MARKET WATCH

	22-05-2019	% CHANGE
Sensex	39,110	0.36
US Dollar	69.66	0.09
Gold	32,680	0.03
Brent oil	71.04	-0.98

NIFTY 50

	PRICE	CHANGE
Adani Ports	385.95	-1.65
Asian Paints	1368.45	10.70
Axis Bank	779.15	6.20
Bajaj Auto	3047.20	67.90
Bajaj Finserv	8221.55	36.15
Bajaj Finance	3448.90	15.60
Bharti Airtel	335.15	4.50
BPCL	384.25	9.80
Britannia Ind	2852.65	3.95
Cipla	553.00	-6.35
Coal India	241.25	4.05
Dr Reddys Lab	2657.75	-9.25
Eicher Motors	21224.65	322.90
GAIL (India)	336.90	-1.80
Grasim Ind	857.35	-8.25
HCL Tech	1061.00	4.90
HDFC	2138.80	24.30
HDFC Bank	2405.75	2.05
Hero MotoCorp	2699.65	42.45
Hindalco	198.00	2.00
Hind Unilever	1768.30	-16.95
Indiabulls HFL	784.55	-23.20
ICICI Bank	405.35	5.20
IndusInd Bank	1518.90	71.15
Bharti Infratel	269.35	-6.75
Infosys	709.75	0.45
Indian OilCorp	155.45	1.95
ITC	299.75	-6.15
JSW Steel	276.95	-2.45
Kotak Bank	1495.25	7.35
L&T	1461.10	12.00
M&M	640.55	1.40
Maurti Suzuki	6899.80	24.45
NTPC	129.60	1.00
ONGC	177.00	2.25
PowerGrid Corp	182.10	-1.85
Reliance Ind	1340.40	0.60
State Bank	341.10	3.55
Sun Pharma	421.20	12.35
Tata Motors	179.10	2.30
Tata Steel	473.00	0.45
TCS	2081.75	-28.00
Tech Mahindra	749.95	-23.10
Titan	1241.10	-3.30
UltraTech Cement	4647.35	7.60
UPL	1014.65	14.80
Vedanta	166.30	0.85
Wipro	283.10	-3.80
YES Bank	137.55	-3.45
Zee Entertainment	342.20	-5.50

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on May 22

CURRENCY	TT BUY	TT SELL
US Dollar	69.51	69.83
Euro	77.54	77.90
British Pound	88.53	88.94
Japanese Yen (100)	62.92	63.21
Chinese Yuan	10.07	10.11
Swiss Franc	68.77	69.10
Singapore Dollar	50.43	50.67
Canadian Dollar	51.86	52.10
Malaysian Ringitt	16.59	16.69

Source:Indian Bank

BULLION RATES CHENNAI

May 22 rates in rupees with previous rates in parentheses

Retail Silver (1g)	39.2	(39.2)
22 ct gold (1 g)	3015	(3020)

‘New govt. must focus on bank balance sheets’

Successive regimes have shown capacity to deliver fiscal discipline but, equally, a casual attitude to slippages: Rathin Roy

TCA SHARAD RAGHAVAN
NEW DELHI

The new government, whatever form it takes, should focus on a few key aspects of the economy such as tackling income inequality on a priority basis, cleaning up bank balance sheets rather than delaying the clean-up, being more fiscally disciplined, and being more accountable for the revenue projections made in a year, according to noted economists.

“I would say that we have postponed cleaning up the balance sheets of banks and NBFCs for a long time,” Ila Patnaik, Professor at the National Institute of Public Finance and Policy (NIPFP), said.

“That should be a top priority because the economy needs healthy credit growth. What has been done so far has pretty much postponed the clean-up because while we have done Insolvency and Bankruptcy Code (IBC), not too much has gone through it.”

New regime has to quickly wipe out poverty and income inequality, says Parthasarathi Shome ▪ GETTY IMAGES/ISTOCK

Apart from this, the view also is that while the successive governments have shown that they have the capacity to be fiscally disciplined, there is also a very casual attitude to slippages. There needs to be more accountability regarding the projections made.

“Successive governments promised to deliver fiscal discipline,” Rathin Roy, Director of NIPFP, said.

