

STOCKS
IN THE NEWS

Adani Transmission

225.10

224.95

238.05

241

234

227

220

Acquires transmission service provider WRSSTL in Gujarat

₹238.05

CLOSE

▲ 5.82% UP*

Hindustan Unilever

2,014.70

2,063.35

2,075

2,025

1,975

1,925

Q2 EBITDA margin expanded by 293bps YoY to 24.8%

₹2,063.35

CLOSE

▲ 2.41% UP*

Bandhan Bank

479.25

567.50

625.05

635

575

515

455

Top gainer in the S&P BSE 500 index

₹625.05

CLOSE

▲ 10.14% UP*

Indiabulls Housing Finance

234.80

197.90

189.05

175

200

225

250

Seeks confirmation from Sebi on buyback proposal

₹189.05

CLOSE

▼ 4.47% DOWN*

JSW Energy

60.10

59.85

63.05

62.00

60.50

59.00

63.50

Lenders approve resolution plan for Ind-Barath's 700 MW power plant

₹63.05

CLOSE

▲ 5.35% UP*

* OVER PREVIOUS CLOSE

IN BRIEF

Xander to invest ₹1,750 crore in new industrial platform

 Xander Investment Management (XIM), the private equity real estate arm of global investment firm The Xander Group (TXG), on Tuesday launched an industrial real estate platform. It will invest \$250 million (₹1,750 crore) in logistics, warehousing, and industrial assets in the key industrial corridors. With this, Xander joins the likes of CPPIB, Warburg Pincus, Ascendas Singbridge, which have floated such ventures in the country. Sponsored by TXG, the platform has raised capital from European institutional investors that have been limited partners in XIM-sponsored opportunity funds. XIM Singapore will act as the investment advisor to the platform. The platform has acquired a portfolio of 2 million square feet incubated by Xander for ₹600 crore to seed the platform, it said.

RAGHAVENDRA KAMATH

Majority of delayed units fall in upper mid-segment: JLL

Delhi-NCR and Mumbai account for 84 per cent of the total delayed residential projects across seven major cities in the country, and most of the apartments fall in upper mid-segment and premium categories, according to property consultant JLL. In its research report, JLL has considered houses with price of up to ₹75 lakh as 'affordable' and 'mid-segment' category for all cities except Mumbai where the threshold has been kept at ₹1 crore.

PTI

Maruti reports ₹154-cr investment in CSR initiatives

Maruti Suzuki India on Tuesday said it invested over ₹154 crore towards its CSR initiatives in 2018-19. The country's largest carmaker's corporate social responsibility (CSR) efforts were focused on community development, road safety and skill development. "The projects are selected based on need-assessment and stakeholder consultation. The firm's CSR efforts are aligned with the sustainable development goals propagated by the United Nations, he added.

PTI

CleverTap raises \$35 mn from Tiger Global, Sequoia

CleverTap said it has completed \$35-million series C funding round. The round was led by existing investors Tiger Global Management and Sequoia India. This new funding increases CleverTap's investment to \$61 million since the beginning of 2019 — a period that has seen the company's valuation more than double from \$150 million to \$385 million.

BS REPORTER

Singh brothers said ₹1,000 cr siphoned off, EOW tells court

The Economic Offences Wing (EOW) of Delhi Police told a court on Tuesday Fortis Healthcare's former promoters Malvinder Singh and his brother, Shivinder, arrested for allegedly misappropriating funds of Religare Finvest, have disclosed that an amount of about ₹1,000 crore has been transferred to various persons from the entities linked to corporate loan book, which was then allegedly siphoned off. The submission was made before chief metropolitan magistrate, Deepak Sherawat, who extended by two days the police custody of the Singh brothers and Sunil Godhwani, the former chairman and managing director of Religare Enterprises. All the three accused were produced from police custody on Tuesday.

PTI

Essar Steel CoC defends lower payout to StanC

The committee of creditors (CoC) of Essar Steel on Tuesday defended the lower payout to Standard Chartered Bank (StanChart) despite it being a secured financial creditor, on the ground of its security being different and lower from other lenders to the debt-laden steel maker. Challenging the NCLAT decision allowing higher payout to operational creditors, the CoC told the Supreme Court that there had to be difference between the money distributed as the creditors would continue to be working with the resolution applicant that takes over. The submissions came during the hearing on a bunch of pleas challenging the NCLAT nod to ArcelorMittal's plan for Essar Steel, the higher payout to OCs and StanChart, as well as other petition by OCs challenging the amendments made to the Insolvency and Bankruptcy Code.

AASHISH ARYAN

Flipkart Video to take on Amazon, Netflix



Farah Khan and Prakash Sikaria, vice-president (growth and monetisation) at Flipkart, announce the launch of the firm's first non-fiction series *Backbenchers*

PEERZADA ABRAR
Bengaluru, 15 October

Walmart-owned e-commerce major Flipkart is foraying into offering original video content with the launch of Flipkart Video Originals.

