

MARKET WATCH

	29-05-2019	% CHANGE
Sensex	39,502	-0.62
US Dollar	69.83	-0.20
Gold	33,020	0.45
Brent oil	68.67	-1.97

NIFTY 50

	PRICE	CHANGE
Adani Ports	406.55	-6.10
Asian Paints	1358.25	-6.10
Axis Bank	804.70	-3.70
Bajaj Auto	2925.50	-62.50
Bajaj Finserv	8131.75	3.20
Bajaj Finance	3409.25	-0.55
Bharti Airtel	338.80	-6.80
BPLCL	399.15	-2.80
Britannia Ind.	2917.00	30.00
Cipla	564.35	-13.60
Coal India	250.70	0.00
Dr Reddys Lab	2610.75	-41.20
Eicher Motors	20423.75	-366.35
GAIL (India)	353.75	5.00
Grasim Ind	910.50	-0.45
HCL Tech	1085.00	13.70
HDFC	2147.45	-0.40
HDFC Bank	2416.90	0.70
Hero MotoCorp	2725.50	-17.60
Hindalco	199.30	-2.55
Hind Unilever	1780.85	3.95
Indiabulls HFL	777.80	-6.65
ICICI Bank	423.30	-11.00
IndusInd Bank	1608.65	-11.00
Infosys	275.70	6.70
Indian OilCorp	160.35	-3.10
ITC	288.10	-0.80
JSW Steel	280.55	-12.40
Kotak Bank	1513.90	2.90
L&T	1552.45	-22.05
M&M	672.15	1.60
Maruti Suzuki	6891.45	-163.20
NTPC	130.90	-1.70
ONGC	171.55	-3.75
PowerGrid Corp	190.15	-0.05
Reliance Ind.	1313.05	-10.70
State Bank	348.65	-11.40
Sun Pharma	423.80	11.05
Tata Motors	176.35	-3.90
Tata Steel	493.30	-13.75
TCS	2107.55	33.80
Tech Mahindra	738.85	1.70
Titan	1234.65	3.10
UltraTech Cement	4719.85	-53.10
UPL	997.00	-18.55
Vedanta	165.85	-3.70
Wipro	285.70	2.75
YES Bank	151.70	-1.10
Zee Entertainment	372.55	-9.25

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on May 29

CURRENCY	TT BUY	TT SELL
US Dollar	69.63	69.95
Euro	77.68	78.04
British Pound	88.08	88.49
Japanese Yen (100)	63.72	64.01
Chinese Yuan	10.08	10.12
Swiss Franc	69.25	69.57
Singapore Dollar	50.42	50.66
Canadian Dollar	51.60	51.84
Malaysian Ringgit	16.59	16.69

Source:Indian Bank

BULLION RATES CHENNAI

May 29 rates in rupees with previous rates in parentheses

Retail Silver (1g)	39.2	(39.3)
22 ct gold (1 g)	3047	(3035)

Adani submits bid for Jaypee Infra

PRESS TRUST OF INDIA NEW DELHI

Adani Group has made an unsolicited and non-binding bid to acquire Jaypee Infratech and is ready to infuse up to ₹1,700 crore to expedite the construction of stuck housing projects of the debt-laden realty firm and deliver flats to home buyers, sources said.

Adani promised to infuse another ₹1,000 crore in two equal tranches to settle the claims of workmen as well as secured and unsecured financial creditors, besides meeting the cost of insolvency proceedings. It will also transfer 1,000 acre land to bankers.

The IRP had called for a meeting of the committee of creditors on Thursday for further discussion on the resolution plan submitted by State-owned NBCC.

Reliance Power adjourns board meet to June 7

SPECIAL CORRESPONDENT MUMBAI

The Anil Ambani-led Reliance Power has adjourned its board meeting to June 7. The board was scheduled to meet on Wednesday to consider and approve the audited financial results for the quarter and the financial year ended March 31.

The board was also likely to have considered seeking enabling authorisation of shareholders for raising resources by issuing debt securities.

“We inform you that due to unavailability of some directors because of indisposition/other unavoidable reasons, the board meeting convened on May 29, 2019, has been adjourned to June 7, 2019,” said the company in a filing with the exchanges.

M&M net skids on liquidity, falling demand

Board recommends 170% dividend, approves merger, absorption of Mahindra Vehicle Manufacturers

SPECIAL CORRESPONDENT MUMBAI

Automotive major Mahindra and Mahindra Ltd.’s (M&M) standalone net profit for the fourth quarter ended March 31 declined 20% to ₹849 crore compared with the ₹1,059 crore in the year-earlier period.

