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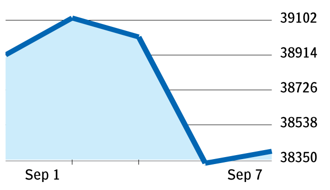

	LATEST	CHANGE
Nifty 50	11355.05	+21.20
P/E Ratio (Sensex)	28.10	-0.11
US Dollar (in ₹)	73.35	+0.21
Gold Std 10 gm (in ₹)	50814.00	-87
Silver 1 kg (in ₹)	65017.00	+580

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BIG RETAIL INTEREST
Ashok Soota got an overwhelming response from retail investors for the IPO of his Happiest Minds p6

DEFAULT FEAR
Mutual funds are cutting down their exposure to debt instruments of non-banking financial companies p6

AMAZON'S PRIME CONCERN
The supply chain is not normal yet, and the focus is now on employee safety and seller support, says Amazon India's Manish Tiwary p2

Bengaluru Chennai Coimbatore Hubballi Hyderabad Kochi Kolkata Madurai Malappuram Mangaluru Mumbai Noida Thiruvananthapuram Tiruchirapalli Tirupati Vijayawada Visakhapatnam

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QUICKLY

ECONOMY

Entire GST shortfall for FY21 will be compensated, says Centre

New Delhi, September 7

States and Union Territories will get full compensation for the shortfall in GST collection this year, the Centre reiterated on Monday. It made it clear that it will be irrespective of the fact whether the shortfall is on account of GST implementation or on account of the Covid pandemic. "It has never been the stand of the Union Finance Minister that the loss of revenue due to Covid would not be compensated. The Central government has, time and again, committed that the entitlement of the States would always be for full compensation. The entire compensation on account of the shortfall in collection of GST will be paid and honoured," a senior Finance Ministry official said.

Total GST revenue shortfall during FY 2020-21 is estimated at ₹3-lakh crore. Since collection through the compensation cess is likely to be ₹65,000 crore, the net shortfall could be ₹2.35-lakh crore. Out of this, based on 10 per cent nominal growth and other assumptions, the shortfall on account of GST implementation and pandemic are ₹97,000 crore and ₹1.38-lakh crore, respectively. The Centre has proposed two options for States – borrow ₹97,000 crore through a special window or borrow the entire ₹2.35-lakh crore from the open market. OUR BUREAU

ICICI BANK-VIDEOCON LOAN CASE

ED arrests Deepak Kochhar

Mumbai, September 7

The Enforcement Directorate has arrested Deepak Kochhar, husband of Chanda Kochhar, former ICICI Bank MD & CEO, in the ICICI Bank-Videocon loan case. The arrest was made in Delhi after the ED questioned him for a few hours. The ED had filed a criminal case under the Prevention of Money Laundering Act (PMLA) early last year against Chanda Kochhar, her husband, and Venugopal Dhoot of Videocon Group alleging irregularities in sanction of loans of ₹1,875 crore by ICICI Bank. OUR BUREAU

WITH ₹12,276-CRORE NOTICE

State Bank moves to invoke personal guarantee of Bhushan Power promoter

Gives Sanjay Singhal time till Sept 14, or will initiate insolvency process

SURESH P IYENGAR
Mumbai, September 7

State Bank of India has kick-started the process of invoking personal guarantees of promoters of defaulting entities by sending a demand notice to recover ₹12,276 crore from Sanjay Singhal, a promoter of Bhushan Power and Steel, who stood guarantee for various loans taken by the company.

SBI has given Singhal time till September 14 after which the bank will start the insolvency resolution process. SBI has issued the notice under the Indian Contracts Act, 1872 and other applicable provisions relating to liability of the guarantor.

BusinessLine had reported on September 2 that SBI is readying to invoke personal guarantees of promoters of 40 defaulting entities through the insolvency process.

In a nutshell

- Fresh notice may cast gloom on insolvency proceedings which are nearing closure
- After JSW Steel's resolution plan is cleared by NCLAT, the debt of all lenders remains discharged. In the light of this, SBI notice may not be able to stand the test of liability of a guarantor under the Indian Contract Act.
- Insolvency resolution process for personal guarantors to corporate debtors is still at a nascent stage
- The manner in which this case is dealt with will pave the way for invocation of personal guarantees in the future

Similar proceedings

Sources close to the development said the notice to Singhal is among the first of the many that will be sent out in the coming weeks. The bank is understood to have initiated similar proceedings against promoters of defaulting companies in Chennai and Hyderabad.

