

## MARKET WATCH

	16-07-2019	% CHANGE
Sensex	39,131	0.60
US Dollar	68.71	-0.25
Gold	35,570	0.28
Brent oil	66.7	-0.22

## NIFTY 50

	PRICE	CHANGE
Adani Ports	417.75	8.65
Asian Paints	1372.30	19.15
Axis Bank	761.05	11.30
Bajaj Auto	2732.45	18.45
Bajaj Finserv	7483.70	167.25
Bajaj Finance	3448.70	36.60
Bharti Airtel	350.75	0.15
BPLCL	354.45	7.05
Britannia Ind	2747.15	-26.45
Cipla	553.55	3.00
Coal India	232.80	2.40
Dr Reddys Lab	2676.50	48.90
Eicher Motors	19041.25	207.40
GAIL (India)	147.35	1.85
Grasim Ind	930.50	8.20
HCL Tech	1019.65	-7.85
HDFC	2277.55	12.20
HDFC Bank	2391.20	-3.55
Hero MotoCorp	2544.35	-1.20
Hindalco	199.10	-1.05
Hind Unilever	1741.30	24.35
Indiabulls HFL	646.35	7.40
ICICI Bank	424.60	2.30
Indiabulls Bank	1473.20	-1.50
Infosys	2632.70	3.45
Infusys	784.85	5.50
Indian Oil Corp	147.05	1.65
ITC	271.95	1.00
JSW Steel	273.90	2.95
Kotak Bank	1501.45	-6.65
L&T	1461.20	20.60
M&T	622.90	-8.95
Maruti Suzuki	6158.05	78.35
NTPC	130.95	3.00
ONGC	152.25	1.55
PowerGrid Corp	208.90	3.95
Reliance Ind	1293.00	16.90
State Bank	364.35	4.30
Sun Pharma	433.30	10.35
Tata Motors	170.00	9.05
Tata Steel	476.70	8.40
TCS	2106.00	-39.70
Tech Mahindra	675.95	1.45
Titan	1114.75	25.35
UltraTech Cement	4600.90	3.90
UPL	641.90	-5.50
Vedanta	166.90	0.15
Wipro	260.00	0.10
YES Bank	103.85	10.65
Zee Entertainment	346.25	0.65

## EXCHANGE RATES

CURRENCY	TT BUY	TT SELL
US Dollar	68.51	68.83
Euro	76.86	77.22
British Pound	85.18	85.59
Japanese Yen (100)	63.46	63.76
Chinese Yuan	9.96	10.01
Swiss Franc	69.39	69.72
Singapore Dollar	50.47	50.71
Canadian Dollar	52.51	52.78
Malaysian Ringgit	16.66	16.78

## BULLION RATES CHENNAI

	PRICE	CHANGE
Retail Silver (1g)	41.8	(41)
22 ct gold (1 g)	3312	(3296)

## ‘Demographic change, bank infra will help savings grow’

SPECIAL CORRESPONDENT  
NEW DELHI

The demographic change India is going through, coupled with the banking infrastructure being put in place, stands to greatly increase savings in the country, Chief Economic Adviser Krishnamurthy Subramanian said on Tuesday.

Mr. Subramanian also said India needs to move out of the mindset of being apologetic for profit, as long as they are legally obtained.

“The demographic change India is going through is very important for savings growth,” Mr. Subramanian said, while speaking at a book release. “As life expectancy increases, people realise that they must begin saving by at least 40 years because they will live for much longer now.

“And, as people have fewer children, they will realise they need to save because their children might not be able to take care of them,” Mr. Subramanian added. This shift will be enabled by the Jan Dhan Yojana, which is creating the necessary banking infrastructure, especially in rural India.

The CEA also spoke about the importance of digitisation in the banking space and how it stands to greatly increase the reach of savings and credit instruments. However, he added that this digitisation needs to be accompanied by greater digital literacy.

“I don’t know why people are apologetic about profits,” Mr. Subramanian said. “If you are working within the law and are helping the economy grow, then profits are good!”

Also speaking at the event, HDFC Bank MD Aditya Puri said that banks, in fact, were the safest when it came to data security.

## DHFL to seek ₹1,500-crore loans a month

Move part of the cash-strapped mortgage lender’s resolution plan to kick-start its lending business

MANOJIT SAHA  
MUMBAI

Cash-strapped mortgage lender Dewan Housing Finance Corporation Ltd. (DHFL), which was asked by banks to prepare a resolution plan, will be seeking ₹1,200 crore to ₹1,500 crore in loans per month to kick-start its lending business.

