

QUICKLY

Rupee rises 27 paise versus dollar

Mumbai, October 17

The rupee rose 27 paise to close at 71.16 against the US dollar on Thursday, led by optimism over the Brexit deal amid softening crude oil prices. Persistent foreign fund inflows, and robust buying in domestic equity markets, added to the momentum, forex traders said. At the interbank foreign exchange market, the rupee opened at 71.38 against the US dollar. During the day, the domestic unit fluctuated between a high of 71.14 and a low of 71.47, before finally ending at 71.16, up 27 paise over its previous close. The dollar index, which gauges the greenback's strength against a basket of six currencies, slipped 0.31 per cent to 97.69.

DHFL: Kotak, Axis AMC move court

Mumbai, October 17

In fresh trouble for Dewan Housing Finance Corporation Ltd (DHFL), Kotak Mahindra Asset Management Company and Axis Asset Management Company have moved the Bombay High Court to recover dues. They have sought a temporary restraint on DHFL from further payments to creditors. All payments, either to secured or unsecured creditors, should be made on a proportionate or pro-rata basis. They have also asked the Bombay High Court to ask DHFL to give data on all assets and liabilities. The High Court has given four weeks to file replies. Earlier this month, Edelweiss Asset Management had also approached the Bombay High Court for recovery of principal and interest dues from DHFL.

OUR BUREAU

Govt has failed to 'strengthen' the banking system: Manmohan Singh

Former PM says it may not be possible to create a \$5-trillion economy by 2024

OUR BUREAU

Mumbai, October 17

Former Prime Minister Manmohan Singh, on Thursday, said the BJP-led NDA government is obsessed with fixing blame on the Opposition and that it has been unable to find solutions to revive the economy and strengthen the banking system despite being in office for five-and-a-half years.

Speaking a day after Finance Minister Nirmala Sitharaman said that Indian public sector banks had the worst phase under Singh and Reserve Bank of India Governor Raghuram Rajan, the former PM said: "I would not like to comment on that statement, but I can say that before

one can fix the economy, one needs a correct diagnosis of its ailments and causes. The government is obsessed with trying to somehow fix blame on its opponents," he said, adding that the government has been unable to find solutions.

Singh was in Mumbai ahead of the Maharashtra State Assembly elections, and addressed a session on 'Words of Wisdom on Indian Economy' by the State Congress.

Responding to another question, Singh said there were "weaknesses" when he was the Prime Minister and there was a Congress Finance Minister. "But this government has been in office for five-and-a-half years. They should have learnt from

our mistakes and provided credible solutions," he said, while mentioning issues like the fraud by Nirav Modi and challenges of bad loans.

"They can't keep claiming the fault lies with the UPA...this may score some debating points, but are not solving solutions," he said.

PMC Bank issue

Singh, who also interacted with the depositors of fraud-hit Punjab and Maharashtra Cooperative Bank, said it has been an unfortunate incident and hoped that the RBI, the Centre and the Government of Maharashtra would work to help the 16 lakh affected people.

He also hoped the issue would be taken up by Parliament when it meets for the winter session from the middle of November.

"I am hopeful some concrete measures can be taken to secure justice," he said, adding that the



Manmohan Singh addressing the 'Words of Wisdom on Indian Economy' meeting, in Mumbai, on Thursday PAUL NORONHA

PM's National Relief Fund should be utilised to help kidney patients who are customers of PMC Bank.

Economic management

The former PM also took on the government over the economy, and said it is interested more in headline management and not in concrete solutions. Commenting on the objective of a \$5-

trillion economy by 2024, Singh said it would require a growth rate of 10 per cent to 12 per cent per annum.

"Under the BJP regime, the government is faced with declining rate of growth year after year...I don't think there is any hope of the economy reaching \$5 trillion," he said.

He further said this is true for all goals of the government such as doubling farmers' income and creating two crore jobs.

However, Singh said he supports measures to lower corporate taxes, but the problem is shortage of demand. A better route would have been to lower indirect tax to provide relief to the poor, he noted.

He also blamed the government for deterioration in the economy, and said that Mumbai and Maharashtra have faced the worst effects of the grave economic slowdown.

'Govt expects NBFCs to lend more to fuel economic growth'

KR SRIVATS

New Delhi, October 17

Non-banking finance companies (NBFCs) should lend more and ensure further transmission of credit if the economy is to reach the \$5-trillion mark, said Anurag Thakur, Minister of State for Finance.

The government expects NBFCs to lend what they borrow from banks to help revive the economy, said Thakur at the 6th National Summit on NBFCs, organised by Assocham.

