

STOCKS  
IN THE NEWS

Tata Motors

127.80

129

124

119

114

119.55

121.35

127.80

129

124

119

114

Top gainer among S&P  
BSE Sensex stocks

₹127.80

CLOSE

▲ 5.31% UP\*

DLF

154.80

158

152

146

140

147.50

145.55

154.80

158

152

146

140

Sells 376 completed flats  
worth ₹700 cr in  
Gurugram project

₹154.80

CLOSE

▲ 6.36% UP\*

Indiabulls Housing Finance

245.45

260

235

210

185

197.90

209.95

245.45

260

235

210

185

Moody's downgrades  
rating to B2 from Ba2;  
outlook negative

₹197.90

CLOSE

▼ 5.74% DOWN\*

Infosys

815.70

820

805

790

775

793.25

785.65

815.70

820

805

790

775

Raises FY20 revenue  
guidance marginally to  
9-10% from 8.5-10%

₹785.65

CLOSE

▼ 3.68% DOWN\*

Bharti Airtel

393.50

405

380

355

330

339.70

382.65

393.50

405

380

355

330

Regains ₹2-trillion  
m-cap as stock rallies  
16% in a week

₹393.50

CLOSE

▲ 2.84% UP\*

\* OVER PREVIOUS CLOSE

IN BRIEF

BSE to suspend trading in Binani, Manpasand from November 4

Leading stock exchange BSE will suspend trading in shares of as many as 16 firms, including Manpasand Beverages and Binani Industries, from November 4 for not complying with listing norms pertaining to submission of quarterly financial results, among others. However, if any company complies with the provisions of listing norms on or before October 31, trading in its securities will not be suspended, BSE said. 8K Miles Software Services, Atlas Cycles (Haryana), Dion Global Solutions, Dolphin Offshore Enterprises (India), High Ground Enterprise, JJ Exporters, Marg, Mayur Leather Products, Rathni Graphic Technologies, Sang Froid Labs (India), Supreme Infrastructure India, Cosboard Industries, NR International, and Real Growth Commercial Enterprises are the companies facing suspension. PTI

Ratan Tata to invest in electric vehicle start-up Tork Motors

Ratan Tata (pictured), chairman emeritus of Tata Sons, who has earlier invested in start-ups that range from jewellery ventures to tea companies, will invest an undisclosed amount in Pune-based electric vehicle start-up Tork Motors. Tork, which is on track to launch its flagship product dubbed the T6X, has raised funds from Bharat Forge and Ola Cabs Founder Bhavish Aggarwal. Tork Motors makes home-grown electric vehicles powered by lithium ion batteries. It's T6X is engineered to travel at a top speed of 100 kmph and runs 100 km on a single charge. The battery can be charged up to 80 per cent in an hour. BS REPORTER

Maruti collaborates with 5 start-ups for mobility innovation

Maruti Suzuki India has said it had selected five start-ups under its Mobility & Automobile Innovation Lab (MAIL) programme. MAIL is an initiative by the firm to identify and bring together start-ups with innovative and cutting-edge solutions to collaborate for open innovation in mobility and automobile space. BS REPORTER

YES Bank exits Fortis Healthcare with 6.6% equity stake sale



Private lender YES Bank on Monday sold 6.6 per cent equity stake amounting to more than 49.5 million shares of Fortis Healthcare in a bulk deal. The shares were sold at ₹130.27 apiece, fetching YES Bank ₹645 crore. After the share sale, YES Bank has completely exited Fortis Healthcare. The lender in June had sold a little over 2 per cent stake in the company. After the deal, YES Bank's stake reduced to 6.76 per cent as prior to the sale the lender had around 8.76 per cent stake. YES Bank had become Fortis' biggest shareholder with an approximate 17 per cent stake, after it and other lenders in March 2018 called in the shares that had been put up as collateral by founders Malvinder Singh and Shivinder Singh. BS REPORTER

‘Moderation in FMCG growth rates is due to slowdown in rural areas’

Hindustan Unilever (HUL) reported flat volume growth for the three months ended September 30 amid a challenging market environment. In a post-results press conference, HUL's Chairman and Managing Director SANJIV MEHTA talks about the way ahead. Edited excerpts:

**What was the fast-moving consumer goods (FMCG) market growth in the second quarter (Q2)?**  
We have not seen demand pick-up yet. While value growth, in terms of moving annual total, for the FMCG market was 9 per cent, the last three months (July to September) have seen sharp deceleration, touching 5 per cent (in terms of value growth). Similarly, volume growth for the FMCG market has also reduced in Q2 to 3 per cent, from 7 per cent (in terms of moving annual total). The reason for this moderation in FMCG growth rates is due to the slowdown in rural areas. It is sharper than in urban areas. While the government has taken key policy initiatives in the past few months to spur demand, income transfer to rural areas would be



something to watch out for.

