

MARKET WATCH

	01-08-2019	% CHANGE
Sensex	37,018	-1.23
US Dollar	69.06	-0.39
Gold	35,795	0.04
Brent oil	63.42	-2.59

NIFTY 50

	PRICE	CHANGE
Adani Ports	371.10	-6.45
Asian Paints	1504.70	-16.40
Axis Bank	669.30	-4.80
Bajaj Auto	2537.65	21.15
Bajaj Finserv	7082.00	-15.85
Bajaj Finance	3222.10	-29.95
Bharti Airtel	323.90	-13.70
BPCL	343.65	-1.85
Britannia Ind	2600.90	-4.10
Cipla	512.45	-8.65
Coal India	202.45	-2.00
Dr Reddys Lab	2533.75	-40.85
Eicher Motors	16562.80	214.75
GAIL (India)	128.60	-0.25
Grasim Ind	774.55	-13.80
HCL Tech	1021.55	-13.00
HDFC	2086.80	-35.00
HDFC Bank	2221.80	-29.85
Hero MotoCorp	2368.55	12.45
Hindalco	182.75	-7.80
Hind Unilever	1731.30	4.65
Indiabulls HFL	521.95	-13.65
ICICI Bank	417.05	-7.55
Indusind Bank	1398.65	-14.20
Bharti Infratel	250.95	5.20
Infosys	768.85	-24.80
Indian OilCorp	136.95	-2.35
ITC	267.55	-2.65
JSW Steel	225.25	-12.20
Kotak Bank	1495.80	-23.75
L&T	1358.05	-29.25
M&M	548.55	-1.45
Maruti Suzuki	5572.60	102.90
NTPC	126.85	0.30
ONGC	136.90	-1.95
PowerGrid Corp	214.00	3.20
Reliance Ind	1180.25	14.00
State Bank	317.15	-15.05
Sun Pharma	425.10	-1.65
Tata Motors	129.55	-6.05
Tata Steel	420.00	-12.05
TCS	2180.05	-25.65
Tech Mahindra	625.65	-10.60
Titan	1057.30	0.95
UltraTech Cement	4231.70	-115.20
UPL	576.80	-18.45
Vedanta	145.45	-8.65
Wipro	270.40	5.10
YES Bank	88.40	-2.80
Zee Entertainment	346.85	-14.75

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on August 01

CURRENCY	TT BUY	TT SELL
US Dollar	68.86	69.18
Euro	76.01	76.36
British Pound	83.42	83.82
Japanese Yen (100)	63.22	63.52
Chinese Yuan	9.98	10.02
Swiss Franc	69.20	69.53
Singapore Dollar	50.07	50.31
Canadian Dollar	52.08	52.32
Malaysian Ringgit	16.61	16.70

Source: Indian Bank

# Nifty below 11,000 first time since Mar.

Maximum losses in auto, banking, metal and technology stocks; Sensex crashes 463 points

SPECIAL CORRESPONDENT MUMBAI

A day after the U.S. Federal Reserve reduced interest rate for the first time since 2008, global equity markets, including India, lost heavy ground as the U.S. central bank did not take a dovish stance as was widely expected by markets across the globe.

The Indian benchmarks lost more than 1% on Wednesday, with the 50-share Nifty falling below the psychological 11,000-mark for the first time since March.

While investors sold shares across sectors, the maximum losses were in auto, banking, metal and technology stocks.

The 30-share Sensex, which fell 787 points during intra-day trades to touch a



Fed factor: Markets were expecting a more dovish stance by the U.S. central bank. ■ PAUL NORONHA

low of 36,694.18, managed to recoup some of the losses to close at 37,018.32, down 462.80 points, or 1.23%.

As many as 23 of the Sensex constituents ended in the red with Infosys, HDFC Bank, HDFC, State Bank of India, ICICI Bank, TCS and Bajaj Auto contributing the

maximum to the day's losses.

The broader Nifty closed at 10,980, shedding 105.40 points, or 1.24%. This was the lowest close for the index since March 1. Meanwhile, the India VIX index shot up 7% on Wednesday, pegging its total surge to nearly 20%

in the last three trading sessions.

