MARKET WATCH

	14-11-2019	% CHANGE
Sensex	40,286	0.42
US Dollar	71.96	0.18
Gold	38,995	0.03
Brent oil	63.02	1.04

NIFTY 50

	PRICE	CHANGE
Adani Ports	369.10	-1.70
Asian Paints	1771.85	1.40
Axis Bank	715.90	4.70
Bajaj Auto	3233.30	27.30
Bajaj Finserv	9061.85	83.50
Bajaj Finance	4210.55	66.00
Bharti Airtel	362.50	-6.10
BPCL	514.65	4.55
Britannia Ind	3230.80	-38.95
Cipla	451.40	3.50
Coal India	202.35	-4.90
Dr Reddys Lab	2734.05	-29.10
Eicher Motors	21558.15	205.95
GAIL (India)	121.80	-2.05
Grasim Ind	733.95	-5.60
HCL Tech	1147.80	9.20
HDFC	2226.80	19.35
HDFC Bank	1273.90	16.35
Hero MotoCorp	2591.65	2.55
Hindalco	188.50	-4.65
Hind Unilever	2069.05	-21.95
ICICI Bank	498.65	12.90
IndusInd Bank	1375.10	-39.10
Bharti Infratel	208.65	-9.55
Infosys	705.30	13.95
Indian OilCorp	136.85	3.00
ITC	253.90	0.05
JSW Steel	245.75	-3.00
Kotak Bank	1597.60	-8.20
L&T	1380.45	-12.55
M&M	578.45	3.75
Maruti Suzuki	7247.15	92.55
Nestle India Ltd.	14231.35	-1.90
NTPC	118.55	0.25
ONGC	136.20	-2.00
PowerGrid Corp	188.00	-1.25
Reliance Ind	1462.75	-9.55
State Bank	306.00	-0.80
Sun Pharma	410.20	-1.80
Tata Motors	167.05	-3.55
Tata Steel	391.95	-5.95
TCS	2196.80	18.20
Tech Mahindra	758.35	1.30
Titan	1169.10	10.05
UltraTech Cement	4003.40	-112.20
UPL	535.55	-5.75
Vedanta	144.00	-4.40
Wipro	252.75	-0.35
YES Bank	68.75	0.55
Zee Entertainment	282.00	-8.55

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on November 14

CURRENCY	TT BUY	TT SELL
US Dollar	71.77	72.09
Euro	78.93	79.28
British Pound	92.20	92.62
Japanese Yen (100)	66.08	66.37
Chinese Yuan	10.22	10.27
Swiss Franc	72.59	72.92
Singapore Dollar	52.66	52.90
Canadian Dollar	54.11	54.36
Malaysian Ringitt	17.26	17.35

Source:Indian Bank

BULLION RATES CHENNAI

November 14 rates in rupees with previous rates in parentheses

Retail Silver (1g)	48.4	(48)
22 ct gold (1 g)	3663	(3644)

Telecom majors feel sting of top court's verdict on AGR

Airtel posts ₹22,830 crore loss in Q2

Firm recognised exceptional items of ₹22,394 crore

SPECIAL CORRESPONDENT
NEW DELHI

Bharti Airtel posted a massive net loss of ₹22,830.1 crore for the quarter ended September 30 due to the 'significant financial implication' following the recent Supreme Court ruling in favour of the Department of Telecom's interpretation of adjusted gross revenues (AGR).

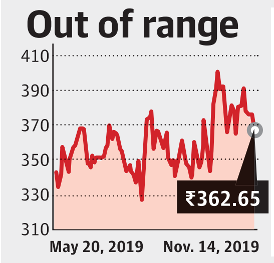
For the quarter, the company, which had posted net profit of ₹249.2 crore in Q2 of last year, recognised exceptional items of ₹22,394.4 crore (net of tax). It provided for an additional amount of ₹28,450 crore for licence fee as estimated based on the apex court judgment and spectrum usage charges as estimated based on the definition of AGR.

"These provisions have been made without prejudice to the company's right to contest DoT's demands on facts as well as on rights available in law," it said, adding it was hopeful of relief. The Supreme Court, in its order on October 24, ruled in favour of DoT, while directing telecom operators to pay their statutory dues within three months. The firm's consolidated revenue was ₹21,131 crore, up 5%. Following the provisions, it said the liabilities/provisions as at September 30, 2019, were ₹34,260 crore. This comprises principal of ₹8,747 crore, interest of ₹15,446 crore, penalty of ₹3,760 crore and interest on penalty of ₹6,307 crore. "On the AGR verdict of the Supreme Court, we continue to engage with the government and are evaluating various options available to us. We are hopeful that the government will take a considerate view in this matter given the fragile state of the industry," Gopal Vittal, MD and CEO, India & South Asia, said. "The management is reviewing its options and remedies available, including filing petitions before the Supreme Court and also seeking other reliefs, with other affected in the industry, from the government," the company said.

