MARKET WATCH

	20-11-2019	% CHANGE
Sensex	40,652	0.45
US Dollar	71.81	-0.13
Gold	39,194	0.76
Brent oil	61.87	0.48

NIFTY 50

	PRICE	CHANGE
Adani Ports	366.70	2.65
Asian Paints	1723.50	2.15
Axis Bank	748.75	0.95
Bajaj Auto	3162.40	1.35
Bajaj Finserv	9079.25	-73.55
Bajaj Finance	4138.55	2.80
Bharti Airtel	437.30	-2.05
BPCL	544.60	25.65
Britannia Ind	3116.30	-4.05
Cipla	482.60	10.50
Coal India	203.05	3.45
Dr Reddys Lab	2838.65	95.65
Eicher Motors	21489.80	-257.55
GAIL (India)	124.50	-0.60
Grasim Ind	789.65	3.50
HCL Tech	1132.80	-1.85
HDFC	2200.95	-11.15
HDFC Bank	1273.35	1.45
Hero MotoCorp	2470.50	1.55
Hindalco	190.75	-1.60
Hind Unilever	2026.50	-11.25
ICICI Bank	495.00	1.50
IndusInd Bank	1469.30	76.55
Bharti Infratel	240.90	-9.65
Infosys	713.00	0.15
Indian OilCorp	130.90	-2.10
ITC	250.70	1.40
JSW Steel	248.70	0.80
Kotak Bank	1599.45	-24.35
L&T	1380.80	15.05
M&M	560.45	-0.20
Maruti Suzuki	7152.75	107.30
Nestle India Ltd.	14228.65	111.55
NTPC	117.05	-0.30
ONGC	133.70	0.45
PowerGrid Corp	196.10	0.65
Reliance Ind	1547.65	37.90
State Bank	328.80	-1.60
Sun Pharma	450.00	24.10
Tata Motors	167.40	-0.35
Tata Steel	398.70	-3.05
TCS	2108.55	-0.25
Tech Mahindra	771.40	8.25
Titan	1162.85	-0.35
UltraTech Cement	4114.05	13.90
UPL	552.85	1.60
Vedanta	141.45	-0.25
Wipro	248.90	-1.50
YES Bank	65.85	1.70
Zee Entertainment	307.00	21.15

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on November 20

CURRENCY	TT BUY	TT SELL
US Dollar	71.61	71.93
Euro	79.17	79.53
British Pound	92.30	92.71
Japanese Yen (100)	65.99	66.29
Chinese Yuan	10.18	10.23
Swiss Franc	72.12	72.45
Singapore Dollar	52.58	52.82
Canadian Dollar	53.84	54.08
Malaysian Ringitt	17.19	17.28

Source:Indian Bank

Reserve Bank supersedes DHFL board

Regulator to initiate insolvency proceedings against firm, appoints former IOB CEO as administrator

SPECIAL CORRESPONDENT
MUMBAI

The Reserve Bank of India (RBI) has decided to supersede the board of troubled mortgage financier Dewan Housing Finance Corporation Ltd. (DHFL) and said bankruptcy proceedings would be initiated against the company.

R. Subramaniakumar, former MD and CEO of Indian Overseas Bank, has been appointed as the administrator of the mortgage lender. RBI said the action was taken due to governance concerns and default by the entity in meeting payment obligations.

This is the first instance of RBI superseding the board of a non-banking financial company. The government had changed the law earlier this year to give such powers to the RBI.

Also, DHFL could be the first financial services company to face insolvency proceedings at the National Company Law Tribunal (NCLT) after the government, on Monday, issued a notification specifying the categories of financial service providers that can be taken up for resolution under the generic framework of the Insolvency and Bankruptcy Code. Till now, financial services firms were kept out of bankruptcy proceedings.

In a statement, the RBI said it "also intends to shortly initiate the process of resolution of the company under the Insolvency and Bankruptcy... Rules, 2019 and would also apply to the NCLT for appointing the Administrator as the Insolvency Resolution Professional."