Vivek Ranjan Misra, Head – Fundamental Research, Karvy Stock Broking, attributed the fall to the ‘mid-cycle adjustment’ by the U.S. Federal Reserve as markets were expecting a more dovish stance by the U.S. central bank.

“For Indian equities, this is on top of the headwinds it has faced recently, like FII selling on account of tax proposals. There are other reasons as well, firstly the weakness in economy has not abated, as evident by the core sector data and auto sales. Secondly while some companies have reported good numbers, the vast number have been disappointing and commentary has not been encouraging,” Mr. Mis-

ra said. While the U.S. Fed announced a 25 basis points cut in interest rate, it also hinted that it was not the first of more cuts to come.

The statement led to equity markets tumbling globally with the benchmarks of Hong Kong, South Korea, Indonesia and Taiwan all ending in the red. Some of the European markets were also in the red on Wednesday.

Back in India, nearly 1,700 stocks lost ground on BSE, as against 778 gainers. Foreign investors were net sellers at more than ₹1,000 crore on Wednesday, having sold shares worth nearly ₹12,500 crore in July.

The weakness in equity markets spilled over to the currency markets with rupee weakening 27 paise against the dollar.

### Call drop

Q1 has begun with a healthy and equitable growth across all our lines of businesses. Headline pricing remained stable, albeit at low levels

GOPAL VITTAL, MD and CEO (India and South Asia), Bharti Airtel

Metrics	Q1 FY20	Q1 FY19	Growth (%)
Revenue from operations (₹cr.)	20,738	19,799	4.7
Net profit (₹cr.)	(2,866)	97	
EPS (₹)	(6.2)	0.2	

## Bharti Airtel logs first quarterly loss in 14 years

Telco posts ₹2,866 crore loss in Q1

PRESS TRUST OF INDIA NEW DELHI

Bharti Airtel on Thursday posted a staggering ₹2,866 crore loss for the June quarter, its first consolidated loss in 14 years, as the telco lost ground to rival Reliance Jio and took a hit from exceptional items such as charges towards accelerated depreciation of 3G network gear.

The revenue rose 4.7% to ₹20,738 crore during the first quarter ended June 2019.

“After accounting for hit of ₹14,454 million (₹1,445.4 crore) towards exceptional items (net of tax), the resultant net loss for the quarter ended June 30, 2019 came in at ₹28,660 million (₹2,866 crore), compared to profit of ₹973 million (₹97.3 crore) in the corresponding quarter last year and ₹1,072 million (₹107.2 crore) in the previous quarter,” the company said in its quarterly report.

### ‘Exceptional hit’

The “exceptional hit” for the quarter included amongst other heads a charge towards accelerated depreciation of 3G network equipment and operating costs on network re-farming and up-gradation programme as well as incremental provision for deriva-

tive liabilities pertaining to customary indemnities provided to a clutch of investors of Airtel Africa and expenses relating to its recent listing, the company explained.

Airtel’s revenue from India mobile services increased 4.1% year-on-year to ₹10,724 crore.

In revenue terms, Reliance Jio is now comfortably placed on top of the telco stack given that its topline stood at ₹11,679 crore in June quarter (just three years into its commercial operations) against ₹11,269.9 crore of Vodafone Idea.

Airtel, though, registered an improvement in many of the operational parameters. For instance, for the June quarter, Airtel’s India Average Revenue Per User stood at ₹129 against ₹123 in the March quarter. Also, mobile data traffic on its network grew 94% year on year.

Commenting on the earnings, Gopal Vittal, MD and CEO (India and South Asia), Bharti Airtel, said the first quarter of the year has begun with a “healthy and equitable growth across all our lines of businesses. Headline pricing remained stable, albeit at low levels,” he said.

## ‘Siddhartha tried to sell real estate assets’

‘However, prices offered were too low’

MINI TEJASWI BENGALURU

Mounting liquidity crisis forced coffee entrepreneur V.G. Siddhartha to reach out to at least three companies – including two builders and a foreign realty advisory firm – to sell some of his personal real estate assets in Bengaluru and Mysuru.

“Soon after the sale of his Mindtree shares, he started exploring liquidity for some of his realty assets. However, he was very upset with the prices he was offered by them. The offer prices were too low as the potential buyers were well aware that he was on a distress sale mode,” said a person who was close to Mr. Siddhartha.

