

### KIA BEGINS PLANTTRIAL

Han-Woo Park, president &CEO, Kia Motors

India will play an important role in expanding Kia Motors' global footprint and this is the start of another chapter of our success story in India

# Quick View



### **Godrej Consumer** Products Q3 net down 1.4%

HOMEGROWN FMCG major Godrej Consumer Products on Tuesday reported a 1.47% decline in its consolidated net profit to ₹423.52 crore for the quarter ended December 2018. The company had posted a consolidated net profit of ₹429.87 crore in the October-December period a year ago, GCPL said in a BSE filing. Total income during the quarter under review was up 2.93% at ₹2,744.57 crore against ₹2,666.23 crore in the corresponding period last fiscal. GCPL's total expenses were at ₹2,213.71 crore against ₹2,119.55 crore, up 4.44%. Its revenue from the Indian market was up 5.65% at ₹1,505.64 crore against ₹1,425.04

### India Inc may step up hiring budgets by 34%

INDIA INC expected to raise their hiring budgets by 34% and volumes by 31% in 2019, according to a report."The average hiring volumes are expected to rise by 31% in 2019, compared to 25% last year," according to Mercer-Mettl's 2nd Annual 'State of Talent Acquisition 2019'. In addition, the report revealed that companies that were surveyed are expected to raise their hiring budgets by at least 34% compared to 20% of companies in 2018.

### Strides Pharma Science **Q3 profit at ₹296.43 cr**

DRUG FIRM Strides Pharma Science

on Tuesday reported a consolidated net profit of ₹296.43 crore for the quarter ended on December 31, 2018 The company had posted a net profit of ₹88.11 crore for the corresponding period of the previous fiscal, Strides Pharma Science said in a filing to BSE. Consolidated revenue from operations of the company stood at ₹794.50 crore for the quarter under consideration against ₹748.79 crore for the same period a year ago. While the profit from the continuing operations was ₹24.61 crore for the third quarter this fiscal, it was ₹47.34

#### **Granules India PAT for** Dec quarter at ₹60 crore

crore for the same period year ago.

GRANULES INDIA on Tuesday said its profit after tax for the quarter ended December 31 grew 72% to ₹60 crore against ₹35 crore in the third quarter of the last fiscal. According to a release from the drug maker, the total income during the quarter under discussion was up by 55% to ₹638 crore. It was ₹412 crore in Q3FY18.

### IndiGo joins Skyborne for pilot training

INDIGO SAID on Tuesday it has selected Skyborne Airline Academy to train up to 100 pilots annually over the next five years under its cadet pilot programme. The airline was conducting the pilot training programme at CAE Gondia in Maharashtra earlier. In a statement, IndiGo said that the "18-month programme will enable selected cadets to train for a US Federal Aviation Administration and India's DGCA Commercial Pilots Licence and Airbus A320 Type Rating," before advancing into employment and flying the line as a first officer.

### Rustomjee to invest ₹3,000 cr in new project

REALTY FIRM Rustomjee will invest about ₹3,000 crore over the next four years on construction of its new luxury housing project in South Mumbai, a top company official said. Rustomjee is expecting a sales revenue of ₹5,800 crore from this 5.75-acre project, which is being developed in a JV with the land owner, CMD Boman R Irani said. The company has tied up with HDFC for funding and the construction will be done by L&T. "We have launched a luxurious project 'Rustomjee Crown' located in Prabhadevi, Mumbai. We will develop about 700 units in this project," he said.

\$600-MILLION DEAL

# JSW Steel, Duferco in talks on steel pre-payment deal

The two companies had a pre-payment deal in 2006 for \$150 million

REUTERS London/Mumbai, January 29

JSW STEEL AND global trading firm Duferco are in advanced talks on a fiveyear cash-for-steel prepayment deal, four sources familiar with the matter said, in a rare move for the industry.

JSW and Duferco had a pre-payment deal in 2006 for \$150 million in upfront cash that would be repaid over seven years with steel cargoes, but the scale of the proposed new deal is much larger.

Two sources said the deal, expected to be signed this quarter, would be worth about \$600 million. Switzerland-based Duferco, backed by banks, would provide the cash to be repaid with physical steel.

trading firms, declined to comment. JSW did not confirm the value of the deal, but said it has a longstanding relationship with Duferco that involves financing arrangements.

Duferco, one of the world's largest steel

One of the sources said ISW was looking for alternate sources of funding while, for Duferco, the deal would lock in future sales of steel with its clients.

Jeff Kabel, chairman of the International Steel Trade Association (ISTA), said the deal would represent "a great move forward" for an industry that has seen few such arrangements to date. Steel derivatives, which allow buyers and sellers to lock



In 2013, when banks increasingly withdrew from Europe's steel sector, Duferco moved to offer its clients trade financing

in future prices, are still in their infancy, making trade houses wary of pre-paying for large tonnages and risk prices moving against them in the future.

