

MARKET WATCH

	15-07-2019	% CHANGE
Sensex	38,897	0.41
US Dollar	68.54	0.21
Gold	35,470	-0.28
Brent oil	66.85	0.10

NIFTY 50

	PRICE	CHANGE
Adani Ports	409.10	-6.20
Asian Paints	1353.15	-8.80
Axis Bank	749.75	-6.05
Bajaj Auto	2714.00	-8.55
Bajaj Finserv	7714.45	-11.25
Bajaj Finance	3412.10	-34.60
Bharti Airtel	350.60	-5.50
BPCCL	347.40	1.65
Britannia Ind	2773.60	-7.00
Cipla	550.55	-6.25
Coal India	230.40	-0.85
Dr Reddys Lab	2627.60	-1.00
Eicher Motors	18833.85	-121.45
GAIL (India)	145.50	-1.15
Grasim Ind	922.30	6.25
HCL Tech	1027.50	3.60
HDFC	2265.35	7.55
HDFC Bank	2394.75	0.85
Hero MotoCorp	2545.55	-24.25
Hindalco	200.15	1.30
Hind Unilever	1716.95	3.75
Indiabulls HFL	638.95	-27.00
ICICI Bank	422.30	-2.75
IndusInd Bank	1475.10	-34.40
Bharti Infratel	262.25	-0.70
Infosys	779.35	52.60
Indian Oil Corp	145.40	-1.45
ITC	270.95	-4.10
JSW Steel	270.95	3.45
Kotak Bank	1508.10	-24.45
L&T	1440.60	-26.25
M&M	631.85	-0.05
Maruti Suzuki	6079.70	108.25
NTPC	127.95	0.15
ONGC	150.70	1.00
PowerGrid Corp	204.95	-1.75
Reliance Ind	1276.10	-4.40
State Bank	360.05	-3.55
Sun Pharma	422.95	15.25
Tata Motors	160.95	1.65
Tata Steel	468.30	-4.60
TCS	2145.70	38.10
Tech Mahindra	677.90	-12.75
Titan	1089.40	-11.80
UltraTech Cement	4597.00	31.15
UPL	647.40	17.35
Vedanta	166.75	-0.90
Wipro	259.90	0.95
YES Bank	93.20	-1.00
Zee Entertainment	345.60	-5.10

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on July 15

CURRENCY	TT BUY	TT SELL
US Dollar	68.34	68.66
Euro	76.99	77.36
British Pound	85.67	86.08
Japanese Yen (100)	63.31	63.60
Chinese Yuan	9.94	9.99
Swiss Franc	69.55	69.88
Singapore Dollar	50.38	50.62
Canadian Dollar	52.42	52.67
Malaysian Ringgit	16.63	16.71

Source: Indian Bank

## WPI inflation eases to 2% in June

PRESS TRUST OF INDIA  
NEW DELHI

Wholesale price-based inflation declined for the second consecutive month to its 23-month low of 2.02% in June, helped by decline in prices of vegetables as well as fuel and power items, according to official data released on Monday.

The Wholesale Price Index (WPI)-based inflation was at 2.45% in May. It was 5.68% in June 2018. Inflation in the food articles basket eased marginally to 6.98% in June, from 6.99% in May. Vegetable inflation softened to 24.76% in June, down from 33.15% in the previous month. Inflation in potatoes was (-)24.27%, against (-)23.36% in May.

However, onion prices continued the rising trend with inflation at 16.63% in June, as against 15.89% in May. WPI inflation in June is the lowest in 23 months, since July 2017, when it was at 1.88%. Inflation in 'fuel and power' cooled substantially to (-)2.2%, from 0.98% last month. Manufactured items too saw decline in prices with inflation at 0.94% in June, against 1.28% in May.

## Trade deficit shrinks 8% in June

Exports fall nearly 10% to \$25 billion as against \$27.7 billion in June 2018

SPECIAL CORRESPONDENT  
NEW DELHI


India's trade deficit narrowed by nearly 8% to \$15.28 billion during the last month, as against \$16.6 billion in June 2018, according to official data released on Monday.

