

MARKET WATCH		
	09-08-2019	% CHANGE
Sensex	37,582	0.68
US Dollar	70.78	-0.12
Gold	38,330	-0.36
Brent oil	58.56	1.75

NIFTY 50		
	PRICE	CHANGE
Adani Ports	376.60	2.65
Asian Paints	1575.50	9.60
Axis Bank	660.80	0.70
Bajaj Auto	2707.60	3.85
Bajaj Finserv	7504.00	213.55
Bajaj Finance	3419.70	85.00
Bharti Airtel	371.15	-1.00
BPL	346.45	2.95
Britannia Ind	2588.15	10.55
Cipla	484.50	-18.55
Coal India	207.60	-4.25
Dr Reddys Lab	2573.45	1.50
Eicher Motors	17587.25	775.60
GAIL (India)	123.85	1.90
Grasim Ind	746.50	9.05
HCL Tech	1086.30	-1.95
HDFC	2211.65	29.35
HDFC Bank	2382.00	48.85
Hero MotoCorp	2622.25	34.35
Hindalco	176.20	-4.85
Hind Unilever	1841.35	38.25
Indiabulls HFL	505.25	60.90
ICICI Bank	420.15	5.75
IndusInd Bank	1413.40	-0.65
Bharti Infratel	252.05	1.80
Infosys	789.85	1.10
Indian OilCorp	130.50	-0.35
ITC	254.20	-3.55
JSW Steel	220.60	-1.10
Kotak Bank	1532.10	29.35
L&T	1364.60	3.95
M&M	545.55	6.00
Maruti Suzuki	6099.90	197.65
NTPC	123.90	-0.75
ONGC	130.95	0.10
PowerGrid Corp	202.00	-0.70
Reliance Ind	1162.10	9.75
State Bank	291.35	-3.00
Sun Pharma	422.00	-4.45
Tata Motors	122.05	-2.00
Tata Steel	362.35	-5.05
TCS	2246.25	-11.85
Tech Mahindra	663.35	-16.85
Titan	1067.00	25.90
UltraTech Cement	4281.35	48.20
UPL	533.45	0.60
Vedanta	141.50	2.80
Wipro	263.50	-2.25
YES Bank	82.15	-7.05
Zee Entertainment	328.10	-3.35

EXCHANGE RATES		
Indicative direct rates in rupees a unit except yen at 4 p.m. on August 09		
CURRENCY	TT BUY	TT SELL
US Dollar	70.60	70.92
Euro	79.05	79.40
British Pound	85.16	85.58
Japanese Yen (100)	66.72	67.02
Chinese Yuan	10.00	10.05
Swiss Franc	72.53	72.87
Singapore Dollar	51.07	51.30
Canadian Dollar	53.43	53.67
Malaysian Ringgit	16.87	16.95
Source: Indian Bank		

BULLION RATES CHENNAI		
August 09 rates in rupees with previous rates in parentheses		
Retail Silver (1g)	47.5	(47.6)
22 ct gold (1 g)	3569	(3558)



Yes Bank shares tank 8% after QIP

MUMBAI

Yes Bank shares fell close to 8% on Friday after its qualified institutional placement, through which the lender was planning to raise ₹2,000 crore. The QIP was fully subscribed. On Thursday, post market hours, the lender had set the QIP floor price at ₹87.9 apiece. The shares closed at 82.10. This round of equity capital raising will lead to 10% dilution. Motilal Oswal, JM Financial, CLSA, among others, were the investment banks that handled the QIP.

Indian Bank, Chola MS ally for bancassurance

CHENNAI

Indian Bank has entered into a corporate agency pact with Cholamandalam MS General Insurance Co. Ltd. (Chola MS) for distribution of the latter's insurance products to Indian Bank customers. Chola MS insurance products – ranging from motor, home, health, travel insurance, SME, fire, engineering and marine insurance – will be offered through traditional and digital platforms to the bank's customers, the company said in a statement.

SPIC Q1 net rises 27 times to ₹14.61 crore

CHENNAI

Southern Petrochemicals Industries Corp. Ltd. (SPIC) has posted a 27-time rise in its standalone net profit to ₹14.61 crore for the first quarter ended June 2019. The firm had posted a loss of ₹55 lakh in the same quarter of the previous year. Revenue dropped to ₹554 crore from ₹575 crore. "Even though revenues have seen a marginal downturn, I am confident that the sales will pick up in the ensuing quarters," said Ashwin Muthiah, chairman, SPIC.