Mr. Siddhartha was sitting on a time bomb in the last few years, said a planter who was also a friend of the entrepreneur.

“Most of his personal shares, shares of his wife Malavika and stake in some of his companies, including Coffee Day Enterprises Day were pledged. Debt was mounting on a daily

basis with interest rising continuously,” said the planter.

Many say he had a personal debt of at least ₹1,000 crore. As per documents from Corporate Affairs Ministry, he raised funds through Coffee Day Consolidations, Devadarshini Info Technologies and Gonibedu Coffee.

“It is true that his family and his company own thousands of hectares of coffee plantations. But plantations, as such, have no value now-a-days with falling coffee prices. The land prices have also been too low in the last many years. Also, you don’t find any buyers for them unless you want to sell them dirt cheap,” said a professional attached to a global realty advisory firm. One acre plantation is available from ₹6 lakh to ₹25 lakh depending on various factors, market sources said.

As per media reports, some of Mr. Siddhartha’s lenders had questioned his ability to repay while casting doubts on the value of his assets, including the plantations.

## HC restrains sale of Titan fakes via e-tailer

SPECIAL CORRESPONDENT BENGALURU

Titan Company Limited (Titan) has received an ad-interim relief from the Delhi High Court against sale of counterfeit Titan and Fasttrack watches on e-tailing platform Snapdeal.

The court, through an ex-parte ad-interim injunction order dated July 29, restrained certain sellers from selling, marketing or otherwise dealing in goods bearing the marks TITAN and FAST-TRACK of Titan.

Further, Snapdeal was directed to take down within 24 hours of service of the said order, the URLs over which complaint had already been lodged by Titan with Snapdeal.

S. Ravi Kant, CEO- Watches & Accessories division, Titan Company Limited said, “In the recent past, numerous cases of rampant trademark infringement and counterfeiting have come to light and we believe this can only be countered through strong legal measures.”

## GST revenue touches ₹1.02 lakh crore in July

Collections stood at ₹99,939 crore in June

SPECIAL CORRESPONDENT NEW DELHI

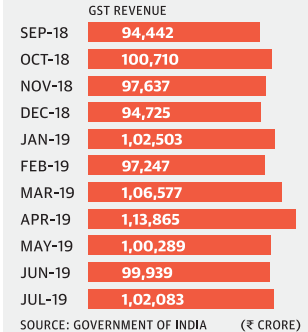
GST revenue crossed the one-lakh crore mark once again in July, coming in at ₹1,02,083 crore, the government announced on Thursday.

“The total gross GST revenue collected in the month of July 2019 is ₹1,02,083 crore, of which CGST is ₹17,912 crore, SGST is ₹25,008 crore, IGST is ₹50,612 crore and cess is ₹8,551 crore,” the government said in a release. “The total number of GSTR 3B Returns filed for the month of June up to July 31, 2019 is 75.79 lakh.” This is the third month out of four in this financial year in which collections have crossed ₹1 lakh crore. Collections stood at ₹99,939 crore in June.

The average collection this year so far is ₹1,04,044 crore, compared with the average of ₹98,114 crore for the full year 2018-19. “The revenue in July 2018 was ₹96,483 crore and the revenue during July 2019 is a growth of 5.8% over the revenue in the same month last year,” the release added.

### Silver lining

Average collection in FY20 so far has been ₹1,04,044 cr., compared with ₹98,114 cr. for FY19



“During April-July 2019 vis-à-vis 2018, the domestic component has grown by 9.2%, while the GST on imports has come down by 0.2% and the total collection has grown by 6.83%.”

“The GST collections for the month, despite being in excess of ₹1 trillion, would be matter of concern as this is lower than the Budget numbers. The collections need to be correlated with the economic situation as well,” said M.S. Mani, partner, Deloitte India.

## Crisil cuts FY20 GDP growth forecast to 6.9% from 7.1%

Firm cites weak monsoon, slow global growth

SPECIAL CORRESPONDENT NEW DELHI

Ratings agency Crisil has cut its forecast for GDP growth in 2019-20 to 6.9% from its earlier forecast of 7.1%, citing weak monsoon, slow global growth and poor high-frequency data for the first quarter of the financial year.

