

MARKET WATCH

	10-05-2019	% CHANGE
Sensex	37,463	-0.26
US Dollar	69.92	0.03
Gold	32,900	0.03
Brent oil	70.81	1.19

NIFTY 50

	PRICE	CHANGE
Adani Ports	372.55	8.65
Asian Paints	1341.05	-13.15
Axis Bank	735.05	4.05
Bajaj Auto	2966.20	-16.70
Bajaj Finserv	7383.70	-83.60
Bajaj Finance	2922.85	-48.50
Bharti Airtel	324.10	8.65
BPCL	362.95	-5.10
Britannia Ind	2688.55	16.15
Cipla	555.55	-2.20
Coal India	241.25	-1.05
Dr Reddys Lab	2876.40	-24.20
Eicher Motors	20354.00	-6.90
GAIL (India)	341.55	1.15
Grasim Ind	857.60	-11.40
HCL Tech	1086.65	-49.95
HDFC	1931.70	17.10
HDFC Bank	2296.50	5.60
Hero MotoCorp	2507.30	-30.45
Hindalco	195.80	-2.35
Hind Unilever	1687.45	-16.30
Indiabulls HFL	698.05	16.45
ICICI Bank	385.10	3.70
IndusInd Bank	1439.90	-36.65
Bharti Infratel	262.25	-4.85
Infosys	716.85	-4.20
Indian OilCorp	147.60	-3.00
ITC	297.75	-2.10
JSW Steel	287.35	1.90
Kotak Bank	1398.15	12.65
L&T	1355.50	-0.95
M&M	628.75	3.30
Mauriti Suzuki	6631.60	6.65
NTPC	127.00	-0.70
ONGC	166.30	-2.10
PowerGrid Corp	185.55	-2.35
Reliance Ind	1251.15	-5.30
State Bank	308.05	8.75
Sun Pharma	437.75	-1.60
Tata Motors	185.90	-0.45
Tata Steel	486.80	-32.35
TCS	2135.80	-36.75
Tech Mahindra	808.40	-1.25
Titan	1132.10	27.65
UltraTech Cement	4434.25	-44.15
UPL	959.00	10.10
Vedanta	155.95	-1.20
Wipro	290.35	-0.70
YES Bank	163.85	-6.45
Zee Entertainment	371.20	13.30

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on May 10

CURRENCY	TT BUY	TT SELL
US Dollar	69.71	70.03
Euro	78.30	78.66
British Pound	90.70	91.12
Japanese Yen (100)	63.52	63.81
Chinese Yuan	10.21	10.27
Swiss Franc	68.78	69.10
Singapore Dollar	51.14	51.38
Canadian Dollar	51.74	52.00
Malaysian Ringgit	16.76	16.85

Source:Indian Bank

BULLION RATES CHENNAI

May 10 rates in rupees with previous rates in parentheses

Retail Silver (1g)	40.1	(40.3)
22 ct gold (1 g)	3038	(3040)

IN BRIEF

IL&FS rating: ICRA hires outside experts to help

NEW DELHI
ICRA is seeking external experts' help to address issues pertaining to credit rating of crisis-hit IL&FS and its subsidiaries. "The company is in the process of addressing certain matters related to credit rating assigned to one of its customers and its subsidiaries and anonymous representation," ICRA said in a regulatory filing. PTI

Tata, Thyssenkrupp JV may not get EC nod

'Adjustments would negate synergies'

VIDYA RAM
LONDON

The European Commission is unlikely to give the go ahead to the European steel joint venture planned by Tata Steel and ThyssenKrupp, the two companies said on Friday following conversations with the regulator.

The firms said while approval might have been possible were they to offer further remedies to allay concerns around the impact of the joint venture on the market, such solutions would negate the deal's synergies and "adversely affect the basic foundation" of the joint venture. Tata Steel said it assumed the deal would not be approved, and as a result it would explore "all options" for maintaining a sustainable business in Europe. ThyssenKrupp said it would scrap plans to split its business in two and will instead seek to spin off its elevator business.

