MARKET WATCH

	08-04-2019	% CHANGE
Sensex	38,700	-0.42
US Dollar	69.67	-0.63
Gold	33,215	1.3
Brent oil	71.14	1.87

NIFTY 50

	PRICE	CHANGE
Adani Ports	379.90	-7.25
Asian Paints	1496.35	-18.10
Axis Bank	754.60	-7.60
Bajaj Auto	2853.35	-8.30
Bajaj Finserv	7347.25	-50.55
Bajaj Finance	3024.10	-90.10
Bharti Airtel	354.95	-1.70
BPCL	351.00	-7.10
Britannia Ind	2971.50	-22.55
Cipla	525.40	-6.70
Coal India	232.95	-1.75
Dr Reddys Lab	2763.70	9.35
Eicher Motors	20612.65	-367.65
GAIL (India)	341.90	-6.90
Grasim Ind	840.45	-8.50
HCL Tech	1096.35	3.55
HDFC	2054.90	-4.30
HDFC Bank	2289.40	-16.20
Hero MotoCorp	2586.85	-31.55
Hindalco	214.45	-0.95
Hind Unilever	1664.90	5.80
Indiabulls HFL	859.35	-43.70
ICICI Bank	387.10	-3.45
IndusInd Bank	1751.00	-16.95
Bharti Infratel	316.10	-0.70
Infosys	767.25	7.95
Indian OilCorp	152.05	-6.40
ITC	292.75	-1.80
JSW Steel	290.40	-3.85
Kotak Bank	1343.25	7.30
L&T	1373.65	-0.15
M&M	667.00	8.80
Maruti Suzuki	7129.45	21.75
NTPC	135.55	0.75
ONGC	158.10	1.55
PowerGrid Corp	198.35	2.05
Reliance Ind	1329.25	-24.65
State Bank	312.80	-4.25
Sun Pharma	462.45	-0.70
Tata Motors	200.55	-4.60
Tata Steel	549.05	-0.25
TCS	2070.75	22.45
Tech Mahindra	787.15	9.90
Titan	1104.40	-2.00
UltraTech Cement	4166.85	-23.55
UPL	946.80	5.80
Vedanta	186.65	-5.05
Wipro	263.70	1.60
YES Bank	260.05	-6.80
Zee Entertainment	404.75	-6.75

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on April 08

CURRENCY	TT BUY	TT SELL
US Dollar	69.47	69.79
Euro	78.12	78.49
British Pound	90.69	91.11
Japanese Yen (100)	62.33	62.62
Chinese Yuan	10.34	10.39
Swiss Franc	69.49	69.82
Singapore Dollar	51.25	51.50
Canadian Dollar	51.96	52.20
Malaysian Ringitt	16.95	17.04

Source:Indian Bank

BULLION RATES CHENNAI

April 08 rates in rupees with previous rates in parentheses

Retail Silver (1g)	40.9	(40.5)
22 ct gold (1 g)	3053	(3028)
Retail Silver (1g)	40.9	(40.5)
22 ct gold (1 g)	3053	(3028)

SBI sets terms for Jet Airways sale

Maximum stake on offer is 75% in the cash-strapped airline; last date for receipt of EoI is April 10

SPECIAL CORRESPONDENT
MUMBAI

State Bank of India (SBI) on Monday invited bids from strategic and financial investors for stake sale in the cash-strapped Jet Airways.

SBI, the lead bank of the consortium of lenders of Jet Airways (India) Ltd., has offered bidders a maximum of 75% stake (8,51,98,037 shares). The minimum stake on offer is 31.2% (3,45,42,383 shares).

SBI Capital Markets Ltd., on behalf of the SBI, has invited expression of interest (EoI) for a change in control and management of Jet Airways. The last date for receipt of EoI is April 10.

Selected bidders are required to submit binding bids by April 30, 2019.

A competitive bidding process would be followed for identification of a suitable investor to acquire ownership of the company on as-is where-is basis.

White knight wanted: A competitive bidding process will be followed for identifying a suitable investor. ▪REUTERS

The winning bidder is expected to settle the obligations of the company in relation to existing bank loan facilities.

EoIs had been invited from individuals, including foreign nationals, trusts, cooperative societies, private limited companies, public limited companies, partnership firms and sole proprietorships. Bidders can be strategic investors (SIs) or financial investors (FIs).

In the event of a bidder not being a consortium, the SI bidder should have a minimum net worth of ₹1,000 crore in the immediately preceding financial year or have funds available for investment in Indian assets of ₹1,000 crore or more or a minimum of three years of experience in the commercial aviation business.

If the bidder is an FI, then it should have minimum assets under management of ₹2,000 crore in the immediately preceding completed financial year or committed funds available for investment in Indian assets of ₹1,000 crore or more.

A consortium that may bid would consist of not more than three members with shareholding of an individual member not being less than 15%. There must be a lead consortium member to take decisions.

