

MARKET WATCH

Table with 3 columns: Index, 18-10-2019, % CHANGE. Rows include Sensex, US Dollar, Gold, Brent oil.

NIFTY 50

Table with 3 columns: Company, PRICE, CHANGE. Lists various companies like Adani Ports, Asian Paints, Axis Bank, etc.

EXCHANGE RATES

Table with 3 columns: CURRENCY, TT BUY, TT SELL. Lists rates for US Dollar, Euro, British Pound, etc.

BULLION RATES CHENNAI

Table with 3 columns: Item, Price, Unit. Lists rates for Retail Silver, 22 ct gold.

Retail, telecom boost RIL profit

Company posts an 18% increase in its second quarter net profit to ₹11,262 crore

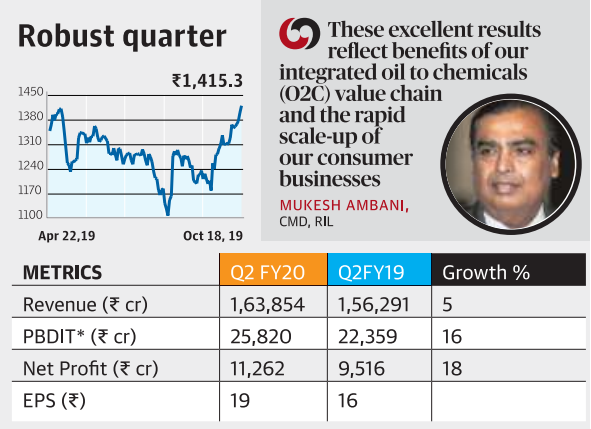
SPECIAL CORRESPONDENT MUMBAI

Reliance Industries Limited (RIL) has posted an 18% increase in its second quarter net profit to ₹11,262 crore led by better performance from consumer-facing businesses of retail and telecommunications and reduced corporate taxes.

Consumer facing businesses accounted for a third of RIL's overall EBITDA during the quarter. The rise in profit came on a 5% rise in revenue to ₹1,63,854 crore.

Mukesh D. Ambani, CMD, RIL, said: "The company has reported a record net profit for the quarter. These excellent results reflect the benefits of our integrated oil-to-chemicals (O2C) value chain and the rapid scale-up of our consumer businesses."

RIL's gross refining margins (GRM) during the quarter stood at \$9.4 per barrel compared to GRM of \$9.5 per



barrel in the year-ago period.

Revenue and EBIT from refining and marketing business fell by 1.6% and 6.9% respectively to ₹97,229 crore and ₹4,957 crore. Similarly, revenue and EBIT from petrochemicals business fell by 11.9% and 6.4% respectively to ₹38,538 crore and ₹7,602 crore.

The fall in revenue and

These excellent results reflect benefits of our integrated oil to chemicals (O2C) value chain and the rapid scale-up of our consumer businesses

Table with 4 columns: METRICS, Q2 FY20, Q2FY19, Growth %. Rows include Revenue, PBDIT, Net Profit, EPS.

* Profit before depreciation, interest, taxation

EBIT from RIL's core business of refining and petrochemicals were compensated by a rise in revenue and EBIT of consumer-facing businesses.

Retail business

Organised retail saw 27% growth in revenue to ₹41,202 crore and 63.6% increase in EBIT to ₹2,035 crore while

RIL hits ₹9 lakh crore in market capitalisation

Becomes first Indian firm to do so

SPECIAL CORRESPONDENT MUMBAI

Reliance Industries Limited (RIL) become the first Indian company to cross the ₹9 lakh crore of market capitalisation, ahead of its results announcement on Friday.

RIL shares were trading up 1.76% at ₹1,420.75 in a firm Mumbai market on Friday noon, valuing the firm at ₹9,00,666 crore, anticipating a double-digit growth in profitability.

Brokerages expect RIL to post over 15% growth in profitability due to superior refining margins and corporate tax rate cut announced by the government.

Analysts expect refining to offset weakness in petrochemicals and a lower tax rate benefit for the retail and telecom businesses.

\$200 bn market cap

RIL can become India's first company to hit \$200 billion market capitalisation in the next 24 months on the back of its new e-commerce venture and fixed broadband business, Bank of America Merrill Lynch said on Wednesday.

TCS is India's second most valuable firm after RIL with market capitalisation of ₹7,69,483 crore as its shares were trading up 1% at ₹2,050.70.