In July, the Supreme Court had asked the Centre to explain why these guarantees have not been invoked by public sector banks. This came in the wake of a public interest litigation filed in the top court asking why ₹1.8-lakh-crore worth of personal guarantees given by defaulting promoters had not been invoked to recover outstandings. The PIL named several promoters whose personal guarantees have not been invoked, including Kapil and Dheeraj Wadhwan of DHFL (₹79,344 crore); Venugopal and Rajkumar Dhoot (₹22,076 crore); Madhusudhan Rao and family (₹5,253 crore); IVRCL's Sudhir Reddy (₹7,058 crore); and Jatin Mehta of Winsome Diamonds (₹6,185 crore). So far, only SBI has moved to encash the personal guarantees given by Anil Ambani.

The action against Singhal comes even as the lenders led by SBI are close to sealing a deal with JSW Steel to sell Bhushan Power and Steel for ₹19,700 crore. But this transaction has been held up due to the ongoing Enforcement Directorate investigations against BPCL's former promoters.

Vasanth Rajasekaran, Partner, Phoenix Legal, said SBI's new notice should ideally not affect the Corporate Insolvency Resolution Process of Bhushan Steel, which has come to a near-conclusion stage, with JSW Steel emerging the highest bidder, since the personal guarantees would be in relation to the personal wealth of Sanjay Singhal and not the assets of Bhushan Steel.

JSW seeks early closure of Bhushan Power case in SC

SURESH P IYENGAR
Mumbai, September 7

JSW Steel has urged the Supreme Court to pronounce its final judgment in the Bhushan Power and Steel insolvency case as it has been waiting for over three years.

Last Friday, the apex court gave another two weeks to both the Enforcement Directorate and BPSL promoter Sanjay Singhal to make their final submissions. JSW Steel's ₹19,700-crore bid to acquire BPSL is hanging fire as the ED had filed a fresh plea in the Supreme Court to scrap the sale, finalised under the Insolvency and Bankruptcy Code. The ED has argued that the National Company Law Appellate Tribunal has no jurisdiction to unfreeze and approve the sale of an asset attached by the investigating agency. Last October, the ED attached assets worth over ₹4,025 crore of BPSL in connection with its money laundering probe linked to an alleged bank loan fraud by the company's former owners.

When the matter came up for hearing online in the apex court on Friday, ED counsel Tushar Mehta was granted four weeks to make a submission. Lawyers of other parties were not heard as they were on mute mode.

Later, when JSW Steel counsel Harish Salve was unmuted and heard in another case under the same judge, he clarified that no other lawyer got time for submission in the BPSL case. Following this, the judge agreed to hear the BPSL case again at the end of the day.

The committee of creditor's senior counsel Abhishek Manu Singhvi and Salve protested against more time being given and said the interest of both the banks and JSW Steel were getting hurt due to delay and the case being dragged.

The judge, then, halved the time for fresh submissions to two weeks, and adjourned the matter.

MONSOON SESSION AGENDA

LIC Act likely to be amended to facilitate public issue

To list as corporation, ensure no change in sovereign guarantee given to policyholders

SHISHIR SINHA
New Delhi, September 7

The government is likely to move a Bill in the forthcoming monsoon session of Parliament to amend the Life Insurance Corporation (LIC) Act, 1956.

This amendment, being prepared by the Department of Financial Services (DFS), will facilitate the Initial Public Offering (IPO) of the country's largest life insurer. It will also enhance its paid-up equity capital.

The process to appoint merchant bankers has already been initiated. According to sources, the DFS is working on a note to the Cabinet. The Cabinet may also consider a tagged proposal to give umbrella approval for off-loading up to 25 per cent of the LIC equity in several tranches. According to sources, this can help the government approach the market when required to achieve minimum public shareholding.

Three objectives

The government plans to come out with the IPO during the second half of the current fiscal. The amendment to the LIC Act is required to achieve at least three objectives – list the insurer as a corporation and not as a company; expand its paid-up capital, and ensure that it continues to give sovereign guarantee to policyholders. Listing the insurer as a corporation and not as company is key to providing sovereign guarantee; this will be a problem if LIC is under the Companies Act, 2013.

The LIC Act envisages that "The sums assured by all policies issued by the Corporation, including bonuses declared in respect thereof and, subject to the provisions contained in Section 14, the amounts assured by all policies issued by any insurer, the liabilities under which have vested in the Corporation under this Act and all bonuses declared in respect thereof, whether before or after the appointed day, shall be guaranteed as to payment in cash by the Central Government."

LIC's original capital was ₹5 crore. This was enhanced to ₹100 crore after the 2011 amendment to the LIC Act.

Minimum public shareholding

Though the government has not disclosed how much of its shareholding will be offloaded through the IPO, it is expected to be 10 per cent. Once listed, an entity is required to have at least 25 per cent of public shareholding – shares owned by those other than promoters – within three years.

