

MARKET WATCH

	24-02-2020	% CHANGE
Sensex	40363	-1.96
US Dollar	71.98	-0.47
Gold	44472	2.18
Brent oil	55.7	-6.57

NIFTY 50

	PRICE	CHANGE
Adani Ports	362.25	-8.60
Asian Paints	1818.95	-23.30
Axis Bank	725.45	-18.85
Bajaj Auto	2990.50	-85.00
Bajaj Finserv	9466.90	-242.80
Bajaj Finance	4803.95	-76.50
Bharti Airtel	529.90	-15.70
BPL	464.65	-7.10
Britannia Ind	3036.20	-23.20
Cipla	430.15	-5.60
Coal India	174.85	-4.50
Dr Reddys Lab	3176.30	-79.00
Eicher Motors	17949.95	-898.70
GAIL (India)	116.80	-2.50
Grasim Ind	724.90	-26.40
HCL Tech	595.15	-12.90
HDFC	2292.30	-77.20
HDFC Bank	1209.95	-7.15
Hero MotoCorp	2184.20	-56.05
Hindalco	179.05	-10.90
Hind Unilever	2215.15	-33.10
ICICI Bank	529.85	-17.15
IndusInd Bank	1170.25	-11.95
Bharti Infratel	215.95	-10.25
Infosys	795.85	-1.15
IndianOilCorp	110.55	-1.75
ITC	203.00	-4.45
JSW Steel	258.95	-22.85
Kotak Bank	1678.25	-7.10
L&T	1259.70	-20.90
M&M	513.20	-11.65
Maruti Suzuki	6470.40	-287.20
Nestle India Ltd.	16337.25	-202.25
NTPC	109.70	-1.65
ONGC	98.05	-4.75
PowerGrid Corp	186.10	-3.15
Reliance Ind	1444.95	-41.00
State Bank	322.95	-4.70
Sun Pharma	397.85	-7.10
Tata Motors	150.65	-7.85
Tata Steel	415.45	-28.10
TCS	2115.35	-41.45
Tech Mahindra	820.10	-9.50
Titan	1279.90	-42.95
UltraTech Cement	4395.00	-33.10
UPL	573.25	-11.10
Vedanta	133.20	-9.15
Wipro	244.20	-1.50
YES Bank	34.95	-0.50
Zee Entertainment	249.10	-7.70

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on February 24

CURRENCY	TT BUY	TT SELL
US Dollar	71.79	72.11
Euro	77.67	78.01
British Pound	92.60	93.05
Japanese Yen (100)	64.48	64.77
Chinese Yuan	10.21	10.25
Swiss Franc	73.22	73.55
Singapore Dollar	51.20	51.43
Canadian Dollar	54.03	54.28
Malaysian Ringgit	16.97	17.06

Source: Indian Bank

BULLION RATES CHENNAI

February 24 rates in rupees with previous rates in parentheses

Retail Silver (1g)	53.3	(52.4)
22 ct gold (1g)	4166	(4072)

SEBI tweaks margining system

SPECIAL CORRESPONDENT MUMBAI

The Securities and Exchange Board of India (SEBI) has tweaked the margining framework for stocks in the cash and derivatives segment.

As part of the review, the capital markets regulator has divided stocks in the cash segment into three categories based on liquidity to ascertain the so-called value at risk (VaR) margin.

Further, the extreme loss margin has been fixed at 3.5% for any stock, and 2% for exchange traded funds (ETFs) that track broad-based market indices. In the derivatives segment, the regulator has tweaked the methodology for parameters like volatility calculation, calendar spread charge, extreme loss margin and price scan range, among other things.

HUL to form wholly owned subsidiary

SPECIAL CORRESPONDENT MUMBAI

Hindustan Unilever Limited, the country's largest pure play fast moving consumer goods (FMCG) company, has decided to form a wholly-owned subsidiary.

"The Board of Directors of Hindustan Unilever Limited (HUL) today approved a proposal to form a new 100% subsidiary of Hindustan Unilever Limited," a stock exchange statement said on Monday.

