THE MARKETS ON TUESDAY		Chg#
Sensex	41,461.3 ▼	181.4
Nifty	12,214.6▼	48.2
Nifty futures*	12,293.8	79.2
Dollar	₹71.3	₹71.2**
Euro	₹78.9	₹78.9**
Brent crude (\$/bb	I) ** 66.9**	66.3**
Gold (10 gm)***	₹38,291.0▲	₹163.0
*(Jan) Premium on Nifty # Over previous close; # ### Market rate exclus	# At 9 pm IST;	

JAGDISH KHATTAR **BOOKED IN PNB**



The CBI has booked Jagdish Khattar, who was managing director of the erstwhile Maruti Udyog, for an alleged bank loan fraud of ₹110 crore by his new company, officials said on Tuesday. In its FIR, the CBI named Khattar and his company Carnation crore to Punjab National Bank. The CBI carried out searches at the premises of 77-year old Khattar and Carnation Auto on Monday evening. Khattar was with Maruti managing director.

tender for solar power

power projects to reduce costs. It plans to and award the construction tender to construction companies. Senior executives power as they will procure panels in bulk and according to their cost metrics.

The International Monetary Fund (IMF) has cautioned India against giving a fiscal stimulus because the government in its

view does not have the wiggle room to do so. It said the government was anyway the Budget for 2019–20 owing to ambitious revenue projections and the recent cuts in corporation tax rates.

warm up to InvITs

nvestment trusts (InvITs) were first floated in idea in a bigway. However, with the NHAI expected to float an InvIT, some are hopeful the trend may change. According to the Securities and Exchange Board of India (Sebi) November 2019 data, the amount deployed crore. AMRITHA PILLAY & JASH KRIPLANI write

take oath on Sunday

JMM Executive President Hemant Soren on Tuesday met Jharkhand Governor Droupadi Murmu and staked claim to form government in the state. Earlier in the day, he was formally elected Jharkhand Mukti Morcha (JMM) legislature party leader. He will take oath as chief minister on December 29 at 1 pm, said JMM General Secretary Suprio Bhattacharya, who accompanied Soren to Raj Bhavan.

Search on for new Sebi whole-time member

The Centre has begun search for a whole-time member for Securities and Exchange Board of India (Sebi), even as the government is yet to decide whether chairman Ajay Tyagi will get an extension. Tyagi's tenure ends on February 28, while whole-time member Madhabi Puri Buch is completing her three-year term on April 4.

THE SMART INVESTOR 2 P11

Sebi issues new norms for fund houses, AIFs

The Securities and Exchange Board of India (Sebi) on Tuesday issued the stewardship code for mutual funds (MFs) and alternative investment funds (AIFs), for improvement of corporate governance standards in their

MARKETS CLOSED TODAY

markets will remain closed on Wednesday on account of Christmas.

www.business-standard.com usiness Standard **BACK PAGE P14**

TRAVIS CUTS TIES WITH UBER; LEAVES BOARD, SELLS SHARES

BRANDS LOBBY FOR INFLUENCE IN A DATA-RICH WORLD

PUBLISHED SIMULTANEOUSLY FROM AHMEDABAD, BENGALURU, BHUBANESWAR, CHANDIGARH, CHENNAI, HYDERABAD, KOCHI, KOLKATA, LUCKNOW, MUMBAI (ALSO PRINTED IN BHOPAL), NEW DELHI AND PUNE



LOAN FRAUD CASE



Auto India for allegedly causing a loss of ₹110 Udyog from 1993 to 2007, when he retired as

COMPANIES P3

NTPC to have two-part

India's largest thermal power producer, NTPC, will hold a two-part tender for solar procure solar panels separately on its own engineering, procurement and said this would help reduce the cost of solar **SHREYA JAI** reports

ECONOMY & PUBLIC AFFAIRS P6

IMF advises India against giving fiscal stimulus

likely to miss the fiscal deficit target given in

EDIT: REVIVING ECONOMIC GROWTH

THE SMART INVESTOR 1 P10 Mutual funds yet to

More than two years since infrastructure India, mutual funds are yet to warm up to the by mutual funds in InvlTs stands at ₹933

Soren meets Guv, may

THE SMART INVESTOR 1 P10

investee companies.

