

IN BRIEF



**Jaypee insolvency: IDBI seeks deferred deadline**

NEW DELHI  
Jaypee Infratech's lead lender IDBI on Monday approached the National Company Law Tribunal (NCLT) seeking extension of insolvency proceedings beyond the May 6 deadline as the process is still under way to find a buyer for the Jaypee group's realty firm. The NCLT posted the matter on May 6 for the next hearing. On January 28, the NCLT had extended the CIRP period by 90 days. PTI

**India notifies pact with U.S. on MNC tax evasion**

NEW DELHI  
India has notified the inter-governmental agreement with the U.S. for exchange of country-by-country (CbC) reports on multinational companies (MNCs) regarding income allocation and taxes paid in order to help check cross-border tax evasion. The pact will obviate the need for Indian subsidiary firms of U.S. multinationals to do local filing of the CbC reports, thereby reducing the compliance burden. PTI

**Next round of India, Peru FTA talks in August**

NEW DELHI  
India and Peru will hold their next round of negotiations for the proposed free-trade agreement (FTA), aimed at boosting two-way commerce and investments, here in August, an official said. "Chief negotiators from both the countries will hold the fifth round of negotiations for the agreement in August," the official said. The fourth round was held between March 11 and 15 this year in Lima, Peru. PTI

**Employees' consortium to bid for Jet**

PRESS TRUST OF INDIA  
NEW DELHI

As uncertainty continues over the fate of the shuttered Jet Airways, an employees' consortium has proposed to take over the airline, with at least ₹3,000 crore expected from outside investors for the bid, according to two staff unions.

Two associations representing pilots and engineers – SWIP and JAMEVA – have written to State Bank of India (SBI) Chairman Rajnish Kumar proposing that they would take over the airline and can bring in up to ₹7,000 crore.

The Society for Welfare of Indian Pilots (SWIP) and the Jet Aircraft Maintenance Engineers Welfare Association (JAMEVA) have written a letter to the SBI chief asking the lead lender to consider "employee consortium" as an intending bidder for the carrier. While SWIP has around 800 members, there are about 500 employees with JAMEVA.

"The contribution from employees would be realised from their future earnings and increased productivity. As per our initial estimate, the contribution of employees' group over a hypothetical 5-year Employee Stock Ownership Programme (ESOP) is likely to be upward of ₹4,000 crore," the letter said.

# Liquidity crisis hits Reliance Cap arms

Home, commercial finance arms witness 'minor' delay in principal repayments of ₹542 cr. and ₹477 cr.

SPECIAL CORRESPONDENT  
MUMBAI

The liquidity crunch that shadow banks are facing post the IL&FS crisis has now hit Anil Ambani's non-banking finance companies, with Reliance Home Finance and Reliance Commercial Finance delaying on repayment to banks.

Reliance Home Finance and Reliance Commercial Finance said there was a 'minor' delay in principal repayments of ₹542 crore and ₹477 crore respectively to five to six banks.

**Ratings downgrade**  
CARE Ratings had downgraded various instruments of Reliance Home Finance Ltd. (RHFL), a mortgage lender, including its long-term debt programme that was



**Late date:** RHFL said there was a timing mismatch on further securitisation proposals with banks. •GETTY IMAGES/ISTOCK

downgraded to D, from BBB+, last week. "For the past seven months, ever since the IL&FS episode, all categories of lenders in India, including banks, mutual funds, etc., have put an almost complete freeze on additional lending to home finance companies and non-banking finance companies, and have been insisting upon reduction of existing borrowings," RHFL said in a statement. The company said it had been affected by a timing mismatch with regard to the ongoing further securitisation/monetisation proposals

with banks. This, it said, has resulted in a 'minor' delay in principal repayments aggregating to ₹542 crore to around five to six banks, and limited only to its bank borrowings.

Reliance Commercial Finance Ltd. (RCFL) said its wholesale loan book would be fully unwound by March 2020 and corresponding borrowings repaid entirely. "RCFL has commenced discussions with potential strategic/PE partners for equity infusion into the business, accompanied with acquisition of complete management control," RCFL said in a statement. It added that parent firm Reliance Capital (RCap), would continue as a minority financial investor.

CARE also downgraded various debt instruments of

RCap. "Reliance Capital's entire short term debt to stand fully repaid and become zero prior to 30th September 2019 from sale proceeds of 43% stake in RNAM [Reliance Nippon Life Asset Management]," RCap said in a statement. Liquidity issues in the Reliance Capital arms has also impacted Reliance Mutual Fund, which has exposures of ₹535 crore and ₹1,083 crore to long-term non-convertible debentures issued by RCFL and RHFL respectively.

These exposures are held in roughly 10% of RMF's total 166 fixed income and hybrid schemes. The MF house said there will be mark-to-market impact due to the investments in Reliance Home Finance and Reliance Commercial Finance.

# It's thumbs down for Yes Bank from brokerages

Many cite concerns related to bank's stressed assets and management uncertainty, among others

SPECIAL CORRESPONDENT  
MUMBAI

After reporting a surprise loss – its first-ever – in the fourth quarter, Yes Bank has been at the receiving end in terms of quick downgrades by brokerages.

