

STOCKS
IN THE NEWS

Titan Company

1,279.95

1,259.35

1,275

1,250

1,229.65

1,225

Q2 jewellery business revenue to decline 2% YoY: Report

₹1,229.65 CLOSE

▼ 2.36% DOWN*

JBM Auto

224.55

187.55

185

160

224.55

Receives orders for supply of 300 buses

₹224.55 CLOSE

▲ 19.73% UP*

Indiabulls Ventures

111.40

109.10

111

104

99.90

97

To consider share buyback proposal on October 11

₹109.10 CLOSE

▲ 9.21% UP*

Indiamart Intermesh

2,261.55

1,920.55

1,900

1,700

2,261.55

Top gainer in the S&P BSE IPO index

₹2,261.55 CLOSE

▲ 17.76% UP*

J Kumar Infraprojects

143.70

128.65

132

125

143.70

Sebi clears the firm from charges of misrepresenting books

₹143.70 CLOSE

▲ 11.70% UP*

IN BRIEF

REALTY FIRMS MAY RAISE \$25 BN IN 3 YEARS VIA REITS: ANAROCK

Real estate developers could raise around \$25 billion over the next three years by listing their rent-yielding commercial properties through the Real Estate Investment Trusts (REITs) route, according to realty consultant Anarock.

■ About 150 mn sq ft rent-yielding office properties could get listed in the top 7 cities in 3 yrs; this is 25-30% of the total Grade A office space

■ Top 7 cities have close to 550 mn sq ft Grade A office supply; of this 310-320 mn sq ft is REITable currently

■ Prestige, RMZ, K Raheja Corp, Godrej Properties & Panchshil Realty gearing up for REITs

■ Global heavyweight investors eyeing India's revving REIT machine

■ Residential REITs still a distant reality; low rental yield major roadblock

■ According to Shobhit Agarwal, MD & CEO – Anarock Capital, REITs in residential segment would take time. The draft Model Tenancy Act, 2019, will make rental housing a more attractive investment

■ Global investment firm Blackstone and realty firm Embassy group launched India's first REIT to raise ₹4,750 cr

Source: PTI, Anarock

Thomas Cook rival Hays Travel buys all its UK shops

British travel agent Hays Travel on Wednesday said it had agreed to buy all 555 UK stores from Thomas Cook after the holiday company's collapse. Hays has already recruited 421 former Thomas Cook staff. The firm said it could potentially save up to 2,500 jobs – and would seek to reopen some shops as soon as Thursday. It also expects to create another 100 jobs at its headquarters in the city of Sunderland, northeastern England, as a result of the transaction.

AFP/PTI

New ThyssenKrupp CEO prepares ground for major job cuts

New ThyssenKrupp chief executive Martina Merz on Wednesday paved the way for deeper job cuts, telling employees in an internal memo such a step was necessary for a turnaround. The firm is planning to list or sell its elevator division and is willing to sell majority stakes in its struggling car parts and plant engineering divisions, which Merz said are facing significant changes.

REUTERS

Anil Ambani's sons join Reliance Infra board

Reliance Group Chairman Anil Ambani's sons – Anmol (*left*) and Anshul – have been inducted as board directors for Reliance Infrastructure, the group said on Wednesday. The firm also said it had appointed Lt. Gen. Syed Ata Hasnain (Retd.) an independent director on the board. Anmol, 27, holds an executive director's position at Reliance Capital. "Anmol has been overseeing the financial services businesses since he joined its board in August 2016. He has contributed to the culture of the organisation, driving agility, innovation and digitisation," the firm said. Anshul, 24, joined the Reliance Group in January 2019.

BS REPORTER

9 Indian firms to gain from \$550-bn China exports shift: Report

PUNEET WADHWIA
New Delhi, 9 October

Larsen & Toubro, Siemens, Whirlpool and Havells India are among the nine Indian companies that are likely to benefit from an escalation in trade tensions between the US and China, as companies look to shift manufacturing out of the latter country, says a recent report by Credit Suisse.

The report estimates \$350-550 billion worth of exports will move out of China, with the major impact likely to be felt now, and could be even higher if the other countries improve absorption capacity.