Such deals are frequent in commodities such as oil, with liquid derivatives markets that allow for hedging future sales. A \$600-million deal would equate to about 1 million tonne of steel supply.

"Its rather innovative. The only thing steel companies usually do is pre-export finance and not that big a number," said Kabel, referring to financing options that do not involve repayments in physical

In 2013, as banks increasingly withdrew from Europe's steel sector, Duferco moved to offer its clients trade financing,

though these deals typically involved it acting as a bank, not taking delivery of steel. JSW plans to expand steelmaking capacity by 2030 to between 44 million tonne and 45 million tonne from 19 million tonne, currently.

In 2017, it earmarked \$1 billion for acquisitions and expansion but has had to proceed more cautiously this year as steel prices have fallen to their lowest in nearly a year and there are growing concerns the upcycle might reverse.

Duferco, controlled by state-owned Hebei Iron and Steel Group (Hesteel), China's largest steelmaker, has activities in more than 120 countries and sales of about 20 million tonne of steel and raw materials a year.

# HCL Tech posts 19% rise in net at ₹2,611 cr

Company's

revenue grew

22.6% to ₹15,699

crore in the

December quarter

from ₹12,808 crore

in the year-ago

period, beating

street

expectations

PRESS TRUST OF INDIA New Delhi, January 29

**HCLTECHNOLOGIES ON** Tuesday posted a 19% rise in consolidated net profit at ₹2,611 crore during the December 2018 quarter and expressed confidence in meeting the higher end of its 9.5-11.5% revenue growth guidance for FY2019.

The Noida-based company had registered a net profit of ₹2,194 crore in the yearago period. Its revenue grew 22.6% to ₹15,699 crore in the said quarter from ₹12,808 crore in the year-ago period, beating street expectations.

"Combined Mode 2 (digital) and Mode 3 (IP-led) revenues stands at 29% of our overall revenues. Our Mode 1 (core) business continues to show steady growth...The growth momentum was possible due to flawless execution of our large transformational deals,"HCLTechnologies president and CEO C Vijayakumar told reporters here. He added that the US and Europe businesses grew 12.9% and 14.5% year-on-year, while Rest of the World

(RoW) expanded 12.1% (excluding India business). While HCL Technologies maintained its top line growth guidance of 9.5-11.5% (in constant currency basis), he added that the company would close the fiscal at the high-end of the forecast.

"With the confidence in the booking we have had and the demand environment, we feel confident of delivering towards the higher end of our guidance. Last quarter, we had said we will come around the mid-point of the guided range, but given the outstanding performance this quarter, we are guiding towards the higher end of guided range," he said.

The results were announced after the close of trading hours. HCL Technologies stocks closed at ₹988.10 apiece, up 1.24% from the previous close on the BSE. "HCL Tech delivered impressive revenues growth for the quarter with 5.9% constant currency growth... Net profit beat led by strong topline growth and lower tax. Strong deal signing for the quarter, 17 deals across industry verticals and geographies. Maintained revenues guidance for FY19 despite strong beat in Q3," said Sanjeev Hota, AVP

Research at Sharekhan by BNP Paribas.

HCL Technologies said it registered its "highest booking" in the reported quarter. While Vijayakumar declined to disclose specific numbers, he said the bookings in the April-December 2018 were 40% higher than the comparable period last fiscal. "We are entering 2019 with a healthy growth outlook... HCL continues its strong deal win momentum, signing 17 transformational deals this quarter, which are a mix of Mode 1

(core) and Mode 2 (digital) services across all our service lines," he said adding that Mode 2 services business has now crossed \$1.5 billion annual run rate.

Vijayakumar said the company has invested in building global delivery centres outside India that positions HCLTechnologies in a strong position.

"We, today, have 134 delivery centres outside India... We have also had highest localisation rates (65.6%) across the industry, this also helps us to deal with the fluctuating demand and supply scenarios that arise due to economic and other geo political constraints," he added.

# SC quashes PNGRB order Festive sales, private brand business

**FE BUREAU** 

New Delhi, January 29

IN A MAJOR relief to Adani Gas, the Supreme Court on Tuesday quashed the Petroleum & Natural Gas Regulatory Board's (PNGRB) decisions that restricted the company from developing City Gas Distribution (CGD) network in Jaipur and Udaipur in Rajasthan. A bench headed by Arun Mishra, while

quashing the 2011 orders that restrained Adani from network expansion in the two cities, asked the board to take a fresh call on the issue. Adani had appealed against the Rajasthan High Court's April 2015 order that held that the company did not have the authorisation from the Centre to continue work in the two cities. The company had challenged the vires

of Regulation 18 of the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand City Local Natural Gas Distribution Networks) Regulations, 2008, as being contrary to and violative of the PNGRB Act, 2006. Adani argued that the Rajasthan gov-

ernment was "bound by the principle of legitimate expectation and promissory estoppel," and its actions of issuing the public notice in 2016 to invite bids was "illegal, contrary and bad in law." However, the state government had

argued that less than 25% pipeline has been laid down by Adani and its deemed authorisation has also been rejected.