Integrated within the Flipkart Video platform, launched in August, Flipkart Video Originals will be produced by well-known industry figures. Flipkart said it will produce "bespoke snackable content" that is both mobile-first and interactive.

"All the main players are primarily anchored around fictional content," said Prakash Sikaria, vice-president, growth and monetisation at Flipkart, adding that while other over-the-top (OTT) platforms are focused on metropolitan centres, Flipkart would look at Tier-II and -III cities.

Sikaria said, "More than half our content is from Tier-III towns." This take the Flipkart vs Amazon fight beyond online retail

to video as well. Amazon had launched its video platform, Amazon Prime in December 2016, and has since built up a strong fan base with popular shows such as *Made in Heaven*, *Birjapur*, and the recent Manoj Bajpayee-starrer *The Family Man*.

The first creator to join Flipkart's initiative is Academy Award-winner Guneet Monga, who has come on board as the official creator and curator of short stories for the platform.

In the months to come, Flipkart will work with renowned industry talent and production houses such as Studio Next, Frames and Sikhya Productions, to bring forth first-of-its-kind content across genres and languages.

The first original series *Backbenchers* hosted by Farah Khan goes live later this month and will feature an array of India's most-loved celebrities, engaging in nostalgic banter, which will have the audience coming back for more.

"Flipkart Video is offering a great platform for content creators to engage with a customer base of over 160 million people across India, through a unique storytelling format," said Guneet Monga. "I am excited to be collaborating with Flipkart to cater to today's demand for short-form content, at the convenience of mobile phones. It's great to witness that Flipkart Video Originals is enabling filmmakers to share their stories," said Monga.

Sikaria of Flipkart said when the company unveiled Video platform earlier this year, the aim was to play a role in on-boarding new customers who are not necessarily new to the internet but are new to e-commerce. Within the first two months of the launch of Flipkart Video, the firm said it was overwhelmed with the positive response it received from consumers. "We saw an opportunity to create great video content which is easier for people to consume and is mobile-first," said Sikaria.

Flipkart to set up unit for food retail

Flipkart on Tuesday said it is setting up a new local entity — Flipkart Farmermart — that will focus on food retail in India, as it looks to take on arch-rival Amazon in the segment. Flipkart is expected to invest about ₹2,000 crore initially in the business and pump in more funds as required.

PTI

Venugopal named firm's new CPTO

Flipkart on Tuesday said it is elevating Jeyandran Venugopal as chief product and technology officer (CPTO). He will provide strategic leadership to the organisation and define the technology vision for the company with specific focus on building future capabilities across product and engineering, Flipkart said in a statement.

BS REPORTER

Refining margins may pump up RIL earnings

AMRITHA PILLAY
Mumbai, 15 October

With an improvement in refining margins, Reliance Industries (RIL) is expected to report a strong quarter for the July-September period. Analysts expect refining to offset weakness in petrochemicals (petchem) and a lower tax rate benefit for the retail and telecom businesses.

RIL will report its financial performance for the September 2019 quarter on Friday.

In a Bloomberg poll, 10 analysts estimated RIL's consolidated net profit at ₹11,256 crore and nine analysts estimated revenue at ₹1.5 trillion. Brokerages like Centrum see the highest-ever consolidated earnings prospect for the company. In the September 2018 quarter, RIL reported a consolidated net profit of ₹9,516 crore.

RIL's refining business is expected to make a comeback in the September quarter, owing to higher margins. Analysts have pegged estimated gross refining margins (GRMs) in the range of \$9.5 per barrel and \$10.5 per barrel. This would be a turnaround from the \$8.1 per barrel GRM reported in the June quarter, which was the lowest since October-December 2014.

"We expect September quarter GRMs at \$9.5 per barrel, up from \$8.1 per barrel during the June quarter, on the back of higher key product margins of diesel, gasoline, and jet fuel. The attack on Saudi Aramco oil processing facilities pushed gasoline margins to its highest level since 2018," said analysts with BNP Paribas in their note. Analysts expect refining strength to offset petchem weakness.

While the petchem segment is expected to be weak, other businesses like retail and telecom are expected to show steady results. "While the petchem environment has weak-



(From right) Mukesh Ambani, chairman & managing director of Reliance Industries, with wife Nita and mother Kokiaben

	Q2FY19	Q2FY20 estimated
Gross refining margins (\$ per barrel)	9.5	9.5-10.5
Consolidated net profit (₹ crore)	9,516	11,256

Source: Company results, Bloomberg estimates

ened, we believe RIL's ability to switch feedstock to gas for as much as 60-70 per cent of its requirement should limit the petchem margin decline quarter-on-quarter (QoQ)," said analysts with JPMorgan. They added, "Retail should be another strong quarter, though year-on-year (YoY) growth rates should come off essentially on a higher base. We forecast Reliance Jio's earnings before interest, tax, depreciation and amortisation at ₹5,010 crore, up 7 per cent QoQ, driven by continued strong subscriber growth."

