

**MANAGE & PROTECT AGAINST FLUCTUATING BULLION PRICES HEDGE ON MCX**

**Tweet of the Day**

**Jim Rickards**  
@JamesGRickards

India is a strange case. "Official" reserves are weak relative to the size of the economy, but citizens have enormous reserves in the form of jewelry (which is really bullion in wearable form). The conundrum is whether the government could seize it from the people in case of need

**Quarts & Ounces**

**Onion-Nasik-KOLKATA** (In ₹ per 40 Kg)

**ET Index** (2003=1000)

COMMODITIES

<b>Bullion</b>	CHANGE	20.1
DAYS INDEX	PREV. DAYS	LAST WEEK
4899.8	4879.7	4913.0
<b>Cement</b>	CHANGE	0.00
DAYS INDEX	PREV. DAYS	LAST WEEK
2011.2	2011.2	2048.0
<b>Edible Oil</b>	CHANGE	-4.0
DAYS INDEX	PREV. DAYS	LAST WEEK
1630.5	1634.5	1636.5
<b>Foodgrains</b>	CHANGE	2.8
DAYS INDEX	PREV. DAYS	LAST WEEK
2313.2	2310.4	2315.2

**India's Rice Exports Set to Gather Steam**

**Parshant.Krarr**@timesgroup.com

**Chandigarh:** Rice exports from India are set to swing in the last quarter of this year on a rise in orders after shipments slumped 14% in the last three quarters over high input costs and tepid demand from Bangladesh. "Consignments in January are better than the previous year and the trade is likely to attain levels close to the previous year," a senior commerce and industry ministry official told ET.

Exporters have seen a surge in demand from the UAE, Iran, Saudi Arabia and the US this quarter. The official said the supply for exports has picked up after being affected for the last few months of 2018 because of assembly polls in some states. A bumper yield in Bangladesh also took a toll on Indian exports, he said.

**Column**

**DINESH KANABAR**  
CEO, Dhruva Advisors LLP

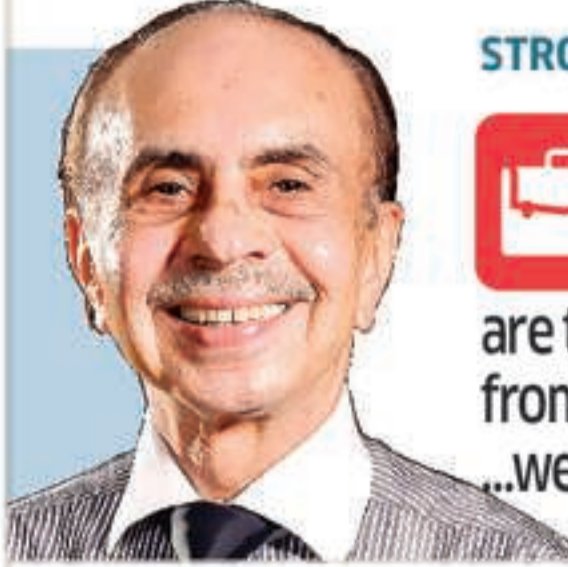
No one expected the last (albeit interim) Budget of the current government to be a humdrum affair. And although there were no path-breaking announcements, there were some changes in the tax regime that could be quite far reaching in their own right.

These included tax relief in the form of rebate for individuals with income of up to ₹5 lakh, an exemption for notional rent from a second self-occupied property, extending the rollover benefit on capital gains of up to ₹2 crore from one to two residential homes and benefits for the real-estate sector.

While these changes and their impact have been discussed

**UNCERTAINTY** Difficult to predict on long-term agri sector due to risks

**Way Ahead: JVs with Developers**



**STRONG GROWTH**

We are looking at very strong growth and we are taking on projects from other developers...we are doing JVs

**W**e are looking to very strong growth and we are doing joint ventures with real estate developers. **Adi Godrej**, Chairman, Godrej Group, tells **ET Now**. Edited excerpts:

**The realty space is ailing given the liquidity crunch. What will be your strategy?**

We are looking to very strong growth and we are taking on projects from other developers...we are doing joint ventures with developers to complete their projects. It is good for us. We have announced many such schemes and we expect to do

**ET Q&A** extremely well in the quarters to come.

**In the consumption basket, what is the pickup you have seen and expecting in Q4?**

The budget was positive for consumption-based industries. A lot of the initiatives taken in the budget will be helpful and so we expect good growth and results in Q4.

**How do you see the agri segment in the near term?**

The agri sector depends a lot on seasonal factors including the weather and crop patterns. We will have to watch. It is very difficult to predict on a long-term basis.