“They have shown capacity to do so but, equally, a casual attitude to slippages and a disconcerting willingness to play silly accounting games. Tax policy needs to be based on forecasts for which policy-makers are accountable, rather than on estimates and targets and tinkering with tax rates, to macroeconomic detriment.”

On disinvestment

Further, Dr. Roy said the government needs to take a more systematic approach to disinvestment and not treat it as an ad-hoc measure to meet any shortfalls in revenue.

“In my view, reform of government economic administration must take priority,” Dr. Roy added.

“As things stand, it is a prerequisite for the success of any other reform. A weak state cannot deliver anything other than grandiloquent statements of intention. This must change.”

Another matter of great urgency, according to experts, is the level of poverty and income inequality in the country.

“Whatever government comes, they have to do something about the fast elimination of poverty,” Parthasarathi Shome, adviser to the Finance Minister during the UPA-II government, said.

“We also have to do something very urgent about reducing wealth concentration and improving income distribution, because irrespective of the data that has come out of India, data from the World Bank and United Nations shows that we are in very dire straits on all these factors.”

Wealth tax

The new government should incorporate a tax on wealth above ₹50 crore. He said that this wealth should be calculated on the basis of both financial and non-financial assets, since many high net-worth individuals place their wealth in financial assets.

“There should also be a super-rich income tax above ₹5-10 crore income per year, where the rate should be 45%,” Dr. Shome said.

“People forget that if you convert rupees into pounds or euros, then the tax rates in those developed countries are much higher than the equivalent rates we have today,” Dr. Shome added.

Co-location: SAT asks NSE to transfer ₹625 cr. to SEBI

SPECIAL CORRESPONDENT
MUMBAI

The Securities Appellate Tribunal (SAT) has given a partial relief to the National Stock Exchange (NSE) in the co-location matter by directing the bourse to transfer ₹625 crore to the Securities and Exchange Board of India (SEBI) within two weeks.

While hearing the appeal filed by the exchange, the tribunal on Wednesday said that the amount would be kept in an interest bearing account till the matter was disposed while giving the capital market watchdog six weeks’ time to file its reply. This would come as a partial relief to the exchange, which was ordered to disgorge a total of nearly ₹1,100 crore for its alleged failure to exercise proper due diligence while offering co-location facility thereby affecting market fairness and integrity.

On April 30, the SEBI barred the NSE, which has the largest market share in the equity segment and almost a monopoly in equity derivatives, from accessing the securities market for six months.

The regulator further ordered the exchange to disgorge about ₹1,100 crore, which included the alleged profit of ₹625 crore from the co-location operations along with 12% p.a. interest from April 2014.

“… NSE has committed a fraudulent and unfair trade practice as contemplated under the SEBI (PFUTP) Regulations, I find that it is established beyond doubt that NSE has not exercised the requisite due diligence while putting in place the tick-by-tick architecture,” the SEBI had said.

SEBI mulls buy-back norms’ review

PRESS TRUST OF INDIA
NEW DELHI

Regulator SEBI on Wednesday proposed changes to share buy-back norms for companies having non-banking financial companies and housing finance companies as subsidiaries.

A discussion paper had been issued to seek suggestions relating to the review of conditions for buy-back of securities.

According to the discussion paper, the committee had proposed that post buy-back, debt to capital and free reserves ratio of 2:1 should be considered on consolidated basis, excluding subsidiaries that are regulated and have AAA ratings.

‘Crisis in NBFC sector could hurt economic growth’

Subdued MF flows, delayed monetary transmission, high risk aversion may slow down sector: UBS

SPECIAL CORRESPONDENT
MUMBAI

The current liquidity crisis in the non-banking financial companies’ (NBFCs) sector may not pose a systemic risk for now but investors are worried over its potential impact on the overall growth of the economy in the near term, say market participants.

The recent past had seen brokerages highlighting concerns in the NBFC segment and their impact on the overall consumption story thereby affecting macroeconomic growth even as many such NBFCs are facing rating downgrades and tighter access to liquidity.

“Many investors still appear concerned about the ongoing financial crunch led by the NBFC sector and its impact on discretionary consumption and hence overall growth,” said UBS in a report released on Wednesday. High risk aversion, delayed monetary transmission and subdued mutual fund flows could result in a further slowing of the sector, the report added.

