

15 ECONOMY

MARKET WATCH FPIs POUR ₹17,722 CR IN NOV SO FAR

New Delhi: Continuing their buying spree, foreign portfolio investors (FPIs) infused a net Rs 17,722.82 crore into Indian markets in November so far, with a net sum of Rs 17,547.55 crore going into equities and Rs 175.27 crore into debt during November 1-22.

CoC ASKS ALL FIVE TO COOPERATE IN INSOLVENCY RESOLUTION PROCESS

Lenders reject resignations of Anil Ambani, four other RCom directors

ENS ECONOMIC BUREAU
MUMBAI, NOVEMBER 24

LENDERS HAVE rejected the resignations of Reliance Communication (RCom) Chairman Anil Ambani and four other directors and asked them to cooperate in the ongoing corporate insolvency resolution process. Ambani, along with Ryna Karani, Chhaya Virani, Manjari Kacker and Suresh Rangachar, had resigned from RCom earlier this month.

UNANIMOUS VIEW ON RESIGNATIONS

In a BSE filing, Reliance Communication (RCom) said its that its Committee of Creditors met on November 20 and expressed a unanimous view that the resignations of the directors cannot be accepted

RCom had posted a consolidated loss of ₹30,142 crore for the September quarter, due to provisioning for liabilities after the SC ruling on statutory dues; this marked the second highest loss posted by any Indian corporate till date

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are advised to continue to perform their duties and responsibilities as the directors of RCom and provide all cooperation to Resolution Professional in the corporate insolvency resolution process," the filing said.

RCom had posted a consolidated loss of Rs 30,142 crore for September 2019 quarter, due to provisioning for liabilities after the Supreme Court ruling on statutory dues.

This marked the second highest loss posted by any Indian corporate till date, after Vodafone Idea posted a loss of Rs 50,922 crore for the quarter.

During July-September 2019, RCom set aside Rs 28,314 crore on account of provisioning following the Supreme Court order on calculation of annual adjusted gross revenue (AGR) of telecom companies.

As on March 31, 2019, the company had total assets of Rs 67,558 crore.

Stakeholders' equity was negative (-) Rs 4,180 crore, while net debt (i.e. net of excluding cash and cash equivalents) was Rs 46,659 crore, giving a net debt to equity ratio of (11.16) times. RCom shares closed at Rs 0.66 on the BSE on Friday.

INTERVIEW WITH MD & CEO, ADITYA BIRLA SUN LIFE AMC

'To boost investment, govt should consider reducing highest tax slab for individuals'

ABALASUBRAMANIAN, MD and CEO of Aditya Birla Sun Life AMC Ltd, says the slowdown in equity flows is the function of economic slowdown and also global sentiment. In an interview to GEORGE MATHEW, Balasubramanian — who manages assets worth Rs 253,838 crore — said the government should consider reducing the highest tax slab for individuals in order to boost investment. Excerpts:



"GST on mutual fund distribution should be brought to five per cent if not zero, given the importance of the penetration of mutual fund industry"
ABALASUBRAMANIAN

While the economy is slowing down, stock markets remain at all-time high. Don't you think market should reflect the fundamentals?

Stock market is generally driven by various factors, apart from earnings and valuation. Though economic growth has been low for the past one year, the government has been continuously carrying out structural reforms in order to set the economy on a strong footing for the future. The cut in corporate tax or focussing on stressed assets in the banking system are all pointing towards creating a vibrant and predictable economy.

Lastly, Indian companies, especially the ones which have highest governance standards, backed by strong business model continue to attract foreign buying, hence keeping the broad indices buoyant. However, economic slowdown reflected in mid and small-size companies is leaving a huge underperformance of broad market versus handful of stocks. I presume the time has to come to reverse this trend purely on the basis of confidence returning to the market.

Do you think the DHFL collapse will hit the financial sector in general and mutual funds in particular?

DHFL is currently under the resolution process, with the RBI monitoring the whole administrative process. When the company defaulted to lenders, it came under the earlier model of ICA process. With the recent amendment to IBC, that included NBFC as part of a similar resolution process, I would assume the prospects for recovery will go up. Under the waterfall

mechanism, decent portion of the outstanding should get recovered, if not 100 per cent. Therefore, it should not further impact either the NBFC industry or mutual fund industry.