**HUL benefited from the lower corporate tax rate announced last month. How are you likely to use these gains?**

In the medium term, these gains will be used to spur investments. This, coupled with the repo rate cuts by the Reserve Bank of India recently, should improve consumption in the future. In the short term, there are market challenges, including lower consumer confidence and inadequate funds in the hands of the people. But we should keep in mind that the FMCG market continues to grow, albeit at a slower pace. Growth hasn't vanished altogether. And we remain optimistic about future growth potential.

**You have taken price cuts in soaps. What about detergents? Any pricing action there?**

Pricing action has been largely in soaps, mainly due to benign commodity prices. In detergents, we haven't done anything meaningful in terms of price cuts. There have been small

corrections in detergents in some places to match what competition there is doing. In soaps, however, we took a price cut of 4-6 per cent in Lux and Lifebuoy. We took that forward to Dove and Pears as well, reducing price of these brands. The total impact in terms of price cuts would be 6 per cent on the soaps portfolio. Some of this pricing action has been taken in the September quarter and some of it will be visible in the December quarter.

**What are the key monitorables for HUL as you go ahead with further price cuts?**  
The volatility in crude oil and currency are key monitorables for us. The swings in crude oil and currency have been sharp in Q2; if this trend continues, we'd be cautious in terms of pricing action in the future. We have to be competitive in terms of our market activity. That's a clear strategy we have.

**India saw a longer monsoon this year, accompanied by flash floods. How much disruption has this caused to demand? Will this delay rural recovery?**  
Yes, the floods did disrupt demand as well as logistics and supply chain. While this may impact rural growth rates in the near term, from a medium-term perspective I remain optimistic.

Total to acquire 37% stake in Adani Gas for ₹5,700 cr

Joint venture will distribute gas to 6 million households in the next decade

SHINE JACOB

New Delhi, 14 October

In a sign of rising global interest in India's oil and gas sector, French oil major Total has signed a definitive agreement to acquire 37.4 per cent stake in Gautam Adani-led Adani Gas for about ₹5,700 crore.

Total will purchase the shares in Adani Gas through a tender offer to public shareholders to acquire up to 25.2 per cent shares and purchase the residual shares from the Adani promoter family.

This comes on a day when another major ExxonMobil signed a memorandum of understanding (MoU) with Indian Oil Corporation to expand liquefied natural gas (LNG) business in India. This tie-up will focus on exploring new models of delivering cost-effective natural gas in India where it is most needed to complement traditional pipelines. Other global players that have already shown interests in India include Saudi Aramco, ADNOC, BP, Shell, and Rosneft.

"Adani Family and Total shareholders shall ultimately hold 37.4 per cent each and public shareholders shall hold remaining 25.2 per cent," Adani Gas said on Monday. The deal will be the largest foreign direct



**"Indian regulation for listed companies is a little complex and it will take more than six months to take the shares"**

PATRICK POUYANNE  
CEO, Total



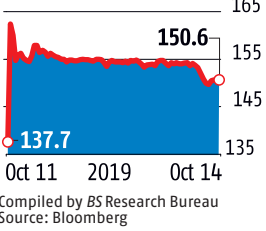
**"The tie-up will derive synergies between Adani's capabilities of developing world-class assets and Total's global best practices"**

GAUTAM ADANI  
Chairman, Adani Group

investment in the country's city gas distribution, making it one of the largest downstream energy partnership.

