### MARKET WATCH

	02-12-2019	% CHANGE
Sensex	40,802	0.02
US Dollar	71.66	0.11
Gold	37,876	-0.41
Brent oil	61 24	1 07

### Jananese Ven (100) 65-21 ..65.51 Swiss Franc. ..71.89 Singapore Dollar 53.75..

### BULLION RATES CHENNAI

December 02 rates in rupees with previous rates in parentheses		
Retail Silver (1g) 22 ct gold (1 g)	, ,	



**Tata Motors bags orders** to supply 2,300 buses

Tata Motors said it has received orders to supply 2,300 buses to various State transport undertakings (STUs) in the country, including RSRTC in Rajasthan, KSRTC, BMTC and NWKRTC in Karnataka. UPSRTC in Uttar Pradesh, IRT in Tamil Nadu and APSRTC in Andhra Pradesh. The delivery of these buses would be completed by February 2020, the company said

#### **EPFO's ETF investment** at ₹86,966 cr. till Sept.

NEW DELHI

EPFO has invested ₹86,966 crore in exchange traded funds (ETFs) till September 2019, Parliament was informed on Monday, "The total amount invested by EPFO in ETFs as on September 30, 2019 is ₹86,966 crore," Labour Minister Santosh Gangwar said in a written reply to the Lok Sabha. The EPFO does not invest in shares and equities of individual companies, he added. PT

#### Uber opens centre of excellence in Andhra

U.S.-headquartered cab aggregator Uber announced the setting up of its second centre of excellence (CoE) in India, which is expected to create 500 jobs by next year. The CoE in Visakhapatnam is being set up at a cost of \$8 lakh. The company already operates a CoE in Hyderabad with about 1,000 employees. The CoE provides customer support services to Uber riders as well as drivers.

#### Ujjivan SFB IPO fully subscribed on Day 1

The initial public offer of Ujjivan Small Finance Bank, which opened for subscription on Monday, was subscribed 1.62 times on the first day of the issue. As per NSE data, bids were received for 20.14 crore equity shares as against 12.4 crore equity shares on offer in the price band of ₹36 to ₹37. While the portion reserved for retail investors was subscribed nearly nine times on Monday, the remaining segments were not fully subscribed on the first day of

# Manufacturing PMI improves

Modest rise of 51.2 in November aided by growth in new orders and production

SPECIAL CORRESPONDENT NEW DELHI

Manufacturing activity increased in November from a two-year low in the previous month, driven by a modest increase in the growth of new orders and production, a private sector survey report showed.

The Nikkei India Manufacturing Purchasing Managers' Index rose to 51.2 in November, up from 50.6 in October. A reading above 50 implies an expansion in activity, while a reading below 50 denotes contraction.

"Although business conditions in the Indian manufacturing sector improved in November, the upturn remained subdued compared to earlier in the year and the survey history," the report

"Growth rates for new orders and production were modest, despite accelerating from October's recent lows, while firms shed jobs for the



Although business conditions improved, the upturn remained subdued compared to earlier in the year. • REUTERS

first time in 20 months and continued to reduce input

'The latest reading was below the survey average (53.8) and indicated only a slight improvement in the health of the sector," the re-

The growth in the overall manufacturing sector was mainly propped up by

growth in the consumer goods segment, while the intermediate goods segment returned to expansion. However, the survey respon-

goods segment. "Anecdotal evidence suggested that growth was sup-

dents reported a deteriora-

tion in the operating

conditions in the capital

products and better demand, though restrained by competitive pressures and unstable market conditions," the report added.

"After pulling back noticeably in October, manufacturing sector growth displayed a welcoming acceleration in November," Pollyanna de Lima, Principal Economist at IHS Markit, said.

"Still, rates of expansion in factory orders, production and exports remained far away from those recorded at the start of 2019, with subdued underlying demand largely blamed for this." Ms. De Lima added that the PMI data continued to show a lack of inflationary pressures in the sector which, combined with slow economic growth, suggested that the Reserve Bank of India would likely extend its accommodative stance and further reduce the benchmark interest rate

## Exchanges suspend Karvy

Clients will have to shift holdings to a different brokerage

SPECIAL CORRESPONDENT

The National Stock Exchange (NSE) and BSE have suspended the membership of Karvy Stock Broking (KSB) with immediate effect for non-compliance with exchange regulations.

This comes close on the heels of regulator SEBI barring the Hyderabad-based entity from signing new clients, for alleged misuse of client funds.