MFs have drastically cut down funding of the NBFC and realty sectors? Do you see more risks/woes in these sectors?

Yes, we have reduced exposure to this segment including real estate borrowers. In general, mutual funds (MFs) are quick in cutting risks as most of the exposures are short term in nature. However, as things improve for these sectors and one feels there is room to take risk, exposure to them may become little more widespread as against the current diversification.

Equity inflows to mutual funds have come down in the last six months? Are investors shifting their portfolios?

The slowdown in equity flows is the function of economic slowdown and also global sentiment. While there has been a reduction in the flow, I would assume this will get better as time progresses. Investors do make adjustments to their asset allo-

cation, depending upon their current portfolio construct and on the basis of this one may have seen some redemption in equity schemes.

What should be the ideal portfolio of an investor in the current situation?

Generally, one should start with 50 per cent in equity mutual fund and 50 per cent in debt funds. In the current situation, within the equity space one can choose between multi-cap and balanced funds. And in the fixed income space, it can be short duration fund and corporate bond fund.

What are your suggestions to the Finance Minister for consideration in the forthcoming budget?

Budget should take steps to boost consumption by cutting tax rates further for individuals. In fact, the government should consider reducing the highest tax slab for individuals in order to boost investment. While such cut may be seen as fiscal negative, the rub off effect is huge generating gain for the future.

GST rates too need to be streamlined in order to increase compliance. Lastly, GST on mutual fund distribution should be brought to five per cent if not zero, given the importance of increasing the penetration of mutual fund industry.

Do you foresee any change in investment trend/pattern in view of the declining interest rates?

Interest rate drop would lead to a decline in deposit rates of banks. Therefore, cost of borrowing will come down and thus their lending rates. This will help in bringing down the cost of capital for new investment. Existing companies that are leveraged may also benefit out of the drop in interest rate.

As a consequence, equity as an asset class would remain one of the primary investment avenue for investors. Mutual fund fixed income schemes too would find its place in investor portfolio given the interest rate reduction in bank deposit.

Betnovate, Panderm samples fail quality tests; makers say products 'counterfeited'

PRABHA RAGHAVAN
NEW DELHI, NOVEMBER 24

INDIA'S TOP drug regulatory authority has flagged around 35 batches of medicines, including skin treatment cream brands Betnovate and Panderm, for failing quality tests last month. At the same time, the companies that market these products in India have said that the samples tested were counterfeited versions of their popular brands.

The Central Drugs Standard Control Organisation (CDSCO), earlier this month, labelled specific batches of Betnovate C and Betnovate-N cream as well as Panderm ++ to be "not of standard quality". According to the regulator's findings, samples of these products failed tests conducted in October to determine the identity of their ingredients.

It also found a batch of acidity drug brand Lupizole to have failed quality tests. CDSCO has red-flagged batch number NG980 of Betnovate-C cream for failing these identification tests as well as tests of assay of clioquinol, which means there were less quantities of this ingredient than required in the approved combination. It has also found that batch number E2277 of Betnovate-N failed identification tests. Samples of Panderm ++, belonging to batch number PCF901A, and samples of Lupizole from batch number T9004141 were declared substandard.

"The two batches of Betnovate-N and Betnovate-C that has been included in the quality alert issued by CDSCO are counterfeit batches which were seized by Delhi Drug Control," said a spokesperson for GlaxoSmithKline Pharmaceuticals Ltd, which markets the products here.

EXPLAINED Weeding out knock-off drugs need of the hour

CDSCO'S LATEST list highlights the need for a more effective mechanism to weed out knock-offs of popular medicines before they hit the market, given that it is difficult for consumers to ascertain whether a medicine is genuine or fake. Counterfeited products run the risk of being ineffective, which means patients consuming them may not be receiving the therapeutic effects they need to get well.

