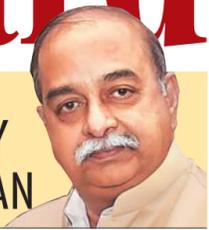


# Business Standard



**How markets performed last week**

|           | Index on Nov 29, '19 | *One-week | % chg over Dec 31, '18 | Local currency | in US \$ |
|-----------|----------------------|-----------|------------------------|----------------|----------|
| Sensex    | 40,794               | 1.1       | 13.1                   |                | 10.0     |
| Nifty     | 12,056               | 1.2       | 11.0                   |                | 7.9      |
| Dow Jones | 28,051               | 0.6       | 20.3                   |                | 20.3     |
| Nasdaq    | 8,665                | 1.7       | 30.6                   |                | 30.6     |
| Hang Seng | 26,346               | -0.9      | 1.9                    |                | 2.0      |
| Nikkei    | 23,294               | 0.8       | 16.4                   |                | 16.6     |
| FTSE      | 7,347                | 0.3       | 9.2                    |                | 10.7     |
| DAX       | 13,236               | 0.6       | 25.4                   |                | 20.5     |

\*Change (%) over previous week Source: Bloomberg

## COMPANIES P2 FRIED AND TESTED: FROM COOKING OIL TO AUTO FUEL

PUBLISHED SIMULTANEOUSLY FROM AHMEDABAD, BENGALURU, BHUBANESWAR, CHANDIGARH, CHENNAI, HYDERABAD, KOCHI, KOLKATA, LUCKNOW, MUMBAI (ALSO PRINTED IN BHOPAL), NEW DELHI AND PUNE

## ECONOMY & PUBLIC AFFAIRS P4 DTC REPORT SHOULD BE ENTIRELY IMPLEMENTED: AKHILESH RANJAN

## MICROSOFT WITH OVER ₹1-CR PACKAGE TOP RECRUITER AT IITs

With the highest annual package of over \$164,000 or ₹1.17 crore this year, IT giant Microsoft has continued its streak of emerging as the top recruiter on Day One of final placements at the Indian Institutes of Technology (IITs). Older as well as some newer IITs kicked off their first phase of the final placements process in two slots on Sunday. Last year, Microsoft had given the highest international offer of \$215,000 (more than ₹1.54 crore) at multiple IITs.

## BS ON MONDAY SPECIALS

### BANKER'S TRUST: Brace up for the sixth rate cut in a row

In his toughest policy, Shaktikanta Das, who completes his first year at RBI this month, must reassure the market that the fiscal slippage is priced in.

TAMAL BANDYOPADHYAY writes



### POLITICS & PUBLIC AFFAIRS: Actors in double role

Kamal Haasan and Rajinikanth may join hands. Will they succeed?

T E NARASIMHAN finds out

### PERSONAL FINANCE: Enter PMS only if you understand the risks

With the number of investors expected to decline after the hike in minimum investment limit, expect greater access to your portfolio manager.

SANJAY KUMAR SINGH writes

### STRATEGY: Titan spreads the net

Watches major adopts omnichannel route and enables 'reserve-online-and-pick-up' at store and 'reserve-at-store' options.

SAMREEN AHMAD writes

### BUSINESS LAW: Caught between two chairs

Amid growing discomfort among promoter-families over Sebi's order to split roles of chairman and MD, experts call for its staggered roll-out.

SUDIPTO DEY writes

### THE SMART INVESTOR: Pare expectations from FMCG stocks

Consumer index underperformed the broader indices in November as investors looked at alternatives.

SHREEPAD S AUTE writes



## AIRLINES, PE FUNDS WARM UP TO AI SALE

Indian and foreign airlines, private equity funds, and high networth individuals have evinced an interest in acquiring Air India, thereby giving a fillip to the government's third attempt to successfully sell the state-owned carrier. Sources aware of the development said that India's largest airline IndiGo, Vistara and AirAsia India (owned by Tata Sons), major global airlines like International Airlines Group (which owns British Airways and Aer Lingus), and sovereign and private global funds such as Temasek, KKR, and Warburg Pincus had attended roadshows organised by EY – an advisor to the process. EY, along with the Department of Investment and Public Asset Management, has held five roadshows.

