



XXCE

CALCUTTA TUESDAY 6 NOVEMBER 2018

# State Bank back in black

OUR SPECIAL CORRESPONDENT

Mumbai: The State Bank of India (SBI) was back in the black in the September quarter after three consecutive quarters in the red as the lender reported a net profit of Rs 945 crore, thanks to a one-time gain even as provisions dropped.

Though profits were lower by 40 per cent from the comparable period last year, it came above analyst expectations. This quarter the key highlight was, however, an improvement in the asset quality at the bank. On Monday, chairman Rajnish Kumar said the bank now has complete control over "this demon of NPA".

"This number (net profit)

may be modest, but there is no looking back... The number is going to get bigger and bigger hereafter," Kumar said.

The net profit of Rs 945 crore came on the back of an exceptional item of Rs 1,087 crore on account of the sale of its merchant acquiring business and Rs 473 crore because of a stake sale in SBI General Insurance.

Moreover, provisions also dropped to Rs 12,960 crore from Rs 18,418 crore in the corresponding period last year.

However, in what could cheer the Street, gross non-performing assets at the SBI declined from Rs 2,12,840 crore in the June quarter to Rs 2,05,864 crore as on September 30.

While net NPAs came

## HEALTH WATCH

Quarter ended September

(in Rs crore) 2017 2018

	2017	2018
Interest earned	54850	58793
Interest paid	36264	37888
Provisions*	16715	10184
Net profit	1581	945
Net NPA (%)	5.43	4.84
EPS (Rs)	1.83	1.06

\* for NPAs

down from Rs 99,236 crore to Rs 94,810 crore during the same period, the gross NPA ratio at 9.95 per cent saw a sequential drop of 74 basis points.

During the quarter, while

slippages (fresh bad loans) grew to Rs 10,725 crore from Rs 9,984 crore in the preceding three months, recoveries and upgradation came at over Rs 4,000 crore.

The SBI chairman indicated that the bank was expecting recoveries of Rs 6,000 crore from the NCLT accounts.

Late last month, banks had approved ArcelorMittal's bid for Essar Steel.

## IL&FS exposure

Replying to a query, Kumar said the SBI's exposure to special purpose vehicles (SPVs) floated by IL&FS were a little over Rs 4,000 crore, apart from another Rs 250 crore to the holding company.

Adding that this exposure was not a cause of concern, he

also disclosed that the SBI had bought loans of Rs 5,250 crore from non-banking finance companies (NBFCs) in October and that another Rs 15,940 crore of such loans were in the pipeline. It may be recalled that the lender had earlier said that it will acquire loans of up to Rs 45,000 crore from NBFCs.

The bank said its good performance on the bottomline was helped by a domestic credit growth of 11.1 per cent over the same period last year. Credit rose to Rs 17,78,321 crore from Rs 16,00,546 crore on September 2017. Retail advances (including SME, farm and individual) grew 8.91 per cent to Rs 10,33,022 crore from Rs 9,48,479 crore.

# Tata Steel eyes 30mt by 2025

OUR SPECIAL CORRESPONDENT

Calcutta: Tata Steel plans to ramp up domestic capacity to 30 million tonnes by 2025 as the country's oldest producer of the alloy looks to face the challenge thrown by younger rival JSW Steel.

The company, which started off from Jamshedpur in 1905, now has an installed capacity of 18.5 million tonnes (mt) in India after the successful acquisition of Bhushan Steel through the insolvency process, excluding the European and Southeast Asian operations.

"Our aim is to cross 30mt by March 2025. As of now we have a clear line of sight up to 28.5mt," Anand Sen, president, steel business, of Tata Steel, said.

## Expansion drive

The company is in the process of raising the capacity of the Kalinganagar unit to 8mt from 3mt. Sen said it would be completed by the end of 2021.

Moreover, there will be incremental enhancement of the Jamshedpur unit, which will increase its capacity to 13.5mt from 10mt at present.

The company also expects to operate the Bhushan Steel plant full throttle by next fiscal. It hopes to end the year with an output of 4.3mt after taking full control over the asset from June-end. Under the erstwhile owners, Bhushan Steel had produced 3.5mt in 2017-18.

Sen, who is a non-executive director on the board of Bhushan Steel, said an incremental investment of Rs 500-1,000 crore may be required to achieve the plant's full potential. According to him, Bhushan Steel could be ramped up further. "Our assessment shows that it can go beyond 8mt but for that we have to put up a blast furnace, that's phase 2," he said.

Moreover, Tata Steel is

## IN THE WORKS

■ **Kalinganagar plant:** Ramp up capacity to 8mt from 3mt by 2021

■ **Jamshedpur unit:** Increase capacity to 13.5mt from 10mt

■ **Bhushan Steel plant:** Make fully operational by next fiscal

■ **Usha Martin:** 1.5mt unit with Tatas after deal's done

hoping to close the deal with Usha Martin to acquire the latter's steel business, adding a 1.5mt facility to its kitty.