"This company will be incorporated with an authorised share capital of ₹2,000 crore. This new subsidiary has been formed to leverage the growth opportunities in a fast-changing business environment and will help HUL in becoming more agile and customer-focused," it added.

COVID-19 scare drags equities

ICICI Bank, HDFC among top losers in Sensex pack; Nifty down over 2%

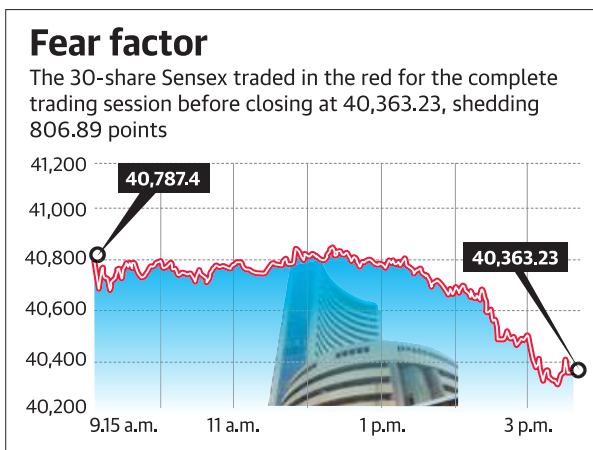
SPECIAL CORRESPONDENT MUMBAI

Indian benchmark equity indices lost around 2% on Monday amid an overall weak trend in most markets, as investors remained jittery over concerns related to the global impact of coronavirus outbreak after South Korea reported a rise in the number of cases.

The 30-share Sensex, which opened lower compared to Friday's close, traded in the red for the complete trading session on Monday before closing at 40,363.23, shedding 806.89 points or 1.96%. This was just a tad above the day's low of 40,306.36.

Heavyweights fall

The subdued sentiment could be further gauged from the fact that the Sensex pack saw all 30 stocks losing ground, with heavyweights like ICICI Bank, HDFC, Titan, Maruti Suzuki, ONGC and Tata Steel all losing more than 3% each on Monday.



The overall market breadth was also quite weak, with more than 1,700 stocks ending the day in the red, as against less than 750 gainers.

The broader Nifty lost a little over 2%, or 242.25 points, to close at 11,838.60. The India VIX index, which is considered to be a measure of short-term volatility, jumped nearly 26% in a single session on Monday.

Elswhere in Asia, Kospi of South Korea lost nearly 4%

on Monday, while the benchmarks of Hong Kong, Taiwan and Indonesia among others lost over 1% each.

Investor sentiments hit

Domestic brokerage major IIFL, in a note to its clients, said that the Asian markets traded weak primarily on account of South Korea reporting a rise in the number of coronavirus cases, which was hurting investor sentiments, with equities bearing

the maximum brunt.

"The number of cases in China are seeing a fall, however panic in markets is seeing selling exaggerate as investors turn cautious," the note stated.

On Monday, South Korea's Centers for Disease Control and Prevention confirmed an additional 70 cases of coronavirus even as some countries in the Middle East like Bahrain and Kuwait reported their first coronavirus cases. "Globally equity markets are unnerved by the spread of coronavirus to countries beyond China and neighbouring countries to Middle East and Europe now," said Gaurav Dua, Head - Capital Market Strategy & Investments, Sharekhan, adding that the growing risk aversion was clearly visible in the sudden spike in safe haven assets like gold.

Gold futures jumped more than 2%, or nearly \$36 per ounce, on Monday with the precious metal trading at around \$1,685 an ounce.

Dow slumps 866 points in early trade

ASSOCIATED PRESS NEW YORK

U.S. stocks fell sharply Monday, following a sell-off in overseas markets, as a surge in virus cases and a worrisome spread of the disease outside China sent investors running for safety. The Dow Jones Industrial Average slumped 866 points, or 3%, to 28,127, giving up all of its gains for the year. The S&P 500 index skidded 2.7%. The Nasdaq fell 3.1% as of 11-07 a.m.