SPECIAL CORRESPONDENT MUMBAI

Reflecting continued weakness in consumer sentiment, overall vehicle registrations in September 2019 fell 12.9% compared to the same period last year despite the onset of the festival season and offer of unprecedented discounts to prop up sales.

As per data from the Federation of Automobile Dealers Associations of India (FADA), a total of 13,75,314 vehicles were registered at 1,188 RTOs in the country out of 1,461 RTOs compared with 15,79,191 vehicles registered in September 2018.

These numbers do not include figures from 352 RTOs, mainly from Andhra Pradesh,

digital services saw 42.7% growth in revenue to ₹15,619 crore and 62.7% growth in EBIT to ₹3,322 crore.

"I talked about the mix of digital and retail with 23% digital and 10% retail so that it is 33%. It is like digital almost equal to refining in a mixed sense," said V. Srikanth, joint CFO, RIL.

Outstanding debt

RIL's outstanding debt as on September 30, 2019 was ₹2,91,982 crore (\$41.2 billion) compared with ₹2,87,505 crore as on March 31, 2019. Cash and cash equivalents as on September 30, 2019 were ₹1,34,746 crore (\$19 billion) compared with ₹1,33,027 crore as on March 31, 2019.

About reduced corporate taxes, Mr. Srikanth said, "Our effective tax during the quarter stood at 21% compared with 25% in the previous quarter due to the fall in MAT rates. We still have

time to decide on switching to the new tax regime."

Asked for comments on the Saudi Aramco deal, Mr. Srikanth said, "We continue to move ahead in terms of conversation, in terms of number of things that needs to be done. Work is going on."

RIL shares on BSE closed up 1.37% to ₹1,415.30.

"I am disappointed with the performance of oil-to-chemicals business. At this rate, I doubt if they will get the valuation of \$75 billion for the Saudi Aramco deal. GRMs of \$9.4 per barrel is disappointing as the company didn't maintain the differential margins with the benchmark Singapore margins. Reliance Retail and Reliance Jio lifted the show for RIL. The company would have benefited by around ₹1,000 crore from lower taxation," investment adviser S. P. Tulsian told The Hindu.

SEBI tightens norms to deal with auditor resignations

Complete audit before quitting, it says

SPECIAL CORRESPONDENT MUMBAI

The Securities and Exchange Board of India (SEBI) has tightened the norms for disclosures with respect to resignations of auditors.

While the regulator has directed auditors to complete the limited review or audit before resigning in an abrupt manner, it has also put higher onus on the audit committees of listed companies, especially in instances where auditors face issues like non-availability of information from companies, or non-cooperation of the company management.

This assumes significance as the recent past has seen many instances of auditors resigning in an abrupt manner. The regulator has stated that if the auditor has any concerns related to non-availability of information or non-cooperation by the

management, it can directly approach the chairman of the audit committee, who will have to receive the concerns without waiting for the quarterly audit committee meetings.

"On receipt of such information from the auditor relating to the proposal to resign... the audit committee/board of directors, as the case may be, shall deliberate on the matter and communicate its views to the management and the auditor," the SEBI circular stated. Further, the audit committee has been mandated to deliberate on the resignation as soon as possible and communicate its views to the management. The company will then have to disclose the audit committee's views to the stock exchanges within 24 hours of the committee meeting.

Vehicle registrations fell 12.9% in September

The drop comes despite onset of festival season and discounts to boost sales

Table with 5 columns: Category, SEPT'19, SEPT'18, Growth %. Rows include 2 wheelers, 3 wheelers, CV, PV, TOTAL.

*COMMERCIAL VEHICLES | **PASSENGER VEHICLES

SOURCE: FADA RESEARCH

Dealer confidence and current trends indicate improving situation

ASHISH HARSHARAJ KALE president, FADA

saw a marginal growth of 1.8%.

Ashish Harsharaj Kale, president, FADA, said, "FADA believed September to be a transition month into positivity with continued monsoon and measure after measure being announced by the government. The retail auto industry was under pressure during the month and the de-growth was on expected lines."

"The continued heavy monsoons in major geographies and the Shraddh period also contributed to this sales lag. The complete effects of the positive measures announced by the government was still not visible at the retail level in September," he said.

He said October would be a crucial month which would indicate the trends for H2 and measure the effects of an abundant monsoon and the various government mea-

sures announced recently.

