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XXCE

"Tackling challenges head-on made us even stronger, thanks to our solid commitment to leadership and core values

N.P. Singh, Sony Pictures Networks India MD & CEO

STOCK CHECK

Sensex intra-day movement

Previous 73903.91

CURRENCIES

US $	Rs 83.43
UK Pound	Rs 104.89
Euro	Rs 89.83

INDICES

BSE		
Sensex	73876.82	-27.09
Midcap	40670.70	+246.09
Smallcap	45556.08	+533.02
NSE		
Nifty	22434.65	-18.65
Next 50	62423.75	+169.65
Nifty 500	20605.70	+35.95

Most active on NSE

Scrip	Price*	Traded value#
HDFCBank	1484	3384.78
KotakBank	1733	2202.85
Mazdock	2233	2105.19
ICICIBank	1077	1669.20
CochinShip	1067	1659.16

*In Rs; #In Rs crore

COMMODITIES

Gold (10 gram in Rs)		
Pure	69750	+300
Hallmark	66650	+300
Silver (kg in Rs)		
Bar	77650	+150
Portion	77750	+150
Crude*	7158	+81
Copper#	787	+18.40

*per barrel in Rs; # per kg in Rs

MONEY MARKET

	Yield (%)
Call rate	5-6.60
91-day T-Bill	6.83
1-year Gilt	7.03
5-year Gilt	7.10
10-year Gilt	7.10

Compliance crisis rocks Re derivatives

OUR SPECIAL CORRESPONDENT

Mumbai: A Reserve Bank of India (RBI) circular on exchange-traded currency derivatives (ETCD) issued in January is causing panic among investors and brokers with some fearing the end of the market where trading began only in 2008-09.

A derivative is a financial contract whose value is entirely "derived" from the value of the underlying asset — which can be securities, commodities, bullion or currency.

The banking regulator, which perhaps wanted to only keep serious players in this market, directed that beginning April 5 participants in currency derivatives will have to show their underlying exposure.

In other words, those who do not have contracted exposure will have to exit their positions by April 4.

According to the RBI, contracted exposure means currency risk arising on account of current or capital account transactions permissible under Fema, 1999 or any rules or regulations made thereunder.

The circular said that for exchange-traded foreign exchange derivative contracts involving the rupee, recognized stock exchange shall ensure that ``the user is allowed to take positions (long or short), without having to establish the existence of underlying exposure, up to a single limit of $100 million equivalent across all currency pairs involving the rupee, put together, and combined across all recognised stock exchanges".

However, the subsequent paragraph added, ``recognized stock exchanges shall inform users that while they are not required to establish the existence of underlying exposure, they must ensure the existence of a valid underlying contracted exposure which has not been hedged using any other derivative contract and should be in a position to establish the same, if required".

Observers fear that this will kill the market and it will only encourage the over-the-counter market where pricing could be a casualty.

``The RBI simply does not know what it has done. In one stroke it has killed the market. It will result in only the flourishing of the OTC market. We have been raising this issue with the exchanges but it was also sleeping," a broker who did not wish to be identified told The Telegraph.

Zerodha told its clients from hereon traders need to have exposure to the underlying currency to trade in currency derivatives on the stock exchange.

It added that if a trader has an exposure greater than $100 million they will be required to appoint a custodian participant or an authorised dealer.

However, for participants with a smaller exposure, a declaration that they are trading currencies to hedge their contracted exposure will suffice.

"If the declaration is not provided, you will not be allowed to take any fresh positions in the currency segment from April 4, but you will be able to exit your existing positions," it added.

"I have said this before, regulatory risk is by far the biggest risk for stock brokers. The RBI has its own reasons for restricting unhedged currency derivatives, but this means the death of currency derivative trading on stock exchanges by retail traders," Nithin Kamath, founder & CEO, Zerodha said on the micro-blogging platform X.

The fear already made its impact felt with volumes (contracts) sharply declining to 87.25 lakh on Wednesday compared with 1.2 crore on Tuesday.