Track record important

According to the global financial major, large NBFCs with strong parents and track records are better positioned while small NBFCs could lose market share, with a sharper slowdown for mid-sized and small housing finance companies (HFCs).

Incidentally, in a statement issued to the stock exchanges, Dewan Housing Finance Ltd. (DHFL) said that it had stopped the acceptance and renewal of fixed deposits (FDs) due to the recent downgrade of the credit rating of its FDs.

▪ GETTYIMAGES/ISTOCK

The revised rating is below the minimum rating prescribed under the National Housing Bank (NHB) norms for the acceptance or renewal of FDs, according to the statement.

DHFL loses 10%

Shares of DHFL lost almost 10% on Wednesday even as the benchmark indices gained marginal ground.

Similar weakness was seen in other NBFC stocks as well with Indiabulls Housing Finance, Canfin Homes, JM Financial, Shriram City Union Finance, Cholamandalam Investment and Finance Company and Muthoot Finance all ending the day in the red.

Interestingly, a recent note saw global financial major CLSA attributing the weak volume growth of most FMCG companies to “low availability of financing at their channel partners following the NBFC issues, which have dragged on.”

The cascading impact of a slowdown in NBFC financing can be further gauged from the fact that recently Nomura also lowered its weightage on the automobile sector attributing it, among other reasons, to “slowdown in consumer financing due to the NBFC crisis.”

“Growth in disbursement is stalled and we project a decline in disbursements by NBFCs in FY19 given issues around tight liquidity and asset quality issues.

The NBFC slowdown has also hurt consumption at the margin,” said Nomura in its report.

IndusInd Bank profit hit by IL&FS exposure

Has outstanding loans of ₹3,004 crore

PRESS TRUST OF INDIA
MUMBAI

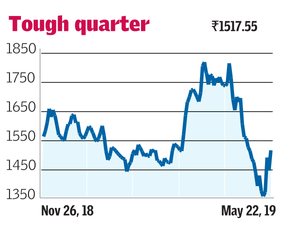
IndusInd Bank on Wednesday reported a 62% fall in net profit to ₹360 crore for the March quarter 2018-19 on higher provisioning for loans extended to IL&FS. Its profit in the year-earlier period stood at ₹953 crore.

The private sector lender had a total exposure of ₹3,004 crore to the IL&FS Group of which ₹2,000 crore is to the holding company and ₹1,004 crore to operating companies/ special purpose vehicles (SPVs).

The entire exposure to IL&FS was classified as non performing asset (NPA) in the fourth quarter.

Aggressive provisioning

“While the bank witnessed robust growth in its top-line and operating profit, aggressive one-time provisioning for IL&FS depressed the bottom line,” the bank’s MD and CEO Romesh Sobti told reporters.



During the quarter, the bank made a provisioning of ₹1,253 crore towards IL&FS Group. For the full year, provisions stood at ₹1,803 crore.

The lender had a 70% provisioning for exposure to the holding company and a 25% to the Special Purpose Vehicles.

Mr. Sobti said the bank had made sufficient amount of provisioning for the exposure to the IL&FS Group.

Bank of Baroda loss narrows to ₹991 crore

NPA provisions at over ₹5,550 crore

PRESS TRUST OF INDIA
NEW DELHI

State-owned Bank of Baroda (BoB) on Wednesday reported a narrowing of its net loss to ₹991 crore in the March 2019 quarter.

The bank had posted a net loss of ₹3,102.34 crore in the January-March period of fiscal 2017-18.

However, sequentially, the bank recorded a net profit of ₹471.25 crore during the third quarter ended December 2018.

Standalone basis

“The bank recorded loss on a standalone basis of ₹991 crore for fourth (quarter of) 2018-19 due to acceleration in provisions,” it said in a regulatory filing.

For the whole year, standalone and consolidated profit stood at ₹433 crore and ₹1,100 crore respectively. There were losses of ₹2,431.81 crore and ₹1,887.10 crore on a standalone and consolidated basis respectively in the year-earlier period. Total income in the March quarter of 2018-19 rose to ₹15,284.59 crore against ₹12,735.16 crore.

