# ECONOMY

| GOLD | RUPEE | OIL | SILVER |
|---|---|---|---|
| ₹33,060 | ₹68.88 | $67.30 | ₹39,120 |

*Indian basket as on March 26, 2019

**SENSEX:** 38,132.88 ▼ 100.53 **NIFTY:** 11,445.05 ▼ 38.20 **NIKKEI:** 21,378.73 ▼ 49.66 **HANG SENG:** 28,728.25 ▲ 161.34 **FTSE:** 7,177.43 ▼ 18.86 **DAX:** 11,407.64 ▼ 11.84

*International market data till 1900 IST

## SECTOR WATCH
### MERGER & ACQUISITION

# 'Piramal, Baring PE in talks to acquire majority stake in DHFL'

'Not limited to strategic partnership, may extend to change of ownership,'

SANDEEP SINGH
NEW DELHI, MARCH 27

IN A move that may see change in ownership and management control at the troubled housing finance company DHFL, two sources close to the development have confirmed that Piramal Group and Baring Private Equity are in advanced stage of negotiations to acquire majority shareholding in DHFL.

Earlier this month, DHFL chairman and MD, Kapil Wadhawan had said that the company has engaged with large potential entities to identify and on-board the right strategic partner and are in advanced stages of discussions to achieve the same over the next 90 days.

Sources, however, confirmed that currently discussions with Piramal Group and Baring Private Equity are at advanced stage of negotiation and it is not just for entry as strategic partner.

"It may not be limited as a strategic partner but the talks are on for change of ownership," said the source.

While emails sent to DHFL and Baring PE did not elicit any response, Piramal Capital & Housing Finance, said, "We would not like to comment on market speculations."

As of December 2018, the promoters owned 39.21 per cent stake in DHFL. DHFL has been facing liquidity pressure since the IL&FS crisis hit the NBFC sector in September 2018. A series of debt defaults by IL&FS had spiralled into a broader liquidity crisis for the markets which is now somewhat abating but put pressure on several NBFCs.

DHFL faced severe liquidity issue since September and facing stress to honour its debt repayments it started raising funds and also selling its subsidiaries.

**DHFL SHARES FELL 80% IN 7 MONTHS**

- **As of December 2018, the promoters owned 39.21 per cent stake in DHFL. DHFL has been facing liquidity pressure since the IL&FS crisis hit the NBFC sector**
- **Following the stress, share price of DHFL came under huge pressure since September 2018 and it has fallen from a level of around Rs 670 in early September to close at Rs 136.4 per share on Wednesday**

Following the stress, share price of DHFL came under huge pressure since September and it has fallen from a level of around Rs 670 in early September to close at Rs 136.4 per share on Wednesday. It has seen a decline of almost 80 per cent during the last 7 months.

DHFL group has been selling its subsidiaries to deal with the crisis.

Earlier this month, DHFL and Wadhawan Global Capital announced sale of about 80 per cent combined stake in education loan company Avanse Financial Services Ltd to private equity major Warburg Pincus.

This was part of the DHFL promoters plan to reduce outstanding debt. Last month, Wadhawan Global Capital sold its entire 70 per cent stake in Aadhar Housing Finance to Blackstone.

DHFL also exited the affordable housing finance company by selling its entire 9.15 per cent stake.

**DIRECT TAX COLLECTION AT 85.1% OF REVISED ESTIMATE OF ₹12L CR**

# Slipping on tax targets, CBDT goes all-out to boost mop-up

CBDT, in a missive, termed negative growth over last week as 'alarming situation'

AANCHAL MAGAZINE
NEW DELHI, MARCH 27

LESS THAN a week before the end of this financial year, the government is struggling to meet its tax collection targets with direct tax mop-up at only 85.1 per cent of the revised estimate of Rs 12 lakh crore in addition to a likely shortfall on the indirect taxes front as well.

Flagging these concerns, the Central Board of Direct Taxes (CBDT) in a missive to field formations on March 26 termed the negative growth in collections over last week as an "alarming situation which needs immediate attention" and has asked them to "take all possible actions" to achieve the collection targets.

Even though the government has surpassed its disinvestment target, a slippage on tax revenues ranging from Rs 50,000 crore-Rs 1 lakh crore could lead to a slippage in fiscal deficit, which was already revised upwards in the Budget to 3.4 per cent of the GDP from the initial aim of 3.3 per cent of GDP.

