Tarkets

SATURDAY, JANUARY 5, 2019



PRESS TRUST OF INDIA

emerging market currencies.

THE INDIAN RUPEE on Friday rebounded

by 48 paise to settle at 69.72 against the

US dollar in line with smart gains in domestic equities and uptrend in other

Also, sustained selling of the American currency by exporters and banks propped

up the rupee after two successive sessions

of fall, traders said. Higher crude prices and

sustained foreign fund outflows, however,

capped the rupee gains to some extent,

trading at \$57.15 per barrel, higher by

2.14%. Foreign funds pulled out Rs

157.72 crore from the capital markets on

a net basis on Friday, while domestic insti-

tutional investors bought equities to the

tune of ₹240.60 crore, provisional data

showed. At the Interbank Foreign

Exchange (forex), the rupee opened on a

firm note at 69.95. It gained further to hit

a high of 69.66 following dollar selling by

exporters, before finally closing at 69.72,

for the second straight session and slipped

by 2 paise to 70.20 against the US dollar.

On Thursday, the rupee had weakened

Brent crude, the global benchmark, was

Mumbai, January 4

they said.

up 48 paise.

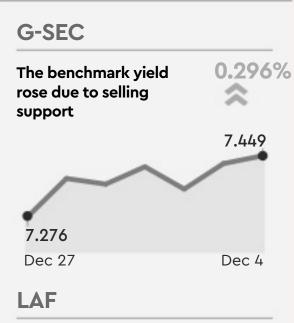
FUND DIVERSION AT PNB

Arun Jaitley, Union finance minister

Rupee recovers 48 paise to end at 69.72

PNB has informed that there is no misappropriation of funds, and that the pension fund and gratuity fund trusts are separate entities and the bank is not authorised to operate the trusts' accounts or transfer any amount

Money Matters



Bank borrowing under RBI's short-term window decreased by ₹579 crore

22,786 Dec 26

₹/\$ The rupee appreciated due to global cues

Dec 27 Dec 4

€/\$ The euro depreciated against the US dollar



Quick View

Sebi refuses to stay forensic audit of **Parsynath Developers**

SEBI ON Friday refused to grant a stay on the forensic audit of Parsvnath Developers, which figured in the list of 331 "suspected shell companies". In an interim order passed in August 2018, Sebi directed a stock exchange to appoint an independent forensic auditor to verify any

misrepresentation including of financials or business by PDL in the context of the transactions during financial years 2009-10, 2010-11 and 2011-12, including the role of key managerial personnel, directors and promoters in them. Also, the auditor was required to verify any misuse of the books of accounts and funds including facilitation of accommodation entries or compromise of minority shareholder interest in the context of the transactions during the three financial years, according to the interim order.

ICICI Bank, SBFC to jointly offer MSME loans

ICICI BANK and Small Business FinCredit will jointly provide loans worth up to ₹1 crore to the small and medium enterprises. ICICI Bank on Friday said it has singed a memorandum of understanding with Small Business FinCredit India (SBFC) to jointly provide credit to MSMEs. The partnership has been forged under the aegis of RBI's circular dated September 21, 2018, that permits banks to engage with NBFCs to cooriginate loans for the creation of priority sector assets, the bank said.

Sebi orders attachment of A/cs of Lokmangal Agro

SEBI HAS ordered attachment of bank and demat accounts, along with mutual fund folios, of Lokmangal Agro Industries and its directors to recover dues of around ₹75 crore. The move comes after the regulator in May 2018 had directed the firm and its seven directors to refund the amount of ₹74.82 crore, which they had illegally raised from the investors, along with an interest of 15% per annum. Besides, they were banned from the securities market for at least four years.

HIGHEST SINCE 2008

FPIs pull out \$11.3 billion from Indian mkts in 2018

The combination of rising yields and falling rupee prompted foreign investors to offload bonds

FE BUREAU Mumbai, January 4

15.81%

0.632%

0.105%

FOREIGN PORTFOLIO INVESTORS (FPIs) have pulled out nearly \$11.3 billion from Indian debt and equity markets in 2018, the highest since 2008.

However, it must be remembered that foreign flows into the bond market are capped and the ceiling has been gradually raised over the years.

The outflows of \$6.7 billion in 2018 from the debt markets were the result of rising yields. The yield on the benchmark on November, 2016 was 6.187%; it rose nearly 200 basis points to 8.18% in September 2018.