Stock, currency and commodities

Tatas to take complete control of AirAsia India

Brand licensing agreement that gives control of core operations to Malaysian parent will be amended

ARINDAM MAJUMDER New Delhi, 24 December

Mumbai, 24 Decembe

(RBI) said on Tuesday.

2018-19 warned.

report said.

Indian banks are getting a better grip on their

bad debt situation and non-banking financial

companies (NBFC) are expected to regain their

niche after a turbulent one year, but further

reduction in bad debts and credit growth

depend upon how fast the economy recovers

from the slowdown, the Reserve Bank of India

nrinking their credit to the commercial secto

while uncertain times could increase the spec-

tre of default in retail loans as well, the RBI's

Report on Trend and Progress of Banking for

₹52,971 crore during April-September in the

first half of 2019-20 from an expansion of ₹3.66

trillion in the same period a year ago, the RBI

said in its report. The risk-free retail segment

towards the relatively stress-free retail, the

slowdown in private consumption spending

has imposed limits to this growth strategy

even as the possibility of defaults among retail

segments rises as growth slows down," the

dued credit off-take, along with sporadic cred-

it default events and incidents of frauds, are

"exacerbating the reluctance to lend," the report

said, adding this "waning of confidence is

and particularly, the ongoing loss of pace in

'The evolving macroeconomic scenario,

weighing on overall economic activity".

But weakening growth impulses and sub-

"While banks have oriented their lending

doesn't look that risk-free, either.

Credit to the commercial sector shrank by

In this slowdown, banks and non-banks are

ata Sons and AirAsia Berhad have agreed to amend a controversial brand licensing agreement that gave control of crucial functions to the Malaysian parent. The agreement signed between the two firms in 2013 which gave the airline the right to use the AirAsia brand — has been mired in controversy as key decisions needed approval from the parent.

This raised concerns that the daily management was being handled by foreign nationals. India's civil aviation regulations mandate the effective control of airlines jointly owned by Indian and foreign entities lie with the Indian firm.

Tata Sons holds 51 per cent in AirAsia India, while AirAsia Berhad holds the remaining 49 per cent.

People in the know said both entities were finalising the revised agreement. A draft agreement submitted to the Ministry of Civil Aviation and reviewed by Business Standard says that sales and distribution, revenue management, network planning, catering and in-flight services, finance and corporate finance, customer experience, engineering, and leasing contracts will now be under the sole discretion of AirAsia India. These require approval from the parent under the present agreement. A spokesperson of AirAsia Berhad directed the queries to the Indian unit, but the AirAsia India spokesperson refused to comment. Air Asia Berhad has similar agreements with the other three affiliates — Thai AirAsia, Philippines AirAsia, and Indonesia AirAsia.

TREND AND PROGRESS IN BANKING FOR FY19

Economic revival will

aid NPA recovery: RBI



COURSE CORRECTION

- Commercial, finance, training, operations to be independent units handled from India
- CEO, CFO, CCO to be appointed by Tata Sons
- AirAsia India to keep paying annual fees to Malaysian parent for use of AirAsia brand