The missive states that the government, as on March 23, has collected only Rs 10.21 lakh crore, which is 85.1 per cent of the revised estimate of Rs 12 lakh crore, adding that the analysis by the tax department indicates worsening trend of negative growth in regular collections at (-) 6.9 per cent as against (-) 5.2 per cent in the last week. "...it is seen that as against the budget collection target of Rs 12,00,000 crore, only 85.1 per cent of the target at Rs 10,21,251 crore has been collected as on 23.03.2019. The minor head-wise analysis indicates worsening trend of negative growth in regular collections at -6.9 per cent as against -5.2 per cent in the last week. This is an alarming situation which needs immediate attention," the CBDT has written to its field formations on Tuesday.

The Board has asked its field formations to take all possible actions urgently, especially for recovery of arrears and current demand, to meet the targets. "You are aware that regular assessment tax is benchmark of performance as it is based upon quality of demand raised which can further be converted into actual collections. Board has discussed strategies through various communications with you and it was expected that by this time your strategies would have succeeded resulting into improved collections. However, the figures of collections give a different account," it said.

The missive further stated, "You must, therefore, as discussed telephonically also, take all possible actions urgently, especially with respect to recovery of arrears and current demand, so as to achieve the targets for collection."

The income tax department has also asked banks to deposit their TDS (Tax Deducted at Source) for March by March 31, earlier than the due date of April 7. This is, however, not the first instance of banks being asked to advance their TDS payments since even last year the CBDT had instructed the same to banks. A government official said this could yield an amount of Rs 8,000-10,000 crore before the closing of this financial year.

The growth rate of direct tax collections was revised up to 19.8 per cent rate in the Budget from 14.8 per cent initially, translating into upward revision of Rs 50,000 crore in the target, which officials say has been steep and made the targets tough to meet. Two senior government officials said there could be some shortfall on the indirect tax front as well, as much as Rs 50,000 crore, even though the central government's GST revenue target was revised down by Rs 1 lakh crore to Rs 6.44 lakh crore in the Budget.

**EXPLAINED**

### Shortfall may lead to further slippage in fiscal deficit target

EVEN AS the government revised down the GST target for this financial year, there was an upward revision in direct tax collections target by Rs 50,000 crore to Rs 12 lakh crore in the Budget for 2019-20.

The revised direct tax target, which factors in a growth rate of 19.8 per cent as against the initial goal of 14.8 per cent, has proven to be stiff. The shortfall in direct tax revenue in addition to the indirect tax could lead to a further slippage in fiscal deficit target.

# Tata group enters airport business, set to get 20% stake in GMR

Consortium of Tata, GIC & SSG Capital to invest ₹8K cr for combined 45% stake

ENS ECONOMIC BUREAU
NEW DELHI, MARCH 27

MARKING THE entry of the second large conglomerate in India's airport business, a consortium of Tata Group, an arm of Singapore's wealth fund GIC, and Hong Kong-based SSG Capital Management will invest Rs 8,000 crore to buy a combined 45 per cent stake in GMR Airports Ltd, which operates Delhi International Airport Ltd, Hyderabad's Rajiv Gandhi International Airport and Mactan Cebu International Airport in the Philippines.

The deal will result in Rs 1,000 crore being pumped into GMR Airports, a unit of GMR Infrastructure Ltd, alongside the purchase of Rs 7,000 crore of the airport unit's equity shares from the parent, according to a statement. After the deal, Tata will hold 20 per cent stake in the airport unit, while GIC will get 15 per cent and SSG another 10 per cent, the company said in a filing. The deal values GMR Airports at Rs 18,000 crore.

For the Tata Group, which runs two airlines in India — Vistara, in partnership with Singapore Airlines, and AirAsia India, a joint venture with Malaysia's AirAsia group — the deal is expected to have implications in terms of broader market influence.

Last month, Adani Group won the bids to operate six airports — Ahmedabad, Jaipur, Lucknow, Thiruvananthapuram, Mangalore and Guwahati — marking the group's entry in the airports business and making it the third largest private airport company in India after GMR and GVK Group.

The increasing private investment in the airports sector could be on account of the government's plans to construct 100 new airports with an investment of about $60 billion in the next 10-15 years.