In other words, the increase over 22month period was fairly sharp. On Friday, the yield closed at 7.449. Between August and mid-September 2018, the yield rose sharply by nearly 50 basis points.

The combination of rising yields and falling rupee prompted FPIs to offload bonds, especially the sharp depreciation in the currency in the second half of the year ing to CCIL data. The utilisation as on Janprompted sales of bonds.

The rupee plunged 8% between August and October, hitting an all-time low of 74.39 against the greenback on October 9. The US Federal Reserve raised



interest rates four times in 2018, the last increase being in December 19.

Investors sold \$4.6 billion from the equities market in 2018 compared with an inflow of \$8.01 billion in 2017 and \$2.9 billion in 2016.

In April, 2018, the Reserve Bank of India (RBI) hiked the limit on FPI investments in gilts to 30% from 20% of the outstanding stock of that security. The quota for FPI investment in gilts is ₹2.23 lakh crore as on January 4, 2019, accorduary 3 was 74.51% for gilts.

The NSDL data show that as of January 3, the limit for FPI investments in corporate bonds is ₹2.89 lakh crore. The utilised level is 71.14%. Even after the central

bank eased norms for investing in debt, in April 2018, foreign investors trimmed their holdings in G-secs and corporate bonds in April, May and June.

Towards the end of the year, they bought bonds in November and December as the rupee regained much of its lost value following the sharp fall in the prices of crude oil. On Friday, the rupee was trading at a level of 69.72 to the dollar.

Treasurers said the weaker rupee made it less attractive for investors to buy bonds and they were unimpressed by the easier norms. FPIs invest in various debt market instruments such as government bonds (G-secs), state development loans and corporate bonds, but with prescribed limits and restrictions by the central bank.

RBI issues norms for limiting customer liability for unauthorised

FE BUREAU

Mumbai, January 4

THE RESERVE BANK of India (RBI) on Friday released guidelines for limiting customer liability in unauthorised transactions involving prepaid payment instruments (PPIs), including mandatory SMS alerts for all transactions and 24x7 access through a website, SMS, e-mail or a dedicated toll-free helpline for reporting unauthorised transactions.

PPI issuers will have to ensure that their customers mandatorily register for SMS alerts and, wherever available, also register for e-mail alerts for electronic payment transactions. The SMS alert for any payment transaction in the account shall mandatorily be sent to the customers and e-mail alert may additionally be sent, wherever registered. The transaction alert should have a contact number or e-mail id to which a customer can report unauthorised transactions or notify the objection.

"Customers shall be advised to notify the PPI issuer of any unauthorised electronic payment transaction at the earliest and, shall also be informed that longer the time taken to notify the PPI issuer, higher will be the risk of loss to the PPI issuer / customer,"

The loss and fraud reporting system must also ensure that immediate response is sent to the customers acknowledging the complaint along with the registered complaint number. The communication systems used by PPI issuers to send alerts and receive their responses shall record time and date of delivery of the message and receipt of customer's response, if any. This shall be important in determining the extent of a

A customer's liability arising out of an unauthorised payment transaction will be nil in cases of contributory fraud, negligence or deficiency on the part of the PPI issuer, irrespective of whether or not the transac-

In cases of third-party breach where the deficiency lies neither with the PPI issuer nor with the customer but lies elsewhere in the system, and the customer notifies the PPI issuer regarding the unauthorised payment transaction, the customer liability will depend on the number of days lapsed between the receipt of transaction communication by the customer from the PPI issuer and the reporting of unauthorised transaction by the customer to the PPI issuer.

There will no customer liability if the breach is reported within three days of receiving the transaction alert. If it is reported between three and seven days, the customer liability will be equivalent to the transaction value, subject to a maximum of ₹10,000.If the breach is reported more than seven days after receipt of the transaction alert, the PPI issuer may proceed as per its board-approved policy. In cases where the loss is due to negligence by a customer, such as where they have shared the payment credentials, the customer will bear the entire loss until they report the unauthorised transaction to the PPI issuer.

₹/\$ Intra-day, Jan 4 (Inverted scale) 69.65 69.74

"The Indian rupee appreciated around 0.5% to trade below 70 per US dollar. The appreciation is in line with most of the other emerging market currencies, reflecting opinions that Fed rate hikes may be nearing an end, and also the decelerating growth prospects of the US," said Sunil Sharma, chief investment officer, Sanctum Wealth Management.