"We do get feedback from the ground on what is happening. There is a need for further transmission of credit from the NBFCs on what they borrow from banks," said Thakur. He said NBFCs play a critical role in the economy, and should continue to do so to help India reach the \$5-trillion mark.

Grahak mela

Referring to the outreach programme Grahak Mela, which was rolled out by the government last month, Thakur said that not many NBFCs were participating in them, despite the government asking both banks and NBFC to do this together.

Thakur said he has advised the Finance Secretary to ensure that NBFCs also participate in the programme to provide credit to the needy. The first phase of the outreach programme had covered 250 districts, and nearly ₹81,000 crore was disbursed by public sector banks between October 1 and 9.

Thakur said the government was open to "new ideas" to improve the system.

"We can consider the new ideas and act on it. There is no ego on this. We can go one step back to move four steps forward," he said.

Banking Regulation Act must be amended to provide full power to RBI to regulate UCBs: Sahakar Bharati

OUR BUREAU

Mumbai, October 17

The Banking Regulation Act needs to be amended to provide full regulatory powers to the Reserve Bank of India (RBI) to regulate all urban co-operative banks (UCBs), irrespective of whether they are registered under the State Co-operative Societies Act or the Multi-State Co-operative Societies Act, according to Satish Marathe, Founder-Member, Sahakar Bharati, and Director, Central Board, RBI.

In order to tackle the issue of dual-regulation of UCBs,

amending only Multi-State Co-operative Societies Act will not be enough.

This suggestion by Sahakar Bharati to Union Finance Minister Nirmala Sitharaman comes in the backdrop of the RBI recently finding major financial irregularities, failure of internal control and systems at Punjab and Maharashtra Co-operative Bank (PMC Bank), and wrong/under-reporting of its exposures under various off-site surveillance reports to the RBI.

PMC Bank reportedly has a single large exposure of about ₹6,500 crore, accounting for

73 per cent of its total loan book, to the bankrupt HDIL Group. The Mumbai-based bank has been placed under directions, whereby depositors cannot withdraw a sum exceeding ₹40,000 of their total balance, and the bank has been prevented from granting or renewing loans and advances, making investments, and incurring liabilities, including borrowal of funds and acceptance of fresh deposits.

"Due to the fraud perpetrated on innocent and unsuspecting depositors, both individuals and institutions have

been taken for a ride and, as a consequence of the fraud, co-operative sector institutions in particular have suffered a big jolt.

"Deposits of over 100 UCBs, over 15,000 housing societies, and a few thousand credit co-operative societies are facing an unprecedented challenge, which may result in the failure of some of them due to the cascading effect," said Marathe.

Sahakar Bharati, which an all-India organisation for promoting the co-operative movement in the country, emphasised that a vision docu-

ment and a roadmap for the co-operative banking sector is the urgent need of the hour.

A broad-based committee of officials from the RBI, Union Finance Ministry, Union Agriculture and Co-operation Ministry, and at least two eminent co-operators, should be constituted for the purpose.

Sahakar Bharati has sought the intervention and guidance of the Finance Minister to formulate an out-of-box solution to redress the hardships being faced by depositors and the co-operative sector.

PMC depositors' body to approach RBI seeking merger with public sector bank

RAHUL WADKE

Mumbai, October 17

"The depositors' association of scam-ridden PMC Bank could soon approach the RBI seeking a merger of the bank with a large public sector bank," said Vishwas Utagi, President of the PMC Depositors' Association.

Utagi, interacting with *BusinessLine* on the sidelines of a meeting of credit societies that have deposited large sums of money in the bank, said the Centre recently merged seven banks, which were carrying a lot of NPAs, with the State Bank of India. A similar process should be followed for PMC. The assets of the bank, in the form of well-

performing branches and good accounts, will help in the merger. Bad assets could be liquidated, he said.

Utagi said that an appointment has been sought with RBI officials this week for reviving the bank and protecting the deposits of credit societies, who had to deposit a part of their funds with the bank. The bank has about 1,100 such institutional depositors.

Therefore, the association will seek directions from the RBI and the courts to protect the interests of such depositors. PMC needs to be saved because the funds of cooperative credit societies are also deposited in the bank, he said.

