

QUICKLY

Rupee dives 28 paise versus dollar
Mumbai, November 6
Snapping its three-session winning streak, the Indian rupee tumbled 28 paise to close at 70.97 against the US dollar on Wednesday as continuing uncertainty over the US-China trade deal affected currency market sentiment worldwide. However, robust foreign fund inflows and easing crude oil prices restricted the fall for the domestic unit, forex brokers said. At the interbank foreign exchange market, the rupee opened at 70.80 and skidded to 71.01 against the greenback intra-day. The local unit finally settled at 70.97, down 28 paise over its previous close. The dollar index, which gauges the greenback's strength against a basket of six currencies, fell by 0.14 per cent to 97.84.

ESAF SFB net vaults 284% in H1
Kochi, November 6
Kerala-based ESAF Small Finance Bank has recorded a 284 per cent increase in net profit for the half year ended September at ₹2.44 crore, against ₹2.07 crore in the previous year. The increase in net profit is largely led by its higher business volume and asset quality improvement. K Paul Thomas, Managing Director and CEO, ESAF Small Finance Bank, said the encouraging results showed the strong performance of the bank, despite a slowdown in the market. This also indicates the growth aspirations in rural areas. Deposits have registered an increase of 98.72 per cent, touching ₹6,063.37 crore, against ₹3,054.20 crore during the previous year.

How PSBs have gained by not moving to lower corporate tax rate in Q2

ANALYSIS

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BL Research Bureau

The Centre's move to bring down corporate tax rate may have cheered the market. But public sector banks (PSBs) have not jumped the gun and adopted the new tax regime yet. All public sector banks that have so far declared their September quarter results have continued to recognise taxes as per the earlier applicable tax rate of 30 per cent (effective 34.94 per cent), rather than moving to the lower tax rate of 22 per cent (effective 25.17 per cent).

It appears that while the move would benefit banks by lowering the tax outgo on the current fiscal's earnings, the gain would be more than offset by sharp write-downs in their deferred tax assets. The net impact (negative) could have eroded profits and capital, forcing the Centre — the perpetual bene-

factor — to infuse yet more capital into these state-owned banks. PSBs are currently evaluating the option to shift to lower tax. But given the already weak earnings performance and persisting challenges on the bad loan front, it is highly likely that they may drag their feet. Though a one-time impact and essentially an accounting entry, the optics and headline numbers on profit and capital ratios could spook the market and throw up concerns on the fiscal front, as the government may have to pump in additional capital.

Scan & Share



Deferred tax assets

Moving to the lower corporate tax rate will have two main implications for banks. One, lower tax on profit earned during the fiscal. Two, adjustment of net deferred tax assets (DTA) sitting on banks' balance sheet, computed based on the earlier tax rate. For banks with large bad loans, the latter (DTA im-

One-time impact on earnings could be significant

	Net deferred tax asset as of FY19 (₹ cr)	Possible write-down on re-assement (₹ cr)*
SBI	10,422	2,916
Oriental Bank	3,581	1,002
Corporation Bank	5,446	1,524
Bank of Baroda	7,408	2,073
Canara Bank	3,335	933
UCO Bank	8,086	2,263
Union Bank (I)	5,479	1,533
United Bank (I)	5,172	1,447
Central Bank	7,894	2,209
Syndicate Bank	2,272	636
Bank of India	11,885	3,326
Allahabad Bank	2,895	810
Andhra Bank	2,298	643
Indian Bank	509	142
PNB	18,580	5,199

*estimated by taking into account the difference in old (34.94%) and new tax rate (25.17%)

pact) would have a substantial impact on profit. At present, banks provide for bad/stressed loans.

However, for taxation purposes, under the Income-Tax Act, the provisions allowed may be lower. Among other reasons, this mismatch also leads to creation of deferred tax assets. Banks moving to the new tax rate regime will have to re-assess the DTAs based on the lower tax rate (DTAs currently under balance sheet at higher tax rate applicable earlier). This could lead to sharp write-downs, impacting profit.

For instance, in the case of Axis Bank and ICICI Bank, there was a one-time steep write-down in DTA of ₹2,138 crore and ₹2,920 crore, respectively, in the September quarter, which impacted their earnings.

