

MARKET WATCH		
	20-08-2019	% CHANGE
Sensex	37,328	-0.20
US Dollar	71.71	-0.39
Gold	38,770	0.51
Brent oil	59.02	-0.65

NIFTY 50		
	PRICE	CHANGE
Adani Ports	354.95	-2.45
Asian Paints	1595.15	8.70
Axis Bank	672.35	-12.65
Bajaj Auto	2742.95	17.45
Bajaj Finserv	7236.15	-140.50
Bajaj Finance	3294.10	-33.95
Bharti Airtel	358.05	-2.95
BPL	342.25	-4.75
Britannia Ind	2393.50	-84.90
Cipla	478.70	2.85
Coal India	195.30	-3.65
Dr Reddys Lab	2554.60	45.50
Eicher Motors	15895.75	-441.95
GAIL (India)	127.35	0.05
Grasim Ind	729.25	-3.10
HCL Tech	1084.00	19.95
HDFC	2090.10	-23.95
HDFC Bank	2220.60	13.75
Hero MotoCorp	2669.25	37.75
Hindalco	179.40	-1.75
Hind Unilever	1843.40	22.50
Indiabulls HFL	521.40	-15.45
ICIICI Bank	416.90	-6.50
IndusInd Bank	1404.85	-37.65
Infra Infra	255.55	0.25
Infigys	792.75	15.10
Indian Oil Corp	124.20	-1.60
ITC	246.50	-5.05
JSW Steel	224.85	-1.35
Kotak Bank	1505.10	8.75
L&T	1342.50	-9.70
M&M	527.80	7.25
Maruti Suzuki	6190.95	208.40
NTPC	117.95	-0.95
ONGC	125.05	-1.25
PowerGrid Corp	206.05	-1.00
Reliance Ind	1275.95	-16.65
State Bank	283.70	-3.15
Sun Pharma	420.90	-5.10
Tata Motors	123.85	3.05
Tata Steel	358.25	-1.30
TCS	2186.75	23.75
Tech Mahindra	668.90	-1.45
Titan	1092.35	3.40
UltraTech Cement	4033.05	-125.10
UPL	539.90	-2.10
Vedanta	142.40	-1.90
Wipro	253.30	1.20
YES Bank	71.20	-5.45
Zee Entertainment	350.85	2.80

EXCHANGE RATES		
Indicative direct rates in rupees a unit except yen at 4 p.m. on August 20		
CURRENCY	TT BUY	TT SELL
US Dollar	71.50	71.82
Euro	79.21	79.56
British Pound	86.49	86.87
Japanese Yen (100)	67.28	67.61
Chinese Yuan	10.13	10.18
Swiss Franc	72.96	73.29
Singapore Dollar	51.59	51.83
Canadian Dollar	53.61	53.85
Malaysian Ringgit	17.08	17.18

BULLION RATES CHENNAI		
August 20 rates in rupees with previous rates in parentheses		
Retail Silver (1g)	48.2	(47.6)
22 ct gold (1 g)	3604	(3584)

DHFL: ‘Banks may turn debt of ₹45,000-cr. into equity’

PRESS TRUST OF INDIA MUMBAI

Resolving the crippled mortgage lender DHFL's over ₹90,000 crore debt is “not so easy” and banks are considering converting their outstanding into equity, Union Bank of India (UBI) said on Tuesday.

Rajkiran Rai, MD & CEO, UBI, which is the lead-lender to the crippled housing financier, clarified that if the banks take equity stake in the company, it will be for a short-term, which is, till they get a suitor.

DHFL owes over ₹45,000 crore to banks, and the rest to other financiers including mutual funds, pension funds and insurers, which are not regulated by the Reserve Bank of India.

Airlines to keep Jet's slots till December

SPECIAL CORRESPONDENT NEW DELHI

Various domestic airlines can keep Jet Airways' airport slots until December after the Centre on Tuesday extended their “temporary allocation” to different airlines by another five months, according to a senior official of the Ministry of Civil Aviation.

As many as 440 out of the almost 750 slots belonging to Jet Airways were granted on an ad-hoc basis to different airlines, including IndiGo, SpiceJet and Vistara for a period of three months from May 1 after Jet Airways suspended its flight operations in mid-April.

Jet Airways is undergoing insolvency proceedings and at least three entities had submitted initial bids for the carrier.

CG Power reports huge financial fraud

Advances to related, unrelated parties of the company and group may have been potentially understated, says risk panel

SPECIAL CORRESPONDENT MUMBAI

The Gautam Thapar-led CG Power and Industrial Solutions on Tuesday disclosed to the exchanges that some unauthorised transactions had been carried out by certain employees of the company, resulting in understating of liabilities, advances and net worth.

