

## MARKET WATCH

	23-07-2019	% CHANGE
Sensex	37,983	-0.13
US Dollar	68.44	-0.27
Gold	35,720	-0.69
Brent oil	63.09	-0.53

## NIFTY 50

	PRICE	CHANGE
Adani Ports	399.75	-7.45
Asian Paints	1429.35	25.15
Axis Bank	728.00	0.55
Bajaj Auto	2523.85	-39.05
Bajaj Finserv	7170.35	7.90
Bajaj Finance	3276.90	30.30
Bharti Airtel	343.60	1.05
BPL	359.05	5.55
Britannia Ind	2730.20	-4.30
Cipla	528.90	-2.05
Coal India	218.05	-3.35
Dr Reddys Lab	2599.35	-33.15
Eicher Motors	17098.45	26.45
GAIL (India)	138.60	0.60
Grasim Ind	883.50	-8.65
HCL Tech	1010.95	-8.00
HDFC	2138.50	-48.40
HDFC Bank	2263.50	-33.75
Hero MotoCorp	2469.30	65.60
Hindalco	203.10	0.70
Hind Unilever	1693.35	12.65
Indiabulls HFL	640.55	-15.35
ICICI Bank	411.95	0.45
IndusInd Bank	1416.75	-1.65
Bharti Infratel	261.80	-2.25
Infosys	790.95	5.55
Indian Oil Corp	170.65	-0.60
ITC	270.65	6.25
JSW Steel	263.30	-1.10
Kotak Bank	1494.00	39.70
L&T	1409.50	5.80
M&M	559.10	-5.80
Maruti Suzuki	5873.75	-38.75
NTPC	133.05	2.20
ONGC	144.60	-2.05
PowerGrid Corp	210.45	6.35
Reliance Ind	1273.55	-6.95
State Bank	342.20	-8.65
Sun Pharma	430.25	0.00
Tata Motors	156.20	-0.55
Tata Steel	459.85	-5.70
TCS	2112.45	2.55
Tech Mahindra	671.20	-0.75
Titan	1099.15	13.60
UltraTech Cement	4539.45	-44.65
UPL	645.15	6.30
Vedanta	168.10	0.85
Wipro	264.50	-0.30
YES Bank	90.65	-0.50
Zee Entertainment	360.80	-3.25

## EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on July 23

CURRENCY	TT BUY	TT SELL
US Dollar	68.74	69.06
Euro	76.80	77.16
British Pound	85.56	85.96
Japanese Yen (100)	63.57	63.86
Chinese Yuan	9.99	10.04
Swiss Franc	69.91	70.24
Singapore Dollar	50.40	50.64
Canadian Dollar	52.29	52.54
Malaysian Ringgit	16.67	16.77

Source: Indian Bank

## BULLION RATES CHENNAI

July 23 rates in rupees with previous rates in parentheses

Retail Silver (1g)	44.5	(44.5)
22 ct gold (1 g)	3332	(3348)

## Post Acharya's exit, RBI rejigs portfolios

SPECIAL CORRESPONDENT  
MUMBAI

With Deputy Governor of the Reserve Bank of India (RBI) Viral Acharya demitting office on Tuesday, the central bank has allocated his portfolios to other Deputy Governors.

Deputy Governor B.P. Kanungo gets the all-important monetary policy department, which means he will be a member of the six-member monetary policy committee (MPC) which sets interest rates by voting.

The central bank will announce the review of its monetary policy on August 7. Another important department, the financial markets department that Mr. Acharya was handling, will now be headed by Deputy Governor N.S. Viswanathan.

## SAT asks SEBI to probe Cairn India 'violations'

Cairn U.K. plea is for 340 cr. dividend

PRESS TRUST OF INDIA  
NEW DELHI

The Securities Appellate Tribunal (SAT) has directed markets regulator SEBI to look into the alleged violation of market norms by Cairn India, a subsidiary of Vedanta, with regard to withholding of dividends payable to Cairn UK Holdings.

The order came after Cairn UK Holdings Ltd. filed an appeal with the tribunal against an order passed by SEBI. In 2017, the U.K.-based firm had approached the regulator over non-payment of dividend amounting to over ₹340 crore by Cairn India and had appealed to SEBI to direct Vedanta's subsidiary to pay the dividend along with an interest of 18% per annum.

In the appeal, Cairn UK

## L&amp;T profit rises 20.5%, margins drop

Increase in profit came on 10% growth in revenue; infra major secures ₹38,700 crore in new orders

SPECIAL CORRESPONDENT  
MUMBAI

Larsen and Toubro (L&T) reported 20.5% growth in its first quarter net profit to ₹1,361 crore even as margins from major business segments such as infrastructure, power, heavy engineering, information technology (IT) and information technology-enabled services (ITES), financial services and others fell.

