

Markets: Beating Volatility

Adani Group, BASF Plan to Set up ₹14k-cr Petrochem Unit ou on BRANDS & COMPANIES >> 5

Market Trends

STOCK INDICES		% CHANGE	
Nifty 50	10905.2	0.14	
Sensex	36374.08	0.15	

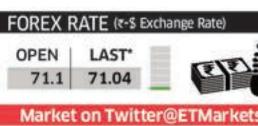
	MSCI India	823.39	0.3	SX 40
	MSCI EM	2256.99	-0.18	Nikke
	MSCI BRIC	581.97	-0.41	Hang
	MSCI World	8113.85	-0.05	Strait



DUBAI CRUDE 10-YR Y 59.83 7.2 0.29 0.0 Absolute Change Figures in

	GOLD
TELD	Prices
28	
00	OPEN
%	LAST

LD RATE			"At 10.30pm, After adjusting
s per	Troy Ounce (\$)		for import duty, Indian spot gold lower by \$ 10.08 to US
	US	India	Comex gold price on Thursda
EN	1293.9	1413.62	The premium on local gold is due to tight supply following
T*	1293.8	1413.1	import curbs.



LAST* 71.04	
on Twitter	@ETMarkets

4,202	1.079 Over la Mont	st	17.54%1 Over last Year
Nationwide Standard & Transparent Pricing since 2006. Published on every Friday.		DI	VINE"
		SOLITAIRES	
*This is an averag This data has not bee	ge of Divine Sc	ditaires P	rice List.

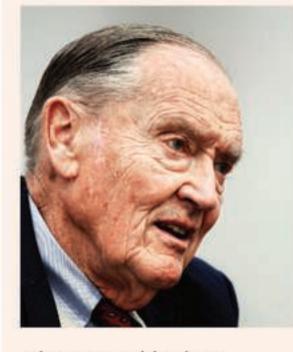
Earnings Watch

Results Scheduled Today... Sales In *Crore ■ PAT

Sales III (CLOLE	FAI	
Bloomberg Consensus Est	Dec-18 Estimate	YoY% Change
Atul	978.43	21.74
	107.00	62.15
Kajaria	745.84	12.81
Ceramics	58.12	7.02
Larsen & Tou- bro Infotech	32110,44	11.70
	1817.84	22.00
MPS Ltd.	102.40	50.85
	19.20	9.34
NIIT Technologies	963.79	27.40
	113.13	49.64
	15167.22	10.96
Wipro		

John Bogle, Vanguard **Founder Who Urged Low** Fees, Dies at 89

18.82



Pioneered index funds, making Vanguard No. 1

Bloomberg

John Bogle, who popularized the low-cost index-based mutual fund as founder of Vanguard Group Inc. and insisted that most stock-picking money managers weren't worth the fees they charged, has died. He was 89.

He died Wednesday in Bryn Mawr, Pennsylvania, the company announced in a statement. The cause was cancer, according to the the Philadelphia Inquirer, citing his family. He suffered the first of at least six heart attacks at age 31. In 1967 he had a pacemaker installed, and in 1996 he received a heart transplant.

By word and example, Bogle proselytized on behalf of patient, long-term investing in a diversified group of well-run companies. He focused his advocacy on index funds, those that buy and hold the broadest mixes of stocks. He cautioned that the pursuit of quick trades and short-term profits typically helped investment advisers more than investors.

"The way to wealth for those in the business is to persuade their clients, 'Don't just stand there. Do something," he wrote in "The Little Book of Common Sense Investing" (2007). "But the way to wealth for their clients in the aggregate is to follow the opposite maxim: 'Don't do something. Just stand there.'

Bogle's formula turned Vanguard into the largest U.S. manager of stock and bond funds.

"He was a towering figure," Burton Malkiel, a Princeton University economics professor and Vanguard board member since 1977, said in an interview. "The mutualfunds industry is infinitely better because of Jack Bogle."

