

30-SHARE INDEX SETTLES AT 39,831; NIFTY GAINS 1.37% TO CLOSE AT 11,786.85

Sensex surges 582 pts to near 4-month high on earnings boost, stimulus hopes

ENS ECONOMIC BUREAU
MUMBAI, OCTOBER 29

STOCK MARKETS on Tuesday kicked off Samvat 2076 on a bullish note with the benchmark Sensex surging 582 points to close at a near four-month high on hopes of more stimulus measures and tax cuts to revive the growth.

Betting on the possibility of cuts in long-term capital gains tax, individual income tax and revival in auto sales and consumer spending, the 30-share Sensex soared over 666 points before settling 581.64 points, or 1.48 per cent, higher at 39,831.84. Likewise, the broader NSE Nifty rallied 159.70 points, or 1.37 per cent, to close at 11,786.85.

Sensex had gained 192 points on the Diwali Muhurat trading on Sunday.

Led by the gains in battered auto stocks, investors' wealth, or the market capitalisation of listed firms, rose by Rs 2.73 lakh crore to Rs 152 lakh crore during the day. "Markets buoyed today led by hopes of divestment and tax cuts as a slew of midcaps and under-owned stocks staged a smart upmove," said S Ranganathan, head of research, LKP Securities.

Siddhartha Khemka, head-retail research, Motilal Oswal

After IndiGo, GoAir asked to replace PW engines of 13 aircraft

ENSECONOMICBUREAU
NEW DELHI/MUMBAI, OCTOBER 29

THE DIRECTORATE General of Civil Aviation (DGCA) on Tuesday asked GoAir to replace 13 A320Neo aircraft's PW engines, which have been used for over 3,000 hours, within the next 15 days or face grounding of the airplanes, an official said.

The DGCA has given GoAir two weeks' time to replace at least one of two low-pressure turbine (LPT) engines of the airline's A320neos fitted with Pratt & Whitney parts.

Failing to comply with the directive will result in the grounding of the aircraft, DGCA said. Shares of InterGlobe Aviation fell 5.20 per cent intra-day following reports of the DGCA directive and closed 2.51 per cent down at ₹1,417.80 on Tuesday.

"We studied the patterns, and we noted that engines which have done more than 2,900-3,000 hours (of flying) are more vulnerable to LPT damage. We identified 16 planes (of IndiGo) with engines which are unmodified and which have done more than 3000 hours of flying. So, we told IndiGo to get modified engine and the airline has to comply by November 12 ... We are issuing similar instructions to GoAir. They have 13 such aircraft," DGCA chief Arun Kumar told *FE*. **FE WITH PTI**

Fed doesn't have a clue, says Trump as policymakers meet on interest rates

REUTERS
WASHINGTON, OCTOBER 29

US PRESIDENT Donald Trump launched a fresh attack on the US Federal Reserve on Tuesday, saying it needed to follow other nations with negative interest rates, as officials opened a two-day meeting that was expected to end with a rate cut.

"The Fed doesn't have a clue! We have unlimited potential, only held back by the Federal Reserve," Trump wrote on Twitter.

Trump, in a departure from his White House predecessors who refrained from commenting on US Fed policy, has made a habit of criticising the US central bank for decisions he says kept borrowing costs too high for too long.

In September, he began to argue the Fed needed to push bor-

EXPLAINED

Sentiment propels rally, real test is economic growth

MARKETS ARE raring to go amid several positive developments even though GDP growth is yet to pick up. While traders are hoping that the government will go for a capital gains tax cut and individual income-tax benefits in a bid to boost the sentiment, the rally will sustain only if the economic indicators show improvement in the coming months.

The market will eventually witness a setback if the fundamentals don't improve and the slowdown is not reversed.

