

MARKET WATCH		
	24-03-2020	% CHANGE
Sensex	26674	2.67
US Dollar	75.94	0.34
Brent oil	27.79	6.88

NIFTY 50		
	PRICE	CHANGE
Adani Ports	231.75	23.95
Asian Paints	1524.85	26.40
Axis Bank	303.15	-5.50
Bajaj Auto	1937.15	1.60
Bajaj Finserv	4497.75	-123.30
Bajaj Finance	2474.20	208.05
Bharti Airtel	404.05	-3.30
BPCL	262.85	-6.50
Britannia Ind	2364.70	226.85
Cipla	377.45	2.20
Coal India	127.85	0.00
Dr Reddys Lab	2857.95	89.55
Eicher Motors	14208.50	502.60
GAIL (India)	76.45	-1.55
Grasim Ind	400.10	-33.15
HCL Tech	442.05	24.90
HDFC	1505.10	-15.60
HDFC Bank	767.70	-3.85
Hero MotoCorp	1627.05	11.05
Hindalco	88.75	0.85
Hind Unilever	2027.85	158.15
ICICI Bank	296.50	12.50
IndusInd Bank	312.35	-24.10
Bharti Infratel	141.95	-1.45
Infosys	589.80	63.35
Indian Oil Corp	79.70	-1.05
ITC	149.70	-4.60
JSW Steel	147.10	2.70
Kotak Bank	1152.90	54.65
L&T	707.90	-16.15
M&M	269.00	-24.40
Maruti Suzuki	4486.45	266.10
Nestle India Ltd.	13478.35	533.70
NTPC	77.55	1.15
ONGC	62.50	2.10
PowerGrid Corp	147.30	-5.70
Reliance Ind	943.40	59.35
State Bank	183.20	1.60
Shree Cement	16980.00	20.60
Sun Pharma	335.15	10.65
Tata Motors	68.55	2.35
Tata Steel	271.90	0.75
TCS	1703.15	33.45
Tech Mahindra	503.50	16.30
Titan	816.10	15.15
UltraTech Cement	3018.10	-36.75
UPL	262.05	7.45
Vedanta	62.80	0.15
Wipro	176.35	6.20
Zee Entertainment	119.15	-2.85

EXCHANGE RATES		
Indicative direct rates in rupees a unit except yen at 4 p.m. on March 24		
CURRENCY	TT BUY	TT SELL
US Dollar	75.68	76.00
Euro	82.20	82.55
British Pound	89.04	89.44
Japanese Yen (100)	68.29	68.58
Chinese Yuan	10.71	10.76
Swiss Franc	77.57	77.94
Singapore Dollar	52.27	52.50
Canadian Dollar	52.37	52.60
Malaysian Ringgit	17.06	17.16

IN BRIEF

Dr. Reddy's to raise funds via commercial paper

HYDERABAD
Dr. Reddy's Laboratories said it is considering raising funds. The board of directors is likely to meet on March 27 to consider raising funds by issuance of commercial paper.

RBI advances variable rate term repo auction

Central bank bid to meet liquidity needs

SPECIAL CORRESPONDENT
MUMBAI

The Reserve Bank of India (RBI) has decided to advance the first of the two variable rate term repo auctions to March 26 from March 30.

The central bank had announced two such auctions of ₹25,000 crore each on March 30 and March 31 to address the additional demand for liquidity.

"On a review of the rapidly evolving financial conditions and taking into account the impact of disruptions caused by COVID-19, it has been decided to advance the first auction scheduled for March 30, 2020 to March 26, 2020" the RBI said in a statement.

There is no change in the

Economic package soon, says FM

Task force still not constituted, but FM speaks of multilayered sub-groups holding consultation

SPECIAL CORRESPONDENT
NEW DELHI

An economic package to deal with COVID-19 situation will be announced soon, Finance Minister Nirmala Sitharaman promised on Tuesday afternoon, adding that the government and regulators are constantly monitoring the state of the economy, markets and rupee depreciation.

However, she still offered little clarity on the composition of an economic task force announced by the PM last week, and explained the delay in announcing an economic package by saying extensive consultations were needed, and till yesterday, Parliament was in session and the Finance Bill had to be cleared.

"Work is going on and we are very close to coming out with an economic package, which will be announced sooner rather than later," she said, adding that the Centre, the Reserve Bank and the regulators have been jointly monitoring the volatility in the stock markets thrice daily. "Every attention is being



Finance Minister Nirmala Sitharaman addresses the media via video conferencing, in New Delhi on Tuesday. ■PTI

given to the economy. The Prime Minister himself is closely monitoring the situation. A multi-layered composition of the task force is already working."