For the entire year, standalone income was up 11.4% to ₹56,065.10 crore and on a consolidated basis, it rose by 12.5% to ₹60,793.30 crore.

On the asset front, the bank’s gross non-performing assets (NPAs) fell to 9.61% of the gross advances at the end of March 2019, against 12.26% by March 2018. Net NPAs were 3.33%, down from 5.49%.

Absolute amount of net NPAs also declined by ₹3,521 crore to ₹15,609 crore, the lowest in eight quarters, the bank said.

VA Tech Wabag to raise ₹400 crore

SPECIAL CORRESPONDENT
CHENNAI

The board of VA Tech Wabag Ltd. has approved a proposal for raising ₹400 crore to meet the expenditure for its growth. It would be raised through a mixture of instruments either by way of public, preferential issue or through private placement basis.

For the fourth quarter ended March 2019, the company had reported a dip in its standalone net profit to ₹18.79 crore from ₹38.11 crore, due to rise in finance cost and other expenses. Net sales decreased to ₹437.62 crore from ₹536.87 crore. “Our order intake momentum has picked up in the second half of this financial year,” said Rajiv Mittal, MD, VA Tech Wabag.

Staff positive about digital learning: Infosys

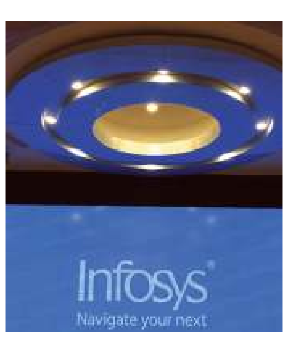
‘Lex’ records two lakh downloads

MINI TEJASWI
BENGALURU

Bengaluru-based technology major Infosys said its employee training and reskilling programme for digital capabilities has been a ‘great success’ with almost all employees favourably responding to it.

The technology major said its mobile learning platform, Lex, that offers specialised online content from Infosys and also from a third party, was downloaded and tested by almost all its employees to rapidly build and expand their digital skills.

Lex, a key pillar of Infosys’s reskilling initiative, has so far had two lakh downloads, against the company’s total employee strength of 2.28 lakh. The average user leverages the platform every day for 30 to 40 minutes. A third of them use it in their own time and on weekends too.



“We are expanding our relationships with universities around the world to curate specific curricula for our employees in areas such as creative design skills, machine learning, autonomous technologies and blockchain,” said the company in its annual report.

Tamilnadu Petro profit rises 14%

SPECIAL CORRESPONDENT
CHENNAI

Tamilnadu Petroproducts Ltd., (TPL) has reported a 14.36% growth in its standalone net profit to ₹11.39 crore for the quarter ended March 31 from the ₹9.96 crore registered during the year-earlier period. Total income rose to ₹334.13 crore from ₹262.68 crore.

In the year, TPL completed the project for conversion of its erstwhile ECH facilities to make propylene oxide. With this, the company has not only attained new capabilities but also brought into use an otherwise defunct facility, which had to be closed down in 2014 due to losses, said Ashwin C. Muthiah, vice chairman, TPL. The board recommended a dividend of ₹1 per share.

IN BRIEF

Akshay Kumar is TAFE's brand ambassador

CHENNAI

TAFE (Tractors and Farm Equipment) Ltd. has roped in actor Askhay Kumar as brand ambassador for Massey Ferguson tractors. Reputed for its 'futuristic technology, international styling and ergonomics', the Massey Ferguson range offers 'robust performance and uncompromising quality' with over 125 products and variants, the company said in a statement.

Rane Brake Lining Q4 net profit surges 138%

CHENNAI

Rane Brake Lining Ltd. has posted a 138% increase in its standalone net profit to ₹14.09 crore in the fourth quarter ended March 2019, from ₹5.91 crore registered in the corresponding quarter last year. Total revenue declined to ₹142.03 crore from ₹145.41 crore. Sales to Indian original equipment makers grew 7%, backed by offtake in utility vehicles, two-wheelers and medium and heavy commercial vehicles segments.