RBI has opened its tap, but liquidity is stuck in banks: Rashesh Shah

SURABHI/PALAK SHAH

Mumbai, October 17

Rashesh Shah, Chairman and CEO, Edelweiss Group, is of the view that the 'exaggerated fear of the unknown' has gripped the markets as doomsday predictions have reached a feverish pitch. Credit is tight, but non-banking financial companies (NBFCs) are alive and kicking. None of the large NBFCs have had to shut shop in the past 13 months since the IL&FS fiasco led to credit woes, he said. In an interview with *BusinessLine*, Shah explains how Edelweiss is navigating through the challenging market. Edited excerpts:

Edelweiss has seen significant investments coming in through institutional investors such as CDPQ, Kora Management and alternative investment funds. What is next on the cards?

We are looking at an AIF-type structure for the wholesale business. Globally, private credit is the new business op-

portunity, akin to what is being done by Blackstone and Apollo. Private credit funds or AIFs fall under the ambit of advisory business, which also includes AMC (asset management company), wealth management, and ARC (asset reconstruction company). We are planning to list our investment advisory business, which currently contributes about 75 per cent of the PAT, and we have seen high levels of interest from investors for this business.

We are looking to raise \$1 billion through a performing corporate credit fund by March 2020, apart from our ESOF funds, which have been doing well. US-based Kora Management has already invested in the advisory business.

Another significant investor, AJ Gallagher, with whom we had signed up in May, has just received approval from the IRDAI for investment in Edelweiss Insurance Brokers Limited, which is also a part of the advisory business.

How is your credit business doing?

We are changing the mix between retail and wholesale. At present, it is about 50:50. Three years ago, it was 30 per cent retail and 70 per cent wholesale. We expect that in the next three years, it will move to 70 per cent retail and 30 per cent wholesale.

Is the worst behind us in the NBFC sector?

We have all adjusted to the new reality in the last one year. Bank lending is lower and the cost is slightly higher, even though interest rates have come down. So, banks are charging NBFCs more. But it is coming. Profitability has been impacted. We have consistently increased our long-term borrowing, something that we have been working on for the last few years now.

Has the PMC Bank crisis created another round of concerns for investors and shaken their confidence?

Of the top 200 companies in India, very few have had problems of corporate governance.



Instances like the PMC Bank crisis will happen, but systems have to be in place to ensure that the economy does not pay the price

RASHESH SHAH
Chairman and CEO,
Edelweiss Group

There won't be more than 10 such companies. Cycles will happen. Prices will come down, but very few have corporate governance issues and bad behaviour. Unfortunately, it is those 10 companies that become 90 per cent of our focus. Government, regulator, participants, and media have to create a strong system. Instances like the PMC Bank

crisis will happen, but systems have to be in place to ensure that the economy does not pay the price.

What should be the response in terms of policy and action?

It should be counter-cyclical, instead of pro-cyclical. It should be more pragmatic. Commentary itself should calm down the market. Also, enforcement action on auditors, rating agencies, and all others can create fear psychosis. It has to be done, but not in a knee-jerk manner.

How can we build confidence?

There are four to five things. If not positive, then, at least, there should be balanced commentary. At present, it is very negative. September car sales are not bad. The economy is stabilising, green shoots are seen taking shape. If PMC Bank had not happened, we were actually

on an upward trajectory. We are just adding to the frenzy. Enforcement also has to be more balanced.

How has reporting for NBFCs increased after last year?

The RBI is asking for a lot more reports, they are asking questions. A little bit of rigour is always good for business. Our credit markets have grown faster than our supervisory, coordination and regulatory systems.

Insurance companies, mutual funds, bond markets, NBFCs, banks and HFCs are all involved in the credit market, and then there are tax laws where the Ministry of Finance has to be involved.

Better synergies between the regulators will provide a boost to the credit markets in India.

As a confidence-building measure, should the government start providing

some percentage of guarantee?

Credit enhancement is a core requirement of the economy. Slightly more controlled enforcement, especially criminal enforcement, more positive or at least balanced commentary, and more liquidity, will help. In India, liquidity is only through the banking system.

So, when the banking system gets frozen, there's no other channel. The RBI has opened its tap, but liquidity is stuck in banks. So, we need to find alternate liquidity measures. We need to cut rates more aggressively. The regulator has been proactive in cutting rates, but there is scope to do more.

THE
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INTERVIEW

South Indian Bank net profit rises 20%

OUR BUREAU

Kochi, October 17

The focus on retail, MSME and agriculture advances enabled South Indian Bank register a 20 per cent growth in net profit at ₹84.48 crore in Q2 against ₹70.13 crore in the corresponding period of the previous fiscal.

The operating profit for the quarter has grown from ₹309.78 crore to ₹411.45 crore, a growth of around 33 per cent. The net interest income registered a growth of 15 per cent and while other income 58 per cent.

