had set aside the Chennai NCLT's order that approved the resolution plan by Dhanuka, on the ground that the amount offered in favour of the shareholders including the financial creditors and the operational creditors, was less than the liquidation value. Lead creditor SBI had later filed the appeal before the Supreme Court seeking setting aside the NCLAT order, alleging that the appellate tribunal erred in overriding the commercial wisdom of the CoC.

Finally, a Supreme Court bench of Justices Rohinton Fali Nariman and S Ravindra Bhat, on February 28, 2020, set aside the NCLAT judgement, in view of its recent judgement where it had categorically held that no provision in the Insolvency and Bankruptcy Code or regulations had been brought to the court's notice, under which the bid of any resolution applicant has to match the liquidation value arrived at in the manner provided in the relevant regulations.

## INTERVIEW: DIVYA DIXIT, Senior Vice-President, Marketing, AltBalaji

# 'Indian originals picking up pace, audiences prefer reliable content'

As social distancing compels people to work from home, video OTT platform AltBalaji has recorded an uptick in subscription. Divya Dixit, senior vice-president, marketing, tells ASHOK LEYLAND that viewers are watching Indian originals as they seek local content they can relate to. Excerpt:

With people working from home, video OTT platforms claim to be seeing surge in traffic. How much of an uptick in user traffic do you see compared to a regular day? With the increase in appetite to consume our bouquet of originals, we have witnessed a surge in viewership as well as the time spent consuming our content across urban

and rural cities. The current predicament that we face today sees audiences having more time at their disposal, which ends up being spent with family, doing household chores and consuming content via OTT platforms.

Given that you are an SVOD (subscription-video-on-demand) only platform, can you give us a sense of your subscription numbers? Did you sign up new subscribers during the period? While we have witnessed an increase in subscription, our main objective is to ensure uninterrupted entertainment to subscribers' screens. Affordability is another



important factor that drives subscription for us. Recently, we also joined hands with two payment gateways — Amazon Pay and Paytm — to provide cashback offers for our subscribers. As part of the deal, Amazon Pay will offer 25% cashback on the ALTBalaji

## HUL completes merger with GSK CH, buys Horlicks brand for ₹3,045 crore

FE BUREAU  
Mumbai, April 1

HINDUSTAN UNILEVER (HUL) said on Wednesday that it had acquired the Horlicks brand from GlaxoSmithKline Consumer Healthcare (GSK CH) for ₹3,045 crore, exercising the option available in the original agreement made between its parent company Unilever and GSK.

In one of the largest FMCG transactions of recent times, HUL had on December 3, 2018 announced its decision to merge GSK CH India in a deal that valued the latter at ₹31,700 crore. However, Horlicks was acquired by Unilever from GSK CH and HUL would have had to pay royalty to its parent for the brand's usage in India.

HUL chief financial officer Srivinas Phatak said the decision to buy Horlicks made economic sense against paying royalty for the same. This addition will now enable the company to utilise cash on its balance sheet, create value for shareholders and drive better salience in a local context.

Depending on the variant, the royalty rate for Horlicks ranged from 1.8% going up to 4.5%. Phatak told reporters that there would be a certain growth trajectory that will drive the Horlicks business, and if the company had assumed to pay a certain royalty with the existing rates, there would be a certain cost associated with it.

On the other hand, Phatak said, "Owner-

ship brings benefit from tax point of view, because when you own a brand you are able to get tax depreciation on the brand, which becomes an inflow." He added that a combination of all this meant that "returns are attractive from HUL shareholders' point of view". The company also announced that it has completed the merger of GSK CH India with HUL, adding brands like Boost, Malova and Vita to its product portfolio. The deal will give a fillip to HUL's food and refreshments division, which boasts of brands like Lipton, Knorr, Kissan, Red Label and Bru, and makes up about a fifth of HUL's revenues.

The merger includes the totality of operations within GSK CH India, including a commissioning contract to distribute GSK CH India's over-the-counter and oral health products — Eno, Crocin, Sensodyne. HUL said that it will increase rural penetration for GSK brands with affordable packs and availability of products and also plans to grow premium segment portfolio of Horlicks cardio and protein range. The company will also leverage its distribution capability, which is 3x of GSK, to unlock further opportunity in the health food drinks segment.