In June 2019, merchandise exports fell nearly 10% to \$25.01 billion as against \$27.7 billion in the year-ago month, the Commerce Ministry data showed. In rupee terms, exports stood at ₹1,73,682.55 crore, down 7.52% from ₹1,87,800.20 crore in June 2018.

"Department of Commerce is pro-actively pursuing an export promotion strategy involving conscious engagement with the EPCs and exporters to quickly address domestic and overseas constraints impacting exports... A special initiative is underway with respect to

### Trade woes

The negative growth is consistent with global trends that have impacted India's exports in recent months



FIGURES IN \$ BILLION

	June 2018	May 2019	June 2019	Growth % year-on-year
Exports	27.7	29.99	25.01	-9.71
Imports	44.3	45.35	40.29	-9.05
Trade imbalance	-16.6	-15.36	-15.28	

China and the U.S. in light of opportunities offered by their trade dispute," an official release said.

The data showed that merchandise imports too declined during the month under review from \$44.30 billion to \$40.29 billion, a fall of 9.06%.

"The decline in exports in June 2019 is due in large part to a base effect of an extraordinarily good month in June

2018 impacting growth figures for June 2019. While average exports in June have been \$22-23 billion since 2015-16, exports in June 2018 were relatively quite high at \$27.70 billion," the release said.

It added that the negative growth is consistent with certain global trends, which have impacted India's exports in recent months. The World Bank, in its Global

Economic Prospects (June 2019), has projected weakening of global trade in 2019. Global trade is projected to grow at 2.6% this year - a full percentage point below their previous forecast.

The major commodities which led to this decline were petroleum products, rice, cotton yarn/Fabrics/made-ups, gems and jewellery, ready-made garments, organic & inorganic chemicals, and Engineering goods.

On imports, the Commerce minister said that import of petroleum crude & products in June 2019 (\$11.03 billion) has recorded a negative growth of 13.33% from a year earlier.

Meanwhile, reacting to the decline in exports, FIEO President Sharad Kumar Saraf said that such a de-growth in exports is a reflection of sluggish global demand and rising tariff war.

## IL&FS invites bids to sell office space in GIFT City

Eyes ₹480 cr. from sale of two towers

SPECIAL CORRESPONDENT  
MUMBAI

Infrastructure Leasing and Financial Services (IL&FS) has invited expression of interest from potential buyers to sell its commercial office space in Gujarat International Finance Tec-City (GIFT City). It expects ₹480 crore from the sale of two towers at GIFT City.

The 9,600 sq. m of office space in the buildings, known as GIFT One and GIFT Two, are held by Sabarmati Capital One Limited and Sabarmati Capital Two Limited, wholly owned subsidiaries of IL&FS Township & Urban Assets Limited, which, in turn, is a wholly owned subsidiary of IL&FS.

Separately, IL&FS has entered into an agreement with secured lenders of three group entities that have a debt of ₹5,071 crore,

as part of the resolution process. A binding term sheet has been signed with secured lenders of three entities - Moradabad Bareilly Expressway Ltd., Jharkhand Road Projects, and West Gujarat Expressway Ltd.

The company said total debt across these three entities is around ₹5,071 crore, of which ₹3,242 crore is from secured lenders and ₹1,829 from unsecured lenders. The revised proposal involves certain concessions and modification of terms of financial debt availed by these entities from lenders.

With the term sheet, the three entities had been moved from the 'amber' to 'green' category. The group companies have been classified into green, amber and red, based on their financial positions.

(With PTI inputs)

## RBI fines Union Bank, SBI for flouting norms

State Bank of India penalised ₹7 crore

SPECIAL CORRESPONDENT  
MUMBAI

The Reserve Bank of India (RBI) has penalised State Bank of India and Union Bank of India for violating certain regulatory guidelines.

SBI was fined ₹7 crore for non-compliance with the directions issued by the RBI on Income Recognition and Asset Classification (IRAC) norms, code of conduct for opening and operating current accounts and reporting of data on Central Repository of Information on Large Credits (CRILC), and fraud risk management and classification and reporting of frauds.

RBI said the statutory inspection of the bank with reference to its financial position as on March 31, 2017 revealed that the lender had violated those norms.