The DTA figures for PSBs, as disclosed in the FY19 annual report, suggest that for most of them a similar re-adjustment on a move to lower tax rate would lead to sharp mark-downs. While most analysts had pegged in the possible impact of DTA write-down in the September quarter, PSBs may have put off the decision to move to lower tax

for now, given that weak core performance and elevated provisioning on bad loans are already eating into profits.

For instance, in the case of PNB, based on the DTA figure for FY19, the re-adjustment could mean a little over ₹5,000 crore of write-down. The bank had witnessed a rise in bad loans and provisioning in the latest September quarter, and the modest ₹507 crore of profit was due to the deferment of about ₹2,200 crore of provisions in respect of certain frauds.

A sharp write-down could have led to huge loss eating into capital. Bank of India, Central Bank of India and SBI are other PSBs that could take a huge hit on account of DTA adjustment when they move to the lower tax rate.

Of course, the overall DTA impact would be offset to some extent by the benefit on lower tax outgo for the fiscal. But given the weak earnings performance of most PSBs, it appears that the negative impact of DTA would far outweigh the gains.

HDFC chief calls for one-time restructuring of real estate loans

OUR BUREAU
Mumbai, November 6

HDFC Chairman Deepak Parekh, on Wednesday, called for a one-time restructuring of certain real estate loans to overcome the "current crisis of confidence" that has beset the housing finance and NBFC sector.

"Personally, I do believe that we can overcome this crisis of confidence if lenders are allowed a one-time restructuring of certain real estate loans — particularly for stuck projects — where building approvals have been delayed," he said, adding that if these restructured accounts are considered as standard assets for a period of 12 months or so, lenders will stop being so diffident.

Noting that critics may argue that this is just kicking NPA's down the road, Parekh said he has a different opinion. "But my stance is that real estate loans are different. The value of the land is always there," he said.

Indiabulls Housing Fin Q2 profit falls to ₹709 cr

OUR BUREAU
Mumbai, November 6

Indiabulls Housing Finance's (IBH) net profit fell by 32 per cent to ₹709.5 crore in the second quarter of the fiscal. Its consolidated profit for the July to September 2018 quarter was ₹1,044.15 crore. Its total revenue also declined by 19.6 per cent to ₹3,419.54 crore in the quarter ended September 30, 2019, against ₹4,254.30 crore in the same period a year ago.

Net interest income
Similarly, its net interest income also fell by 17.8 per cent to ₹1,252 crore in the second quarter of the fiscal from ₹1,523 crore a year ago. The company has taken benefit of

the lower corporate tax rate and recognised provisions for income tax and re-measured its direct tax assets and liabilities.

Its gross non-performing assets stood at 1.51 per cent, or ₹1,611 crore, at the end of the second quarter, from ₹1,662 crore at the end of the first quarter this fiscal. Net NPA was at ₹1,139 crore, which is 1.07 per cent, against ₹1,246 crore, or 1.10 per cent, as on June 30, 2019.

Indiabulls Housing Finance is the second-largest housing finance company in the country. Balance sheet size at the end of the second quarter was ₹1,11,618 crore, and the on balance sheet loan book stands at ₹82,135 crore.

Its capital adequacy ratio was 28.93 per cent and liquidity coverage ratio is at 783 per cent. Despite the continued challenges in the NBFC and housing finance sector, IBH, in a statement, stressed that it is on a strong footing and that it will focus on retail loans.

"At a minimum we are now looking at disbursing ₹30,000 crore of retail home loans and LAP over the next 12 months. The business is otherwise on an extremely strong footing," said Gagan Banga, Vice-Chairman and MD, IBH.

"We are one of the least levered in the NBFC and HFC sector, with a net leverage of only 3.6 times," the company said in a statement. It also underlined that its cash and li-

quid investments comfortably cover the next 12 months of debt repayments of ₹20,151 crore.

Interim dividend

IBH has reduced commercial paper borrowing to ₹500 crore, which now constitutes to only 0.4 per cent of its funding. An interim dividend of ₹7 per share of face value ₹2, amounting to 350 per cent, was also declared in the board meeting held on Wednesday.