### TO OUR READERS

The four-page commercial feature on Southern Region Report, being carried as a separate section, is equivalent to a paid-for advertisement. No Business Standard journalist was involved in producing it. Readers are advised to treat it as an advertisement.

## Telecom firms raise tariffs by up to 40%

MEGHA MANCHANDA  
New Delhi, 1 December

Bharti Airtel and Vodafone Idea on Sunday announced a tariff hike in the range of 15 per cent and 40 per cent across different plans. The tariff hike by both companies will be applicable from December 3, 2019. Vodafone Idea on Sunday said its new plans for its prepaid products and services would be available across India, starting 00:00 hours of December 3, 2019.

Airtel's new plans represent tariff increases in the range of a mere 50 paise per day to ₹2.85 per day and offer generous data and calling benefits.

"Our new mobile plans offer tremendous value to our customers and are backed by a superior network experience on Airtel's nationwide 4G network," Shashwat Sharma, chief marketing officer, Bharti Airtel, said in the statement.

Reliance Jio also said it would be introducing new plans with unlimited voice and data.

These plans will have a fair usage policy for calls to other mobile networks. The new plans will be effective from December 6, 2019.

"Although the new all-in-one plans will be priced up to 40 per cent higher, staying true to its promise of being customer-first, Reliance Jio customers will get up to 300 per cent more benefits," Reliance Jio said in a release.

The announcement has come against the backdrop of



**PLUGGED IN**

| Validity (in days) | Data/day (in GB) | Price in ₹ |
|--------------------|------------------|------------|
| 365                | 1.5              | 1,699      |
| 84                 | 1.5              | 2,399      |
| 84                 | 2.0              | 499        |
| 84                 | 2.0              | 699        |
| 84                 | 1.5              | 448        |
| 84                 | 1.5              | 599        |
| 28                 | 2.0              | 249        |
| 28                 | 3.0              | 399        |
| 28                 | 1.5              | 199        |
| 28                 | 2.0              | 299        |

GB: Gigabyte; these packs are across different monthly, half yearly, and annual plans Sources: Bharti Airtel, Vodafone Idea

both companies reporting massive losses in the second quarter (Q2) amid an adverse Supreme Court (SC) ruling on adjusted gross revenue (AGR).

Bharti Airtel reported a pre-tax loss of ₹31,334 crore for the quarter ended July-September (Q2) after the company provided for outstanding payments to the central government on account of the SC judgment on AGR. The pre-tax loss in the year-ago quarter stood at ₹1,998 crore.

Vodafone Idea reported a massive pre-tax loss of ₹36,959 crore in Q2 after it provided for payments related to AGR. The company took a hit of ₹30,774 crore (including AGR) for the quarter. This led to a loss of ₹50,922 crore at the net level – the highest-ever for an Indian company. The company had posted a loss of ₹4,974 crore in the year-ago quarter, while the loss in the April-June quarter was ₹4,874 crore.

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## Rahul Bajaj criticism can hurt national interest: FM

Kiran Mazumdar-Shaw says India Inc is treated as pariahs

DEV CHATTERJEE  
Mumbai, 1 December

Finance Minister Nirmala Sitharaman said the statement by Rahul Bajaj, chairman of Bajaj Group, on Saturday that India Inc was afraid of criticising the Narendra Modi government "can hurt national interest, if it gains traction".

"The Home Minister Amit Shah answers on how issues raised by Bajaj were addressed. Questions/criticisms are heard and answered/addressed. Always a better way to seek an answer than spreading one's own impressions, which, on



Rahul Bajaj, chairman, Bajaj Group

### RSS think tank up in arms over AI divestment

The government on Sunday faced renewed resistance from Swadeshi Jagran Manch on the issue of privatising public sector enterprises.

ARCHIS MOHAN reports

gaining traction, can hurt national interest," Sitharaman said on Twitter. Sitharaman was reacting to a statement by Bajaj on Saturday that Indian business leaders were afraid of criticising the Modi government because they do not have the confidence that the government would appreciate any criticism.

