MOTORING MOVES

Tata Motors stares at flat CV sales growth

FE BUREAU
New Delhi, January 15

AFTER TWO CONSECUTIVE months of decline in sales volume, automobile company Tata Motors expects the growth in commercial vehicle (CV) sales to remain flat on a year-on-year (y-o-y) basis during the January-March quarter, as liquidity crunch and new axle load norms are likely to continue to impact consumer sentiment.

CV sales of Tata Motors fell during November and December, 2018, after seven continuous months of growth in FY19, with the medium and heavy commercial vehicle (M&HCV) segment taking the major hit. The M&HCV truck segment sales declined by 24% y-o-y in November and 27% y-o-y in December. Overall CV sales of the company fell by 5% y-o-y and 11% y-o-y in November and December, respectively.

"There have been forecast of low sales in Q4 and the consensus is that the overall size in Q4 (fourth quarter) would be flat. M&HCV should be same as last year or even lower," Tata Motors CV business unit president Girish Wagh told *FE*.

When asked about lower than expected demand in the past few months, he said towards October, the oil prices started shooting up and the profitabiity of the transporter came under pressure and this dampened the overall sentiment.

"At the same time, with the increased axle load norm...operators started looking at the total load capacity they have rather than going for newer vehicles," he added.

Analysts believe that poor show in the CV segment will hit the financials of Tata Motors in the October-December quarter results.

"We expect Ebitda of Tata Motors standalone business to decline by 31% in Q3 due to weakness in volumes and reduction in profitability," Kotak Institutional Equities said in a report.

While Nomura said weak trends in the CV segment will continue, analysts at Jefferies said, "We expect standalone performance of Tata Motors in Q3 to be dragged down by weakness in M&HCVs, bucking the trend of recent quarters when it had been reporting sharp improvement."

According to analysts at Kotak Institutional Equities, demand is still subdued across most segments due to weak consumer sentiment, which would impact industry volumes over the next few months.

> There have been forecast of low sales in Q4 and the consensus is that the overall size in Q4 (fourth quarter) would be flat. M&HCV should be same as last year or even lower.
>
> — GIRISH WAGH , PRESIDENT FOR CV BUSINESS UNIT, TATA MOTORS

IOC to raise $900 m via bonds issue

PRESS TRUST OF INDIA
New Delhi, January 15

STATE-OWNED INDIAN OIL Corp (IOC) on Tuesday said it would raise $900 million through an overseas bonds issue to meet its working capital requirements.

In a regulatory filing, IOC said it had launched an international bonds issue of $900 million, carrying a coupon of 4.75%.

The Notes are expected to be settled by January 16, 2019.

"The Notes carry a coupon of 4.75% per annum payable semi-annually. The Notes will mature in 2024 and all the principal and interest payments will be made in US dollars," it said.

IOC said the proceeds of the issue would be used to fund working capital requirements for the normal course of business.

The bonds will be listed on the Singapore Exchange.

Bookrunners for the issue are Citigroup, DBS Bank, SBICAP Securities, Standard Chartered Bank and Westpac Banking.

IOC is buying back shares and paying an interim dividend for the fiscal 2018-19, aggregating to ₹11,000 crore.

The board of IOC last month approved buyback of up to 29.76 crore equity shares, or 3.06% of share capital, at ₹149 per share aggregating to ₹4,435 crore. It also approved payment of ₹6,556 crore as interim dividend to shareholders.

Fitch Ratings had last month stated that ₹4,435 crore share buyback and ₹6.75 per share interim dividend, together with funding requirements for IOC's capex plans to upgrade refineries for new emission standards and expansion of refining and petrochemical capacity, will drive up the company's leverage.

Its expected capex of ₹23,000 crore in FY2018-19 and ₹27,500 crore in FY2019-20 to result in continued negative free cash flow.

The government is pushing cash-rich PSUs to pay higher dividends and buy back shares using their reserves so as to help meet its budget deficit.

