

MARKET WATCH

	09-05-2019	% CHANGE
Sensex	37,559	-0.61
US Dollar	69.94	-0.32
Gold	32,890	0.12
Brent oil	69.98	-0.86

NIFTY 50

	PRICE	CHANGE
Adani Ports	363.90	-5.90
Asian Paints	1354.20	-31.50
Axis Bank	731.00	-4.50
Bajaj Auto	2982.90	25.15
Bajaj Finserv	7467.30	121.55
Bajaj Finance	2971.35	50.05
Bharti Airtel	315.45	-9.05
BPCL	368.05	-11.75
Britannia Ind	2672.40	22.90
Cipla	557.75	-0.25
Coal India	242.30	-6.80
Dr Reddys Lab	2900.60	0.10
Eicher Motors	20360.90	24.35
GAIL (India)	340.40	2.90
Grasim Ind	869.00	-1.95
HCL Tech	1136.60	4.00
HDFC	1914.60	-16.15
HDFC Bank	2290.90	-16.35
Hero MotoCorp	2537.75	38.05
Hindalco	198.15	-1.85
Hind Unilever	1703.75	-15.05
Indiabulls HFL	681.60	8.60
ICICI Bank	381.40	-0.80
IndusInd Bank	1476.55	-12.20
Bharti Infratel	267.10	0.40
Infosys	721.05	1.70
Indian OilCorp	150.60	-1.60
ITC	299.85	-0.80
JSW Steel	285.45	-3.80
Kotak Bank	1385.50	-16.70
L&T	1356.45	-3.90
M&M	625.45	3.80
Maruti Suzuki	6624.95	-25.20
NTPC	127.70	-3.10
ONGC	169.40	0.50
PowerGrid Corp	187.90	-2.10
Reliance Ind	1256.45	-43.00
State Bank	299.30	1.05
Sun Pharma	439.35	0.20
Tata Motors	186.35	-1.25
Tata Steel	519.15	-3.50
TCS	2172.55	19.70
Tech Mahindra	809.65	7.35
Titan	1104.45	15.75
UltraTech Cement	4478.40	-29.25
UPL	948.90	-12.75
Vedanta	157.15	-2.25
Wipro	291.05	0.20
YES Bank	170.30	9.55
Zee Entertainment	357.90	26.30

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on May 09

CURRENCY	TT BUY	TT SELL
US Dollar	69.74	70.06
Euro	78.02	78.38
British Pound	90.59	91.01
Japanese Yen (100)	63.50	63.80
Chinese Yuan	10.22	10.27
Swiss Franc	68.46	68.78
Singapore Dollar	51.13	51.37
Canadian Dollar	51.73	51.97
Malaysian Ringitt	16.79	16.87

Source:Indian Bank

BULLION RATES CHENNAI

May 09 rates in rupees with previous rates in parentheses

Retail Silver (1g)	40.3	(40.3)
22 ct gold (1 g)	3040	(3030)

# Bank credit grows 13.2% in FY19

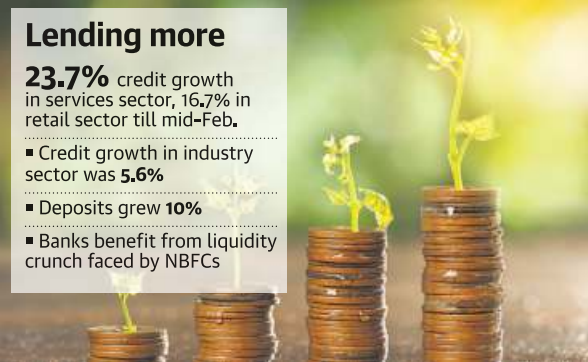
Loans to services and retail sector spurs growth, central bank data shows

SPECIAL CORRESPONDENT

MUMBAI

Bank credit grew by 13.2% in financial year 2018-19 as compared to 10.3% in the previous financial year, mainly aided by loans to services and retail sector.

Deposit growth also gained momentum, growing by 10% as compared to 6.7% a year ago. “We have to be a bit careful while looking at this data because a bump-up has happened in the month of March. If you see, up to February, credit growth was not that strong,” said Madan Sabnavis, chief economist, CARE Ratings. Banks typically tend to push for more loan disbursement and also try to get more deposits ahead of the end of a financial year to shore up their balance sheet



and meet year-end targets.

