MARKET WATCH

	11-11-2019	% CHANGE
Sensex	40345	0.05
US Dollar	71.47	-0.26
Gold	38678	0.30
Brent oil	62.72	1.86

NIFTY 50

	PRICE	CHANGE
Adani Ports	387.90	1.75
Asian Paints	1773.95	-20.90
Axis Bank	733.70	8.20
Bajaj Auto	3237.35	-8.20
Bajaj Finserv	8903.30	84.45
Bajaj Finance	4169.05	9.60
Bharti Airtel	371.50	2.35
BPCL	517.60	14.85
Britannia Ind	3119.55	-38.45
Cipla	454.85	-7.65
Coal India	209.85	0.60
Dr Reddys Lab	2815.75	-6.35
Eicher Motors	21376.90	-312.75
GAIL (India)	130.35	3.30
Grasim Ind	767.10	-6.90
HCL Tech	1145.95	-4.15
HDFC	2234.55	1.35
HDFC Bank	1264.75	9.15
Hero MotoCorp	2594.00	-52.95
Hindalco	200.15	-3.70
Hind Unilever	2081.35	-5.05
ICICI Bank	496.80	7.35
IndusInd Bank	1445.05	22.25
Bharti Infratel	220.55	2.25
Infosys	704.40	-3.75
Indian OilCorp	135.60	1.55
ITC	259.45	-1.05
JSW Steel	251.90	1.90
Kotak Bank	1616.90	16.65
L&T	1417.00	-6.00
M&M	575.00	-5.00
Maruti Suzuki	7137.30	-63.25
Nestle India Ltd.	14108.45	-362.85
NTPC	118.25	0.85
ONGC	139.10	0.80
PowerGrid Corp	191.75	0.10
Reliance Ind	1427.80	-17.70
State Bank	318.25	2.25
Sun Pharma	421.45	-0.65
Tata Motors	172.00	2.95
Tata Steel	401.45	3.50
TCS	2100.95	-29.00
Tech Mahindra	770.40	-0.95
Titan	1155.70	-1.05
UltraTech Cement	4137.05	-10.20
UPL	548.85	-7.00
Vedanta	152.70	-2.80
Wipro	256.45	0.05
YES Bank	73.00	4.05
Zee Entertainment	305.40	17.90

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on November 11

CURRENCY	TT BUY	TT SELL
US Dollar	71.26	71.58
Euro	78.63	78.99
British Pound	91.78	92.20
Japanese Yen (100)	65.41	65.71
Chinese Yuan	10.16	10.21
Swiss Franc	71.68	72.01
Singapore Dollar	52.35	52.59
Canadian Dollar	53.87	54.11
Malaysian Ringitt	17.19	17.27

Source:Indian Bank

Australia still hopes India will join RCEP

India's entry into the trade bloc is dependent on the 'India-China' element, says ex-Australian secretary

SUHASINI HAIDAR
NEW DELHI

Australia still hopes to see India join the 15-nation ASEAN led Regional Comprehensive Economic Partnership that the government decided to quit last Monday, said former Australian secretary for foreign affairs and trade Peter Varghese, who is the author of the paper on Australia's economic strategy for India, adding he hoped that India's decision was not final.

"I don't think this is the final definitive Indian answer to RCEP, the door has been very deliberately left wide open for India and I genuinely hope that at some point, sooner rather than later, India will decide to walk through the door," Mr. Varghese told *The Hindu* on the sidelines of an event to release a draft report for India's economic strategy for Australia, organised by the Confederation of Indian Industry (CII). Mr. Varghese said ultimately, India's entry into RCEP was dependent on the 'India-China' element, as India's main concerns over flooding of imports in the market, rules of origin, etc are essentially problems with China.

