

MARKET WATCH

	02-08-2019	% CHANGE
Sensex	37,118	0.27
US Dollar	69.60	-0.78
Gold	35,630	-0.46
Brent oil	62.32	-1.73

NIFTY 50

	PRICE	CHANGE
Adani Ports	375.45	4.35
Asian Paints	1545.20	40.50
Axis Bank	673.85	4.55
Bajaj Auto	2600.55	62.90
Bajaj Finserv	7063.70	-18.30
Bajaj Finance	3237.50	15.80
Bharti Airtel	343.55	19.65
BPCL	342.45	-1.20
Britannia Ltd	2594.40	-6.50
Cipla	516.10	3.65
Coal India	197.20	-5.25
Dr Reddys Lab	2529.20	-4.55
Eicher Motors	16905.00	342.20
GAIL (India)	127.65	-0.95
Grasim Ind	778.00	3.45
HCL Tech	1010.50	-11.05
HDFC	2124.80	38.00
HDFC Bank	2214.35	-7.45
Hero MotoCorp	2401.95	33.40
Hindalco	180.40	-2.35
Hind Unilever	1737.45	6.15
Indiabulls HFL	489.65	-32.30
Indiabulls	410.60	-6.45
ICICI Bank	382.50	-15.75
Indusind Bank	251.40	0.45
Infosys	775.60	6.75
Indian OilCorp	135.25	-1.70
ITC	264.50	-3.05
JSW Steel	225.15	-0.10
Kotak Bank	1507.60	11.80
L&T	1370.25	12.20
M&M	556.45	7.90
Maruti Suzuki	5689.35	116.75
NTPC	123.10	-3.75
ONGC	134.35	-2.55
PowerGrid Corp	210.55	-3.45
Reliance Ind	1184.35	4.10
State Bank	308.45	-8.70
Sun Pharma	420.65	-4.45
Tata Motors	130.70	1.15
Tata Steel	409.10	-10.90
TCS	2205.30	25.25
Tech Mahindra	636.15	10.50
Titan	1064.70	7.40
Ultra Tech Cement	4299.05	67.35
UPL	573.50	-3.30
Vedanta	143.00	-2.45
Wipro	263.65	-6.75
YES Bank	88.30	-0.10
Zee Entertainment	341.50	-5.35

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on August 02

CURRENCY	TT BUY	TT SELL
US Dollar	69.39	69.71
Euro	76.94	77.29
British Pound	84.17	84.56
Japanese Yen (100)	64.88	65.19
Chinese Yuan	10.00	10.05
Swiss Franc	70.38	70.72
Singapore Dollar	50.37	50.61
Canadian Dollar	52.35	52.59
Malaysian Ringgit	16.68	16.78

Source:Indian Bank

BULLION RATES CHENNAI

August 02 rates in rupees with previous rates in parentheses

Retail Silver (1g)	44.3	(44.7)
22 ct gold (1 g)	3383	(3333)

RBI penalises eight banks for violations

SPECIAL CORRESPONDENT MUMBAI

The Reserve Bank of India (RBI) has imposed a monetary penalty on eight banks for violating various norms.

Seven banks – Allaha-bad Bank (₹2 crore), Bank of Baroda (₹1.5 crore), Bank of India (₹1.5 crore), Bank of Maharashtra (₹2 crore), Indian Overseas Bank (₹1.5 crore), Oriental Bank of Commerce (₹1 crore) and Union Bank of India (₹1.4 crore) were fined for non-compliance with certain directions issued by RBI on current accounts, end use of funds, etc. Corporation Bank, another PSB, was fined ₹1 crore for non-compliance with RBI directions on cybersecurity framework in banks and frauds classification and reporting.

ITC first-quarter profit rises 12.6% to ₹3,174 cr.

Hotel segment revenue up by 15%

SPECIAL CORRESPONDENT KOLKATA

ITC Ltd. closed the first quarter with a ₹3,173.9 crore profit for the period, which was 12.6% higher than for the year-earlier period. This came on the back of a nearly 6% rise in its operational revenue to ₹11,502.8 crore.

Revenue from ‘FMCG-Others’ increased by around 8% amid sluggish demand conditions, ITC said in a release.

Hotel segment revenue increased by 15%, driven by robust performance of new properties. ITC Royal Bengal, Kolkata, commissioned on June 1, had received a good response, the company said.

Construction of an ITC Hotel in Ahmedabad and WelcomHotels in Amritsar, Guntur and Bhubaneswar is

SBI net at ₹2,312 crore, slippages rise

Slippages to bad loans zoom 62% to ₹16,212 crore; bank signs 38 pacts for stressed asset resolution

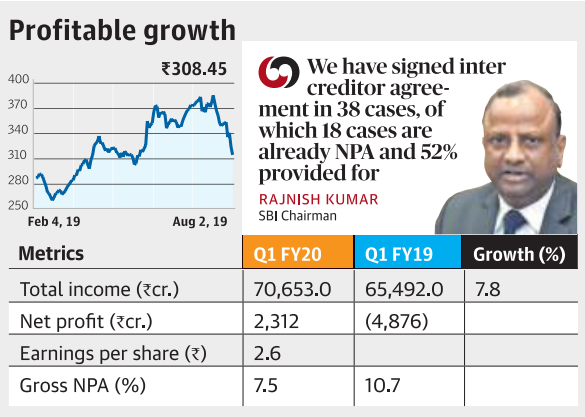
SPECIAL CORRESPONDENT MUMBAI

State Bank of India (SBI), the country’s largest lender, reported a net profit of ₹2,312 crore for the April-June quarter, as compared to a net loss of ₹4,876 crore during the same period of the previous year, on account of lower provisions.