RBI data

The Reserve Bank of India's (RBI) data on deployment of gross credit across different sectors shows healthy credit growth in the services sector followed by retail sector. Credit growth in services sector

till the middle of February was 23.7% and in retail sector it was 16.7%. Credit growth in the industry sector was 5.6%. “Most of these are happening in the retail segment and also services sector. Manufacturing is also better than last year but there is a base effect,” Mr.



Manufacturing is also better than last year but there is a base effect

MADAN SABNAVIS  
chief economist , CARE Ratings

Sabnavis said.

Banks have also benefited from the liquidity crunch that non-banking financial companies are facing following the IL&FS crisis. NBFCs have slowed down their loan growth since their cost of funds increased substantially after September-October. This is particularly true for retail loans, where NBFCs are a major player.

Banks have been pushing loans to the corporate sector at a slower pace after sharp rise in bad loans, mostly in sectors like infrastructure.

## Morgan Stanley downgrades RIL

With shares falling 3.41%, company loses tag of India's most valued firm to TCS

PIYUSH PANDEY

MUMBAI

Morgan Stanley has downgraded Reliance Industries Limited's (RIL) stock to 'equal weight' (EW), leading to a 3.41% fall in the company's shares to ₹1,255.15.

With this fall, the company has again lost the tag of India's most-valued firm to Tata Consultancy Services (TCS) as RIL's market capitalisation fell to ₹7,98,628.55 crore compared with TCS's ₹8,13,779.67 crore.

Q4 numbers

“When RIL reported its Q4 numbers, I said that results from the refining and petchem segments were disappointing. The results looked good due to increase in other income and deferred tax liability. Reliance Retail and Reliance Jio are, however, do-

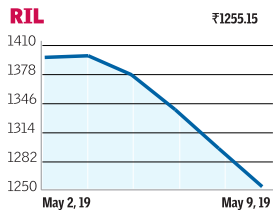
ing good,” investment advisor S.P. Tulsian told *The Hindu*.

Morgan Stanley downgraded the stock with a price target of ₹1,349 a share, stating that the earnings growth of the company would halve in fiscal year 2020 and an upside in earnings appeared limited as the core operation of the company dragged.

Refining business

RIL's revenue from refining business during the March quarter fell 6.1% to ₹87,884 crore, with 25.5% fall in EBIT to ₹4176 crore as the energy major refined less crude oil due to shutdown. Gross refining margins (GRMs) fell to \$8.2 per barrel compared to \$11 in the year ago period.

Sanjiv Bhasin, executive vice-president at IIFL Securities, takes RIL downgrade by



Morgan Stanley with a pinch of salt. “Morgan Stanley also has a 1 lakh Sensex target in the next 5 years and it can't be without RIL touching new highs. RIL is a wealth creator. Reliance Jio is going to take on the likes of Netflix as it's no longer a pure energy play,” Mr. Bhasin told *The Hindu*.

During the year, RIL's outstanding debt increased by ₹68,742 crore to ₹2,87,505 crore compared to its cash and cash equivalents of ₹13,3027 crore as on March 31, 2019. Rising debt levels is

## Sri Lanka to buy 325 buses from ALL

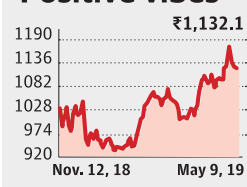
MEERA SRINIVASAN

COLOMBO

Sri Lanka will purchase 325 buses worth \$21.2 million from Ashok Leyland Ltd. (ALL), official sources said. The decision was taken following Cabinet approval to a proposal submitted by Minister of Transport & Civil Aviation Arjuna Ranatunga, for the purchase of 272 high-back, 50-seater buses, and 33 buses that seat 53 persons, for the Sri Lanka Transport Board.

The purchase is to be made under a lease agreement, allowing Sri Lanka to pay the cost over a period of five years, said a release from Lanka Ashok Leyland, a joint venture company set up with the Government of Sri Lanka.