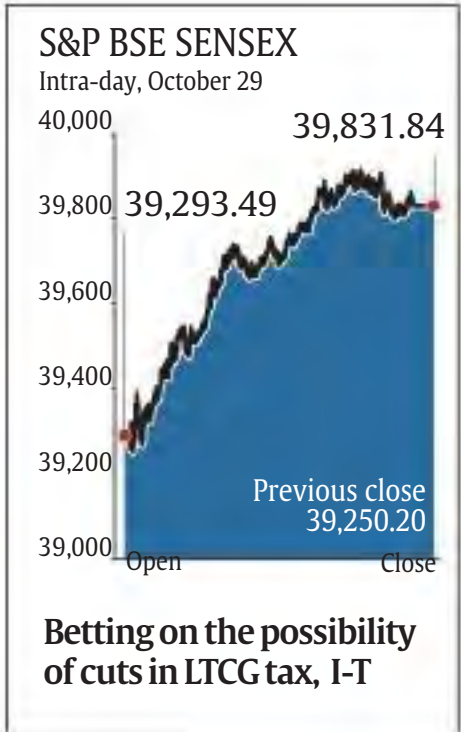
Financial Services, said the market witnessed healthy gains on the back of expectations of further announcements by the Centre on the taxation side to spur growth.

Sandeep Nayak, ED & CEO, Centrum Broking, said: "The recently concluded festive season has resulted in a turnaround in the sentiment as the auto sector especially, which was quite stressed, has witnessed improved sales driven by a competitive pricing strategy adopted by many players. This combined with the twin positive developments of the trade pact between the 10 ASEAN members and a

proposed review of taxes such as LTCG, STT and DTT before the Budget have added further impetus to sentiment."

After the correction in the last one year, the surge in auto companies is driven by revival in volume sales in the festive season along with hope of a possible rationalisation of personal income tax.

Vinod Nair, head of research, Geojit Financial Services said: "A strong momentum is seen in the market as healthy Q2 earnings from big corporate and attractive valuation for mid- and small-caps is providing a favourable risk-reward to investors. This



positivity is likely to stay in the short to medium term as concerns of the market are fading with tax cut and the government's intention to come out with more reforms ... The clouds over global market is settling down with developments in trade deal and Brexit, while rate cut expectation from Fed will add impetus to India."

However, a section of marketmen advised caution as the growth rate is yet to show signs of revival. "We will have to wait and see if the news flows turn into a reality. The market will eventually witness a setback if the fundamentals don't get

stronger. The economy continues to show demand recession," said veteran BSE dealer Pawan Dharnidharka.

Analysts said the result season has also been fairly decent this time around and is not likely to result in any material downgrade in earnings estimates. Further, optimism over US-China trade deal and delay over Brexit decision till January are likely to remove uncertainties in the medium term. Sectorally, BSE auto and metal indices rallied up to 4.25 per cent, followed by energy, industrials and IT indices, rising up to 2.32 per cent. On the other hand, BSE telecom index was the only sectoral loser, 4.39 per cent.

Tata Motors led the rally surging about 17 per cent after the company reported narrowing of losses in the September quarter. Tata Steel, Yes bank, Axis Bank, Maruti Suzuki, Tech Mahindra and TCS rose about 7.09 per cent. RIL ended 2.30 per cent higher after the company on Friday said it will set up a new arm to bring its digital initiatives and apps under a single entity, and infuse Rs 1.08 lakh crore equity into this new unit. On the other hand, Bharti Airtel, Kotak Bank, PowerGrid and SBI fell up to 3.41 per cent.

Meanwhile, the rupee closed with a marginal rise of 6 paise at 70.84 against the US dollar.

AIRTEL, VODAFONE-IDEA, OTHERS HAVE TO PAY THE GOVT ₹1.33L CR

‘CoS to look into financial stress in telecom sector after SC order’

PRESS TRUST OF INDIA
NEW DELHI, OCTOBER 29

THE GOVERNMENT has constituted a committee of secretaries to explore a financial bailout package for the telecom sector by lowering spectrum charges as well as ending the era of free mobile phone calls and dirt cheap data as companies look at the government for avoiding payment of thousands of crores of rupees in overdue statutory levies.

The Committee of Secretaries, headed by Cabinet Secretary Rajiv Gauba, has been asked to examine "all aspects" of "financial stress" faced by service providers such as Bharti Airtel and Vodafone-Idea and suggest measures to mitigate them, sources in the Department of Telecommunications (DoT) said.

The panel, which will comprise secretaries to the ministries of finance, law, and telecom, has been asked to look at the demands of telecom service providers (TSPs) for deferment of payments they had promised for the spectrum won through auction as well as consider lowering airwave usage charge.

It has been asked to consider lowering the obligation of TSPs for providing 5 per cent of their annual revenues for the Universal Service Obligation Fund, they said.