The telecom and retail business is also expected to benefit from lower tax rates, according to analysts with Nomura. At the consolidated level, in the Bloomberg poll, only one brokerage shared a pre-tax profit estimate for RIL, which was at ₹15,560 crore for the September 2019 quarter. In a Kotak brokerage report, analysts pegged estimated profit before tax at ₹14,918 crore for the September quarter, compared to ₹13,197 crore in the

same quarter a year ago.

Analysts with Bank of Baroda expect RIL's retail earnings growth to witness slowdown, in line with macro trends across India. The brokerage estimated earnings before interest and tax at ₹1,500 crore, a rise of 18 per cent YoY, but down 17 per cent sequentially.

In the post-results management guidance, analysts will look for further update on the firm's deleveraging plans. At RIL's annual general meeting (AGM) in August, Group Chairman Mukesh Ambani announced plans to become zero net-debt company in 18 months. At the same AGM, Ambani also announced a proposed investment by Saudi Aramco in RIL's oil-to-chemicals division.

Analysts on Friday will look for more details on this proposed deal and a commentary on expectations with regard to the Indian Maritime Organization (IMO) regulations. The new IMO regulations require ships to use cleaner fuel starting January 2020, which are expected to improve the refining prospects for RIL.

Tariff at current level not sustainable, must be hiked: Airtel CEO

MEGHA MANCHANDA
New Delhi, 15 October

Making a pitch for higher tariffs, Bharti Airtel Chief Executive Officer Gopal Vittal on Tuesday said the rates at current level were "unsustainable" and should go up.

On the interconnect usage charges (IUC), he said the industry was awaiting the outcome of the consultation paper floated by the Telecom Regulatory Authority of India (Trai) on the subject.

"Over the past 20 years, the IUC has been absorbed in the cost of business and tariff is what it is and we feel that the tariff is unsustainable and should go up," Vittal said on the sidelines of the India Mobile Congress 2019.

On plans to increase tariffs, he said: "I will not speculate on our future plans".

The debate on IUC started after Trai came out with a consultation paper on the IUC and sought stakeholders' comments for extension of the levy. Earlier, the regulator had said the levy would be brought down to zero, from the current 6 paise per minute, from January 2020.

Following the regulator's consultation paper, Reliance Jio announced transferring the IUC to its customers in the form of a levy over and above the tariff, however, with a rider that the users would be compensated with data of the same amount. The company also said the IUC levy would be removed if Trai decides to bring it down to zero.

When current customers recharge or new customers join the Jio network from Thursday, October 10, they will have to top up with ₹10 to ₹100 to pay to talk to people on non-Jio networks. They will, however, get an equivalent amount of free data — 1 GB to 10 GB.

This will help Jio save ₹650 crore in the coming quarter. It had paid ₹851 crore to Airtel, Vodafone Idea and Bharat Sanchar Nigam (BSNL) in the last quarter. Trai in 2017 had slashed the IUC to 6 paise per minute from 14 paise and had said this regime will end by January 2020. But, it has now floated a consultation paper to review whether the regime timeline needs to be extended.

Trai's IUC review will punish telcos: Jio

Terming Trai's review of call connect charges 'retrograde', Reliance Jio said the regulator's consultation paper is neither warranted nor sustainable and retention of such charges will harm subscribers and punish efficient operators. Jio alleged any deferment of sunset clause for inter-operator termination charges will end up rewarding 'designed defaulters', who have deliberately stayed away from new technologies.

PTI

Ericsson demonstrates India's 1st 5G video call

Ericsson, in collaboration with Qualcomm, on Tuesday demonstrated the first live 5G video call in the country on mmWave. The demonstration was done using a smartphone-based on the Snapdragon 855 Mobile Platform with Snapdragon X50 5G Modem-RF System and Ericsson's 5G platform including 5G NR radio, RAN Compute products and 5G Evolved Packet Core.

PTI

Meanwhile, on the spectrum auctions front, Vittal reiterated that the reserve prices for both the 5G spectrum and 700 MHz were very high. But he declined to comment when asked whether the company would participate in the bidding.

"We have always said the price of 5G spectrum is very high because 5G needs a lot of spectrum — somewhere between 80 to 100 MHz for you to get a good experience. The cost of 100 MHz of spectrum is around ₹50,000-55,000 crore. That is a very high cost," he told reporters. When asked whether the base price of 700 MHz spectrum, reduced by Trai, was still on the higher side, he said, "Not just 5G but the sub-gigahertz bands were also very high...the reserve price has come down a little bit but it is still very high."

