MARKET WATCH

	24-05-2019	% CHANGE
Sensex	39,435	1.61
US Dollar	69.53	0.70
Gold	32,870	0.61
Brent oil	67.55	-0.20

NIFTY 50

	PRICE	CHANGE
Adani Ports	410.25	2.70
Asian Paints	1384.50	16.75
Axis Bank	793.20	16.80
Bajaj Auto	3077.90	12.90
Bajaj Finserv	8151.70	138.40
Bajaj Finance	3467.90	90.15
Bharti Airtel	353.20	14.40
BPCL	395.45	11.10
Britannia Ind	2851.05	12.35
Cipla	570.60	5.85
Coal India	244.90	0.75
Dr Reddys Lab	2663.90	26.60
Eicher Motors	20850.65	529.50
GAIL (India)	341.65	3.70
Grasim Ind	910.05	23.50
HCL Tech	1065.95	-0.45
HDFC	2123.40	9.00
HDFC Bank	2373.35	41.25
Hero MotoCorp	2828.45	84.95
Hindalco	195.80	4.05
Hind Unilever	1749.60	-4.25
Indiabulls HFL	794.10	10.55
ICICI Bank	431.75	20.90
IndusInd Bank	1648.90	50.15
Bharti Infratel	277.55	3.70
Infosys	709.20	8.15
Indian OilCorp	156.80	2.60
ITC	290.45	2.25
JSW Steel	288.00	12.05
Kotak Bank	1511.70	11.95
L&T	1544.15	68.05
M&M	665.45	25.95
Maruti Suzuki	7093.15	163.90
NTPC	129.15	-0.70
ONGC	174.40	0.25
PowerGrid Corp	185.65	1.00
Reliance Ind	1336.85	2.95
State Bank	355.35	13.15
Sun Pharma	415.75	2.80
Tata Motors	182.30	7.15
Tata Steel	484.15	19.45
TCS	2048.00	-6.05
Tech Mahindra	735.85	-7.45
Titan	1219.90	-0.35
UltraTech Cement	4800.10	116.15
UPL	1020.85	8.65
Vedanta	163.90	6.55
Wipro	282.90	0.70
YES Bank	141.20	1.45
Zee Entertainment	376.85	16.40

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on May 24

CURRENCY	TT BUY	TT SELL
US Dollar	69.33	69.65
Euro	77.55	77.91
British Pound	87.79	88.20
Japanese Yen (100)	63.24	63.53
Chinese Yuan	10.05	10.09
Swiss Franc	69.13	69.45
Singapore Dollar	50.34	50.58
Canadian Dollar	51.51	51.75
Malaysian Ringitt	16.55	16.65

Source:Indian Bank

BULLION RATES CHENNAI

May 24 rates in rupees with previous rates in parentheses

Retail Silver (1g)	39.4	(39.2)
22 ct gold (1 g)	3030	(3015)

SEBI panel moots changes to FPI rules

Proposes liberalised investment cap, review of prohibited sectors and allowing off-market transactions

SPECIAL CORRESPONDENT
MUMBAI

As part of its attempts to streamline the regulations to encourage foreign inflows in the Indian market, the Securities and Exchange Board of India (SEBI) has proposed fast track on-boarding procedure for such investors, apart from a simplified registration process.

The capital markets regulator on Friday released the report of the working group formed under the chairmanship of former RBI deputy governor HR Khan last year. "As a key source of capital to the Indian economy, it is important to ensure a harmonised and hassle-free investment experience for international investors and improve transparency as economic regulations evolve," stated the report released on Friday.

"Against this background, the group's primary objectives were consolidation, simplification, rationalisation and liberalization," it added. Among other things, the group has also recommended pension funds to be considered for Category I FPIs registration, removal of opaque structure and the review of broad-based conditions for appropriately regulated entities.

Food for thought: On curbs on FPI investments in MFs, the group said there was need for further deliberations. • REUTERS

The committee has further proposed a liberalised investment cap under a review of prohibited sectors for foreign investment for FPIs, restriction on Sovereign Wealth Funds (SWFs) for investment in corporate debt securities, and permitting FPIs for off-market transactions.