Banks have stopped lending to several housing finance companies, including DHFL, following the debt default by IL&FS in September.

According to highly placed sources in DHFL, the resolution plan envisaged restructuring of the debt first, which will pave the way for a new investor to pick up equity stake. The total debt of DHFL is about ₹80,000 crore, of which bank loans constitute ₹40,000 crore. The remain-



The resolution plan includes debt restructuring, to pave the way for a new investor to pick up stake. ■ REUTERS

ing ₹40,000 crore are in terms of money market instruments, mostly non-convertible debentures.

“The resolution plan seeks short-term loans by banks, with a maturity of one year, every month, for about one year. This will be required to kick-start lend-

ing. Home loans, which are extended with these bank loans, will be securitised with the banks again after one year,” the source said.

While banks are trying to execute a comprehensive resolution plan by including all the creditors, including the mutual funds which also

subscribed to the NCDs of DHFL, some of the fund houses are not agreeing to be a part of the debt recast process. “Banks are in discussion with some of the mutual funds who are not agreeing. In any case, these funds have a small exposure of about ₹2,500 crore,” the source said. Of the ₹40,000 crore NCDs and other money market instruments, banks alone have an exposure of over ₹12,000 crore.

## Nod by month-end

The company expects banks to approve the resolution plan by the month-end.

At ₹80,000 crore, this will be the biggest debt restructuring exercise carried out by banks in the country. DHFL had assured that this would be a comprehensive

resolution plan, without any haircut to the lenders.

Banks have already signed the inter-creditor agreement and will scrutinise the resolution plan, and aim to make it operational before September 25. After the debt recast, which is essentially elongating the repayment schedule to match liabilities with assets, a new investor is expected to come in.

DHFL is in talks with Cerberus Capital, Aion Capital and Loan Star for the stake sale. Promoters of DHFL, who have 39.8% stake in the company, could see their shareholding reduced by half after the deal. DHFL aims to raise about ₹5,500 crore from the stake sale.

On Tuesday, DHFL stock rebounded to close 4.33% higher at ₹50.60.

## Crisil revises rating watch on Indiabulls Housing

Implications tag changes to ‘negative’

SPECIAL CORRESPONDENT  
MUMBAI

Rating agency Crisil has revised its rating watch on the long-term bank facilities and debt instruments of Indiabulls Housing Finance Limited (IBHFL) to ‘Rating Watch with Negative Implications’ from ‘Rating Watch with Developing Implications’.

The rating on the short-term bank facilities and the short-term debt programme has been reaffirmed as ‘Crisil A1+’. IBHFL was under ‘Watch with developing implications’ when the company announced its merger with Lakshmi Vilas Bank (LVB).

“With progress on the

merger, the rating watch has been revised as it is possible that the credit profile of the merged entity as a bank could be relatively weaker than other Crisil AAA rated private banks, at least in the short term,” the rating agency said.

## CCI nod for merger

IBHFL has received approval from the Competition Commission of India for the proposed merger, while it awaits other approvals.

Crisil said there could be transitional challenges once the merger goes through, as the entity would need to establish its liabilities franchise to compete effectively with banks.

## The best is yet to come: Premji

‘Wipro to continually transform itself to scale new heights’

SPECIAL CORRESPONDENT  
BENGALURU

Wipro’s best is yet to come and the company will continually transform to scale new heights as the world changes, while remaining firmly committed to its values, said chairman Azim Premji in his farewell address here on Tuesday.

Wipro was making significant investments in digital, cloud, engineering services and cybersecurity as it was all set to outshine its previous performances, he said.

## Digital technologies

Transformative digital technologies are emerging at an unprecedented rate and technology is becoming part of the core for all products and services, he added. Estab-



Azim Premji

lished business models are being challenged to give way to the new, he said, emphasising the importance of changing and reinventing.

“We have evolved by constantly re-inventing ourselves and creating newer opportunities. This has been possible because of the dedication and hard work of Wi-

proites and our absolute commitment to our values, which we call the spirit of Wipro,” Mr. Premji said.

Based on clients’ needs, Wipro had sharpened its strategy into four pillars – business reimagination, engineering transformation and modernisation, connected intelligence and trust.

To build the capabilities needed to deliver these strategies, the firm had been investing significantly in four areas – digital, cloud, engineering services and cybersecurity, he said.

After leading the company for more than half a century, Mr. Premji will pass the baton over to his son Rishad Premji by the end of this month.

## Suzlon defaults on \$172 mn bonds

Firm asks bondholders to wait for settlement with banks

PIYUSH PANDEY  
MUMBAI

In a sign of stress widening across India’s credit market, Suzlon Energy has defaulted on redemption of its foreign currency convertible bonds (FCCBs) worth \$172 million, or ₹1,200 crore, due on Tuesday.