The central bank also imposed a ₹10-lakh fine on Union Bank for non-compliance with the directions on the cybersecurity framework in banks issued by the RBI. In 2016, the RBI carried out an examination of the cybersecurity framework after reports of generation of seven fraudulent messages worth \$171 million through the SWIFT system of the bank.

## DHFL stock tanks 29% after ₹2,223 crore Q4 loss

NHB finds capital adequacy ratio well below requirement

SPECIAL CORRESPONDENT  
MUMBAI

Cash-strapped mortgage lender Dewan Housing Finance Corporation Ltd.'s (DHFL) stock tanked 29% on Monday after the lender reported a ₹2,223 crore loss in the January-March quarter of 2018-19 on Saturday.

The lender, while announcing its earnings, disclosed that housing finance regulator National Housing Bank (NHB), in a letter dated July 3, 2019, observed that the company's capital adequacy ratio had reduced to 10.24%, as on March 31, 2019. Regulations mandate housing finance companies to have a minimum capital adequacy ratio of 15%.

"The management does not concur with the observation of the NHB and will provide an appropriate response within the stipulated time," DHFL said.

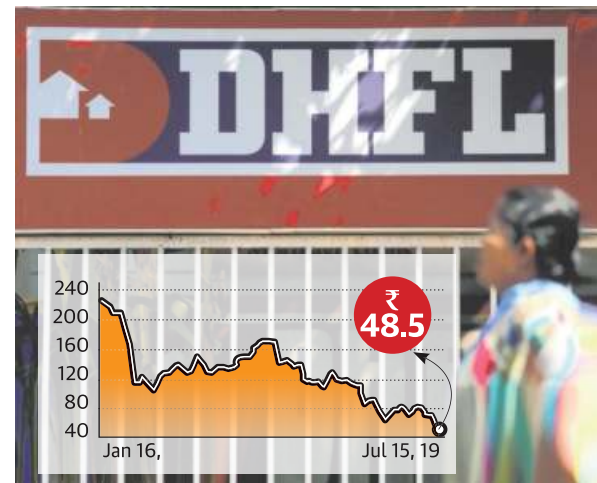
### Documentation flaws

Admitting certain discrepancies in loan documentation in certain projects and mortgage loans, DHFL said, "the management is actively engaged with the loanees to remediate certain lacunae in loan documentation and expects to complete this exercise by September 2019." Also, there were documentation deficiencies with respect to grant/roll-over of inter-corporate deposits, which are being rectified, it said.

The mortgage lender further said it no longer held the project loans, SRA (slum rehabilitation authority) loans and wholesale mortgage loan portfolio for the purposes of solely collecting the principal and interest, and aimed to monetise the wholesale loan portfolio.

As a result, such loans of ₹34,818 crore had been reclassified as Fair Value Through Profit or loss (FVTPL) as on March 31, 2019.

"As required under Ind AS



109, these assets have been fair-valued as on March 31, 2019, based on internal valuations which involve management's judgment and assumptions, at ₹31,628 crore, and the resultant fair value loss aggregating ₹3,190 crore has been charged to the statement of profit and loss," it said, citing the reason for the loss.

Following a rating downgrade to default grade in June, its ability to raise funds had been substantially impaired and business had been brought to a standstill with minimal or virtually no disbursements, DHFL said.

It said the ability of the company to continue as a going concern was "predicated upon its ability to monetise its assets," and secure funding from the bankers, investors, restructure its liabilities and recommence its operations.

"In view of all the actions that are currently underway, these financial statements have been prepared on the basis that the company is a going concern."

Following the stock price collapse, the home financier issued a statement saying, "the entire set of management notes are basis our intent to be prudent and conservative in adequately providing for in our results," and the company continued to remain strong and sol-

vent. Reiterating that the company had made repayments of over ₹41,800 crore since September 2018, chairman and managing director Kapil Wadhawan said, "The process of identifying a strategic investor is also nearing completion, which will bring in an equity investor into DHFL to bolster its capital base."

He added that the board would meet in the next two weeks to look through potential proposals and decide on the way forward.

### Resolution process

Banks have also started the process for resolution of DHFL loans of about ₹40,000 crore. Banks have signed an inter-creditor agreement and asked DHFL to submit a resolution plan.