Positive vibes



We once again, for the third time this year, set a new bookings' record

C.VIJAYAKUMAR  
President and CEO,  
HCL Technologies



Metrics	Q4 FY19	Q4 FY18	Growth (%)
Revenue from operations (₹cr.)	15,990	13,178	21.3
Net profit (₹cr.)	2,568	2,227	15.3
EPS (₹)	18.8	16	-
Dividend (₹)	2	2	-

## HCL Technologies' profit rises 15.3%

FY20 revenue may rise in 14-16% range

SPECIAL CORRESPONDENT

BENGALURU

HCL Technologies has posted full-year revenues of ₹60,427 crore, a 19.5% year-on-year growth and net profit of ₹10,123 crore, a 15.3% year-on-year growth, during the fiscal ended March 31.

During the fourth quarter, revenues increased to ₹15,990 crore, a 1.9% and 21.3% increase QoQ (quarter-on-quarter) and YoY (year-on-year) respectively. Net income for the quarter stood at ₹2,568 crore, down 1.7% QoQ and up 15.3% YoY.

Shiv Nadar, chairman and chief strategy officer, HCL, said, “Disruptions in the global business environment and technology landscape are shaping the world at large.

“We have always aimed to innovate to embrace changes happening today. Our three core beliefs – sustainability, diversity and inclusion – inspire us to create peerless socio-economic value for our stakeholders.”

Operating margin dips

Operating margin dipped to 18.9% in the March quarter, down from 19.6% in the December quarter.

“We have delivered an ov-

erall solid FY19 performance. EBIT margin for the year at 19.5% is within the guided range. This financial year, we achieved significant milestones. Our EBIDA was ₹14,000 crore and our EPS for FY19 at 73.6 has posted a strong 17.5%, YoY growth over the previous year.

“Cash EPS stands at robust 84.9 (up 15.2% YoY). We have returned 52.6% of our net income in the form of dividends and buyback to the investors,” said CFO Prateek Aggarwal.

HCL Tech expects its fiscal 2020 revenues to grow in the 14%-16% range in constant currency terms.

Strong growth

C. Vijayakumar, president and CEO, HCL Technologies said, “HCLites have delivered a truly blockbuster performance with a double-digit constant currency revenue growth of 11.8%, that outperformed the high-end of our guidance.

“With 28.7% YoY growth in constant currency, our new Mode-2 services delivered their strongest growth. We once again, for the third time this year, set a new bookings' record.

## Overall mutual fund assets grow marginally; equity funds see slowdown in April

Strong inflows in income and debt schemes trigger rise in overall assets under management

SPECIAL CORRESPONDENT

MUMBAI

Total assets under management (AUM) registered a marginal rise in April, even as net flows in equity funds fell to the lowest level since September 2016.

According to the latest data from the Association of Mutual Funds in India (AMFI), the overall AUM of the fund industry rose to ₹24.79 crore, up 4.17% compared to the previous month's ₹23.8 lakh crore.

The rise in the overall AUM was primarily on account of strong inflows in income and debt schemes that saw net flows totalling ₹1.21 lakh crore during the month.

Equity schemes

Equity schemes, however, had a rather subdued month as flows fell to ₹4,608.74 crore. The net flows were further lower as such closed-ended

FUELLING GROWTH	
CATEGORY	NET FLOWS IN APRIL (₹CR.)
Open-Ended Schemes	
Income/Debt Oriented Scheme	1,20,920.40
Growth/Equity Oriented Schemes	4,608.74
Hybrid Schemes	(1,614.83)
Solution Oriented Schemes	157.29
Other Schemes	(4,230.44)
Close-Ended Schemes	
Income/Debt Oriented Scheme	(18,949.76)
Growth/Equity Oriented Schemes	(379.26)
Interval Schemes	
Income/Debt Oriented Scheme	(52.41)
Total	1,00,459.73

Figures in brackets indicate outflows

Source: AMFI

funds registered net outflows of ₹379.26 crore.

Incidentally, the net flows of ₹4,229 crore in equity schemes is significantly lower than previous month's ₹11,756 crore and also the lowest since September 2016 when the net flow in equity schemes was only ₹3,743 crore.

N.S. Venkatesh, CEO, AMFI, however, said that the April flows cannot be compared to the previous month, as the data for April had been reported in the new format prescribed by the Securities and Exchange Board of India (SEBI) with focus on the regrouped and reclassified schemes.

