

**MARKET WATCH**

	23-08-2017	% CHANGE
Sensex	31,568	0.88
US Dollar	64.12	-0.03
Gold	29,700	-0.34
Brent oil	52.24	0.23

**NIFTY 50**

	PRICE	CHANGE
ACC	1801.90	12.60
Adani Ports	385.00	9.35
Ambuja Cements	276.65	3.50
Asian Paints	1141.30	11.85
Aurobindo Pharma	698.65	2.95
Axis Bank	502.65	3.45
Bajaj Auto	2754.65	14.10
Bank of Baroda	140.95	1.60
Bharti Airtel	431.90	9.80
Bosch	21882.40	-16.20
BPLCL	509.70	-0.65
Cipla	559.15	-0.10
Coal India	241.10	0.55
Dr Reddys Lab	2030.95	46.80
Eicher Motors	30648.25	-328.90
GAIL (India)	385.45	7.70
HCL Tech	880.00	4.15
HDFC	1765.25	14.85
HDFC Bank	1772.45	25.45
Hero MotoCorp	3888.90	0.85
Hindalco	230.90	2.00
Hind Unilever	1188.15	-11.45
Indiabulls HFL	1221.75	45.40
ICICI Bank	298.60	4.65
IndusInd Bank	1660.90	34.60
Bharti Infratel	382.80	-5.05
Infosys	892.80	17.40
IndianOil Corp	426.85	3.65
ITC	282.55	-0.35
Kotak Bank	980.10	9.30
L&T	1124.15	6.45
Lupin	955.85	11.45
M&M	1374.20	-0.45
Maurit Suzuki	7573.05	76.95
NTPC	170.25	2.55
ONGC	159.70	0.25
PowerGrid Corp	219.75	0.25
Reliance Ind	1582.05	22.00
State Bank	279.00	5.10
Sun Pharma	469.20	-1.25
Tata Motors	379.95	6.35
Tata Motors DVR	226.55	2.55
Tata Power	78.75	-1.30
Tata Steel	634.60	15.00
TCS	2489.45	-8.10
Tech Mahindra	430.20	-9.15
UltraTech Cement	3951.55	-23.70
Vedanta	299.60	6.55
Wipro	290.00	-0.25
YES Bank	1723.25	10.35
Zee Entertainment	514.90	-1.55

**EXCHANGE RATES**

Indicative direct rates in rupees a unit except yen at 4 p.m. on August 23

CURRENCY	TT BUY	TT SELL
US Dollar	63.91	64.23
Euro	75.39	75.77
British Pound	81.88	82.30
Japanese Yen (100)	58.50	58.80
Chinese Yuan	9.59	9.64
Swiss Franc	66.06	66.40
Singapore Dollar	46.91	47.16
Canadian Dollar	50.85	51.11
Malaysian Ringgit	14.93	15.02

Source: Indian Bank

**BULLION RATES CHENNAI**

August 23 rates in rupees with previous rates in parentheses

Retail Silver (1g)	42.00	(41.90)
22 ct gold (1 g)	2,720	(2,722)

# New mechanism to spur PSB mergers

Cabinet gives in-principle approval for oversight body

**SPECIAL CORRESPONDENT**  
NEW DELHI

Paving the way for quicker consolidation among public sector banks, the Cabinet approved 'in-principle' the constitution of an alternative mechanism, likely to be a ministerial group, that will oversee the proposals for mergers among banks.

"As of today, there are 20 public sector banks plus the State Bank of India (SBI)," Finance, Corporate Affairs and Defence Minister Arun Jaitley said after the Cabinet meeting on Wednesday, adding SBI's five subsidiaries and Bharatiya Mahila Bank had already been merged with the country's largest bank.

"Now, if the board of any other public sector bank proposes a consolidation, this mechanism will oversee that process," Mr. Jaitley said. "The Prime Minister will take a call on who will be members of this group and this will be intimated later," he added.

Stressing that the decision to create 'strong and competitive banks will be solely based on commercial considerations and such decisions must start from the boards of the banks,' the Minister said the proposals received from banks will be reviewed by the members of the alternative mechanism, enabling 'quick decisions.'

"Following an in-principle nod from the group, banks will take necessary steps under the law and as per SEBI norms for amalgamation and the final scheme will be notified by the Centre in consultation with the Reserve Bank of India," Mr. Jaitley said, expressing hope that some consolidation activity would begin in this financial year itself.

The Centre's nudge towards consolidation among



**Conditions apply:** Bank boards will have to take a call on mergers, according to Finance Minister Arun Jaitley.

public sector banks assumes significance as most of them are grappling with huge levels of non-performing assets or NPAs, slow credit off-take and resultant pressures on capital adequacy.