'FPI tax issues put divestment at risk'

Players meet FM, say Centre may take steps to revive overseas investor interest in capital markets

ASHISH RUKHAIYAR
MUMBAI

The government could risk missing its record ₹1.05 lakh crore divestment target that has been set for the current financial year as foreign portfolio investors (FPIs) could stay away from such share sales if the ongoing tax concerns are not resolved soon, according to capital market participants.

The participants, who met Finance Minister Nirmala Sitharaman on Friday, also urged her to address the liquidity concerns of non-banking finance companies (NBFCs) – especially those focussed on consumer spending – before the festive season begins, to spur overall consumption growth in the country.

According to persons fa-



Growth drivers: Between February and June, FPIs bought shares worth nearly ₹83,000 crore. ■GETTY IMAGES/ISTOCK

miliar with the deliberations, the government has taken the suggestions 'positively' and has hinted that it would take all possible steps to revive overseas investor interest in the Indian capital markets.

Capital market players urge FM to address liquidity concerns of NBFCs before the festive season begins

nister's Office] is involved and is keen to address the tax concerns, which are impacting the capital markets. There was unanimity that the tax surcharge could discourage FPIs from participating in the divestment offerings in the coming months and hence need to be urgently reviewed," he added on condition of anonymity.

In the Union Budget 2019-20, the Finance Minister introduced a surcharge for individuals earning more than ₹2 crore. However, FPIs became the collateral damage

of the proposal as bulk of such investors structure themselves as trusts or a Limited Liability Partnership (LLP) that are not recognised as a corporate entity by the Income Tax Act and hence are taxed as per the individual tax slabs based on their earnings.

Selling spree

FPIs, often looked upon as prime drivers of any bull run in the Indian stock market, ended July as net sellers at ₹12,419 crore. This was the first time since January 2019 when foreign investors ended a month as net sellers.

Between February and June, FPIs bought shares worth nearly ₹83,000 crore. In the current month till date, FPIs have net sold shares worth ₹11,135 crore.

M&M, Tata Motors to cut production

PRESS TRUST OF INDIA
NEW DELHI

Tata Motors and Mahindra & Mahindra (M&M) are suspending automobile manufacturing in order to adjust production with demand.

M&M on Friday said it will be suspending production for 8-14 days in the ongoing quarter while Tata Motors confirmed taking steps to align manufacturing with tapering demand.

When contacted, a Tata Motors spokesperson said, "as indicated earlier, external environment remains challenging, leading to demand contraction."

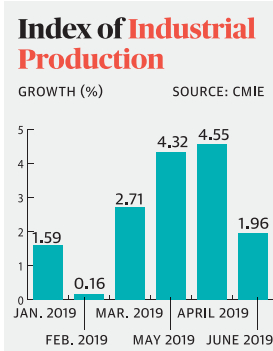
"We have aligned our production to actual demand and adjusted the number of shifts and contractual manpower."

IIP growth slips to 4-month low

Manufacturing slows; consumer durables, capital goods shrink

SPECIAL CORRESPONDENT
NEW DELHI

Growth in industrial production slowed to a four-month low of 1.96% in June 2019, due in large part to a slowdown in the manufacturing sector and a dramatic contraction in the capital goods and consumer durables sectors.



the capital goods sector," said D.K. Srivastava, chief policy adviser, EY India.

'Unutilised capacity'

"Capital goods contraction shows the existence of unutilised capacity. New investments are not happening. The relatively serious news is the fall in consumer

durables which reflects a broad-based consumption slowdown." The capital goods sector contracted by 6.48% in June, compared with a contraction of 1.41% in the previous month. The consumer durables sector also contracted in June by 5.5%, compared with a growth of 0.3% in May 2019.

Construction also slipped in June, contracting 1.83% compared with a growth of 1.78% in May. Electricity was the only one out of the major IIP groups that saw an acceleration in growth, at 8.19% in June compared with 7.41% in May. "This looks like a trend that will continue until the end of the monsoon because the government's capital expenditure was stalled first because of elections and then the rains," he added.

Textile machinery imports rise 24% in FY19

Digital printing gear contribute most

SPECIAL CORRESPONDENT
COIMBATORE

Import of textile machinery and accessories in 2018-2019 grew 24% compared to the previous year, Jugal Kishore Pansari, president of Indian Textile Accessories and Machinery Manufacturers' Association, said here on Friday.

Total import of textile machinery and accessories last financial year was worth \$1,165 million. The highest imports were of digital printing machinery (\$430.20 million), accounting for 37% of the total imports. Weaving machines worth \$135.58 million and spinning machinery and accessories worth \$96.12 million were imported last fiscal. Import of spinning products and machinery grew 41.85%.