The European Commission, which has conducted two market tests based on the companies' remedy proposals, said the case was ongoing, with a provisional deadline for a decision by the Commission of June 17.

Unions have urged Tata Steel to give workers assurances on their future.

The acknowledgement of the problems facing the deal – which Tata Steel had said would give the structural strength it needed to combat the headwinds facing

Etihad turns up at eleventh hour as lone bidder for Jet

Submits binding bid, wants waiver from making mandatory open offer

LALATENDU MISHRA

MUMBAI

Etihad Airways PJSC, which holds 24% stake in Jet Airways, on Friday, submitted a binding bid to acquire additional minority stake in Jet Airways in the bank-led resolution plan. Lenders had put 75% stake of Jet Airways on sale.

Etihad's bid came just before the end of the deadline for receipt of binding bids invited by SBI Caps on behalf of lenders. Etihad, which has put several conditions before the lenders, including a waiver from making a mandatory open offer, is the only candidate which submitted the binding bid among the four short-listed bidders selected earlier through the Expression of Interest (EoI) process. The others were TPG Capital, Indigo Partners and National Investment & Infrastructure Fund (NIIF).

Confirming the development, an Etihad spokesperson said, "Etihad Airways today confirmed its interest to re-invest in a minority stake in India's Jet Airways, subject to conditions."

"India is one of the fastest-growing air transport mar-



Switching partners: Etihad said other investors would need to bring in the majority of recapitalisation funds. ■ RAMESH SHARMA

kets in the world, and a significant economic partner of the UAE. Etihad has been working consistently with key stakeholders in India over the past 15 months to help find a solution which would ensure Jet's return as a viable and competitive Indian airline, and continues to do so," the spokesperson said.

"Etihad re-emphasises that it cannot be expected to be the sole investor, and that, among other requirements, additional suitable investors would need to provide the majority of Jet Airways' required recapitali-

sation," the spokesperson added.

Minority partner

This means, Etihad Airways will remain a minority partner and can have maximum holding of up to 49%. As per foreign investment norms, majority control of any airline has to be in the hands of Indians.

SBI Caps, in a statement said, "Sealed bid from Etihad Airways PJSC has been received and the same will be submitted to lenders for examination. Few unsolicited offers have also been re-

ceived, which the lenders may deliberate upon subsequently."

The unsolicited bids are believed to have been received from a consortium of Future Trend Capital, Redcliffe Capital and Adi Partners, and from Jason Unsworth of start-up Atmosphere Intercontinental Airline, which has been backed by some investors.

According to analysts, Etihad would be able to revive Jet in the shortest span.

"It is a positive development in the Jet Airways saga. Etihad probably is the logical partner from here on for Jet Airways. They will clearly bring significant experience in rebuilding the Jet brand, while from a financial support perspective they have the balance sheet size to be able to do so," said K.G. Vishwanath, director and co-founder Trinity Aviation Consultants Pte. Ltd.

"India is a strategic market and a growing one. It fits in very well from a long haul network perspective for Etihad, a big reason they invested in Jet Airways," Mr. Vishwanath, a former Jet Airways vice-president, said.

Missing firms: govt. says not much impact on GDP working

They can't be classified as out-of-coverage enterprises for purposes of estimating the GDP, says Centre

SPECIAL CORRESPONDENT
NEW DELHI

The Finance Ministry on Friday clarified that the 'missing' enterprises in the MCA-21 database did not have a significant impact on the calculation of growth rates of Gross Domestic Product (GDP) and Gross Value Added (GVA) as these companies still added to the total output of the economy.

The National Sample Survey Organisation (NSSO) in a recent survey report on the service sector found that, of a sample of 35,456 companies taken from the MCA-21 database, 38.7% were out-of-survey unit.

"Some sections of the media have misinterpreted these out-of-survey enterprises (as classified for the purposes of surveying the services sector) to be enterprises that do not exist in the economy," the clarification

said. "On the basis of this interpretation, the suggestion has emerged that by not removing out-of-survey enterprises from the MCA database, Central Statistics Office (CSO) over-estimates the gross domestic product of the country."

