

MARKET WATCH		
	08-01-2020	% CHANGE
Sensex	40,818	-0.13
US Dollar	71.70	0.17
Gold	41,810	1.17
Brent oil	67.15	-1.80

NIFTY 50		
	PRICE	CHANGE
Adani Ports	385.65	0.85
Asian Paints	1728.80	4.40
Axis Bank	724.50	-1.25
Bajaj Auto	3059.25	21.30
Bajaj Finserv	9145.50	49.85
Bajaj Finance	4049.95	42.30
Bharti Airtel	458.85	13.75
BPL	459.90	-1.10
Britannia Ind	3023.60	-13.00
Cipla	464.75	-3.85
Coal India	200.20	-5.50
Dr Reddys Lab	2897.25	13.05
Eicher Motors	19892.20	-911.60
GAIL (India)	123.90	-0.55
Grasim Ind	742.65	0.35
HCL Tech	585.75	1.50
HDFC	2406.15	-8.90
HDFC Bank	1257.30	-3.30
Hero MotoCorp	2317.55	-30.50
Hindalco	1027.40	-1.45
Hind Unilever	529.35	8.65
ICICI Bank	525.95	3.05
Indusind Bank	1458.60	-3.05
Bharti Infratel	236.30	-1.95
Infosys	718.20	-9.70
Indian OilCorp	121.85	-2.70
ITC	234.20	-1.15
JSW Steel	262.50	-2.75
Kotak Bank	1654.85	-16.00
L&T	1291.55	-28.95
M&M	524.65	-2.00
Maruti Suzuki	7035.20	-38.40
Nestle India Ltd.	14391.25	100.50
NTPC	119.95	-0.60
ONGC	123.45	-2.30
PowerGrid Corp	190.55	-1.15
Reliance Ind	1513.15	-11.45
State Bank	319.80	1.40
Sun Pharma	440.10	-6.30
Tata Motors	182.55	-2.15
Tata Steel	475.25	-0.85
TCS	2255.25	49.40
Tech Mahindra	769.80	-7.30
Titan	1143.30	-16.65
UltraTech Cement	4318.95	76.85
UPL	600.85	5.80
Vedanta	157.35	1.35
Wipro	254.80	-0.40
YES Bank	46.05	1.00
Zee Entertainment	264.45	-3.30

EXCHANGE RATES		
Indicative direct rates in rupees a unit except yen at 4 p.m. on January 08		
CURRENCY	TT BUY	TT SELL
US Dollar	71.49	71.81
Euro	79.55	79.92
British Pound	93.77	94.20
Japanese Yen (100)	65.76	66.05
Chinese Yuan	10.30	10.34
Swiss Franc	73.57	73.90
Singapore Dollar	52.94	53.17
Canadian Dollar	54.95	55.20
Malaysian Ringgit	17.43	17.51
Source:Indian Bank		

BULLION RATES CHENNAI		
January 08 rates in rupees with previous rates in parentheses		
Retail Silver (1g)	52.1	(51.2)
22 ct gold (1 g)	3897	(3863)

Mutual funds’ asset base slips 2% in Dec.

Liquid funds witness pull-out of over ₹71,000 crore; equity funds see net infusion of ₹4,432 crore

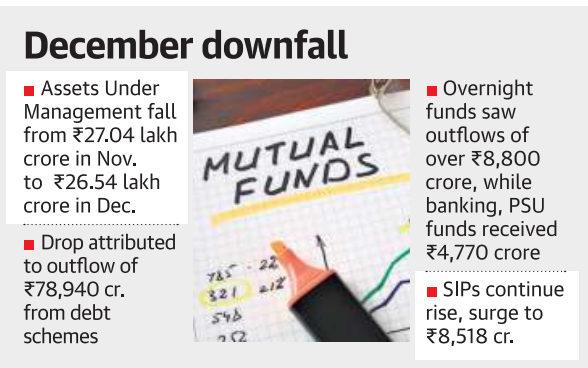
PRESS TRUST OF INDIA
NEW DELHI

The mutual fund industry saw its asset base slip by 2% to ₹26.54 lakh crore at December-end, primarily on account of outflow from debt-oriented schemes, including liquid funds.

The 44-player industry logged an all-time high assets under management (AUM) of ₹27.04 lakh crore at November-end, as compared to ₹26.54 lakh crore by the end of last month, representing a decline of 2%, according to data from the Association of Mutual Funds in India (Amfi).

Mutual fund houses witnessed an overall outflow of ₹61,810 crore last month as compared to an inflow of ₹54,419 crore in November.

Fund managers attributed the drop in the asset base to



outflow of ₹78,940 crore from debt-oriented schemes.

Among debt-oriented schemes, liquid funds, with investments in cash assets such as treasury bills, certificates of deposit and commercial paper for shorter horizon, witnessed a pull out of over ₹71,000 crore, the highest among the fixed-income segment last month.