“Overall nervousness in the markets owing to credit events, rating downgrades and defaults, coupled with global trade imbalance, and uncertainty over outcome of general elections has led to investors getting into wait-and-watch mode,” Mr. Venkatesh said, explaining the net outflows and subdued response to fixed maturity plans and credit risk fund category.

Net outflows

The closed-ended income and debt oriented schemes saw net outflows of nearly ₹18,950 crore.

Meanwhile, retail AUM increased marginally by 2% to ₹10.90 lakh crore from ₹10.72 lakh crore in the previous month. Further, inflow through systematic investment plan (SIP) also rose 2% at ₹8,238 crore with the addition of 3.62 lakh folios.

“Steady growth in



Nervousness in markets has led investors into wait-and-watch mode

N.S. VENKATESH,  
CEO, AMFI

equity SIPs, continued net inflows into equity schemes, and overall AAUMs (average AUM) crossing ₹25 lakh crore driven by inflows into liquid funds in April 2019 are reflective of the overall retail and institutional investor confidence in the India growth story,” Mr. Venkatesh said.

Investor comeback

Interestingly, the AMFI chief believes that investors would return in a big way as corporate earnings improve further and once the general elections related uncertainty and global headwinds recede over the next few months.

## ‘Govt. shouldn't budget for low fiscal deficit’

Take consolidated view of public debt, economists tell finance panel

SPECIAL CORRESPONDENT

NEW DELHI

The government should not budget for a low fiscal deficit knowing fully well that it will not be achieved, several prominent economists told the Fifteenth Finance Commission on Thursday, adding that the overall quality of budgeting needed to improve.

The economists also suggested that the Fifteenth Finance Commission should take a consolidated view of public debt, including off-budget transactions and the debt taken on by public sector enterprises.

These suggestions were made during a meeting in Mumbai between economists and officials of the Fifteenth Finance Commission, including its Chairman N.K. Singh.

The economists pointed out that there was a need to adopt a



The meetings have sharpened the Commission's understanding on some of the key things

N.K. SINGH,  
Chairman, 15th Finance Commission

total view on the borrowing requirements of the consolidated public sector that should include off-budget transactions, borrowings of the public sector undertakings, and contingent liabilities of both the union and state governments.

Further, the economists pointed out that it was important to carefully examine whether the increased tax devolution by the 14th Finance Commission had led to improvements in the social spending of state governments.

“The meetings have sharpened the Commission's understanding

on some of the key things that need to be kept in mind for continued macroeconomic stability,” Mr. Singh said in a note following the meeting.

Demand-supply mismatch

The economists also said that there was a possible mismatch between the demand and supply of state development loans, which could affect the cost of borrowings of state governments in the next five years.

Regarding the devolution of taxes to the states, the economists also said that there needed to be an incentive structure built into the devolution mechanism, and that the mechanism must also take into account the composition of the population, since many states are seeing a significant change in their proportion of the elderly populations.

## Finance panel to reconcile data

Voices concern over GST collections

SPECIAL CORRESPONDENT

MUMBAI

The 15th Finance Commission will be reconciling data that it gets from various sources amid serious concerns over the credibility of macro data.

Speaking to reporters, Commission Chairman N.K. Singh said, “We ourselves are going to undertake a process of economic data reconciliation among the CAG, the RBI and the data which we have received from the Ministry of Finance and other sources, so that we can make conclusions based on what we would consider reliable data

in public domain.”

He also voiced concern over GST collection as projections were not looking healthy. “Projections of indirect tax collections, especially with regard to GST, have not been as healthy,” Mr. Singh said.

On the Bimal Jalan panel set up to review the economic capital framework of the RBI, Mr. Singh said the issue was not and should not have been discussed in depth by the Finance Commission and the RBI. He, however, said they would possibly be submitting their report well in time for the Union Budget this year.