More than 79,000 people worldwide have been infected by the new coronavirus. China, where the virus originated, still has the majority of cases and deaths. But, the rapid spread to other countries is raising anxiety about the threat the outbreak poses to the global economy.

Germany's DAX slid 4% and Italy's benchmark index dropped 5.9%. South Korea's Kospi shed 3.8% and markets in Asia fell broadly.

Nobody wants to kill telecom sector: Rajnish

SBI has ₹29,000 cr. exposure to telcos

SPECIAL CORRESPONDENT MUMBAI

State Bank of India (SBI) chairman Rajnish Kumar said nobody wants to kill the telecom sector which is facing a crisis over the adjusted gross revenue (AGR) dues.

"Nobody wants to kill the sector, let me be clear," Mr. Kumar said on the sidelines of an event to announce a collaboration between Microsoft and SBI Foundation.

When asked about the outcome of the meeting between the government and the banks, Mr. Kumar said, "So far there has been no communication from the government, let us wait." The government may invoke bank guarantees of the telecom companies if they fail to pay the dues before the next hearing scheduled on March 17.

State Bank of India alone has ₹29,000 crore exposure to telecom players apart from non-fund based exposure of ₹14,000 crore.



Rajnish Kumar

Meanwhile, Microsoft India has announced a collaboration with SBI Foundation to create opportunities for youth living with disabilities, in the banking, financial and insurance sectors.

As a part of the joint effort, Microsoft and SBI Foundation will develop an artificial intelligence-powered market place that will enable the banking, financial services and insurance (BFSI) industry to more easily connect with people living with disabilities for skill development and employment opportunities.

IHCL cuts down debt to ₹1,900 crore in FY20

To open more than one hotel a month

SPECIAL CORRESPONDENT MUMBAI

Through relentless focus on cost reduction, re-structuring and margin expansion, Indian Hotels Company Ltd. (IHCL) has cut down its net debt from over ₹5,000 crore in FY16 to ₹1,900 crore in FY20 and has remained profitable for the last eight consecutive quarters.

The company is working to further reduce debt and monetise non-core assets, a top executive said. Speaking on the occasion of the company's third Capital Markets Day, Puneet Chhatwal, managing director & CEO, IHCL, said emphasis on debt reduction would continue.

"We have cleared some dollar loans and have refinanced loans worth ₹750 crore at better terms."

Stating that the company signed 50 new hotels in the

last two years, Mr. Chhatwal said this growth momentum helped the company to reach a portfolio milestone of 200 hotels, of which 158 are operational and the remaining 42 hotels with 6,000 rooms were under development.

"With 200 hotels we will have an inventory of 25,000 rooms in over 100 locations. Now, we are opening one hotel per month and our aim is to open more than one hotel every month in FY21. We will continue to focus on capturing emerging opportunities across the hospitality industry landscape, thereby creating significant value for all our stakeholders," he said.

On the Sea Rock hotel issue at Bandstand, he said the company had reached an agreement to increase its stake to 100% from 85% currently.

Banks' profitability remains fragile, says Das

Telecom sector poses challenge: overhang of non-performing assets remains relatively high

SPECIAL CORRESPONDENT MUMBAI

While the Indian banking sector may be slowly turning around on the back of improvement in asset quality, its profitability remains fragile, Reserve Bank of India Governor Shaktikanta Das said.

He also said that banks continued to face challenges like the present crisis in the telecom sector.

"In terms of recent progress, the Indian banking sector is slowly turning around on the back of improvements in asset quality with enhanced resolutions through the Insolvency and Bankruptcy Code (IBC). Despite the recent decline in impaired assets and a significant improvement in provisioning, profitability of the banking sector remains fragile," Mr. Das said at an event. He said the capital posi-



Silver lining: The banking sector is slowly turning around on the back of improvements in asset quality, says Mr. Das. AFP

tion of banks had improved on account of recapitalisation of public sector banks by the government and capital raising efforts by private sector banks.

