

# RIL Q2 profit up 18.3% at ₹11,262 crore

Rapid scale-up of consumer segments offsets weakness in hydrocarbon business

**OUR BUREAU**  
Mumbai/October 18

The consolidated net profit of Reliance Industries Ltd, the oil to telecom conglomerate owned by billionaire Mukesh Ambani, rose 18.3 per cent in the July-September quarter to ₹11,262 crore from a year ago, as revenue from operations jumped 4.8 per cent to ₹1,63,854 crore. The consolidated net profit was ₹9,516 crore on an operational revenue of ₹1,56,291 crore in the second quarter of FY19.

**Robust growth**

Reliance Industries said the quarterly consolidated revenue was driven mainly by robust growth in retail and digital services businesses, which grew by 27 per cent and



RIL Chairman, Mukesh Ambani

34 per cent respectively. This helped partially offset the drop in revenue in the refining and petrochemicals businesses.

“The results reflect benefits of our integrated oil to chemicals value chain and the rapid scale-up of our consumer businesses,” said Mukesh Ambani, Chairman and Managing Director of Reliance Industries.

The company's consumer businesses now account for 33 per cent of the EBITDA, which grew by 15.5 per cent to ₹25,820 crore from ₹22,359 crore a year ago.

Reliance Jio Infocomm (RJio), a wholly-owned subsidiary of RIL, has posted a net

profit of ₹990 crore in the quarter under review, a 45.4 per cent rise from ₹681 crore recorded during the same quarter a year ago. The company's standalone revenue from operations rose 33.7 per cent to ₹12,354 crore (₹9,240 crore).

The company's EBITDA rose to 44.6 per cent to ₹5,166 crore (₹3,573 crore) with a 41.8 per cent margin. However, its average revenue per user (ARPU) fell to ₹120 per subscriber per month from ₹122 recorded in sequential June quarter. RJio lost about ₹652 crore during the quarter to interconnect user charges (IUC),

while it incurred a capex of ₹5,000 crore during the quarter, Anshuman Thakur, Head of Strategy and Planning at RJio, said.

Earlier this month, RJio had decided to charge 6 paise per minute of IUC from its customers for off-net calls. “We see this benefiting margins in the October-December quarter,” he said.

RJio added 103 million users in the last 12 months, taking its total subscriber base to over 350 million.

The company's revenue from refining and marketing business dropped by 1.6 per cent to ₹97,229 crore from

₹98,760 crore a year ago, reflecting lower crude prices.

The gross refining margin fell marginally to \$9.4 per barrel from \$9.5 per barrel a year ago. The GRM for the second quarter, though, was the highest in the last four quarters. The crude throughput fell to 16.7 million metric tonnes from 17.7 mmt a year ago. The petrochemicals business reported a 11.9 per cent drop in revenue to ₹38,538 crore from ₹43,745 crore in the second quarter of FY19. The throughput in petrochemicals rose to 9.9 mmt, the highest ever, from 9.4 mmt a year earlier.

## Reliance Retail crosses ₹40,000-cr revenue mark in Q2

**OUR BUREAU**  
Mumbai, October 18

Reliance Retail has reported a 27 per cent increase in revenues at ₹41,202 crore for the second quarter.

Despite a slowing growth environment, the company registered the highest-ever revenue and EBITDA in a quarter. EBITDA was at

₹2,322 crore, a 67 per cent growth over the same period of the previous year. EBITDA margin on net revenue improved by +150 bps y-o-y from 4.8 per cent to 6.3 per cent, driven by improving store productivity, operating efficiencies and a favourable portfolio mix.

“Reliance Retail's conviction in the larger macro and India retail opportunity is reflected in the rapid store expansion across all store concepts,” the company said in a statement. During the quarter, Trends Small Town crossed 100 stores, within a year since its launch. Reliance Retail opened the 200th SMART Store.

