MARKET WATCH

	07-11-2019	% CHANGE
Sensex	40,654	0.45
US Dollar	70.97	0.00
Gold	38,930	-0.18
Brent oil	62.52	-0.53

NIFTY 50

	PRICE	CHANGE
Adani Ports	390.45	-0.55
Asian Paints	1826.95	29.35
Axis Bank	734.75	-12.50
Bajaj Auto	3265.85	17.55
Bajaj Finserv	8832.90	60.05
Bajaj Finance	4225.85	37.70
Bharti Airtel	371.75	0.30
BPCL	513.20	-10.70
Britannia Ind	3223.80	-4.05
Cipla	471.85	-9.00
Coal India	212.50	0.10
Dr Reddys Lab	2871.05	8.35
Eicher Motors	21423.95	-181.60
GAIL (India)	132.10	-4.60
Grasim Ind	777.85	4.60
HCL Tech	1148.45	0.10
HDFC	2251.00	30.40
HDFC Bank	1263.70	7.05
Hero MotoCorp	2660.85	-17.50
Hindalco	205.20	3.70
Hind Unilever	2138.25	-41.20
ICICI Bank	478.55	-2.15
IndusInd Bank	1381.90	38.90
Bharti Infratel	229.45	8.30
Infosys	720.10	7.80
Indian OilCorp	135.85	0.25
ITC	265.85	4.50
JSW Steel	252.65	4.40
Kotak Bank	1584.00	12.95
L&T	1435.05	-18.00
M&M	580.35	0.55
Maurti Suzuki	7287.15	-24.00
Nestle India Ltd.	14711.25	61.60
NTPC	119.55	-1.10
ONGC	142.05	-2.60
PowerGrid Corp	194.20	-0.90
Reliance Ind	1458.60	23.70
State Bank	318.15	0.60
Sun Pharma	440.60	12.70
Tata Motors	171.50	-3.00
Tata Steel	403.10	-1.35
TCS	2185.35	-3.15
Tech Mahindra	769.70	-2.20
Titan	1167.20	11.10
UltraTech Cement	4187.40	51.75
UPL	577.70	-28.90
Vedanta	160.95	3.00
Wipro	259.65	2.80
YES Bank	66.45	-2.25
Zee Entertainment	285.75	-0.05

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on November 07

CURRENCY	TT BUY	TT SELL
US Dollar	70.75	71.08
Euro	78.34	78.69
British Pound	90.66	91.07
Japanese Yen (100)	64.83	65.12
Chinese Yuan	10.14	10.19
Swiss Franc	71.24	71.57
Singapore Dollar	52.12	52.36
Canadian Dollar	53.74	53.98
Malaysian Ringitt	17.15	17.24

Source:Indian Bank

BULLION RATES CHENNAI

November 07 rates in rupees with previous rates in parentheses

Retail Silver (1g)	49.2	(49.1)
22 ct gold (1 g)	3658	(3658)

IRDAI cracks down on Reliance Health

Regulator asks health insurer to stop selling policies over solvency worries

N. RAVI KUMAR
HYDERABAD

The Insurance Regulatory and Development Authority of India (IRDAI) has directed Reliance Health Insurance Company (RHICL) to stop selling new policies.

It also directed the insurer to transfer the entire policyholders' liabilities along with financial assets to Reliance General Insurance Co. (RGICL) with effect from November 15.

Below level

IRDAI's direction follows the Anil Ambani group entity's solvency margin falling below the control level of 150% for some months now.

The regulator said in its order that the solvency ratio reported by RHICL for the quarter ended June was 106%.

"There was further deterioration in solvency between June and August 2019, from 106% to 77%," the order said. RHICL's solvency ratio declined to 63% as on September 30, 2019.

IRDAI said, it had, in August, issued a direction to the health insurer to restore the required level of solvency margin within one month.

"Despite repeated follow up, this has not been carried out so far. Thereafter, the insurer was issued a show-cause notice and given another opportunity to present its case."

