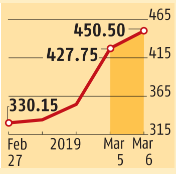
STOCKS IN THE NEWS

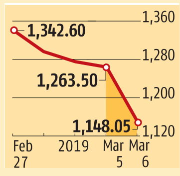
Repco Home Finance



HDFC MF hikes stake to 7.04 per cent from 5.03 per cent

₹450.50 CLOSE
▲ 5.32% UP*

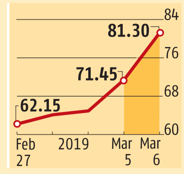
Endurance Technologies



Sets floor price of ₹1,100 for offer for sale

₹1,148.05 CLOSE
▼ 9.14% DOWN*

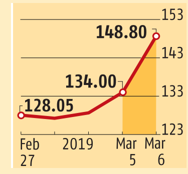
Lakshmi Vilas Bank



Board to consider fund-raising plan on March 8

₹81.30 CLOSE
▲ 13.79% UP*

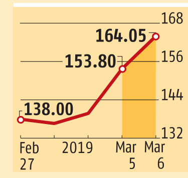
Dewan Housing Finance Corporation



Firm did not promote any shell companies, says audit report

₹148.80 CLOSE
▲ 11.04% UP*

Edelweiss Financial Services



Canadian fund CDPQ to invest ₹1,800 crore in NBFC arm

₹164.05 CLOSE
▲ 6.66% UP*

* OVER PREVIOUS CLOSE

IN BRIEF

Infosys won't compromise on growth margins: CEO Parekh

Infosys will not compromise on margins for pushing up revenue growth and its current investment in people and building up digital capabilities will not affect its margins in any form, rather make the company future-ready. In an interaction with CNBC TV18, company's CEO, Salil Parekh said the firm was strengthening its marketing muscle by hiring more number of people as part of its go-to-market strategy apart from adding more locals in key client geographies. Earlier, Motilal Oswal and Nomura have come up with reports saying that Infosys is likely to cut its operating margin guidance for FY20. While Nomura has pegged it in 21-23 per cent range, Motilal Oswal sees it between 21.5and 23 per cent in the next financial year. "We are never going to sacrifice margin for growth. For fiscal year 2019, we have a margin guidance of 22-24 per cent and we will fall well in that range," said Parekh. **BS REPORTER**

Essar: Creditors with ₹1-cr dues appeal to Arcelor

A forum of operational creditors with over ₹1 crore in admitted dues from Essar Steel has appealed to ArcelorMittal which is in the process of acquiring the debt-ridden company, to pay their dues as well. Last October, a committee of Essar Steel creditors had picked ArcelorMittal to acquire the 10-million tonne steel mill for over ₹42,000 crore. But the original promoters, the Ruias made a counter bid with ₹54,384 crore offer later and was rejected by the lenders and the resolution professional. **PTI**

ITC working on backend for next level of e-Choupal

Diversified conglomerate ITC is working on an aggregator model to strengthen its backend for its e-Choupal initiative which currently enables four million farmers in the country digitally. At an event organised by the CII, Sanjiv Puri (pictured), managing director at ITC said, "There are huge opportunities which comes with digital technology. For our e-Choupal initiative, we are working on a backend which will empower a set of rural youth who in turn can help the farmers". **BS REPORTER**

Jasper Infotech changes name to Snapdeal

Adopting the name of its most famous subsidiary, Jasper Infotech, has changed its name to Snapdeal Private Limited, according to the data sourced from business intelligence platform Paper.vc. The Kunal Behl and Rohit Bansal led firm was founded in 2007. Jaspers most successful firm till two years back was online marketplace Snapdeal, which in the race to the top lost out to Amazon India and Flipkart. **BS REPORTER**

Dentsu's Ashish Bhasin elevated as CEO, Greater S Asia

In a significant development, Ashish Bhasin, who is chairman & CEO, South Asia, Dentsu Aegis Network, has been promoted to chief executive officer of an expanded region, the agency said in a statement. Bhasin, who looked after India, Bangladesh and Sri Lanka in his current role, will now oversee additional markets such as Indonesia, Thailand, Vietnam, Philippines, Malaysia and Myanmar. He will continue to be based out of India and report to Takaki Hibino, executive chairman of Dentsu Aegis Network APAC. **BS REPORTER**