In reply, Shah said India Inc had nothing to fear. "The Centre has been criticised in the media. If you are saying there is such an environment, we need to work to improve on this," he said. On Sunday, Kiran Mazumdar-Shaw, chairperson of Biocon, seemed to endorse what Bajaj had said.

## Xiaomi, Samsung compromise on profits in battle for supremacy

Xiaomi in the red for the first time in FY19

ARNAB DUTTA  
New Delhi, 1 December

The country's two leading handset companies, Xiaomi and Samsung, seem to have forgone profitability in the battle for supremacy. In the financial year 2018-19 (FY19), smartphone market leader Xiaomi ended up in the red, while runner-up Samsung's net profit plunged 59 per cent.

The filings available at the Registrar of Companies show that Xiaomi, which markets some of the top-selling handset models such as the Redmi series, reported a ₹148.5-crore net loss in FY19. This is the first time that its bottom line has been in the red since its entry into the local market in mid-2014. Arch rival Samsung, whom



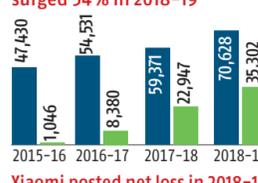
Xiaomi replaced in 2016 to take top spot, posted a ₹1,540 crore net profit – 59 per cent lower than the ₹3,713-crore it had

reported in 2017-18 (FY18). In fact, like Xiaomi, Samsung's performance was worse in FY19 in terms of profitability.

### CROSS-CONNECTION

■ Samsung ■ Xiaomi (in ₹ crore)

Xiaomi's operating revenue surged 54% in 2018-19



Xiaomi posted net loss in 2018-19



Sources: Registrar of Companies, Tofler

The South Korean firm reported ₹70,628 crore operating revenue during the year, becoming the largest consumer

goods company in the country after auto major Maruti Suzuki. Its operating revenue surged by 19 per cent, backed by its consumer durables business.

Xiaomi, which continues to get over 90 per cent of its sales from smartphones, reported a 54 per cent jump in its operating revenue, only to further close in on Samsung. Its operating revenue stood at ₹35,302 crore in FY19, up from ₹22,947 crore.

Top line growth, however, has come down significantly from earlier years. For example, while in 2016-17 sales had grown by a staggering 701 per cent, in FY18, the growth rate was 174 per cent.

In comparison, Samsung's revenue from its mobile handset business surged 15 per cent to ₹43,088 crore, up from ₹37,350 crore. Interestingly, while Samsung's top line has continued to grow steadily, its dependence on the mobile handset business has come

down over the past five years. Whereas it used to get nearly 70 per cent of its sales from this division in 2014-15, the share has now fallen to 62 per cent.

According to experts in the industry, the competition Samsung has experienced from its Chinese rivals such as Xiaomi, Vivo, Oppo, Lenovo, and OnePlus has affected its overall grip over the handset market. Its market share, for example, fell to 18.9 per cent in July-September 2019, down from 24 per cent in July-September 2015.

Moreover, in addition to losing the top spot to Xiaomi, it had to concede the No. 1 position in the premium market (above ₹30,000 per unit) to OnePlus in 2018. Xiaomi's rise has been phenomenal, from 2.5 per cent volume market share in the smartphone market in the calendar year 2015 to over 27 per cent in the September 2019 quarter.

## AFTER GDP SHOCKER, MIXED SIGNALS FOR ECONOMY

## Car sales drop again after festive season

ARINDAM MAJUMDER  
New Delhi, 1 December

Sales of passenger vehicles in November declined after increasing in the previous month, strengthening industry fears that the short-term cheer was only due to the festive season's offers.

The numbers reported by companies showed that sales of four- and two-wheelers slid by almost 8 per cent.

Wholesale volumes represent vehicles dispatched from factories to dealers in India and overseas.

"After an encouraging festival period, in November the industry declined sharply. In addition, it is preparing for the Bharat Stage VI transition. In line with our strategy to focus on retail, we have further enhanced our network coverage," said Mayank Pareek, president, passenger vehicles business unit, Tata Motors.

