

MARKET WATCH

	10-02-2020	% CHANGE
Sensex	40,980	-0.39
US Dollar	71.30	0.14
Gold	41,508	0.13
Brent oil	53.85	-1.89

NIFTY 50

	PRICE	CHANGE
Adani Ports	368.25	-1.30
Asian Paints	1869.50	10.80
Axis Bank	741.10	-7.05
Bajaj Auto	3103.30	-31.55
Bajaj Finserv	9627.00	3.70
Bajaj Finance	4721.75	67.45
Bharti Airtel	538.70	-0.75
BPCL	485.45	-5.95
Britannia Ind	3155.60	-95.80
Cipla	444.75	1.55
Coal India	178.85	-6.20
Dr Reddys Lab	3149.10	-17.60
Eicher Motors	19057.25	-679.05
GAIL (India)	121.80	-1.20
Grasim Ind	757.55	-30.10
HCL Tech	604.90	-2.80
HDFC	2414.30	8.65
HDFC Bank	1240.30	-1.90
Hero MotoCorp	2385.70	-57.75
Hindalco	190.85	-6.55
Hind Unilever	2159.30	-0.65
ICICI Bank	533.95	-2.50
IndusInd Bank	1274.95	-23.85
Bharti Infratel	239.80	-8.00
Infosys	773.20	-4.10
IndianOilCorp	115.80	-1.70
ITC	210.55	-2.85
JSW Steel	277.90	-1.40
Kotak Bank	1669.30	16.25
L&T	1285.30	-13.70
M&M	528.40	-40.70
Maruti Suzuki	6992.90	-78.85
Nestle India Ltd.	16172.20	-155.60
NTPC	113.50	-2.10
ONGC	106.20	-3.05
PowerGrid Corp	186.60	-3.80
Reliance Ind	1435.60	1.95
State Bank	318.50	-2.05
Sun Pharma	420.30	-10.50
Tata Motors	168.90	-4.70
Tata Steel	443.80	-27.20
TCS	2161.95	25.40
Tech Mahindra	813.65	-10.80
Titan	1257.20	-17.80
UltraTech Cement	4413.75	-58.05
UPL	574.10	31.00
Vedanta	140.30	-4.30
Wipro	240.90	-3.05
YES Bank	37.55	-1.15
Zee Entertainment	230.45	-19.30

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on February 10

CURRENCY	TT BUY	TT SELL
US Dollar	71.09	71.41
Euro	77.85	78.20
British Pound	91.90	92.32
Japanese Yen (100)	64.74	65.03
Chinese Yuan	10.18	10.23
Swiss Franc	72.69	73.06
Singapore Dollar	51.19	51.43
Canadian Dollar	53.48	53.73
Malaysian Ringgit	17.14	17.23

Source: Indian Bank

BULLION RATES CHENNAI

February 10 rates in rupees with previous rates in parentheses

Retail Silver (1g)	50.1	(49.4)
22 ct gold (1g)	3891	(3837)

MF assets rise to record highs in Jan.

Jump in flows into debt funds; mid-cap and small-cap funds see revival in investor interest

SPECIAL CORRESPONDENT
MUMBAI

The average assets under management of mutual funds hit an all-time high of ₹28.18 lakh crore in January, as flows into debt funds increased significantly, while mid-cap and small-cap funds saw a revival in investor interest.

According to the Association of Mutual Funds in India (AMFI), net inflows in the month of January was pegged at ₹1.20 lakh crore, as against outflows of nearly ₹61,810 crore in December 2019.

The total assets under management (AUM) touched ₹27.86 lakh crore in January.

Further, flows into income and debt category turned positive in January with net inflows of ₹1.09 lakh crore, as against the previous month's outflows of nearly ₹78,427 crore.

New peaks

(ALL FIGURES IN ₹ CR.)

Category	Dec. 2019	Jan. 2020
Income/Debt	(78,426.83)	1,09,305.61
Growth/Equity	4,499.39	7,877.40
Hybrid	(1,183.75)	1,259.52
Index	142.30	146.83
Gold ETFs	26.85	202.14
Other ETFs	12,673.50	1,872.73
Total	(62,268.54)	1,20,664.23

(ONLY TOP 6 CATEGORIES ARE LISTED ABOVE)



SOURCE: AMFI

Such categories of funds typically see a spurt in outflows at the end of every quarter.

Within the equity segment, both mid-cap and small-cap categories of funds saw net inflows of over ₹1,000 crore each, with the mid-cap category registering flows of nearly ₹1,800 crore in January.