The Finance Ministry explained that of the 38.7% out-of-survey enterprises in the NSSO report, out-of-coverage enterprises comprised 21.4%. These out-of-coverage enterprises were those that were not engaged in activities intended for inclusion in the service sector survey.

Economic activity

"However, these enterprises are engaged in some economic activity, possibly in the manufacturing sector for instance," the Ministry said. "As a result, they cannot be classified as out-of-coverage enterprises for the purposes



Making a point: The companies were still engaged in some economic activity, the Finance Ministry says. ■ PAUL NORONHA

of estimating the GDP of the country. In other words, the GDP estimates based on the aforesaid out-of-coverage enterprises are very much a part of overall GDP of the country."

The Ministry did acknowledge that the bulk of the remaining 17.3% out-of-survey enterprises were either closed or untraceable, but

justified this by saying that this proportion was falling over the years and that their impact on the overestimation of GDP "in all likelihood" is marginal.

"Crucially, we must note that the share of total paid up capital of the private corporate sector that is accounted by non-responsive enterprises affects GDP estimates us-

Taken disproportionate steps to keep Jet flying: SBI chief

Acted only because airline has high visibility: Kumar

SPECIAL CORRESPONDENT
MUMBAI

Hours before the deadline for submitting binding bids for Jet Airways ended, State Bank of India (SBI) chairman Rajnish Kumar said the lender had taken 'disproportionate' efforts to save the troubled airline, even if it had only a 'small' exposure of ₹1,600 crore.

Mr. Kumar made the comments at the earnings press briefing.

"[It [Jet exposure] has 7 bps [impact] on gross NPA, if the size of the loan book is ₹23 lakh crore, ₹1,600 crore is 7 bps," Mr. Kumar said, indicating that NPA from the Jet exposure was not a significant issue for SBI. As on March 31, SBI's gross NPA ratio was 7.53%.

SBI had made more provision than what was re-



Rajnish Kumar

quired on Jet Airways. "But I agree, being the leader of the consortium, [SBI] has made disproportionate efforts to keep it flying. Otherwise, if it were any other account, we would have not even bothered about it," Mr. Kumar said.

After the airline defaulted on repayment, SBI took the initiative on behalf of the lenders to prepare a bank-led resolution plan and started the sale pro-

cess. When asked what prompted SBI to take such a disproportionate effort, Mr. Kumar said: "One was that SBI was the leader of the consortium. As a leader, it becomes more visible. It is a visible account because it was such an important airline for India. In the larger interests of the aviation sector and the Indian economy, you can say the effort has been disproportionate," he said.

"I had bigger problems, we had ₹10,000 crore... ₹9,000 crore [accounts turning into NPA]. So, it was a proactive approach. I don't think there are many accounts where we have taken a proactive approach. Since Jet Airways was one of the best airlines in the country, the effort became very visible," he added.

CCI probes Google for unfair practices

PRESS TRUST OF INDIA
NEW DELHI

The Competition Commission of India (CCI) has started a probe against Google for alleged anti-competitive practices with respect to its popular Android platform for mobile phones, an official said on Friday.

The fair trade watchdog has been looking into the matter for sometime, especially after a European Commission ruling last year. The official said the regulator had started investigation into alleged abuse of Android platform and the issues are similar to those dealt with by the European Commission.

A majority of smartphones in India are powered by the Android platform. Other mobile platforms include iOS (Apple), among others.

IIP at a 21-month low as manufacturing slows down

Contracts 0.1% in March, the first time since June 2013

SPECIAL CORRESPONDENT
NEW DELHI

Growth in industrial activity dipped to a 21-month low in March, contracting 0.1% due in large part to a continuing slowdown in the manufacturing sector, according to official data released on Friday.

