

MARKET WATCH

	11-08-2017	% CHANGE
Sensex	31,214	-1.01
US Dollar	64.13	-0.08
Gold	30,020	0.43
Brent oil	51.61	-1.79

NIFTY 50

	PRICE	CHANGE
ACC	1760.55	-16.15
Adani Ports	382.75	-2.90
Ambuja Cements	263.35	-4.10
Asian Paints	1143.90	-7.20
Aurobindo Pharma	705.00	19.75
Axis Bank	489.70	4.20
Bajaj Auto	2788.20	-8.00
Bank of Baroda	142.25	-6.20
Bharti Airtel	414.55	-1.70
Bosch	22623.20	-920.60
BPCL	484.30	2.80
Cipla	541.40	-6.80
Coal India	235.90	-3.05
Dr Reddys Lab	2011.15	66.70
Eicher Motors	29627.35	-484.35
GAIL (India)	368.95	3.35
HCL Tech	872.30	-10.60
HDFC	1695.35	-14.45
HDFC Bank	1749.05	-11.40
Hero MotoCorp	3840.90	-48.65
Hindalco	221.00	-17.00
Hind Unilever	1152.80	-17.90
Indiabulls FHL	1149.90	-6.60
ICICI Bank	286.95	-1.80
IndusInd Bank	1625.35	-4.05
Bharti Infratel	382.30	-0.15
Infosys	987.70	6.45
IndianOil Corp	411.80	1.50
ITC	271.50	-1.60
Kotak Bank	992.20	-4.60
L&T	1131.95	-25.75
Lupin	940.90	4.20
M&M	1348.05	-39.00
Maurit Suzuki	7457.40	-121.35
NTPC	168.85	-3.80
ONGC	159.65	-4.05
PowerGrid Corp	218.90	1.50
Reliance Ind	1546.25	-38.10
State Bank	280.15	-16.55
Sun Pharma	450.00	-10.80
Tata Motors	374.50	-5.70
Tata Motors DVR	223.20	1.75
Tata Power	76.55	-0.15
Tata Steel	596.75	-7.60
TCS	2496.05	-15.40
Tech Mahindra	402.80	-1.20
UltraTech Cement	3922.55	14.95
Vedanta	279.10	-19.70
Wipro	289.70	1.55
YES Bank	1739.40	9.30
Zee Entertainment	504.90	-15.15

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on August 11

CURRENCY	TT BUY	TT SELL
US Dollar	63.93	64.25
Euro	75.21	75.59
British Pound	82.96	83.39
Japanese Yen (100)	58.57	58.87
Chinese Yuan	9.59	9.64
Swiss Franc	66.45	66.78
Singapore Dollar	46.87	47.11
Canadian Dollar	50.26	50.51
Malaysian Ringgit	14.88	14.96

Source: Indian Bank

BULLION RATES CHENNAI

August 11 rates in rupees with previous rates in parentheses

Retail Silver (1g)	42.40	(41.90)
2 ct gold (1g)	2,784	(2,756)

IIP shrinks 0.1%; at 4-year low

Industrial activity falls in June amid 6.77% contraction in output of capital goods

SPECIAL CORRESPONDENT NEW DELHI

Industrial activity in June contracted 0.1%, the lowest reading since June 2013, driven primarily by a 6.77% contraction in capital goods.

Data for growth in the Index of Industrial Production (IIP) for May was revised to 2.8%. The fall in capital goods production was the most drastic contraction since September 2016.

Manufacturing drags

Data showed manufacturing contracted by 0.41% in June, from a growth of 2.61% in the preceding month. "Unsurprisingly, the unfavourable base effect, the reduction in inventories ahead of the transition to the GST, and slide in growth of non-oil exports culminated in a marginal contraction of 0.1% in the IIP in June 2017, a 48-month low," Aditi Nayar,



All fall down: 15 of the 23 sub-groups of manufacturing recorded a contraction in June, points out an analyst. ■ REUTERS

Principal Economist, ICRA, said in e-mailed comments. "While mild, the year-on-year degrowth in June 2017 was pervasive, with 15 of the 23 sub-groups of manufacturing and four of the six use-based industries, recording a contraction in that month."

The mining sector wit-

nessed a slight acceleration in growth to 0.4%, from 0.2% in May.

Growth in the electricity sector slowed drastically from May's 8.29% to 2.15% in June.

Consumer durables also witnessed a contraction of 2.13% in June, from a growth of 0.8% in the previous

month.

"Consumer durables and non durables continue to provide mixed signals regarding demand, with the former contracting by 2.1% in June 2017 and the latter rising by 4.9% in the same month, recording the best performance among the use-based groups," Ms. Nayar wrote. "The year-on-year contraction in capital goods output for the third consecutive month highlights the continuing sluggishness in private sector investment activity."

The outlook, however, seems more optimistic with a favourable monsoon and the Seventh Pay Commission payout projected to bolster consumer demand.

"Since GST has already kicked in, the restocking of inventories will take place that is likely to boost industrial output," Care Ratings wrote in a note.

