

MARKET WATCH		
	21-03-2018	% CHANGE
Sensex	33,136	-0.42
US Dollar	65.21	-0.02
Gold	31,350	-0.12
Brent oil	69.30	2.94

NIFTY 50		
	PRICE	CHANGE
Adani Ports	363.70	-6.30
Ambuja Cements	229.85	-0.55
Asian Paints	1103.55	-2.95
Aurobindo Pharma	564.20	-7.40
Axis Bank	526.30	5.20
Bajaj Auto	2851.80	-21.20
Bajaj Finance	1704.55	47.25
Bharti Airtel	418.20	17.80
Bosch	17585.65	-291.10
BPCL	430.65	5.75
Cipla	551.05	-1.85
Coal India	270.90	0.65
Dr Reddys Lab	2141.70	-15.45
Eicher Motors	27980.85	-379.60
GAIL (India)	435.05	-3.45
HCL Tech	937.35	0.15
HDFC	1817.85	17.80
HDFC Bank	1858.90	19.40
Hero MotoCorp	3463.60	-50.20
Hindalco	214.70	-2.60
HPCL	353.30	-1.55
Hind Unilever	1315.60	2.35
Indiabulls HFL	1216.40	18.10
ICICI Bank	289.20	-2.80
Indusind Bank	1731.45	14.80
Bharti Infratel	337.15	-4.75
Infosys	1167.50	2.95
Indian OilCorp	172.45	-1.40
ITC	259.05	-0.15
Kotak Bank	1051.10	5.80
L&T	1309.35	15.85
Lupin	767.85	-3.90
M&M	745.35	4.40
Maurti Suzuki	8874.65	72.25
NTPC	170.35	3.95
ONGC	175.55	1.45
PowerGrid Corp	194.20	-0.70
Reliance Ind	896.90	7.10
State Bank	248.00	-1.10
Sun Pharma	504.50	-4.25
Tata Motors	333.85	-4.95
Tata Steel	582.25	-10.75
TCS	2856.75	-8.10
Tech Mahindra	625.85	-7.55
UltraTech Cement	3999.20	62.40
UPL	714.90	2.60
Vedanta	285.75	-1.35
Wipro	295.25	1.65
YES Bank	300.75	-1.65
Zee Entertainment	566.85	-8.25

EXCHANGE RATES		
Indicative direct rates in rupees a unit except yen at 4 p.m. on March 21		
CURRENCY	TT BUY	TT SELL
US Dollar	65.01	65.33
Euro	79.79	80.18
British Pound	91.37	91.83
Japanese Yen (100)	61.18	61.49
Chinese Yuan	10.27	10.32
Swiss Franc	68.15	68.50
Singapore Dollar	49.28	49.52
Canadian Dollar	49.92	50.17
Malaysian Ringgit	16.55	16.68

Source:Indian Bank

BULLION RATES CHENNAI		
March 21 rates in rupees with previous rates in parentheses		
Retail Silver (1g)	411.1	(41.2)
22 ct gold (1 g)	2899	(2898)

IN BRIEF



Triumph rolls out Tiger 800 bikes at ₹11.76 lakh

MUMBAI
Triumph Motorcycles India has unveiled new Tiger 800 XCX and XR series super bikes with price starting at ₹11.76 lakh for the XR model. While the XR has been priced at ₹13.13 lakh, the XCX model costs ₹13.76 lakh, the firm said. “To deliver the best of Triumph, we have been working on our engineering and technology to upgrade the capability of the Tiger 800 line-up for versatility on and off-road,” said Vimal Sumbly, MD, Triumph Motorcycles India Pvt. Ltd.

Ashok Leyland bags ₹321 cr. order from IRT

CHENNAI
Commercial vehicle maker Ashok Leyland has landed a ₹321 crore order from The Institute of Road Transport (IRT), Tamil Nadu. The order is for supply of 2,000 passenger chassis. It also provides for supply of 100 fully-built small buses to many state transport firms in Tamil Nadu. The order is scheduled to be supplied in the first half of 2018-19, according a firm filing with the BSE. The firm has a long partnership with IRT, said Vinod K. Dasari, CEO & MD.

GHCL unveils recycled PET-based bedding

COIMBATORE
GHCL Ltd., which has presence in chemicals, textiles and consumer products, has introduced Rekoop, a range of bedding products made out of recycled PET. A press release from the company said it had partnered with Reliance Industries for its Recron Green Gold fibre to be used in the products. The company has also joined hands with Applied DNA Sciences for use of its CertainT platform for verification of the fibre.



