

CURRENCIES	
US \$	Rs 71.45
UK Pound	Rs 91.94
Euro	Rs 81.71

INDICES	
BSE	
Sensex	35474.51 -300.37
Midcap	14896.39 -153.40
Smallcap	14405.55 -133.10
NSE	
Nifty	10656.20 -107.20
Next 50	27163.15 -345.15
Nifty 500	8960.15 -92.60

Most active on NSE		
Scrip	Price*	Traded volume#
Yes Bank	192.50	1504.16
IBullHsgFin	706.00	865.44
ICIICI Bank	357.15	703.48
Reliance	1137.00	653.88
Jet Airway	307.55	632.80
*In Rs; #In Rs crore		

COMMODITIES	
Gold (10 gram in Rs)	
Pure	31465 -5
Hallmark	30415 -115
Silver (kg in Rs)	
Bar	37050 -150
Portion	37150 -150
Crude*	4101 31.00
Copper#	441.65 0.30
*per barrel in Rs; # per kg in Rs	

MONEY MARKET	
	Yield (%)
Call rate	5.10
91-day T-Bill	6.83
1-year Gilt	7.30
5-year Gilt	7.65
10-year Gilt	7.79

IN BRIEF

Jaypee Infratech

■ **NEW DELHI:** Five companies — NBCC, Kotak Investment, L&T Infrastructure, Singapore-based Cube Highways and Suraksha group — have shown interest in taking over debt-ridden Jaypee Infratech, which is facing bankruptcy proceedings in NCLT. **PTI**

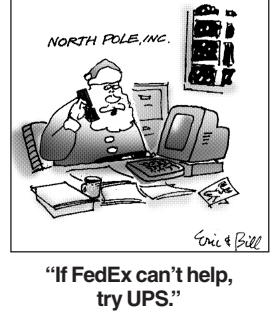
Volkswagen move

■ **NEW DELHI:** German auto major Volkswagen Group on Tuesday announced management restructuring in India. As part of the exercise, Skoda Auto India managing director Gurpratap Boparai will become MD of Volkswagen India Pvt Ltd (VWIPL) with effect from January 1, 2019, the group said in a statement. **PTI**

AI revival plans

■ **MUMBAI:** Air India has revived its plans to raise Rs 500 crore in short-term loans, besides mopping up another Rs 6100 crore by way of sale and lease back of seven of its widebody planes, an official said. **PTI**

BOTTOM LINERS



Extended buffer a boon for govt

OUR SPECIAL CORRESPONDENT

Mumbai: The RBI decision to extend the last tranche of its capital conservation buffer by one year is a positive for the Centre as it will now have to infuse relatively lower capital into state-run banks in this fiscal.

In a meeting on Monday, the central board of the RBI decided to retain the capital-to-risk-weighted assets (CRAR), or the ratio of bank's capital to its assets, at 9 per cent. However, it agreed to extend the transition period to implement the last tranche of 0.625 per cent of capital buffer by one year to March 31, 2020.

According to Basel III norms, being implemented in phases (it was earlier scheduled to be fully implemented by March 2019) by the RBI, banks have to maintain a capital conservation buffer.

CCB is designed to ensure that the lenders build up capital buffers during normal times (outside periods of stress) which can be drawn down if losses are suffered during a stressed period.

According to earlier RBI norms, banks had to build CCB of 1.875 per cent of their risk-weighted assets — or the capital that banks have to be set aside according to the asset's riskiness — by March 31, 2018.

This was set to go up to 2.5 per cent by

DEADLINE DEFERRED

What is capital conservation buffer?

■ Banks to mandatorily stack up on cash during normal times for use during periods of stress

What has RBI done?

■ Apex bank has given scheduled banks a year more till March 31, 2020 to meet their buffer rules

What is the impact?

■ Banks can deploy more funds as loans instead of keeping them for emergency

March next year. Monday's decision means that banks will not have to maintain this additional 0.625 per cent by March 2019.

There are few PSU banks that are below the minimum threshold requirements set by the RBI, thereby necessitating capital infusion from the central government. Brokerages feel that due to the RBI decision, the recap burden on the Centre will be relatively lower, though any benefit will only be of a small nature.