"Dealer confidence and current trends indicate an improving situation and if these trends hold good, it could be an indicator of the slowdown bottoming out and stability returning to auto retails," Mr. Kale said.

FADA did not release the registration figures for August 2019 as it could not access the desired data from Vahan portal which had developed some technical glitches and the data for CVs could not be procured. However, as per July 2019 data, there was a decline of 6% in vehicle registrations at 16,54,335 units compared to with 17,59,219 vehicles registered in July 2018.

No timeline for economy's recovery, says Sitharaman

At this stage, it's my duty to hear every sector, she says

SRIRAM LAKSHMAN WASHINGTON DC

Finance Minister Nirmala Sitharaman declined to commit to a time-frame for recovery of the economy that is facing severe slowdown.

"Well, at this stage, I'm not looking at 'how long', I'm not expecting to say, 'Am I looking at green shoots?' Nothing of that," she said, when asked by The Hindu whether the government had seen signs of recovery and how long.

"At this stage, it's my duty to hear every sector and respond as much as they would want us to respond from the government side. So, my business is now just to go on listening and making sure that their grievances or their demands are addressed," she said here on Thursday.

The revenue losses from some of the policies have raised questions on whether the government can stick to its fiscal deficit target of 3.3% of GDP, Ms. Sitharaman said and added that she was not focussing on the target for now. Pressed on whether that meant she was abandoning the target, she replied in the negative.

The Minister sounded optimistic about achieving the ₹1,05,000 crore disinvestment target the government had announced for FY20 in its June 2019 Budget. "I'm

clear that the DIPAM [Department of Investment and Public Asset Management] is going ahead with everything that has been targeted and there's enough momentum gained by the response that we've received for the IRCTC. That's not really completely 'disinvestment', but then the way in which it went about has shown clear indication that the market is ready for it."

In terms of the engagement with the U.S., Ms. Sitharaman is scheduled to meet Treasury Secretary Steven Mnuchin, who will be in India in the first week of November for a financial dialogue.

No MDR on digital payment to large firms

PRESS TRUST OF INDIA NEW DELHI

The Union government on Friday said banks or system providers will not impose charges or merchant discount rate (MDR) on customers as well as merchants on digital payments made to establishments having turnover in excess of ₹50 crore from November 1.

Amendments to this effect have been made in the Income Tax Act as well as in the Payment and Settlement Systems Act 2007.

The new provisions "shall come into force with effect from November 1, 2019," the Central Board of Direct Taxes (CBDT) said in a circular.

MPC sees further slowdown in growth

Two external members warn of rising inflation expectations

SPECIAL CORRESPONDENT MUMBAI

There could be more interest rate cuts by the Reserve Bank of India (RBI) as some of the members of the monetary policy committee have observed that growth is yet to bottom out, even as two members have pointed out rising inflation expectations.

"This pronounced cyclical downswing suggests that the state of the economy will likely get worse before it gets better," M.D. Patra, one of the internal members, said.

The minutes of the October monetary policy meeting were released on Friday.

The RBI had reduced interest rates by 25 bps in the policy meeting, taking the total rate cut since February to 135 bps.



Wait and watch: Government measures, with monetary easing by RBI, are expected to work their way through.

"High frequency data on indicators for estimating quarterly growth suggest that the growth slowdown may continue in the second quarter of 2019-20. Any substantial recovery is likely only in the Q3 of 2019-20," external member R.H.

Dholakia, who had voted for a 40-bps rate cut, said.

"The government has also initiated several measures in recent months which, together with monetary easing by the Reserve Bank, are gradually expected to work their way through the real

economy," RBI Governor Shaktikanta Das said, adding that there was also a need to be watchful of the fiscal situation.

Two external members – Pami Dua and Chetan Ghatge – warned of the rising inflation expectations.

"Since the last review, there has been a 40-bps increase in the three month ahead inflation expectations of households [now at 8%], and a 20-bps increase in the level of one year ahead inflationary expectations [to 8.1%]. Households' current perception of inflation also increased by 50 bps to 7.1%," Mr. Ghatge said.

Retail inflation rose to a 14-month high of 3.99% in September due to costlier food items.

Zomato, BioD Energy tie up for cooking oil-to-biodiesel project

To collect 1,000 tonnes of used oil a month from hotels

TCA SHARAD RAGHAVAN NEW DELHI

Restaurant aggregator and food delivery service Zomato and biodiesel manufacturer BioD Energy have inked a partnership to collect used cooking oil from restaurants around the country so that it could be converted into biodiesel, which would then be sold to oil marketing companies to be blended with regular diesel.