I don't think this is the final definitive Indian answer to RCEP. The door has been very deliberately left wide open for India and I genuinely hope that at some point, sooner rather than later, India will decide to walk through the door

PETER VARGHESE, former Australian secretary for foreign affairs and trade

In the past week, Commerce Minister Piyush Goyal had said that the government could reconsider its decision to leave the RCEP grouping — seen as the world's biggest trade bloc, and due to be signed in February 2020 – if the terms of the grouping for India were amended. Mr. Goyal also said that the focus for the moment was on other Free Trade Agreements with the European Union, U.S., existing negotiations with Australia, and a review of FTAs with ASEAN, Japan and Korea.

Speaking at the same event, MEA Additional Secretary for Economic Diplomacy P. Harish denied that India's decision to leave RCEP would make other negotiations like the one with Australia more difficult.

"India has a trade surplus with both the EU and the U.S. and has a trade deficit with all the countries in RCEP. Our effort is to enhance our economic engagement with Australia in all aspects including in goods, services and investment in all sectors."

When asked about any movement in the India-Australia Comprehensive Economic Cooperation Agreement (CECA), that has made little progress in the last five years, Mr. Varghese said that according to the strategy paper, the "India-Australia FTA or CECA should be on hold until we know where India comes out finally on RCEP."

Focus on 10 areas

"I think it must be remembered that the India-Australia trade engagement is not contingent on any bilateral or multilateral FTA, and we must keep working on ways to grow opportunities between both countries," he added, however, advocating for a focus on ten specific sectors including education, tourism, natural resources like coal imports and the Adani investment in Australia's biggest coal mine.

He also expressed the hope that Australian retirement funds would now begin to invest in Indian markets.

However, he said he was disappointed by the lack of response to his report's suggestions from big business in Australia.

"At the business level I wish I could report an enthusiastic response to the report. The big end of town doesn't seem to be taking India into account to the extent to which I think it should be," Mr. Varghese said.

Festive season sales were better than last year; we wish this continues in Nov.-Dec., says SIAM president Rajan Wadhera

Passenger vehicle sales pick up after 11 months

New models spur utility vehicles: SIAM

SPECIAL CORRESPONDENT
NEW DELHI

Putting an end to 11 months of consecutive decline, wholesale passenger vehicle (PV) sales in the country saw a marginal increase in October, mainly on the back of some improvement in consumer sentiment during the festive season.

Sales of domestic passenger vehicles rose 0.28% to 2,85,027 units in October 2019, compared with 2,84,223 units in the year-ago month, according to data from Society of Indian Automobile Manufacturers.

However, overall wholesale vehicle sales continued to decline, falling 12.76% to 21,76,136 units. All segments of the industry saw a decline during October, barring utility vehicles, passenger carriers and quadricycles.

Car sales drop 6.3%

In the passenger vehicle (PV) segment, car sales were down 6.34% to 1,73,649 units, van sales fell 35% to 10,653 units, while utility vehicles were up 22.22% at 1,00,725 units. The utility vehicle sales were driven by demand for new models, including Kia Motor's Seltos, MG Motor's Hector, Hyundai Motor's Venue.

The signs of reversal in sentiment has raised the industry's hope for better sales in the next couple of months. "Sales in the festive season have been better than last year, which is a good sign. We wish this continues in November and December as well," SIAM president Rajan Wadhera said.

He added that better availability of finance, lower lending rates and new model launches helped lift sentiment. "We also expect prebuying to take off in January-March next year."

As per SIAM data, total two-wheeler sales last month declined 14.43% to 17,57,264 units from a year ago. While motorcycle sales declined 15.88 % to 11,16,970 units, scooter sales fell 9.83% to 5,80,120 units.

Sales of commercial vehicles, seen as a reflection of the economy, dipped 23.31% to 66,773 units. While sales of medium and heavy commercial vehicles dropped over 50% to 15,334 units, light commercial vehicle sales fell 8.66% to 51,439.

Mr. Wadhera said that recent government measures, such as the package for the real estate industry, may help raise demand for commercial vehicles.

Lupin exits Japan subsidiary to lower debt

Pharma major sells Kyowa Pharma to Unison for ₹3,702 crore

SPECIAL CORRESPONDENT
MUMBAI

Twelve years after entering the complex Japanese market, Indian pharma major Lupin Ltd. has entered into a definitive agreement for the sale of its entire stake in its Japanese subsidiary Kyowa Pharmaceutical Industry Co., Ltd. to Unison Capital Partners IV, LPS and Unison Capital Partners IV (F), L.P. Collectively referred to as Unison, the private equity fund in Japan has exposure to pharmaceutical business.