"As a result of this decision, the total CET 1 requirement as of March 2019 would continue to be 7.375 per cent. As-

suming the CET1 ratios and risk-weighted assets (RWA) as of the second quarter 2018-19, the implied lower capital infusion would be Rs 13,390 crore. While this would lessen the government's burden, we believe this is miniscule and would only meet the minimum requirements. Additional capital infusion would be required should the government want the banks to push balance sheet growth," analysts at Jefferies said in a report. CET1 is the minimum capital needed and it stands at 5.5 per cent of the assets.

Echoing a similar view, a note from Edelweiss Securities said that the measures will only provide some temporary relief to PSU banks.

Reserves level

The RBI board will soon set up a high-level committee to examine the Economic Capital Framework (ECF) to determine the appropriate levels of reserves the central bank should hold, official sources said on Tuesday.

After a day-long meeting on Monday, the central board of the RBI decided to set up an expert committee to look into ECF. It was also agreed that the membership and terms of reference of the panel will be jointly determined by the government and the Reserve Bank of India.

OUR SPECIAL CORRESPONDENT

Mumbai: Stocks snapped their three-day winning streak on Tuesday after the outcome of the central bank's meet failed to assuage investors, who expects implementation of the proposed measures to take time.

The benchmark BSE Sensex closed down 0.84 per cent at 35474.51, while the broader NSE Nifty ended 1 per cent lower at 10656.20.

Global selloff also played a spoilsport despite the strengthening rupee and easing crude oil prices.

The 30-share Sensex, after starting off lower at 35730.77, continued to slide as selling pressure picked up momentum and hit a low of 35416.18, before settling 300.37 points, or 0.84 per cent, lower at 35474.51.

The index had risen 633 points in the last two sessions on the back of increased foreign fund inflows.

While European indices opened lower as investors con-

“This vehicle is the most clean solution the world will see

Mahindra group chairman **Anand Mahindra** on the company's plans of introducing electric kick scooters



XXCE

RBI fails to impress markets

MOOD METER

Top five Sensex losers

(Close in Rs, loss in %)

Scrip	Close	Loss
Yes Bank	192.55	6.10
Tata Steel	563.50	3.21
Vedanta	205.10	2.89
Wipro	321.70	2.59
NTPC	149.35	2.42

tinued to monitor developments on Brexit, there were lingering worries over rising interest rates and the trade tensions between the US and China. There was more bad news for investors after market hours as the Dow Jones Industrial Average traded lower more than 480 points, thus

erasing its gains scored in this calendar year.

Meanwhile, the rupee continued its rising spree for the sixth straight day, rising 21 paise to 71.46 against the dollar on Tuesday after the outcome of Monday's RBI board meet removed uncertainty over a growing rift in policy decisions between the government and the central bank.

With the rupee steadily gaining ground over the past few days, sentiment in IT stocks has taken a hit. TCS, Infosys and Wipro fell up to 2.59 per cent on Tuesday.

Shares of Yes Bank witnessed the sharpest fall in the Sensex pack as it cracked 6.10 per cent after independent director Rentala Chandrashekhara resigned from the board on Monday.

In Asia, the Shanghai Composite Index plunged 2.13 per cent, Hong Kong's Hang Seng fell 2.01 per cent, Japan's Nikkei was down 1.09 per cent and the Singapore index down 1.24 per cent.

Oil firms ready to splurge

OUR SPECIAL CORRESPONDENT

New Delhi: Oil marketing companies are likely to invest about \$40 billion over the next five years to meet the new Euro-VI emission standards by 2020.

"The capex plans for downstream companies will be driven by capacity expansion and refinery upgradation to meet the new emission standards in 2020. The three oil marketing companies (OMCs) together with HPCL-Mittal Energy are likely to invest about \$35-\$40 billion over the next five years," US-based Fitch Ratings said in a report.

IOC plans to double its refining capacity to 150 million tonnes per annum (mtpa) by 2030 from 80.7 million tonnes by expanding the refineries of subsidiary Chennai Petroleum Corp and the proposed Ratnagiri Refinery & Petrochemicals Ltd, among others.

BPCL plans to upgrade its Mumbai refinery to 14mtpa from 12mtpa. It is also looking to expand the capacity of its Assam-based Numaligarh refinery to 9mtpa from 3mtpa.

