

QUICKLY

Rupee slips 12 paise versus dollar

Mumbai, November 29
The rupee, on Friday, settled 12 paise lower at 71.74 against the US dollar, tracking heavy selling in domestic equities and growth concerns ahead of the release of GDP data. Forex traders said month-end dollar demand from importers and uncertainty over the US-China trade talks also weighed on the domestic currency. At the interbank foreign exchange market, the local currency opened weak at 71.63, and during the day it lost further ground and fell to a low of 71.87. The rupee finally settled at 71.74, lower by 12 paise against its previous close. On Thursday, the local unit had settled at 71.62 against the greenback. On a weekly basis, the domestic unit has lost 3 paise. PTI

Bhuvan Chandra appointed IOB's CFO

Chennai, November 29
Indian Overseas Bank (IOB) has announced the appointment of Bhuvan Chandra as the bank's next Chief Financial Officer. His appointment will come into effect from December 1. The bank said Chandra carries with him vast knowledge and diversified experience in all operational banking areas such as international banking, priority sector credit, credit monitoring, recovery, advances, and audit and compliance. A postgraduate in extension and communication, Chandra joined IOB in 1984 as direct agriculture officer. He then worked under various capacities in multiple fields of banking operations both within India and abroad. OUR BUREAU

RBI files application in NCLT to initiate insolvency against DHFL

Supply of essential goods and services to the corporate debtor will not be terminated during moratorium period

OUR BUREAU
Mumbai, November 29

The Reserve Bank of India (RBI), on Friday, filed an application in the National Company Law Tribunal (NCLT), initiating corporate insolvency resolution process against the financially stressed Dewan Housing Finance Corporation Ltd (DHFL) under the Insolvency and Bankruptcy Code 2016.

This is the first time the RBI has invoked IBC for a non-banking finance company after the government notified rules pertaining to Insolvency and Liquidation Proceedings of Financial Service Providers (FSP) and Application to Adjudication Authority. DHFL

owes about ₹84,000 crore to lenders, including banks, insurance companies, mutual funds, pension funds, individual depositors, and non-convertible debenture holders.

According to Rule 5 (b) (i) of the FSP Insolvency Rules, an interim moratorium will commence on and from the date of filing of the application till its admission or rejection.

On the insolvency commencement date, the adjudicating authority (AA) shall, by order, declare moratorium for prohibiting institution of suits or continuation of pending suits or proceedings against the corporate debtor; transferring, encumbering, ali-



Deep in debt DHFL owes about ₹84,000 crore to lenders, including banks, insurance companies, and mutual funds, among others

enating or disposing off by the corporate debtor any of its assets or any legal right or beneficial interest therein.

The AA shall prohibit any action to foreclose, recover or enforce any security interest created by the corporate debtor in

respect of its property; the recovery of any property by an owner or lessor where such property is occupied by or in the possession of the corporate debtor.

Under the rules, the supply of essential goods or services to

Forex reserves rise to \$449 b

PRESS TRUST OF INDIA
Mumbai, November 29

Foreign exchange reserves continued the upward move, gaining by a modest \$347 million to touch a new high of \$448.6 billion in the week to November 22, according to the weekly data released by the RBI on Friday. In the previous week, the reserves had increased by \$441 million to reach \$448.249 billion.

The gain in reserves was mainly on account of an increase in foreign currency assets, a major component of the overall reserves, which rose by \$254 million to \$416.725 billion in the reporting week, the data showed.

Expressed in dollar terms, the foreign currency assets include the effect of appreciation or depreciation of non-US units, such as the euro, pound and the yen held in forex reserves. During the reporting week, gold reserves increased marginally by \$87 million to \$26.796 billion. The special drawing rights with the IMF were up by \$5 million to \$1.44 billion during the week.

It's a rush for FASTags as banks, customers gear up for Dec 15 deadline

SURABHI

Mumbai, November 29
Ahead of the December 15 deadline for FASTags, banks and payment companies are seeing a rush for issuance and are also offering a variety of facilities such as doorstep delivery, waiver of the tag issuance cost of ₹100 for now, and even free movie tickets.

Where to buy them

According to data with the National Payments Corporation of India (NPCI), FASTag issuances amounted to 63.7 lakh at the end of October, and industry experts believe

this number is likely to have risen significantly since then. FASTags can be purchased from nearly two dozen banks, including those in the public and private sector, such as State Bank of India and ICICI Bank. Customers can opt for an on-line issuance of FASTag or apply for it at their bank branch. FASTags can also be purchased from toll plazas, petrol pumps, as well as from e-commerce websites such as Amazon.

Private sector lender ICICI Bank, which was among the first to get into the segment, has issued over 22.5 lakh tags

as on date, amounting to nearly 30 per cent of the tags issued so far. It plans to take it to 40 lakh in the next six months.