Total Chief Executive Officer Patrick Pouyanne said it would take at least six months for the deal to materialise. "Indian regulation for listed companies is a little complex and it will take more than six months to take the shares. In terms of the company's LNG business, the compa-

SHARE ZOOMS



Compiled by BS Research Bureau  
Source: Bloomberg

ny has a cash flow of \$2 billion and we have a target to increase to \$6 billion by 2025 and Indian market will contribute to this goal," he said on the sidelines of CERA Week in Delhi. The firm said CGD is a natural extension of the plans of both partners to invest in infrastructure and assets worth over \$1 billion, which span LNG infrastructure and marketing and fuel retail business,

JV with RIL to get going by end of year: BP chief

SHINE JACOB

New Delhi, 14 October



**BP chief Bob Dudley says nearly 100 tcf of natural gas resources are yet to be found in India and this could meet around half of country's demand by 2050**

The much-awaited joint venture (JV) between Mukesh Ambani-led Reliance Industries (RIL) and BP Plc on retail service station network and aviation fuels business will be in place by year-end, said Bob Dudley, group executive of the global oil and gas major, on Monday.

"We are very optimistic about the JV with RIL. We will work together to bring all kinds of new technologies. RIL is currently having 1,500 fuel stations and will soon be getting up to 5,000 across the country," said Dudley, while addressing the media on the sidelines of CERA Week.

The JV will incorporate and build on RIL's current fuel retailing network across India.

In the new JV, around 51 per cent will be held by RIL and 49 per cent by BP. It will also look into innovative models like mobile fueling units and home delivery. The two companies could also look at providing electric charging facility in some of their outlets. RIL's aviation fuels business currently operates at more than 30 air-

ports across India.

RIL and BP have a tie-up in exploration and production sector for almost a decade now. Since 2011, the two have invested more than \$2 billion in deepwater exploration and production to date. Dudley batted for a scenario where arms length pricing should be in place with proper trading platforms and producers can sell gas in open market, if required to their own companies. "We are happy with the new natural gas pricing formula. I would, however, like to see a system where all customers can bid for gas and we can sell it," Dudley said.

BP and its partner have said around \$5 billion in KG basin field will be on stream by May 2020. Betting big on the potential of East Coast region, he added: "Look at East Coast, seismic trend look like a lot of natural gas. Deepwater gas exploration is, however, expensive."

Dudley hinted that once pipelines are in place and utilised, these deepwater gas will become more viable. Addressing the meet, he said nearly 100 trillion cubic feet of natural gas resources were yet to be found in India and this could meet around half of the country's demand by 2050. He said the current liquefied natural gas spot prices of around \$4 million metric British thermal unit (mmbtu) was low. "I would call it distressed cargo. If we are developing gas domestically, it has to be economical too," he said.

On the upcoming privatisation process of BPCL, he said BP would examine what's on offer. "Privatisation is very exciting, seems BPCL will be the largest one in India's history," he said.

announced in 2018.

Adani Gas is also planning to set up 1,500 fuel stations offering top of the line products in the coming years. The expanded partnership will develop regasification terminals, including Dhamra LNG, on the East coast of India; market LNG to the Indian markets and through Adani Gas, target to distribute gas to 7.5 per cent of India's population. "Both partners would make significant investments in the next 10 years to develop India's gas infrastructure, distribution, marketing businesses with a presence in over 15 states," it said.

Adani Gas and its joint venture will distribute gas to 6 million households in the next decade. Adani Gas CNG network will be developed exploring synergies including co-location of fuel retail and CNG outlets, the statement added.

Gautam Adani, chairman, Adani Group, said, "The partnership will derive significant synergies between Adani's capabilities of developing world-class assets and Total's global best practices as well as leveraging business synergies across LNG, Fuel Retail and City Gas distribution. We look forward to working together towards delivering India's vision for clean and green energy."

RIL to swap diesel for Venezuelan crude oil

PRESS TRUST OF INDIA

New Delhi, 14 October

Reliance Industries (RIL) will pay for Venezuelan crude oil via exports of diesel in a barter arrangement as it resumed taking supplies from the US sanctions-hit Latin American nation after a gap of four months.

Although US oil sanctions imposed on Venezuela in January 2019 have no direct secondary component, oil companies such as RIL that have a significant US presence have curtailed their commercial ties with the Opec nation.

RIL had in March capped oil purchases from the Latin and halted selling diluents.

"RIL has been supplying permitted products like diesel to Venezuela and, hence, is able to recommence crude sourcing. These are actions compliant to US-sanctions as crude sourcing against the supply of permitted products is allowed," a Reliance Industries spokesperson said.

NCLAT stays Bhushan Power sale to JSW Steel

AASHISH ARYAN

New Delhi, 14 October

The National Company Law Appellate Tribunal (NCLAT) on Monday stayed the implementation of JSW Steel's ₹19,700-crore resolution plan for Bhushan Power and Steel.