The committee has also proposed alignment of regulations for FPIs and Alternate Investment Funds (AIFs) and the harmonisation between investment restrictions in FPI regulations and Foreign Exchange Management Act (FEMA).

"Keeping in view the emerging global concerns on the integrity and identity of cross-border investors, it is considered important to continue to focus on sound and stable market polices, with robust anti-money laundering rules, while at the same time ensuring investor-friendly measures to attract and retain long term capital," the report read.

Interestingly, in terms of restrictions on FPI investments in mutual funds, the group said that there was a need for further deliberations on whether such restrictions should be there.

FPIs are currently not permitted to invest in liquid and money market mutual fund schemes.

RBI mulls liquidity buffer for shadow banks

To cover NBFCs with ₹5,000 cr. assets

REUTERS
BENGALURU

The Reserve Bank of India (RBI) on Friday proposed introducing a liquidity coverage ratio (LCR) for large non-banking financial companies (NBFC) to help tackle liquidity issues in the sector.

The central bank said it planned to implement LCR, a liquidity buffer, "in a calibrated manner" over four years starting from April 2020.

The liquidity coverage ratio is proposed for all deposit-taking NBFCs and non-deposit-taking NBFCs with an asset size of ₹5,000 crore ($720 million) and above.

NBFCs will have to maintain minimum high quality liquid assets of 100% of total net cash outflows over the following 30 calendar days according to the RBI.

'Systemic issue'

Sources told Reuters this week that the central bank was concerned about the liquidity issues facing some of the so-called shadow banks such as mortgage or auto lenders and wanted to ensure the problems dd not become a systemic issue.

The collapse of the Infrastructure Leasing and Financial Services (IL&FS) last year triggered a series of defaults across the shadow banking sector, as borrowing costs for the sector surged.

JSW Steel to raise ₹14,000 cr. for expansion, acquisitions

Projects to be funded via share sale, debentures; company plans to enhance capacity to 24 MTPA by 2022 at ₹48,715 crore

PIYUSH PANDEY
MUMBAI

JSW Steel plans to raise about ₹14,000 crore via equity share sale and debentures to fund expansion and acquisitions, as it plans to step up its steel-making capacity to 24 million tonnes per annum (MTPA) by 2022 through brownfield expansions at a cost of ₹48,715 crore.

Doubling capacity

The expansion includes doubling the capacity of JSW Steel's Dolvi plant to 10 MTPA, capacity expansion of CRM-I complex at Vijayanagar works, modernisation-cum-capacity enhancement at downstream facilities of JSW Steel Coated Products and strategic cost savings projects.

The company's board on Friday approved new investments of ₹5,700 crore. This includes downstream investment of about ₹1,000 crore, cost savings projects of about ₹2,200 crore and mining and sustenance capex of about ₹2,000 crore, thereby increasing the cumulative capex spend of ₹48,715 crore (net of capex projects put on hold during the year) over FY2018- FY2021.

With a cumulative cash outflow of ₹14,371 crore in the last two years, the company plans to spend about ₹34,300 crore over the next two years, with some spillover into FY2022.

"These projects are planned to be funded by a mix of debt and internal accruals. Our board has decided to raise ₹14,000 crore and we will seek enabling resolution at our AGM," Seshagiri Rao, joint managing director and Group CFO, JSW Steel told *The Hindu*.

Steely resolve: JSW Steel produced 16.69 MT during the year, achieving 99.6% of production guidance. • B.M. SIDDALINGASWAMY

The company's net debt has already increased to ₹49,700 crore as on March 31, 2019, compared ₹38,000 crore in the year ago period.

Of the ₹14,000 crore, the company plans to raise ₹7,000 crore by way of non-convertible debentures and another ₹7,000 crore by issuing equity shares or fully/ partly/optionally convertible debentures.

