

THE MARKETS ON MONDAY			Chg#
Sensex	40,802.2	▲	8.4
Nifty	12,048.2	▼	7.8
Nifty futures*	12,091.5	▲	43.2
Dollar	₹71.7		₹71.7**
Euro	₹78.9		₹78.9**
Brent crude (\$/bbl)**	61.1**		61.3**
Gold (10 gm)***	₹37,827.0	▼	₹40.0

*(Dec) Premium on Nifty Spot; **Previous close; # Over previous close; ## At 9 pm IST; ### Market rate exclusive of VAT; Source: IBIA

HIKE IN TARIFFS MAY SEE SPIKE IN TELCO OPERATING PROFITS

The price hike announced by telecom operators on Sunday is expected to lead to a sharp jump in the operating profits of Bharti Airtel, Vodafone Idea, and Reliance Jio. The new plans across the prepaid segments of Bharti Airtel and Vodafone Idea are higher on average by 30 per cent and come into effect on December 3. While Reliance Jio, too, has indicated it would raise tariffs by up to 40 per cent from December 6. The price hike is expected to improve the average revenue per user by ₹30 for Bharti Airtel and Vodafone Idea. **2 ▶**

COMPANIES P2 NCLT admits DHFL for insolvency proceedings

The Mumbai Bench of the National Company Law Tribunal (NCLT) on Monday admitted the insolvency plea moved by the Reserve Bank of India (RBI) against Dewan Housing Finance Corporation (DHFL) for defaulting on interest payments for external commercial borrowing taken by it from State Bank of India.

COMPANIES P3 Kochhar seeks time to make RBI party in case

Chanda Kochhar, former managing director and chief executive officer of ICICI Bank, has sought time from the Bombay High Court to make the Reserve Bank of India (RBI) party in a case against the private lender. The court gave her time till December 9 to amend the plea and serve notice on the RBI.

COMPANIES P2 Aditya Ghosh joins OYO board of directors

Hospitality firm OYO on Monday said it had elevated Aditya Ghosh, chief executive officer (India and South Asia) for the hotels and homes business, as a member of its board of directors. Rohit Kapoor, has been appointed CEO (India and South Asia) for OYO Hotels & Homes, it added.

ECONOMY & PUBLIC AFFAIRS P6 Manufacturing activity rises to 51.2 in November

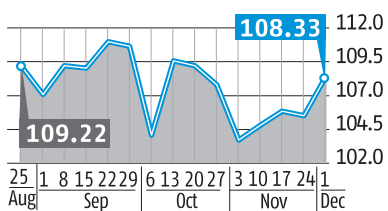
The country's manufacturing sector activity saw a marginal rise in November as growth rates for new orders as well as production were modest amid competitive pressures and unstable market conditions, the IHS Markit India Manufacturing PMI showed on Monday. It rose to 51.2 in November from 50.6 in October, when it had fallen to a two-year low.

COMPANIES P3 Commercial vehicle sales remain a drag

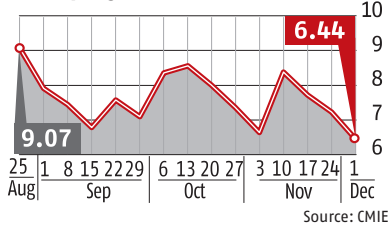
Domestic commercial vehicle (CV) sales dropped by nearly 18 per cent in November 2019, going by individual firm-announced despatches, to 55,473 units, from 67,374 units a year ago. While the numbers are better for major players month-on-month, demand continues to remain under pressure.

THE CMIE TRACKER

Consumer Sentiments Index
(Base: September - December 2015 = 100)



Unemployment rate



THE THIRD QUARTER COULD BE WORSE

Correction

In response to the report, "ICICI Bank mulls consent plea in Videocon case" published on November 28, ICICI Bank has clarified that it has no such plans. The bank has also not received any fresh show cause notice from the market regulator, as mentioned in the report. The errors are regretted.



ECONOMY & PUBLIC AFFAIRS P4

RLYS STARTS SIGNALLING BID WITHOUT SPECTRUM

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

BRAND WORLD P15

BEAUTY BRANDS LEARN TO CROSS THE GENDER TRACKS



FM ends confusion on MAT

Reduced rate applicable from current FY; final call on fiscal deficit will be taken at RE stage

DILASHA SETH & ARUP ROYCHOUDHURY
New Delhi, 2 December

The lower minimum alternate tax (MAT) rate announced as part of the corporation tax rate cuts in September will be applicable from the current fiscal year (2019-20 or FY20), Finance Minister Nirmala Sitharaman clarified on Monday in the Lok Sabha after an error in the Taxation Amendment Bill spooked companies.

For the second time in less than a week, Sitharaman also spoke of the challenges in maintaining fiscal discipline, while comparing the Modi government's fiscal record with that of the Manmohan Singh government. Sitharaman said a final call on the fiscal deficit will be taken at the Revised Estimate stage.