As *The Hindu* had reported on Tuesday morning, the economic task force announced in the PM's address to the nation on March 19 has still not been constituted, with the Finance Ministry saying the PM's Office or the Cabinet Secretariat would be responsible for issuing an order to create it. On Tuesday

evening, after the FM's press conference, a Finance Ministry spokesperson once again confirmed to *The Hindu* that no order has yet been issued to set up the task force.

Ms. Sitharaman was more ambiguous about the status of the task force, saying that sub-groups of MPs, academics and industry leaders were already generating ideas for the task force, but refused to elaborate on its composition or specific mandate. "The Finance Ministry is working intensively on all

these suggestions which are coming in from the various sub groups within the multi-layered task force that exists," she said. "So the work of the task force which is multi-layered is already almost nearing a conclusion. So the task force and the task force based report and the action following the task force's report are almost at its peak and that is why I have said we will announce the economic package sooner rather than later."

She did not respond to specific queries on how the economic package would provide relief for millions of informal sector and daily wage workers who have been hit the hardest by the shutdown.

Ms. Sitharaman attributed the delay in announcing an economic package to the need for extensive consultations and to first pass the Finance Bill. "I appreciate that you would have liked the package to be announced last week. But most things which are as big as an economic package for this kind

of unusual situation requires a lot of consultation to get it right," she told journalists.

"No intention to delay"
"We had no intention to delay, we don't want to delay, but then let us be realistic. Till yesterday, the Parliament was in session and the Finance Bill had to be cleared," she said adding that she would have been happy to announce the package in the House if it was ready and the Finance Bill had been passed. "And once the Finance Bill got cleared, it was important for the MPs to recognise there is a lockdown in this country, so everyone had to go where they had to go and serve and be of use for their own constituents. So the Parliament adjourned sine die."

In the final hours of the Lok Sabha session on Monday, a number of opposition MPs had been pressing the Finance Minister to make a statement on the COVID-19 situation and the government's package before the Finance Bill was passed.

Markets look up a day after worst fall

India VIX index jumps another 14%

SPECIAL CORRESPONDENT
MUMBAI

Equity benchmarks opened on a strong note on Tuesday, a day after registering their worst single-day fall, but failed to maintain the levels as the underlying weakness in investor sentiment led to some amount of selling pressure. The benchmarks fell into the red briefly before ending the day on a strong note, which was in line with the positive global cues on the back of measures announced by the U.S. Federal Reserve to boost U.S. economy.

Sensex up 2.67%

The 30-share Sensex gained 692.79 points, or 2.67%, to close at 26,674.03. Earlier in the day, it had gained nearly 1,500 points to touch an intra-day high of 27,463. The broader Nifty settled the day at 7,801.05, up 190.80 points or 2.51%.

The India VIX index, however, jumped another 14% on Tuesday. Elsewhere in

Asia, Nikkei gained over 7% while Hang Seng was up nearly 4.5%. The overnight U.S. markets also registered strong gains of over 7%.

"Post hitting lower circuit for second time in a month, Indian equity markets bounced back today amidst recovery in global equity markets," said Siddhartha Khemka, Head - Retail Research, Motilal Oswal Financial Services.

Incidentally, stocks pared some of the gains after Finance Minister Nirmala Sitharaman announced a slew of relaxations in compliance and reporting requirements even as no economic stimulus was included in the announcements.

On BSE, nearly 1,400 stocks were in the red as against 890 gainers.

Foreign portfolio investors (FPIs) continued selling with Tuesday's net sales pegged at nearly ₹2,153 crore while their domestic counterparts bought shares worth ₹1,553 crore.

FMCG companies see a spurt in 'COVID-19 sales'

Consumers on panic buying spree stock up essentials; firms step up production of soaps, liquid handwashes, cut prices

ASHISH RUKHAIYAR
MUMBAI

The COVID-19 pandemic has led to a spike in the demand of consumer staples like milk, milk products and biscuits along with hand sanitisers as people are stocking up essentials amid a complete lockdown like scenario.

Companies like Amul, Parle and Godrej Consumer Products have seen a 10-15% jump in demand across product categories and ramped up production to meet the growing demand.

This assumes significance as more States initiate a com-

plete lockdown amid a growing number of confirmed cases of the virus, which would only push up the demand for such staples.

"We have seen an increase of 15-20% in our average daily sales across most product categories as consumers are stocking products like milk, butter, ghee, cheese and paneer," said R.S. Sodhi, managing director, Gujarat Cooperative Milk Marketing Federation, which owns Amul.

Some States like Maharashtra, Karnataka, Punjab and Delhi have imposed

We have seen an increase of 15-20% in our average daily sales across most product categories

R.S. SODHI,
MD, Gujarat Cooperative Milk Marketing Federation

stern restrictions on people movement, along with a lockdown, which has made consumers wary of essential products going out of stock, thereby leading to panic buying.