The mortgage lender, facing a cash crunch since last year after banks choked lending, has overall debt of ₹80,000 crore. Banks have exposure of ₹40,000 crore to the company. While efforts were made by banks for resolution, the process hit a roadblock as markets regulator SEBI did not allow mutual funds having exposure to DHFL to be a part of the resolution plan. Banks wanted to execute a plan in which all lenders to DHFL were involved. Efforts to change promoters' control by selling significant promoter stake was also not successful.

Banks had begun to classify loans extended to DHFL as 'non-performing' indicating bleak chances of a resolution. ICICI Bank, Union Bank of India, Central Bank of India and UCO Bank are some lenders that have classified the loans as NPAs. If DHFL is admitted for insolvency, banks will have to increase provisioning for the account to 50%, as in the case of other insolvency proceedings. This will hurt banks' profitability to a large extent.

SBI has an exposure of ₹7,000 crore and has already provided for ₹1,400 crore till the end of September.

Headed to insolvency home

- Dewan Housing is set to become the first financial services firm to face insolvency proceedings
- Lender has overall debt of ₹80,000 crore, with banks having an exposure of ₹40,000 crore
- If DHFL is admitted for insolvency, banks will have to increase provisioning for the account to 50%, which could hurt their profitability

Listed firms to disclose defaults within 31 days

Disclosures to help remove ambiguity

SPECIAL CORRESPONDENT
MUMBAI

Listed companies that default on their loan or interest payments will have to disclose such defaults to the stock exchanges within 31 days of missing the payment deadline.

The board of the Securities and Exchange Board of India (SEBI), which met on Wednesday , made such disclosures mandatory in the light of many recent instances of default wherein the information was not available to all categories of stakeholders.

"... in case of any default in repayment of principal or interest on loans from banks or financial institutions which continues beyond 30 days from the pre-agreed payment date, listed entities shall, promptly, but not later than 24 hours from the 30th day, disclose the fact of such default," stated a statement from the SEBI, while adding that the rules would be applicable from January 1, 2020.

Interestingly, in August 2017, the capital markets regulator had mandated such disclosure within a day of default but had to withdraw the circular due to alleged opposition from the Reserve Bank of India (RBI) and the government.

While addressing the media post the board meet, SEBI Chairman Ajay Tyagi said that the limit of 31 days was found to be "implementable" and agreed upon by the board that has representation from both, the central bank and the government.

"Prior to today's decision, there was ambiguity on the norms related to disclosure of financial default to the stock exchange," said Makarand Joshi, partner, MMJC and Associates, a corporate advisory firm.


Ajay Tyagi

"Today's decision by SEBI has put this uncertainty to rest... making the potential risk about the company known to any investor as much as it is known to any insider in the company or the banker," added Mr. Joshi.

"So far, the banker has not been disclosing the client or company's name in case of default, but the subsequent rules on this subject that may follow would also make the banker's name public in such default, making the process completely transparent."

Change in PMS rules

On a different note, the capital market regulator amended the regulatory framework for portfolio managers to enhance their net worth criteria and also the minimum investment size, which will effectively keep retail investors – who can use the mutual fund route – out of the segment that is typically for high net worth individuals.

While the net worth requirement of portfolio managers has been increased from ₹2 crore to ₹5 crore, the minimum investment by clients has been hiked to ₹50 lakh from the current ₹25 lakh.

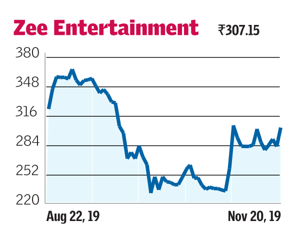
Essel Group to sell 16.5% in Zee Entertainment

Move aimed at paring debts

SPECIAL CORRESPONDENT
MUMBAI

Essel Group has announced plans to sell 16.5% stake in ZEE Entertainment Enterprises Ltd. (ZEEL) to financial investors to raise money to repay loans to certain lenders. The shares are currently encumbered and these lenders had consented to such share sale by the group.

