

MARKET WATCH

| | 29-07-2019 | % CHANGE |
|-----------|------------|----------|
| Sensex | 37,686 | -0.52 |
| US Dollar | 68.75 | 0.20 |
| Gold | 35,720 | -0.13 |
| Brent oil | 63.25 | -0.03 |

NIFTY 50

| | PRICE | CHANGE |
|-------------------|----------|---------|
| Adani Ports | 373.85 | -7.80 |
| Asian Paints | 1513.25 | -13.20 |
| Axis Bank | 720.25 | -9.60 |
| Bajaj Auto | 2487.65 | -131.00 |
| Bajaj Finserv | 7120.85 | -112.15 |
| Bajaj Finance | 3252.65 | -11.95 |
| Bharti Airtel | 334.55 | -0.35 |
| BPCIL | 342.20 | -1.60 |
| Britannia Ind. | 2672.30 | 3.85 |
| Cipla | 522.25 | -9.85 |
| Coal India | 205.40 | -5.25 |
| Dr Reddys Lab | 2653.95 | -51.00 |
| Eicher Motors | 16388.10 | -798.45 |
| GAIL (India) | 131.40 | -1.55 |
| Grasim Ind. | 795.65 | -79.30 |
| HCL Tech | 1015.45 | 14.00 |
| HDFC | 2149.00 | -16.75 |
| HDFC Bank | 2244.30 | -33.00 |
| Hero MotoCorp | 2404.55 | -62.75 |
| Hindalco | 193.25 | -4.75 |
| Hind Unilever | 1713.30 | -17.35 |
| Indiabulls HFL | 533.00 | -64.65 |
| ICICI Bank | 429.35 | 13.60 |
| IndusInd Bank | 1432.30 | 16.80 |
| Bharti Infratel | 256.50 | -13.70 |
| Infosys | 791.45 | 4.45 |
| Indian Oil Corp. | 138.25 | -3.55 |
| ITC | 267.75 | -2.65 |
| JSW Steel | 241.40 | -8.30 |
| Kotak Bank | 1502.50 | -9.35 |
| L&T | 1371.50 | -20.65 |
| M&M | 553.15 | -11.30 |
| Maruti Suzuki | 5561.25 | -244.40 |
| NTPC | 127.30 | -1.50 |
| ONGC | 140.35 | -1.55 |
| PowerGrid Corp | 207.90 | -3.65 |
| Reliance Ind. | 1210.95 | -2.85 |
| State Bank | 343.80 | 1.20 |
| Sun Pharma | 431.05 | -8.90 |
| Tata Motors | 137.55 | -9.60 |
| Tata Steel | 433.45 | -12.05 |
| TCS | 2130.00 | 20.95 |
| Tech Mahindra | 646.30 | 2.80 |
| Titan | 1078.90 | -27.50 |
| UltraTech Cement | 4368.95 | -131.60 |
| UPL | 584.55 | -17.00 |
| Vedanta | 155.65 | -8.45 |
| Wipro | 262.40 | -1.20 |
| YES Bank | 94.75 | -1.30 |
| Zee Entertainment | 387.15 | -16.75 |

EXCHANGE RATES

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

| CURRENCY | TT BUY | TT SELL |
|--------------------|--------|---------|
| US Dollar | 68.53 | 68.85 |
| Euro | 76.20 | 76.56 |
| British Pound | 84.23 | 84.63 |
| Japanese Yen (100) | 63.07 | 63.37 |
| Chinese Yuan | 9.94 | 9.99 |
| Swiss Franc | 69.05 | 69.38 |
| Singapore Dollar | 49.97 | 50.20 |
| Canadian Dollar | 52.04 | 52.29 |
| Malaysian Ringgit | 16.60 | 16.71 |

Source: Indian Bank

BULLION RATES CHENNAI

July 29 rates in rupees with previous rates in parentheses

| | | |
|--------------------|------|--------|
| Retail Silver (1g) | 44.5 | (44.8) |
| 22 ct gold (1 g) | 3324 | (3330) |

Bank of Maharashtra net at ₹81 cr.

SPECIAL CORRESPONDENT
MUMBAI

Bank of Maharashtra reported a ₹81-crore net profit for the quarter ended June 30 – compared with a ₹1,119 crore loss a year earlier – due to improvement in both interest and non-interest income, even as interest expenses declined, the bank said.

But, asset quality deteriorated sequentially with gross non-performing assets rising to ₹16,649.58 crore or 17.9% of gross advances from 16.4% in the March quarter. Net NPA ratio was 5.98% (5.52%).