In a regulatory filing, it said the group would need significant additional financing to discharge its obligations under the court judgment. "The group has an established track record of accessing diversified sources of finance across markets and currencies. However, there can be no assurance of the success of management's plans to access additional sources of finance to the extent required, on terms acceptable to the Group, and to raise these amounts in a timely manner."

"This represents a material uncertainty whereby, it may be unable to realise its assets and discharge its liabilities in the normal course of business, and accordingly may cast significant doubt on the Group's ability to continue as a going concern," it added.

Out of range



We are hopeful the Centre will take a considerate view in the AGR matter given the fragile state of the industry

GOPAL VITTAL, MD and CEO, India & South Asia, Bharti Airtel

Metrics	Q2 FY20	Q2 FY19	Growth %
Total revenues (in ₹cr.)	21,131.3	20,147.8	5
EBITDA (in ₹cr.)	8,936.3	6,343.3	41
Exceptional Items (in ₹cr.)	22,394.4	-1,013.7	_
PAT (after exceptional items) (in ₹cr.)	-22,830.1	249.2	_

Vodafone Idea loss at ₹50,922 cr.

Humongous loss came despite 41.5% increase in revenue

SPECIAL CORRESPONDENT
MUMBAI

Vodafone Idea, India's second largest telco by number of subscribers, reported a record net loss of ₹50,922 crore, the largest in Indian corporate history, due to a one-time provision of ₹30,774.5 crore made post the Supreme Court's ruling.

"Consequent to the recent judgment by the Supreme Court, we have accounted for the estimated liability of ₹27,610 crore related to license fee and ₹16,540 crore related to spectrum usage charges up to September 30, 2019 including the interest, penalty and interest thereon of ₹33,010 crore," Vodafone Idea said in a statement.

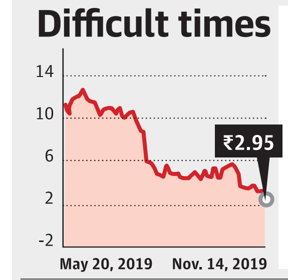
This estimate was based on demands received from DoT till date, an estimation for the period for which demands had not been raised, together with interest and penalty adjusting for certain computation corrections, it added.

The loss was reported in spite of a 41.5% increase in revenue to ₹10,844 crore during the quarter. Company's EBITDA during the quarter stood at ₹3,347 crore.

"Whilst the Company has provided for SUC, considering that no spectrum is used for generating non-telecom income, the Company is evaluating the levy of SUC on such income. Accordingly, during the quarter we recognised a charge of ₹25,680 crore as a part of exceptional item after adjusting the available provision and potential payments, on satisfaction of contractual conditions, under amechanism with Vodafone Group," the statement added.

Ravinder Takkar, MD & CEO, said "We are in active discussions with the government seeking financial relief following the recent Hon'ble Supreme Court ruling."

Difficult times



During the quarter we recognised a charge of ₹25,680 crore as a part of exceptional items after adjusting the available provision and potential payments

RAVINDER TAKKAR, MD & CEO, Vodafone Idea

Metrics	Q2 FY20	Q2 FY19	Growth %
Gross revenue (in ₹cr.)	10,844	7,663.6	41.50
EBITDA (in ₹cr.)	3,347.1	461.4	625.42
Other exceptional items (in ₹cr.)	-25,952,3	-555.8	_
PAT (in ₹cr.)	-50,921.9	-4,973.8	_

ICICI Bank, Union Bank, UCO Bank classify DHFL as NPA

Repayments have been due for more than 90 days

MANOJIT SAHA
MUMBAI

Even as a debt resolution plan for troubled mortgage lender Dewan Housing Finance Corporation Ltd. is being contemplated, some commercial banks have already classified the account as 'non-performing' as repayment has been due for more than 90 days.