Heritage Foods' profit rises marginally

HYDERABAD

Heritage Foods Limited has posted a consolidated net profit of ₹20.16 crore for the quarter ended March compared with the ₹19.85 crore in the year-earlier period. Total income rose 15.02% to ₹706.40 crore (₹614.12 crore) while revenue from operations was 13.06% higher at ₹635.02 crore (₹561.62 crore). For the full fiscal, the net profit of the firm was ₹82.59 crore or an increase of 31.65% over the ₹62.73 crore of 2017-18.

Tata unveils compact truck Intra

Small commercial vehicle is priced from ₹5.35 lakh onwards

SPECIAL CORRESPONDENT
CHENNAI

Tata Motors Ltd. on Wednesday rolled out the 'country's first compact truck', Tata Intra, in two variants – V10 and V20.

"With this national launch, we are filling an important gap in the small commercial vehicle (SCV) space and are bringing yet another game-changing product after our [highly] successful product Tata Ace," said Girish Wagh, president, commercial vehicle business unit, Tata Motors Ltd.

"We are trying to replicate Tata Ace's success story here," he said.

The truck has been conceptualised and engineered on a new, modular platform. The V10 is powered by an 800 cc DI engine (40 HP) and the V20 by a 1400 cc engine (70 HP). It has a five-speed gearbox with a cable shift mechanism.

In step: The aim is to replicate the Ace's success with the Intra, according to Girish Wagh of Tata Motors. ▪ BIJOY GHOSH

The V10 variant is priced at ₹5.35 lakh and V20 variant at ₹5.85 lakh.

Asserting that TML would continue to produce the Tata Ace along with the Tata Intra, Mr. Wagh said: "We have enough headroom to grow in the SCV segment. Tata Ace will continue in the mini CV segment and Tata Intra in the SCV space." Till March 2020, TML would produce BS IV-ready Tata Intra vehicles, followed by the BS VI variants in April, he said.

He said the V10 would cater to the needs of those transporting consumer durables, FMCG and grocery items and V20 to those transporting mineral water and foodgrains, among others.

'Game changer'

"With intense sales activation, new product launches and continued thrust on cost reduction, we have been able to improve our commercial vehicle business performance," said Guenter Butschek, CEO and MD, Tata Motors.

"Tata Intra will be a game changer for us in the SCV segment as it offers several industry-first features, setting high standard in the market," Mr. Butschek said.

Ramco Cements Q4 profit up 52%

SPECIAL CORRESPONDENT
CHENNAI

The Ramco Cements Ltd. has reported a 52.3% growth in its standalone net profit for the fourth quarter ended March 2019 to ₹165.37 crore from ₹108.59 crore registered in the year-earlier period.

Total revenue rose to ₹1,543.47 crore from ₹1,273.76 crore. The board has recommended a dividend of ₹3 per share.

Total expenditure grew to ₹1,296.81 crore from ₹1,068.46 crore due to a rise in cost of transportation, power and fuel, and rupee depreciation. It included other expenditure such as CSR, amounting to ₹42.17 crore, the firm said in a statement.

Cipla Q4 net profit jumps more than twofold on higher sales

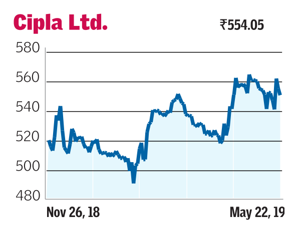
Pharma major to raise funds of up to ₹6,000 crore

PRESS TRUST OF INDIA
NEW DELHI

Drug major Cipla on Wednesday reported over two-fold jump in consolidated net profit to ₹357.68 crore for the fourth quarter ended March 31, mainly on account of robust sales across markets.

It had posted a net profit of ₹153.25 crore for the corresponding period previous fiscal, Cipla said in a BSE filing.

Consolidated total revenue from operations stood at ₹4,403.98 crore for the quarter under consideration. It was ₹3,697.97 crore for the same period a year ago. For the 2018-19 fiscal, net profit was ₹1,492.44 crore as against ₹1,416.57 crore in 2017-18.



Total revenue from operations for the last fiscal stood at ₹16,362.41 crore (₹15,219.25 crore).

In a separate filing, Cipla said its board has approved raising funds up to ₹6,000 crore.