The proposed transaction values Kyowa at an enterprise value of ₹3,702 crore and for Lupin it will generate post-tax net cash inflow of approximately ₹2,104 crore ($300 million). The pharmaceutical company conducted a competitive bidding process for this sale.

The transaction is expected to be EPS accretive and will significantly strengthen the consolidated balance sheet of the company, Lupin's top executives said, adding that they would get a return 4.5 times of the original investment.

The deal is expected to close in this financial year and most of the cash would go towards debt reduction.

The post transaction net debt of Lupin will stand at ₹1,129 crore compared to ₹4,362 crore as on September 30, 2019. The net debt to equity ratio shall improve to 0.08 as compared to 0.32 as on September 30, 2019, company executives said in a conference call while announcing the deal.

"This transaction will build upon the strong foundation our team has established in Japan. We acquired Kyowa in 2007 and since then have made a material difference to the Japanese healthcare system with the affordable medicines we brought to market," Vinita Gupta, CEO, Lupin said.

Nilesh Gupta, MD, Lupin said, "Driven by the incentives provided by the Japanese government to increase generic utilisation and our R&D, manufacturing and commercial strengths, we grew the Kyowa business multifold in the last 12 years to emerge the fifth-largest generic company in Japan."

"This transaction leverages Kyowa's strong position in CNS generics, long-listed and specialty products with Unison's investments in healthcare to create a leading CNS healthcare player," he added.

Lupin's top executives said that following this exit, the company would look for inorganic growth in priority markets of India and U.S. and even look at entering China.

Sundaram Finance net rises 25%

SPECIAL CORRESPONDENT
CHENNAI

Sundaram Finance Ltd. recorded a standalone net profit of ₹269 crore for the quarter ended September 2019, including a one-time income of ₹53 crore and the benefit of a lower corporate tax rate. This compares with a net profit of ₹154 crore a year ago. On a like-to-like comparison, net profit grew 25%.

Total revenue from operations rose to ₹994 crore from ₹817 crore and assets under management rose 11% to ₹30,256 crore. In the first half of FY20, deposits grew 15% to ₹3,424 crore.

India Cements Q2 profit rises on cost reduction

Profit up despite sales volume in A.P. and Telangana halving to 1 lakh tonnes per month

SPECIAL CORRESPONDENT
CHENNAI

Leading cement manufacturer The India Cements Ltd. (ICL) has posted a standalone net profit of ₹8.72 crore for the second quarter ended September 2019, due to improved realisation on sale of cement and reduction in cost of power and material, among others.

This compares with a lower ₹1.43 crore net a year ago but a significantly higher ₹72.21 crore for the quarter ended June this year.

In the recently closed quarter, the company's capacity utilisation declined to 68% from 77%. Overall, cement and clinker volume for the quarter declined to 26.67 lakh tonnes from 30.77 lakh tonnes.

India Cements' total income declined to ₹1,284.94 crore from ₹1,390.84 crore due to a sharp fall in demand in Andhra Pradesh and Telangana.

"The cement market was languishing a bit in the South. There was a steep fall in demand in Telangana and Andhra Pradesh," said N. Srinivasan, vice-chairman and MD, The India Cements Ltd.

He added that together, Andhra Pradesh and Telangana used to witness about 2.1 lakh tonnes per month in sales but that the figure had recently plunged to 1 lakh tonnes per month.

"We are waiting for the markets to revive and will sell in places other than A.P. and Telangana. Over the next five months, we will optimise the volume to make up for what we have lost. We will get into aggressive sales when the prices are good," he said.

Asked about the next few quarters, he said ICL expected Q3 to be better than Q2, while expecting a better fourth quarter due to expected pick-up in demand for infrastructure projects.