ICICI Bank, Union Bank of India and UCO Bank have classified the loan as 'non-performing' in the current quarter. Other lenders such as Bank of Maharashtra, Bank of India, Punjab National Bank, Canara Bank, Syndicate Bank and Indian Overseas Bank, which have classified the loan in the special mention account (SMA)-2 at end September, may also tag it as a bad loan while finalising their accounts for the October-December period. If interest or principal is due for over 60 days, but for less than 90 days, the loan is categorised as SMA-2.

"We have classified the loan as NPA in the third quarter," Union Bank of India MD & CEO Rajkiran Rai G said. Union Bank has exposure of about ₹2,000 crore. The bank has already made a provision of 15% for its exposure in DHFL.

State Bank of India is also likely to mark the loan as NPA as it has started to build provisions for the troubled account. SBI, which has an exposure of ₹7,000 crore, has already provided ₹1,400 crore for the stressed loan.

According to bankers, the last payment made by DHFL was on July 5, and hence, the 90-day period got over on October 5. A loan is classified NPA after interest or principal is due for more than 90 days.

A debt resolution process initiated by banks to recast loans of ₹80,000 crore of DHFL is yet to get finalised. Of this, the share of commercial banks' is ₹40,000 crore.

The final report on a special review by KPMG of DHFL's finances for the period April 2015 to March 2019 is awaited.

Moody's cuts India's growth forecast to 5.6%

PRESS TRUST OF INDIA
NEW DELHI

Moody's Investors Service on Thursday slashed India's economic growth forecast to 5.6% for 2019, saying government measures do not address the widespread weakness in consumption demand.

"We have revised down our growth forecast for India. We now forecast slower real GDP growth of 5.6% in 2019, from 7.4% in 2018," it said. "India's economic slowdown is lasting longer than previously expected."

Moody's had, on October 10, slashed India's economic growth forecast for 2019-20 fiscal to 5.8% from an earlier estimate of 6.2%. Last week, it downgraded India's outlook to negative from stable. Moody's said the RBI had aggressively cut rates this year, and more rate cuts are likely.

IndiGo to go non-stop to London with widebody planes, offer business class

We will go everywhere in the world, except U.S., says CEO

JAGRITI CHANDRA
NEW DELHI

The country's biggest low-cost carrier, IndiGo, has decided to make a major strategic shift as it plans to connect far-flung international destinations. Operating a single-aisle fleet until now, the airline will venture into widebody operations to provide non-stop connectivity to London. The airline will also be offering a business class option.

IndiGo was earlier exploring connecting London with a one-stop with its A320 NEO planes, but it now seems to have some definite answers.

"If you want to do Mumbai-London we have to do widebodies and we need a business class – that's one decision we have made. If we go all-economy, we can't make the numbers work.

The answer is a small business class and a dense economy. How big the business class should be - we have sized it, we have the answer to that," CEO Ronojoy Dutta told *The Hindu* in an interview.

London launch

Asked about the London launch, Mr. Dutta said, "London is not far off, it is not five years [down the line], it is coming. But we don't want to jump the gun."

'The airline is looking at three key airports near London- Heathrow, Stansted and Gatwick. IndiGo could be leasing five to six widebody planes, which would be used to provide daily connectivity each from Mumbai and New Delhi. With the leftover aircraft, IndiGo could look at connecting Singapore or Istanbul.

But the airline is yet to decide on how big it would go with widebodies in its fleet. It is going to test the lease arrangement, and if that works, it may order 30 widebodies or be prepared to cut back. The airline has 245 planes, including A320s and ATRs, in its fleet.

While IndiGo considers U.S. unviable because of the amount of fuel burn, Australia is a market it is interested in, though it is not on the radar right now.

"We will eventually be everywhere, except the U.S.," Mr. Dutta added.

Aurobindo shares tank on USFDA observations

SPECIAL CORRESPONDENT
HYDERABAD

Drugmaker Aurobindo Pharma shares declined 8.73% on Thursday after the company's general injectable formulation manufacturing facility in Pashamylaram here received 14 observations from the US Food and Drug Administration (USFDA).

The ₹395.55 at which the scrip closed the day was a semblance of recovery as during intra-day the share had touched a 52-week low of ₹389.70.

The fall came after the company, on Wednesday, said the USFDA, on conclusion of an inspection of the Unit IV general injectable formulation manufacturing facility from November 4-13 had issued a Form 483 with 14 observations.

"We believe that none of these observations is related to data integrity issues. The company will respond to the USFDA within the stipulated timeline," Aurobindo Pharma said in a filing. But that seems to have made little difference with the share opening the day at ₹414 each as compared to the previous close of ₹433.40.