Backed by an addition of 27.9 million subscribers, operating revenue rose 12.4% sequentially and 51% year on year to ₹10,383 crore for the mobile phone operator

Jio Posts a Profit for 5th Quarter in a Row; Q3 Number Up 65%

Our Bureau

Mumbai: Reliance Jio Infocomm (Jio) reported its fifth straight profitable quarter, with a 65% on year jump in the bottom line for the October-December period, boosted by strong user additions and increased data usage, and said it plans to monetise its fibre and tower assets by bringing in new investors.

The telecom unit of Reliance Industries (RIL), which has upended the market since its entry in September 2016 with cheap mobile Internet services, is demerging its fibre and tower businesses into Jio Digital Fibre Pvt. Ltd., and Reliance Jio Infratel Pvt. Ltd., re-

.. the end objective will be to have different set of investors straight quarter of a fall in its who would want to run these average revenue per user (ARcompanies. This means that PU) — a key performance pa- Enterprise with our next generasheets, so the liabilities also go down," RIL's joint chief financial officer Srikanth Venkatacharitold reporters Thursday.

For the fiscal third quarter, the Mukesh Ambani-owned telco posted a net profit of Rs831 crore, compared with Rs 681 crore in the July-September period, and Rs 504 crore a year ago. ICICI Securities had estimated a net profit of Rs751

Backed by an addition of 27.9 million subscribers, monthly in the last average data usage of 10.8 GB and voice consumption of 794 minutes, operating revenue ro- lakh crore investment by its se 12.4% sequentially and 51% on year to Rs10,383 crore for the mobile phone operator, which is playing a key role in helping parent Reliance Industries terest across 1,400 cities, and transition from an oil and retail conglomerate to a technology necting homes on priority ba-



The telco though saw a fourth rameter — to Rs130 from Rs131.7 in the last quarter, and from Rs 154 a year back as it added more lower revenue gene-

rating subscri-

bers in the

smaller towns

and cities thro-

ugh the 4G fea-

JioPhone, said

head of strate-

gy and plan-

turephone,

Anshuman

Telco saw a fourth straight guarter of a fall in its average revenue per user to ₹130 from Rs131.7 quarter

ning. telco, backed by a Rs3 moneyed parent, said that its home broadband and enterprise service - JioGigaFiber has seen strong customer inthe company is currently consed on the requests received.

"We are similarly working on re-inventing the connectivity solutions market for Homes and Ambani, Chairman and Managing Director at Reliance Industries, said in a statement.

The carrier was the first amongst the three private telcos to announce its results for the fiscal third quarter which may not have seen tariffs fall further but continues to see the effects of rock bottom prices in the preceding quarters Thakur, Jio's post Jio's launch in 2016. According to an ET poll, Bharti Airtel and Vodafone Idea, are both likely to report sizeable losses late this month or early revenue fall.

Nitin Soni, director (corporates) at global rating agency, Fitch said "Jio has managed to due to a combination of its dis-

IG network experience". He added that the latest telecom entrant is on course to "catch up with Bharti Airtel on RMS (revenue market share) later this year (calendar 2019), and could even move ahead of Vodafone Idea (VIL) on this score," as the current market leader "could lose both revenue and customers in its attempts to pull off a complex network integration process".

Airtel's RMS was at 30.9%. VIL's at 32.8% and Jio's at 26.1%, as per regulator's data at September end. Jio's subscriber churn stood at 0.61% in the just ended quarter. Thakur said that quarterly

subscriber additions fell from over 37 million in the fiscal second quarter which had "special schemes" and also due to the change in the digital knowyour-customer (eKYC) process after a Supreme Court ruling, restricting the use of Aad-

At Jio, earnings before interest, tax, depreciation and amortisation (Ebitda) totalled Rs4.053 crore, up by 13.4% sequentially, and 54.2% on year. Quarterly Ebitda margin expanded to 39% from 38.7% % in the preceding one, and 38.2% a year ago, despite total expenses rising over11% sequentially, and over 49% on year to Rs 9,106 crore.

