

Business Standard



THE MARKETS ON THURSDAY		
		Chg#
Sensex	41,306.0	▲ 163.4
Nifty	12,138.0	▲ 48.8
Nifty futures*	12,136.3	▼ 1.6
Dollar	₹71.2	₹71.2**
Euro	₹78.3	₹78.5**
Brent crude (\$/bbl)**	54.5**	55.0**
Gold (10 gm)**	₹40,336.0	₹287.0

*Feb. Premium on Nifty Spot; **Previous close;
Over previous close; ## At 9 pm IST;
Market rate exclusive of VAT; Source: IBIJA



COMPANIES P2
**PRODUCT PRICES INCH UP
IN WEAK FMCG MARKET**

BACK PAGE P24
**TRUMP ACQUITTED OF ALL
IMPEACHMENT CHARGES**

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COGNIZANT'S LAST CO-FOUNDER STEPS DOWN FROM BOARD

After spending nearly two and a half decades in the company he co-founded with three others, Francisco D'Souza, vice-chairman, has decided to sign off. The company announced his departure from the board effective March 31. The company also announced the appointment of Vinita Bali to its board as a new independent director, effective February 24. **▶**



ALL DISTRACTIONS ARE BEHIND US, SAYS CEO BRIAN HUMPHRIES **▶**

ECONOMY & PUBLIC AFFAIRS 22

All China evacuees test negative for coronavirus

All 645 people evacuated from Wuhan, who were kept in isolation at an Army base and Indo-Tibetan Border Police camps, tested negative for coronavirus, the Union health ministry said on Thursday. India has so far reported three confirmed cases from Kerala.

Voda Idea to drop 'Idea' from postpaid services

Telecom operator Vodafone Idea will drop brand name 'Idea' from its postpaid services, according to an announcement made by the company on Thursday. The company's prepaid customers will, however, continue to get services under both Vodafone and Idea brands.

Sebi issues guidelines for benchmarking AIFs

The Securities and Exchange Board of India has issued guidelines for benchmarking performance of alternative investment funds with a view to streamline disclosure standards and help investors in assessing scheme performance. **▶**



AUTO EXPO 2020 PAGE 2

Gadkari lauds automakers on BSVI progress

"I would like to thank the industry for its efforts in leapfrogging to BSVI in record time. I can see you are about to succeed in a very challenging mission," he said.



Q&A
'Tata Motors will change customer mindset on EVs'

RESULTS RECKONER

Quarter ended Dec 31, 2019; common sample of 864 companies (results available of 1000)

SALES			
Dec 31, '18	21.8%	₹12.81 trillion	▲
Dec 31, '19	1.6%	₹13.02 trillion	▲
PROFIT BEFORE TAX			
Dec 31, '18	-24.9%	₹1.05 trillion	▼
Dec 31, '19	54.3%	₹1.63 trillion	▲
NET PROFIT			
Dec 31, '18	-35.4%	₹65,860 cr	▼
Dec 31, '19	81.1%	₹1.19 trillion	▲

Companies with zero sales excluded; Given the change in corporate tax rates, to give a fair comparison the profit before tax has been considered; Compiled by BS Research Bureau; Source: Capitaline

RBI goes off the beaten track on cheaper loans

▶ REPO RATE REMAINS AT 5.15%, THE STANCE 'ACCOMMODATIVE' **▶ CENTRAL BANK TAKES UNCONVENTIONAL ROUTE TO LOWER BANKS' COST OF FUNDS**

ANUP ROY
Mumbai, 6 February

The Reserve Bank of India (RBI), in its sixth bi-monthly monetary policy of 2019-20 on Thursday, kept its policy rates and stance unchanged but adopted unconventional measures to lower banks' cost of funds so that they could reduce their lending rates further and boost retail advances to revive consumption demand.

The six-member monetary policy committee (MPC) voted unanimously to keep the rates unchanged because the inflation outlook remained "highly uncertain."

While the repo rate remained at 5.15 per cent and the stance "accommodative", the central bank said there would be rate cuts as and when opportunity came.

Right now, with inflation being 7.4 per cent, the rate cut scope was not there.

"Definitely, We have the policy space, but it will depend on the evolving situation and as the MPC was proactive in 2019, it will be very, very proac-

...tive even in 2020," RBI Governor Shaktikanta Das said during his post-policy press conference.

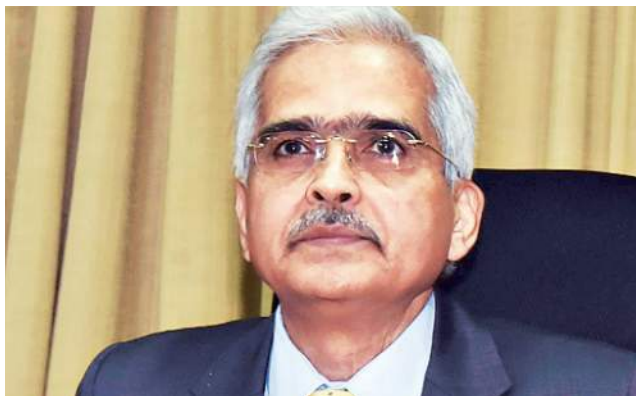
In his opening remarks, the governor cautioned that while the status quo policy was expected, the RBI's ability to steer growth should not be doubted.

"While this decision may be on expected lines and perhaps widely discounted, it is important not to discount the RBI! It has to be kept in mind that the central bank has several instruments at its command that it can deploy to address the challenges that the Indian economy currently faces in terms of sluggishness in the growth momentum," Das said.

"Consequently, even though the present monetary policy decision is constrained by elevated inflation pressures, there are other ways in which the RBI can strive to revive growth."

Accordingly, the RBI introduced novel concepts, which analysts hailed as noteworthy experimentations.