Besides, overnight funds, which invest in securities with a maturity of one day, saw outflows of over ₹8,800 crore. However, banking and PSU funds, which have a high allocation to highest rated bonds, received funds to the tune of ₹4,770 crore.

“Fixed income categories, especially those having modified duration or average ma-

turity less than a year, witnessed net outflows during the month. However, this is on expected lines as these categories typically witness net outflows during the quarter end months on account of advance tax payment obligation,” Himanshu Srivastava, senior analyst manager – Research at Morningstar Investment Adviser India, said.

Naveen Kukreja, CEO at Paisabazaar.com, attributed the decline in monthly asset base to sell-off in debt schemes.

Equity-oriented funds continued to attract investments, tracking the surge in domestic markets in December. Such funds saw a net infusion of ₹4,432 crore last month. In comparison, net flow of ₹933 crore was seen in November and ₹6,015 crore in October.

“The small cap and mid cap indices are underperforming currently. The industry has seen inflows in the large cap funds and it will continue to be the biggest attraction among equity funds,” Mr. Kukreja added.

Collection through systematic investment plans (SIP) surged to over ₹8,518 crore in December from ₹8,273 crore in the preceding month. The asset base of SIPs rose to an all-time high of ₹3.17 lakh crore from ₹3.12 lakh crore, reflecting positive sentiment in equities.

Amfi chief executive N.S. Venkatesh said, “Retail investors continue to repose trust in mutual funds as reflected by continued flows through SIPs, despite challenging domestic economic scenario and global trade issues and conflicts.”

Maruti output rises for second month in a row

Compact cars, UVs lead increase

SPECIAL CORRESPONDENT
NEW DELHI

The country’s largest car-maker Maruti Suzuki on Wednesday said it had increased vehicle production for the second month in a row in December by 7.88% to almost 1.16 lakh units.

The increase in output in November and December comes after nine consecutive months of decline in production amid slowdown in domestic demand.

In a regulatory filing, the carmaker said it had produced over 1.07 lakh units in December 2018. The production of compact segment cars, including the new WagonR, Celerio, Ignis, Swift, Baleno and Dzire, was up nearly 41% to 62,448 units. Likewise, the company produced 19,825 units under the utility vehicle segment, including Gypsy, Vitara Brezza, Ertiga, XL-6 and the S-Cross. This is 20.6% more than the production in December 2018.

Production of mini segment cars – Alto, S-Presso, the old WagonR – however, dipped 9.5% to 25,613 units, the company said. Maruti Suzuki produced 894 units of its mid-size sedan Ciaz, which was 41% less than the number produced in the year-ago month.

For vans – Eco and Omni – production dipped by a little over 62% to 6,182 units compared with December 2018. Production of its light commercial vehicle Super Carry, on the other hand, increased 81% to 987 units in December 2019 from the year-ago month.

SBI to extend completion guarantee for home projects

Offers new loan product that provides for refund for delay

SPECIAL CORRESPONDENT
MUMBAI

State Bank of India, the country’s largest lender, has announced a new product which provides completion guarantee for particular residential projects.

The lender will refund the amount to the home buyer which was paid to the developer if occupancy certificate for the project is not received within a particular time-frame.

The scheme – Residential Builder Finance with Buyer Guarantee (RBBG) – is applicable to home loans from SBI for certain projects that will be identified by the bank.

The scheme will focus on the affordable housing segment with home price of up to ₹2.50 crore in seven Indian cities initially, and will be extended to 10 cities, Rajnish Kumar chairman, SBI, said at a press conference.

“Under this product, all reputed builders fulfilling the prescribed criteria by the bank can avail loan between ₹50 crore and ₹400 crore,” he said.

The time-frame for the completion of the project will be as per the date specified by the respective State government’s Real Estate Regulatory Authority (RERA).

“We believe that RBBG will build confidence among home-buyers by securing their hard-earned money and at the same time will boost the real estate sector that is under stress,” Mr. Kumar said.

He said the scheme would give home buyers the confidence to buy properties. “The velocity of sales is expected to double,” he said.

SBI and Sunteck Realty Limited (SRL) have entered into a Memorandum of Understanding (MoU) for the purpose. SBI aims to enter such an agreement with other developers also.

SBI’s home loan growth during the nine months of the financial year was 17%.

Telcos seek open court hearing on AGR

Urge rethink on SC verdict upholding recovery of ₹1.47 lakh crore in past dues

LEGAL CORRESPONDENT
NEW DELHI

Telecom companies, including Bharti Airtel and Vodafone Idea, on Wednesday urged an open court hearing of their petitions seeking a review of a Supreme Court judgment upholding the recovery of past dues amounting to ₹1.47 lakh crore from them. The recovery by the government was based on adjusted gross revenue (AGR) of about ₹92,000 crore.



