WEDNESDAY, 27 FEBRUARY 2019
16 pages in 1 section
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Business Standard

THE MARKETS ON TUESDAY		Chg#
Sensex	35,973.7▼	239.7
Nifty	10,835.3▼	44.8
Nifty futures*	10,868.9▲	33.6
Dollar	₹71.1	₹71.0**
Euro	₹80.8	₹80.7**
Brent crude ($/bbl)##	64.5##	64.3**
Gold (10 gm)###	₹33,275.0▼	₹55.0

*(Feb) Premium on Nifty Spot; **Previous close; # Over previous close; ## At 9 pm IST; ### Market rate exclusive of VAT; Source: IBJA

BACK PAGE P16
USERS WORRIED AS FACEBOOK STEPS UP CENSORSHIP

BACK PAGE P16
THERESA MAY OFFERS MPs CHANCE TO DELAY BREXIT

PUBLISHED SIMULTANEOUSLY FROM AHMEDABAD, BENGALURU, BHUBANESWAR, CHANDIGARH, CHENNAI, HYDERABAD, KOCHI, KOLKATA, LUCKNOW, MUMBAI (ALSO PRINTED IN BHOPAL), NEW DELHI AND PUNE

ALLAHABAD, CORP BANK, DHANLAXMI OUT OF PCA REGIME

The Reserve Bank of India (RBI) on Tuesday removed three commercial banks, Allahabad Bank, Corporation Bank and Dhanlaxmi Bank, from the prompt corrective action (PCA) framework. The move will allow them to carry on with normal business, especially lending. Earlier this month, the RBI had taken Bank of India, Bank of Maharashtra, and Oriental Bank of Commerce out of the framework. 6▶

ECONOMY P6

Fiscal deficit exceeds revised target by 21.5%

With indirect tax collections remaining sluggish in the first 10 months of the current financial year, the Centre's fiscal deficit at the end of January stood at ₹7.7 trillion, or 21.5 per cent more than the revised target of ₹6.34 trillion, showed the data released by the Controller General of Accounts.

BS SPECIAL ON WEDNESDAY

ISSUES AND INSIGHTS:
China & India: The threat of populist nationalism 10
An exclusive excerpt from former Reserve Bank of India Governor **Raghuram Rajan**'s latest book *The Third Pillar*

India defers higher taxes on US imports

India has decided to defer the imposition of higher duties on 29 key imports from the US, for a sixth time. Originally set to go live from June 28, 2018, the tariffs have been repeatedly postponed by the government. They are now expected to take hold from April 1, as against March 2. Despite them being notified by the CBIC, the tariffs have been repeatedly postponed.

Only RCom liable for past dues: TDSAT

The Telecom Disputes Settlement and Appellate Tribunal (TDSAT) said on Tuesday the liability of past dues related to spectrum usage charges rested only with Reliance Communications (RCom), and not the buyer of its 800-MHZ spectrum.

COMPANIES P2

Followed I&B norms to black out data: BARC

The Broadcast Audience Research Council of India said it was following the Ministry of Information and Broadcasting's guidelines while making viewership data publicly unavailable during the industry's transition to the new tariff order mandated by Trai.

New ₹100 bank notes to be circulated soon

The RBI on Tuesday said it would shortly put into circulation the new-series ₹100 denomination bank notes, bearing the signature of Governor Shaktikanta Das. The design of these notes is similar in all respects to the ₹100 bank notes in circulation currently. PTI

INDIA STRIKES BACK

IAF fighters destroy Jaish's biggest terror camp in Pakistan, over 300 dead

AJAI SHUKLA
New Delhi, 26 February

Indian fighter jets struck the biggest training camp of the Jaish-e-Mohammad (JeM) inside Pakistan in a pre-dawn operation on Tuesday, killing over 300 terrorists. The synchronised strike, involving 12 Mirage 2000 aircraft and supported by a fleet of Sukhoi 30 jets, a mid-air refueller and two airborne warning and control systems, targeted JeM's "five-star resort style" camp on a hilltop in Balakot, about 80 km from the Line of Control, sources said.

The entire operation lasted about 20 minutes, and came days after the February 14 suicide bombing of a convoy of the Central Reserve Police Force (CRPF) in Jammu and Kashmir's Pulwama in which 40 troopers were killed. The JeM had claimed responsibility for the Pulwama attack.

Hours after the IAF's operation, India's foreign secretary, Vijay Gokhale, said this was an "absolutely necessary" attack on the proscribed terrorist group, which was readying for a major terrorist strike in India. "In an intelligence-led operation in the early hours of the day, India struck the biggest training camp of JeM in Balakot. In this operation, a very large number of JeM terrorists, trainers, senior commanders and groups of jihadis who were being trained for fidayeen action were eliminated," Gokhale said. "This facility at Balakot was headed by Maulana Yousuf Azhar (alias Ustad Ghouri), the brother-in-law of Masood Azhar, chief of JeM," he added.

Gokhale made it clear this was a counter-terrorist strike that targeted only the JeM, not the Pakistan military or civilians. "The government of India is firmly and resolutely committed to taking all necessary measures to fight the menace of terrorism. Hence, this non-military pre-emptive action was specifically targeted at the JeM camp. The selection of the target was also conditioned by our desire to avoid civilian casualties," he said.

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OPINION PAGE 11
EDIT: After retribution

FIGHT AGAINST TERROR PAGE 4
Pakistan can't afford a conflict

SURGICAL STRIKE 2.0

Duration of the entire operation: 20 minutes

STARTED: 3.45 am
ENDED: 4:05 am

TARGET: JeM's biggest training camp, in Balakot, about 80 km from LoC in Pakistan's Khyber Pakhtunkhwa province

FIGHTER JETS USED: Mirage-2000

TERRORISTS KILLED: 300-350

Last time India used air power against Pakistan: 1971 war

JeM responsible for: Attacks on Parliament (2001), Pathankot airbase (2016), CRPF convoy in Pulwama (2019)

People shout slogans celebrating Indian Air Force's pre-emptive strike on terror outfit Jaish-e-Mohammed's camp, in Amritsar on Tuesday PHOTO: PTI

Be prepared for all eventualities: Pak

Following the air strikes by the IAF, Pakistan Prime Minister Imran Khan directed the armed forces and citizens to "remain prepared for all eventualities". A statement from his office noted Pakistan would respond and rejected India's claim that it had hit a terror camp or inflicted heavy casualties. 4▶

Congress hails IAF, BJP lauds Modi

Leaders cutting across the political divide on Tuesday came together to hail the Indian Air Force's strikes on a terrorist camp in Pakistan, with Prime Minister Narendra Modi asserting that the country is in safe hands and he will not let the nation down. 4▶

Sensex ends 240 pts lower on tensions

The Sensex on Tuesday ended 240 points lower as investor sentiment weakened after India carried out air strikes on a terrorist camp in Pakistan. After cracking nearly 500 points, the 30-share Sensex pared some losses, but ended 239 points, or 0.66 per cent, lower at 35,973.

Prime Minister Narendra Modi at a rally in Churu, Rajasthan PHOTO: PTI

Nation in safe hands: PM

ADITI PHADNIS
New Delhi, 26 February

Hours after Indian Air Force (IAF) fighter jets bombed Jaish-e-Mohammed's training camp in Pakistan, Prime Minister Narendra Modi made no effort to hide the fact that he and his government were taking political credit for the strikes.

"*Aaj aapka mijaz kucch aur lag raha hai* (you seem to be in a somewhat different mood)," he told the audience while speaking at a rally in Rajasthan's Churu on Tuesday.

> "I swear by my land, I won't let my country be destroyed. I will not let the country stop. I will not let the country bow down"
> **Narendra Modi,** Prime minister

After calls of *Bharat Mata ki jai*, Modi said "you can rest assured, this country is in safe hands" and then folded his hands. "I pledge upon this sacred soil, I will not let the country die, I will not allow the country to be stopped, I will not let the country bow its head. It is my promise to Mother India, I will protect your honour," he said to the wildly cheering crowd.

Turn to Page 15▶

SBI calls emergency meeting on Jet

SURAJEET DAS GUPTA & ABHIJIT LELE
New Delhi/Mumbai, 26 February

State Bank of India, which leads the consortium of lenders for Jet Airways, has called an urgent meeting of its members on Wednesday to thrash out contentious issues between promoter Naresh Goyal and his joint venture partner Etihad Airways as well as resolve other matters with the banks.

According to sources, top executives of both the companies are expected to come for the discussion.

It is believed that Goyal, as well as Etihad group Chief Executive Officer Tony Douglas, has been invited for the meeting.

Etihad, according to sources, wants the size of the rights issue to be increased to ₹5,000 crore instead of ₹4,000 crore as envisaged in the bank-led provisional resolution plan. That is because it wants to limit its exposure to ₹1,400 crore and peg its stake in the company to its current level of 24 per cent. It wants banks and another financial investor (talks are on to bring in the National Infrastructure and Investment Fund) to bring in more funds — from the earlier planned ₹2,000 crore now to ₹3,000 crore.

It does not want to be designated promoter of the company. Instead, it wants Goyal to be the sole promoter, a condition not acceptable to him because he is on the brink of losing control of the management of the company and might not have board membership.

Etihad also wants Goyal to pledge his shares in Jet as well as Jet Privilege Pvt Ltd to the banks and raise money, again a move not acceptable to Goyal.

The Gulf carrier has been pitching for the lenders and the new investor taking 51 per cent in the company.

Turn to Page 15▶

Etihad wants the size of the rights issue to be increased to ₹5K cr instead of ₹4K cr as envisaged in the provisional resolution plan

COMPANIES P2
▶ Etihad's control not to affect Jet's European partnerships

Back to the wall, Mahindra banks on SsangYong-derived car

PAVAN LALL
Mumbai, 26 February

When Mahindra bought Korean manufacturer SsangYong in 2011, it cited business reasons — from expanding its global footprint to shared capabilities in utility vehicles.

Except SsangYong was in the throes of bankruptcy, and union trouble, and had more to gain than to give.

Eight years later, Mahindra scripted a turnaround by identifying strengths and weaknesses, nixing poor performers — the Actyon, Kyron, and Chairman H — and giving the existing ones a makeover. The turning point came in 2015, when it launched the Tivoli, a compact SUV that drove more than half the car sales of more than 150,000 in 2016, the highest in over a decade.

Now, with the launch of the XUV 300, "an urban SUV" whose prices start at a very competitive ₹8 lakh and is derived from the Tivoli, things are coming full circle. For one, Mahindra is desperate for a best-seller in the compact SUV space, on which it missed the bus, admits Mahindra & Mahindra Managing Director Pawan Goenka. In the years past, the firm launched several cars: The TUV 300, the Quanto, the Nuvo Sport, the KUV 100, the Marazzo, and the Altura, but none delivered blockbuster volumes. In the last financial year, the TUV 300 sold 29,018 units, the KUV 100 just 25,542 units, and the Quanto a feeble 254 units.

Put in perspective, competitors like Maruti Suzuki have had a bona fide hit with its compact SUV, the Brezza, which recently crossed sales of 400,000 units in under three years. Turn to Page 15▶

M&M SALES SLOWDOWN

Nos. represent units

2016-17	179,183
2017-18	188,345
2018-19	185,212

For 10 months (April-Jan)
Source: SIAM

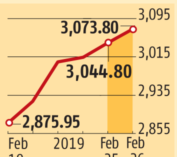
BLOCKBUSTER CAR 'HITS' BY VOLUME

Size	Price (₹ lakh)
COMPACT CAR Hit-defining volume > 120,000 units	6-7
COMPACT SUV Hit-defining volume > 80,000 units	10-12
SUV/MPV Hit-defining volume > 60,000 units	15-18

Source: PwC India

STOCKS IN THE NEWS

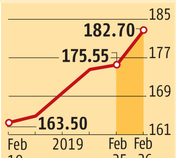
Britannia Industries



Inclusion in Nifty 50 from March 29, 2019

₹3,073.80 CLOSE
▲1% UP*

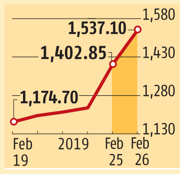
Tata Motors



Stock up for the 10th straight trading day

₹182.70 CLOSE
▲4.07% UP*

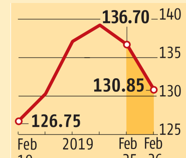
Sharda Motors Industries



JV with Eberspächer to make BS-VI compliant exhaust systems for India

₹1,537.10 CLOSE
▲9.57% UP*

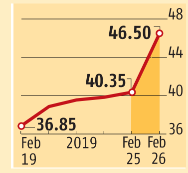
Dewan Housing Finance



Icra downgrades commercial paper programme

₹130.85 CLOSE
▼4.28% DOWN*

Adani Power



Top gainer among S&P BSE 500 index

₹46.50 CLOSE
▲15.24% UP*

* OVER PREVIOUS CLOSE

IN BRIEF

Mukesh Ambani in global rich list as Anil fights bankruptcy

Reliance Industries Chairman Mukesh Ambani (*pictured*) has broken into the top 10 richest list globally with a networth of $54 billion, while his younger brother Anil has paled into the oblivion having lost over 65 percent of his networth, according to a report. The Hurun Global Rich List 2019 is topped by Amazon chief Jeff Bezos for the second year in a row, while the senior Ambani is placed 10th with a network of ₹3.83 trillion, thanks to a rally in RIL shares, which had topped the ₹8-trillion-mark last month. Ambani owns almost 52 per cent in Reliance. Anil Ambani, held in contempt of court by the Supreme Court last week for not paying up Ericsson ₹540 crore, has lost over $5 billion, from $7 billion seven years ago to $1.9 billion this year, even though both the brothers got off with more or less same amount of inherited wealth. **PTI**

Indra Nooyi joins Amazon board of directors

PepsiCo's India-born former CEO Indra Nooyi has joined Amazon's board of directors, the online retail giant has announced. Nooyi, who stepped down as CEO of Pepsico in October last year, is the second women of colour to be added on the Amazon's Board of Directors. Early this month, Starbucks executive Rosalind Brewer joined the Amazon Board. "We're thrilled to have elected two new members to our Board of Directors this month. Welcome, Roz Brewer and Indra Nooyi," Amazon said. Nooyi, 63, would be a member of the audit committee. She was Pepsico CEO from 2006 to 2018, where she also served as the Chairman of its board of directors from 2007 to 2019. **PTI**

Adani Group highest bidder for Guwahati airport

Adani Group has emerged as the highest bidder to operate Guwahati airport, a senior Airports Authority of India (AAI) official said on Tuesday. This comes a day after the group emerged as the highest bidder for five other state-owned airports. "Adani Group has put in the highest bid of ₹160 as per passenger fee for Guwahati airport. This means that Adani Group has won all six airports that were put up for privatisation," the AAI official said. The group on Monday emerged the highest bidder in five other airports — Ahmedabad, Lucknow, Mangaluru, Thiruvananthapuram, and Jaipur. **PTI**

Ind-Ra revises Vedanta's outlook to stable from positive

India Ratings and Research (Ind-Ra) on Tuesday said it had revised the outlook of Vedanta to stable from positive. "The revision in outlook reflects the delay in deleveraging in FY19 and FY20...as against Ind-Ra's expectations, due to acquisition outflows and higher-than-expected dividend distribution," it said in a statement. Ind-Ra, a Fitch Group company, affirmed its long-term issuer rating at 'IND AA', the statement said. Instruments with rating 'IND AA' are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. **PTI**

OVL partners sell 8.1 mt LNG from Mozambique

ONGC Videsh, the overseas arm of Oil and Natural Gas Corporation (ONGC), on Tuesday said it, along with its partners, had signed agreements to sell 8.1 million tonne (mt) of LNG from the Mozambique project to firms such as Shell, Tokyo Gas and China's Cnooc. OVL, which holds 16 per cent stake in the giant Mozambique Rovuma Area-1 gas field, and its partners had previously sold about 1.5 mt of the 12.88 mt a year of liquefied natural gas (LNG) likely to be produced from the project in the first phase by 2022-23, the company said in a statement. **PTI**

Tata Steel board okays plans to raise up to ₹5,000 crore

Tata Steel on Tuesday said its board had approved plans to raise ₹4,000 crore through issuance of non-convertible debentures on a private placement basis. Also, it okayed a greenshoe option of ₹1,000 crore, the company said in a regulatory filing. The committee of directors approved issuance of "40,000 NCDs of face value ₹10,00,000 each aggregating to ₹4,000 crore plus a greenshoe option of up to ₹1,000 crore," the firm said. **PTI**

NCLAT asks Monnet Power to consider BHEL's claims

The National Company Law Appellate Tribunal (NCLAT) on Tuesday asked the resolution professional (RP) of Monnet Power Company to consider the claims of Bharat Heavy Electricals Limited (BHEL) in entirety if the latter was able to prove the same on the basis of "accounts and evidence". The RP of Monnet Power had rejected BHEL's claim of ₹977 crore along with interest, following which BHEL had moved the Mumbai Bench of the NCLT. **BS REPORTER**

Make 5G spectrum affordable: Mittal

PRESS TRUST OF INDIA
Barcelona, 26 February

PHOTO: REUTERS

In a keynote address at the Mobile World Congress in Barcelona, Sunil Mittal says the government must ensure early 5G roll-out

The government must price spectrum reasonably and lower various levies to encourage the roll-out of 5G services in the country at the earliest, Bharti Airtel Chairman Sunil Mittal said on Tuesday.

He also warned that the spectrum auction may fail and Airtel might not bid for airwaves if auctions are held at prices recommended by the Telecom Regulatory Authority of India (Trai). "My recommendation is government must encourage 5G coming in India rather than being late. Government can help in giving more spectrum at reasonable price," Mittal told reporters. The Trai on Monday recommended auction of about 8,644 MHz of telecom frequencies at an estimated base price of ₹4.9 trillion, which includes radiowaves for 5G services.

Mittal said for 5G every operator will require over 100 megahertz and frequencies in 3500 megahertz are likely to be preferred for the next generation services. "DoT can keep trying. They had two failed auctions and they do want to have five more failed auctions after them. Spectrum is required, spectrum will be bought , India will get into 5G but only thing that will stand in the way is right pricing for spectrum in India," he said.

Mittal said high spectrum prices have been fixed by the government in previous auction and high auction determined prices are then taken as base price for the next auction which has made airwaves very expensive. He said all equipment being deployed by Airtel were 5G ready but high spectrum price would come in the way of rolling out services. "You cannot have a situation where you want to benefit Digital India and you tax the most. Let's not get into a new dialogue you see new DCC (Digital Communications Commission) policy. What you have committed, do that."

The government has promised reduction in levies on the telecom sector under the new telecom policy. He said the industry is building infrastructure that is required for 5G services and the government has to extend support. Mittal said that Airtel is using Huawei equipment in India and will run 5G trials with Nokia and Huawei.

When asked about security concerns raised on Huawei equipment, he said: "We are not at that stage (from India side) where we see alarm bells ringing." "In the end Huawei is a big player in the telecom space. They have gone through rough patch with the US. Europe has largely taken decision that they will continue using Huawei. We are tracking this space very closely," Mittal mentioned.

Jio could lose ₹15K cr this financial year

Reliance Jio Infocomm, India's most profitable wireless carrier, could lose as much as ₹15,000 crore ($2.1 billion) this financial year when costs such as handset subsidies are included, according to analysts at Sanford C Bernstein & Co.

That would be a bigger deficit than those of its larger Indian rivals Bharti Airtel and Vodafone Idea, even though the company known as Jio will probably overcome them over the next 12 months in terms of service revenue and subscribers, analysts Chris Lane and Samuel Chen wrote in a note to clients dated February 26. The fiscal year of Jio's parent, Reliance Industries, ends March 31.

Jio — part of a group controlled by Asia's richest man, Mukesh Ambani — introduced a free-for-life call service into one of the world's most crowded mobile markets, triggering a price war. That push, which included offering low-cost phones, resulted in net handset subsidies likely totaling ₹7,200 crore and total invested capital of ₹2.6 trillion, Bernstein estimates. Jio didn't immediately respond to calls, text messages and an email seeking comment. The phone subsidies are carried by a separate unit, Reliance Retail, and so aren't visible on Jio's profit and loss statement, according to Lane and Chen. Jio also uses "non-standard" depreciation metrics in its accounting, they said.

Ambani's wireless phone business, which he has said may conduct an initial public offering, has reported consecutive quarterly profits. **BLOOMBERG**

Followed I&B norms to black out viewership data: BARC

URVI MALVANIA
Mumbai, 26 February

The Broadcast Audience Research Council (BARC) of India says it is following the Ministry of Information and Broadcasting's (I&B's) guidelines while making viewership data publicly unavailable during the industry's transition to the new tariff order mandated by the Telecom Regulatory Authority of India (Trai).

In a statement, the rating agency said, "Our position is also aligned to I&B guidelines that govern us. The guidelines clearly say that '...data generated by the rating agency be made available, on paid basis, to all interested stakeholders...'. And 'sharing of the data/reports with a third party or in public domain be allowed subject to the fair usage policy of the rating agency. Such fair usage policy shall be provided on the website of the rating agency.'"

BARC publishes top line viewership data across genres on its website every Thursday. But, it has not published any data since migration to the new regime started

The statement was BARC's response to Trai advising it to make the data available publicly with immediate effect, even during the transition to the new tariff order. BARC publishes top line viewership data across genres on its website every Thursday. It has, however, not published any data on the website since the migration to the new regime started. The data page on the website displays the message, "In light of the implementation of Trai's new tariff order and on-ground changes, BARC India's viewership data will be released only to its subscribers until further notice."

It also updated it fair usage policy guidelines on the website on February 14, when the data for Week 6 (February 2-8) was to be published.

"To set the record straight, BARC India has not stopped publishing its viewership data. Every week, at 11 am sharp, all our subscribers have been getting all-India weekly data without a hitch for the last 175 weeks, including the last two weeks that correspond to the new tariff order (NTO) transition," the rating agency said.

We have made mistakes, says Future Group's Kishore Biyani

VIVEAT SUSAN PINTO
Mumbai, 26 February

"I have decided that our focus now will be on food, fashion and home only. Earlier, we got into multiple categories without having the bandwidth or resources. But now, we will keep our focus on a few segments"

KISHORE BIYANI,
CEO, Future Group

In a rare admission on strategy slip-ups, Kishore Biyani, chief executive officer of Future Group, said on Tuesday that his conglomerate comprising retail and consumer businesses had committed mistakes, spreading itself too thin across formats. "We got into just too many categories," he said when reflecting on his journey over the past few years at the Retail Leadership Summit, currently on in Mumbai.

"I have decided that our focus now will be on food, fashion and home only. Nothing else. Earlier, we got into multiple categories without having the bandwidth or resources. But now, we will keep our focus on a few segments," he said, adding that his large-format stores including Big Bazaar, Central and Brand Factory were doing better in terms of profitability than his network of small-format stores, which he is looking to ramp up in the next few years.

The statements acquire significance in light of Biyani's attempts to move on after a breakdown in talks between his flagship retail company Future Retail and Amazon, which was looking to acquire a about 10 per cent stake in the former through an investment arm.

While Biyani has neither confirmed or denied officially he was ever talking to Amazon on an investment in Future Retail, sources at the American e-tailer had told Business Standard earlier this month that it had put on hold plans to buy stake in the firm following guidelines spelt out by the government on foreign direct investment (FDI) in e-commerce.

Biyani has since initiated talks with 7-Eleven, the world's largest convenience store chain, and is likely to open stores of the Japanese-owned US-headquartered company in India as a master franchisee, media reports had said last week.

The 57-year-old executive, who is referred to as India's Sam Walton, the founder of Walmart, has also taken a few more steps to beef up his firms' resources. Earlier this month, Future Retail said it was issuing warrants to promoters for shares of ₹2,000 crore, taking the latter's stake to 50.4 per cent from 46.5 per cent on conversion.

In December, the family office of Biyani's had raised ₹3,000 crore from three investors, including AION Capital, Future Group's insurance joint venture partner Generali and its shoe-brand JV partner Sketchers in a bid to strengthen its position and lower debt.

The group has also in the past few years shut down sportswear arm Planet Sports, merged electronics retail chain Ezone with Big Bazaar and rationalised operations on the home retail front, including merging its offline and online home retail divisions under a single entity called Praxis Home Retail. The latter has since been listed on the bourses.