**STORY SO FAR** Total revenue of nine months of NBCC grew 30.5%

**Growth Target of 30% Possible**



**THE NUMBERS**

NBCC will definitely give 30% growth and in coming times, the entire consolidation will see that minimum 30% growth will come

**I**n nine months, the revenue growth is 30% and this is without the major redevelopment projects which got stuck because of environment-related issues which have also been cleared. **Anoop Kumar Mittal**, CMD, NBCC, tells **ET Now**. Edited excerpts:

**You have given a 30% guidance for Q4. How confident are you of achieving this?**

There is some miscommunication. As far as revenue is concerned, nine months total revenue growth is 30.5%. NBCC growth and profit margin have

**ET Q&A** also increased 18-19%. We will maintain this for the whole year. There are companies which we have been recently acquired. In fact, one company hospital services HSCC, we have acquired, only a few days back. That has shown some results and they have given nine-month revenue of ₹1,600 crore and some ₹50 crore profit also. Similarly, last year, we acquired HSCL and that has also given some revenue. In total, NBCC will definitely give 30% growth and in coming times, the entire consolidation will see that minimum 30% growth will come.

**FUEL GAUGE** The latter half of this year will see oil at \$65-70 sans geopolitics

**Oil will be at \$65-70 in H2**



**POWER OF THE SAUDIS**

The Saudis are so powerful as they export most of the oil and their own consumption is small

**T**he first half of the year will see oil in the range of \$60-65, the second half between \$65-70 with some odd times depending on what happens in Venezuela, Fereidun Fesharaki, Chairman, FGE, a leading energy consulting group, told **ET Now**. Edited excerpts:

**How do you read the oil scene?**

Today, the US exports about 2-2.5 million barrels per day (bpd). The US production is going up, but let us remember the US still is a net importer. Maybe, the net importer position will change and it will become a net exporter, but a minor exporter. The reason the Saudis are so powerful is that most of the oil they export and their own domestic consumption is very small, but the US domestic

**ET Q&A** consumption is so huge. 40% of gasoline demand in the world is in the US alone. Second, the US oil industry is run by the private sector. Everybody maximises production. They do not have any hidden capacity they can come up with and overwhelm the world. But the Saudis cut back production. So, they have capacity leftover. When there is a crisis like Venezuela, they can unleash it in the market.

**What is your opinion about oil market range in 2019?**

The first half of the year will be at \$60-65, second half of the year between \$65-70 with some odd times depending on what happens in Venezuela, it may jump to \$75. The latter half of this year at \$65-70 without geopolitics is what supply demand tells us.

**UNTAPPED** Just scratched the surface by reaching 100-odd towns

**V-Mart to Focus on Tier 3 Cities**



**THE PATH FORWARD**

The selfie age is driving everything right down to those levels. This is where we want to go and this is where most of the retailers are also trying to follow

**W**e have just scratched the surface by reaching 100-odd tier 3 & 4 cities, but there are thousands of towns which can actually be inhabited by retailers like us, **Lalit Agarwal**, CMD, V-Mart, tells **ET Now**. Edited excerpts:

**Eight of the 10 stores that you added in the third quarter were**

**ET Q&A** in tier-3 and 4 cities. Is that the strategy?

V-Mart has always been pioneering in tier-3, tier-4 cities. That is the mode that we want to follow and that is where we see a lot of opportunity and growth which can come in. The consumers, the Bharat, which lives in these towns and this is where the high density of population is, have unlocked aspirations and unaddressed consumption needs.

**Minority Stakeholders Make a Bid for Ricoh India**

**Personal Interest**

**Minority shareholders believe:**

- The business has potential
- The current turmoil is due to financial fraud rather than a wrong business model
- The move, if successful, will address their concern that their interests will be sidelined if another bidder acquires the co

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**ET Intelligence Group:** In a rare instance and probably the first of its kind in India, minority shareholders have bid for a company that has filed for bankruptcy under the National Company Law Tribunal (NCLT). The company in this case is Ricoh India, a subsidiary of Japan-based electronic devices manufacturer Ricoh. Kotak Investment Advisors, Karvy Data management services and Bengaluru-based WEP solutions are already in the race to acquire the company.

The two minority shareholders that ET spoke to on the condition of anonymity confirmed the development and said that a group of such shareholders along with a white knight investor have submitted a competing bid. Minority shareholders believe that the Indian subsidiary's business has potential and the current turmoil is due to financial fraud rather than a wrong business model. More importantly, the move, if successful, will address their concern that their interests will be sidelined if another bidder acquires the company.

