

MARKET WATCH

	08-11-2019	% CHANGE
Sensex	40,324	-0.81
US Dollar	71.28	-0.44
Gold	38,706	-0.50
Brent oil	61.57	0.08

NIFTY 50

	PRICE	CHANGE
Adani Ports	386.15	-4.30
Asian Paints	1794.85	-32.10
Axis Bank	725.50	-9.25
Bajaj Auto	3245.55	-20.30
Bajaj Finserv	8818.85	-14.05
Bajaj Finance	4159.45	-66.40
Bharti Airtel	369.15	-2.60
BPCL	502.75	-10.45
Britannia Ind	3158.00	-65.80
Cipla	462.50	-9.35
Coal India	209.25	-3.25
Dr Reddys Lab	2822.10	-48.95
Eicher Motors	21689.65	265.70
GAIL (India)	127.05	-5.05
Grasim Ind	774.00	-3.85
HCL Tech	1150.10	1.65
HDFC	2233.20	-17.80
HDFC Bank	1255.60	-8.10
Hero MotoCorp	2646.95	-13.90
Hindalco	203.85	-1.35
Hind Unilever	2086.40	-51.85
ICICI Bank	489.45	10.90
IndusInd Bank	1422.80	40.90
Bharti Infratel	218.30	-11.15
Infosys	708.15	-11.95
Indian OilCorp	134.05	-1.80
ITC	260.50	-5.35
JSW Steel	250.00	-2.65
Kotak Bank	1600.25	16.25
L&T	1423.00	-12.05
M&M	580.00	-0.35
Maruti Suzuki	7200.55	-86.60
Nestle India Ltd.	14471.30	-239.95
NTPC	117.40	-2.15
ONGC	138.30	-3.75
PowerGrid Corp	191.65	-2.55
Reliance Ind	1445.50	-13.10
State Bank	316.00	-2.15
Sun Pharma	422.10	-18.50
Tata Motors	169.05	-2.45
Tata Steel	397.95	-5.15
TCS	2129.95	-55.40
Tech Mahindra	771.35	1.65
Titan	1156.75	-10.45
UltraTech Cement	4147.25	-40.15
UPL	555.85	-21.85
Vedanta	155.50	-5.45
Wipro	256.40	-3.25
YES Bank	68.95	2.50
Zee Entertainment	287.50	1.75

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on November 08

CURRENCY	TT BUY	TT SELL
US Dollar	71.09	71.41
Euro	78.41	78.76
British Pound	91.05	91.46
Japanese Yen (100)	64.96	65.25
Chinese Yuan	10.18	10.22
Swiss Franc	71.30	71.62
Singapore Dollar	52.30	52.54
Canadian Dollar	53.88	54.13
Malaysian Ringgit	17.19	17.27

Source: Indian Bank

BULLION RATES CHENNAI

November 08 rates in rupees with previous rates in parentheses

Retail Silver (1g)	47.7	(49.2)
22 ct gold (1 g)	3633	(3658)

# SEBI pulls up PSUs on public holding

Increase liquidity in market, have more of public listing, Tyagi tells firms that don't meet 25% mandate

SPECIAL CORRESPONDENT  
MUMBAI

Nearly half of the government-owned listed companies are yet to comply with the minimum public shareholding norms that stipulate that at least 25% stake should be held by the public, said Ajay Tyagi, Chairman, Securities and Exchange Board of India (SEBI).

"Out of 91 listed PSUs (public sector undertakings), 45 PSUs don't meet the 25% minimum public shareholding norms so they actually need to come forward and increase the liquidity in the market and have more of public listing," Mr. Tyagi said while addressing a capital market seminar organised by industry body CII.

"This is something which can be done and I think



Nilesh Shah, MD, Kotak Mahindra AMC (left) and SEBI chairman Ajay Tyagi at a CII event on Friday. \*PAUL NORONHA

should be done. We have conveyed to the government also," he added.

This assumes significance as the government, in the Union Budget early this year, proposed increasing the minimum public holding in all listed entities to 35% from

the current 25% limit. Incidentally, the capital markets regulator mandated the current 25% minimum public shareholding norm way back in 2010, with which nearly half of the PSUs are not yet compliant.

According to the SEBI

chairman, there are public issues cumulatively worth ₹25,000 crore in the pipeline, but lack of confidence in the market is acting as a deterrent for companies to go ahead and launch the initial public offer (IPO).

"My view is that this has to be kick-started with some bit of confidence building and this I feel that the government divestment of PSUs in the remaining part of this year... should come in a big way in the market," Mr. Tyagi said.

'Infosys probe on'

The SEBI chairman said that a regulatory probe is on in the Infosys matter while making light of the recent statement by Infosys Chairman Nandan Nilekani that even God could not change

the numbers at the firm.

"You have to ask him or you can ask God," Mr. Tyagi told reporters on the sidelines of the conference.

"Investors should draw their own conclusions. Whatever we have to do, we are doing. Whatever is the outcome, you would know," he added.

On Wednesday, Mr. Nilekani had said that the software services company operates with the highest integrity, and that "even God can't change the numbers of this company."