'We will soon be India's second-largest gas producer'

Vedanta arm Cairn Oil and Gas was the most aggressive bidder in the Open Acreage Licensing (OALP) rounds, getting 55 blocks so far. **AJAY DIXIT**, chief executive officer, speaks to Shine Jacob on why the company bid aggressively, and the road map for unconventional fuel. Edited excerpts:

During the past two OALP rounds, Vedanta was the most aggressive bidder. What was the reason?

It is more to do with vision. In the near term, we would like to be a 500,000 barrels (a year of output) company and, after that in the next four-five years, a million barrel company. You need reserves and resources to achieve these targets. In terms of reserves, we now have 1.2 billion barrels (estimated reserves). To increase this, you need technology or find more fields. In that respect, we want to go ahead in funding our presence in pre-selected areas, so that we can increase our reserves and resources. For that, we have to be exploring more, identifying opportunities in that, getting into production faster.

Production from Rajasthan is coming to around 180,000 barrels now and we expect to exit the year with somewhere around 250,000-270,000 barrels. Next year, we will obviously go further, as we have invested some money in getting beyond this.

How do you see your enhanced oil recovery techniques (EoR/IoR) programme evolving?

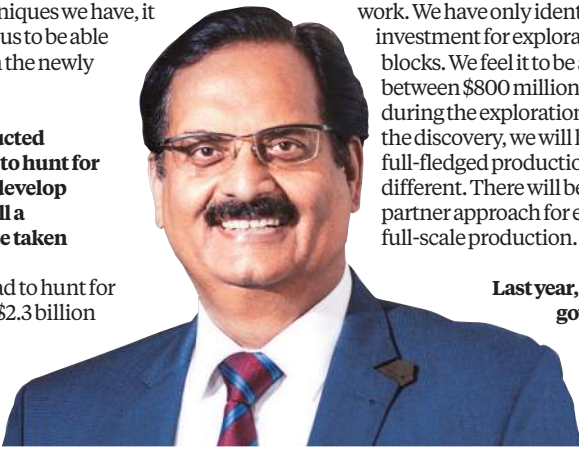
This is an area where we will be deploying more technologies. Six to seven years of research and development works were done by us for these

techniques to get to a level of production in Rajasthan to the tune of more than 50 per cent and in Ravva (coastal Andhra) to close to 60 per cent recovery from the oil in place.

We want to take advantage of technology for every aspect of the life cycle. First in terms of exploration, in terms of digitally identifying the prospects and from prospects to rapidly going to new production. Following this, the focus will be on maximising the production. The more EoR techniques we have, it becomes handy for us to be able to use these, even in the newly discovered fields.

You recently conducted roadshows abroad to hunt for global partners to develop existing blocks. Will a similar approach be taken for OALP blocks?

We did shows abroad to hunt for global partners for \$2.3 billion in investments, for which we awarded integrated contracts. That is for new oil wells



Last year, the government approved a policy for allowing firms to exploit all

in existing fields in Rajasthan for improving our production. We want to also try this in OALP. We are open to trying alternative models of two or three packages and are integrating these packages. Exploration is a different game. That model could also be applied on identifying explored fields. We would go for a cluster approach.

We have a total of 55 blocks under OALP, of which 41 are in Gujarat, Assam and Rajasthan. It makes sense in adopting a cluster approach for development of these. Based on that, we can have development packages. This will help in getting more partners and optimising the work. We have only identified the investment for exploration of OALP blocks. We feel it to be anywhere between \$800 million to \$1 billion during the exploration stage. After the discovery, we will have to go for full-fledged production, which will be different. There will be a different partner approach for exploration and full-scale production.

kinds of hydrocarbon resources in a field. Your firm is reportedly having huge shale reserves in Rajasthan. What is your strategy?

We have only some data about our potential shale reserves. Earlier, unconventional (search for and tapping of) hydrocarbons was not allowed within the block; it is now permitted. The second issue is financial viability. To get into commercial development of shale gas, you need exploratory drills to find the real geology underneath, test that and then come to the real diagnosis. The present financial model does not permit us to do exploration on this. We (in India) need to look at whether the current compensation and taxation regime is good enough for any investor to do it.

Your production sharing contract for Rajasthan has been extended by another 10 years. What advantage does it bring?

With the extension in place, we will go for more investments. This we will do by going for enhanced recoveries, technology. We will continue to invest in research and digital technologies to optimise production. That will increase gas production and, if luck favours, we will be the second largest gas producer in India by the end of this year in conventional gas. We are doing it at the Rageshwari gas terminal and are currently at 15,000 barrels equivalent. We will be able to finish the year at the equivalent of 50,000-60,000 barrels.