The Index of Industrial Production (IIP) contracted in March for the first time since June 2013. To further put this contraction in perspective, the IIP grew a robust 5.33% in the same month of last year, and 4.39% in March 2017.

Within this, the manufacturing sector contracted by 0.43% in March, the second consecutive month of contraction (it contracted 0.39% in February) and the third consecutive month of slowing growth.

"The broad signals for the economy is a continuing slowdown and this is confirmed both from the output side and signals from the demand side," said D.K. Srivastava, chief policy adviser, EY India.

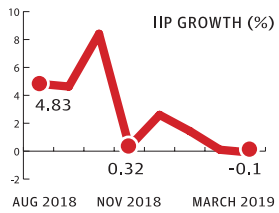
"The IIP numbers are giving the output profile of contraction and on the demand side, the sales of different sectors have been slowing."

Rate cut

One of the primary reasons for the slowdown in the overall economy is that the government has very little room to manoeuvre on the

Silver lining

Despite the overall drag, infrastructure sector saw a strong turnaround in growth in March, coming in at 6.4%, up from 2.1% in February



fiscal side, even though the Reserve Bank of India has done what it can on the monetary policy side with two successive interest rate cuts.

"As per the use-based classification, contraction in capital and intermediate goods (indicative of subdued investment activity) further resulted in slowdown in the industrial output," Care Ratings said in a report. "Uncertainties over general elections could be cited as one of the major reasons of lower activity in these segments."

The capital goods sector contracted for a third consecutive months, by 8.66% in March compared with a contraction of 8.92% in February. Intermediary goods sector contracted for the fifth consecutive month, by 2.55% in March, compared with a contraction of 5.05% in the previous month.

"The fiscal deficit has exceeded the limits and even the revised estimates num-

bers might not prove to be true," Mr. Srivastava added. "Because of this, there would be considerable constraints in stimulating the economy. There is not likely to be any big push as far as Central government budget expenditure is concerned. Even when new government comes in, they will find it difficult."

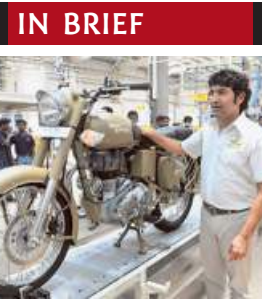
On the demand side, the consumer durables sector also contracted in March by 5.07% after being positive for three consecutive months, which is symptomatic of weak demand conditions in the country, Care Ratings added.

Infrastructure sector, however, saw a strong turnaround in growth in March, coming in at 6.4%, up from 2.1% in February. The mining and quarrying sector saw growth slowing to 0.78% from 2.18%.

The electricity sector witnessed a slight acceleration in growth to 2.17% in March from 1.32% in February.

The general outlook for the upcoming months is subdued, according to economists and ratings agencies alike, who say that there is still no certainty about the RBI cutting rates in its monetary policy review in June.

"The RBI will wait for the inflation numbers to come out and see in what way it is trending because of the pressure on oil prices," Mr. Srivastava said.



IN BRIEF

Eicher Motors Q4 rises 84% to ₹480.44 cr

CHENNAI
Eicher Motors Ltd., makers of Royal Enfield motorcycles, has reported a 84% increase in standalone net profit in the fourth quarter ended March 2019 to ₹480.44 crore. Total revenue from operations declined to ₹2,499.60 crore from ₹2,529.77 crore. Royal Enfield sales were down by 13% to 197,567 motorcycles sold in the same period last year.

Realty servicing firm JLL makes top level changes

CHENNAI
JLL India, a global real estate servicing firm, has made top level changes in its Chennai business. Siva Krishnan, who was heading residential services developer solutions and strategic consulting businesses has been appointed as MD, said a press release. Kanchana Krishnan has been appointed as head – markets and retail, Chennai. Jerry Kingsley has been promoted as head – capital markets, South India and head – Sri Lanka.