This was on account of the liquidity crisis bogging the sector down and lack of demand from the market.

Muted demand in rural India coupled with the NBFC crisis led to a tight liquidity situation, resulting in a fall in demand for tractors and automobiles in general, the firm said. “After seven successive quarters of growth, the domestic automotive industry witnessed a reversal in Q4, mainly due to negative growth of 2% and 5.9% in

Strong headwinds



After seven quarters of growth, the domestic auto sector saw a reversal in Q4 mainly due to negative growth of 2% and 5.9% in PVs and CVs, respectively

PAWAN GOENKA MD, M&M



Metrics	Q4 FY19	Q4 FY18	Growth (%)
Revenue from operations (₹ cr.)	14,035	13,308	5.5
Net profit (₹ cr.)	848.9	1,059	(19.8)
Earnings per share (₹)	7.13	8.9	-
Dividend (₹)	8.5	7.5	-

passenger vehicles and commercial vehicles, respectively. Despite such headwinds, M&M successfully weathered these challenges. The launch of XUV 300, Marazzo and Alturas G4 helped to maintain growth in the utility vehicles

segment,” said Pawan Goenka, MD, M&M. During the quarter, the company reported a total income of ₹14,272 crore compared with ₹13,479 crore, up about 6% from the year-earlier period. The company sold

1,63,937 units in the quarter, compared with 1,56,453 units, up 5%. It sold 56,903 tractors compared with 66,885 units, down 15%. Exports rose 8.7% to 13,541 units compared with 12,459 units in same quarter last year.

For the financial year ended March 31, the company reported a net profit of ₹4,808 crore compared with ₹4,346 crore, up 11%.

Total income rises

During the year, the company’s total income increased to ₹55,303 crore compared with ₹50,481 crore in the previous year, up 19.6%.

On a consolidated basis, M&M reported a profit after tax of ₹6,017 crore compared with ₹7,958 crore in the previous year, down 24.4%

The board has recom-

mended a dividend of ₹8.50 (170%) per equity share. The board has also approved, subject to regulatory approvals, the merger and absorption of Mahindra Vehicle Manufacturers Ltd. (MVML), its 100% subsidiary, into itself effective April 1, 2019.

Combined profit drops

M&M and MVML reported a 16% decline in profit after tax after exceptional items to ₹969 crore for the Q4 as against ₹1,155 crore. Revenue during the period increased 5% to ₹14,055 crore.

For the fiscal, M&M and MVML jointly reported 17% growth in profit after tax after exceptional items to ₹5,401 crore versus ₹4,623 crore in the previous year. Revenue and other income rose 12% to ₹54,478 crore.

Adani Power clocks profit on more sales

SPECIAL CORRESPONDENT MUMBAI

Adani Power Ltd. reported a net profit of ₹634.6 crore in the March quarter of FY19 compared with a net loss of ₹650.8 crore in the year-earlier period as the company sold more power.

The company posted a 94% jump in revenue to ₹8,078 crore and 39% increase in EBITDA to ₹1,964 crore.

The company sold 16.6 billion units (BUS) in the quarter as compared to 7.9 BUS during Q4 FY18.

For the financial year 2018-19, the company reduced its losses to ₹984.4 crore as revenue went up by 25% to ₹26,362 crore and EBITDA grew 20% to ₹7,431 crore.

Adani Enterprises profit surges over 50%

Mulls raising ₹5,000 crore; board recommends dividend of ₹0.40 per share

SPECIAL CORRESPONDENT MUMBAI

Adani Enterprises Limited (AEL), the flagship firm of the Adani Group, reported a 50.5% rise in consolidated net profit to ₹283 crore for the fourth quarter.

The rise in profit came on a 36% increase in revenue to ₹13,237 crore even as EBITDA for the quarter fell 5% to ₹943 crore.

Commenting on the results, Gautam Adani, chairman, Adani Group said, “Adani Enterprises continues to focus on incubating businesses of national importance, building second generation infrastructure and utilities. A stable government emphasising on policy initiatives paves the way for growth opportunities across sectors. Our endeavour is to



Gautam Adani

Our endeavour is to establish businesses of the future, creating more value for stakeholders

GAUTAM ADANI chairman, Adani Group

establish businesses of the future, creating better value for the stakeholders in long term.” For FY19, the company’s net profit fell 5% to ₹717 crore and EBITDA fell 3% to ₹2,541 crore, even as revenue increased by 12% to ₹40,379 crore.

“Shareholders’ value increased by a CAGR of 65% in

last two years by demerger of renewable generation and city gas distribution businesses,” said the company in a statement.