Sun Pharma posts Q1 loss of ₹424.92 cr.

PRESS TRUST OF INDIA NEW DELHI

Sun Pharmaceutical on Friday reported a consolidated net loss of ₹424.92 crore for the quarter ended June 30, mainly due to one-time exceptional item.

The company had posted a net profit after taxes, share of profit/loss of associates, joint ventures and non-controlling interests of ₹2,033.71 crore for the same period a year earlier, it said in a filing.

Consolidated total revenue from operations stood at ₹6,208.79 crore for the quarter as against ₹8,256.26 crore for the year-earlier period.

Sun and a subsidiary entered into settlements with certain plaintiffs over an antitrust litigation relating to Modafinil in July, and agreed to pay \$147 million. This was provided for as exceptional item, it said.



Denting the numbers: About 95% of corporate slippages have come from the watchlist, says the chairman. ■ REUTERS

SBI net at ₹2,006 cr., NPAs soar post-merger

Bank expects 'pull back' in retail NPA

SPECIAL CORRESPONDENT MUMBAI

State Bank of India (SBI), the country's largest lender, reported a standalone net profit of ₹2,006 crore for the quarter ended June 30, as against ₹2,521 crore in the year-earlier period. The numbers are not comparable since SBI merged five of its associate banks and Bharatiya Mahila Bank with itself on April 1, 2017.

Bad loans registered a sharp increase for the merged entity, with gross non-performing assets increasing to ₹1.88 lakh crore (9.97%) from ₹1.01 lakh crore (6.94%).

"During the period of one quarter... [when the merger process was on] the time, for follow up we needed to do on the retail side... that went missing," Arundhati Bhattacharya, chairman SBI, said in the post-earnings conference call.

'Expecting this'

"We were expecting this. The slippages number that came in this quarter was in the range of ₹26,249 crore. Of this, ₹8,363 crore are from the corporate book. 95% of the corporate slippages have come from the watchlist," Ms. Bhattacharya

said. SBI said the remaining NPA (₹17,880 crore), came from the retail book.

Ms. Bhattacharya said bad loans in the agricultural portfolio had also worsened due to loan waiver promises. SBI expected these bad loans, which are under its national banking portfolio, would see a 'pull back' to the standard category. Lower retail slippages and higher recoveries would lead to a reduction in retail NPAs, the bank said in a statement.

The bank is 'confident' that the slippage ratio will decline from 5.78% in FY17 and 5.38% in QFY18 to below 3.3% for FY18.

Slippage 'disappointing'

"Despite the massive clean-up in FY17, elevated slippages are disappointing," HDFC Securities said in a note to clients.

The bank's domestic net interest margin (NIM) declined by 54 basis points (bps) year-on-year to 2.5% in April-June and by 43 bps sequentially. However, the bank expected NIMs to pick up from the current levels by 10-15 bps.

Shares of SBI declined 5.36% on the BSE to close at ₹280.65 on Friday.

'Unstable power, a big barrier in India'

Japan says its micro-grid is a solution

ARUN S NEEMRANA (RAJASTHAN)

Japan said unstable power supply was among the biggest investment barriers in India. The comment comes ahead of Japanese Prime Minister Shinzo Abe's India visit next month during which bilateral discussions on cooperation in energy sector would get priority.

Incidentally, Japan had committed to develop mega-industrial corridors and high-speed rail network in India through financial aid and technology transfer. These projects would require uninterrupted power supply. "... the problem of unstable power grid... is still



Japan-aided projects need regular power supply.

one of the biggest investment barriers in India," said Japanese Ambassador to India Kenji Hiramatsu. He said the Japanese system using solar cells and micro-grid control technology could provide solution to this. He was speaking after opening a solar power plant here.

Sensex, Nifty shed 1%; slip for a fifth consecutive day

Investors turn cautious over global geopolitical tensions

SPECIAL CORRESPONDENT MUMBAI

Equity benchmark indices lost ground for the fifth consecutive day on Friday as weak domestic corporate numbers along with global negativity on account of geopolitical tensions dampened investor sentiment.

The 30-share Sensex lost 317.74 points or 1.01% to close at 31,213.59. The benchmark has lost 1,112 points in the last five sessions and is now almost 1,500 points below its all-time high of 32,686.48, touched during intra-day trading on August 2.

The broader Nifty also lost

109.45 points, or 1.11%, to close at 9,710.8. The India VIX gained 10.19% to close at 15.19. In the last five trading sessions, India VIX has gained more than 33% moving from 11.39 to 15.19.

Rising volatility

India VIX is looked upon as a barometer for near-term volatility and a rise implies investors expect a rise in volatility.

"VIX soared over 15 for the first time in six months, as anxiety prevailed over the aggravating tensions between the U.S. and North Korea, and investors were largely cautious ahead of the

weekend," said Anand James, chief market strategist, Geojit Financial Services.

SBI was the worst performer in the Sensex pack, shedding 5.36% to close at ₹280.65. On May 19, the stock had touched its 52-week high of ₹315. M&M, Reliance Industries, L&T, NTPC and ONGC each lost in excess of 2% on Friday.