IN BRIEF



Govt notifies thresholds for class action lawsuits

NEW DELHI In a significant move, the Corporate Affairs Ministry has notified the thresholds for filing class action — a provision aimed at providing a redressal mechanism for small and minority investors. An application for class action can be filed by a member or members, representing 5% of the total members of a company. It can also be done by 100 members of a company, whichever is less, according to the Ministry. PTI

Apollo Tyres net skids on higher provisioning

CHENNAI Apollo Tyres Limited's standalone net profit nosedived by about 53% in the fourth quarter ended March 2019 due to provisions made towards inter-corporate deposit with IL&FS Financial Services Ltd. Net profit slid to ₹105.38 crore from ₹223.68 crore in the year-earlier period due to provisioning of ₹100 crore in the fourth quarter. Apollo has a ₹200 crore unsecured deposit with the IL&FS arm.

Jet accepts whole-time director's resignation

MUMBAI Jet Airways has announced the resignation of its whole-time director Gaurang Shetty. He had stepped down from the board and also resigned on April 23, 2019. His resignation was accepted on May 9, 2019. While Mr. Shetty wanted to be relieved immediately, the board asked him to continue till May 23, 2019. After seeking legal opinion, the board accepted his resignation with effect from April 23, 2019.

# 'India to add 3 million tech jobs by 2023'

New jobs to come up in digital technology areas such as AI, machine learning and blockchain, says ISF

MINI TEJASWI  
BENGALURU

The Indian tech industry will add another three million new jobs in the next five years, said Indian Staffing Federation (ISF), the apex body for the 'flexi' working industry.

With the additions, the size of the country's tech army will be 7 million by 2023.

Rituparna Chakraborty president, ISF, told *The Hindu* that all these new jobs would come up in digital technology areas such as artificial intelligence (AI), machine learning, Internet of things (IOT), data science, analytics, big data, blockchain and augmented reality. Jobs would also be created in newer technology areas that are presently unknown but are expected to emerge and



New frontiers: Most CEOs see artificial intelligence having larger impact than the Internet. ■ P.V. SIVAKUMAR

evolve in the next few years.

The ISF's tech employment projection comes as a big relief to millions of young techies and software engineering students amid talks of the move towards jobless growth with automation that replaces humans with robots. "We, at ISF, are confi-

dent of making this job projection for the next five years based on our constant interactions with a wide range of companies, including Indian tech firms, MNCs, global capability centres of hundreds of international firms, enterprises across segments including e-com, BFSI, phar-

ma and telecom," she said.

There is a visible behavioural change happening in the IT and ITes sectors, Ms. Chakraborty added.

India now has about 1,300 captive units. Some 400 new captive units are coming up in 2019. "The shift is attributed to a sharp rise in hiring by existing and new global in-house centres (GCCs) due to technology innovation activities in India for their global markets."

Changing technology

Ms. Chakraborty further said the industry had been witnessing winds of change in technology. Today, a robot, with infinite memory analytical capacity, is connected to the cloud. It's impact on productivity of businesses would be 'huge'. Some 63%

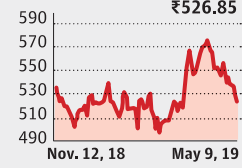
of CEOs think that AI would have a larger impact than the Internet and some 39% of them had already started AI-related initiatives in their organisations.

Ms. Chakraborty further said, "I would like to emphasise the fact that India does not have a job problem, but it has an employed poverty problem.

"When we think about addressing this problem, the only sustainable way to achieve this is through formalisation, industrialisation, urbanisation and financialisation of the human capital."

Staffing organisations in India are going to play a vital role in helping the industry reach this hiring milestone in terms of identifying and sourcing billable talent Ms. Chakraborty added.

Steady climb



Metrics	Q4 FY19	Q4 FY18	Growth(%)
Total income (₹cr.)	1,015.82	968.36	4.9
Net profit (₹cr.)	109.54	95.22	15.03
EPS (₹)	5.21	4.53	-
Dividend (₹)	3.1	2.7	-

## Sundram Fasteners profit increases 15%

SEZ for high-precision parts soon

SPECIAL CORRESPONDENT  
CHENNAI

Sundram Fasteners Ltd. (SFL) has reported a 15.04% increase in its standalone net profit for the fourth quarter ended March 2019 to ₹109.54 crore due to higher commercial vehicle production and expansion of dealer network. Total revenue from operations grew 5.61% to ₹1,008.30 crore.