"If other bidders are also financial investors, then why not us. The existing team is already running the show, you just have to expand it," said one of the minority shareholders. "We have already found an investor who sees potential in the business," he added, but did not disclose the name of the investor.

Ricoh India was a profitable company and had attracted several savvy individual and institutional investors until the top management was engulfed in a financial fraud after 2014. However, the company continues to do business. According to the company filings, Ricoh's revenues for FY18 were ₹690 crore and it made a net loss of ₹84 crore. Currently, Ricoh India is working on the digitisation of 1.3-lakh post offices across the country.

**Source:** PTI

**Palm Imports Drop 2.3% in Jan, says SEA**

Palm oil imports declined by 2.31% to 8,15,236 tonne in January from the year-ago period, Solvent Extractors Association (SEA) said.



**Fall in India's Total Vegetable Oil Imports**

<b>12.75 lakh tonne</b>	<b>12.91 lakh tonne</b>
January 2019	January 2018

**8,34,444 tonne** India's palm oil imports in Jan 2018

**1,67,429 tonne** India's import of RBD Palmolein in Jan

**6,45,308 tonne** India's shipment of crude palm oil in Jan

**1,85,906 tonne** India's shipment of soyabean oil in Jan

**WHAT INDUSTRY BODY SAYS:**

The shipments of palmolein, from Malaysia, have increased due to cut in import duty on palm oils, which has reduced the effective duty difference between crude palm oil (CPO) and RBD Palmolein

**Online Discounts Back**

**From Page 1**

Federation of All India IT Associations (FAITTA) secretary Saket Kapoor said it has entered into an agreement with large manufacturers on pricing parity.

"The agreement includes no scope for any online-exclusive model and if the manufacturers do launch them, they have to offer it to offline trade first who have the right of first refusal," said Kapoor. The group represents more than 30,000 IT retailers across the country.

Cellphone and computer brick-and-mortar stores were the worst hit by online discounts in the past four years with AIMRA and FAITTA saying prices of these products were 35-40% cheaper on the marketplaces.

Sangeetha Mobile managing director Subhash Chandra said the chain

has decided not to sell Realme smartphones, since the online-focused brand is offering extremely low margins. Sangeetha Mobile is the south's leading cellphone retail chain with 600 stores.

Offline retailers had cheered when the government revised the FDI in e-commerce policy in a move that was aimed at providing a level playing field.

While operations in Amazon and Flipkart were briefly impacted when the revised norms came into effect on February 1, the marketplaces subsequently came back into business by rejigging their structures to be compliant with the revised policy. Even large sellers like Cloudtail and Appario returned to Amazon.in after changes in their shareholding structure to become compliant. The marketplaces have started running discounts since then.

**Debt Facility Priced at 12-15%**

**From Page 1**

The debt facility is priced at 12-15% and could cover most of the existing debt, which is secured by the cement business as well as property. Cement is a group entity that's separate from the listed Emami entity. However, the terms of the debt facility include a swap on the upside of Emami shares in the event of any monetisation, while downside is protected via fixed interest rates.

KKR and Emami declined to comment.

Founded in 1974 in Kolkata, Emami is one of India's leading consumer goods companies with more than 300 products and operations in 60 countries. The company employs nearly 3,300 people and is present in 4 million retail outlets through a network of 3,150 distributors.

Since 2008, the group has acquired at least eight companies or brands within the country and abroad. This includes a buyout of the Kesh King brand for Rs 1,650 crore and the acqui-

sition of Eco Cement in Bihar. In addition, the group has invested Rs 4,000 crore in three greenfield cement plants.

While the consumer goods business is profitable and has low leverage, over time the promoters have taken on debt for various diversification exercises from mutual funds and non-banking finance companies (NBFCs).

KKR operates its credit business in India through two NBFCs and credit funds. It has invested over \$9 billion in India through private equity, structured credit and real estate. In 2018 alone, KKR India Financial Services (KIFS), the corporate credit business, underwrote more than Rs 8,100 crore in financing, while KKR India Asset Finance, the real estate credit business, did so to the tune of over Rs 4,200 crore.

According to industry sources, KKR could generate a 22% internal rate of return (IRR) for structured credit deals fully exited in 2018, a measure of profitability.

