

Straight Drive

A roundup of top events and moves on the Street

DHFL shares surge 16%

Shares of Dewan Housing Finance Corporation (DHFL) staged a smart rebound and closed 15.69% higher at ₹127. The stock had declined nearly 6% in morning trade but rebounded after the management downplayed the CEO's resignation by reallocating him to a retail-focused portfolio.

CG Power soars 22%

Shares of CG Power and Industrial Solutions closed Thursday's session with a strong gain of 22.32% at ₹29.05, a day after the stock witnessed its worst single-day decline and shed about one-third of its value.

88 stocks show potential for rise

Momentum indicator moving average convergence divergence, or MACD, showed as many as 88 stocks, including Yes Bank, Adani Ports, Gati, Apollo Tyres, 8K Miles Software and Tata Communications had made bullish cross-overs on BSE, indicating that they may rise further in the coming sessions.

443 Stocks at 52-week lows

As many as 443 stocks, including Arvind, Ashok Leyland, Coal India and Hindalco, hit 52-week lows. AAVAS Financiers, Cantabil Retail India, Containerway International and Inframe Appliances were among 28 stocks that touched 52-week highs.

Nishant Kumar/ETMarkets.com

FUND HOUSE POINTS to 'non-availability of distributable surplus' to pay investors; is in process of booking some profits, to approach trustees again for payout

Sundaram Cancels Dividend for Small-cap Fund After Mkt Crash

Prashant.Mahesh @timesgroup.com

Mumbai: Sundaram Mutual Fund has cancelled the dividend in its Small Cap Fund citing "non-availability of distributable surplus" to pay its unit-holders. The scheme had proposed a dividend of 35 paise per unit to be paid out on February 12 to its unit-holders, but the sharp drop in mid- and small-cap stocks has cramped its ability to make the payout.

A mutual fund scheme can declare dividends only from the realised profits in its portfolio. Realised profits are the gains made by the fund manager from the instruments by selling them and booking profits or when he receives dividend or interest (in case of debt funds) from the instruments the scheme holds. Unrealised profits or paper profit from the instruments held cannot be used to pay dividends. Due to poor liquidity in many small-cap stocks, and sharp fall

Fund Details

Category	Small Cap
Top 3 holdings	NRB Bearings, Navin Fluorine, Praj Ind
AUM (₹ crore)	1,037
1-year return	-32.09%
3-year return	7.17%
5-year return	19.77%

Reams annualised as on Feb 13, 2019. Aum as on Jan 2019. Source: Value research

in share prices, fund managers have been unable to sell stocks as the impact cost will be very high. As a result, there are no distributable profits in the scheme. "We are in the process of booking profits in the scheme to pay dividends. Once this is done over the next few days we will approach the trustees again and, post their approval, pay the dividend," says Sunil Subramaniam, MD, Sundaram Mutual Fund.

The scheme has a track record of paying a quarterly dividend consistently over the last couple of years to its unit-holders since March 2016. It has assets of ₹1,037 crore and has lost 32.09% in the last one year. However, over a 5-year period it has returned an annualised 19.77% to investors. The top three stocks in the portfolio are NRB Bearings, Navin Fluorine and Praj Industries.

As per Value Research, the small-cap fund category is down by 22.64% in the last one

year, while the Nifty Smallcap 250 TRI is down by 30.53%.

In a bid to attract investors to equity and hybrid mutual fund schemes in 2016 to 2018, many fund houses started doling out regular monthly or quarterly dividends to investors. Many investors including retirees starting relying on this monthly dividend to meet their monthly cash flows.

Fund houses cannot promise dividend to unit-holders. It can be paid as and when the fund house books profits. "Small-cap funds are very volatile and investors should use them for growth and not have any regular periodic dividend expectations from this category," says Anil Joshi, founder, Plan Rpee.

