

MARKET WATCH

	01-11-2019	% CHANGE
Sensex	40,165	0.09
US Dollar	70.81	0.16
Gold	39,395	0.46
Brent oil	60.69	0.90

NIFTY 50

	PRICE	CHANGE
Adani Ports	389.75	-6.05
Asian Paints	1766.35	-43.25
Axis Bank	748.30	11.95
Bajaj Auto	3232.65	-14.70
Bajaj Finserv	8384.75	250.40
Bajaj Finance	4069.85	42.30
Bharti Airtel	373.05	-1.20
BPCIL	519.40	-7.20
Britannia Ind	3268.55	1.95
Cipla	469.20	2.35
Coal India	207.10	-0.45
Dr Reddys Lab	2756.60	-26.60
Eicher Motors	21976.15	-563.95
GAIL (India)	135.15	-2.30
Gasfin Ind	775.70	6.95
HCL Tech	1152.00	-10.75
HDFC	2128.60	-3.30
HDFC Bank	1240.05	9.70
Hero MotoCorp	2707.15	2.95
Hindalco	193.75	5.85
Hind Unilever	2179.35	4.00
ICICI Bank	462.25	-0.80
IndusInd Bank	1379.85	66.65
Bharti Infratel	202.45	12.75
Infosys	687.90	2.30
Indian Oil Corp	142.65	-4.15
ITC	261.30	3.65
JSW Steel	237.60	9.60
Kotak Bank	1579.90	5.40
L&T	1449.40	-23.65
M&M	589.75	-16.70
Maruti Suzuki	7618.65	59.25
Nestle India Ltd.	14959.80	12.80
NTPC	121.50	-0.90
ONGC	144.15	2.45
PowerGrid Corp	197.30	-1.05
Reliance Ind	1456.90	-7.45
State Bank	313.55	1.15
Sun Pharma	437.55	4.15
Tata Motors	175.05	-2.65
Tata Steel	399.50	18.95
TCS	2200.90	-68.75
Tech Mahindra	760.45	21.45
Titan	1301.90	-29.30
UltraTech Cement	4162.75	19.55
UPL	588.55	-7.90
Vedanta	153.05	4.70
Wipro	258.60	-0.70
YES Bank	66.60	-3.80
Zee Entertainment	309.50	48.90

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on November 01

CURRENCY	TT BUY	TT SELL
US Dollar	70.61	70.93
Euro	78.76	79.12
British Pound	91.56	91.97
Japanese Yen (100)	65.42	65.72
Chinese Yuan	10.03	10.08
Swiss Franc	71.58	71.91
Singapore Dollar	52.02	52.26
Canadian Dollar	53.61	53.86
Malaysian Ringgit	16.94	17.03

Source: Indian Bank

BULLION RATES CHENNAI

November 01 rates in rupees with previous rates in parentheses

Retail Silver (1g)	50.6	(50.6)
22 ct gold (1g)	3713	(3693)

Festive season brings cheer for auto, consumer durables

Automakers see higher month-on-month sales in October aided by discounts; consumers buy more washing machines, refrigerators and TVs

YUTHIKA BHARGAVA
NEW DELHI

Festive season this year did bring in some cheer for the auto sector which saw some positive demand after months of falling sales. However, the “cautiously optimistic” industry is in a wait-and-watch mode on whether the positive trend of last month signals a turnaround for the sector or if higher sales were merely due to festive fervour.

In October, market leader Maruti Suzuki posted positive domestic sales for the first time in seven months, witnessing a growth of 2.3% in wholesales of passenger vehicles at about 1.41 lakh units from the same month a year ago.

Sequentially, the company's sales in the segment grew almost 26% from about 1.1 lakh units in September 2019.

The company's executive director (marketing and sales) Shashank Srivastava told *The Hindu* that while festive sales had been good, Maruti Suzuki is “cautiously optimistic” about the future and more clarity should emerge by the end of the current financial year.