FLOW OF FINANCIAL RESOURCES

*: Data as of April-September 27 period. Figures in the parentheses represent share in total flows. Source: RBI, Sebi, BSE, NSE, merchant banks, LIC, and NHB NFC: Non-food bank credit

domestic economic activity, present daunting

challenges as widespread risk aversion has

turned credit demand anaemic even as corpo-

rations deleverage their own stressed balance

sheets," the report said, adding this was taking

hold at a time when recent improvements in

asset quality and the profitability of the bank-

ing sector are at a nascent stage and the capital

adequacy ratios of public-sector banks (PSBs)

were being shored up through recapitalisation

by the government. In this environment, even

after having an effective bankruptcy code, the

"overhang of NPAs remains," and "further

improvements in the banking sector hinge

around a reversal in macroeconomic condi-

TO COMMERCIAL SECTOR

2018-2019 2019-2020

Adjusted

Flow from Non-

banks (B1+B2)

B1. Domestic

B2. Foreign

Total Flow of

Resources (A+B)

tions".

PAGE 4 SHOWED SIGNS OF STRESS | NUMBER AND VALUE OF BANK | UCBs NEED TO ADDRESS LOW CAPITAL BASE, WEAK GOVERNANCE

Sources

Source

- Government firm on amendment of agreement, if airline wants foreign flying rights, to avoid legal
- challenges later on Commercial unit now has full-fledged office at Gurugram and a crew training unit at Bengaluru

(₹ trn)

Govt to bring in ordinance to amend IBC

SHAREHOLDING IN AIRASIA INDIA

51% TATA SONS

49% AIRASIA

PRESS TRUST OF INDIA New Delhi, 24 December

The Centre will promulgate an ordinance to further amend the insolvency law to remove ambiguities and shield successful bidders from prosecution for offences committed by previous promoters. The Cabinet, on Tuesday. approved an ordinance to amend the Insolvency and Bankruptcy Code (IBC) 2016, that would also help in ensuring smooth implementation of the law, said an official release.

The Code has already been amount ed thrice and a Bill to amend it was introduced in the Lok Sabha on December 12. Union Minister Prakash Javadekar told the media that the amendments would also help bring more clarity and facilitate FDI (foreign direct investment) inflows. "Under the amendments, the lia-

bility of a corporate debtor for an offence committed prior to the commencement of the corporate insolvency resolution process shall cease," the release said. Further, the corporate debtor would

not be prosecuted for such an offence from the date the resolution plan has been approved by the adjudicating authority, if the resolution plan results in the change in the management.

₹3,941-CRORE FUND SANCTIONED FOR NPR UPDATE GREEN SIGNAL FOR RESTRUCTURING OF RAILWAY BOARD NEW POST OF TRI-SERVICE CHIEF

CREATED, APPOINTMENT PENDING P5

Bharti, Bajaj, **RIL groups top** m-cap charts

KRISHNA KANT

Mumbai, 24 December

It's not all gloom and doom for India's top business groups, despite a general slowdown in the economy. Quite a few of the industrial houses witnessed strong double-digit growth in their market capitalisation (mcap) in the current calendar year, as investors moved their money to large-cap stocks away from mid- and small-caps.

Groups with market leadership in sectors such as consumer goods, retail lending, and information technology services have benefitted.

In comparison, groups with exposure to troubled sectors such as automotive, capital goods, infrastructure, and metals and mining, were punished by equity investors. Mittal-promoted Sunil

Bharti group has been the biggest gainer among large business groups, followed by the Rahul Bajaj and Mukesh Ambani groups. At the other end of the spec-

trum, Essel Group topped the list of losers, followed by Vedanta

and Munjal (Hero) group.

Bharti has been the biggest winner in 2019 despite its flagship Bharti Airtel reporting record losses during the September quarter. The group gained as investors reinstated faith in the Airtel stock, believed to be an industry survivor and seen gaining market share, especially in the high revenue post-paid segment.

Many investors appreciate Airtel having a diversified revenue base, with the Indian telecom business accounting for only half its consolidated revenues, unlike its peers.

Its m-cap has risen close to 88 per cent in CY19, making it the top-performing index stock. Together with its subsidiary Bharti Infratel, the group's combined m-cap has risen 63 per cent this year to ₹2.82 trillion, from ₹1.73 trillion a year ago.

