MARKET WATCH

	05-09-2019	% CHANGE
Sensex	36,644	-0.22
US Dollar	71.84	0.38
Gold	39,271	0.21
Brent oil	62.14	2.76

NIFTY 50

	PRICE	CHANGE
Adani Ports	366.55	2.20
Asian Paints	1519.75	-15.40
Axis Bank	649.60	2.30
Bajaj Auto	2759.20	23.50
Bajaj Finserv	7001.05	-22.05
Bajaj Finance	3292.70	42.45
Bharti Airtel	347.70	2.00
BPCL	380.80	17.25
Britannia Ind	2678.65	43.20
Cipla	478.40	7.00
Coal India	194.85	12.70
Dr Reddys Lab	2682.45	79.75
Eicher Motors	15754.20	111.80
GAIL (India)	130.95	3.65
Grasim Ind	697.10	3.05
HCL Tech	1111.95	-13.70
HDFC	2044.15	-55.95
HDFC Bank	2235.15	-12.60
Hero MotoCorp	2605.90	39.80
Hindalco	184.60	2.95
Hind Unilever	1829.75	-16.85
Indiabulls HFL	447.95	-10.35
ICICI Bank	389.00	-8.50
IndusInd Bank	1308.10	-9.50
Bharti Infratel	248.20	0.15
Infosys	834.05	12.75
Indian OilCorp	124.70	4.35
ITC	244.25	1.00
JSW Steel	216.25	1.45
Kotak Bank	1410.15	-16.30
L&T	1320.30	12.25
M&M	517.00	11.30
Maruti Suzuki	5968.65	137.90
NTPC	123.45	4.00
ONGC	125.15	6.15
PowerGrid Corp	199.35	2.45
Reliance Ind	1198.60	-2.55
State Bank	273.30	-1.80
Sun Pharma	431.80	5.35
Tata Motors	118.05	8.55
Tata Steel	345.15	5.90
TCS	2215.30	-30.10
Tech Mahindra	695.45	-7.80
Titan	1048.65	11.45
UltraTech Cement	3888.80	12.30
UPL	569.65	8.60
Vedanta	139.30	2.60
Wipro	255.60	-0.45
YES Bank	61.95	2.50
Zee Entertainment	360.80	5.30

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on September 05

CURRENCY	TT BUY	TT SELL
US Dollar	71.64	71.96
Euro	79.28	79.64
British Pound	88.37	88.77
Japanese Yen (100)	67.17	67.48
Chinese Yuan	10.03	10.07
Swiss Franc	72.95	73.28
Singapore Dollar	51.80	52.03
Canadian Dollar	54.26	54.53
Malaysian Ringitt	17.10	17.18

Source:Indian Bank

BULLION RATES CHENNAI

September 05 rates in rupees with previous rates in parentheses

Retail Silver (1g)	54.8	(54.8)
22 ct gold (1 g)	3741	(3741)

'Govt. looking at export sops, GST incentives for auto sector'

Gadkari promises to take up industry's plea for cut in GST with Finance Minister

SPECIAL CORRESPONDENT
NEW DELHI

Offering some solace to the crisis-hit auto industry, Road Transport and Highways Minister Nitin Gadkari on Thursday assured 'full' support from the government to help overcome the free fall in vehicle sales. He said the Centre was looking at steps, including export sops and GST incentives, to help create demand in the sector.

"As far as the present economic data is concerned, automobile sector is facing a slowdown because of the global economy... because of demand and supply. The government is with the automobile sector," the Minister said at the 59th SIAM annual convention.

The Minister also clarified that the government did not intend to ban ICE (internal combustion engine) powered vehicles.

He, however, added that the government would promote the use of alternative fuels and electric vehicles to tackle issues of a high crude oil import bill and pollution. Thursday's statement comes as a relief for the industry, given that it was Mr. Gadkari who had in 2017 asked car makers to move to electric or they would be "bulldozed" into doing it.

Mr. Gadkari also promised to take up the industry's request for a GST cut with Finance Minister Nirmala Sitharaman. "The industry's demand for reduction in GST is understandable. I will take your suggestion [to reduce GST] to the finance minister... even if it can be done for a limited period of time. I will follow this up. This sector needs help at this time and that help should be in such a manner that it helps increase sales," he said. Noting that the GST on electric vehicles had been reduced to 5% from 12% earlier, he said the government was mulling to extend the same benefit to hybrid vehicles.

