

QUICKLY

HDFC to raise ₹3,000 crore via NCDs

New Delhi, March 25
HDFC said it will raise up to ₹3,000 crore by issuing bonds on private placement basis to augment its long-term capital resources. The secured redeemable non-convertible debentures, with an issue size of ₹2,000 crore, has an option to retain oversubscription up to ₹3,000 crore, it said in a regulatory filing. "The object of the issue is to augment the long-term resources of the corporation. The proceeds of the present issue would be utilised for financing/refinancing the housing finance business requirements of the corporation," it said. **PII**

Axis Bank opens 4,000th branch

Mumbai, March 25
Private sector lender Axis Bank, on Monday, opened its 4,000th branch at EON, Kharadi, in Pune. The new branch was inaugurated by Amitabh Chaudhry, Managing Director and CEO, Axis Bank, and Ravi Narayanan, President and Head Branch Banking, Axis Bank. "The initiative is in line with the government's vision of providing banking services within 5 km for every Indian citizen. The bank has added 297 branches in the current fiscal across India," the lender said in a statement. **OUR BUREAU**

ESPS: Syndicate Bank extends deadline

New Delhi, March 25
State-owned Syndicate Bank has extended till March 30 the deadline for its staff to subscribe to the bank's equity under the employee stock purchase scheme (ESPS), through which it plans to raise up to ₹500 crore. The bank has put up as many as 30 crore new equity shares, aggregating up to ₹500 crore (including premium), for sale under EPS. "It is hereby informed that the issue will remain open till March 30, 2019," the bank said in a regulatory filing on Monday. According to Syndicate Bank's filing in February, the issue, which opened on March 5, was to close on March 25. Shares of Syndicate Bank were trading at ₹38.45 apiece on the BSE, down 0.13 per cent. **PII**

BoB set to develop digital agri platform for farmers**OUR BUREAU**

Mumbai, March 25
Bank of Baroda has signed a memorandum of understanding with agriculture services companies to develop an agriculture digital platform, Baroda Kisan, which will provide solutions for agricultural requirements.

The initiative is being executed by ITCoE of Bank of Baroda, in partnership with IBM India. The platform intends to make a holistic approach towards solving agricultural plights by means of providing reliable and customised information, inputs for use, convenience of renting farm equipment, and market linkage for sale of agriculture produce.

Bank of Baroda has signed the agreement with Skymet Weather Services, Weather Risk

Management Services, BigHaat, Agrostar India, EM3 Agri Services, and Poorti Agri Services.

PS Jayakumar, Managing Director, Bank of Baroda, said digitisation of agriculture services will have a huge impact on the Indian economy, and this collaboration is an effort towards keeping up with the use of technology in the field of agriculture. Farmers are an integral part of India, and Baroda Kisan is a dedicated platform created to ease their requirements, he added.

BR Patel, Head of Rural and Agri Banking, Bank of Baroda, said India is witnessing new-age technological developments in the agriculture ecosystem, and it is important to make these available to farmers in the remotest areas of the country.

Tight liquidity pushes HFCs to take portfolio sell-down route

This is a golden opportunity for banks to increase their portfolio: ICRA

OUR BUREAU

Mumbai, March 25
Tight liquidity conditions since September 2018 have pushed housing finance companies (HFCs) to lower their disbursements and meet a sizable portion of their fund requirements through portfolio sell-down route, resulting in banks availing of this opportunity to increase their portfolios, said credit rating agency ICRA.

Housing loan portfolio growth for HFCs and non-banking finance companies (NBFCs) reduced to 13 per cent year-on-year (y-o-y) for the period ended December 31, 2018 (18 per cent for the same period last year), the agency said in a study.

Consequently, banks have availed this opportunity in the market and increased their portfolio 17 per cent y-o-y in the same period (14 per cent for the same period last year).

Total housing credit outstanding increased by 16 per cent (18 per cent for the same period last year) and stood at a little over ₹18 lakh crore as on December 31, 2018.