The rise in profit came on a 10% growth in revenue to ₹29,636 crore, with international revenue contributing 31% of the total revenue or ₹9,268 crore.

L&T secured ₹38,700 crore worth of new orders, registering a 11% growth with international orders contributing ₹9,005 crore or 23%

## Steady state

Metrics	Q1 FY20	Q1 FY19	Growth (%)
Revenue from operations (₹cr.)	29,636.0	27,005.0	10.0
Net profit (₹cr.)	1,361.0	1,129.0	20.5
EPS (₹)	10.5	8.6	

Infrastructure margins can't be judged on a quarterly basis as the value of the projects differs in every quarter

S.N. SUBRAHMANYAN, MD&amp;CEO, L&amp;T

of the total order flow.

"Order wins in infrastructure and power segments were the major contributors to the order inflow during the quarter," said the company in a statement, adding that the consolidated order book of the group stood at ₹2,94,014 crore as on June 30, 2019, with international

order book constituting 21% of the total order book.

L&T's EBITDA margin from the infrastructure segment, which constitutes about 75% of the order book, fell to 6.4% from 6.8% in the year-ago period due to job mix and seasonality of execution.

Commenting on the mar-

gins, L&T MD and CEO S. N. Subrahmanyam said, "Infrastructure margins can't be judged on a quarterly basis as the value of the projects differs in every quarter. It's better to judge on long-term view."

## 'PSU clients chip in'

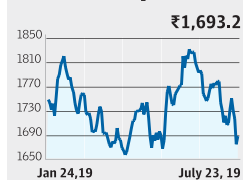
"While orders from the central and State governments were affected during the general elections, strong PSU and private sector orders enabled the growth during the quarter," the company said. L&T Group CFO R. Shankar Raman said, "We estimate most of the growth will come towards end of the year. We are optimistic on meeting our order flow guidance of 10-12% and revenue guidance of 12-15%."

## Identifies CEO for Mindtree

SPECIAL CORRESPONDENT  
MUMBAI

L&T has identified a new CEO for its latest acquisition, Mindtree. The name may be announced after the board meeting on August 2. Asked for comments, L&T's MD & CEO S. N. Subrahmanyam said, "We have identified the CEO and will announce the name shortly."

## Rural blip



Our business is well positioned in terms of navigating the short-term challenges arising from softening of growth

SANJIV MEHTA, CMD, HUL

Metrics	Q1 FY20	Q1 FY19	Growth (%)
Revenue from operations (₹cr.)	9,984.0	9,356.0	7.0
Net profit (₹cr.)	1,755.0	1,529.0	15.0
EPS (₹)	8.1	7.0	

## HUL net up 15% despite sluggish demand

FMCG major expects H2 to be better

SPECIAL CORRESPONDENT  
MUMBAI

An overall slowdown in demand growth, especially in the rural markets, affected the country's largest pure-play fast moving consumer goods company Hindustan Unilever Ltd (HUL), which reported its lowest volume growth in seven quarters.

For the quarter ended June 30, HUL registered a 7% growth in volume with net profit rising 15% to ₹1,755 crore, compared with ₹1,529 crore in the corresponding quarter of the previous financial year.

The company, while terming its performance 'resilient', attributed the slowdown to factors such as moderated growth, with rural demand falling and being on par with urban, and said that going ahead, demand may be soft though better on account of government initiatives aimed at aiding consumption.

Rural market growth rates, which have historically been almost double that of the urban market, have been showing signs of moderation in the recent past.

"FMCG is not completely delinked from the state of the economy. But it is not a doomsday scenario," said Sanjiv Mehta, chairman and

MD, HUL, while addressing the media.

"There could be various factors - food inflation has been very tepid, rural wages over the last five years have been modest and those would have been primary contributing factors as to why there has been a slowdown in rural," he added.

The firm reported net sales of ₹9,984 crore for the quarter ended June 30, as compared with ₹9,356 crore in the corresponding quarter of the previous fiscal.

## Personal care drags

Subdued growth in beauty and personal care, which accounts for nearly half of HUL's overall sales, was on account of slowdown in a few mass-market brands of the firm, said Mr. Mehta. HUL has brands such as Lux, Dove, Pond's, Lifebuoy and Pears within the personal care segment.

The company expects the second half of the year to be better than the first, though the initial weeks of the current quarter have not shown significant signs of recovery.

"We believe our business is well positioned... in terms of navigating the short-term challenges arising from softening of growth," Mr. Mehta said.

