

STOCK CHECK



CURRENCIES

US \$	Rs 69.90
UK Pound	Rs 89.26
Euro	Rs 79.70

INDICES

BSE		
Sensex	37852.00	+207.10
Midcap	16241.66	+143.88
Smallcap	16742.69	+88.84
NSE		
Nifty	11435.10	+79.35
Next 50	29710.50	+163.40
Nifty 500	9726.15	+69.65

Most active on NSE

Scrip	Price	Traded value#
Sun Pharma	605.60	1479.34
Tata Steel	578.00	1382.02
SBI	295.00	748.32
TCS	2000	665.77
DHFL	657.25	651.83

COMMODITIES

Gold (10 gram in Rs)		
Pure	30045	-135
Hallmark	28935	-130
Silver (kg in Rs)		
Bar	37800	-300
Portion	37900	-300
Crude*	4760	+116
Copper#	421.10	-2.50

MONEY MARKET

	Yield (%)
Call rate	5.20
91-day T-Bill	6.75
1-year Gilt	7.30
5-year Gilt	7.86
10-year Gilt	7.81

IN BRIEF

Seal on Fortis deal

NEW DELHI: Fortis Healthcare on Tuesday said its shareholders have approved the acquisition of the domestic healthcare chain by Malaysia's IHH Healthcare. The shareholders of Fortis Healthcare have by an overwhelming majority of 99.69 per cent voted in favour of the issuance of equity shares on a preferential allotment basis. PTI

IDBI Bank

NEW DELHI: State-owned IDBI Bank on Tuesday reported widening of loss to Rs 2,409.89 crore for the first quarter ended June 30, hurt by higher provisioning for bad loans. The bank had posted a loss of Rs 853 crore in the April-June quarter of last fiscal, 2017-18.

Grasim net

NEW DELHI: Grasim Industries on Tuesday reported a consolidated net profit of Rs 1,399.51 crore for the June quarter. It had a posted a net profit of Rs 1,248.10 crore a year ago. Total income stood at Rs 17,089.65 crore against Rs 11,222.17 crore a year ago. PTI

Vogo funding

NEW DELHI: Vogo, an automated scooter sharing platform, has raised funding led by Ola and Hero MotoCorp chairman Pawan Munjal. Industry watchers said the funding was to the tune of \$5-7 million. PTI

SpiceJet loss

MUMBAI: SpiceJet has posted a net loss of Rs 38.06 crore in the June quarter, on higher fuel cost, weak rupee and a one-time provisioning of Rs 63.5 crore. It had posted a profit of Rs 175.2 crore a year ago. PTI

BOTTOM LINERS



"To be truthful, the special is Norwegian cod but it was vacationing off Vietnam."

“The rupee is depreciating because of external factors

Economic affairs secretary **Subhas Garg**



XXCL

Rupee falls below 70, recovers

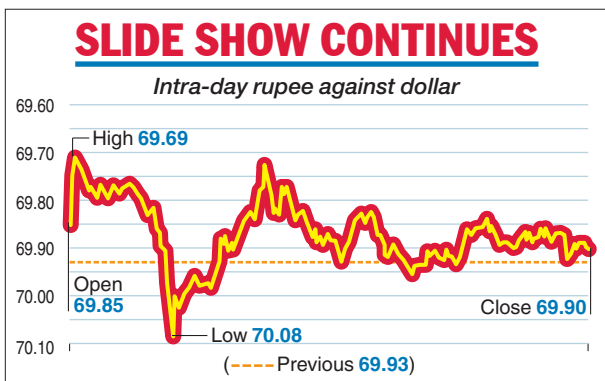
OUR SPECIAL CORRESPONDENT

Mumbai: The rupee breached the psychological barrier of 70 to the dollar on Tuesday but quickly turned around on the back of RBI support and recovery in the Turkish lira, which had been responsible for the turmoil in the currency market.