Grasim buys Turkish textile firm Soktas' local arm for ₹165 cr

Birla group flagship Grasim Industries has signed an agreement to acquire Soktas India from its Turkish promoters for ₹165 crore. Soktas is a wholly-owned subsidiary of the Turkish firm Soktas Tekstil Sanayi ve Ticaret, which produces and markets premium fabrics and has its main facilities at Soke in the Mediterranean country. **PTI**

AI's Delhi-Frankfurt flight returns after cabin pressure drops

An Air India flight from Delhi to Frankfurt on Wednesday suffered a mid-air decompression and consequently it returned to the airport "keeping safety of 220 passengers in mind", said the national carrier in a statement. According to airline officials, the flight faced decompression at the height of approximately 20,000 feet around 15 minutes after taking off. **PTI**

GENEVA MOTOR SHOW

Bugatti is the most expensive car

BLOOMBERG
6 March

For its 110th anniversary, Bugatti has created a jet black rocket it hails as the most expensive car of all time. It wouldn't look out of place as Star Wars villain Darth Vader's preferred mode of transport.

"La Voiture Noire" is priced at €11 million ($12.5 million), which would buy about 300 Tesla Model 3s. The one-time vehicle has already been sold and speculation points to former VW Chief Executive Officer and Chairman Ferdinand Piech as the new owner. Piech was known for his tough leadership style before quitting the brand's parent Volkswagen AG in acrimony in April 2015.

While there's no mention of Piech in Bugatti's statement, describing the new owner only as an "enthusiast" for the brand, it was Piech who signed off on some of Bugatti's outrageous development costs. There is — intended or not — a hint of Darth Vader providing some inspiration: "The windscreen seems to flow seamlessly into the windows at the sides like the visor on a helmet," Bugatti said.

La Voiture Noire is priced at $12.5 million, which would buy about 300 Tesla Model 3s

Bugatti's ultra-wealthy customers appreciated the brand's expertise in turning out cars to their exacting specifications, said Bugatti design director Achim Anscheidt.

"Our customers really appreciate this, as they know this from purchasing other luxury goods like a yacht," he said.

The 16-cylinder engine has six tailpipes and La Voiture Noire's extravagant specs highlight the balancing act VW is pulling off across its 12-brand empire.

CEO Herbert Diess, in charge since April, has sought to accelerate an overhaul to make the company more agile and rein in spending. The company says the car is "far more than a modern interpretation" of Jean Bugatti's Type 57 SC Atlantic, an industry icon coveted by classic-car aficionados and the most famous work of the son of the company's founder, Ettore Bugatti.

The car's not-so-subtle six tailpipes are a reference to the Atlantic model's five exhausts, said Anscheidt. "They clearly show this isn't an electric car."

Purely EV in long term, says M&M

Mahindra & Mahindra (M&M) foresees developing electric vehicle (EV) only platforms in the long term although it will continue to leverage on its internal combustion engine vehicle platforms to develop EVs in the short term, according to a top company official. While the company is not betting big on personal use of EVs, according to MD Pawan Goenka, M&M is looking to bring an electric car based on a platform of Ford with which it has an agreement to develop products jointly to add to its portfolio. **PTI**

EV charging: Tata AutoComp ties up with Tritium

Tata AutoComp Systems on Wednesday said it has partnered with Australia's Tritium to supply direct current fast chargers for EVs in India. The two companies have signed an MoU under which Tata AutoComp will soon make available Tritium's DC Fast Chargers in India, the company said. **PTI**

More EVs in pipeline for private users, says Tata Motors

Tata Motors plans to bring a plethora of EVs catering to not just fleet owners and govt sales but also to private consumers with aspirational products going ahead, according to a company official. The company has decided to adopt a focussed market approach for its EV sales, targeting 20-25 locations across India. **PTI**

'Philip Morris flouting FDI norms for years'

Paid manufacturing costs to Indian partner to make its Marlboro cigarettes, internal company documents reveal

ADITYA KALR
New Delhi, 6 March

Philip Morris International has for years paid manufacturing costs to its Indian partner to make its Marlboro cigarettes, circumventing a nine-year-old government ban on foreign direct investment in the industry, internal company documents reviewed by *Reuters* showed.

The Indian government in 2010 prohibited foreign direct investment (FDI) in cigarette manufacturing, saying the measure would enhance its efforts to curb smoking.

Restricting foreign investment leaves cigarette manufacturing largely in the hands of domestic players, and is supposed to prevent any foreign-funded expansion. A year after the government's decision, Japan Tobacco exited India, citing an "unsustainable business model".