## Etihad in the race to acquire Jet Airways

Abu Dhabi carrier likely to submit bid along with the Hinduja Group

LALATENDU MISHRA  
MUMBAI

Etihad Airways PJSC, the national carrier of Abu Dhabi, is learnt to have initiated a fresh round of talks to bid for Jet Airways through the IBC process.

Etihad had always been interested but wanted a favourable deal, according to people familiar with the development.

The foreign carrier, which has 24% stake in the grounded airline, is reportedly gearing up to submit a bid along with the Hinduja Group.

A detailed email sent to Etihad Airways remained unanswered till the time of going to press.

Similarly, an email to the Hinduja Group seeking a confirmation yielded no response.



In the fray: Etihad may rope in National Investment and Infrastructure Fund to bid for the airline. \*REUTERS

Negotiations are underway between the two parties, the people said, but they did not elaborate.

## Financial investor

The Hinduja Group, which had thrown its hat in the

ring, is likely to come in as a financial investor.

Commenting on the development, Ambareesh Baliga, independent equity analyst said, "Yes, people are interested because Jet Airways still has brand equity. They

Jet will offer nothing for retail or other shareholders as their value has been eroded

AMBAREESH BALIGA  
equity analyst

may benefit but the company will offer nothing for retail or other shareholders as their value has been completely eroded.

"It does not make any sense for strategic investors to provide any premium because the company's net worth is negative. Strategic investors will come at par and the dilution will be so huge that retail investors will be turned into micro minority. There will be nothing left for them," Mr. Baliga said.

It is also believed that the National Investment and In-

rastructure Fund (NIIF), a joint venture between the government of India and the Abu Dhabi Investment Authority will be roped in by Etihad to bid for the airline.

All interested parties have been asked to submit expression of interest (EoI) by August 3, 2019 and the bidders will be shortlisted by August 14, 2019.

Besides the Etihad-Hinduja combine, a consortium of Jet Airways Employees' union and the U.K.-based Adi Partners will be key contenders.

Reportedly the Tata Group, Qatar Airways, Apollo Global Management and TPG Capital are forming a consortium to bid.

Jet Airways shares closed with a loss of 1.87% at ₹44.55 on the BSE on Tuesday.

## IMF cuts India's growth forecast for 2019-20 to 7%

Cites weaker-than-expected outlook for domestic demand

SPECIAL CORRESPONDENT  
NEW DELHI

The International Monetary Fund (IMF) has cut India's growth forecast for 2019-20 to 7% from its forecast in April of 7.3% on poor demand conditions, it said on Tuesday.

The IMF's World Economic Outlook July update also cut India's growth forecast in 2020-21 to 7.2% from the previous estimate of 7.5%.

"India's economy is set to grow at 7% in 2019, picking up to 7.2% in 2020," the report said. "The downward revision of 0.3 percentage points for both years reflects a weaker-than-expected outlook for domestic demand."

This latest cut in the forecast follows a series of cuts by the IMF in its previous updates.



In April, the IMF had cut India's growth forecast for 2019-20 to 7.3%, which was 0.2 percentage points lower than the forecast made in January, which itself was 0.1 percentage points lower than the forecast made in October 2018.

The forecast of 7.2% growth for 2020-21 is 0.5 percentage points lower than what was forecast made in October and Janu-

IMF also cut India's growth forecast in FY21 to 7.2% from the previous estimate of 7.5%

ary. The 7% forecast for 2019-20, however, is in line with those made by the Reserve Bank of India, Chief Economic Adviser Krishnamurthy Subramanian and the Asian Development Bank.

The IMF has also cut its forecast for world GDP growth by 0.1 percentage point each in 2019 and 2020 to 3.2% and 3.5%, respectively.

The growth forecast for emerging markets and developing economies has also been cut by 0.3 percentage points for 2019 to 4.1% and by 0.1 percentage points for 2020 to 4.7%.

## 'KVP funds will double in 9 years 5 months'

Govt. raises time period by 1 month

PRESS TRUST OF INDIA  
NEW DELHI

In view of falling interest rates, the government has increased the time period by 1 month for doubling the money invested in Kisan Vikas Patra (KVP) to 9 years and 5 months.

The funds parked in KVP with effect from July 1, 2019, will double in "9 years and 5 months" or 113 months as against "9 years and 4 months" or 112 months earlier, the Finance Ministry said while amending the Kisan Vikas Patra Rules, 2014.

The interest rate on KVP has been lowered to 7.6% for the September quarter, compared with 7.7% in the April-June period. The interest rates on

the government's small savings instruments are revised every quarter.

