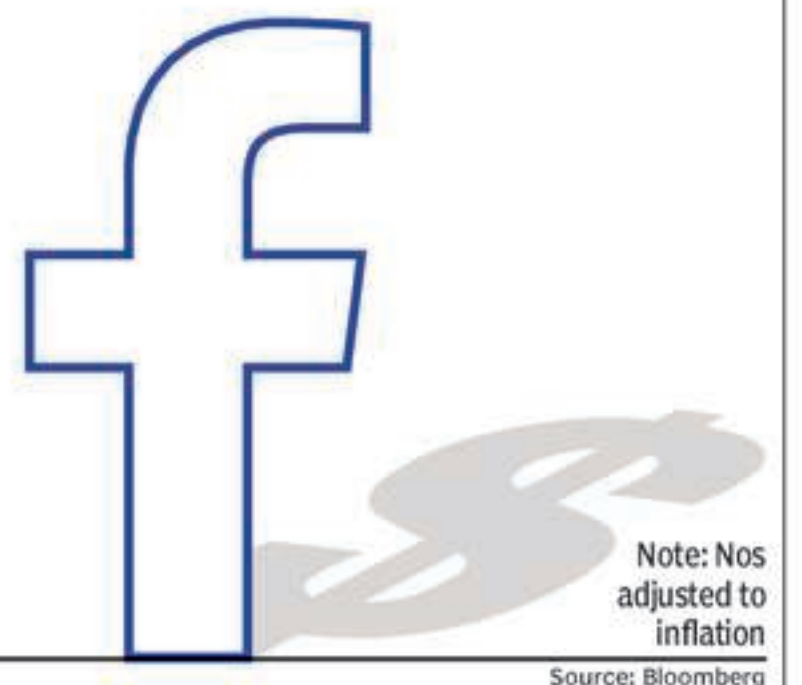


FASTEST TO REACH \$50bn

Facebook, which ended 2018 with \$55 billion in revenue, now finds itself in the top-15% of revenue-generating companies within the S&P 500 and has achieved the feat in less than 15 years. Among peers, Google almost matched Facebook in crossing the milestone in the shortest duration

TIMES BUSINESS

THE TIMES OF INDIA, HYDERABAD | FRIDAY, FEBRUARY 1, 2019



RBI lifts lending restrictions on 3 public sector banks

Bol, Bank of Maharashtra, OBC Exit PCA Framework

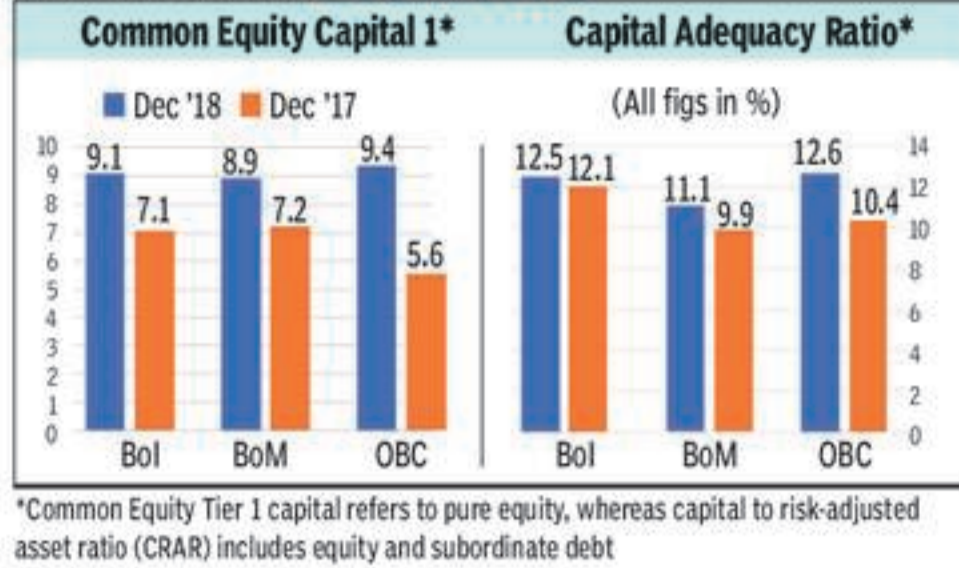
TIMES NEWS NETWORK

Mumbai: The Reserve Bank of India (RBI) has removed Bank of India, Bank of Maharashtra and Oriental Bank of Commerce from its prompt corrective action (PCA) framework—a watch list for weak banks that placed lending restrictions on them.