The dispute arose after the state gov-



Adani had appealed against the Rajasthan HC's April 2015 order which held that the company did not have authorisation from the Centre to continue work in Jaipur and Udaipur

ernment in May 2011 withdrew the NOC granted by it for laying down gas network pipeline in the two cities. This was pursuant to PNGRB directing Adani to stop the work in October 2007, when it had already laid approximately 85 km of pipeline in both the cities.

The withdrawal of the NOC was challenged by Adani before the HC, which dismissed it plea. According to the company, while acting in good faith on the strength of the NOC, it had invested huge sums of money and efforts in order to develop infrastructure for Udaipur and Jaipur in an expeditious and a time-bound manner.

# on Adani's city gas project boost Shoppers Stop's Q3 numbers

**RAKSHITA SAREEN** Mumbai, January 29

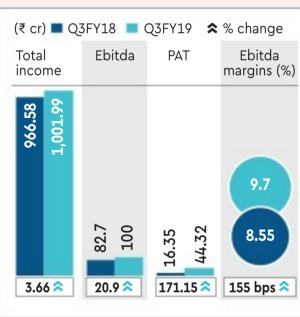
**SHOPPERS STOP MD** & CEO Rajiv Suri said on Tuesday strong festive sales and a good performance from the retailer's private brand business helped the company report a reasonable set of numbers for the three months to December 2018. Suri said the festive season helped the

like-to-like sales grow at 8.9%, which has been the highest in last five quarters. The momentum also came from the shift in festive season from the second quarter to third quarter in 2019 and an uptick across all categories namely apparel, cosmetics, personal accessories, footwear, and home products. "The private brands grew exponen-

tially at 29% y-o-y. Indian wear for women grew 21%, and denim business grew 15%, outperforming other categories and even the market," Suri said. Shoppers Stop's earnings before interest, tax, depreciation, and amortization (Ebitda) increased 20.9% y-o-y in Q3FY19 to ₹100 crore compared to ₹82.7 crore in Q3FY18.

The K Raheja group's departmental store chain reported net revenues of ₹999.1 crore, up 3.7% y-o-y. Excluding exceptionals, the net profit grew 58.88% y-o-y at ₹69.21 crore in Q3FY19 against ₹43.56 crore in Q3FY18.

Shares of Shoppers Stop fell 1.24% on Tuesday to close at ₹509.60 apiece on the Bombay Stock Exchange. Shopper Stop is awaiting clarity from the government on



the new e-commerce norms to be rolled out on February 1.

"In the new press note, there was no mention about how much percentage of ownership by the online marketplace is applicable to being banned from restrictions under the norms. So, we don't know if the rules apply to us since its neither the controlling stake nor does Amazon have any say in the way we run our company. We are expecting some response in a day or two," Suri added.

The fashion retailer had sold 5% equity stake to Amazon NV Holdings, the investment arm of one of the largest online retailer, Amazon in September 2017.

Analysts have noted that an offline retailer like Shoppers Stop will not have access to exclusively sell its products on Amazon, as per an e-commerce norm that says "an entity having equity participation

by e-commerce marketplace entity or having control on its inventory, will not be permitted to sell its products on the platform run by such marketplace entity."

The company also reported highest sales in December as it crossed ₹500 crore of sales revenue with the help of end of season's ale offers, followed by the wedding season during the end of the third quarter. The company is investing in its omnichannel presence with its personal shopper service that contributed 14% to the sales in Q3 and click and collect service, in which the customer can select the items to buy and later try the same in the stores.

gained traction as it allows an expert to select items of clothing for the customer. We have been investing a lot in terms of training the team, both in terms of fashion sense and communication to give a quality service," Suri said.

"The personal shopper service has

Shoppers Stop added five beauty stores in the quarter under review, three of which were MAC stores and other two stores of Bobbi Brown. "We are planning to add four beauty stores of MAC in the fourth quarter of this financial year. In addition to that we would open four shoppers stop stores too," said Suri.

While responding to why there were no store additions for Shoppers Stop, he said that delay in mall construction led to a delay in new store launches in this quarter. This was the case in the second quarter too which saw just three beauty stores launches.