“Crisil has sliced its estimate of India’s gross domestic product (GDP) growth by 20 basis points to 6.9% for this fiscal, following a triangulation of downside risks: weak monsoon, slowing global growth, and sluggish high-frequency data for the first quarter,” the agency said in a report.

It added that the slowdown would be more pronounced in the April-June period while the second half of the year would be bolstered by the expected monetary easing, consumption, and a statistical low-base effect.

“Given the crosswinds, the sops announced so far might not be enough to pitchfork growth in this fiscal to, or above, the past 14-year average of 7% per annum,” Ashu Suyash, Managing Director & CEO of Crisil said. “Policy action looks more attuned to consumption than investment demand, which means con-

sumption will be the first to ascend as the tide turns.”

Crisil also expects corporate sector growth to slow to 8% in 2019-20, lower than the double-digit growth trend of the last two financial years.

“Most consumption segments will pull India Inc.’s revenue growth to single digits,” the report said. “And weak prices of commodities such as steel would exacerbate the pain.”

“Sales volume in the automobiles sector will be impacted by a trifecta – of a spurt in costs due to changes in regulation, tightening liquidity and moderating income growth,” Prasad Koparkar, senior director at Crisil Research said. “Sombre farm incomes will also weigh on rural-led segments such as FMCG.”

The report said that banking sector NPAs are expected to come down to about 8% by the end of financial year 2019-20, based on lower additional NPAs and increased recoveries. Credit growth is expected to recover to 14%, the highest in five years.

“The crucial question is whether a trough is in sight,” Dharmakirti Joshi, chief economist at Crisil said. “Given the fiscal constraints, public spending is unlikely to have the heft to pull growth above 7%,” he said.

### INTERVIEW | DHARMAKIRTI JOSHI

## ‘Rains, global growth risks behind downward tilt’

A poor August monsoon, oil price rise and financial sector troubles may pull down growth further: CRISIL

MANOJIT SAHA

Dharmakirti Joshi, Chief Economist, CRISIL, reveals the factors behind the downward revision in growth forecast and how weak business sentiments are hurting investments.

What has changed in the last three months for growth projections to be revised downward by 20 bps to 6.9%?

■ Firstly, the weather gods have not been very favourable. July and August are the two critical months and July was not a great month. Our base forecast assumed monsoon will be normal and well-distributed as projected by the IMD, which is not the

case as it turned out to be. So we have given it a downward tilt. Second is the global environment. The way global central banks are cutting rates indicates there is a downside risk to global growth. The recent IMF forecast also spills over to us.

What are the upside and downside risks to the growth forecast of 6.9%?

■ Well, upside does not seem to be visible right now. Downside is clearly if August monsoon

does not play out well, that is going to pull down growth further. Or, if oil prices start rising. Because global growth is weak and geo-politics has a role to play. What happens to oil prices will be a mixture of downward drift from weakening growth but possibly an upward drift from geo-political issues that are playing out currently. So, oil is a risk. Finally, the financial sector is also not fully capable of sup-

porting growth. So, that also remains a risk which needs to be carefully monitored. The short-term indicators in the first quarter are weaker than what we expected, which will pull overall growth down for the financial year.

You have mentioned sluggish high frequency indicators as a factor for growth revision. Can you throw some light?

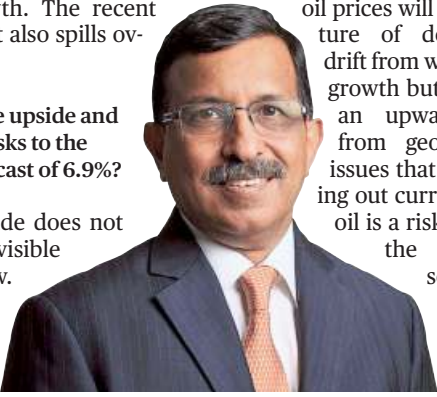
■ You look at the PMIs, IIP growth, export growth – these are numbers that come out on a monthly basis and on top of that core inflation has come out quite weak. That is a reflection of weakness in demand.

Do you think only monetary stimulus is sufficient for reviving growth? Or, is fiscal stimulus need of the hour?

■ Fiscal room is very limited. We have breached the FRBM target in the last two years. So, to spend your way of the current downturn is difficult.