The board has approved "raising funds up to ₹3,000 crore by issue of equity shares or American depository receipts or global depository receipts or foreign currency convertible bonds or other securities / financial instruments convertible into equity shares, whether denominated in rupee and/or foreign currency(ies), though a public issue or a private placement...," Cipla said.

The board has also approved raising funds up to ₹3,000 crore by issue of non-convertible debentures or bonds, whether denominated in Indian Rupee and/ or foreign currency(ies), though a public issue or a private placement, it added.

The board has recommended a final dividend of ₹3 per equity share.

INTERVIEW | GIRISH WAGH

Expected pre-buy ahead of BS VI norms is a positive

Will see mix of headwinds, tailwinds: Tata Motors' CVs chief

RAGHUVIR SRINIVASAN
K. BHARAT KUMAR

Tata Motors chose Chennai as the venue for the national launch of commercial vehicle Intra. **Girish Wagh**, *president, Commercial Vehicles Business Unit, Tata Motors, elaborates on the choice of venue, and dwells on the state of the industry, in an interview. Excerpts:*

When you have a successful mini truck in the Ace, what's the logic for launching a similar new product?

▪ Ace will continue to play in the mini truck segment and with time, will keep getting upgradations, be it in performance or attributes. The maxi truck segment is a growing category and so we wish to have presence here through the Intra.

It offers better driveability, higher speed and acceleration. Intra comes with higher power and a body bigger than Ace.

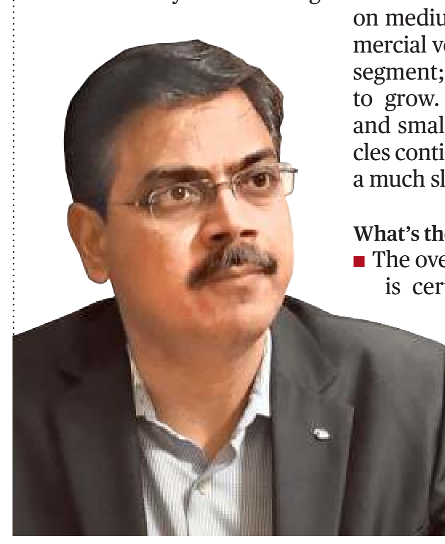
The industry had a bad second half in FY19...

▪ When everyone is talking about the slowdown, it is important to remember the reality. After GST implementation, there was very good growth. In the first half of FY19 too, there was very good growth. Then the government came out with the new axle load norms in July 2018.

The decision was for not only new vehicles; all vehicles in the park would be registered with a higher load. So the capacity for vehicles rose by 15-20% gradually. You can't be in a position to get that kind of increased freight suddenly. So it started impacting the cargo segment of M&HCV.

A few other factors also contributed. One is the liquidity crisis; second, the bigger fleet owners started taking input credit on GST which they passed on to customers who started negotiating freight rates downward.

To add to this, oil prices started rising. So it was a combination – freight went down, freight rates went down, capacity went up and costs rose creating a squeeze on medium and heavy commercial vehicles in the cargo segment; tippers continued to grow. The intermediate and small commercial vehicles continued to grow but at a much slower rate.



What's the FY20 outlook?

▪ The overall sentiment now is certainly soft. In the medium and heavy commercial vehicles freight availability is going down due to the manufacturing slowdown and reduced infrastructure spending.

There has been a degrowth of 7% in April. One positive factor is the expected pre-buy ahead of the advent of BS VI norms from April 1, 2020.

This will begin from the second half if not from the second quarter itself. So it's going to be a mixture of headwinds and tailwinds going ahead.

Does it worry you that the problems in NBFCs are intensifying and can impact your business?

▪ Yes, it is a cause for worry because every CV is sold on credit. NBFCs play a big role. When they are constrained, that will certainly impact actual sales.

Is this the right time for a new launch?

▪ This is very good timing. When the market becomes more competitive, what are the levers of competition: the product, the service we can give. We are coming out with a new product that enables us to strengthen the small CV business, which is, despite all this, in a way growing.

The choice of Chennai for the launch is interesting...

▪ Chennai is a very important market for small CVs. A product that does well here invariably ends up doing well elsewhere also. When we launched Ace in 2005, we had launched only in south and west to begin with. TN and particularly, Chennai was our biggest market. TN has a very strong consumption driven economy.