Incidentally, the BSE Mid-

cap index gained a little over 3% in January after losing ground in December. Further, the gains in the broader index came even as the benchmark Sensex lost nearly 1.30% in January.

"While the small cap funds have not been in favour during the last few months, the recent market rally seems to have driven the inflows into small and

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SUNDEEP SIKKA,
ED and CEO, Nippon Life
India Asset Management

midcap funds. As a result, the small cap AUM has also seen the biggest jump in the last nine months," said Sundeep Sikka, ED and CEO, Nippon Life India Asset Management.

"With the Union Budget 2020 and subsequent RBI policy leading to several structural changes, we will continue to stay optimistic on the market outlook. The retail investors may continue investing in the markets through SIPs [systematic investment plans], while staying balanced in their investment approach between different asset classes," ad-

Sundaram Finance net profit up 6.4% to ₹167 cr.

Declares interim dividend of ₹10 apiece

SPECIAL CORRESPONDENT
CHENNAI

City-based non-banking finance company Sundaram Finance Ltd. (SFL) registered a 6.4% rise in its standalone net profit for the third quarter ended December 2019 to ₹167 crore.

Net income rose 14% to ₹976 crore. Assets Under Management (AUM) grew 8.5% to ₹30,502 crore. Net non-performing assets stood at 2.09%.

The board of directors have declared an interim dividend of ₹10 per share.

Difficult environment
Commenting on the results, T.T. Srinivasaraghavan, managing director, SFL said

that in a difficult environment, they were able to post reasonable results by containing costs and improve market share in a majority of segments that they operated in.

He also said that the sales for automakers during the fourth quarter would be more depressing than that in the third quarter as most of them would be trying to clear their BS-IV inventories. There would not be much sales of BS-VI vehicles in the period.

For the nine-month period ended December 2019, SFL registered a 31% increase in net profit to ₹593 crore. Net income rose 19% to ₹2,900 crore.

IOB Q3 loss widens to ₹6,075 cr. on higher provisions

Lender to focus on retail, agriculture, MSME sector; eyes coming out of Reserve Bank's PCA in FY21

SPECIAL CORRESPONDENT
CHENNAI

Public sector lender Indian Overseas Bank's (IOB) net loss for the third quarter ended December 2019 widened to ₹6,075 crore on higher provisioning of ₹6,664 crore for non-performing assets (NPAs) and investments.

In the year-earlier period, provisioning stood at ₹2,075 crore.

During the period under review, total income stood at ₹5,198 crore (₹5,689 crore).

IOB brought down its gross NPAs to ₹23,734 crore with a ratio of 17.12% against ₹35,787 crore with a ratio of 23.76% in the year-earlier period. Net NPAs were contained to ₹7,087 crore with a ratio of 5.81% against ₹17,988

crore with a ratio of 13.56%. Provision coverage ratio improved to 86.20% (64.23%).

Fresh slippages during the period stood at ₹1,648 crore (₹1,700 crore) and recovery, including technical write-offs, was ₹7,085 crore (₹3,723 crore).

"To come out of the Prompt Corrective Action (PCA) of the RBI, we have to cross two major hurdles. One is to keep the net NPAs below 6% and another is to make a profit. We have brought down the net NPAs to 5.81%. Our next objective is to make profit every quarter and make it sustainable," said Karnam Sekar, MD & CEO, Indian Overseas Bank.

"This is the year of resurgence. We plan to come out of the PCA by focusing on re-



Shifting focus: Going forward, we don't want to be aggressive in the corporate sector, says Mr. Karnam Sekar. ■ BIJOY GHOSH

covery, low-cost deposits and less capital-consuming advances," he said.

Stating they were hoping to make profit from the next quarter onwards, he pointed out that IOB had been incurring losses for almost five years.

"Going forward, we do not want to be aggressive in the corporate sector. We will be in retail in a big way. Currently, the split between corporate and retail is 28% and 72% respectively. The slippages in the corporate sector accounts have been fully ex-

hausted. We don't foresee any fresh slippages," he said.

NCLT accounts
Mr. Sekar also said exposure towards telecom sector was nil and slippages in retail, agriculture, MSME (RAM) sector was coming down to an average of ₹500-600 crore per quarter. He also expected to recover a huge sum from two huge NCLT accounts.

"We have a net NPA of about ₹7,000 crore and this could be provided for within three years.

"With conviction and confidence, I can say we will sustain net profit as we will be making a profit of ₹3,000 crore every year and with this, the net NPAs could be taken care off," he said.

MRF Q3 net skids 17.18% on slowdown

SPECIAL CORRESPONDENT
CHENNAI

Tyre major MRF Ltd.'s consolidated net profit from continuing operations for the third quarter ended December 2019 dipped 17.18% year-on-year to ₹241 crore on economic slowdown.