According to analysts, at a broader level Biyani has been consolidating family ownership into a few holding companies to reduce cross-holdings within the group. While pledging shares as a percentage of promoter stake in flagship Future Retail remains high at 47.15 per cent, analysts said Biyani was closely monitoring this. The group counts Future Consumer and Future Lifestyle Fashion among its other key listed entities and has in the past few years also acquired over seven supermarket chains, including EasyDay and Nilgiris, taking its total store count to over 1,400 in 400 cities.

Decoding the Indian consumer

In the past decade, the domestic consumer market has grown three-and-a-half times to touch ₹110 trillion, according to a report by Boston Consulting Group and the Retailers Association of India. The report 'Going for Gold' says the next 10 years will see the local market grow three times to touch ₹335 trillion. Factors contributing to this growth include rising affluence, continuing urbanisation, shifting family structures and the emergence of millennials. The nature of consumption is changing with higher preference for organised and online retail segments. This will continue in the coming years. **VIVEAT SUSAN PINTO**

SIZE OF THE CONSUMER MARKET IN INDIA

	Value (₹ trn)	10-yr CAGR (%)
2008	31	NA
2018	110	13
2028	335	12

CONSUMPTION AS A % OF GDP

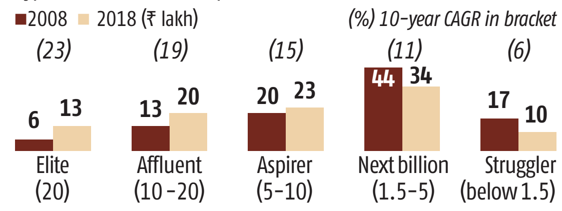
	India GDP (₹ trn)	(%) Consumption
2008	54.6	56.8
2018*	184.6	59.3
2028**	540.9	62.0

*Between 2018 and 2023, GDP growth rate pegged at 7.3 per cent; **Between 2023 and 2028, GDP growth rate pegged at 6.2 per cent

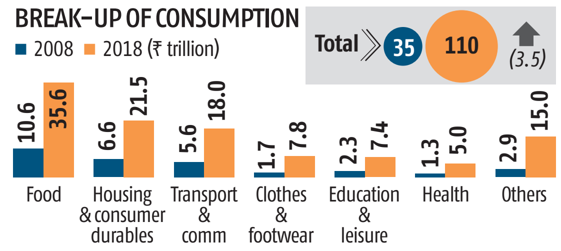
CHANNEL BREAK-UP (%)

Segment	2008	2018	10-yr CAGR
Online	0.10	2.80	78
Offline organised	4.60	12.40	25
Offline unorganised	95.30	84.80	12

GROWTH IN AFFLUENCE



BREAK-UP OF CONSUMPTION



Source: BCG-RAI report 2019

True North gets 51% in Max Bupa Health

RANJU SARKAR & SUBRATA PANDA
New Delhi/Mumbai, 26 February

Private equity (PE) investor True North will acquire a 51 per cent stake in Max Bupa Health Insurance Company for ₹511 crore from Delhi-based Max Group, which is reorganising its businesses.

The all-cash transaction values Max Bupa at ₹1,001 crore. Bupa, the existing joint venture partner in Max Bupa, will remain invested; it will continue to play an active role in the company as before, according to a joint statement from the buyer and seller.

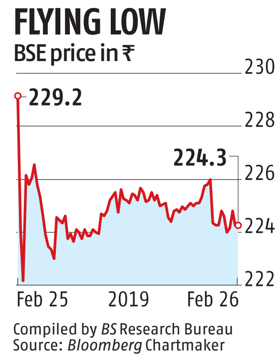
At the transaction's conclusion, True North will nominate directors on Max Bupa's Board; Max India's nominated directors will step down. Use of the Max brand will be phased out over two years. The Bupa brand name will continue.

KPMG Corporate Finance was the lead financial advisor to Max India in this bilateral transaction with True North. AZB & Partners and Khaitan & Co were legal advisors to Max India and True North, respectively.

Etihad control won't affect Jet partnerships abroad

ARINDAM MAJUMDER & ANEESH PHADNIS
New Delhi/Mumbai, 26 February

FLYING LOW
BSE price in ₹



Compiled by *BS* Research Bureau
Source: *Bloomberg* Chartmaker

A greater say by Etihad on Jet Airways affairs is unlikely to impact the latter's relationship with its European and US partners — Air France-KLM, Delta, and Virgin Atlantic.

"Our relationship with Jet Airways doesn't depend on the ownership. We are exploring to further strengthen our partnership with Jet in the market," said Juha Jarvinen, the newly-appointed executive vice-president, commercial, Virgin Atlantic. Jarvinen didn't rule out a neutrality pact in the future.

In an apparent change in strategy, Jet Airways had shifted its European hub from Brussels to Amsterdam in 2016 as it signed an extensive commercial co-operation agreement with Air France-KLM. It also signed code-share pacts with Delta and Virgin Atlantic. "The partnership with Air France-KLM and Delta is bringing value to Jet and whoever is in-charge of the airline will only be keen to make it profitable. There is a strong case to continue the partnership as it is valuable to Jet. In the near term, I don't see any danger to the partnership but then Air France-KLM would have to adapt to the situation in case Jet's new management decides to break the alliance," said an industry expert aware of the joint venture plans.

Pieter Elbers, CEO of KLM Airways, had last September said the Air France-KLM joint venture was in talks for deepening commercial tie ups with Jet, including a common trade policy, which would give them the ability to align their incentives and agreements with travel agents. The two airlines have already aligned corporate contract policies.

"From the experience that we had in the US, China and Brazil, we see that the best proposition was given to customers when we had a strong local partner. With that vision, we started engaging with Jet. Then, the airline moved its European gateway to Amsterdam, followed by the enhanced revenue cooperation agreement," he said.

"It brought a lot of connection, like, we got a lot of feedback from secondary Indian cities," Elbers added.

Currently, the three airlines in total have 65 flights operating in India, Amsterdam, and Paris. Jet operates 21 flights to KLM's hub at Schiphol Airport in Amsterdam in addition to the 11 flights of KLM from India.

At Paris, there are 21 flights from Air France and another 12 flights from Jet.

Echoing the sentiments, Jarvinen said that Virgin's partnership with Jet Airways has been quite fruitful and saw 160 per cent growth in both volume of passengers and revenues from Mumbai for its trans-Atlantic routes.

Last year, Jet launched a five-day weekly flight between Mumbai and Manchester, which can feed Virgin Atlantic's flights to North America.

Experts said that the partnership has been commercially beneficial for both sides. "The arrangement has been favourably received by passengers since it gives multiple options to passengers travelling from India to parts of Europe & North America," said Ameya Joshi, founder of aviation blog Network Thoughts.

Jet has five daily wide-body aircraft to Amsterdam and Paris from India. It also has a daily service between Amsterdam and Toronto. Over half of its passengers to Amsterdam or Paris travel onward on flights operated by Air France-KLM or Delta and these carriers feed Jet's domestic routes.

Among other routes, the Chennai-Paris one has been the weakest among its European routes (since it does not have onward connections from Chennai). But in the last few months, traffic has picked up and gets a load of over 80 per cent, an airline source said.

Urban Ladder cuts jobs to climb the profit rung

Online furniture seller aims to be operationally profitable in June quarter

ROMITA MAJUMDAR & BIBHU RANJAN MISHRA
Mumbai/Bengaluru, 26 February

Online furniture store Urban Ladder is said to have laid off close to 90 employees over the past few days, as it aims to trim losses to climb up the profitability rung.

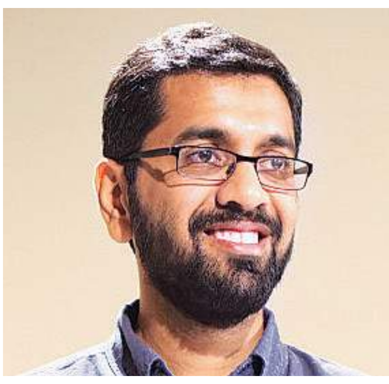
The Bengaluru-based company, which had earlier announced to go for an initial public offering (IPO) in 2020-21 (FY21), aims to become operationally profitable in the April-June quarter and maintain that on a full-year basis in 2019-20 (FY20).

Ashish Goel, co-founder and chief executive officer, did confirm to *Business Standard* that the company has taken some tough decisions, including retrenchment of people. He did not divulge the number of employees that would be affected by this move.

"We had a plan to reduce losses by 70 per cent in 2018-19 (FY19), but it looks like we are slightly behind target. We are taking some hard decisions in the long-term interests of the company," said Goel.

The Sequoia Capital-backed firm employs around 800 people across different centres, though most of them are located at its headquarters in Bengaluru.

Goel said even though the financial data for FY19 is not out yet, the company expects losses to come down to below ₹50 crore in the fiscal year, while in the first quarter of FY20, it may achieve profitability, albeit marginal.



ASHISH GOEL,
Co-founder and CEO, Urban Ladder

We had a plan to reduce losses by 70 per cent in FY19, but it looks like we are slightly behind target. We are taking some hard decisions in the long-term interests of the company"

In 2017-18, the company's losses stood at around ₹118.66 crore, by cutting down on the expenses almost by half at ₹232.73 crore.

"We want to open additional 20 stores across the top 12-14 cities in the country and we are now starting on the franchisee model as well," said Goel.

Presently, Urban Ladder operates 11 stores in Bengaluru and Delhi.

The company said its omnichannel strategy had increased the average order value by 24 per cent along with lowering its customer acquisition costs by 43 per cent. It has also optimised other channels on its path to profitability and omnichannel expansion.

The plan for an IPO in FY21, said Goel, is on track. "We wanted to achieve revenue of ₹800-900 crore, with a profit of ₹70-80 crore when we go for an IPO."

The company has raised total funding of ₹744.7 crore to date from marquee investors such as Sequoia, Steadview Capital, SAIF Partners, and Kalaari. Ratan Tata, the chairman emeritus of Tata Sons, is also an investor in the company.

The company is seeking to raise more funds. However, Goel expects a lower size of investment, following improved profitability around the corner.

HomeLane raises ₹33 cr from investors

HomeLane.com, an online home interiors brand, on Tuesday said it has raised ₹33 crore from JSW Ventures, Accel Partners, and Sequoia Capital. The firm will deploy the bridge round funding for expansion of its experience centres in existing and new markets, it said. A part of the funds will also be utilised to boost technology and for brand strengthening, it added. "HomeLane's strategic focus has always been to provide a seamless home designing and furnishing experience to urban Indian home buyers…We will also be leveraging a part of this (funding) for brand strengthening and to boost our tech platform, which has aided our customers and designers immensely," HomeLane.com co-founder and CEO Srikanth Iyer said. HomeLane currently operates in Bengaluru, Chennai, Hyderabad, Mumbai and Delhi-NCR. PTI

JM Financial files application at NCLT against Hotel Leela

SHALLY SETH MOHILE & ABHIJIT LELE
Mumbai, 26 February

Hotel Leela Venture said on Tuesday that JM Financial Asset Reconstruction Co (JMFARC) has filed an application with the National Company Law Tribunal (NCLT), Mumbai Bench, against the company.

The move will help lenders get a better valuation, said an official at one of the lending firms. The case is likely to come up before the NCLT Bench by the middle of next month, he said.

The application has been filed under Section 7 of the Insolvency and Bankruptcy Code (IBC), the company said in a filing to the stock exchanges on Tuesday. Meanwhile, Leela "is continuing to engage with prospective investors for a resolution," it said. JMFARC owns 75 per cent in the beleaguered hotel chain. "Lenders are of the view that many parties have shown interest. So, the best course of action is to approach the insolvency court for better valuations. Once the company moves under the resolution process, the room for existing promoters to shape or influence the management will be severely curtailed," said the official cited above.

The move will help lenders get a better valuation, said an official at one of the lending firms. The case is likely to come up before the NCLT Bench by middle of next month

The move to take the company to the NCLT may prolong getting the prospective investor on board as part of the debt resolution. "Lenders don't mind the delay as long as they get a better valuation," said the source.

With the hotels portfolio spanning across Delhi, Chennai, Udaipur, Gurugram and Bengaluru, the chain's losses widened to ₹89 crore in the nine months ended December 2018 against ₹7.42 crore in the same period a year ago, the company said in a filing to the BSE on February 12.

Net sales and income from operations increased to ₹529 crore, against ₹510 crore in the same period. At the end of the December quarter, Leela had a debt of ₹6,164 crore.

Leela has been evaluating various options for a viable resolution, including sale and monetisation of non-core assets, sale of hotels and equity infusion, among others, it had said.

In June last year, Hotel Leela Venture's board approved the enabling provision to issue up to 1.25 billion equity shares in one or more tranches to JMFARC, which currently holds most of its debt.

The potential share issue could have hiked JMARC's stake in Leela Venture to 75 per cent from the current 26 per cent but the proposal was not approved during the company's annual general meeting held on August 20.

According to unconfirmed reports, Canadian private equity major Brookfield Asset Management has finalised the terms and conditions with JMARC to acquire Hotel Leela Venture for about ₹4,500 crore.

Leelaventure's shares closed at ₹10.41 apiece, down 0.73 per cent on the BSE on Tuesday.

Arcelor plans ₹18,697-cr capex for Essar Steel

ISHITA AYAN DUTT
Kolkata, 26 February

ArcelorMittal's resolution plan for Essar Steel, which is awaiting approval from the National Company Law Tribunal (NCLT), includes a capital expenditure plan of ₹18,697 crore to take the finished steel goods capacity of the plant to 8.5 million tonnes by 2024.

In its annual report, ArcelorMittal has said the capital expenditure plan of ₹18,697 crore (about $2.8 billion) will be implemented over six years.

The first stage will involve investments to increase production of finished steel goods sustainably to 6.5 million tonnes per annum and completion of ongoing capital expenditure projects. It will also include implementation of ArcelorMittal's best practices.

The second stage will involve investments to increase the production of finished steel goods from 6.5 million tonnes per annum to 8.5 million tonnes per annum by the end of 2024, including asset reconfiguration and the addition of coke oven, blast furnace and basic oven furnace. The long-term aspiration, however, was to increase finished steel shipments between 12 and 15 million tonnes through the addition of new iron and steel-making assets so that ESIL (Essar Steel India Limited) can play an active role and fully benefit from the anticipated growth in the Indian industry, ArcelorMittal said.

Arcelor has offered an upfront payment of ₹42,000 crore ($5.7 billion) towards debt resolution of Essar with a further ₹8,000 crore ($1.1 billion) of capital injection into the company to support operational improvement, increase production levels and deliver enhanced levels of profitability.

In October 2018, the committee of creditors (CoC) of Essar Steel had voted to approve ArcelorMittal's plan and a letter of intent was issued. In November, ArcelorMittal entered into a $7 billion term, facilities agreement with a group of lenders in connection with the acquisition of ESIL. The agreement has a term of one year (i.e. until November 20, 2019) subject to ArcelorMittal's option to extend the term by six months. The facility may be used for certain payments by ArcelorMittal as well as by the joint venture, the annual report mentioned.

ArcelorMittal expects to jointly own and operate ESIL in partnership with Nippon Steel & Sumitomo Metal Corporation (NSSMC), Japan's largest steel producer and the third largest steel producer in the world, according to the joint venture agreement.

Arcelor and NSSMC are expected to finance the joint venture through a combination of partnership equity (one-third) and debt (two-thirds), and ArcelorMittal anticipates that its investment in the joint venture will be equity accounted.

Citroën to be PSA's comeback brand

SHALLY SETH MOHILE
Mumbai, 26 February

PSA Group plans to launch its Citroën brand in India by the end of 2021, as part of an ambition to conquer new markets, the French car maker said. This comes two years after it announced a joint venture with CK Birla Group.

"We have selected Citroën as the brand for our India comeback. We have invested and created manufacturing footprint in India," Carlos Tavares, chairman of the managing board, said at the announcement of the group's annual results for financial year 2018.

The firm has a powertrain plant, a vehicle plant and a partner in India and is now building a network to support the launch of this new brand, he added. This will be PSA's second innings in India. In the 1990s, it sold the Peugeot 309 sedan through a collaboration with a Premier Automobile.

Introducing the Citroën is part of PSA Group's plan to increase sales by 50 per cent outside of Europe by the end of 2021. To achieve that, it plans to launch Peugeot in the North American market, Citroën in India and Opel in Russia.

The statement did not elaborate on the segments the firm plans to address in India. According to a source, Citroën will bring a hatchback and a sedan that will be pitted against the Baleno and Dzire. It might also consider bringing premium sports utility vehicles.

Including export, Citroën is looking at producing 50,000 models in the first full year of operations, the source said. However, it might have to whittle the volume, given the drop in demand globally for vehicles powered by an internal combustion engine, he added.

PSA announced the India project as part of a 'Push to Pass plan', launched at the beginning of 2017 with the signing of two joint ventures with CK Birla Group.

The stated aim is to "be Indian in India", to make vehicles and powertrains in Tamil Nadu and to bring uptodate technology for an ecologically-friendly product range. Further details will be provided at a later stage, went the statement.

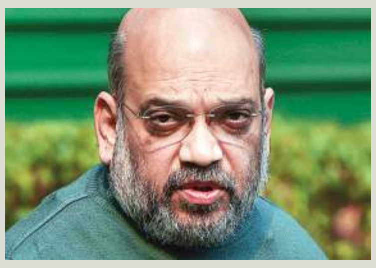
"It is far more strategic to bring in the Citroen as the first brand," said Avik Chattopadhyay, co-founder at Expereal, a brand consulting firm. It is known for its cutting edge technology, bold design and focus on crossovers and SUVs, he said. Bringing Puegeot would not have been a good idea as it was in India with the Premier, the brand therefore, may have some baggage. What also works in Citroen's favour is the fact that it already has lot of development work going on in China, this will help the company reduce the costs, he added.

Daiichi case: SC summons Singh brothers

The Supreme Court on Tuesday summoned former promoters of Fortis Group Malvinder Singh and Shivinder Singh to court and asked them to be present at the next hearing on March 14. The SC observed it would like to hear the Singh brothers to know their explanation of the various undertakings they had given to Daiichi Sankyo and why they had not followed them. The observations by the top court came in a petition moved by Daiichi Sankyo seeking to stop stake sale of Fortis Hospital to IHH Healthcare Berhad, Malaysia. On December 2018, the top court had stayed the stake sale of Fortis Hospital to IHH Healthcare Berhad, Malaysia. This stay would continue to remain in place until next date of hearing, a three-judge Bench led by Chief Justice Ranjan Gogoi said. In July, the board of directors of Fortis Healthcare had approved a proposal from IHH Healthcare to invest ₹4,000 crore by way of preferential allotment for a 31.1 per cent stake. Though Fortis had later moved the top court seeking to vacate the stay, claiming great prejudice, the top court had refused to entertain the plea.

AASHISH ARYAN

WHO SAID WHAT



I CONGRATULATE AND SALUTE THE BRAVERY AND VALOUR OF OUR ARMED FORCES. TODAY'S ACTION FURTHER DEMONSTRATES THAT INDIA IS SAFE AND SECURE UNDER THE STRONG AND DECISIVE LEADERSHIP OF PM NARENDRA MODI

Amit Shah, BJP president

I SALUTE THE PILOTS OF THE IAF

Rahul Gandhi, Congress president

POST PRE-DAWN STRIKES CARRIED OUT BY IAF, CONFLICTING REPORTS COMING IN… HOPE OBJECTIVE OF BOTH SIDES HAS BEEN SERVED

Mehbooba Mufti, PDP president

AIR STRIKE CATCHES PAK OFF-GUARD

Imran Khan says Pak would respond 'at the time and place of its choosing'

AGENCIES
New Delhi/Islamabad, 26 February

Following the air strikes by the Indian Air Force (IAF), Pakistan Prime Minister Imran Khan has directed the armed forces and citizens to "remain prepared for all eventualities".

A statement from his office on Tuesday notes Pakistan would respond "at the time and place of its choosing", and rejects India's claim that it had hit a terror camp or inflicted heavy casualties. "Once again the Indian government has resorted to a self-serving, reckless and fictitious claim," according to the statement.

Pakistan Foreign Minister Shah Mahmood Qureshi said at a televised news conference in Islamabad that India violated the line of control. "India has committed aggression against Pakistan today -- I will call it a grave aggression," Qureshi said.

Islamabad has denied any role in the February 14 attack. Khan vowed to retaliate against India in a televised speech on February 19 if New Delhi launched any sort of military response. Pakistan's army chief, General Qamar Javed Bajwa, in the past few days visited troops along the "Line of Control" to see their preparedness, according to the military media wing Inter-Services Public Relations.

"My gut tells me there will be some form of escalation," Kamran Bokhari, director of strategy and Programs at Center for Global Policy with the University of Ottawa said by phone. "There is no way Pakistan will not combat. Pakistan will have to strike back. I am not saying this will lead to an all out war but I don't see that it's over."

Addressing a joint press conference with the ministers of defence and finance, Qureshi asserted that Pakistan will "respond to Indian aggression".

Responding to questions, Qureshi claimed that "multi-dimensional intrusion" was attempted by the Indian fighter jets early Tuesday. "But the intervention by Pakistani jets forced them to return back within minutes." He dismissed the notion that Pakistan Air Force (PAF) jets were late in responding to the Indian attack, saying PAF jets were "ready" and "air-borne".

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He dismissed the notion that Pakistan Air Force (PAF) jets were late in responding to the Indian attack, saying PAF jets were "ready" and "air-borne."

INTERNATIONAL REACTIONS

Good Indo-Pak relations important: China

China on Tuesday urged India and Pakistan to "exercise restraint" and asked New Delhi to carry out its fight against terrorism through international cooperation. Chinese Foreign Ministry spokesman Lu Kang said, "India and Pakistan are important countries in South Asia. A sound relationship between the two serves the interests of both," he said.

EU urges 'maximum restraint'

The EU on Tuesday called on New Delhi and Islamabad to exercise "maximum restraint" after Indian warplanes attacked a militant camp in Pakistan. "We remain in contact with both countries and we believe exercising maximum restraint is essential to avoid escalation of tension," EU spokeswoman Maja Kocijancic said.

UK asks India, Pak to find diplomatic solutions

The British government has called on India and Pakistan to pursue diplomatic solutions following the IAF's strikes. UK Foreign Secretary Jeremy Hunt held telephonic conversations with External Affairs Minister Sushma Swaraj and Pakistan Foreign Minister Shah Mehmood Qureshi, the UK Foreign and Commonwealth Office said.

Congress hails IAF, BJP lauds Modi's 'decisive leadership'

Sushma Swaraj (*right*) with Rajnath Singh (*centre*) and Ghulam Nabi Azad at the all-party meeting in New Delhi PTI

PRESS TRUST OF INDIA
New Delhi, 26 February

Leaders cutting across the political divide on Tuesday came together to hail the Indian Air Force's strikes on a terrorist camp in Pakistan, with Prime Minister Narendra Modi asserting that the country is in safe hands and he will not let the nation down.

While Opposition leaders, including Congress president Rahul Gandhi, kept their reactions to praising the IAF, BJP leaders and their allies used what is being seen as Indian retaliation following the Pulwama attack to laud Modi's decisive leadership and political will which, they asserted, have driven the response from armed forces.

Following an all-party meeting called by the government to brief leaders on the operation, the Congress asserted that it will support security forces in their efforts to finish terrorism coming into India from outside as parties praised the IAF for its action.

The prime minister appeared at three public events and hinted at the IAF operation to loud applause from his audiences, even though he did not make any direct reference to the action.

"My soul says today is the day to reiterate what I had expressed in 2014 that I won't let my country down. I pledge to the motherland that I will not let her head bow. Today is a day to pay homage to India's brave-hearts. I want to assure people of the country that the nation is in safe hands," Modi said at a rally in Churu in Rajasthan.

In a pinpointed and swift air strike, India pounded Jaish-e-Mohammed's biggest training camp in Pakistan early Tuesday, killing up to 350 terrorists and trainers who were moved there for their protection after the Pulwama attack, officials said.

5-star camp was a sitting duck

PRESS TRUST OF INDIA
New Delhi, 26 February

Hundreds of Fidayeen and their trainers were shifted from Pakistan-occupied Kashmir (PoK) to a five-star resort style camp in a hilltop forest in Balakot after the Pulwama attack, providing Indian forces with "a sitting duck target" when they carried out an air strike early Tuesday, killing up to 350 terrorists, sources said.

Fighter and other aircraft took off from several air bases in western and central commands at about the same time, leaving Pakistani defence officials confused as to where they were heading

They said at least 325 terrorists and 25 to 27 trainers were at the camp, the biggest operated by the Pakistan-based Jaish-e-Mohammad group, which had claimed responsibility for the February 14 suicide attack on a CRPF convoy in Pulwama, Kashmir, that killed 40 jawans.