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# Retail, digital lead the way

Continued addition of stores and higher subscriber numbers drive strong show

## Q2 COMMENT

ANAND KALYANARAMAN

For Reliance Industries (RIL), the September 2019 quarter was an encore of the June 2019 quarter, with the digital and retail segments more than offsetting the weakness in the core hydrocarbon businesses of refining and petrochemicals. RIL's consolidated quarterly profit of ₹11,262 crore in the September 2019 quarter, up about 18 per cent y-o-y, was driven by sharp jumps in operating profit in the retail and digital businesses (up about 63 per cent each). In contrast, the operating profit in the refining and petrochemicals businesses was down 6-7 per cent y-o-y.

Lower crude oil prices, lesser refinery throughput and a dip in gross refining margin (to \$9.4 from \$9.5 a barrel) dragged down the refining segment.

Fall in the prices and sharp dip in margins of some products took a toll on the

petrochemicals segment. Among other factors, the weakness in the global economy reflected in the performance of these cyclical businesses.

But bucking the overall consumption slowdown in the domestic economy, RIL's retail business continued its strong growth momentum, aided by store additions (337), higher same-store sales and improved margins. The digital business gained from continued strong subscriber growth with net addition of 24 million subscribers during the quarter.

With nearly 10,900 stores and 355 million subscribers, as of September 2019, RIL's retail and digital businesses have bolstered their leadership positions. The recent introduction of 6 paise per minute as interconnect usage charges for outgoing calls to other networks should aid the financial performance of RJio in the coming quarters.

While marginal contributors to the overall bottomline, the media business posted a

profit in the September quarter, aided by growth in subscription income, while the oil and gas (exploration) segment pared losses. Overall profit was also aided by interest income more than doubling in the September quarter to about ₹2,500 crore.

### Optimistic prospects

More than the financial performance, the September 2019 quarter is significant for the big-ticket stake sales announced by RIL during the period. In particular, the deal to sell 20 per cent stake in the refining and petrochemicals businesses to Saudi Aramco should fetch RIL about \$15 billion.

This should help the company deleverage its balance sheet significantly, and further reduce dependence on the hydrocarbons business in line with its stated strategy.

The market seems optimistic about RIL's growth prospects including its recently launched Jio Fibre service and e-commerce and new commerce plans. The stock has scaled an all-time high and its market capitalisation is within kissing distance of ₹9 lakh crore.

# State pitches for more investment with tailor-made policies

Initiatives include land bank and separate Discoms for industrial areas

**SHISHIR SINHA**  
Indore, October 18

“We are listening to you,” this was the message from the Madhya Pradesh Chief Minister Kamal Nath to India Inc during the Magnificent Madhya Pradesh Investors' Summit held here on Friday.

Urging the Indian captains to invest in the State, Nath made it clear that the State government was ready to adopt unorthodox and unconventional ways to help the industry.

“We are not afraid of doing new thing. If you convince us that something is going to benefit our citizens, bring them more jobs, more prosperity, you will find in us willing and responsive partners,” he said, addressing the 800-odd delegations from India and abroad.

**Giving the State a boost**

Listing policy measures, the Chief Minister said that M.P. is



Madhya Pradesh Chief Minister Kamal Nath greeting industrialists at the Magnificent MP Investors Summit in Indore on Friday.

the first State to bring in land pooling for the industry, making 1.2 lakh acres of land bank available for it. There will be separate Discoms (power distribution companies) for the industrial areas to provide power at competitive prices.

### Global skill park

To boost the real-estate sector, the State government has come out with a policy which prescribes single coloniser licence for the entire State. Also, the number of clear-

ances/permissions has now come down to five from 27. The State government has initiated a project to provide metro trains in Indore and Bhopal. Also, work is underway to develop the Bhopal-Indore industrial corridor with satellite towns.