“The RBI’s decision to remove the three banks from the PCA framework is on expected lines, given the sizeable capital infusion in these three during December 2018,” said Anil Gupta, sector head (financial sector ratings) at Ica.

“The balance of the budgeted capital can support the exit of one or two more banks from the PCA framework if the government allocates higher capital to some of these lenders, like Corporation Bank,” he added.

IMPROVING SCENARIO



Responding to the RBI action, BoM MD & CEO A S Rajevy said that the recent capital infusion of Rs 4,498 crore helped the bank improve its capital adequacy ratio to 11.05%. At the same time, the bank reduced its non-performing assets (NPAs) by 50% year-on-year.

The decision is understood to have been taken following a meeting of the board for financial supervision on Thursday. The board, chaired by governor Shaktikanta Das, reviewed the performance of all the 11 banks on the PCA list.

According to Gupta, although the three banks have ex-

ited PCA, the question remains whether negative return on asset continues to remain a PCA criteria? Following the RBI announcement, finance secretary Rajeev Kumar said in a tweet that this was an outcome of the government’s ‘4R’ strategy — recognition of stressed loans as default, recapitalisation of banks, resolution of bad loans, and reform of public sector. “Banks need to be more responsible, adopt high underwriting and risk management standards to avoid recurrence,” Kumar added.

The RBI’s move comes two days after a review meeting of banks with interim finance minister Piyush Goyal. In the meeting, Goyal informed banks that if they maintained the trend of improvement in performance, they would exit the PCA soon.

DRL appoints Shikha Sharma as additional dir

TIMES NEWS NETWORK

Hyderabad: City-based pharma player Dr Reddy’s Laboratories (DRL) on Thursday informed the bourses that it has appointed former Axis Bank managing director and chief executive officer Shikha Sanjaya Sharma as additional director (independent) on its board for a period of five years effective January 31, 2019, subject to shareholder approval.

Sharma, who was at the helm of Axis Bank, the country’s third largest private sector bank, from June 2009 up to December 2018, has over three decades of experience in the financial sector, having started her career with ICICI Bank Ltd in 1980.

She holds an MBA from the Indian Institute of Management, Ahmedabad, and she was a member of RBI’s technical advisory committee, RBI’s panel on financial inclusion, the committee on comprehensive financial services for small businesses and low-income household, among others. She has chaired CII’s National Committee on banking during 2015-2017.



Shikha Sharma

Big blow to e-tailers as policy deadline stays

Flipkart, Amazon Will Now Have To Rejig Biz

TIMES NEWS NETWORK

Bengaluru: The department of industrial policy and promotion (DIPP) has said it will not extend the February 1 timeline for the updated e-commerce policy, dealing a big blow to US-based retail giants Amazon and Walmart (which last year spent \$16 billion to buy a 77% stake in Flipkart).

Amazon and Flipkart, which account for 75-80% of the online retail business in India and rely on a handful of large sellers for a majority of sales, had intensely lobbied for an extension. While Amazon had sought a four-month extension, Flipkart had requested the government for about six months to comply with the new rules.

Smaller players like Snapdeal and ShopClues, who rely on just smaller sellers, had requested no extension in deadline, as the policy split the industry. Analysts tracking the space said companies could see about 10% of their sales taking a hit in the short term. A Barclays analyst note said, “We believe that these changes could materially slow down growth for Amazon India (potentially from ~40% GMV growth to something well below, possibly closer to ~0%), while increasing losses as the company has to reassess and adjust all parts of its operations and redesign numerous systems to ensure compliance.”