DISCLOSURE OF UNDERLYING EXPOSURE

- In currency derivatives trade less than $100m, users need not furnish the underlying exposure
- However, they must be in a position to furnish the underlying exposure, which has not been hedged against any other derivatives — if required by the regulator
- Those who do not have the underlying exposure will have to exit the market by April 4
- Brokerage Zerodha has demanded a declaration from the investors
- Analysts fear this means the end of the currency derivatives market. Volumes have declined to 1.2 crore on Wednesday from 87 lakh on Tuesday

Crude hovers around $90-level

New York: Oil prices extended gains on Wednesday as investors worried about supply disruptions from a worsening geopolitical landscape, although a surprise jump in US crude oil inventories eased some of those concerns.

Brent crude futures rose 84 cents, or 0.9 per cent, to $89.76 a barrel by 1538GMT. US West Texas Intermediate futures rose 76 cents, or 0.9 per cent, to $85.91 a barrel.

Both contracts were up more than a dollar during the session, before the US Energy Information Administration reported a 3.2 million barrel increase in crude stocks. Analysts polled by Reuters had expected an over 1.5 million barrel decrease which was in line with preliminary data reported by the American Petroleum Institute on Tuesday.

"We needed a little bit of a pullback to reload before gunning higher again. Other than being overbought, market fundamentals continue to point upwards," said Bob Yawger, director of energy futures at Mizuho.

Brent and WTI futures have traded at over five month highs for three consecutive sessions, rallying on concerns that Ukraine's recent attacks on Russian refineries and potential widening of the conflict in West Asia could impact oil supplies.

Iran has vowed revenge against Israel for an attack on Monday that killed high-ranking military personnel. Iran, which provides support for the Hamas militia fighting Israel in Gaza, is the third-largest producer in the Opec.

Bank of America Global Research raised its 2024 Brent and WTI forecasts to $86 and $81 a barrel respectively, it said in a note on Wednesday, on firming demand and escalating political tensions.

Meanwhile, a meeting of the top OPEC+ ministers on Wednesday kept oil output policy unchanged and pressed some countries to boost compliance with output cuts.

India stocks

The Indian government has sought private investment in a proposed crude storage facility at Padur, Karnataka, reports Our Bureau.

The Indian Strategic Petroleum Reserves Ltd (ISPRL) is inviting bids for the construction of a 2.5 million-tonne underground facility.

This marks a significant shift from the government-funded model used for the existing strategic reserves located in Visakhapatnam, Mangalore, and Padur. *Reuters*

EGM clears Voda funds plan

OUR SPECIAL CORRESPONDENT

Mumbai: The shareholders of Vodafone Idea Limited (VIL) have approved a proposal to raise Rs 20,000 crore through the issue of securities amid concerns the sum may not be sufficient for the loss-making telco to prune its high debt and make investments in 5G and infrastructure.

The shareholders gave their approval at an EGM on Tuesday, where 99 per cent voted in favour of the resolution.

The board will meet on April 6 to decide on a proposal of issuance of equity shares or convertible securities on a preferential basis.

Besides raising Rs 20,000 crore from equity or equity-related instruments, Vodafone Idea is planning to mobilise Rs 25,000 crore via bank debt, which it has brought down to Rs 4,500 crore from Rs 45,000 crore.

In February, VIL said the promoters would also contribute to the proposed equity raise, as committed earlier.

The promoters, the Aditya Birla group and Vodafone Plc, jointly hold 50.3 per cent.

The central government is now the single largest shareholder with a holding of 33.1 per cent after it converted the accrued interest towards statutory dues into equity in 2023.

Vodafone Idea expects to sew up the debt funding, after the equity issue. During the quarter ended December 31, 2023, its gross debt stood at Rs 2,14,960 crore which included deferred spectrum payment obligations.

A falling subscriber base is a major challenge, which the company expects to take up after raising the funds.

The company has been losing subscribers to its two rivals: in January, VIL lost 15.2 lakh wireless subscribers as its user base dropped to 22.15 crore.