The Taxation Law Amendment Bill, 2019 was introduced and passed in the Lok Sabha on Monday. It had said the lower MAT rate of 15 per cent, down from 18.5 per cent, will be applicable from the next financial year (2020-21 or FY21), while the Ordinance had said the lower rate will be effective from the current financial year. The corrections were made by way of an official amendment, changing FY21 to assessment year 2020-21.

"The intention has always been to apply reduced MAT rate from the year 2019-20. That error will be corrected through an official amendment now. The original intent was to apply it from

Hyundai pads up for compact diesel race

SHALLY SETH MOHILE
Mumbai, 2 December

Going against automobile sector trend, Hyundai Motor India is betting big on diesel while its peers are moving away from it ahead of the implementation of Bharat Stage VI (BSVI) norms.

From April 1, 2020, BSVI emission norms for automobiles will become mandatory across the country. Hyundai is looking to have a monopoly in the compact diesel car segment, which includes sedans and sports utility vehicles (SUVs) smaller than 4 metres.

"With the implementation of BSVI, we are betting big on diesel engine options," said S S Kim, managing director and chief executive, Hyundai.

Kim said at present Hyundai is offering BSVI-compliant petrol engine options for its newly launched Grand i10 Nios and new 2019 Elantra.

Most of its competitors have cited the high cost of converting BSVI-compliant small diesel engines into BSVI-compliant ones for exiting the segment. The entire range of Hyundai's diesel cars — from compact ones to SUV models, including the soon-to-be-launched Aura — will be eco-friendly, said Kim.

Passenger vehicle makers such as market leader Maruti Suzuki India, Mahindra and Mahindra, Tata Motors, Honda Cars India, Toyota Kirloskar Motor, Volkswagen India, and Renault India have announced plans to pull the plug on diesel variants (those powered by 1.2- to 1.3-litre engines).

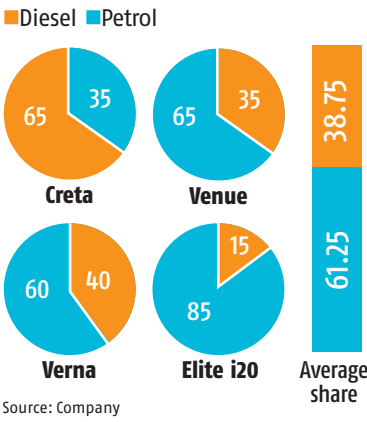
According to industry estimates, prices of small BSVI-compliant diesel cars could rise by ₹1.3 lakh to ₹1.5 lakh per unit. Most carmakers believe buyers will not pay so much.

Hyundai, however, is unruffled.



DRIVING AHEAD

% Share of fuel in sales



Source: Company

Vikas Jain, national sales head, Hyundai, said demand for diesel cars would continue, provided one was "able to offer a good product at a good price". He added that even though the share of diesel among cars sold was going down, volumes had continued to rise.

Regulations, shifting buyer preference, and a narrowing price difference between diesel and petrol cars have led to a consistent drop in demand for the former.

Karvy lenders in a spot over securities transfer

NSDL has transferred securities, against which loans were given, to clients

SAMIE MODAK & JASH KRIPLANI
Mumbai, 2 December

The decision of National Securities Depository (NSDL) to transfer securities from Karvy Broking's demat accounts to client accounts has caught lenders on the wrong foot.

While the depository's move is to safeguard investors, it has jeopardised the interests of the lenders, who had given loans to Karvy with the same shares as collateral.

"According to the directions of Sebi (Securities and Exchange Board of India) and under supervision of the NSE (National Stock Exchange), securities have been transferred from the demat account of Karvy Stock Broking to the demat accounts of respective clients who have paid in full against these securities. The number of such clients is 82,559," NSDL said in a media release.

Following this, Bajaj Finance hurriedly moved the Securities Appellate Tribunal (SAT) challenging the move. According to

sources, the non-banking financial company had lent about ₹250 crore to Karvy, oblivious to the fact that the brokerage had illegally transferred client securities to its own account to avail of this loan.

Shares of Bajaj Finance fell over 3 per cent on Monday amid fears of exposure to Karvy. The tribunal is expected to pronounce its order in the matter on Tuesday.

Legal experts said the decision could have wide repercussions for the loan against share market.

Sources said other lenders to Karvy, too, were expected to move the SAT against NSDL's action. The brokerage reportedly has availed of loans against securities from ICICI Bank, IndusInd Bank, and HDFC Bank.

Karvy allegedly raised over ₹600 crore by illegally pledging securities belonging to 95,000 of its clients worth more than ₹2,300 crore.

NSDL has transferred shares of 82,559 (87 per cent) of Karvy's clients who don't have any pay-outs due.

Lack of marquee investors hits YES Bank shares, bonds

HAMSINI KARTHIK & DEV CHATTERJEE
Mumbai, 2 December

Lack of marquee investors and fear that the Reserve Bank of India (RBI) will not clear the investments by the new investors hit the share price of YES Bank on Monday. The bank's stock closed 6.2 per cent down at ₹64 a share. The bank's dollar bonds due in February 2023 also fell the most in two months.