The move will force Amazon India and Flipkart to restructure their operations. Amazon not allowed to own stake in sellers.

“Amazon is in talks with both Patnis and Catamaran to restructure and sell their holdings,” said one industry executive. Both Amazon and Flipkart, beyond their alpha sellers like Cloudtail or OmniTech Retail, have 40,000-50,000 active sellers, who also contribute significantly to driving high volumes of sale for these companies.

These sellers, who operate on different scales, have their own staff for their day-to-day

operations. They, too, will see an impact on their overall sales as new rules put a restriction on sourcing, pricing and exclusivity arrangements by e-tailers. Amazon claims to have over 4 lakh registered sellers, while Flipkart has over 1 lakh.

“We will continue to look to engage with the government to

FACE ₹12,000CR SALES LOSS

Co	Capital Raised/Invested (\$bn)	Jobs
Flipkart	16	80,000
Amazon	5	60,000-70,000
Snapdeal	1.8	800
Paytm Mall	0.65	1,500-2,000
ShopClues	0.26	700-750

Pain Points

- E-tailers cannot hold stake in cos selling on their marketplace
- One entity cannot sell more than 25% of total sales of a marketplace
- Cos should not directly or indirectly influence pricing of products on their platforms
- E-tailers cannot mandate cos to sell products exclusively to one marketplace

Source: Cos, Crunchbase, Crisil

Natco Pharma files ANDA for onco drug

TIMES NEWS NETWORK

Hyderabad: City-based pharma player Natco Pharma Ltd on Thursday said it has submitted an abbreviated new drug application with a Paragraph IV certification to the US Food and Drug Administration (USFDA) for a generic version of oncological drug Ibrutinib in the tablet form for various strengths along with its co-development and marketing partner AlvoGen Pine Brook LLC.

Natco and its co-development & marketing partner, AlvoGen Pine Brook LLC, USA, believe that the ANDA is possibly the sole first-to-file based on the ANDA filing dates. We further believe that our ANDA may be eligible for 180 days of marketing exclusivity at the time of potential launch of the product under certain circumstances,” Natco Pharma said in a regulatory filing. The Hyderabad-based company said it has filed the ANDA for Ibrutinib tablets of 140mg, 280mg, 420mg and 560mg strengths, which is a generic version of Pharmacytics LLC and Janssen Biotech Inc’s Imbruvica brand. It is used to treat B cell cancers like mantle cell lymphoma, chronic lymphocytic leukemia and Waldenström’s macroglobulinemia. Imbruvica had US sales of approximately \$2.6 billion for 12 months ending September 2018, as per data from IQVIA. As per the last tracked prescription sales, almost 83% of the sales contribution came from the above-mentioned tablet dosage forms, Natco said.