This resulted in the company's shares tanking 20% to ₹14.75 on Tuesday.

The 13-hour-long board meeting to consider the annual results of the company began at 3 p.m. on Monday and continued till 4 a.m. on Tuesday after the board was briefed by the company's Risk and Audit Committee (RAC) about certain findings that may have potential implications on the financial

position of the company.

Liabilities understated

In a serious case of alleged misappropriation and misrepresentation of financial statements, the RAC had said total liabilities of the company and the group may have been potentially understated by approximately ₹1053.54 crore and ₹1,608.17 crore, respectively as on March 31, 2018; and by ₹601.83 crore and ₹401.83 crore respectively as on April 1, 2017.

“To ascertain and establish completeness of the liabilities, an initial exercise was conducted by making enquiries with lenders, current and past, for any additional claims from them in respect of either the company or its subsidiaries. Subject to appropriate legal exami-



Under the lens: Certain assets were provided as collateral without due authority, the company said. *GETTY IMAGES/ISTOCK

nation of all such liabilities, these amounts have been either recorded as liabilities or disclosed as contingent liability in the management compiled financial information,” the company said in a filing with the exchanges.

The RAC had found that advances to related and unrelated parties of the company and the group may have been potentially understated by ₹1,990.36 crore and ₹2,806.63 crore respectively as on March 31, 2018; and by

₹1,479.34 crore and ₹1,331.47 crore respectively as on April 1, 2017.

“Certain assets of the company were purportedly provided as collateral without due authority. The company was made a co-borrower and/or guarantor for enabling ostensibly unrelated third parties to obtain loans without due authorisation,” CG Power said in a statement. The irregularities were detected when the Operations Committee under the chairmanship of one of the independent directors of the company, which was constituted in March 2019 to seek refinancing and as a part of conducting financial analysis in this regard, found some unauthorised transactions.

“These [transactions] were purportedly carried

out by identified company personnel (both current and past) including certain non-executive directors, certain key management personnel and other identified employees... without proper authorisation,” it said.

“The moneys so obtained were, without due authorisation, routed out of the company, either by itself or from its subsidiaries or ostensibly unrelated parties to certain related parties.”

The panel also found that the net worth of the firm was potentially understated due to unauthorised and inappropriate write-offs and charges debited to the Profit & Loss statement of the company during the year ended March 31, 2018, and April 1, 2017.

(With PTI inputs)

SBI waives processing fee on vehicle loans

SPECIAL CORRESPONDENT MUMBAI

In a move to boost loan demand in the festive season, State Bank of India, the country's largest lender, has decided to waive processing fees on vehicle loans.

The bank charges a fixed rate of 8.7% for car loans and has sweetened the deal for customers applying through the bank's digital banking platform – there will be a discount of 25 basis points (bps) if the loan application comes via the bank's website or YO-NO, its mobile banking application.

“Salaried customers can also avail loan of up to 90% of the car's on-road price,” SBI said in a statement.

The lender also said personal loans are offered with interest rates starting from 10.75%, along with repayment period of six years. The move comes after the Reserve Bank decided to lower risk weight on personal and individual car loans, from 125% to 100%. The aim was to encourage banks to push more such loans.

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Education loan

SBI said it was offering education loans with interest rates starting from 8.25% for up to ₹50 lakh and up to ₹1.50 crore for studies in India and abroad, respectively.

“Customers will be offered the longest repayment tenure of 15 years, which effectively will reduce their EMI burden,” SBI said. Recently, SBI reduced its marginal cost of funds-based lending rate by 15 bps due to which the overall home loan interest rate is now lower by 35 bps.

Resolve stressed assets on time in your interest, RBI tells banks

Central bank making less intrusive rules: Deputy Governor

SPECIAL CORRESPONDENT MUMBAI

Reserve Bank of India Deputy Governor N.S. Vishwanathan has urged banks for timely resolution of stressed assets in their ‘own interest’.

Mr. Vishwanathan, who spoke at a banking seminar organised by industry body FICCI and the Indian Banks' Association, said that banks should resolve assets under the new framework that was announced by RBI in June to extract the best value, and emphasised the need for dealing only in ‘genuine’ cases.

“Timely resolution is very important. I'd request you to ensure that the resolutions are done in time, not just for



N.S. Vishwanathan

the regulatory requirement, but also because it will result in better valuation going forward,” the deputy governor in charge of banking regulation, said.

“We've given a lot of freedom to banks to determine various contours. We are making less intrusive regula-

tions and hope that banks will use this to deal with genuine stress in their balance sheets to address the problem,” he added.

Compensation norms

Mr. Vishwanathan also said the RBI would soon come up with the final guidelines for top management compensation.