In parallel, sector regulator Trai is expected to examine prescribing minimum charge for voice

TELCOS DEMAND FOR DELAYING SPECTRUM PAYMENTS

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and data services, which according to old telecom operators will ensure long-term viability and robust financial health of the sector, they said. The panel was set up a day after an unsigned paper seeking a waiver of interest and penalties on the unpaid amount, as well as staggering payment of principal licence fee over 10 years was submitted to the DoT. Bharti Airtel Chairman Sunil Bharti Mittal and his brother Rajan Mittal had also met Telecom Minister Ravi Shankar Prasad and Telecom Secretary Anshu Prakash Monday.

Citing the recent Supreme Court ruling that had upheld the government's position on including revenue from non-telecommunication businesses in calculating the annual gross revenue of telecom companies, a share of which is paid as licence and spectrum fee to the exchequer, the firm sought a two-year moratorium on spectrum payments beyond April 2020 till March 2022, reduction in licence fee from 8 per cent to 3 per cent, and cutting USOF to 1 per cent.

Industry body COAI immediately welcomed the constitution of the CoS, saying the panel must work out a relief package within 60 days. The CoS, which is expected to meet shortly and submit recommendations in a time-bound manner, will consider the demand of TSPs to defer spectrum auction payment for 2020-21 and 2021-22 in order to ease cash flow and lowering USOF charge to 3 per cent, sources said.

While older TSPs such as Bharti Airtel and Vodafone-Idea have been talking of financial stress ever since they faced intense competition from Reliance Jio, the matter has assumed greater importance after the SC's October 24 judgment.

The apex court upheld the government's position on including revenue from non-telecommunication businesses in calculating annual adjusted gross revenue (AGR) of telcos. After the order, Airtel, Vodafone-Idea and other telcos may have to pay the government Rs 1.33 lakh crore within three months.

Airtel defers Q2 results as it seeks ‘support’ from Centre over dues

ENS ECONOMIC BUREAU
NEW DELHI, OCTOBER 29

BHARTI AIRTEL has deferred the release of its September quarter earnings till November 14 as it has sought clarity and support from the government on Rs 42,000-crore statutory dues it owes the exchequer following the Supreme Court judgment.

It was scheduled to announce the earnings on Tuesday but in a notice to the bourses it said the same is now being deferred till November 14.

"The company is approaching the department of telecommunications (DoT) to seek clarity on the total amounts involved and request for their support to deal with this adverse outcome," it said in the notice.

Bharti Airtel, Vodafone Idea and other telecom operators may

Airtel's India mobile services revenue at ₹10,981 cr in Q2

New Delhi: Bharti Airtel's revenue from India mobile services rose 7 per cent year-on-year during the September 2019 quarter to Rs 10,981.4 crore, as the subscriber base stood at 279.4 million, according to a regulatory filing

by the company. Its customer base for India mobile services represented a 15 per cent fall over the year-ago period, but seen on a sequential basis, it was 0.9 per cent higher than June quarter. **PTI**

have to pay the government Rs 1.33 lakh crore following the Supreme Court order last week. The apex court upheld the government's position on including revenue from non-telecommunication businesses in calculating the annual adjusted gross revenue (AGR) of telecom companies.

"The management of the company recommended to the

board of directors that the agenda item related to the approval of audited financial results for the second quarter (Q2) and half year ended September 30, 2019, which was to be a part of the board meeting today (Tuesday) be deferred till November 14 on account of the fact that more clarity is needed on the AGR matter," Bharti Airtel said in a notice to the exchanges. **FE**

IndiGo orders 300 Airbus A320neo planes in one of its largest deals ever

ENSECONOMICBUREAU
NEW DELHI, OCTOBER 29

INDIGO ON Tuesday said it has placed a firm order for 300 A320Neo family aircraft with planemaker Airbus, comprising A320neos, A321neos and A321XLRs. IndiGo's total number of A320neo family aircraft order now stands at 730, the airline said in a statement.

"This order is an important milestone, as it reiterates our mission of strengthening air connectivity in India, which will in turn boost economic growth and mobility. India is expected to continue with its strong aviation growth and we are well on our way to build the world's best air transportation system, to serve more customers and to deliver on our promise of providing low fares and a courteous, hassle free experience to them," said Ronjojoy Dutta, CEO of IndiGo.