Any decision on GST on automobiles would be taken up for discussion at the upcoming meeting of the GST Council on September 20. However, the industry is seeking an early solution as they fear that customers would defer purchases anticipating further reduction in prices.

Mr. Gadkari also said that his Ministry would award 68 road projects worth about ₹5 lakh crore in the next three months, which, in turn, would help generate demand for commercial vehicles.

SIAM president Rajan Wadhera sought introduction of a scrappage policy and a nodal Ministry for the industry, in addition to GST cuts. CII president designate and MD and CEO of Kotak Mahindra Bank Uday Kotak said that there was enough liquidity in the banking system to finance any form of vehicle.

Offering hope: Road Transport and Highways Minister Nitin Gadkari speaking at the SIAM convention. ▪KAMAL NARANG

Slowdown effect: M&M defers ₹1,000 crore of planned capex

'At current production levels, every carmaker is overstaffed'

YUTHIKA BHARGAVA
NEW DELHI

Homegrown auto major Mahindra & Mahindra has deferred 10%, or about ₹1,000 crore, of its planned capex to cope with the prolonged slowdown in the auto sector, the company's managing director Pawan Goenka said on Thursday.

Pawan Goenka

Mr. Goenka also warned that if the industry did not return to positive growth for the remaining months in the current fiscal, the sector may see more layoffs as almost every carmaker is overstaffed, based on the current level of production.

Pointing out that the company's investment in products had not slowed down, he said the investments in building capacity and discretionary capital expenditure would slow down.

"The capacity that we expected 2-3 years from now is less than a year ago. So, there will be a slowdown in capacity investment. And probably about a year's deferral... discretionary capex like repair and maintenance will be deferred as much as possible. At Mahindra, we will probably end up deferring 10% of capex... about ₹800-1,000 crore."

'More domestic'

Mr. Goenka pointed out that the current slowdown was different from the previous three slowdowns that the industry witnessed. This one was "more domestic", while the previous ones were caused more by global scenarios. "Therefore, a little bit of intervention by the government could easily get us out of trouble. But this time, there is no magic wand that can work... a variety of things need to be done together to get us out of the current situation," he said.

Stating that it was "unkind" to say that the industry was not doing anything, he said it was only after attempting everything from product launches to price incentives, the industry had turned to the government.

On layoffs in the company and the sector, he said M&M has had to lay off about 1,500 temporary workers, of a total of 30,000.

"That is like 5% reduction when volume is down by 20%. We are not removing people just because volumes are down, but if it continues beyond a certain point then the industry would be unable to carry the extra people."

He also said it would be more difficult for commercial vehicles to turnaround than the passenger vehicles, as the latter was a discretionary purchase, while CVs were purchased based on the demand. "For CVs, just a reduction in GST may not help; you need more of an economic turnaround."

Jio starts fibre-to-home service

Tariff plans start at ₹699 a month and go up to ₹8,499

SPECIAL CORRESPONDENT
MUMBAI

Reliance Jio on Thursday announced the commencement of JioFiber, its fibre-to-home service, across 1,600 cities in India with the basic pre-paid 'Bronze' plan starting at ₹699 per month and going up to ₹8,499 a month for its 'Titanium' pre-paid plan.

Under the Jio Welcome offer, the basic plan offers 100 GB of data (with 50GB extra), free voice calls to anywhere in India, TV video calling, conferencing, gaming, home networking (content sharing at home and outside) and device security for up to five devices.

On payment of ₹2,500 for installation, which includes a security deposit of ₹1,500, the subscriber will get Jio home gateway worth ₹5000, 4K set-top box worth ₹6,400 and bluetooth speaker worth ₹2,999 and annual subscription for Jio content.

"With JioFiber, Jio continues to deliver on its promise of connecting the unconnected while bringing about transformational changes to Indian homes, that it started with its mobility service three years ago, on September 5, 2016," said Jio in a statement.

Television sets will be available to customers committing to long-term plans starting at ₹1,299 per month.

43-inch TV set

Under the Jio Titanium offer with a monthly rental plan of ₹8,499, users will get a 43-inch 4K TV worth ₹44,990 and an annual subscription of leading OTT apps along with Jio home gateway worth ₹5,000, along with the 4K set-top box. Titanium subscribers will get 5,000 GB of data at a speed of 1 Gbps.