Investments in dividend option of schemes slowed down post April 2018, as unit holders had to bear a 10% dividend distribution tax. As compared to this, long-term capital gains up to ₹1 lakh per year are tax free for investors.

If Amazon, Flipkart Sale is Good, So is Sale on Stock Exchanges

The Skeptic



MC GOVARDHANA RANGAN

When an unpredicted event occurs, we immediately adjust our view of the world to accommodate the surprise. Imagine yourself before a football game between two teams that have the same record of wins and losses. Now the game is over, and one team trashed the other. In your revised model of the world, the winning team is much stronger than the loser, and your view of the past as well as of the future has been altered by that new perception. Learning from surprises is a reasonable thing to do, but it can have some dangerous consequences.

-Daniel Kahneman, Nobel Laureate

Everyday 200 stocks trade in India's derivative segment. It translates into 26,000 stocks in 6 months in simple but stupid arithmetic. Based on price movements of 0.76% of this total, the Securities & Exchange Board of India is proposing to have circuit filters.

Why would a regulator contemplate rule change with such a small sample of stocks that moved between 10% and 40% during the day?

What has happened in the last six months?

Six stocks moved more than 40% in a day; five between 30% and 40%; 29 between 20% and 30% and 40 moved more than 20%, says Sebi. Stock price movements are not like appearance and disappearance of fairies and demons in the fantasy world. The regulator doesn't say which companies' shares faced such a ride though. The discussion paper admits the regulator did not impose price limits for better price discovery.

"Imposition of price bands, circuit filters on the scrips, in the cash segment, on which derivatives are available may lead to possible mis-alignment between the price of underlying in cash segment and price of the derivatives," says the paper.

Despite the wisdom why is it proposing? "Concerns have been raised that investors' wealth is getting wiped out in a single day by recent falls in stocks on which derivative products are available, as no price bands /circuit filters are applicable on them. In view of recent abnormal intraday price movements, suggestions are being made to review the rules to prevent such extraordinary price movements."

A perusal of data shows stocks of Yes Bank, DHFL, Zee group, Anil Ambani group, Vedanta, Infibeam, Manpasand Beve-

rages and others witnessed such big moves.

There were adverse developments in all these companies. In Yes Bank, the CEO Rana Kapoor's term was turned down raising fears about bad loans. In the case of Zee and Reliance ADAG group, it was the break or perceived fears of breaking of loan covenants that led to lenders selling off securities. In the case of Vedanta Ltd, the eternal fears of corporate governance resurfaced, and for DHFL it was the debate about liquidity and solvency.

An investor, whether short term or long term, would react to developments. When news is adverse, investors may misread and sell in anxiety. But that opens up an opportunity for another to buy a stock cheap. Among the recent untouchables, stocks like Yes Bank and Zee have rebounded due to clean chit from RBI on bad loans divergence and a likelihood of strategic stake sale by Zee founder Subhash Chandra.

If a business is strong enough, investors pile on as quickly as they exit when bad news hits. Ironically, none complain when shares soar.



Why should a regulator worry when 'wealth is getting wiped out in a single day' The regulator's role is investor protection and not investment protection. It may do well to imbibe the disclaimer 'investments are subject to market risk' that it insists every intermediary propagate.

Yes, there is no dearth of crooked traders who thrive on rumours. The regulator should sharpen its skills to catch the unscrupulous instead of meddling with market mechanics.

Many inside Sebi would remember that the Ketan Parekh-centred tech bubble and bust at the turn of the century had its roots in circuit filters. Parekh the trader, lived by that sword only to die by that sword. JR Varma, finance professor at IIM Ahmedabad, was instrumental in changing Sebi view on circuit filters then. Now, as the head of Sebi's secondary market panel, he has the same job at hand again.

After all, a stock price crash is like a discount sale. If it is good for consumers when Amazon and Flipkart have a discount sale, it is good for investors when stocks are on sale.