Currently, GMR and GVK run the four largest airports in the country, with the latter managing Mumbai International Airport Ltd and Bengaluru International Airport Ltd.

The International Air Transport Association has projected that by 2037, there would be almost 520 million passengers flying to, from and within India each year.

However, in India, airports have not been a lucrative business. In 2017-18, as many as 94 airports owned and managed by the Airports Authority of India incurred losses. The government operator owns and manages 129 airports in the country. The Centre had said that the losses were mainly due to low revenue generation and to meet the total expenditure of the respective airports.

Following the deal for GMR Airports, which will take two to three months, the debt-laden infrastructure company will seek its board's approval to "restructure and demerge" the airports business, leading to its listing on the stock exchanges. "Airport is not an infrastructure play. It is a consumer play. We want to give minority investors exposure to pure play airport business also," said Sushil Kumar Modi, Group CFO for strategic finance, GMR.

GMR Infrastructure has a net debt of $2.9 billion as of December-end 2018, and has been selling off assets to pay liabilities.

**GIC TO GET 15%; 10% FOR SSG**

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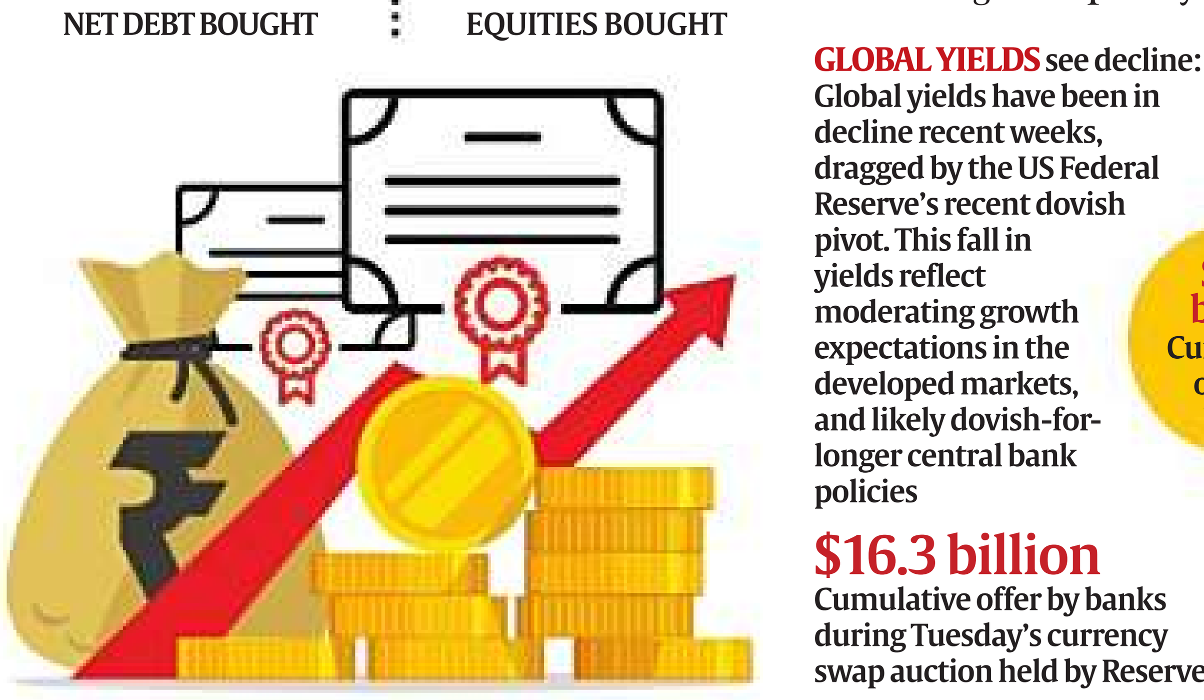
- **After the deal, Tata will hold 20 per cent stake in the airport unit, while GIC will get 15 per cent and SG Capital Management another 10 per cent, the company said in a filing. The deal values GMR Airports at Rs 18,000 crore**

