

Companies

TUESDAY, APRIL 7, 2020

Quick View



MTNL pays March salary, looks at resolving debt now

MTNL HAS cleared all pending salaries till March and is now looking to resolve debt issues through asset monetisation, a top company official said on Monday. Meanwhile, BSNL has cleared salaries of employees due till February and is yet to make payment for the month of March, an another official told PTI. MTNL has seen reduction of over 60% wage load after voluntary retirement of 14,378 employees that left it with the workforce of around 4,000 in Delhi and Mumbai.

Promoters haven't pledged co's shares: DCM Shriram

DCM SHRIRAM, which is into sugar, fertilisers, chemicals and seeds businesses, on Monday said its promoters have not pledged the company's equity shares and described the action of the NSE to include its shares under surveillance as "erroneous".

3 AI flights to take stranded Canadians to London

AIR INDIA is planning to conduct three special flights to London from April 8-10 to repatriate Canadians who are stranded in India amid a 21-day lockdown imposed to curb the coronavirus pandemic, senior airline officials said on Monday. Once the Air India flights drop them in London, the Canadian government will arrange flights to take them to Canada.

REC provides food, ration to 36,500 needy people

STATE-RUN shadow banking firm REC on Monday said it has reached out to 36,500 needy people across the country with food and ration during the lockdown to contain Covid-19. "From Srinagar to Chennai, Ahmedabad to Kolkata, starvation is as much a threat as Covid-19 for daily wagers, many of them migrants from different parts of India. Concerned over their plight, REC Foundation has started distributing cooked food, rations, utility packets, masks, sanitizers and even providing shelter during the lockdown to over 36,500 daily wagers and their families," REC said in a statement.

Apollo Clinics launches specialised fever clinics

APOLLO CLINICS, a division of Apollo Health and Lifestyle, on Monday launched specialised clinics to address public concerns about fever and related symptoms in the wake of Covid-19 pandemic. The facilities have been segregated to ensure that all patients are first screened as per ICMR guidelines at the very outset, and those whose symptoms are suggestive of Covid-19 are guided out to continue their treatment as prescribed by the government and ICMR guidelines, Apollo Clinics said in a statement.

Nafed contributes ₹5 cr to PM's corona fund

NATIONAL AGRICULTURAL Cooperative Marketing Federation of India (Nafed) has contributed ₹5 crore to the PM-Cares Fund for the Covid-19 crisis. Nafed MD Sanjiv Kumar Chadha has handed over the cheque to the Union agriculture minister. It also assured the country has sufficient stock of pulses.

CWC donates ₹5 crore to PM-CARES Fund

CENTRAL WAREHOUSING Corporation (CWC) has contributed ₹5.65 crore (₹5 crore from the CSR fund and employees' voluntary contribution of one-day salary, ₹65 lakh) to the PM-Cares Fund. CWC has also deferred the storage tariff revision by three months, till June 30, to provide economic relief to its depositors.

FRESH INVESTMENT

Swiggy adds ₹264 crore to cart in Series I funding

FE BUREAU
New Delhi, April 6

SWIGGY HAS RAISED ₹263.56 crore (\$35 million) from a clutch of investors as part of its ongoing Series I investment round, according to the company's RoC filings sourced from business signals platform paper.vc.

The fresh funding round was led by Netherlands-based Tencent Cloud Europe BV with ₹142.48 crore. South Korea-headquartered Ark Impact Asset Management is investing ₹71.23 crore through two separate entities, South Korea's KIP Re-Up Fund is investing ₹35.60 crore and MACM India Growth Fund is putting in ₹14.23 crore in the Bengaluru-based online food delivery firm, the documents showed.

The latest investment will take Swiggy's total fund count to nearly \$1.64 billion.

The fundraising comes at a time when companies across sectors have been battered by the impact of the novel coronavirus. As per industry estimates, at least 25% of domestic start-ups will shut down due to Covid-19.

In February, Swiggy raised \$113 million from existing backers Naspers, Wellington Management and Meituan Dianping as part of its Series I



funding round.

According to industry observers, the funds will be used by Swiggy to build its food delivery and cloud kitchen business.

The firm, which competes with Gurgaon-based Zomato, had raised a whopping \$1 billion in December 2018, led by Naspers that valued it at an estimated \$3.3 billion.