## Tata Steel restarts blast furnace at UK steelworks

PRESS TRUST OF INDIA London, January 29

TATASTEELON Tuesday marked a new startat one of the UK's largest steelworks at Port Talbot in Wales with the relaunch of a blast furnace at a cost of "tens of millions of pounds".

The life extension project of Blast Furnace 5, described by the Indian steel giant as the "biggest single investment" in its European operations in over five years, is seen as a critical part of its long-term strategy to strengthen its operations in the UK.

"This project demonstrates our commitment to building a stronger and more sustainable steelmaking business in the UK, now and in the future," said Hans Fischer, CEO of Tata Steel's European operations. In reference to the impact of Brexit on the company's operations, he said that Tata Steel would hope for a last-minute deal that does not result in a hard Brexit.

Fischer noted, "When you look to our production, more than 70% stays in the UK. So, directly, the impact of Brexit is maybe not that big. But if our customers are impacted very heavily then that immediately leads to a disturbance in the supply chain and that immediately leads to disturbances in our

productions as well. In the short term that's what I'm really worried about." Tuesday's furnace restart, attended by

Welsh first minister Mark Drakeford, is expected to extend the operational life of one of two blast furnaces at the plant. Tata Steel said engineers drained the giant furnace last year in order to carry out vital engineering work, extending its life by five to seven years. Following the relighting of the furnace, the first iron has now been produced and turned into a finished steel product before being delivered to a manufacturing business in the UK.

Once the heart of the furnace, which is normally more than 1,200 degrees Celsius, cooled in 2018, skilled engineers replaced part of the heat resistant interior and vital structural parts.

"The waste gas and dust extraction system was also replaced. The final part of the process involved the hot blast main being opened, injecting air at 1,100 degrees Celsius, bringing the furnace roaring back to life," said Tata Steel. This project had been announced in June 2018, alongside the announcement of definitive agreements being signed by Germany's Thyssenkrupp and Tata Steel to form a joint venture of their European steel businesses.

### NAA holds Patanjali dealer guilty of profiteering

New Delhi, January 29

THE NATIONAL ANTI-PROFITEERING Authority (NAA) has found a Delhi-based dealer guilty of profiteering on sale of Patanjali Ayurveda products under the GST, and imposed a fine of over ₹6.1 lakh along with 18% interest. The dealer has to deposit the amount in the consumer welfare fund as is prescribed in the relevant provision of the GST Act.

The report of director general of antiprofiteering (DG-AP) – the investigative arm of the authority – found that the firm had increased the base price of 109 products impacted by rate cuts on November 15, 2017 so that the MRP remained the same as before. This meant that the benefit of the rate cuts was not passed on to the consumers while the firm pocketed extra money from the sale. Of the products sold by the firm, rate cuts came into effect for 154 products from November 15, 2017.

However, it raised the base price on 109 of those items while cutting the same on 32 products.

### PESB recommends MTNL chief Purwar for BSNL CMD post

PRESS TRUST OF INDIA New Delhi, January 29

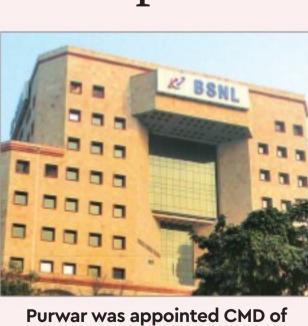
THE PUBLIC ENTERPRISE Selection Board on Tuesday recommended MTNL CMD PK Purwar as successor to his BSNL counterpart Anupam Shrivastava, who will superannuate by June this year.

"PESB recommended the following name for the post of Chairman and Managing Director, Bharat Sanchar Nigam Limited (BSNL): Pravin Kumar Purwar," PESB said in its recommendation.

Shrivastava was appointed BSNL CMD about one and half year after PESB recommended his name for the post. During Shrivastava's tenure, BSNL reported an operating profit of ₹672 crore for 2014-15, aided by a fall in administrative costs and jump in revenue.

Despite negligible investment support from the government compared to private firms, BSNL succeeded in enhancing its mobile customer base. BSNL outperformed private sector rivals such as Bharti Airtel, Vodafone India and Idea Cellular in net subscriber additions in 2017-18.

Purwar was appointed CMD of loss making state-owned telecom Mahanagar Telephone Nigam Limited in March 2017. He has submitted a plan to revive MTNL,



Mahanagar Telephone Nigam in March 2017. He has submitted a plan to revive MTNL, which is yet to be approved by the Centre. MTNL has requested the Centre to take back unutilised land and assets valued at ₹19,300 crore and pare its

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which is yet to be approved by the government. MTNL has requested the government to take back unutilised land and assets valued at around ₹19,300 crore and pare its debt of around ₹19,000 crore.