Mr. Srinivasan said that despite the tough market conditions influenced by lower demand, ICL was able to post a profit before tax (PBT) of ₹113 crore for the first six months of the current fiscal against ₹28.12 crore for the corresponding year-ago period.

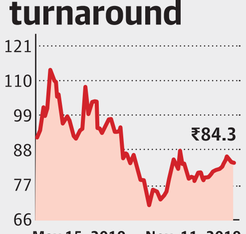
For FY19, India Cements recorded PBT of ₹93.42 crore.

Input costs to stay muted

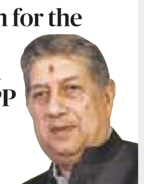
He added that he expected input costs to remain tempered due to the anticipated softening of fuel prices and the company's planned reduction of manpower.

As of October 2019, ICL had a non-management workforce of about 1,200, which was expected to halve by 2022 as per an understanding with the unions, he said. He added that the company planned to focus on multi-skilling of its staff.

Awaiting turnaround



The cement industry, which grew 13% last fiscal, had to be content with flat growth for the first 6 months of this financial year, as per DIPP statistics



N. SRINIVASAN
Vice-chairman & MD

Metrics	Q2 FY20	Q1 FY20	Q2 FY19
Total Income (₹cr.)	1,248.94	1,472.00	1,390.84
Net profit (₹cr.)	8.72	72.21	1.43
EPS (in ₹)	0.29	2.34	0.05

Hindalco net falls 33% to ₹974 cr.

Revenue declines 9%; yet to see domestic orders, says Pai

SPECIAL CORRESPONDENT
MUMBAI

Hindalco Industries reported a 33% fall in its second quarter consolidated net profit to ₹974 crore due to fall in aluminium prices.

The fall in profit was reported on a 9% decline in revenue to ₹29,657 crore.

Satish Pai, MD, Hindalco Industries, said, "Stronger operational efficiencies in upstream business and our rising share of value-added products have led to a stronger and derisked business model. Globally, consumer demand for sustainable packaging options and automotive closed-loop recycling systems continues to grow. A special call out to Novelis which has once again turned in a record performance."

When asked about falling demand in the Indian business, Mr. Pai said, "We have seen lots of announcements so far but we are not yet seeing orders coming. Post-Diwali, we are yet to see demand picking up. November to March will be a crucial time for us."

Satish Pai

The company's EBITDA for the quarter fell by 8% to ₹3,918 crore.

The company is in talks with two prospective European buyers to sign a definitive agreement for sale of Aleris Corp.'s Belgium plant to get approval for the $2.6 billion deal.

"Novelis received conditional approval for the Aleris acquisition from the European Union, and a clear path forward for approval in the U.S. The company expects to close the transaction by January 21, 2020, the outside date under the merger agreement," the company said in a statement.

Hindalco's gross consolidated debt stood at ₹54,154 crore and net debt at 40,710 crore. When asked about the debt reduction, Mr. Pai said, "At current LME prices, we won't repay any debt. We will continue with our capex of ₹2,000 crore."

Policy on credit ratings for MSMEs in the offing

Move to help investors, says Gadkari

PRESS TRUST OF INDIA
NEW DELHI

The government is in the process of formulating a policy on credit ratings for micro, small and medium enterprises (MSMEs) to help investors and other players take informed decision, Union Minister Nitin Gadkari said on Monday.

Addressing the International Women's Entrepreneurial Challenge Foundation here, Mr. Gadkari said MSMEs contributed 49% of India's total exports. "We are going to start digital data based credit rating system... we are going to make the rating of the industry... it can give information about the MSMEs. That can be more easy for taking any decision because rating is now very important. So, now we are formulating the policy and we are going to make some scheme for them and that will be very useful," Mr. Gadkari, the Minister for MSMEs said. The Minister also said that the government was using technology and innovations to boost agricultural and tribal sectors through new technologies and innovations.

He gave examples of honey and oranges being used in various products, which had resulted in increased production and market value of these products.

The government was working on backward integration to develop rural industry and create employment, he said, adding that the employment potential was 11 crore.