To provide efficient labour force, there will be a Global Skill Park in association with the Singapore-based ITE. In terms of energy, the focus is on storage. There is a plan to provide two lakh solar pumps

### Key announcements

- No slowdown in the State; auto sales rose 4%
- No single investment policy; separate policies for different sectors
- Industry to provide at least 70 per cent employment to local youth
- Self-intimation of land conversion permitted; inspection after three years; if there is any violation, strict action to be taken
- Bandra-Kurla Complex-kind of business district in Indore

for farmers. It has been decided to allow use of agricultural land for non-agricultural purposes on the basis of a self-declaration instead of mandating official permission.

### Not a jamboree

Investors' summit by the States is not a new concept in India.

However, they always focus on the numbers of memorandum of understanding (MoUs), promising big invest-

ments. But at the end of the day, many such proposals don't materialise, which puts a question mark on the success claims of such summits. M.P. government officials said that even in this State, a mere 24 per cent of what was promised during the last investors' summit got formalised.

Taking a jibe at such a trend, the Chief Minister said this event is not a jamboree, it is not an MoU signing spree. We have also been planning for the future; it is not just 'all show' and 'no substance'.

“All too often, big jamborees are held to attract investors... but once they are invested, governments forget them. I want to assure that this will not be the case in Madhya Pradesh. We are as much committed to inviting new investments as to nurturing those who have invested,” he said.

The State government has announced that during the first nine months of the current calendar year, over 21,000 proposals were formalised with a committed investment of over ₹31,700 crore and with employment potential of one lakh-plus.

# Reliance to more than double number of outlets; ITC to invest ₹700 crore

**SHISHIR SINHA**  
Indore, October 18

ITC's Sanjiv Puri, Reliance Industries' Mukesh Ambani and many others from India Inc listed out their investment plans for Madhya Pradesh at the investor summit.

While ITC plans to set up a modern food processing centre with a total investment of ₹700 crore, Sun Pharma is looking to expand its two manufacturing facilities in the State. Reliance Industries said it would double the number of petrol pumps and retail outlets in Madhya Pradesh, besides setting up 45 logistic centres.

### Investment opportunities

In his recorded video message, played during the Magnificent Madhya Pradesh Investors' Summit here, Reliance Chairman Mukesh Ambani said the company has so far invested over ₹20,000 crore in the State during the last few years.

It has created large-scale employment and emerged the second largest employer after the State government. It has developed coal bed methane plants in the State and built the



ITC Chairman Sanjiv Puri announced the setting up of a new food processing plant

first and the only gas pipeline that connects it with the national gas grid. This has opened up multiple investment opportunities.

Talking about the future, he said the company has over 600 stores and 100 petroleum retail outlets in the State. “We will have more than double these numbers in the coming years. The new commerce initiatives of Reliance Retail will benefit tens of thousands of kirana stores,” he announced.

“Reliance will be setting up national distribution centres in MP, with over 10 million sq ft of space across 45 locations,” he said. It will also explore investment opportunities in the renewable energy sector.

Later, addressing the gather-

ing, Sanjiv Puri, Chairman and Managing Director of ITC, announced the setting up of a new food processing plant in the State. “Land is with us. Design work is going on and we expect production to commence soon,” he said. Besides producing all the famous brands, including ‘Ashirwad’ and ‘Bingo,’ the plant would de-hydrate locally sourced vegetables, to be sent across the country. Sun Pharma's Dilip Sanghvi said his company has so far invested over ₹500 crore in the state. Though Sun did not have its own manufacturing units in the State, post the takeover of Ranbaxy's assets in the State, it has two manufacturing units at Dewas and Malanpur.

“We are looking to expand these facilities,” he said. India Cement's N Srinivasan said work on the new cement and grinding plants in the State is in progress. Eleven industry leaders, including Godrej's Adi Godrej, Bharti's Rakesh Bharti Mittal, CIL chief Vikram Kirloskar, Trident Group's Rajinder Gupta and others participated in the one-day event.