While NSE has suspended Karvy Stock Broking from all segments, BSE said that the trading terminals of KSB had been deactivated in the equity and debt segment, while it had been put on risk reduction mode (RRM) in the derivatives segment. RRM refers to the mode

wherein a member is allowed to square off the position but cannot create any fresh positions. This assumes significance

as the suspension of membership effectively means Securities of over 82,000 clients had been transferred to their respective demat accounts, the NSDL said

that clients of Karvy Stock Broking will not be able to trade through the brokerage and will have to shift their holdings to a different broking firm.

"Investors need to open new trading account and shift their demat holdings to another entity," said Arun Kejriwal of Kejriwal Research Investment Services

"While the exchanges have taken action and suspended trading, it appears justice has not yet been done. Wrongdoings on the part of Karvy Stock Broking seem to be going on for quite some time and trust that has been lost is irreparable. Much more action is required by the exchanges and regulator going forward," he

added. However, KSB clients had something to cheer about as well on Monday as the National Securities Depository Ltd. (NSDL) said that securities of more than 82,000 clients of the broking firm had been transferred to the respective demat accounts of the clients. This covers a bulk of the affected demat accounts.

"As per the directions of SEBI and under supervision of NSE, securities have been transferred from the demat account... named Karvy Stock Broking Limited (BSE) to the demat accounts of respective clients who have paid in full against these securities. The number of such clients who have received securities are 82,559," stated a release by NSDL on Monday.

Incidentally, as per the SEBI probe, securities worth approximately ₹2,300 crore of more than 95,000 clients were "unauthorisedly transferred" to this demat ac-

# Double-digit decline in two-wheeler wholesales

Vehicle makers resort to inventory adjustment in November, ahead of the transition to BS-VI

SPECIAL CORRESPONDENT

A majority of two-wheeler makers, including Hero MotoCorp and TVS Motor, on Monday, reported a doubledigit decline in their domestic wholesale numbers for November, as vehicle makers resorted to inventory adjustment ahead of the transition to BS-VI compliant vehicles. Market leader Hero Moto-

corp said its domestic sales last month declined by 15.8% to over 5.05 lakh units. The company had posted sales of more that six lakh units in

"Following record festive retail sales in October 2019 and lowest-ever inventory in two-years, the November 2019 despatch numbers reflect Hero MotoCorp's intent to ensure a smooth transition to BS-VI norms," the company said in a statement.

Stating that it had scaled up production of BS-VI vehicles, the company added that it had stopped production of more than 50 variants



Hero Motocorp said its domestic sales last month declined by 15.8% to over 5.05 lakh units. • REUTERS

of its BS-IV range of products. The company, however, saw a 17% increase in vehicle exports to 10,781 units.

TVS Motor Company, headquarted in Chennai, said its domestic two-wheeler wholesales last month dropped 26.5% to about 1.91 lakh units from about 2.60 lakh units.

Two-wheeler exports, however, grew by 24% from 46.889 units in November 2018 to 58,128 units in November 2019. "Shifting of Diwali season to the earlier month and planned adjustment of BS-IV stocks is reflecting in the sales growth difference between November 2018 and November 2019," the company said.

Likewise, Bajaj Auto posted a decline of 14% in domestic two-wheeler sales to over 1.76 lakh units as against about 2.05 lakh units in the year-ago month, while Honda Motorcycle & Scooter India Pvt. Ltd. said its domestic sales were down 5%

Suzuki Motorcycle India, however, saw a jump of 14.6% in monthly domestic sale at 60,855 units during November 2019 as compared with 53,058 units sold in November 2018. On Sunday, Maruti Suzuki

India, had posted a decline of 3% in domestic passenger vehicles sales to over 1.41 lakh units as against over 1.46 lakh units in the yearago month. Similarly, Honda Cars said its sales were down nearly 50% to 6,459 units, from 13,006 units in November 2018. Rajesh Goel, senior VP and director - Sales and Marketing, Honda Cars India Ltd., said, "Our sales numbers are better than our plan for the month. We are in the last leg of our BS-IV run-out and accordingly supplies had to be optimised as we progress towards BS-VI transition model-by-model sequentially." However, for Hyundai Motor India, wholesales were up by 2% to 44,600 units, while Toyota Kirloskar Motor posted a decline of 22% in domestic sales at 8,312 units during the month under review. The company's deputy managing director N. Raja, said, "We have consciously lowered the volume of vehicles sold to dealers to ensure lean inventory/avoid high market offers, we are adjusting our production to ensure we do not put any excess burden on our dealerships before the shift to BS-VI in April

He added that positive sentiments in the market had continued to November, which reflected in the spike in customer orders across all models. "The boost in customer orders for all models has sustained this month even after the end of festive season. Customers are aware of the model year price rise in January and the significant price hike of diesel vehicles by 15-20% post BS-VI transition. This pre-buying pull of BS-IV vehicles has helped us in pushing retail sales and enabling successful runout of products before shift to BS-VI," he said.