“Sentiment has changed, but its difficult to tell how much of this is permanent and how much related to just the festive season,” he said.

Mr. Srivastava added that they would have to watch the situation for another couple of months to arrive at a conclusion about the turnaround because some of the things which were impacting the market such as cost of car ownership, high taxes, high insurance costs, conversion from BS IV to BS VI and liquidity crunch continue to exist.

Asked if high discounts would continue, Mr. Srivastava said that it would de-

Caution is the watchword

Though automakers reported an upswing in sales during October 2019, they are ‘cautiously optimistic’ on whether the trend would continue in the coming months

1 In October, high discounts and festive offers played a role in boosting sales

2 Deep discounts may continue in November also

DOMESTIC SALES	Oct. 2019	Oct. 2018	Sept. 2019
Maruti (PV)	1,39,121	1,35,948	1,10,454
Honda	10,010	14,187	9,301
Hyundai	50,010	52,001	40,705
Tata (PV)	13,169	18,290	8,097
Tata (CV)	25,983	39,420	24,279
M&M (PV)	18,460	24,066	14,333
M&M (CV)	23,582	24,353	18,872
Ashok Leyland	9,074	14,341	7,851
TVS Motor (2W)	2,52,684	3,38,988	2,43,163



PV: PASSENGER VEHICLES
CV: COMMERCIAL VEHICLES

pend on market conditions. However, “I think in November also, discounts level will be pretty high because we have to be confident about the general market before making changes.”

Hyundai up 23% MoM
Hyundai's sales declined 4% year-on-year but was up 23% on a sequential basis. Honda saw its sales pick up by 11% month-on-month though compared to October last year, it was down 29%.

Rajesh Goel, senior vice-president and director-sales and marketing, Honda Cars India Ltd., said, “The festive season was rewarding for the auto sector after a prolonged slowdown. The high discounts and other festive offers provided by automakers across the industry resulted in positive consumer sentiment.”

Tata Motors also saw its domestic passenger vehicle sales rise in October compared to September; in comparison with October 2018 though, it was lower.

Mayank Pareek, president, passenger vehicles business unit of the firm, said

their focus was on retail, as a result retail sales were up 36% more than wholesales.

“In October, retail sales were the highest in this fiscal, recording a 70% increase month-on-month.”

He expressed confidence that the positive sentiments of the festive season will lead to a structural recovery in the market.

“The festive month of October was excellent for Mahindra, with retail volume exceeding wholesales by approximately 40%. This robust retail performance was contributed by both passenger and commercial vehicles,” said chief of sales and marketing, automotive division, Veeraj Ram Nakra.

For Toyota Kirloskar Motor, domestic sales y-o-y were down 6% to 11,866 units, while new entrant MG Motor India posted retail sales of 3,536 units of its SUV Hector in October.

Hero retail sales surge

Market leader Hero MotoCorp said it posted the highest-ever retail sales during the festive period, selling 12.84 lakh units in October

2019. On wholesale basis, the company sold 5,99,248 units of motorcycles and scooters, as against 7,34,668 units in the same month last year due to the company's “conscious efforts at further correcting dealer

Sanjay Bhan, head, sales, aftersales and parts, Hero MotoCorp said, markets such as Uttar Pradesh and Chhattisgarh saw over 15% retail growth.

“We are optimistic of carrying forward the momentum in retail sales. Thanks to the record retail offtake, our inventory levels are now down to 30 days and future despatches are being planned in keeping with market demand.”

For Bajaj Auto, domestic sales were down 13% to over 2.78 lakh units as against about 3.19 lakh units in October last year.

For the previous month, sales stood at about 2.15 lakh units. Similarly, TVS Motor Company reported an up-trend in sales. The company said it has significantly rationalised BS IV stocks for the transition to BS VI.

LALATENDU MISHRA
MUMBAI

The Diwali festive season saw demand growth for white goods and home appliances in the range of 20-35%, said manufacturers and large retailers.