In contrast, JSW Steel now has a 19.6mt capacity in four locations. The Sajjan Jindal-led management maintains that it has environmental clearances to go up to 33mt by 2025.

Steel makers are buoyed by strong demand, led by domestic consumption, especially from the government's push to build infrastructure.

Peeyush Gupta, vice-president of steel marketing and sales, said steel demand could top 7 per cent this year and outpace GDP growth after a decade. According to him, Tata Steel was increasingly focusing on branded portfolio which now accounted for 47 per cent of the company's revenue.

## Steel meet

Steel minister Chaudhury Birender Singh will inaugurate a three-day event to celebrate the National Metallurgists' Day and the annual technical meeting, jointly organised by Indian Institute of Metals and Tata Steel.

Professor C. Barry Carter from Connecticut University; R. Petkar of Tata Motors; and Kunwar Singh, partner, McKinsey, will be some of the speakers at the event to be held in Calcutta from November 14-16.

# Housing stocks hit

OUR SPECIAL CORRESPONDENT

Mumbai: Stocks of housing finance companies came under pressure on Monday after corporate affairs secretary Injeti Srinivas said they were facing liquidity stress and there was a need to look at their funding model.

Among these stocks, while Indiabulls Housing Finance ended 4.24 per cent lower, Dewan Housing Finance drop ped 4.60 per cent even as LIC Housing Finance and Reliance Home Finance shed 2.24 per cent and 3.24 per cent, respectively, on the BSE.

Srinivas said in New Delhi non-banking financial companies, particularly housing finance firms, are facing liquidity issues but there is "no crisis".

Responding to queries about the liquidity situation, Srinivas said in the NBFC segment, the problem was more pronounced with respect to housing finance companies. He said there is a need to introspect the business models followed in the NBFC sector and companies should adopt the model that is sustainable.

Reserve Bank deputy governor Viral Acharya in October had asked shadow banks to focus more on modes such as equity and other means of long-term finance, instead of short-term instruments.

NBFCs have been facing difficulties in mobilising liquidity after the crisis at IL&FS, with over Rs 1 lakh crore of commercial paper (CP) due for redemption this month alone. In fact, the liquidity crisis has become one of the points of tussle between the RBI and the government. The Centre wants the RBI to open a special window for NBFCs. However, this idea has not found favour with the RBI.

Meanwhile, DHFL said that it has repaid commercial

## FRESH JITTERS

Housing finance firms on BSE (Close in Rs, loss in %)

Script	Close	Loss
Indiabulls Housing Fin	834.30	4.24
Dewan Housing	219.90	4.60
LIC Housing	420.80	2.24
Rel Housing	43.35	3.24

paper worth Rs 1,775 crore on Monday. The company said it has repaid commercial paper (CP) holders of Rs 9,465 crore since September 21.

Commercial paper is an unsecured money market instrument issued in the form of a promissory note. Companies primary dealers (PDs) and financial institutions are eligible to issue these instruments. They can be issued for maturities between a minimum of seven days and a maximum of up to one year from the date of issue.

## Adani Gas

Shares of Adani Gas on Monday rose by 5 per cent in its first day of trade following a demerger. The stock debuted at Rs 70.20 and later closed the day at Rs 73.70, up 4.99 per cent from its opening price on the BSE.

Similarly, on the NSE, the shares rose 5 per cent to end at Rs 75.60. In terms of equity volume, 1.22 lakh shares of the company were traded on the BSE and over 16 lakh shares changed hands on the NSE during the day. The company's market valuation stood at Rs 8,105.60 crore on the BSE.

The benchmark BSE Sensex dropped 61 points to settle below 35000 at 34950.92, tracking weak Asian stocks amid uncertainty around the US-China trade war and the fall in the rupee.

# Coal policy tweak to extend fuel reach

ASTAFF REPORTER

Calcutta: Coal India has relaxed the norms of a mine-specific supply policy to ease the availability of the fuel for consumers requiring less than one million tonnes per annum.

Conceived back in 2011, the policy offered the benefit of assured supply to consumers from a preferred source and gain from a lower logistics cost. However the policy was applicable for consumers with a minimum requirement of 1 million tonnes of coal per annum. Moreover the mine from which the coal will be sourced should have a production capacity of 2.5 million tonnes per annum.

The board of Coal India has made changes on both the parameters. The minimum per annum requirement of the consumer has been downsized to 0.25 million tonnes of coal from 1 million tonnes.