Samco opens first R&D centre in Chennai

CHENNAI
Samco Securities, a fin-tech start-up firm in the discount broking industry, has opened its research, analytics and development centre in Chennai. The ₹20-crore centre, spread over 10,000 sq.ft., will create over 200 jobs in two years. It will focus on building products that can support customers and automate their investment and trading process, said founder and CEO Jimeet Modi. The products will be built using machine learning and artificial intelligence, the CEO said.

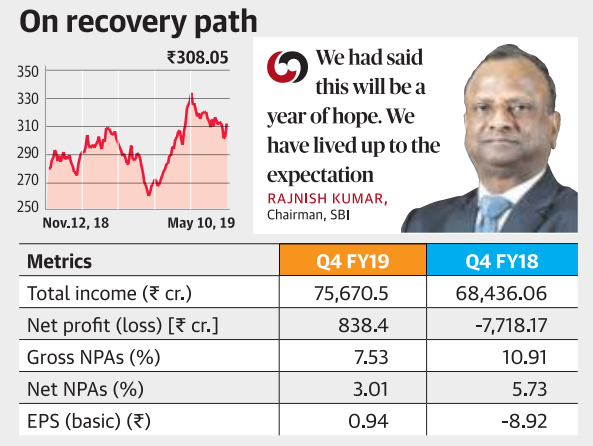
SBI net at ₹838 cr., bad loans drop sharply

Slippages decline more than four times; country’s largest bank also lowers interest rates for loans

SPECIAL CORRESPONDENT
MUMBAI
The country’s largest lender State Bank of India reported a net profit of ₹838 crore for the quarter ended March 31, compared with the ₹7,718 crore loss during the same period of the previous year, as bad loans fell sharply.

The bank also reduced its one-year marginal cost of fund based lending rate (MCLR) by 5 basis points to 8.45%, with effect from Friday. Most of the loans are linked to the one year MCLR. Since April, SBI has reduced lending rates by 10 basis points. [100 basis points = 1 percentage point]

Compared to gross slippages of ₹33,670 crore in the fourth quarter of FY18, the bank reported ₹7,505 crore of slippages in the quarter under review. As a result, the gross NPA ratio fell to 7.53%



form 10.91% a year ago, and 8.71% in the previous quarter. Net NPA ratio fell to 3.01% from 5.73% a year ago, and from 3.95% sequentially. Provision for bad loans fell 28% on year to ₹17,336 crore.

“We had said this will be a year of hope... we have lived up to the expectation,” SBI chairman Rajnish Kumar said during the post earnings press meet.

“Improvement in asset quality is very visible,” he said adding the bank is very close to a state of ‘equilibrium’.

The road ahead is also bright, Mr Kumar said,

pointing to a ₹16,000 crore recovery expected from three accounts that are at the National Company Law Tribunal, for which SBI has already made 100% provision. These three accounts are Essar Steel, Bhushan Steel and Power and Alok Industries.

‘Recovery in sight’
“₹16,000 crore is recoverable as soon as the judicial process is over,” he said.

Further, the outstanding amount in SMA1 and SMA 2 category is only ₹7,000 crore, indicating lesser pressure on asset quality in the coming quarters. Special mention accounts (SMA) 1 & 2 indicate repayment overdue for 30-60 days and 60-90 days. SBI shares ended 2.9% higher to close the day at ₹308.05.

“SBI Q4 results validate our view that the worst in

Allahabad Bank Q4 loss widens on provisions

Turns in lower profit for full year, too

SPECIAL CORRESPONDENT
KOLKATA
Allahabad Bank closed the fourth quarter with a higher net loss of ₹3,834.1 crore compared with a loss of ₹3,509.6 crore a year ago, ending 2018-19 with an ₹8,333.9 crore loss against the previous year’s ₹4,674.4 crore loss.

This came on the back of higher provisioning of ₹5,283.7 crore during the fourth quarter against ₹4,783.4 crore a year ago. Provisioning for the year was ₹11,897.9 crore against ₹10,029.3 crore in 2017-18.

Net NPA was 5.2% during the quarter against 8.1% a year ago.

