

SENSEX: 39,090.03 ▲ 1,075.41 NIFTY: 11,600.20 ▲ 326 NIKKEI: 22,079.09 ▲ 34.64 HANG SENG: 26,222.40 ▼ 213.27 FTSE: 7,313.23 ▼ 31.69 DAX: 12,334.55 ▼ 133.46

*International market data till 1900 IST

INDEX GAINS 2,997 POINTS IN TWO SESSIONS FOLLOWING CORPORATE TAX CUT ON FRIDAY

Sensex jumps 1,075 pts on tax cut booster

ENS ECONOMIC BUREAU
MUMBAI, SEPTEMBER 23

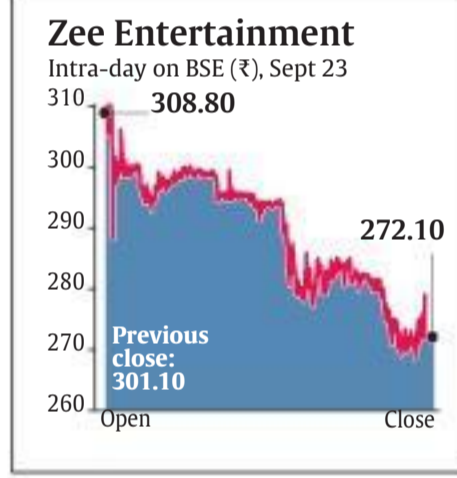
EXTENDING THE bull run for the second session in a row, benchmark Sensex on Monday jumped another 1,075 points after the government announced a cut in corporate tax and other measures on Friday to boost growth and investments. With this gain, the Sensex has posted its biggest two-day gain of 2,997 points, or 8.30 per cent, while the 50-share Nifty Index soared 895.40 points, or 8.36 per cent, in two days.

The 30-share Sensex gained over 1,426 points in intra-day trade before closing higher by 1,075.41 points or 2.8 per cent at 39,090.03, a level not seen since July 17. The broader NSE Nifty zoomed by 326 points or 2.89 per cent to end at a two-month high of 11,600.20 with 32 of its constituents closing with gains.

Zee Entertainment falls 9.63% as lenders sell pledged shares

ENSE ECONOMIC BUREAU
MUMBAI, SEPTEMBER 23

SHARES OF Zee Entertainment Enterprises fell sharply on Monday to hit the lowest levels in over five years on reports that some lenders had sold a part of the company's pledged shares in the open market. According to market sources, Kotak Mutual Fund and one other large fund house have sold shares of Zee Entertainment (ZEEL) that were pledged by the Essel Group.



sent to Kotak MF remained unanswered at the time of going to the press. The bulk deal data from the NSE shows that 'Catalyst Trusteeship Limited' sold 72.5 lakh shares at an average price of Rs 281.75 per piece, amounting to around Rs 204 crore.

Sebi imposes ₹22 cr fine on Aurobindo Pharma, promoters, related entities

PRESS TRUST OF INDIA
MUMBAI, SEPTEMBER 23

THE SECURITIES and Exchange Board of India (SEBI) on Monday imposed a total penalty of over Rs 22 crore on Aurobindo Pharma, its promoter PV Ramprasad Reddy, his wife P Suneela Rani and other connected entities for violating insider trading norms.

July 2008 to March 2009 to ascertain the regulatory violation. The probe found that the promoter entities traded in the scrip of APL based on unpublished price sensitive information or UPSI pertaining to the company's Licensing and Supply Agreements with Pfizer Inc and made "unlawful gains".

It further said that Ramprasad Reddy, chairman as well as promoter of APL, his wife P Suneela Rani; Kambam P Reddy, promoter and brother of APL's MD; Trident Chemphar (a company belonging to the promoter group of APL); Veritaz Health Care (connected to APL through common address, e-mail id, acquisition of brands connected to APL, sourcing of supplies from APL, and Top Class Capital Markets (connected to Veritaz Health Care through fund transfers proximate to trades executed in the scrip of APL) have

The regulator conducted an investigation into the trading in the scrip of APL from July 2008 to March 2009 to ascertain the regulatory violation

been considered as 'insiders' due to their connection with APL. These entities "purchased shares while in possession of the UPSI pertaining to APL, and made unlawful gains from having purchased shares of APL at a lower price before publication of the UPSI on March 3, 2009" and thereby violating insider

trading rules. Recognising that insider trading is a serious violation which vitiates the integrity and undermines confidence of investors in the markets, Sebi said "promoters and persons closely connected with the company have obtained unfair advantage by trading while in possession of UPSI which was not available with ordinary investors".