"Out of the aforesaid, the group seeks to sell 2.3% stake in ZEEL to OFI Global China Fund, LLC and/or its affiliates," Essel Group said in a statement. "The post-transaction overall holdings of the group in ZEEL will be 5%, out of which encumbered holdings of the group will reduce to 1.1% of ZEEL," the statement added.



"This development reaffirms the group's positive progress on its overall asset divestment approach, undertaken to generate adequate liquidity for the repayment process," Essel Group said.

The group is also working actively on further divestments, including its media and non-media assets, and remains confident to complete the same, it said.

No plan to waive dues for telcos post SC ruling on AGR: Prasad

Telecom firms owe govt. ₹1.47 lakh crore in licence fees, SUC

YUTHIKA BHARGAVA
NEW DELHI

The Centre on Wednesday told Parliament that it was not considering any proposal to either waive penalties and interest on outstanding statutory dues of telcos following the recent Supreme Court verdict on adjusted gross revenue (AGR) or extend the timelines to pay up the dues.

Following the judgment, telecom firms now owe ₹1.47 lakh crore in licence fees (₹92,642 crore) and spectrum usage charge (₹55,054.51 crore), Minister of Communications Ravi Shankar Prasad informed the Lok Sabha. However, these are provisional outstanding amounts and are subject to revision in light of the Supreme Court ruling on the AGR matter, he added.


Ravi Shankar Prasad

On whether the government plans to provide a waiver for penalties and interest on the non-payment of licence fee on AGRs by telecom service providers and whether the government was considering extending the time limit for the payment of licence fee, penalty, interest and other dues, the Minister said, "No such proposal is under consideration of the government as on date."

Asked if telcos had urged the government for a bail-out package, he said the Cellular Operators Association of India had submitted that in the absence of an immediate grant of relief by the Centre, two of the three operators, Airtel and Vodafone Idea, will face 'an unprecedented crisis'. However, one COAI member, Reliance Jio, has submitted a divergent opinion in the matter.

IN BRIEF

RBI imposes ₹1.75 crore penalty on Indian Bank

CHENNAI

The RBI has imposed monetary penalty aggregating to ₹1.75 crore on Indian Bank for non-compliance. In a regulatory filing, RBI said the bank failed to comply with its directions on opening of savings bank accounts for a cooperative society, window dressing of the balance sheet, as on March 31, 2018, and had delayed reporting of frauds.

Chinese motorcycle major CFMoto eyes India

MUMBAI

Chinese two-wheeler and all terrain vehicle (ATV) manufacturer CFMoto is looking to penetrate the Indian market by providing high performance bikes at comparatively lower rates to build up volumes. The company would be introducing various models in the capacity of 150 cc to 1,200 cc.

SpiceJet to set up airline joint venture in Ras Al Khaimah

Firm also signs MoU with Bahrain's flag carrier Gulf Air

SPECIAL CORRESPONDENT
NEW DELHI

Low-cost carrier SpiceJet will set up a joint venture airline in Ras Al Khaimah (RAK) along with a local partner, chairman and managing director Ajay Singh said on Wednesday.

SpiceJet will first start flights to RAK early next year and then launch the new airline.

The name of the airline is yet to be finalised. The announcement at a press conference here followed a memorandum of understanding (MoU) with Ras Al Khaimah International Airport last month to develop and promote tourism there and also develop the airport as an aviation hub.

"From Ras Al Khaimah, there are onward (flight) possibilities to eastern Europe," Mr. Singh said.

SpiceJet also signed an MoU with Bahrain's flag carrier Gulf Air on Wednesday to explore greater co-operation between the two airlines, including interline and code-share agreement, co-ordinating cargo services, engineering services and pilot training.