Net almost halves

The company's consolidated net profit for the fourth quarter almost halved to ₹1,495 crore due to weakening demand, falling steel prices

> These projects are planned to be funded by a mix of debt and internal accruals
>
> SESHAGIRI RAO, joint MD and Group CFO

and increasing expenses. The fall in profits were reported on a 5% increase in revenue to ₹22,368 crore.

Crude steel production during the quarter fell by 3% to 4.17 million tonnes, due to planned shutdown in at the Dolvi works. However, the saleable steel during the quarter rose by 2% to 4.29 million tonnes.

JSW Steel's total expenses during the quarter increased 12.72% to ₹20,058 crore.

A slowdown in steel demand, growing imports and increasing cost of production were the major factors impacting profitability, Mr. Rao said. For FY19, JSW Steel's net profit went up 23% to ₹7,524 crore on a 16% increase in revenue to ₹84,757.

Target production

The company produced 16.69 million tonnes of steel during the year, thereby achieving 99.6% of the crude steel production guidance of 16.75 MTPA for FY2019.

The company board has recommended dividend at ₹4.10 per equity share of ₹1 each for the year ended March 31, 2019. The total outflow on account of equity dividend including corporate tax on dividend will be ₹1,195 crore compared to ₹933 crore paid for FY2018.

JSW Steel shares rose 4.2% on the BSE to ₹287.65 in a firm Mumbai market on Friday, valuing the company at ₹69,531.3 crore.

RBI to infuse ₹15,000 cr. in June via OMO

PRESS TRUST OF INDIA
MUMBAI

The Reserve Bank of India on Friday said it would inject ₹15,000 crore into the financial system next month through purchase of government bonds via the auction route.

The government securities will be bought under open market operations (OMO). The decision has been taken in view of the evolving liquidity situation, the central bank said in a statement.

"Based on a review of the evolving liquidity conditions and assessment of the durable liquidity needs going forward, the RBI has decided to conduct purchase of government securities under OMO for ₹150 billion on June 13, 2019," the RBI said.

Sensex vaults 623 points following poll results

Closes past 39,000 for the third time

SPECIAL CORRESPONDENT
MUMBAI

A day after the poll results, bulls were back in action with the benchmark indices registering strong gains to close at record levels amidst an across the board rally.

The 30-share Sensex gained 623.33 points or 1.61% to close at a new high of 39,434.72. This is only the third time that the benchmark has closed above the psychological 39,000-mark.

Further, the Sensex pack saw 26 stocks gaining ground with ICICI Bank, L&T, HDFC Bank, State Bank of India and Infosys contributing significantly to the upswing.

The upbeat investor sentiment was further corroborated by the strong market breadth that saw more

than 1,800 stocks gain ground on the BSE, as against 699 declines. Incidentally, the broader indices such as BSE Smallcap and BSE Midcap outperformed the benchmark by gaining more than 2% each.

Meanwhile, the 50-share Nifty gained 187.05 points or 1.60% to close at a new high of 11,844.10. The India VIX index continued its downward journey, shedding more than 15% on Friday. The volatility index fell nearly 30% on Thursday.

Viscose, chemicals drive Grasim profit to ₹1,145 cr.

Firm declares dividend of ₹7 per share

SPECIAL CORRESPONDENT
MUMBAI

Grasim Industries reported a 59% jump in its consolidated net profit for the fourth quarter to ₹1,145 crore on better performance of the viscose and chemicals businesses.

The growth in profit was reported on a 21% increase in revenue to ₹20,965.25 crore driven by higher sales and better price realisation.

Net revenue from the viscose business in the quarter rose 18% to ₹2,625 crore and EBITDA jumped 3% to ₹413 crore. For the chemicals business, net revenue rose 17% to ₹1,688 crore while EBITDA rose 5% to ₹434 crore.

For FY19, the company's EBITDA increased 18% to ₹12,820 crore on a 31% jump in revenue to ₹72,971 crore.

"The total capex (capital expenditure) plan of ₹6,454 crore (at a standalone level) is under execution for raising capacities in both the VSF and chemical businesses, apart from ongoing modernisation capex at various plants, said the company in a statement, adding that this capital expenditure would be incurred over FY20-FY22 and funded predominantly from internal accruals.