Philip Morris, though, stayed in India and used another route, according to company documents dated between May 2009 and January 2018. A year before the FDI ban, it struck an exclusive deal with India's Godfrey Phillips to locally manufacture the world-famous Marlboro cigarettes.

Ever since then, Godfrey has publicly acted as a contract manufacturer of Marlboro cigarettes in India, while Philip Morris's majority-owned local unit acts as a wholesale trading company and promotes the brand.

Philip Morris, though, stayed in India and used another route, according to company documents dated between May 2009 and January 2018 PHOTO: BLOOMBERG

But dozens of internal company documents - including invoice bills, legal agreements, e-mails and accounting statements - show Philip Morris has for years indirectly paid costs related to Marlboro cigarette manufacturing in India.

Some former Indian enforcement officials said the practice of indirectly paying for manufacturing-related costs violates regulatory rules. However, some lawyers such as Pratibha Jain, a partner at Nishith Desai Associates, disagreed, pointing out that the federal rules did not explicitly prohibit such payments.

Philip Morris' director for corporate affairs in India, R. Venkatesh, in an e-mail, said the company's "business arrangements with Godfrey Phillips India comply with Indian Foreign Direct Investment Rules". He did not elaborate. The company did not answer detailed questions for this article and did not offer any executive for interview, despite repeated requests from *Reuters* over the past month

Manufacturing Charges

Six invoices issued by Godfrey showed billing of ₹45.5 million Indian ($644,200) to Philip Morris between December 2013 and January 2018 for manufacturing-related charges. Philip Morris paid for items ranging from large cigarette-making machines to costs of smaller equipment such as barcode scanners and printers deployed in Godfrey's factories.

One invoice from January 2018 sent from Godfrey to Philip Morris showed the Indian company had spent ₹206 million ($3 million) on capital expenditure for Marlboro-related manufacturing activities since 2009, though it was not clear how much of that was paid by Philip Morris.

Godfrey Phillips' head of corporate affairs, Harmanjit Singh, said in an email that all the commercial arrangements "are in complete compliance with the extant regulations governing the Indian Foreign Direct Investment and other applicable laws, and, incidentally, all transactions are in Indian Rupees. Also, it is our considered view that no illegality can be impugned to these commercial transactions between the parties."

Philip Morris' local unit and Godfrey arranged a mechanism for such transfer of funds around the time they struck the 2009 deal. A 94-page "procurement agreement" signed between the two sides that year, which is not public but has been reviewed by *Reuters*, said that Godfrey may acquire new machinery for solely manufacturing Marlboro cigarettes and will then "invoice PM (Philip Morris) India" for charges in a phased manner. Philip Morris "shall pay such invoice by bank transfer", the agreement said. **REUTERS**

Gilead veteran named innovative business CEO for Glenmark

SOHINI DAS
Mumbai, 6 March

Drug major Glenmark Pharmaceuticals, which recently decided to spin off its innovation business into a separate company in the US, has roped in Alessandro Riva, a Gilead and Novartis veteran, as chief executive officer (CEO). Riva, who joined Gilead about two years back, is leaving his post as executive vice-president of oncology.

His appointment as CEO of Glenmark's innovation business is effective from April 2.

In mid-February, Glenmark said it has received an in-principle approval from its board to spin off the innovation business into a new company that would be headquartered in the US. The Paramus (New Jersey) company would be a wholly-owned subsidiary of Glenmark and will operate with Riva as the CEO, a management team and an independent board of directors.

The company will hold all the innovative molecules in Glenmark's pipeline, along with the pre-clinical assets, that include two R&D centres in Switzerland, the R&D unit at Mahape, Navi Mumbai, and the GMP biologics manufacturing facility in Switzerland along with around 400 employees.

Glenmark plans to unlock value from its innovation business in the long run, and this may include roping in investors or finding partners for its innovative pipeline. It aims to use the expertise of Riva to fast track its oncology programme. At present, there is a provision for accelerated approval if a drug gets a breakthrough therapy designation.

SpiceJet partners Amadeus to expand global sales reach

ANEESH PHADNIS
Mumbai, 6 March

SpiceJet on Wednesday tied up with distribution service provider Amadeus to give global travel agents access to its ticket inventory. This would revamp the airline's ticket distribution as it expands its international network.

Passengers, however, will have to pay a surcharge for tickets issued through Amadeus.

The airline has not announced how much the surcharge would be, but sources said it might be $10-15 per ticket. There will be no additional fee for booking through other modes.