Everyone at the camp was sleeping and Pakistani defence establishment had no clue that the attack was coming so deep into their country because they had expected a surgical strike on camps in PoK near the Line of Control, said sources close to the government.

But India received intelligence that JeM had shifted many in-training terrorists and hardcore operatives, along with their trainers, to the Balakot camp, which has facilities for 500-700 people, and even has a swimming pool, along with cooks and cleaners.

Fighter and other aircraft took off from several air bases in western and central commands at about the same time, leaving Pakistani defence officials confused as to where they were heading, the sources said.

A small group of aircraft broke away from the swarm and headed to Balakot where "the sleeping terrorists were sitting ducks for the Indian bombing", said one source.

"They had no idea that Balakot was to be the target... when the pictures come in you will see only khandhar (ruins) of the once-flourishing camp," said the source.

ILLUSTRATION: AJAY MOHANTY

PEACE IS A MIRAGE

1980s

Inducted to counter the Pakistani F-16, the Mirage 2000 was India's first "multi-role" fighter, capable of shooting down enemy aircraft and conduct ground strikes

1999 KARGIL WAR

Mirage 2000 fighters played a prominent role, having been "jury rigged" to carry precision-guided bombs

2000-12

The Indian Air Force and Dassault, which built the Mirage 2000, proposed shifting the entire production unit to India, where 126 more Mirage 2000s could be built, to replace the IAF's retiring MiG-21 fleet

- **This was turned down by then NDA government,** and a fresh tender issued for 126 MMRCAs, which Dassault Rafale finally won in 2012

BIGGEST STRENGTHS

The Mirage 2000's strong multi-role capability made them a natural choice for the cross-LOC strikes

- **The Mirage 2000's Thales RDY2 radar tracks air and ground targets at long ranges.** Its new MICA missile can strike enemy aircraft at "beyond visual range" and strike ground targets from up to 80 km away with the Crystal Maze bombs under its wings
- **Helmet Mounted Display Sights** allow pilots to aim weapons merely by looking at them

- **IAF has 48 Mirage 2000 fighters,** distributed between three squadrons: *No 1 Squadron:* "Tigers" *No. 7 Squadron:* "Battleaxes" *No. 9 Squadron:* "Wolfpack"
- **These fighters are being upgraded to the Mirage 2000-I standard** by Hindustan Aeronautics Ltd (HAL) under a ₹17,547-crore contract

AJAI SHUKLA

All airports put on high security alert

SHINE JACOB
New Delhi, 26 February

All airports in the country have been put on "level two" security alert following the air strikes in Balakot. Besides, important industrial locations, especially those in states bordering Pakistan, are preparing against any war-like emergency.

Reliance Industries' Jamnagar refinery, HPCL-Mittal refinery in Bhatinda, Nayara Energy's Vadinar facility, Indian Oil's Panipat, Mathura and Koyali refineries are in states sharing their border with Pakistan.

An NTPC official said the company has not yet received any official alert. NTPC has gas-based power plants at Anta (419 Mw) in Rajasthan, Kawas and Jhanor-Gandhar in Gujarat with a capacity of 657 Mw each.

The Union government has not issued any directive to airlines operating in the country but all the airports are being put on "level two" security alerts. This will mean an additional security layer, instead of level one during normal times, official sources said.

State governments in Punjab, Gujarat, Maharashtra and Jammu & Kashmir are also on high alert and have come up with contingency plans to ensure the security of residents in border districts in case of a war.

"Indian industry, including all refineries, are equipped with safety measures, including safety shutdown, that will bring operations to a halt in case of any emergency. There are advanced technologies for any cyber attacks at India's industrial facilities, and a separate cyber shield protecting the entire system," said Ashish Gaikwad, MD, Honeywell Automation.

More on business-standard.com

Air strikes lift Modi's chances to become PM again: Analysts

PRESS TRUST OF INDIA
Mumbai, 26 February

The air strike on terror camps in Pakistan is a positive for the markets as it illustrates "decisiveness" in foreign policy and increases the chances of Narendra Modi to retain power after the forthcoming polls, say analysts.

The comments come in the wake of concerns shown by investors in the immediate aftermath of the strikes in Pakistani territory which markets opening with a huge gap down.

"We see this panic gap down and any further slide as a buying opportunity which has been the case in past such events as well. And this gives higher odds to the Modi government staying on post-elections," Sameer Kalra, an equity research analyst and founder at Target Investing, said in a note on Tuesday.

Economists at State Bank of India (SBI) said the markets are likely to gain after the strikes as they will look at the action as the one which builds a positive deterrence illustrating decisiveness in India's foreign and national security policy.

In a note, SBI economists gave an account of how the markets reacted to the earlier armed conflicts like after the cross-border action by India following the Uri attack in 2016 and also the Kargil conflict, where Pakistani intruders were pushed back.

It said during the Kargil conflict between May and July 1999, leading stock indices showed an initial decline but strong recovery thereafter, while after the Uri action, the Sensex gained 100 points and so did the rupee.

The SBI report also deemed to suggest that just like the previous actions, conflicts are "more localised in nature".

It can be noted that the markets opened in the red on Tuesday, after the strikes that were reported to have been carried out in the wee hours. There was some recovery in the indices later and the BSE benchmark was trading 0.60 per cent down at 1510 hours.

In a swift and precise air strike following the Pulwama attack, India bombed and destroyed Jaish-e-Mohammed's (JeM's) biggest training camp in Pakistan early Tuesday, killing a "very large number" of terrorists, trainers, and senior commanders.

The operation, described as a non-military, pre-emptive strike, was welcomed by the entire political spectrum and military experts who had been advocating retribution after the February 14 suicide attack on a CRPF convoy in Pulwama, killing 40 jawans, and claimed by JeM.

Brace for retaliation, win war narrative, say experts

ARUP ROYCHOUDHURY
New Delhi, 26 February

The air strikes on Tuesday are significant, but also part of a larger process — including both military and diplomatic options — that will have to continue, said former Indian Air Force officials and defence experts.

They said not only was there a possibility for a conventional retaliation by Pakistan, there might also be terror attacks. India will also have to make its case to the international community. "There are a whole range of essential actions we have to take. One cannot rest on this one air attack," said Air Chief Marshal (retired) Anil Tipnis, who was chief of air staff during the Kargil conflict in 1999.

He said, "We need to continue. First, we need to launch a diplomatic offensive, to explain to the rest of the world why this action was taken, the extent of the damage on terror camps, and how careful have we been in not inflicting any collateral damage."

Analysts said the global community was sympathetic to India, but the diplomatic and political class should continue to drive home the message. "India has got a good story. We should tell it in a persuasive way. In the 21st century, it is not enough to win a war; you have to win the narrative as well," said retired Commodore Uday Bhaskar, now director of the Society for Policy Studies, a New Delhi-based think tank.

"We pitch the story very well in a domestic political context. But on the external front we need to have a more persuasive story. Beijing has to come on board, that is the challenge," Bhaskar said. Experts said that the terminology used by the Indian establishment so far drives home the point that the Indian fighters crossed into Pakistani airspace only with the intention of hitting terror camps.

Security personnel fire tear gas shells at a group of protesters in Srinagar on Tuesday PTI

In later off-record briefings, top government officials also conveyed a similar message. An official said it was a "real-time intelligence-based counter-terror operation".

"These words are significant. India is trying to move away from narratives of retribution, revenge. That is desirable," said Bhaskar. He however, warned against the narratives being spun for the electorate ahead of the 2019 Lok Sabha elections. "You haven't seen any adverse reaction from any of the global leaders... There should be a clear message that we are targeting specific terror installations, and we don't want escalation. So far, nobody in the government has gone and said anything which can be misconstrued," said retired Air Marshal N V Tyagi, a former deputy chief of air staff.

Bhaskar said India's global outreach should continue with the External Affairs Minister Sushma Swaraj, who is heading to a China-Russia-India trilateral meeting in Beijing.

After that comes the meeting of the Organization of Islamic Cooperation's Council of Foreign Ministers, to be held in Abu Dhabi on March 1-2. India will be the "guest of honor", a first for a non-Muslim-majority nation. But Islamabad has decided to counter the latest surgical strike at the OIC, a forum it sees as home turf.

Pak can't afford a conflict

SACHIN P MAMPATTA
Mumbai, 26 February

Pakistan's difficult economic situation may weaken its ability to weather conflict during a time of escalated tensions.

The country has been facing an ever-rising fiscal deficit, increasing debt and a hamstrung economy.

The Kargil conflict cost India ₹15 crore a day, nearly 20 years ago, according to 'Limited War: Revisiting Kargil in the Indo-Pak Conflict' by D Suba Chandran, which looked at the conflict. India seemed in a better place to handle the financial strain of the conflict, which worked in its favour.

The book quotes Jaswant Singh as saying that India will see the conflict as a "cut in the finger, but Pakistan will bleed itself dry".

Costs mentioned in the book show a rising trend as the conflict dragged on. Similar spending by Pakistan, even in a limited engagement, seems difficult, given its economic constraints.

"Pakistan's macroeconomic situation remains fragile. Consumption-led growth is expected to slow down due to fiscal and, possibly, monetary tightening. However, short-term measures for fiscal consolidation and export growth need to be complemented with implementation of medium-term structural reforms to uplift the economy out of frequent boom-and-bust cycles," said a World Bank South Asia Economic Focus report released in October 2018, which noted the multiple issues with the country.

It noted that the government had been making efforts to tighten its belt. Economic growth was accordingly expected to slow to 4.8 per cent in 2018-19, down from the previous year. Economic stabilisation is expected to help growth rebound by the next year, though not as much perhaps, as previous years.

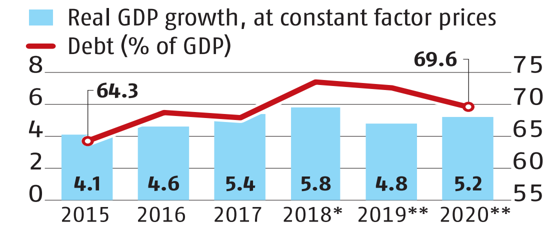
Meanwhile, debt has been rising high. It was up to almost 74 per cent of the gross domestic product (GDP). This came amidst worsening fiscal deficit numbers. The FY18 figure reflected a 250-basis point slippage from the Budget's target. Spending has been rising while the government's revenue growth has been limited.

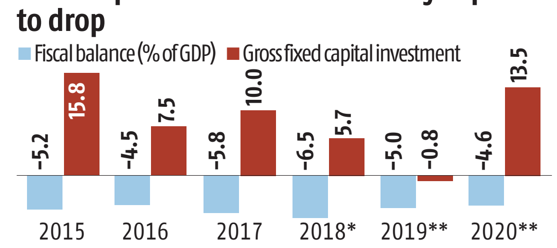
The World Bank report mentioned three issues that many South Asian countries are facing. "All of them face at least one of the three fiscal patterns identified, namely limited room for maneuver, the amplification of boom-and-bust cycles and the build-up of liabilities. Some of them face two of these patterns, and all three are present in Pakistan's case," it said.

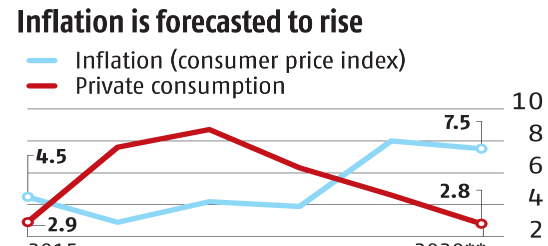
To add to its woes, inflation has been rising. It was forecast to be around eight per cent for FY19. It is only seen to be marginally lower in the next year. War often results in higher inflation.

Not the best time for conflict.

IN THE SLOW LANE







*Estimated; **Forecast Source: World Bank (October estimates)

RBI norms spell loss for pvt bank CEOs

NIKHAT HETAVKAR & ANUP ROY
Mumbai, 26 February

RBI has also taken measures to reduce the "risk" component of CEO remuneration by capping variable pay at 200% of fixed pay

Chief executives officers (CEOs) of private banks might see their future earnings decreasing and face increased scrutiny, if the Reserve Bank of India's (RBI's) proposed rules are implemented, said experts on Tuesday.

Late on Monday night, the RBI issued a white paper, purportedly aimed at eschewing the celebrity status of bank CEOs in the private sector. The proposed guidelines said their variable pay needs to constitute at least half of the total remuneration. This would reduce the fixed component and put greater focus on performance.

The central bank has also taken measures to reduce the "risk" component of CEO remuneration by capping variable pay at 200 per cent of fixed pay and containing the stock options as part of the variable pay. "When the new rules come into force it will surely hit the earning potential of bank CEOs. Not only are the employee stock-ownership plans (ESOPs) getting clubbed with the variable play, the CEOs also get penalised for their non-performing assets (NPA) performance. The whole idea is now that the CEOs cannot enjoy short-term profits anymore," said Sabyasachi Chakraverty, business head of banking and financial services at Teamlease Services.

Experts say the variable pay used to be in the range of 30 to 40 per cent for bank CEOs. The ESOPs meanwhile used to be much higher than 200 per cent of the basic pay, and that too over and above the variable pay.

An inspection of the annual reports of various private banks revealed that the total of bonus proposed and stock options vested for their CEOs was exorbitantly higher, even going as far as five times of their fixed pay in certain cases.

"The job of a chief executive is to protect investor interest. The limit on stock options is to ensure that executives do not have the inclination to drive up the stock for short term," said Kris Lakshmikanth, managing director, The Head Hunters. According to a source, banks will ask the RBI to keep the ESOPs out of the variable pay structure as Esops encourage the CEOs to perform better so that investors find the stock attractive and the prices rise. However, by the same logic, the bank CEOs can also act to manipulate the stock to maximise their own benefit.

The RBI's discussion paper said that compensation practices been at the centre stage of the regulatory reforms since these practices, especially of large financial institutions, were one of the important factors which contributed to the global financial crisis in 2008. The regulator said that it has formed guidelines on the basis of various international standards which work towards reducing incentives towards excessive risk taking that may arise from the structure of compensation schemes. They also call for effective governance of compensation, alignment of compensation with prudent risk taking, effective supervisory oversight and stakeholder engagement.

"It is a move on part of the RBI to restrain the risk factor of the remuneration, as is seen globally as well. It will likely prevent the possibility of occurrences like the Infrastructure Leasing & Financial Services crisis," said Lakshmikanth.

The RBI said that the new guidelines are proposed to be effective from the ensuing financial year, post issue of the final guidelines.

This comes at a time when the private banking space is seeing an upheaval of top management with new faces stepping in to take reins of ICICI Bank, Axis Bank and YES Bank recently while their predecessors had to step down amidst a flurry of controversy.

IndusInd Bank and HDFC Bank are also on the brink of seeing a CEO replacement as their CEOs near retirement. Sources state that the new guidelines are unlikely to severely affect the existing remuneration of the CEOs but will ensure that the new batch of private bank CEOs are kept in check.

Govt looking at ways to avoid frivolous bids under IBC

VEENA MANI
New Delhi, 26 February

The government is looking at ways to ensure that 'frivolous bids' are not placed under the Insolvency and Bankruptcy Code (IBC), Corporate Affairs Secretary Injeti Srinivas said on Tuesday.

The Centre is mulling whether criminal proceedings should be initiated against those not implementing resolution plans, or be barred from bidding for any other company undergoing resolution under the IBC, he said.

Another reason for stopping such bids is to get a defaulting applicant to pay for the costs incurred during resolution. *Business Standard* had reported earlier that the Centre was planning to find a way to bar those not honouring the order of the National Company Law Tribunal (NCLT) on resolution plans. In the recent past, there have been cases where resolution applicants have refused to pay after the plan being approved by NCLT.

Also, Srinivas said prepackaged resolution would be in place in two years' time. It had been first reported by *Business Standard* that the government was considering a pre-packaged insolvency regime.

Srinivas also said Section 12(A) of IBC allowed out-of-court settlement if 90 per cent lenders allowed the withdrawal of the insolvency application against a borrower. However, India does not have the pre-packaged insolvency arrangement, unlike UK. Srinivas said: "It will take time to reach the UK model but that is being worked out."

The government is also looking at group insolvency, as the actual borrowing in many companies is found at the level of subsidiaries and not the parent company's.

Three banks move out of PCA

Allahabad Bank, Corporation Bank , Dhanlaxmi Bank will now be able to shore up their lending

ABHIJIT LELE
Mumbai, 26 February

The Reserve Bank of India (RBI) on Tuesday removed three commercial banks — Allahabad Bank, Corporation Bank and Dhanlaxmi Bank — from the prompt corrective action (PCA) framework. The move will allow them to carry on with normal business, especially lending.

Earlier this month, the RBI had taken out three public sector banks — Bank of India , Bank of Maharashtra, and Oriental Bank of Commerce — out of the framework. IDBI Bank, Central Bank of India, Dena Bank, Indian Overseas Bank, United Bank of India, and UCO Bank are still under PCA.

The RBI in a statement said the Board for Financial Supervision (BFS), in its meeting held on Tuesday, reviewed the performance of the banks under PCA. The BFS noted the government had infused fresh capital on February 21 into various banks, including some of those under the PCA framework.

Two state-owned banks — Allahabad Bank and Corporation Bank — had received ₹6,896 crore and ₹9,086 crore, respectively, from the government. The move shored up their capital funds and also increased their loan loss provision to ensure that the PCA parameters were complied with.

These two banks have also made the necessary disclosures to the stock exchange that post infusion of capital, their capital adequacy ratios (CARs), common equity Tier 1, net non-performing assets and leverage ratios are no longer in breach of the PCA thresholds.

The banks also apprised the RBI about the structural and systemic improvements put in place to maintain these numbers. The BFS, at its meeting held on January 31, had adopted the principles related to the PCA framework. Keeping these principles in focus, the BFS on Tuesday decided to take out Allahabad Bank and Corporation Bank from the purview of the PCA Framework, subject to certain conditions and continuous monitoring.

Small private lender Dhanlaxmi Bank is also out of the PCA framework, subject to certain conditions and continuous monitoring, the RBI said.

OFF THE HOOK

Value in ₹crore

Figures for 9MFY19 (Dec 2018)

	Corporation Bank	Allahabad Bank	Dhanlaxmi Bank
NII 9MFY19	4,325	4,253	260
% change YoY	22.3	10.6	-0.1
Net Profit	249	-4,500	-16
% change YoY	LTP	loss	loss
Gross NPA	21,921	28,219	508
% change YoY	0.5	21.3	13.9
Net NPA	13,521	10,865	174
% change YoY	-2.4	-20.4	-31.5
Gross NPA(%)	17.4	17.8	8.1
Change (bps) YoY	144.0	343.0	115.0
Net NPA (%)	11.5	7.7	2.9
Change (bps) YoY	74.0	-127.0	-115.0

Compiled by BS Research Bureau

Source: Capitaline

Bank of Baroda to sell NPAs worth ₹6,000 cr

SURAJEET DAS GUPTA
New Delhi, 26 February

State-owned Bank of Baroda (BoB) has floated an expression (EoI) of interest to sell its non performing assets worth over ₹5,928 crore, including its ₹1,838 crore loan to cash-strapped Reliance Communications.

The bank has identified loans to 49 companies, including two power firms run by GVK (totalling ₹357 crore), GMR Chhattisgarh Energy Ltd (₹218 crore), and Monnet Power Company (₹199 crore), for sale.

According to the offer, interested asset reconstruction companies (ARCs), banks, non-banking financial companies (NBFCs), and financial investors were allowed to conduct due diligence of these assets from February 25. Interested buyers will have to submit indicative prices at which they want to buy these assets.

BoB's largest asset for sale in this list is the loan to RCom. The bank's decision to put its assets in RCom on the block comes after the board of RCom early in February decided to opt for debt resolution through the National Company Law Tribunal (NCLT).

The bank has put loans to 49 firms, including ₹1,838 crore to RCom, on the block

Observers, however, point out that sale of this loan could be a challenge as an interested buyer would ask for a substantial discount, especially as the company's bid to sell its towers, fibre and spectrum assets has failed.

RCom's international bonds worth $300 million have been rated D (standing for default) and are priced at a discount of over 75 per cent of the par value. Many observers say this could be the benchmark for potential bidders for the BoB loan.

Fiscal deficit already 21.5% over yearly target

ISHAN BAKSHI
New Delhi, 26 February

With indirect tax collections remaining sluggish in the first 10 months of the current financial year, the Centre's fiscal deficit at the end of January stood at ₹7.7 trillion, or 21.5 per cent more than the revised target of ₹6.34 trillion, showed the data released by the Controller General of Accounts (CGA) on Tuesday.

To contain the deficit, the axe has fallen on capital expenditure, which contracted by 35 per cent in January alone. Capital expenditure has been contracting since September 2018.

The government had earlier pegged the deficit at ₹6.24 trillion for 2018-19 or 3.3 per cent of GDP. In the interim Budget for 2019-20, the deficit was revised upwards to ₹6.34 trillion or 3.4 per cent of GDP.

At the aggregate level, the Centre's gross taxes revenues rose to ₹15.62 trillion over the April 2018-January 2019 period, up 7.3 per cent from ₹14.55 trillion over the same period last year.

But while direct tax collections continued to grow at a healthy pace, indirect tax collections remained poor. Direct tax collections grew at a robust 15.7 per cent, with corporation tax and income tax collections increasing at 16.7 per cent and 14.3 per cent, respectively.

But indirect taxes were a reason for worry. The CGA data showed that the central goods and services tax (CGST) collections stood at ₹3.75 trillion at the end of January.

In comparison, the recent Budget had revised the CGST collection target to ₹5.03 trillion in 2018-19, which was ₹1 trillion lower than the earlier budget target of ₹6.03 trillion.

WORSE THAN EXPECTED

₹ crore	Collection*	Revised target**
Tax revenue (Net)	1,019,288	1,484,406
Non-tax revenue	162,126	245,276
Non-debt capital receipts	49,323	93,155
Total expenditure	2,001,582	2,457,235
Fiscal deficit	770,845	634,398

* April 2018 to January 2019, **FY19

Source: CGA data

Capital expenditure contracts 13% in April-January period. The data also shows that till January, the government achieved only ₹35,606 crore or 44.5 per cent of its disinvestment target of ₹80,000 crore

Non-tax revenues stood at ₹1.62 trillion or 66 per cent of the revised Budget target of ₹2.45 trillion, compared to 52.7 per cent over the same period in the previous financial year.

On the disinvestment front, the data showed that till January, the government had achieved only ₹35,606 crore or 44.5 per cent of its disinvestment target of ₹80,000 crore. But, the government is confident of meeting the target by the end of the current financial year.

Devendra Pant, India Ratings chief economist, said the government has already mopped ₹56,068 crore so far. Further, the PFC-REC merger could help it achieve the revised target

He said based on the past trends in revenue collections, it was difficult to understand how the government would meet its revised revenue collection target, though revenue from GST compensation cess could help to some extent.

"Non-tax revenue has grown strongly and will benefit from the RBI's interim dividend," he added. The RBI Board has approved of ₹28,000 crore interim dividend to the Centre.

On the other hand, total expenditure has grown by 8.7 per cent in the first 10 months of the current financial year. The pressure to achieve the revised fiscal deficit target showed up in the capital expenditure numbers, which contracted by 13 per cent till January over the same period last year.

The CGA data also showed that the Centre has already spent 98 per cent of its full year's budget on major subsidies, with expenditure on both food and petroleum subsidy touching 99 per cent of the revised budget estimates.

12 firms win 10th round of city gas distribution bid

SHINE JACOB
New Delhi, February 26

Twelve companies — including Indian Oil Corporation (IOC), Hindustan Petroleum Corporation (HPCL), Gujarat Gas and Gail Gas —have got 50 geographical areas (GAs) that were on offer under the 10th round of city gas distribution (CGD) bidding. The round, launched on November 8, is likely to see investments to the tune of ₹50,000 crore.

Indian Oil, HPCL and a little known consortium of LNG Marketing and Atlantic, Gulf and Pacific Company of Manila have won the maximum number of nine areas each during the round, followed by Gujarat Gas (six) and Gail Gas (four). By February 5, the closing bid date, at least 225 bids were received for the 50 geographical areas, which included 124 districts (112 complete and 12 partial) across 14 states.

Other companies that were successful during the 10th round included Indraprastha Gas (three), Torrent Gas (three), Adani Gas (two) and Bharat Gas (two). The Petroleum and Natural Gas Regulatory Board (PNGRB) in its 88th board meeting held on February 26 cleared issuance of Letters of Intent (LoIs) to the 12 entities, said a government statement.