Slippages to bad loans, however, rose sharply to ₹16,212 crore during the quarter as compared to ₹9,984 crore reported during the same period of the previous year.

SBI Chairman Rajnish Kumar listed three reasons for the higher slippages.

One was a regular account of a Maharatna company that was classified by another bank as NPA since the required documentation for



resolution could not be completed. Hence, other banks had to classify it as NPA.

“The situation could be corrected very quickly. The amount is ₹2,000 crore,” Mr. Kumar said.

Second is a spike in farm loan NPA from one State due

to waiver. Sources said the State concerned was Maharashtra.

The third reason, according to Mr. Kumar, was some benefit in terms of asset classification of debt restructuring of small and medium enterprises (SMEs) last year,

‘Market outlook grim as slowdown fears rise’

Phenomenon turning out to be structural, says Kotak Securities

ASHISH RUKHAIYAR MUMBAI

The Indian equity benchmarks have corrected significantly from their highs but most market participants still have a grim outlook on the back of slowing growth, fall in consumption, subdued earnings and no concrete signs of recovery in the near future.

Experts believe that the slowdown, which was looking cyclical, is turning out to be structural in nature and combined with lack of measures to contain it may result in further fall in the valuation of companies. “The major concern for the market is serious slowdown seen in various sectors that seemed cyclical at the start but are turning out to be structural in nature,” said Kotak Secur-



Slow but sure: Firms across sectors, especially auto and FMCG, have been seeing fall in sales. ■ ARUNANGSU ROY CHOWDHURY

ities, in its outlook report.

“Consumption-led growth and high government spending could be running out of steam and we are not seeing any revival in private investment. The slowdown in consumption largely reflects moderate growth in household income and higher tax-

es on households,” it added.

The Sensex has lost nearly 8% compared to its high of 40,312 touched in June. The broader Nifty is also down over 9% after breaching 12,100-mark early this year.

Incidentally, slowdown seems to be the most feared word on the street currently

Elected directors in PSBs will be appointed by board: RBI

Banking regulator mandates ‘fit and proper’ criteria

SPECIAL CORRESPONDENT MUMBAI

The Reserve Bank of India (RBI) has mandated that the elected directors of public sector banks (PSBs) are to be appointed by the nomination and remuneration committee of the board of the respective banks.

The RBI has come out with guidelines on ‘fit and proper’ criteria of elected directors in PSBs and said all these banks were required to constitute a nomination and remuneration committee consisting of a minimum of three non-executive directors from the board, out of which not less than one-half will be independent directors and should include at least one member from the risk management committee



of the board. “The non-executive chairperson of the bank may be appointed as a member of the committee but shall not chair such a committee,” the RBI said.

Maximum tenure

On the tenure, the RBI said an elected director can be appointed for three years and could be re-elected but cannot hold office for than

six years. “The candidate should not be holding the position of a Member of Parliament or State Legislature or municipal corporation or municipality or other local bodies,” the RBI said.

Candidates engaged in stock broking, or a member of any other board of a bank or financial institution, connected with hire purchase, financing, money lending, investment, leasing and other para banking activities cannot be considered for the appointment.

Moreover, the RBI said the candidate should not be acting as a partner of a chartered accountant’s firm which is currently engaged as a statutory central auditor of any nationalised bank or the State Bank of India.

SPECIAL CORRESPONDENT BENGALURU

Debashis Chatterjee, the new CEO & MD of L&T-owned Mindtree, said his immediate focus would be on the people and the management.

For the long-term, he has been tasked with taking the company to the ‘next level of growth’. Addressing the media on Friday, Mr. Chatterjee said: “I’m excited about the opportunity being presented to me. When a new person comes in, there is this 100-day plan and my first priority is to understand the Mindtree minds and the management, and these are critical in strengthening the growth momentum of the company.”

Introducing the new top executive to the media, S.N.



Debashis Chatterjee

Subrahmanyam, CEO and managing director of L&T, who is currently on the board of Mindtree said, “Mr. Chatterjee would help Mindtree achieve its global objectives. He would be able to bring in stability to Mindtree, and would be able to work with the management, clients, employees and other stakeholders.”

which was not there this year.

“So, there are the three major factors. Otherwise slippages are in normal trend,” Mr. Kumar said.

Asset quality

Going ahead, asset quality will depend on how fast the bank could resolve stressed accounts. The lender has signed 38 Inter Creditor Agreements (ICAs) with other lenders for resolution.