In April, SpiceJet signed an initial pact for code share with the Dubai-based Emirates airline.

Mr. Singh said that tying up with so many international airlines did not mean that SpiceJet would not fly directly to both Europe and the U.S. "We need to give our passengers a choice. They should be able to fly directly using SpiceJet or our partner airlines to different parts of Europe and Africa and even the U.S.," he said.

On possible interest in disinvestment of Air India, Mr. Singh maintained that the national carrier was too big an entity for a small airline such as SpiceJet.

"While we keep looking at what the government has to say, it is still a very tough call for us as far as Air India is concerned," Mr. Singh said.

'BS-VI roll-out will add to CV segment woes'

SPECIAL CORRESPONDENT
MUMBAI

The implementation of BS-VI emission norms from April 1, 2020, could create short-term headwinds for the commercial vehicles (CV) segment, India Ratings and Research said in a report.

Considering the sharp year-on-year fall in sales volumes of CVs since May 2019, the underwhelming pace of industrial activity, and the higher cost of ownership of a BS-VI CV, the implementation of BS-VI could add to the sector's woes, it said.

India Ratings believes that the pre-buying of BS-IV CVs till the end of the fourth quarter of FY20 is unlikely to be meaningful compared with earlier occasions when new emission norms came in.

RIL shares surge after Jio tariff hike announcement

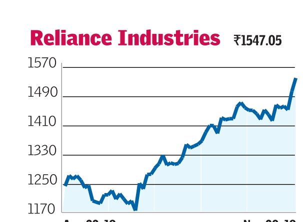
Market cap close to ₹10 lakh crore

SPECIAL CORRESPONDENT
MUMBAI

Reliance Industries Ltd. (RIL) shares surged about 4% to touch a 52-week high during intraday trading on Wednesday, after the company's telco arm Reliance Jio said on Tuesday it would increase mobile phone call and data charges in the next few weeks, following similar announcements by Bharti Airtel and Vodafone Idea.

The shares ended the day up 2.47% at ₹1,547 in a firm Mumbai market, valuing the company at ₹9,80,699 crore, less than ₹20,000 crore away from the the market capitalisation of ₹10 lakh crore.

RIL's market capitalisation has already overtaken that of BP Plc. to enter the club of six elite global oil majors led by ExxonMobil, with a market capitalisation of about $290 billion.



Saudi Aramco's listing is expected to make it the most-valued oil firm with a market capitalisation of about $1.7 trillion.

The surge in RIL's share made billionaire Mukesh Ambani the richest Asian, overtaking Jack Ma of Alibaba Group, according to Bloomberg's billionaires index. The surge also helped narrow RIL's gap with PetroChina Co., currently Asia's biggest oil firm by market capitalisation.

Looking into NSE, Karvy issues: SEBI

SPECIAL CORRESPONDENT
MUMBAI

SEBI has taken note of the frequent technical glitches at the National Stock Exchange (NSE) and will take up the matter with the bourse, which has a near monopoly in the equity derivatives segment.

"This is something that should not happen. We will call them soon. We will fix this," said Mr. Tyagi when asked about the glitches at NSE.

On the matter of Karvy Stock Broking wherein clients have alleged delay in payouts, the SEBI Chairman said that the regulator was examining the matter.

Meanwhile, the SEBI has amended the listing and disclosure norms to reduce the overall time line for a rights issue from the current 55 days to 31 days.

Former Citi India head Pramit Jhaveri hangs up his boots

He joined the group as a management associate in 1987

SPECIAL CORRESPONDENT
MUMBAI

Former India head of Citi, Pramit Jhaveri, has decided to retire two years before the scheduled retirement age at the group, which is 58.

"After a successful career at Citi spanning over 32 years, Pramit Jhaveri has decided to retire from Citi," a spokesperson for the foreign lender said.

Mr. Jhaveri, one of the longest serving India heads of the foreign lender, joined Citi in India as a management associate in 1987, taking up various roles such as product sales, risk management and corporate banking, leading to the role of global banking head in 2007.