BANKS WILLING TO GIVE LOANS ONLY TO PSU-BACKED NBFCs

Banks' Comfort Level with NBFCs Returns, Lending Rises 4.4% in Q3

Mutual funds are still not open to lending money to various beleaguered NBFCs

Gayathri.Nayak @timesgroup.com

Mumbai: Lending by banks to non-banking finance companies (NBFC) rose 4.4% in the December quarter to ₹24,200 crore at a time when mutual funds have slammed the doors on them after Infrastructure Leasing & Financial Services defaulted on bond payments. This growth compares with a shrinking of 4.7% in the same quarter a year ago, RBI data shows.

"Banks are comfortable lending to PSU-backed NBFCs or even some top rated established NBFCs," said C Venkat Nageswar, deputy managing director, State Bank of India. NBFCs are usually backed by PSUs and large business houses besides several private NBFCs.

PSU-backed NBFCs, such as Power Finance Corporation, are perceived to be safe as are larger NBFCs like Mahindra Finance, HDFC and L&T Finance. While banks have lent cautiously, mutual funds have not been very forthcoming and NBFCs have found it difficult to raise cash directly from the market through commercial papers, a popular source of funding for them.

"As the rollover of CPs was slowing down, dependence on market borrowings shifted to banks.

Bank lending to NBFCs

Month	₹ crore
Apr-18	452387
May-18	443877
Jun-18	461641
Jul-18	473497
Aug-18	490160
Sep-18	546659
Oct-18	562615
Nov-18	566312
Dec-18	570946

(₹ crore) Source: RBI

But lenders have become more choosy now," said Pankaj Naik, associate director, banking and financial institutions, and Jinay Gala, senior analyst, financial institutions, at India Ratings, in a report.

"During the times of tight liquidity, as a matter of prudence, NBFCs drew down on the lines of credit sanctioned to them by banks. Banks cannot deny them these sanctioned limits," said Nail and Gala.

After the news of default by IL&FS broke, the sector faced a liquidity problem prompting regulators to direct banks to buy NBFC loan portfolio and help them address their liquidity woes. But these portfolio purchases are not treated as exposure to NBFCs by banks but to the concerned sector from which the portfolio is purchased.

Mayur Uniquoters Limited

Regd. Office and Works: Jaipur Sikar Road, Village Jaitpura, Tehsil-Chomu, Distt. Jaipur-303704 (Raj.) India.

Tel: 91-1423-224001 Fax: 91-1423-224420 CIN: L18101RJ1992PLC006952

Website: www.mayuruniquoters.com Email: secr@mayur.biz

Extracts of Standalone Unaudited Financial Results for the Quarter and Nine Months Ended December 31, 2018

(Rs. in Lakhs, except share and per share data, unless otherwise stated)

Sr. No.	Particulars	Quarter Ended December 31, 2018 (Un-audited)	Year to date figure for Nine Months Ended December 31, 2018 (Un-audited)	Corresponding 3 months ended in previous year December 31, 2017 (Un-audited)
1	Total Income from Operations	16,084.67	44,970.32	13,798.69
2	Net Profit/ (Loss) for the period (before Tax, Exceptional and/ or Extraordinary items) *	3,397.95	10,294.77	3,282.39
3	Net Profit/ (Loss) for the period before tax (after Exceptional and/ or Extraordinary items)*	3,397.95	10,294.77	3,282.39
4	Net Profit / (Loss) for the period after tax (after Exceptional and/or Extraordinary items)*	2,175.24	6,737.91	2,175.17
5	Total Comprehensive Income for the period [Comprising Profit/ (Loss) for the period (after tax) and Other Comprehensive Income (after tax)]	2,177.71	6,743.96	2,179.78
6	Equity Share Capital	2,266.38	2,266.38	2288.88
7	Reserves (excluding Revaluation Reserve) as shown in the Audited Balance Sheet of the previous year	-	-	-
8	Earning Per Share (of Rs. 5/- each) (for continuing and discontinued operations)- 1. Basic: 2. Diluted:	4.80 4.80	14.86 14.86	4.75 4.75