In February, the RBI lifted restrictions under the prompt corrective action framework (PCA) as capital infusion by the Centre was used to bring down net NPA ratio below 6% – one of the risk thresholds of the PCA, breach of which triggers restrictions.

The capital adequacy ratio declined to 11.69% from 11.86% reported at the end of March quarter. The bank also increased its operating profit by 40% to ₹658.45 crore year-on-year.

RBI fines Hip Bar, Mobikwik

SPECIAL CORRESPONDENT
MUMBAI

The Reserve Bank of India has imposed a monetary penalty on two Prepaid Payment Instrument (PPI) issuers for violating regulatory guidelines.

Mobikwik Systems Private Limited has been fined ₹15 lakh while Hip Bar Private Limited has been fined ₹10.85 lakh.

Hip Bar is a Chennai-based company, which had received the RBI's approval to operate a mobile wallet for online sale of alcohol. Mobikwik is a digital wallet for various online payments.

DIIs raise stake in listed firms

Value of domestic institutions' holding at record high of 13.78% in June quarter

SPECIAL CORRESPONDENT
MUMBAI

Domestic institutional investors (DIIs) are steadily increasing their stake in listed entities even as foreign portfolio investors (FPIs) continue to be the largest category of non-promoter shareholders in the Indian capital market.

In the quarter ended June 30, holding of mutual funds in companies listed on the National Stock Exchange (NSE) reached an all-time high of 7.35% by value, as per the latest analysis by NSE and Prime Database Group.

Further, holding of DIIs, which include mutual funds, insurance companies, banks, financial institutions and pension funds, also reached an all-time high of 13.78% by value in the quarter ended June 30, as per the analysis.

E.I.D. Parry to shut down Pudukottai plant

Cites poor availability of sugarcane

SPECIAL CORRESPONDENT
CHENNAI

E.I.D. Parry (India) Ltd. on Monday decided to shut down its mothballed sugar unit at Pudukottai in Tamil Nadu. President and CFO Sridharan Rangarajan said the decision was taken due to inadequate availability of sugarcane.

Besides, revival of cane cultivation in the areas where the unit was located was unlikely due to a number of reasons.

Transfer of assets

The company proposes to transfer the assets of the unit to its other units and also dispose of other assets as may be 'deemed appropriate'.



Differing pace: Over 10 years, FPI holdings rose from 13.6% to 19.8%, but that of DIIs went up marginally. •GETTY IMAGES/ISTOCK

ter ended June 30, as per the analysis.

However, the holding of mutual funds and DIIs, as a whole, is still lower than the overall FPI ownership, which was at a two-year high of 19.8% in the quarter ended June 30.

The widest gap between

FPI and DII holding was seen in the quarter ended March 31, 2015, when DII holding was almost half that of their foreign counterparts. Over a 10-year period from June 2009, however, while FPI ownership has risen from 13.6% to 19.8%, DII ownership has gone up only marginally, from 11.66% to 13.78%.

Dr. Reddy's Q1 net rises 42%

COO Erez Israeli named CEO, to assume office on August 1

SPECIAL CORRESPONDENT
HYDERABAD

Dr. Reddy's Laboratories posted a consolidated net profit of ₹676.5 crore for the quarter ended June 30.

An increase of more than 42% compared to the ₹476.1 crore a year earlier, it was boosted by a one-time receipt resulting from the settlement agreement pertaining to its generic version of a cancer drug with Celgene in Canada.

Other income helps

The ₹345.7 crore receipt that pushed up 'other income' helped the company shrug off a decline in revenue and gross profit in the Pharmaceutical Services and Active Ingredients (PSAI) and Proprietary Products segments. Total income was 13.24%



Erez Israeli

higher at ₹4,288.3 crore.

CEO and co-chairman G.V. Prasad said: "We grew in most of our key markets and hope to continue this momentum with a sharper focus on performance."

Saumen Chakraborty, CFO, said price erosion due to increased competition in "some of our key molecules in the U.S and Europe and lower sales from PSAI busi-

Over 1,700 stocks end in red

Sensex falls 196 points; HDFC, Maruti among top losers

SPECIAL CORRESPONDENT
MUMBAI

Equities started the week on a negative note as investor sentiment remained bearish amid heavy selling by foreign investors and weak corporate numbers. This, even as the U.S. Federal Reserve is scheduled to begin its two-day policy review meet on Tuesday.

Reports suggesting the Centre was not keen on reviewing its decision to levy a surcharge on high income entities, which in turn, spooked foreign investors, also acted as a catalyst.