On Friday evening, the bank had announced that its board had agreed to raise \$2 billion from an assortment of investors. Of this, \$1.2 billion will come from Canada-based businessman Erwin Singh Braich and SPGP Holdings. The second big investment was coming from CITAX Holdings.

The bank had not revealed Braich's name for nearly a month, saying it had received a binding offer from an investor. While there was speculation over several big, marquee names, investors were disappointed with Braich, who is virtually unknown in India.

When he was 20 years old, Braich, now 62, had left Simon Fraser University in Burnaby, British Columbia, to assume control of his father's businesses. According to a media statement issued on January 2, 2013, he built his family businesses into a multi-million dollar conglomerate, expanding what his father, a migrant from India, had begun.

The statement was issued after Braich filed a lawsuit against the Public Prosecution Service of Canada and the Royal Canadian Mounted Police after the latter threatened to arrest him on minor charges related to bankruptcy proceedings.

This was not the first time that Braich had alleged that the process had been abused by the Crown and the Royal Canadian Mounted Police. Both settled out of court with Braich, in different pieces of litigation, in Seattle in 2007, the statement had said.

In 2013, Braich's lawyer Jamshed Mistry was quoted as saying the net aggregate value of Braich's trusts makes him the second-richest person in Canada and one of the top three wealthiest Indians in the world, along with Mukesh Ambani of Reliance Industries and Lakshmi Mittal of ArcelorMittal.

But like Ratan Tata, Braich also conducts his business activities through various trusts and does not appear on in any list of billionaires, Mistry had said.

Other court filings in Canada show that in 1999, Braich was sent to bankruptcy court and had declared zero assets.

Turn to Page 15 ▶

STEEL INDUSTRY REELS FROM POOR DEMAND, THIN MARGINS

Steel output has contracted in two consecutive months, after at least four years of continuous expansion. The first of a five-part series finds out what's ailing the sector. ISHITA AVAN DUTT writes **4 ▶**

SLOWDOWN: A REALITY CHECK PART-I

Bike-taxi service to take Uber to 200 cities

SURAJEET DAS GUPTA
New Delhi, 2 December

Uber India has finalised a four-fold expansion of its operations in the country from 52 cities to 200 by the end of next year.

The key driver of this expansion will be not car-hailing but bike-taxi service, which was launched in India in July this year. Such service has been rolled out in 30 cities, doing over 150,000 trips a day, though it is not there in the big states of Maharashtra and Karnataka, where it is working through regulations.

Three-wheelers will be part of this drive. Elaborating on its strategy in India for next year, Pradeep Parameswaran, president of Uber India and South Asia, said: "Our move is to go from being in the premium AC-car business, which is based on the high end of the market, to what is now, where technology can play a dramatic role in the middle and the mass segment of the market. Earlier we did

not have the products that were relevant for people outside cities. India does not move in cars, Indians move in two- and three-wheelers, and buses."

While car-hiring service will be available in most of these cities, two-wheeler service will be there in all the cities if there is regulatory permission.

"Cars will be available in some shape, but the Uber value proposition will be based on our mass products, not on premium AC cars," the president said.

The company is willing to partner local players that have a similar offer and would like to come on their platform. The big part of the drive will be through three-wheelers. Launched in the middle of last year, Uber is doing more than 400,000 rides a day.

It might also launch intra-city bus service. However, a decision whether it is for next year has not been decided.

Speaking on the future of the car-hailing business, Parameswaran pointed out: "Growth in the car business has matured, and from the role it plays in

BIGGER MAP

▶ Uber plans to increase its operations four-fold across cities

▶ Growth focus for 2020 will be on bike-sharing services, three-wheelers

▶ Will partner with local players for transport service

▶ Car-hailing services to drive profitability

our portfolio today, it is likely to be a driver of profitability."

Responding to whether cars as part of ridership will become smaller, he said, based on the volume of trips (only intra-city), they constituted two of every three trips while in the beginning of the year it was five of every six trips.

The company sees a large opportunity in the non-AC car space.



ILLUSTRATION: AJAY MOHANTY

Currently it is undertaking a pilot project with Bajaj Auto for Qute (quadricycle) with 100 vehicles, and plans are on to expand it to other markets too because the response from both the riders as well as the users has been encouraging.

Parameswaran said the bike opportunity was huge because there were more than 200 million two-wheelers in the country, which was the

largest manufacturer of such vehicles.

He pointed out the size and potential of the market could be gauged from the fact that in Indonesia, Gojek, a bike ride-hailing service, did over 20 million rides a week, though the country had 25 per cent of India's population.

He said bike-taxi service made business sense because commuters used it for short

trips of less than 20 minutes and distances were ideal for last-mile connectivity.

The driver can make ₹10,000-15,000 a month and in many cases would have a bike, which he can put on the system.

On whether and when Uber India will make money, Parameswaran said: "We will be in investment mode and there will be a steady move towards profitability but there are no firm commitments of time."