"In the near term, tariffs would only raise prices in the US and shift exports from China to other countries (possibly at lower prices). But, over the next five years, we estimate that as the Chinese manufacturing workforce, already down 20 million since 2015, shrinks a further

9-15 million, the shift would be in labour-intensive sectors: apparel and textiles, electronics assembly, footwear, toys and furniture," the report says.

To understand and estimate the

COMPANIES THAT MAY BENEFIT

COMPETITORS IMPORT FROM CHINA WHAT FIRM MAKES

Havells

HIGHER DEMAND FOR CONTRACT MANUFACTURING

Amber Ent. & Dixon Tech

CONSTRUCTION OF INFRASTRUCTURE ASSETS

Larsen & Toubro

HIGHER DEMAND FOR BLUE COLLAR WORKERS

TeamLease

BENEFITS FROM POTENTIAL INCREASE IN POWER DEMAND

Power Grid

INDUSTRIAL AUTOMATION

ABB & Siemens

IMPORT SUBSTITUTION FOR CHINA PRODUCTS

Whirlpool

Source: Credit Suisse report

availability of labour, manufacturers said, were the two key reasons to shift, besides incentives offered by other countries such as tax holidays.

"Nearly two-thirds of the firms surveyed have already started to diversify production away from China, or are planning to. Ninety one per cent of these companies said they would do so even if the US were to reverse the tariffs, confirming the hypothesis that there is a structural shift away from manufacturing in China," the report said.

Geographically, most firms plan to move production to Vietnam and India, followed by Taiwan, Mexico, the European Union, Thailand and Indonesia. "Among the countries, Vietnam should gain the most; Bangladesh a pure-play on apparel, and India has seen good import substitution in electronics but is struggling to grow apparel exports," Credit Suisse's findings suggest.

Brace for impact

That said, Credit Suisse expects the real impact of trade war to be felt now. The first three lists (of tariffs) mainly consisted of intermediate goods sold to corporate firms and around 80 per cent of the finished goods sold to consumers come under tariffs only now, Credit Suisse believes.

Policy uncertainty aside, one reason production has not yet shifted out of China, Credit Suisse believes, is that capacity there is also for the growing domestic demand and other non-tariff-affected export markets.

"The few such goods in earlier lists saw prices rise post the duties, with lower demand, and shifts in production. The pressure to shift manufacturing away from China is likely to rise now," the report suggests.

Xander-backed firm buys Raymond land for ₹700 cr

Singapore-based mall developer to invest ₹1,700 crore on land parcel

PAVAN LALL & RAGHAVENDRA KAMATH
Mumbai, 9 October

Raymond on Wednesday said it had sold a 20-acre holding in Thane, on the outskirts of Mumbai, to Virtuous Retail South Asia (VRSA) for ₹700 crore. The Singapore-based company confirmed the deal and said it would invest another ₹1,700 crore to develop a shopping mall on the land parcel.

This is one of the largest deals this year in the Mumbai Metropolitan Region (MMR). VRSA is a joint venture of global private equity fund Xander and Dutch pension fund APG.

JK Investo Trade, an associate company of the textile major, executed the deal for the land parcel in Thane (West), which is adjacent to Raymond's other realty projects. Enthusied by the news of the deal the company's stock went up over 10 per cent to close the day at ₹601.85 per share.

Gautam Singhania, chairman and managing director of Raymond Group, said the move would benefit shareholders and reflects continued foreign direct investment (FDI) interest in Mumbai realty. "You can always turn around and say you could have gotten higher, and then you could have also gotten much lower, but the reality is that at the end of the day, you get what the

TOP DEALS IN MMR

Location	Buyer	Seller	Area (in acres)	Price (₹ cr)
Thane West	Oberoio	GSK Pharma	60	890
Powai	Kanakiya	Skyline	15	850
Thane West	VRSA	Raymond	20	700
Borivali	Runwal	Cable Corporation	8	550
Chembur	Godrej	RK Studios	2.2	200

RAYMOND SHARE RISES 10% (₹)

market supports" he said.

"The objective has been to deleverage the balance sheet and reduce debt, which is around ₹2,500 crore at the group level," said Raymond Chief Financial Officer Sanjay Bahl. Realty sector experts said the rate of ₹35 crore per acre was a good one.