The AEL board has recommended a dividend of ₹0.40 per equity share of face value of ₹1 each fully paid up for FY19 subject to approval by the shareholders of the company.

Reappointed to board

The board has reappointed Rajesh S. Adani as a managing director of the company

RBI forms task force on corporate loans

Move to develop secondary market

PRESS TRUST OF INDIA MUMBAI

The Reserve Bank of India (RBI) on Wednesday constituted a task force to suggest policy and regulatory interventions required for development of secondary market in corporate loans, including loan transaction platform for stressed assets.

The six-member body, headed by Canara Bank chairman T. N. Manoharan, has been set up to review the existing state of the market for loan sale/transfer in India as well as international experience in loan trading, the central bank said.

Restricted to ARCs

Secondary loan market in India is largely restricted to asset reconstruction companies (ARCs) and ad hoc sale to other lenders, including

banks, and no formalised mechanism has been developed to deepen the market.

A well-developed secondary market for debt will also aid in the transparent price discovery of the inherent riskiness of the debt being traded, the Reserve Bank of India said while announcing the task force.

The task force has also been asked by the central bank to make recommendations for the creation of a loan contract registry to remove information asymmetries between buyers and sellers, its ownership structure and related protocols such as standardisation of loan information, independent validation and data access.

The task force has been asked to submit its report by the end of August 2019.

RBI panel on home finance securitisation

PRESS TRUST OF INDIA MUMBAI

The Reserve Bank of India (RBI) on Wednesday constituted a committee to review the existing state of mortgage securitisation in India and suggest measures to deepen it.

The mortgage securitisation market in India is primarily dominated by direct assignments among a limited set of market participants on account of various structural factors impacting both the demand and the supply side, as well as certain prudential, legal and tax and accounting issues.

The panel has also been asked to assess the role of various counterparties, including servicers, trustees, rating agencies, in the securitisation process and suggest the steps required.

Banning us won’t make networks more secure, Huawei tells Trump

‘U.S. has shown no proof that Huawei is a security threat’

SPECIAL CORRESPONDENT BENGALURU

Chinese telecom major Huawei on Wednesday asked the Trump administration to halt its campaign against the company as the move won’t ensure cybersecurity in the U.S.

The U.S. government has provided no evidence to show that Huawei is a security threat. There is no gun, no smoke and only speculation, said Huawei.

Song Liuping, Huawei’s chief legal officer, said: “Banning Huawei using cybersecurity as an excuse will do nothing to make networks more secure. They provide a false sense of security, and distract attention from the real challenges we face.”

The firm has filed a motion for summary judgment



Fighting back: U.S. must adopt honest, effective measures to enhance cybersecurity for all, says the telecom major. ■ AFP

in its court case to accelerate process to halt action initiated by the U.S. and also to challenge the constitutionality of Section 889 of the National Defense Authorization Act, 2019. U.S. should take the right approach and adopt honest and effective measures to enhance cybersecurity for everyone, if its real goal was security, Hua-

wei said in a release. Huawei has a significant presence in the Indian telecom landscape. It employs about 8,000 people in the country. Its R&D centre in Bengaluru has 4,000 employees who work on mobile applications, intelligence networks, data transmission networks, big data and data-driven telecom technologies.

Marketmen bet on lower volatility, rate cut, positive re-rating

‘Domestic flows may return stronger’

ASHISH RUKHAIYAR MUMBAI

A decline in market volatility, rate cut by the Reserve Bank of India (RBI) and an overall re-rating of the equity markets, especially that of the financial sector stocks, appear to be the key themes of market participants post the election results that saw the BJP-led NDA getting a huge majority.

While many brokerages have raised their Sensex and Nifty targets, there are quite a few who believe that the mid-cap and small-cap segments, that have been in the doldrums for long, could see value picking by institutional investors.

“With political and policy uncertainty abating significantly, we believe the market volatility (VIX) will decline,” stated a report by Reliance Securities.

“Apart from a decline in market volatility, another round of rate cut by the RBI is likely. All these factors point towards a higher market multiple, which is likely to sustain,” it added, while upgrading its December Nifty target to 13,000.

Incidentally, the India VIX index, which is looked upon as a barometer for near-term volatility, lost about 30% on May 23, when the election results came in.

‘More accommodative’

Similarly, Morgan Stanley said it expected the RBI to be more accommodative and the economy to come out of its soft patch.

“Earnings could be heading into a new cycle and domestic flows should return stronger,” said Morgan Stanley, pegging its June



2020 target for Sensex and Nifty at 45,000 and 13,500, respectively.

While the Sensex had risen marginally since the election results were announced, it did breach the psychological 40,000-mark for the first time ever on May 23.