At the same time, innovations and skill development in the MSME industry were being carried out with the collaboration of the German government to make Indian products more competitive in the international market, he said.

Plastics exports fall 17% in Sept.

Raw materials see year-on-year decline of 33%: Plexconcil

SPECIAL CORRESPONDENT
MUMBAI

India's plastic exports for September 2019 declined by 16.8% to $649 million from $780 million in September 2018, as per data with the Plastics Export Promotion Council (Plexconcil).

The cumulative value of plastics export from India during April 2019 to September 2019 saw a negative growth of 5.9% to $4,324 million as against $4,594 million during the same period last year.

In September 2019, plastic raw materials witnessed year-on-year decline of 33.0%; followed by optical items (-19.2%); stationery/office/school supply (-9.7%); and moulded and extruded goods (-8.2%). Product categories that reported positive growth include human hair products (+29.5%); other plastic items (+12.1%); plastic sheet, film, plates etc (+3.5%); and packaging materials (+2.7%), the data said.

Cumulative value of plastics export between April and September 2019 saw a negative growth of 5.9%. • H. VIBHU

Within plastics raw materials, exports of linear low-density polyethylene were down 64.5% y-o-y to $20.4 million in September 2019, due to lower sales to China, Indonesia and Vietnam.

Exports of Polyethylene terephthalate, having a viscosity number of 78 ml/g or higher, fell 35.6% year-on-year to $55.5 million in September 2019 due to lower sales to Uruguay and Algeria. India's exports of Polypropylene witnessed a negative growth of 36.9% year-on-year to $36.7 million in September 2019 due to lower sales to Vietnam, Italy and Nepal. Even exports of Polyethylene having a specific gravity of 0.94 or more was down 37.6% y-o-y to $29.8 million in September 2019 due to lower sales to China. Among value-added plastics products, export of optical items from India was lower due to a decline in export of optical fibers, optical fibre bundles and cables, down 32.4% y-o-y to $16.8 million in September 2019 to countries like France and Russian Federation.

Sajjan Jindal repays ₹342 cr. for pledged shares

Promoters repay ₹2,700 cr. in 2 months

SPECIAL CORRESPONDENT
MUMBAI

Sajjan Jindal, promoter of JSW Steel and JSW Energy, has paid ₹342 crore to release the pledged shares of the steel and energy firms in the group. On Friday, the industrialist had ₹1.26 crore of pledged shares of JSW Steel and ₹6.98 crore pledged shares of JSW Energy released.

With this, JSW Group promoters have got released about ₹2,700 crore of pledged shares of group companies in three tranches in the last two months.

Last month, Mr. Jindal had got ₹1,200 crore worth of pledged shares released. In September, he had repaid ₹1,150 crore of loans taken against pledged shares of group companies. JSW Steel shares rose 0.74% to close at ₹251.85 in a near-flat Mumbai market on Monday, while JSW Energy shares declined 3.39% to close at ₹74.05.

Sajjan Jindal

Rating revised

India Ratings has reaffirmed its long-term issuer rating of 'IND AA' for the non-convertible debentures programme of JSW Steel. However, the agency revised its outlook for the firm's long-term rating to 'negative' from 'stable' due to a fall in per-tonne margins and its impact on the firm's credit profile in the current fiscal.

NMDC Q2 net rises over 9% to ₹691.94 cr.

SPECIAL CORRESPONDENT
HYDERABAD

Public sector miner NMDC has posted a consolidated net profit of ₹691.94 crore for the quarter ended September, an increase of 9.40% from the ₹632.46 crore registered in the year earlier period.

The increase came amid a decline in revenue from operations to ₹2241.76 crore (₹2,437.92 crore) and total income declining to ₹2,369.39 crore (₹2,569.05 crore).

On a sequential basis, the net profit, however, declined. The company had posted a net profit of ₹1,171.56 crore during the quarter ended June.

The net profit, on a standalone basis, increased 10.51% to ₹703.27 crore (₹636.37 crore). The company said it had provided ₹112.06 crore towards Expected Credit Loss (ECL) during the quarter.