Gulam Zia, executive director with property manager Knight Frank India, said there was huge

Sid Yog, founder and chairman, VRSA, said, "Prime land parcels of this size are seldom traded, especially in major metropolitan markets such as Mumbai. We have been waiting patiently for the ideal opportunity to expand our award-winning portfolio into the Mumbai region, and are delighted to finally embark on the development of a VR flagship centre in the city."

Earlier this year, Raymond announced it would venture into the realty industry to monetise its land bank, which lies in a separate plot near Pokhran Road. Raymond's new venture, Raymond Realty, is set to build 3,000 two-bedroom housing units on 14 acres in the first phase of the project. This will take five years to be completed.

Executives said it had already sold 650 apartments priced between ₹1.25 crore and ₹1.5 crore, of the total of 990 units in three towers that have been launched. Raymond still has 120 acres in Thane.

VRSA develops and manages community-oriented retail and lifestyle centres across India and has, over the past 12 years, delivered centres that integrate shopping, dining, hospitality, leisure, and entertainment, including current flagships — VR Chennai, VR Bengaluru, VR Punjab, and VR Surat. VRSA has a portfolio of 11 million sq ft.

Bharti Airtel raises \$750 mn from overseas investors

Bharti Airtel on Wednesday said it had raised \$750 million (about ₹5,330 crore) from investors based in Asia, Europe and the US, through a hybrid financial instrument.

The firm said in a statement: "its wholly-owned subsidiary Network 12i Limited, had priced ... an offering of \$750 million 5.65 per cent subordinated perpetual securities." A perpetual bond is a fixed income security with no maturity date that yields a steady flow of interest payments.

The company said it would use the proceeds for refinancing, investments in subsidiaries and general corporate purpose.

As on June, Bharti Airtel's total debt stood at a staggering ₹1.16 trillion. The mega fundraiser comes just months after Airtel raised ₹25,000 crore through a rights issue.

The firm's treasury head, Ashish Sardana, said in the backdrop of the current global economic environment, the strong response to Airtel's inaugural hybrid securities offering underlines the future growth potential of its business.

Barclays Bank, BNP Paribas, Citigroup Global Markets, HSBC, JP Morgan Securities, Merrill Lynch (Singapore), and Standard Chartered Bank acted as joint bookrunners for the offering.

Goyal summons Amazon, Flipkart on CAIT's plaint

KARAN CHOUDHURY
Bengaluru, 9 October

The leadership of e-commerce giants Flipkart and Amazon India has been called by Commerce and Industry Minister Piyush Goyal for a meeting on Thursday to discuss charges against them by the Confederation of All India Traders (CAIT).

The trader body met him on Wednesday with what it said was evidence of 'deep discounting and predatory pricing' by both the entities at their recent festive season sale. According to sources, the minister had earlier planned to meet Amazon India and Flipkart a few weeks later. However, after a CAIT delegation met Goyal with 'proof', the minister called the meeting on Thursday.

A Delhi-based body, CAIT describes itself as a premier representative of small and medium-size traders. It has been a strong advocate for this traditional (brick and mortar) segment and critical of the online one.

Sources in both companies said who was to be in the delegation to meet the minister was still being decided. "Senior leadership, public policy team members and seller ecosystem managers would all be part of the meeting. But, if the top bosses for both Amazon India and Flipkart will be there is still being decided," said a source in the know.

The CAIT delegation was led by its secretary-general, Praveen Khandelwal. There was also Arvinder Khurana, president, All India Mobile Retailers Association, and

CAIT says it has given various items of evidence on predatory pricing, deep discounting, exclusivity and promoting of preferred sellers on the platforms of various e-commerce companies

Dhairyasheel Patil, president, All India Consumer Products Distributors Federation. Guruprasad Mohapatra, secretary of the department for promotion of industry and internal trade and other officers attended.

"The minister firmly said the government was committed to implement the FDI (foreign direct investment) policy in its letter and spirit. No predatory pricing or deep discounting will be allowed under any circumstances. Any re-routing of business in e-commerce will not be allowed. E-commerce companies will have to work only as a marketplace, as spelt out in FDI policy," Khandelwal said.