The Indian currency opened at 69.85, a tad higher over Monday's close of 69.93, rose to an intra-day high of 69.69 and slipped to 70.08 in morning trade. But thereafter it recovered fast as the central bank stepped in and closed at 69.90, a gain of 3 paise over Monday's close.

The rupee is the worst performing currency in Asia as it has fallen over 9 per cent this calendar year. August has marked the largest depreciation of the rupee against the dollar in the past year.

According to B. Prasanna, group executive and head (global markets group) of



ICICI Bank, the domestic currency was the victim of the contagion effect impacting all emerging markets triggered by the Turkish crisis.

He added that the gradual pace of depreciation in the rupee till the 69-levels was because of the sharp rise in current account deficit from 0.6 per cent of GDP in 2016-17 to an estimated 2.5 per cent of GDP this year mainly due to surging oil prices. CAD is the difference between foreign exchange

earned and spent.

Experts, however, remain divided over the course the rupee. While a section believes the impact of the current crisis will be limited as domestic factors such as lower retail inflation numbers (which ease concerns about a rate hike) and stabilising FPI flows will provide support to the rupee, there are others who are of the view that firm crude prices will play a spoilsport.

It is also feared that with

developed economies unwinding their monetary stimulus, it would affect liquidity flows to emerging markets such as India, thus hurting the domestic currency.

"The fact that the Turkish lira has recovered sharply on Tuesday by 5 per cent may ease the pressure on the rupee. In addition, soft CPI number for July will help to ease fears of continued rate hike by the RBI," Deepak Jasani, head (retail research) at HDFC Securities, said.

However, Salil Datar - executive director & CEO, Essel Finance VKC Forex, said: "Though crude prices have eased, they remain at \$72 per barrel levels. So, the typical factors that affect the rupee from an economy point of view have not changed. The lira and the cross-currency impact along with exposure of banks to Turkey is leading to the turmoil... As long as oil continues at current levels, we expect the rupee to trade between 69.50 and 70.25 levels," he said.

OUR SPECIAL CORRESPONDENT

New Delhi: India may allow the rupee to fall and would only intervene to check any extreme volatility as the tumble of the Turkish lira roils emerging markets, finance ministry officials said.

Economic affairs secretary Subhas Garg told newspapermen here on Tuesday the "rupee is depreciating due to external factors" but that there is "nothing at this stage to worry".

Officials said the consensus between the RBI and North Block was that there was no use worrying as the currencies of other emerging markets were falling as well and fighting such a global tide would simply prove too costly.

"The only case where the RBI would intervene through state-run banks would be in the case of extreme volatility," said officials.

The RBI has spent roughly

Hands-off policy cue

KEEP CALM

- RBI intervention unlikely as all emerging market currencies have been hit
- Apex bank to step in if there is volatility
- No similarity in Turkey and India situation

\$15 billion to support the rupee in the first quarter of this year, with interventions designed to check extreme volatility, said analysts.

The fall in the value of the rupee makes exports more competitive but also makes imports of crude oil, gold and electronics far more costlier and pushes up inflation in the domestic economy.

India imported some 220 million tonnes of crude last

year for \$87.7 billion at an average of Rs 65 to the dollar. A one rupee rise vis-à-vis the dollar translates into a Rs 880 crore increase in the oil import bill. This would obviously push up the inflation rate - already the July inflation figures at 4.17 per cent are nearly 76 per cent more than the 2.36 per cent inflation reported in July last year.

"We will have to live with imported inflation as all dollar denominated imports will cost more in the country as the rupee may continue to fall for sometime before the global currency contagion plays out," said officials.

Economists expect the rupee to weaken to 72 a dollar before making a recovery to about Rs 69.

"However we do not expect any run on the rupee... it's a contagion effect which is impacting all emerging economies, quite similar to what happened when the Italian economy had taken a hit," said the officials.

RBI frowns upon Kotak stake move

OUR SPECIAL CORRESPONDENT

Mumbai: The Reserve Bank of India has said the recent stake dilution by Kotak Mahindra Bank's founder Uday Kotak does not meet its regulatory norms on the same, something the private sector lender contested.