The government, which holds a 54.06% stake in IOC, is expected to participate in the share buyback.

Besides IOC, at least half a dozen other central PSUs have disclosed share buyback programmes. Prominent among these include ONGC, NHPC, Coal India, Oil India Ltd, BHEL, NALCO, NLC, Cochin Shipyard and KIOCL that could fetch the government a little over ₹6,000 crore.

At the ₹149 per share, the government is likely to get about ₹2,400 crore by tendering some of its shares in IOC in the buyback. Besides, out of the total dividend payout of ₹6,556 crore, the government is expected to get ₹3,544 crore plus the dividend distribution tax.

The Department of Investment and Public Asset Management, which has been set a target to raise ₹80,000 crore for the government through stake sale in central public sector enterprises, had prodded all cash-rich PSUs to go for share buybacks.

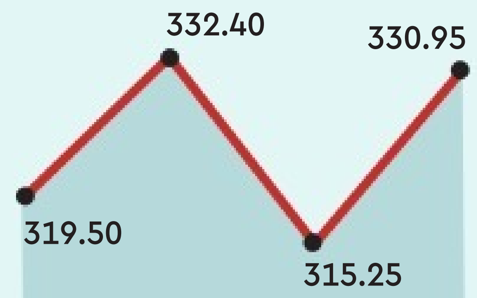
PSUs with a net worth of at least ₹2,000 crore and a cash balance of more than ₹1,000 crore have to mandatorily go in for share buyback. Of the ₹80,000 crore disinvestment target, the government has so far raised just over ₹15,000 crore through minority stake sale in PSUs.

IOC said the proceeds of the issue would be used to fund working capital requirements for the normal course of business. The bonds will be listed on the Singapore Exchange

Street Signs

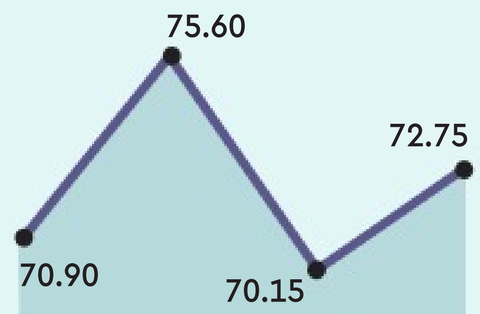
Wipro

Share surges ahead of board meet to consider bonus issue 5.62%



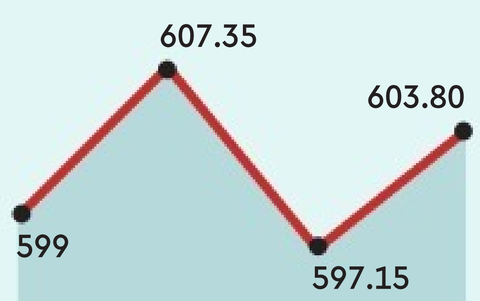
Trident

Stock hits nine-month high after Q3 profit beats estimate 3.93%



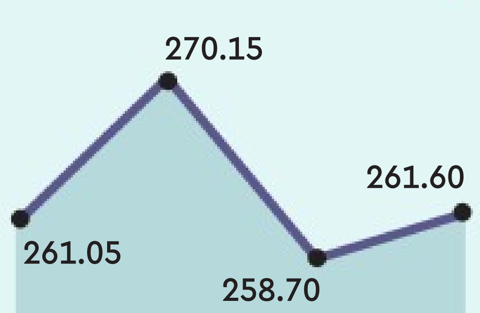
United Spirits

Scrip rises as it enters into a deal to sell Four Seasons Wines stake 1.16%



ICICI Securities

Share plunges as Q3 earnings decline 34% from year earlier 5.23%



Will object to certain recommendations of panel formed by NGT: Volkswagen

PRESS TRUST OF INDIA
New Delhi, January 15

VOLKSWAGEN GROUP ON Tuesday said it would object to certain parts of recommendations by a panel formed by the National Green Tribunal (NGT), which has proposed a ₹171.34-crore fine on the German auto major as "health damages" in an emission scandal.