CAIT said Goyal directed the Mohapatra to call both the firms to clarify on the points raised. A joint meeting with CAIT might also happen later.

"The minister assured the delegation that if need arises and unethical business practices are proven, the government might order an

Nordisk, Sanofi log double-digit revenue growth in insulin pens

TOP PLAYERS

Company	MAT VALUE		MAT UNITS	
	Aug '19 (₹ cr)	Growth Aug '19 (%)	Aug '19 (000's)	Growth Aug '19 (%)
Novo Nordisk India	268.4	7.3	5,270.2	-1.6
Sanofi India	120.2	15.5	1,538.4	8.4
Wockhardt	1.7	-35.2	69.7	-39.3
Biocon	0.2	-16.6	4.0	-18.0
Total market	396.4	9.6	6,982.3	0.2

SOHINI DAS
Mumbai, 9 October

Novo Nordisk and Sanofi, leaders in India's insulin pens market, have seen double-digit revenue growth in this segment over a year, helped by price increases. This happened despite volume growth having slowed. Data from market research entity AIOCD AWACS showed this growth in the segment (moving annual turnover or MAT unit sales growth in August) was only 0.2 per cent. Around 6.98 million insulin pens were sold; it was 6.97 million in the year-before period (when volumes grew 4.8 per cent annually).

But while volume growth was flat, value growth was 9.6 per cent for the segment. And, Sanofi had value growth of 15.5 per cent in a year (MAT August 2019 over 2018), while its volumes grew 8.4 per cent. Novo Nordisk saw its volumes slip by 1.6 per cent but value growth was 7.3 per cent.

Analyst Ranjit Kapadia says for imported insulin products, the price is determined after adding a prescribed profit margin to the cost of production (which is based on landed price). "Sanofi imports its insulin, while Novo Nordisk imports insulin crystals to India and then manufactures the finished product at the Torrent Pharma facility in Gujarat," he added. He said introduction of new-generation insulin products also helped the multinationals (MNCs) in value growth. "Sanofi launched its long-acting insulin product, Toujeo, in India last year. It already had a mature product, Lantus, in the market."

An e-mail to Sanofi did not elicit a response. The insulin pen market (roughly ₹400 crore a year) has seen a 15.5 per cent compound annual growth rate (CAGR) in terms of value over five years. In contrast, unit sales growth CAGR is 8.6 per cent. The insulin injectables market (₹2,863 crore) has seen a lower rate of growth, of 11.6 per cent CAGR, while oral anti-diabetic medicines (₹10,200 crore) did reasonably well among the overall diabetes segment, with a 16 per cent CAGR.

Another analyst said: "The insulin pen market is typically not very price-sensitive. Once a patient is on a device, he or she usually does not change the brand easily, and as this is a prescription market, doctors decide which brand to put one on to."

The MNCs have been marketing their insulin brands for decades and have entrenched brands here. "They not only have a vast network of doctors that helps them to target a patient who first starts insulin injectables but have also built popular brands here," he explained.

With the value growth in this market, Novo Nordisk (a Danish major) expanded a partnership facility with Torrent Pharmaceuticals in Gujarat last year. The 26 million vials a year Indrad facility, opened in 2009, has been expanded by 30-35 per cent. The partnership goes back 25 years, to the launch of 40 IU vial insulin in 1992. Novo Nordisk has 65 per cent of the insulin pen market.

Local players offer insulin at a 25-30 per cent lesser price. Major ones Wockhardt and Biocon have both seen a decline in volumes in the past year, selling 69,700 and 4,000 insulin pens, respectively, in the 12 months up to August. AIOCD says Wockhardt saw a decline in value of 35 per cent; Biocon of 16 per cent.

Both the companies also have a negative value CAGR for a five-year period, of 17 per cent with Wockhardt and 37.5 per cent for Biocon.

Insulin is subject to price control and for local players, says Kapadia, it is determined in line with the wholesale price index.

Shrikant Akolkar, analyst with Ashika Institutional Research, says Biocon is focused more on biosimilars and the developed markets. "Its business in India is quite small," he said.