# TVS Motor launches racing merchandise at MotoSoul 2019

The two-day event draws performance enthusiasts from across the globe

**G BALACHANDER**  
Vagator (Goa), October 18

TVS Motor Company, India's third largest two wheeler company by volumes, has announced the launch of two new flagship initiatives —TVS Racing MotoSoul and TVS Racing Performance Gears and Accessories — to deepen its engagement with customers, raise awareness of the brand and boost its sales.

Under its performance gear, TVS dealerships will sell riding accessories and urban/casual wears. The company is also exploring online and other channels to sell its accessories.

TVS Motor's latest brands Apache and NTorq have helped attract youth and racing enthusiasts, not just in India but from around the world. This has taken TVS Racing to the next level.

### For the passionate youth

“For more than 30 years, racing has been a very important part of TVS history. Now, our TVS Apache series sells more than 50,000 units in some months and has become a symbol of youth in India and around the globe. But racing is a lot more fun when it is done responsibly, and a

good quality riding premium gear goes well to make this more fun and safe.

“In keeping with this, we have tried to come up with TVS Racing Performance Gears, which is stylish and encourages responsible driving, while still showing passion and commitment to riding,” Sudarshan Venu, Joint Managing Director, TVS Motor Company, said at its MotoSoul 2019 event at Vagator, Goa on Friday.

### Full range of products

The focus of this initiative is to give customers a full range of products for casual wear and riding gears, by working with international and local partners. This is one more step to build on our passion and commitment towards racing and we will continue to build on this going forward,” he added.

The company held the first edition of TVS MotoSoul 2019, a flagship initiative from the TVS Racing platform to build on the spirit for performance riding.

The two-day event will host customers of TVS Apache Owners Group and performance enthusiasts from across the globe.

MotoSoul 2019 is aimed at strengthening the bond with Apache Owners Group and other performance motorcycle enthusiasts across the world.

*This correspondent is in Goa at the invitation of the company*

# Somany set to enter water heater segment

**MEENAKSHI VERMA AMBWANI**  
New Delhi, October 18

Sanitaryware and tiles company Somany Ceramics is foraying into the water heater category as it looks to gain a foothold in the bathware appliances segment. Over the past few years, the tiles manufacturer diversified into sanitaryware and bath fittings segments and believes its latest foray into the water heater segment will help complete its bathware products portfolio.

Abhishek Somany, MD, Somany Ceramics said, “Our foray into water heaters is synergistic with our existing businesses. We will largely leverage on our existing retail and distribution network to sell our water heater product portfolio.”

The company currently has about 500 dealers and 2,000 retailers in the bathware segment. It will also look at selling geysers through the electrical goods channel and e-commerce platforms.

“Consumers are increasingly moving to the branded segment of water heaters from the unorganised segment. We believe this segment has huge growth potential due to rapid urbanisation and rising number of nuclear families in the country,” he added.

The company is targeting sales revenues of about ₹840 crore from geysers in the current financial year. “We believe sales revenue from water heaters has the potential to grow to ₹75-100 crore in the next 4-5 years,” Somany added.

# ‘Mercedes-Benz is now connected with the youth’

**TE RAJA SIMHAN**  
Chennai, October 18

Mercedes-Benz cars are not just for the elite or senior people owning it for pride; they are for youngsters too. Today, many youngsters love the German car for styling, dynamics and modern features like ‘connected cars,’ said Mercedes-Benz India Managing Director and CEO Martin

Schwenk, reacting to the general perception in the market that youngsters prefer other luxury brands. “We have worked on this over the years. At the auto expo next year, we will display several new next generation cars that will be an attraction for youngsters. If a boy or girl takes a test ride of our vehicle, I am convinced he/she will like it. We have developed the design, styling and introduced many variants. We have 25 different models in India. There is no other OEM that has that level of variants. There is a car for everyone who wants to have a luxury car,” he told *BusinessLine* on the sidelines of inaugurating one of Chennai's largest luxury car dealerships, Sundaram Motors. The 35 facility (sales, service and

spares) dealership at Ambattur Industrial Estate will be a one-stop-shop for all sales and customer service requirements in Chennai and adjoining areas.

