STOCK CHECK

Nifty 50 intra-day movemen Hiah Close Low 10843.75

Previous 11008.30 **CURRENCIES** US \$ Rs 73.34

UK Pound		Rs 95.14			
Euro		Rs 84.66			
INDICES					
BSE					
Sensex	359	975.63	-550.51		
Midcap	146	676.48	-164.26		
Smallcap	144	124.41	+29.18		
NSE					
N LLCL.	100		450.05		

10858.25 -150.05 26959.35 Next 50 -348.55 Nifty 500 9056.70 -108.80

Most active on NSE Price* Traded value# Scrip Yes Bank 212.15 2104.36 Baj Finance 2222 1256.98 940 1174.88 IB Hsna Fin Axis Bank 571.95 1069.07 DHFL 315.80 956.01 *In Rs; #In Rs cro

COMMODITIES				
Gold (10 gram in Rs)				
Pure	31565	+555		
Hallmark	30395	+535		
Silver (kg in Rs)				
Bar	38700	+550		
Portion	38800	+550		
Crude*	5527	+26.00		
Copper#	458.20	+3.25		
*per barrel in Rs; # per kg in Rs				

MONEY MARKET			
	Yield (%)		
Call rate	4.75		
91-day T-Bill	7.02		
1-year Gilt	7.86		
5-year Gilt	8.13		
10-year Gilt	8 11		

IN BRIEF

Strict e-way rules

NEW DELHI: Tightening the norms for the issuance of the e-way bill, the GST Network has made it mandatory for businesses and transporters to mention PIN codes of places of loading and unloading of consign ments. Quoting of PIN codes, according to officials, will help in calculat ing the correct distance and determine the validity of the electronic way or -way bill, which is used by businesses to transport goods worth over Rs 50,000 both within and outside a state. PTI

The Telegraph We have seen a spurt in off-roading and adventurous riding experiences Suzuki Motorcycle India managing director Satoshi Uchida **CALCUTTA THURSDAY 4 OCTOBER 2018**

XXCI

Soaring crude has a domino effect on markets as investors focus attention on RBI rate meet outcome

Rupee closes below 73

OUR SPECIAL CORRESPONDENT

Mumbai: The rupee on Wednesdav reverted to its old ways of sagging against the dollar as rising crude prices pushed the currency below the 73-mark for the first time.

It ended the day at a record low of 73.34, down 43 paise amid strong demand for the dollar, with factors such as capital outflows and fears of a wider current account deficit (CAD) worsening the situation.

So far this calendar year, the rupee has been Asia's worst performing currencv as it has fallen almost 15 per cent.

Though the currency had regained its composure over the past few trading sessions because of the measures taken by the Union government, it came under fresh pressure on Wednesday, with crude oil providing the trigger. Oil prices were close to four-year

highs and hovered around \$85 per barrel as sanctions imposed by the US

EASE TENSION

Oil marketing firms can

sources. Loans can be of

Overall borrowing limit

of refiners raised to \$10

Emphasis on proper

risk management policy

said provision and permit pub-

lic sector OMCs to raise ECB

for working capital purposes

with minimum average matu-

raise ECBs from all

3-5-year maturity

billion a year

in the notification.



against Iran take effect next month.. However, the pressure on the currency cannot be solely attributed to oil

the US Federal Reserve has raised its rates that that has led to a dollar rally and outflows from emerging markets, including India.

Foreign portfolio investors have already pulled out \$9 billion from the equity and bond markets. Experts have forecast the country's CAD — differ-

ence between foreign exchange earned and spent — which hit 2.4 per cent of GDP during the first quarter of this year is set to rise further because of crude.

Recently, Bank of America Merrill Lynch has widened its CAD estimate for the year by 0.20 per cent to 2.8 per cent of GDP.

In a volatile trade at the inter-bank forex market on Wednesday, the rupee opened below the 73-mark at 73.26

against the dollar as it moved in sync with oil prices which at one time breached the \$85-per-dollar mark and

settled a tad lower at \$84.86 per barrel. Strong demand for the dollar saw the currency crashing to an all-time low of 73.42. The rupee then moved in tandem with reports of the RBI opening a dollar swap window for oil refiners that led to a recovery to 72.93 to the dollar, only to settle lower at 73.34 following the denial of the reports.