HPCL plans to ramp up the Vizag com-

TRENDS & TRIGGERS

■ **Euro VI:** New emission norm from 2020 requires heavy investment. Refiners to invest \$40bn to upgrade and expand capacity

■ **Crude price:** Higher price to encourage investments by upstream players as well

■ **Retail price:** Crude price high, rupee depreciates. However, elections to put lid on prices, impacting financials of PSU refiners

plex to 15mtpa from 8.3mtpa, while the Mumbai refinery's capacity will be increased to 9.5mtpa from 7.5mtpa. Moreover, a 9mt integrated refinery and petrochemical complex will come up at Barmer in Rajasthan.

Fitch said it expects "upstream investments to also remain high, given the strong crude prices and the need to arrest the falling domestic production and reserves".

According to the rating agency, the government's move to lower retail prices

may hit the profitability of IOC, BPCL and HPCL in 2018-19 before being reversed in the next fiscal. The credit metrics of the three companies are likely to weaken moderately in 2019 as a result of lower retail and refining margins and large ongoing capex.

Further, it expects the credit metrics of Reliance Industries to improve in the near to medium term, benefiting from its investment in petrochemical refining operations.

Pressure on margins

The fuel price cut highlights the regulatory risks of oil marketing companies as a result of rising crude oil prices and the weakening rupee, especially with the upcoming elections in 2019 and continuing margin pressure through 2019-20, the report said.

"We expect under-recoveries to rise steeply in 2018-19, driven by high crude prices. The state continues to shoulder the full share of under-recoveries. However, we expect pressure on upstream firms for higher payouts to reduce the benefits from high crude prices," the agency said.

Ujjivan sets lofty targets

A STAFF REPORTER

Calcutta: Ujjivan Small Finance Bank plans to accelerate branch expansion this fiscal after demonetisation had put a brake on the bank's plan by pushing up the credit cost of the lender.

The niche bank has also diversified its loan book by introducing personal loans for salaried individuals in smaller (Tier-1 and Tier-2) cities.

"We had deferred rollout of banking outlets last year in order to manage our cost in view of unforeseen large credit costs due to demonetisation. We plan to accelerate the establishment of banking outlets this year, which is on track. We established 180 in the first two quarters and doubled our footprint.

"Ujjivan now has 367 banking outlets and 95 asset centers. We expect the number of banking outlets to reach 475 by end of March 2019, out of which 120 will be in the unbanked rural centers," Samit Ghosh, managing director and CEO of



We had deferred rollout of banking outlets last year to manage our costs in view of unforeseen large credit costs due to demonetisation

Sumit Ghosh, MD & CEO, Ujjivan Bank

Ujjivan Small Finance Bank, informed analysts at the quarterly earnings call disclosed to the bourses on Tuesday.

Of the 108 banking outlets that will be opened in the second half, 63 will be unbanked rural centres in Assam, Bihar, Gujarat, Haryana, Karnataka, Madhya Pradesh, Odisha, Bengal, Rajasthan and Tamil Nadu, with each banking outlets serving assets and liabilities.

With a loan book primarily tilted to-

wards micro credit, the small finance bank had seen its business being affected by the cash dependant microfinance segment in the aftermath of demonetisation. There has since been an improvement in both disbursement and portfolio at the risk of default. Ujjivan, however, plans to diversify its loan book which stood at Rs 8,317 crore for the September-quarter.

Personal loan

The bank on Tuesday announced the launch of personal loan facility for salaried individuals across 14 Tier 1 and Tier 2 locations, including Ahmedabad, Bangalore, Delhi, Calcutta, Pune, Surat, Mumbai, Mysore, Amkaleshwar, Coimbatore, Kochi, Chennai and Vodaodara. This is in addition to the home loan and business loan offered by the bank.

The personal loan will be available for salaried professionals who are earning a monthly salary above Rs 15,000. Individuals can avail loans starting from Rs 50,000 up to Rs 15,00,000.

Steel tussle escalates

New Delhi: Taking forward the trade dispute with the US in the World Trade Organisation (WTO), India has asked the Geneva-based multilateral body to set up a panel against the US for imposing high import duties on certain steel and aluminium products, an official said.

India took this decision after both the countries failed to resolve the issue in a bilateral consultation process under the dispute settlement mechanism of the WTO.

Consultation is the first step of the dispute settlement process in the organisation. If the two countries are not able to reach a mutually agreed solution through consultation, a country can request for a WTO dispute settlement panel to review the matter.

"So, now, India has asked the WTO for establishment of the dispute panel on the matter," the official said.

The imposition of high import duties on these items by the US has impacted exports of these products by Indian businesses. The US move is also not in compliance with global trade norms.