Mr. Wadhawan said the company was at an advanced stage of submitting its resolution process and firming up the terms of the resolution process by July 25, 2019, and making it operational before September 25, 2019.

The housing finance company further added that it was working with creditors to ensure that there was a comprehensive resolution, without any haircut to the lenders. DHFL stock ended the day at ₹48.50 on the BSE, down 29.15% from its previous close.

## India to see more tech investments

Have transformed virtually every corner of IT function: Dell

MINI TEJASWI  
BENGALURU

Dell Technologies, based in Texas, says it has dramatically transformed its businesses, since going private in 2013, and has risen to a lead player in both traditional and emerging technologies.

It may be recalled that Michael Dell took his company private in 2013, through a \$24-billion buyout with Silver Lake, before it was brought back on the stock market five years later in 2018.

Jennifer Felch, CIO, Dell Digital, told *The Hindu* that: "We invested \$12.8 billion in R&D in the past three years. We have transformed virtually every corner of IT function this year by staying focussed, executing and delivering business value and quality at a higher velocity." This has



Jennifer Felch

made Dell a key enabler of transformative IT trends, including multi-cloud management, edge computing, Internet of Things, digitisation and Artificial Intelligence, she said. The EMC and VMware acquisitions too have helped Dell to become sturdy in technology infrastructure. "Today, we are number one in everyth-

ing, all in one place, be it servers, storage, PC or infrastructure software," added Ms. Felch, who is also senior vice-president Global Corporate & Supply Chain, Strategy & Business Operations Dell Technologies.

On the market outlook for India, she said the country would witness significant amount of investments in the areas of cybersecurity, Internet of Things, multi-cloud environment and AI in the next one to three years. As per a recent Dell Technologies Digital Transformation Index, India is the most digitally mature country in the world.

Some 91% of business leaders here believe that digital transformation should be more widespread, compared to 78% globally.

## Private carriers make hay post Jet closure

Augment capacity on international routes as Air India not very 'aggressive'

SPECIAL CORRESPONDENT  
MUMBAI

After the closure of Jet Airways, the international segment continues to offer huge opportunity for Indian airlines, mainly private carriers, as Air India is shying away from aggressive capacity expansion.

According to a report by ICICI Securities Ltd., Air India could manage to increase its international capacity by only 1% in the first two months of FY20.

### IndiGo, SpiceJet

While IndiGo could increase its international capacity share from 15% in the first two months of FY19 to 19% in the first two months of FY20, SpiceJet managed to grow it from 22% to 24% in the same



time period. GoAir has been able to take its international capacity share to 10%, ICICI Securities said in a note.

"The detailed traffic print of Apr-May '19 indicates that 70% of the incremental capacity is still being deployed by IndiGo and SpiceJet to domestic routes, and the combined (domestic plus international) capacity of Indian airlines declined 8%

during the two months," the report said. "Air India is not ramping up its international capacity post Jet grounding. Thus the international segment remains a big opportunity for Indian airlines," it added. In the past few days, almost all airlines have announced international route expansion plans.

IndiGo has announced six new flights. Effective July 25 and August 5, IndiGo will launch daily non-stop flights connecting Delhi with Jeddah, and Mumbai with Kuwait. Additionally, to cater to the increasing demand from the sector, the airline will launch its third non-stop daily flights between Mumbai and Dubai.

William Boulter, Chief Commercial Officer, IndiGo

said, "These new routes once again reflect our unflinching commitment towards expanding our international operations."

Air India, which has started an international flight linking Indore and Dubai, is also planning to operate a new flight linking Kolkata and Dubai. Vistara has announced plans to start international flights linking Mumbai to Singapore and Delhi to Singapore.

Go Air has announced new flights between Delhi and Abu Dhabi, Mumbai and Muscat, Mumbai and Abu Dhabi, Kannur and Muscat, and Kannur and Abu Dhabi.

SpiceJet has also announced plans to start flights from Mumbai to Hong Kong from August 2019.