"Nevertheless, the sector continues to encounter challenges from events like those around the telecom sector," he said.

According to Mr. Das, the overhang of non-performing assets (NPAs) remains rela-

tively high, which is weighing on credit growth.

"Also, in view of subdued profitability and deleveraging by certain corporates, risk-averse banks have shifted their focus away from large infrastructure and industrial loans towards retail loans," he said, adding that this diversification strategy, while helpful as a risk mitigation tool, had its own limitations.

He also said sector-specific pockets of stress needed policy attention.

"At the same time, proper due diligence and risk pricing in lending is of prime importance so that the health of the banking sector is not compromised while ensuring adequate flow of credit to productive sectors of the economy," Mr. Das said.

On the issue of resolution of asset quality, the RBI Governor expects to have an integrated framework for resolution of financial firms operating in India, in the near future.

On consolidation in public sector banks, he said a properly worked out consolidation of PSBs can generate synergies in allocation of workforce and branches.

"The focus has to be on ushering in significant improvements in efficiency and rationalisation of scarce capital to meet the capital ade-

quacy requirements," he said. As far as regulation of banks was concerned, he said the RBI was focussing on a sharper and more forward-looking off-site surveillance framework, apart from on-site supervision.

On non-banking finance companies, he said, recognising the systemic importance of such entities and their inter-linkages with the financial system, the RBI had taken steps and the asset-liability management (ALM) position and other aspects of top 50 NBFCs were being closely monitored, covering all NBFCs with asset size above ₹5,000 crore.

The ALM of top 51-100 NBFCs was also being examined by the respective regional offices of the Reserve Bank, he added.

He reiterated that the RBI would issue draft guidelines on corporate governance in banks.

Ashok Leyland plans to resize operations

Company to focus more on LCVs, international and defence businesses

N. ANAND CHENNAI

Commercial vehicle manufacturer Ashok Leyland Ltd. (ALL) has decided to scale down its operations to the level that prevailed three years ago to make it a much more resilient company.

"The idea is to see that we don't get into shrinking more because next year, the first quarter and second quarter is not going to be really great," Gopal Mahadevan, whole-time director and CFO, Ashok Leyland, said in an earnings call.

"We're going to use this opportunity to scale down the operations of the company even further. What we are trying to do is instead of doing something like cutting ourselves to the bone...why



Gopal Mahadevan

don't we resize the organisation to the level it was possibly three years ago," he said.

"Let's go back to when we were ₹18,000 crore (in revenue) three years back. Let us look at what were the resources we are deploying and let us take a 20% cut on that," he said. "We are extremely deter-

mined this time to grow our international, and more importantly, our light commercial vehicle (LCV) business, and the defence [vehicles] business also. We are taking some steps to see how to broad base the overall profile," he said. Going forward, ALL wanted to invest in the LCV segment as it had a huge business potential.

Regarding defence business, Mr. Mahadevan said ALL's overall plan was to broad base its capabilities in defence so that it can see a larger addressable market.

Pruning capex

Asserting that the company will be pruning its capital expenditure (capex) for the current fiscal by 35%, he said: "At the beginning of the

year, we said we will invest ₹2,000 crore. So far, we have spent ₹960 crore and we are going to be far, far lower than the projected capex and we will possibly finish the year at about ₹1,200-1,300 crore maximum."

On the debt level, he said the firm was in a comfortable position. As of the third quarter, ALL had a debt of less than ₹2,000 crore against ₹2,736 crore in the second quarter.

"Given a very tough quarter, I must state that we have done some very skilled cash flow management, reduction of inventory, all of which has resulted in cash flowing in, and we are doing everything that is right to build a long-term resilience of the company," he said.

Vitara Brezza launched at ₹7.34 lakh

SPECIAL CORRESPONDENT NEW DELHI

Maruti Suzuki on Monday launched the petrol version of its compact SUV Vitara Brezza with a price tag of ₹7.34 lakh onwards (ex-showroom Delhi).

