

Chola Financial net plunges 38%

SPECIAL CORRESPONDENT
CHENNAI

Cholamandalam Financial Holdings Ltd., formerly known as TI Financial Holdings Ltd., has reported 37.93% decline in its standalone net profit to ₹18 crore for the second quarter ended September 2019, compared with the corresponding period last year.

Total income for the period declined to ₹18.37 crore from ₹29.53 crore.

The company disbursed ₹7,381 crore for the second quarter compared with ₹6,899 crore in the year ago period. In the first half of FY20, assets under management (AUM) grew 23% to ₹64,409 crore compared with the corresponding period of last year.

The firm's subsidiary, Cholamandalam MS General Insurance Company Ltd., in which the company holds about 60% stake, registered a Gross Written Premium of ₹1,192 crore, an increase from ₹1,103 crore.

Oil PSUs begin export of diesel as domestic demand contracts

Fuel impacted by extended monsoon and slowing auto sales

PIYUSH PANDEY
MUMBAI

State-owned refiners Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corporation Limited (HPCL) began exporting diesel for the first time as demand for the fuel has registered a contraction year-on-year (also for the first time), in the second quarter ended September amid a slowdown in the Indian economy.

N. Vijayagopal, Director-Finance, BPCL, told *The Hindu*, "For the first time, we had to export diesel in September as [the fuel] registered a negative demand of 2.4% year-on-year. We exported 2,00,000 tonnes of diesel. Going forward, we have to keep exporting diesel for the next six months or so due to demand destruction. We are likely to come out with a tender for export of



Sticky mess: With expanded capacities, there is surplus diesel available, with exports being the option to clear stock. ■ AFP

diesel soon." Diesel, which accounts for more than one-third of the overall oil product demand in India, is following a negative trajectory due to an extended monsoon and slowing auto sales.

"As a thumb-rule, if India grows at 8%, diesel demand grows at 4%. So, diesel demand is directly linked with the growth of the economy. With economy growing sub-5%, diesel demand had gone into the negative trajec-

tory. With all refineries expanding capacities, we have surplus diesel in the system and have no other option but to export. About 80% of the diesel demand in the country comes from the transportation sector," a board member of an oil marketing company (OMC) said.

India's diesel demand has been consistently falling from 7.78 million metric tonnes (MMT) in May this year to 5.83 MMT in Septem-

ber, a steep fall of 25%, according to government data. Demand for petrol has also been falling since May 2019 to 2.37 MMT in September but has grown about 5-6% year-on-year.

61% rise since April
India exported diesel worth ₹14,149 crore in September alone compared with exports of ₹8,771 crore in April this year, registering a growth of over 61%.

India's largest refiner IOCL had to shut down some of its refineries in the second quarter due to excess supply and has become one of the largest exporters of diesel among OMCs.

Private sector refiners Reliance Industries Ltd. (RIL) and Nayara Energy (erstwhile Essar Oil) export most of their products as OMCs command about 90% of the petrol and diesel market share in India.

Renault Nissan eyes higher production as exports rise

Overseas orders help carmaker buckle slowdown

N. ANAND
CHENNAI

Propelled by strong export order book position, Renault Nissan Automotive India Pvt. Ltd. (RNAIPL) is planning to produce 15% more cars during this fiscal, despite a slowdown in the automobile sector, said a top official.

"Due to a buoyancy in export order book position, we are not affected by slowdown in the automobile sector," said Biju Balendran, MD and CEO, RNAIPL. "Last fiscal, we produced 1.82 lakh units and this year, we expect to produce about 2.1 lakh." RNAIPL is a joint venture between France-based Renault and Japan's Nissan to make Renault and Nissan models at its alliance plant in Oragadam. The plant's annual capacity is 4.8 lakh units.

On Friday, he announced the commencement of export of Datsun GO and GO+



Biju Balendran

equipped with CVT (Continuously Variable Transmission) to South Africa from its alliance plant.

"We recently introduced Datsun GO and GO+ equipped with CVT and have been receiving positive response from customers in India. Now, we are exporting these versions to South Africa. Exports form a key pillar of our India operations, helps grow the local economy and is a firm affirmation of Nissan's commitment towards building India as one

of its key manufacturing hubs globally," he said.

According to him, Nissan plans to export over 8,000 Datsun units and more than 65,000 Sunny-badged cars in FY20 and FY21. "At the beginning of FY20, we planned to export about 22,000 Sunny cars. But the target was revised mid-way to over 65,000 units due to strong export orders," he said.

Asserting that the carmaker had been a major exporter of cars from Chennai for the last 10 years, he said that Nissan had exported around 8.8 lakh cars till date.

In the coming months, Nissan India will roll out Datsun Redi-GO with BS-VI complaint engine, he added.