‘Tremendous’ response to OALP: DGH

Hydrocarbon policy’s open acreage programme aims to add 60,000 sq. km. to area under exploration

SPECIAL CORRESPONDENT
HYDERABAD

Interest in the Open Acreage Licensing Programme (OALP) and Discovered Small Fields (DSF), two key components of the Hydrocarbon Exploration and Licensing Policy, has been considerable as India works to reduce oil imports by at least 10%, by 2022, according to a senior government official.

The OALP Bid Round-1 – under which almost 60,000 square kilometre of exploration area is to be added – has seen a “tremendous response,” Atanu Chakraborty, Director General at the Directorate General of Hydrocarbons, said here on Wednesday. That would be a “quantum jump,” he said, pointing out that the existing area under oil and gas explo-



Securing energy needs: The HELP aims to assist in cutting India’s oil imports by at least 10%, by 2022. ■K.R. DEEPAK

ration in the country was a little over 1 lakh sq. km. Mr. Chakraborty said more than 120 entities, from India and abroad, had sought data related to the OALP programme. As many

as 55 onshore and offshore blocks in 10 sedimentary basins across 11 States would be awarded through a bidding process. In view of the ensuing holidays, the deadline for sub-

mission of bids was likely to be extended by about a fortnight from April 3, he said.

DSF contracts
On DSF, he said 30 contracts had been signed with 23 companies in the first round. The first (offshore) oil production was expected in 2020. “Some onshore people may come in even with an aggressive schedule,” the DGH said, adding the contracts were signed in March last year and the companies were in the process of getting approvals.

The DSF-II is expected to be rolled out in April. As many as 60 fields with an estimated 194.7 million tonne of oil and oil equivalent gas would be offered in the round, which is expected to be completed by November.

The DSF, he added, was an excellent entry point for entrepreneurs seeking to enter the oil and gas sector.

In the second round, “we propose to increase the size of the plot [thus] enabling the proper prognostication of the resource and get into the sweet spot so to say,” he said.

On the investments likely from the two HELP programmes, Mr. Chakraborty said it would be in the range of \$30 billion in a phased manner. He said the DGH was also engaging with private equity players in an effort to underscore the need to invest in the oil and gas sector. Equity, he said, played a key role in the exploration stage, while debt gained prominence during the field development stage.

‘Dubious transactions at Binani no surprise’

Confident of revival: Dalmia Bharat

INDRANI DUTTA
KOLKATA

Dalmia Cement Bharat Ltd., which has emerged as the winning bidder for Binani Cement, said it was neither shocked nor surprised by the reports of “dubious transactions” at the debt-laden cement maker.

“It does not come as a shock to us and it would be wrong to think that we did not have this in mind when we valued the company and during due diligence, we are comfortable with it,” Mr. Singhi said. Binani Industries on Wednesday said in a regulatory filing that it had been asked to clarify reports on Binani Cement.

Dalmia is confident that it would be able to revive Binani and create a win-win for all stakeholders.

“During due diligence and also through reports that we were receiving, we got a whiff of a few dubious transactions at the company,” said Dalmia Bharat Group CFO Mahendra Singhi. The Resolution Professional had already filed an application with the Nation-

al Company Law Tribunal, alleging some dubious transactions at the company based on a forensic audit report submitted on March 12, it was learnt.

Dalmia Cement is keen to gain control of the company to strengthen its position in markets like Gujarat, where it does not have a presence now.



Under pressure: State-level farm loan waivers could push up the general government fiscal deficit, says Nomura. ■AFP

Early general election possible in 2018, says Nomura

‘Political events may stall reform push’

SPECIAL CORRESPONDENT
MUMBAI

A series of political developments over the last few weeks has placed the Bharatiya Janata Party (BJP) on the back foot and an early general election in the fourth quarter of 2018 cannot be ruled out, according to global financial major Nomura.

In its latest ‘Asia Insights’ report, the Tokyo-based financial services firm says that while the Centre may not breach its 2018-19 fiscal deficit target of 3.3% of gross domestic product, greater capital requirements for bank recapitalisation and State-level farm loan waivers could lead to increased debt burden and a higher general government (Centre and States combined) fiscal deficit.