"Focus would now shift to the RBI monetary policy meeting. There is a buzz of a repo rate hike by 25 basis points and possible change in the monetary policy stance by the RBI. More importantly, its guidance will be crucial. Market will also be watching whether the RBI announces any measure to stabilise the rupee. In the near term, the rupee might trade in 72.50 and 73.80 range," Rushabh Maru - research analyst of Anand Rathi Shares and Stock Brokers, said.

Stocks go into a tailspin

OUR SPECIAL CORRESPONDENT

Mumbai: Investor wealth was eroded by Rs 1.71 lakh crore and the benchmark Sensex tumbled over 550 points on Wednesday as stocks were roiled by the deadly cocktail of rising crude oil prices and a falling rupee. There was no good news at the bond markets either with the vields on the benchmark 10-year government bond closing higher at 8.11 per cent.

The Sensex slipped below the 36000-mark amid heavy selling in IT, auto and telecom stocks. This came after the rupee fell to a new low on rising crude oil prices.

The benchmark 30-share index opened in the green at 36602 and remained above this level but came under intense selling pressure towards the last hour of the trade. It fell below the 36000-mark to a low of 35911.82. The Sensex finally settled 550.51 points, or 1.51 per cent, lower at 35975.63. The gauge had gained 299 points in the previous session after the Reserve Bank of India (RBI) announced measures to shore up liquidity.

The broader Nifty on the NSE, too, remained in the negative zone through the session and hit a low of 10843.75. It later finished lower by 150.05 points, or 1.36 per cent, at 10858.25.

The fall in shares was blamed on firm crude oil prices and the depreciating rupee. Market circles said the upcoming monetary policy also kept many investors in the sidelines

A 25-basis-point hike in the policy reported has been factored in by the Street, and the focus is on whether the central bank will change its stance from neutral and whether it will announce any fresh steps to protect the rupee or improve the liquidity in the banking system.

Pressure on all sectors

"Despite the government's decisive move about IL&FS, the markets are under relentless pressure on the back of crude oil touching multi-year highs and the rupee making fresh all-time lows. The precarious positioning of international macros is simply not letting the pressure off the market. The last-man-standing industries such as large cap autos and IT have also started melting. almost leaving no place for markets to hide." Jagannadham Thunuguntla, senior VP and head of research (wealth), Centrum Broking said.

In the Sensex pack, M&M was the biggest loser, as it fell by 6.66 per cent, followed by TCS 4.14 per cent. The other counters that ended in the red included Axis Bank, ICICI Bank, Maruti Suzuki and Kotak Mahindra Bank. However, Yes Bank continued its recovery for the second straight session and emerged top gainer by rising 5.79 per cent. Among sectoral indices, the BSE auto index emerged the worst performer by falling 2.90 per cent, followed by tech shedding 2.38 per cent, IT 2.23 per cent and bankex 1.54 per cent, FMCG 1.17 per cent, consumer durables 0.83 per cent, power 0.48 per cent and healthcare 0.38 per cent.

Breather for oil retailers

OUR SPECIAL CORRESPONDENT

Mumbai: The Reserve Bank of India (RBI) on Wednesday relaxed overseas borrowing rules for oil marketing companies (OMCs) — a move that could moderate their demand for dollars from the market and ease the pressure on the rupee

On a day the rupee closed at a historic low of 73.34 to the dollar, the central bank said, in a notification, that OMCs can raise external commercial borrowings (ECBs) for working capital purposes from all lenders under the automatic route.

The RBI also waived the \$750-million cap that individual state-run refiners had earlier and has capped the overall annual foreign currency borrowing under the new norms at \$10 billion with immediate effect

Meet to discuss export measures

OUR SPECIAL CORRESPONDENT

New Delhi: Fire-fighting measures to bolster the rupee and arrest the widening trade deficit are likely to be discussed at a key inter-ministerial meeting on Thursday to be chaired by commerce minister Suresh Prabhu.

Representatives from the department of economic affairs, coal ministry, steel ministry, oil ministry and department of pharmaceuticals are expected to attend.

The commerce ministry rity period of 3/5 years from all recognised lenders under the automatic route," the RBI said On its step to remove the individual ceiling of \$750 milculture and marine products lion, the RBI said that the oil marketing companies should have a forex mark-to-market procedure apart from a proper lion in 2017-18.

The

ROAD MAP

Surging oil price hits CAD. Strategy to increase exports will rein in CAD Focus on 9 sectors for

exports, including gems & jewellery, agriculture Ministries concerned told to focus on sectors

under their control Govt targets 16% export growth this fiscal year

tion in the foreign exchange market, encouragement to rupee bonds to bolster dollar reserves and trade measures to cut imports.