"There has been a huge increase in demand for FASTag over the past few days, owing to the mandate from the government. ICICI Bank has been proactively reaching out to its customers, and has enabled multiple channels to avail FASTags," Sudipta Roy, Head, Unsecured Assets, ICICI Bank, told *BusinessLine*. Axis



Bank is also offering doorstep delivery, and customers will also get real-time SMS alerts for all transactions made at the toll plaza. "The bank has on-boarded over 50 toll plazas, and has a base of around 10 lakh FASTag customers," Axis Bank said, adding that it has a target to add 10 lakh new FASTags in the next three months.

Paytm Payments Bank said

it has also on-boarded more than 10 lakh vehicles on the road. "Over 30 lakh vehicles are expected to get on the bandwagon soon," it said in a statement, adding that it is also the acquiring bank for more than 110 toll plazas in India. According to Shailendra Singh, Head of Digital Banking, Bank of Baroda, to meet the increased demand for FASTags, the bank has enabled additional 500 sales point from where customers can collect them. It has also arranged adequate inventory of FASTags at all locations.

Customers will also re-

ceive a 2.5 per cent cashback on all NHAI toll transactions throughout this fiscal year. Apart from customers, many banks are also working on the acquiring side for seamless integration, monitoring, and helpdesk support.

Some companies are also looking to increase the use of FASTags for other related payments.

According to Abhijeet Sehgal, CEO and co-founder of fintech firm iPay, toll collection on National Highways is estimated at ₹30,000 crore. "iPay accounts for 5 per cent of the total industry. We are now focussing on in-

creasing the usability of FASTags by incorporating new-use cases such as parking, fuelling services, and e-challans," he said.

FASTag is a Radio Frequency Identification Device reloadable tag affixed on the windshield of the vehicle and allows for automatic deduction of toll charges without the vehicle having to stop for a cash transaction.

From December 15, it is mandatory for payments at National Highway toll plazas, failing which the vehicle owner will have to shell double the toll amount.

Bank recapitalisation should be via cash, not bonds: Rangarajan

OUR BUREAU

Hyderabad, November 29
Though there is a decline in the country's growth numbers, the situation does not amount to recession, said C Rangarajan, noted economist and former RBI Governor. He was speaking to reporters on the sidelines of a seminar on 'Non-Performing Assets (NPA) and its Resolution in Indian Banks' at the ICFAR Foundation for Higher Education here on Friday.

"There is no doubt about the fact that there is slowdown, but the slowdown is in growth rate," said Rangarajan, adding that it might take two three years to return to about 7 per cent growth. Earlier, while speaking at the inaugural session of the seminar, Rangarajan said recapitalisation of banks should be done by infusing cash and not via bonds.

PTI adds:

Rangarajan's comments assume significance as Finance



C Rangarajan

Minister Nirmala Sitharaman had announced upfront capital infusion of ₹70,000 crore into public sector banks in August, a move aimed at boosting lending and improving the liquidity situation.

Rangarajan, however, said the Centre has infused ₹2-lakh crore capital into various banks during the past three years and that it would be difficult for any dispensation to pump in so much capital in cash form.

"I also have a point that one of the answers to the problems faced by the banking system is to ensure that the capitalisation of the banks is done properly." According to him, the mode of recapitalisation that is being done now is through the

issue of bonds. "What banks really gain is only the interest income through the bonds. This also needs a relook...I feel guilty because we initiated this in the early 1990s. But that was a different situation.

"The fiscal was undergoing a great deal of problems as part of the reforms (then). But should we continue with this system?" he asked. The economist said though the majority of banks are owned by the government, it is necessary to ensure that the lenders run business in the national interest and that the government does not interfere in the commercial decisions of banks.

"The credit decisions must be left to the boards (of directors of banks). And the people talk about arm's length between the board and the government. There is still much that needs to be done in terms of appropriate mechanism for appointing the boards (and) chief executives of banks," he said.

Weak rupee prompts global funds to dump Indian bonds

BLOOMBERG

New Delhi, November 29
The government needs all the help it can get as it tries to develop the small corporate bond market to overcome a cash crunch that has hobbled economic growth. But weakness in the rupee is making that harder. Foreign investors spooked by the currency's slide sold \$1.03 billion of local notes more than they bought this month, the most since April, dragging their holdings down to a 2.5-year low of ₹1.9-lakh crore.

Cash-strapped businesses struggling to get financing amid an NBFC crisis would no doubt like to see foreigners taking out their cheques - global investors make up only a small proportion of overall local corporate bond holdings. But rising defaults, a slowing economy, and a sovereign outlook downgrade by



Some yield-starved global fund managers are bargain hunting for Indian corporate debt - it is just that they are going for dollar bonds

Moody's have given global funds further pause.

The rupee is the worst-performer among emerging market peers in Asia this half.

That has crimped flows from offshore into corporate bonds.

It is a different picture for

the nation's stock market as investors expect to profit more from the recent corporate tax cuts. Foreigners were net buyers of \$3 billion of Indian equities this month, headed for the highest since March.

Prime Minister Narendra Modi's steps to revive economic growth are not assuring many corporate debt investors.