Macleods batch number. "Rather, the said batch number does not adhere to or matches with the batch coding practices of Macleods facility at Sikkim from where the product is impugned to be manufactured plus the details mentioned on the label are actually incorrect and hence the product is a counterfeit," the spokesperson told *The Indian Express*.

"Moreover, we had filed a complaint with the FDA and the Delhi Police in the month of August and September, respectively, and an FIR is already registered for the impugned counterfeit Panderm ++," the spokesperson added.

"The police had seized a huge cache of spurious Panderm ++ but the amount of spurious drug already supplied in the market is unknown and will be known when the investigation is completed. When the FDA, Delhi had approached us to check and con-

firm the validity of the seized samples, we had after a quick analysis, promptly notified them that the seized samples are counterfeit," the spokesperson further said.

Emailed queries to Lupin Ltd, which markets Lupizole in India, remained unanswered by press time Saturday.

In October 2019, Betnovate-C was the largest brand in the over Rs 210 crore betamethasone + clioquinol combination market, while Betnovate-N was the largest in the nearly Rs 195 crore betamethasone + neomycin combination market.

According to data from pharmaceutical market research firm AIOCD PharmaTrac, Betnovate-C and Betnovate-C captured 100 per cent and 98.78 per cent of these markets, respectively.

Panderm ++ is also the top brand in its segment, capturing over 40 per cent of the Rs 122.70 crore clobetasol + neomycin + miconazole combination market in October, according to PharmaTrac.

Counterfeit medicines are fake imitations of a genuine product and fall under a category of substandard drugs labelled by the World Health Organisation as SFFC (substandard/spurious/false-labelled/falsified/counterfeit).

Counterfeited products run the risk of being ineffective, which means the patients consuming them may not be receiving the therapeutic effects they need to get well. WHO, in 2017, estimated that one in 10 medical products in low and middle-income countries was either substandard or falsified.

'Khan Market world's 20th most expensive retail location'

Delhi's upscale Khan Market has moved up one position to become the world's 20th most expensive retail location, global property consultant Cushman & Wakefield said in its report 'Main Streets Across the World 2019'

\$243 per sq ft
Annual rent for retail location in Khan Market

448
Number of locations across 68 countries tracked for the rankings, which are based on rentals during second quarter of calendar year 2019

OBSERVATION ON INDIA: Rental trends over the past year have largely been pointing upwards, with the lack of availability in the best shopping malls pushing more brands to seek out prominent, high footfall locations in the main commercial corridors



INDIAN CITIES THAT SAW STRONG RENTAL UPLIFT:

- Chennai
- Pune
- Kolkata

INDIAN CITIES WITH WHICH SAW MARGINAL RISE:

- Mumbai
- Delhi-NCR
- Bengaluru

PROMINENT GROWTH SECTORS:

- Food and beverage
- Clothing and accessories
- Physical stores of e-commerce retailers

TOP FIVE WORLD'S MOST EXPENSIVE RETAIL LOCATIONS, WITH ANNUAL RENT

Causeway Bay in Hong Kong	\$2,745 per sq ft
Upper 5th Avenue in New York	\$2,250 per sq ft
New Bond Street in London	\$1,714 per sq ft
Avenue des Champs Elysees in Paris	\$1,478 per sq ft
Via Monte Napoleone in Milan	\$1,447 per sq ft

PRESS TRUST OF INDIA
NEW DELHI, NOVEMBER 24

THE SUPREME Court ruling in Essar Steel matter is a "watershed moment" for the insolvency jurisprudence and takes away excuses of parties to halt resolution process midway, according to IBBI Chairperson MS Sahoo.

The Insolvency and Bankruptcy Code, 2016 envisages closure of a corporate insolvency resolution process (CIRP) in a time-bound manner.

The chief of the Insolvency and Bankruptcy Board of India (IBBI) noted that in three years, the Code "boasts of a vast and rich jurisprudence", adding that with every court judgement, the insolvency law is developing deeper and stronger roots.

On November 15, the Supreme Court paved the way for ArcelorMittal's takeover of Essar Steel for Rs 42,000 crore under the insolvency resolution process, which had been pending for long, mainly due to legal challenges.