“We are witnessing a robust growth across categories. The overall growth is around 35%. Especially for premium products, the growth is very impressive,” said Vijay Babu, vice-president – Home Appliances, LG Electronics India.

“In washing machines, there has been a very good sale-out for high capacity machines of 7-, 8-, 9-kg and above both in front and top loading. Similarly, in refrigerators, we are seeing good traction for 330 litres and above,” he said.

In the premium category, the growth was above 40%. “Strong product portfolio, backed by good offers for consumers and attractive consumer financing options are some of the factors behind this growth.”

In home appliances, we are targeting ₹5,000 crore turnover,” Mr. Babu added.

Godrej Appliances witnessed a subdued response this festive season, top executives said. However, they said sales picked up a few days ahead of Diwali. “Overall, we expect a single digit growth of 5-7% for the industry over the same period last year,” Kamal Nandi, business head and executive vice president, Godrej Appliances, said. He said the metro markets had done better.

Premium items shine

“Some of the premium products, however, have shown good traction, especially our frost-free range and fully-automatic washing machines,” he added.

Retailers too reported



Sales spin: Washing machines were among those appliances that have seen a good traction. ■ V. RAJU

homes growth in volumes. Ritesh Ghosal, CMO, Croma, Infiniti Retail Ltd. said, “The festive season has been good, we have seen a growth of more than 20% this festive season compared to last year.”

‘Appliances soar’

“Appliances has been one of our fastest growing category with a growth rate of 27% recorded during this period. Refrigerators and washing machines have been the key drivers for the same. For TVs, we have seen a good surge in demand for large screen TVs, that is, 43 inches and above,” he added.

Washing machines, refrigerators, 2-in-1 laptops, wearables have also done ‘pretty well’, he added.

Rajiv Malla, CEO, Malls, Runwal Developers said, “A higher consumption is being recorded for white goods at R City Mall since September. Our retail partners in the space of white goods have reported over 12% growth this season. There has been a high demand for electronics such as LED TVs, vertical door refrigerators, washing

machines and microwaves during this festive season.”

“Basis the pattern observed in the previous years, we are hopeful that consumption will continue to grow over the next few months,” he said.

According to Mr. Ghosal of Croma, demand in this category was a function of consumer sentiment. “As consumer confidence has been declining, so has demand. July-August was the worst period with 15% decline in footfalls over the previous year. Starting September, footfalls have improved after the government made certain announcements in the area of credit, direct taxes,” he said.

He said by the time the festive season came around, banks were lining up with cashbacks and EMI schemes while brands reconciled to lower prices and retailers primed to make good the previous months' lost opportunity. “It's like three parties conspired together to make festive sales come good. It remains to be seen if the momentum holds though,” he added.

Yes Bank posts ₹600 crore loss in Q2, bad loans zoom

Both loan and deposit books of the lender shrink

SPECIAL CORRESPONDENT
MUMBAI

Private sector lender Yes Bank reported a ₹600 crore net loss for the July-September quarter of the current financial year as compared ₹964 crore profit during the same period of the previous financial year due to one-time adjustment of deferred tax assets, even as bad loans mounted.

Excluding the one-time DTA impact, the profit would have been ₹109 crore, the bank said.

Gross slippages to bad loans stayed elevated, at ₹5,950 crore during the quarter and the bank said the number had fallen when compared sequentially. Slippages from the ‘BB’ and below book was ₹3,730 crore and ₹2,220 crore from out-

side the ‘BB’ and below book.

As a result, gross non-performing assets shot up to ₹17,134 crore as on end September as compared to ₹3,866 crore a year ago. Gross NPA as on end June was ₹12,092 crore.

The gross NPA ratio, as on September 30 was 7.39% as compared to 1.6% a year ago and 5.01% at the end of April-June quarter.

Due to high slippages, provisions went up to ₹1,336 crore during the second quarter as compared to ₹939 crore.