However, the measures have not vielded much results as foreign investors have remained net sellers of local debt and the Sensex has remained on a roller coaster.

services exports. The department of chemicals has sought faster environmental clearances for agrochemicals and said it wanted to set up a chemical inventory for exports.

Emphasising sector specific strategies, officials said the export of defence products which are currently at around Rs 5,000 crore can be increased to Rs 35.000 crore

The fall in the rupee not only makes India's energy imports costlier but also means the country has to shell out more in repaying foreign currency short-term debt. India's oil import bill is expected to go up \$25 billion, while the cost of servicing short-term borrowings would go up \$9.5 billion.

Global connection

Ganesh Kumar Gupta, president of the Federation of Indian Export Organisations, said exports have always been in-

FALL SEASON

Sensex intra-day movement

has identified nine sectors gems and jewellery, leather, textiles, engineering, electronics, chemicals, pharma, agrito achieve at least 16 per cent growth in exports in 2018-19. India's exports were \$303 bil-

inter-ministerial

BE A SPORT



The Suzuki Swift Sport at the Paris auto show on Wednesday. (Reuters)

Import norms

NEW DELHI: The government on Wednesday relaxed import norms for about 34 chemicals used in the pharmaceuticals industry, a move which would ease inbound shipments of these items. PTI

Essar gas

NEW DELHI: Ruia family owned Essar Group has started the supply of gas produced from coal seams at its Ranigani block to state-owned GAIL. PTI

PSU fund

NEW DELHI: The government is planning to list Bharat-22 ETF on an overseas stock exchange to unlock its value and raise foreign capital. PTI



While OMCs are the largest buyers of foreign currency, current rules say that ECBs can be raised by these firms for working capital purposes if such a borrowing is done from direct and indirect equity holders or from a group company. There was another condition that the loan should be for a minimum average maturity of five years.

"It has been decided, in consultation with the Government of India, to liberalise the back

Ever since the rupee has come under pressure against the dollar over the past couple of months, the buzz has been that the central bank will open a dollar swap window for oil marketing companies so as to take their dollar demand out of the market.

risk management policy.

Under such a facility, which was done in 2013, the RBI provides dollars to these firms for equivalent rupees. which had to be returned

meeting assumes significance as the rupee has hit an all-time high of 73.34 against the dollar, which would raise India's import bill and widen the trade deficit. Crude oil prices spiked to \$85 per barrel putting pressure on imports.

The government had decided earlier last month to adopt a multi-pronged approach to tackle the continued fall in the rupee, which would involve monetary policy changes and faster interven-

A fear of contagion of emerging market currencies because of a massive fall in the value of the Turkish lira has seen most emerging market currencies getting battered including Chinese renminbi, Russian rouble, South African rand, Brazilian real and In-

donesian rupaiyah. Officials said the commerce minister is likely to ask various ministries to select sectors that have strong ex-

port potential and focus on

Apollo Tyres

fluenced by the growth in global trade. The subdued global trade forecast of 3.9 per cent in 2018 and 3.7 per cent in 2019 against 4.7 per cent in 2017 would have an adverse impact.

Exports have done well in the first five months of the current fiscal but are likely to face greater challenge in months to come, he said.

Gupta said the flow of credit was critical to higher growth in exports.



Turnaround of IL&FS at lenders' expense

New Delhi/Mumbai: The central government's move to take control of debt-laden Infrastructure Leasing and Financial Services (IL&FS) will only succeed if lenders agree to take substantial losses, government sources familiar with the discussions told Reuters.

The federal government on Monday replaced the board of IL&FS, a major infrastructure financing and construction firm, after its failure to honour debt obligations sent shockwaves through Indian financial markets.

The beleaguered company's debt pile had grown to more than Rs 90,000 crore (\$12.33 billion) as it rode a

lending boom among so-called non-bank financial companies (NBFCs), or the shadow banking sector, which manage an aggregate loan book of nearly \$300 billion. But IL&FS had compro-

mised on corporate governance and risk management norms, the government told the company law tribunal on Monday as it explained why it intended to take over the firm. The new six-member

IL&FS board will prepare a re-



TROUBLED TIMES

vival plan, but it is becoming clear some of its lenders will need to suffer major losses, one finance ministry official said

"It may be difficult to save it (IL&FS) unless the lenders agree to take substantial haircuts," said the official, who declined to be identified due to the sensitivity of the matter.