Sequentially, network operating costs rose 22.5%, license fees and spectrum charges were up 15.6%, finance costs gained 9.5%, while depreciation next, albeit on a slower pace of and amortisation expenses rose10%.

The company recorded a capital expenditure of about Rs14,000 crore in the Decemrace past the Rs 10K crore reveber quarter, compared with nue mark at a faster clip than ₹16,000 crore in the previous the older incumbent carriers quarter, atrend which is going to continue as earnings contiruptive pricing and a stronger nue to improve, said Srikanth.

Rupee Rises 21 Paise to Close at 71.03

Mumbai,: The Indian rupee reversed its four-day losing streak by recovering 21 paise to close at 71.03 against the US dollar Thursday on increased selling of the greenback by exporters and lower crude oil prices.

Besides, liquidity infusion by central banks through open market operations and unveiling a RBI new policy for overseas borrowings, allowing all eligible entities to raise foreign funding under the automatic route and removing sectoral curbs, supported the rupee.

At the Interbank Foreign Exchange, the rupe eopened stronger at 71.15 a dollar against the previous close of 70.24. The local unit moved in a range of 70.92 to 71.40, before finally ending at 71.03, showing a gain of 21 paise.

The rupee Wednesday plunged by 19 paise to close at 71.24 against the US dollar.

"Indian rupee has broken the four days losing streak, after liquidity infusion by central banks through open market operation. Central bank eased overseas borrowing rules for companies, which also helped rupee to recover from the lower levels," said V K Sharma, Head PCG and Capital Markets Strategy, HDFC

Securities. Meanwhile, the dollar index, which gauges the greenback's strength against a basket of six currencies, was trading lower by 0.01 per cent at 96.04. Furthermore, losses in crude oil

and gains in domestic equities also supported the trading sentiment in the forex market. Brent crude, the global benchmark,

was trading at USD 60.56 per barrel, lower by 1.24 per cent.

BUT CO SAYS DEMAND 'OUTLOOK UNPREDICTABLE'

HUL's Profit Rises 9% in Q3 on Healthy Volume Growth of 10%

Our Bureau

Mumbai: India's biggest pure-play consumer company, Hindustan Unilever Ltd (HUL), said profit in the December quarter rose 9% and demand remained stable with rural growth outpacing urban markets. However, it maintained consumer demand outlook to be unpredictable due to several external factors, including the elec-

The company, a good proxy for consumer sentiment, posted a 12 % rise in December quarter sales to Rs9357 crore because of improved market stability and rising consumer confidence. Net profit increased to Rs1444 crore at the Indian unit of the Anglo-Dutch Unilever. "The demand remains stable. The overall market grew 9-10% with volume growing 8-9% on a moving annual total basis," said HUL managing director Sanjiv Mehta, adding that rural growth was 1.3 times than that of urban.

In the past few years, drought and lower state-set farm-gate prices had hitrural demand. Few years ago, sales growth in hinterland were double compared to cities, driving the overall fast moving consumer goods market. However, 2016 saw rural market growth falling to that of the urban level, with consumption affected by less disposable cash and two consecutive

So is the rural demand still stressed? "The very fact that the government in many states were forced to waive farm loans, that is certaintly indicative of that. Even rains started well but many pockets in the country didn't receive average rainfall," said Mehta. "The government had put in the intent of MSP and whether that gets effectively implemented in the market or not is yet to be seen.'

HUL is the first big consumer goods company to report earnings growth, and its performance is often seen as setting the tone for India's packaged goods sector struggling with price-led growth in the new tax regime that has strict rules on profiteering. In fact, raising prices has been a problem for all consumer companies, even after a surge in commodity costs and the fall in the local currency. While the company succeeded in increasing prices during the quar-

ter by 2-3%, the move didn't impact de-

mandfortheir products. "There are lot of macro-economic factors such as crude, a fair amout of apprehensions, we have come into election year and distruptions happening. While on a base level, demand is stable, it is important to keep a very close eye on all these emerging elments and manage the business with agility," said Srinivas Phatak, chief financial officer at HUL.