## 'First step'

Rating agency Crisil termed the Cabinet decision as an important first step towards kick starting the consolidation process and said such mergers would improve NPA resolution following swifter decision making and an unified strategy. "This is structurally positive for public sector banks as they will benefit from operational and functional synergies resulting in better efficiencies," said Krishnan Sitaraman, senior director, CRISIL Ratings. "Merger amongst similar performing banks can also result in effective implementation of NPA resolution strategies across PSBs," he said.

"Our experience of consolidation has been positive so far," said Mr. Jaitley.

"It adds commercial strengths, prevents multiplicity of resources being spent in the same areas, and it improves the capacity of the banking system to absorb shocks that the market throws up," he said.

When asked the likely criteria for bank mergers, the Minister said these will have to be driven by the bank boards. "It will be purely commercial... which are the banks, which is the merging bank, which is the principal bank with which it should merge - these initial proposals have to come from the boards of the banks," he said.

An official statement said that stronger public sector banks will help meet the credit needs of a growing economy, absorb shocks and give them the capacity to raise resources without depending unduly on the state exchequer.

This year's Budget provided ₹10,000 crore for bank recapitalisation, which, most bankers said, was inadequate. Mr. Jaitley had, however, held out the possibility of allocating more funds for banks if the requirement arose. The Centre said though suggestions to have fewer but stronger banks had been around since 1991, it was in May 2016 that effective action to consolidate them began. The merger of six banks into SBI was completed in 'record time unlike earlier mergers of State Banks of Indore and Saurashtra,' it stressed.

# 'Banks must tighten bankruptcy norm'

Lenders should start proceedings over NPAs beyond 3 months: RBI's Acharya

**SPECIAL CORRESPONDENT**  
MUMBAI

To expedite stress resolution in the banking system, Reserve Bank of India (RBI) Deputy Governor Viral Acharya said banks must initiate bankruptcy proceedings against loan defaulters if the lenders are unable to resolve bad loans in three months.

"I think we should give banks three months to rectify the account. You can't rectify the account, it is a NPA, you've to file this case in bankruptcy. Chapter closed," he said referring to the recent decision by the markets regulator, Securities and Exchange Board of India, directing companies to disclose any loan default within a day.

"RBI should not be in the



Viral Acharya

business of creating restructuring schemes for banks to resolve a company," Mr. Acharya said.

The Deputy Governor said the recovery of bad debts in India was low compared with other countries.

"Our loan recoveries are in the order of 15-25 paise to

a rupee. In other parts of the world, where bankruptcy system is working well, and these things are being done in a timely manner, the recovery is to the order of 85-90 cents to a dollar," he said.

**Counter-cyclical buffer**  
The central bank also stressed on the need for counter-cyclical buffers - in terms of setting aside higher capital - during periods of higher growth.

"Right now, when banks make loans, entire provisions that the banks do, which is to save for a rainy day, which is am I preparing for the losses that are going to take place, is entirely pro-cyclical. I think we don't talk about any adequate reserves being kept aside to bear a loss until a loan actually de-

faults," Mr. Acharya said.

Most banks in the country do not make adequate provisioning - above the regulatory mandate - which could be used when non-performing assets are increasing.

The Indian banking sector has been battling a surge in bad loans over the last three years with gross NPAs climbing to about ₹8 lakh crore.

In percentage terms, gross NPA (GNPA) ratio of the banking system is at 9.6% and the stressed advances ratio at 12% as of March 31, 2017.

Recently, RBI Governor Urjit Patel had said that it was a matter of concern that 86.5% of the GNPA were accounted for by large borrowers, that is borrowers with aggregate exposure of ₹5 crore and above.

# 'RBI not for NBFCs taking deposits'

'Licences given not to be revoked'

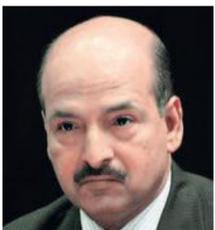
**SPECIAL CORRESPONDENT**  
NEW DELHI

The Reserve Bank of India (RBI) is not in favour of allowing non-banking finance companies (NBFCs) to accept deposits, Deputy Governor N.S. Vishwanathan said.

"Taking deposits will bring with it the treasury function, which would make business tougher for NBFCs," Mr. Vishwanathan said addressing an Association event on NBFCs. "The RBI is not in favour of allowing NBFCs to take public deposits," he said.

Mr. Vishwanathan said the licences already given would, however, not be revoked.