As there had been no improvement, but only deterioration in the financial position of RHICL, a decision was taken to direct the insurer to stop selling new policies and transfer the entire policyholders' liabilities along with financial assets to RGICL with effect from November 15.

"Till that time, RHICL had been prohibited from using its assets for any payment other than claim settlement. It is estimated that the underlying assets are sufficient to meet the claims of the existing policyholders that may arise in future," IRDAI said.

Reliance General Insurance Co. had been directed to service the claims of the RHICL policyholders promptly and efficiently with effect from November 15.

"IRDAI will be closely monitoring the situation to ensure smooth transfer of the portfolio, settlement of claims and protection of the interest of the policyholders," a statement said.

The regulator said it would like to assure RHICL policyholders that "all their interests have been adequately protected and all genuine claims will continue to be duly honoured."

However, Reliance Capital, the promoter of Reliance Health, said it had proposed transfer of the health portfolio to Reliance General.

"As proposed by Reliance Capital, the promoter company of Reliance Health Insurance (RHI) and Reliance General Insurance (RGI), RHI will transfer its health insurance portfolio covering all financial assets and policyholder liabilities to RGI. This process is being undertaken in consultation with IRDAI and has been approved by the regulator," a Reliance Capital spokesperson said.

Sources said Reliance General Insurance and Reliance Health Insurance would be merged and the proposal was tabled by Reliance Capital about two weeks ago.

(With inputs from Manojit Saha in Mumbai)

Low pulse

- In August, IRDAI directed the insurer to restore the required solvency margin level in a month
- Despite many follow ups, this was not carried out, leading to a show-cause notice
- Reliance Health Insurance had commenced operations in October 2018
- The insurer has not been able to maintain the required solvency margin since June 2019
- Even then, there was no improvement, but only a deterioration in the firm's financial position

Finance Minister Nirmala Sitharaman with RBI Governor Shaktikanta Das, left, and Finance Secretary Rajiv Kumar. ■ PTI

Govt. mulling changes to laws to address inter-regulatory issues

FM discusses economy at FSDC meet

SPECIAL CORRESPONDENT
NEW DELHI

Finance Minister Nirmala Sitharaman held a review meeting on Thursday with the Financial Stability and Development Council (FSDC) during which she discussed the state of the economy in detail.

"The Council reviewed the current global and domestic macro-economic situation and financial stability and vulnerabilities issues, including... those concerning NBFCs and credit rating agencies," the government said in a release.

Speaking to reporters after the meeting, RBI Governor Shaktikanta Das said that the government was looking into making specific legislative amendments to address inter-regulatory issues, including the Multi-State Cooperative Societies Act, 2002.

"The state of the economy was discussed in detail and there were some inter-regulatory issues that were discussed," Mr. Das said. "We also discussed cybersecurity issues and going forward, from the point of view of the macro requirements, what kind of approach the regulators would take, particularly where there is inter-regulatory overlap."

"With regard to strengthening the regulatory mechanism, there is a need for certain amendments in the relevant Act that governs the multi-State cooperative societies and there the process of amending certain provisions of the Multi-State Cooperative Societies Act is being taken forward by the government in consultation with the RBI," Mr. Das added.

'NBFCs doing well'

The RBI Governor said that the current state of NBFCs was discussed and there were many NBFCs that were performing well.

"Today, both the banks and the markets are differentiating between the good NBFCs and the not-so-good NBFCs," Mr. Das said. "Even today, we have a good number of NBFCs that are well-functioning, which are able to access funds from the market and loans from the banks, and in fact some of them have got overseas funding also."

He said that the RBI was monitoring the top 50 NBFCs, which represented roughly 75% of the asset size of the NBFC sector, and held regular interactions with them. However, he did acknowledge that there were some NBFCs that were still in trouble.

ArcelorMittal targets year-end for completion of Essar Steel acquisition

Global major awaits Supreme Court verdict on appeal against NCLAT's order

SPECIAL CORRESPONDENT
MUMBAI

ArcelorMittal is awaiting the Supreme Court's order to complete the ₹42,000 crore acquisition of Essar Steel before the end of this calendar year. The steelmaker is expected to fund the transaction with one-third equity and two-third debt along with its joint venture partner Nippon Steel Corp (NSC).