During the quarter, HUL's growth largely came from selling more products, with volume growth at 10%, rather than getting higher prices for them. The comany also said there were exceptional items due to restructuring of water business and legal expenses for Horlicks acquisition, excluding which profit grew 17% to Rs1401 crore. Operating profit margins, before interest and tax, rose 170 basis points. HUL's personal care business, which accounts for half its overall sales, rose 11% to Rs 4539 crore in the December quarter while the homecare segment grew 15% to Rs 3148 crore.

"Competition remains intense, but sequentially competition has not further elevated be it respect to pricing or ad spends. From commodities point of view, crude prices, palm oil have eased off, rupee has stabilized. Somefood raw materials such as sugar, wheat have however seen inflation," said Abneesh Roy, senior vicepresident, institutional equities at EdelweissSecurities.

REVENUE UP 89% YEAR-ON-YEAR TO ₹35,577 CRORE

Reliance Retail Oct-Dec Pre-tax Profit Jumps 177% to ₹1,680 cr

EBIT margin for the segment also improved by 160 bps to 4.2%

Our Bureau

New Delhi: Mukesh Ambaniled Reliance Retail reported a 177% jump in profit before depreciation, interest, and taxes (PBDIT) at ₹1,680 crore for the third-quarter ended December 31 of the financial year 2018-19. The company had reported a tail and Jio platforms and the PBDIT of ₹606 crore during the

review grew 89% year-on-year to ₹35,577 crore from ₹18,798 crore. Healthy festive season sales and new store openings resulted in the robust quarter, the company said in its earnings announcement. "In our endeavour to consis-

tently create more value for our country and stakeholders, our company has become the first Indian private sector corporate to cross ₹10,000-crore quarterly profits milestone," said Mukesh Ambani, chairman, Reliance Industries Limited.

"In our new-age consumer businesses, we maintained robust growth momentum across Reshare of consumer businesses Revenue for the quarter under bution to the overall profitabili-



ty of the company," Ambani said, adding that the wireless business, with its customer-centcorresponding period last year. is steadily increasing its contri-ric offerings and strong ubiquitous network is helping

to digitalise India at an unprecedented rate. "As we execute on our strategies to deliver superior products

and services to Indian consumers, I am confident, Reliance is well-positioned for the future and for the next cycle of growth."

According to the company, segment EBIT (earnings before interest and taxes) rose 210% to ₹1,512 crore from ₹487 crore it posted during the corresponding period last year, demonstrating strong operating profit during the quarter. The EBIT margin for the segment also improved by 160 bps to 4.2%.

Reliance Retail now has 9,907 stores with a reach across more than 6,400 towns and cities in the country.

Crisis-Hit IL&FS Bond Holders Want a Seat on Board

Trustee also objects to dividend payments by IL&FS to shareholders for 2017-18

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Mumbai: Frustrated with the opa-

ructure Leasing & Financial Services (IL&FS) group companies, a bunch of bond holders are demanding a seat on the board run by government-appointed directors and headed by Uday Kotak.

While the board hasn't yet responded to the demands of the bond holders, the representatives of lenders are set to move a petition in the National Company Law Tribunal that's hearing the government plea of moratorium on the ₹91,000 crore city and snail-paced movement at of loans. "We have approached the resolution of default at Infrast- the new IL&FS management se-

eking a nominee director seat and the former senior management on the board," said UK Maheshwari, managing director, and HV Kamdar, company secretary, at Centbank Financial Service, a custodian for bond holders in IL&FS and IL&FS Financial Ser-

IL&FS went into administration in October after the company defaulted on payment obligations. The government sacked the entire board and charged it with mismanagement and corruption. There are allegations of financial misdoings

have restrictions imposed on them, including on their financial spendings. Although the governmentappointed management is moving on resolution with appointment of advisors to dispose of the assets, bond holders believe they are not given a fair hearing. Centbank Financial services is the

trustee of such bonds sold by IL&FS and IL&FS Financial Services that have about ₹15,000 crore outstanding debt securities, including bonds and inter corporate deposits.

dend payments by IL&FS to its shareholders for 2017-18, said another source. Of the total loans outstanding of ₹91,000 crore, about 61% is owed to banks as loans and 30-40% as bonds to other investors.