In a rare instance, global financial major Macquarie did a 'double-downgrade' while lowering the target price by 30%. The global financial major was not alone as many Indian brokerages have also downgraded the stock citing concerns related to stressed assets and management uncertainty, among other factors. "We must eat humble pie today and admit we underestimated risks in structured finance. We got the call wrong," said Macquarie in its report released



**Losing sheen:** Macquarie did a 'double-downgrade' on Yes Bank while lowering the target price by 30%. •AP

on Monday with an 'underperform' rating on the banking major with a 12-month target price of ₹165.

Incidentally, Macquarie had an 'outperform' recommendation on Yes Bank since January 2018 though

the target price has been consistently lowered. From a high of ₹425 in April 2018, the target price was reduced to ₹165 in February. "Incoming CEO flags large stressed pool, aggressive accounting practices and weakness in

retail franchise... Loan book clean-up, investments in retail business and pivoting of business model within corporate segment should keep return ratios subdued for long," stated the report.

**Q4 performance**

On Friday, Yes Bank posted a whopping ₹1,507 crore loss during the January-March period of 2018-19, as bad loans surged due to its exposure to troubled firms such as Infrastructure Leasing & Financial Services Ltd. (IL&FS) and an airline company. The bank had posted a ₹1,179-crore profit during the same period of the previous financial year.

Edelweiss has downgraded the stock from 'buy' to 'hold', with a target price of

₹250 as it believes that while the bank recalibrates its strategy, the transition would be "arduous."

"... transitioning will be arduous, entailing lower growth as well as returns given: softer revenue traction as focus shifts to risk; lower fee due to conservative policy; and modest earnings recovery due to early stress recognition & provisions," it said.

In a similar context, Prabhudas Lilladher reduced its target price on the banking stock from ₹245 to ₹190 while lowering the rating from 'accumulate' to 'reduce'. Interestingly, Motilal Oswal Financial Services has maintained a 'buy' rating on Yes Bank with a revised target price of ₹280.



**Gobbling up space:** The warehouses will be spread across 18 cities, with a capacity of 90,000 tonnes. •M.MOORTHY

# Zomato to add 20 warehouses by 2020

Unveils 40,000 sq ft Delhi warehouse

SPECIAL CORRESPONDENT  
NEW DELHI

Online food ordering platform Zomato aims to add 20 warehouses, totalling about 7 lakh sq. ft, across the country by 2020, as part of its Hyperpure programme.

Currently, Hyperpure by Zomato operates one warehouse each in Bengaluru and Delhi. The 40,000 sq ft Delhi warehouse was launched on Monday.

Hyperpure by Zomato provides restaurants with fresh and high-quality ingredients, including vegetables and fruits, poultry, groceries, meats, seafood, and dairy, the company said in a statement.

**3,000 eateries served**

"With Hyperpure by Zomato, we've been able to disintermediate the supply chain, providing restaurants access to fresh, clean,

fully-traceable food ingredients," Zomato co-founder and COO Gaurav Gupta said.

The Delhi warehouse is designed to supply 5,000 metric tonne (MT) capacity per month and equipped to serve 3,000 restaurants every day.

Dhruv Sawhney, founder, Hyperpure, said, "Our restaurant partners in Delhi will benefit from Hyperpure's offer of fresh and quality food products."

By the year 2020, the company plans to open 20 more warehouses across 18 cities, targeting a combined capacity of 90,000 MT and 7 lakh sq. ft.

The cities include Delhi, Bangalore, Mumbai, Pune, Chennai, Hyderabad, Kolkata, Jaipur, Ahmedabad, Chandigarh, Nagpur, Lucknow, Vadodara, Coimbatore, Kochi, Agra, Goa and Surat.

# Fourfold rise in Orient Cement net

PRESS TRUST OF INDIA  
NEW DELHI

C.K. Birla Group firm Orient Cement on Monday reported an over fourfold jump in its net profit to ₹61.98 crore for the fourth quarter ended March 2019.

The company had reported a net profit of ₹12.82 crore for the January-March quarter a year ago, Orient Cement said in a BSE filing. Orient Cement's total income rose 21.14% to ₹754.89 crore during the quarter, as against ₹623.13 crore in the corresponding quarter last year.

# India-China team on pharma to meet next month

Move part of efforts by India to increase pharmaceutical exports to its neighbour

N. RAVI KUMAR  
HYDERABAD

India will be sending a high-level delegation to the first meeting of the working group on pharmaceuticals, with China, scheduled in Beijing next month.

An initiative under the India-China Strategic Economic Dialogue (SED) Mechanism, the working group meeting comes in the backdrop of growing efforts by India to increase pharma exports to China.

In doing so, the emphasis has been on impressing upon China to make the drug registration process easier for Indian pharma com-

# Castrol India Q1 net profit rises 2%

Company posts highest ever profit before tax of ₹288 crore

SPECIAL CORRESPONDENT  
MUMBAI

Castrol India, India's leading lubricants maker, has seen a 2% rise in its first quarter net profit to ₹185 crore backed by 5% increase in revenue to ₹976 crore amid higher input costs and sluggish demand.