This is one of Airbus largest aircraft orders ever with a single airline operator, the airline said. Shares of IndiGo closed down 2.64 per cent at Rs 1,415 at the National Stock Exchange Tuesday. "The fuel-efficient A320neo family aircraft will allow IndiGo to maintain its

'This order is an important milestone ... India is expected to continue with its strong aviation growth and we are well on our way to build the world's best air transportation system'

RONJOJOY DUTTA
CHIEF EXECUTIVE OFFICER, INDIGO

strong focus on lowering operating costs and delivering fuel efficiency with high standards of reliability. The choice of engine manufacturer for this order will be

made at a later date," said Riyaz Peermohamed, Chief Aircraft Acquisition and Financing Officer of IndiGo. The aircraft order comes days after IndiGo reported its biggest quarterly loss. InterGlobe Aviation, which runs low-cost airline IndiGo, last Thursday reported higher-than-expected losses of Rs 1,062 crore in the July-September period due to higher expenses.

The costs related to aircraft repair and maintenance nearly doubled to Rs 153 crore, while depreciation and amortisation costs grew more than fivefold to Rs 1,029 crore. The current losses were up 63 per cent YoY, compared to Rs 651-crore Q2FY19 loss.

IndiGo, which had a fleet of 245 aircraft at the end of September 2019, added seven new domestic routes and six international destinations during Q2FY19. The airline has benefited from closure of Jet as it received more than 40 slots at the busy Delhi and Mumbai airports. The airline commanded a domestic market share of 47.7 per cent during Q2FY20 as compared to 42.4 per cent a year ago. The airline's two co-founders, Rakesh Gangwal and Rahul Bhatia, have been embroiled in a dispute about corporate governance of the airline.

Firm seeks employees' support amid biggest quarterly loss

Mumbai: IndiGo on Tuesday sought the "support" of its staff following its biggest quarterly loss in the September quarter.

Hit by higher costs related to the operating lease liabilities, IndiGo reported a net loss of Rs 1,062 crore in the September quarter as against a net loss of Rs 651.5 crore in the corresponding period a year ago.

"We will be dealing with the weakening revenue environment with a sharper focus on cost for which we seek your support. Operationally, we should continue our focus on safety, our on-time performance and on delivering a courteous, hassle free service," IndiGo chief executive officer Ronjojoy Dutta said in a communication to employees. **PTI**

We've made mistakes: Boeing CEO at US hearing



John Hamilton, VP and chief engineer of Boeing Commercial Airplanes, and Boeing Chief Executive Dennis Muilenburg (right) at a Senate Committee hearing in Washington as family members hold photographs of Boeing 737 MAX crash victims. *Reuters*

mercial aviation safety in years, heaps pressure on a newly re-jigged Boeing senior management team fighting to repair trust with airline customers and passengers shaken by an eight-month safety ban on its 737 MAX following the crashes, which killed 346 people.

Taking turns to grill

Muilenburg during his first appearance at a hearing on Capitol Hill in the year since the first crash in Indonesia, senators suggested Boeing had not been completely honest and expressed dismay that the 2016 instant messages did not prompt an immediate reaction from the company.

"You have told this committee

and you have told me half-truths over and over again," Senator Tammy Duckworth of Illinois, where Boeing is headquartered, said at one point.

Later in the hearing, Senator Jon Tester of Montana said: "I would walk before I would get on a 737 MAX... You shouldn't be cutting corners."

For months, Boeing had largely failed to acknowledge blame, instead vowing to make a "safe plane safer." Tuesday's hearing represents Boeing's broadest acceptance of responsibility that it made mistakes, though Muilenburg and senior engineering executive John Hamilton stopped short of a game-changing display of contrition.

Boeing shares were up 0.6 per cent at \$343.03 on Tuesday afternoon. US Senator Roger Wicker, chairman of the Senate Commerce Committee, questioned Muilenburg over the company's delay in releasing internal messages. In those messages, a former test pilot described erratic behavior of a simulator version of the same software now linked to the crashes, and also mentioned "Jedi-mind tricking" regulators over training requirements.

Wicker said those messages revealed a "disturbing level of casualness and flippancy."