

Business Standard

THE MARKETS ON WEDNESDAY		
Sensex	36,975.2 ▲	358.4
Nifty	11,062.5 ▲	128.1
Nifty futures*	11,090.3 ▲	27.8
Dollar	₹71.6	₹71.6**
Euro	₹81.5	₹81.7**
Brent crude (\$/bbl)**	61.4**	61.7**
Gold (10 gm)**	₹33,210.0 ▼	₹5.0

*Feb. Premium on Nifty Spot; **Previous close; # Over previous close; ## At 9 pm IST; ### Market rate exclusive of VAT; Source: IBIA



BRAND WORLD P23
FIAT DRIVES ITSELF TO THE FINISH LINE

COMPANIES P2
SAMSUNG INDIA SET TO MAKE COMPONENTS FROM APRIL



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NIFTY RECLAIMS 11,000 AFTER FOUR MONTHS

The benchmark indices rose for a fifth straight day on Wednesday on hopes of an interest rate cut by the Reserve Bank of India (RBI). The benchmark Nifty reclaimed the 11,000-mark for the first time since October 1, 2018. The 50-share index ended the session at 11,062, gaining 1.2 per cent over its previous close. The BSE Sensex gained 358 points, or 0.98 per cent, to close at 36,975. The index touched an intra-day high of 37,005. Strong buying by both domestic and foreign institutional investors was seen on Wednesday. **10**

THE SMART INVESTOR P10

Nifty gains, broader market in pain

ECONOMY & PUBLIC AFFAIRS P4

Bill to tighten noose on Ponzi schemes cleared

The Union Cabinet on Wednesday cleared amendments to the Banning of Unregulated Deposit Schemes Bill, 2018, to check illicit deposit schemes. Depositor takers will now be banned from promoting, operating or advertising an unregulated scheme, said Law Minister Ravi Shankar Prasad. **P4**

RELATED REPORTS

BS SPECIALS ON THURSDAY

TECHNOLOGY: AI does delicious! 22

Artificial intelligence is revolutionising the food tech business. PEERZADA ABRAR gives the lowdown

PRIVATE EQUITY: Brookfield may invest over \$1 bn in India

BANKING ANNUAL

The *Business Standard* Banking Annual, a special 60-page magazine being distributed free with today's edition, carries a detailed profile and interview of *Business Standard* Banker of the Year Romesh Sobti, MD & CEO, IndusInd Bank. The magazine also has leading experts from the banking and financial services industry discussing the opportunities and challenges ahead of them.

RESULTS RECKONER

Quarter ended Dec 31, 2018; common sample of 901 companies (results available of 1,062)

SALES		
Dec 31, '17	11.8%	10.73 trillion
Dec 31, '18	20.6%	12.94 trillion

NET PROFIT		
Dec 31, '17	14.3%	98,076 crore
Dec 31, '18	-5.6%	92,549 crore

Companies that have reported zero sales are excluded
Data compiled by BS Research Bureau Source: Capitaline

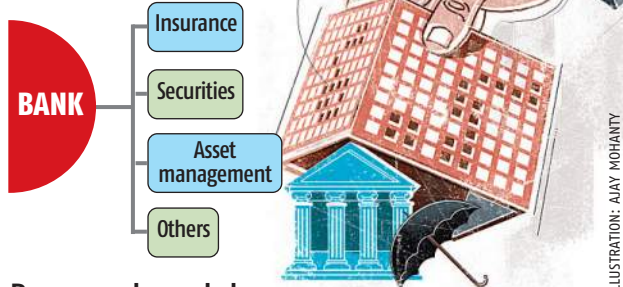
HoldCo model for banks on the cards

RBI's new norms may lead to consolidation across financial sector

RAGHU MOHAN
New Delhi, 6 February

OLD VS NEW

Existing model
A typical bank-centric structure, which is currently followed



Proposed model



How restructuring will help

Move will lead to cleaner holding structures within banking groups	Will ringfence banks from change in the fortunes of subsidiaries	Growth of arms will not be constrained by capital constraints of parent bank	Bank boards will not be burdened with hassles of managing subsidiaries
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ous discussion papers, will gather steam. "It (new norms) will lead to cleaner holding structures within banking groups. The bank will not sit on the top of its subsidiaries, and as an investor you will have better visibility of what you are getting into," said a source. **Turn to Page 23**

'Would have done 100 more things but for interim Budget'

Union Finance Minister **PIYUSH GOYAL**, who presented his maiden and the NDA government's last Budget, says it is not inflationary, expresses hope the disinvestment target will be met, and insists jobs are being created as "you don't grow at 7.5 per cent without creating jobs". In an interview with **Jyoti Mukul & Indivjal Dhasmana**, Goyal accuses the Congress of ruining the economy. Edited excerpts:

quarter. I don't want to make any comment on what the MPC will do.

Isn't the PM-Kisan scheme 'too little, too late' in the day?
You don't probably realise how important this is for small farmers.

But critics say only a little over ₹16 a day for farmers is too little...

A sum of ₹6,000 a year is very significant for a small farmer whose land holding is very small and whose produce is very small. All these calculations on a daily basis are extremely unfortunate and an insult to farmers.