“Last year, we had issued draft guidelines on the revised compensation policy, aligning it with global guidelines. We have got excellent comments from the market, bankers and HR practitioners, and we will soon come out with final guidelines on the revised compensation policy,” he said.

Compliance culture in banks not satisfactory, says RBI's Jain

Penalties of ₹123 crore levied on banks over seven months

SPECIAL CORRESPONDENT MUMBAI

The Reserve Bank of India (RBI) has come down heavily on commercial banks after slapping a series of penalties for not complying with several regulatory guidelines.

Speaking at the FICCI-IBA banking seminar, RBI Deputy Governor in-charge of banking supervision M.K. Jain said that the compliance culture in the banking system was far from satisfactory.



M.K. Jain

‘Can benefit banks’

“It is important for banks to demonstrate good compliance culture... We appreciate the procedures to incorporate compliance

culture,” Mr. Jain said, adding a good compliance culture can benefit the banks in many ways.

He said following the global financial crisis, the importance of compliance had increased significantly, particularly in the areas of know-your-customer, anti-

money laundering and appropriateness of banking products, among others.

Between January and July this year, the banking regulator had imposed penalties worth about ₹122.9 crore on 70 occasions on banks for non-compliance, he said.

“A bank or a financial institution can suffer if it does not adhere to laws, rules, regulations and related self-regulatory standards or even codes of conducts applicable to its banking activities,” Mr. Jain said.

He also said some of the banking frauds – for which banks had suffered big losses – could have been avoided if they had had ‘good compliance culture’.

Shell sells Mahanagar Gas stake for ₹770 crore

Firm exits city gas distribution vertical

SPECIAL CORRESPONDENT MUMBAI

Royal Dutch Shell Plc has exited the city gas distribution business in India.

Its unit BG Asia Pacific Holdings Pte. Limited has sold its remaining 10% stake in Mumbai's city gas distributor Mahanagar Gas Ltd. (MGL) for ₹770 crore, as part of its portfolio optimisation.

The firm sold 98.77 lakh MGL shares at ₹780 apiece in the open market on Tuesday, according to stock exchange data. Most of the shares were bought by institutional investors comprising mutual funds and insurance firms.

MGL was set up as a joint venture between Gail and British Gas with each holding 49% stake while the balance 2% was held by the Government of Maharashtra.

When MGL was listed in July 2016, both BG Asia Pacific Holdings Pte. Limited's and Gail India's stakes fell to 32.5% each and Government of Maharashtra's holding rose to 10%. In 2016, Royal Dutch Shell Plc took over BG Group Plc and later acquired its assets worldwide.

Last year, Shell sold 22.5% of its shareholding in two tranches – 8.5% in April and 14% in August – in the open market through bulk deals, after Gail India waived its first right of refusal.

Shell operates a 5-million-tonne a year liquefied natural gas import terminal at Hazira, Gujarat and a few petroleum retail outlets in south India. MGL sells compressed natural gas for automobiles and piped cooking gas to households in and around Mumbai.

Govt. extends Pawan Hans EOI deadline

SPECIAL CORRESPONDENT NEW DELHI

The Centre on Tuesday extended the deadline for submission of expression of interest (EOI) for disinvestment of state-owned chopper company Pawan Hans Limited by three weeks from August 22.

The last date for submission of EOIs is now September 12, according to a notification issued by the Ministry of Civil Aviation.

With this, the entire process is set to be delayed yet again as the government had earlier aimed to announce the short-listed bidders in September. In July, the Ministry had invited bids for selling its entire stake of 51% in Pawan Hans in its third attempt at privatising the company.

Pawan Hans has an active fleet of 35 helicopters.

‘Govt. measures needed to revive demand’

Tax cut at this point will boost sentiment, says Hyundai Motor India MD & CEO

YUTHIKA BHARGAVA NEW DELHI

Hyundai Motor India, which on Tuesday launched the Grand i10 Nios in India, is betting on the government to introduces measures, including tax cuts, to boost consumer sentiment. This, the company hopes, will help the industry reverse the prolonged fall in sales, failing which the slowdown could last for a long time, a senior company official said.

“If the government takes some counter measures within this year, maybe the situation will change immediately. Otherwise, for the customer to return to the normal situation... their earlier mindset of consumption and activities... it will take time. In my understanding, everybody is waiting and watching, [as to] what the government will do. People are delaying decisions be-



Hyundai Motor India MD and CEO S.S. Kim during the launch of Grand i10 Nios in New Delhi on Tuesday. *KAMAL NARANG

cause there is a lot of uncertainty,” the MD and CEO S.S. Kim told *The Hindu*.