Note:
(a) The above is an extract of the detailed format of quarter and nine months ended December 31, 2018 financial results filed with the Stock Exchanges under regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Statutory Auditor has issued modified Limited Review Report on Standalone Unaudited Financial Results for the quarter ended December 31, 2018. The full format of the Financial Results for Quarter and Nine Months ended December 31, 2018 are available on the websites of the Stock exchanges i.e. www.nseindia.com, www.bseindia.com and the Company's website i.e. www.mayuruniquoters.com.
(b) This statement has been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and other recognised accounting practices and policies to the extent applicable.
(c) Effective April 1, 2018, the Company has adopted Ind AS 115 "Revenue from Contracts with Customers" using the modified retrospective method, wherein the Company has elected to apply practical expedient for contracts that were not completed on or before March 31, 2018. Accordingly, the comparatives have not been retrospectively adjusted. The effect on adoption of Ind AS 115 was insignificant on the financial results and Earning per Share (EPS) for the quarter and nine months ended December 31, 2018.

*The Company does not have any exceptional or extraordinary items to report in the above periods.

For and on behalf of the Board of Directors
Suresh Kumar Poddar
Chairman & Managing Director
DIN-00022395

Place: Jaipur
Date: February 13, 2019

PNC INFRATECH LIMITED

Registered Office : NBCC Plaza, Tower II, 4th Floor, Pushp Vihar, Sector-5, New Delhi - 110017

CIN : L45201DL1999PLC195937, Email : complianceofficer@pncinfratech.com, Website : www.pncinfratech.com

EXTRACT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTH ENDED DECEMBER 31, 2018

		Revenue	EBIDTA	PBT
		54%	55%	44%
INR in Lakhs (except EPS)				
S.N.	Particulars	Quarter Ended (31.12.2018) (Unaudited)	Nine Month Ended (31.12.2018) (Unaudited)	Quarter Ended (31.12.2017) (Unaudited)
1	Total Income from Operations	73,383.27	2,05,194.60	47,814.59
2	Net Profit / (Loss) for the period (before Tax, Exceptional and/or Extraordinary items)	6,608.28	22,822.21	4,587.38
3	Net Profit / (Loss) for the period before tax (after Exceptional and/or Extraordinary items)	6,608.28	22,822.21	4,587.38
4	Net Profit / (Loss) for the period after tax (after Exceptional and/or Extraordinary items)	4,735.25	18,498.25	9,305.89
5	Total Comprehensive Income for the period [Comprising Profit / (Loss) for the period (after tax) and Other Comprehensive Income (after tax)]	4,725.14	18,467.95	9,311.30
6	Equity Share Capital	5,130.78	5,130.78	5,130.78
7	Reserves (excluding Revaluation Reserve) as shown in the Audited Balance Sheet of the previous year	-	-	-
8	Earnings Per Share (of Rs. 2/- each) (for continuing and discontinued operations) - (Not Annualized) Basic & Diluted:	1.85	7.21	3.63

Notes:
1) The above is an extract of the detailed format of Statement of Standalone unaudited Financial Results for the Quarter/Nine Months Ended December 31, 2018 filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of Financial Results are available on Stock Exchanges website (www.bseindia.com, www.nseindia.com) and Company's website (www.pncinfratech.com).
2) The above results, reviewed and recommended by the Audit Committee, were approved by the Board of Directors at its meeting held on February 13, 2019
3) The above result have been prepared in accordance with the Companies (Indian Accounting Standard) Rules, 2015 (IND AS) as prescribed under section 133 of the Companies Act 2013.

For PNC Infratech Ltd.
sd/-
Chakresh Kumar Jain
Managing Director & CFO
(DIN: 00086768)

Place : Agra
Date : February 13, 2019