Access to data

After conclusion of the EoI stage and following execution of a non-disclosure agreement (NDA) and payment of bid access fee, the qualified bidders would be provided access to the data room to provide information about the company.

Interested parties are expected to submit a preliminary term sheet providing indicative valuation for 100% equity share capital of the company and settlement of all obligations of the company.

Jet: different journeys for different investors

Though debt-laden and staring at oblivion, the airline can still add value to buyers

LALATENDU MISHRA
MUMBAI

Even as lenders have kick-started the process of selecting a bidder for Jet Airways, the carrier is reporting a daily loss of more than ₹20 crore with sharp erosion in cash flows, company officials said.

While Jet's promoter Naresh Goyal has stepped down in deference to the wishes of the lenders, its strategic partner Etihad Airways is unwilling to take charge.

To add to its woes, the lenders have declined to disburse the much-needed ₹1,500 crore loan. Jet Airways, once one of India's top airlines, is possibly heading towards oblivion as cash taps dry up, said the officials. The over six-month delay in the execution of the rescue plan had made the situation only difficult, they added.

Jet Airways, that had reported a negative net worth of ₹10,370 crore as on December 31, 2018 and bank loans worth ₹7,500 crore, including aircraft loans, is estimated to have recorded losses of a few thousand more crore during the January to March quarter.

"There is no clear idea about how much money the airline might have lost in the last three months," said Ansuman Deb, aviation analyst, ICICI Securities.

Analysts said the situation was grave since there had been no advance cash flows and the working capital requirement had spiralled out of control. Besides, most of the fleet had been grounded due to non-payment of dues to lessors. As on December 31, 2018, Jet's current liabilities had exceeded its current assets by ₹9,610 crore and as on March 31, 2019, it might have increased by a few thousand crores.

"From what has been reported by the airline so far, you can easily add ₹3,000 to ₹4,000 crore to the losses," an analyst said, asking not to be named.

While Jet's total liability is estimated to be over $2 billion, its assets are no match.

Jet's assets

The airline's assets include 16 aircraft which, after loan repayment, are valued at ₹1,700 crore; it has booking slots for 220 Boeing 737 MAX planes, hangar at Mumbai, parking and landing slots at key airports and the goodwill of a world-class airline. Its employee base is one of the best in the industry.

Besides, its real estate in Mumbai is estimated to be worth more than ₹800 crore.

Put together, these may still be insufficient to meet the liabilities but Jet can find a buyer as it brings different sets of value proposition to different buyers.

"For an investor like Tata, it can immediately augment international market share by 30% and help them scale up Vistara without investing for years to grow the market.

"They may invest ₹10,000 crore but it makes sense," an analyst said. Similarly, for an investor like IndiGo, Jet Airways can enhance its international market share from 2% to 35% at one go.

"One has to think about the replacement-cost value. The value of Jet is in what somebody can do with it," the analyst said. For a new entrant, it provides market access. For a foreign airline, Jet gets a different value while for private equity investors, who would buy at deep discounts, it would have a different meaning.


In first gear: For FY19, the industry clocked the highest sales and production seen in a financial year. ▪B. VELANKANNI RAJ

PVs grew 2.7% in FY19, the slowest in 5 years

SIAM pegs FY20 sales growth at 3-5%

SPECIAL CORRESPONDENT
NEW DELHI

With new model launches and aggressive sales promotion by carmakers failing to lift consumer sentiment, the passenger vehicle (PV) segment grew 2.7% in 2018-19, the slowest pace in the last five years, according to Society of Indian Automobile Manufacturers (SIAM).

The current year is also expected to be a challenging one for the industry with the general elections in the first quarter, along with transition to BS VI technology later in the year, prompting the industry body to forecast a modest growth of 3-5% in sales of passenger vehicles for 2019-20.

According to SIAM data, passenger vehicle sales in the last fiscal stood at 33,77,436 units, compared to 32,88,581 units in 2017-18. The 2.7% growth follows the original forecast of 8-10%, which was later revised to 6%. This is the slowest pace of growth for the industry since 2013-14, when sales declined 6.7%.

SIAM president Rajan Wadhera called for a reduction in GST to offset the increase of 10-15% across vehicle categories prices due to BS VI implementation. "It is important to note that we are in election year. Historical data shows that the growth before the elections remains subdued," he said. Other factors that affected demand included increase in insurance costs, a liquidity crunch and the highest-ever commodity prices that forced carmakers to raise vehicle prices, he added.

"However, if we look at the positive side, we have continued to grow. Also, it is the highest-ever sales and production [achieved] in a financial year," he added.

Two-wheelers, the data showed, grew 4.85% in FY19, with the industry body forecasting growth of 5-7% for this fiscal. Likewise, commercial vehicles grew 17.55% in 2018-19 and are expected to see lower growth of 10-12% this year.

