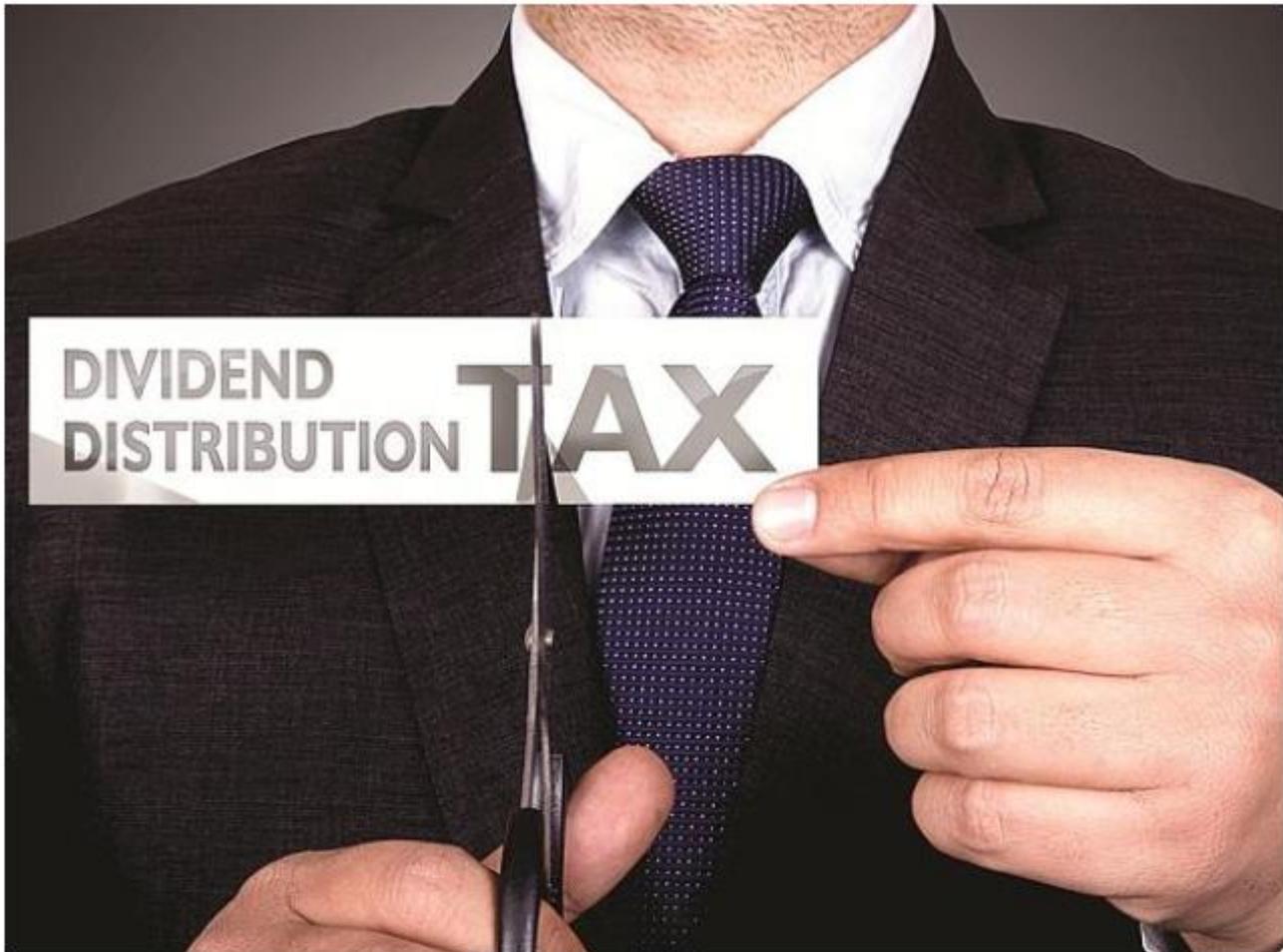


# Business Standard

## MNC shares in focus; Nestle scales fresh peak, HUL nears record high

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[SI Reporter](#) | Mumbai Last Updated at February 3, 2020 12:05 IST



Shares of multinational companies (MNCs) were in focus with Nifty MNC index gaining more than 2 per cent on the National Stock Exchange (NSE) on Monday after the government abolished the Dividend Distribution Tax (DDT) from company level and said it will now be taxed in hands of recipients.

Among individual stocks, Nestle India hit a new high of Rs 16,279, up 5 per cent today. Hindustan Unilever (HUL) surged 5 per cent to Rs 2,180 on the NSE. The stock of the fast moving consumer goods company (FMCG) giant was trading close to its all-time high level of Rs 2,190 touched on November 7, 2019.

SKF India, Abbott India, Britannia Industries, Castrol India, Kansai Nerolac Paints, Ambuja Cements, 3M India and Hexware Technologies from the Nifty MNC index were up in the range of 3 per cent to 5 per cent on the NSE.

At 11:07 am, Nifty MNC index, top gainer among thematic indices, was up 2.2 per cent at 13,929 points, as compared to 0.58 per cent rise in the benchmark Nifty 50 index.

“This is a welcome move and comes as a huge relief to the foreign investor community who are often faced with the difficulty of not being able to claim tax credit in the country of residence or take benefit of withholding tax rates under the applicable tax treaty,” Nishith Desai Associates said in India Budget Analysis 2020-21.

While this creates significant benefits for foreign shareholders (including corporates and private equity investors), the trade-off is that for domestic shareholders, the taxes paid on amounts received as dividend may increase, depending on the tax rates applicable for such shareholders, it added.

For MNC companies, the foreign promoters in tax-free locations benefit from no dividend tax.

“With dividend now being taxed in the hands of the receiver could have implications for dividend and buyback policy,” analysts at ICICI Securities said in a note.