The Budget documents show that the government has set a disinvestment target of ₹2.1-lakh crore, of which ₹90,000 crore would come from the sale of stakes in IDBI Bank and LIC.

LIC reported a 12.42 per cent increase in total premium income in 2019-20 to ₹3.79-lakh crore against ₹3.37-lakh crore in 2018-19.

To woo global giants, TN's new hardware manufacturing policy offers sops, support

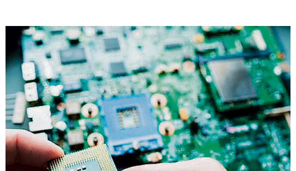
OUR BUREAU
Chennai, September 7

With Apple, Samsung, HP and other hardware manufacturers looking to re-organise their global manufacturing facilities to reduce their dependence on China, Tamil Nadu has taken the lead to woo these players with a clear strategy.

Clearly, a lot is at stake. Apple alone is looking to invest as much as $1 billion through its vendors – Foxconn and Pegatron – in India. TN wants to capitalise on the fact that Foxconn recently started manufacturing 'Made in India' iPhones from its Sriperumbudur factory, near here, to attract both the partners of Apple. Samsung, too, has operations in the State, as do HP and Dell.

Recently, TN Chief Minister Edapaddi K Palaniswami had written personal letters to heads of 13 global electronics majors, including Apple CEO Tim Cook; Samsung President and CEO Kim Hyun Suk; Amazon CEO Jeff Bezos, and HP President and CEO Enrique Lores.

He promised them an attractive investment climate and, on Monday, the government delivered on that, by releasing a comprehensive Electronics Hardware Manufacturing Policy 2020.



Through this policy the State aims to increase Tamil Nadu's electronics industry output to $100 billion by 2025 and the State's contribution to India's total electronic exports to 25 per cent.

Attracting global players

The objective is to transform the State into an innovative and a globally competitive electronics system design and manufacturing (ESDM) destination. To attract global ESDM majors to Tamil Nadu, the policy seeks to provide infrastructure and supporting ecosystem to ESDM companies.

Simultaneously, it will incentivise home-grown start-ups in the ESDM sector, catalyse the growth of innovation-led enterprises that manufacture hardware products and solutions and develop the semiconductor fabrication (FAB) industry in Tamil Nadu. With the new policy, the State government aims to attract at least two major FAB investments in the next three years.

The policy also seeks to add value, especially in focus sectors such as mobile handsets, LED products, fabless chip design, PCBs, solar photovoltaic cells, medical electronics, and automotive electronics.

Financial sops

Financial incentives will be offered based on three categories: MSMEs, large – with investments in the range of ₹200-500 crore – and mega – with investments in the range of ₹200-500 crore

Financial incentives for large and mega projects include capital subsidy, subsidy on land lease cost, stamp duty exemption, training subsidy, interest subsidy, exemption of electricity tax, subsidy for intellectual capital and enhanced quality certification and environment protection infrastructure. Also, there will be incentives for EMC clusters and private ESDM park developers.

Clearances for setting up new electronics enterprises or expanding existing ones under this policy shall be processed via the single window portal of guidance.

Rejig of Covid-hit loans: RBI sets 5 key norms for lenders based on Kamath panel recommendations

OUR BUREAU
Mumbai, September 7

The Reserve Bank of India has specified five key financial parameters that lenders must consider before finalising resolution plans (RP) for eligible borrowers in 26 sectors, ranging from auto to trading, to mitigate the impact of Covid-related stress.

KV Kamath

The financial parameters relating to leverage, liquidity and debt serviceability are based on the recommendations of the Expert Committee, headed by former ICICI Bank chief KV Kamath, on a 'Resolution Framework for Covid-related stress'.

In August, the RBI had permitted one-time restructuring of corporate advances and personal loans amid concerns of a spike in bank NPAs due to the Covid-19 pandemic.

Besides auto and trading, the major sectors for which the parameters (ceilings or floors, as the case may be) have been prescribed include aviation, construction, consumer durables/FMCG, corporate retail outlets, gems and jewellery, hotel, restaurants, tourism, power, and real estate.

The five financial parameters are: Total Outside Liabilities (TOL)/Adjusted Tangible Net Worth (ATNW); Total Debt/EBITDA; Current Ratio; Debt Service Coverage Ratio (DSCR); and Average DSCR.

Under the RBI's framework, only borrowers classified as standard and with arrears of less than 30 days as on March 1, 2020 are eligible for resolution.

Financial parameters

- Total Outside Liabilities/ Adjusted Tangible Net Worth
- Total Debt/EBITDA
- Current Ratio
- Debt Service Coverage Ratio
- Average DSCR

Other sectors

Where sector-specific thresholds have not been specified, lending institutions shall make their own internal assessments regarding TOL/ATNW; and Total Debt/EBITDA.