Non-banking financial companies (NBFCs), which had been facing liquidity issues for quite a few months now, are on the radar of many market participants who expect the new government to infuse liquidity and revive the segment. “With the formation of a stable government at the Centre, we expect a definite solution being offered to resolve the NBFC liquidity crisis,” said Emkay Global.

To avoid triggering retail NPA cycle, some kind of bailout of the NBFCs is necessary, it said, highlighting that NBFCs have played an important role in increasing overall credit expansion in India, especially in the rural and semi-urban areas.

“The market will view the return of the Modi government positively; it will expect the government to announce further economic and governance reforms over the next few months,” said Kotak Institutional Equities in its recent report.

IN BRIEF



**3M India appoints Ramadurai as new MD**  
BENGALURU  
3M India, the Indian subsidiary of Minnesota-based 3M Co., has appointed Ramesh Ramadurai as MD with effect from June 1. Mr. Ramadurai takes over from Debarati Sen, who had led the company for the past three years and is now returning to 3M USA as the vice president and general manager for 3M Abrasives Systems Division. 3M India reported a consolidated annual revenue of ₹3,053.65 crore during FY19.

**GST fraud: Doshi resigns as Manpasand director**  
MUMBAI  
An independent director of Manpasand Beverages has resigned in wake of search and seizure proceedings by the Commissioner of Central GST and Customs at various premises of the company. "... we would like to inform Chirag Doshi, independent director of the company, has tendered resignation. This resignation is mainly due to the press release issued by the GST department," the company said in a filing.

**KVB to form venture with Centrum Wealth**  
CHENNAI  
Karur Vysya Bank Ltd. has entered into a pact with Centrum Wealth Management Ltd. (Centrum) to form a private limited joint venture (JV) to offer wealth management services to its clients. The private sector bank will hold 51% of the share capital of the JV, Centrum 45% and the balance by the JV's staff. The board would comprise five directors of whom three would be from the bank.

# Need infra focus, says Srivats Ram

Investment in sector can result in positive sentiment, spurring growth again

K.T. JAGANNATHAN  
CHENNAI

Wheels India Ltd. has reported a net profit of ₹19.7 crore for the quarter ended March 31, 2019 as compared to ₹19.5 crore in the same quarter of the previous year. Revenue for the quarter stood at ₹855.1 crore (₹705.1 crore). The company registered a 5.4% rise in net profit for the year ended March 2019 at ₹75.7 crore as compared to ₹71.8 crore in the previous year. Revenue for FY19 increased by 26.7% to ₹ 3,188.8 crore (₹2,517.1 crore). The board has recommended a final dividend of ₹4.75 per share. "If you take away the one-time gain of ₹12 crore last year due to slump sale of our passenger car steel wheel business, the profitability in



**On track:** Despite a slowdown since November, Wheels India did not halt its investments, says Srivats Ram. • BIJOY GHOSH

FY19 is in line with the strong revenue growth," said Srivats Ram, MD. "While we had targeted ₹122 crore last year in capital expenditure, we actually ended up investing ₹144 crore, driven by demand from our customers in all

our business segments. The growth was fuelled by additional capacity that came on stream. Even though there was a slowdown in the second half of last year, we did not cut down on our investments. We will continue to invest in our business," he

said. "We saw very good growth in the first 7-8 months of last year, whereas typically Q4 is the period when one sees volume growth. There has been a slowdown since November. "The first half of this year may not be dramatically better than last year. Change in emission norms next year could result in some amount of pre-buy," he said. Stating that the sentiment had been poor in the recent past, he said, "with the majority government, the uncertainty is over and there is definitely hope." He said that continued investment in infrastructural development could result in positive sentiment and that could have a multiplier effect on the commercial vehicle segment and spur growth again.

# Rajapalayam Mills to merge A.P. unit with Tamil Nadu plant

Reappoints Sudarsanam as MD for three more years

N. ANAND  
CHENNAI

Rajapalayam Mills Ltd. (RML), a Ramco Group company, has decided to merge its spinning mill in Andhra Pradesh (A.P.) with its mother plant in Rajapalayam in Tamil Nadu, said a top official. "The board of directors have decided to shift a majority of the machines installed in A.P. with its parent unit for better control over operation and costs," said Gnanagurusamy, chief financial officer, RML. "The entire exercise is expected to be completed over the next two months." RML has a total installed capacity of about 1.38 lakh



