DELHI THE HINDU
WEDNESDAY, JANUARY 29, 2020

MARKET WATCH

	28-01-2020	% CHANGE
Sensex	40,967	-0.46
US Dollar	71.31	0.17
Gold	41,294	-0.39
Brent oil	58.98	-0.94

NIFTY 50

	PRICE	CHANGE
Adani Ports	372.95	-8.30
Asian Paints	1779.10	-9.25
Axis Bank	737.15	-3.10
Bajaj Auto	3060.90	-21.70
Bajaj Finserv	9631.30	73.70
Bajaj Finance	4213.00	48.65
Bharti Airtel	491.25	-23.15
BPCL	480.95	13.20
Britannia Ind	3181.25	7.05
Cipla	464.70	0.25
Coal India	189.15	-4.20
Dr Reddys Lab	3189.15	0.40
Eicher Motors	21086.65	-8.55
GAIL (India)	126.15	-0.60
Grasim Ind	808.90	-4.20
HCL Tech	601.45	-2.90
HDFC	2431.60	35.80
HDFC Bank	1223.20	10.00
Hero MotoCorp	2468.85	13.10
Hindalco	196.00	-2.25
Hind Unilever	2060.60	-0.75
ICICI Bank	528.20	-9.05
IndusInd Bank	1254.75	-16.45
Bharti Infratel	237.60	-4.25
Infosys	778.00	-0.10
Indian OilCorp	117.90	0.45
ITC	230.75	-3.85
JSW Steel	255.25	-7.55
Kotak Bank	1626.05	7.70
L&T	1346.65	-1.95
M&M	572.50	-5.80
Maruti Suzuki	6997.05	-151.75
Nestle India Ltd.	15416.65	-249.40
NTPC	112.05	-1.10
ONGC	116.60	-0.65
PowerGrid Corp	190.45	-2.55
Reliance Ind	1471.75	-34.80
State Bank	315.10	-1.10
Sun Pharma	452.90	4.50
Tata Motors	176.10	-6.10
Tata Steel	446.25	-16.20
TCS	2183.75	14.50
Tech Mahindra	794.25	2.75
Titan	1195.00	-18.80
UltraTech Cement	4609.05	-67.90
UPL	536.95	-0.30
Vedanta	142.20	-6.65
Wipro	244.05	-1.30
YES Bank	41.65	-0.75
Zee Entertainment	272.50	-6.45

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on January 28

CURRENCY	TT BUY	TT SELL
US Dollar	71.13	71.45
Euro	78.31	78.66
British Pound	92.55	92.97
Japanese Yen (100)	65.33	65.63
Chinese Yuan	10.24	10.30
Swiss Franc	73.28	73.61
Singapore Dollar	52.34	52.58
Canadian Dollar	53.90	54.15
Malaysian Ringitt	17.40	17.49

Source:Indian Bank

BULLION RATES CHENNAI

January 28 rates in rupees with previous rates in parentheses

Retail Silver (1g)	51	(51.4)
22 ct gold (1 g)	3875	(3882)

Maruti net up 4% on tax cut, lower costs

Lower commodity prices also help; vehicle sales rise 2% during the quarter

SPECIAL CORRESPONDENT
NEW DELHI

India's largest carmaker Maruti Suzuki's consolidated net profit rose 4.12% to ₹1,587.4 crore for the third quarter ended December 2019, on account of a reduction in corporate tax rate, cost reduction efforts and lower commodity prices.

The company had reported a net profit of ₹1,524.5 crore in the September-December 2018 quarter. Consolidated revenue from operations grew 5.29% to ₹20,721.8 crore from the ₹19,680.7 crore in the year-earlier period.

In a statement, the company said it had sold more than 4.37 lakh vehicles during the quarter, higher by 2% compared with the same period of the previous year.

While sales in the domestic market rose 2% to 4,13,698 units, exports stood at 23,663 units.

The company attributed the increase in net profit to "cost reduction efforts, lower operating expenses, lower commodity prices and reduction in corporate tax rate." However, this was partially offset by higher sales promotion expenses, higher depreciation and lower fair value gains on invested surplus.