### First-mover advantage

Mercedes-Benz India had the first-mover advantage in the luxury car segment, but lost to competitors like Audi and Volvo. However, Mercedes-Benz has bounced back with new style and designs liked by youngsters. “We enjoy a 40 per cent market share in the luxury car segment,” he said.

Speaking on the slowdown, Schwenk said, “We are relatively in good spirit and happy. We had 29 per cent more sales in September than in August... We are on the track to recovery,” he said.

“The fourth quarter should be okay. Obviously, we are not euphoric. I hope this is an industry trend. Our numbers in the third quarter are better than others. It is not about our industry; the overall economical situation needs to improve. I don't want to cry for government help always. That does not help...” he said.



Martin Schwenk, MD & CEO, Mercedes-Benz India BIJOY GHOSH

**NOTICE CUM ADDENDUM**

Pursuant to SEBI Circular SEBI/HO/IMD/DF2/CIR/P/2019/101 dated 20 September 2019 regarding Risk Management Framework for Liquid and Overnight funds and norms governing investment in short term deposits, this notice cum addendum sets out changes in Scheme Information Documents (SIDs) & Key Information Memorandums (KIMs) of Tata Liquid Fund & Tata Overnight Fund.

Effective Date: 19th October 2019

1) **Cut-off time for applicability of Net Asset Value in respect of Purchase of units in Tata Liquid Fund & Tata Overnight Fund:**

Applicable NAV for Ongoing Subscription/Purchase/Switch-in for Regular Plan and Direct Plan	
Subscriptions & Switch-ins*	Applicable NAV
In respect of valid application is received upto 1.30 p.m. on a Business Day & funds are available for utilization i.e. entire amount has been credited to the bank account of the scheme before the cut-off time. **	The closing NAV of the day immediately preceding the day of receipt of application.
In respect of valid application received after 1.30 p.m. on a Business Day & funds are available for utilization i.e. entire amount has been credited to the bank account of the scheme after the cut-off time.	The closing NAV of the day immediately preceding the next Business Day.
Irrespective of the time of receipt of application, where the funds are not available for utilization before the cut-off time.	The closing NAV of the day immediately preceding the day on which the funds are available for utilization.

\* In case of Switch transactions, funds will be made available for utilization in the switch-in scheme based on redemption payout cycle of the switch out scheme.

\*\*In respect of valid application received upto 1.30 p.m. on a Business Day but funds are available for utilization after 1.30 p.m. - applicable NAV will be the closing NAV of the day immediately preceding the next Business Day.

2) **Levy of graded Exit Load has been introduced on investors/unitholders who exit from Tata Liquid Fund before completion of 6 days of their investments (i.e. from date of applicable NAV):**

Current Exit Load	NIL
Revised Exit Load (w.e.f. 19th October 2019)	
Investment Period – i.e. Number of Days from the date of Subscription NAV	Exit Load %
1 day	0.0070% of redemption proceeds
2 days	0.0065% of redemption proceeds
3 days	0.0060% of redemption proceeds
4 days	0.0055% of redemption proceeds
5 days	0.0050% of redemption proceeds
6 days	0.0045% of redemption proceeds
7 days or more	NIL

The above revision in exit load will be applicable on the following:

1) Investments made in the above-mentioned scheme(s) on or after the effective date.

2) The above revision in exit load will also be applicable to instalments of existing SIPs/STPs falling due after the effective date.

**Notes: -**

- This notice cum addendum will form an integral part of the SIDs and KIMs of the schemes.
- All other terms & conditions of the SIDs/KIMs read with other addendums including the Risk-O-Meters of the schemes remain unchanged.

**Mutual Fund Investments are subject to market risks, read all scheme related documents carefully.**