Suzlon has asked bondholders to hold on till the company completes its one-time settlement with banks, said a source in the know of the development. However, its settlement with the banks depends upon its plans to sell stake to Canadian investor Brookfield, a move that may see promoters, with 19.8% stake, ceding management control.

“The company has not made the payment of the principal amount of the outstanding bonds, being \$172,000,000, which was due on July 16, 2019 in accordance with the terms and



conditions of the bonds,” said the company in a statement, adding that it was working on a holistic solution for its debt and that it continued to be in discussions with various stakeholders in relation to outstanding debt (including the bonds).

Brookfield is eyeing a majority stake in the company and discussions are on for a one-time settlement plan with creditors to restructure outstanding bank loans.

The firm has an outstanding debt of ₹7,761 crore, including FCCBs and working capital debt of ₹3,380 crore.

The firm’s bank facility ratings were cut to default by Care Ratings in April after the loss-making company defaulted on repayments worth ₹412 crore on term loans and working capital facilities in March. Suzlon had become India’s largest FCCB defaulter when it missed its payments in 2012.

In January 2015, Suzlon was forced to sell its prime asset, Senvion SE (formerly REpower) to U.S.-based private equity firm Centerbridge Partners for ₹1 billion (then, over ₹7,200 crore).

Sun Pharmaceuticals promoter Dilip Shanghvi is the largest shareholder in Suzlon, who acted as a white knight to help the company in 2015, buying a 23% stake for ₹1,800 crore when it was in deep financial trouble.

## ‘Auto sector to face a volatile year’

Industry will witness many landmark disruptions, says MRF

SPECIAL CORRESPONDENT  
CHENNAI

Tyre major MRF Ltd. expects the current year to be a tumultuous one for the auto sector on account of various regulatory changes and the switch over to BS-VI norms.

“The next six months would see a volatile auto sector on account of the shift to BS-VI emission norms,” said K.M. Mammen, chairman and managing director, MRF Ltd, in a message to shareholders. “The tyre industry would have to align its production in line with this requirement,” he added.

The Indian automotive industry is at an inflection point where both opportunities and challenges abound in equal measure. The coming year will be witness to several landmark disruptions and changes in the auto industry which will shape the direction of future



K.M. Mammen

events in the industry, MRF said.

## Inventory build-up

Asserting that these short-term hiccups would have to be factored in by automobile firms and tyre manufacturers, he said that the uncertainty over the next six months would be further compounded by low consumer sentiments, resulting in inventory build-up and all

OE (original equipment) manufacturers aligning production in line with demand.

While anticipating an increase in scooter prices (due to BS-VI norms), volatile fuel prices and rising insurance costs, the company said that there could be some uncertainties around how the complete impact of BS-VI norms will play out during the next fiscal year.

Compliance with BS-VI norms will require higher investment by automakers in technology to upgrade vehicles in stock and in making new vehicles. This will also mean significantly reduced launches till the new norms come into force, effective April 1, 2020, MRF said.

While describing the electric vehicle segment as a sunrise industry, Mr. Mammen welcomed the incentives offered as they would have a long-term impact.

## ‘Mindtree will retain its independence’

Focus is on ‘continuity’, says L&amp;T CEO

SPECIAL CORRESPONDENT  
BENGALURU

Post its takeover of Mindtree, Larsen & Toubro’s CEO and managing director S.N. Subrahmanyan opened his maiden address to the IT firm’s shareholders here on Tuesday with a ‘warm pat’ on the shoulders of founders and promoters.

Mindtree was a modern-day start-up with a unique culture and has evolved into an institution in its own right, he said, adding, “full compliments to the founders/promoters of Mindtree, all first-generation entrepreneurs, for creating a billion-dollar revenue business, earning over \$100 million in profit and 40% return on capital from scratch in 20 years.”

To allay concerns over ‘cultural misfit’, he said, much like Mindtree, L&T was also a venture started by founder-managers and had successfully transitioned into a well-respected, high-performing, professionally-managed company.

Addressing the Mindtree shareholders at its crucial AGM, he said, L&T would focus on ‘continuity’ as a key theme in management transition and continue to run and grow the business of Mindtree independently.

Mindtree would continue to have its independent management, unique culture and committed ‘Mindtree minds’, he said.

“We believe L&T, with its experience and track record of managing two very successful IT businesses, can add value to Mindtree and its stakeholders.”