For FY19, net profit rose 18.9% to ₹437.12 crore, while operating revenue climbed to ₹4,002.34 crore from ₹3,419.79 crore. Exports for the year grew 18.4% to ₹1,382.99 crore due to volume growth, accompanied by a favourable foreign exchange rate movement. Other income included net foreign exchange gain of ₹18.18 crore against ₹11.64 crore, the company said in a regulatory filing. The board declared its second interim dividend of ₹3.10 per share. It had paid a first interim dividend of ₹2 per share.

In the year, SFL incurred capital expenditure (capex) of ₹442 crore on existing and new projects. The capex was to augment capacities for meeting increased demand and in tandem with production plans of key customers. While announcing

that it had recently established its third unit at Mahindra World City, a special economic zone (SEZ), near here, the company said it was also in the process of setting up a new SEZ unit at Sri City to manufacture high-precision engineering components.

The new unit would be used as a hub to consolidate its foray into the non-auto segment, including off-road vehicles, for export business. On the incorporation of a wholly owned subsidiary Sunfast TVS Ltd., the firm said it was meant to boost SFL's growth in non-automotive segments.

Defence foray

The country's new defence procurement policy had created an 'excellent' opportunity for Indian manufacturers, the company said. Two defence corridors had been announced, one in Tamil Nadu and the other in Uttar Pradesh, it added.

The new firm would focus on aerospace and defence. It had orders for forged, cast and machined parts for all-terrain and land systems vehicles for defence. SFL would also focus on parts for armoured vehicles and trucks, it said.

## McDonald's ends 6-year dispute with Bakshi

Announces out-of-court settlement

PRESS TRUST OF INDIA  
NEW DELHI

Estranged partners McDonald's and Vikram Bakshi on Thursday announced an out-of-court settlement, ending their almost six-year-long dispute.

As part of the agreement, the U.S. fast food chain will buy out for an undisclosed sum Mr. Bakshi and his entities' 50% stake in Connaught Plaza Restaurants Pvt. Ltd. (CPRL), that operates McDonald's chain of quick service restaurants in northern and eastern India.

New head for CPRL

The company also announced the appointment of Robert Hunghanfoo as head of CPRL with imme-

diate effect.

"CPRL is now wholly owned by MIPL and its affiliate MGM (McDonald's Global Markets LLC) following the completion of a settlement reached with former JV partner, Vikram Bakshi..." the company said. It follows "the acquisition by MGM of 50% voting equity shares in CPRL, held since inception by Mr. Bakshi and his affiliated entity."

Mr. Hunghanfoo said: "Accomplishing a mutually agreed settlement in this matter means that our customers can now look forward to a reinvigorated, consistent and uniquely McDonald's experience when they visit us."

## IOB to return to black soon: CEO

Lender curbs fresh slippages, makes 'huge recoveries'

SPECIAL CORRESPONDENT  
CHENNAI

Indian Overseas Bank (IOB), which reported a 45% decline in its net loss for the fourth quarter ended March 2019 to ₹1,985.16 crore, will return to the black in the next quarter, according to a top bank official.

"By June 2019, the bank's balance sheet would have turned black," said R. Subramaniakumar, managing director and chief executive office, IOB. "This can be attributed mainly to the efforts put in by the bank in arresting fresh slippages and making huge recovery over the last 2.5 years," he said.

Net loss for the corresponding quarter last year was ₹3,606.73 crore.

He said the net loss was due to increased provisions



R. Subramaniakumar

on non-performing assets and one big account declared as fraud. The impact on account of these two events is about ₹2,150 crore on provisions. IOB's net income stood at ₹5,473.92 crore (₹5,814.42 crore). Provision coverage ratio improved by 11.94 percentage points to 71.39%.

Gross non-performing as-

sets (GNPAs) stood at 21.97% of gross advances from 25.28% in the year-ago period, while net NPAs improved to 10.81% (15.33%) of net loans. In the quarter, IOB recovered ₹4,102 crore in NPA accounts while fresh slippages were ₹1,402 crore.

Recovery was substantially higher than slippages during the quarter mainly due to focused priority action on arresting slippages and improving recovery in NPA or one-time settlement accounts, he said.

He said that in FY19, IOB recovered ₹757 crore in NCLT accounts. Further, it expects to recover ₹1,247 crore in the June quarter in NCLT accounts where resolution is at an advanced stage, which would reduce GNPAs by ₹2,868 crore.