Swiggy's losses ballooned to ₹2,345.6 crore in FY19 from ₹384.9 crore in FY18. Analysts estimate food delivery firms' monthly operating cash burn to be about \$30 million.

Data sourced from market research firm Kalagato showed Swiggy delivered 45-49 million orders as of December 2019 compared with Zomato's 32-36 million.

Telcos moot end-to-end online process to issue new connections

KIRAN RATHEE
New Delhi, April 6

TELECOM OPERATORS HAVE proposed an end-to-end online process for onboarding of new customers. Under this, a user can self-upload their photograph and documents and also make payment on an operator's mobile app, and after verification, the SIM card can be delivered to the customer's doorstep and be activated.

The operators, including Vodafone Idea, Bharti Airtel and Reliance Jio, through COAI, have already written a letter to the Department of Telecommunications (DoT) seeking permission for the self-KYC process.

Earlier, either the customer had to visit a point of sale (PoS) of an operator or a company executive used to collect the documents from the premises of the user. But owing to the lockdown, this has become problematic as movement of non-technical and non-essential telecom staff is restricted and customers also can't visit a PoS.

As per operators, "there is an urgent need to facilitate customers for obtaining new mobile connections through a self-KYC (know your customer) process which can be performed by an end-to-end online digital

process by a customer himself/herself".

The telcos have sought issuance of suitable guidelines to allow the industry to use this alternate digital process of self-KYC in addition to the current process. "We assure you that the proposed process meets all the requirements of KYC guidelines issued by the government and are only amended to the extent of meeting them through online measures. Also, requisite safeguards have been built in the process to meet the ultimate objective of KYC guidelines," it said.

"You would appreciate that such an alternate digital process is the need of the hour as there is uncertainty regarding the period of social distancing restrictions being imposed in the country,"

COAI said.

But analysts point out this kind of measure, if allowed by the government, will only benefit people who own a smartphone or have access to the internet. "For people living in villages who use a feature phone, it will not help as they don't have access to internet to apply. But this will certainly provide relief to some extent for the urban connected consumers who want a new connection," a company executive said.

PepsiCo commits 25,000 Covid-19 test kits, over 5 million meals to India

New Delhi, April 6

PEPSICO INDIA, along with its parent company's philanthropic arm PepsiCo Foundation, will provide 25,000 Covid-19 testing kits and over 5 million meals to support families impacted by the coronavirus outbreak in India, the company said on Monday.

The food and beverages major also said it has partnered with Akshaya Patra Foundation for distribution of cooked meals

and with Smile Foundation for providing dry food ration to support meals for over 8,000 vulnerable families impacted by the coronavirus pandemic.

This initiative is part of parent company PepsiCo's global programme called 'Give Meals, Give Hope'.

Further, PepsiCo India said it has partnered with non-profit organisation Foundation of Innovative New Diagnostics (FINN) for providing 25,000 Covid-19 testing kits. —PTI

INTERVIEW: MALLIKARJUNA RAO, MD & CEO, Punjab National Bank

'Over 90% of our term loan customers may avail EMI deferment facility'

Punjab National Bank (PNB) expects more than 90% of the term loan customers of the merged entity to avail the facility of deferment of instalments due to the current sluggish economic scenario, managing director and CEO SS Mallikarjuna Rao said. In an interview with Mithun Dasgupta, Rao also said PNB does not see a threat of losing its deposit base due to the recent rate cuts, as the bank — along with the two merged lenders, Oriental Bank of Commerce and United Bank of India — has a strong retail franchise. Edited excerpts:

PNB has passed on the full benefit of the recent RBI policy rate cut of 75 basis points to its borrowers covered under external benchmark linked product of repo linked lending rate (RLLR) in respect of retail/MSME portfolio. What is the total loan portfolio size for the merged entity linked to RLLR? What are the sizes for the home and auto loans portfolios? For home loan, roughly by how much do EMIs get cheaper (per lakh) on a 30-year loan?

The loan portfolio of the amalgamated entity linked to RLLR is around ₹28,800 crore. The total home loan portfolio is around ₹74,500 crore and the auto loan

portfolio is around ₹9,000 crore. Due to the 75 bps cut in RLLR, the EMI for housing loan will be reduced by around ₹52/month/lakh, which translates to approximately 7% of EMI payable.