The 30-share Sensex lost 196.42 points, or 0.52%, to close at 37,686.37. Earlier in the day, it touched a low of 37,519.16, 364 points lower than Friday's close. HDFC, HDFC Bank and Maruti Suzuki India were among the



•GETTY IMAGES/ISTOCK

losers while contributing the highest to the index's losses.

Frontline heavyweights such as L&T, Axis Bank, ITC, Tata Motors, Bajaj Auto and Vedanta also lost ground. Broader market sentiment too was weak with more than 1,700 stocks in the red, as against only 766 gainers.

The broader Nifty lost 95.10 points, or 0.84%, to close at 11,189.20. The India VIX index rose 7.67% on

Monday. The benchmarks had gained marginal ground on Friday after six successive days of losses – the longest since the start of May. Provisional data showed that foreign investors were net sellers at a little over ₹700 crore on Monday.

"Weak Asian markets combined with continuous outflow of foreign funds were weighing on the sentiment in early trades," said Ajit Mishra, vice-president – Research, Religare Broking.

"The selling pressure was widespread [and] auto, metal and media counters were thrashed. Markets are largely focussing on weak domestic sentiment while cues are mixed from the global front," he added. Indices of Hong Kong, Korea, Indonesia and Taiwan ended in the red on Monday.

SBI reduces FD rates, BoB lowers savings rate

Paves way for lending rate cut, says SBI

SPECIAL CORRESPONDENT
MUMBAI

There is bad news for savers with State Bank of India – the country's largest lender – deciding to cut interest rates on fixed deposits by 20 basis points (bps) to 75 bps across tenures, citing surplus liquidity and downward bias of interest rates.

Bank of Baroda has also lowered the interest rate on savings account deposits by 25 bps.

"MCLR is calculated based on deposit rates. So the impact of this rate cut will come into MCLR which will be reviewed by the asset liability committee when it meets next," P.K. Gupta, MD, SBI, told *The Hindu*. MCLR is the marginal cost of

funds based lending rate – the benchmark lending rate to which all loans are linked.

"For lending rates to fall, deposit rate needs to be cut. Transmission of policy rate cuts are happening through this process," he added.

SBI has reduced fixed deposits with longer tenure by 20 bps for retail customers (for deposits up to ₹2 crore) and 35 bps for corporate clients. Interest rates have been slashed by 50-75 bps for time deposits with shorter tenors, i.e. up to 179 days. The new rates are effective from 1 August.

The bank said the decision to cut deposit rates was taken due to the falling interest rate scenario and surplus liquidity in the system.

Yields decline as FM says 'no rethink' on raising foreign funds

Benchmark government bond yields drop 11 basis points

SPECIAL CORRESPONDENT
MUMBAI

Government bonds yields dropped sharply on Monday after Finance Minister Nirmala Sitharaman clarified that there was no rethinking on issuing sovereign bonds to raise funds from abroad.

The yield on the 10-year benchmark government bond fell 11 basis points (bps) over the previous close, ending Monday at 6.41%.

"The main reason for bond yields to decline is the reassurance by the Finance Minister that there is no rethinking on the sovereign bond issue," said a treasury head of a large public sector bank.

Last week, following reports that the government would review the Budget announcement of issuing sove-



Nirmala Sitharaman

reign bonds after economists raised concerns over such a move, bond yields headed north.

Repo rate cuts

The bond market also cheered the Minister's comment on the need for sharp interest rate cuts from the Reserve Bank of India.

RBI has reduced the repo rate by 75 bps in 2019 and will announce the review of the monetary policy on August 7.

Economists, however, do not expect more than a 25 bps cut in the August policy review, as scanty rainfall so far could lead to a drought situation, which in turn will stoke inflation.

"We continue to expect the RBI MPC to cut 25 bps on August 7, pause with inflation going up temporarily on base effects/drought and cut 25 bps in February again as inflation abates," Bank of America Merrill Lynch said in a report to its clients.

"India is facing a severe drought, with rains 16% below normal. Thankfully, the Met sees rain revival over the next week," the report said.

Bajaj slams Centre for falling demand, lack of investments

'Findings from IMF, World Bank show sluggish growth'

PIYUSH PANDEY
MUMBAI

Bajaj Auto chairman Rahul Bajaj on Monday criticised the Narendra Modi-led NDA government for lack of effort towards arresting falling demand and boosting private investments.

"There is no demand and no private investment, so where will growth come from? It doesn't fall from the heavens. The auto industry is going through a very difficult period. Cars, commercial vehicles and two-wheelers are going through a rough patch," said Mr. Bajaj, while addressing shareholders at the annual general meeting of the company.