Interestingly, the statement from the Infosys chairman came even as the company is yet to receive the report by an external law firm that has been appointed to look into the allegations made by the whistle-blower.

## Bank credit growth improves further

Deposits also clock healthy growth

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The pick-up in credit demand, that started a few fortnights ago, continued even in the 15-day period ended October 25, latest data from the Reserve Bank of India (RBI) showed.

According to the data, commercial banks extended loans worth ₹49,154 crore during the fortnight, which improved the year-to-date growth rate to 0.7% compared with the 0.2% in the previous fortnight.

After remaining in the negative zone for several fortnights, loan growth changed trajectory four fortnights ago. Banks extended loans of over ₹1.5 lakh crore in the

last two months viz. since the start of festive season.

Credit growth on year-on-year basis, however, remained in single digits – at 8.9% compared with the 14.6% during the same period of the previous year.

Deposit growth was also healthy in the fortnight ended October 25 which saw resource mobilisation of ₹40,340 crore, taking the year-on-year growth to double digits after two fortnights – at 10.3%.

Improvement in credit growth will be heartening for policymakers and the RBI, which cut interest rates by 135 bps between February and October to revive demand and boost growth.

## Rupee, stocks fall after Moody's changes outlook to negative

Economists expect more rate cuts to help tackle slowdown

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The rupee and equities markets came under pressure after rating agency Moody's revised the country's rating outlook to negative. While revising the outlook, Moody's has affirmed India's sovereign rating at Baa2.

After opening weak against the dollar, the rupee depreciated 33 paise, or 0.46%, against the dollar, to close at 71.28, the lowest closing level for the Indian unit since October 16.

The rupee, now at three-week low, has fallen 47 paise against the dollar this week.

The weakness of the currency market slipped over to

equities also, with benchmark indices losing nearly 1% each.

The 30-share Sensex, which touched an intra-day high of 40,749, closed at 40,323.61, shedding 0.81%. The broader Nifty ended at 11,908.15, down 0.86%.

"The news that Moody's lowered India's outlook to 'negative' from 'stable' not only capped upside but also triggered sharp decline in the benchmark in the latter half," said Ajit Mishra, vice president, Research, Religare Broking, adding that further profit taking is likely to be witnessed in the coming sessions.

Sensex heavyweights like

Sun Pharmaceutical, Vedanta, ONGC, TCS, HUL and ITC all lost more than 2% each on Friday.

Foreign portfolio investors continued to buy Indian shares and were net buyers on Friday at ₹932 crore.

Economists at Bank of America Merrill Lynch said more interest rate cuts by the RBI was the only way to address the slowdown.

Pointing out that the present slowdown was cyclical rather than structural, the economists said with the Reserve Bank of India and Finance Ministry taking multiple measures, a shallow recovery is expected in early 2020.

## Moody's downgrades outlook for oil PSUs, financial institutions

Global borrowing costs may rise: BPCL

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Credit rating agency Moody's has downgraded the ratings outlook for top oil PSUs – Indian Oil Corporation Limited (IOCL), Hindustan Petroleum Corporation Limited (HPCL), Bharat Petroleum Corporation Limited (BPCL), Oil and Natural Gas Corporation Ltd. (ONGC), Oil India Limited (OIL) and Petronet LNG Limited (PLL) – besides IT majors Infosys and Tata Consultancy Services to 'negative' from 'stable'. This, after it changed the outlook on India's Baa2 sovereign rating to negative from stable.

"Ratings of IOCL, BPCL and OIL incorporate our expectation of support from the Indian government. Therefore, a downgrade of the rating of the sovereign to Baa3 from Baa2 will result in downgrade of the respective Baa2 ratings of these companies," Vikas Halan, a Moody's senior vice-president said.

BPCL Director-Finance N. Vijayagopal told *The Hindu*, "This may lead to a marginal increase in our borrowing costs from the global markets. We are not planning to raise any funds from international markets soon."

"Although the Baa1 rating of ONGC does not incorporate any uplift because of support from the Indian government, it is constrained at no higher than one notch above the sovereign rating. Therefore, a downgrade of the sovereign rating will also result in downgrade of the rating of ONGC. Further, the rating of HPCL, which also



incorporates expectation of support from the Government of India, through ONGC, will also be downgraded if we downgrade the rating of ONGC and the sovereign," said Mr. Halan, lead analyst for Indian oil and gas firms at Moody's.

According to Kaustubh Chaudhary, Moody's Vice President – Senior Credit Officer, "Ratings for Infosys and TCS are constrained to no more than two notches above the sovereign rating. Therefore a sovereign rating downgrade will also result in downgrade of the A3 ratings of Infosys and TCS."

SBI, HDFC Bank

Moody's also revised the rating outlook for six financial institutions, including State Bank of India and HDFC Bank following the change in outlook of the sovereign ratings. EXIM India, HUDCO, IRFC and Hero Fincorp are the other four financial institutions which also saw change in outlook to 'negative'.