"Vodafone Idea fund raising is ahead, but continued delay in its 5G rollout could trigger further subscriber share consolidation as Reliance Jio and Bharti Airtel continue to rapidly ramp up 5G," analysts at CLSA said in a recent note.

Vodafone Idea is drawing optimism from growing its 4G subscriber base and average revenue per user (ARPUs) for the last 10 quarters.

During the quarter ended December 31, 2023, its ARPU improved to Rs 145 from Rs 142 in the preceding three months.

Vodafone Idea saw its net loss narrowing to Rs 6,986 crore compared with Rs 7,990 crore in the year-ago period for the quarter ended December 31, 2023.

Vodafone Idea said it could raise the funds in one or more tranches, either through a qualified institutional placement (QIP), ADR/GDR, follow-on offering or FCCB (foreign currency convertible bond).

A CNBC Awaaz report said the FPO could be launched in a week or two.

A Moneycontrol report said the company was in talks with investment banks to bring about an efficient fund structure that would optimise various options including rights issue or FPO.

STREET MOOD

Voda Idea on BSE in Rs

RBI may take up fall in bank margin

OUR SPECIAL CORRESPONDENT

Mumbai: The first meeting of the monetary policy committee (MPC) of the Reserve Bank of India in the new fiscal began on Wednesday with little expectations of any change in interest rates.

Analysts, however, expect MPC to provide greater clarity on the weighted average lending rate (WALR) of banks in its monetary policy report amid declining spreads vis-a-vis deposit rates. The weighted average lending rate (WALR) on fresh rupee loans of scheduled commercial banks fell 7 basis points sequentially to 9.36 per cent in February 2024, while the deposit rate (fresh) of SCBs increased 1 bps to 6.44 per cent in February.

The outcome of the three day meeting will be known on Friday. The RBI had raised interest rates between May 2022 and February 2023 by 250 basis points. It has been in a pause mode since April 2023.

During the tightening cycle, WALR on fresh rupee loans rose 181 basis points while that on outstanding loans rose 113 basis points. According to the RBI, during the same period, the weighted average domestic term deposit rates (WADTDR) on fresh deposits and outstanding deposits rose 246 basis points (bps) and 180 bps, respectively.

A note from CareEdge Ratings said that in February 2024, the spread or the difference in commercial banks between the weighted average lending rate (WALR – lending rate) and the WADTDR (the net interest rate spread) stood at 2.92 per cent and 2.95 per cent for fresh and outstanding rates, respectively.

While the spreads of PSU banks touched a new 10-year low of 2.31 per cent, private sector lenders continued to maintain a higher spread as compared to the PSU banks.

10-year paper

The benchmark 10-year yield was trading at 7.10 per cent on Wednesday. Yields are expected to soften later in this year when the India government bonds gets included in the JP Morgan Emerging Market index.

Some expect it to fall even to 6.50 per cent over the next six months, reducing the spread with the repo rate to zero. Others feel the yield could dip to 6.75 per cent.

MPC MEET

- The gap between weighted average lending rate of banks and weighted average domestic term deposit rates has declined
- This has implication for bank margins. MPC expected to address the matter in its accompanying report
- Rates of 10-year paper are falling. Some expect the rates to come nearer the repo rate of 6.50 per cent

Hexacom IPO off to a good start

OUR SPECIAL CORRESPONDENT

Mumbai: The initial public offering (IPO) of Bharti Hexacom got off to a decent start on Wednesday as it received 34 per cent subscription.

Data from the stock exchange showed that against 4.12 crore shares on offer, the sale received bids for 1.4 crore shares. The category for retail individual investors (RIIs) got subscribed 48 per cent, while the quota for non-institutional investors received 36 per cent subscription, and the portion for qualified institutional buyers (QIBs) was subscribed to the tune of 29 per cent.

This is the first public issue in this financial year. It comes at a price band of Rs 542-570 per share.

On Tuesday, Bharti Hexacom, which is the subsidiary of Bharti Airtel, had said it has garnered about Rs 1,924 crore in shares from anchor investors.