Further, Sebi said that APL failed to close the trading window (for employees and directors) during the UPSI period and thus violated 'Model Code of

utilities and power indices closed down by up to 3.29 per cent. In the banking sector, Axis Bank (7.3 per cent) and Kotak Bank (7.22 per cent) were in the limelight. Nifty Banking index zoomed 5.51 per cent.

"Our analysis indicates 1,000 companies could see tax savings of Rs 37,000 crore, or nearly a fourth of the total savings anticipated by the government. Segments linked to the consumer would benefit the most given higher effective tax rates of over 30 per cent. Exports-linked sectors such as IT and pharma, on the other hand, would benefit the least, accounting for only 5-6 per cent of potential savings. That's because they already enjoy low effective tax rates," rating firm Crisil said in a report.

On Friday, announcing a Rs 1.45 lakh crore fiscal stimulus to revive the sagging growth, Finance Minister Nirmala Sitharaman announced a cut in corporate tax for existing companies to 22 per cent from 30 per cent and for new manufacturing firms, incorporated after October 1, 2019, to 15 per cent from 25 per cent. Further, the GST Council slashed tax on hotel tariffs and some goods with a view to addressing sectoral concerns in a slowing economy.

Meanwhile, the rupee recovered from day's low levels to close flat at 70.94 against the US dollar aided by foreign fund inflows and lower global crude oil prices.

EXPLAINED Markets now eyeing rate cut by RBI

THE SENTIMENT has remained euphoric with investors enlarging their positions after the government announced cut in corporate tax and other measures to boost growth. The market fraternity is hoping that the stimulus would revive growth, lift sentiments and capex cycle while the negative impact of higher fiscal deficit would be mitigated by higher FDI and FPI flows. On the other hand, benign consumer price inflation, rate cut and higher transmission rates are expected to bring down interest rates in the system. The market is expecting more measures, including more rate cuts by the RBI and a hike in personal income tax limit for individuals. Bulls seem to have taken over the trading ring for now.

Price cuts of vehicles unlikely as discounts now at 'highest' levels

ENSE ECONOMIC BUREAU
NEW DELHI, SEPTEMBER 23

BUYERS OF cars and two-wheelers are unlikely to get the benefit of reduction in corporate taxes, as industry executives, including Maruti Suzuki chairman RC Bhargava and Mahindra & Mahindra managing director Pawan Goenka, believe there is not much scope for price cuts, given that discounts are already at an all-time high.

They, however, expect sales to pick up during the festival season as the uncertainty around the GST cut is over, because of which consumers were postponing purchases. Bhargava said the amount of money available from tax cuts is not very substantial and will not matter to consumers even if it is passed on. "Discounts offered today on cars have never been offered before, they are at the highest levels. There is little scope to cut prices further as the effective tax savings will not be much," Bhargava told FE.

Goenka believes even if the company transfers all of the tax benefits, the price of the vehicle will only be reduced by 0.5 per cent, which would not improve demand. "Most companies, including M&M, have already given significant high incentives for the festival season. So, I don't think there is any room for any further passing on of the tax benefit," Goenka told a business news channel.

The automobile industry is going through an unprecedented slowdown since the second half of the previous fiscal. Wholesale witnessed its worst-ever drop in two decades in August with despatches across segments plummeting to an all-time low. As demand did not pick up despite high discounts, manufacturers had been demanding for a cut in taxes. However, the GST Council

BANKING ON THE FESTIVAL SEASON

■ Maruti Suzuki chairman RC Bhargava said, "Discounts offered today on cars have never been offered before, they are at the highest levels. There is little scope to cut prices further as the effective tax savings will not be much."

■ M&M MD Pawan Goenka believes even if the price of the vehicle will only be reduced by 0.5%, which would not improve demand

which met on Friday, refused to provide any major relief.

On demand improvement, Bhargava said expectation of a GST cut was affecting sales but it will pick up during the festival season as there is clarity now. "The FM's announcement has done a lot to boost sentiments which can be seen through the performance of the stock markets. For vehicle purchases, sentiment is the most important factor. So, demand should be better now," Bhargava said. Goenka believes demand was subdued so far due to poor sentiments in the economy. "Now that the expectation of a GST cut is out of the way, we will start seeing retail sales happening," he said.

Rajiv Bajaj, MD at Bajaj Auto, expects that the company will be able to double its monthly volumes in October to about 4 lakh units. "There is good reason to believe that this will happen now because the general sentiment is up," Bajaj said. FE

SBI to link mid-sized loans to repo rate from Oct 1

ENSE ECONOMIC BUREAU
MUMBAI, SEPTEMBER 23

STATE BANK OF India (SBI) on Monday announced that it will adopt the repo rate as an external benchmark for its floating rate small loans - home, auto loans and advances to micro and small enterprises - starting October 1, as mandated by the Reserve Bank of India (RBI).

