

THE MARKETS ON THURSDAY		Chg#
Sensex	40,129.1	77.2
Nifty	11,877.5	33.4
Nifty futures*	11,914.8	37.3
Dollar	₹70.9	₹70.9**
Euro	₹79.2	₹78.8**
Brent crude (\$/bbl)**	59.5##	60.1**
Gold (10 gm)***	₹38,641.0▲	₹324.0
*(Nov.) Premium on Nifty Sp		

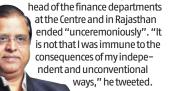
SEBI TIGHTENS ASSET QUALITY DISCLOSURE NORMS FOR BANKS

The Securities and Exchange Board of India (Sebi) on Thursday tightened the asset quality disclosure norms for banks. The regulator has directed all listed lenders to make disclosures pertaining to divergences and provisioning within a day of receipt of the RBI's final risk assessment report (RAR). Earlier, banks used to make these disclosures as part of their annual financial statements. Also, in the past, the regulators had frowned upon certain banks for making selective disclosures from the RAR, an annual exercise conducted by the RBI. 10)

ECONOMY & PUBLIC AFFAIRS P5

FinMin assignment ended unceremoniously: Garg

Subhash Chandra Garg (pictured), who retired on Thursday on a voluntary basis after he was shifted from the post of finance secretary to the power secretary, said his postings as the



Trump impeachment effort passes first test

A deeply divided House of Representatives took a major step in the effort to impeach US President Donald Trump on Thursday, when lawmakers approved rules for the next stage, including public hearings, in the Democratic-led inquiry into Trump's attempt to have Ukraine investigate a domestic political rival.

RESULTS RECKONER

Quarter ended Sep 30, 2019; common sample of 441 companies (results available of 501)

SALES 22.7% ₹7.57 trillion **22.7** Sep 30, '18 **3.6%** ₹7.85 trillion **2** Sep 30, '19 PROFIT BEFORE TAX

7.4% ₹1.02 trillion **2** Sep 30, '18 **15.7%** ₹1.18 trillion Sep 30, '19

NET PROFIT Sep 30, '18 **1.9**% ₹69,795 cr 🔼

22.7% Sep 30, '19 ₹85,637 cr 🚺 Companies with zero sales excluded: Given the change in corporate

considered; Compiled by BS Research Bureau; Source: Capitaline



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Business Standard

APPLE INDIA LOGS RECORD

Core sector output shrinks YES Bank jumps 24% on \$1.2-bn record 5.2% in September

Likely to dampen GDP growth in Q2; coal production nosedives 20%

SUBHAYAN CHAKRABORTY New Delhi, 31 October

he output of the core sector fell a record 5.2 per cent in September, with production by seven of the eight industries declining, portending slow economic growth in the second quarter of this fiscal year too. In September 2018, it had risen 4.3 per cent, and 0.1 per cent in August 2019. Data by the commerce and industry ministry showed production in coal, crude oil, natural gas, refinery products, steel, cement, and electricity declined in

Economists said contraction at this rate has not been witnessed in either the new series of the base year of 2011-12, or the previous one with 2004-05 as the base vear. Bloomberg said the output contracted to the lowest since at least 2005.

20.5 per cent. Only fertiliser held out.

The sector, with above 40 per cent weight in the index of industrial production, grew 1.3 per cent in H1FY20, against 5.5 per cent in the same period of the previous fiscal. Production by the eight industries declined 0.8 per cent in the Q2FY20, against 3.4 per cent growth in Q1 and 5.4 per cent expansion last year. Turn to Page 19



Fiscal deficitat 93% of BE in first half ofFY20

The fiscal deficit touched 92.6 per cent of the BE in H1FY20, as tax revenues did not keep pace with the target and expenditure could not be compressed much. Though the figure seemed alarming, it was

INDIA-US

STANDOFF

bit lower than 95.3 per cent in the corresponding period of FY19. But then, there was fiscal slippage in FY19 when the fiscal deficit rose to 3.4 per cent of GDP against the target of 3.3 per cent.

(% chg)

-0.3

-2.1

-3.7

-4.9

-5.4

-6.7

-20.5

-5.2

investment buzz

Infusion of fresh equity to help tackle NPA, growth concerns

SUBRATA PANDA & SHREEPAD S AUTE Mumbai, 31 October

The YES Bank stock surged close to 35 per cent in intra-day trade on Thursday before closing with 24 per cent gains, after the private lender said it had received a binding offer from a global investor for an investment of \$1.2 billion through fresh issuance of equity shares.