Power plants told to boost output

OUR SPECIAL CORRESPONDENT

GOVT DIRECTIVE

New Delhi: The power sector is bracing for a record-breaking summer as the Modi government extends full capacity operation mandates for imported coal-based (ICB) power plants and weighs similar measures for gas-based facilities.

This move comes amid forecasts by the Indian Meteorological Department (IMD) predicting above-normal temperatures across the country from April to June.

The ministry of power, citing Section 11 of the Electricity Act, 2003, extended the directive for ICB plants to operate at maximum capacity until September 30. This section empowers the government to issue operational directives to power generators under "extraordinary circumstances". Previously, the mandate only extended to June.

"The decision reflects the crucial role ICB plants play in meeting peak power demand," a senior power ministry official told Bloomberg on condition of anonymity. "Imported coal offers some buffer against potential domestic supply disruptions during the scorching summer months."

The ministry is also evaluating the need for similar directives for gas-based power plants. A meeting with developers is planned to assess their operational readiness during the summer season. This heightened focus on thermal power generation stems from anticipated power demand surging by 7 per cent to a record 260 GW during summer.

World Bank sees India growth at 6.6% in FY25

OUR SPECIAL CORRESPONDENT

New Delhi: The World Bank has raised its GDP growth forecast for India by 20 basis points to 6.6 per cent for the financial year FY25.

It has also raised the forecast for the year ended March 31 by a massive 120 bps to 7.5 per cent on the back of robust growth in the October-December period, when the economy grew a whopping 8.4 per cent against expectations of around 6.6 per cent, the World Bank said.

"Growth is expected to moderate to 6.6 per cent in FY2024-25 before picking up in subsequent years as a decade of robust public investment yields growth dividends," the World Bank said in its April edition of the 'South Asia Development Update' report.

The multilateral agency expects GDP growth to moderate in 2024-25 primarily because of a deceleration in investment from its elevated pace in the previous year.

On the other hand, growth in services and industry is expected to remain robust, the World Bank said, adding that industry is likely to be aided by strong construction and real estate activity.

Even as the World Bank has raised the growth forecasts for both 2023-24 and 2024-25, its projections are lower than those of the government and the Reserve Bank of India.

According to the government's second advance estimate, GDP growth is estimated at 7.6 per cent for the year ended March 31. Finance minister Nirmala Sitharaman last week said the economy is likely to have grown at 8 per cent or higher in 2023-24.

For the current financial year, the government and the central bank expect GDP growth of 7 per cent or higher.

UPI volumes rise, ticket size falls

A STAFF REPORTER

Calcutta: UPI transactions are becoming smaller in value even as the volume of transactions are on the rise.

Worldline, a global player in the payments tech space, said that the average ticket size of UPI transactions declined by 8 per cent from Rs 1,648 in the second half of 2022 to Rs 1,515 in the second half of 2023.

"It is clear that the reduction in overall ATS (average ticket size) has been driven by P2M (people to merchant) transactions. The ATS of P2M transactions fell from Rs 720 to Rs 656, a 9 per cent reduction," Worldline said in a report.

On the volume side, P2P (person to person) transactions grew from 20.25 billion in H2 2022 to 27.04 billion in H2 2023, a 34 per cent increase. P2M transactions volume grew from 21.84 billion to 38.73 billion, a 77 per cent increase.

Overall UPI transactions grew by 56 per cent year on year. In December 2023, the 3 UPI apps — PhonePe, Google Pay, Paytm — accounted for 95.4 per cent of all transactions compared with 94.8 per cent a year before.

DVC considers uniform tariff

A STAFF REPORTER

S. Suresh Kumar, chairman, DVC, with MCCI officials in Calcutta on Wednesday

Calcutta: Damodar Valley Corporation hopes that a uniform tariff for its consumers could be the solution to its unique problem of two separate consumer tariffs in two different states.

The DVC command area is spread over Jharkhand and Bengal with both states as stakeholders in the corporation. Being an integrated utility, DVC generates, transmits and distributes power in the area under its jurisdiction.