The government has been pushing hard for used cooking oil in the country to be converted into biodiesel as an environment-friendly measure. Through the partnership, Zomato and BioD are aiming to collect 1,000 tonnes of used cooking oil per month and converting it into biodiesel.

"The idea was to look at some of the deep-rooted problems in the restaurant



industry that affect health and the environment," Ritesh Kherra, spokesperson at Zomato, said in an interview. "We are looking at one of the biggest culprits in the industry, which is used cooking oil, and are trying to solve the main problem of responsible disposal of it."

No traceability

A lot of times, Mr. Kherra said, used cooking oil is given to small vendors and there is no traceability of

how they dispose of the oil, and most of the techniques used are not in line with the standards set by the Food Safety and Standards Authority of India.

"We have been collecting used cooking oil for the last two-and-a-half years and the biggest challenge we have faced is scaling it and increasing our collection rate," Shiva Vig, CEO of BioD Energy said. "Because of our challenges, we decided that we focus on our expertise, that is biodiesel production, and partner with Zomato for their reach and their tech to take out as much used cooking oil from the kitchens as possible."

At the outset, Zomato is looking to tap into 1,000 kitchens in Delhi NCR and expand the collection drive with BioD to five cities by next month.

Next wave of growth in world coffee from Asia

India will be a key driver, says ICO

MINI TEJASWI BENGALURU

The next wave of growth in the international coffee industry will come from Asia, and India is expected to play a lead role in driving this growth, says the International Coffee Organization (ICO), a London-based body set up under the auspices of the United Nations in 1963 to highlight the economic importance of coffee.

Major chunk

Jose Dauster Sette, executive director, ICO, said Asia's coffee production had almost doubled in recent years from 16-32%, with Vietnam and India contributing a major chunk. Also, most Asian countries are reporting a 5% increase in the consumption of the beverage. In India, it is 6%.

ICO has conducted a comprehensive stakeholder



Jose Dauster Sette

consultation study to understand the problems of the coffee industry and also to find ways and means to get coffee farmers out of deep distress and debt.

"We have tried to understand the root cause of the problem and identified some 50 solutions. But there is no one super bullet that can kill the pain of coffee farmers, because the challenges they face are too many and too deep," said the ICO top executive.

mjunction to auction lignite for NLC

SPECIAL CORRESPONDENT KOLKATA

B2B e-commerce company, mjunction Services Ltd., will conduct e-auction of raw lignite and minor minerals from the mines of NLC (formerly Neyveli Lignite Corporation).

An mjunction release said that the company had been appointed by NLC to e-auction raw lignite from NLC's Tamil Nadu mines and white clay and other clay from NLC's mines in Barsingsar in Rajasthan.

"Raw lignite is an addition to mjunction's repertoire of metals and minerals, which it sells through its e-platforms," the company said.

mjunction is an equal joint venture of SAIL and Tata Steel. NLC India Ltd. has four open cast mines with an annual capacity of 30.6 million tonnes.

TVS Motor forays into selling riding gear

Sees big opportunity in the segment

YUTHIKA BHARGAVA GOA

TVS Motor Company on Friday announced its foray into development and sale of bike riding gear, including helmets, jackets, boots and backpacks. "Riding culture is gaining prominence in India. We believe the launch of 'TVS Racing Performance Gear' will promote riders to ride responsibly and safely," Sudarshan Venu, joint managing director, TVS Motor Company, said at the company's MotoSoul 2019 event.

TVS Motor would compete with the likes of Royal Enfield and BMW in this segment. The gear will be available in two categories – Riding Gear, which will include helmets, jackets, pants, gloves, and boots and Urban/Casual Wear segment which will include T-shirts, rain wear, casual boots,

back packs, caps and sunglasses. The prices start at ₹600 for the caps, going up to ₹5,750 for riding jackets.

The company will not manufacture the products itself but has partnered with at least seven companies for the same. It will, however, do the R&D for these products and provide specifications to the firms based on riders' feedback, Meghashyam Dighole, head (marketing), premium motorcycles, TVS Motor Company, said at the sidelines of the event.

The products will be sold across TVS Motor dealerships in India, besides on its own online portal.

The company is also in discussions with various e-commerce platforms for the sale of the newly-launched riding gear.

(The correspondent was in Goa at the invitation of the company)