Telecom firms had failed to fulfil obligations and raised frivolous objections, the SC had observed earlier. ■ REUTERS

The plea seeking an open court hearing was mentioned before a bench headed by Justice Arun Mishra, who said he would take a decision after talking to Chief Justice S.A. Bobde.

On October 24 last year, dealing a huge blow to telecom service providers, a Bench led by Justice Mishra had upheld the Department of Telecom’s (DoT) move to recover AGR of about ₹92,000 crore from them.

The Bench had found that the telecom sector had long reaped the fruits of the

Centre’s liberalised mode of payment by revenue sharing regime. “The sector has benefited immensely under the scheme as apparent from the gross revenue trend from 2004 to 2015,” Justice Mishra had written, adding that the service providers had failed

to fulfil their obligations to the government and raised frivolous objections.

The Supreme Court dismissed the telecom service providers’ objection to the government’s formulation of AGR.

The judgment had said that the gross revenue would be inclusive of installation charges, late fees, sale proceeds of handsets (or any other terminal equipment etc.), revenue on account of interest, dividend, value-added services, supplementary services, access or interconnection charges, roaming charges, revenue from permissible sharing of infrastructure and any other miscellaneous revenue, without any set-off for related item of expense, etc.

Carlos Ghosn hits out at Nissan and Japan

Parries questions on escape; Tokyo prosecutor says ex-Nissan boss’ allegations are unacceptable

REUTERS
BEIRUT

Carlos Ghosn, speaking publicly for the first since his dramatic escape from Japanese justice, told reporters in Beirut he had been treated “brutally” by Tokyo prosecutors and was the victim of a conspiracy to oust him from the helm of automaker Nissan.

Wearing a blue suit and red tie and speaking defiantly, the one-time titan of the car industry told a packed news conference on Wednesday he would not have faced a fair trial in Japan and would have been tied up in appeals there for five years.

The 65-year-old fled Japan last month where he was awaiting trial on charges of under-reporting earnings, breach of trust and misappropriation of company funds, all of which he denies.

Mr. Ghosn said he had escaped to his childhood home of Lebanon to clear his

name. He declined to say how he fled, noting there were conflicting stories about his departure.

“You are going to die in Japan or you are going to have to get out,” he said, describing his feelings. “I felt like the hostage of a country I served for 17 years,” he told reporters crowded into Lebanon’s seaside Beirut press syndicate.

Others waited outside in heavy rain, including some Japanese media who had been excluded from the briefing.

Charges baseless

“The charges against me are baseless,” Mr. Ghosn added, repeating his allegation that Nissan and Japanese authorities colluded to oust him following a downturn in Nissan’s fortunes and in revenge for French government interference in the carmaker’s alliance with Renault.

Mr. Ghosn’s news conference marks the latest twist in a 14-month saga that has shaken the global auto industry, jeopardised the Renault-Nissan alliance of which Mr. Ghosn was the mastermind and increased scrutiny of Japan’s judicial system.

“Defendant Mr. Ghosn’s allegations completely ignore his own conduct and



Carlos Ghosn gestures as he addresses a large crowd of journalists on his reasons for dodging trial in Japan. ■ AFP

tained a balance between the French carmaker’s push for a union and the Japanese company’s desire to remain autonomous.

Mr. Ghosn named Masakazu Toyoda, an independent director at Nissan and a special adviser to the Japanese Cabinet; Nissan’s ex-auditor Hidetoshi Imazu; and the car company’s former executive vice-president Hitoshi Kawaguchi as the main architects of his downfall.

Mr. Imazu, Mr. Kawaguchi and officials at Nissan could not immediately be reached for comment.

“First, if he (Mr. Ghosn) has anything to say, he should do that openly in court before he leaves Japan illegally. A conspiracy story without any evidence sounds like a joke,” one person referred to by Mr. Ghosn told Reuters. Mr. Ghosn declined to name Japanese government officials he said took part in the alleged plot.

Patel is IBM’s MD for India, South Asia

SPECIAL CORRESPONDENT
BENGALURU

IBM has appointed Sandip Patel as MD India and South Asia (ISA) operations.

Mr. Patel would be responsible for all strategic and operational matters related to IBM’s sales, marketing, services and delivery operations in the region, including Bangladesh, Nepal and Sri Lanka.

Additionally, he would play a critical role in enabling India’s capabilities across IBM’s global missions, global centres of excellence, research and innovation labs, said a company statement.

Earlier, Mr. Patel was based in Boston where he was IBM’s global general manager for the insurance industry and was responsible for IBM’s business across all brands in this market segment.