The company insisted that its vehicles were compliant with Indian emission norms and claimed that "the committee appointed by the NGT has accepted that Volkswagen Group India has not violated the permissible limits under BS-IV norms".

A four-member committee formed by the NGT has recommended a ₹171.34-crore fine on Volkswagen for causing air pollution in Delhi due to excess (NOx) emissions. Nitrogen oxide is a smog-forming pollutant linked to heart and lung disease. The expert committee, in its report, has estimated that Volkswagen cars released around 48.678 tonne of NOx in 2016 in the National Capital.

Reacting to the development, Volkswagen Group India spokesperson said vehicles from the group are compliant with emissions norms prescribed in India. The committee has accepted that Volkswagen Group India has not violated the permissible limits under BS–IV norms, the spokesperson added.

"There are certain recommendations in the report which Volkswagen Group India seeks to object; the issue is presently pending before the Supreme Court and the National Green Tribunal," the Volkswagen Group India spokesperson said.

The four-member panel – comprising Automotive Research Association of India director Rashmi Urdhwareshe, CSIR-NEERI's chief scientist Nitin Labhsetwar, department of heavy industries director Ramakant Singh, and Central Pollution Control Board member secretary Prashant Gargava – determined the penalty of ₹171.34 crore on the basis of 3.27 lakh Volkswagen cars in India that had deceit software installed.

The panel was formed by the NGT on November 16 last year to give its expert opinion on the subject whether the manufacturer has exceeded the prescribed environmental norms and fair estimate of the damage caused to the environment.

The committee has told the NGT that automobiles are a major source of nitrogen oxide emissions and nitrogen dioxide is the most prevalent source form of nitrogen oxide.

The panel calculated the morbidity by using the estimates of the cost of treatment and related expenses under the heading of cost of illness and the disability-adjusted life years (DALY) from the WHO database. The matter is scheduled to come up for hearing on January 17 before a bench headed by NGT chairperson Justice Adarsh Kumar Goel.

The green tribunal had earlier said the use of 'cheat device' by Volkswagen in diesel cars in India leads to inference of environmental damage and asked the German car maker to deposit an interim amount of ₹100 crore with the Central Pollution Control Board.

The tribunal was hearing pleas filed by a school teacher, Saloni Ailawadi, and a few others seeking ban on sale of Volkswagen vehicles for alleged violation of emission norms. A 'cheat' or 'defeat device' is a software which VW was found using in its diesel engines to manipulate emission tests by changing performance of its cars globally.

Volkswagen India had in December 2015 announced the recall of 3,23,700 lakh vehicles in India to fix the emission software after ARAI conducted tests on some models and found that their on-road emissions were 1.1 times to 2.6 times higher than the applicable BS-IV norms.

The automobile giant had admitted to the use of 'defeat device' in 11 million diesel engine cars sold in the US, Europe and other global markets to manipulate emission test results. After the tests by ARAI, Volkswagen India had undertaken to rejig the software by recalling around 3.23 lakh vehicles fitted with EA 189 diesel engines which were in alleged violation of emission norms. The company, however, had said that the recall in India was purely voluntary in nature as it did not face any charges regarding violating emission norms in India unlike in the US.

An expert committee, in its report, has estimated that Volkswagen cars released around 48.678 tonne of NOx in 2016 in the national capital

United Spirits sells Four Seasons Wines business

PRESS TRUST OF INDIA
New Delhi, January 15

DIAGEO-OWNED LIQUOR FIRM United Spirits (USL) Tuesday said it had executed a share purchase agreement for sale of its entire equity share capital in its subsidiary, Four Seasons Wines, as well as associated brands to Grover Zampa Vineyards and Quintela Assets.

The company had entered an agreement for the sale of all the equity shares held by the company constituting 100% of the paid up equity share capital of its wholly-owned subsidiary, Four Seasons Wines (FSWL), along with the brands, the company said in a regulatory filing.