In these 50 areas, 2,02,92,760 domestic PNG (piped natural gas) connections and 3,578 CNG (compressed natural gas) stations for the transport sector will be installed. This will be done in a period of eight years up to March 31, 2029.

More on business-standard.com

Next goal: 24x7 power supply but not for farms

JYOTI MUKUL
New Delhi, 26 February

Minister of State for Power R K Singh on Tuesday said the country was on path to achieving 100 per cent household electrification by March 31 and the next goal would be to ensure 24x7 power supply to all households.

The government, however, has kept the agriculture sector off the target of round-the-clock power supply to avoid water wastage.

Addressing the inaugural session of a conference of state power and renewable energy ministers in Gurugram, Singh said daylong power supply could be achieved by strengthening the distribution network, improving discoms' health and other measures.

We the hatemongers

Social media or news television simply reflects the hate and abuse inside society. Controlling that is our job, not some tech company's

MEDIASCOPE

VANITA KOHLI KHANDEKAR

You walk into a crowded coffee shop. There are several groups, couples and singles at the dozen odd tables. Some of those conversations can be overheard. Somebody is talking about their personal problems, discussing politics or holding forth on his achievements. Suddenly you hear something that you don't agree with or don't like. You get up to argue. You soon start abusing the person who said that. Soon the whole coffee shop becomes a battleground. There is a skirmish, cups are broken, tables overturned. The coffee shop owner is left to clean his café. Just when he is about to open it again, he is told that he is disturbing the neighbourhood. If he cannot keep his customers in check he won't get permission to run the coffee shop.

That essentially is the conundrum that social media companies face.

They provide a platform; unlike a coffee shop, it is for free. You go there talk, scream, shout, argue, hang out with like-minded people. But because it is a social media platform, all sorts of people are likely to be there. They don't like what you say or you don't like something they say. But unlike a dinner party it doesn't stop at polite disagreement. It becomes vicious and abusive and very often spills onto the streets — in the form of lynching, killings or riots.

Can you blame the platform for it? Sure, tech companies can do a much better job of facilitating the conversations that they monetise. Facebook is cavalier with our data. Twitter seems to have no control over rampant abuse, threats, bad language and fake videos. But would calling its CEO and founder Jack Dorsey before a panel help deal with this?

The problem is us, the people. Maybe it is time to start taking responsibility for our behaviour as citizens, as audiences or simply as human beings. Maybe it is time to start educating ourselves on the basics of our history, economics, politics and everything else that we debate about, usually on the basis of "WhatsApp university forwards." On most days, arguments are between people with no knowledge or half-baked understanding of an issue. It is amazing what a three-five minute fact check can do to the most vicious and blatantly false forwards and videos — if you are willing to not fall in the trap of believing something because it fits with your pre-conceived notions.

The truth is that mass media, especially news media, has failed India and Indians. The easier it has become to launch a news channel or newspaper, the worse the quality. India has a world-beating 400 news channels. Most don't even use the fig leaf of journalism any more. Several have become mouthpieces for the state; others are rabble-rousers and hatemongers. Not one of them has been summoned by a parliamentary panel or had their license revoked. Nor have they got notices from the News Broadcasters Association, the body that attempts, without much success, to self-regulate.

The problem in news broadcasting is one of ownership. More than half of India's news channels are owned by people or companies that have no interest in producing good quality journalism. The idea is to peddle influence, extort favours or simply become a propaganda tool. News remains one of the smallest and most unprofitable segments of India's booming television industry. How can any honest news outlet — which is about research, analysis, travelling to the spot, all very expensive things to do — ever compete against well-funded rabble rousers.

At forums and in debates, there is lot of fulminating about how news channels chase television rating points or TRPs. But TRP is a measure of the viewership, the audience for these news channels. If there was no audience would they bother?

It is time then for us as audiences and as Indians to reject hate and bad behaviour — whether it is on a social media platform or on a news channel. A journalist, an editor, an expert, a stranger or your friends may have a point of view you don't agree with. But no one can be allowed to express their disagreement through violence and abuse. Why indulge in hate? And if we do then why expect Twitter or Facebook to clean our society when we cannot even agree to disagree politely.

http://twitter.com/vanitakohlik

CHINESE WHISPERS

'Babur descendant' approaches SC

Dressed in a colourful *sherwani* and sporting a matching *pagdi*, a man claiming to be the sixth-generation descendant of the last Mughal emperor, Bahadur Shah Zafar, showed up at the Supreme Court on Tuesday. Prince Yakub Habeebuddin Tucy had approached the top court, seeking to be heard in the Ram temple–Babri mosque land title dispute case. Prince Tucy claimed the title to the land on which the disputed Babri mosque was constructed. Though the top court declined to entertain his plea, Prince Tucy was seen talking enthusiastically to his lawyers outside the court after the hearing on Tuesday was over. He was also seen taking selfies with lawyers even before the court proceedings.

High on *josh*

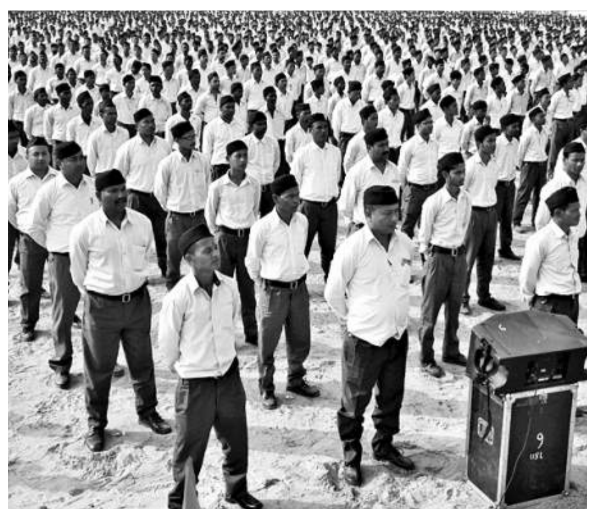
When sentiments run high, brands aren't shy of cashing in on marketing opportunities. Fast food joint Burger Singh, which offered discounts to celebrate the "surgical strikes" carried out by India after the Uri terrorist attack in 2016, was at it again on Tuesday. As news of Indian warplanes bombing terrorist camps in Pakistan began to spread, the quick service restaurant offered a 20 per cent discount, asking customers to use the coupon code "FPAKAGAIN". In 2016, it had used the coupon code, "fPak20", and hiked the discount from 20 to 30 per cent with a changed coupon code ("strike30") after "a positive response from customers". However, on both occasions, it received flak on social media for being "insensitive". In Pune, private insurer Bajaj Allianz Life flashed "How's the Josh" — the popular catchphrase from the recent hit movie *Uri: The Surgical Strike* — on the electronic scroll board outside its office.

Battle of the sons

The battle for the Shimoga seat (Karnataka) in the coming Lok Sabha elections will be watched keenly if the ruling Janata Dal (Secular)–Congress combine in the state decides to field Madhu Bangarappa, the son of former chief minister S Bangarappa, against B Y Raghavendra, the son of the BJP's B S Yeddyurappa. Shimoga has been a traditional stronghold of Yeddyurappa, Karnataka BJP president and leader of opposition in the Assembly. Since 2009, either Yeddyurappa or his son has been representing the seat but the victory margin has dwindled over the years. Encouraged by those results, the ruling coalition has decided to pump in more resources in the "Madhu-Raagu" battle in the state, which won the BJP 17 seats in 2014.

China & India: The threat of populist nationalism

An exclusive excerpt from former RBI governor Raghuram Rajan's latest book

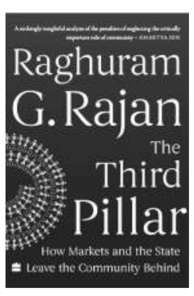


The Rashtriya Swayamsevak Sangh and the People's Liberation Army (right)

Continued growth will put pressure on both China and India to liberalise further and become more market-oriented. Almost inevitably, this will make them look more like successful advanced economies, making global engagement and dialogue easier. Much slower growth, though, could lead them in more worrisome directions.

Leaders have an alternative to moving toward a liberal open-access society. And that is to exploit the populist nationalist fervor that is latent in every society, especially as economic fears grow and disenchantment with the corrupt traditional elite increases. Both China and India have large numbers of people who have left their village community, and have moved to cities in search of work. These large young migrant populations, both tantalised and shocked by city life, and yet to be integrated into solid new communities, are ideal raw material for the populist nationalists' vision of a cohesive national community. They become especially malleable in times of slow job growth, as they see the incredible opportunities that the better- educated upper-class elite obtain....

In India, the Hindu nationalist movement tries to tap into such people's desire to anchor themselves in tradition. It also attempts to focus them on grievances that will shape them into a committed following. It exploits the sense among the majority Hindu population that they have bent over backward to appease minorities, especially Muslims. As with all populist nationalist movements, it portrays a glorious if mythical past, where Hindu India shone a beacon for the world to follow, while dismissing the entire period of Muslim rule over large parts of India as an aberration. For the rootless migrant from the village, the movement offers membership in organisations like the Rashtriya Swayamsevak Sangh (RSS).... The truly committed majoritarian Hindu leader, drawn from a young age into the RSS, is usually personally austere — which endears him to those who dislike corruption — and committed to the cause, which makes him ruthless in his methods. They are a serious threat to a liberal tolerant innovative India, especially because they are more single minded than other groups, and thus effective in using their periods in power to infiltrate India's institutions with their sympathisers.



THE THIRD PILLAR: HOW THE MARKETS AND STATE LEAVE THE COMMUNITY BEHIND
Raghuram Rajan
HarperCollins
₹799, 434 pages

India faces serious challenges if global markets were to close. As it is, manufacturing exports are becoming more difficult as developed countries automate to compete with cheap labour elsewhere. Some developed countries are making it harder to provide cross-border services, which India has developed a strong presence in. An increase in tariff and nontariff barriers to goods and services will make the export-led path to growth much harder for India. There is a protectionist streak among some Hindu nationalists, fuelled by their business backers (they do have ties to business despite their seeming austerity), which will use the excuse of protectionism elsewhere to make India more protectionist once again. The private sector will then become yet more dependent on government favour. Therefore, the actions of populist nationalists elsewhere can weaken India's democracy and strengthen its destructive populist nationalism. Democratic, open, tolerant India will be an important, responsible contributor to global governance in the decades to come. Populist nationalism around the world will make this less likely.

Deng's dictum to China was that to prosper, it should 'hide [its] capabilities and bide [its] time'. China seems to believe that the time for that dictum is over. As President Xi stated in October 2017, 'the Chinese nation has gone from standing up, to becoming rich, to becoming strong.' A great fear in Washington is that China is rapidly becoming able to challenge the United States, not just economically, but also militarily and politically. Hence its concern about the "Made in China 2025" programme, which aims to increase China's presence in advanced manufacturing industries like aviation, chip manufacturing, robotics, artificial intelligence, and so on. While the United States still has a substantial technological lead in some of these industries, it worries that China will coerce US firms to part with technology and steal any technology it still needs. Similarly, new China-sponsored multilateral financial institutions like the Asian Infrastructure Investment Bank make the United States concerned that China is undercutting existing multilateral institutions that the United States dominates. China's hard power, as demonstrated by its militarisation of islands in the South China Sea, and its soft power as evidenced by its One Belt, One Road initiative to build out infrastructure connectivity across land and sea from China, causes yet more unease in Washington.

Leaders have an alternative to moving toward a liberal open-access society. And that is to exploit the populist nationalistic fervor that is latent in every society, especially as economic fears grow and disenchantment with the corrupt traditional elite increases.

The reality is that...China has to be accommodated, especially in global governance structures. In turn, China also has to recognise global concerns about the means by which it has grown, especially its subsidies to industry and its appropriation of intellectual property.... It also has to assuage its neighbours' concerns about how their territorial disputes will be resolved, and make clear its intentions about respecting the global rules-based order as its power increases.... That dialogue becomes much harder if China suspects the developed world is ganging up to prevent its natural development as well as if China becomes more repressive politically. Chinese populist nationalism, centered around the Han Chinese population, and driven by a sense that developed countries have historically exploited China with unfair treaties, will be strengthened by acts precipitated by western populist nationalists. China has its own minorities such as the Tibetans and Uyghurs, who have already experienced the oppressive weight of Chinese nationalism. A more virulent populist Chinese nationalism is not a development anyone, inside or outside, will want to see.

(Excerpted with permission)

INNOCOLUMN

Behaviour & culture essentials in start-up land

With a fulsome media fawning on start-up leaders, Indian founders are exposed to a dangerous combination of de-railers

R GOPALAKRISHNAN

The narratives of super ego and toxic behaviour among the CEOs of large companies are disturbing and increasingly prominent. They have a pattern. After ascent, the CEO is powerful, power damages the brain, and the CEO's behaviour changes visibly. What people see is loss of empathy, arrogance, poor treatment of people, and inability to listen. I refer to these as de-railers in my book, *CRASH: lessons from the rise and exit of CEOs*. The de-railers become the sword on which several CEOs fall. The CEO's downfall become "breaking-news" for the media, for example, Thomas Middelhoff in Germany, Martin Sorrell in Britain, Carlos Ghosn in Japan, and many in India.

It should not be assumed that power-induced brain damage applies only to CEOs of large companies. The founders and funders of start-ups are equally prone to this fatal affliction. Start-ups argue that they don't have the resources to monitor their adherence to numerous regulations and observing the codes of conduct. Obnoxious leadership behaviour and absence of work culture needs to be extinguished with the same dispatch as in large companies.

Just two years ago, we witnessed the behavioral volatility of the key founder of Housing.com. He became abusive with the funders of his venture; he played a pampered kid, who had gone berserk; the board had to dismiss him into anonymity. Paytm is portrayed as a successful start-up because the company has ratcheted up well over 100 million customers in a short time. Many could argue that, with losses of several thousand crores each year, it can hardly qualify yet as a successful company. From a purely behavioral point of view, watch the rousing, but foul, celebratory speech of the founder to the 4,500 employees at a company party in 2017, after demonetisation *(https://www.youtube.com/watch?v=0NvxdNodWDg)*. Judging by this evidence — admittedly a bit unfair — the soundness of the company leadership may well be an accident waiting to happen.

The most admired e-commerce start-ups have modelled themselves on the "spend now, profits will follow" model. The jury is out on the likelihood of its success, but that is entrepreneurship, isn't it?

Start-up land is thought to provide the cool, better-behaved digital corporation of the future compared to the greedy, larger-than-life robber baron company of yesteryear. Such a new company is thought to have a culture of being open, creative, having engaged employees and solving the major consumer problems. The evidence for this perception is variable.

The older Silicon Valley ventures like Google and Facebook did attract great adulation during their run-up to maturity; quite unexpectedly, they now attract social criticism and opprobrium. Jessica Powell's satirical novel, *The Big Disruption*, says a lot. The behaviours of founders of companies like Juicero, Zenefits and Theranos have managed to shake up non-expert observers, who have been bewildered by how reputed VCs and family offices bought into ill-conceived or even fraudulent ideas, resulting in billions of dollars evaporating right under their nose. Reid Hoffman, LinkedIn co-founder, has said that rapidly scaling companies need "responsible blitzscaling" in the book he has co-authored with Chris Yeh, *Blitzscaling*.

In India, some commentators think that start-up land holds the answer to the national issue of unemployment. The background and skills of those who need jobs contrasts with the atmosphere of start-ups like the e-commerce ones. The most admired e-commerce start-ups have modelled themselves on the Rambo "spend now, profits will follow" model. The jury is out on the likelihood of its success, but that is entrepreneurship, isn't it? World Wide Web founder, Tim Berners-Lee, had warned, "Humanity connected by technology is functioning in a dystopian way... online abuse, prejudice, bias..."

Entrepreneurs have no choice but to shake a leg on the entrepreneurial dance floor, hoping that the music and their dance steps will match at some point. Bill Gross, start-up entrepreneur and venture capitalist, analysed all the investments of his funds to determine the hierarchy of success factors. He found that timing is the most important success factor, not the idea, the team or the founder *(https://youtu.be/bNpx7gpSqbY)*.

While start-up founders are tapping their feet on the dance floor, waiting for the right music, they should remember that good leadership behaviour and company culture in start-ups are just as important as in grown-up companies. Indian founders are a younger and more immature bunch compared to those in the United States. With a fulsome media fawning on start-up leaders, Indian founders are exposed to a dangerous combination of de-railers.

The author is a corporate advisor and Distinguished Professor of IIT Kharagpur. He was formerly Vice Chairman of Hindustan Unilever and Director, Tata Sons. Email: rgopal@themindworks.me

LETTERS

Review pension system

This refers to Somesh Jha's report "Hike in minimum pension will need budgetary support: EPFO" (February 26). The Indian pension system needs a comprehensive review and overhaul. Since December 2003 when the government unilaterally and prospectively discontinued a defined payment-based pension scheme, which existed for the central government employees, and introduced a New Pension Scheme (later rechristened as National Pension System), temporarily exempting defence personnel from the changeover, the policy approach to pensions has been one of "hit and run". By now, there appears to be a consensus that a pension scheme, as a social security instrument, is an essential ingredient of remuneration packages across public and private sector establishments. If that be so, there should be an agreement on the following:

(a) The pension component should be part of the wages paid by the employer. If the central or state government has to subsidise the cost of pension outgo, for any specific reason, it should be on a monthly or annual basis.

(b) Pension should have a relationship to the earnings/wages. The Centre may consider including review of the pension system for its employees in the term of reference for Central Pay Commission. It should also appoint a high-level pension review committee to consider integrating pension schemes, now operated by different agencies, in public and private sector organisations.

M G Warrier Mumbai

Enforce compliance

This refers to "RBI proposes to rein in pay of pvt banks CEOs" (February 26). The central bank has drafted regulations for claw-back of the bonuses and stock options of CEOs of private banks where the Reserve Bank of India (RBI) Inspection Reports reveal wide variance in classification of non-performing assets (NPAs). This provision must be extended to cases of serious shortcomings in the functioning of the boards of these banks as they play a major role in the effective functioning (or the lack of) of these organisations. A case in point is of the ICICI Bank board which, despite the revelation of serious allegations against its then CEO, under its chairman gave a clean chit and refused to order an enquiry until much later. The Axis Bank board is another example. Similarly, in case of the non-banking financial corporations (NBFCs) like Infrastructure Leasing & Financial Services the CEOs' and boards' functioning left much to be desired.

The clawback provisions should apply not only to private banks but also to other RBI regulated entities like NBFCs. The provisions should be triggered not only in the case of CEOs but also the directors in case of major divergence in classification of the NPAs, serious shortcomings in corporate governance, gross irregularities like serious violations of KYC norms, money laundering, inadequate action/delay in investigation of serious frauds etc. The CEO and boards must follow the highest standards of corporate governance and be held strictly accountable to their stakeholders — depositors, shareholders, employees etc — for not only the financials of their organisation but also for regulatory and legal compliance as well as adherence to corporate ethics.

Arun Pasricha New Delhi

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After retribution

IAF's professionalism matched by govt's measured response

The air strikes by the Indian Air Force (IAF) on a terrorist-training camp in the Pakistani province of Khyber Pakhtunkhwa should not have come as a surprise to Pakistan, given that the Indian leadership had virtually promised retribution for the killing of at least 40 central policemen in Kashmir earlier this month in a Jaish-e-Mohammad suicide attack. That it did take the Pakistanis by surprise is due largely to careful planning and the professional skill of the IAF's Mirage 2000 pilots, who executed a deep incursion into heavily defended airspace and returned after successfully completing their mission. This military professionalism was complemented by the restraint with which the government announced the strike. Eschewing triumphalism and chest thumping, the foreign secretary emphasised that the targets were terrorists and not the Pakistani military or innocent civilians. The careful use of the phrase "non-military" operation is designed to make the point that India has not hit military targets. So if Pakistan responds against military targets, it will be guilty of escalation. The Pakistani military must surely be in soul-searching mode about being caught napping yet again, as it was in 2011, when US commandos flew deep into Pakistan and killed Osama bin Laden near Abbottabad. It cannot have been missed that the target chosen was in mainland Pakistan, not in Pakistan-Occupied Kashmir.

The government is also to be complimented for taking the Opposition into confidence after the Pulwama attack, and this allowed planning to be carried out without worrying about political considerations. The Opposition, in turn, has, for the most part, thrown its weight behind the government — a rare, but welcome, bipartisan consensus. The government also deserves kudos for skilful diplomacy, which included briefing foreign envoys about Indian compulsions after the Jaish-e-Mohammad proclaimed ownership of the Pulwama attack and yet Pakistan refused to act against the group. The outcome of this diplomacy is evident from the international community's broad acceptance of the air strikes. Even China has advocated restraint and an improvement in relations.

The ball is now in Pakistan's court and the generals will decide whether they want to escalate, whether through air strikes, ground raids or stepping up activity by its terrorist proxies. Predictably, belligerent statements have been made, but Islamabad (and Rawalpindi) must weigh the fact that India's military would be fully geared to handle revenge attacks and would, if necessary, escalate matters further. All three services have already been placed on high alert. Additional police forces have already been moved into Kashmir. The government says they are for election duty, but it goes without saying that they would boost the state response to any uptick in terrorism.

Beyond these recent incidents, the core concern about Kashmir and terrorism continues. India remains with the problem of finding a solution to Kashmiri anger and resentment, so that the disaffected youth are not pushed into becoming cannon fodder for groups like the Jaish. The crackdown on separatists is unlikely to curb the ideology of separatism in any way, with dialogue and engagement providing a more effective route. At the same time, it is in both Pakistan's and India's interests to de-escalate the situation purposefully so that the Line of Control does not flare up in tit-for-tat actions that serve no purpose but to claim lives on both sides.

Impressions of favouritism

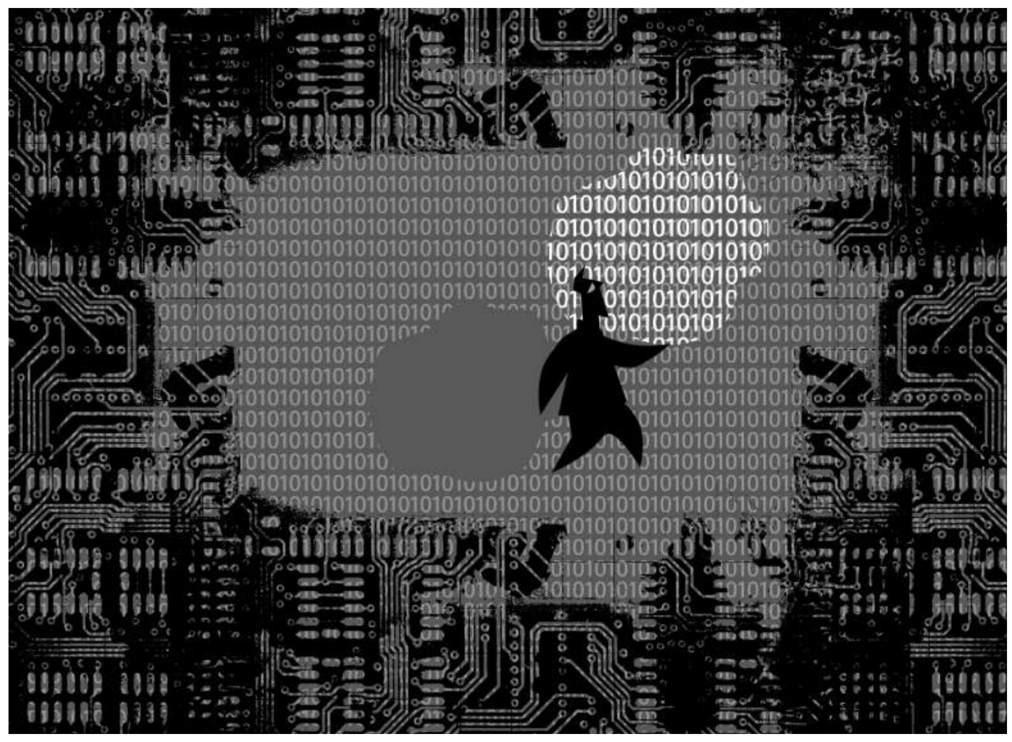
Vodafone CEO raises questions of a level playing field

Speaking in Barcelona, Nick Read, chief executive officer (CEO) of Anglo-Dutch telecommunications giant Vodafone on Monday, attacked the regulatory environment for the stress in the sector in India, and said it was designed to favour a particular player. Mr Read said the company had only asked for a level playing field in terms of regulation, but "over the last two years, we had many regulatory outcomes that were against everyone in the market except Jio". His perspective is, of course, informed by being the head of one of Reliance Jio's primary rivals. But as the stated opinion of the head of one of the parent companies of a major player in an important sector, it is nevertheless worth taking seriously. The impression that regulation is systematically favouring one player over others is something that no government, ministry, or sectoral regulator should allow to build up.