The cash profit generated in FY19 is more than ₹3,400 crore at a standalone level.

The board has recommended a dividend of ₹7 per share as against ₹6.20 per share in the previous year.

In a separate filing, the company said its chief financial officer Sushil Agarwal had resigned and the company has appointed Ashish Adukia in his place. Grasim shares rose 2.46% on the BSE to ₹908.30 in a firm Mumbai market on Friday.

Diageo wins $135 mn claim against Mallya

He is also liable to pay interest incurred at commercial rate as well as £200,000

PRESS TRUST OF INDIA
LONDON

In another setback to Vijay Mallya, the U.K. High Court on Friday directed the embattled liquor tycoon to pay British beverage giant Diageo over $135 million in relation to a collateral arrangement.

Diageo is seeking a total of $175 million from the 63-year-old businessman, and was successful in one aspect of that claim as it was awarded a "summary judgment" by Justice Robin Knowles, who dismissed Mr. Mallya's reliance on an alleged oral promise from Diageo dating back to February 2016.

Over and above the $135 million, Mr. Mallya is liable to pay interest incurred at a commercial rate as well as £200,000 towards legal costs. "We are pleased to have won in a clear vindication of our position," said Dominic Redfearn, spokesperson for Diageo.

Vijay Mallya

Earlier on Friday, the court heard Diageo's claim that Mr. Mallya, his son Sidhartha and two companies associated with the family are liable for repayment of the funds dating back to the company's acquisition of a controlling stake in Mr. Mallya's USL around 3 years ago.

Of the total amount claimed by the London-headquartered firm, $40 million is claimed directly from Mr. Mallya as the amount paid to him as part of a disengagement agreement, and the remaining amount from Sidhartha Mallya and Watson Limited, a company held in a Mallya family trust called Continental Administration Services Limited (CASL).

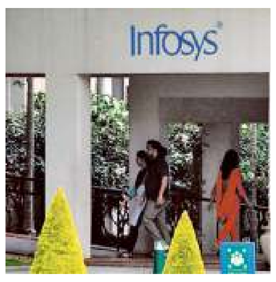
The three claimants in the case, Diageo Plc, Diageo Holdings Netherlands BV (DHN) and Diageo Finance Plc, are pursuing Mr. Mallya over an agreement struck in February 2016, under which he would step down as chair of United Spirits in exchange for a financial agreement.

At the heart of Friday's case lay an ICICI Bank loan owed by Mr. Mallya's Watson and CASL, for which Diageo stepped in as a backstop so that it could be refinanced by Standard Chartered Bank. With some USL shares caught up in India's Debt Recovery Tribunal action at the time, it was expected that the collateral associated with the loan could be pursued at a later stage.

"Watson and CASL's only defence is that, prior to entering into the Deed of Disengagement, DHN promised that it would not enforce its claims until certain orders granted in India are lifted. Watson and CASL relied on an oral promise," Daniel Toledano, the barrister for Diageo, told Judge Knowles.

"That defence is bound to fail. There are transcripts of the discussions at which the oral promise was alleged to have been made and it is clear from those transcripts that no such oral promise was made," he said.

IN BRIEF



Infosys completes acquisition of Stater NV

NEW DELHI

Infosys on Friday said it had completed the acquisition of 75% shareholding in ABN AMRO Bank's whoilly owned Stater NV. In March, the IT services firm had said it would acquire 75% stake in Stater for €127.5 million (about ₹989 crore). ABN AMRO will continue to hold the remaining 25%. The Bengaluru-based firm said the deal would enhance its strategy to help clients navigate their digital transformation journeys. PTI

OVL annual net surges 71% on rise in oil output

NEW DELHI

ONGC Videsh Ltd., the overseas investment arm of the state-owned Oil and Natural Gas Corp. (ONGC), on Friday reported a 71.4% jump in its 2018-19 fiscal year net profit on the back of a spike in crude oil production. Consolidated net profit in the April 2018 to March 2019 period at ₹1,682 crore was 71.4% higher than the ₹981 crore net profit in the previous financial year, the company said. PTI