VG Mathew, MD and CEO, said that the bank has been able to meet the targeted levels of recovery upgrades, which has helped in reducing the GNPA level from 4.96 per cent to 4.92 per cent on a sequential basis. Provision coverage ratio improved to 48.07 per cent from 41.86 per cent a year ago.

IAG to exit SBI General Insurance; will sell stake to Premji Invest and Warburg Pincus

OUR BUREAU

Mumbai, October 17

Insurance Australia Group (IAG) is set to exit its joint venture in private sector SBI General Insurance Company, as it looks to focus more on domestic operations.

Two this end, it has entered into a definitive agreement to sell its 26 per cent stake in SBI General Insurance through two transactions. While Premji Invest will buy 16.01 per cent of its stake, Warburg Pincus Group will acquire a 9.99 interest in the private sector general insurer.

"The transactions are subject to regulatory processes and approvals," it said. IAG, in a separate statement, said it expects the regulatory processes and approvals to be completed during the financial year ending June 30, 2020. "Total consideration

amounts to over Australian dollar 640 million, based on the current exchange rate," it said.

SBI currently holds a 70 per cent stake in the general insurer, which will remain unaffected.

Upon completion of the transaction, Napean Opportunities LLP (an affiliate of Premji Invest) will hold 16.01 per cent stake in SBI General Insurance (SBIG), WP Honey Wheat Investment will hold 9.99 per cent interest, PI Opportunities Fund-I 2.35 per cent stake, and Axis New Opportunities AIF - 1 1.65 per cent of the share capital of the company. IAG was looking to exit SBIG for some time, with its focus on the core territories of Australia and New Zealand. Peter Harmer, Managing Director and Chief Executive Officer, IAG, said: "IAG has enjoyed a

strong and successful relationship with the State Bank of India since establishing the SBIG joint venture in 2009."

Dinesh Kumar Khara, Managing Director, SBI, said he welcomed Premji Invest and Warburg Pincus as the incoming shareholders in SBIG.

Earlier this year, Warburg Pincus had bought a 26 per cent stake in a private sector life insurer, India FirstLife Insurance. SBI General Insurance started operations in 2010 as a joint venture between SBI and IAG.

Posts ₹37-crore profit

Meanwhile, SBI General Insurance reported an underwriting profit of ₹37 crore in the first six months of 2019-20. Its gross written premium grew 51 per cent to ₹3,118 crore from ₹2,067 crore in the first half of 2018-19.

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Notice is hereby given, pursuant to Regulations 29 (1)(a) and 47(1)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges that a meeting of the Board of Directors of the Company will be held on Tuesday, 5th November, 2019 to consider and approve, inter-alia, the quarterly/half yearly Unaudited Consolidated Financial Results of the Company (with Limited Review Report) for the period ended on 30th September, 2019.

For Berger Paints India Limited
Sd/-
Aniruddha Sen
Sr. Vice President & Company Secretary

Place : Kolkata
Dated : 17th October, 2019

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30th SEPTEMBER 2019

SOUTH INDIAN Bank
Experience Next Generation Banking

Particulars	Quarter ended 30.09.2019	Half Year ended 30.09.2019	Quarter ended 30.09.2018
	Unaudited	Unaudited	Unaudited
Total income from operations	220318	427994	185440
Net Profit from ordinary activities after tax	8448	15774	7013
Net Profit for the period after tax (after extraordinary items)	8448	15774	7013
Equity Share Capital	18097	18097	18097
Reserves (excluding Revaluation Reserves as shown in the Balance Sheet of previous year)	491577	491577	482002
Earnings Per Share (before extraordinary items) (of ₹ 1/- each) *			
Basic :	0.47	0.87	0.39
Diluted :	0.47	0.87	0.39
Earnings Per Share (after extraordinary items) (of ₹ 1/- each) *			
Basic :	0.47	0.87	0.39
Diluted :	0.47	0.87	0.39

* Quarterly / half yearly numbers are not annualised

Note: The above is an extract of the detailed format of quarterly / half yearly financial results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015. The full format of the Quarterly / half yearly financial results are available on the website of Stock Exchanges at <http://www.bseindia.com> and <http://www.nseindia.com>, and also on Bank's website: <https://www.southindianbank.com>

V.G. Mathew
(Managing Director & C E O)
(DIN: 05332797)

Place: Kochi
Date: October 17, 2019

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South Indian Bank is a member of BCSBI and is committed to treating customers in a fair, transparent and non-discriminatory manner.