In an interview to *PTI*, Sahoo

PRESS TRUST OF INDIA
NEW DELHI, NOVEMBER 24

IBBI Chairperson MS Sahoo said the apex court order explains the extent of limited review available to the adjudicating authority

said the judgement provides clarity about the roles of resolution professional, resolution applicant, Committee of Creditors (CoC), adjudicating authority and appellate authority, qua a resolution plan.

"This judgement is a watershed moment in the insolvency jurisprudence and in sync with the basic structure of the insolvency law in India and elsewhere," he said.

Besides establishing the supremacy of the CoC in matter relating to CIRP, Sahoo noted that the order explains the extent of limited review available to the adjudicating authority, which can in no circumstance trespass upon a business decision of the majority of the CoC.

PRESS TRUST OF INDIA
NEW DELHI, NOVEMBER 24

AFTER SACKING founder Gautam Thapar as the company's chairman, fraud-hit CG Power & Industrial Solutions has moved to declassify him as promoter, as any association with him will be prejudicial to the company's interests, as per the firm's annual report.

The firm had in August stated that an investigation instituted by its board had found major governance and financial lapses, including some assets being provided as collateral and the money from the loans siphoned off by "identified company personnel, both current and past, including certain non-executive directors."

Thapar, who was non-executive chairman, was removed by its board on August 29. Its new chairman Ashish Kumar Guha, in the firm's latest annual report, said CG Power has been impacted by several irregular transactions and a detailed investigation concluded that there were "large and significant malfeasances."

NEWSPAPER ALRAI SAYS KUWAIT INVESTMENT AUTHORITY'S DECISION ON WHETHER TO PARTICIPATE IN THE DEAL TO DEPEND ON A 'STUDY' OF IPO

'Aramco markets IPO in Dubai after approaching Kuwait sovereign wealth fund'

TUQA KHALID & HADEELAL SAYEGH
DUBAI, NOVEMBER 24

SAUDI ARAMCO met investors in Dubai on Sunday to market its initial public offering (IPO), after trying to secure demand from Kuwait's sovereign wealth fund for the deal, worth up to \$25.6 billion, which relies heavily on local and regional buyers.

Top executives of the Saudi state-owned oil giant, including Aramco's Chief Executive Amin Nasser, met officials of Kuwait's sovereign wealth fund weeks ago, a source familiar with the matter said, confirming an earlier report on Sunday in the Kuwaiti newspaper *Alrai*.

Meanwhile, Aramco's management, including its finance head and advisers, met with institutional investors at an IPO road-

show in Dubai on Sunday, the second outside Riyadh after the company decided to cancel all roadshows in developed markets.

The Kuwaiti newspaper said the Kuwait Investment Authority's (KIA) decision on whether to participate in the deal would depend on a "study" of the IPO. Aramco said in an email it did not comment on specific investor meetings.

The KIA did not immediately

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respond to a Reuters request for comment. In late October, the KIA's managing director Farouk Bastaki said Aramco had not ap-

proached the fund then, but that the KIA would look at the IPO like any other investment.

Talks have taken place with

sovereign investors including the Abu Dhabi Investment Authority, Singapore's GIC and other funds, sources have told Reuters.

Aramco has struggled to attract a major cornerstone or anchor investor for its IPO, which could be potentially the world's biggest.

An executive at a London-based fund, who attended the roadshow in Dubai, told Reuters he was interested in the IPO, but

declined to provide more details.

Some investors asked Aramco about the sustainability of its dividend policy. Aramco has set a base dividend of \$75 billion for five years. A second executive at an investment firm said Aramco did not say whether that base level might grow.

The meeting was led by Aramco's senior vice president of finance, strategy and development, Khaled al-Dabbagh, and

Yasser Mufti, the company's vice president of strategy and market analysis, sources said.

"The only thing left for comfort is the Saudi government, it's fiscal policy and ability to sustain the dividends," said a fund manager. "If you're OK with that, you'll invest." Over 20 people, in suits, walked into the presentation area at a luxury hotel in Dubai's financial district, but security restricted entry for reporters. **REUTERS**