Also the number of mines under the policy has been increased, bringing down the eligibility to 1 million tonnes per annum from 2.5 million tonnes

## SUPPLY BOOST

■ Mine-specific coal supply policy now applicable for consumers with a minimum requirement of 0.25 million tonnes against 1mt before

■ Eligibility of mine from which coal can be sourced brought down to a production capacity of 1mt compared with 2.5mt previously

per annum.

"This change will be a boon to consumers having smaller quantities of coal requirement. This was done considering the market dynamics, profile of consumers and mines, varying from subsidiary to subsidiary. It was felt that there was a need for a flexible mechanism to enable coal companies to explore willing consumers of all sectors with whom mine-specific coal supply arrangement can be made from existing and new mines," said a Coal India official.

The public sector miner

will also evaluate the possibility of relaxing the norms in the future to enlarge the reach of the policy and benefit more consumers.

Consumers can lift coal either from the existing railway sidings of coal companies or opt for a road-cum-rail mode of transportation.

The move comes at a time the public sector miner has set its sight on improving both the production and offtake of coal.

With production at 306.24 million tonnes during first seven months of the current fiscal, Coal India posted double-digit output growth of 10 per cent compared with the same period last year. During April-October 2017, the company's coal production was 278 million tonnes.

Overall offtake ending October 2018 was 340.81 million tonnes, clocking a 7.4 per cent growth against 317.28 million tonnes on a comparable period last year. Even with double-digit growth, the company has been urged by Union coal minister Piyush Goyal to step up efforts to ramp up production.

## NUMBER GAME

Quarter ended September

(Figures in Rs crore)

Exide	2017	2018
Income	2372	2732
Net profit	136	268

Eveready Industries

Net sales	398	383
Net profit	36.35	24.66

Double prop for Exide net

ASTAFF REPORTER

Calcutta: Battery major Exide Industries has posted a 98.35 per cent growth in net profit for the quarter ended September 30, 2018, on the back of higher sales and income from the sale of unutilised land in Tamil Nadu.

The company had posted a net profit of Rs 268.41 crore for the quarter against Rs 135.52 crore in the corresponding period of the previous year.

Revenue from operations increased to Rs 2,720.35 crore from Rs 2,358.37 crore in the year-ago period. The company has also booked a profit of Rs 108.29 crore during the quarter from the sale of property at Guindy, Tamil Nadu. Total expenses increased to Rs 2,465.83 crore from Rs 2,124.28 crore in the year-ago period, an increase of 16.07 per cent.

## Eveready profit

Eveready Industries India has reported a 32 per cent decline in net profit at Rs 24.66 crore for the quarter ended September, owing to lower sales and a weak rupee. Net sales stood at Rs 383.49 crore in the quarter under review against Rs 398.25 crore a year ago.

# Bet on exports to Iran

R. SURYAMURTHY

New Delhi: The US conditional waiver to India to buy crude oil from Iran opens up a window of opportunity for exporters to boost shipments to the Islamic nation. Washington has allowed New Delhi to continue buying crude from Tehran and payment be made in local currency, that is in rupees through an escrow account.

This means the money would not directly go to Iran, which can only use it to buy food, medicine or other non-sanctioned goods from its crude customers. While the US administration sees those accounts as an important way to limit Iranian revenue and further constrain its economy, it opens a window of opportunity to boost exports to the Islamic nation.

"Iran would not like to keep the money held in rupee for a long time and it is an opportunity for the country to boost shipments. Given the experience of the previous sanction, one can expect the country's export to that country to grow and traders should look to diversify apart from exporting traditional goods," Ajay Sahai, director-general of Fieco, said.

"While agricultural commodities, chemi-

cals, auto components, pharma products, textile and engineering goods, electrical machinery could increase their volume of trade with Tehran, traders should look for opportunity in project exports and IT enabled services," he said. India may gain in terms of import assurance from Tehran, foreign exchange savings, logistics and other such benefits emerging from bilateral trade modalities being worked out between the two countries.

Continued oil imports might also lead to Iran increasing its imports from India to reduce the existing trade gap so that the "barter-like" rupee-rial mechanism works to its full potential. Ganesh Kumar Gupta, president, FIEO (Federation of Indian Export Organisations) said "if there is bilateral trade and in exchange of crude, the Iranian government makes payment in Indian rupees to Indian exporters then there can be a jump of 20-25 per cent in exports to Iran".

In comparison, in 2011-12 — when rupee trade with the Persian nation existed — Iranian imports from India was about \$5 billion, which was 2-2.5 per cent of the total exports in the fiscal, he said.

# Unichem buys 20% in two firms

OUR SPECIAL CORRESPONDENT

Mumbai: Faced with a shortage of active pharmaceutical ingredients (APIs), Unichem Laboratories has picked up close to a 20 per cent stake in two Hyderabad-based companies.