The Deputy Governor said that NBFCs were one of the bright spots of the Indian economy, with ad-



N.S. Vishwanathan

vances growing by 14-15%, which was higher than at banks, Mr. Vishwanathan noted.

The RBI regulates NBFCs for three reasons, he said. The reasons include depositor protection, the fact that many NBFCs rely on banks to finance their liabilities and also to regulate the interface between customers and NBFCs.

# U.S. ethane to boost RIL's operating profits

The firm had invested \$1.5 billion

**PIYUSH PANDEY**  
MUMBAI

Reliance Industries' (RIL) decision to import ethane from the United States (U.S.) as feedstock for its petrochemical plants in Dahej, Hazira and Nagothane will boost the operating profit of the energy-to-telecom conglomerate by \$400 million, according to a top official.

## Payback period

"We expect the investments of \$1.5 billion to have payback period of 4 years," Vipul Shah, COO, Petrochemicals, RIL told *The Hindu*.

The company sensed an opportunity in 2014 replacing costly naphtha and natural gas as feedstock for its petrochemical units with cheaper ethane available in the U.S. in large quantities

because of shale oil boom.

In the process, RIL became the biggest importer of ethane from the U.S. in 2017, followed by INEOS.

RIL will ship about 1.6 million tonnes per annum of ethane from the U.S. for its cracker portfolio in India. RIL has an ethane supply contract in place with Enterprise Product Partners out of their Morgan's Point Terminal in the U.S. Gulf Coast.

Very Large Ethane Carriers (VLECs) are used to transport liquefied ethane from the U.S. to the Gujarat Chemical Port Terminal Company Limited's terminal at Dahej, Gujarat.

For 2017 till May, RIL had imported 416 kilo tonnes of ethane, amounting to 9 VLEC cargoes, which is 19% more than INEOS.

# Infosys risks damage to firm's reputation, says Brand Finance

Great brands need inspiring leaders with vision: CEO Haigh

**K.T. JAGANNATHAN**  
CHENNAI

London-based Brand Finance, a leading independent branded business valuation and strategy consultancy outfit with presence in over 20 locations across the globe, has called for a quick resolution to the ongoing imbroglio at Infosys so as to prevent lasting damage to the reputation of the brand.

Reacting to the recent developments at the software company in the wake of the resignation of Vishal Sikka as Chief Executive Officer, David Haigh, CEO of Brand Finance, in an e-mail response, said: "Continued infighting may result in a drop of brand equity with various stakeholders - from employees to lenders and customers - and thus impact negatively on the brand value."

Infosys is India's fourth



David Haigh

most valuable brand of 2017, valued at more than \$6.2 billion. The brand has been continuously growing since 2013, defending the sixth place among IT services' brands globally.

## 'No cause for worry'

"Although Infosys's stock value has sharply fallen in the past few days, this does not necessarily need to im-

pact the long-term revenue forecast or mean an immediate drop in brand value," he said. If the current imbroglio prolonged for long, it could damage the brand's reputation, he felt.

"Great brands need inspiring leaders with vision. Their retirement puts the brand to the test. If it is well-managed, well-structured and offers good products and services, it survives and thrives. Tata Sons went through a turbulent time when Ratan Tata retired in 2012 and a controversial successor was appointed, but the company has been stabilised since a new chairman was installed.

"Whether Infosys thrives, depends on how robust the management, structure, products and services are, which only time will tell," Mr. Haigh pointed out.

# No change in stance on Infosys: Fund

**PRESS TRUST OF INDIA**  
NEW DELHI

Infosys's third largest institutional investor OppenheimerFunds has said its views on the company have not been "materially" impacted by CEO Vishal Sikka quitting.

The views assume significance as large investors' take on Infosys and their buy-in will be critical in shaping the company's narrative in the next few days.

"The investment team's thesis on Infosys has not been materially affected by the CEO resignation," OppenheimerFunds spokesperson Kimberly Weinrick said. The investment fund holds 2.16% (4.96 crore shares) as of June 30, 2017, in the company.

Mr. Sikka, Infosys's first non-founder CEO, resigned last week citing slander by founders.

# 'Murthy buying time as founders rally'

Promoters gauging investor mood, may pick Nilekani as CEO: investment advisor

**JAY SHANKAR**  
BENGALURU

Infosys co-founder N.R. Narayana Murthy's decision to postpone an investors' call appeared to be a sign that the original promoters of the beleaguered software services company were buying time to firm up plans to propose a new CEO - in all probability Nandan Nilekani - an analyst and an advisory firm said on Wednesday.

## 'Founders rallying'

"The main reason why this meeting is being called off is that the former promoters of the company want to collect representations and proposals to name their candidate to the board," Arun Kejriwal, founder at Kejriwal Research and Investment Services, an advisory firm, said in a telephone interview from Mumbai.