According to Emkay Global Financial Services, the facility is the company's key injectable formulations plant and has around 47 pending filings or about 30% of the overall filings.

"The sheer number [of observations] is on the higher side and likely to keep investors nervous until details emerge," Emkay said.

According to its assessment, the Unit IV accounted for 9-10% of US sales and 8-9% of overall EBITDA in FY19. It accounts for 50-60% of total injectable sales ($213mn in FY19), with the rest being from Unit XII, Eugia and Auronext facilities.

Union Bank posts ₹1,194 crore loss in Q2

Provision for NPA divergence, a reason

SPECIAL CORRESPONDENT
MUMBAI

State-run lender Union Bank of India posted ₹1,194 crore loss in the second quarter of the current financial year due to higher provisioning for divergence in non-performing assets. The bank posted ₹139 crore profit during the same period of the previous year.

"We had to make ₹1,587 crore provision for the divergence, which is the main reason for the loss," Rajkiran Rai G, MD & CEO, Union Bank, said. Divergence occurs when Reserve Bank of India (RBI) inspection classifies loans that are ought to be classified as NPA which the bank did not classify during finalising the results of a particular quarter. The total provision for non-performing assets during the quarter was ₹3,328 crore as compared to ₹1,710 crore during the same period of the previous financial year.

Rajkiran Rai

Total slippages to non-performing assets were ₹4,219 crore during the quarter, of which ₹2,080 crore slipped from corporate loan book. Eight corporate accounts accounted for ₹1,700 crore slippages, Mr. Rai said. Mr. Rai said the bank would return to profitability in the Oct.-Dec. quarter. Operating profit of July-September 2019 increased by 22.3% to ₹2,240 crore aided by a 16.5% increase in net interest income to ₹2,906 crore.

Slowdown in auto sector may continue: Honda

'BS-VI shift may spur 2-wheeler prices'

SPECIAL CORRESPONDENT
NEW DELHI

Honda Motorcycle and Scooter India (HMSI) expects the slowdown in the automobile sector to continue for now, mainly due to the current macro economic factors along with the upcoming switch to BS-VI norms that will lead to a 10-15% increase in two-wheeler prices.

"It is our strong wish that the worst is over. Unfortunately, the market forces are not in our control. All the economic indicators so far do not look very positive for quick revival of the auto industry. We are very cautious and closely watching," HMSI senior vice presi0dent, Sales and Marketing, Yadvinder Singh Guleria, said on Thursday.

The company, which on Thursday launched SP 125, a BS-VI-compliant bike starting at ₹72,900 (ex-showroom Delhi), also sees some impact on demand due to 10-15% increase in two-wheeler prices following the shift to new emission norms.

"From the customer point of view, it is a big jump in price. However, the intention of the industry and government are clear... we want this country to be more green and eco-friendly... In near future, we foresee that there may be a slowdown because a similar thing was observed when insurance premium was increased," Mr. Guleria said.

"But over time, demand attributes are still strong for the two-wheeler industry in the country," he added.

For SP 125, which will replace the company's 125cc model CB Shine SP, the price increase is about ₹7,000 or 11%. The company claims it will also have 16% better fuel efficiency.

Apollo Hospitals Q2 net rises 15% on volumes

Healthcare services posted 15% growth in revenue

SPECIAL CORRESPONDENT
CHENNAI

Apollo Hospitals Enterprise Ltd. (AHEL) has posted 15% rise in its standalone net profit for the second quarter ended September 2019 to ₹90.60 crore.

During the period under review, revenue increased 18% to ₹2,464 crore. Healthcare services reported 15% revenue growth aided by 12% growth at mature hospitals and 17% growth in new hospitals. Standalone pharmacies registered 22% growth to ₹2,230 crore in revenue.

On healthcare services, Apollo Hospitals delivered a strong performance in the second quarter of the year, with continued growth of volumes, revenues and margins, it said in a statement.

The revenue of existing hospitals grew 13%, while that of new hospitals grew by 19% to ₹536.6 crore. Revenue in the Tamil Nadu cluster grew by 14%. Overall occupancy in the cluster was 1,255 beds (57% occupancy) against 1,211 beds (57% occupancy) in the previous year.

In Telangana region, revenue grew by 11%. Occupancy in the cluster was 877 beds (65% occupancy) compared to 852 beds (63% occupancy) in the previous year. The occupancy in Karnataka cluster was 572 beds (74% occupancy).