**The Impact & Significance of Tax Changes**

**DINESH KANABAR**  
CEO, Dhruva Advisors LLP

extensively over the last few days, it is perhaps also important to see what these changes signify, from a larger perspective of how our tax system is likely to evolve in the coming years. There are four key takeaways from this perspective:

First, this Budget shows the government's focus on expanding, and maintaining its tax base. The finance minister spoke of how the number of returns filed has grown from 3.79 crore to 6.85 crore in the past few years. While this is impressive, there is no denying that we still have a long way to go. If the exemption for those earning up to ₹5 lakh had been effected through a change in slab rates, it could have resulted in a fall in the numbers of taxpayers required to file income tax returns, which would have negated the gains of the past few years. Perhaps, in recognition of this, the relief was structured as a rebate, which would mean that return filing obligations remain intact. With increasing use of technology, one may further expect the returns filing proc-

cesses to be simplified and streamlined, so as to minimise the compliance burden on taxpayers with nil or low tax dues.



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The Budget also seems to recognise some key societal changes in the way Indians live and work today and seeks to reorient the tax regime accordingly.

For instance, the exemption for notional rent on a second self-occupied house reflects the increase in internal migrations, and the need for many individuals to maintain second homes to support parents or children staying elsewhere. Permitting a taxpayer to roll over gains on sale of a house by investing in two houses is also an outcome of this recognition.

The only sector that saw substantial changes in the Finance Bill was real estate. There was an extension of the tax holiday for affordable housing projects, and a modification of provisions relating to taxing notional rent on unsold inventory.

The latter provision will now apply only to properties which are unsold beyond two years from the project completion date. This again reflects the importance that is attached to this sector.

Lastly, the Budget reflects the importance of technology, both in expanding the tax base as well as improving the overall taxpayer experience.

And although one waits to see how the process of return scrutiny will work in practice, the planned processing of returns and issue of refunds within 24 hours will truly be a game changing development.

With a full-fledged Budget after the elections less than six months away, it may also help to take a quick stock of what is in store in the days ahead. The new Direct Taxes Code is on the anvil, and although this will likely be taken up only after the elections, public consultations and debate may begin soon.

Taxpayers will also be watching the next budget closely to see if there are rate cuts for companies and firms, a rationalisation of MAT and DDT regimes, and changes (and possibly a repeal) of the angel tax provisions.

Until then, of course, all eyes will be on the political arena.

**Tax Queries**

**DILIP LAKHANI**  
Senior Chartered Accountant

**My wife coaches students after completing her MCA. She is simultaneously pursuing BEEd programme. Will her income be treated as income from profession? If so, which is the code to use under section 44ADA or 44AD? (HARISH AGRAWAL)**

S 44ADA is applicable to an eligible profession which is defined u/s 44AA(1) of I-T Act, 1961. Your wife is coaching few students, which can be construed as she is engaged in

teaching profession. The said profession is not an eligible profession u/s 44AA(1). She will not be eligible to avail the benefit of presumptive taxation under Section 44ADA while computing her taxable income. Teaching profession will also not be construed as carrying on business and hence she will also not be eligible to avail the benefit of presumptive taxation u/s Section 44AD of the I-T Act 1961.

**For computing the taxable income from this activity, from the gross receipts she can claim deduction of certain revenue expenditure, which are incurred wholly and exclusively for carrying out the said activity.**

**Q Do we really need to pay a tax demand of ₹10? (ADITYA)**

No, there is no requirement to pay tax demand of ₹10. The Government of India has vide press note dated January 5, 2012 clarifying that demand of less than ₹100 will not be collected from the assessee.

**Q I retired from a bank on Oct 1, 2018. My gratuity amount is more than ₹20 Lakh. But my employer said that my tax exemption on the gratuity is only up to ₹10 lakh. Can you clear the confusion? (MOHAN KOKANE)**

As per Section 10(10)(ii) of the I-T Act 1961, gratuity received



As per Section 10(10)(ii) of the I-T Act 1961, gratuity received

under the Payment of Gratuity Act, 1972 is exempt in the hands of employees to the extent of the limit prescribed. The maximum limit amount of gratuity under the Payment of Gratuity Act, 1972 has been enhanced from ₹10 lakh to ₹20 lakh vide notification dated 29 March, 2018. The ministry of Labour & Employment has vide press release dated 30 March, 2018 clarified that enhanced

ceiling of gratuity have been implemented from prospective date ie 29 March, 2018. It means provision regarding enhanced limit will be effective for employees becoming eligible on or after March 29, 2018. I understand that you have retired on October 1, 2018 hence you shall be eligible for exemption u/s 10(10)(ii) of I-T Act 1961 for the gratuity received up to ₹20 lakh.