The popular Parle G biscuit has also seen a notable

increase in demand on the back of panic buying.

"There is a bit of panic buying and we have seen around 10-15% increase in our average weekly sales of Parle G," said Parle Products category head Mayank Shah.

Apart from food essentials, products like hand washes have also seen an increase in sales as authorities have been highlighting the importance of sanitising hands at regular intervals.

"In some categories, such as hand washes and sanitisers, we have seen temporary spike in demand, driven by

the impact of COVID-19," said Vivek Gambhir, MD and CEO, Godrej Consumer Products.

"We have also heard of some instances of consumers trying to hoard essentials. Retailers have begun to put restrictions on quantities being purchased. We believe that there should be no reason to panic as there should be sufficient supplies available," Mr. Gambhir added.

Production ramped up

To meet the increased demand, companies have also ramped up their production as the virus threat is not

showing any signs of abating as of now. "We have recently ramped up production of soaps by 30% and have increased production of liquid hand washes by 3.5X at our units as well as through our vendor partner units," Mr. Gambhir said.

In a similar context, Mr. Shah said that the company had increased production by 15% while closely working with governments to ensure there is minimal logistical issue and all its trade partners have sufficient stock.

Incidentally, Hindustan Unilever (HUL), which is the

country's largest pure play fast moving consumer goods (FMCG) company, has also reduced the prices of Lifebuoy sanitisers, Lifebuoy Liquid handwash and Domex floor cleaners by 15% and said that the products with the reduced prices would be available in the market in the next few weeks. The company has also ramped up the production of Lifebuoy sanitisers, Lifebuoy Handwash liquid and Domex Floor Cleaners and will be scaling it up even further in the coming weeks, it had said in a statement issued last week.

Auto sector loss per day estimated at ₹2,300 cr.

Many auto/component makers closed

SPECIAL CORRESPONDENT
NEW DELHI

With manufacturing plants temporarily shut to prevent the spread of COVID-19, the automobile sector has estimated a loss of over ₹2,300 crore per day.

"As per quick estimates by the Society of Indian Automobile Manufacturers (SIAM), it is expected that plant closures of auto OEMs and components makers will lead to loss of more than ₹2,300 crore in turnover for each day of closure," Rajan Wadhwa, president of the industry body said on Tuesday.

With almost all districts in the country under a lockdown as part of efforts to

Firms that announced closure include Maruti Suzuki, Kia Motors, and Hyundai Motor

combat COVID-19, automobile and auto component makers have, in the past two days, announced temporary shutdown of their manufacturing plants.

The manufacturers include market leaders Maruti Suzuki and Hero MotoCorp, Chennai-based TVS Motor, Kia Motors, General Motors, India Yamaha Motor, Renault India, Rockman Industries, Hyundai Motor, Honda Cars, Fiat Chrysler Automobiles and Honda Motorcycle & Scooter India.

Moody's downgrades Indiabulls

SPECIAL CORRESPONDENT
MUMBAI

Moody's Investors Service has downgraded the corporate family rating (CFR) and foreign-currency senior secured rating of Indiabulls Housing Finance Limited (Indiabulls) to B3 from B2.

In addition, Moody's has downgraded Indiabulls' foreign and local currency senior secured MTN programme ratings to (P)B3 from (P)B2. The outlook on all ratings remains negative, it said, adding, "The downgrade and negative outlook reflect Moody's expectation that Indiabulls' access to funding will remain challenging for longer than expected."

FM's announcements welcomed

Relaxations in norms will offer respite, say industry bodies

SPECIAL CORRESPONDENT
MUMBAI

The host of announcements made by Union Finance Minister Nirmala Sitharaman for the benefit of individual and business taxpayers in the backdrop of COVID-19 outbreak has been welcomed by MSMEs, experts and trade associations. Rajan Wadhwa, president, SIAM said, "The series of announcements made by the Finance Minister will lower the challenges for companies in the immediate term."

Extending deadline

However, K.E. Raghunathan, past president, All India Manufacturers Association, said, "The deadline for February GST returns, which was due to be filed on March



Rajan Wadhwa

20, should have also been extended as many MSMEs have not filed the returns for February as yet."

Colin Shah, vice-chairman, Gem & Jewellery Export Promotion Council of India, said, "These measures will give some relief to a lot of very worried entrepreneurs. Exporters wel-

come the announcement that customs will now function as an essential service and will be working 24x7 till June 30, 2020."

"The FM's announcement that companies with an annual turnover of less than ₹5 crore will not be levied any interest, penalty or late fee with respect to GST till June 30, 2020 will help MSMEs in the gem and jewellery sector," Mr. Shah said. Kamal Khetan, CMD, Sunteck Realty Ltd., said "In the light of the economic slowdown due to COVID-19 pandemic, the government is moving positively to support India Inc. "The announcement by the FM on relaxation of rules for TDS, GST and corporate compliances come as a much-needed respite."

