



IN BRIEF

Maruti to expand its sales network for LCV
NEW DELHI
The country's largest carmaker Maruti Suzuki India (MSI) plans to expand the sales network for its light commercial vehicle (LCV), 'Super Carry', as it aims to become a significant player in the segment. The company, which introduced Super Carry in September 2016, is seeing good traction in the light commercial vehicle segment that is dominated by players such as Tata Motors and Mahindra & Mahindra. PTI

JSPL to raise ₹1,000 cr. via QIP in February
ANGUL (ODISHA)
Jindal Steel and Power will raise ₹1,000 crore through qualified institutional placement (QIP) in February, chairman Naveen Jindal said. Besides, the firm plans to raise up to ₹2,000 crore by listing its Oman business on a foreign exchange. "The firm is regularly servicing all its debt commitments and the firm's plants are working in full swing. By May, our overall capacity would be 11 million tonnes per annum," Mr. Jindal added. PTI

Bad loans: 1,463 entities each owe PSBs ₹100 cr.
NEW DELHI
As many as 1,463 entities account for bad loans of ₹100 crore or more in 21 public sector banks (PSBs), Finance Ministry data showed. In State Bank of India alone, 265 accounts had bad loans of more than ₹100 crore each, totalling ₹77,538 crore, at the end of the September quarter. PNB had 143 non-performing asset accounts carrying more than ₹100 crore each, totalling ₹45,973 crore. PTI

Don't divest AI, give it 5 years to revive: panel

'Must not be evaluated solely from business point of view'

PRESS TRUST OF INDIA
NEW DELHI

This is not the appropriate time to divest government stake in Air India (AI), which should be given at least five years to revive and its debt written off, a Parliamentary panel is likely to tell the government.
The panel is also understood to have concluded that the equity infusion in the national carrier, as part of the turnaround plan (TAP), was made on a "piecemeal basis," adversely affecting its financial and operational performance and "forcing" the airline to take loans "at a higher interest rate to meet the shortfall." The Parliamentary Standing Committee on Transport, Tourism



Sputtering take off: An alternative to divestment of AI, 'which is our national pride,' must be explored, says panel.

and Culture concluded that the government should review its decision to privatise or disinvest AI and explore the possibility of "an alternative to disinvestment of our national carrier which is our national pride."
Observing AI has always

"risen to the occasion" at times of need like calamities or political unrest in India or abroad, the Committee said "it would be lopsided to assess and evaluate the functioning of AI solely from business point of view, as has been done by NITI Aayog."

On way to insolvency, firms scout for fronts

Whistle-blowers alert authorities

PRESS TRUST OF INDIA
NEW DELHI

A number of insolvency-bound companies, reeling under huge unserved loans, are scouting for front entities to buy them out in a distress sale under an 'asset reconstruction' model with the help of 'friendly' IRPs, but have landed themselves under the regulatory scanner.

'ARC start-ups'
According to top regulatory officials, some of these firms are approaching senior NBFC executives, with a good reputation in the market, with a novel idea of setting up their own 'asset reconstruction' (ARC)

start-ups' and then bidding for the assets being sold under the insolvency process. They are also trying to rope in some 'friendly' IRPs (Insolvency Resolution Professionals) to help achieve their motive of a 'front entity' acquiring the assets on sale, but the regulators and the government agencies have got a whiff of the whole design, including with the help of some whistle-blowers, a senior official said. The companies which are currently under the scanner include those from the steel, power and textile sectors, the official said, but refused to divulge the names as an investigation is currently underway.

Base effect lifts credit growth

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MUMBAI

Credit growth, after a long gap, grew in double digits to 10.65% to ₹80,96,727 crore in the fortnight ended December 22, 2017 due to the base effect, according to RBI data.

Advances stood at ₹73,17,391 crore in the fortnight ended December 23, 2016. "The credit growth is mainly because of the base effect," State Bank of India's managing director (retail and digital banking) P.K. Gupta said. "Due to demonetisation last year, the base figures are getting revised and so, that is where you are seeing the growth," Mr. Gupta added.