Airtel Q3 profit plunges 72% on Jio onslaught

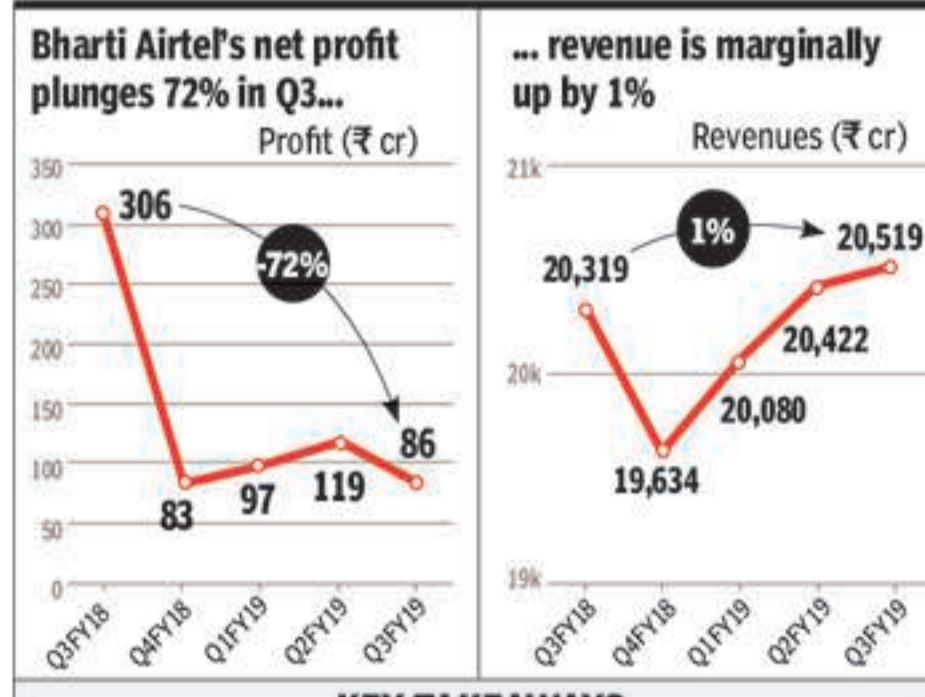
TIMES NEWS NETWORK

New Delhi: Stiff competition continued to batter the profits of Bharti Airtel as it posted a 72% decline (year-on-year) in earnings in the third quarter (October-December) of 2018-19, hit hard by aggressive tariff and customer acquisition spree of Reliance Jio.

A little ray of hope for Airtel was a 4% growth in average revenue per user (ARPU) — the most-critical metric to judge the performance of telecom companies — on a sequential basis, although ARPU was down 15% year-on-year.

The company, which has lost the crown of the top mobile maker to Vodafone-Idea, has been facing a tough time since the launch of Jio in September 2016. Its profits have been on a downward spiral since then, shrinking from Rs 1,461 crore in Q2 of 2016-17 to Rs 86 crore in Q3 of 2018-19.

The company’s sub-



KEY TAKEAWAYS

- Voice usage per customer up 26% in Q3 at 726 minutes
- Data usage per customer surges 97% to 10,528 MBs
- Average revenue per user is down 15% to ₹104

Source: Company Data

scriber base shrunk by 4.85 crore at the end of the third quarter to 28.4 crore compared to 33.2 crore users at the end of the July-September quarter.

The company has been rationalising its user base, and has moved out subscribers who are not ma-

king minimum and regular re-charges. Airtel’s weak profitability is in contrast to strong numbers announced by Jio, which posted a 65% jump in net profit in third quarter at Rs 831 crore against Rs 504 crore in the same period of 2017-18.

Himachal Pradesh woos T Inc

TIMES NEWS NETWORK

Hyderabad: With a single window clearance policy that assures clearances to projects within 15 days on the lines of Telangana’s TSIPASS, the Himalayan state of Himachal Pradesh on Thursday tried to woo Telangana Inc to invest in its booming sectors such as housing, horticulture, hydroelectric power and tourism.

“Himachal Pradesh is emerging as the next big growth story of India, displaying a robust GDP growth rate in the past years. In the industrial sector alone, we have attracted private sector investments of over Rs 34,000 crore. We are also ranked first among states in sustainable development goals implementation and third in the country in human development index,” Himachal Pradesh CM Jai Ram Thakur said while addressing investors at the roadshow for the 1st edition of ‘Rising Himachal Global Investors’ Meet 2019 to be organised on June 10 and 11 at Dharamshala. Thakur said the state is eyeing investments worth Rs 80,000 crore at this event. Apart from addressing representatives from over 100 companies, Thakur also held meetings with officials of companies like Apollo Hospitals, Dr Reddy’s Laboratories, Ramky Enviro Engineers, ITC Ltd, NephroPlus and Dodla Dairy, among others.