The stock, which ended at at ₹70.45, was regaining lost ground from its 52-week low of ₹29.05 made on October 1. This was the third-biggest single-day gain for the stock — it zoomed 33 per cent in early October and 30.7 per cent in mid-February. The investment would be subject to regulatory approvals as well as bank's board and shareholders, the lender said in an exchange filing. The bank had said last week it had

received strong interest from multiple foreign and domestic private equity players and strategic investors and remains firmly on course to raising growth capital, subject to necessary approvals. It was reported earlier that the bank was trying to on-board global tech firms to be a strategic investor. The name of the investor could not

be ascertained and the bank refused to comment as it is in a silent period before declaring the quarterly results on Friday. YES Bank is in dire need of funds, as its tier-1 capital has been suffering because of higher provisions for its stressed loan book. Ravneet Gill, managing director

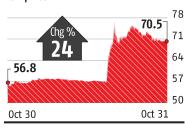
and chief executive, YES Bank, had told Business Standard earlier that his "first priority is capital". "We would want to strengthen the

balance sheet in one go. We remain focused on our earlier plan to raise \$1-1.2 billion capital," Gill had said.

On the basis of Thursday's closing price of the stock, the fundraising would dilute the equity stake by around 47 per cent, giving about 32 per cent stake in the bank to the new investor. The bank, however, has mentioned in its exchange filing that it continues to be in advanced discussions with other global and domestic investors.



SHOT IN THE ARM BSE price in ₹



According to Reserve Bank of India guidelines for ownership in private banks, an individual can own up to 10 per cent of the paid-up capital of the bank. Similarly, in case of entities from the financial sector, other than regulated or diversified or listed, the limit shall be at 15 per cent of the paid-up capital.

But the RBI can make exceptions. "In banks, where there are regulatory concerns and where a change in the management is necessary in the interests of the depositors, RBI may permit a person to acquire higher shareholding, even if the concerned bank's board does not support the same," the RBI circular had said.

YES Bank has seen turbulent times of late and is in the process of cleaning up its books. It provided ₹3,661 crore in the March quarter and ₹1,784 crore in the June quarter of FY20 for bad loans. The lender is also seeing a rise in slippages or loans turning bad. The bank has considerable exposure to the struggling NBFC sector and to the Anil Dhirubhai Ambani Group.

"There is a strong case for YES Bank. In the longer run, this is going to be good for the deposit holders, which is also what the regulator wants. After having seen that the bank is in bit of a spot, the regulator may try and help them out," said Ashvin Parekh, managing partner at Ashvin Parekh Advisor Turn to Page 19

Export war: India loses to US at WTO WTO's dispute settlement body SUBHAYAN CHAKRABORTY All major export promotion

New Delhi, 31 October

The World Trade Organization crucial trade dispute with the US, ordering all export promotion schemes to be stopped within the next four months. The WTO also

closed within the next six months. withdraw the prohibited subsidies under the export oriented units fell 6.57 per cent in (EOU), electronics hardware tech- September, a 3-month nology park (EOT), bio-technolo- low, with the trade gy parks (BTP) scheme, Export decline plaguing major Promotion for Capital Goods foreign (EPCG) scheme, and the earners like proce-Merchandise Exports from India ssed crude oil, and Scheme (MEIS), within 120 days from adoption of the report," the

ruled on Thursday. Before the ruling, India had

already said it would replace the (WTO) has ruled against India in a MEIS by December with another called the Remission of Duties or Taxes on Export Products (RoDTEP). But sources told Business Standard that this deadsaid the SEZ Scheme should be line may be extended till March 31, when the updated Foreign "We recommend that India Trade Policy (FTP) 2020-2025 will go live. Outbound trade exchange

gems and jewellery

schemes for merchandise exports, capital goods, and electronic hardware to be hit WTO wants India to shut down subsidies under SEZ scheme within six months Govt recently announced MEIS would be replaced with WTO-compliant scheme from January 1 US had dragged India to WT0 in March 2018 over

\$7-billion worth of 'illegal subsidies' Govt planning to alter

schemes in new Foreign Trade Policy, currently under discussion

per cent) have been the biggest losers. In

terms of index points, RIL (426-point

contribution to Sensex gains) and ICICI

biggest contribution, while ITC (-178

points) and State Bank of India (SBI)

have caused the biggest deficit. Since

June 4.18 stocks have given positive

returns, while returns for only 6 have been

in double digits. Of the 14 stocks to have given

negative returns, half a dozen have dropped

over 10 per cent.