For the nine-month period from April-December 2019, consolidated net profit dipped 25.16% to ₹4,355.3 crore while total revenue from operations fell 11% to ₹57,452.3 crore. The firm sold more than 11.78 lakh vehicles, lower by 16% from the year-earlier period.

Discounts climb

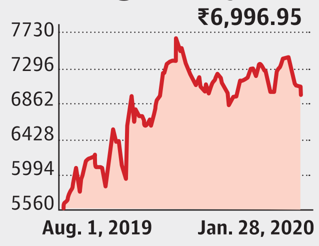
During an investor and analyst call, Maruti Suzuki's CFO Ajay Seth said that during the quarter, average discounts stood at ₹33,000 compared with the ₹24,000 in the same period last year.

To a query on the impact of company's decision to stop producing diesel vehicles amid transitioning to BS-VI norms, Shashank Srivastava, executive director, marketing and sales, said that overall, the share of diesel vehicles has been on a decline and the trend is likely to continue. Maruti Suzuki expects to increase its share in the petrol car market with upcoming launches, including petrol variants of the Vitara Brezza and the S-Cross.

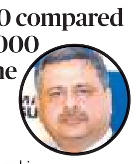
Mr. Srivastava said the share of diesel vehicles in the passenger vehicle (PV) segment had fallen from 58% in 2012-13 to 30% in December 2019, mainly due to the declining gap between the prices of the fuels and the perception in customers' minds about diesel being a 'dirty fuel.'

Currently, the company's market share was about 50%, of which a little over 40% came from petrol vehicles and the balance from diesel. Mr. Srivastava said it was estimated that the share of petrol vehicles in PVs will go up to 80-85% from the 70% now, "in which case we should be able to maintain our market share."

Driving steady



Average discounts stood at ₹33,000 compared with ₹24,000 in the same quarter last year



AJAY SETH, CFO, Maruti Suzuki

Metrics	Q3 FY20	Q3 FY19	% growth
Total revenue from operations (₹cr.)	20,721.80	19,680.70	5.29
Profit (₹cr.)	1,587.40	1,524.50	4.12
Earnings per share (basic ₹)	52.55	50.47	-

In sync: Ratan Tata with N. Chandrasekaran and Guenter Butschek at the launch in Mumbai on Tuesday. ▪PAUL NORONHA

Tata group firms get together to create ecosystem for EVs

Nexon e-SUV launched at ₹13.99 lakh

SPECIAL CORRESPONDENT
MUMBAI

At least half a dozen Tata group firms have come together to create an ecosystem for electric vehicles (EVs) in India as Tata Motors launched its electric SUV Nexon at an introductory price starting from ₹13.99 lakh.

While Tata Power will provide the charging solutions, Tata Chemicals will manufacture lithium-ion battery cells and Tata Autocomp will work for localisation of the battery pack assembly and motor assembly for the electric vehicle.

TCS has developed the payments application for customers, Croma will provide a digital retail experience to customers, while Tata Motors Finance will provide affordable financing solutions for both personal and fleet segments.

This is the first time Tata Group firms are collaborating in such a manner for an integrated project. The idea is to leverage the expertise of each firm to create an ecosystem for electric vehicles, an idea propagated by Tata Sons chairman N. Chandrasekaran two years ago.

At the launch, Mr. Chandrasekaran said, "Through Tata uniEVerse, our group companies have synchronised their efforts to develop a holistic e-mobility ecosystem to accelerate the adoption of EVs in India. I am delighted that this ecosystem has come together with the launch of Tata Nexon EV"

Tata Power has set up over 100 charging stations in India and the number will go up to 300 by March 2020 and to more than 650 by the end of the next fiscal.

Announcing the launch of Nexon EV, Guenter Butschek, CEO & MD, Tata Motors Ltd., said, "The Nexon EV, the high performance, connected vehicle is uniquely suited to address the aspirations of Indian customers, and making EVs mainstream."

Powered by Ziptron technology, Nexon claims a 312 km range on a single charge, an efficient high-voltage system, fast charging capability and extended battery life.