Dovish Fed and budget give stock markets a boost

TIMES NEWS NETWORK

Mumbai: Sensex rallied nearly 2%, or 665 points to 36,257 ahead of the interim budget scheduled on Friday on expectations of positive announcements from the government. The day’s gains were also aided by signals from the US Federal Reserve that it was not raising rates anytime soon and short covering by speculators on Dalal Street during the closing hours, market players said. Strong buying in index heavyweights like Reliance, HDFC Bank, Infosys and HDFC helped the sensex’s triple-digit gain on Thursday while selling in stocks like Yes Bank, HCL Technologies and ICICI Bank limited the gains. Expiry of derivatives contracts for January and strong results by Axis Bank and ICICI Bank also helped the rally, market players said.

On Thursday, at the start

DHFL stock crashes 16%

Mumbai: The stock price of DHFL, the housing finance company that was targeted by an expose this Tuesday, crashed over 20% in Thursday’s market on reports that the government was on track to initiate an investigation to look into the allegations against it. The stock, after diving to an intra-session low at Rs 130 on BSE, closed the day at Rs 135, down 16% on the day. **TNN**

Thermax invests ₹166 cr in facility at Sri City

TIMES NEWS NETWORK

Hyderabad: Pune-based energy and environment solutions provider Thermax Ltd on Thursday announced the launch of its manufacturing facility at Sri City in AP Rs 166 crore investment in the first phase.

The new facility which is located on a 40-acre plot in the domestic tariff zone of Sri City will manufacture vapour absorption machines like chillers, heat pumps and heaters, with a capacity to produce 400 machines per annum in the first phase. The unit with cater to both, the domestic as well as global markets.

This is Thermax’s ninth manufacturing facility in India out of the 15 hubs that it has across India, China, Germany, Denmark, Indonesia and Poland. “While this new plant will help us serve our existing and potential customers in the southern region better, it will also be an important manufacturing hub for Thermax’s global operations that will augment our export capabilities. With the increasing demand for green and energy efficient solutions globally, we see our vapour absorption products manufactured in this plant as an ideal fit towards sustainability,” said Thermax chairperson Meher Pudumjee. “We have come up with a world-class facility that is aligned to our vision of ‘Smart Thermax’ and a significant step in diversifying our operations to leverage the infrastructural advantages of strategic locations such as Sri City. We have invested in digitisation and automation to facilitate zero-defect processes that will ensure superior quality products to our customers,” said MS Unnikrishnan, MD and CEO, Thermax.

Ola losses narrow

New Delhi: Ride hailing platform Ola has more than halved its consolidated losses to Rs 2,842.2 crore, while growing revenue by almost 61 per cent during FY2018, as per regulatory documents. Ola had registered a loss of Rs 4,897.8 crore in FY2016-17.

ANI Technologies — the entity running Ola — saw its consolidated revenue rising 60.9 per cent to Rs 2,222.6 crore in the fiscal ended March 2018 from Rs 1,380.7 crore in the previous fiscal. **PTI**

NMDC Q3 net profit up 78%

TIMES NEWS NETWORK

Hyderabad: State-run iron ore miner NMDC Ltd on Thursday said it has posted a 78% jump in net profit for the third quarter ended December 31, 2018, at Rs 1577 crore, up from Rs 887 crore in the corresponding quarter of 2017-18. This was on a 48% rise in turnover for the third quarter of FY19 at Rs 3,649 crore as against Rs 2,469 crore in the third quarter of FY18.

The company said its iron ore production for the third quarter of 2018-19 stood at 9.54 million tonnes (MT) and iron ore sales at 8.70 MT. N Bajjendra Kumar, chairman and managing director, NMDC Ltd, said in a statement that the company was able to post encouraging results despite challenges faced in the Donimalai sector of Karnataka and the evacuation challenge in Bailadila sector of Chhattisgarh.

