

MARKET WATCH

	31-01-2018	% CHANGE
Sensex	35,965	-0.19
US Dollar	63.58	0.03
Gold	31,400	0.51
Brent oil	68.65	-0.09

NIFTY 50

	PRICE	CHANGE
Adani Ports	428.85	0.60
Ambuja Cements	261.80	0.30
Asian Paints	1128.30	1.60
Aurobindo Pharma	629.55	-2.15
Axis Bank	593.60	-0.15
Bajaj Auto	3337.15	-21.15
Bajaj Finance	1677.85	-0.55
Bharti Airtel	439.85	-0.75
Bosch	19400.25	-95.30
BPCL	492.30	6.70
Cipla	592.15	-13.80
Coal India	299.55	-6.35
Dr Reddys Lab	2225.35	-80.80
Eicher Motors	26923.60	234.20
GAIL (India)	478.60	2.50
HCL Tech	986.55	-13.85
HDFC	1956.30	18.80
HDFC Bank	2005.70	10.20
Hero MotoCorp	3691.45	3.60
Hindalco	256.15	2.60
HPCL	397.70	4.70
Hind Unilever	1369.35	-30.90
Indiabulls HFL	1390.95	-24.05
ICICI Bank	352.95	-0.30
IndusInd Bank	1753.10	17.05
Bharti Infratel	351.55	7.10
Infosys	1150.25	-20.40
Indian OilCorp	417.60	1.35
ITC	271.40	-3.80
Kotak Bank	1108.95	20.90
L&T	1416.50	-13.40
Lupin	883.75	-19.00
M&M	763.05	-1.85
Mauriti Suzuki	9509.70	-61.85
NTPC	170.25	-0.05
ONGC	203.45	-1.35
PowerGrid Corp	193.80	-1.15
Reliance Ind	961.30	10.90
State Bank	313.25	-0.30
Sun Pharma	579.90	-12.05
Tata Motors	399.50	3.65
Tata Steel	705.05	-26.12
TCS	3112.35	-40.50
Tech Mahindra	612.65	9.70
UltraTech Cement	4382.00	18.80
UPL	752.05	-18.70
Vedanta	340.35	-0.95
Wipro	304.70	-2.60
YES Bank	354.40	1.05
Zee Entertainment	593.70	-9.30

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on January 31

CURRENCY	TT BUY	TT SELL
US Dollar	63.38	63.70
Euro	78.92	79.32
British Pound	89.65	90.10
Japanese Yen (100)	58.26	58.56
Chinese Yuan	10.09	10.14
Swiss Franc	67.92	68.27
Singapore Dollar	48.45	48.71
Canadian Dollar	51.58	51.86
Malaysian Ringgit	16.25	16.34

Source: Indian Bank

BULLION RATES CHENNAI

January 31 rates in rupees with previous rates in parentheses

Retail Silver (1g)	42.40	(42.10)
22 ct gold (1 g)	2,900	(2,892)

'U.S. tax cuts forcing others to respond'

Concerned that the lower U.S. tax rate may lead to a slowdown in investment into India: USISPF's Aghi

ARUN S
NEW DELHI

The recent U.S. tax cuts and reforms are exerting a lot of pressure globally, with most countries now looking at ways to enhance their tax competitiveness in order to attract investments and boost growth, according to Mukesh Aghi, president, US-India Strategic Partnership Forum (USISPF).

His statement assumes significance as there are expectations that the government may also usher in tax reforms in the Union Budget in line with global trends.

Indian subsidiaries of many American companies and even Indian export firms for whom the U.S. is the major market, are said to be considering shifting operations to the U.S. to take advantage of the tax cuts and other benefits of being there, according to Indian industry officials.

"Every country around



Peer pressure: Other countries are eyeing ways to enhance their tax competitiveness following the U.S. tax cuts. ■ AFP

the world is now looking at their tax rates and how competitive they are vis-a-vis the U.S.," Mr. Aghi told *The Hindu*. "They are looking at ways to attract investments and raise revenue. So the US tax reforms are putting pressure globally." Referring to the reduction of Corporate Income Tax (CIT) in the U.S.

from 35% to 21%, he said, "This is happening after 30 years. So [as a result], the U.S. stock market is booming... Suddenly, with just 21% CIT, companies [in the U.S.] will have more money. They are already giving bonuses to employees. You also saw Walmart announcing an increase in minimum wages

for its employees."

Companies such as Apple and Exxon Mobil are reported to have indicated plans to invest billions of dollars in the U.S. following the tax cuts.

Tax rate attraction

Citing the difference in CIT between the U.S. and India (where the rate is about 30%) as well as the exchange rate risk, Mr. Aghi said there were concerns being expressed whether the CIT cut in the

Export Organisations (FIEO), said the Centre should similarly reduce CIT to 25% for large companies.