Aramco capex cut may hurt BPCL divestment

Company's move amid declining oil demand is likely to affect Reliance Industries' stake sale as well

PIYUSH PANDEY
MUMBAI

The world's largest oil firm Saudi Aramco's decision to cut its capital expenditure (capex) by \$10 billion is likely to hurt the divestment of Bharat Petroleum Corporation Limited (BPCL) and also the oil giant's plans to buy a 20% stake in Reliance Industries Ltd.'s oil-to-chemicals business, according to analysts.

Saudi Aramco is planning to cut its 2020 capex to \$25-30 billion from the original \$35-40 billion amid concerns over oil demand owing to the outbreak of COVID-19.

The oil major's capex stood at \$32.8 billion in 2019.

Saudi Aramco's decision may have a direct bearing on the government's plan to divest its 52.98% stake in BPCL as Saudi Aramco was seen as one of the front runners to buy the stake.

According to Saudi Aramco's annual report, the com-



Slippery future: Saudi Aramco is planning to cut its capital expenditure to \$25-30 bn from the original \$35-40 bn. ■AP

pany will focus on downstream in high-growth markets, including India.

BPCL's market capitalisation has dropped by more than half to ₹56,910 crore as on Tuesday compared to almost ₹1,20,000 crore in November 2019.

BPCL shares on Tuesday closed down 2.62% to ₹262.35, valuing the company at ₹56,910.35 crore. At

current price, governments 52.98% stake will be valued

NEWS ANALYSIS

at ₹30,151 crore.

"It will be very difficult for the government to sell BPCL at this valuation," said a Mumbai-based oil analyst.

Aramco's focus now is to increase oil production up to 12.3 million barrels per day

(mbpd) compared with its average production of 9.7 mbpd amid an oil price war.

Even as Aramco's management is confident of meeting investors' 2020FY earnings/dividend expectations even if oil price remains at about \$30, the company will consider modifying 2021FY capex plan.

Stock price correction

Nomura, while raising its weight on Reliance Industries (RIL) due to lower oil prices, said the recent correction in stock price (down 33% vs. Nifty down 28%) factors in potential failure to close the Saudi Aramco deal and lower refining and petrochem margins.

Saudi Aramco, in a conference call, stated that it was still conducting due diligence on a potential investment in RIL's oil-to-chemicals operations.

Once the evaluation was complete, it would move to

the next stage of the approval process.

RIL management, in its Q3 earnings briefing, reiterated that its March 2021 deleveraging target remained unchanged and was not conditional on any transaction (such as Aramco).

"We note that the RIL stock price is down 34% from its peak (in December 2019) and below the price at which they had announced stake sale to Aramco - implying the market is not factoring in this transaction," said BofA Securities in research note to its clients.

"Aramco has the capability to close both the deals simultaneously as they believe their oil will last till eternity. They want long term buyers for Saudi oil.

"However, given the market conditions, the valuations of the both the deals could change to a great extent," an official of an oil PSU told *The Hindu*.

Monitoring medicine orders, inventories: IPA

Assures of adequate stock of APIs

SPECIAL CORRESPONDENT
HYDERABAD

The Indian Pharmaceutical Alliance (IPA) has said its member companies were closely monitoring orders and inventories of medicines.

"With an adequate stock of active pharmaceutical ingredients (APIs), finished product formulations and channel availability, we would be able to sustain the supply of medicines for the coming months. We are not aware of any medicines shortage, to date," a statement from IPA said.

Keeping tab on supply

The Alliance that represents 24 national pharmaceutical firms said it was working with various entities globally to assess international developments and any potential impact on supply of medicines globally.



IPA said the member companies were working with the Central and State governments, pharmaceutical industry associations in the country and key stakeholders in the supply chain to ensure patients in India and the world continued to have access to medicines. The Alliance members contribute to over 80% of the country's exports of drugs and pharmaceuticals and service over 57% of the domestic market, the statement said.

Ola to waive lease rentals for drivers

SPECIAL CORRESPONDENT
BENGALURU

Ride-hailing platform Ola has decided to waive lease rentals for its driver partners.

"We can confirm that we are fully waiving away lease rentals, akin to an EMI, for driver partners who operate vehicles owned by Ola's subsidiary, Ola Fleet Technologies, under its leasing programme," the company said in a statement.

Driver partners who are currently in distress due to the temporary lockdowns in the wake of COVID-19, will stand to benefit, it said.

"Our benefits on insurance for drivers and their spouses against loss of income due to contraction of COVID-19 will continue to be offered to all our driver-partners across the country," the ride-hailing platform further said.