## IN BRIEF

**Sun Pharma unveils lipid disorder tablets in U.S.**

**NEW DELHI**  
Sun Pharma announced the launch of Ezallor Sprinkle capsules, used for treatment of elevated lipid disorders in people who have difficulty swallowing, in the U.S. market. The Ezallor Sprinkle (rosuvastatin) capsule is indicated for three types of lipid disorders in conjunction with diet in adults, Sun Pharma said in a regulatory filing. The company said this problem is estimated to affect 30-35% of long-term care residents. PTI

**STFC to issue NCDs worth ₹10,000 crore**

**CHENNAI**  
Shriram Transport Finance Company (STFC) is issuing Secured Redeemable Non-Convertible Debentures (NCDs) to raise up to ₹10,000 crore. The funds will be used for onward lending, financing, and repayment/prepayment of interest and principal of existing borrowings of the firm and for general corporate purposes. The public issue opens on July 17 and closes on August 16.

**USFDA audit of Chennai unit successful: Natco**

**HYDERABAD**  
Natco Pharma said a US Food and Drug Administration (USFDA) inspection of its active pharmaceutical ingredient facility in Chennai had been completed without any observations from the regulator. Announcing the successful completion of the inspection, the Hyderabad-headquartered firm said the audit resulted in zero observations. The inspection was conducted in the period July 8-12, a release said.

# China's GDP growth slumps in Q2

Hits a 27-year low thanks to the trade war with U.S. and weak global demand

**PRESS TRUST OF INDIA  
BEIJING**

China's growth has slumped to 6.2% in the second quarter of this year, its lowest level in nearly three decades, the government said on Monday, as the economy feels the pinch of a bruising trade war with the U.S. and weak global demand.

The Gross Domestic Product (GDP) growth slid from 6.4% in the first quarter of 2019, according to government data released on Monday.

While the slowdown to 6.2% is a 27-year low, it raised concerns as the once resilient Chinese economy did not dip below 6.4% even during the 2009 world economic crisis during which the largely export-dependent country came under



**Domestic strength:** China has been trying to rejig its economy so that it depends less on exports. \* AFP

heavy pressure due to the steady fall in its foreign trade.

China's GDP expanded 6.3% year-on-year in the first half of 2019 to about 45.09 trillion yuan (about \$6.56 trillion), according to the data released by China's National Bureau of Statistics

(NBS). The growth, however, was in line with the government's annual target range of 6-6.5% for the whole year, down from the 6.6% growth in 2018. A breakdown of the data showed output of the service sector, which accounted for 54.9% of the total GDP, rose 7% in the first

half of the year, outpacing a 3% rise in the primary industry and a 5.8% rise in the secondary industry.

**Consumption-led growth**  
Consumption appeared to play a bigger role in driving economic growth as it contributed 60.1% to the economic expansion in the January-June period, which officials consider encouraging. But the concerns remain as China's imports declined by 7.3% in June.

Since 2009, China has been trying hard to rejig its export dependent economy to one more dependent on domestic consumption to halt the slowdown.

The economic data is still facing downturn pressure (in the second half of the year).

# Ashok Leyland to shut Pantnagar unit for nine days

Cites weak demand and outlook for commercial vehicles

**N. ANAND  
CHENNAI**

Ashok Leyland Ltd., the flagship company of the Hinduja Group, said it is closing down its Pantnagar (Uttarakhand) plant for nine days due to weak demand and outlook.

The commercial vehicle (CV) manufacturer annually produces about 1.5 lakh trucks at its Pantnagar plant. The plant will remain shut from July 16 to July 24, the company said in a regulatory filing. This is the second time that the truck major is shutting down its Pantnagar plant to align its production with the sales requirement.

The previous shut down happened on June 24, 2019, lasting six days. A few days

ago, ALL chairman Dheeraj Hinduja, in his message to shareholders, had detailed the performance of the medium and heavy commercial vehicles (M&HCV) segment and said that it witnessed higher than usual inventory levels, which could take a few months to correct.

During 2018-19, the 2.4% increase in ALL's M&HCV sales came amid the uncertainty caused by NBFCs liquidity crisis and the revised axle norms in the second half of that fiscal.

However, the company witnessed contraction in its year-on-year M&HCV sales in June 2019 at 2% to 7,325 units and by 7% to 6,253 units in July.