SpiceJet has announced new international flights to Colombo and Jeddah from Hyderabad, and plans to open up new routes in China, Central Asia, and Russia. The global distribution system refers to travel-reservation tools used by travel agents around the world to make bookings. Typically, the service provider collects a segment fee for every booking from the airline and shares a portion of it with travel agents. This increases costs for carriers.

Globally airlines, including British Airways and Lufthansa, collect a fee from passengers for tickets booked through the GDS so as to reduce their costs.

CV sales down in last four months, industry bullish

T E NARASIMHAN
Chennai, 6 March

For the last four months, commercial vehicle (CV) sales have seen a persistent fall but industry officials argue that the numbers are not comparable since the previous year's base was high.

Despite all the hardships during the last two quarters — slowing economic activity, high interest rates, lag effect of implementation of revised axle load norms, slowing industrial output and declining IIP growth — the industry is hopeful that it will see a robust growth soon. For instance, it is hoping for a 15 per cent growth in the truck segment in fiscal year ending March.

Tata Motors' M&HCV volumes declined sharply by 18 per cent year-on year (Y-o-Y) in February, while Ashok Leyland sales in the same segment contracted 4 per cent. Eicher Motors and M&M's M&HCV sales also fell 7.8 per cent and 17 per cent, respectively, in the same month.

Girish Wagh, president, commercial vehicles business unit, Tata Motors, said while M&HCV sales declined, the tipper segment, on the other hand, continued to witness a strong growth of 22 per cent on the back of road construction, irrigation and affordable housing projects.

Satyakam Arya, managing director (MD) & chief executive officer (CEO), Daimler India Commercial Vehicles, said he sees certain repercussions of the liquidity crunch, and the revised axle load regulations that have led to an increase in available transport capacity.

The company also sees some customers postponing buying decisions ahead of the elections as they await more clarity whether policy changes may influence their business models. He said the momentum from infrastructure projects is very much there, which is resulting in strong demand for construction trucks.

'We are headed for little bit of a split year'

After posting 1.4 per cent volume growth last year, luxury carmaker Mercedes-Benz remains cautious in its sales target this year, owing to the general elections and macro-economic headwinds. In an interview with **Avishek Rakshit**, the company's Managing Director and Chief Executive Officer (India operations), **MARTIN SCHWENK**, said their focus would be on services and bringing in new cars this year. Edited excerpts:

Q&A

Last year, you had posted muted growth while other luxury carmakers had clocked good growth. What were the reasons?

In the past five years, we had around 50 per cent growth. Last year, we started on a very strong note in the first four-five months and then macro-economic situation got a bit more difficult. There was a lending crisis. Our classical customer base, comprising builders and entrepreneurs, were also affected and we had a shaky stock market in the third quarter. There was volatility. It caused a lot of hesitation in the market and so we saw some headwinds at that time. During Diwali, we were not the only ones who could not outperform the previous year's sales. Overall, we are satisfied with what we had achieved at the end; we kept our market position. We did not gain a lot but the market as a whole also didn't grow.

How do you see sales this year considering the fact that general elections are near?

We assume that we are headed for little bit of a split year — maybe leaned more on stability rather than growth oriented in the first half of the year and hope for an uptick in the second half. There is a bit of wait-and-see attitude when I am talking to my dealers as well as my customers. So, we would predict a lower first half and a higher second half.

So this year again growth will be muted?

We are cautiously optimistic to see some growth but I do not expect rapid growth. We will focus on customer service activities. New car sales are of course important but it is also equally important for us to have good customer relations. That is what triggers their next purchase.

We are reinforcing our footprint with smaller outlets in tier-II, -III cities. For example, we have a concept called service on trucks, which dealers can avail for two weeks and drive it around in their respective areas to provide service at the customers' doorsteps.

To what extent have you decided on facelifts and bringing new models to India?

We will bring around 10 new models this year. Our global portfolio is huge. So, it is relatively easy for us to tap into a market.

You have also been focusing on pre-owned used cars. How is it faring for you?

We see double-digit growth every year in this segment. The sales numbers, in terms of volume, are substantially low in India than other matured markets. There is also a lot of potential here. The (dealership) network, in its growth phase, had focused on new cars and we now see more and more dealers taking up used car dealerships.

What is the level of localisation that you are doing? Do you intend to increase it?

It is around 60 per cent for all nine models we are producing. I think the set-up that we have is viable and will deepen localisation. You need certain changes in parameters. I will not say there is a strategy to further localise the existing models.

PHOTO BY SUBRATA MAJUMDAR