"Digital printing is a happening segment in textiles. The new machines are versatile and fast and save on water. Hence, the demand is high for these. Several textile engineering multinational companies have started operations in India and they import parts and accessories," Mr. Pansari said.

The data shows the potential available for the Indian textile engineering sector. There is an opportunity for the machinery and spares manufacturers to meet the domestic needs, he added.

"Today, the Indian textile engineering industry is operating at about 70% capacity utilisation, serving 65% of the textile sector's demand," he said. The industry should improve on the technology front, he added.

Hindalco net falls 27.9% on slowdown

Lower commodity prices also prove a drag on the company's profit

SPECIAL CORRESPONDENT
MUMBAI

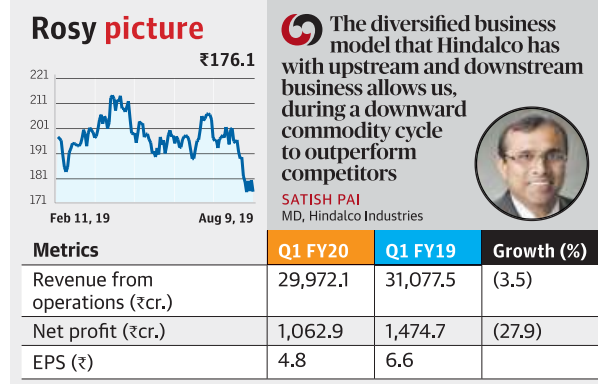
Hindalco Industries Ltd. has reported a 27.9% fall in its first quarter consolidated net profit to ₹1,063 crore due to the global downturn and lower commodity prices.

The fall in profits were reported on a 3.6% dip in revenue to ₹29,972 crore and a 13% fall in (earnings before interest, tax, depreciation and amortisation (EBITDA) to ₹3,769 crore.

About 79% of Hindalco's consolidated EBITDA is non-LME linked.

The metals flagship firm of the Aditya Birla Group reported a consolidated profit before tax (and before exceptional items) of ₹1,578 crore during the quarter, compared to ₹2,275 crore in the year earlier period.

"The diversified business model that Hindalco has with upstream and down-



stream business allows the company, in times of a downward commodity cycle, to outperform competitors... The Indian aluminium business was down as the prices of aluminium were down during the quarter," Satish Pai, managing director, Hindalco Industries, told *The Hindu*.

"The organic expansion projects for Novelis in U.S.,

proval for the \$2.1 billion Aleris acquisition, Mr. Pai said, "They are regulatory, dealing with various countries. It's taking a bit more time. EU has taken a bit longer than anticipated."

Funding capex

The company has a total outstanding debt of ₹39,800 crore, with ₹15,545 crore on the books of Hindalco Industries and \$3.5 billion on the books of Novelis, with consolidated net debt to EBITDA at 2.69x as on June 30, 2019.

On deleveraging debts, Mr. Pai said, "Long-term loans remained unchanged from end-FY19. Most of Novelis debt is in the form of bonds. With lower LME prices, we expect to use cash from Hindalco to fund our capex of ₹2,200 crore this fiscal. We are going [into the] downturn with a very strong balance sheet."

CSCs target one lakh EV charging stations

With village-level entrepreneurs' participation, we will be larger than IOC, says CEO

YUTHIKA BHARGAVA
NEW DELHI

Common Service Centres (CSCs), which come under the Ministry of Electronics and IT, plan to open one lakh charging stations for electric vehicles across the country in the next few years, as the country plans to transition to such vehicles from the current combustion engine-powered automobiles.

"The entire country is talking about electric vehicles. We want to open one lakh charging stations in the country by the time at least 30% of vehicles in the country are electric... Our VLEs (village level entrepreneurs) are very excited about the idea... With one lakh outlets we will be even bigger than IOC," CSC e-Governance



Dual power: Initially, there will be facility to charge both lead acid batteries as well as lithium-ion ones. ■EMMANUEL YOGINI

Chief Executive Officer Dinesh Tyagi told *The Hindu*.

CSC has already started a pilot project in Delhi (near Delhi Hatt). Mr. Tyagi said in about a month, a couple of charging stations should be up and running. "To start with, these would have

facility to charge both lead acid battery as well as lithium-ion ones... as transition will take time."

Tie-up with Siemens

For the charging infrastructure, CSC has tied up with technology giant Siemens as "we don't want

Public sector banks link lending, repo rates

Bid to aid faster monetary transmission

SPECIAL CORRESPONDENT
MUMBAI

In a move that could lead to faster transmission of monetary policy rates, public sector banks have stared linking their retail loan rates with Reserve Bank of India's repo rate.