The apex court had reserved its judgment on petitions challenging the National Company Law Appellate Tribunal (NCLAT) ruling in the Essar Steel insolvency case in which the appellate tribunal had equated operational and financial creditors for distribution of claims from the winning bid in the insolvency resolution process.

"The Supreme Court case, which dealt with appeals over NCLAT's earlier order, concluded on October 24, 2019. Assuming a favourable and clear final order which is expected to be issued shortly, the transaction closing is expected in 4Q 2019," ArcelorMittal said in a statement.

After completion of the deal, ArcelorMittal will jointly own and operate ESIL in partnership with Nippon Steel, in line with the joint venture formation agreement signed with the Japanese firm on January 22, 2019. "ArcelorMittal and NSC expect to finance the joint venture through a combination of partnership equity [one-third] and debt [two-thirds], and ArcelorMittal anticipates that its investment in the joint venture will be equity accounted," the statement said.

Reports loss

ArcelorMittal reported a net loss of $539 million during the third quarter ended September 30, 2019, compared to a net profit of $899 million in the year-ago period.

Commenting on the results, Chairman and CEO Lakshmi N. Mittal, said: "As anticipated, we continued to face tough market conditions in the third quarter, characterised by low steel prices coupled with high raw material costs. In these markets, we remain focussed on our own initiatives to improve performance and our priority is to reduce costs, adapt production and focus on ensuring the business remains cash flow positive. We continue to expect a substantial working capital release in the fourth quarter which should enable us to further reduce net debt year on year."

HDFC Bank slashes lending rate

SPECIAL CORRESPONDENT
MUMBAI

HDFC Bank has reduced the marginal cost of funds based lending rate (MCLR) by 5-10 basis points (bps) across various tenures with effect from Thursday.

While the overnight, one month and three month MCLR rates have been kept unchanged, the six-month MCLR has been reduced by 5 bps to 8.1% and one-year MCLR reduced by 5 bps to 8.3%.

The three-year MCLR has been reduced by 10 bps to 8.5%. Last month, RBI reduced the repo rate by 25 bps to 5.15% which has prompted some lenders to reduce interest rates.

Qatar Airways says keen on stake in IndiGo

QA enters into codeshare agreement with the budget airline, says not interested in Air India

JAGRITI CHANDRA
NEW DELHI

IndiGo and Qatar Airways (QA) on Friday entered into a one-way codeshare, which will allow the Doha-headquartered airline to place its code on IndiGo flights to Delhi, Mumbai and Hyderabad.

This is not just any codeshare, but a warming of ties between India's market leader and one of the world's biggest airlines, which has long wanted a foothold in India.

QA Group chief executive Akbar Al Baker, who has long pursued IndiGo for a share in the airline as well as had plans to set up an airline in India, said he continued to be "very keen on a stake in IndiGo," adding he was not interested in Air India at all.

The FDI policy, which requires substantial ownership and effective control (SOEC) to rest with an Indian, has proved to be a roadblock for Qatar to have its own subsidiary here.

IndiGo CEO Ronojoy Dutta, left, and Qatar Airways CEO Akbar Al Baker, in New Delhi on Thursday. ■ SANDEEP SAXENA

"India has one of the most restrictive regimes in the world. It is time (to relax the norms) for the sake of economic growth, tourism and employment. "Aviation is a market that will serve all these purposes very well," Mr. Al Baker told the media.

The tie-up gives QA greater access to India over and above the 24,000 seats per week it can operate under the bilateral seat-sharing arrangement between the two countries, and seamless connectivity to its passengers from Europe and U.S. destined for India.

"It (the international market) is a cold, dark, hostile world and we need friends. And one thing you learn from British history is that you need to choose your friends carefully," IndiGo CEO Ronojoy Dutta said about the tie-up. In choosing its partner, IndiGo has not only focussed on network compatibility but also "strategic thinking and company culture," Mr. Dutta explained, adding it planned to have "a long and binding relationship with Qatar" and the codeshare was only a 'baby step.'