USL said this move towards disinvestment of Four Seasons Wines was in line with USL's strategy to successfully continue to monetise its non-core assets, including subsidiaries.

The company said total consideration received for this sale was ₹31.86 crore.

"As a result, FSWL will cease to be a subsidiary of USL," it added.

Explaining the rationale, Diageo India executive director and chief financial officer Sanjeev Churiwala said, "This deal brings us a step closer to the structural rationalisation and simplification of our India business. The Four Seasons Wines business is a niche but a small part of the overall Diageo India portfolio and the sale will enable us to focus on our premiumisation strategy and grow our core spirits business in India."

Quick View

L&T Hydro Engg consortium bags 2 Saudi Aramco orders

LARSEN & TOUBRO (L&T) Hydrocarbon Engineering on Tuesday said that it had, in consortium with Subsea 7, has bagged two projects from the world's largest oil company Saudi Aramco. The company, however, did not share the value of the contracts. "The award (of projects) consists of engineering, procurement, construction and installation of three oil production deck manifold and subsea pipelines in Zuluf and Berri fields of Saudi Aramco," L&T said.

Honor unveils Honor 10 Lite for ₹13,999 onwards

HONOR — A SUB-BRAND — on Tuesday launched Honor 10 Lite in the Indian market, priced ₹13,999 onwards. The handset features 15.77-cm screen, 24 megapixel (MP) for front and 13MP+2MP back camera, and 3400 mAh battery. The device will be available from January 20 in two variants — 4GB RAM and 64GB internal memory (₹13,999) and 6GB RAM and 64GB internal memory (₹17,999).

DD Science, India Science channels launched

THE DEPARTMENT OF Science and Technology and public broadcaster Doordarshan Tuesday launched two science channels, DD Science and India Science, officials said. Speaking at the launch of the free-to-air channels, Science and Technology Minister Harsh Vardhan said developing a scientific temperament was a "critical necessity" and the ultimate aim was to launch a 24/7 channel dedicated to science. While DD Science is a one-hour slot on Doordarshan national channel, India Science is an Internet-based channel.

Motoroyale Kinetic slashes SWM bike price

MOTOROYALE KINETIC HAS slashed the price of the Italian SWM Superdual 650 adventure bike to ₹6.50 lakh. This special offer is for the first 250 bikes or until March 31, 2019. The bike price was slashed by ₹80,000 from the earlier announced price of ₹7.30 lakh.

High court protects Reckitt Benckiser against coercive steps on advertising ayurvedic drugs

THE DELHI HIGH Court on Tuesday directed the Centre not to take any coercive steps against pharma major Reckitt Benckiser if it advertises its ayurvedic, siddha and unani range of medicines despite prohibition on such activity under the Drugs and Cosmetics Rules.

A Bench of Justices S Ravindra Bhat and Prateek Jalan gave the interim protection to the pharma major while issuing notice to the Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH) and the Drugs Controller General of India seeking their stand on its plea challenging the prohibition which was inserted in the rules in December last year.

The court granted the relief after senior advocate Kapil Sibal, appearing for Reckitt Benckiser, told the Bench that since the firm has a manufacturing licence it should not be stopped from advertising its ayurvedic, siddha and unani range of products, which include Strepsils, Moov, Krack cream. The AYUSH, represented by Centre's standing counsel Ravi Prakash and advocate Farman Ali Magray, told the court that the rule was put in place after it was circulated among all stakeholders. The firm has contended that though the rules provide for a process to obtain pre-approval for advertising, it is "illusory", "unworkable" and does not sub-serve the objective sought to be achieved. **PTI**

IT sector seeks clarity on tax provisions for BPO/KPO services, quashing of angel tax

PRESS TRUST OF INDIA
New Delhi, January 15

INFORMATION TECHNOLOGY INDUSTRY body Nasscom has urged the government to clarify tax provisions that treat BPO-KPO services as intermediaries under the good and services tax (GST) rules, and scrap angel tax levied on investments in startups.