The company's financial year runs from January to December. Commenting on the results, Orner Dormen, managing director, Castrol India Limited said, "We continue progressing really well against our strategic priorities and in Q1 2019, we have seen strong top-line improvement contributed by



Orner Dormen

growth in personal mobility space, focus channels and new premium products. I am pleased with the overall performance of the business as we achieved the highest ever first-quarter profit be-

fore tax in Q1 2019."

The company, however, posted its highest ever profit before tax of ₹288 crore.

**"Tough environment"**

"In a tough environment, which witnessed softening of economic indicators, sluggish demand and higher input costs, we have been resilient to grow our revenue from operations by 5% y-o-y to ₹976 crore. Through prudent cost-control initiatives, strategic sourcing and better product mix management, we have been able to protect our margins quarter on quarter," said Mr. Dormen.

pharma companies from India as well as of those already involved in their firms' operations in China, such as Dr. Reddy's Laboratories and Hetero, are expected to be part of the delegation, sources said.

The Working Group meeting is on May 7, and will be followed by the delegation visiting API plants and interacting with API manufacturers and trade associations on May 8-9. Pharmaceuticals, according to Pharmexcil, has come to the centre stage of such discussions in the wake of China removing import tariffs on oncology drugs and a few others products.

# BoM posts ₹72 cr. profit as provisions fall

SPECIAL CORRESPONDENT  
MUMBAI

State-run lender Bank of Maharashtra reported a ₹72.4 crore profit for the Jan.-March quarter as compared to a ₹113.5 crore loss during the same period of the previous financial year, as provisioning for bad loans fell sharply.

Provisioning for non-performing assets fell to ₹237 crore during the reporting period from ₹1,995 crore reported a year ago.

This was because of improvement in asset quality, with gross NPA ratio declining to 16.4% from 19.5% a year ago and 17.3% in the previous quarter. Net NPA ratio also fell further to 5.5% from 5.9%, sequentially.

The Reserve Bank of India (RBI) lifted restrictions placed on the bank under the prompt corrective action framework in January after its net NPA ratio fell below 6% in the third quarter.

The bank has a provision coverage ratio of 81.5% as at March end.

A.S. Rajeev, MD & CEO, Bank of Maharashtra said in a statement that the bank was making all efforts to improve financial performance.

The net interest income during the reporting period grew by 13.5% to ₹1,000 crore net interest margin was up by 23 bps to 2.64% for Q4 FY19.

# Losing speed

Among major airports, Mumbai's terminal saw contraction in passenger traffic

Table	Total passengers	% growth in intl	% growth in domestic
Delhi	6.9 crore	7.6	4.6
Mumbai	4.8 crore	5.7	-1.3
Bengaluru	3.3 crore	17.5	24.8
Hyderabad	2.1 crore	8.1	20.4
Chennai	2.2 crore	7.6	11.9
Kolkata	2.18 crore	7.7	10.3
Ahmedabad	1.1 crore	15.9	23.3
Cochin	1.01 crore	-8.6	8.5
Pune	90 lakh	-7.7	11.7
Goa	84 lakh	-6.4	23.3

SOURCE: AAI

# Passenger traffic at Indian airports grows 11.6% to 34.4 crore

FY19 growth is slowest in three years

JAGRITI CHANDRA  
NEW DELHI

Airports in the country witnessed a total 34.4 crore passengers during financial year 2018-2019, registering a growth of 11.6% as compared to the previous fiscal, according to data from the Airports Authority of India (AAI).

These include domestic, international as well as those passengers who take chartered planes.

**Domestic fliers grow**

Domestic passengers stood at 27.5 crore, recording a growth of 13.1%. There were a total of 6.9 crore international passengers, a rise of 6.1% as compared to financial year 2018.

Each domestic passenger is counted twice – once at departure airport and a second time at the arrival airport. International passengers are counted just once.

The overall growth rate of 11.6%, however, is the slowest in the last three years. Indian airports saw a growth

of 16.5% in financial year 2017-18 and 18.3% in financial year 2016-2017.

Among the six joint-venture airports that together account for 40% of the total traffic, Nagpur airport saw the fastest growth (28.2%). This was followed by Bengaluru (23.8%), Hyderabad (17.9%), Delhi (5.4%) and Mumbai (0.7%). Cochin airport saw a negative growth of -0.5%.

Faced with severe capacity crunch, Mumbai airport registered a negative growth in terms of domestic passengers at -1.3%.

Among the AAI-owned top 20 international airports, the fastest growth was seen at smaller airports such as Vijaywada (58.7%), Tirupati (42.7%), Varanasi (33.4%), Imphal (29.3%) and Bhubaneswar (27.9%).

The same set of airports also saw the fastest rise in the number of aircraft movements – Vijaywada (58.6%), Imphal (48.6%), Tirupati (47.4%), Varanasi (39.3%) and Nagpur (34.1%).