The Rahul Bajaj group comes next, with a 43 per cent jump in its combined m-cap during CY19. The group firms have a combined m-cap of ₹5.35 trillion, up from ₹3.74 trillion at the end of December 2018. Turn to Page 13

RULING THE M-CAP ROOST

Winners and gainers among top business groups in 2019

Market capitalisation (₹ trn) **ENTITY** Dec 2019 YoY chg (%) **TOP GAINERS** Bharti Group 1.73 Bajaj Group 3.73 43.0 Mukesh Ambani Group 7.25 37.5 1.57 Adani 25.3 10.51 14.2 Tata TOP LOSERS Essel Group 0.55 -42.9 Vedanta Group 2.04 -27.2 Munjal (Hero) Group 0.64 -22.8 Mahindra Group JSW Group

TELECOM 2020: MITTAL, AMBANI GOING FOR THE KNOCK OUT

Source: Capitaline, Compiled by BS Research Bureau

I-T DEPT TO MOVE SC AGAINST **RELIANCE JIO'S DEMERGER PLAN**

Reliance Jio Infocomm's plans to reduce its debt by selling stake in its telecom tower arm to Canadian fund Brookfield has hit a tax hurdle. The income tax (I-T) department plans to move the Supreme Court to

appeal a National Company Law Appellate Tribunal order of December 20, which cleared the demerger of tower and fibre assets into two infrastructure trusts despite the tax department's objections. The I-T department has argued that the conversion of preference shares worth ₹65,000 crore by Reliance Jio - by

cancelling them and then converting them into loans – would substantially reduce the profitability of the demerged company, Reliance Jio Infocomm, causing a uge loss of revenue to the I-T department. 2

Independent directors exit as tighter scrutiny bites

Turn to Page 13

ASHLEY COUTINHO Mumbai, 24 December

High-profile corporate frauds, accounting discrepancies, and the coming into effect of global anti-corruption laws have led to the exit of close to 1,400 independent directors this year, the highest in the past seven years for which data was analysed.

While 1,394 directors quit, 1,112 were appointed, implying a net deficit of 282.

Exits in the September quarter numbered 488, the highest in the year. According to experts, the terms of about 1,500 independent directors who had signed up for five-year tenures in 2014-15 were up for renewal this year. Independent directors can get a second term

after approval by a special resolution. "There is a great deal of uncertainty,

particularly with regard to fraud risk, and independent directors realise that the liabilities of taking up the post could be very high. The requirement of passing an exam will make things



more onerous from here on, which is why the supply of independent directors may be impacted," said Shriram Subramanian, founder and managing director, InGovern Research Services.

The Ministry of Corporate Affairs recently introduced a proficiency test for independent 631 607 657 625

CY13 CY14 CY15 CY16

CHANGE OF GUARD

Exits highest in at least seven years

■Cessations ■ Appointments

directors to assess their knowledge of securities and corporate law, accounting, and areas related to the functioning of an independent director.

"People are getting more and more selective about joining the boards of companies, while basing their decisions on several qualitative factors," said Tejesh Chitlangi, senior partner, IC Universal Legal. According to him, factors such as the track record of governance, litigation history, and whether the company is professionally run or promoter/family-driven are being evaluated.

"Directors are avoiding companies driven by promoters who expect IDs (independent directors) to be yes-men. IDs are doing their homework, analysing information that is in the public domain while also seeking requisite clarification from the company concerned before signing up."

The Companies Act, 2013, effective April 1, 2014, had laid out \bar{a} code for independent directors. The recent change in listing regulations based on the $recommendations\,of\,the\,Kotak\,Committee\,has$ also bolstered governance requirements.

The role of independent directors in fraud detection has come under the regulators' scrutiny because they, along with auditors, are the first line of independent authorities obliged to question wrongdoing early in the day. Independent directors carry both the legal and regulatory obligation to raise the red flag and record dissent