Net profit in the second quarter of the current fiscal stood at ₹227 crore.

During the period under review, total income y-o-y dipped 1.68% to ₹4,150 crore. Compared with the second quarter of FY20, total income had risen by ₹46.65 crore. The company managed to bring down its expenditure for Q3 y-o-y to ₹3,779 crore from ₹3,801 crore. The board declared a second interim dividend of ₹3 per equity share. It will be paid by March 3.

Wholesale PV sales crash on rising costs

Slower GDP growth continued to pressure consumer demand, says SIAM

SPECIAL CORRESPONDENT
NEW DELHI

Continuing a downward trend, wholesale passenger vehicles sales in the country declined by 6.2% to over 2.62 lakh units in January 2020, as rising cost of vehicle ownership and slower GDP growth continued to put pressure on consumer demand, industry body SIAM said on Monday.

The domestic passenger vehicle sales, which includes sales of cars, utility vehicles and vans, stood at over 2.8 lakh units in January 2019. As per the data released by the Society of Indian Automobile Manufacturers, car sales fell 8.1% to over 1.64 lakh units in January 2020 as against over 1.79 lakh units in the same month last year.

Sales of utility vehicles were up 2.57% to 84,929 units, while that of vans fell by



27.68% to 12,992 units in the last month.

Rajan Wadhwa, president at SIAM, said, "Sales of vehicles continue to be stressed due to rising cost of vehicle ownership and slower growth in GDP."

He added that the industry was hopeful that the recent announcement of the government on infrastructure and rural economy would support growth of vehicle sales going forward, especially commercial vehi-

We hope response to the Auto Expo will help improve consumer sentiment

RAJESH MENON,
SIAM director general

cles and the two-wheeler segment. The total two-wheeler sales in January 2020 declined by 16.06% to over 13.41 lakh units as compared to over 15.97 lakh units in the same month last year. While sales of motorcycles declined by 15.17% to more than 8.71 lakh units, scooter sales were down 16.21% to more than 4.16 lakh units.

The data showed that wholesale sales of commercial vehicles, which are seen as one of the indicators of economic activity in the country, fell by 14.04% to 75,289 units in January 2020, as compared to 87,591 in Ja-

nuary 2019. Under commercial vehicles segment, sales of medium and heavy commercial vehicles fell 34.64% to 22,534 units, while that of light commercial vehicles were down 0.68% to 52,755 units.

SIAM director general Rajesh Menon noted that wholesale sales continued to dip in all segments, barring the three-wheeler segment, which saw a growth of 12.69% to over 60,903 units.

Vehicle sales across categories registered a decline of 13.83% to over 17.39 lakh units, down from sales of more than 20.19 lakh units in January 2019. "We are hopeful that the response that we have received to the ongoing Auto Expo will help further improve consumer sentiment. Already there have been 70 unveilings and launches so far," he added.

BoB, Union Bank cut lending rates

SPECIAL CORRESPONDENT
MUMBAI

State-run lender Bank of Baroda and Union Bank of India have lowered their lending rates by 5-10 bps.

BoB has reduced its one-year MCLR by 10 bps to 8.15% and one-month MCLR by 5 bps. The new rates will come into effect from February 12.

Union Bank of India has reduced its 3-month MCLR rate by 5 bps to 7.80% from 7.85%. The one-year MCLR capital stands at 8.10%. The revised rates will come into effect from February 11, 2020.

"Union Bank of India has recently reduced its home loan interest rates for different categories of borrowers by up to 30 bps, i.e. from 8.20% to 7.90%," Union Bank said.

CRR exemption for retail, MSME loans for 5 years

Loans from Jan.31 to July 31 eligible

SPECIAL CORRESPONDENT
MUMBAI

The Reserve Bank of India (RBI) has exempted banks from maintaining cash reserve ratio (CRR) for loans to retail and micro, small and medium enterprises for five years, if these loans are extended between January 31 and July 31, 2020.

"An amount equivalent to the incremental credit outstanding from the fortnight beginning January 31, 2020 and up to the fortnight ending July 31, 2020 will be eligible for deduction from NDTL (net demand and time liabilities) for the purpose of computing the CRR for a period of five years from the date of origination of the loan or the tenure of the loan, whichever is earlier," the RBI said.

During the monetary policy review last week, the central bank said lenders will not have to maintain CRR for loans extended between the above mentioned time period.

"...the Reserve Bank is actively engaged in revitalising the flow of bank credit to productive sectors having multiplier effects to support growth impulses," the RBI said.