Central Bank of India: recoveries spur profit

Ruchi Soya recovery drives net to ₹115 cr.; bank set for full-year profit after 5 years

SPECIAL CORRESPONDENT
MUMBAI

State-run lender Central Bank of India reported a ₹115 crore net profit for the quarter ended December 31, 2019, compared with a ₹718 crore loss in the comparable period of the previous financial year.

The profit of the lender, which is under the prompt corrective action framework (PCA) of the Reserve Bank, was on the back of a sharp rise in recovery from written off accounts, which was ₹520 crore during the quarter as compared to ₹25 crore.

This was mainly due to recovery made from Ruchi Soya, which was resolved through the bankruptcy process. Patanjali Ayurved acquired Ruchi Soya for ₹4,350 crore during the quarter.

The bank's interest income got a boost due to the resolution of Essar Steel and also helped to write back provisions made earlier. The bank's interest income increased 4.2% year-on-year to ₹6,029 crore. NPA provisions almost halved to ₹1,104 crore compared to ₹2,077 crore.

Slippages, however, remained high at ₹3,998 crore compared to ₹1,934 crore.

The slippages included ₹1,800 crore due to divergence, while other slippages during the quarter were at ₹2,445 crore. Among accounts that slipped into the NPA category during the quarter was that of Dewan Housing Finance Corporation Ltd, to which the bank had an exposure of ₹900 crore.

"Our exposure to the NBFC sector is ₹12,892 crore, which is 7.8% of the total exposure.

The exposure is mainly to three borrowers, DHFL, Reliance Finvest and I-FIN [IL&FS Financial Services]," said Pallav Mohapatra, MD and CEO, Central Bank of India.

Mr. Mohapatra said the bank was aiming to bring down the net NPA ratio to 6% by March from 9.36% at the end of December. This would help the bank to come out of the restrictions imposed under PCA.

"If we grow the net advances by ₹8,000 crore and made recovery of ₹4,000 crore in the fourth quarter, then our net NPA will fall below 6%," he said.

After posting profit for the third consecutive quarter, the bank is on course to make profit for the full financial year 2019-20, after a gap of five years. The last time when the bank made profit for the full financial year was in 2014-15.

Good Show

Interest earned (₹cr.)	6,029
Profit (₹cr.)	155.32
Earnings per share (basic,₹)	0.33
Capital adequacy ratio (%)	12.83
Net NPAs (%)	9.26
Gross NPAs (%)	19.99
Return on Assets (%)	0.19

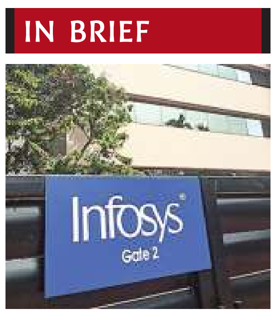
Reserve Bank elevates Janak Raj as ED

SPECIAL CORRESPONDENT
MUMBAI

The RBI has elevated Janak Raj, principal adviser in the monetary policy department, to the executive director's post. He will be the in-charge of the monetary policy department.

Mr. Raj replaces Michael Patra who was the executive director of the monetary policy department. Mr. Patra was appointed as Deputy Governor earlier this month. As Deputy Governor, Mr. Patra is in-charge of the department. The significance Mr. Raj's elevation is he could become RBI's third internal member in the monetary policy committee that sets interest rates.

IN BRIEF



Infosys divests stake in AI firm for $8 lakh

BENGALURU

Infosys said it had completed the divestment of its shares in Unsilo A/S, a Danish artificial intelligence start-up focussed on advanced text analysis. On the minority investment made during 2016 in Unsilo A/S, Infosys said on January 28, 2020, it completed the divestment of its shares in Unsilo for a total consideration of almost $8,00,000. In November 2016, Infosys had invested Danish Krone 1,49,20,000 (about ₹15 crore) from its innovation fund in Unsilo.

Ramco Systems Q3 net profit at ₹5.93 crore

CHENNAI

Enterprise software player Ramco Systems posted a standalone net profit of ₹5.93 crore for the quarter ended December 2019 against a loss of ₹2.90 crore a year earlier. The firm posted total revenue of ₹149 crore, against ₹146 crore. Share of revenue from markets outside India stood at 80%. The firm had a quarterly order book position of $29.8 million, a growth of 15% over the second quarter, the company said in a filing.