The car, which was first unveiled at the Auto Expo 2020 earlier this month, comes with a 1.5 litre K-series B66 petrol engine, and would offer 5-speed manual as well as automatic transmission with Smart Hybrid version.

While the manual variants are priced between ₹7.34 lakh and ₹9.98 lakh, the automatic transmission variants are priced between ₹9.75 lakh and ₹11.40 lakh.

DoT asks telcos to submit supporting documents

Mandate for AGR self-assessing firms

YUTHIKA BHARGAVA NEW DELHI

The Department of Telecom is in the process of sending out written communication to telcos, including Vodafone Idea, Bharti Airtel and Tata Teleservices, to submit supporting documents for self-assessment of the adjusted gross revenue (AGR)-related dues.

Time-bound exercise

"We have asked all operators who have said they are doing a self-assessment of their statutory dues to give us supporting documents. We will then get these test checked in a time-bound manner," a government official, who did not want to be

named, said.

The source confirmed that Bharti Airtel, Vodafone Idea and Tata Teleservices, who have made some payments of their dues to the government, were among those who would be asked to provide substantiating documents to support their calculation of the AGR dues.

However, the source, added that the companies have not been given a deadline to do so.

The source said that this exercise would be done only for firms doing a self-assessment.

"If someone agrees with DoT's calculation then we don't need to do it," the source added.

Bharti Infratel puts off merger with Indus Towers

Delay to affect Vodafone Idea

SPECIAL CORRESPONDENT NEW DELHI

Bharti Infratel on Monday further extended the deadline for its merger with Indus Towers by two months to April 24.

The final call will be taken after assessing the impact of the 'current crisis' in the telecom sector on various stakeholders, it said.

"The Board of Directors of the Company met earlier today and took note of the FDI approval for merger of Indus Towers Limited with Bharti Infratel Limited received late evening on February 21,

2020," the company said in a communique to bourses.

Since the other actions/conditions for the scheme to become effective cannot be completed by the extended long stop date i.e. February 24, 2020, the Board of Directors had further extended it till April 24, 2020, Bharti Infratel said.

The delay in completion of the deal, would come as a blow to Vodafone Idea, which has ₹53,000 crore in statutory dues to the government and was eyeing about ₹5,500 crore from stake sale in Indus Towers.

India set to be among top 3 economies: Mukesh Ambani

Growth will be marked by emergence as the world's 'most premium digital society'

SPECIAL CORRESPONDENT MUMBAI

The country is set to become one of the top three economies in the world and technology will play a big role in that journey, RIL chairman Mukesh Ambani said in a fireside chat with Microsoft's Satya Nadella at the Future Decoded CEO Summit here on Monday.

"I have no doubt in my mind that we will become among the top three economies in the world," he said.

"We can argue about whether it will happen in 5 years or 10 years but it's going to happen, and we will be in the top three economies



Satya Nadella with Mukesh Ambani at the Future Decoded CEO Summit in Mumbai on Monday. PAUL NORONHA

in the world."

He said growth in the economy would be marked by India's emergence as the world's 'most premium digi-

tal society'. Talking about entrepreneurs in India, Mr. Ambani said, "Every small businessman or entrepreneur in India has the poten-

tial to become a Dhirubhai Ambani or Bill Gates. That is what differentiates India from the rest of the world."

Stress on inclusivity

Mr. Nadella urged Indian businessmen to keep inclusivity at the centre of their digital technology pursuits.

He said the last decade has seen the advent of connected technologies through mobile, but rued that only aggregators have made the most out of the opportunity, and underlined that there is a case for broadening of the productivity gains.

Addressing the CEOs, Mr. Nadella said, "When you

build tech intensity, you also got to consider how is what you are doing with digital technology driving more inclusive economic growth?" He added that "stakeholder capitalism" is very important in a multi-constituent world.

Leaders need to be ready to adapt to technological changes as quickly as possible, while they build the tech capabilities, Mr. Nadella said.

In the decade gone by, we understood the importance of consumer economy, he said, wondering if it is the "only economy." (With PTI inputs)