On August 2, Kotak had sold part of his stake in the lender and brought down his personal holding to under 20 per cent by issuing perpetual non-cumulative preference shares (PNCPS).

"The RBI today communicated to us that our PNCPS issuance does not meet the promoter holding dilution requirement of the regulator," the fourth largest private sector bank said in a regulatory filing on Tuesday.

The bank, however, maintained that the equity dilution does meet the regulatory requirement.

"We continue to believe that we have met the requirement and will engage with the RBI in this behalf," the bank added.

According to market observers, RBI's refusal will mean that Kotak will have to sell ordinary shares to pare his holding in the bank.

In a filing with stock exchanges on August 2, Kotak Mahindra Bank had said the



WE DIFFER: Uday Kotak

raised questions on whether it would be approved by the RBI, which favoured diversified ownership in private sector banks. Experts had wondered whether the issue of PNCPS was meeting the RBI norms in spirit.

One of the concerns was that these preference shares did not carry voting rights. However, the counter argument was that the promoters' voting rights would remain capped at 15 per cent as earlier.

In a note, analysts at Morgan Stanley had said that according to the guidelines issued by the RBI in 2000 based on which Kotak Mahindra Bank was given a licence, the promoter's contribution was defined on the basis of paid-up capital.

It, however, pointed out that the ownership is now based on paid-up equity share capital - a semantic difference with broader implications for shareholder regulations in banks.

"We need to see if the RBI is comfortable with the move," the analysts had then said.

The paid-up capital of a firm is the money received by it after issuing shares or stock. The Reserve Bank's decision could put some pressure on the Kotak Mahindra stock when trading resumes on Thursday.

bank's board had approved the allotment of 100,00,00,000 non-convertible perpetual non-cumulative preference shares (PNCPS) to eligible investors at the issue price of Rs 5 per PNCPS, aggregating Rs 500 crore.

Following the issue, the paid-up capital of the bank had increased from Rs 953.16 crore to Rs 1,453.16 crore as a result of which the promoter holding stood at 19.70 per cent of the paid-up capital, it said.

Uday Kotak's holding in the bank before the preference share issuance was 29.74 per cent.

The RBI had earlier asked promoters of the bank to bring down their stake to 20 per cent by December 2018 and 15 per cent by March 2020.

However, the choice of the instrument (PNCPS) had then

JSW ups ante in BPSL race

OUR SPECIAL CORRESPONDENT

Calcutta: Sajjan Jindal's JSW Steel has made the highest offer for Bhushan Power and Steel Ltd (BPSL), topping the bids of rival Tata Steel and Liberty House of the UK.

JSW Steel has made an upfront cash offer of Rs 19,000 crore to financial creditors who collectively have a claim of Rs 47,000 crore on BSPSL.

The committee of creditors (CoC) of BPSL met on Tuesday to discuss the revised offers made by the three bidders.

While JSW sweetened its offer from the earlier bid of Rs 18,000 crore, Tata Steel and Liberty House did not rework their offers to the financial creditors, who form the CoC.

In the bankruptcy process in India, the CoC votes on the resolution plans submitted by the bidders and any upfront payment offered by the interested parties usually sways the vote.

JSW is yet to be officially communicated that it has been chosen as the highest bidder (H1) for BPSL. The issuance of the letter of intent (LoI) by the resolution

HIGH STAKES

- JSW bid highest for Bhushan Power & Steel. Upfront offer of Rs 19,000 crore
- Rival bidders Tata Steel & Liberty did not put any fresh bid
- Tata Steel declared highest bidder twice previously only for appellate tribunal to order a fresh bid

professional of Bhushan based on the recommendation of the CoC would be the next step.

Industry observers, however, did not rule out legal challenges.

Given that neither Tata Steel, which had been twice declared the highest bidder (H1) for BPSL before the National Company Law Appellate Tribunal (NCLAT) ordered a rebid, nor Liberty increased their offers indicate they could take it up legally.