Mr. Murthy, who has been in the eye of the storm since

Vishal Sikka suddenly quit as CEO on August 18 and being charged by the Infosys board of having triggered Mr. Sikka's abrupt exit, had originally planned to address investors on August 23. However, on Wednesday investors were informed that the call had been rescheduled to August 29.

"We do not know yet; Nilekani may be co-opted and nominated," said Mr. Kejriwal. "They will have to seek NCLT's permission to call a meeting and hope that investors will support their candidate. First, Nilekani will have to agree. This [cancelled meeting] gives them time to build up the entire thing. They want to gauge which side the investors are on the issue."

The Infosys board had also alleged that Mr. Murthy had repeatedly made inappropriate demands which, they said, were inconsistent



Nandan Nilekani

with his stated desire for stronger governance. Markets' regulator SEBI said on August 22 it was keeping a close watch on Infosys's share price movement after the stock fell for two straight sessions in the wake of Mr. Sikka's resignation.

The shares tumbled by almost 10% on August 18, and fell further by more than 5% on August 21 as investors ignored the company's buy-back decision amid fears

that the stand-off between Mr. Murthy and the board could potentially erode customer confidence and hurt Infosys as a brand.

With institutional investors including mutual funds and the state-run Life Insurance Corporation of India (LIC) holding sizeable stakes in the company, an analyst at a domestic brokerage, who did not wish to be identified, said the large investors could play a crucial role in resolving the current crisis.

"The key is being held by LIC," the analyst said. "The question is whether Murthy wants a resolution to either dissolve the board or get members changed. He needs to call in a special general body meeting. The domestic investors vote then becomes the key."

LIC owns 7.03% stake with a total 11.01% held by insurance companies.



**Government of India**  
**Ministry of Shipping**

**Directorate General of Lighthouses and Lightships (DGLL)**

**Development of Tourism Project on Public Private Partnership (PPP) basis alongside Mahabalipuram Lighthouse, Tamil Nadu**

**Opportunity to Own and Operate Sound & Light Show**

**Request for Qualification (RFQ) cum Request for Proposal (RFP)**

**Engagement of Private Sector Entity through Bidding Process:**

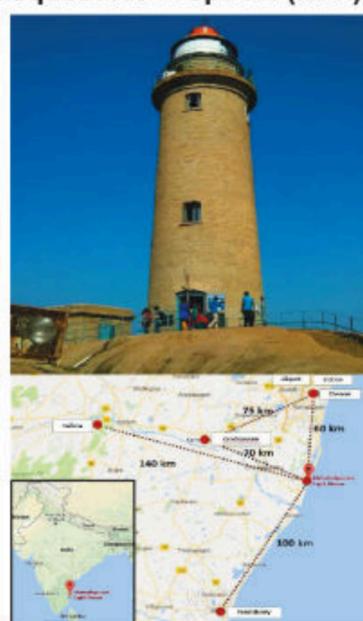
The Directorate General of Lighthouses and Lightships (DGLL), invites bids from Private Sector Partners, either a single entity or as a Consortium, to Design, Finance, Build, Operate and Transfer the Tourism project at Mahabalipuram lighthouse, in PPP format. The Bid Document can be downloaded from the Central Public Procurement (CPP) Portal : <http://eprocure.gov.in/eprocure/app> or the websites : [www.shipping.nic.in](http://www.shipping.nic.in), [www.dgll.nic.in](http://www.dgll.nic.in), [www.ipa.nic.in](http://www.ipa.nic.in)

**Project:**

The project envisages development and operation of Sound and Light / Laser show. Supporting tourism facilities Souvenir Outlet, Landscaping including Operations & Maintenance of DGLL Museums already running at the site. The total land available at Mahabalipuram for Project Development through PPP is 0.69 acre.

**Schedule:**

A Pre-bid Conference will be held at DGLL office in Noida at 11:00 hrs. (IST) on 06th September, 2017. The last date and time of submission of bids in the format prescribed in the Bid Document is 15:00 hrs. (IST) on 05th October, 2017.







**For any queries please contact DGLL / Project Advisors as mentioned below. All further updates shall be uploaded on the above mentioned websites.**

**Nodal Agency**

**Directorate General of Lighthouses and Lightships (DGLL)**

**"Deep Bhawan", A-13, Sector-24, Noida-201301 (U.P.)**

**Contact Person**

**Mr. D.K. Sinha, Dy. Director General**

Tel.: 0120-2412509 • E-mail : [noida-dgll@nic.in](mailto:noida-dgll@nic.in)