Jio's Diamond, Platinum and Titanium subscribers will get immersive, virtual reality (VR) experience (theatre- like personal experience on a VR headset) and premium content, which includes first-day, first-show movies and special sports content.

"Currently, the average fixed-line broadband speed in India is 25 Mbps.

'In top five soon'

"Even in America, which is the most developed economy, it is around 90 Mbps. Jio-Fiber, India's first 100% all-fibre broadband service, will start from 100 Mbps and go all the way up to 1 Gbps. This will propel India to top five broadband nations globally," said Jio.

Commenting on the launch of JioFiber, Akash Ambani, director, Reliance Jio Infocomm Ltd., said, "Our customers are at the heart of everything we do, and all of JioFiber has been designed with the sole purpose of giving you a delightful experience."

Surcharge roll-back fails to halt FPI selling

Since August 23 announcement, FPIs have sold shares worth nearly ₹6,200 crore

ASHISH RUKHAIYAR
MUMBAI

Attempts by the government to revive foreign investors' interest in the Indian stock markets by rolling back the contentious surcharge has failed to make any impact as selling by overseas investors continues unabated.

Data shows that since August 23 when Finance Minister Nirmala Sitharaman announced the roll-back of the surcharge, foreign portfolio investors (FPIs) have been net sellers on all trading sessions but one, having sold shares worth nearly ₹6,200 crore.

Interestingly, the first trading session after the government announcement – August 26 – saw the Sensex surging 793 points but FPIs remained net sellers at ₹670 crore.

Market participants believe that while the government has acknowledged the issue and rolled back the tax surcharge, there are larger macroeconomic concerns – both domestic and global – gripping the markets that has made foreign investors bearish on equities.

"Persisting negative environment of lower risk appetite from foreign investors, given global uncertainty, flagging demand environment for consumption sectors and continued rural stress overshadowed the announcement withdrawing surcharge on long-term and short-term capital gains for FPI," stated a report from Elara Capital.

An improvement in consumption demand during the upcoming festival season, coupled with current levels of valuation will make India an attractive destination, it added.

While presenting the Union Budget on July 5, Ms. Sitharaman announced the surcharge on individuals that earn over ₹2 crore but since many FPIs operate under a trust structure, they also became subjected to the tax.

The effect of the Budget announcement can be gauged from the fact that foreign investors sold shares worth over ₹30,000 crore in just two months – July and August. In September, FPIs are currently net sellers at ₹3,848 crore.

"We see the announcements... as a short-term positive for the market," BNP Paribas had stated in a note, a day after the government announcement, while adding that a "revival in earnings growth is needed for a more sustainable rally."

"The Q1FY20 [first quarter of 2019-20] earnings season was lacklustre... Furthermore, global factors such as the most recent escalation in U.S.-China trade tensions have turned more unfavourable," stated the report.

Incidentally, domestic institutional investors, which include banks, insurance companies and mutual funds, have been buying even as their foreign counterparts have been aggressively selling.

Since August 26, DIIs have bought shares worth ₹7,342 crore.

Outflow unabated

Since the budget announcement on July 5, foreign investors have sold shares worth over ₹30,000 crore. In September, FPIs have so far been net sellers at ₹3,848 crore.

Date	FPI flows (₹cr.)	DII flows (₹cr.)	Sensex (change)
Aug. 26, 2019	(669.71)	1,272.29	792.96
Aug. 27, 2019	(1,041.30)	1,162.65	147.15
Aug. 28, 2019	(1,081.34)	359.32	(189.43)
Aug. 29, 2019	(563.36)	489.23	(382.91)
Aug. 30, 2019	812.15	1,502.27	263.86
Sept. 3, 2019	(2,427.56)	1,251.35	(769.88)
Sept. 4, 2019	(1,203.32)	1,304.58	(80.32)
Net Flows	(6,174.44)	7,341.69	

Source: NSDL, BSE

PNB board approves amalgamation with OBC, UBI

SPECIAL CORRESPONDENT
NEW DELHI

The Board of Punjab National Bank has approved the amalgamation of Oriental Bank of Commerce and United Bank of India into Punjab National Bank, the company informed stock exchanges in a regulatory filing on Thursday.

It has also approved the government's capital infusion of ₹18,000 crore, pending shareholder approval.