It also approved the issuance of secured and unsecured redeemable non-convertible debentures of up to ₹10,000 crore, and NCDs along with warrants through QIP of up to ₹100 crore, subject to applicable approvals.

Working group submits report to RBI chief for better regulation of core investment companies

OUR BUREAU
Mumbai, November 6

In a bid to bring in better regulation of core investment companies (CICs), a working group set up by the Reserve Bank of India has identified six main issues, including excessive leverage and corporate governance, and has suggested restricting the number of layers in such firms in a group to two.

"As such, any CIC within a group shall not make investment through more than a total of two layers of CICs, including itself," said the working group to review the regulatory and supervisory framework for CICs in its report, as this would

facilitate simplification and transparency of group structures. For complying with this recommendation, the RBI may give about two years' time to the existing groups having CICs at multiple levels, it has suggested. The group, set up in July this year and chaired by former Corporate Affairs Secretary, Tapan Ray, submitted its report to the RBI Governor Shaktikanta Das on Wednesday.

To address problems of over leverage, the report has also recommended that capital contribution by a CIC in a step-down CIC, over and above 10 per cent of its owned funds, should be deducted from its ad-

justed network, as applicable to other NBFCs.

"Further, step-down CICs may not be permitted to invest in any other CIC, while allowing them to invest freely in other group companies," it said. CIC is an NBFC that owns shares and securities and holds not less than 90 per cent of its net assets in the form of investment in equity shares, preference shares, bonds, debentures, debt or loans in group companies.

Further, investments in equity shares in group companies, constitute not less than 60 per cent of its net assets. In September last year, IIL&S,

which was a CIC with a large number of subsidiaries, defaulted on payments and the event brought the spotlight on the functioning of this model.

The panel also highlighted the need for corporate governance norms at such firms, as they are not explicitly applicable to them at present. To this end, it suggested that every group having a CIC should have a group risk management committee. It has also recommended the constitution of board-level committees — audit committee and nomination and remuneration committee — and has advocated the need to induct independent directors

ICL Fincorp aims to list in next 15 months via reverse merger route

OUR BUREAU
Chennai, November 6

Kerala-based gold loan non-banking finance company ICL Fincorp is hopeful of getting listed in the next 15 months. The company became eligible to be listed under the reverse merger mechanism after it acquired a 74.27 per cent stake in Kolkata-based listed NBFC player, Salem Erode Investments. The reverse merger process helps an unlisted company to bypass the lengthy and complex process of going public.

"We have already received approvals from SEBI and RBI Chennai and Kolkata for the merger, and we expect all required formalities for listing to be completed in another 15 months," KG Anil Kumar, Chairman and Managing Director, ICL Fincorp, told BusinessLine.

ICL Fincorp has also issued an open offer to acquire 25.73 per cent of the public holding in Salem Erode Investments. The NBFC currently has 157 branches across all the five States of South India, and is looking to expand its geographical footprint across India with 1,000 new branches by 2022.

"In Tamil Nadu, we currently have 28 branches, and we will increase this number to 100 in the next two years," said Kumar. The NBFC's assets under management stood at around ₹200 crore during the previous fiscal, of which 91 per cent came from the gold loan portfolio.

Fund-raising plans

ICL Fincorp has obtained a trade licence in Dubai and will commence operations in the next three months.

Mumbai to host two-day fintech festival in March

OUR BUREAU
Mumbai, November 6

Mumbai Fintech Hub and Fintech Convergence Council are jointly organising a two-day fintech festival here in March to make the city a global centre for fintech firms.

The India Fintech Festival, to be held on March 4 and 5, is being planned as a global platform for investments, exchange of ideas, and knowledge sharing. The event is being backed by the Maharashtra Government, along with World Bank, NITI Aayog, and Invest India.

Navin Surya, Chairman, FCC, said India received over \$2 billion of investments in fintech last year.

Moody's places YES Bank under review for downgrade

OUR BUREAU
Mumbai, November 6

In fresh trouble for private sector lender YES Bank, global rating agency Moody's, on Wednesday, placed the bank's foreign currency issuer rating of Ba3 under review for downgrade.