## HDFC Bank's net banking services hit by tech glitch

Mobile banking application too down

SPECIAL CORRESPONDENT

Hundreds of HDFC Bank customers were unable to use the bank's Internet banking facility as well as mobile banking application following a technical glitch on Monday. The bank authorities, however, said they were confident that the services would be restored shortly.

Since salaries are credited mostly at the beginning of the month, there was a huge pressure on the Internet banking and mobile banking platforms of HDFC Bank, which has a significant number of customers use the digital who platform.

HDFC Bank has a customer base of around 49 million and 90% of the transactions are through digital channels. Many customers complained on social media that they were unable to use the services, with some claiming that the systems were



transactions are through digital channels.

down since morning. "Due to a technical glitch, some of our customers have been having trouble logging into our NetBanking and MobileBanking App. Our experts are working on it on top priority, and we're confident we'll be able to restore services shortly," HDFC

"While we deeply regret the inconvenience caused, there's no cause for undue concern," it added.

Bank said in a statement.

## Telco shares zoom on tariff hike

Bharti Airtel touches new 52-week high of ₹485.75

PIYUSH PANDEY MUMBAI

Shares of Reliance Industries (RIL) and Bharti Airtel touched a new 52-week high of ₹1,614 and ₹485.75 on Monday, while shares of Vodafone Idea breached their upper circuit limits of ₹7.85 after the telcos announced tariff hike for pre-paid customers on Sunday.

RIL shares were trading up 2.28% at ₹1,586.3 in a flat Mumbai market on Monday, valuing the company at ₹10.05 lakh crore.

While Vodafone Idea and Bharti Airtel have increased tariffs by 15-47% across prepaid plans from December 3, Reliance Jio will also hike tariffs by up to 40% from December 6. Shares of Bharti Airtel, on the BSE, rose



3.67% to close at ₹442.3, valuing the firm at ₹2.35 lakh crore, while Vodafone Idea shares rose 14.06% to close at ₹7.79, valuing the company at ₹22,384 crore.

The three telecommunication giants together account for over 90% of India's 1.18 billion mobile subscribers, with the market share of around 30% each split evenly among them.

"Tariff hike came as a lifeline for the debt-laden telcos like Vodafone Idea and Bhar-

ti Airtel. More hikes are anticipated in the coming quarters to keep the sector healthy and investors' wealth protected," Paras Bothra, president - Equities, Ashika Stock Broking, told The Hindu.

Jefferies Equity Research anticipates the revenue increase to be between 11% and 23%, lower than the 40% hike announced by the telcos. The lower hike is due to data elasticity resulting in downtrading and SIM consolidation, no increase in postpaid rates, and lower hike in voice call charges.

Shares of Mahanagar Telephone Nigam Limited (MTNL) also closed up 2% at ₹9.17 before hitting its upper circuit limit of ₹9.43 on Mon-

# Bharti likely to return to pre-tax profit, Vodafone Idea's worries set to linger

PIYUSH PANDEY

Reliance Jio is likely to be the biggest beneficiary of the up to 40% tariff hike announced by telecom companies on Sunday, as analysts estimate the telco to clock an incremental quarterly revenue of ₹3,900 crore compared with ₹2,400 crore and ₹2,100 crore for Bharti Airtel and Vodafone Idea respectively.

The incremental revenues are compared to reported revenues in the September quarter, assuming no change in the respective subscriber base of the three companies, according to the analysts.

Reliance Jio will have the strongest balance sheet and become virtually net debtfree company by March 31, 2020 with the exception of



Jio may be the biggest gainer of tariff hikes

**Breasting the tape:** Reliance Jio may clock an incremental quarterly revenue of ₹3,900 crore on tariff hike. • REUTERS

spectrum-related liabilities while Vodafone Idea and Bharti Airtel are saddled with debt exceeding ₹1 lakh crore each. Reliance Jio may continue

to increase its market share as it offers to provide 300% higher benefits to its customers compared with competition while Bharti Airtel is likely to retain its market share and may turn profitable at pre-tax level after reporting several quarters of

But for Vodafone Idea, despite the hike in ARPU (av-

erage revenue per user), free cash flows are in the negative and market share is falling.