It also stated it was voluntarily extending the facility of external benchmark-linked rate based lending to medium enterprises in a bid to "boost lending" to the MSME sector as a whole. In July, SBI was the first among public-sector peers to introduce a repo rate-linked floating rate home loan product. This was well before RBI's September 4 notification that required all banks to link all new floating rate personal or retail loans (housing, auto) and floating rate loans to SMEs extended by banks with effect from October 1 to external benchmarks.

According to SBI, a few modifications have been made in the scheme effective October 1 to

The RBI on Sept 4 had asked banks to link floating rate personal or retail loans (housing, auto) and floating rate loans to SMEs to external benchmarks from October 1

comply with the latest regulatory guidelines.

According to RBI guidelines, banks have various options to choose from as benchmarks — RBI's repo rate, government of India three-month or six-month Treasury Bill yield published by the Financial Benchmarks India (FBI), or any other benchmark market interest rate published by the FBI. RBI also said banks are free to offer such external benchmark-linked loans to other types of borrowers as well. While the scheme allows banks to decide the spread over and above the external benchmark when pricing their loans, there is also a clause that mandates banks reset rates at least once in three months. FE

COMPANY ENTERS COMPULSORY LIQUIDATION

British travel firm Thomas Cook collapses with 600,000 tourists stranded worldwide

AGENCE FRANCE PRESSE
LONDON, SEPTEMBER 23

BRITISH TRAVEL firm Thomas Cook collapsed into bankruptcy on Monday, leaving some 600,000 holidaymakers stranded and sparking the UK's biggest repatriation since World War II.

The 178-year-old debt-plagued group, which had struggled against fierce online competition for some time and blamed Brexit uncertainty for a recent drop in bookings, failed to secure 200 million pounds (\$250 million, 227 million euros) from private investors and collapsed in the early hours.

Monday's bankruptcy, which followed a lengthy period of chronic financial turmoil after a disastrous 2007 merger deal, left

some 600,000 tourists stranded worldwide according to Thomas Cook, while its 22,000 staff are now out of a job. The British government launched emergency plans to bring some 150,000 UK holidaymakers back home from destinations including Bulgaria, Cuba, Turkey and the US.

Thomas Cook said in a statement that "despite considerable efforts", it was unable to reach an agreement between the company's stakeholders and proposed new money providers.

"The company's board has therefore concluded that it had no choice but to take steps to enter into compulsory liquidation with immediate effect," it added.

The long-troubled group has also been blighted by enormous costs arising from its disastrous 2007 merger with MyTravel, a



Stranded passengers at Thomas Cook check-in points at Mallorca Airport in Spain. Reuters

deal which left it plagued with huge levels of debt. The UK government said Monday it had hired planes to fly home British tourists,

in a mass repatriation plan code-named Operation Matterhorn which began immediately. Launching Britain's "largest

repatriation in peacetime history", Transport Secretary Grant Shapps added that the government and UK Civil Aviation Authority had

hired dozens of charter planes to fly home Thomas Cook customers. "All customers currently abroad with Thomas Cook who are booked to return to the UK over the next two weeks will be brought home as close as possible to their booked return date," the government said.

Both a tour operator and an airline, the travel giant's key destinations were in Southern Europe and the Mediterranean but it offered also holidays in Asia, North Africa and the Caribbean.

"It is a matter of profound regret to me and the rest of the board that we were not successful," said Thomas Cook chief executive Peter Fankhauser.

"This marks a deeply sad day for the company," he added in the statement. As well as grounding its planes, Thomas Cook has been

forced to shut travel agencies, leaving the group's 22,000 global employees — 9,000 of whom are in Britain — out of a job.

Chinese peer Fosun, which was already the biggest shareholder in Thomas Cook, had agreed last month to inject 450 million pounds into the business as part of an initial 900 million pounds rescue package. In return, the Hong Kong-listed conglomerate was to acquire a 75 per cent stake in Thomas Cook's tour operating division and 25 per cent of its airline unit.

"Fosun is disappointed that Thomas Cook Group has not been able to find a viable solution for its proposed recapitalisation with other affiliates, core lending banks, senior noteholders and additional involved parties," the Chinese group said in a

statement to AFP on Monday.

Cabinet maker Thomas Cook created the travel firm in 1841, transporting temperance supporters by train between British cities. It soon began arranging foreign trips, being the first operator to take British travellers on escorted visits to Europe in 1855, followed soon after by destinations further afield. Thomas Cook grew into a huge operation but fell into massive debt despite recent annual turnover of 10 billion pounds from transporting about 20 million customers worldwide.

The tour operator's demise caps a dramatic fall from grace for a company which was ejected from London's prestigious FTSE 100 shares index in 2010 — and from the second-tier FTSE 250 last year. Its shares are worthless and now suspended.