However, the tariffs at the discom end are being set by the state electricity regulators in Jharkhand and Bengal, respectively, and these are not identical for the end consumers. As a result an industrial unit located in Jharkhand is often getting power at lower tariffs from DVC compared with that of Bengal.

Data on tariff available with the state electricity commissions show that the energy charges for high tension and low tension consumers in Jharkhand are in the range of Rs 3.60-4.25 per kWh (kilo watt hour) in 2023-24, whereas the average tariff for consumers in the Bengal area in 2023-24 is Rs 5.08 per kWh.

As a result of this difference, industries in Bengal are unable to compete with those in Jharkhand because of high cost of production. Ferro alloys is a major industry that is affected by the tariff differential. There is also a significant amount of litigation as a result of the tariff difference.

The issue is under discussion at the power ministry level and DVC officials hope that a solution is found soon.

"What we need is one tariff order for the entire DVC area," DVC chairman S. Suresh Kumar said on Wednesday at a Merchants' Chamber of Commerce-organised event.

He added that a uniform tariff could solve problems that the power utility faces while billing its consumers.

Tata Steel goes to court over SDF

SAMBIT SAHA

Calcutta: Calcutta High Court has admitted a writ petition filed by Tata Steel challenging the rejection of prayer for waiver of a loan taken by the steelmaker from Steel Development Fund (SDF).

The total amount of loan taken by Tata Steel stood at Rs 2,751.17 crore, including principal and interest, according to the last audited balance sheet. Tata Steel had sought waiver of the loan taken from SDF in accordance with the direction of the high court passed in an order dated August 3, 2022 and January 3, 2023.

The Union ministry of steel rejected the appeal seeking waiver of loans availed by it from SDF and refund of the balance amount lying in the Fund by a letter on December 29, 2023. The rejection has been challenged in a writ petition and the first hearing took place on Tuesday.

Court records reviewed by this newspaper revealed that the Steel Development Fund was created in 1978 with the object of modernising and upgrading the iron steel industry in India. The then steel producers imposed a steel development surcharge on per tonne of steel and deposited the money towards building a corpus for SDF.

The Joint Plant Committee (JPC), under the aegis of the steel ministry, was entrusted to manage the SDF on behalf of the central government. Tata Steel continued to contribute to SDF till 1994 and in total it contributed a sum of Rs 1,007.78 crore to the fund.

Tata Steel also took loans from SDF between 1981 and 2000. Other contributors to SDF were either refunded their contribution or the loan taken by them were written off. For instance, public sector steel maker SAIL secured a loan waiver amounting to Rs 5,323.71 crore, court records show.

Tata Steel went to court hearing that the Centre plans to appropriate the fund left in SDF to the Consolidated Fund of India in 2005.

Justice Aniruddha Roy on August 3, 2002 ruled that Tata Steel with other main steel producers has a clear right over the said SDF and it is for utilisation of steel producers. The order further stated that in the event the first petitioner (Tata Steel) will apply for receiving any assistance of whatsoever nature, from the corpus of the said SDF, the same shall be considered by the appropriate authority of the central government.

Loan waiver case

IN BRIEF

Spectrum auction deferred

- **NEW DELHI:** The DoT has deferred the spectrum auction by 17 days to June 6. It has also reduced bank guarantee and guarantee for earnest money deposit, in a move to ease liquidity for the bidders. The DoT has also reduced the number of blocks for auction in the 900 Mhz band in the Bengal circle to 44 from 48 blocks that were proposed earlier. *PTI*

Amit Kalyani

- **MUMBAI:** Bharat Forge on Wednesday announced the elevation of Amit Kalyani, son of chairman and MD Babasaheb N Kalyani, as vice-chairman and joint managing director of the company. He has been associated with Bharat Forge since 1999, starting his career focusing on operations and manufacturing.

UFlex

- **CALCUTTA:** UFlex, a flexible packaging and solutions company, has started commercialising polyester chips at its facility in Panipat, India. It has also commissioned a Film Line in Russia.

BOTTOM LINERS