Mindtree will be kept distinct from L&T Infotech (LTI), L&T Technology Services (LTS) and the recent-



S.N. Subrahmanyan

ly-formed business division, L&T-Nxt.

## ‘Minimum overlap’

LTI offers services to banking, finance, manufacturing, oil and gas, media and healthcare sectors, while Mindtree’s clients are in CPG, retail, hospitality, communication and high-tech. They operate in different areas, with minimum client overlap, he explained.

“L&T can provide further impetus to the long-term growth of Mindtree by way of board-level oversight and relevant client connects. We will be able to harness these relationships for the benefit of Mindtree’s stakeholders.”

Further reassuring shareholders, employees and clients of Mindtree, Mr. Subrahmanyan said: “Let me assure [you], that the management will be focussed on doing everything possible to keep the services being rendered to various clients at its best.”

To investors who asked whether L&T would agree to the ₹27 dividend Mindtree had announced for its 20th anniversary, he said: “We have always been fully supportive of the dividend.” He also said that there were no plans to delist Mindtree and its head office would continue to be in Bengaluru.



IN BRIEF



**Coca Cola names Sarvita Sethi in M&A role**

**NEW DELHI**  
Global beverages major Coca-Cola on Tuesday announced top-level changes in its India and southwest Asia unit with the appointment of Sarvita Sethi as vice-president, M&A and new ventures and Harsh Bhutani as vice-president, finance (CFO). Ms. Sethi, who was earlier VP finance, India and southwest Asia, in her new role will provide leadership to business incubation, Coca-Cola said in a statement. PTI

**Cummins India MD Sandeep Sinha resigns**

**NEW DELHI**  
Engines maker Cummins India on Tuesday said its managing director Sandeep Sinha had resigned to pursue his business interests outside the company. Mr. Sinha had joined Cummins in 2004 as a corporate indirect purchasing manager. Over his career at Cummins, he held several leadership roles in corporate strategy in the U.S. and India, playing a key role in starting manufacturing plants in the country. PTI

**Centre cuts interest on GPF by 10 bps to 7.9%**

**NEW DELHI**  
The interest rate on the general provident fund (GPF) has been cut by 10 basis points (bps) to 7.9% from 8% with effect from July 1, the Finance Ministry said in a statement. "In 2019-2020, accumulations at the credit of subscribers to the GPF and other similar funds shall carry interest of 7.9% with effect from July 1, 2019 to September 30. This rate will be in force with effect from July 1," it added. ANI

# Snapdeal cuts losses by 70% to ₹186 crore

For 2018-19, a period following failed merger talks, the firm's revenues too grew 73% to ₹925.3 crore

**SPECIAL CORRESPONDENT  
NEW DELHI**

E-commerce firm Snapdeal on Tuesday said it had "significantly" narrowed its losses to ₹186 crore in the 2018-19 financial year.

This is a decline of 69.55% from a loss of ₹611 crore in 2017-18.

As per regulatory documents filed by Snapdeal, consolidated revenues grew to ₹925.3 crore in 2018-19 from ₹535.9 crore in 2017-18, an increase of nearly 73%.

"Two years ago, we were coming off a challenging patch for our company. However, disciplined and focussed execution by our team over these past two years shines through in our audited financial results," CEO and co-founder Kunal Bahl said in a blogpost on



**Clear target:** Snapdeal aims to focus on value-conscious buyers in India, says its CEO Kunal Bahl. ■ REUTERS

LinkedIn. He added that Snapdeal's transacting customers grew 2.2 times and the traffic surged 2.3 times to 70 million unique users per month. "And all this in a year when the e-commerce companies in India burnt

through about \$2.5 billion in the pursuit of growth," he pointed out.

Mr. Bahl said the firm's strategy was to focus on the needs of value-conscious buyers in India, who constitute the Snapdeal's of their

**[We will not] compromise on economics and experience**

**KUNAL BAHL,**  
CEO and co-founder

users. "They are the fastest-growing mega segment in Indian e-commerce and will be nearly 400-million strong over the next few years," he added.

Snapdeal was among the top e-commerce players in the country a couple of years ago, but lost share, given the fierce competition from rivals such as Amazon and Flipkart.

In 2017, the company was also in talks to merge the firm with Flipkart. However, the deal did not go through and the company decided to "pursue an independent

path", calling it Snapdeal 2.0. Snapdeal said its selections had grown to over 200 million listings on the platform and in the last two years, the company had seen over 60,000 new seller partners coming on board.

For the ongoing year, Mr. Bahl said the company's focus areas would not be very different.

