

MARKET	
Sensex:	26880.82 ▲ 127.92
Nifty:	8027.60 ▲ 35.90
Taiwan Index:	8773.55 ▲ 145.77
KOSPI:	1925.48 ▲ 6.29
Shanghai:	2337.87 ▼ 47.43

COMMODITIES	
Gold:	27,490 ▲ 40
Silver:	38,250 ▲ 50
Brent:	
Crude:	85.83 ▼ 0.35%

• 'India banking sector underpenetrated; has room to grow'

## Aggression by newcomers may hurt banking ind's stability: S&P

'The sector's stability or risk appetite could be hit if any of the new players relax their underwriting standards or undercut prices to gain market share'

Mumbai

Global ratings agency Standard & Poor's said any aggressive market share gaining tactics by new entrants may adversely impact the banking sector's stability, reports PTL.

"The sector's stability or risk appetite could be hit if any of the new players relax their underwriting standards or undercut prices to gain market share," it said in a note. Infrastructure lender IDFC and micro-lender Bandhan were chosen among two dozen applicants to enter the banking

fray in February this year, and have an 18-month period to operationalise.

The International ratings agency, however, said that the overall risk in the sector has subsided as the RBI chose only two entities to open shop. "The immediate threat of a large number of new players entering the already competitive banking industry this year has subsided with the RBI granting banking licenses to just two entities," it said, flagging the issue of under-penetration in banking.

In the days of high risk and moderate growth, the

competition for safer, low risk assets among the banks is set to intensify, it said.

With asset quality continuing to remain in a trouble for the system — S&P said the bad assets pose a "downside risk" to economic recovery — and the gross non performing assets (NPAs) to rise to 4.5 per cent by the end of FY15 as against the four per cent at end of FY14.

"We expect the pace of creation of stressed assets to slow over the next two to four quarters. However, any material improvement in asset quality will lag economic recovery, corporate



de-leveraging, decisive steps to alleviate problem of stressed sectors, and some respite from high interest rates," it said.

On the liability and the capital front, it said the large deposit base, infra bond raising capability and a buoyant capital market will help the banks during the year.

S&P classified India's banking sector in group 'B' under its Banking Industry

Country Risk Assessment category. "India's economic risk trend, which affects the banking sector, is negative, in our opinion," the rating agency said.

"We expect risk from economic imbalances to be low in the near term as credit growth could remain moderate and inflation-adjusted property prices are likely to decline. However, prolonged weakness in asset quality could pose downside risk."

The rating agency added that the trend for banking industry risks in India is seen stable.

It also said that a large deposit base, ability to issue long-term senior bonds to fund infrastructure loans coupled with a buoyant capital market continues to support funding profiles of Indian banks.

## Airbus, Tata jointly bid for Air Force tender

NEW DELHI

Airbus Defence and Space and Tata Advanced Systems have jointly bid for an order to replace the Indian Air Force's fleet of Avro aircraft with Airbus C295 medium transport.

The bid involves replacement of 56 Avro aircraft, the companies said in a release. If the contract is awarded, Airbus Defence and Space will supply first 16 aircraft in 'fly-away' condition from its own final assembly line. The remaining 40 aircraft will be subsequently manufactured and assembled by Tata Advanced Systems in India. The process will include structural assembly, final aircraft assembly systems integration and testing, and management of the indigenous supply chain. Airbus Defence and Space Executive Vice President (Military Aircraft) Domingo Urena Raso said C295 aircraft has already been ordered by 19 countries. -Cogencls

## Corporate Briefs

### Govt to launch revamped Kisan Vikas Patra soon: Official

**NEW DELHI:** The government will soon launch the revamped Kisan Vikas Patra (KVP), a very popular instrument among small savers, besides some new saving instrument programmes for the girl child as well for the physically challenged person, a senior finance ministry official said. "We are going to launch the revamped Kisan Vikas Patra (KVP) soon again in the form of saving instrument," Rajat Bhargava, Joint Secretary (Budget) in the ministry finance said at an event here. The KVP was discontinued by the UPA government in 2011 following the Shyamala Gopinath Committee report. It had suggested that KVPs may be discontinued as they are prone to misuse. KVP was a popular saving scheme that doubled the money invested in eight years and seven months. The government sold these saving bonds through Post Offices in the country.

### BHEL bags Rs 422 crore order



**NEW DELHI:** Bharat Heavy Electricals Ltd has received a contract worth Rs 422 crore related to 444 MW Vishnugad Pipalkoti hydel power project in Uttarakhand. Located in Chamoli district, Vishnugad Pipalkoti project is on Alaknanda river. It comprises four

hydro generating sets of 111 MW capacity each. The order, valued at Rs 422 crore, is for setting up of hydro generating sets and associated electro-mechanical works for the Vishnugad Pipalkoti project, BHEL said in a statement. The order has been awarded by THDCIL (formerly known as Tehri Hydro Development Corp Ltd). The scope of work envisages "engineering, procurement and construction of all hydro generating sets and associated electro mechanical works and is to be executed in a tight schedule of 48 months", the statement said.

### Anita Kapur to be new CBDT Chairperson

**NEW DELHI:** Senior IRS officer Anita Kapur is tipped to be the new chairperson of Central Board of Direct Taxes (CBDT), the apex authority of the Income Tax department. Kapur, a 1978-batch officer of the Income Tax cadre, is currently serving as Member of Legislation and Computerisation and Income Tax in the CBDT. She is expected to take over the new charge on November 1 after incumbent Chairman KV Chowdhary retires on October 31, a senior official said.