Aggressive expansion

The partnership comes at a time when IndiGo has been aggressively expanding overseas – it has added 12 destinations in the past one year and its international network accounts for 24% of its total capacity deployment.

"This is probably a test to see how international connectivity is through a hub, as you will be able to see from the sales where the demand is coming from and get an indication of what are the top markets into Delhi, Mumbai and Hyderabad from Europe and the rest of Qatar's network," explains Lewis Burroughs, an aviation analyst at global consultancy ICF.

IndiGo also has plans to provide non-stop connectivity to Europe with A321 XLRs.

An industry expert, on the condition of anonymity, said the allusion to British history could be a hint of IndiGo trying to join International Airlines Group (IAG) – a multinational airlines company headquartered in London where Qatar has a primary ownership.

This way, IndiGo can save on its partnership costs for joining global airline's grouping such as OneWorld or Star Alliance and still benefit from the loyalty programme of IAG.

To a question on whether the codeshare with QA would impact a similar agreement with Turkish Airlines, Mr. Dutta said the two were not in conflict in any way.

HPCL net dips 3.66% on falling refinery margins

Company conferred Maharatna status

SPECIAL CORRESPONDENT
MUMBAI

Hindustan Petroleum Corporation Limited (HPCL) has reported a 3.66% fall in its second quarter net profit to ₹1,052 crore on falling refining margins.

The fall in profit came on the back of a 9.44% drop in sales to ₹66,165 crore, despite the sale of refining products registering a growth of 1.3% to 8.95 million tonnes.

The company's combined gross refining margins for the quarter fell to $2.83 per barrel compared with $4.81 in the year-ago period.

The company said it was conferred with the 'Maharatna' status in October 2019 by the government, and that this would provide greater operational and financial autonomy to the company.

HPCL's Mumbai and Visakh refineries processed 4.56 million tonnes of crude during the quarter versus 4.76 million tonnes in the year-ago period due to planned shutdown at Visakh refinery in September 2019, the company said in a statement.

The company has commissioned a total of 268 new retail outlets during the quarter, taking the total retail outlet network to 15,739 as of September 2019.

Similarly, a total of 87 new LPG distributorships were commissioned during the quarter, taking the total LPG distributorships to 5,979 as of September 2019.

"HPCL refineries are being upgraded to produce transportation fuels meeting BS VI specifications and HPCL will be ready to roll out BS VI fuel on a pan India basis as per the scheduled date," said the statement.

BPCL Q2 net rises 2.68% on lower tax

SPECIAL CORRESPONDENT
MUMBAI

Bharat Petroleum Corporation Limited (BPCL) has reported a 2.68% increase in its second quarter net profit to ₹1,502.63 crore on lower tax outgo. The rise in profits was reported in spite of a 9.65% fall in revenue to ₹75,627.99 crore.

Tax expenses during the quarter stood at ₹167.13 crore compared to tax outgo of ₹910.13 crore in the year ago period.

The oil marketing company sold 10.31 million tonnes of refined products compared to 10.13 million tonnes in the year ago period. BPCL's refining throughput during the quarter stood at 9.25 million tonnes compared to 8.75 a year earlier.

BPCL's shares on the BSE fell 2.08% to close at ₹512.80 in a firm Mumbai market on Thursday.

Cognizant to hire 23,000 students

SPECIAL CORRESPONDENT
CHENNAI

IT firm Cognizant will be hiring over 23,000 students in India in calendar year 2020, a top official said.

"We will be hiring over 23,000 students and this does not include BPO operations," said Ramkumar Ramamoorthy, chairman and MD, Cognizant India. "Our plan is to hire students from STEM discipline and primarily, engineering," he added.

He said in the last five years, Cognizant's net addition had been growing. "From 2014 to 2018, we had a net headcount addition of 66,000 in India. For the first nine months of this year, we have added 9,000 employees," he said.