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"WE HAVE POLICY SPACE (TO CUT RATES), BUT IT WILL DEPEND ON THE EVOLVING SITUATION. AND AS THE MONETARY POLICY COMMITTEE WAS PROACTIVE IN 2019, IT WILL BE VERY, VERY PROACTIVE EVEN IN 2020"

SHAKTIKANTA DAS, RBI GOVERNOR

MONETARY POLICY REVIEW

BANK LENDING RATES MAY SEE 30-BP CUT

Banks will have the incentive to give loans of almost ₹2 trillion and cut interest rates by up to 30 basis points (bps) because of micro, small and medium enterprises coming out of the purview of the cash reserve ratio.

LIQUIDITY MANAGEMENT FRAMEWORK RECAST P4

MSMEs, REALTORS GET A HELPING HAND P6

Q&A
'POLICY HAS FOCUSED ON IMPROVING TRANSMISSION' P4

DBS, Capri Global among suitors for Lakshmi Vilas Bank

HAMSINI KARTHIK
Mumbai, 6 February

Capital-starved private sector lender Lakshmi Vilas Bank (LVB) may soon have a suitor willing to pump money into it. According to sources, top executives at the Chennai-based bank submitted a list of potential investors to the Reserve Bank of India (RBI) on Wednesday. The list included Singapore-based DBS Bank and Capri Global.

At a 6.46 per cent capital adequacy ratio and the gross non-performing assets (NPA) ratio at 17.3 per cent as of June 30, 2019, LVB was placed under prompt corrective action (PCA) by the RBI in September 2019. The following month, the RBI declined its proposal to merge with Indiabulls Housing Finance, and the bank has been functioning on thin capital since then.

A source aware of the development said the bank had been in talks with Capri Global and DBS Bank India in early 2019, though these were abandoned when Indiabulls Housing came knocking at the bank's door for a merg-



IN NEED OF CAPITAL

- LVB placed under prompt corrective action in September last year
- Weeks later, RBI rejected its plan to merge with Indiabulls Housing
- At 5.56% capital adequacy ratio and 21.25% gross NPA ratio, LVB's financials are weakest among private lenders

er. "The bank wouldn't have undergone so much of capital strain had the deal with either of these names fructified," said the person.

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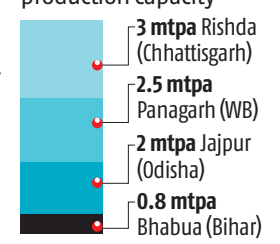
Nirma arm to buy Emami Cement for ₹5,500 crore

Emami inks deal with Nuvoco Vistas for sale of 100% stake

KEY NUMBERS



8.3 mtpa
Emami Cement's total production capacity



Kolkata-based diversified conglomerate Emami Group announced on Thursday that it had entered into a binding agreement with Nuvoco Vistas Corp, part of the Nirma group, for divesting its 100 per cent equity stake in Emami Cement for an enterprise value of ₹5,500 crore.

Emami Cement has a debt of ₹2,000-2,200 crore and loans against shares of ₹1,000 crore. The net gain for Emami from the deal, therefore, will be around ₹2,500 crore.

The move is part of Emami's efforts to reduce debt at the group level. A clutch of companies — Shree Cement, Dalmia Bharat Cement, UltraTech, and Ambuja Cement — and private equity investors were understood to have evinced an interest in acquiring Emami Cement. The company operates an integrated cement plant and three grinding units with a cement grinding capacity of around 8.3 million tonnes per annum. Turn to Page 21

₹2,000-2,200 cr Debt

₹1,000 cr Loan against shares

₹2,500 cr Estimated net gain for Emami from the deal

Mtpa: Million tonnes per annum
Source: Company

TOTAL SA TO INVEST \$510 MN IN JV WITH ADANI GREEN

Adani will be in a second partnership with French oil major Total SA — this time for its solar energy business. Total will invest \$510 million for a 50 per cent stake in a 2,148 megawatt solar capacity, owned by Adani Green Energy. In an announcement, AGEL said it had entered into a binding arrangement with Total Gas & Power Business Services SAS for an investment of approximately \$510 million for acquiring 50 per cent and other instruments in the JV. **▶**

Current architecture of GST my brainchild, says Modi

PM defends extended questionnaire for NPR

ARCHIS MOHAN
New Delhi, 6 February

Prime Minister Narendra Modi on Thursday told Parliament that the current architecture of goods and services tax (GST), including greater weighting to manufacturing states, was his brainchild, which he had suggested as chief minister of Gujarat to then finance minister Pranab Mukherjee, but eventually Arun Jaitley, the finance minister during his government's previous term, included it into the law.

Replying to the discussion on the motion of thanks to the President's address, the PM sought to defend the numerous amendments to GST, and said any reform of such magnitude should have space for a corrective mechanism. He said even the



Prime Minister Narendra Modi during the ongoing Budget Session of Parliament PHOTO: PTI

Constitution had been amended several times.

On the National Population Register (NPR), the PM defended the extended questionnaire. Contrary to recent statements by other ministers on the issue that the extended NPR questionnaire was voluntary, Modi said "small

changes" were part of any normal administrative exercise of a government. The PM said data was needed, including on the contentious question on place of birth of the father of a respondent, to track increased migration and determine the respondent's mother tongue.

Congress leader Jairam Ramesh said the PM was "misleading the House". Later, Ramesh said the "cat was now out of the bag" with the PM himself indicating that none of the new NPR questions was "voluntary".

The PM underlined the need for working together to make India a \$5 trillion economy. He said the government had been able to maintain macroeconomic stability amid tough global environment. He also exhorted all members to give suggestions on ways to take advantage of opportunities thrown up by the current global economic situation.

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