Besides India, Russia, Norway, Canada, Mexico, Switzerland, and European Union have dragged the US to the

TRADE TENSION

- **March 9:** President Trump imposes tariffs on steel, aluminium
- **May 19:** Dispute before WTO. Consultations proposed as per WTO rules
- **November 20:** Consultation fails. New Delhi demands dispute settlement mechanism

WTO on America's move to impose 25 per cent and 10 per cent import duties on certain steel and aluminium products, respectively, which has triggered global trade tensions.

"We have discussed the matter with all these countries. A common dispute panel could be formed on the matter," the official added.

India has a significant export interest to the US on the steel and aluminium sector. According to estimates, India exports steel and aluminium goods worth about \$1.6 billion a year to America. The US had imposed these duties on grounds of national security.

Biswajit Dhar, professor of economics at JNU, said the US decision would not only impact India's exports but also affect global trade. **PTI**

Yes Bank promoters seek truce

Mumbai: Yes Bank's managing director and chief executive Rana Kapoor on Tuesday said he was in talks with co-promoter Madhu Kapur to reach a truce.

The confirmation on the speculation comes three months ahead of the January 31, 2019, deadline by which Kapoor is supposed to leave office under an order of the RBI curtailing his tenure.

"Efforts are underway for the mutual resolution with Madhu Kapur and family, the co-promoter of the bank. This is intended to ensure better support and coordination by the two promoter groups with the board of directors of the bank," the bank said in a late evening statement.

It can be noted that following the RBI order curtailing Kapoor's term, there were reports saying he is trying to reach a truce with Madhu Kapur, which can give the promoter group owning over 20 per cent of the bank collectively a better control in the affairs of the bank.

Kapoor and Madhu Kapur have an acrimonious past and have also battled in the Bombay high court. The statement was issued jointly by Kapoor and Brahm Dutt, one of the seven remaining directors on the board, following a spate of resignations lately. **PTI**

Ghosn seat at Renault under threat

Paris/Tokyo: France urged Renault on Tuesday to replace CEO Carlos Ghosn after his arrest in Japan on financial misconduct allegations, which sources said formed part of an investigation extending to its broader carmaking alliance with Nissan.

Ghosn, one of the car industry's best known leaders, was arrested on Monday after Nissan Motor Co said he had engaged in wrongdoing at the Japanese firm, including personal use of company money and under-reporting his earnings, for years. Nissan plans to remove him as chairman on Thursday.

In a sign Nissan may be seeking to loosen its French parent's hold on their alliance, the Japanese company told

Renault's board on Monday it also had evidence of potential wrongdoing at Renault-Nissan BV, the Dutch venture overseeing alliance operations under Renault's ultimate control, sources said.

The private communication came from Nissan chief executive Hiroto Saikawa, whose company is 43.4 percent-owned by Renault in a complex alliance forged by Ghosn over almost two decades.

The French state, which owns 15 per cent of Renault, has begun to distance itself from Ghosn, a French citizen who was born in Brazil and is of Lebanese descent.

Renault's board will meet later on Tuesday, a spokesperson said. Sources familiar with the matter told Reuters it



WHAT NEXT: Ghosn

would discuss temporarily replacing Ghosn.

"Carlos Ghosn is no longer in a position where he is capable of leading Renault," French finance minister Bruno Le Maire told France Info radio, calling on Renault

to set up an interim management structure.

"Renault has been weakened, which makes it all the more necessary to act quickly," he said.

Following talks between Le Maire and his Japanese counterpart Hiroshige Seko, the two ministers issued a joint statement reaffirming support for the Renault-Nissan alliance and a "shared wish to maintain this winning cooperation".

Ousting Ghosn will pose questions about an alliance he had pledged to consolidate with a deeper tie-up, before eventually stepping back from its operational leadership.

It comes at a difficult time for the industry, with tighter emissions regulations, a de-

cline in sales of diesel vehicles and expensive investments in electric and self-driving technology.

Ghosn's alleged improprieties also raise questions over governance at the alliance in which the three partners' boards are all chaired by a single executive.

One Nissan-based manager told Reuters he was concerned decision making at the alliance could slow because of the lack of a unifying figure.

The manager, who declined to be identified, said he was also worried Ghosn's departure could hit sales as fans of the charismatic leader abandon the company and corporate customers bound by compliance rules put orders on hold due to the scandal. **Reuters**