

shares in the company by... BV, a fully-owned subsidiary of DRL, delisting of the shares was approved by NYSE Euronext Amsterdam," DRL said.

LIC Offloads 2% Stake in Federal Bank for ₹170 crore



NEW DELHI LIC has sold 2.02% stake in private sector Federal Bank for about ₹170 crore. Following the stake sale, LIC shareholding in the bank has come down to 3%, Federal Bank said. LIC sold 34.71 lakh shares of the bank on March 15 through the open market. The bank's scrip had closed at ₹489.65 on March 15. Thus, LIC has collected about ₹170 crore from the share sale.

Sensex to breach the 20-k mark between September and now after foreign institutional investors, who purchased \$24.4 billion worth of shares last year, stepped up their investments into Indian markets.

The Sensex and Nifty fell around a percent and a half each on Tuesday after the DMK's unexpected decision. Despite the 285-point Sensex fall, FIIs ended up being net purchasers of shares worth ₹62.63 crore.

"Foreign investors are not overly concerned about the DMK threatening to withdraw support to the government as they view this as a part of the cacophony of democracy," said UR Bhat, MD, Dalton Capital Advisors, an FII advisory company. "There is also little reason to believe the government would fall if the DMK indeed pulls the plug as the UPA has the support of SP and BSP. Rather than political events such as

and despite the government having to depend on outside support if the DMK pulls the plug, a rollback of key decisions, like cutting fuel subsidy to reduce pressure on the fiscal deficit, was unlikely.

"Political events such as these make the economic environment uncertain, but we have overcome similar situations in the past and I see no reason why we should not this time, too," said DK Joshi, chief economist, Crisil. "I don't think this event would cause the government to roll back reforms and fiscal prudence measures."

Edelweiss Financial Services' chairman & CEO Rashesh Shah also feels markets will stabilise after the initial "knee jerk" reaction. He added that investors would not be overly perturbed in the unlikely event of a snap poll as this would impart a sense of certainty on the future course of action.

Investors Cry Foul as Manappuram Fin Crashes 20% Over Loan Losses

Plan to move Sebi about selective sharing of sensitive information

RAJESH MACARENHAS
MUMBAI

Shares of Manappuram Finance (MFL) crashed almost 20% to ₹27.70 after the company selectively shared information about large loan losses with some investors before an analyst call.

Shareholders who lost out are planning to drag the company to capital market regulator Sebi, said sources.

Around 4.38 crore shares, or 13% of non-promoter equity, changed hands on the BSE and National Stock Exchange against a five-day daily average volume of nine lakh shares. Market participants were surprised to see such a huge volume with a slide in stock prices before any announcement from the company.

Phone calls and a text message to senior officials of the company went unanswered.

"If events took place as reported, shareholders who lost out have every right to seek redress from Sebi, whose rules clearly mandate that information cannot be selectively shared," said Sonam Udasi,

head, research, IDBI Caps.

Later, in a telecom with analysts, the company tried to clarify its position, but it was too late. The company issued a statement to stock exchange later in the evening saying, "We expect an under-recovery of revenue on certain gold loan portfolios due to correction in the gold price. This may result in reduction in profit numbers for the fourth quarter ending March 31, 2013."

"Sebi has to take action against all those involved in insider trading, regardless of their category," said JN Gupta, managing director at Stakeholders Empowerment Services, "Such instances cause a loss of confidence among investors and increase market risk."

Hit by negative investor sentiment towards companies in the same line of business, rival Muthoot Finance also declined 9.26% to ₹186.10.

Earlier during market hours, domestic brokerage Ambit, in a report, put its ratings of the company under review as the interest lost on loans disbursed before February 2012 was expected to be higher than earlier estimates.

"We put our earnings estimates and valuation under review as we try to get further colour from the management on the extent of possible income reversal going forward and the steps taken by the management

Way Off the Mark?

Broker recommendations on Manappuram Fin

	Rating	Target	Month
Ambit Capital	Buy	51	Jan'13
Edelweiss Capital	Buy	45	Feb'13
Espirito Santo	Buy	44	Feb'13
Emkay Share	Reduce	36	Feb'13
ICICI Securities	Buy	60	Jan'13
India Infoline	Buy	45	Jan'13
Religare Cap Mkt	Hold	38	Dec'12
MSFL	Hold	36	Dec'12
StanC	Outperform	85	Dec'12



to improve its risk management practices," Ambit said in a report on Tuesday.

Gold finance companies like Manappuram were giving loans up to 85% of value of the gold. RBI has capped LTV ratio to 60%. The company had reported a 48% decline in net profit to ₹84 crore from ₹161 crore. RBI also reduced banks' exposure to these non-banking finance companies. The falling gold prices led to an increase in NPA levels. Gold prices have dropped 5% in the past two months. Gold finance companies are concerned about the increase in non-performing loans and are giving a one-time settlement of the outstanding loans.

"While interest income re-

versals are a part of the gold lending business, its impact has historically not been visible in Manappuram's profitability because the loan book was doubling every year and hence the disbursements made a year ago were a smaller part of the total loan book. Further, gold prices were rising rapidly and hence were enough to cover the principal and the accrued interest despite higher LTVs," said Ambit Capital.

Ambit Capital in a report in January recommended a 'Buy' rating on the stock with a target price of ₹51. Meanwhile, Axis Capital also put its Manappuram's rating under review.

rajesh.mascarenhas
@timesgroup.com