**The entire exercise is expected to be completed over the next 2 months**  
GNANAGURUSAMY  
chief financial officer

spindles and 5,480 rotors, of which 4,800 spindles and 1,800 rotors are in A.P. "As of March 31, 2019, the AP unit generated a revenue of ₹38.43 crore and this constituted 9% of RML's total revenue. There will not be any reduction of revenue or profits since majority of the machinery is being shifted to the parent unit at Rajapalayam," he said. After shifting the machinery, RML would initiate the process of selling the resi-

dual machines, land and building in the A.P. unit. The board reappointed R. Sudarsanam (77) as managing director for a period of three years from April 2020 to March 2023, subject to the approval of shareholders. She is a promoter and managing director and has been on RML's board since 1996, said a company statement. RML has reported a loss of ₹15 lakh in its standalone results for the fourth quarter ended March 2019 against a profit of ₹38 lakh reported year earlier, due to taxation. Total revenue rose to ₹120.56 crore from ₹112.37 crore. The board declared a dividend of ₹4 per share.

# Samsung set to double online smartphone sales

Eyes \$1 billion worth B2C business

YUTHIKA BHARGAVA  
NEW DELHI

Buoyed by the demand for its online-only M-series smartphones portfolio, Samsung is aiming to capture a 25% value share (or about \$1 billion) of the B2C (business-to-consumer) online handset market that is estimated to be about \$4.5 billion, a senior company official said. The South Korean firm is also confident of doubling its online smartphone business as well as achieving a "healthy double digit" growth for its overall mobile business, said Asim Warsi, Samsung India senior vice-president, mobile business. "The online handset market in India in value terms is

about \$6 billion. Of this, the B2C or consumer segment is about \$4.5 billion. We aim to end 2019 with 25% share of the consumer segment," Mr. Warsi said. Pointing out that since the launch of the new portfolio in February, the company had sold more than two million M series devices, Mr. Warsi said Samsung was on track to double its online smartphone business this year. The company plans to strengthen the series with launch of M40 model in June, which is expected to be priced about ₹20,000. Its existing M series phones – M10, 20 and 30 – are priced in the range of ₹8,000-₹18,000.

# MM Forgings Q4 net profit dives 36%

SPECIAL CORRESPONDENT  
CHENNAI

MM Forgings Ltd. standalone net profit for the fourth quarter ended March 2019 plunged 36% to ₹17.52 crore from ₹27.37 crore registered in the corresponding quarter last year, following an increase in raw material costs, power and fuel costs. Total income for the period rose 17.29% to ₹238.91 crore from ₹203.69 crore. The board declared two interim dividends of ₹2.50 each per share. However, it did not recommend any final dividend for FY19. For the full year, net profit improved to ₹81.35 crore from ₹68.51 crore. Total income rose to ₹919.76 crore from ₹632.73 crore.

# Chola Investment gets \$222 mn from International Finance Corp.

Funds to be lent to small transport operators, MSMEs

SPECIAL CORRESPONDENT  
CHENNAI

Cholamandalam Investment and Finance Co. Ltd. (CIFCL), a Murugappa Group company, has received an investment of \$222 million from a foreign investor anchored by the IFC. This is the company's first U.S. dollar-syndicated deal since January 2019, when RBI permitted NBFCs to tap into offshore credit market. CIFCL would use the funds to help small road transport operators (SRTOs) and micro, small and medium (MSMEs) borrowers, especially in the rural and semi-urban areas. The present round of funding was anchored by



Arun Alagappan

IFC, a member of the World Bank Group. Of the total amount, IFC invested \$92 million and the rest syndicated from First Abu Dhabi Bank (\$50 million), MUFG Bank Ltd. (\$50 million), National Bank of Ras Al-Khaimah PJSC (\$20 million), and CTBC Bank Co., Ltd. (\$10

million), said a company statement. "IFC's strong commitment to the NBFC space and support in helping us access credit from foreign investors will reinforce the important role played by the NBFC sector in providing last-mile credit. This arrangement, led by IFC, has helped CIFCL tap a new investor base for its borrowings at competitive rates, which will support its growth plans," said Arun Alagappan, executive director, CIFCL. CIFCL's core business is providing commercial vehicle finance and loan against properties. It had entered the affordable housing finance segment recently.

# Bandhan to open 16 more branches

SPECIAL CORRESPONDENT  
KOLKATA

City-based Bandhan Bank will open 16 more branches by June following the approval received from the Reserve Bank of India in 2018-19 to open 64 new branches. Chandra Shekhar Ghosh, managing director & chief executive officer, Bandhan Bank, said that while 48 branches were opened by March 2019, the remaining branches would be opened this quarter. Speaking on the occasion of opening a branch at Boral in South 24 Parganas, Mr. Ghosh said: "We are further strengthening our presence in West Bengal." The bank has 370 branches in the State.