A company official, re-

questing anonymity, said multiple reasons could be attributed to the decline in the company's sales, including a slowdown in overall manufacturing output and delays in infrastructure projects.

"Moreover, consumers are postponing their purchases till the beginning of 2020 to buy BS-IV vehicles at discounted rates, while the industry itself is gearing up to halt production of BS-IV vehicles so that it does not build up a huge inventory," he said.

On whether BS-VI vehicles would come with a high price tag, the official said: "There would be an increase in the price of BS-VI vehicles, but it cannot be quantified at this moment."

## ₹350-crore amusement park in local tax tangle

Waiver of levy on entry fee sought

**N. ANAND  
CHENNAI**

A ₹350-crore investment by Wonderla Holidays Ltd. in setting up an amusement park in Chennai has been held up due to a local tax tangle, said a top company official.

M. Ramachandran, chairman, Wonderla Parks and Resorts, said, "Our next destination is Chennai. We have already bought 64 acres. Its development awaits an exemption of local body tax of 10% from the Tamil Nadu Government."

Wonderla had asked the Tamil Nadu Government to remove the 10% levy on admission fee to the Park. "Once the local levy is withdrawn, we expect to com-

plete the project within two years," he said.

Asserting that the matter was being pursued with the government officials, he said: "Although the government agreed to issue a notification in this regard, we are waiting for a formal decision on the same. This has held up investment of ₹350 crore in our Chennai project."

Till date, the company has invested close to ₹105 crore in the project and construction is expected to commence in the next fiscal.

For the year ended March 31, 2019, the company reported a net profit of ₹55.41 crore against ₹38.50 crore last year.

## Tata Metaliks net falls 35% to ₹19.62 crore

**SPECIAL CORRESPONDENT  
MUMBAI**

Tata Group firm Tata Metaliks reported a 35% dip in its first quarter net profit to ₹19.62 crore due to increased cost of raw materials and other expenses.

The profit was reported on 6.7% growth in revenue to ₹499 crore during the quarter. "The loss from discontinued operation is totally attributable to the ordinary activities and do not include gain/loss on disposal of assets or settlement of liabilities," the company said in a filing with the exchanges.

Its shares on the BSE closed down marginally at ₹581.1 in a firm Mumbai market on Monday, valuing the company at ₹1,469.49 crore.

## Zoho to shift U.S. headquarters

375-acre campus at Austin will also house Zoho University

**SPECIAL CORRESPONDENT  
CHENNAI**

Cloud services firm Zoho has announced that it will be moving its headquarters in the U.S. to Austin from Pleasanton, California.

The new campus will spread across 375 acres, including a 100,000 sq. ft building. It will become operational by 2021.

This facility will employ 'hundreds' of new workers, with a focus on finding and training local talent, a company statement said. The new facility will also house the Zoho University.

Zoho University is a company-funded technology school, headquartered in Chennai, which trains engineers and developers. About 15% of Zoho's engineering workforce is made up of Zo-



Sridhar Vembu

ed a 39% growth in revenue last year, the statement said.

"As a private company in operation for more than 22 years, we are investing in long-term growth and crafting the very best business solutions for our customers," Sridhar Vembu, CEO and founder of Zoho, had said earlier.

**Tie-up with Mastercard**

On Monday, Zoho announced its tie-up with Mastercard to help small businesses.

With Zoho's platform, Mastercard would offer its small business customers access to a suite of marketing, accounting and customer relationship management tools to automate and digitise time-intensive, paper-based processes.

Zoho employs more than 7,000 workers in its 12 offices across the world. It post-

## Greaves Cotton raises stake in Ampere

**PRESS TRUST OF INDIA  
MUMBAI**

Engineering firm Greaves Cotton has acquired an additional 13.89% stake in its subsidiary Ampere Vehicles, which makes electric two-wheelers, for ₹38.5 crore by way of primary and secondary share purchases.

With this, Greaves' total investment now stands at ₹120.49 crore, the company said on Monday. It had first picked up 67.34% in 2018 for ₹77 crore.

"We aspire to be a complete auto ecosystem player, focussed on building a wide portfolio of fuel-agnostic and affordable last mile products and services," said Nagesh Basavanhalli, MD, Greaves Cotton.