Moody's and S&P Global Ratings have flagged risks that the troubled NBFC sector will worsen a prolonged credit squeeze.

Still, some yield-starved international fund managers are bargain hunting for Indian corporate debt - it is just that they are going for dollar bonds, which preclude the need for currency hedges.

That has helped issuance of foreign currency securities by Indian borrowers reach a record in 2019.

No one lending money due to pending PIL: Indiabulls to HC

PRESS TRUST OF INDIA

New Delhi, November 29
Indiabulls Housing Finance Ltd, on Friday, told the Delhi High Court the PIL by an NGO alleging financial irregularities against the company has led to a situation where no one was lending it money, and urged the court to observe that the litigation should not come in the way of its normal business.

A bench of Chief Justice DN Patel and Justice C Hari Shankar, however, declined to make any such observation. The court issued fresh notices to the National Housing Bank (NHB) and Registrar of Companies, as neither had they filed their response to the petition nor were they represented by a lawyer.

The bench also gave more time to the RBI, SEBI and SFIO to file their replies and listed the matter for hearing on February 28. Senior advocate Rajiv Nayyar, appearing for IBHFL, told the bench the latest affidavit by the Ministry of Corporate Affairs (MCA) indicates loans granted

by it have been repaid, and the suspicions raised by the NGO in its petition have been addressed.

He said the inspections mentioned in the affidavit of MCA pertained to routine and nothing serious. He also told the court the company has received communications from the RBI and NHB informing it that they have initiated special audit of Indiabulls and NHB was also carrying out an inspection of IBHFL.

In view of the actions being taken by all these authorities, the plea of the NGO, Citizens Whistle Blower Forum, claiming inaction has been addressed, and the court need not monitor the inspection and audit processes, he said.

During pendency of the litigation, the company was not being lent money by any bank on the ground it was under scanner of the High Court and, as a result, it was unable to lend to anyone leading to its business coming to a standstill, Nayyar claimed.

'Capital raised by us will see us through the next few years'

SURABHI

Mumbai, November 29
The capital raised by Ujjivan Small Finance Bank, estimated at about ₹750 crore in its upcoming initial public offering, will be used for business expansion, including for branches and digital technology, and will see the bank through the next



What are your expectations from the IPO?

Expectations will be decided by the market. We are going through this activity as there is a requirement to list an SFB within three years of operations; so, we are complying with that. The capital that we raise will be good for us for the next couple of years as we are growing our business very rapidly.

very aspirational and focussed, very purpose-driven, and clear about the customer segments we want to focus on. So, I am very excited about it.

How do you see Ujjivan SFB among its peers?

All SFBs are doing well. I think we are among the best for a variety of reasons - in terms of size we are in the top three. We are the lowest in terms of credit cost and quality. In terms of distribution and network, we are the most widespread. We have a sizeable

number of branches.

Is the bank looking to further expand its geographical presence?

We are in 24 States and one Union Territory, but probably less than half of the districts in the country. We have a view on the districts we should go into and also

widening and deepening our presence in existing markets. So, expansion will obviously continue to happen.

The Reserve Bank of India had made certain observations on the bank...

It was reported recently as we made it a part of the DRHP. But it is a

voluntary disclosure by us as we need to be in good order for the DRHP.

Those were the observations for the first year of Ujjivan SFB, which is 2017-18. We have responded to each of the points reported in the media and have notified the stock exchanges, too. We are absolutely right there and there is no concern.

How will the promoter shareholding be further diluted after the IPO?

The promoter shareholding will mostly come down to about 85 per cent after the IPO. We will get to know when we are closer to listing. After that, we will have to look at the other requirement, which is to reduce the promoter shareholding to 40 per cent within five years, and also the option of the promoter completely exiting. But, I think, we will plan this after we fin-

ish this transaction.

How do you see the credit demand among small-ticket borrowers?

There is demand for small-ticket lending, small-ticket businesses, consumption loans, and loans for education. Microfinance did not get impacted other than (at the time of) national calamities and temporary setback from demonetisation. Other than that, there is clear demand for good quality credit on the secured side. We are also clear there is good demand for affordable housing, which has not got impacted, and that is also our target market.

Are there concerns over repayment?

Our credit quality shows that. Our gross NPA was 0.9 per cent and net NPA 0.3 per cent as on September 30, 2019. It is probably the best in the industry.

Liquidity pressures faced by NBFCs to continue: Fitch

PRESS TRUST OF INDIA

New Delhi, November 29
Liquidity pressures faced by the non-banking financial sector are likely to continue, though funding costs have come off the peak, Fitch Ratings said on Friday.

"We view wholesale and housing finance companies as more vulnerable, given their higher leverage, weaker asset-liability maturity profiles, and higher concentration risks. Large retail finance companies with well-managed ALM profiles should continue to access bank and capital markets funding. Further, funding diversification in the offshore markets by larger issuers would benefit their funding profiles," it said in its outlook for emerging market finance and leasing companies.

Indian finance and leasing companies are likely to grow at a slower pace in 2020 than the previous years it added.