Individuals can invest their money in KVP in multiples of ₹1,000 and there is no upper ceiling for investments. KVPs are issued in denominations of ₹1,000, ₹5,000, ₹10,000 and ₹50,000.

KVPs are sold at post offices and the certificate can be encashed after two-and-a-half years from the date of issue.

In case of premature withdrawal after two-and-a-half years, a person will get ₹1,173 for every ₹1,000 invested. After 3 years, the amount will go up to ₹1,211 and after three-and-a-half years, the amount would be ₹1,251.



IN BRIEF



**Hyundai Motor India to hike car prices from Aug.**

CHENNAI  
Hyundai Motor India Ltd. has decided to increase the price of its cars across all models, excluding Kona and Venue. This is due to an increase in input costs, following the introduction of enhanced safety regulations in cars by the government. The carmaker announced a price increase of up to ₹9,200 across all models. The new prices will be effective from August 1, the company said in a statement.

**Five Star Business gets \$50 million in funding**

CHENNAI  
Non-banking finance company Five Star Business Finance has raised \$50 million in its second round of funding led by private equity major TPG Capital. "The funds will be used for growing the existing portfolio and entering new geographies like central India," said Rangarajan Krishnan, CEO, Five Star Business Finance. "Currently, we have a strong presence in the south. Now, we will enter more States," he added.

**VA Tech Wabag bags ₹1,187-cr. BUIDCO order**

CHENNAI  
VA Tech Wabag Ltd. has secured an order from the Bihar Urban Infrastructure Development Corporation valued at ₹1,187 crore to develop sewage treatment plants of 150 MLD (million litres per day) capacity along with a sewerage network of over 450 km in the Digha and Kankarbagh zones of Patna. This project comprises design, build and operate scope worth ₹940 crore and hybrid annuity scope worth about ₹247 crore.

# Recoveries help IOB narrow loss

Lender trims loss ₹342 crore from ₹919 crore, also aided by lower provisioning

SPECIAL CORRESPONDENT  
CHENNAI

Public Sector Indian Overseas Bank's (IOB) net loss for the first quarter ended June 2019 narrowed to ₹342 crore from the ₹919 crore reported during the corresponding quarter last year, on lower provisioning and improved recovery, the bank said in a regulatory filing.

During the period under review, IOB recovered ₹2,238 crore against ₹3,389 crore during the corresponding quarter last year.

Total fresh slippages (other than debits to existing non performing asset accounts) stood at ₹2,050 crore.

Recovery achieved is higher than slippages during the quarter mainly due to focussed efforts towards recovery, the bank said.

**Green shoots**



The bank has evolved a policy of not taking fresh exposures in stressed sectors. It had also exited from accounts in the stressed sectors

Metrics	Q1 FY20	Q1 FY19
Total income (₹Cr.)	5,006.5	5,326.7
Net profit (loss) (₹Cr)	(342.0)	(919.4)
Capital adequacy ratio (%)	10.0	7.9
Gross NPAs (%)	22.5	25.6
Net NPAs (%)	11.0	15.1

Interest income stood at ₹4,336 crore (₹4,249 crore). Net interest income rose to ₹1,288.50 crore from ₹1,208 crore while net interest margin widened to 2.01% from 1.92%. The bank made provisions and contingencies of

₹1,158 crore (₹2,401 crore). The lender also increased its provision coverage ratio to 72.24% (61.10%). The proportion of current account-savings account (CASA) deposits improved to 38.05% from 36.85%.

## 'Circular from NHB not to have impact on HDFC'

'Have ability to monitor project status'

SPECIAL CORRESPONDENT  
MUMBAI

Housing Finance Development Corporation Ltd (HDFC) clarified on Tuesday that the latest circular of the National Housing Bank (NHB) which advised housing finance companies (HFCs) to desist from providing loans to finance subvention schemes offered by builders to sell homes is unlikely to impact growth of the individual loan business.

HDFC said it disburses loans to individuals based on the stages of construction and that it has adequate mechanism for monitoring the progress of housing projects. Customer consent is obtained prior to the release



of each stage of payment to the developer, the mortgage lender added. HDFC's exposure to housing loan products involving interest subvention schemes offered by developers is negligible, it said. "The corporation is of the view that there is unlikely to be any significant impact on the growth of its individual business due to the circular," HDFC said.

## Shanthi Gears net up 11% on higher income

SPECIAL CORRESPONDENT  
CHENNAI

Shanthi Gears Ltd. has reported a 11% rise in its standalone net profit for the first quarter ended June 2019 to ₹9.45 crore from the ₹8.50 crore posted in the corresponding quarter last year on a rise in total income.