The BSE Midcap and BSE Smallcap indices that had registered heavy losses in the past three sessions due to regulatory action against shell companies, managed to stem the loss to 0.25% each on Friday.

BOB net slides 52% on bad debts

SPECIAL CORRESPONDENT MUMBAI

Bank of Baroda's (BOB) net profit slid almost 52% to ₹203.39 crore in the first quarter ended June as slippages stayed elevated.

The bank reported fresh slippages worth ₹4,384 crore compared with ₹5,527 crore in the year-earlier period. On a sequential basis, slippages were higher by about ₹800 crore.

"There were one or two lumpy accounts that slipped during the quarter," said P.S. Jayakumar, chief executive officer and managing director, BOB. "But we are staying with our guidance that net slippages will be contained within ₹4,000 crore for the entire financial year," said Mr. Jayakumar.

Survey red flags telcos' rising share in bad loans

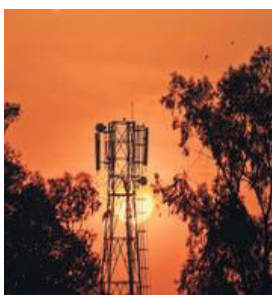
With Jio, competition shifted from cheaper calls to data

SPECIAL CORRESPONDENT NEW DELHI

The Economic Survey, tabled in Parliament on Friday, has raised red flag over the telecom sector's rising share in non-performing assets (NPAs).

"...what's worrying is that the share of the telecom sector in the non-performing assets (NPAs) has now increased," the survey said.

Though the total telecom NPAs with the public sector banks had decreased to ₹2,335 crore in 2016-17 from ₹3,465 crore in 2015-16, the share of the NPAs in total NPAs of infrastructure sector rose 8.7% in 2016-17 from 5% in 2015-16, it said. An inter-ministerial panel to examine the financial woes of



A panel is examining the sector's financial woes.

the telecom sector held several meetings in June with stakeholders, including telecom operators and banks. Its report is expected soon.

Stating some available indicators were showing reasonably good performance in telecom with increase in the

number of connections "reflecting the Jio effect," the survey said with introduction of Reliance Jio, competition shifted from cheaper calls to cheaper data.

'Price war'

"Stiff competition, price war, reduced revenue has trapped telecom sector into highly leveraged with interest coverage ratio turning less than 1 since Q3 of 2016-17," it said. "Reliance Jio's pricing scheme forced incumbent telecom firms to cut voice and data tariffs to ₹1.9 per 1 GB data during January-March of 2017," it said, adding with the cut in tariff due to stiff competition from Jio, the revenue of other operators fell.

'Ease norms for airlines to fly abroad'

Survey urges protectionism, liberal rules for Indian airlines to fly international

SPECIAL CORRESPONDENT NEW DELHI

The Economic Survey has suggested a mix of protectionism for domestic airlines and liberal norms for flying abroad to bolster their share in international air traffic.

The second volume of the Economic Survey 2016-17 released on Friday said a large increase in capacity entitlements under bilateral air service agreements with foreign countries has helped foreign carriers in gaining a large share in the international traffic to and from India as domestic carriers have underutilised their rights.

About 38% people fly in and out of India through Indian carriers as per estimates for January-March 2017. "Indian domestic airlines have a very low share in international traffic to and from India," the Survey said. "Factors like foreign airlines utilising the sixth freedom of the air, expansion of capacity entitlements under bilateral air service agreements



Aviation hub: India is as well placed, geographically, as Dubai or Singapore, says the Survey. ■ REUTERS

with foreign countries, lower utilisation of India's own capacity entitlements, the 0/20 rule and fleet constraints are responsible for the same."

'Sixth freedom'

Sixth freedom is the bilateral air traffic right to fly from a foreign country to another foreign country while stopping in one's own country. For instance, Emirates operates flights between India and the U.K. while stopping at Dubai, its home state. Sixth freedom traffic consti-

tuted 61.14% of the total international traffic in 2015-16, increasing from 59.15% in 2014-15. The Survey said this had reduced the share of direct, long-haul flights for Indian carriers from 25% in 2011-12 to 20.5% in 2015-16.

The Survey said that the government should focus on building its own aviation hubs as "India is as advantageously placed in terms of geographic location as Dubai or Singapore."

It noted that the capacity entitlements between Dubai

and India have increased six-fold between 2003 and 2017. It increased ninefold in the case of Oman and 12-fold in the case of Qatar. "While capacity entitlements are reciprocal in nature, the benefit of such increases in capacity entitlements have accrued more to the foreign partner vis-a-vis India. This is because India's utilisation of these rights is lower than the foreign counterparts."

The Survey said the 0/20 rule to allow for overseas operations should be further diluted. In its 2016 policy, the Central government had diluted the contentious '5/20 rule' that required an Indian airline to have five years of domestic flying experience and 20 aircraft in its fleet before it could fly to overseas destinations. According to the present norm, known as the 0/20 rule, a domestic airline needs to deploy at least 20 planes in the domestic sector before getting the right to fly on international routes from India.

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