The Financial Benchmark India (FBIL) set the reference rate for the rupee/dollar at 69.8653 and for rupee/euro at 79.5659. The reference rate for rupee/British pound was fixed at 88.2599 and for rupee/100 Japanese yen at 64.60.

Sebi comes out with new rules governing changes in issue size

PRESS TRUST OF INDIA New Delhi, January 4

MARKETS REGULATOR SEBI has come out with new norms, that entails filing of fresh offer documents in those cases where there has been a change in issue size.

Under the new rules, filing of a fresh offer document is required in case of any increase or decrease in the estimated issue (new) size by more than 20%, Sebi said in a notification dated December 31. At present, such requirement is both for fresh issues and offer for sale (OFS.)

In case of an OFS, where there is a change

in the number of shares offered for sale, or in the estimated issue size, by more than 50%, the capital markets watchdog said that fresh offer document will be needed.

In case an issue made other than through the book building process, Sebi said minimum 50% will be allocated to retail investors and remaining to individual applicants other than retail investors as well as other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for.

To give effect to these norms, the Sebi has amended its capital and disclosure requirements regulations.

Markets regain footing on value buying, overseas cues

Sensex weekly gainers & losers

GAINERS		
COMPANY	PRICE (₹)	% CHANGE
Yes Bank	189.50	▲ 4.38
Bharti Airtel	322.60	▲ 2.02
Sun Pharma	432.80	▲ 1.93
Asian Paints	1,385.30	1.46
ICICI Bank	365.55	1.25
SBI	297.50	1.04
Source: Bloomber	g	

COMPANY	PRICE (₹)	% CHANGE
M & M	726.15	▼ 9.5°
Tata Steel	487.70	▼ 5.0
Hero Motocorp	2,992.55	▼ 4.40
Maruti	7237.40	▼ 3.6
L&T	1,389.30	▼ 3.4
Vedanta	193.00	▼ 3.2

PRESS TRUST OF INDIA Mumbai, January 4

REVERSING TWO DAYS of sharp declines, benchmark indices finished with smart gains on Friday on bargain hunting in telecom, metal and banking stocks amid a global relief rally triggered by US-China trade talks.

After swinging over 350 points intraday, the 30-share BSE Sensex finally settled 181.39 points, or 0.51%, higher at

Similarly, the broader NSE Nifty jumped 55.10 points, or 0.52%, to 10,727.35. However, during the week, the Sensex fell 381.62 points, or 1.05%, and the Nifty shed 132.55 points, or 1.22%. The biggest gainers in the Sensex pack

in Friday's session were Yes Bank, Bharti Airtel, Tata Motors, Vedanta, SBI and Axis Bank, spurting up to 3.05%. The losers included HCL Tech, TCS,

Infosys, Hero MotoCorp, IndusInd Bank and Sun Pharma, falling up to 1.55%. Sectorally, telecom, metal, utilities and finance indices rallied the most, jumping

over 2%. PSU bank stocks, led by PNB,

Union Bank, Bank of India, Andhra Bank

and SBI, surged up to 4%. Global investor sentiment was upbeat

THE INSURANCE REGULATORY and

Development Authority of India (Irdai) on

Friday slapped a penalty of ₹5 lakh on

United India Insurance for violating

norms regarding settlement of motor

few complaints against the general insurer

settling lesser amounts than the insured

declared value in case of motor vehicle

of the insurer from November 8-9, 2012

and on January 11, 2013 on settlement of

motor (own damage) total loss/theft

claims cases. The inspection covered set-

tlement of motor claims by the insurer

during 2009-10 and 2010-11, Irdai said.

"The company has violated the provi-

Irdai had conducted onsite inspection

Irdai, in an order, said it had received a

PRESS TRUST OF INDIA

New Delhi, January 4

total loss/theft claims.

claims.

after China announced new trade talks with the US.

A US government delegation will visit China early next week for the first face-toface talks since President Donald Trump and his Chinese counterpart Xi Jinping agreed on a temporary truce in the trade war, China's commerce ministry said.

Meanwhile, on a net basis, foreign portfolio investors (FPIs) sold shares worth ₹972.81 crore Thursday, while domestic institutional investors (DIIs) were net buyers to the tune of ₹34.52 crore, provisional data available with BSE showed.

"On the last day of the week, the market attempted to recover but with high volatility due to initial signs of ease between US and China trade negotiations. Recent weak data from US and China provided hope to the market that both the parties will try to find a peace soon. PSBs led the gains today due to consolidation and increase in capital infusion while IT underperformed due to appreciation in rupee," said Vinod Nair, head of research, Geojit Financial Services.