"The reduction in CIT in the U.S. has forced Indian subsidiaries of American firms to look at the option of closing their India operations and moving to U.S. to avail the tax advantage," Mr Sahai said, adding that in pharma and other sectors, many Indian exporters – for whom the major market is the U.S. – are mulling shifting to the U.S. to get the benefit of import tariff, reduction in CIT and 100% deduction on purchase of equipment.

Indian leather exporters are also weighing the option of adding production in Bangladesh to take advantage of the 15% cash support announced by that country, besides the import tariff gains of exporting from a least developed country.

BUDGET WATCH

U.S. would possibly lead to a slowdown in investment into India by U.S.-based firms.

Pointing out that India's budget last year had an announcement on reduction of CIT to 25% in case of small companies with annual turnover up to ₹50 crore, Ajay Sahai, Director General and CEO, Federation of Indian

Union Budget to test investors' faith in Modi

Market focus on widening fiscal deficit

REUTERS
MUMBAI

Since his election four years ago, Indian markets have welcomed Prime Minister Narendra Modi's campaign to mend patchy public finances and develop new areas of growth in Asia's third largest economy.

To keep investors' confidence, however, Mr. Modi's government will need to be seen containing the fiscal deficit, while also increasing spending in key areas of the slowing economy.

Markets will be focused on how much India widens its fiscal deficit beyond the 3% of gross domestic product projected for 2018/19.

A Reuters poll showed most economists expect a 3.2% deficit as the government looks to increase investments in key areas such as agriculture to bolster its re-election prospects in

elections due by 2019.

A modest widening of that nature would calm investors worried that the government may slip away from its judicious spending. Traders say bond yields could fall 10 to 15 basis points, while shares could hit new record highs. Gains could be more pronounced if India sticks to its 3% target.

Populist policy

But a deficit above 3.2% could hit shares and send bond yields up by 20-25 basis points, depending on the size of the blowout, on fears of populist policy ahead of next year's elections.

Markets remain nervous after the government's annual economic survey on Monday suggested "a pause" in fiscal consolidation, sending bonds plummeting.

'Data safety: few firms ready'

Only 33% have plans to comply with the EU rule: EY survey

SPECIAL CORRESPONDENT
HYDERABAD

With less than four months to go for the EU's General Data Protection Regulation to kick in, "too many companies are still not prepared" for the regime that would also cover Indian IT firms, according to a global survey.

"Asked to describe their company's current status with respect to complying with the GDPR, only 33% of respondents said that they have a plan, while 39% said they are not familiar with GDPR," according to EY's Global Forensic Data Analytics Survey 2018.

An initiative to unify data protection laws across the EU, GDPR would apply to all



Respondents included 40 participants from India.

firms, regardless of their location, that process personal data of people living in the EU. Once in force, the GDPR would require companies to notify a data breach within 72 hours of the event.

About 17% of respondents said they had heard of GDPR, but had not yet taken any action. The balance 11% said: "We are studying the GDPR and its scope."

'Minimum €20 mn fine'

Violators could be fined up to 4% of annual global turnover or €20 million, whichever is greater, according to the report. A total of 745 respondents in 19 countries were interviewed for the survey, including 40 in India.

Partner and head - India & Emerging Markets, Fraud Investigation & Dispute Services of EY, Arpinder Singh said: "all contracts would come up for review." Indian IT firms ought to invest and comply before May, he said.

CSO bumps up FY16 GDP, retains FY17's

PRESS TRUST OF INDIA
NEW DELHI

The Central Statistics Office on Wednesday revised the Gross Domestic Product (GDP) growth rate for 2015-16 to 8.2% from the earlier estimate of 8% and kept the 2016-17 growth unchanged at 7.1%.

The GDP at constant (2011-12) prices for the years 2016-17 and 2015-16 stands at ₹121.96 lakh crore and ₹113.86 lakh crore, respectively, the CSO said in a statement.

The real gross value added (GVA) at constant (2011-12) basic prices grew 7.1% in 2016-17, as against a growth of 8.1% in 2015-16.

ICICI Bank Q3 net falls 32%

Lower treasury gains cause slump; profit at 7-quarter low

SPECIAL CORRESPONDENT
MUMBAI

ICICI Bank – the country's largest private sector lender – reported a 32% decline in net profit to ₹1,650 crore for the quarter ended December 31, due to lower treasury income. This is the lowest profit the bank has recorded in the last seven quarters.

As a result, non-interest income fell to ₹3,167 crore from ₹3,939 crore reported in the year earlier period.

"No exchange rate gains" "We had ₹900 crore treasury income and ₹82 crore [in Q3 of FY17] from exchange rate gains which did not exist in Q3 [FY18]," said Chanda Kochhar, MD & CEO, ICI-



Chanda Kochhar

CI Bank, in the post earnings media interaction. Rising bond yields in the most recent quarter led to lower treasury gains for the banks.