The company posted a 13.56% increase in its total income to ₹73 crore. Total expenses rose from ₹53 crore to ₹60 crore, the company said in a regulatory filing.

The company added it had bought back 50 lakh equity shares during February 2019 and they were extinguished by April 2019, according to its regulatory filing.

## Sundaram-Clayton Q1 net dips 30.6%

SPECIAL CORRESPONDENT  
CHENNAI

Sundaram-Clayton Ltd.'s (SCL) standalone net profit for the first quarter ended June 2019 dipped 30.63% to ₹4.87 crore from the ₹7.02 crore registered during the corresponding quarter last year on lower revenue from operations.

During the first quarter, income from operations slipped to ₹374 crore from ₹469 crore. Other income rose to ₹7.13 crore from ₹4.97 crore, the company said in a regulatory filing.

Total expenditure for the auto component maker decreased to ₹375.89 crore from ₹465.17 crore reported for the corresponding year-ago period. Raw material costs also dipped to ₹163 crore from ₹250 crore.

Gross non-performing asset (GNPAs) dipped to ₹33,262 crore with a ratio of 22.53% from ₹38,146 crore with a ratio of 25.64%. Net NPAs also came down to 11.04% from 15.10%. In actual terms, they stood at ₹33,262 crore against ₹38,146 crore.

For the first quarter, the bank posted a total business of ₹3,68,777 crore against ₹3,74,530 crore. Total deposits stood at ₹2,21,171 crore (₹2,22,534 crore).

The bank said it had evolved a policy of not taking fresh exposures in stressed sectors. It had also exited from accounts in the stressed sectors. IOB also re-balanced the credit portfolio, with retail, agri and MSME sector share of total domestic advances rising to 68.07% from 66.04%.

## 'Data breaches cost firms dear'

Each employee lost ₹5,019 on lost data, stolen record: study

SPECIAL CORRESPONDENT  
BENGALURU

Data breaches have cost Indian enterprises ₹12.8 crore on an average during the first half of calendar 2019, a 7.29% increase compared with a year ago.

Each employee incurred a loss of ₹5,019 on account of lost data or stolen record, an increase of 9.76% from the prior year, said a study conducted by IBM Security in association with Ponemon Institute.

Some 45 enterprises across segments were part of the India leg of the study. By per capital cost, industrial, pharmaceuticals, technology, and financial sectors were the top affected verticals, found the study.

The mean time to identify the data breach increased



• GETTY IMAGES/ISTOCK

## PayPal mulls data localisation for India

Establishes technology centre

PRESS TRUST OF INDIA  
HYDERABAD

American digital payments player PayPal is working with its partners on localisation of data as mandated by the Reserve Bank of India, said vice-president and head (engineering) of PayPal India Guru Bhat here on Tuesday.

"As part of our operating set-up in India, we work with a lot of partners and we are working with them with the proposal right now on how to enable this for the country," he said when asked if Paypal is considering 'data localisation' as mandated by the RBI.

The RBI had, in April last year, asked payment firms to ensure their data were stored exclusively on local

servers, setting a tight six-month deadline for compliance.

That deadline was said to have been missed by some foreign firms, including credit card giants Visa and Mastercard.

Policy-makers in India believe storing data locally would help monitor and conduct investigations if the need arises.

"In all the markets that we are prevalent or operative in, our intent is to have a platform that is compliant across all those platforms. So we have the same approach for India and all the laws of the land we will comply with," Mr. Bhat further said. PayPal also launched its third global technology centre here.

## Rana Kapoor pledges Yes Bank shares

SPECIAL CORRESPONDENT  
MUMBAI

Rana Kapoor, the co-founder of Yes Bank who was the managing director and chief executive officer till the end of January, has pledged 10 crore shares of the bank, amounting to 4.31% stake, while Morgan Credits Private Ltd., a promoter entity, has pledged 7.02 crore shares or 3.03% stake.

The 7.34% shares were pledged by the two promoters in favour of Milestone Trusteeship Services Pvt. Ltd., the debenture trustee, for the benefit of the holders of debentures issued by MCPL. Yes Bank shares declined 0.5% to ₹90.70 on the BSE compared to its previous close.

Firms with less than 500 employees suffered losses of more than \$2.5 million on an average.

"The findings highlight the fact it is critical for organisations to invest in risk assessment, cognitive threat, management and building digital trust to beef up cyber security," added Mr. Iyer.

from 188 to 221 days; however, the mean time to contain the data breach decreased from 78 to 77 days, said the study.

The root cause for 51% of data breaches was malicious or criminal attacks, and it cost companies \$1 million more on average than those originating from accidental