Allahabad Bank ended the year with increased income from interest and investments with its operating profit rising to ₹634.3 crore



during the fourth quarter, against ₹122.9 a year ago.

However, its full-year operating profit was lower at ₹2,767 crore against ₹3,438.3 crore of 2017-18.

The bank, in which government holding is 85.8%, saw capital infusion of ₹6,896 crore in March 2019. The bank said that it had reckoned the entire capital infusion received from the central government as CET 1 capital.

Canara Bank Q4 loss narrows to ₹551 crore

Lesser provisions for bad loans helps

PRESS TRUST OF INDIA
NEW DELHI
State-owned Canara Bank on Friday said its net loss narrowed multi-fold to ₹551.53 crore for the fourth quarter of fiscal 2018-19, mainly driven by lower provisioning for bad loans.

The bank had posted a net loss of ₹4,859.77 crore during the corresponding January-March period of the preceding fiscal. Total income during the March quarter rose to ₹14,000.43 crore, compared to ₹11,555.11 crore in the year-ago period, Canara Bank said in a regulatory filing.

For the full 2018-19 fiscal, the bank posted a net profit of ₹347.02 crore. Total in-



come during the fiscal was higher at ₹53,385.30 crore as against ₹48,194.94 crore a year earlier. The lender witnessed improvement in asset quality with the gross NPAs falling to 8.83% of gross advances at March-end 2019 compared to 11.84% a year earlier.

L&T profit rises 7.9% to ₹3,418 crore

Order intake for quarter grows 14%; international bookings show healthy trend

SPECIAL CORRESPONDENT
MUMBAI
Engineering and construction major Larsen and Toubro (L&T) has reported a 7.9% rise in its fourth quarter consolidated net profit to ₹3,418 crore on a 10% growth in revenue to ₹44,394 crore.

For FY19, the company’s consolidated profit rose 21% to ₹8,905 crore on an 18% increase in revenue to ₹1,41,007 crore. Revenue from international operations during the year at ₹45,109 crore constituted 32% of the total revenue.

The company kept order inflow guidance for FY20 at 10-12% with most orders expected in the second half of the year due to election results and time for the new government to settle. L&T



S.N. Subrahmanyam

expects 12-15% growth in its revenue for FY20 and margins at 10.5%, excluding services business.

The order intake for the quarter grew 14% to ₹56,538 crore.

International order inflow during the quarter stood at ₹17,680 crore, constituting

31% of the order inflow.

Commenting on the results, R. Shankar Raman, CFO & board member said, “The order inflow in the fourth quarter was the icing on the cake. Although domestic orders were a bit disappointing, international orders made up for the shortfall and the quarter ended on a happy note. Most of the orders came from the infrastructure, hydrocarbons and heavy engineering business.”

New orders
The company finished FY19 with a 16% increase in new orders worth ₹1,76,834 crore with international orders of ₹46,805 crore, or 26% of the new orders.

L&T’s consolidated order

book of the group stood at ₹2,93,427 crore as at March 31, 2019, with international order book constituting 22% of the total order book.

The company’s board had recommended a dividend of ₹18 per equity share.

L&T’s MD and CEO S. N. Subrahmanyam believes that there will not be a major shift in policies after the new government comes to power.

“The current government has launched many schemes and projects and I don’t see any major shift in policies after the new government takes charge.

There should not be major disruption in old policies and we believe that there should be good optimism in the second quarter,” Mr. Subrahmanyam said.

Nokia unveils budget smartphone

SPECIAL CORRESPONDENT
CHENNAI
HMD Global, which sells Nokia brand of mobile phones, is planning to take on the Chinese smartphone majors in the ₹7,000 to ₹14,000 price band with the launch of its latest budget smartphone, said a senior official.

“This is an attractive and competitive segment with top positions occupied by Xiaomi and Vivo,” said Sridhar T.S., general manager, sales, south and west, HMD Global.

“The global market for such phones is estimated to be about 45 crore units and is owned by one-third of the population,” Mr. Sridhar told the media.