CavinKare signs up stars to boost Indica sales

CHENNAI

CavinKare is planning to make a foray into non-south markets with its Indica herbal hair colour products, said a top official. "Currently, we are a formidable player in the south in the Indica hair colour segment. We are planning to enter non-south markets and that's why we have roped in Bollywood stars Akshay Kumar and Ileana D'Cruz as brand ambassadors," said Venkatesh Vijayaraghavan, director and CEO, personal care and alliances, CavinKare.

Not interested in Air India, says Emirates

Lufthansa, SIA decline to comment

JAGRITI CHANDRA
NEW DELHI

Dubai-based airline Emirates on Tuesday said it was not interested in buying stake in Air India, a day after the Indian government solicited interest for 100% sale of the national carrier.

"Through our partnerships with SpiceJet and Vistara, our customers have access to an extensive network of cities across India. We do not intend to acquire equity in Air India as we are currently focused on our own organic growth," the airline said in response to an email query.

It added, "our journey in India has been defined by progressive investment, partnership and growth. We started with two direct routes to Mumbai and Delhi, and now offer 170 weekly services to nine cities. We remain committed to support India's vision for the tourism and aviation sectors."

European full-service carrier Lufthansa as well as Singapore Airlines declined comment on the privatisation of Air India.

"Singapore Airlines does not comment on any specific investment opportunities, including in India," a spokesperson said.

Lufthansa's spokesperson told *The Hindu*, "We don't comment on speculation." Interested bidders have time until March 31 to submit their interest for Air India, following which financial bids will be sought. The government has decided to absorb 60% of the ₹60,074 debt incurred by the airline, leaving the potential buyer with ₹23,286 crore debt to take on.

TII Q3 revenue dips 27% on auto woes

SPECIAL CORRESPONDENT
CHENNAI

Murugappa Group firm Tube Investments of India Ltd.'s (TII) standalone net profit for the quarter ended December 2019 improved only marginally to ₹78 crore from the ₹77 crore posted a year earlier, following a contraction in the auto sector.

In the period under review, TII recorded total revenue from operations of ₹976 crore, a drop of 27%. Revenue from the engineering division stood at ₹502 crore (₹747 crore) and that from cycle and accessories, ₹146 crore (₹298 crore). However, metal-formed products showed a 5% increase to ₹370 crore.

Shanthi Gears Ltd., a subsidiary, registered revenue of ₹58 crore (₹62 crore) and a net profit of ₹8 crore (₹12 crore).

Gold may lose its sheen as investment

Govt. initiatives, shifting preferences expected to slow jewellery demand growth

SPECIAL CORRESPONDENT
MUMBAI

Gold, which has always been the preferred choice of investment in India, is likely to lose its sheen, at least in the jewellery segment. As per a recent Morningstar. study, a combination of government initiatives and shifting preferences is expected to slow the growth of jewellery demand in China and India – two of the world's largest markets for gold – despite rising incomes.

"In India, the government has long sought to minimise gold imports to strengthen the rupee. This included increased taxes to make gold more expensive to purchase," stated a report by Morningstar.

"... different factors, like better social security or increased forms of other consumer spending, such as technology, for example, are likely to keep it from fully reaching older generation levels," it added.

Dim prospects: Morningstar's 2020 forecast is $1,500 per ounce. Gold prices are now hovering at $1,580. ▪K.K. MUSTAFAH

Luxury goods surge

While Chinese gold purchases rose about 15% from 2012 to 2018, purchases of all personal luxury goods rose 230%, which, as per the study, is "representative of gold's declining share in purchases going forward."

"We expect the younger generations' preferences to remain below the levels of older generations, leading to lower gold purchase intensity and slower growth for annual gold jewellery demand," it added.

Central banks and exchange-traded funds, however, will continue to fuel the demand for the yellow metal, as per the study.

"ETF holdings have [seen] resurgence as the investment case has strengthened due to declining Fed-funds rates combined with stable inflation," stated the report.