The bank has decided to defer payment of all instalments/interest on term loan and working capital limit, and recovery of interests on cash credit facilities due between March 1 and May 31, after RBI's announcement. What is the size of term loans which come under this three-month moratorium? How will EMIs be changed for home and auto loans?

Around ₹4 lakh crore of term loans will be impacted under the moratorium. RBI has permitted deferment of instalments, but interest would continue to be levied on the accounts. For home and auto loan borrowers, extension of repayment period will not be sufficient to cover the increased loan amount due to application of interest during the moratorium period and the borrowers will have to pay an increased EMI or the number of EMIs required to be paid would increase depending upon the quantum of loan and remaining repayment period. The deferment facility is available to all borrowers, but they also have the choice to not opt for it and make



payments based on their cash flow.

What could be the approximate quantum of repayment getting deferred for the merged entity due to the moratorium on term loans?

That is still a matter of estimation at this point of time. We expect more than 90% of our term loan customers to avail the facility due to the current sluggish/dull economic scenario in the industry and market.

The bank has reduced its term deposit rates in various maturities. As you have

COVID CRISIS

Sundeep Chugh, Benetton India MD and CEO

The entire retail industry is witnessing uncertain and challenging times more than ever. Getting back on track will be a long and arduous journey as the way forward looks fluid with millions of jobs at risk. An aid (from govt) will not only help the sector survive but will in turn save many families...

Suzlon restructuring plan gets bondholders' nod

ANKUR MISHRA
Mumbai, April 6

BONDHOLDERS OF TROUBLED wind energy maker Suzlon Energy have approved a restructuring plan with a 99.9% vote in a meeting held in Singapore on Monday, sources close to the development told FE.

The approval of bondholders comes within a week of lenders approving the company's resolution plan, which implied around 60% haircut on a total exposure of ₹12,785 crore to financial creditors.

The company gave two options to the bondholders on Monday. In the first, they were given the choice of converting their outstanding loans into equity, while in the second, they were allowed to exchange their outstanding dues with new US dollar-denominated convertible bonds to be due in 2032.

As per the exchange filing on January 7, Suzlon has an exposure of ₹1,263 crore to foreign currency convertible bonds. The company defaulted towards payments to bondholders in July 2019.

In an email response to FE, Suzlon said, "The resolutions have been passed by a majority and now the company will be in the process of complying with the conditions precedent for restructuring the bonds, including procuring the RBI approval."

According to sources, a few bondholders were unhappy with the deal earlier presented to them and demanded better value on their outstanding claims. However, the



company was able to iron out the differences and got all bondholders on board.

The company was successful in finding a resolution with lenders last week, in which the majority portion of the company's ₹12,785-crore debt will be converted into sustainable and unsustainable portions. Suzlon has promised to clear the debt in 20 years as per the resolution plan. The plan also included equity infusion of ₹400 crore by promoters and associates.

The Pune-based company will also divest and dispose of some of its investment and also dilute stake in some of the undertakings, in line with the approved plan. But the company did not specify which assets it would sell.

Suzlon Energy on February 12 reported widening of its consolidated net loss to ₹743 crore in the December quarter compared with a net loss of ₹40 crore in the same period a year ago.

Pharma exporters seek extension for payments as lockdown hits business

BV MAHALAKSHMI
Hyderabad, April 6

PHARMACEUTICAL EXPORTERS HAVE appealed to the Reserve Bank of India (RBI) to consider extending the payments of due/overdue letters of credit (LCs) by another six months to ensure that life-saving pharmaceutical products do not run out.

"We are flooded with calls asking for financial relief, particularly in terms of non-fund limits as the 10% of turnover as additional Covid working capital limits sanctioned as part of the stimulus package is grossly insufficient," Dr Dinesh Dua, chairman of Pharmaceuticals Export Promotion Council of India (Pharmexcil) and executive committee member of Indian Drug Manufacturers' Association (IDMA) said.

In a letter to RBI, the council has said: "Pharmexcil member companies which generate value turnover of \$50 billion divided equally for domestic and exports, exporting to 206 countries, have approached you to immediately consider at least an extension of six months for due payments against non-fund limits predominantly provided through LCs for making payments to the bankers."

There was serious disruption in the industry in March both in terms of manufacturing as well as supply chain, resulting in inability of practically all pharma companies to continue producing highly cost-effective and quality products.