HDFC sells 6.1% in Gruh in line with RBI directive

NEW DELHI

HDFC has sold 6.10% stake in its subsidiary Gruh Finance, to comply with the RBI requirement for facilitating the proposed merger of the housing finance arm with Bandhan Bank. The sale was carried out through stock exchanges at the prevailing market price. The average price was ₹260.07 apiece for shares sold on March 28 and ₹310.126 apiece for shares sold on Friday, HDFC said in a regulatory filing. PTI

Ashok Leyland eyes 5-7.5 tonne LCV space

Products under Project Phoenix to be launched next year; firm denies talks with Tesla for making EVs

SPECIAL CORRESPONDENT

CHENNAI

With an eye on strengthening its presence in the light commercial vehicle (LCV) space, Ashok Leyland Ltd., (ALL), the flagship company of the Hinduja Group, is planning a foray into the 5 to 7.5 tonne LCV category under a project codenamed Phoenix.

"We will be launching products under 'Project Phoenix' by next year," said Gopal Mahadevan, chief financial officer, ALL. "Project Phoenix would fill the gap in the 5 to 7.5-tonnes category and help us grow our business better," he added.

"The LCV business is very crucial for us to explore new markets in Africa and south-east Asian countries. The LCV is a big market in most countries. We were, however, restricted since we had only the right-hand drive, LCV Dost," he said. Under 'Project Phoenix,' he said, multi-variant products would be launched. The initial set of products are expected to be launched next year, he said.

Ashok Leyland chairman Dheeraj Hinduja (right) and CFO Gopal Mahadevan at a press meet. ▪BIJOY GHOSH

The Dost falls in the 2-3 tonne category. Vehicles under Phoenix would be in 5-7.5 tonnes category.

Dheeraj Hinduja, chairman, ALL, said that 'Phoenix' would be placed above the newly-launched Tata Intra. Intra would compete with Dost as they are in same tonnage. To a question, he asserted that ALL would not enter the one-tonne segment currently addressed by Tata Ace.

Capex programme

ALL has drawn up a ₹2,000-crore capital expenditure programme for the next two years. It would be investing ₹1,000 crore this fiscal and a similar amount next year.

"The money will be used for the new LCV project, the modular programme and towards BS VI implementation," Mr. Hinduja said.

Quizzed if the Hinduja Group was keen on acquiring Jet Airways, Mr. Hinduja merely said that the group was evaluating opportunities in that sector. It was premature to add anything beyond this, he added.

He denied that ALL was in talks with Tesla for manufacturing electric vehicles.

For the fourth quarter, ALL reported a fall in its standalone net profit to ₹652.99 crore from ₹743.12 crore, due to an increase in raw material and fuel costs. Total income grew marginally to ₹8,855 crore from ₹8,840 crore.

On domestic sales volumes for the fourth quarter, Mr. Mahadevan said the truck and bus segment posted a marginal growth of 1% against industry de-growth of 4% for the corresponding period.

"For the current year, we expect Q1 to be slower. Q2 and Q3 will be very strong. There will be some level of tapering in Q4 due to BS VI," he said.

Larsen & Toubro buys 24.9 lakh Mindtree shares

Infra firm's stake in IT major at 28.45%

PRESS TRUST OF INDIA

NEW DELHI

Infrastructure major Larsen & Toubro (L&T) on Thursday acquired over 24.9 lakh shares of Mindtree from the open market, taking its shareholding in the IT services firm to 28.45%, according to a regulatory filing.

After the latest transaction, L&T's shareholding in Mindtree stands at 28.45%. The latest stock purchase was made at ₹980 apiece.

Earlier this month, L&T purchased around 20% stake of V.G. Siddhartha and Cafe Coffee Day in Mindtree through a block deal for about ₹3,210 crore, and has since topped that up with share purchases from the open market. On Thursday, L&T had acquired 4.5 lakh shares of Mindtree from the open market. In all, L&T is eyeing up to 66% stake in Mindtree.

