

Opaque financials of banks pose a bigger challenge for investors

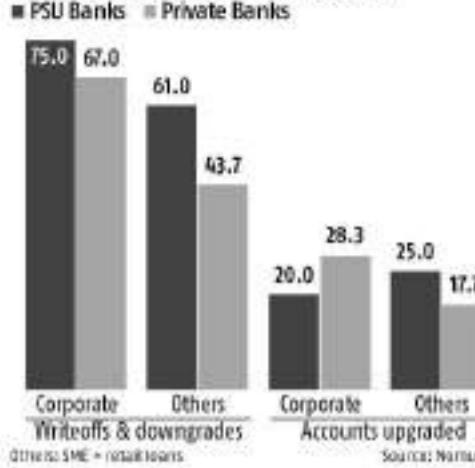
While corporate loans shall be restructured, retail and SME loans are at lenders' discretion

HAMSINI KARTHIK
Mumbai, 8 September



EFFECTIVENESS OF LOAN RESTRUCTURING

Loans restructured from FY13 to FY20 (%)



For the first time in over a decade, analysts brushed aside the headline numbers posted by banks for the June quarter. Instead, they pushed investors to look for finer details, such as cheque bounce rates, loan book covered by the moratorium, and the cross-section of customers opting for the benefit. As regulations for restructuring come out and banks having limited time until December 31, 2020, to implement the same, the growing consensus is that September quarter results, too, may not hold much relevance.

Suresh Ganapathy of Macquarie Capital strongly feels that loan restructuring will only increase the opacity of financials and balance-sheets of banks may not reflect the true nature of their books in the near term.

Krishnam A S V of SBICap Securities urges investors to ask banks for details that are otherwise not be public information. "Our learnings from the two previous large-scale restructuring exercises suggest that investors are better-off ignoring the headline restructured portfolio and focusing instead on greater disclosures to assess the true sense of the borrowers' ability to repay. Investors should encourage banks to disclose parameters such as nature of lending, nature of the collateral, and the depth of banking relationship," he emphasises.

There's a strong reason for both analysts hoping on a possible opacity in financials of banks. Loans worth \$4.5 trillion (corporate, SME and retail loans included), which are affected following the Covid-19-trig-

gered disruption, are likely to be restructured. Of the lot, unknown territories are retail (home loans, auto loans, and personal loans) and SME (small and medium enterprise) loans.

While there are strict norms and elaborate financial ratio tests to pass for restructuring of corporate loans, the applicability for restructuring retail loans is at the discretion of banks. In other words, restructuring corporate loans may be a more collective, uniform and disciplined exercise whereas retail and SME loans may be prone to subjectivity.

Take another case where a borrower has availed two loans from a bank. One bank may restructure both loans, while another, based on some internal cash flow projec-

Sample a case where a borrower may have taken two loans — an auto loan and a home loan — from two different banks. While the bank that has lent the home loan may restructure the exposure, but the other, which has extended the auto loan, may deny a similar benefit. Thus, the borrower whose earning capacity is stretched would be a standard account for one bank and a restructured account for the other.

Analysts at BofA Securities say as banks restructure loans under the Covid shock, it will add to uncertainty in the short run. For investors, this means staying cautious on the sector, even if banks put out stunning quarterly results.

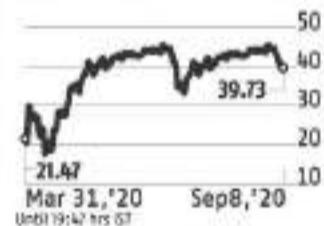
Oil glut trade on brink of a return; Brent crude below \$40

BLOOMBERG & REUTERS

7.47 pm IST.

The combination of a stalling Asian demand recovery, the end of the US summer driving season, and increased supply from the Opec+ alliance are signaling a bleak short-term outlook for oil prices. The global Brent crude benchmark is currently trading quite deeply in a bearish pattern known as contango, where the most immediate prices are far below those for contracts for supply in later months. The discount has gotten so big that it appears to

BRENT CRUDE



cover the nominal cost of hiring 1,200-ft long supertankers. In other words: Traders can buy car-

goes now, stash them on ships, and sell them later at a profit.

Such a development would be viewed with concern by the likes of Saudi Arabia and Russia, the two nations who led the deepest global oil production cuts in history. In recent months, they have been carefully trying to boost supply to bring it slowly back toward normal. The contango implies that the market is so oversupplied that one of the industry's most expensive forms of storage is becoming a viable

way to hoard barrels — on paper at least.

Gold falls sharply

Gold prices fell sharply on Tuesday as a strong dollar outweighed lingering economic concerns and investors awaited policy cues from the European Central Bank.

Spot gold was down 0.55 per cent to \$1,918.49 per ounce at 7.47 pm IST, after falling as much as 1 per cent to \$1,907.61. In Mumbai, standard gold settled at ₹50,870.