The cost to income ratio also shot up to 53.4% in Q2 from 39.2% a year ago.

Net interest income for the quarter was ₹2,190 crore which is 4% lower sequentially and 9.6% year-on-year.

The bank has attributed this fall to a 7% sequential decline in assets and impact of ₹200 crore due to slippages.

An asset stops earnings interest when it becomes non-performing, impacting interest income. Net interest margin also fell both sequentially and on year-on-year basis, to 2.7% from 2.8% in the previous quarter and 3.3% in the year ago period. The non-interest income fell by a whopping 36% year-on-year to ₹945 crore.

The advances book of the bank contracted 6.3% year-on-year and 5% sequentially to ₹2,24,505 crore. Deposit book also contracted 6% on year and 7.3% sequentially to ₹2,09,497 crore. Yes Bank shares ended 5.5% lower to close the day at ₹66.60.

Govt. orders SFIO probe into DHFL

PRESS TRUST OF INDIA
NEW DELHI

The government has ordered an SFIO probe into alleged financial irregularities at mortgage lender DHFL after finding instances of suspected fund diversions, said a source.

DHFL came under the scanner in the wake of allegations that the firm had siphoned off ₹31,000 crore of bank loans through shell entities.

The Ministry of Corporate Affairs carried out an examination of the allegations through the Registrar of Companies (RoC).

The RoC report indicated suspected fund diversions at the company, following which the Ministry asked the Serious Fraud Investigation Office to probe the case, as per the source.

BoI posts ₹266 cr. profit as bad loan provisions fall

Slippages to NPAs down to ₹3,166 cr.

SPECIAL CORRESPONDENT
MUMBAI

State-run lender Bank of India (BoI) reported a ₹266 crore net profit for the second quarter, compared with a loss of ₹1,156 crore reported during the same period of the previous year due to a fall in provisioning for bad loans.

Net interest income rose by 32% from ₹2,927 crore in the corresponding period of the previous year to ₹3,860 crore, while non-interest income grew by 29% to ₹1,327 crore. The operating profit rose 49% to ₹2,460 crore. Slippages to non-performing assets reduced both sequentially and on a year-on-year basis.

“From ₹3,683 crore during Q1, it came down to ₹3,166 crore during Q2 FY

Net interest margin from domestic operations went up to 3.36% from 2.65%

2019,” the bank said in a statement.

Provision for bad loans almost halved to ₹1,452 crore for the quarter as compared to ₹2,827 crore recorded during the second quarter of the previous financial year. As a result, asset quality improved, with gross NPA ratio coming down to 16.31% from 16.36% a year ago and 16.5% in previous quarter.

The lender also reported an increase in margins, with net interest margins from domestic operations going up from 2.65% to 3.36% on a year-on-year basis.

GST collections in Oct. drop to ₹95,380 crore

PRESS TRUST OF INDIA
NEW DELHI

GST collection in October declined to ₹95,380 crore, as against ₹1,00,710 crore in the same month a year ago, as per government data released on Friday.

This is the third consecutive month when GST mop-up remained below the ₹1 lakh-crore mark, despite October being a festive month. The revenue collection in September stood at ₹91,916 crore.

“The gross GST revenue collected in October 2019 is ₹95,380 crore of which CGST is ₹17,582 crore, SGST is ₹23,674 crore, IGST is ₹46,517 crore (including ₹21,446 crore collected on imports) and cess is ₹7,607 crore (including ₹774 crore collected on imports),” the Finance Ministry said in a statement.

JSW Energy plans to invest ₹10,000 crore in expansion

Most new capacities to come from renewable sources: CEO

SPECIAL CORRESPONDENT
MUMBAI

JSW Energy is planning to invest as much ₹10,000 crore to expand its power generating capacity to 6,600 mega watts (MW) from 4,559 MW now, and to 20,000 MW in a phased manner.

“We plan to enhance our capacity to 10,000 MW in the next three to five years and to 20,000 MW in five years thereafter. Most of the new capacities will come from renewable sources of solar, wind and hydro power projects,” CEO Prashant Jain, told *The Hindu*.