The special conditions of the telecom market make this criticism of favouritism particularly potent. The telecom market features network externalities — the more there are people on a network, the more it can dominate the market. This means that natural monopolies could build up. Arguably, much of market behaviour in the recent past can be interpreted as an attempt to position companies as the natural beneficiaries of this tendency towards monopoly. Thus, one focus of regulation must surely be ensuring that incumbents and challengers both stay in the game. From the regulator's point of view, if it does not consider the dynamic perspective, Jio's entry into the market has helped consumers, and so should be welcomed. In addition, the purpose of regulation is typically to assist new entrants in a market exhibiting a tendency towards natural monopoly — and not the incumbents. Thus, what Mr Read sees as a systematic bias towards the challenger could be explained away by this combination of incentives. However, neither principle applies in a simplistic manner in this case. The preservation of competition is also important, and it is in this that the regulator is perhaps at fault.

Mr Read also pointed out that average revenue per user in the Indian market was very low, and would have to rise. The regulator should perhaps note that such a rise is inevitable. The question is if this increase in tariffs will come after all the other players have been forced out of the market other than Jio, or before. The latter course is surely preferable, because it would ensure that a rise is controlled and not monopolistic in nature. The question then becomes how to ensure that this inevitable increase in tariffs is induced to happen in a clear and systematic manner, in such a way that competition is preserved. This is what the focus of the telecom regulator and department should now be. If the sector's regulators and other authorities wish to recover their reputation and to avoid further such accusations of favouritism, they should make their intent to preserve competition clear, and seek consultation on how to restore the sector to profitability through a rationalisation of tariffs.

ILLUSTRATION: BINAY SINHA



Will the US capitulate to China?

Unless the Chinese agree to stop stealing technology, the US will not have achieved anything useful from Trump's tariffs

MARTIN FELDSTEIN

It's beginning to look like US President Donald Trump will yield to the Chinese in America's trade conflict with China. The United States threatened to increase tariffs on imports from China from 10 per cent to 25 per cent on March 2 if no agreement was reached. But Trump recently said that the date is flexible and may be postponed because of the progress being made in the ongoing bilateral talks.

Fair enough, but progress is in the eyes of the beholder. The most important problem that needs to be resolved is not America's massive bilateral trade deficit with China. It is that the Chinese are stealing US firms' technology and using it to help Chinese companies compete with those same firms in China and around the world.

The Chinese do this in two ways. First, US firms that want to do business in China are required to have a Chinese partner and to share their technology with that firm. That compulsory sharing of technology is explicitly forbidden by World Trade Organization rules. Since joining the WTO in 2001, the Chinese have ignored this rule and disingenuously claim that US firms voluntarily agree to share their technology because they want to be active in China.

Second, the Chinese use the Internet to enter the computer systems of US firms and steal technology and blueprints. Chinese President Xi Jinping agreed with then-President Barack Obama in 2015 that his government would stop doing this. But, after a temporary decline, such cyber theft has resumed, presumably because state-owned companies and others have the ability to reach into the computer systems of US firms.

Despite Trump's upbeat talk about progress in the talks, there is no suggestion that the Chinese will agree to stop stealing technology. Instead, China's chief negotiator, Vice Premier Liu He, has emphasised that the Chinese will reduce their large bilateral trade surplus by buying US soy beans and natural gas. A sharp reduction in the US trade deficit with China would enable Trump to claim victory and give him something to celebrate when Xi visits him at his home in Florida sometime in the next few months.

There are easy bragging rights in a dramatic reduction of the US trade deficit with China, which, year after year, has been the largest of America's bilateral trade deficits. In 2017, the deficit with China was $375 billion, or two-thirds of the total US trade deficit. So the Chinese are clever to offer to buy enough US commodities to cut that very visible imbalance.

But while that would reduce the bilateral trade deficit with China, it would have no effect by itself on the total US trade deficit. As every student of economics knows, a trade deficit reflects the fact that a country chooses to consume more than it produces. And as long as a country consumes more than it produces, it must import the difference from the rest of the world.

If the Chinese do buy enough to reduce the bilateral trade deficit, the US would end up importing more from other countries or exporting less to other countries. The total US trade deficit will not decline unless the US reduces total demand by saving more. That is a matter for US policymakers; it is not something the Chinese can do for America.

US Treasury Secretary Steven Mnuchin has emphasised another largely irrelevant Chinese offer: A promise to prevent the value of the renminbi from declining relative to the dollar. While a stronger renminbi would make Chinese goods less attractive to US buyers, thereby reducing the bilateral trade deficit, it would not reduce America's global trade imbalance.

Moreover, although the renminbi-dollar exchange rate does vary from year to year, the variations have been small. Today, a dollar buys CN¥6.7; a year ago, the dollar exchange rate was CN¥6.3, and two years ago it was CN¥6.9. A decade ago, in February 2009, a dollar bought CN¥6.8. In short, there is nothing to celebrate if the Chinese agree to stabilise the value of their currency relative to the dollar.

The key issue is technology theft. Unless the Chinese agree to stop stealing technology, and the two sides devise a way to enforce that agreement, the US will not have achieved anything useful from Trump's tariffs.

The writer is , Professor of Economics at Harvard University and President Emeritus of the National Bureau of Economic Research, chaired President Ronald Reagan's Council of Economic Advisers from 1982 to 1984.

UP's lesser-known story

NEW DELHI DIARY

A K BHATTACHARYA

Uttar Pradesh (UP) Chief Minister Yogi Adityanath has often been in the news for his Hindutva politics. But little attention has been paid to his government's fiscal performance. Even his government's latest Budget, the third in his tenure so far, made newspaper headlines more for the ₹400 crore he allocated for building cow shelters and less for keeping a tight leash on the state's finances.

This could be because details of state Budgets are not immediately available in easy formats, comparable with past years. After several months of their presentation, the Reserve Bank of India brings out its annual publication on state Budgets. Only then can a proper analysis of state Budgets be made after analysing the revenue and expenditure trends over the previous few years. A report from PRS Legislative Research, compiling the Budgets of eight states presented so far for 2019-20, fills the gap considerably.

What it shows about the last three UP Budgets is quite significantly different from the popular narrative about the Yogi Adityanath government. The UP government's fiscal consolidation achievement has been quite remarkable. Inheriting a fiscal deficit of 4.5 per cent of gross state domestic product (GSDP) in 2016-17, the last year of the Akhilesh Yadav government, Yogi Adityanath halved it to 2.02 per cent in its first year — 2017-18. Remember that the numbers for both the years are actuals and hence have passed audit scrutiny and are unlikely to be revised.

In its second Budget, for 2018-19, the state government's fiscal deficit, as per the revised numbers, widened a bit to 2.97 per cent of GSDP. And for the 2019-20 Budget that UP Finance Minister Rajesh Agarwal presented earlier this month, the fiscal deficit is projected to be reined in at the same figure of 2.97 per cent. The Finance Commission-mandated deficit cap for the states is 3 per cent of GSDP and UP is now among the few states like Gujarat, West Bengal and Karnataka, which are below that level.

What about the revenue balance or the gap between the state's revenue expenditure and revenue receipts? Well, even in this area, UP is among a handful of states that have maintained a surplus. The revenue surplus came down a little to 0.91 per cent of GSDP in 2017-18, from 1.6 per cent in 2016-17. But in 2018-19, it scaled up again at 3.2 per cent, only to project a decline to a surplus of 1.76 per cent next year.

This has been possible largely because the state has seen robust growth in its own tax revenues. In the first year of the Adityanath regime, the state's own tax revenues increased by 8 per cent to ₹97,393 crore in 2017-18. Then, a dramatic surge of 38 per cent in 2018-19 saw the state government's own tax revenues go up to ₹1.34 trillion. But as apparently puzzling as the surge in 2018-19 is the plateauing of the own tax revenue growth projected in 2019-20 — an increase of only 4 per cent to ₹1.4 trillion.

Could the surge be a reflection of the first full-year's impact of the goods and services tax (GST) on UP's own tax revenues? And now that the GST rates have been rationalised and reduced, along with the grant of fresh exemptions to various sectors, the state revenues on account of the GST would grow at a much slower pace. In 2018-19, GST revenues for UP were estimated at ₹1.06 trillion and these would go up marginally by 3 per cent in 2019-20. This will clearly be a challenge for the UP government in the coming years, if indeed the flattening out of growth in own tax revenues is due to a slowing down in its GST collections.

Another area in the three Budgets of the Adityanath government that deserves attention is its capital expenditure. It rose by 110 per cent in 2018-19 to ₹1.17 trillion, from ₹55,599 crore in the previous year. For 2019-20, the capital expenditure saw a marginal decline and was projected at around ₹1.16 trillion. In effect, the share of capital expenditure in the UP government's total expenditure increased from 17 per cent in 2017-18 to 26 per cent in 2018-19 and will stabilise at a slightly lower level of 24 per cent in 2019-20. To earmark about a fourth of the state's total expenditure for capital spending is an achievement that not many states can take credit for.

The PRS Legislative Research has calculated the capital outlay for the state also and has defined it as a component of the capital expenditure that is directly used for creating assets. Such capital outlay, too, more than doubled to ₹88,528 crore in 2018-19, from ₹39,088 crore. For 2019-20, capital outlay was projected a little lower at ₹77,641 crore. In other words, the asset-creation function of capital spending has not been ignored in the way the UP government has structured its capital expenditure in the last three years.

UP is India's most populous state, with an estimated GSDP size of ₹14.76 trillion that ranks it among the top five states in the country. It is also one of India's economically backward states. But if the state follows fiscal prudence and spends more on creating assets, it must be doing at least a few things right as far as fiscal governance is concerned. Isn't it then time for economic analysts to turn their focus on UP's fiscal performance to gain a better understanding of the prospects of economic growth in the state that will send the largest number of legislators to the Lok Sabha coming May?

Contours of the 'Asian Century'

BOOK REVIEW

ANITA INDER SINGH

Writing with facility, using a wealth of statistics and provocative arguments, Parag Khanna enthuses about a dynamic Asia going into the global lead. Stretching from the Red Sea to Japan, Australia and New Zealand, Asia includes most of the world's countries and advanced economies. Asia has most of the world's cities, foreign exchange reserves, largest banks, technology and industrial companies and armies. Singapore and Japan have "the most powerful passports". Singapore's "Crazy Rich Asians" have even inspired Brexiteers, who dream of Britain becoming the "Singapore of Europe". How the once mighty have fallen! Those invoking Britain's former imperial power to justify Brexit want one of its smallest former colonies to be the role model for Little Britain.

Mr Khanna's Asian century began in May 2017, when China hosted the first Belt and Road Initiative (BRI) summit in Beijing. At this historic gathering, China assembled the heads of the 68 African, European and Asian countries that had joined its BRI. They represented half of the world's GDP and the largest effort to connect the world commercially and culturally.

The BRI was conceived by Asians for Asians, he says. Really? In fact, the BRI is a vital component of China's *national* rejuvenation and was enshrined in the ruling Communist Party's constitution in 2017. And China is not building a combat-ready world class military by 2050 merely to advance the connectivity of Asians. Ask China's smaller and weaker neighbours. Beijing challenges their sovereignty by invoking *its* version of history — even as they welcome strong trade and investment ties with China. But Mr Khanna is right that problems of indebtedness are renegotiated and settled. For, China does show flexibility in its foreign dealings.

Despite cultural diversity and the inability to forge pan-Asian ideas, Asian interests and identities are intertwined. Asian countries buy and sell the most goods to one another. Intermarriages between Asians abroad have created "Chindians" in Singapore and "Indi-pinos" in Dubai. Yet how do their numbers compare with the fact that at least 20 per cent of marriages in the US take place with a foreign-born person?

Asia is America's largest customer. The US is dispensable. It remains the sole superpower but it is declining economically, socially and culturally. Since 1945, Western laws and culture have dominated the world. Rising Asia favours the Chinese phrase, "community of common destiny".

Not quite. India and Japan back the liberal rules-based order. This US-dominated order gave Asia — and Europe — the stability that provided the groundwork for the advancement of their prosperity. The US alone has the power to prevent instability in Asia. Whether it uses that power is another matter. Moreover, China's $14-trillion economy cannot easily catch up with America's $20-trillion one. In the trade war, Beijing seeks agreement with Washington with the intent of reducing an unfavourable fallout for itself.

China-led connectivity has prompted India and other Asian countries to increase connectivity with one another. Geopolitical rivalries will, thus, speed up the Asianisation of Asia. Even so, isn't it doubtful that connectivity rather than money — especially US dollars — drives the world? As a connectivity project, China's BRI could not have been put on the rails without Chinese cash. In fact, part of China's achievement is that it can finance its BRI independently.

In contrast, India needs help from richer countries to promote its connectivity — and other interests. Like all Asian countries, India offers the world cultural attractions and exports. But it dawdles on the road to global power. Other Asian countries have seen it as "a squalid, overpopulated, quasi-socialist third-world morass; big, but not important". Economically and militarily, China has raced ahead of India.

If scientific knowledge is power, the high quality of China's research does threaten the US. China's ability to attract 400,000 foreign students is impressive. They mostly comprise South Koreans and Southeast Asians, an increasing number of Indians and Russians — and even 14,000 Americans. But doesn't the US do better? It attracts more than 1.1 million Asian students. There are about 150,000 foreign students in Japan — and 42,000 in India, mostly from Afghanistan, Nepal and Bhutan.

Admiration for China's leadership of the Asian century leads Mr Khanna to write off China's authoritarianism. Opinion polls in the US reveal that the percentage of Americans who feel it is essential to live in a democracy has fallen from three quarters to one third. But how many of these Americans have lived under a corrupt dictatorship? And had Mr Khanna's educational experience been confined to authoritarian states would he have had the intellectual freedom to gain the knowledge essential to write his internationally informed books?

The questions raised by Mr Khanna's stimulating book highlight his deft weaving together of technology, geopolitics, economics, globalisation — and the decline and rise of great powers. *The Future is Asian* will be widely read.

(The reviewer is a Founding Professor of the Centre for Peace and Conflict Resolution in New Delhi; website: www.anitaindersingh.com)

THE FUTURE IS ASIAN: Global order in the twenty-first century
Parag Khanna
Hachette India
Pages: 433, Price: ₹699

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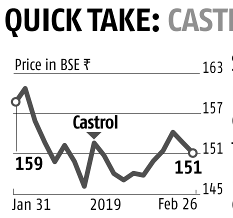
The Smart Investor

WWW.SMARTINVESTOR.IN FOR INFORMED DECISION MAKING

QUICK TAKE: CASTROL ON SLIPPERY ROAD



Shares of Castrol India are down 7% this month. Analysts have downgraded the stock due to intensifying competition and the threat to long-term growth and margins. However, high dividend payout could protect further downside

TSI P13
VOLUMES TO DRIVE NESTLÉ'S SALES; MARGIN GAINS MAY LAG

MFs have ₹2K-cr debt in IL&FS firms

Debt fund managers hopeful of priority repayment; NCLAT to hear case on March 12

SACHIN P MAMPATTA & JASH KRIPLANI
Mumbai, 26 February

Mutual funds (MFs) with exposure to the indebted Infrastructure Leasing & Financial Services (IL&FS) are grappling with how to deal with the situation.

According to the end-December portfolio details from sector analyst Morningstar India, MFs have lent to seven IL&FS firms. The total value of these holdings is ₹2,036.1 crore. Most of it (₹1,894.8 crore) is in firms listed in the "amber" category, according to a *Business Standard* analysis.

Sixty-nine IL&FS group firms have been classified as red, green and amber based on their ability to service routine debt obligations. On February 11, the Centre and IL&FS' new board submitted an affidavit detailing three categories. Those with no cash were classified as red; those with enough to pay secured creditors but not unsecured ones were amber. Those in no position to pay any creditor were red. The National Company Law Appellate Tribunal (NCLAT) has allowed green firms to service debt obligations. The NCLAT on Monday said financial institutions should classify loans to the IL&FS group firms as non-performing assets (NPAs) without seeking a nod from the tribunal.

MFs also have stake in two firms classified as red. The status of one company, IL&FS Education & Technology Services, is still being decided.

"For those firms in the amber list, we are hopeful that as senior creditors, we will be repaid before others," said a senior debt fund manager, who did not want to be named. "But there is no clarity when the repayments would start."

The NCLAT is supposed to hear the matter again on March 12. Some fund houses marked down the IL&FS paper, but this treatment has not been uniform.

"Not everyone has marked it down to zero because the valuation guidelines are only up to the investment grade. The matrix that (the rating agencies) put out, are only up to the investment grade. Anything below that is up to the valuation committee of the AMC (asset management company)," said an MF expert.

The IL&FS SPVs (special purpose vehicles) were also asked to stop future payments to lenders by the management, after an NCLAT moratorium order.

As a result of this, rating agency Icra put HDFC Short Term Debt Fund, HDFC Banking and PSU Debt Fund, UTI Banking and PSU Debt Fund, UTI Bond Fund, UTI Dynamic Bond Fund, and Aditya Birla Sun Life Short Term Opportunities Fund under ratings watch.

The rating agency also downgraded Aditya Birla Sun Life Short Term Opportunities Fund from AA+MFs to AA MFs. The fund houses have taken a markdown on their exposures to the SPVs. HDFC Mutual Fund (MF) took a 25 per cent markdown on its exposures to Hazaribagh Ranchi Expressway (HREL), after considering the likelihood of rating downgrade of HREL to a below investment grade.

More on business-standard.com

PILING DEBT FIGURES

Firm	Classification	Value (in ₹cr)
Jharkhand Road Projects	Amber	864.26
Jorabat Shillong Expressway	Amber	585.66
Hazaribagh Ranchi Expressway	Amber	227.30
IL&FS Tamil Nadu Power	Amber	217.60
IL&FS Transportation Networks	Red	64.47
IL&FS Education & Technology	Being assessed	64.40
IL&FS Financial Services	Red	12.37
IL&FS Energy Development	Red	0.00

Note: Compiled from December-end portfolios of mutual funds, based on disclosures. Source: Morningstar

'Lack of pick-up in investment cycle is a reason to worry'

Nifty earnings growth for 2018-19 has been lowered to 9 per cent. And, revival in the banking sector, which is set to drive earnings in 2019-20, can help achieve this target, says **GAUTAM DUGGAD**, head of research, Motilal Oswal Institutional Equities. During the brokerage's investor conference, Duggad told **Samie Modak** that earnings recovery and politics remain key concerns for investors. Edited excerpts:

Q&A

How was the December quarter for India Inc? What were the key takeaways?

December quarter earnings were in line with expectations both for Nifty firms as well as those in our coverage sphere. Nifty firms posted 6 per cent profit growth against an expectation of 8 per cent.

However, excluding oil marketing companies (OMCs), profit growth was 21 per cent, which was the estimate. The quarter's performance was hit by OMCs, which posted a 90 per cent year-on-year decline in profits.

There was broad-based margin contraction seen in the December quarter. The key highlight for us was the continued recovery in asset quality of corporate banks and strong trends in consumption. The information technology (IT) sector posted a stable performance with profit growth at multi-quarter high. However, we have lowered the earnings by 3 per cent for FY19 Nifty earnings, led by downgrades in Tata Motors, ONGC and HPCL.

Lack of a tangible pick up in investment cycle and continued moderation in auto numbers were key disappointments.

NBFCs have reported a sequential moderation in disbursements, given the liquidity constraints and rising cost of funds.

Will consensus estimates for FY19 be met?

The estimates have been cut in the last nine months. We are now expecting 9 per cent earnings growth in FY19 for Nifty firms. Recovery in asset quality of corporate banks makes us feel the revised estimates will be achieved.

What's the earnings forecast for the next financial year? What will provide impetus to growth?

We expect 26 per cent earnings growth in FY20 for Nifty firms. It will largely be driven by banks such as ICICI Bank, SBI and Axis Bank, given the recovery in asset quality and decline in provisioning costs. Excluding corporate banks, we expect 14 per cent growth for Nifty in FY20 earnings. Other sectors that will contribute to the earnings growth next fiscal are auto, driven by Tata Motors, and consumers.

How are the valuations stacked up right now? Any sector or stock that looks attractive? What are the ones that can be avoided?

Valuations are now fair at 17 times the estimated FY20 earnings. We are at the bottom of the corporate profit-to-GDP ratio (2.8 per cent for FY18) and given that context, we believe current valuations look fair. We like private banks, IT, consumption and autos. Utilities look attractive, too, given the beaten-down valuations. We are cautious on cement, capital goods, telecom, pharma, oil & gas. Our top picks include ICICI Bank, Axis Bank, Maruti Suzuki, SBI, Titan, HUL, Infosys, L&T, Coal India, M&M, HDFC, LIC Housing Finance and Federal Bank.

What were key highlights of the Motilal Oswal India Investor Conference?

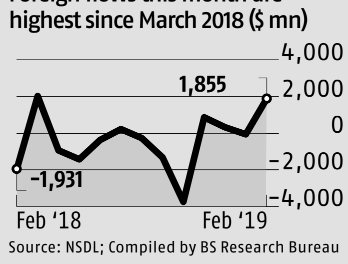
We saw good participation from funds and corporates across sectors. While activity levels are down, investors are keen to find out ideas in the mid-cap space after the sharp correction over the past 15 months. Earnings recovery and politics remain key concerns in the near term for overseas investors. Given the stability in macros and expectations of benign interest rates, India does appear attractive from a medium to long term viewpoint. This, coupled with the expected earnings recovery led by corporate banks and continued strong consumption trends, make the India story solid.

FPI FLOWS AT A 12-MONTH HIGH IN FEBRUARY

Overseas flows into domestic equities this month were the highest in 12 months. So far this month, foreign portfolio investors (FPIs) have bought stocks worth $1.86 billion, the highest since March 2018 when they had pumped in over $2 billion. Since then, foreign flows had worsened. FPIs have been taken out money in seven out of 12 months. The reversal in overseas flows this month will boost investor sentiment, which has been hit due to escalation in cross-border tensions between India and Pakistan. The latest flow tally needs to be taken with a pinch of salt. The market has seen single-day FPI investment of $1.7 billion, the highest in 4 years. This was on account of share sale by Dutch bank ING Group in Kotak Mahindra Bank. "High inflow tally this month isn't necessarily due to change in sentiment. FPIs continue to remain cautious ahead of elections," said an analyst.

SAMIE MODAK

FPI FLOWS
Foreign flows this month are highest since March 2018 ($ mn)



Source: NSDL; Compiled by BS Research Bureau

THE COMPASS

Future Retail to benefit from asset purchase

Improving mix at Hypercity should help spur margin profile

RAM PRASAD SAHU

The stock of Future Retail is down over 26 per cent from its December highs, on worries of margin compression on account of delayed integration with Hypercity, weak performance of smaller format stores in South India, and higher interest costs. The firm is looking at ways of increasing operating profit margins that came in at 5.2 per cent in the December quarter, up 66 basis points over Q3FY18.

The firm aims to improve same store sales (SSS) of its smaller stores that have been in the negative given deflation in the food and staples category, integration pressures, as well as higher share from club members who get an additional 10 per cent discount.

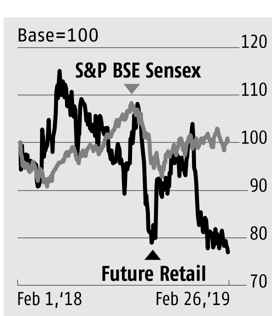
It indicated that the lower base, higher spends by customers, and increased footfalls should ensure sales growth. While Big Bazaar's SSS growth came in at 10.1 per cent, the overall SSS growth was only 5.9 per cent as it was dragged down by smaller store sales.

Similarly, for the Hypercity format stores that lag Big Bazaar on the margin front, the company is looking to double the share of higher margin apparel to 35 per cent, reduce back-end costs as well as sales and distribution expenses. While there has been an improvement, with margins of Hypercity coming in at 3.6 per cent against losses at the operating level earlier, it still lags Big Bazaar's 7.4 per cent recorded in the quarter.

Finally, Future Retail is buying retail infrastructure assets that were demerged from the Future Group in 2017 and currently housed in Future Enterprises (FEL). The process — expected to take a year and a half — will help reduce rental costs and improve margins.