He was named Citi Country Officer for India in 2010, a position which he held till March 31, 2019, before Ashu Khullar took over as Citi India CEO on April 1.


Pramit Jhaveri

From April this year, he has been serving as vice-chairman – Banking, Capital Markets and Advisory (BCMA) for Asia Pacific. In 2016, he took up the additional role of cluster head of south Asia, including Bangladesh and Sri Lanka.

"During his tenure, Pramit built a strong team and established Citi as a market leader in India and south Asia, across both our GCB [global consumer bank] and ICG [Institutional Clients Group] businesses," Peter Babej, Asia Pacific CEO, Citi, said in an internal note.

Headcount up

During his nine years as India head, from April 1, 2010 to March 31, 2019, Citi's employee strength in India grew from 7,000 to 17,100.

Citi India's net profit for FY2009-10, when Mr. Jhaveri took over, was ₹860 crore, which rose to ₹4,185 crore in 2018-19 – a fivefold increase. Gross NPA ratio during this period fell from 3.43% to 1.37%, while net NPA ratio fell from 2.14% to 0.51%.

Apollo Tyres cutting capex by ₹600 cr.: CFO

Move follows slowdown in auto sector

SPECIAL CORRESPONDENT
CHENNAI

Following the slowdown in the automobile sector, Apollo Tyres Ltd. (ATL) is cutting down on its planned capital expenditure (capex) for FY20 and FY21 together by ₹600 crore, said a top executive of the company.

For the current fiscal, the tyre major had lined up capex of ₹2,700 crore, a majority of which was to be invested in the greenfield Andhra Pradesh plant.

Talking to analysts and investors in a conference call, Gaurav Kumar, chief financial officer, ATL, said: "We have already started implementing that [cutting capex]. So, the capex, particularly for the A.P. greenfield, would have slowed down from our earlier plan. We will cut close to ₹600 crore of capex over the current year and the next year."

He said for FY20 and FY21, the firm had planned capex of about ₹2,700 crore and ₹1,700 crore respectively. This would come down to about ₹2,300-₹2,400 crore for this year and by ₹300 crore for the next fiscal.

Poor demand

"The commissioning of the plant will happen in the first quarter of 2020, but ramping up of the A.P. plant's capacity will happen slowly. However, it would not impact us since there is no demand," he added.

On overseas production, he said the company's Hungary plant would produce over three million tyres in the current year, followed by over four million in the next year.

Forging industry hints at job cuts as auto slowdown continues

Highest sales decline seen in commercial vehicles segment

LALATENDU MISHRA
MUMBAI

Even as Indian automobile manufacturers reported a 5-7% rise in retail sales during the recent festival season, the forging industry, which caters to the auto sector, witnessed a decline in demand of around 25-30%, with the highest sales decline seen in the commercial vehicles segment.

If the current trend continues, the forging industry may see further cut in production and jobs as some OEMs (original equipment manufacturers) have already announced additional curtailment of production for November 2019.

The forging industry is worried because more than 60% of its capacity is dedicated to the auto sector.


S. Muralishankar

The Association of Indian Forging Industry (AIFI), the apex body of the forging industry in India, has expressed concern over the lack of demand with regard to fresh orders from the automotive sector.

The sharp decline in demand has resulted in substantial production cuts, it said. "The sales figures during the festive period clearly indicate higher retail sales than the volume of whole sales. This increase, coming after a drop in sales for the last two quarters, is driven by higher discounts offered by OEMs to allow for the liquidation of inventories," S. Muralishankar, president, AIFI, said. "The production and demand at the manufacturing level have not seen any upward movement because of which the forging and auto components sector continues to reel under the auto slowdown," he said.

"Currently, there is a huge inventory build-up due to poor demand and to curb this, many forging units have been making proportionate cuts in terms of working hours and production," he added.