HDFC Ergo aims to open 100 more virtual offices in FY20**SURABHI**

Mumbai, March 25
Optimistic about growth prospects, private sector insurer HDFC Ergo General Insurance plans to open 100 virtual offices in 2019-20.

"We have 125 virtual offices, of which, 15 are being converted to brick-and-mortar offices. Next year, we plan to open 100 more virtual offices," said Anurag Rastogi, Member of Executive Management, HDFC ERGO General Insurance.

Virtual offices are single persons who sell insurance products using tablet computers. Once these persons meet a certain amount of business target at about ₹3 crore annually, they are then converted into brick-and-mortar offices, with more people employed. The general insurer is now present in 225 locations across

the country, including branches and virtual offices, and is keen on expanding into smaller Tier III towns.

It is also looking to grow its distribution channels. Simultaneously, it is also strengthening tie-ups with auto manufacturers and banks.

"While we have a bancassurance partner within the group itself, we have tied up with several other banks (too), including Federal Bank and Lakshmi Vilas Bank. We are growing across different channels," said Rastogi.

Apart from introducing products such as cyber insurance, title insurance, and inherent defect insurance, the insurer has also been investing heavily in technology and re-engineering the customer-facing processes with a focus on faster claim settlements.

Digital payments have witnessed 9-fold increase over last 5 years: RBI Governor

RBI to set up regulatory sandbox for fintechs; guidelines to be issued in next two months

OUR BUREAU

New Delhi, March 25
There has been a multi-fold increase in digital payments over the last five years, according to Reserve Bank of India Governor Shaktikanta Das.

Speaking at the NITI Aayog's FinTech Conclave 2019, Das said: "The Reserve Bank has, over the years, encouraged greater use of electronic payments so as to achieve a 'less-cash' society...Retail electronic payments witnessed about nine-fold increase over the last five years."

"The NEFT system handled 195-crore transactions valued at ₹172 lakh crore in 2017-2018, growing 4.9 times in terms of volume and 5.9 times in terms of value over the previous five years. Similarly, the number of transactions carried out through credit and debit cards in 2017-2018 was ₹141 crore and ₹334 crore, respectively. Pre-paid payment instruments (PPIs) recorded a volume of about 346 crore transactions, valued at ₹1.4 lakh crore. Thus, the total card payments, in volume terms, stood at 52 per cent of the total retail payments during 2017-2018," he added.

The central bank Governor also said that banks no longer have a

monopoly over payment services. "Affordability, interoperability, customer awareness and protection have also been other focus areas. Banks have been the traditional gateway to payment services. However, with the fast pace of technological changes, this domain is no longer the monopoly of banks. Non-banking entities are cooperating as well as competing with banks, either as technology service providers to banks, or by directly providing retail electronic payment services."

Data confidentiality

Commenting on the red flags for the fintech sector, Das said: "Systemic risks may arise from unsustainable credit growth, increased inter-connectedness, procyclicality, development of new activities beyond the supervisory framework, and financial risks manifested by lower profitability."

"Risks for fintech products may also arise from cross-border legal and regulatory issues. Data confidentiality and customer protection are major areas that also need to be addressed."

Das said that the setting up of a regulatory sandbox (similar to a special economic zone) can help



RBI Governor Shaktikanta Das delivering the keynote address at the FinTech Conclave 2019 in New Delhi on Monday **PII**

address associated risks, while keeping in mind the growth requirements of the sector.

"The Reserve Bank's working group on fintech and digital banking suggested the introduction of a 'regulatory sandbox/innovation hub' within a well-defined space and duration to experiment with fintech solutions, where the consequences of failure can be contained and reasons for failure analysed."

"A 'regulatory sandbox' will benefit fintech companies by way of reduced time to launch innovative products at a lower cost. Going forward, the RBI will set up a regulatory sandbox, for which guidelines will be issued in the next two months," said Das.