Net interest income, the difference between interest earned and interest expended, grew 6% to ₹5,705 crore

on the back of 16% growth in domestic advances. Ms. Kochhar said corporate loan growth was about 15%.

For the full year, total domestic advances were likely to grow 15% while retail loan growth would be stronger at 18-20%, she said.

Net interest margin (NIM) remained steady at 3.14%, as compared with the year earlier period. CASA deposits rose 12% year-on-year and now accounted for 50.4% of total deposits.

Gross additions to non-performing assets (NPA) were ₹4,380 crore, the lowest addition in nine quarters, she said. The gross NPA ratio fell to 7.82% from 7.87% as at September 30.

L&T Q3 profit climbs 53%

Orders at infrastructure, hydrocarbons units propel net

SPECIAL CORRESPONDENT
MUMBAI

Engineering and construction giant Larsen & Toubrow saw a 53% jump in its third quarter net profit to ₹1,490 crore on the back of new orders in the infrastructure and hydrocarbons segment.

Consolidated gross revenue stood at ₹28,747 crore, registering a rise of 9.4%, with some improvement in execution momentum and growth in services business. International revenues for the quarter stood at ₹10,110 crore, accounting for 35% of the total revenue.

Orders rise 38%

In the quarter, the company won orders worth ₹48,130 crore, rising 38%. International orders at ₹8,835 crore constituted 18% of the total order inflow.

The company's order book stood at ₹2.7 lakh



Tax relief likely: L&T MD S.N. Subrahmanyam says he expects the Finance Minister to moderate corporate tax rates.

crore, a quarter of which came from international orders. "We believe that the ratio of three-fourth and one-fourth between domestic and international orders will remain going forward," said Shankar Raman, CFO, L&T.

"Rise in oil and commodity prices are encouraging review of market expansion strategies and investment opportunities," the compa-

ny said in a regulatory filing.

L&T MD & CEO S.N. Subrahmanyam said he expected the Finance Minister to moderate corporate taxes in the Budget. "I don't see a major overhaul in the corporate taxes but some moderation is expected," he said.

Ahead of the results, L&T shares fell 0.87% to ₹1,416.6 in a flat Mumbai market on Wednesday.

Exports spur 148% rise in JSW Q3 net

SPECIAL CORRESPONDENT
MUMBAI

JSW Steel reported a 148% growth in its third quarter net profit to ₹1,774 crore, driven by higher sales that were led exports. The company's earnings before interest, tax, depreciation and amortisation climbed 37% to ₹3,851 crore while consolidated revenue rose 17% to ₹17,861 crore.

JSW achieved the highest-ever consolidated quarterly steel sales volume of 4.03 million tonnes. Exports, comprising 30% of total volumes sold, rose 56% from a year earlier.

A reduction in corporate tax in the U.S. helped the firm reverse liabilities of ₹572 crore. JSW Steel also recorded provisions of ₹264 crore due to the surrender of its iron ore mine in Chile.

Google allies with L&T for Wi-Fi in Pune

Search engine to bring 150 Google Station hotspots as part of smart city plan

PEERZADA ABRAR
BENGALURU

Google announced its partnership with India's largest engineering and construction company Larsen and Toubro (L&T) to bring 150 Google Station hotspots to Pune.

The Internet giant said on Wednesday the collaboration was part of Pune Smart City Development Corporation Limited's Smart City project.

Outside of railways

The company said for the first time it was deploying Google Station outside of the railways. It said 7.7 million users had benefited at more than 270 railway stations through its RailTel Wi-Fi project.

"Today marks a big step for us as we expand Google Station hotspots from rail-



Expanding potential: Up to three million people in Pune can go online within seconds, says Google.

ways to cities," said Vinay Goel, product management director, Google Station, in a statement. "Our aim with Google Station is to bring fast Wi-Fi to more users in more places within India."

Potentially, three million people in Pune can now go online within seconds, to message friends, pay bills,

shop online and watch music videos at locations all around the city, according to the firm. The Mountain View, California-based Google said public Wi-Fi alone does not make a city "smart." It said with reliable Internet connectivity across multiple central locations, people can now use their

smartphones to make the most out of Pune's other smart city services. This includes improved tracking of public buses, opportunities for digital learning, and participation in digital governance. Google hotspots will be available at public places like gardens, hospitals and police stations, helping people get access to free Wi-Fi.

"We're looking forward to helping people in Pune get fast, simple and secure access to everything the Internet has to offer," said Mr. Goel.

He said the company built Google Station to be both of the highest-quality and easiest Wi-Fi service for users and the easiest for partners to deploy. "We think this makes Station a great connectivity partner for the growing number of Indian smart cities," said Mr. Goel.

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