### 'RUPEE BONDS TO BENEFIT FROM POSITIVE CATALYSTS'

**INVESTMENT BY FOREIGN PORTFOLIO INVESTORS IN MARCH**

| $1.6 billion | $4 billion |
|---|---|
| NET DEBT BOUGHT | EQUITIES BOUGHT |

A mix of domestic and external positive catalysts are expected to benefit rupee bonds, but keeping down the long-end of the yield curve might prove a challenge, according to a report by Singapore bank, DBS Group



**GLOBAL YIELDS** see decline: Global yields have been in decline recent weeks, dragged by the US Federal Reserve's recent dovish pivot. This fall in yields reflect moderating growth expectations in the developed markets, and likely dovish-for-longer central bank policies

**$16.3 billion**
Cumulative offer by banks during Tuesday's currency swap auction held by Reserve Bank of India, which accepted $5.02 billion worth offers

**$16.3 billion** Cumulative offer by banks

**THE CUT-OFF PREMIUM** was set at Rs 0.776, not far from prevailing levels, capping forward premiums

**YIELDS** of the most traded 2028 rupee sovereign bond eased back below 7.5 per cent and (generic) two-year yields stayed at sub-6.6 per cent levels. The (generic/new) 10-year yield is back in the 7.30-7.35 per cent range

# Boeing unveils 737 MAX software fix

REUTERS
SEATTLE/ WASHINGTON, MARCH 27

Mike Sinnett, Boeing's Vice President of Product Strategy, talks to reporters on Wednesday in Renton. *AP*

BOEING CO said on Wednesday it had reprogrammed software on its 737 MAX passenger jet to prevent erroneous data from triggering an anti-stall system that is under mounting scrutiny following two deadly nose-down crashes in the past five months.

The planemaker said the anti-stall system, which is believed to have repeatedly forced the nose lower in at least one of the accidents, in Indonesia last October, would only do so one time after sensing a problem, giving pilots more control.

It will also be disabled if two airflow sensors that measure the "angle of attack," or angle of the wing to the airflow, a fundamental parameter of flight, offer widely different readings, Boeing said.

"We are going to do everything that we can do to ensure that accidents like these never happen again," Mike Sinnett, vice president for product strategy and future airplane development told reporters near Seattle on Wednesday. The anti-stall system — known as MCAS, or Maneuvering Characteristics Augmentation System — has been pinpointed by investigators as a possible cause in a fatal Lion Air crash in Indonesia and another fatal crash in Ethiopia on March 10.

Existing 737 pilots will also have extra computer-based training, following criticism that MCAS was not described in the aircraft manual. Boeing has previously said existing cockpit procedures would cover any example of runaway controls caused by MCAS.

The changes were drawn up in response to the Lion Air crash but are seen as crucial to regaining the trust of pilots, passengers and regulators after the Ethiopia crash prompted a worldwide grounding Boeing 737 MAX planes.

It also said it would not charge customers who choose another safety feature known as the AOA indicator option.

John Hamilton, chief engineer for 737 Max flight displays, said in a statement that "all primary flight information required to safely and efficiently operate the 737 MAX" was already included without the features that would now be offered.

He said the AOA indicator "provides supplementary information to the flight crew. The AOA disagree alert provides additional context for understanding the possible cause of air speed and altitude differences between pilot displays."

### US transport chief questions Boeing decisions

*Washington:* The top US Transportation Secretary questioned on Wednesday why Boeing did not require safety features on its top-selling 737 MAX that might have prevented two recent crashes.

"It is very questionable if these were safety-oriented additions, why they were not part of the required template of measures that should go into an airplane," United States Transportation Secretary Elaine Chao said, who added she was not ready to require that all safety options be retrofitted on existing airplanes. **REUTERS**

# US FAA plans to revamp oversight

ASSOCIATED PRESS
WASHINGTON, MARCH 27

THE FEDERAL Aviation Administration plans to revamp oversight of airplane development after the two deadly crashes of Boeing's new 737 Max raised questions of whether the FAA has gone too far in letting companies regulate themselves, according to testimony prepared for a Capitol Hill hearing on Wednesday.

For decades, the FAA has delegated some authority for certifying new aircraft to the manufacturers themselves, reducing government costs and, defenders say, speeding the rollout of new models. But in the wake of the air disasters in Ethiopia and Indonesia over less than five months, that practice has been seized on as evidence of an overly cozy relationship between the FAA and the industry.