### Indian youth delegation to visit China

**NEW DELHI:** Year 2014 is being celebrated as the 'Year of Friendly Exchanges between India and China'. A 100-member Indian Youth Delegation led by Secretary, Youth Affairs Rajeev Gupta will visit China from 25th November to 2nd December, 2014. The exchange of youth delegations between India and China started in 2006. The Ambassador of China to India Le Yucheng called on the Minister of State (Independent Charge) for Skill Development, Entrepreneurship, Youth Affairs and Sports Sarbananda Sonowal to discuss the matters related to bilateral cooperation and people-to-people contact.

### 'Rx Office Legal & Recovery' launched

**MUMBAI:** The Indian banking sector is groaning under the weight of ever increasing provisioning levels that are eating away profit margins. The use of technology will bring about a fundamental shift in the way Indian Banks manage their NPAs. ITShastra, that provides Software as a Service (SaaS) solutions based on a collaborative rules based workflow platform for the financial services industry, has introduced a product called Rx Office Legal & Recovery. This product will help banks track the default loans and actions using SURFESI act.

### BP writes down KG-D6 value by \$770 mn

New Delhi

BP plc has written down the value of its shareholding in the eastern offshore KG-D6 block by \$770 million dollar following a lower-than-expected gas price hike which it saw as a transition to market-based pricing, reports PTL.

BP in 2011 bought 30 per cent interest in Reliance Industries' eastern offshore KG-D6 as well as 20 other oil and gas exploration blocks for USD 7.2 billion. Bulk of this was for the producing block of KG-D6 and gas discovery area of NEC-25.

The government had on October 18 approved a new formula for pricing of all domestic gas. The rate, when the formula comes into effect from November 1, would be USD 5.61 per million British thermal unit as against current USD 4.2.

### OVL to acquire stake in two Vietnamese blocks

New Delhi

ONGC Videsh Ltd, the overseas arm of state-owned Oil and Natural Gas Corp, today signed an agreement to pick up to 50 per cent stake in PetroVietnam's two exploration blocks in the South China Sea. OVL will take 40 per cent stake in Block 102/10 and 50 per cent in 106/10 that lie outside the sea territory claimed by China.

PetroVietnam, the national oil company of Vietnam, will take half of OVL's 100 per cent stake in Block 128 in South China Sea which the Indian firm had earlier planned to exit.

"OVL signed a Heads of Agreement (HOA) with PetroVietnam Exploration

Corp (PVEP), a wholly owned subsidiary of Vietnam Oil and Gas Group (PetroVietnam), for mutual cooperation for exploration in Blocks 102/10 & 106/10 of PVEP and Block 128 of OVL in offshore Vietnam, subject to due diligence and negotiations on terms of participation," the Indian firm said.

Also, ONGC signed a Memorandum of Understanding (MoU) with PVEP for "mutual cooperation for exploration in the NELP Blocks of ONGC in Andaman and Cauvery Basins, subject to due diligence and negotiations on terms of participation."

The MoU was signed by ONGC Chairman and Managing Director Dinesh K Sarraf and Khan.

### Lupin Q2 net up 55% at Rs 630 cr

New Delhi

Drug major Lupin posted 55.11% rise in its consolidated net profit at Rs 630.04 crore for the second quarter ended September, driven by robust sales in the US, Japan and domestic market. Net sales rose to Rs 3,116.81 crore for the second quarter, as against Rs 2,631.46 crore during the same period last fiscal. Lupin Ltd MD Nilesh Gupta said: "We have had a great first half driven by strong growth in US, India, Japan and our API business. Our research pipeline is evolving well and we expect significant developments in the dermatology and inhalation space in the quarters to come".

US and Europe formulation sales grew by 23 per cent to Rs 1,359.2 crore.

### Ranbaxy posts Rs 478 cr net profit in Q2 on robust sales

New Delhi

Drug firm Ranbaxy Laboratories reported consolidated net profit of Rs 477.75 crore for the second quarter ended September 30, 2014-15, on account of exclusivity sales of Valsartan in US and robust sales in India and Western Europe.

The company had posted net loss after tax, minority interest and share in loss of associates of Rs 454.16 crore for the July-September period of 2013-14. Ranbaxy Laboratories said in a statement. Consolidated net sales of the company in Q2, 2014-15 were Rs 3,218 crore as against Rs 2,750.17 crore in the year ago period, it added.

Ranbaxy CEO and Managing Director Arun Sawhney said: "During the quarter, growth in base business was driven by India and

Western Europe. In the US we successfully launched Valsartan with 180 days exclusivity." The company's focus continues to be on creating brands and providing differentiated products as future growth drivers, he added.

The company's sales for the quarter in US stood at Rs 1,254.8 crore. Sales were higher in comparison to the corresponding quarter largely due to large contribution to sales from Valsartan in the current quarter, Ranbaxy said.

In the domestic market, Q2 sales grew 12 per cent to Rs 643.8 crore as against the year-ago period, it added. Sales in the West European market also grew by 17 per cent from the same period of last fiscal to Rs 233 crore for the quarter ended September 30, 2014.

## BSE set to foray into commodities trading

## NRI investors claim \$103m from ICICI Venture, move Mauritius SC

## Bank staff to go on strike on Nov 12

## Steel Minister reviews