The pharmaceutical firm has picked up stakes in Optimus Drugs and Optrix Laboratories, which are part of the same management. These companies are engaged in the manufacturing and marketing of APIs and intermediates. Unichem will pay close to Rs 120 crore for the holdings.

The transaction is expected to give Unichem access to Optimus's US FDA approved API manufacturing facilities, while Optimus will gain from the knowledge base and best practices of the former.

The Mumbai-based company added that the key objective of the investment was to gain access to the manufacturing facility of Optimus. Unichem said the investment will provide it with additional capacity to meet immediate requirements and fulfil its export orders.

Unichem manufactures and markets a large basket of generic pharmaceutical formulations. The company has expertise in research, product development, process chemistry and manufacturing of complex API as well as dosage forms. The Optimus group makes formulations, APIs and intermediates for Indian and other markets.

The announcement failed to lift spirits at the Unichem counter. On the BSE, the stock ended lower by 1.06 per cent at Rs 213.20.

## STOCK CHECK

Sensex intra-day movement



Previous 35011.65

## CURRENCIES

US \$	Rs 73.12
UK Pound	Rs 95.11
Euro	Rs 83.16

## INDICES

BSE		
Sensex	34950.92	-60.73
Midcap	14819.23	-69.50
Smallcap	14423.60	-41.08
NSE		
Nifty	10528.20	-24.80
Next 50	27251.45	+116.55
Nifty 500	8,879.65	-19.75

## Most active on NSE

Script	Price	Traded value#
Axis Bank	623.10	1513.44
SBI	296.10	1302.90
PC Jeweller	94.50	897.42
Reliance	1092.00	820.28
ICI Bank	349.00	800.54

## COMMODITIES

Gold (10 gram in Rs)		
Pure	32285	+25
Hallmark	31090	+25
Silver (kg in Rs)		
Bar	38800	+150
Portion	38900	+150
Crude*	4593	-16.00
Copper#	449.35	-1.95

\*per barrel in Rs; # per kg in Rs

## MONEY MARKET

	Yield (%)
Call rate	4.60
91-day T-Bill	6.92
1-year Gilt	7.43
5-year Gilt	7.81
10-year Gilt	7.81

## IN BRIEF

### Services sector

■ **NEW DELHI:** The country's services sector in October expanded at the quickest pace since July, driven by a significant increase in new business orders, which in turn led to robust workforce expansion, a monthly survey said on Monday. The seasonally adjusted Nikkei India Services Business Activity Index rose to 52.2 in October, from 50.9 in September. PTI

### Bosch profit

■ **MUMBAI:** Bosch on Monday reported an 18.86 per cent increase in stand-alone net profit at Rs 419.99 crore in the September quarter. PTI

### Lupin approval

■ **NEW DELHI:** Lupin has received approval from the US health regulator to market its generic Doxercalciferol injection in the American market. PTI

## BOTTOM LINERS



"Hey, I'm trending big time on Facebook... I must be doing something right."

# Patanjali diversifies

OUR SPECIAL CORRESPONDENT

New Delhi: Baba Ramdev-led Patanjali Ayurved on Monday forayed into the branded apparel segment with its collection of apparel, home textiles, shoes, ornaments and accessories. The range also includes jeans and T-shirts.

"This year, we would have a network of 100 stores ranging between 500 and 2,500 sq feet. We are aiming at a turnover of Rs 1,000 crore in the next fiscal," Baba Ramdev said, while inaugurating Patanjali Paridhan's first showroom at Netaji Subhash Place, Pitampura, in West Delhi. Paridhan means dress in Sanskrit.

He said, "The apparel range would also be available online by next year. We are working on it."

The Telegraph had first reported on Patanjali's plan to



NEW AVATAR: Ramdev

come out with jeans and other apparel in September last year. While Sanskar is a menswear range, Aastha is a women's brand and Livfit will offer sportswear and Yoga dresses.

With more than 35,000 different items, the store has clothes for men, women and children along with denim ethnic wear, inner wear and accessories. Consumers can buy

a denim or a branded shirt for as low as Rs 500, a company statement said.

In a Twitter post, Baba Ramdev announced that customers can buy one jeans and 2 T-shirts worth Rs 7,000 (at other branded stores) for just Rs 1,100. The customers can avail themselves of 25 per cent off on all items for five days from Dhanteras to Bhaiya Dooj.

He said the aim of Patanjali Paridhan was to make people of India get rid of foreign products and shift to "Swadeshi" (Made in India) goods manufactured by Patanjali.

The Haridwar-based firm plans to open 100 outlets of Paridhan by the end of this fiscal and have a network of 500 stores by March 2020, mostly on franchise model.

"Our target is to compete with multinational companies in this field such as Adidas, Puma," he said.