The official added that there had been no discussions with the company's lenders. including the State Bank of India, the Bank of India and the Punjab National Bank.

A second government source echoed those views, saying IL&FS needed nearly Rs 15.000 crore (\$2 billion) in financial support to avert a collapse and could only be saved if lenders agreed to take a big haircut

Board meet

The newly constituted board of crisis-ridden IL&FS is likely to hold its maiden meeting on Thursday to thrash out a turnaround plan, according to government sources.

The finance ministry official said the priority for the board will be to assess the company's financial situation and report to the government over the next 15 days

The government has also ordered an investigation by the Serious Fraud Investigation Office into the affairs of group and its over 160 subsidiaries, the source added.

The official further said the board will look into longterm debts of the company and find out options to restructure the same.

"There is a need to take a look at the debt of IL&FS and the viability of servicing them. The board will take a holistic view and offer a viable resolution plan," the official said. Agencie

game plan New Delhi: Apollo Tyres said on Wednesday its board will seek shareholders' guidance and independent counsel regarding the compensation for its managing director Neeraj

Kanwar, whose reappointment was rejected by shareholders last month. The company's board

which met on October 1, however, expressed "unanimous approval" for his leadership. 'The board will now seek

shareholder guidance and independent counsel, on a compensation level commensurate with the position. Once this process is complete, it will re-nominate Kanwar to be reappointed as MD, effective May 28, 2019," an Apollo Tyres spokesperson said.

Last month, minority shareholders of the company rejected the reappointment of Kanwar as the managing director. Kanwar is also the vice-chairman of Apollo Tyres The resolution to reappoint Kanwar as MD was not

passed as a special resolution as the votes cast in favour (72.72 per cent) of the resolution were less than three times the votes cast against (27.28 per cent) the resolution, a regulatory filing by Apollo Tyres

said last month. PT

OUR SPECIAL CORRESPONDENT

Mumbai: Reliance Communications (R-Com) on Wednesday said it has got relief from the telecom appellate tribunal and can now complete its planned spectrum sale, proceeds of which will be used to make payments to Ericsson India and the RITL minority investors.

In a statement, the Anil Ambani group company said it would receive Rs 975 crore from the sale of spectrum to Reliance Jio.

Of this amount, R-Com will pay Ericsson Rs 550 crore and minority shareholders of RITL (Reliance Infratel) Rs 230 crore

"Reliance Communications has been granted relief by the...Telecom Disputes Settlement and Appellate Tribunal (TDSAT) vide its interim order dated October 1, 2018. whereby...TDSAT has staved the demand of bank guarantee of Rs 2,900 crore by the department of telecommunications," it said

The company added that it had challenged the "unjustly

MONEY METER

Tribunal relief to help

R-Com sell spectrum

Reliance Communications will receive Rs 975 crore from the sale of spectrum to Reliance Jio

Of this amount. R-Com will pay Ericsson Rs 550 crore

Minority shareholders of Reliance Infratel will aet Rs 230 crore

sought security for the alleged demands" by the telecom department for spectrum use charges (SUC).

"After multiple hearings since August 28, 2018 the Hon'ble TDSAT, vide its interim order dated October 1, 2018, has stayed the said demand and directed DoT to expeditiously grant its approval for trading of the spectrum," R-Com added

The debt-laden firm pointed out that 38 secured lenders of the group have already approved the sale of the said ectrum.

This development should come as a relief to the compa-

ny which on Tuesday said if had learnt that unsecured creditor Ericsson India had filed a contempt petition on October 1, in the Supreme Court in relation to the settlement amount of Rs 550 crore to be paid by R-Com.

R-Com had also stated that it filed an application on September 28 in the apex court seeking 60 more days to repay the Swedish telecom equipment maker.

That matter is slated to be heard on October 4, it pointed

Last year, R-Com had signed a pact with Reliance Jio for the sale of wireless spectrum, tower, fibre and media convergence nodes assets the proceeds of which were to be used to pare debt.

From that deal, R-Com has thus far announced the completion of the sale of optical fibre assets worth Rs 3,000 crore and the sale of its media convergence nodes worth Rs 2.000 crore to Mukesh Ambani-backed Reliance Jio Infocomm.

Shares of R-Com ended 1.09 per cent lower at Rs 11.80 on the BSE.