90% of ₹38,000-crore pledged debt not adequately covered: CRISIL**OUR BUREAU**

Mumbai, March 25
As much as 90 per cent of the rated pledged debt of Indian firms are not adequately covered, according to a new report by CRISIL. The rated pledge debt in the mutual fund segment has transaction cover of less than two times.

The RBI has prescribed a minimum collateral cover of two times for lending against shares by banks and non-banking financial companies (NBFCs), but there is no such safeguard for mutual fund segment.

"Of the close to ₹38,000

crore of rated debt in the market, about 90 per cent had a transaction cover less than two times, and in some cases, as low as 1.2 to 1.3 times," the report noted.

The findings come at a time when there have been various cases of sharp corrections in the price of pledged shares, which led to concerns on how to deal with the problem. These include cases such as those involving Subhash Chandra's Zee Telefilms and Anil Ambani Group firms.

The ₹38,000 crore of debt accounts for up to 40 per cent of the total pledged of promoters, the report said,

adding 90 per cent of them are 'A' category and above.

The report pointed out that data on companies in the Nifty 500 Index for 2005-18 indicate that at an overall cover of 1.3 times, in nine out of 10 cases, the market value of such shares could have dropped below the debt contracted within a month, leading to losses to lenders.

Further, in five out of 10 cases, an overall cover of even 1.8 times could have fully depleted within a month because of the fall in share price, making refinancing difficult.

"The overall cover acts as

the first line of defence. It determines refinancing ability, and provides flexibility to pledge additional unencumbered shares to maintain the minimum pledge cover requirements and prevent breach of covenants in any specific transaction," said Gurpreet Chhatwal, President, CRISIL Ratings.

The report also noted that in the case of a breach of covenant, lenders have just about one month to liquidate pledged shares, and the equity markets may not have the depth and liquidity to absorb simultaneous liquidation by multiple lenders.

per cent over the medium term.

ICRA assessed that profitability indicators for FY2019 are likely to moderate to 14-15 per cent (vis-a-vis 18 per cent in FY2018) with some moderation in net interest margins, though upfront income booking on assignments could provide some support.

As for FY2020, ICRA expects HFCs to report similar profitability indicators as FY2019, unless a prolonged slowdown in growth impacts the operating expense ratios and asset quality of some asset classes, which could lead to a further dip in profitability indicators.

Trading levels for the week

NSE futures	LTP	S1	S2	R1	R2	Trade recommendations
USD-INR	68.96	68.50	67.70	69.20	69.75	Initiate fresh short positions only if the contract breaks below 68.5
EUR-INR	78.05	77.30	76.50	78.60	79.25	Downtrend is intact. Go short now and also at higher levels
GBP-INR	90.92	90.00	89.35	91.20	92.00	Resistance ahead. Go short if the contract reverses lower from 91.2
JPY-INR	62.65	62.20	61.50	63.00	63.50	Outlook is bullish but wait for dips and go long near 62.2

LTP: Last Traded Price; S1, S2: Support; R1, R2: Resistance
Note: In a buy recommendation, the resistance would be the target and the nearest support would be the stop loss; in a sell recommendation, the support would be the target and the nearest resistance would be the stop loss. The recommendations are based on technical analysis. There is a risk of loss in trading.



two rate hikes in 2019. But the projections in its latest meeting last week showed that it will continue to keep rates unchanged at the same level through this year. The Fed's decision is a positive for Indian equities and rupee.

The outcome of the Fed meeting dragged the dollar index to a low of 95.75. However,

the index has managed to recoup almost all the losses made last week, and is currently trading at 96.5.

The outlook for the index is mixed. The index has been range-bound between 95.75 and 97.7 over the last few weeks. It can continue to trade in this range for some more time.

The rupee can consolidate

between 68.5 and 69.2 for some time. The price action in the past week indicates that the level of 69.2 is providing strong support for the currency. This leaves the bias positive, and the uptrend is likely to remain intact.