The self-certifying practice, called Organization Designation Authorization, was expected to come under scrutiny Wednesday at a Senate subcommittee hearing where the acting FAA administrator, Transportation Department inspector general and chairman of the National Transportation Safety Board were scheduled to appear.

In testimony prepared for the hearing, Inspector General Calvin Scovel III said the FAA plans to significantly revamp its oversight of aircraft development by July. He gave few details but said the changes would include new ways to evaluate training and self-audits by aerospace companies.

Over the years, the inspector general's office has found management weaknesses in the agency's oversight, Scovel said in testimony obtained by *The Associated Press*. Transportation Secretary Elaine Chao, who oversees the FAA, has asked Scovel to look into the way the agency certified the 737 Max as airworthy.

At the same time, the Justice Department is investigating possible criminal violations involving the airliner's certification. Acting FAA Administrator Daniel Elwell's testimony also hinted at changes at the FAA but gave few details.

**FOCUS ON SAFETY**

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- **In the wake of the air disasters in Ethiopia and Indonesia, that practice has been seized on as evidence of an overly cozy relationship between the FAA and the industry**

# Cabinet clears creation of 6 more NCLAT posts

ENS ECONOMIC BUREAU
NEW DELHI, MARCH 27

THE CABINET on Wednesday gave its nod to a proposal for creation of six additional posts of judicial and technical members in the National Company Law Appellate Tribunal (NCLAT).

The tribunal hears appeals against rulings of the National Company Law Tribunal (NCLT).

As per an official release, the Cabinet approved creation of three additional posts, each for judicial members and technical members, in the NCLAT.

"The posts will be created in Level 17 (Rs 2,25,000 - fixed) plus allowances as admissible. The total financial implication will be Rs 2,27,82,096 per annum," it added.

The new posts would ensure meeting the mandate provided to NCLAT by the Finance Act, 2017, the Companies Act, the Insolvency and Bankruptcy Code, 2016 and the timeframe provided for disposal of cases, the release said. **WITH PTI**

**Three posts, each for judicial and technical members, created**

# Essar Steel CoC meets over distribution of ₹42,000 cr

PRESS TRUST OF INDIA
NEW DELHI, MARCH 27

THE LENDERS of Essar Steel on Wednesday informed the National Company Law Appellate Tribunal (NCLAT) that meeting of the Committee of Creditors of the debt-ridden firm is going on over distribution of Rs 42,000 crore coming from the resolution plan of global steel major ArcelorMittal.

The appellate tribunal was informed that a decision by CoC on whether StanChart, an unsecured financial creditor, should get higher payout for its dues to Essar Steel would come by Friday, following which it adjourned the matter to April 9 for the next hearing.

"We have to see the outcome of the Committee of Creditors (CoC) meeting," said a two-member NCLAT bench headed by Chairman Justice S J Mukhopadhaya. The NCLAT had on March 20 asked the resolution professional of Essar Steel to call for a fresh meeting of its CoC to reconsider distribution of Rs 42,000 crore fund.

The Appellate Tribunal also said that the March 8 order of the Ahmedabad-based bench the National Company Law Tribunal (NCLT) approving ArcelorMittal plan should be implemented in "letters and spirit".

# NCLT okays new bid for Jyoti Structures by Sanghi

PRESS TRUST OF INDIA
MUMBAI, MARCH 27

THE CITY bench of NCLT Wednesday approved the amended resolution plan for Jyoti Structures by Sharad Sanghi of Netmagic that has now offered to pay Rs 3,965 crore in 12 years to the lenders and other creditors.

The decision follows an order by the appellate tribunal last week. Surprisingly, on Tuesday (March 26) the Mumbai bench of the National Company Law Tribunal (NCLT) had adjourned the case to April 26 for a final view.

Jyoti Structures, which owes Rs 7,010.55 crore and unpaid interest to the lenders, is among the first 12 large accounts referred to NCLTs by the Reserve Bank of India in June 2017.

Under the amended bid, the sole bidder Sanghi, who is the managing director and chief executive of data centre company Netmagic, told NCLT that he will pay Rs 3,965 crore in 12 years against the original bid of 15 years to the lenders.

Further, under the revised plan, he will pay Rs 147 crore will be paid to workman, Rs 11 crore statutory dues will be paid immediately and the rest Rs 115 crore will be paid to operational creditors over a period of seven years, the tribunal was informed.