This exemption was available for incremental credit disbursed as retail loans to automobiles, residential housing, and loans to micro, small and medium enterprises (MSMEs).

At present, CRR is 4% of net demand and time liabilities. Banks do not earn any interest for maintaining CRR with the RBI.

Royal Enfield eyes global markets for accessories business

Motorcycle manufacturer hopes to make inroads into Europe, Asia Pacific with its riding gear

YUTHIKA BHARGAVA
NEW DELHI

Royal Enfield is eyeing international markets, particularly in Europe and the Asia Pacific region, to grow its nearly five-year-old apparel and accessories business, and is looking at catering to the increasing demand within India, a senior company official said.

"Royal Enfield motorcycles sell in a large number of countries and that gives us a platform to cater to the customers there and representation in those countries. The plan that we are working on right now is to build a stronger portfolio that could cater to specific international markets," Puneet Sood, head, Apparel & Accessories Business at Royal Enfield, told *The Hindu*.

Mr. Sood believes that the international market would



Terrain test: Riding conditions and product certifications vary from market to market, the company said. ■ R. ASHOK

be one of the areas that would drive growth for the company's apparel and accessories business.

Asked about the target markets, he said, "One of our objectives is to build high impact, which means that wherever our motorcycle presence is strong, those are the markets we will start focussing on. For example, Europe

is a heritage market for us. We are a known brand there. This is one of the markets we will focus on, the U.K, specifically. APAC is another market, which we believe, holds huge potential for us."

While Mr. Sood did not share any numbers, he said that in the last two years, the business segment had seen a significant growth. "We are

in higher double-digit growth right now. So, we are definitely growing at a faster pace in that market, which itself is growing at a good pace in India."

Mr. Sood pointed out that riding conditions and product certifications vary from market to market. "For example, a helmet in Thailand will require different certification vs. helmet sold in India, vs. what is sold in Europe... so that is another bit that we are working on. Plus, in an apparel business, the fit also differs from market to market...we are working on."

He added that while currently the company's range was focussed on India, most riding products met international norms, and were supplied to international markets as well. Mr. Sood said that specifically for India, the company intended to intro-

duce products that are value for money, and are competitive in terms of pricing and suitable for the Indian terrain.

Under the segment, the company sells protective gear such as helmets, riding jackets, gloves, trousers, shoes, besides products like shirts, t-shirts, key chain, mugs, belts and wallets. Mr. Sood said that the company had invested a lot of time in developing products specially for India as the weather and terrain here were different than in other markets.

"One of our objectives is that keep improving the product portfolio that we have. We are working with riding groups very very closely... there are market needs that are emerging... we are currently researching products that can be offered to cater to that need," Mr. Sood said.

Union Bank profit surges to ₹575 cr. on recoveries

Bank gets ₹2,000 cr. from 3 accounts

SPECIAL CORRESPONDENT
MUMBAI

Recoveries from Essar Steel and Ruchi Soya helped State-run lender Union Bank of India to report ₹575 crore in net profit for the quarter ended December 31 compared with ₹153 crore in the year-earlier period.

Net interest income grew 25.7% to ₹3,134 crore while non-interest income growth was almost flat at ₹12 crore.

Domestic net interest margin (NIM) improved to 2.55% compared with the 2.23% in Q3 FY19.

"We were helped by some good recoveries which came from Essar Steel, Ruchi Soya Industries and Prayagraj Power Generation Company. We recovered close to ₹2,000 crore from these three accounts," said

Rajkiran Rai G., managing director and chief executive officer of the bank.

Cash recoveries increased 261.4% year-on-year to ₹2,255 crore.

"Our total recoveries and upgradation for the nine months has been ₹4,910 crore. We are expecting another ₹3,000 crore in this quarter both from the NCLT (National Company Law Tribunal) and non-NCLT accounts. So, we can close the year at about ₹8,000 crore," he added.

Gross slippages remained elevated at ₹5,112 crore compared with the ₹2,983 crore reported during the same period of the previous year.

Gross NPAs as at December end stood at 14.86% compared with 15.66% a year ago.

Amazon challenges antitrust probe

REUTERS
NEW DELHI

Amazon.com Inc has begun legal action in India to quash an antitrust investigation against the company, saying it could cause "irreparable" loss and damage to its reputation, according to its court filing seen by *Reuters*.

Last month, the Competition Commission of India (CCI) ordered an investigation of Amazon and rival Flipkart over alleged violations of competition law and certain discounting practices.

"The entire order passed by (the CCI) ... is bereft of any foundation," Amazon said in a February 10 filing to a court in Bengaluru, rejecting the allegations levelled against the company.