That is why you are leaning more on the monetary policy. But monetary policy cannot in itself revive investment demand.

Since consumption demand is slowing down, capacity utilisation which was improving, will now be stable or may decline, depending on how deep the slowdown goes.







**RBI invites applications for Dy. Governor's post**

MUMBAI

The Centre has invited applications for RBI Deputy Governor's post that fell vacant after Viral Acharya resigned. Candidates with at least 25 years of work experience, including experience at the level of Secretary or equivalent in the Government of India or candidates having at least 25 years of work experience in an Indian or international public financial institution can apply.

**Chola Financial profit rises to ₹2.56 crore**

CHENNAI

Cholamandalam Financial Holdings Ltd.'s standalone net profit for the first quarter ended June 2019 rose to ₹2.56 crore against ₹2.43 crore in the year-earlier period. Total income rose to ₹4.06 crore against ₹3.89 crore. Cholamandalam Investment & Finance Co. Ltd., in which the firm has 46.5% stake, disbursed ₹8,572 crore against ₹7,014 crore. It's standalone profit rose 10% to ₹314 crore on a consolidated basis.

**Colgate-Palmolive (India) has new MD**

NEW DELHI

Oral care major Colgate-Palmolive (India) Ltd. on Thursday said Ram Raghavan has been appointed as its managing director. Mr. Raghavan replaces Issam Bachaalani, who will move to another role within the company, the firm said in a statement. "Prior to this role, Mr. Raghavan served as vice-president, marketing, Asia-Pacific division of Colgate-Palmolive," the company said. PTI

# Global gold demand touches 3-year high

Continued central bank buying, sustained growth in gold-backed ETFs were the key drivers: WGC

**SPECIAL CORRESPONDENT**  
MUMBAI

Global gold demand in the first half of 2019 jumped to a three-year high on the back of robust demand by central banks and gold-backed exchange-traded funds (ETFs). Gold demand was pegged at 2,181.7 tonnes in the first six months of the current calendar year, reflecting an 8% rise compared with the first half of 2018, as per the latest report by the World Gold Council (WGC).

"Continued central bank buying and sustained growth in gold-backed exchange-traded funds [ETFs] were the key drivers of this increase," the report stated.

"Central banks bought 224.4 tonnes of gold in Q2 2019. This took H1 [first six months] buying to 374.1



**Metal craze:** A strong recovery in India's jewellery market pushed overall demand in Q2 by 12% to 168.8 tonnes. • V. RAJU

tonnes, the largest net H1 increase in global gold reserves in our data series. In a continuation of recent trends, buying was spread across a diverse range of - largely emerging market - countries," it added.

Meanwhile, holdings of gold-backed ETFs grew 67.2 tonnes in the second quarter to a six-year high of 2,548 tonnes. As per the global body, continued geopolitical instability, dovish commentary on monetary policy

from central banks and the rallying gold price in June were the main factors driving inflows into the sector.

Incidentally, a strong recovery in India's jewellery market pushed the overall jewellery demand in the second quarter by 12% to 168.8 tonnes. A busy wedding season and healthy festival sales boosted demand, before the June price rise brought it to a virtual standstill, the report stated.

**Bar and coin**

Bar and coin investment in the second quarter dipped 12% to 218.6 tonnes and combined with the soft first quarter number, took the first half total to a six-year low of 476.9 tonnes. A 29% year-on-year drop in China accounted for much of the global second quarter decline, according to WGC.

On the other hand, gold supply grew 6% in the second quarter to 1,186.7 tonnes. A record Q2 gold mine production and a 9% jump in recycling, boosted by the sharp June gold price rally, led the growth in supply. On an overall half yearly basis, the supply touched 2,323.9 tonnes, the highest level since 2016.

In terms of price, the yellow metal touched multi-year highs, breaching \$1,400/oz for the first time since 2013.

Among the factors driving this rally were expectations of lower interest rates, political uncertainty, with further support coming from strong central bank buying, the report said.

## Manufacturing expands faster on fresh orders

### Consumer goods lead upturn

**SPECIAL CORRESPONDENT**  
NEW DELHI

Manufacturing activity expanded at a quicker rate in July due to an increase in new orders and the resultant scaling up of production by companies, according to a private sector survey.