"Access to the eastern market and desire to retain the top slot among private sector steel makers may have driven JSW

to up its numbers," a source with direct knowledge of the matter said.

Potential game changer

The acquisition of BPSL could decide who would hold the numero uno slot among private sector steel producers in India for a decade.

After the successful takeover of Bhushan Steel Ltd, Tata Steel has now an installed capacity of 18.5 million tonnes (mt) while JSW has 19mt in the country. JSW also managed to acquire Monnet Ispat in partnership with private equity firm Aion.

Both the companies have plans to add capacities to their existing locations. Bhushan Power's 3.5mt unit at Odisha, which can be expanded to 5mt, will give the successful resolution applicant an edge that could be hard to overcome by the competitors.

Moreover, if the Jindals manage to buy Bhushan Power, they would have a formidable footprint nationally, by entering the eastern sector which has been traditionally dominated by Tata Steel, having plants in Jharkhand and Odisha.

Texmaco eyes rail automation

A STAFF REPORTER

Calcutta: Adventz group firm Texmaco Rail and Engineering is bullish on growth prospects across business verticals as it plans to double revenues in 2018-19.

The city-based firm is diversifying its business in railway automation, modernisation and setting up of critical railway infrastructure in addition to its existing business of wagon making.

"The idea is to move from a low-tech wagon maker to a high-tech manufacturer of wagons and associated products and components. We have taken significant steps in this direction," said Texmaco Rail chairman Saroj Poddar while inaugurating a manufacturing unit of its joint venture firm Wabtec Texmaco Rail at Belgharia on Tuesday.

Texmaco had formed a joint venture with US firm Wabtec Corporation to provide high-tech railway equipment.

Wabtec and GE Transportation had announced a merger in May this year after which Wabtec will have approximately \$8 billion in revenues, a more diversified business mix and higher margins.

Texmaco Transtrak, a subsidiary of Texmaco Rail, has signed a memorandum of understanding with Spanish firm CAF Signalling whose products range from electronic interlocking and train protection and warning systems.

Poddar said the company is in active discussions with other global players as well with intent to add value and diversify its product range.

Trade gap widens

OUR SPECIAL CORRESPONDENT

New Delhi: The country's trade deficit has widened to a more than five-year high of \$18.02 billion in July, driven largely by a surge in oil and gold imports.

Though merchandise exports rose 14.32 per cent year-on-year in July, the trade deficit widened as oil imports surged 57.41 per cent to \$12.35 billion and gold imports spiked for the first time in seven months by 40 per cent to \$2.96 billion. In June, the trade deficit stood at \$16.6 billion.

Exports rose to \$25.77 billion in July compared with \$22.54 billion in the year-ago month and imports were valued at \$43.79 billion, a growth of 28.81 per cent over \$33.99 billion in the year ago period, the

NUMBER GAME

July figures in \$ billion

Imports	43.79
Exports	25.77
Deficit	18.02
Imports	Exports
Oil 12.35	Petro 3.9
Gold 2.96	Gems 3.1

commerce ministry said in a statement on Tuesday.

"Rising trade deficit is primarily on account of higher crude import bill... This is adding pressure on the Indian rupee coupled with huge withdrawal by FIIs from the Indian debt & equity market," Fieo president G.K. Gupta said.

"The rupee depreciation would definitely provide some

edge to Indian exports though its impact will vary from sector to sector... However, the textile industry may be at a disadvantage with sharp depreciation in the Turkish lira as Turkey is one of the competitors," Gupta added.

As regards exports, the outward shipments of petroleum products grew from \$3 billion in July last year to \$3.9 billion, showing a growth of about 30 per cent. Export of gems and jewellery was up 24.62 per cent to \$3.18 billion.

"Factors such as broader emerging market currency movement, dollar strength, and the trend in crude oil prices will drive the outlook for the rupee in the immediate term, which will have an impact on the landed cost of imports," Aditi Nayyar, principal economist at Icrs, said.