L&T had proposed to buy additional stake in Mindtree through an open offer that was slated to begin on May 14 and close on May 27. However, the open offer has been postponed as the engineering major is yet to get a nod from the Securities and Exchange Board of India.

Bata India on a firm footing as operational revenue grows 7.4%

Shoe retailer sees double-digit growth from retail channel

SPECIAL CORRESPONDENT

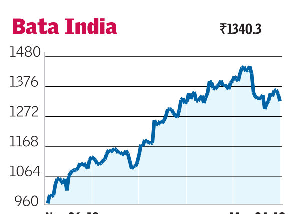
KOLKATA

Shoe retailer Bata India Ltd. closed the fourth quarter with a 7.4% rise in operational revenue to ₹679.4 crore compared with the year-earlier period.

Pre-tax profit rose 36% to ₹105 crore.

The increase in sales came on the back of a double-digit growth from the retail channel, even as it was tempered by a below-expectation performance by the e-commerce channel due to changed legislation for the industry and a one-off institutional order in the same quarter a year ago, a company release said.

The performance came on the back of product innovation supported by strong brand campaigns, which led to an upswing in brand imagery, leading to increased sales, the company said.



"The strategy was to innovate across all consumer touch points – product, brand imagery and retail – to present the renewed spirit of Bata," CEO Sandeep Kataria said.

While marketing initiatives were important, the company took measures to be cost-effective in a bid to increase its profit margin, he added.

> We took steps to be cost effective in order to increase our profit margin
>
> SANDEEP KATARIA, CEO, Bata India

The company's turnover for the year stood at ₹2,969 crore against ₹2,687.1 crore with a post-tax profit of ₹329 crore against ₹207 crore in the previous fiscal.

The company said its campaign using youth icons had helped strengthen its brand positioning as stylish and trendy.

Heinz-Zydus merger gets NCLT nod

PRESS TRUST OF INDIA

NEW DELHI

Consumer healthcare firm Zydus Wellness on Friday said the National Company Law Tribunal (NCLT) has approved a scheme of amalgamation between two subsidiaries – Heinz India Pvt. Ltd. with Zydus Nutritions Ltd., post which, Heinz India will cease to exist.

In January, Zydus Wellness said it had completed its ₹4,595-crore acquisition of Heinz India's consumer wellness business.

In October, the company agreed to buy Heinz India's business comprising Complan, Glucon D, Nycil and Sampriti Ghee brands, along with its two large manufacturing facilities.

TPG Growth to sell CTSI to Varian Medical Systems for ₹1,980 crore

Acquisition to aid speedy access to tech-driven cancer care

LALATENDU MISHRA

MUMBAI

TPG Growth, the middle market and growth equity platform of alternative asset firm TPG, has signed a definitive agreement to sell Cancer Treatment Services International (CTSI) to Varian Medical Systems for $283 million (approximately ₹1,980 crore).

CTSI is part of Asia Healthcare Holdings (AHH), a healthcare operating platform founded by TPG Growth. The transaction is expected to close in approximately two weeks and is subject to customary closing conditions. CTSI owns and operates a network of cancer treatment facilities across India and south Asia, including several brands.

> Our acquisition of CTSI will allow us to better support oncology centres globally
>
> DOW WILSON, president and CEO, Varian

"We invested in CTSI in 2016. Today, CTSI is one of the largest and leading providers of high-quality oncology services across the country and broader South Asia," said Matthew Hobart, partner at TPG Growth.

Broad-based solutions

"At Varian, the patient and clinician are at the centre of our thinking as we evolve into a broad-based cancer care solutions company," said Dow Wilson, the president and CEO of Varian. "Our acquisition of CTSI is consistent with this strategy and will allow us to better support oncology centres globally, accelerate access to technology-driven care and build a feedback loop that will drive cost-effective innovation," he added.

"We look forward to pooling the ingenuity of our combined team with the power of data, technology and clinical insights to achieve new victories against cancer, especially for the millions of patients globally without access to appropriate care," Mr. Wilson said.