Expressing concerns over rising instances of revenue authorities treating IT-enabled services, including business process outsourcing (BPOs) and knowledge process outsourcing (KPOs), as 'intermediary services', Nasscom senior director and public policy head Ashish Aggarwal said there was an urgent need to address the outstanding issue.

"These companies are in no way engaged in any facilitation/arranging of supply of goods/services at a pre-supply stage...There is a need for clarification that BPOs and KPOs will not qualify as intermediary service...," he said, outlining the industry's Budget wishlist to the government.

Aggarwal pointed out during the last year, the GST Council had provided several clarifications on many aspects that have helped the industry. However, there are "continued ambiguities and concerns" pertaining to determination of place of supply, blockage in working capital due to self-supplies, treatment of head office branch office transactions, SEZ procurements etc that require urgent resolution, he said.

"These need to be addressed to ensure ease of business, growth and sustenance of the sector's exports competitiveness," Aggarwal added.

He also called for scrapping the angel tax provision and said the focus should be on measures to incentivise start-ups.

Hind Copper bets big on unused accumulated copper ore tailing

SURYA SARATHI RAY
Malanjkhand (Madhya Pradesh), January 14

HINDUSTAN COPPER (HCL) IS eyeing a pot of gold from the unused accumulated copper ore tailing (COT) at its Malanjkhand mine in Madhya Pradesh. So far, due to the lack of a facility to process tailing or the left-over materials since the country's largest copper mine was opened in 1982, COT had gone on piling up at the pithead to stand at 70 million tonne (MT) at present.

The state-run miner hit upon a plan to process such a huge amount of impounded tailing in 2014 and has recently operationalised a beneficiation plant to process around 3.3 MT of such materials, hoping to recover 313 kg gold, 3,130 kg silver, 545 tonne of copper, 19,800 tonne of magnetite concentrate and 17.6 lakh tonne of silica sand per annum.

HCL had clocked a net profit of ₹80 cr in the last fiscal on a ₹1,720-cr revenue

"The COT plant has partially started and it will take six months to ramp up. The plant will be fully operational in FY21. Annually, COT beneficiation plant produces will be adding nearly ₹219 crore to the revenue of the company," HCL's chairman and managing director Santosh Sharma said.

HCL had clocked a net profit of ₹80 crore in the last fiscal on a ₹1,720-crore revenue. In the July-September quarter of the current fiscal, revenue was ₹469 crore and net profit was ₹35 crore. As on December-end, the government had 76.05% holding in the firm which is the only copper miner in the country.

Sharma said there would be no dearth of the raw material for the COT processing plant since the company generates annually around 2.4 MT tailings from around 2.5 MT copper ore production at Malanjkhand. Only 1% copper metal is recovered from copper ore in HCL.

COT generation will go up manifold as the company enhances its ore production capacity to 20 MT by 2024 in phases from an estimated 4 MT this year. Apart from Malanjkhand, HCL operates mines in Khetri in Rajasthan and Singbhum in Jharkhand. Expansion of the existing mines and reopening of the closed mines would boost the company's production.

In Malanjkhand, work on doubling production capacity to 5 MTPA from underground mining has started with an investment of ₹1,176 crore for mine construction and partial development. Malanjkhand has so far been an open-cast mine, but the open-cast mining will come to an end in the next 2-3 years. The capacity of the Malanjkhand mine through the underground route will be ramped up further to 8 MTPA by 2024. Khetri's capacity would be enhanced to 5 MTPA and Singbhum's capacity to 7 MT by 2024, he said.

HCL will soon issue a tender for setting up one more concentrator plant, in addition to its existing one, for adding value to the copper ore. It will cost around ₹500 crore.

HCL mainly sells copper concentrates since margins are higher here and does not have any immediate plan to set up a smelter for production of end products.