The company is working on three projects, of which two are likely to be acquired by the end of this fiscal and one greenfield hydro power plant of 240 MW would

I-T Department cancels registration of Tata Trusts

Gave up registration voluntarily in 2015, say the Trusts

SPECIAL CORRESPONDENT
MUMBAI

The Office of the Principal Commissioner of Income Tax, Mumbai, has cancelled the Income Tax registration of six Tata Trusts, namely Jamssetji Tata Trust, R.D. Tata Trust, Tata Education Trust, Tata Social Welfare Trust, Sarvajani Seva Trust, and Navajbai Ratan Tata Trust by its order dated October 31, 2019.

“The Trusts would like to clarify that this order of cancellation is a culmination of the decision taken by these six Trusts in 2015 to surrender, of their own volition, their registration under the Income Tax Act and to not claim the associated income tax exemptions,” said a Tata Trusts statement. It added that the decision to surren-

der the registration was taken in the best interests of the Trust and to maximise the resources available to the Trust for their charitable work which is the principal object and focus of the Trusts.

“While the Tax Department's order has cancelled the Trusts' registration with immediate effect, we believe that as a matter of law and consistent with the Department's own decision in the past, the cancellation should take effect from 2015, when the registrations were surrendered and the Trusts themselves consented to cancellation,” it said.

The Trusts are examining the order and will take ‘next steps in accordance with the law’.

“We would also like to

clarify that Trusts have not received any demand notice from the Income Tax Department pursuant to the cancellation order, as has been speculated in certain sections of the media. It is equally surprising how the issue of seizure of the Trusts' assets has been raised today,” said the statement.

When asked for comments, investment adviser S.P. Tulsian told *The Hindu*, “Something was cooking, so the Tata Trusts managing trustee resigned.”

“This means Tata Trusts will not be able to enjoy the benefits of income tax exemptions of being a trust any further and this means a loss of thousands of crores as all Tata Sons profits were given to Tata Trusts as dividends.”

RBI rejects Batra as ED of ICICI Bank

SPECIAL CORRESPONDENT
MUMBAI

The Reserve Bank of India has rejected ICICI Bank's proposal to appoint Sandeep Batra as executive director as SEBI had penalised him ₹2 lakh in his capacity as the compliance officer of the bank in 2010 in a matter related to merger with Bank of Rajasthan.

According to an exchange filing, the lender said RBI had communicated that it would not accept the request and the bank can re-submit the application after a year. “The bank has received a communication from RBI not acceding to the request for appointment of Mr. Batra at present and to resubmit the proposal for approval after one year from the conclusion of settlement proceedings,” ICICI Bank said.

One off gains, tax credit boost Dr. Reddy's profit

Revenue up by over 26% at ₹4,812.8 cr.

SPECIAL CORRESPONDENT
HYDERABAD

Dr. Reddy's Laboratories on Friday reported a more-than-double increase in its consolidated net profit to ₹1,106.8 crore for the quarter ended September on the back of a one-off licensing fee gain and recognition of deferred tax assets.

The significant growth, from the ₹518.3 crore registered in the year-earlier period, also came amid the revenue from the key North America market, predominantly the U.S., remaining flat at ₹1,426.5 crore.

According to the results, (as per Indian Accounting Standards), total revenue from operations increased by over 26% to ₹4,812.8 crore while total income was 23% higher at ₹4,866.8 crore.

Chief financial officer (CFO) Saumen Chakraborty said the company received ₹723 crore in licence fee when it sold the U.S. and select territory rights for three products, including two neurology brands, to Upsher-Smith Laboratories, LLC.

On the tax credit, the company, subsequent to the changes announced by government in the corporate tax rates, reassessed the MAT recoverability and recognised an amount of ₹498.9 crore as deferred tax asset during the quarter.

Going forward, key priorities for the