Bank (289 points) have made the

Dorsey pulls plug on political ads, Zuckerburgsays he won't

NEHA ALAWADHI New Delhi, 31 October

Internet advertising is "incredibly powerful and very effective for commercial advertisers, that power brings significant risks to politics, where it can be used to influence votes to affect the lives of millions", Twitter CEO Jack Dorsey said early on Thursday while discontinuing political ads from the microblogging platform globally.

Dorsey said the company would share the final policy by November 15, and will start enforcing it from November 22, to provide advertisers a notice period.

Political ads on social media platforms have been a growing cause for concern globally, especially since reports of foreign interference in the 2016 US Presidential elections surfaced. India also cracked down heavily on advertising content placed by political parties in the run up to the General Elections this year.

Vipul Mudgal, director at advocacy firm Common Cause, said once Twitter releases the full policy, things would become clearer. "I want to see if their policy is US oriented and how much of it applies to countries like India, I say so because the Indian election scene is more complicated. There are proxy ads and surreptitious ads, which political parties place



political speech is very important and should be able to be heard, and that is what is really driving us

MARK ZUCKERBURG, indirectly. There is also a

huge role of the black money

in our elections. Even (state

and central) governments

place laudatory and self

congratulatory ads in the

name of 'achievements' or

Bharat which are aimed at

promoting one party or one

Facebook, Google and

Twitter have publicly started

declaring political ad spend

on their platforms for several

markets, including India.

The news garnered

quarters even as many users

tagged Facebook in replies to

support from several

things like malaria

leader," he said.

eradication or Swachh

Dorsey's tweets, asking the firm to relook its policy on political ads, considering allegations of election interference the platform faced after the Cambridge Analytica incident.

commercial advertisers,

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that power brings

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> JACK DORSEY,

Facebook said though it would up transparency around political ad spending, it would not follow in Twitter's footsteps. Addressing the most common allegation that it is allowing political ads for money, Zuckerberg said the firm estimates that ads from politicians will be less than 0.5 per cent of the total revenue next year.

Turn to Page 19

Sensex@40k: June and now... Steel (-20 per cent) and IndusInd Bank (-18

The benchmark Sensex on Thursday surpassed its previous intra-day record high of 40.312 made on June 4. It touched an all-time intra-day high of

40,392 before paring the bulk of the gains and closing at 40,129. However, many of its components have seen dramatic changes in fortunes. Among the best-performing stocks in the past 100 days are Asian Paints (up 30 per cent), Hindustan Unilever (23 per cent) and Bajaj Finance (up 16 per cent). On

the other hand, YES Bank (-52 per cent), Tata

29.66 23.46 16.2 13.48 11.64 Asian Hindustan Bajaj Bajaj Maruti Paints Unilever Finance Auto Suzuki

SBI ONGC IndusInd Tata YES Bank Bank Steel -17.83 -19.97 -11.43 -51.73

% change since June 4, the day of Sensex's last intra-day record high; Source: Bloomberg

EQUITY SCHEMES GAIN BIG

COGNIZANT SET TO SACK 13,000 AS PART OF '2020 GROWTH PLAN'

Cognizant plans to remove around 7,000 mid- to senior-level jobs and shut down its content moderation **business,** further impacting 6,000 jobs, as part of its '2020 Fit for Growth Plan'. The Nasdaq-listed IT services firm also posted largely in-line numbers for the September quarter on

Thursday. The firm has close to 70 per cent of its global headcount in India.



EASE OF DOING BIZ: WHY INDIA IS FALTERING IN ENFORCING CONTRACTS

Though India continues its upward march in the ease of doing business rankings - climbing up to 63rd place in the latest edition the country continues to remain a laggard (at 163rd place among 190 countries) when it comes to enforcement of contracts. The reason India falters on this front is not hard to figure out, say experts. "This is a direct reflection of the state of India's judiciary. Moving up the ranks is tough. It shows how reforming the functioning of the judiciary in India is so complex," says Surya Prakash B S, programme director at Daksh, a research agency measuring judicial performance. SUDIPTO DEY writes P6