For instance, market leader Maruti Suzuki India (MSIL) reported sales of 150,630 passenger vehicles in the domestic market in November, down 1.9 per cent over 153,539 units in the corresponding month last year.

Sales of mini cars, comprising the popular entry-level models like the Alto and WagonR, stood at 26,306 units, compared to 29,954 units in the same month last year.

Industry executives had cautioned that the slight revival witnessed primarily during the 15 days of Navratri and Dhanteras was not a barometer to check demand, and things could be back to worse because most of the issues affecting demand for cars and two-wheelers still persisted.

However, Hyundai Motor India (HMI), the country's second-largest maker of passenger cars,



### REVERSE GEAR

| Automakers          | Nov 2018       | Nov 2019       | % change     |
|---------------------|----------------|----------------|--------------|
| Maruti Suzuki       | 153,539        | 150,630        | -1.89        |
| Tata Motors         | 50,470         | 38,057         | -24.59       |
| Honda Cars India    | 13,006         | 6,459          | -50.34       |
| Eicher Motors       | 3,817          | 2,948          | -22.77       |
| Mahindra & Mahindra | 25,949         | 21,032         | -18.95       |
| Hyundai Motor India | 56,411         | 60,500         | 7.25         |
| <b>Total</b>        | <b>303,192</b> | <b>279,626</b> | <b>-7.77</b> |

Source: Companies

reported growth with 44,600 units in November, against 43,709 units in the corresponding month last year. "Hyundai registered cumulative growth of 7.2 per cent with 60,500 units in November on account of improved demand in the domestic and export markets. Despite ongoing market challenges, the firm showcased good performance by the Grand i10, Nios, Venue, Creta, and Elite i20," said Vikas Jain, national sales head, HMI.

## Power demand, supply growth at five-year low

SHREYA JAI  
New Delhi, 1 December

Growth in India's energy consumption and power supply is at a five-year low. Each month this year except June has seen a fall in demand. It has fallen by 2.75-14.3 per cent for nine months of the calendar year except June.

Growth in power supply in every month of 2019 except June and July has been lower than the corresponding month of the past five years.

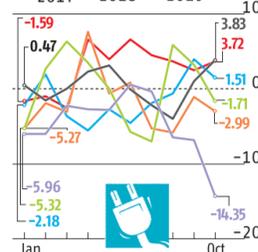
While the Centre has played it down, citing weather and renewable energy generation, the country's power generation and supply metrics went downhill, especially after the Centre asked states to prepay for their power purchase.

The monthly and yearly power generation and supply data accessed by Business Standard for the past five years shows the states are not buying as much power as the envisaged demand.

The Ministry of Power did not respond to a detailed questionnaire till the time of going to press.

### FEELING THE SQUEEZE

% deviation between Centre's forecasted demand versus actual energy generation



Note: In 2017, renewable generation was added for few months; was discontinued. Negative deviation shows low demand versus government's planned forecast Source: Central Electricity Authority's generation reports

## GST mop-up crosses ₹1-trn mark in Nov

DILASHA SETHI  
New Delhi, 1 December

Goods and services tax (GST) collection recovered to a seven-month high in November, crossing the ₹1-trillion mark on account of the festive season demand and anti-evasion measures by the government.

After two months of negative growth, the GST mop-up grew by 6 per cent in November over the corresponding period last year to ₹1.03 trillion, against ₹95,380 billion in October, the data released by the Ministry of Finance showed on Sunday. These figures are for October, collected in November.

Although the collection figures come as a breather for the government, it is lower than the expected collection rate needed to meet the steep target for 2019-20 (FY20).

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**% CHANGE IN 2019 VS 2018**

| Month | % chg YoY |
|-------|-----------|
| Apr   | 10.06     |
| May   | 6.67      |
| Jun   | 4.53      |
| Jul   | 5.8       |
| Aug   | 4.51      |
| Sep   | -2.67     |
| Oct   | -5.29     |
| Nov   | 6.0       |

Source: Finance ministry