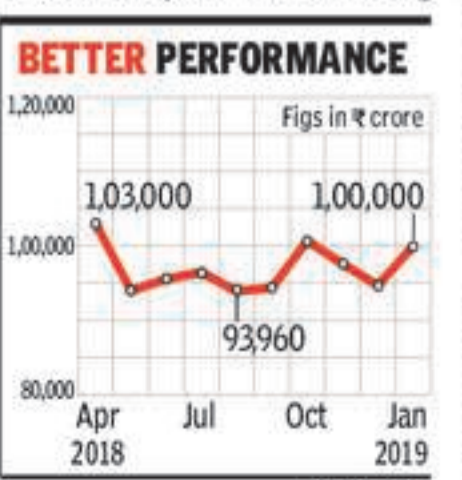
GST collections top ₹1L cr in Jan

TIMES NEWS NETWORK

New Delhi: GST collections in January crossed Rs 1 lakh crore mark after a gap of two months, the finance ministry said on Thursday. “This has been a significant improvement over collection of Rs 94,725 crore during last month and Rs 89,825 crore during the same month last year,” the ministry tweeted.

This is the third time in current fiscal that GST collections have crossed the Rs 1 lakh crore mark. Previously in April and October, the collections had surpassed this milestone. “Robust Economy: Gross GST Revenue in Jan 2019 crossed Rs 1 lakh crore... This has been achieved despite huge reduction in tax rates for various items benefiting poor, farmers & middle class,” finance minister Piyush Goyal tweeted. PwC India partner & leader, indirect tax, Pratik Jain said it comes as a welcome relief for the government, particularly after some dip in the last month.

“This again underlines that collections are increasing steadily as compliances are getting simplified, rates are getting reduced and administration is getting sharper. It’s clear that overall collection for the entire year would be significantly lower than what was budgeted,” Jain said. Conventionally, GST collection data for a month is released on first day of the subsequent month. However, for the month of January, the full details of the revenue mopped-up will be released on February 2. **AGENCIES**



Rel Jio’s entry a boon to feature phone shipments, but a bane to smartphones

Sindhu.Hariharan @timesgroup.com

Chennai: Turbo charged by sales of Reliance Jio’s entry level phones, the humble feature phone is giving a tough fight to its technically advanced peer-smartphone.

The growth of feature phone shipments in India at 11% beat that of smartphones’ growth of 10% in the quarter ended December 2018, data from Counterpoint Research showed.

“This is the first time the feature phone market grew faster than the smartphone market,” Tarun Tarun Pathak, Associate Director, Counterpoint Research, said. “India and Middle East are driving the feature phone market, capturing almost 3/4th of global feature phone sales in 2018,” he added.

Despite rising consumer aspirations, feature phones remain relevant for a large section of the Indian population. Affordability, a longer battery life,

OVERTAKING SMARTPHONES



and ease of use for the technically challenged, are a few areas where feature phones trump smartphones. The category has seen momentum with Jio’s launch of a 4G-powered feature phone in 2017 for practically free. “Reliance Jio captured 38% of the feature phone segment in just over a year with its compelling value proposition compared to normal 2G feature phones,” Pathak said. Global research firm IDC noted in September that, for the first time, fe-

ature phone and smartphone shipments were neck to neck in share of total shipments, with each contributing 50%. India shipped 42.6 million-unit smartphones in September quarter of 2018, and feature phone market registered shipments of 43.1 million units. “India is the largest feature phone market in the world today,” Navkendar Singh, Associate Director, IDC India, said. “The price point of the lowest-end smartphones is keeping feature phone market

alive in India, as not enough first-time mobile users can afford to buy smartphones,” he said. The starting prices of a majority of the most basic smartphones today are around Rs 5,000.

“Even the users of smartphones priced in the Rs. 2,000-3,000 range are making a move to feature phones, which better meet their expectations with regard to user experience and regional content access,” Anshika Jain, analyst, Counterpoint, said. Industry trackers say feature phones are also serving as secondary phones for existing smartphone users, who wish to separate functional needs from browsing and entertainment needs. “For many users, the profession demands high number of phone calls, and we find they choose to use the feature phones for such needs, Sunil Raina, president and business head, Lava International, said, adding that around 10% of its overall feature phone consumers tend to buy it as additional devices.