The rating outlooks for Bank of India, Canara Bank, Oriental Bank of Commerce, Syndicate Bank and Union Bank of India were maintained 'at stable'.

## Bank of Baroda Q2 net jumps 73%

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Bank of Baroda reported a 73.2% jump in its net profit to ₹736.68 crore in the second quarter ended September 30, compared to ₹425.38 crore a year ago.

Asset quality improved with gross non-performing asset (NPAs) ratio falling to 10.25% or ₹69,968.95 crore at the end of September 2019, from 11.78% or ₹55,121.37 crore a year ago.

Provisions for bad loans and contingencies rose to ₹4,209.16 crore for the quarter, from ₹2,429.54 crore a year ago. Fresh slippage was at ₹6,001 crore and provision for NPAs was at ₹3,425 crore. The bank said it had received ₹7,000 crore towards preferential allotment of equity shares from the government during the quarter.

## IDBI Bank Q2 net loss narrows to ₹3,459 crore

Provision coverage improves to 91.25%

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IDBI Bank on Friday reported a loss of ₹3,459 crore for the second quarter ended September 30 as provisions for bad loans stayed elevated. This compares with a loss of ₹3,602 crore a year earlier.

The bank – which is under the prompt corrective framework of RBI – has made a provision of ₹3,544.93 crore for bad loans in the reporting period compared with ₹5,481.64 crore a year ago.

Gross NPA ratio improved to 29.43% for the quarter from 31.78% a year ago, and 29.12% as on June 30, 2019. Fresh slippages stood at ₹2,059 crore while recoveries and upgrades were to the tune of ₹1,759 crore.

Net interest income for



period grew by 25% to ₹1,631 crore, while net interest margin improved by 53 basis points to 2.33% for the second quarter as compared to 1.8% a year ago.

The bank's management attributed the losses to accelerated provisions to the tune of ₹3,425 crore, which helped the lender to improve provision coverage ratio to 91.25% from 68.72% from a year ago.

## RBI ups limit on borrowings from MFIs

PRESS TRUST OF INDIA  
MUMBAI

The Reserve Bank of India (RBI) on Friday increased the household income limits for borrowers of NBFC-MFIs from ₹1 lakh to ₹1.25 lakh for the rural areas, with an aim to strengthen credit to those in the bottom of the economic pyramid.

Similarly, the limit has been increased from ₹1.6 lakh for urban or semi-urban areas to ₹2 lakh, the RBI said in a circular.

The limit has been increased after taking into consideration the important role played by microfinance institutions (MFIs) in delivering credit to those in the bottom of the economic pyramid and to enable them play their assigned role in a growing economy, it said.

## M&M profit skids 26.5% to ₹1,213 crore

Company says liquidity crunch coupled with high rates impacting demand

SPECIAL CORRESPONDENT  
MUMBAI

Mahindra & Mahindra Ltd. (M&M), which declares its financial results along with its 100% subsidiary Mahindra Vehicles Manufacturers Ltd., reported a 26.5% drop in its standalone net profit to ₹1,213 crore for the second quarter ended September 30, 2019 compared with a net profit of ₹1,649 crore in the year-earlier period.

Revenue from operations dropped by 15% to ₹11,076 crore from ₹12,989 crore.

Total number of vehicles sold stood at 1,10,824 during the quarter against 1,41,163, down 21%. Tractor sales dropped by 6% to 68,359 units against 73,012 units. Exports slumped 21% to 10,540 units from 13,377 units.

Pawan Goenka, MD, M&M said, "Under the current circumstances, when the entire industry is affected, we have

**Rough terrain**

Metrics	Q2 FY20	Q2 FY19	Growth (%)
Revenue from operations (₹ cr)	11,076.06	12,988.57	(14.72)
Profit after tax (₹ cr)	1,212.60	1,649.46	(26.48)
Basic EPS (₹)	10.17	13.86	

Under the current circumstances, when the entire industry is affected, we have done well. During the quarter, we had a market share growth in every segment

PAWAN GOENKA, MD, M&M

done well. During the quarter, we had a market share growth in every segment. Though the overall profit was down, we maintained the operating margin. Compared to the industry, we have done well in terms of market share, top-line and bottomline."

For the quarter, the company reported consolidated revenue from operations of ₹23,936 crore compared with ₹25,431 crore, down 6%. Profit after tax was down to ₹368 crore compared with ₹1,709 crore, down 78%.

The company said the Indian economy continued to cope with suppressed consumer sentiment and a continuing liquidity crunch which, coupled with high

consumer finance rates due to non-transmission of repo rate reduction, was impacting demand.

"The Indian auto industry, in particular, is undergoing a challenging period with all industry segments declining for two consecutive quarters for the first time in the last 15 years. Despite such a challenging environment leading to a volume drop in both its segments, the company, with strong emphasis on cost management, ensured the EBITDA drop was in line with the revenue decline," it said.

Commenting on the results, Reliance Securities said, "Looking ahead, we expect M&M to face tough business situations in near term on account of turbulence in BS VI transition, competitive environment in domestic SUV space and slowdown in tractor industry."