As long as the rupee trades above 69.2, there is high possibility of the currency breaking

‘Over 12,000 cases filed after implementation of IBC, setting up of NCLT’**PRESS TRUST OF INDIA**

New Delhi, March 25
As many as 12,000 cases have been filed since the implementation of the Insolvency and Bankruptcy Code (IBC) and setting up of the National Company Law Tribunal (NCLT), a senior government official said on Monday.

Asserting that the code should be the last resort, Corporate Affairs Secretary Injeti Srinivas said the NCLT has been very expeditious in disposing cases related to insolvency.

"In some of the NCLTs, the number of cases filed and the number of cases disposed off are almost the same. That means you are almost current," he noted.

Cases under the code can be taken up only after the approval from the tribunal, which has benches in different parts of the country.

Personal insolvency

Srinivas said that personal insolvency should be approached carefully and in a planned manner. "The issue of personal insolvency is an important dimension, which we have to address at the earliest."

"Today, we have approximately ₹77 lakh crore as outstanding non-food credit. Of this, the industry accounts for about ₹26 lakh crore and the services sector accounts for ₹21 lakh crore. These two put together account for ₹48 lakh crore."

"It is 70 per cent of non-food credit outstanding. We are left with 30 per cent which we need to address now," said

Finova Capital raises \$15 million from Faering, Sequoia India**OUR BUREAU**

Mumbai, March 25
Jaipur-based non-banking financial company (NBFC) Finova Capital has raised \$15 million from Faering Capital and existing investor Sequoia India. The company will use the funds to expand its presence.

Finova Capital aims to serve small businesses and service providers in small towns and rural areas, who are looking for mid-ticket loans of ₹5-6 lakh for a period of up to seven years. The loans, provided at customised terms, are designed keeping the end customer in mind, the company said in a statement.

"Our investment in Finova is consistent with our investment approach of backing strong management teams that are building market leading companies in their area of focus," said Aditya Parekh, co-founder and Managing Director, Faering Capital.

Finova, which was founded in 2016 by Mohit & Sunita Sahney, has disbursed loans of ₹250 crore to more than 4,500 customers till date. At present, it operates out of 52 branches across Rajasthan, and plans to expand to 75 branches across Rajasthan, Delhi, and Madhya Pradesh by the end of 2019.

Srinivas. According to him, there are two routes for personal insolvency—one is the insolvency process, followed by bankruptcy process—and the second one is a fresh start.

A fresh start, or a waiver of a loan, should be considered for debtors based on certain criteria such as income levels and assets, he said.

Speaking at a conference organised by industry body CII and British High Commission, Srinivas said that since the commencement of the code and setting up of the NCLT, 12,000 cases have been filed.

"(Around) 4,500 cases have been settled before resolution to a settlement amount of almost ₹2 lakh crore. 1,500 cases have been admitted... 6,000 cases are waiting in queue," he added.

The IBC provides for time-bound resolution of stressed assets. To a query on the delay in resolving certain cases under the IBC, Srinivas observed that it would not be fair to say that cases have been lingering on.

"May be these large cases have taken more than 270 days and some may be double of that, but if you look at the size of that loan and the quantum of recovery, it is still an extraordinary sort of result."

"In (the case of) Essar, more than ₹42,000 crore would be (recovered). That is a very big sum and involves many creditors... I think for such very large cases, there would be some amount of litigation and one year or little over one year for such a large case to be settled is not too long."

Sterling falls over Brexit woes**REUTERS**

London, March 25
Sterling fell on Monday as pressure grew on Prime Minister Theresa May to give a date for leaving office ahead of parliamentary votes on Brexit. Investors are bracing for another week of volatility in the pound with British politics at fever pitch and little clarity on how and when Brexit will take place.

At 0930 sterling was down 0.2 per cent at \$1.3191. It was also down 0.3 per cent against the euro at 85.79 pence.

"May probably hopes this will convince Brexiters that her agreement is preferable to a long delay to Brexit but a no deal exit remains possible," said Societe Generale strategist Kit Juckes.

"Sterling is likely to remain choppy and potentially untradeable."