“From an economic perspective, this suggests that big-ticket reforms are less likely and a populist overtone is more likely as the government raises its pro-farmer, pro-common man profile via higher minimum support prices (MSPs) and

fiscal transfers that ensure that MSPs are effective, increasing both inflation and fiscal risks,” Nomura said.

“We were leaning towards the view that concerns over the current account deficit, fiscal slippage and rising inflation were beginning to be priced in, but the risks around politics have turned less favourable for markets after the by-election losses in Uttar Pradesh,” it added.

Interestingly, Nomura is of the view that there is a 25% probability of an early general election, clubbed with State elections scheduled in the fourth quarter of 2018 and the first half of 2019. Rajasthan, Chhattisgarh and Madhya Pradesh will go to the polls in that period.

The financial major opines that the political developments are proving to be irritants for the BJP-led central government due to which big-ticket reforms would be difficult. The focus was instead likely to turn towards implementation along with restrained populism, Nomura added.

Tirupur garment units turn to Ethiopia

Duty-free access to U.S., Europe a boon

M. SOUNDARIYA PREETHA
COIMBATORE

SCM Garments, the exports arm of the SCM Group of Companies from Tirupur, is setting up a 500-machine garment unit in Ethiopia.

The company had opened the facility a couple of weeks ago with 50 machines. “The worker training and production lines are ready. We will operationalise the plant in phases. By mid 2019, we want to have all the 500 machines functioning,” said M. Ashok, chief marketing officer of SCM Garments.

According to Supporting Indian Trade And Investment for Africa (SITA), a project of the International Trade Centre, about 30 garment and apparel units have set up shop in Ethiopia in the last couple of years. This includes companies from In-

dia, Bangladesh, China, Indonesia and the United Kingdom.

The companies from south India include Jay Jay Textiles, Best Corporation and SCM Garments.

Exports from Ethiopia have duty free access to the U.S. and Europe and there is manpower availability. Hence, SCM decided to invest in Ethiopia.

Poor infra

However, there are a few challenges too, such as poor infrastructure development and the need to train unskilled workers,” said Mr. Ashok. Raja M. Shanmugam, president of Tirupur Exporters’ Association, said garment units from the region were investing in countries such as Ethiopia considering the upfront advantages.

JAY SHANKAR
BENGALURU

The merger process between Piramal Finance and Piramal Housing to create Piramal Capital will be over by end of May this year and the new company will list on the exchanges maybe within two to three years, Khushru Jijina, MD of Piramal Finance and Piramal Housing Finance Capital said.

“It is very much on time. Now, we have to get various approvals. End May is when we expect the whole process to get over,” Mr. Jijina said in an interview. “In the mid-term we will look at separating the pharma and the financing operations. It could be two or three years.”

The merger will bring developers and buyers of houses under one umbrella to stand apart from competition, he said.

“What we have done is

that whether the developer requires equity or construction finance or debt, we have got one person serving him. The logic applies to the retail product - housing finance. What we look at is housing finance, another product in our developer platform to help the developer sell better.”

Bad loans

A sharp increase in bad loans of state-owned banks is putting on capital adequacy and credit growth, according to an investor presentation by Piramal Enterprises, the parent company of Piramal Finance. Lenders and corporations are running out of options and sectors like power, steel, construction, textiles, are under stress. “Resolution has been elusive so far, but regulatory push is evident from New Insolvency and Bankruptcy Code



Khushru Jijina

(IBC) and recent RBI ordinance,” according to the February presentation.

The transition to Real Estate (Regulation and Development) Act (RERA), which came into effect from May 1, 2017 is expected to slow-down new real estate projects and increase working capital requirements of developers, thus creating pressure on their operational performance during the cur-

rent financial year ending March 31, according to rating agency ICRA. “What is really playing out is there is clearly the separation of men from the boys in terms of the developer community. It is not about big or small. Clearly that has played out post-RE-R,” Mr. Jijina said.

Shift to organised sector

“Few of the developers, who imbibed corporate governance and execution, will survive. We have more than 370 projects which we have funded in India and I have primary data of those. Those clearly tell me that those developers who are credible and good are able to sell. If you separate the good developers from the unorganised you can clearly see the shift in the last six months.”