This means if the Reserve Bank of India changes the repo rate, the retail loan rates will change automatically.

Four lenders – Bank of India, Syndicate Bank, Allahabad Bank and Union Bank – have said they have either linked the lending rate to repo rate or are in the process of doing so.

Bank of India (BoI), which reduced its lending rate with effect from Saturday, said it had decided to offer repo rate-linked lending rate to select customer segments, including personal loans.

"We are working out the necessary modalities in this regard so as to launch such products during the current month," BoI said.

Syndicate Bank has also decided to link both deposit and lending rates. Home loans by the bank will hence start from 8.3%, which is repo rate plus 2.9 percentage points. "The bank will be exploring development of products of both assets and liabilities linked with external benchmark to transmit the benefits of rate cut to our customers shortly," Allahabad Bank's MD and CEO S.S.Mallikarjuna Rao said.

Union Bank of India said it was planning to link its housing and vehicle loan portfolio to the repo rate.



The RBI had reduced the repo rate by 35 bps on Wednesday. ■REUTERS

ginal cost of fund based lending rate – days after the Reserve Bank of India reduced the repo rate by 35 basis points (bps) on Wednesday.

Bank of India reduced its one-year MCLR – to which 80% loans are linked – by 25 bps, to 8.35% effective Saturday.

"We have similar guidance for the coming months as well, when we will endeavour to pass on the benefits of rate cuts," the lender said in a statement.

Bengaluru-based Syndicate Bank also reduced the one-year MCLR by 25 bps to 8.35%. Allahabad Bank's one-year MCLR was reduced by 15 bps to 8.4% effective August 14. The Kolkata-based lender also reduced deposits rates on various tenures by 10 bps. The new rate for deposits of 1 year to less than 2 years will be 6.6%.

Indian Overseas Bank also lowered its interest rate on loans by 15 bps in one-year-and-above tenors and 10 bps in the below-one-year tenors effective Saturday. Union Bank said, in the current scenario, it expected MCLR to further soften by up to 15 bps.

MRF Q1 net rises 2.98%

SPECIAL CORRESPONDENT
CHENNAI

Tyre maker MRF Ltd. has posted a 2.98% increase in standalone net profit for the first quarter ended June 2019 to ₹268.52 crore, on increased business volume. During the period under review, revenue from operations grew to ₹4,410 crore from ₹3,836 crore.

Other income increased by ₹34 crore. Raw material costs grew by ₹284 crore and other expenses by ₹133 crore, MRF said in a filing.

Operating profit stood at ₹412 crore (₹397 crore).

MRF said its listed secured redeemable non-convertible debentures aggregating to ₹340 crore were secured by way of legal mortgage of its land in Gujarat and hypothecation of first charge on plant and machinery at its plants in Perambalur, equivalent to the outstanding amount.

Britannia to raise prices, says MD

'It will take six months to a year for demand to pick up'

SPECIAL CORRESPONDENT
KOLKATA

Food major Britannia Industries Ltd. (BIL) will increase the prices of select product portfolios by up to 4% while guarding against any adverse impact on consumer demand, said MD Varun Berry said.

Addressing the media, he said that it will take between six months to a year for the consumer demand to pick up. "It is important that demand comes back and there are many steps required for corporates and the government towards this end." He, however, did not elaborate.

Rising costs

He said while BIL's Q1 sales had grown by over 1% to ₹2,767.8 crore despite the slowdown, profit had been impacted by rising impact costs (especially milk).

"Many have pulled back



Varun Berry

on their advertisement and promotional expense... but we continue to spend on promotion," he pointed out.

BIL's standalone net profit was ₹250.2 crore against ₹246.2 crore in the year-earlier period. Consolidated net profit, however, dropped to ₹248.6 crore from ₹258.1 crores in the year-earlier period.

Having embarked on a journey to become a total foods company from a biscuit firm, BIL has marked its

footprint in milk, salted snacks and 'adjacencies' like croissants, cream wafers, cakes and premium cookies.

Its ₹1,500-crore investment in a mega food park in Ranjangaon in Maharashtra will be followed by capital expenditure of ₹200-crore for future innovation.

Mr. Berry said it will invest in a facility in West Bengal's Kharagpur, once demand picks up. Earlier, addressing shareholders at the AGM, BIL chairman Nusli Wadia said that firming up plans here will depend on "the facilities Bengal gives us."

To a question on regional players, who command around 27% of the ₹30,000-crore organised biscuit market, Mr. Berry said that they were "struggling somewhat at this juncture" allowing the bigger ones to increase their shares.