"Due to transportation and manpower constraints, raw materials as well as finished goods worth more than \$1 billion are stuck at ports, and to complicate matters, airline operations are also suspended. As a result, the pharma industry, despite being classified as essential services, is unable to operate beyond 25-30% of their normal operational manufacturing capacity," Dua said. This may lead to acute shortage of life-saving pharmaceuticals both in India and overseas, he added.

Industry expects \$1-bn drop in exports amid corona curbs



BV MAHALAKSHMI
Hyderabad, April 6

PHARMACEUTICAL EXPORTS FROM India may see a drop owing to the ongoing lockdown and export restrictions imposed on certain drugs. While pharma exports were earlier estimated to touch \$22 billion, Pharmaceuticals Export Promotion Council (Pharmexcil) now expects them to end up between \$20 billion and \$21 billion.

"Due to restrictions on export of some categories of drugs and with the lockdown restricting movement of goods, pharma exports have almost stopped from March 3. Further, the government has banned the export of about 26 active pharmaceutical ingredients (APIs) and formulations in the beginning of March. Hence, we see a fall and expect exports in the range of \$20-21 billion depending on the situation," Pharmexcil director general R Uday Bhaskar said.

India has restricted exports of paracetamol and hydroxychloroquine among other drugs in view of their perceived role in Covid-19 treatment. "As far as exports

are concerned, since there are several restrictions, we crossed \$19.14 billion in FY19. By February this year, we had achieved \$18.74 billion. Even if there is a big drop in March, exports may still cross last fiscal's mark," Bhaskar said.

Further, Pharmexcil has requested the Director General of Foreign Trade (DGFT) to issue licences/NOCs for exporters on a fast-track mode to enable them to export the listed products which are of therapeutic use in the symptomatic treatment of Covid-19.

Indian pharmaceutical companies supply approximately 40-50% of generic drugs and have high exposure to the US and European markets. Industry insiders say these economies are expected to slow down and that may have a cascading effect on the domestic pharma manufacturers. Besides, the prices of raw materials or APIs have increased due to lower availability from China, the largest source, impacting profitability of the sector. "The recent restrictions on exports of 26 APIs could hurt India's image as a pharmacy to the world and would impact shipments which were already lined up for export at warehouses and ports," Pharmexcil said.

"The exporters are not only suffering monetary losses but their credibility in the international market is also at stake. We have asked the government to allow the export of drugs manufactured before the curbs kicked in. Millions worth of drugs are currently at Indian ports or close to being readied for export," Pharmexcil chairman Dinesh Dua said.

slashed the deposit rates for the merged entity, is there any concern that it may lose some depositors to large private sector banks?

PNB's deposit growth of 9.4% year-on-year as of December 31, 2019, was almost in sync with the system's growth during the period. Also, the recent changes in the domestic rates in different maturity buckets is in alignment with the softening interest rate trend across the system. PNB, with its rich legacy of over 125 years, has a very strong retail franchise. In fact, our two amalgamating banks, OBC and United Bank of India, also have a rich franchise and we don't see a threat of losing our deposit base.

Though RBI and the government have taken steps to boost liquidity in the market, do you see any concern over liquidity due to the nationwide lockdown affecting all sectors of the economy?

Due to the nationwide lockdown, some sectors like microfinance, commercial vehicles and affordable housing finance may be affected due to collection of repayments. However, measures taken by RBI and the Centre are certainly helping the affected sectors. Steps taken by RBI will bring depth in the corporate bond market, especially in

the shorter duration. Sectors having asset-liability mismatches are likely to get adequate support, considering the fact that the system and the banking system have adequate liquidity due to the RBI measures.

The MSME sector is facing the heat of the lockdown and now has the benefit of the three-month moratorium. Do you see any asset quality stress from exposure to the sector going ahead?

The government is cognizant of the issues faced by the MSME sector. We are working to streamline processes for reassessment of MSME credit under RBI. A Covid-19-related revival package clearly identifies the steps, time frame and documentation required for the MSME categories.

What is the loan book size of PNB after the merger? What kind of loan growth are you expecting in the first year of operation amid the pandemic?

To start with, the total business of the bank is around ₹18 lakh crore, and advances are around ₹7.5 lakh crore. We are targeting an 8% y-o-y growth in advances for 2020-21, but we are yet to see the full impact of the pandemic. If the impact ends by June, we are confident we can clock an 8% credit growth.