“We have signed ICA in 38 cases, of which 18 cases are already NPAs and 52% provided [for]. In the remaining 20 accounts, the amount due is ₹19,000 crore. Of this amount, two borrowers account for 15% and 70% each, respectively,” Mr. Kumar said.

While SBI’s gross NPAs de-

clined to 7.53% from 10.69% from last year, it was flat sequentially. Provisions for bad loans were down 10.6% year-on-year to ₹11,648 crore.

Net Interest Income growth was only by 5.23% on year for the quarter. This was mainly due to higher base as one large account was resolved during the same period of the previous year. The bank reported domestic net interest margin of 3.01% for the quarter.

“The NIM has consistently improved,” Mr. Kumar said, adding that the scope of upside to the margins was limited.

Domestic credit growth was 11.89% driven by 18.7% growth in retail loans. SBI said it expected credit growth to be 9-11% for the financial year.

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Govt. to infuse ₹10,000 crore in HFCs

REUTERS NEW DELHI

The Centre is infusing an additional ₹10,000 crore in housing finance companies (HFCs) to boost lending in the sector, a government statement said. The move comes at a time when the non-banking finance company sector is under stress due to a lack of liquidity.

“To further ease flow of funds in the housing sector, the National Housing Bank is making available from today, a liquidity infusion facility of ₹10,000 crore for HFCs as extra liquidity,” it added. Finance Minister Nirmala Sitharaman will meet bankers on August 5 to review credit growth in various sectors.

‘Too much of reforms has led to slowdown’

Kant attributes downshift to spate of measures including GST, RERA and IBC

SPECIAL CORRESPONDENT NEW DELHI

A spate of reforms undertaken by the government has led to the current slowdown in the country, Amitabh Kant, the CEO of policy think-tank NITI Aayog, said on Friday. This came as a note of caution from the senior official as he was advocating a series of policy decisions to revive the economy.

Greater liquidity

“Firstly, you need to bring in greater levels of liquidity. Secondly, you need to revive the animal spirit of the private sector, you can never create wealth without the private sector. Thirdly, the government needs to get out of business in a range of areas and you need to recycle a lot of government assets such as roads. We have done this with airports. Gas grids, gas pipelines, trans-



Bloomberg NEF has forecast that India may become the fourth largest passenger EV market by 2040 ■ EMMANUEL YOGINI

mission lines should be privately-owned. NITI Aayog has recommended a vast range of public sector for privatisation. Once we have private sector coming in, bank credit will start flowing in and this is critical. Fourthly, we must push for major structural reforms as we did earlier,” Mr. Kant said at a Bloomberg NEF summit held in New Delhi.

‘Slowdown evident, may be temporary’

Banks reluctant to lend, says Parekh

SPECIAL CORRESPONDENT MUMBAI

After L&T’s A.M. Naik and Bajaj Auto’s Rahul Bajaj, now HDFC chairman Deepak Parekh has also acknowledged a slowdown in the economy, but added that it could be temporary.

Addressing the annual general meeting of the mortgage lender, Mr. Parekh said: “Evidently, there has been a distinct slowdown in the economy which was reflected in a lower GDP growth of 6.8% in FY19. While there has been an across-the-board slowdown in consumption, given the inherent demand and low penetration levels, I do believe this is temporary in nature.”

He said demand for affordable housing remains adequate in the country, which has been supported by the government’s flagship credit-linked subsidy scheme and incentives provided to developers to increase the supply of affordable homes. He also said the demand for commercial real estate had been buoyant, especially across the top 8 cities.

However, the challenge in the housing sector has been with the upper middle segment and high-end luxury housing. “It is this segment where unsold inventory levels are high. This is where the price of the apartments are typically above ₹2 crore,” he said.

The problem was compounded with the tight liquidity situation prevailing since September 2018, which particularly impacted non-banking finance companies and housing finance firms. The challenge today was risk aversion, he added.

“Banks are reluctant to



Deepak Parekh

lend and there has been a flight to safety where a select, few, high-rated NBFCs and HFCs have access to funding, while for several others, access to credit has been choked,” he said.

“One is hopeful that normalcy will be restored soon and by the time the festive season sets in, some of the risk aversion should taper off ...to my mind, what is critical is re-instilling confidence in lenders to support growth in the economy,” he added.

HDFC net rises 46%

Meanwhile, the lender posted a 46% rise in its net profit to ₹3,203 crore for the April-June quarter on the back of the sale of its arm Gruh Finance to Bandhan Bank. It had posted a net profit of ₹2,190 crore a year earlier.

The profit before tax for the quarter was at ₹3,985 crore compared with ₹3,070 crore in the previous year. “This is inclusive of the profit on sale of investments on part stake sale of Gruh Finance of ₹1,894 crore during the quarter ended June 30, 2019,” HDFC said. Asset quality worsened mainly due to slippages from the non-individual loans. Gross NPA was at 1.29% at the end of June as compared to 1.18% a year ago.