Analysts at IIFL believe that after the transaction, there will be a reduction in corporate guarantees given by FRL to FEL. Jefferies, in a recent report, indicated that the step will result in a simplified company structure, with lower related party transactions.

The company intends to fund the asset purchase by a combination of fund infusion by promoters, stake sale proceeds and operating cash flows.



Compiled by BS Research Bureau

NMDC price hike no music to investors' ears

Disruption at Donimalai mines will weigh on sentiment

UJJVAL JAUHARI

After undertaking price cuts on two to three occasions since December, NMDC hiked prices of both fines and lumps by ₹400 a tonne, or about 15 per cent, effective February 23.

Rising global iron ore and steel prices led NMDC to take effect these hikes, which should provide it some respite and improve its March quarter (Q4) outlook that otherwise appeared soft amid subdued realisations. Yet, the Street isn't impressed, given prospects and concerns beyond Q4.

The latest price hikes have been supported by supply disruption at Vale in Brazil, a large global producer, following the accident at its mine. Consequently, the ex-China per tonne price of 62 Fe grade ore has crossed $85 from $75 last month.

Analysts said some price hikes by Odisha's producers have also benefited NMDC. They added that NMDC should also gain from the inability of domestic merchant miners to increase supplies till March having utilised their approved environmental clearance for FY19.

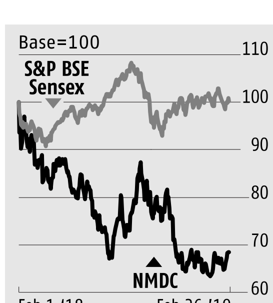
Moreover, higher global prices are another advantage. NMDC usually exports about 2 million tonnes (MT) of ore in Q4. With global prices remaining supportive, it may help NMDC garner better realisations, says an analyst at a domestic brokerage.

All these have improved expectations for Q4. While NMDC had clocked per-tonne profitability of about ₹2,475 in Q3, against ₹1,494 in the year-ago quarter and ₹1,878 in Q2, the price cuts starting December had led to muted expectations for Q4.

However, while recent events and price hikes do provide some respite, ore prices are still 17-20 per cent lower than levels seen during October and early-December. Further, any blip in Odisha's ore production is seen to be temporary as producers are expected to expand output in FY20 upon expiry of their mining leases.

Thus, NMDC may continue facing intense competition, while concerns over its volumes remain, given disruption at Donimalai due to higher lease rental demanded by the Karnataka government. Analysts at ICICI Securities had already cut their sales volumes estimate to 31 MT for FY19 (from 32.7 MT earlier) and to 28 MT for FY20 (35 MT earlier).

Not surprising then, the stock has hardly gained after the latest price hikes. Analysts believe resumption of the Donimalai mines remains the key trigger.



Compiled by BS Research Bureau

AAA ratings by domestic, global raters different, says CRISIL

SUBRATA PANDA
Mumbai, 26 February

The 'AAA' ratings assigned by domestic credit rating agencies and global ones cannot be compared, as ratings assigned to companies are relative assessments of credit risks and the benchmarks could be national, global or regional, said CRISIL.

Indian rating agencies have assigned 'AAA' rating to 276 companies, while global ones like S&P and Moody's gave 'AAA' rating to only nine and 53 companies, respectively.

In case of India, the 'AAA' rated firms make up only 0.85 per cent of the total rated companies, which is lower than corresponding metrics across other national scale ratings in countries such as China, Taiwan, Thailand and South Korea.

According to CRISIL, if Indian companies were to be assessed on a global scale, their ratings will be in the range of BBB and D, because India's sovereign rating will act as the ceiling given India is rated in the BBB category.

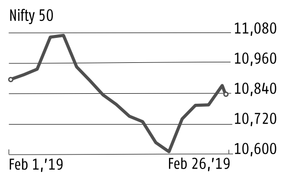
On the other hand, if Indian companies are rated in a domestic rating scale, it affords granular benchmarking of domestic issuers and the sovereign. Moreover, as the sovereign has the power to print currency, it is assigned a AAA rating.

Further, it has been noted there has been a decline in the number of AAA rated companies globally. "At S&P Global Ratings, it reduced from 89 a decade back to nine as of January 1, 2018. For Moody's, it went from 170 to 53", said CRISIL. The reason behind this is the high cost of maintaining AAA ratings.

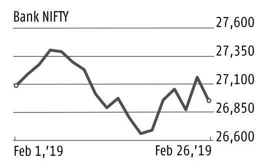
For a firm to get AAA rating, the balance sheet has to endure stress on a world scale and steer through complex international business environment. In developed economies, firms have relied more on debt to increase their shareholder value and this has led to lower ratings as reliance on debt increases financial risks.

More on business-standard.com

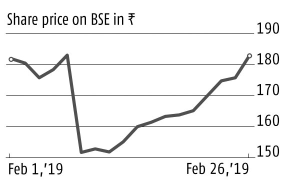
TODAY'S PICKS



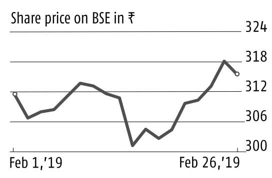
Nifty
Current: **10,835 (fut 10,823)**
Target: **NA**
Stop-long positions at 10,745. Stop-short positions at 10,905. Big moves could go till 10,675, 10,975. Trend negative but may change depending on newsflow. Volatility up. A long 10,800p (48), two short 10,700p (2x26.5) and a long 10,600p (17) costs a net 12, with a maximum return of 88 at 10,700 and breakevens at 10,788, 10,612.



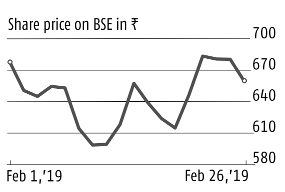
Bank Nifty
Current: **26,953 (fut: 26,960)**
Target: **NA**
Stop-long positions at 26,800. Stop short positions at 27,110. Big moves could go till 26,550, 27,350. Extra volatility likely.



Tata Motors
Current price: **₹183**
Target price: **₹179**
Keep a stop at ₹185 and go short. Add to the position between ₹180 and ₹181. Book profits at ₹179.



Airtel
Current price: **₹315**
Target price: **₹320**
Keep a stop at ₹312 and go long. Add to the position between ₹318 and ₹319. Book profits at ₹320.



Indiabulls Housing Finance
Current price: **₹659**
Target price: **₹648**
Keep a stop at ₹665 and go short. Add to the position between ₹650 and ₹653. Book profits at ₹648.

DEVANGSHU DATTA

Target prices, projected movements in terms of next session, unless otherwise stated

Volumes to drive Nestlé's sales; margin gains may lag

Input cost pressure, rise in ad spends may limit operating profit margin expansion

SHREEPAD S AUTE
Mumbai, 26 February

In 2018, Nestlé India — the third-largest fast-moving consumer goods company by market value — clocked a 13 per cent rise in net operating revenues, its highest in the last seven years, led by robust volumes. The double-digit revenue growth is likely to sustain in the medium term for Nestlé, which follows the January-December financial year.

According to the analysts at Nirmal Bang, a positive consumption environment, coupled with the management's focus on profitable growth led by volume, innovation, and cost management, will enable Nestlé to deliver above-average earnings growth in the medium term. However, this could pinch near-term profitability and so the overall earnings growth of the maker of Maggi noodles and KitKat.

Nestlé's earnings before interest, tax, depreciation and amortisation (Ebitda) margin stood at peak levels of over 23 per cent in calendar year (CY) 2018, aided by benign prices of raw materials, indicating that significant upsides from hereon may not be easy in the term.

Further, to perk up sales of new launches and innovative products, the company would have to increase its advertising spends. Increase in distribution network would also add to costs.

Part of this is also visible in its performance for the quarter ended December 2018 (Q4), wherein a 418 year-on-year (YoY) basis point (bps) expansion in other expenses amid increase in demand-generating activities (read promotional spends) for existing and new products led to a 150 bps YoY contraction in Ebitda margin to 19 per cent.

The pain could get aggravated with a likely increase in input prices due to factors such as rise in minimum support price of commodities such as sugar.

According to Antique Stock Broking, prices of key raw materials like skimmed milk and wheat have risen by 10-15 per cent during first two months of 2019. This could weigh on gross margin of Nestlé.

Though some analysts believe the company has strong pricing power, the same could be confined by competitive intensity, not only from organised players, but also from unorganised ones. Cost management, however, should help mitigate some of this pressure on profit margins.

Analysts thus, foresee only a 45-49 bps rise in Ebitda margin in CY2019 and CY2020 to around 24 per cent levels. This would be way lower than the 224 bps expansion in Ebitda margin in CY2018.

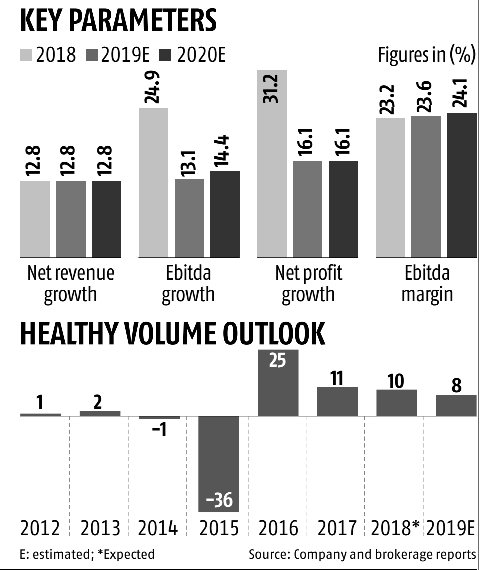
Rajeev Anand, analyst at Narnolia Financial Advisors, has lowered net profit estimates for the next two years by 4 per cent each amid higher spending on launches, relaunches, and cost related to distribution expansion.

The entire consumption environment is very supportive for companies like Nestlé, which should also help accomplish the management's focus on propelling its volume base with the abovementioned efforts. However, a few analysts are sceptical of volume growth in the near term.

"On a high base of 2018, we expect volume growth to see some moderation and, also affected by recoup in Maggi (loss or slowdown in sales) and no significant success in new launches," says Nitin Gupta, analyst at SBICAP Securities.

The silver lining is the improving rural consumption ahead of the upcoming general election. Nestlé earns around 25 per cent of its revenues from rural pockets.

SLOWER PROFIT GROWTH EXPECTED IN FUTURE



DHFL shares hit after rating cut by Icra

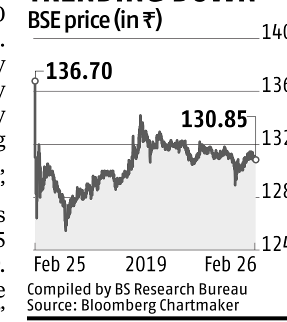
JASH KRIPLANI
Mumbai, 26 February

Shares of Dewan Housing Finance Ltd (DHFL) fell as much as 8 per cent on Tuesday after credit rating agency Icra lowered the rating of the housing finance company's commercial papers (CPs). The scrip recouped some of the losses, closing 4.3 per cent lower at ₹131.

Icra downgraded DHFL's ₹8,000-crore CPs from 'A1 plus' to 'A2 plus', citing impact on the company's ability to generate fresh business due to challenges in raising funds from banks and debt markets.

The rating cut could lead to mark-to-market losses for debt schemes, which have ₹1,000 crore exposure to DHFL's CPs. However, fund managers say the impact on these papers may be limited as yields are already on the higher side. According to data from Value Research, mutual fund (MF) schemes' exposure to DHFL's various debt instruments stood at ₹7,555 crore as on January 31, 2019. DHFL, in its response, said the rating action was "uncalled for" and not based on merit.

TRENDING DOWN
BSE price (in ₹)



Compiled by BS Research Bureau
Source: Bloomberg Chartmaker

"This action comes barely three weeks after the company was downgraded and kept on watch by all the rating agencies. Since then, no material event has taken place that would have compelled the rating agency to review the ratings in less than a month's time," DHFL said in its statement.

DHFL questioned the motivation for the rating action as it didn't take cognizance of the remedial measures taken by the company to deal with the liquidity crisis.

"The rating was for outstanding CPs of only ₹1,525 crore out of a rated amount of ₹8,000 crore, which forms less than two per cent of the company's outstanding borrowings. The company had also indicated its intent to the rating agency to extinguish the CP outstanding by the end of March. The rating action has not taken cognizance of this in its decision and has chosen to go ahead with the rating action."

However, Icra noted that DHFL has been regular in meeting its debt obligations with repayments largely supported by sizeable securitisation and assignment of loan assets.

RBI's measures will make digital payments safer

Regulation of payment gateways will lead to tighter control of frauds, while setting up ombudsman will mean faster complaint resolution

TINESH BHASIN

The Reserve Bank of India (RBI) has in recent months taken steps to make the digital payments space safer for users. It has also put in place a grievance redress mechanism to deal with complaints.

While it will take time to see the impact of these measures, some, such as the introduction of an ombudsman and tokenisation of transactions, come with direct benefits for customers. "In the past few months, we have witnessed the introduction of several regulatory policies by the RBI for the fintech industry. Beginning with the RBI's decision on data localisation to ensuring data security of user information, these moves will help promote faster adoption of digital payments across the country," says Sampad Swain, chief executive officer and co-founder, Instamojo.

YOUR MONEY

The RBI has said it will bring payment gateways within its direct ambit. Payment gateways in the country handle transactions worth about $50 billion, according to industry sources. Once they come within the RBI's direct ambit, they will have to follow standard policies and procedures. "Consumers can expect faster refunds and settlements once this happens," says Reeju Datta, co-founder, Cashfree. Expect tighter control of frauds. Once the RBI starts regulating them, policies are likely to be framed to force them to act faster in the case of frauds and block the money in the receiver's account.

The banking regulator has also introduced an ombudsman. With rapid growth in the volume of digital transactions, such an authority was much needed. A dedicated redress authority will expedite the process of complaint resolution. Consumers will be saved the hassle of running from one service provider to another. They can now file complaints against prepaid instruments (PPIs), e-wallets, and other payment service providers with the ombudsman's offices in 21 locations across 19 cities.

You can approach the ombudsman on almost all issues related to digital payments, including unauthorised use of funds transfer; failure to refund your money in the case of a failed transaction; inability to transfer the funds to the bank account; or not loading of funds in the wallet within a reasonable time. Even complaints related to the unified payments gateway (UPI) falls within the purview of the ombudsman. An individual can approach the ombudsman if the digital payment service provider does not satisfactorily address the complaint. Each ombudsman will work for a particular jurisdiction. Details of the relevant ombudsman for your jurisdiction can be obtained from the RBI's website.

The tokenisation of card payments is expected to make transactions more secure by adding an extra layer of security. Suppose an individual makes a purchase on an e-commerce website. He may provide his credit card number and other details. As an added precaution, he enters a one-time password (OTP) sent to his registered mobile number. One issue with the existing online payments mechanism is that it is susceptible to what is known as man-in-the-middle attacks. These attacks can be launched by someone who has access either to the customer's computer or to the e-commerce website's database. To avoid entering credit card details repeatedly, most frequent users store their details on the e-tailer's web site. If its database gets hacked, credit card details are stolen and are misused.

Once payments are tokenised, the buyer will not have to enter his credit card details at an e-commerce site. Instead, the system will generate a completely random number — the token — using an algorithm. It will be complex, unique, and almost impossible for anyone other than the payment processor to decipher.

HOW TO GET RELIEF FROM OMBUDSMAN

- Complain to your service provider first and then wait for 30 days
- In case there's no satisfactory response, write to the ombudsman
- You have to approach the ombudsman within 13 months of filing the complaint
- Ombudsman can award compensation for actual loss, or up to ₹20 lakh, whichever is lower
- If not satisfied with the ombudsman's decision, approach the appellate authority
- Final recourse is the consumer forum

COMMODITIES

PRICE CARD

As on Feb 26	International Price	International %Chg#	Domestic Price	Domestic %Chg#
METALS ($/tonne)				
Aluminium	1,886.0	-1.8	2,180.9	-1.6
Copper	6,546.0	4.8	6,838.3	1.4
Zinc	2,742.0	7.1	3,081.5	0.2
Gold ($/ounce)	1,325.0*	8.4	1,456.3	8.0
Silver ($/ounce)	15.8*	11.2	17.5	9.71
ENERGY				
Crude Oil ($/bbl)	64.9*	8.1	66.2	11.4
Natural Gas ($/mmBtu)	2.9*	-32.7	2.9	-32.9
AGRI COMMODITIES ($/tonne)				
Wheat	216.3	-0.4	275.1	-6.9
Sugar	351.4*	3.7	468.0	2.1
Palm oil	540.0	13.1	879.4	3.9
Rubber	1,704.9*	41.2	1,779.9	6.9
Cotton	1,593.3	-6.6	1,671.9	-6.6

* As on Feb 26, 1800 hrs IST, # Change Over 3 Months
Conversion rate 1 USD = 71.1 & 1 Ounce = 31.1032316 grams.

Notes:
1) International metals, Indian basket crude, Malaysia Palm oil, Wheat LIFFE and Coffee Karnataka robusta pertains to previous days price.
2) International metal are LME Spot prices and domestic metal are Mumbai local spot prices except for Steel.
3) International Crude oil is Brent crude and Domestic Crude oil is Indian basket.
4) International Natural gas is Nymex near month future & domestic natural gas is MCX near month futures.
5) International Wheat, White sugar & Coffee Robusta are LIFF E future prices of near month contract.
6) International Maize is MATIF near month future, Rubber is Tokyo-TOCOM near month future and Palm oil is Malaysia FOB spot price.
7) Domestic Wheat & Maize are NCDEX future prices of near month contract, Palm oil & Rubber are NCDEX spot prices.
8) Domestic Coffee is Karnataka robusta and Sugar is M30 Mumbai local spot price.
9) International cotton is Cotton no. 2-NYBOT near month future & domestic cotton is MCX Future prices near month futures.
Source: Bloomberg Compiled by BS Research Bureau

Demand for higher steel grades to fuel imports

CARE report says domestic consumption may rise 5.5-7.5 per cent

JAYAJIT DASH
Bhubaneswar, 26 February

The country's import of steel is expected to rise by 2.5 to 3-5 per cent in 2019-20, fuelled by demand for special and higher grades, says CARE Ratings.

Its report says domestic consumption of steel is projected to rise between 5.5 and 7.5 per cent. "We believe consumption of long steel products will grow at a faster pace, compared to flat steel products, mainly on account of the government's focus on infrastructure. For FY19, the government's revised capital expenditure was higher by 20.3 per cent to ₹3.2 trillion on a year-on-year basis and funds of ₹3.4 trillion have been allocated for FY20," it adds.

Finished steel production is tipped to grow by 6-8 per cent during FY20, backed by demand from user industries such as construction and infrastructure, automobiles and consumer durables.

In FY17 and FY18, India was a net exporter of steel. This had altered in the April-November period of FY19 (first eight months of the financial year), with finished steel import toppling export by 0.7 million tonnes.

According to data from the Centre for Monitoring Indian Economy, the former rose 2.2 per cent to 5.9 mt, while the latter fell 35 per cent to 5.2 mt.

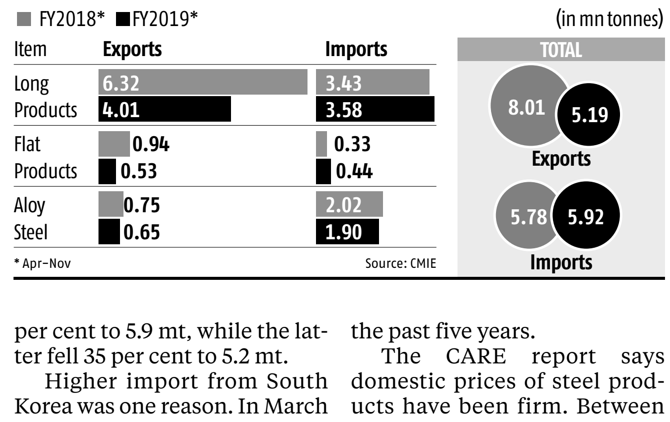
Higher import from South Korea was one reason. In March 2018, the American government imposed protectionist levies of 25 per cent and 10 per cent on steel import; this led to diversion here of Korean shipments.

Hot Rolled coil, galvanised sheets and some grades of alloy steel are the bulk of our export. On an average, nine per cent of the country's production is exported, while 11 per cent of the demand was met from import in the past five years.

The CARE report says domestic prices of steel products have been firm. Between April and December 2018, these rose by 18-33 per cent over a year before, on the back of a robust demand.

Consumption in the comparable period grew 7.9 per cent to 71.6 mt. Prices are expected to weaken by five per cent in FY20, taking cues from those in China. A rise in domestic consumption will arrest any sharper fall, the report believes.

RISING CONSUMPTION



Oil edges up to $65 as Opec rebuffs Trump pressure

ALEX LAWLER
London, 26 February

Brent oil edged up to $65 a barrel on Tuesday as Saudi Arabia and the rest of The Organization of the Petroleum Exporting Countries (Opec) were expected to stick to their production cuts, despite renewed pressure from US President Donald Trump.

Prices slid on Monday, when many traders were out of the office attending IP Week, a series of industry events in London, after Trump called on Opec to ease its efforts to boost the oil market. Prices were "getting too high", the president said.

"Yesterday was a typical price action you see during IP Week, when you have a headline," said Olivier Jakob, oil analyst at Petromatrix. "But, I don't think it will change anything in the current OPEC supply policy."

Brent crude, the global benchmark, rose 24 cents to $65.00 by 5:09 pm (IST) after losing 3.5 per cent on Monday.

West Texas Intermediate crude eased 7 cents to $55.41.

Brent
$65.00
▲ 24 cents

WTI
$55.41
▲ 7 cents
till 5.09 pm IST

Expectations that US crude inventories had risen for a sixth straight week limited the rally.

US crude stocks were seen 3.6 million barrels higher in weekly inventory reports, underlining that supply is adequate in the world's top consumer. The first such report is due on Wednesday from the American Petroleum Institute.

Oil is up about 20 per cent since the start of the year, when the Opec and other producers, such as Russia, began cutting production in an effort to reduce a global glut.

Saudi Arabia and other Opec members are likely to be cautious about relaxing their supply-cut plan, Jakob said, after a boost in output in the second half of last year ahead of US sanctions on Iran led to a steep slide in prices.

Oil broker PVM took a similar view.

"Will the kingdom budge and increase production, or at least keep it steady," said PVM's Tamas Varga. "Just two weeks after announcing deeper cuts, it would be a capitulation." An Opec source, in comments to *Reuters* on Tuesday, agreed with the analysts' views. US sanctions against Opec members Iran and Venezuela have also contributed to the gains and are providing a floor for prices, analysts say. **REUTERS**

Palm falls to 6-week low on output concerns

EMILY CHOW
Kuala Lumpur, 26 February

Malaysian palm oil futures dropped over 1 per cent at the close of trade on Tuesday, hitting their lowest levels in nearly six weeks, pressured by weaker soyoil prices and a forecast that February palm output will be higher than usual.

The benchmark palm oil contract for May delivery on the Bursa Malaysia Derivatives Exchange was down 1.4 per cent at 2,183 ringgit ($536.50) a tonne at the close in a third straight session of falls. It earlier fell to an intraday low of 2,166 ringgit, its lowest since January 17.

Trading volumes stood at 52,177 lots of 25 tonnes each at the end of the session.

"Production figures were higher, while the market was expecting it to be lower," said a Kuala Lumpur-based trader, quoting output data from the Malaysian Palm Oil Association that showed a 3.5 per cent monthly rise for the February 1-20 period.

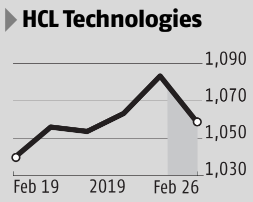
Palm oil production typically sees monthly declines in the first quarter of the year, in line with the seasonal trend. Traders, however, see output registering higher levels than last year.

Another futures trader said weaker US soyoil on the Chicago Board of Trade also added pressure to palm oil prices.