However, the current ratio and the DSCR in all cases shall be 1.0 and above, and ADSCR shall be 1.2 and above.

The central bank said lending institutions are free to consider other financial parameters as well while finalising the resolution plan apart from the mandatory five key ratios and the sector-specific thresholds prescribed.

Graded approach

Given the varying impact of the pandemic on sectors/entities, the RBI said the lending institutions may, at their discretion, adopt a graded approach depending on the severity of the impact on the borrowers, while preparing or implementing the resolution plan. Such an approach may also entail classification of the impact on the borrowers into mild, moderate or severe, as recommended by the Committee.

India Ratings has estimated that around 7.7 per cent (₹8.4-lakh crore) of the total bank credit as at end-March 2020 from corporate and non-corporate segments could get restructured under the Covid resolution framework.

With over 42 lakh Covid cases, India replaces Brazil as 2nd worst-hit nation

OUR BUREAU
New Delhi, September 7

India on Monday surpassed Brazil to become the second-worst Covid-hit country, with the total tally surpassing 42 lakh, after a record jump of 90,802 cases in the last 24 hours.

Brazil, till Sunday, had registered around 41.4 lakh cases.

India is now only behind the US, which has recorded nearly 63 lakh Covid-19 cases.

According to Health Ministry data, in the last 24 hours, as many as 1,016 Covid-19 deaths were reported in India, taking the overall toll to 71,642. As many as 90,802 new cases were detected.

The total Covid-19 tally of 42,04,613 includes 8,82,542 active cases, 32,50,429 cured/discharged/migrated and 71,642 deaths, according to the Health Ministry.

Metro services back on track, with social distancing and screening

Low traffic on Day One as safety concerns, limited operations keep commuters away

OUR BUREAUS
New Delhi/Chennai/Bengaluru, September 7

If the government was measured in resuming Metro rail operations across the country, commuters showed that they could be no less careful. When Metro services eventually opened on Monday after five months, albeit in a limited way, the usual rush was missing – be it in Delhi, Lucknow, Chennai or Bengaluru.

Delhi Metro Rail Corporation (DMRC) saw about 7,500 passengers travelling in the first four hours. Some 2,500 passengers used the Metro in Lucknow in the first few hours. Patronage was marginal in Chennai and Bengaluru, too.

"I will wait and watch how many people use the Metro. Will also look for any surge in cases. After all, safety comes first," said a regular Delhi Metro user. "If the safety norms are strictly followed, then I will consider using the Metro," said another.

Safety measures

In Chennai, passengers told *BusinessLine* that the crowd was just a tenth of pre-Covid days but they were impressed by the safety measures put in place. Shanmugasundaram, who travelled from Government Estate Station to Guindy, said: "Temperature checks and hand sanitation were ensured at the boarding point. Social distancing was maintained. There is nothing to worry." He also praised the contact-less ticketing (QR code scanners and passes instead of tokens).

Metro operators will hope that such statements will get more passengers to use their services. In pre-Covid times, Delhi Metro was used by about 26 lakh users a day on an average. Restricted operations (not all lines were opened on Monday) and people continuing to work from home also kept the patronage low on Day One. But ardent Metro users are already celebrating.

Said G Anand, a Bengaluru-based banker, whose office is on MG Road: "It is a relief. Now, I can go to the office and return safely. Only hassle is that we need to be early by one hour, so as not to miss the office deadline."

How well Metro rail operations take off across the country will entirely depend on adherence to safety measures laid down by the government. Karnataka Health Minister B Sriramulu, who took a Metro ride and inspected the protocols put in place by the BMRCL, said it best in a tweet "..... Don't be afraid to travel by Metro train, but caution is necessary. Our health is in our own hands. In this regard, all travellers are required to follow the rules put in place."

After a 150-day pandemic-triggered break, the Bangalore Metro resumed services on the Purple Line on Monday K MURALI KUMAR

Chennai Port Trust plans VRS, to target 3,646 Class 3/4 staff

P MANOJ
Mumbai, September 7

State-owned Chennai Port Trust is weighing a plan to roll out a special voluntary retirement scheme for employees, its seventh since 1992, as it looks to cut transaction costs and stay fit in the face of competition from private, mechanised ports in the hinterland.

The board of trustees of Chennai Port Trust will consider the special voluntary retirement scheme this week, a Shipping Ministry official said.

The port trust currently has 3,846 employees on its rolls and the SVRS is aimed at Class 3 and 4 workers totalling 3,646 who have completed ten years of service or attained 40 years.

Details p8