"The review for downgrade is driven by two factors — YES Bank's weak financial performance in the quarter ended 30 September 2019...and the announcement by the bank that it had received a binding offer from a financial investor to invest up to \$1.2 billion via new equity capital into the bank," said Moody's.

While the capital-raising will help improve YES Bank's weak finances, Moody's said there are significant execution risks

around the timing, price and regulatory approvals required. "During the review period, Moody's will focus on the bank's ability to raise new equity capital," it said.

On August 28, Moody's had downgraded YES Bank's long-term foreign-currency issuer rating and long-term foreign and local currency bank deposit ratings to Ba3 from Ba1, and had said that the outlook is negative, wherever applicable.

The private sector lender, which has been facing a challenging time in recent months, posted a net loss of ₹600 crore in the second quarter of the fiscal due to a one-time DTA provision of ₹709 crore for the lower corporate tax regime.

Canara Bank profit up 20%

OUR BUREAU
Bengaluru, November 6

Canara Bank has posted 20.36 per cent higher profits after minority interest on consolidated basis for the second quarter of financial year FY20 at ₹442.86 crore, against ₹367.92 crore posted in the same period last year.

The bank's total income also was higher by 15.41 per cent at ₹15,509.36 crore, against ₹13,437.83 crore recorded last year. EPS for the quarter stood at ₹5.88, against ₹5.02 posted last year.

The bank's gross NPA stood at ₹38,934.30 crore (last year ₹45,454.25 crore) and net NPA is ₹22,122.38 crore (last year ₹26,807.51 crore). The percentage of gross NPAs stood at 8.71 per cent, against 10.60 per cent last year.

Corp Bank Q2 net up 26%

OUR BUREAU
Mangaluru, November 6

Corporation Bank registered a net profit of ₹129.76 crore in the second quarter of 2019-20, against a profit of ₹103.01 crore in the corresponding period of 2018-19, recording a growth of 25.96 per cent.

The bank's unaudited (reviewed) financial results for the second quarter, which was submitted to the stock exchanges on Wednesday, put provisions (other than tax and contingencies) at ₹789.45 crore (₹808.32 crore).

Provisioning for NPAs

Of this, provisions for non-performing assets (NPAs) were at ₹658.09 crore (₹728.56 crore) during the period.

The gross NPA of the bank was at ₹20,822.82 crore

(₹21,714.16 crore) and net NPA at ₹6,751.2 crore (₹13,534.01 crore) during the quarter.

In percentage terms, gross NPA stood at 15.43 per cent (17.46 per cent) and net NPA at 5.59 per cent (11.65 per cent) during the second quarter.

The provision coverage ratio of the bank was at 83.95 per cent during the quarter, against 65.47 per cent in the corresponding period last year.

The net interest income of the bank stood at ₹1,334.43 crore during the second quarter of 2019-20, against ₹1,457.60 crore in the corresponding period of the previous fiscal.

Other income of the bank increased to ₹705.72 crore (₹246.23 crore) during the period.

Luxury spend by millennials driving growth of Amex cards

KR SRIVATS
New Delhi, November 6

Millennials — those in the age group of 19 to 39 — who are users of Amex cards, spend more on luxury than an average Amex card member, a new study by Amex India on luxury spends has revealed.

One-third of the total luxury spends are by millennials, and their spend on luxury is the fastest-growing at 27 per cent, much higher than the growth rates of 11 per cent and 3 per cent seen among Generation X (40 to 54 years) and Baby Boomers (55 to 75 years), shows the Amex 'Luxury Spending' study.

"This analysis has shown us that luxury spend continues to increase (by Amex card users)," Manoj Adlakha, Senior Vice-President and CEO, American Express Banking Corporation - India, told BusinessLine, sharing the findings of the study.

Millennials now form a significant customer segment for Amex in India, accounting for 37 per cent of the overall customer base.

As much as 55 per cent of the new members getting into the American Express

franchise are millennials, according to Adlakha.

Dining out

Millennials contribute to 42 per cent of the luxury spend on dining out — the highest spend share by them when compared to luxury jewellery, luxury hotel stays or luxury clothing.