The Nikkei India Manufacturing Purchasing Managers' Index came in at 52.5 in July, up from the 52.1 in June. A reading over 50 indicates an expansion while one below 50 denotes a contraction.

"Economic growth in India's manufacturing industry was sustained in July," the report said.

"Companies scaled up production in response to a quicker upturn in factory orders. This, coupled with optimistic growth projections, underpinned job creation and an uptick in input purchasing."

"Rising from 52.1 in June to 52.5 in July, the IHS Markit India Manufacturing Purchasing Managers' Index was consistent with a further strengthening in the health of the sector," the report added. "The latest reading was slightly higher than the average for calendar year 2018 (52.3), but below its long-run trend (53.9)."

The report said consumer goods producers led the upturn in July, adding that even the intermediate goods makers saw a stronger improvement in business conditions in July.

## Ashok Leyland to save up to ₹500 cr. via cost reduction measures

Firm to incur ₹1,700 to ₹2,000 cr. capex for BS-VI vehicles

**SPECIAL CORRESPONDENT**  
CHENNAI

Ashok Leyland Ltd., the flagship company of the Hinduja Group, is expecting to save about ₹400-500 crore during the current fiscal through cost reduction measures, said a top official.

"We want to take ₹400-500 crore of operating costs out of the system," said Gopal Mahadevan, whole-time director and chief financial officer, Ashok Leyland Ltd.

According to him, this would be done by having a relook at expenditure under heads such as administration, sales and manufacturing, distribution and productivity costs and analysing how the cost-cutting could be done in the most effective



Gopal Mahadevan

manner.

While classifying the costs as vital, essential and desirable, he said: "Costs that are vital and essential will be incurred and those under the desirable head will be spent on need basis."

To a question, Mr. Mahadevan said that the reduction in administrative over-

heads would not amount to a reduction in head count. On the other hand, the firm would focus on increasing the productivity of each employee.

During the current fiscal, Ashok Leyland would invest about ₹1,700 crore to ₹2,000 crore in capital expenditure for making BS-VI vehicles, on modular vehicle platform and on Project Phoenix.

Talking about production cuts at Pantnagar unit, he said it was done during June and July 2019 to produce vehicles based on demand projections and reduce inventories. On electric-powered buses, he said the firm was in discussions with State governments and private bus operators.

## McLeod Russel to sell more estates by Sept.

**INDRANI DUTTA**  
KOLKATA

McLeod Russel India Ltd. is planning to sell at least three more tea estates in West Bengal's Dooars and in Assam by September 2019.

In a bid to pare its debt, the company has been on a selling spree since mid-2018, months after it set up a committee in May to identify the assets which could be put on the block.

"We may sell a garden in Dooars and at least two in Assam," a source said on the condition of anonymity.

The company's debt stood at around ₹1,000 crore at end June 2019 and has also suffered rating downgrades.

## Sharp decline in cotton yarn exports worries industry

'Shipments to main market China have almost halved'

**M. SOUNDARIYA PREETHA**  
COIMBATORE

India's cotton yarn exports between April and June this year was 33% lower compared to the same period last year, leading to concern among textile mills.

The Cotton Textiles Export Promotion Council (Texprocil) has pointed out that cotton yarn exports from April to June 2019 was 226 million kg as against 338 million kg during the same period last year. In June, the exports were just 59 million kg, which is 50.74% less compared to June 2018.

China is the main market for Indian cotton yarn exports. But, exports to China have dropped nearly 50%. Besides, exports to Bangla-



desh, Vietnam, and Columbia have also declined, Siddhartha Rajagopal, Executive Director of Texprocil, said.

India used to export 32% of its cotton yarn production three years ago. This has fallen to 27% now.

"Considering the large-scale investment in the spinning sector and sluggish demand in the domestic market, exports are the only avenue to ensure uninterrupted production and capacity utilisation," K.V. Srinivasan, chairman of the council, said in a press release.

Since 2014, all benefits extended for yarn exports were withdrawn.

Cotton yarn from Pakistan and Vietnam get duty free access to China. If the domestic textile mills are supported through interest subvention or refund of State taxes and levies, there will be some relief and the industry will become price competitive to explore new markets, Mr. Rajagopal added.