"In continuation to our intimation dated August 31, 2019, the exchange is hereby informed that the board of directors of the bank in its meeting held on September 5, 2019, has considered and decided to give its 'in-principle approval' for amalgamation of the Oriental Bank of Commerce and United Bank of India into Punjab National Bank and commence the amalgamation process for the same, subject to all applicable approvals," the filing said.

The bank's board met on Thursday following a letter from the government on August 30 advising the board to consider the amalgamation of the three banks.

Nod for capital infusion

The bank's board has also approved a capital infusion of ₹18,000 crore by the Government of India, the filing added.

"Further, in the meeting today the Board has also approved the capital infusion of up to ₹18,000 crore by Government of India for preferential allotment of equity shares of Bank at a price determined in terms of SEBI (ICDR) Regulations and holding of Extra General Meeting (EGM) on Tuesday, October 22... for obtaining approval of shareholders," the filing added.

Aleris deal still in play despite lawsuit: Hindalco

'DoJ ignored competition from steel'

SPECIAL CORRESPONDENT
MUMBAI

Hindalco Industries' U.S. subsidiary Novelis Inc. has said it is 'committed to closing' its proposed $2.6 billion acquisition of Aleris Corporation, notwithstanding the U.S. Department of Justice (DoJ) lawsuit to block the transaction.

Steve Fisher

"Novelis intends to vigorously defend against the DoJ's challenge, which it believes is without merit. DoJ suit ignores the full scope of automotive body sheet competition. "The DoJ lawsuit is based on the contention that the only relevant competition among automotive body sheet providers is that among aluminum manufacturers such as Novelis and Aleris," said a statement from Novelis, adding that the claim ignored competition from steel automotive body sheet sector, even though the latter's products are currently used for nearly 90% of the market'.

"The day-to-day reality of the automotive body sheet market is aluminum automotive body sheet striving to take share from steel, and the steel automotive body sheet companies fighting back," said Steve Fisher, president and CEO, Novelis Inc.

To prevail in its lawsuit, the DoJ will need to prove that there is a distinct "relevant market" for aluminum automotive body sheet, which means that steel automotive body sheet does not significantly constrain the price and quality of aluminum automotive body sheet.

Time line, process

Due to the agreement reached with the DoJ on a timetable and process for resolving this dispute, Novelis is 'confident that the suit is not an impediment to closing the transaction by the January 21, 2020, outside date under the merger agreement, even if a remedy is required to address the DoJ's competitive concerns'.

Novelis is simultaneously fending off an anti-trust challenge by the European Commission on the Aleris deal. Satish Pai, MD, Hindalco Industries, told *The Hindu*, "We are expecting a decision on this soon from the European Commission."

PSB mergers credit positive, says Moody's

'Asset quality may remain unchanged'

SPECIAL CORRESPONDENT
MUMBAI

The consolidation of 10 public sector banks into four will be credit positive due to increased operational scale and capital, and improved corporate governance in the long run, rating agency Moody's said on Thursday.

Post consolidation, rated PSBs will have a Common Equity Tier 1 ratio of more than 9%

"The consolidated banks will have larger operating scale, which will result in improved competitiveness in corporate banking and retail lending, where their market share is low," Moody's said.

Last week, the government announced the consolidation of 10 banks into four. The process is expected to be completed by the end of the financial year.

Tech investments

"A larger scale will also enable PSU banks to increase technology investment, which is an area where they have lagged private sector peers," the rating agency said, adding that these benefits would not be realised until the medium term.

"Based on the announced allocations, all rated PSU banks, after consolidation, will have a pro forma Common Equity Tier 1 (CETI) ratio of more than 9%," Moody's said.

As most of these banks have higher bad loans, Moody's expects no significant change in asset quality and profitability, post merger.

"Asset quality and profitability will remain broadly unchanged after consolidation. PSU banks already score poorly on these two factors, and there is no reason to assume that the merged entities will make significant improvements in these metrics," it said.

"While boards have been given more power, their roles and responsibilities will remain significantly circumscribed compared with boards of private sector companies, including private sector banks," it said.

HR challenges

Moody's added that flexibility in PSBs' human resources practices, compared with private sector peers, remained limited.

"There is little latitude to provide incentives, which tends to stifle work performance. This is compounded by the rigidity of recruitment, compensation and career progression, which makes it very difficult to set goals for employees," Moody's said.