Piramal Finance’s total loan book, both retail and wholesale is ₹70,000 crore

as of today, he said. The company’s foray into hospitality sector is “progressing well,” he said. “We have a very healthy pipeline of about seven more hotels. We believe that in the next three years, we will be able to grow a loan book of ₹10,000 crore in the hospitality sector.”

“This year we will move in to cities like Nashik. In the next six months, you will hear us talking more about this. We have a 2020 road-map of having 24 branches. We also have a corporate finance group which is non-real estate. You will see a lots of action in the logistics and warehouse sector.

“Our rights issue closed in February and we raised ₹2,000 crore and we raised ₹5,000 crore in December through a QIP. That will take us through for at least the next three years,” Mr. Jijina said.

‘Securing lithium reserves need of the hour’

Slow progress in securing commodity may pose problem for energy storage in India: Panasonic official

TCA SHARAD RAGHAVAN
NEW DELHI

The Indian government’s relatively slow progress in securing lithium reserves could be a big problem for the energy storage industry in the country, according to a senior official at Panasonic India, who said that this would mean the country would have to rely on imports from China.

“China securing its lithium ion reserves and India not doing as much in this area could be a big problem,” said Atul Arya, head, Energy Systems at Panasonic India. “There are two ways to do it. We can either do it in the way we are doing solar, where we are importing everything from China. There is no need to worry about anything, somebody else is making it, and we are only consuming.”

“But, if Make in India is a



‘Dragonian’ delay: Sluggishness in securing the reserves will push India to rely on imports from China, says Arya. ■REUTERS

motto and we are serious about it, then we have to do a lot of things in terms of securing various commodities that go into it,” Mr. Arya added.

“And at the same time, we have to look at the other aspects such as the finance required to ramp up manufacturing, which means attracting investors, and up-

grading the skills of the human resources. That is all required.”

“It’s like running your own kitchen,” he added.

“If you are cooking your own food, then you have to obviously worry about your groceries. But if you are happy with somebody delivering food, then you don’t need to have a kitchen itself, forget

about groceries.”

Mr. Arya explained that India had moved substantially away from the prevalent lead acid batteries towards those based on lithium ion technology, which was far more efficient. He added that creating large scale batteries was not a simple matter of scaling up the batteries found in phones or laptops.

“The wheel was invented thousands of years ago, but we still have new types of wheels rolled out now and then,” he said. “They are technologically far superior, even when you look at the wheels on cars. That’s how it is with lithium ion technology. It’s not just about scaling it up. A cycle tyre and a bus tyre are two very different things. You have to do a lot more research and a lot more design and development work.”

Mr. Arya also said the go-

vernment can do a lot on the policy and taxation side to boost the domestic energy storage sector.

“Today, storage is not really classified as a generation technology, but if you put it in a generation plant and you use the stored energy, does it become a generator component,” he said.

Tax relief

The Panasonic executive also said that there was scope for tax relief for the sector under the Goods and Services Tax (GST) regime, saying that the current tax rate is leading to higher costs.

“Lithium attracts 28% GST as of today,” Mr. Arya said. “This is the highest slab. And so you can understand the impact on costs. There are many areas that are purely in the purview of the government where it can help the sector.”

Godrej Aerospace bags ₹200-cr. order

To make aero parts for Rolls-Royce

SPECIAL CORRESPONDENT
MUMBAI

Godrej Aerospace, a unit of Godrej & Boyce Mfg. Co. Ltd., has expanded its partnership with Rolls-Royce with the latter awarding contracts worth ₹200 crore for manufacturing aero engine components.

The contract is for manufacturing products like unison rings, complex fabrication and external brackets commodities, which once in manufacturing, will result in shipment of 600 different parts spread across various Rolls-Royce Civil Aerospace Engine portfolio, Godrej Aerospace said in a statement.

Center of Excellence

Godrej Aerospace also inaugurated its Center of Excellence (CoE) in Mumbai with investment of ₹50

crore to enhance its manufacturing capabilities in the aero engine industry.

“In line with our vision to expand our footprint and partner with global majors we have established this Center of Excellence. I am confident that this will strengthen and deepen our wonderful partnership with Rolls-Royce and establish Godrej as their preferred partner,” said Jamshyd Godrej, Chairman and Managing Director, Godrej & Boyce.

Kishore Jayaraman, president, India and South Asia, Rolls-Royce, said, “The expansion of partnership with Godrej & Boyce for manufacturing of aero engine components showcases our commitment to developing an aerospace ecosystem in the country.”