INTERVIEW | T.T. SRINIVASARAGHAVAN

Commercial vehicle financing seeing uptick: Sundaram Finance

Trend driven by a strong push in infrastructure investment, says firm's MD

K.T. JAGANNATHAN

It is not just a company. It is an institution. So, what it does and how it does is a subject matter of public interest. T.T. Srinivasaraghavan, MD, Sundaram Finance Ltd., speaks on a variety of issues. Excerpts:



What do you make of the sudden surge in auto sales?
November has historically been a sleepy month in terms of commercial vehicle (CV) sales, coming as it does after the festive season. This time, however, November was surprisingly buoyant. And, December witnessed record numbers, both in the car and the CV segments. Our own disbursements in December set a new record.

While car sales were driven by year-end discounts, the mandatory requirement of AC/blower from January 1 led to pre-buying in the trucking segment. What took us by surprise was the unprecedented scale of the pre-buying. The overall buying sentiment is definitely better compared to 12 months ago. We are seeing an uptick in terms of commercial vehicle financing, driven by a strong push in infrastructure investment. On the ground, there is visible action across the country, with the thrust on road projects. Oil companies, too, have been awarding contracts and that too is driving sales. Growth in sales of cars and two-wheelers has meant that the trucks carrying these vehicles have seen good growth.

With the trucks getting bigger, how relevant is the unit sales comparison?

In a perfect world, banks should be playing the role of a wholesaler and the NBFCs, the retailer

■ A dramatic shift has taken place in the CV segment. Trucks have gotten progressively bigger. Multi-axle and tractor-trailer trucks are very much the flavour of the times, resulting in a huge increase in carrying capacity per truck. The heavy commercial vehicle segment is today dominated by 31 to 40 tonners, going up to 49 tonners. The day of 60-tonners is probably not too far off. Hence, today's one truck is equivalent to yesteryear's three trucks. While we are seeing an overall growth in medium and heavy commercial vehicle sales, it is unrealistic to expect 20% growth year-on-year, in unit terms.

The dismantling of check posts and the vastly improved quality of our highways has led to higher productivity of trucks. Even a high single-digit growth in CV sales will lead to significant growth in terms of carrying capacity. The recent euphoria over the surge in CV sales should be tempered with the realisation that

some of the buying is still being driven by discounting, which could very quickly lead to overcapacity in the trucking sector.

How does one create shareholder value?
■ Shareholder value is a result of various things you do and don't do starting from how you run your business to how you manage the diversity. It finally comes down to how much you live your beliefs. Many a time in the life cycle of a business, you come across 'attractive' business opportunities, but with a string attached. That requires you to step outside your clearly drawn lines. Accepting such opportunities could help your bottom line but cause significant dilution of the brand and go completely against the values you held dear. 'At any cost' is an abhorrent idea. It is only during crises that your character is tested.

And, it is in those times 'walking the talk' becomes critical. It is something that is built for the long-term. When the business environment was really bad, we had, on more than one occasion, consciously taken a decision to shrink our business. The decision to not chase growth in those difficult times was a shareholder-friendly decision intended to protect the long-term shareholder value. It is from this that we derive our core business philosophy of GQP - growth, quality, profitability.

How do you handle disruptions?
■ Disruption is today accepted as the norm. The evolving thinking everywhere seems to be that there will be no

predictability any more. One has to accept that as the new reality and learn to adapt. Disruption is seen as the new norm with some even welcoming it as a business driver. In my view however, one has to find a balance in any discourse. Responsible businesses should strive to find a balance between disruption and stability especially since we cater to a diverse, multi-layered base of customers, shareholders, depositors and the like.

With a push towards bank consolidation, what role do you see for non-banking finance companies (NBFCs)?
■ For long, NBFCs have been seen to be competing with banks. We believe both banks and NBFCs have a distinct and important role to play in achieving financial inclusion. Banks' greatest strength is their ability to raise resources.

While NBFCs cannot match them on the liabilities side, they have shown great strength and resilience on the assets side. We have an intimate understanding of our customers and the risks associated with our business. One has to be on the ground to understand the market realities. Without 'smelling the sand', one cannot get a feel of the trenches. In a perfect world, banks should be playing the role of a wholesaler and the NBFCs, the retailer. Banks have the resources and NBFCs have the reach and local customer knowledge and they know how to collect. There should be a structured mechanism by which they can work in tandem. The ends of financial inclusion would be well served by this.

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Narendra Modi
Prime Minister

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