City Union Bank profit up 15% on business growth

Lender reports fresh slippages of ₹190 cr.

SPECIAL CORRESPONDENT
CHENNAI

Private sector lender City Union Bank Ltd. (CUB) has posted a 15.21% increase in its standalone net profit for the second quarter ended September 2019 to ₹168 crore on 'strong business growth'.

During the period under review, the bank's net interest income (NII) rose 3.4% to ₹411.55 crore and net interest margin by 3.91%. The bank's capital adequacy metrics stood above the regulatory requirement of 15%.

Advances grew to ₹33,279 crore from ₹29,785 crore and deposits to ₹40,451 crore from ₹34,534 crore. CASA deposits grew by 22%, and accounted for 25% of total deposits.

Briefing the media, CUB MD and CEO N. Kamakodi said the bank recorded an overall steady growth in business and profitability. In asset quality too, the bank had maintained stable performance, he said.

According to him, fresh slippages during the period stood at ₹190 crore and total recovery at ₹115-₹120 crore.

Gross non-performing assets as a percentage of gross advances grew to 3.41% representing ₹1,135.44 crore, from 2.85% or ₹847.88 crore.

Net NPAs increased to ₹624 crore (1.9%) from ₹497.78 crore (1.69%).

Sun Pharma logs ₹1,064 cr. in Q2 profit

SPECIAL CORRESPONDENT
MUMBAI

Sun Pharmaceutical Industries Ltd. reported a net profit of ₹1,064 crore for the second quarter ended September 30, 2019, compared with a net loss of ₹269 crore in the same period last year.

Sales income from operations saw a growth of 16% to ₹7,949 crore over ₹6,846 crore.

India sales stood at ₹2,515 crore, up 35%. The finished dosage sales in the U.S. market at $339 million remained flat over Q2 last year.

'Emerging markets' sales, at $201 million, were up by 3% while 'rest of world' sales at $161 million grew 49% over Q2 last year.

Raymond to demerge lifestyle unit

Move will simplify group structure, says the company

SPECIAL CORRESPONDENT
MUMBAI

Raymond Ltd. has announced the demerger of its lifestyle business into a separate entity that will be listed through a mirror shareholding structure, the company said on Thursday.

Every shareholder of Raymond Ltd. will be issued shares of the new company in the ratio of 1:1. The move will create a clear demarcation of lifestyle and other businesses leading to the simplification of the group structure, the firm said.

The new company will have the businesses of branded textiles, branded apparel and garmenting while the existing company will retain real estate projects, Thane land bank, B2B

Gautam Hari Singhania

shirting business, engineering businesses of auto components and tools and hardware, denim and FMCG businesses.

Ahead of the announcement, the firm's shares closed with a gain of 6.94% at ₹673.70 on the BSE.

Raymond Ltd. also announced the allotment of equity shares and compulsorily convertible preference shares (CCPS) worth ₹225 crore and ₹125 crore respectively to JK Investo Trade (India) Ltd (JKIT), an associate company, against the infusion of net proceeds of JKIT land sale that was announced in October 2019. The allotment was done at ₹674 per equity share.

The total of ₹350 crore will be used to repay debt thus deleveraging the balance sheet of Raymond Ltd.

Gautam Hari Singhania, CMD, Raymond Ltd., said, "As we continue to build capacities for enhanced performance, demerging the core lifestyle business is an affirmative step towards that direction and this will also simplify the group structure."

Fuji Electric eyes ₹1,500 cr. India revenue

SPECIAL CORRESPONDENT
CHENNAI

Power electronics company Fuji Electric expects to increase its India revenue to ₹1,500 crore by 2023 from ₹660 crore in FY18-19.

The company has also unveiled a 2.0 strategy for India.

"The 2.0 plan involves integration of business in India, including Consul Neowatt [which was acquired this year], Fuji Electric India and Fuji Gemco, to ensure all Fuji electric customers in India have the same and consistent presales and post sales experience," Kenzo Sugai, executive vice-president and elected corporate director, Fuji Electric, said.