A three-member Bench, headed by Chairperson Justice S J Mukhopadhyaya, also ordered the release of all assets of Bhushan Power and Steel, which were attached by the Directorate of Enforcement (ED), to the resolution professional of the firm. The ED, the appellate tribunal said, would also be barred from attaching any assets of the company.

The NCLAT order asking the ED to release all attached

case would be next heard by the NCLAT on October 25.

The stakeholders of the meeting also decided that the once the resolution plan for a corporate debtor was approved, no government agencies, including the ED, could attach or confiscate any assets of the company.

"The purpose and scheme of the CIRP is to hand over the company of the corporate debtor to a bona fide new resolution applicant. Any threat of attachment of the assets of the corporate debtor or subjecting the corporate debtor to proceedings by investigating agencies for wrong doing of the previous management will defeat the very purpose and scheme of CIR process, which



COURT ORDER

■ NCLAT Bench orders release of all assets of Bhushan Power and Steel that were attached by ED

■ The ED has also been barred from attaching any assets of the company

■ Order comes on the back of a submission made by MCA, which called a meeting of the financial services department and the banks who are lenders to Bhushan Power

inter-alia includes resolution of insolvency and revival of the company, and the efforts of the bank to realise dues from their NPAs would get derailed," the MCA had told the NCLAT in its submissions.

The enforcement agencies such as ED would, however, be free to attach the personal assets of the erstwhile promoters, should fraud be detected at the company, the MCA said.

The ED had on October 10 attached

Bhushan Power's assets worth over ₹4,025 crore. ED had then said it had attached land, building, plant and machinery of the firm in Odisha under the provision of the Prevention of Money Laundering Act (PMLA). In September, JSW Steel had approached the NCLAT seeking immunity from criminal proceedings in the fraud investigation against Bhushan Power.

In its plea before the appellate tribunal, JSW Steel had said it was apprehensive about the reports of fraud occurring at Bhushan Power.

The firm had, however, said it was not backing out of the bidding process. It had then also sought forensic audit reports of banks, which had detected frauds at Bhushan Power.

TCS staff can sit for exams to be eligible for higher package

ROMITA MAJUMDAR

Mumbai, 14 October

Tata Consultancy Services (TCS) is providing opportunities to employees within the system to prove their skills and upgrade their roles within the organisation, something that was earlier open only to campus recruits.

Campus recruits can also aim to double the existing entry level package by proving their skills through the TCS national qualifier tests (TNQT).

The company posted weaker-than-expected margin performance in Q2, led by strong hiring (14,097 net addition) during the quarter, which analysts believe strained utilisation. It is also likely to dampen the company's aspirational double-digit growth targets. The management is confident that over the medium to long term (up to three years), this investment in skilled resources will pay off.

"With the TNQT model (pan Indian) for campus hiring, we can find more people who are hungry to prove a point and do well. If someone performs exceedingly well in the TNQT test, then we give them the option for



a digital test which they can clear to aim for higher compensation," said Millind Lakkad, EVP and global head of human resources, TCS. The compensation offered to such candidates will be twice the entry-level compensation offered for campus recruits.

Starting FY20, the same opportunity has been extended to employees who joined the system up to three years ago, said Lakkad.

Last year, 1,300 of the 30,000 campus offers made were upgraded to the digital scale. Employee cost is tagged to SG&A expenses, while they are not directly generating revenue through client projects. The SG&A component has been higher this quarter. However, the hiring-revenue mismatch is not

causing a utilisation constraint, noted the management.

"The revenue was lower than expected but hiring was on target. But that doesn't mean they are sitting idle. Utilisation levels are healthy but they can improve," said V Ramakrishnan, chief financial officer, TCS. At the end of Q2, 322,000 employees had been trained on multiple new technologies, and 391,000 trained on Agile methods. TCS continued to report industry leading attrition rate of 11.6 per cent.

The employee pyramid and hiring models are being rationalised towards long-term goals of cost optimisation. The TNQT model has not been introduced to other geographies yet.

"We are almost close to 50:50 ratio of locals in US. They go through the same L&D programmes with very specific customer context training. We are localising elsewhere but not to the scale in the US," said Lakkad.

In FY19, TCS reported net hiring of 29,287, whereas in the first half of FY20, it hired 26,633. The management has, however, indicated that lateral hiring in H2 will be more calibrated now that the target base has been achieved.