Negative cash flow

According to Motilal Oswal research report, worries linger on Vodafone Idea in spite of tariff hike, given the continued negative free cash flow

(FCF) position. Besides, AGR liability for Vodafone Idea and Bharti Airtel due to an adverse Supreme Court judgement has given Reliance Iio an advantageous position.

Bharti Airtel has scheduled its board meeting for December 4 to look at potential fund-raising for AGR liability, which needs to be met in three months, subject to the outcome of review petition filed by the telcos.

# HC allows Kochhar to amend plea on termination

Court also permits making the Reserve Bank a party to it; matter to be heard on December 9

SPECIAL CORRESPONDENT

The Bombay High Court on Monday allowed former MD and CEO of ICICI Bank Chanda Kochhar to amend her plea, challenging the bank's decision to terminate her from services last year and make the Reserve Bank of India (RBI) a party to it. The matter will be heard on De-

A division bench was hearing a petition filed by Ms. Kochhar on November 20, 2019 challenging her termination by the ICICI Bank and denying her the agreed remuneration as the MD and CEO without previous approval of the RBI. She alleged the termination, that too after the board of directors of the bank having accepted her request for early retirement, constituted breach of statutory obligation under the Banking Regulation Act, According to the plea, "On

October 3, 2018, Ms. Kochhar requested ICICI Bank's board of directors to grant her early retirement and the next day, they approved it with immediate effect and set out the benefits of early retirement scheme."

Thereafter, on January 30,

2019, Ms. Kochhar received an e-mail from the bank which said following the enquiry report from Justice (retd.) Srikrishna, the boardhas decided to treat her separation from the bank as 'termination for cause' and clawback all bonus paid from April 2009 until March 2018. It also said the previous e-

mail, explaining her early retirement benefits, stood revoked with immediate effect. She said she was ag-

grieved that no previous approval from the RBI was obto treat the communication by the bank as "termination for cause."

She urged the court to term the communication dated October 4, 2018 as valid and binding and that on January 30 as illegal and not binding. The bank filed an affidavit

on November 30, 2019 contending the reliefs sought in the petition were not maintainable and deserve to be dismissed because the lender was a private bank administered under the Companies Act and not the State or its agency.

The affidavit said, "ICICI termination letter. Bank wrote a letter to the RBI on February 5, 2019 which replied on March 13, 2019 approving Ms. Kochhar's termi-

nation from service with effect from October 4, 2018."

On Monday, senior counsel Darius Khambata, appearing for the bank, said the petition was not maintainable and any termination can be done with the approval of the bank's board.

Senior counsel Vikram Nankani and advocate Sujav Kantawala, representing Ms. Kochhar, however said the bank also needed approval from the RBI before issuing a

He then urged the court to grant him permission to amend the petition and make RBI a party to the plea.

# DHFL admitted for bankruptcy

No party to challenge the application for rejection: NCLT

SPECIAL CORRESPONDENT

The Mumbai bench of the National Company Law Tribunal (NCLT) has admitted troubled mortgage lender Dewan Housing Finance Corporation Ltd. (DHFL) for bankruptcy proceedings following an application filed by the Reserve Bank of India (RBI). Admitting the petition, the NCLT said the petition deserved admission.

DHFL is the first financial services provider against which insolvency proceedings have been initiated after the government issued a notification last month specify-

ing the categories of financial service providers that can be taken up for resolution under the generic framework of the Insolvency and Bankruptcy Code.

Earlier, RBI had superseded the board of DHFL and said bankruptcy proceedings would be initiated against the company.

R.Subramaniakumar, ex-MD and CEO of Indian Overseas Bank, was appointed as the administrator and a three-member committee was formed to assist the

administrator. While admitting the application, the bench noted that there was no party in the case who could challenge the application for rejection. "Is there any other view

which we are missing," the

bench comprising Justice

M.K. Shrarat and Chandra Bhan Singh observed. DHFL, which has a debt of close to ₹40,000 crore to the banks, has defaulted on re-

payments. Several banks, including State Bank of India and ICICI

Bank, had classified the loans as non-performing, which prompted the banking regulator to initiate insolvency proceedings against the company.