Wholesale price trend

OUR SPECIAL CORRESPONDENT

New Delhi: Wholesale inflation has eased to 5.09 per cent in July on account of cheaper food articles, especially fruits and vegetables. WPI inflation was recorded at 5.77 per cent in June. In July 2017, it was at 1.88 per cent.

The wholesale inflation in the food articles category was (-) 2.16 per cent in July against (+) 1.80 per cent in the previous month. Vegetable prices fell 14.07 per cent compared with a growth of 8.12 per cent in June. There was an 8.81 per cent fall in wholesale prices of fruits in July against a rise of 3.87 per cent in June. In pulses, inflation stood at (-) 17.03 per cent against (+) 20.23 per cent.

"Trends suggest a pick up in the prices of vegetables in August, but primary food articles may record year-on-year disinflation," said Aditi Nayyar, principal economist, Icrs.

"The moderation in both CPI and WPI inflation should induce the RBI to resume the benign interest rate regime," CII director-general Chandrajit Banerjee said.

AllBank loss at Rs 1944cr

A STAFF REPORTER

Calcutta: Allahabad Bank has suffered a loss of Rs 1,944.37 crore in the June quarter against a profit of Rs 28.84 crore a year ago.

Total income during the quarter was Rs 4,794.04 crore against Rs 4,968.57 crore in the same period previous year. While retail credit disbursements, including housing and automobile loans, grew during the quarter, there was a decline in earnings from treasury operations.

The lender has made a provision of Rs 2,590.37 crore for non performing assets, higher than Rs 1,686.70 crore in the same period a year ago.

Gross non performing assets during the quarter were 15.97 per cent of the advances against 13.85 per cent during the year-ago period. The bank said in a regulatory filing that it had made a provision of around Rs 1,190 crore during the quarter with respect to different accounts covered by

TRACK RECORD

For quarter ended June

(In Rs crore)	2017	2018
Interest earned	4147	4599
Interest paid	2905	2895
Provision*	1686	2590
Net profit	28.84	(1944)

*For NPAs

the provisions of the IBC.

However, compared with the March 2018 quarter, there was a decline in bad loan provisions, while the gross non performing assets ratio were stable.

Capital infusion

The board of directors of the bank on Tuesday had approved raising Rs 1,790 crore by way of preferential issue to the government against their capital infusion of the same amount.

however, at \$67 million, a rise or 23 per cent over the first quarter last year.

Its Indian operations also performed well with sales of branded formulations coming in at Rs 2,152 crore - a growth of 22 per cent - and accounting for 30 per cent of its total sales.

During the quarter, Sun Pharma said, it launched 16 products in the domestic market.

Sales in the emerging markets stood at \$195 million - a growth of 16 per cent compared with the same quarter last year and accounted for 18 per cent of total sales.

However, formulation sales in the rest of world (ROW) markets were \$107 million, a decline of 7 per cent from the year-ago period.

Sun pops profit pill

OUR SPECIAL CORRESPONDENT

Mumbai: Sun Pharmaceutical Industries (Sun Pharma) on Tuesday topped Street estimates to post a net profit of Rs 983 crore for the first quarter ended June 30 on the back of higher sales in the US.

The country's largest drug firm had suffered a loss of Rs 425 crore in the same period last year.

While analysts were expecting the firm to report earnings of over Rs 800 crore, the higher profit was achieved as sales climbed to Rs 7,139 crore compared with Rs 6,167 crore in the year-ago period.

HEALTH WATCH

Quarter ended June

(in Rs crore)	2017	2018
Sales	6167	7139
Expenses	5569	6150
Net profit	(425)	983
EPS (Rs)	(1.77)	4.09

per cent of its total sales. Sales in the US came in at \$380 million for the quarter, a growth of 8 per cent over the same period last year.

Sun Pharma's better show happened despite its overseas arm Taro posting lower sales of \$155 million - a drop of 4 per cent over the corresponding period last year. Taro's net profit for the period was,