The report added that ETF holdings have not been this high since early 2013 when the investment case had just started to weaken as the market expected rate hikes to return.

Interestingly, current ETF holdings are roughly equivalent to an entire year's worth of mine supply which, as per the report, presents a significant downside risk to the gold price when real rates return higher and ETF holders sell.

Morningstar expects 2020 gold demand to be 8% higher than in 2018, leading to its 2020 price forecast of $1,500 per ounce. Gold prices are currently hovering at around $1,580 per ounce.

Government should make labour codes a reality by April, says ISF

India must make labour laws simple to make them effective

MINI TEJASWI
BENGALURU

Indian Staffing Federation (ISF), the apex body representing the staffing/temping industry in the county, has asked the government to make labour codes a reality and get them operational from April this year.

India currently had 44 Central, 387 State labour laws, 67 Central and 1,333 State labour filings and 674 Central and 26,484 State labour compliances.

"Simplification, rationalisation, digitisation of labour laws should be operational on an immediate basis to make them comprehensive, effective, easy to comply," said the ISF.

To de-congest cities and create more jobs across tier II and tier III cities, the ISF has also asked the government to ensure optimum utilisation of budgetary allocation towards infrastructure and development.

Focus on urbanisation

"The government should focus on urbanisation, smart cities and infrastructural development on top priority to etch a comprehensive growth trajectory of the country.

"Tier II and III cities and semi-urban areas need to have clear and focussed development to help generate employment opportunities within them.

"This will put more money in the hands of people and consumption will improve," said Rituparna Chakraborty, president,ISF.

As per ISF, it is critical for the government to bring back positive sentiments in the domestic market, thereby necessary budgeting and policy initiatives, thereby unshackling the full potential of country's high employment sectors such as telecom, e-com and automobiles.

Airtel Africa profit declines 20.9% in Q3

SPECIAL CORRESPONDENT
NEW DELHI

Airtel Africa on Tuesday reported a 20.9% decline in its net profit to $103 million for the third quarter ended December 2019 on a constant currency basis.

The firm had posted a net profit of $133 million in the September-December 2018 quarter, it said. Revenue for the quarter stood at $883 million, up 14.2% on constant currency basis, helped by a broad-based growth across voice, data and mobile money.

In a statement, Airtel Africa added that the recent $3 billion fund raise by parent Bharti Airtel, following the Supreme Court judgment on AGR, had removed uncertainty over the group's ability to continue as a going concern.

Oil firms set to gain as subsidised LPG prices move up steadily

'With a ₹10 rise per cylinder, subsidy will be nil in 15 months'

PIYUSH PANDEY
MUMBAI

State-owned oil marketing companies (OMCs) have steadily increased the prices of domestic subsidised cooking gas prices by ₹63 over the last six months to ₹557 per cylinder amid a benign oil price environment.

Increasing the price of domestic subsidised liquefied petroleum gas (LPG) cylinder augurs well for the OMCs and will help them to reduce under-recoveries. LPG accounts for the largest share of under-recoveries after diesel prices were freed in 2014.

At the rate of ₹10 per cylinder per month, it would hardly take 15 months for the subsidy to become nil, according to an analyst at Motilal Oswal. Deregulating LPG will not only boost the working capital of the OMCs, but will also aid in privatisation of State-owned Bharat Petroleum Corporation Limited (BPCL).

In the first half of FY20, LPG accounted for ₹11,300 crore of gross under-recoveries of ₹14,000 crore.

The government's subsidy for LPG under the DBTL (direct benefit transfer for LPG) for 2018-19 stood at ₹31,447 crore, accounting for 84% of the total subsidy of ₹37,397 crore, according to Petroleum Planning and Analysis Cell (PPAC) data.

The LPG subsidy for 2018-19 jumped by over 50% to ₹31,447 crore compared to subsidy of ₹20,880 crore in 2017-18.

'Subsidy won't go'

"The subsidy under Pradhan Mantri Ujjwala Yojana (PMUY) will not go as the government is providing free cooking gas to the poor. The government is expected to have over 8 crore such connections by March 2020 of the total 25 crore LPG customers," said an oil analyst.