The i10 Nios, which has been developed at the cost of about ₹1,000 crore, is priced between ₹4.99 lakh and ₹7.99 lakh (ex-showroom) and will be available in petrol (BS-VI) and diesel (BS-IV)

variants. Asked about the launch of the new car amid slowing demand, Mr. Kim said, “... to change the market situation and to revive the demand, there are certain things that the government can do and there are some things that the OEMs can do... as an automotive

OEM, I need to generate customer interest by launching products, make their purchase decision much more comfortable... Grand i10 Nios is our attempt.”

Hopeful of pick-up in demand in the festive season, Mr. Kim said a combination of factors have led to the slowdown. “It may be reflective of the economic situation. It is also directly related to consumer sentiment. A lot of government measures [leading to increase in registration fee and insurance premium cost] are burdensome for customers... these are also overlapping with regulatory changes and the liquidity crunch.”

Mr. Kim said that tax reduction at this point would help demand recover. The industry has also sought introduction of a scrappage policy and steps to increase liquidity, from the Centre.

Growth in loans by private banks, NBFCs slows: Credit Suisse report

‘Auto sector crisis, more caution in lending prime reasons’

SPECIAL CORRESPONDENT MUMBAI

Growth in loans by private banks and non-banking finance companies (NBFCs) has slowed down amid a slump in consumption demand, as economic growth continues to be sluggish.

According to a report by Credit Suisse, while slowdown in credit growth for non-banking finance companies was expected, the same is now witnessed by private sector lenders mainly due to moderation in vehicle loans.

“NBFCs' loan growth expectedly continued to decelerate and dipped to 11% y-o-y (2% q-o-q). Surprisingly, private banks' loan growth also came off to 15% y-o-y (1% q-o-q) even as deposit growth picked up. Moderation in vehicle loans in the



face of a slowdown in the auto sector and increased caution appear to be the prime reasons,” the report said.

NBFCs are facing a cash crunch after banks became cautious in lending to the sector post the debt default by IL&FS in October last year.

Reserve Bank of India (RBI) and the government have taken several steps in

recent times to increase the credit flow to the sector. “NBFCs' growth continued to trend down amid credit differentiation by bond markets, with healthier ones, or those with strong parent backing, being able to tap comfortably into bond markets,” the report said.

Unsecured loans

Apart from slowdown in auto loan growth which is mainly due to falling vehicle sales, unsecured loans' growth, which was strong in recent years, has seen some moderation, the report said.

RBI recently reduced the risk weight on unsecured personal loans and individual vehicle loans from 125% to 100% to encourage banks to lend more in these sectors.

Mahindra Finance to buy 58.2% in Ideal

SPECIAL CORRESPONDENT MUMBAI

Mahindra & Mahindra Financial Services Ltd. (Mahindra Finance) will acquire 58.2% stake in Ideal Finance Ltd., a fully-owned subsidiary of leading Sri Lankan conglomerate, Ideal Group. Mahindra Finance will invest LKR 2 billion until March 2021 for up to 58.2% stake in Ideal Finance, the company said. The investment is a significant step in Mahindra Finance's global expansion strategy, it added.

“We believe the Sri Lankan market holds great potential for growth. We see a long-term opportunity and are committed to bringing in the required capital and expertise to fuel this growth,” said Ramesh Iyer, vice-chairman and MD, Mahindra Finance.

Blow to NMDC as Karnataka revokes Donimalai mine lease

State government also decides to auction the block

SPECIAL CORRESPONDENT HYDERABAD

Public sector mining major NMDC on Tuesday said that the Karnataka Government had withdrawn the approval extending the mining lease of Donimalai mines granted to the company.

Further, the State government had decided to auction the said block, NMDC said in a regulatory filing to the stock exchange, on a day when its shares declined 11.49% to close at ₹90.15 apiece.

“Government of Karnataka vide its letter No. CI 78 MMM 2016 dated 17.08.2019 has... withdrawn the approval accorded... to extend the mining lease period of NMDC Ltd... at Donimalai and auction the said block,”

The company says it has filed a revision application against the order, with the Union Ministry of Mines

the filing said.

The company said it had filed a revision application against the order of the State government with the Union Ministry of Mines and the hearing had been fixed on August 21. The company has also requested the State government to withdraw its letter dated August 17 or keep it in abeyance.

The development comes a little over a month after NMDC got an order from the High Court of Karnataka

against the State government's proposal to levy a higher premium on the average sale price of iron ore.

According to analysts, pressure is bound to build up on NMDC with the State government putting the block for e-auction.

Possible contenders

The possible contenders for the mine can be either merchant miners or steel producers. Further, Kumaraswamy mines is also due for renewal in October 2022. NMDC has four mines in Chhattisgarh, which are due for renewal in March.

Emkay Global said the development casts a question mark on the business model of all public sector mining companies.