An oil trade that only works when the market is glutted may be about to make a comeback. That's bad news for producers withholding near-record amounts of crude in a coordinated bid to help prop up prices. Crude futures in London, on Tuesday, fell below \$40 a barrel for the first time since June 25. Brent crude was trading at \$39.73 per barrel, down 5.43 per cent at

7.47 pm IST.

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BOOK CLOSURE

Notice is hereby given that the 80th (Eighty) Annual General Meeting ("AGM") of the Members of FDC Limited ("the Company") is scheduled to be held on Wednesday, September 30, 2020 at 10:00 a.m. (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the businesses set out in the Notice of the AGM.

In view of the ongoing COVID-19 pandemic, the Ministry of Corporate Affairs has issued General Circular dated April 8, 2020, April 13, 2020 and May 5, 2020 (collectively referred to as "MCA Circulars") and Circular dated May 12, 2020 issued by the Securities and Exchange Board of India ("SEBI Circular"), permits holding of AGM through VC or OAVM, without the physical presence of the Shareholders at a common venue, in compliance with the provisions of the Companies Act, 2013 ("the Act"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Obligation and Disclosure Requirements Regulations, 2015") ("Listing Obligations and Disclosure Requirements Regulations, 2015" ("SEBI LODRs")) ("LODRs"). MCA Circulars and SEBI Circulars, the forthcoming 80th (Eighty) AGM of the Company will be held through VC / OAVM. Shareholders attending the AGM through VC / OAVM shall be entitled to the purpose of revoking the option under Section 109 of the Act, The Notice of AGM together with the Auditor's Statement thereto under Section 302 of the Companies Act, 2013, along with the Audited Financial Statements, Board's Report and the Statutory Auditors' Report thereon for the financial year ended March 31, 2020 have been sent electronically to these Members whose email IDs are registered with Company / Depository Participants / Registrar and Share Transfer Agent. The dispatch of Notice of AGM has been completed on Thursday, September 03, 2020.

In line with the MCA Circulars and SEBI Circulars, Shareholders are advised to register / update their Email ID with the Depository Participants, in order to receive electronic copies of the Annual Report / Log-in credentials, since no physical copies of the Annual Report will be dispatched to any Shareholder this year.

BOOK CLOSURE

Notice is hereby given pursuant to Section 83 of the Companies Act, 2013 and Regulation 42 of the Listing Regulations, 2014, that the Register of Shareholders and Share Transfer Books of the Company will remain closed for the purpose of the 80th (Eighty) AGM from Thursday, September 14, 2020 to Wednesday, September 30, 2020 (both days inclusive).

VOTING THROUGH ELECTRONIC MODE:

Shareholders are hereby informed that, in compliance with the provisions of Section 308 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (including any modification), amendment or re-enactment thereof, for the time being in force), Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Obligations and Disclosure Requirements Regulations, 2015" ("SEBI LODRs")) ("LODRs"), MCA Circulars and SEBI Circulars, the forthcoming 80th (Eighty) AGM of the Company is proceeding its Members, the facility to exercise their right to vote on the resolutions proposed to be passed at the AGM by electronic means on all the business to be transacted as set forth in the AGM Notice, through a remote voting facility ("remote e-voting") provided by National Securities Depository Limited ("NSDL"). The Company is also providing e-voting facility ("e-voting") at the AGM to be held through VC / OAVM and the Shareholders who have not already cast their vote by remote e-voting shall be able to exercise their right to vote during the AGM through e-voting.

The Company has appointed Mr. Sanjay Dholakia (Membership No. F_0055), or Ms. Sanjay Dholakia and Associates, Practicing Company Secretary (CP No. 778) as the Scrutinizer to scrutinize the remote e-voting and e-voting process, in a fair and transparent manner.

The instructions for remote e-voting and e-voting are given in the Notice of the AGM. Shareholders are requested to note the following:

a. The remote e-voting will commence on Sunday, September 27, 2020 at 9:00 a.m. (IST) and end on Tuesday, September 29, 2020 at 5:00 p.m. (IST). The remote e-voting module shall be disabled by NSDL for voting thereafter and Shareholders will not be allowed to vote electronically beyond the said date and time. During this period, Shareholders of the Company holding shares in dematerialized form, as on the cut-off date, i.e., Notice of the AGM, Shareholders who have cast their vote by remote e-voting prior to the AGM may also attend the AGM to be held through VC / OAVM, but they shall not be entitled to cast their vote again. Once the vote on a resolution is cast by the Shareholder, they shall not be allowed to change it subsequently.

b. The voting rights of the Shareholders (who are voting through remote e-voting or e-voting at the AGM) shall be in proportion to their share in the Paid-up Equity Share Capital of the Company as on the Cut-off Date, i.e., Tuesday, September 22, 2020. A person whose name is recorded in the Register of Beneficial Owners maintained by the Depositories, Registrar and Share Transfer Agent as on the Cut-off Date only shall be entitled to avail the facility of remote e-voting as well as e-voting at the AGM.

c. Any person who acquires Shares of the Company and becomes a Shareholder of the Company after the dispatch of the AGM Notice and holds shares as on the Cut-off Date, may obtain the login details by sending an email at e-voting@nsdl.co.in. A person who is not a Shareholder as on the Cut-off Date should treat the Notice of AGM for information purposes only.

d. The manner of "remote e-voting" and "e-voting" during the AGM, for Shareholders holding shares in dematerialized mode and the Shareholders who have not registered their email addresses is provided in detail in the Notice of the AGM.