When asked for comments, the 81-year-old told *The Hindu*: "Yes, I was critical [of the government] and



Rahul Bajaj

spoke the truth but I was not angry."

"Like any government they would like to show a happy face, but reality is reality. The government may or may not be saying this, but there are clear cut markings from the IMF and World Bank, which show a decrease in growth," Mr. Bajaj added.

The auto industry has

Like any government they would like to show a happy face, but reality is reality

RAHUL BAJAJ
Chairman, Bajaj Auto

been one of the biggest casualties of India's current slowdown with recent monthly sales witnessing among the steepest volume contractions since 2000-01, affecting the auto components and steel industries.

Piling up of inventories

Several auto players are resorting to production cuts and seeing piling up of inventory. The Reserve Bank of India revised FY20 GDP forecast downwards to 7% from 7.2% in its April policy review.

Shares of Indiabulls HFL plummet 10.5%

SPECIAL CORRESPONDENT
MUMBAI

Shares of Indiabulls Housing Finance fell 10.45% on Monday after it was reported that BJP MP Subramanian Swamy had written to Prime Minister Narendra Modi, accusing the group of a ₹1 lakh-crore fraud.

However, Indiabulls Housing Finance has refuted the allegations.

The stock ended 10.44% lower on the BSE to close the day at ₹559. "Indiabulls Housing, in its history, has never taken any loan or re-financing facility from NHB," Indiabulls Housing informed the exchanges on charges of money laundering from finance availed from National Housing Bank. "The total loan book of Indiabulls Housing is approx. ₹87,000 crore," the mortgage lender said.

Govt. extends indemnity to successful bidders under IBC

To implement personal insolvency regulation 'in phases'

PRESS TRUST OF INDIA
NEW DELHI

Extending indemnity to successful bidders of companies that have defaulted on loans, Finance Minister Nirmala Sitharaman on Monday said the government would not initiate any criminal proceedings against those who buy out a bankrupt company and no tax claim would be raised against them after implementation of a resolution plan.

Replying to the debate on a Bill to amend the 3-year-old Insolvency and Bankruptcy Code (IBC) in the Rajya Sabha, she said the government would implement, in phases, insolvency regulations for individuals including those who provide personal guarantees for loans taken by defaulting



•GETTY IMAGES/ISTOCK

companies. The Insolvency and Bankruptcy Code (Amendment) Bill, 2019 makes it "binding on the government" that it will "not raise any further claim after resolution plan is approved," she said in her reply after which the House passed the legislation.

Under the IBC, loan defaulting companies are auctioned and the successful

bidder, called resolution applicant, takes over such firms after paying an amount they had bid for.

However, Ms. Sitharaman – who is also the Corporate Affairs Minister – said criminal matters would continue to be pursued against individuals of the loan-defaulting companies.

"Criminal matters alone are proceeded against individuals, not a company. There will be no criminal proceeding against successful resolution applicant for fraud by previous promoters," she said.

The IBC, the Minister said, gives that comfort for all new bidders and they "need not now be scared" over taxmen coming after them for the faults of earlier promoters.

'SEBI should handle proxy firms' disputes'

Regulator should first examine a dispute between companies and proxy advisers

SPECIAL CORRESPONDENT
MUMBAI

A working group formed to look into issues related to proxy advisory firms has proposed that the Securities and Exchange Board of India (SEBI) should be the forum to handle disputes between such advisory firms and listed companies.

"Any dispute arising between corporate and proxy advisers needs to be first examined by SEBI to ascertain the non-compliance, if any, of the proposed additional Code of Conduct for proxy advisers. SEBI will give appropriate comments in the matter wrt. [with respect to] compliance of code of conduct by proxy advisor. Only thereafter the person may approach the court of law," stated the report.

The working group has suggested that the capital markets regulator should



First say: Only after SEBI gives comments in the matter, the party may approach the court of law, the report said. •REUTERS

make the necessary changes in the Listing Obligations and Disclosures Requirements Regulations – which every listed company has to comply with – to make listed entities approach SEBI with their grievances.

Currently, there are no explicitly stated legal provisions to handle such dis-

Proxy advisory firms which advise shareholders are often found to be at loggerheads with companies

stated that global proxy advisory firms needed to be domestically regulated.

His statements were made in the backdrop of U.S. proxy advisory firm ISS advising shareholders to vote against the reappointment of Deepak Parekh as a director on the board of HDFC.

Avoiding 'conflict'

The report has also given recommendations on the ways to avoid any conflict of interest situations between the advisory firm and the company, and also ways to establish a 'Chinese Wall' if the proxy advisory firm also offers consultancy services.