"They (millennials) continue to enjoy their iPhones and accessories, but a lot, we are seeing, is on dining out," said Adlakha.

Adlakha said luxury jewellery is the fastest-growing industry for millennials, with a spend growth of 43 per cent, followed by luxury hotel stays (29 per cent), dining (25 per cent), and luxury clothing (17 per cent). The appetite for international travel is also increasing.

So, what explains this trend by millennials? Adlakha said millennials have a positive outlook, more disposable income with them, and many have even switched their mindset from savings to consumption.

Many of them want to live the moment, he noted.

Interestingly, millennials account for less than 30 per



Millennials form 37 per cent of Amex's overall customer base

cent of the overall spends by Amex card users.

Domestic luxury

The Amex analysis revealed that as much as 56 per cent of the total domestic luxury spend comes from card members in India. About 44 per cent is from card members from other parts of the world and spending in India.

Interestingly, Amex Card members coming to India from abroad spend twice the transaction amount, compared to those within India.

International travellers coming to India are beginning to explore and discover Tier 3 cities. Their spend on smaller cities, which are

(45 per cent increase), followed by France (30 per cent) and Switzerland (at 27 per cent). "Millennials like to travel and luxury is an important segment," he said. Ten years ago there were only one million HNI households in India (where the annual income is over ₹30 lakh). Last year, that number was eight million, and the estimate is that 10 years from now, by 2030, it will rise to 30 million. "There is a lot of growth in the higher-income segment," said Adlakha.

Platinum Charge Card

For the first time, Amex India will roll out a brand campaign on Thursday that focusses on the Indian market for its Platinum Charge Card. This brand campaign has been shot with Bollywood actor Farhan Akhtar.

This will be a 360-degree marketing campaign across print, digital and television on the Platinum Charge Card.

This is a product that is targeted at the most affluent global or domestic traveller, a person who is looking at more intangibles, experiences and best services.

POLYSPIN EXPORTS LIMITED

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NOTICE

For attention of Equity Shareholders of POLYSPIN EXPORTS LIMITED

Sub: Transfer of unpaid/unclaimed dividend and Equity shares of the Company to Demat Account of the Investor Education and Protection Fund Authority

Notice is published pursuant to Rule 6(3) (a) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 (the Rules), read with Section 124(6) of the Companies Act, 2013

Pursuant to the provisions of Section 124(6) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (Rules), as amended from time to time, the Company is mandated to transfer all the Shares in the name of Investor Education and Protection Fund (IEPF) in respect of which dividends have not been claimed for seven consecutive years or more.

The dividend for the financial year 2011-2012 which remains unpaid for a period of seven consecutive years or more as on 31.10.2019 will be transferred to IEPF Account. Further in compliance with the said Rules, the Company has communicated individually to the shareholders who have not encashed the dividend for 2011-2012 for the last seven years, will be transferred to the Demat account of IEPF Authority. The Company has also uploaded on its website www.polyspin.org under Investors Section, the details of such shareholders whose shares are liable to be transferred to the IEPF Authority. The Company shall take necessary steps to transfer the concerned shares held by such shareholders in physical or demat form to the Demat account of IEPF Authority within the due date in accordance with the Rules.

The Shareholders may please note that no claim shall lie against the Company in respect of the shares and dividends thereof credited to the Account of IEPF Authority on transfer of the Dividends and the shares to IEPF Authority, the shareholders may however claim the same by making an application to IEPF Authority in Form IEPF-5 as per the procedure prescribed in the Rules.

In case the shareholders have any queries on the subject matter, they may contact the Company's Registrar and Transfer Agent, M/s. Integrated Registry Management Services Private Limited, 2nd Floor, Kences Tower, No.1, Ramakrishna Street, North Usman Road, T. Nagar, Chennai-600017, Tel:044-28140801-03 Fax:04428142479, website: www.integratedindia.in

For POLYSPIN EXPORTS LTD,
P.K.RAMASUBRAMANIAN
COMPANY SECRETARY

Place: Rajapalayam
Date: October 31, 2019.