Palm oil prices are affected by movements in soyoil, as they compete for a share in the global vegetable oil market. **REUTERS**

IN THE NEWS

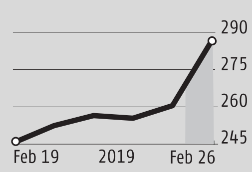
HCL Technologies



Trading volume jumps more than two times

₹1,083.30 PREVIOUS CLOSE
₹1058.80 CLOSE
▼ 2.26% DOWN

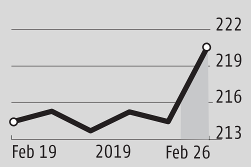
India Tourism Development Corporation



Top gainer among the S&P BSE-500 index

₹260.45 PREVIOUS CLOSE
₹286.75 CLOSE
▲ 10.10% UP

Coal India

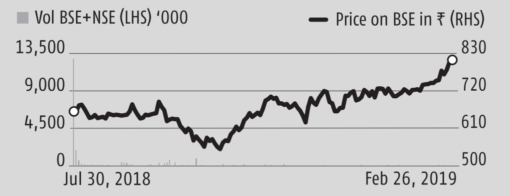


Top gainer among the S&P BSE metal stock

₹214.45 PREVIOUS CLOSE
₹220.50 CLOSE
▲ 2.82% UP

STOCK OF THE DAY

TCNS Clothing Co: Stock hits new all time-high at ₹822.95, up 60 per cent from 52-week low



NIFTY 50

Company	Close (₹) 26 Feb'19	% Chg	Wt (%)	PE Con	PE Std	Company	Close (₹) 26 Feb'19	% Chg	Wt (%)	PE Con	PE Std
Adani Ports	323.5	-0.3	0.6	18.4	25.1	IOC	142.3	2.6	1.3	5.9	8.4
Asian Paints	1402.0	0.3	1.4	61.3	62.6	ITC	275.5	-0.4	7.4	29.4	28.3
Axis Bank	710.2	0.9	3.1	400.5	185.8	JSW Steel	284.5	-1.1	0.9	7.7	7.9
Bajaj Auto	2859.3	0.4	0.9	17.6	18.6	Kotak Mah Bank	1236.2	-0.4	3.6	33.9	51.5
Bajaj Fin	2657.8	0.0	1.5	57.4	43.9	L & T	1265.9	-0.8	3.9	19.5	26.3
Bajaj Finsrv	6452.7	1.9	0.9	28.8	325.2	Mah & Mah	651.3	0.1	1.4	10.2	16.2
Bharti Airtel	315.5	-0.6	0.9	102.2	-	Maruti Suzuki	6904.3	-0.3	2.0	26.5	27.5
Bharti Infratel	308.0	1.3	0.6	22.9	20.9	NTPC	140.6	0.1	1.0	11.0	11.2
BPCL	336.7	0.2	0.7	7.5	10.9	ONGC	147.5	-0.2	1.4	7.3	6.6
Cipla	550.4	0.4	0.6	33.9	30.0	Power Grid	181.2	-0.4	0.9	11.6	10.7
Coal India	220.2	2.7	0.8	10.7	9.0	Reliance Ind	1220.3	-1.0	9.1	20.0	21.9
Dr Reddys	2647.8	-0.7	0.7	24.9	35.1	SBI	266.4	-1.4	2.2	-	-
Eicher Motor	20620.0	-0.4	0.6	26.5	30.7	Sun Pharma	435.8	-0.1	1.0	26.2	-
GAIL	333.5	1.7	0.8	15.6	12.7	Tata Motors	182.7	3.9	0.7	-	37.3
Grasim Ind	781.0	0.3	0.7	29.2	117.5	Tata Steel	503.6	-0.3	0.8	2.6	6.3
HCL Techno	1058.9	-2.2	1.3	14.7	18.0	TCS	2038.7	2.7	4.7	25.3	26.4
HDFC	1853.7	-2.2	7.0	19.6	33.2	Tech Mahindra	833.3	0.3	1.1	18.6	18.6
HDFC Bank	2110.7	-0.7	9.8	31.0	28.7	Titan Company	1038.4	-0.4	0.9	83.7	67.7
Hero MotoCorp	2689.1	-0.9	0.8	14.4	14.8	UltraTech	3788.6	1.9	0.9	56.3	54.0
Hindalco	196.5	0.0	0.6	7.3	32.8	UPL	855.1	0.9	0.7	22.0	113.4
HPCL	225.9	-1.0	0.8	4.8	7.2	Vedanta	169.7	-0.9	0.7	5.8	5.7
HUL	1772.3	0.1	2.7	73.4	65.6	Wipro	387.7	0.6	1.0	21.2	22.5
ICICI Bank	348.2	-2.1	4.9	29.1	65.7	YES Bank	229.5	0.2	0.9	12.5	12.1
Indiabulls Hous	659.3	-2.9	0.5	6.8	7.4	Zee Enter	469.2	5.4	0.6	29.9	22.9
IndusInd Bank	1478.1	-0.9	1.7	-	22.9	Nifty 50	10835.3	↓-0.4	100.0	19.8	21.6
Infosys	742.5	-1.6	6.2	21.6	23.1						

S&P BSE SENSEX STOCKS

Asian Paints	1401.3	0.2	1.6	61.2	62.6	L & T	1264.2	-1.0	4.6	19.5	26.3
Axis Bank	710.1	0.9	3.6	400.5	185.8	Mah & Mah	649.9	-0.2	1.7	10.2	16.1
Bajaj Auto	2852.5	0.2	1.1	17.6	18.6	Maruti Suzuki	6896.3	-0.4	2.4	26.4	27.5
Bajaj Fin	2652.8	-0.3	1.8	57.3	43.8	NTPC	140.7	0.2	1.2	11.0	11.2
Bharti Airtel	315.4	-0.8	1.1	102.2	-	ONGC	147.7	-0.4	1.7	7.3	6.6
Coal India	220.5	2.8	1.0	10.7	9.0	Power Grid	181.8	-0.2	1.1	11.6	10.7
HCL Techno	1058.8	-2.3	1.5	14.7	18.0	Reliance Ind	1219.7	-1.0	10.7	20.0	21.9
HDFC	1853.6	-2.2	8.2	19.6	33.2	SBI	266.3	-1.4	2.6	-	-
HDFC Bank	2110.3	-0.6	11.6	31.0	28.7	Sun Pharma	435.9	0.0	1.2	26.2	-
Hero MotoCorp	2688.4	-0.8	0.9	14.4	14.8	Tata Mot-DVR	90.8	1.2	0.1	-	-
HUL	1767.0	-0.2	3.2	73.2	65.4	Tata Motors	182.7	4.1	0.9	-	37.3
ICICI Bank	348.1	-2.1	5.8	29.1	65.7	Tata Steel	504.2	-0.1	1.0	2.6	6.3
IndusInd Bank	1478.2	-0.8	2.0	-	22.9	TCS	2032.4	2.4	5.5	25.2	26.3
Infosys	741.7	-1.7	7.3	21.6	23.1	Vedanta	169.6	-0.8	0.8	5.8	5.7
ITC	275.0	-0.7	8.7	29.3	28.3	YES Bank	229.6	0.2	1.1	12.5	12.1
Kotak Mah Bank	1235.8	-0.4	4.3	33.9	51.5	BSE SENSEX	35973.7	↓-0.7	100.0	20.5	22.3

C = Consolidated; S = Standalone

WORLD INDICES

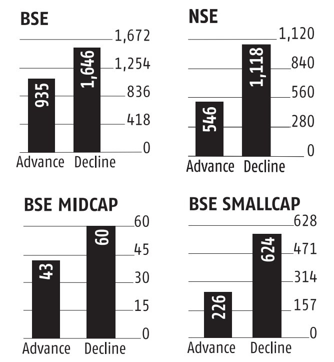
Indices	Close	% Chg*	Indices	Close	% Chg*
Americas (Feb 25,19)			**Asia/Pacific (Feb 26,19)**		
Nasdaq Composite	7554.5	0.4	Jakarta Composite	6541.0	0.2
S&P/ TSX Composite	16057.0	0.3	Taiwan Taiex	10391.6	0.0
Dow Jones	26092.0	0.2	Kospi	2226.6	-0.3
Europe/Africa (Feb 25,19)			Kuala Lumpur Comp	1719.0	-0.3
DAX	11496.2	-0.1	Straits Times	3261.7	-0.3
CAC 40	5218.5	-0.3	Stock Exchange of Thai	1663.6	-0.5
IBEX 35	9163.0	-0.5	Shanghai Se Comp	2941.5	-0.7
FTSE 100	7098.8	-1.2	**Volatility (Feb 25,19)**		
Asia/Pacific (Feb 26,19)			CBOE Dow Jones	15.0	6.5
Nikkei 225	21449.4	-0.4	CBOE S&P 500	14.9	0.6
Hang Seng	28772.1	-0.7			

* Change over previous close

MAJOR INDICES

	Previous Close	Open	High	Low	Close	Change	% chng
S&P BSE Sensex	36,213.4	35,975.8	36,172.5	35,714.2	35,973.7	-239.7	-0.7
S&P BSE Sensex 50	11,353.6	11,287.4	11,354.2	11,194.9	11,296.2	-57.3	-0.5
S&P BSE-100	11,052.7	10,991.0	11,061.4	10,892.4	11,005.1	-47.6	-0.4
S&P BSE-200	4,582.4	4,557.4	4,585.7	4,514.0	4,563.4	-19.0	-0.4
S&P BSE-500	14,245.6	14,171.7	14,253.3	14,028.1	14,186.2	-59.4	-0.4
S&P BSE IPO	3,925.7	3,900.5	3,943.3	3,863.3	3,924.4	-1.3	0.0
S&P Dollex-30	4,186.3	-	-	-	4,153.0	-33.3	-0.8
Nifty 50	10,880.1	10,775.3	10,888.8	10,729.3	10,835.3	-44.8	-0.4
Nifty next50	26,212.7	26,006.4	26,340.7	25,796.4	26,199.7	-13.0	0.0
Nifty 500	8,983.9	8,899.0	8,994.0	8,846.1	8,953.2	-30.7	-0.3
India VIX	15.4	15.4	18.1	13.1	17.1	1.8	11.4
Nifty CPSE	1,998.9	1,976.9	2,024.4	1,968.1	2,019.5	20.5	1.0

ADVANCES/DECLINE



MARKET OVERVIEW

INDEX AGGREGATES	PE C/S	Shrs Mn	Trds '000	Adv	Dec	1 Yr return
Sensex	20.5/22.3	18.5	164	9	22	4.4
Nifty 50	19.8/21.6	415.0	4616	22	26	2.4

C = Consolidated; S = Standalone

TURNOVER	Cash BSE	Cash NSE	Derivatives BSE	Derivatives NSE
Value (In ₹ crore)	2520	33651	-	1190981
Shares(In Mn)	196.7	1761.9	-	6782.9
Trades(000)	1296	11705	-	8723

MARKET-CAP (₹ CR)	Traded	Total
BSE	14,000,971	14,110,350
NSE	13,902,032	13,963,891
Derivatives	10,769,988	10,772,949

TRADING ACTIVITY

(₹ crore)	FIIs Equity Net	FIIs Debt Net	MF Equity Net	MF Debt Net
On 25 Feb	1802	-314	-2080	4265
On 22 Feb	12132	-819	1386	1077
On 21 Feb	-338	734	454	333
On 20 Feb	1283	-1664	526	379
On 19 Feb	-1559	-111	1200	-1
Feb till date	**13217**	**-2985**	**8450**	**19376**
2019 till date	**12713**	**-5586**	**15602**	**66529**

FIIS IN DERIVATIVES

(₹crore)	Index NET	Stock Net	Index Fut OI	Index Opt OI	Stock OI
On 25 Feb	92	-760	0.4	0.8	1.7
On 22 Feb	82	-1139	0.4	0.8	1.7
On 21 Feb	1091	140	0.4	0.8	1.7
On 20 Feb	2952	155	0.4	0.9	1.7
On 19 Feb	618	26	0.4	0.9	1.7
Feb till date	**13949**	**-1299**	-	-	-
2019 till date	**23410**	**2615**	-	-	-

OI in number of contracts(million)

S&P BSE SECTORAL INDICES

	Prev close	Close	% Chg
Auto	18,814.3	18,874.4	0.3
Bankex	30,351.3	30,125.0	-0.7
Cons. Durables	21,336.5	21,244.5	-0.4
Cap. Goods	16,839.1	16,723.3	-0.7
FMCG	11,408.0	11,354.8	-0.5
Healthcare	13,685.7	13,668.5	-0.1
Infra	182.8	182.1	-0.4
IT	15,482.5	15,457.9	-0.2
Metal	10,710.0	10,717.5	0.1
Oil & Gas	13,624.6	13,649.4	0.2
Power	1,819.7	1,820.0	0.0
PSU	6,667.0	6,653.9	-0.2
Realty	1,802.1	1,772.8	-1.6

F&O SNAPSHOT

MOST BULLISH	Futures price	Cash price	Premium (%)	MOST BEARISH	Futures price	Cash price	Discount (%)
Adani Power	47.2	46.7	1.1	Allahabad Bk	42.0	44.0	-4.4
JP Associat	5.9	5.9	0.9	ONGC	142.6	147.5	-3.4
India Cement	85.9	85.3	0.8	Jet Airways	219.0	223.7	-2.1
Adani Enter	133.0	132.1	0.7	Just Dial	500.3	504.7	-0.9
GMR Infra	16.4	16.3	0.6	Ambuja Cem	211.3	212.4	-0.5

	BSE Index	BSE Stock	NSE Index	NSE Stock
FUTURE				
Contracts	-	-	511518	1747057
Open Int.(000)	-	-	24404	4965674
Shares(In Mn)	-	-	26.9	4258.8
Value(₹ crore)	-	-	35827	100366
OPTIONS				
Contracts	-	-	15439547	1121767
Open Int.(000)	-	-	101597	1666353
Shares(In Mn)	-	-	620.6	1876.7
Value(₹ crore)	-	-	988263	66526

PUT-CALL RATIO

(Open Interest in Mn)	Put	Call	PC Ratio
Market	678.4	1089.5	0.6

Top 5	PC Ratio	Bottom 5	PC Ratio
KPIT Tech	1.8	Godrej Ind	0.1
Cipla	1.4	Berge Paint	0.1
Wipro	1.4	Maha Gas	0.1
Chola Inv	1.4	PC Jeweller	0.2
Crompton Grv	1.4	CESC	0.2

ACTIVE CALLS

(In Million)	Expiry Date	Strike Price	Traded Qty	Open Interest	% Chg (OI)
Index					
Nifty	28/02/19	10900	42.4	2.7	9.3
Nifty	28/02/19	10800	32.0	2.0	-6.8
Nifty	28/02/19	11000	31.9	4.3	12.1
Nifty Bank	28/02/19	27000	15.7	0.5	41.9
Nifty Bank	28/02/19	27200	15.5	0.4	25.9
Stock					
Yes Bank	28/02/19	230	25.3	3.5	-14.8
Yes Bank	28/02/19	240	24.6	4.1	2.4
Ashok Leyland	28/02/19	85	23.8	7.3	-10.3
Tata Motors	28/02/19	180	17.7	1.5	-54.3
SBI	28/02/19	275	16.8	3.6	-6.3

ACTIVE PUTS

(In Million)	Expiry Date	Strike Price	Traded Qty	Open Interest	% Chg (OI)
Index					
Nifty	28/02/19	10800	44.3	2.6	-23.8
Nifty	28/02/19	10700	40.2	2.5	-28.4
Nifty	28/02/19	10600	23.0	1.9	-12.7
Nifty	28/02/19	10500	17.7	2.8	10.7
Nifty	28/02/19	10900	14.5	1.0	-30.8
Stock					
ICICI Bank	28/02/19	350	14.6	1.9	-57.7
Yes Bank	28/02/19	220	12.9	2.3	0.8
SBI	28/02/19	260	12.0	2.3	-10.3
SBI	28/02/19	265	8.7	2.1	0.9
Ashok Leyland	28/02/19	80	8.3	4.5	-0.9

SPURT IN VOLUMES

Company	Days Volume	2-week Avg Volume	Change	Close price	*Price %chg
India Touris	1135854.0	11092.2	10140.1	286.8	10.1
Patspin I	215464.0	10253.3	2001.4	11.4	10.2
Sandhar Tech	100782.0	5421.3	1759.0	267.3	-2.0
Narayana Hruday	853618.0	57280.0	1390.3	204.1	1.7
GS Bank ETF	116958.0	8807.5	1227.9	2748.2	-0.4
Space Incubatri	100952.0	10154.3	894.2	0.6	-5.0
Future Retail	2438498.0	267960.2	810.0	417.9	-0.9
Prime Focus	471733.0	52726.3	794.7	62.7	19.9
GE Power India	143085.0	16119.0	787.7	799.0	0.8
Brooks Labs	582710.0	69694.4	736.1	60.5	2.4

52 WEEK NEW HIGHS/LOWS

Company	Price	Company	Price	Company	Price	Company	Price
HIGH		*Bclenterpr	17.9	*Natco Pharma	563.2	*Dynmic Prdct	96.1
BS 200		*Continental Che	10.5	Shervani Ind	525.0	*Amal	95.1
UPL	856.6	*Mewat Zinc	10.2	*MPS Ltd	425.0	Ecoplast	95.0
Others		Peeti Sec	9.7	Kiri Inds	372.0	*Jindal Drill	89.3
*DSP Blackrock L	1000.0	Abirami Fin	8.7	*Khadim India	355.0	*Kitex Garmnt	88.5
*TCNS Clothing C	823.0	*Vikas Proppant	7.8	Jay Ushin	340.0	*Ivp Limited	85.2
*Shri Jagdamb	311.0	*Prem Pipes	6.3	Sinclar Htls	299.0	Krebs Bio	85.1
*Pro Fin Cap	274.4	Rekvina Lab.	5.3	*Riddhi SidG	221.4	*Technofab	84.6
*Cantabil Ret	243.0	*Brijlaxmi Le	4.0	Omaxe	206.3	BNK Capital	81.3
*Inflame Applian	182.0	*Virgo Global	3.5	*Bhartiya Int	200.2	*The Indian Wood	78.6
Axtel Ind	128.8	Shree Global	3.1	*TN Newsprint	185.0	Maan Alum	78.5
*Gautam Gems	128.5	Arms Paper	1.6	*La-Opala Rg	184.0	*Guj Pipavav	76.2
*Vanta Biosci	125.0	Bil Energy	1.5	*Dishman Carboge	180.4	*PG Elect	70.0
*MIL	105.3	*Pazel Intel	1.3	*S Chand & Co	173.0	Emkay Global	70.0
*Deep Polymers	50.3	Nimbus Food	0.4	*Svaraj Trad	152.1	Vidhi Specilty	66.9
*Leading Les Fin	43.3	Maha Corp	0.3	*Agarwal Inds	151.0	*Simplex Cast	60.0
*Orient Trade	35.0	**LOW**		Gayatri Proj	145.6	KIFS Financial	59.9
*Iris Mediaworks	32.0	BS 200		*Advanced Enzyme	145.4	*Atishay	52.3
*7NR Retail	31.5	TVS Motor	448.5	Guj Apo Ind	139.0	*Mirza Intl	51.0
*Apoorva Leas	30.3	Future Retail	406.8	Shree Gan Bio	120.0	*Virat Ind	50.8
Medinova Diagno	30.0	*Arvind	72.8	*Gujarat Gas	116.1	Agri-Tech I	47.1
Refex Inds	29.8	Others		Nikhil Adhsv	115.0	*Tejnaksh Health	46.0
*Halder Venture	26.4	*VST Tillers	1402.9	*National Fittin	111.0	*Muller Phip	44.7
Next Media	26.0	*DSP Blackrock L	1000.0	*GeeCee Vent	100.0	*Rapicut Carb	44.1
*Mahaan Foods	23.9	Shaily Engg	650.0	Ramky Infra	99.5	*Lohia Sec	44.0
*SPS Intl	20.4			*James War Tea	96.8	*Makers Labs	42.0

* Indicates that the market price of these companies reached two-year highs/lows.

DAY'S TOP GAINERS

Company	Day's high	Close	% chg*	3mth high	52 wk high
Adani Power	48.8	46.5	15.2	58.2	58.2
Zee Enter	489.8	469.2	5.3	506.1	609.8
Reliance Cap	173.4	171.1	4.6	246.9	504.0
Tata Motors	183.4	182.7	4.1	187.6	376.8
Tata Comm	575.0	572.0	4.1	575.0	670.9
Kaveri Seed	412.9	410.0	4.0	623.0	660.0
Info Edge	1750.0	1719.9	3.4	1798.0	1798.0
Sun TV Net	615.4	605.7	3.2	620.0	1028.0
Chennai Petr	228.0	226.7	3.1	299.0	382.8
Ajanta Phar	1007.3	999.7	3.0	1204.3	1459.7
Shriram TrFn	1139.0	1130.2	2.9	1290.8	1670.6
Coal India	222.1	220.5	2.8	254.2	316.6
Cummins (I)	729.0	721.9	2.8	885.0	885.0
IOC	143.2	141.7	2.6	148.2	206.3
Bharat Forge	512.5	506.1	2.5	587.0	799.7

DAY'S TOP LOSERS

Company	Day's low	Close	% chg*	3mth low	52 wk low
Dewan Hsg	125.5	130.9	-4.3	97.0	97.0
Edelweiss Finan	138.1	141.1	-4.2	116.2	116.2
Dredgng Corp	338.9	342.8	-3.7	320.9	286.6
Praj Ind	141.0	142.3	-3.4	99.5	72.5
Max Fin Sre	396.5	400.1	-3.4	361.1	344.0
Indiabulls Vent	280.0	286.9	-3.3	256.9	237.0
Indiabulls Hous	655.5	659.5	-3.0	576.4	576.4
Oriental Bank	78.4	80.1	-3.0	78.4	58.1
Allahabad Bk	43.2	43.9	-2.8	38.8	33.3
Godfrey Ph	880.0	889.1	-2.7	762.9	640.5
Sterlite Tch	236.9	242.2	-2.6	181.0	181.0
HEG	2016.2	2053.8	-2.6	1974.6	1974.6
SREI Infra Fin	26.4	27.1	-2.5	19.2	19.2
Apollo Hosp	1148.1	1158.1	-2.5	1083.0	911.1
Vodafone Idea	29.3	29.8	-2.3	28.8	28.8

* Ranked on the basis of percentage gain/loss on previous close

MOST TRADED

	Value BSE+NSE (₹ crore)	Volume BSE+NSE (Mn shrs)
YES Bank	2074.5	91.1
TCS	1348.7	6.7
Reliance Ind	1300.8	10.7
Zee Enter	785.9	16.9
HDFC	714.6	3.8
ICICI Bank	701.6	20.1
Axis Bank	688.6	9.8
Kotak Mah Bank	649.9	5.3
Infosys	649.8	8.7
Adani Ports	639.2	19.8
Tata Motors	608.0	33.8
Indiabulls Hous	540.2	8.2
Tata Steel	534.6	10.7
HDFC Bank	520.7	2.5
Maruti Suzuki	499.9	0.7
Bajaj Fin	447.2	1.7
SBI	429.6	16.2
HUL	403.0	2.3
Bajaj Finsrv	385.5	0.6
ITC	339.5	12.3
L & T	325.2	2.6
Dewan Hsg	314.7	24.2
Mothersons S	298.8	18.9
ICICIB- 22	295.3	87.6
Sun TV Net	293.0	4.9

TOP M-CAP

Rank	Company	Mcap (₹ cr)
1	Reliance Ind	773127.6
2	TCS	762619.0
3	HDFC Bank	574399.5
4	HUL	382484.8
5	ITC	336835.7
6	Infosys	324023.5
7	HDFC	318810.6
8	SBI	237662.1
9	Kotak Mah Bank	235786.0
10	ICICI Bank	224287.8
11	Maruti Suzuki	208323.4
12	ONGC	189547.0
13	Axis Bank	182559.6
14	L & T	177309.7
15	Wipro	175219.6
16	Bajaj Fin	153315.7
17	HCL Techno	143599.8
18↑	Coal India	136873.4
19↓	Asian Paints	134407.9
20	IOC	133398.6
21	Bharti Airtel	126058.0
22	NTPC	116013.6
23	Hind Zinc	110935.3
24	Sun Pharma	104573.5
25	Nestle India	104015.5
26	UltraTech	103993.8
27	Bajaj Finsrv	102288.0
28	Power Grid	95110.3
29↑	Titan Company	92127.0
30↓	Avenue Supermar	91811.5