Seeking lower taxes for the sector, Mr. Wadhera noted that the change in insurance policy has resulted in prices of two-wheelers rising by about 10%. This will go up further with introduction of BS VI. "The [Centre] should look at lowering GST for two-wheelers to 18% from 28%. The impact for cars will be higher with BS VI and other safety norms We need serious consideration from the government," he said.

LVB shares hit upper circuit, Indiabulls HFC falls almost 5%

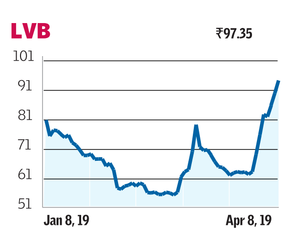
Regulatory approval holds the key to merger

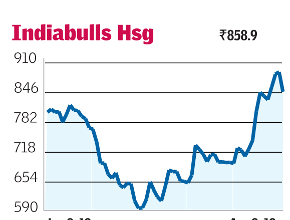
SPECIAL CORRESPONDENT
MUMBAI

Shares of Lakshmi Vilas Bank (LVB) hit the upper circuit on the BSE while those of Indiabulls Housing Finance (IBHF) slid 5% after the entities announced a merger that will give the former capital and the latter an entry into banking space.

For LVB's shareholders, for 100 shares, they would get 14 IBHF shares, implying a 36% premium to the closing price of LVB as of April 5, viz. the day on which the deal was announced, and 63% premium to the last six months' average price.

Shares of IBHF – an NBFC – ended 4.9% lower to ₹858.90 while LVB shares ended 4.96% higher to close at ₹97.35. "The merger is a win-win deal for both IBHF and LVB. IBHF gets access to banking platform, essentially the liability franchisee and provides longevity to its lending business on a consistent basis," broking firm Motilal Oswal said in a report.





"This deal will have some adverse transition impact on the near-term return ratios," it added.

Gagan Banga, vice-chairman and MD, IBHF, told *The Hindu* in an interaction that IBHF had the capacity to 'digest' LVB and the 'ratios can go down a little bit but not collapse.' Another key issue to watch out for is the regulatory approval since IBHF was unable to secure a licence when universal bank licences were given in the last round.

"The critical question is whether the deal measures up to regulatory rigour that the RBI is known for. While the deal makes the compliance cut-off and is within the purview of the policy framework, similar transactions in the past indicate an element of subjectivity in handing out banking licences by the RBI," Edelweiss Securities said.

WB pegs India's GDP growth at 7.5%

PRESS TRUST OF INDIA
WASHINGTON

India's GDP growth is expected to accelerate moderately to 7.5% in fiscal year 2019-20, driven by continued investment strengthening – particularly private – improved export performance and resilient consumption, the World Bank has said.

The real GDP growth is estimated at 7.2% in 2018-19, the World Bank said in its latest report on South Asia ahead of the spring meeting of the World Bank and the International Monetary Fund. Data for the first three quarters suggest that growth has been broad-based. Industrial growth accelerated to 7.9%, making up for a deceleration in services. Agriculture growth was robust at 4%. Inflation dynamics have been subdued over most of FY19, it said.

Merger with Indiabulls Housing will take a year, says LVB CEO

Inability to raise funds prompted the move, he says

N. ANAND
CHENNAI

It will take almost a year for the merger process between Lakshmi Vilas Bank (LVB) and Indiabulls Housing Finance Ltd. (IBHF) to get completed, according to a top official.

" I feel it might take nearly a year for the transaction to get completed," said Parthasarathi Mukherjee, MD and CEO, LVB.

Asked what prompted the bank to go in for the merger with IBHF, he said: "Earlier, the LVB board decided to raise funds through strategic investors. Some amount was raised through qualified institutional placement. Since, we could not raise as much as was needed, we went in for the merger option."


Parthasarathi Mukherjee

The merged entity would be named IBHF Lakshmi Vilas Bank. "A lot more work needs to be done with regard to the merger," he said.

Meanwhile, the All India Bank Employees' Association (AIBEA) took exception to the merger stating that public deposits worth ₹30,000 crore were at stake. LVB should have been merged with a public sector bank instead, said C.H. Venkatachalam, general secretary, AIBEA.

In a letter addressed to RBI Governor Shaktikanta Das, he said considering the fragile health of LVB, it was necessary for the central bank to take a holistic view and merge it with one of the public sector banks.

It is important to keep a close watch on the affairs of private banks that deal with the substantial savings of the people at large, he said.

Oil at 5-month high on Libya output threat

REUTERS
NEW YORK

Oil prices rose to a five-month high on Monday, driven by expectations for tighter global supply from fighting in Libya, OPEC-led cuts and U.S. sanctions against Iran and Venezuela. Brent futures gained 1.87% to $71.14 a barrel.

Investors already were focussed on supply during the (trading) session as fighting in oil-rich Libya threatened to disrupt exports. "Given the intense efforts of Saudi Arabia and others to restrict output, there is a sense that losing the Libyan oil, again, has the makings of a supply crunch," said John Kilduff, a partner at Again Capital LLC in New York.