Elsewhere in Asia, Korea's Kospi ended 0.83% higher, Hong Kong's Hang Seng rallied 2.24% and Shanghai Composite Index jumped 2.05%. Japan's Nikkei, on the other hand, dropped 2.26%.

PPI transactions

the central bank said.

customer's liability.

tion is reported by the customer.

ANALYST CORNER

Marico: Newer portfolios grew well, TP at ₹465

MOTILAL OSWAL

OVERALL DEMAND environment was good in Q3FY19 with market share gains across key portfolios. The positive sentiment during the quarter was led by festive season and expectations of a stimulus from government initiatives. Rural continues to do well on the

back of good demand. Meanwhile, growth in urban was driven by newer channels (modern trade, ecommerce and CSD). Parachute grew healthily in Q3FY19, while VAHO was a tad short of expectations. Saffola remains subdued and management believes that recovery in the segment might take longer than earlier expectation. Marico's newer portfolios (premium hair nourishment, male grooming and healthy foods) grew in line with company's expectation.

There were a couple of new launches during the quarter, which include (a) Hair & Care Dry Fruit Oil – a light hair-oil enriched with almond and walnut oils. The product has been introduced at a price of ₹55 (100 ml) in select markets of north and west India,

(b) the company also rolled out a range of healthy food and beverage products under a new sub brand -Saffola FITTIFY Gourmet - focused entirely on the modern trade and ecommerce channels. The portfolio includes Moringa green tea, green coffee instant beverage mix, hi-protein breakfast cereals, hi-protein meal soups and hi-protein slim meal shakes.

Its international business saw decent growth led by portfolio diversification in Bangladesh and enhanced GTM initiatives in Vietnam supported by reasonable growth in MENA. Three factors underpin our confidence on Marico's earning prospects: (a) likely benign raw material environment over the next 18-24 months (Copra accounts for 40-50% of material costs), (b) strong performance of Parachute volumes in recent quarters and healthy growth prospects in the VAHO segment, and (c) good traction being witnessed on new product development.

Targeting 46x December 2020 EPS (10% premium to 3-year average) we get a target price of ₹465, 23% upside to the CMP.

High single-digit earnings growth likely for paint cos

ICICI SECURITIES

PAINT COMPANIES under our coverage are expected to report robust high double- digit decorative paints volume growth (ex-AKZO) in Q3FY19 driven by strong festive season sales.

While the companies will see the positive impact of price hikes taken in CY18 (aggregating 7-7.5%), we expect adverse mix changes towards low-value products to continue in Q3FY19, thus impacting realisation. Hence, value growth is expected to be marginally lower or 1-2% higher than volume growth. Accordingly, we expect 17%

revenue growth for APNT and BRGR. KNPL is expected to report 16% revenue growth as strong decorative volume growth would be partially offset by slower high single-digit industrial volume growth due to slowdown in auto segment. AKZO is expected to report 10% revenue growth driven by high single-digit decorative paints

While crude oil prices declined

recently, average price in Q3FY19 still remains higher by 20% y-o-y. Hence, given raw material inventory, we expect margins to remain weak in Q3FY19 despite price hikes. We expect gross margin contraction of 80-200 bps y-o-y and Ebitda margin contraction of 100-200bps y-o-y for paint companies (including PIDI).

However, compared to an average of \$60/₹4,300 in Q3FY19, crude prices are at \$45/₹3,200 as on Jan 1 '19. With price hikes, we believe margins will see a stronger uptick in FY20.

Overall, we expect high single-digit to low double-digit earnings growth for paint companies. PIDI, though not a pure-play paint company, has similar demand dynamics as the paint sector. We expect PIDI to post sales growth of 15% y-o-y and Ebitda margin contraction of 200bps in Q3FY19. While crude oil prices declined recently, average price in Q3FY19 still remains higher by 20% y-o-y. Hence, given raw material inventory, we expect margins to remain weak in Q3FY19.











its second charge.

"After considering all the factors, I am

of the opinion that charges 1 and 2 relat-

ing to total loss/constructive total loss

claims stand confirmed and the samples

given stand testimony to this. Simultane-

ously, certain lacunae in compliances by

the claimants have also been observed...I

hereby conclude that a penalty of an

amount of ₹5 lakh be imposed on the

insurer," said the order signed by Irdai

Irdai fines United India Insurance

₹5 lakh for violating norms