TRENDS

Company	% change	Company	% change
BS200		**Others**	
UP 7 DAYS		**UP 7 DAYS**	
Tata Comm	15.3	Mahaan Foods	40.6
Tata Motors	13.4	SPS Intl	40.3
Century Tex	11.9	Refex Inds	40.0
Power Fin	8.4	Magadh Sugar	39.0
Tata Mot-DVR	8.3	WEP Solutions	30.2
BHEL	5.9	Punjab Alkal	26.8
NMDC	5.8	VSSL	19.7
DOWN		**DOWN 7 DAYS**	
UP 3 DAYS		AJIL	-30.1
Adani Power	17.6	Laurel Organ	-29.7
Adani Enter	10.5	Petron Engg	-22.9
Raymond	8.7	Amco India	-18.0
IOC	8.0	Cybele Ind	-12.5
Shriram TrFn	7.3	Nexus Comm	-12.5
YES Bank	6.8	Cerebra Int	-10.5
TCS	6.3	**UP 3 DAYS**	
DOWN		Brooks Labs	47.3
Adani Ports	-9.0	Swan Energy	34.1
IDBI Bank	-6.0	Garden Silk	34.0
Allahabad Bk	-5.4	Veto Switchgear	29.2
Infibeam Aven	-4.8	Sharda Motor	26.5
HEG	-3.7	Prime Focus	23.1
Indiabulls Hous	-3.5	Uttam Sugar	21.9
Containr Crp	-3.2	**DOWN 3 DAYS**	
		Kg Petrochem	-14.2
		Phosphate Co	-14.2

(T+2) cycleStocks which rose/fell continuously

BOARD MEETINGS

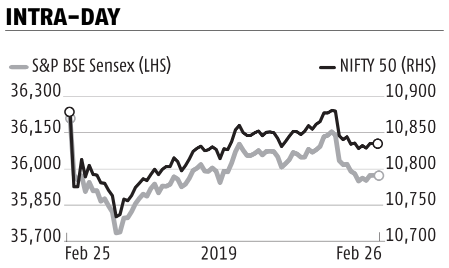
FEBRUARY 27

Allahabad Bk: to consider and approve Raising of equity capital of the Bank by way of Preferential Issue to Govt. of India against their Capital Infusion of ₹.6896.00 crore. **Aplaya Creati:** To approve the appointment of Ms. Deeksha Verma as Company Secretary & Compliance Officer of the Company **GSL Sec:** to consider and approve To consider the resignation of Mr. Mahesh Sunderlal Purohit, Company Secretary of the company. **Guj Leas Fin:** Meeting of the Board of Directors for approving the Scheme of Amalgamation under Section 230 and 232 of the Companies Act, 2013 of the three wholly owned subsidiaries of the Company viz; GLFL Housing Finance Limited, GLFL Securities Limited and GLFL International Limited (Transferor Companies)with the Company (GLFL - Transferee Company). **Hind.Foods:** to consider and approve the raising of funds by way of issue of convertible warrants on preferential basis by the Company. **Kids Medical:** approve and take on record the Standalone Audited Financial Result **KSB:** to consider and approve Results, Dividend and other businesses. **Maximus Intl:** to consider and approve Intimation of Meeting of Board of Directors pursuant to Regulation 29 of the SEBI (LODR) Regulations, 2015 for Allotment of Bonus Shares **Megastar Foods:** to consider and approve Resignation of Company Secretary and Compliance officer and other **Merck:** to consider and approve the audited financial results for the financial year ended December 31, 2018 and to consider recommendation of dividend, if any. **Pacific Inds:** to consider and approve to consider the Rights Issue of Equity Shares to the existing shareholders of the Company. **Rain Inds:** to consider and approve the Annual Audited Financial Results (Standalone, Consolidated and Segment) for the Quarter and Financial Year ended December 31, 2018. **Ranjeet Mechatr:** to consider and approve Appointment of Internal Auditor and Secretarial Auditor for the year 2018-19 **Syndicate Bank:** to consider and approve Raising of Equity Capital by way of Preferential Allotment. **Tata Metal:** to consider, inter alia, a proposal for raising of funds by issue of equity shares, preference shares or any other securities through one or more methods including through qualified institutions placement, private placement, rights issue, preferential issue or through any other permissible mode or a combination thereof, and the determination of the terms of the issue. **Vesuvius:** to consider and approve Audited Financial Results for the financial year ended December 31, 2018 and also to recommend dividend

FEBRUARY 28

Anjani Synth: To Appoint Mr. Sourabh Vijay Patwari as an Additional Independent Director;To Approve Resignation of Mr. Rakesh Agarwal as an Independent Director from the Board of the company. APIL: to consider and approve Board meeting intimation to conduct EGM Bharti Airtel: to consider the recommendations of the Committee. **Ganga papers:** To appoint M/s. A K Agrawal & Co.

INTRA-DAY



BS 200

WHAT THIS STOCK PAGE CONTAINS AND WHY

BS 200 stocks account for over 85 per cent of the volume of shares, value and trades on the Bombay Stock Exchange and National Stock Exchange.

For BS 200 stocks, the company name is followed by its BSE group in brackets and the symbol indicating the paid-up value . Four categories of information are provided: First, the basic information on the day's trading. Information is also given on the number of shares traded, and also the price trend with 52-week highs and lows.

The third sub-set of information is the stock's market capitalisation. The market capitalisation is shown in ₹crore and is arrived at by multiplying the closing prices of shares with equity capital. It changes either because more shares have been issued (or extinguished) or the price has moved.

The table also contains the company's price-earnings (P/E) multiple. The P/E multiple is arrived at by dividing the day's closing price by its reported earning per share (EPS) for trailing 12 months. EPS is calculated on the basis of consolidated earnings wherever available. In the futures and options (F&O) section a wide set of data has been provided.

Open Interest: OI is the number of contracts open at end of day in the futures and options segment. OI thus indicates traders' expectations. High OI is typical when traders see a continuing trend.

Strike Price: The price at which an option may be exercised. An option is "in-the-money" if the market price exceeds the SP (in case of a call option) and the market price is below SP (in case of a put). Otherwise it is "out-of-money"

Expiry date: The date on which a derivative expires . An unexercised option becomes valueless while futures contracts are compulsorily settled on expiry. On NSE, it is the last Thursday of every month.

Put/call ratio: The ratio of open interest in put options & call options.

ABBREVIATIONS: When a significant change occurs in the day's closing value compared with the previous close, the close price is underlined. A significant change means a 3 per cent rise or fall in scrips whose market values are over 10 times paid-up value or 15 per cent for the rest of the shares.

The letters H or L appended to prices indicate a new high or low in the scrip; the letters XD after the traded quotes indicate that the scrip has gone ex-dividend after that date; XB denotes ex-bonus, XR ex-rights; XO ex-indicator for other corporate actions like AGM/EGM/ preference shares/mergers and others . M denotes volume of shares in million, L in lakhs & K in '000'.

SYMBOLS FOR FACE VALUE OF SCRIPS

● ₹100	❑ ₹3
❍ ₹50	★ ₹2
■ ₹20	♠ ₹1
◆ ₹6	Face value of scrips is ₹10 in all cases if not specified.
✣ ₹5	
✱ ₹4	

	ACC (A) BSE	ACC (A) NSE	Adani Enter (A) ♠ BSE	Adani Enter (A) ♠ NSE
PClose	(1375.75)	(1376.15)	(131.45)	(132.00)
Open	1375.75	1365.00	130.35	130.00
High	1394.00	1394.00	134.30	134.30
Low	1353.55	1353.05	128.10	128.00
Close	1384.20	1384.35	132.05	132.10
Shares	70410	1020K	875K	8879K
PE	17.09	17.10	33.53	33.54
52 Wk H/L	1676/1255	1679/1256	237/101	237/101
Mcap	25994	25997	14523	14528

Star India gets the game on for IPL

Rishabh Pant, Jaspreet Bumrah flag off the 2019 campaign with cheeky challenges to M S Dhoni and Virat Kohli, set the ball rolling for the upcoming face-off

M S Dhoni (CSK) and Rishab Pant (DD) banter over their cricketing skills as part of the newly launched campaign for IPL

BRANDS ON BOARD

- Tata Harrier, FBB, Hotstar specials (Official partners)
- Paytm (Umpire partner)
- CEAT (Strategic Timeout partner)
- Phone Pe, Thums Up, Asian Paints, Maruti Suzuki, Dream 11, Make My Trip, Swiggy, Voltas, MRF, Big Bazaar, Samsung QLED, Polycab (Broadcast sponsors)
- Amazon Pay, Dream 11, Swiggy, Coca-Cola, Flipkart, Maruti Suzuki, Maggi (Hotstar)

URVI MALVANIA
MUMBAI, 26 February

Battling several demons on many fronts—be it the vagaries over dates and locations in an election year and the uncertainty over reach in the wake of the TRAI order—Star India is going all out to get viewers on its side of the turf for the Vivo Indian Premier League 2019 that starts next month. In a set of teasers released over the weekend, the broadcaster uses the league's trademark bellicosity, pitting mentor against mentee, to get the buzz going around Brand IPL.

> **"We are in a much better place this year even after setting higher goals than last year"**
> GAUTAM THAKAR
> CEO, Star Sports

This year, the network says it has conceptualised the tournament as a set of games where the best take on the best. The tagline "*Yeh Vivo IPL hai, yahaan game banayega name*" (This is Vivo IPL, here your game defines you) is in keeping with the narrative that the tournament has employed in the past. That the IPL is one of the biggest equal-opportunity talent platforms for cricket in the country.

Star Sports CEO Gautam Thakar explains the creative process underlining the campaign. "The trophy has the lines '*yatra pratibha avsar prapnotihi*' inscribed on it. It translates as 'where talent meets opportunity'. Viewers strongly resonate with the belief that this is a platform that offers an opportunity for young talent to shine under the mentorship of stars from across the globe. No other platform in India has provided as many opportunities to youngsters as the IPL has, for over a decade," he said.

The two 30-second films build on this with young players Rishabh Pant and Jaspreet Bumrah challenging stalwarts M S Dhoni and Virat Kohli respectively. More films to be released in the coming days will have the veterans responding to the challenge and closer to the start of the tournament, the network will release television commercials specific to the Chennai Super Kings (CSK) and Royal Challengers Bangalore (RCB) clash, which is the opening tie on March 23.

Along with the IPL campaigns, Star is also pushing communication around the new channel packs in order to counter the challenges posed by the implementation of the new tariff order mandated by TRAI. Thakar says that in some markets the two campaigns will be clubbed together but by and large, the two communication strategies will function separately.

Star India is also focusing on its distribution strategy given the new tariff order. It has increased the number of regional sports channels in its portfolio and will leverage its presence in these markets through customized packaging. It has a panel of close to 100 commentators for this season, across languages.

The network will also use its entertainment channels in different languages on Sundays to expand the scope of the tournament's viewership. The Select Dugout feed introduced last year will also continue into this year, albeit with some additions based on the insights gathered from last year. And a new segment will be introduced to make the game more engaging for children.

The network's assurance of a growth in reach and viewership over last year is the basis for selling advertising inventory on the IPL. Thakkar says, "I cannot get into specifics, but I can say that we are in a much better place this year even after setting higher goals than last year." Industry estimates peg Star India's revenue from the IPL in 2018 at around ₹2,000 crore. This year, sources estimate that the network has already signed close to ₹1,100 crore worth of sponsorships.

Thakar says that he and his team are working to ensure that the Star Sports bouquet is available on as many subscriptions across the country as possible by the time the tournament launches. "That there is consumer inertia is true. That we have a lot at stake (in case of the IPL) is also true. But we have a very strong cricket calendar, starting with the ongoing India-Australia series, going into the IPL and then of course the World Cup. So we are confident that people will want to watch cricket on our platforms. Additionally, we are constantly working with cable and DTH (direct-to-home) operators to be included on their base packs," he says. Given that the IPL is the most expensive cricket property in the country, there is little that broadcaster and the brands backing the tournament want to leave to chance.

FROM PAGE 1

India strikes back

Tuesday's retaliatory air strikes are the first time since the 1971 Indo-Pakistan war that Indian combat aircraft crossed into Pakistan-held territory. Even during the Kargil war in 1999, when IAF fighters repeatedly struck Pakistan Army soldiers who had crossed into the Indian side of the LoC, great care was taken to ensure Indian aircraft did not violate the LoC. But in this case, military planners realised early that Pakistan would be prepared for ground strikes. Besides, the political need was for a more forceful response. That left air strikes as the only acceptable option.

Both sides have signed onto a confidence-building measure (CBM) that prohibits fixed wing aircraft from flying within 10 km of the LoC, and helicopters from coming closer than 5 km without informing the other side beforehand. By disregarding this, the IAF has sent a stern message to Islamabad. Since there are two Balakot towns, there was initial confusion over which target was struck, and how deep across the LoC it was. However, sources later confirmed that the strike occurred in Balakot in Pakistan's Khyber Pakhtunkhwa (KPK) province.

This raises serious questions over the capability of Pakistani air defences. Their porousness was first dramatically exposed in the US operation against Osama bin Laden in Abbottabad in 2011. They have now been exposed again by the IAF's ability to strike 80 km into Pakistan without being intercepted or incurring casualties.

With PTI inputs

Nation in safe hands: PM

This poem, which he himself has written and used to great effect in 2014, set his speech firmly against the backdrop of the IAF strike. He, however, never directly referred to Pakistan, Jaish-e-Mohammed or India's strikes across the border.

Appealing to the people to bring back the BJP to power (the party won all the 25 Lok Sabha seats in Rajasthan in 2014), he said his government's policy interventions should speak for themselves and took a swipe at the Congress government in the state. "It is very unfortunate that not a single farmer from Rajasthan and Churu has got any money," he said, referring to the scheme of direct transfer of funds to small farmers. "Do you know why? Because the state government has not even sent a list of the farmers. They are not cooperating with the Centre. Within the next 10 years, ₹7.5 trillion will be deposited in the accounts of farmers. They will not have to do anything for it. They will directly get a notification on their mobile phones, saying that they have received the amount. My government has made the impossible, possible. The state government must not hinder the Centre's support to farmers," he said. Emphasising why it was important to bring the BJP back to power, he said: "India needs a strong government and I am sure that your vote this time will give us even more strength to carry on our work to take India to new heights."

SBI emergency meet on Jet

It has sought the right of first refusal after one year in the case of a sale of shares and has asked SBI to get an endorsement from the Securities and Exchange Board of India (Sebi) that in case it exercises this right, the mandatory open offer requirement will not be triggered.

However, Sebi is not willing to make an exemption and neither is SBI willing to give the right of first refusal.

A Jet Airways spokesperson, when contacted, said: "In line with its policy, Jet Airways does not comment on speculation".

An e mail query to Etihad did not elicit any response.

However, in a joint statement on Monday Jet Airways and Etihad said they were working together on a resolution plan to make the airline robust and viable. Etihad Airways is learnt to have abstained from voting on resolutions to convert Jet Airways' debt into equity in the extraordinary general meeting on Thursday.

The airlines wanted clarity on all the questions they had raised before they endorsed the resolution plan.

The lenders, however, may seek additional securities, including share pledges or guarantees from promoters, while sanctioning loans, and are not planning to move the National Company Law Tribunal (NCLT) at present. A delay in clearing the resolution plan would make it difficult for the airlines to negotiate interim funding from banks. The lenders' consortium is considering a ₹500-crore loan, but a final decision is yet to be taken, Punjab National Bank Managing Director Sunil Mehta had said on Friday.

Mahindra banks on SsangYong-derived car

In a financial year that saw the UV category grow by 21 per cent in volumes, according to Society of Indian Automobile Manufacturers, Mahindra, which has the largest fleet of diesel SUVs in its portfolio, has seen sales stay flat and hovering under 250,000 units a year for the last three years, despite the segment growing and reaching a million cars. Mahindra's market share dropped drastically going from over 50 per cent in 2011 to under 40 per cent in 2015 and reaching a new low of 25 per cent last year. The missing products haven't been just city SUVs but also competent petrol vehicles.

This year that's expected to stay around the same, officials at Mahindra say, and that's a problem. "Auto is a volume game, the higher your number the better the profitability. Hence Mahindra has to regain lost market share even at the cost of some margin. Market share gain will also boost morale for channel partners that include dealers and components suppliers," said Chirag Shah, associate director, Institutional Equities, Edelweiss Securities.

So what went wrong? Goenka says the singular reason is this: "The compact SUV segment is at 50 per cent share of the volume of UVs and we had no product in that segment and we have around half the share of the remaining volume."

Did they not plan for it? "Frankly, we started with the KUV 100 at the beginning of 2016, and if it delivered volumes as planned then it would have been a different story." His point is they bet on a segment with a car that didn't take off. For now, Mahindra has to be careful because with the BS VI norms kicking in in the near future, every car will have to be rejigged to meet that, which means more expenditure, especially because diesel overhauls are expected to be more expensive than petrol upgrades.

"We are not sitting idle, and I can't share product plans but we do have a plan in the pipeline," Goenka says.

More on business-standard.com

BS SUDOKU # 2677

			2					9
9						3	5	6
4				5			2	
		9			2	7		
7		3				6		5
		1	4			9		
	8			2				4
2	7	4						8
3					1			

SOLUTION TO #2676

1	4	3	8	5	9	6	7	2
2	6	8	7	4	3	5	9	1
5	9	7	1	2	6	3	4	8
4	7	1	5	3	8	2	6	9
3	8	6	9	7	2	4	1	5
9	2	5	6	1	4	8	3	7
8	5	9	3	6	7	1	2	4
6	1	4	2	9	5	7	8	3
7	3	2	4	8	1	9	5	6

Easy: ★★

Solution tomorrow

HOW TO PLAY

Fill in the grid so that every row, every column and every 3x3 box contains the digits 1 to 9

ALL IN A DAY

SC to hear Rafale review petition in open court

The Supreme Court on Tuesday agreed to hear in open court a review petition of its December verdict that had dismissed all pleas challenging the deal for procurement of 36 Rafale fighter jets, signed between India and France.

The petition was moved by former cabinet ministers Yashwant Sinha and Arun Shourie, and senior advocate Prashant Bhushan.

BS REPORTER

Apex court calls for mediation in Ayodhya dispute

The Supreme Court on Tuesday asked the contending parties in the Ram Janambhoomi-Babri Masjid land dispute in Ayodhya to consider mediation even if there is "one per cent chance" of success.

A five-judge Constitution Bench headed by Chief Justice Ranjan Gogoi also said it would pass an order on March 6 on whether to refer the dispute to a court-appointed mediator. PTI

India successfully testfires 2 surface to air missiles

India on Tuesday successfully testfired two indigenously developed quick reaction surface-to-air missiles capable of simultaneously engaging multiple targets, officials said.

The missiles, equipped with radars with search on move capability, were test-fired from the Integrated Test Range near Balasaore in Odisha on a day when India conducted a major air assault on a terror training camp inside Pakistan. PTI

Users worried as Facebook steps up censorship

Several posts concealed behind a message — "attachment unavailable"

YUVRAJ MALIK
Bengaluru, 26 February

Facebook user Ishan Bhamri woke up on a January morning to find his News Feed populated with "veiled" posts from his friends. These posts carried an obscure message — attachment unavailable — in place of what might have been a status update, image or something shared by another Facebook page.

Bhamri wondered whether he was the only one who couldn't see the posts. He wrote on Facebook: "Have you noticed something weird going on FB today? A lot of the stuff people are sharing is coming as 'attachment unavailable' on my feed and I can't see it…"

Bhamri could see the posts after he activated a Virtual Private Network, or VPN service, that masked the location of his device to a country or region other than India. "And there you go, censoring content, eh?" he wrote.

Another user, Sandeep Kaur, who stays in British Columbia, Canada, was perplexed when some of her posts were concealed from the News Feeds of her Indian friends. "It's crazy they can't see the posts. Why would they (Facebook) censor when all I shared was memes and random articles," Kaur told *Business Standard*.

One post was a science joke. A similar situation was reported by Riya Trehan, a design student in Melbourne, Australia, whose posts — including a link from BuzzFeed Australia Facebook page — appeared as "attachment unavailable" on some Indian users' News Feed. Trehan pointed out that she did not receive any communication from Facebook that her posts were removed, or whether they violated any guidelines in the first place. Experts said the examples point to an indeterminate form of censorship Facebook is employing at a time when the world's largest social media company is under global scrutiny over the user-generated content that flows on its platform. Facebook may have put in place restrictions that limit certain content in certain geographies, or, access to content by certain users — and is rolling out these changes discreetly.

Facebook did not comment on this story till press time.

Facebook may have put in place restrictions that limit certain content in certain geographies, or, access to content by certain users — and is rolling out these changes discreetly

The manner in which Facebook algorithms work is opaque, said Karthik Balakrishnan, a trustee at Internet Freedom Foundation, an Internet rights group.

There are two ways Facebook removes content: pre- and post-. If a user flags a post as inappropriate, the platform reviews it and may or may not take it down. It also does it preemptively where its own algorithm labels the post potentially inappropriate and sends it to a review team. "It is possible that Facebook is flagging the user and not the content. Perhaps, a particular user can't see the content because he or she is more susceptible to sharing sensational content so Facebook doesn't serve it to this user," said Balakrishnan.

Users pointed out that what is worrisome is that many don't discover if their posts are censored to some users. A feedback informing the said users that their content was removed because it violated guidelines was missing in these cases. Users on Reddit, a platform for the tech and software community, also pointed to seeing a lot more of "attachment unavailable" messages on their News Feeds.

"It's difficult to make out whether it's deliberate intervention or a programmatical error," said Abhishek Baxi, a New Delhi-based digital consultant. "Perhaps it is some content marked as offensive by users or their own algorithm in an incorrect manner. But (content) being visible in one country and not in the other points to deliberate intervention by Facebook to block some content."

After confessing that the Facebook platform was manipulated by Russian actors to influence US presidential elections in 2016, the firm has doubled down on efforts to sterilise the platform from misinformation, hate speech and other forms of "hazardous content".

Facebook was also the centre of controversy for allegedly abating hate speech by groups inflicting violence on Rohingya muslims in Myanmar. Now with upcoming general elections the US and India, the task cut out for the Mark Zuckerberg-led company is to scrutinise content without going so far as restricting free speech.

BEL, Anna varsity build surveillance drone

Public sector defence electronics company Bharat Electronics (BEL) has built a tethered drone in collaboration with Anna University, in a successful example of industry-academia partnership. The unmanned aerial vehicle (UAV) called '*Patang*' (Hindi for kite) has been developed for surveillance and broadcasting and is ready for commercialisation. It can fly for several hours with the help of a tethered power station and operate at an altitude of 100 meters, and can monitor objects 2 km away.

PEERZADA ABRAR

AROUND THE WORLD

No-deal Brexit or delay? May offers UK MPs a choice

REUTERS
London, 26 February

British Prime Minister Theresa May on Tuesday offered lawmakers the chance to vote in just over two weeks time on whether to delay Brexit or go for a potentially disorderly no-deal exit from the European Union if her attempt to ratify a divorce deal fails.

Opening up the possibility of taking a no-deal off the table marks one of the biggest turning points in the UK's labyrinthine Brexit crisis.

Speaking to parliament on Tuesday, May said that if she had failed to get approval of her deal by March 12 then lawmakers would be given a vote on March 13 on leaving without a deal. If they rejected that option, then lawmakers would have a vote on March 14 on a motion requesting a "short, limited extension" Brexit delay.

"The UK will only leave without a deal on March 29 if there is explicit consent in the House for that outcome," May said.

May said UK will only leave without a deal on March 29 if there is explicit consent in the House for that PHOTO: REUTERS

Trump says 'signing summit' with Xi for US-China deal possible soon

US President Donald Trump said he may soon sign a deal to end a trade war with Chinese President Xi Jinping if their countries can bridge remaining differences, saying negotiators were "very, very close" to a deal.

Markets rallied after Trump said on Sunday he would delay an increase in US tariffs on $200 billion of Chinese goods and extend his March 1 deadline for a deal. Trump's decision avoided another escalation in a trade war between the world's two largest economies that has cost both countries billions of dollars and roiled global financial markets. REUTERS

US SEC seeks contempt charge on Tesla's Musk

REUTERS
San Francisco, 26 February

The US Securities and Exchange Commission (SEC) is pursuing a contempt order against Tesla CEO Elon Musk, saying he violated a fraud settlement by tweeting material information without preapproval, sending the firm's shares down 5 per cent.

Later, a federal judge ordered Musk to explain by March 11 why he should not be held in contempt.

This potentially could reopen a turbulent chapter for the electric vehicle maker in which regulators last year accused Musk of fraud for making misleading tweets about plans to take the company private, and demanded that he be stripped of his CEO title.

Musk, Tesla and the SEC had settled the lawsuit.

Musk calls SEC 'broken'

Musk, who on Monday accused the SEC of failing to read the company's annual reports, followed up with another tweet in the early hours of Tuesday. "Something is broken with SEC oversight," he wrote.