Nissan India ships its cars, engine and components to West Asia, South Africa, Egypt, Indonesia, Brazil, Egypt, sub-Saharan countries and Nepal. Kicks, an SUV, is being exported to Nepal and Bhutan.

India, EU to push for free trade pact again

Move follows govt. decision to pull out of RCEP; Europe sceptical about timeline

SUHASINI HAIDAR
NEW DELHI

India and the European Union committed once again to restarting talks on a free trade agreement, but did not spell out a roadmap on how to break the six-year old logjam in talks.

European officials also remained sceptical about how quickly the talks could be restarted, given a number of issues, including India's decision to cancel Bilateral Investment Treaties with 58 countries, including 22 EU countries in 2016, and the Brexit process.

"[India and the EU] underlined the necessity of having a Bilateral Trade and Investment Agreement (BTIA) and agreed to continue working towards it," said a statement released on Saturday after a meeting of the India-EU Strategic Partnership Review, led by MEA secretary Vijay Thakur Singh and European External Action Service Deputy Secre-



Pekka Haavisto

tary General EU Christian Leffler.

The renewed push for the BTIA, which includes both trade and investment, follows the government's decision to pull out of the ASEAN-led Regional Comprehensive Economic Partnership last week.

'Prefers FTA with West'
Commerce Minister Piyush Goyal, as well as Ministry of External Affairs (MEA) officials have said that rather than the 15-nation grouping which includes China, India would like to explore FTAs

The EU-India summit keeps getting postponed; one step is to have regular summits

PEKKA HAAVISTO,
Foreign Minister of Finland

with the West, including EU and the United States. Prime Minister Narendra Modi and German Chancellor Angela Merkel also pushed for the BTIA during their bilateral meeting on November 1.

Speaking to *The Hindu*, Pekka Haavisto, Foreign Minister of Finland, who is the EU Council President this year, however, said that the deal could take a "long, long time".

In 2013, India and the EU suspended talks after reaching a dead end on issues such as tariff on European cars and wine, on data security, and India's desire to include services and more visas for Indian professionals in the agreement. Since then, despite meeting sever-

al times, negotiators have not been able to even agree on the terms for restarting the talks, despite a firm announcement by Mr. Modi and the EU President at a summit in 2017.

"Unfortunately the EU-India summit keeps getting postponed, so [one] step is to have regular summits," Mr. Haavisto said.

He also cited the ongoing Brexit process for delaying the EU's other trade deals, but said that the EU had managed to close FTAs with China, Japan and the MERCOSUR Latin American countries.

Another major problem, he explained, was that the NDA government's decision to cancel investment treaties had slowed interest from European companies who did not want to "risk" investing until another investment protection agreement was put in place, which could be discussed at the next EU-India summit in March 2020.

Lakshmi Vilas Bank Q2 net loss widens

SPECIAL CORRESPONDENT
CHENNAI

Lakshmi Vilas Bank Ltd.'s standalone net loss for the second quarter ended September 2019 has widened to ₹357.18 crore from ₹177.31 crore on account of mounting bad loans and higher provisioning.

For the period under review, total income slipped to ₹665.33 crore from ₹800.50 crore, the bank said in a filing. Net interest income contracted to ₹40.37 crore, compared with ₹27.57 crore. Capital adequacy ratio came down to 5.56% from 9.67%.

Provisions and contingencies rose to ₹317 crore compared with ₹205 crore in the year-earlier period. Other income dipped to ₹58 crore from ₹71 crore.

Provision coverage ratio stood at 62.28%. Gross NPAs as a percentage of gross advances climbed to 21.25% from 12.31%.

Lemon Tree acquires Berggruen Hotels

Deal done at valuation of ₹600 crore

SPECIAL CORRESPONDENT
MUMBAI

Lemon Tree Hotels Ltd. has announced the acquisition of Berggruen Hotels, which owns Keys Hotels, taking the total inventory to 7,800 rooms in 77 hotels across 45 destinations and making it India's largest hotel chain in the mid-priced hotel sector.

The acquisition has been done at an enterprise value of ₹600 crore, according to Kotak Securities report.

Keys Hotels are present in 16 cities such as Aurangabad, Bengaluru, Kozhikode, Chennai, Goa, Gurugram, Kochi, Kolhapur, Ludhiana, Mahabaleshwar, Manali, Mumbai, Pune, Port Blair, Thiruvananthapuram and Visakhapatnam.

Of these, Lemon Tree already has presence in seven destinations and these Keys Hotels add to the depth of coverage in those cities, it said.