The merger of GSK CH with HUL has been on the basis of an exchange ratio of 4.39 HUL shares for each GSK CH share. Following the issue of new HUL shares, Unilever's holding in HUL will be diluted from 67.2% to 61.9%, and GSK CH will hold about 6% stake in the merged entity.



## Nykaa enters unicorn club with fresh ₹100-crore funding

FE BUREAU  
New Delhi, April 1

NYKAA HAS ENTERED the unicorn club with its fresh ₹100 crore (\$13 million) funding from existing backer Steadview Capital. The latest investment values the Mumbai-based beauty retailer at an estimated \$1.2 billion.

The recent investment takes Nykaa's total fund tally to over \$100 million. Nykaa's revenue from operations increased to ₹1,159.32 crore in the year to March 2019 from ₹555.10 crore in FY18. The company turned profitable in FY19, posting net profits of ₹2.3 crore. In FY18, the firm had recorded net losses of ₹17.70 crore, according to the company's RoC filing.

The funding came from existing backer Steadview Capital. The latest investment values the Mumbai-based beauty retailer at an estimated \$1.2 billion.

ings sourced from business intelligence platform Tofler.

"In the midst of this unprecedented global crisis, we are working to ensure all our stakeholders are well served and that Nykaa emerges as a leading retail player in the industry," said Nykaa founder & CEO Falguni Nayar in a statement. The company did not elaborate on the areas where it plans to allocate the funds. Nykaa had last raised about ₹100

crore from Singapore-based TPG Growth in April 2019 at a valuation of \$724 million.

Launched in 2012, the omni-channel retailer has a portfolio of over 3 lakh products and partnership with more than 1,500 brands. Nykaa, which also has a sizeable inventory of its in-house brands, currently has 68 stores across the country. In 2018, Nykaa forayed into the fashion segment with Nykaa Fashion, an online platform of over 450 local and international brands across high street, designer labels and accessories.

Nykaa's earlier backers include Sunil Kant Munjal, TVS Shriram Group Fund and a host of small angel investors such as corporate lawyer Zia Mody.

## Adani Transmission raises \$90 million on private placement basis

FE BUREAU  
Mumbai, April 1

ADANI TRANSMISSION (ATL) has raised \$90 million, or ₹686.61 crore, on a private placement basis to cater to the growing demands for power by expanding its transmission network.

The \$90-million US-denominated fund has been raised by Adani Transmission's six wholly-owned subsidiaries as part of its \$400-million (₹3051.61 crore) fund-raising plan.

The company in January raised \$310 million in the first tranche. "The notes carry a fixed coupon over the tenor of notes and have an amortising structure



matching the concession period and revenue profile of the issuer companies," the company said in a statement.

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With this recent round of placement, Adani Transmission now has a 30-year, 10-year and 17-year paper in the market.

In 2019, Adani Transmission won five letter of intents (LoIs) to build, operate and maintain transmission networks in Gujarat, Rajasthan and Maharashtra.

Could you throw some light on the type of content viewers are consuming? Indian originals have picked up pace in the past few days as audiences prefer local, reliable content. While recently launched popular shows like 'MentalHood', 'Code Me', 'Class of 2020', 'Ragini MMS 2', 'Broken 2' and 'Hum Tum and Them' have seen a spike, we have also seen an overall uptake of the content library. The genres that best perform on our platform are thrillers, youth-oriented shows, young romance and urban drama with shows like 'Apharan', 'Coddan Lassi Aur

Chicken Masala', 'The Test Case', 'Dev DD', 'Bose: Dead/Alive', 'Class of 2017', 'Fittarr' and 'Punchbeat' garnering high viewership numbers even months after their launch.

What is your upcoming content slate like? In March, we launched 'MentalHood', a web series. Apart from that, today we launched 'Who's Your Daddy' which is set to launch in 'Baarish Season 2'. 'ALTBalaji' has a vast library of 60 originals across genres that caters to all kinds of audiences. In addition to web series, viewers can also watch movies like 'Ragini MMS 2', 'Looteera', 'Once Upon a Time in Mumbai' and 'Shor in the City'.