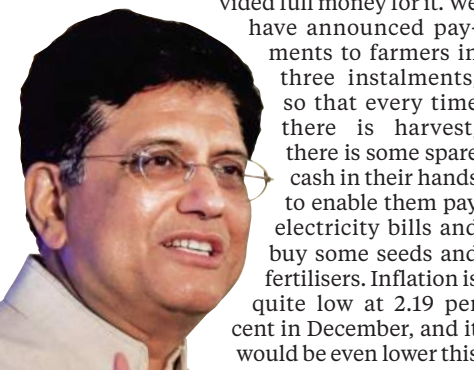
It is with respect that we are providing money for them and they have also received it with dignity — not as an entitlement or a dole. You have to see what we have inherited from the Congress. The economy was shattered. We were

in the fragile five economies. There were ₹1.6 trillion of unpaid bills. There was high inflation, low growth, high fiscal deficit, and high current account deficit.

If at that point in time, we had not set the economy in order and prepared the ground for strong fiscal fundamentals, today we would be having double-digit inflation, like it was in the Congress's time. All of us would be spending 35-40 per cent more on our day-to-day expenses. Throughout this period, we have taken a series of measures for a better future for farmers. Please don't belittle by questioning what has been given to farmers.

There are fears in the market that this Budget is inflationary and fiscal expansionary, which may put pressure on the monetary policy committee (MPC) to not cut the rates. Do you agree?

I don't think it is inflationary at all, neither is it expansionary. We have stuck to all the fiscal consolidation numbers. Considering that we wanted to respect farmers' contribution to 'Make in India' and making the nation food-secure, we added a scheme for farmers and provided full money for it. We have announced payments to farmers in three instalments, so that every time there is harvest, there is some spare cash in their hands to enable them pay electricity bills and buy some seeds and fertilisers. Inflation is quite low at 2.19 per cent in December, and it would be even lower this



Q&A

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“OUR EVERY PLAN IS FULLY BUDGETED AND ACCOUNTED. I DO NOT SEE THE NEXT GOVERNMENT FACING ANY PROBLEM”

Voda Idea Q3 loss widens to ₹5,004 cr

ROMITA MAJUMDAR
Mumbai, 6 February

In its second quarterly results after the merger, Vodafone Idea (VIL) posted a net loss of ₹5,004 crore, which was higher than Street estimates.

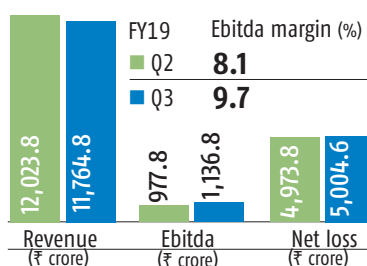
The December quarter loss was higher than the previous quarter, when the firm had posted a loss of ₹4,974 crore, primarily on account of network-expansion costs. The telco lost 35 million customers during the quarter. The average revenue per user (Arpu), however, improved.

Compared to a 71 per cent decline in Q2, the revenue decline slowed on a quarter-on-quarter basis in the third quarter of 2018-19. With the company's strategy of focusing on high-revenue customers starting to show results, revenue in the December quarter dipped 2.2 per cent (within estimates) to ₹11,764 crore. Ebitda (Earnings before interest, tax, depreciation and amortisation) grew 16.3 per cent, driven by the reduction in operating expenses, to ₹1,137 crore.

The company also managed to



KEY FINANCIALS



Note: Ebitda is earnings before interest, tax, depreciation and amortisation

arrest the rapid ARPU decline, with their minimum value recharge and bundled plan offering. **Turn to Page 23**

Govt explores pre-packaged bankruptcy plan

Proposal aims to cut cost and time of resolution process

FOR SPEEDY RESOLUTION

- Move seeks to aid the existing insolvency framework, reduce litigation
- Will effectively bypass various requirements and interventions by NCLT at different stages



- Will need approval of at least two-thirds of creditors before filing an insolvency application
- The new regime could be a mix of pre-IBC and IBC mechanisms

VEENA MANI
New Delhi, 6 February

The feasibility of implementing a 'pre-packaged' bankruptcy scheme, prevalent in the US, is under consideration, it is learnt. The move is meant to strengthen the insolvency framework, while cutting the cost and time of the resolution process, according to officials in the Ministry of Corporate Affairs.

Under the pre-packaged scheme, a company in financial distress will be able to chalk out a resolution plan prior to moving the National Company Law Tribunal (NCLT).

"The scheme will typically allow a stressed company to prepare a financial reorganisation plan with the approval of at least two-thirds of the creditors before filing of an insolvency application by any party

at the NCLT," an official said. The resolution plan, prepared by debtors and creditors, will then be placed before the NCLT for approval. This will be done by amending the Insolvency and Bankruptcy Act.

Government officials argue that since the plan is already endorsed by lenders, it will effectively bypass various requirements and interventions by the NCLT at different stages under the IBC process. This is likely to help reduce the litigation cost and delays.

The concept gained currency within the government after the insolvency process started getting caught in rounds of litigation. Usually, it takes about a month for the NCLT to either admit or reject a case after it is filed, with interventions by various parties coming in the way.

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