Auto slowdown hits BMW Group India

Carmaker’s sales drop 13% in 2019

SPECIAL CORRESPONDENT
MUMBAI

German luxury carmaker BMW Group India has reported a three-year low in deliveries, of 9,641 units (9,000 BMW cars and 641 Mini cars) in calendar year 2019 against 11,105 units (10,405 BMW cars and 700 Mini cars) delivered in 2018, down by over 13%. In 2017, the company had delivered 9,800 units of BMW and Mini.

“[The year] 2019 was not an easy year for the Indian automobile industry but BMW Group India stood its ground in this fierce environment with a slew of superior performing new products,” Rudratej Singh, president and CEO, BMW Group India, said in a statement.

“Though the industry is still facing difficult times, we are well prepared for 2020.”



During the year, BMW Motorrad India, which makes bikes, maintained the momentum with sales of 2,403 units, the firm said.

BMW India saw significant contribution of over 50% coming from the locally-produced Sports Activity Vehicles (SAV) range, including BMW X5, BMW X3 and BMW X1. A strong contribution came from the BMW 5 series and BMW 3 series, it added.

Rising oil prices may hit Budget math

India currently imports more than 85% of its crude oil requirements

PIYUSH PANDEY
MUMBAI

The prices of crude oil constituting the Indian basket has been increasing since October and is likely to exceed \$70 a barrel this month on escalating U.S.-Iran tensions.

Rising oil prices had already led to an increase in the prices of petrol and diesel by about 54 paise a litre and 83 paise a litre respectively since January 1, 2020. The Indian basket of crude oil was pegged at \$59.70 per barrel in October 2019, rising to \$62.54 per barrel in November and to \$65.52 in December. It is currently hovering around \$70 per barrel.

The price of benchmark Brent oil went up to \$71.75 per barrel after Iran retaliated against the U.S. by attacking the latter’s bases in Iraq,



Spillover effect: Rising oil prices had led to an increase in the prices of petrol and diesel since January 1. ■ K. MURALI KUMAR

but softened to \$67.50 a barrel after Iran said that it did not want to further escalate the tensions.

“I think based on the demand-supply scenario, crude oil prices should be around \$65 a barrel but we have to add a risk premium of \$5 a barrel for few months due to geopolitical tensions

between U.S. and Iran. I think Iran will play a proxy war with the U.S. in the coming months,” Mr. Abhishek Bansal, CMD, Abans Group of Companies told The Hindu. According to Mr. Bansal, higher crude oil prices is ‘bad news’ for the Indian economy that imports over 85% of its crude oil require-

ments. “Higher crude oil prices will be bad for our current account deficit and it will further tighten our fiscal situation. Further, divestment of oil PSUs will become difficult due to higher crude oil prices,” said Mr. Bansal.

Earnings impact

Rising crude oil prices could impact corporate earnings of several sectors, including auto and oil marketing companies, according to analysts.

However, Sanjiv Bhasin, director, IIFL Securities, believes that the market had already priced in crude oil prices for the above sectors.

“Oil has been extremely over-bought and it’s the best time to sell crude oil as it neared \$72 a barrel. I think crude will go down by the end of this month,” Mr. Bhasin said.

U.S.-Iran spat to impact IT sector: HFS

Onshore talent shortage could offer advantage to Indian IT firms

MINI TEJASWI
BENGALURU

The U.S.’ latest attack on Iran could have ‘huge’ ramifications on the global economy and therefore, business and growth expectations of the tech industry may have to be tempered, said Phil Fersht, chief tech analyst & CEO of U.K.-based HFS Research.

All kinds of geopolitical events would have a huge impact on the global business landscape and in turn, it would affect IT budgets of enterprises, he pointed out.

“The fall-out from this latest attack on Iran and its implications, on multiple geographies and businesses, could have huge ramifications on the global economy in general, and the tech sector is not isolated,” Mr. Fersht warned.

Echoing similar senti-



Indian tech providers can continue to grow above the global average if they efficiently explore vantage points. ■ REUTERS

ments, Prashant Shukla, director at U.S.-based Everest Group, said the U.S.-Iran tension was yet to unfold in terms of impact, but it has ‘surely brought in negative sentiment’ to the tech sector at the beginning of 2020.

As per Mr. Fersht, the U.S. market was already worried over the Brexit impact; the

political impact on the economy in an election year would further dictate tech spending levels.

Best placed sectors

“The U.K. and Europe are all about post-Brexit compliance and support. Tech firms... those that are steeped in banking, logistics,

supply chain and complex data strategy are best-placed and I see all the big six India-heritage providers getting major opportunities to bid on new deals but also facing major challenges in scaling up the talent to deliver,” added Mr. Fersht.

Onshore talent shortage, however, would continue to offer tailwind advantage to Indian service providers in 2020, provided they are able to manage upskilling and attrition better and place themselves competitively, observed Mr. Shukla.

“Indian tech providers can continue to grow above the global average if they efficiently explore their vantage points such as access to talent, long-term client relationships and focus on digital-related investments,” he added.