"The past couple of years have been about getting back in the saddle and putting the company on a path that has a very long runway to grow – with strong fundamentals and a fantastic culture. We are not aiming for triple-digit growth rates, as we don't believe that one can achieve them without compromising on parameters that we consider critical – economics and experience," he said.

## Federal Bank net surges 46.25% on fee income

Sees fresh slippages of ₹415 crore

**PRESS TRUST OF INDIA  
MUMBAI**

Private sector lender Federal Bank on Tuesday reported a 46.25% jump in its June quarter net at ₹384.21 crore on a healthy growth in non-core income and stable asset quality.

The lender reported a 17.77% growth in core net interest income to ₹1,154 crore on a 19% growth in advances and a stable net interest margin which stood at 3.1%.

**Treasury operations**

Boosting the bottom line, other income clipped 44.55% to ₹391.52 crore.

Shyam Srinivasan, MD and CEO, attributed this to broader growth across the core fee lines and also trea-

sury operations. The bank saw fresh slippages of ₹415 crore during the quarter, including those for ₹32 crore in loans to two special purpose vehicles of the crippled infrastructure lender IL&FS, while the overall recoveries rose to ₹300 crore.

The gross non-performing assets (NPA) ratio stood at 2.99% as against 3% in the in the same period of the previous year, while net NPA ratio improved to 1.49% from 1.72% in the March quarter.

About the exposure to the troubled mortgage lender DHFL, Mr. Srinivasan declined to name the account but said the bank's exposure to certain accounts was standard.

## Nayara buys technology for refinery

**SPECIAL CORRESPONDENT  
MUMBAI**

As part of its \$850 million investment in its Vadinar Refinery towards expansion in petrochemicals, Nayara Energy has licensed UNIPOL PP Process Technology from W. R. Grace & Co to produce a broad range of phthalate-free products from the 20 metric million tonnes per annum (MMTPA) refinery, according to the company.

As part of the expansion, Nayara plans to set up up a 4.5 lakh-tonnes a year polypropylene plant.

"The primary source of feedstock is its existing FCC unit, which is optimised for booting performance," said Nayara Energy in a statement

## 'Leel Electricals officials not cooperating in SEBI investigation'

Regulator probing alleged fund siphoning by promoters

**ASHISH RUKHAIYAR  
MUMBAI**

The ongoing regulatory probe into the alleged siphoning off of funds by the promoters of Leel Electricals, formerly Lloyd Electric and Engineering Ltd., is getting delayed as the company officials are allegedly not cooperating in the forensic audit process, which has been mandated by the Securities and Exchange Board of India (SEBI).

While Deloitte has been tasked with the forensic audit to find out if the promoters diverted funds after the company sold its consumer durables business to Havells India in 2017 for about ₹1,600 crore, SEBI officials



recently visited the company's premises in Noida in connection with the probe and have communicated the regulator's concerns over non-cooperation with the inquiry process, said a person familiar with the development.

"The company has been

## Demerger: Kesoram to seek shareholders' nod

Firm plans to spin off tyre business

**SPECIAL CORRESPONDENT  
KOLKATA**

Kesoram Industries Ltd. (KIL) will seek the nod of its shareholders, secured and unsecured creditors, separately, for the proposed scheme of demerging its tyre business, as directed by the National Company Law Tribunal.

Its main lines of business are cement and tyres. The company is now planning to spin off the tyre business, which functions under the name of Birla Tyres. "These are two distinct lines of business, with different nature of risks and competition necessitating different management approaches and focus. Moreover, the competitive dynamics of these businesses are also

different, the company said in its rationale for the decision. The loss-making firm (₹254.3 crore in 2018-19), posted its first quarterly net profit at ₹20.8 crore in the fourth quarter of last fiscal, making this the first net profit in 10 quarters.

The improved performance came through cost savings and efficient logistics, according to the firm.

KIL's debt now stands at ₹2,950 crore. "The separation of the tyre business would bring significant benefits to both the businesses," it said. These would be through dedicated management focus and accelerated growth for the tyre business and access to varied sources of funds for the rapid growth of both businesses.

## OYO enters co-working spaces

**SPECIAL CORRESPONDENT  
NEW DELHI**

Hospitality chain OYO on Tuesday announced its foray into co-working spaces with a new brand – OYO Workspaces – with an aim to have 50 centres across the country by end of 2019.

The company confirmed that it had acquired co-working firm Innov8, which has about 16 centres in the country, providing seats to about 6,000 employees of brands like Swiggy, Paytm, Pepsi, Nykaa, OLY and Lenskart. While financial details were not disclosed, the acquisition is being pegged at about ₹200 crore. The firm has also introduced two other co-working brands – Powerstation and Workflo.