Patanjali Keswani

Patanjali Keswani, CMD, Lemon Tree Hotels, said, "We will now instantly enter nine new destinations and simultaneously consolidate inventory in seven of our current destinations. Going forward, we will add value to the top line of these hotels both in terms of higher yield and greater occupancies."

The Keys portfolio of brands include Keys Prima in upper midscale, Keys Select in midscale and Keys Lite in economy segment.

Deming prize for Elgi Equipments

SPECIAL CORRESPONDENT
COIMBATORE

Air compressor manufacturer Elgi Equipments has won the Deming Prize for excellence in Total Quality Management.

Jairam Varadaraj, managing director of Elgi, told presspersons here on Saturday that the company's Total Quality Management journey started in 2008 and gained momentum in 2014. Elgi is aiming to be the second-largest manufacturer of air compressors in the world by 2027. Currently, it is in the seventh position.

"The Deming Prize is just another milestone, a time-bound recognition, that we are on the path. We are very confident that we will get to where we want to be," he added. Mr. Varadaraj received the prize from Hiroaki Nakanishi, chairman of the Deming Prize Committee, in Tokyo.

Want more people to have life cover: LIC

SPECIAL CORRESPONDENT
COIMBATORE

Life Insurance Corporation of India (LIC) is looking at increasing the number of policies sold this year so that more number of people have been covered.

LIC Chairman M.R. Kumar told *The Hindu* here recently that the insurer was looking at selling three crore policies this year.

"This year, I am looking at the number of policies and coverage. People should look at it [insurance] as a primary financial product." All life insurance firms are together launching a campaign on why life insurance should be a priority. The tagline for the campaign is 'Sabse Pehle Life Insurance'.

In terms of first-year premium collection, LIC has set a target of ₹56,500 crore for this fiscal and had achieved 50% at the end of September.

It is recruiting about 8,000 development officers who, in turn, will be recruiting agents. LIC has on-line sales. But people are still comfortable talking to agents. "We have roughly 11 lakh agents and target to have 14 lakh to 15 lakh by the end of this fiscal," he said. The total outlay for bonus to be paid this year on all products is ₹53,000 crore. LIC will also be doing group cover in a bigger way. Financial products are becoming seamless. "Products will undergo a lot of changes in future," Mr. Kumar said.

INTERVIEW | PADMAJA CHUNDURU

Arresting fresh slippages is key

Target for NIM is 3% for FY20, we have to get the pricing right: Indian Bank MD

N. ANAND

After posting improved financial performances for the first and second quarter of the current fiscal, Indian Bank is planning to sustain its growth momentum, even as it gears itself for amalgamating with Allahabad Bank. Indian Bank managing director and CEO, Padmaja Chunduru, talks to N. Anand. Edited excerpts:

Are you satisfied with Indian Bank's performance for the last two quarters?

■ We have been working on recoveries and arresting fresh slippages. Last quarter, we showed good results, and this quarter, the whole thing came together whether it was business growth, earnings or asset quality, capital and return on assets. The bank scored on all the profitability parameters.

What will the focus be, going forward?

■ Going forward, the focus is to continue doing the good work people across zones have been doing so that we sustain the momentum.

We should not take our eye off the slippages and that holds the key. We have to focus on recovering assets that have turned bad and arrest build-up of portfolio. It has come to ₹700 crore and that would be a good development if we can restrict it to ₹800 crore per quarter, not counting the one-off things might happen.

The bank is on the right track to sustain the momentum. The focus on growth with earnings and profitabil-

ity will be the foundation. Second is the amalgamation and we are working on that.

Would you have any cause for concern around your net interest margin and current and savings accounts (CASA) deposits?

■ When compared to last year, net interest margin (NIM) is down. The environment has changed quite a bit since then. But, NIM has improved quarter-on-quarter from 2.85% to 2.92%. We are targeting 3% for the fiscal and are working towards that. Mainly, it will come from pricing the risk correctly. We have Retail, Agriculture, MSME (RAM) and Corporate portfolios.

So, everywhere if we take proper decisions around pricing, I think we will be

able to achieve the target. We need to tweak the interest rates.

CASA grew 10.6% over last year. That's good growth given the kind of changes happening around [us]. Current account grew by 7.5%, savings bank accounts grew by 11% and term deposits grew by 18%. I am happy with the growth of term deposits as these are stable, long-term core deposits of the bank. These are indications of the commitment customers have towards the bank.

At 7.2%, don't you think that Gross Non-performing Assets are on the higher side?

■ It is one of the lowest among the public sector banks. Additions over the last few quarters have been coming down from ₹1,700 crore to ₹750 crore. By arresting slippages, we will be arresting the figure. Recoveries have to come. Problem is

We were expecting ₹1,500 crore from NCLT this year. When the recovery starts happening, then the 7% Gross NPAs will come down to 5-6%