A copy of the AGM Notice and Annual Report for the financial year 2019-2020 is available on the website of the Company at www.fdclimited.com and on the website of the stock exchanges i.e., BSE Limited at www.bseindia.com and the National Stock Exchange of India Limited - www.nseindia.com.

In case you have any queries or issues regarding remote e-voting and e-voting, you may refer to the Frequently Asked Questions ("FAQs") and e-voting manual available at www.e-voting.nsdl.co.in under Help section or write an email to e-voting@nsdl.co.in or contact Mr. Arvind Patel, Senior Manager - NSDL at arvind@nsdl.co.in or +91 22 24954559.

Shareholders are requested to express their views or ask questions by mail by sending a query from their registered email address containing their name, DR & Client Number, PAN, mobile number, etc. to e-voting@nsdl.co.in from Monday, September 21, 2020 (9:00 a.m. IST) to Friday, September 25, 2020 (5:00 p.m. IST).

This advice/dispatch shall also be available on Company's website at www.fdclimited.com and on the website of BSE Limited at www.bseindia.com and National Stock Exchange of India Limited - www.nseindia.com.

The tender documents are non-transferable. The Tenders will be opened in the presence of the respective tenders who are present with due authorization letters on the date and time mentioned above at the office of the Chief Engineer (AE), Nandigram, Chennai - 600 035 from the date of notification or payment from 10:30 AM to 4:00 PM at working days till the date mentioned below. The EMD should be paid via Demand Draft in the name of Chief Engineer (AE), payable at Chennai.

Last Date and Time for issue of Tender Document: 12:00 Noon on 09.10.2020

Last Date and Time for receipt of Tender Document: 2:00 PM on 09.10.2020

Tender Opening: 3:00 PM on 09.10.2020

The tender documents are non-transferable. The Tenders will be opened in the presence of the respective tenders who are present with due authorization letters on the date and time mentioned above at the office of the Chief Engineer (AE), Nandigram, Chennai.

Tender documents can also be downloaded from the website www.tenders.tn.gov.in of cost.

Chief Engineer (AE)

T/1/13167/2020

GOVERNMENT OF TAMILNADU

AGRICULTURAL ENGINEERING DEPARTMENT

TENDER NOTICE Date : 06.09.2020

For and on behalf of the Governor of Tamil Nadu, sealed Tenders are invited from Manufacturers or Sole Distributor by the Chief Engineer (AE), 487, Anna Salai, Nandigram, Chennai-35 for the following items, as per the terms and conditions and detailed specification listed in the tender document.

SL.No. Tender No.

Tender for the supply of

EMD (Rs. in lakhs)

Cost of Tender documents (in Rs.)

1 14 Nos. of Tractor Operated Seed Drill - 9 Tyne Cultivator 9.15

2 16 Nos. of Tractor Operated Seed Drill - 11 Tyne Cultivator 3.10

3 4 Nos. of Harvester Combine 1.15

4 40 Nos. of Tractor 4 Wheel Drive 5.30

5 23 Nos. of Buckhoe with Front End Loader 7.00

6 10 Nos. of Multi Axle Carrier (MAC) 4.10

7 5 Nos. of Carrier Vehicle for Combine Harvester 1.10

8 5 Nos. of Mid Tractor suitable for Sugarcane Detaching Machine 0.40

9 6 Nos. of Tractor Operated Sugarcane Detaching Machine 0.10

Rs.15,000 + 12% GST

The tender documents with detailed specifications are available at the Office of the Chief Engineer (AE), 487, Anna Salai, Nandigram, Chennai - 600 035 from the date of notification or payment from 10:30 AM to 4:00 PM at working days till the date mentioned below. The EMD should be paid via Demand Draft in the name of Chief Engineer (AE), payable at Chennai.

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Chief Engineer (AE)

DPRU 3348/TENDER/2020

Small-cap funds: Invest for at least seven years

Given their high volatility, conservative investors must limit exposure to 5-10% of equity portfolio

SANJAY KUMAR SINGH

Small-caps are recovering lost ground after two years of severe underperformance

Category average return (%)

	Large-cap	Mid-cap	Small-cap
2016	3.1	3.9	5.8</td