"We will soon file a supplementary petition at Mumbai NCLT regarding this as it will protect interest of bond holders," V Kamdar, Secretary at Centbank.

IL&FS' woes are just worsening by the day.

The trustee has also objected divi-ruction, operation and maintenence of 2-Lane Bi-Directional Zoiila Tunnel (the project), awarded by NHDCL in the State of Jammu & Kashmir has been terminated effective January 15 this year," the infrastructure conglomerate said in a

Earlier this week, India Ratings and Crisil hinted at sharp downgrades to 'D', or default grade, for the outstanding loans and debt at the special purpose vehicles as repayments are stopped at those opera-"The contract awarded for const-tingunits.

Brokerages Set Up Shop in Daman to Avail Tax Exemption

Pavan.Burugula @timesgroup.com

Mumbai: The Union Territory of Daman and Diu is emerging as a hub for Indian brokerages thanks to a favourable tax law. The region with less than three lakh population is home to over 500 brokerages, which is one-fifth of the number of such firms across the country, said industry officials. The rush to set up shop in Daman and Diu is to take advantage of exemption on stamp duty, which results in cost savings

ty. As a measure to attract capital into the Union Territory, the central government has exempted businesses in Daman from paying any stamp duty. This provides a tax arbitrage for brokerages especially the ones who clock large volumes in proprietary trading.

Daman and Diu is the registered home to more brokerages than some of the large states including Karnataka, Tamil Nadu or Andhra Pradesh. Maharashtra remains the state with the highest broker registations.

Most brokerages registered in Daespecially for smaller broking man run their operations in the country's financial capital Mum-Any trade in equities is subject to bai. The address of incorporation various taxes including stamp duin the Union Territory is often a



post box address or a small oneroom place with one or two staff members.

questing anonymity said there was

nothing illegal about incorporating a company out of a tax favorable jurisdiction and not just bro-One broker who spoke to ET re-kerages but some of the non-banking financial companies (NBFCs)

used the same route. Capital market regulator Sebi had raised questions about the high brokerage registrations in Daman.

"We explained to Sebithat no laws were being broken," the broker ₹15-20 lakh a year on stamp duty

governments and they vary across the country. States like Maharashtra charge the tax at a rate of 0.001%, while states like Bihar levy the stamp duty at 0.25%, data from official websites showed. While the quantum of tax savings looks less, it helps those brokers who trade in bulk quantity. For instance, if a lakh a day, a Daman registration

and smaller law firms have also would save it about ₹4 lakh a year ty exemption falls in the latter catecompared to a Mumbai-based broker, while he would be saving ₹9 lakh compared to a broker based out of Patna.

and these savings keep accruing wala, managing director, Churiwala Securities. "In a low-margin business like broking, every penny jor benefits for the jurisdiction." matters."

activity of the place. The stamp du-

"Brokerages operating out of Da-

man will certainly increase the commercial activity around the "Some of the brokers save about place and hence it is not in violation of the law," said Pavan Vijay, founder, Corporate Professionals. Stamp duties are levied by state year after year," said Alok Churi- "However, spirit of law is a different question since they don't generate employment or provide any ma-

There are 2.767 registered bro-Legal experts say, there are two kers in the cash segment while kinds of incentives that govern- there are 2,579 brokers in the equiment gives for places like Daman - ty derivatives. Industry estimates one to set up heavy industries and suggest about 1,000 of the brokers generate employment, while the are registered in Maharashtra broker trades in shares worth ₹10 other is to increase the commercial which also accounts for 60% of the total market volumes.