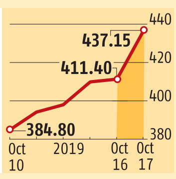
STOCKS IN THE NEWS

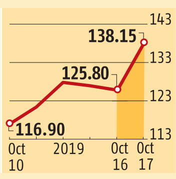
TVS Motors Company



Q2 net profit up 22% at ₹254 crore on back of one-time gain of ₹76 cr

₹437.15 CLOSE ▲ 6.26% UP*

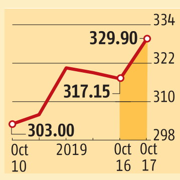
Tata Motors



Britain, European Union reach Brexit deal

₹138.15 CLOSE ▲ 9.81% UP*

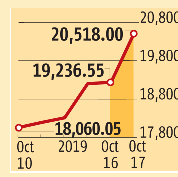
Mastek



Retains double-digit Ebitda margin of 14.9% in Q2 despite wage hikes

₹329.90 CLOSE ▲ 4.02% UP*

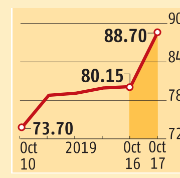
Eicher Motors



Brokerages expect de-rating and downgrade cycle come to an end

₹20,518.00 CLOSE ▲ 6.66% UP*

Adani Green Energy



Adani Group stock rallied 105 per cent in six weeks

₹88.70 CLOSE ▲ 10.67% UP*

* OVER PREVIOUS CLOSE

IN BRIEF

Singh brothers sent to Tihar in judicial custody till Oct 31

A lower court in New Delhi on Thursday sent erstwhile Religare Enterprises (REL) promoters Malvinder Mohan Singh and Shivinder Mohan Singh and company's former managing director Sunil Godhwani to Tihar jail in judicial custody till October 31. The court, however, agreed to hear the bail applications moved by Kavi Arora, another key executive of the company who is already in Tihar, and Singh brothers on Friday. The Singh brothers, along with Godhwani, Arora and Anil Saxena, were arrested by the Economic Offences Wing (EoW) on October 10, in a case of fraud and misappropriation of funds to the tune of ₹740 crore linked to Religare Finvest. The EoW action followed a complaint filed by Religare Finvest, a subsidiary of Religare Enterprises. Religare Finvest as last December filed a criminal complaint against the Singh brothers, Godhwani and others for cheating, fraud and misappropriation of company funds to the tune of ₹740 crore. The misappropriation came to light after an independent forensic audit was conducted by the new board. The audit followed the exit of the Singh brothers from the company in February. **AASHISH ARYAN**

Andersen Global strengthens India footprint

Andersen Global, an international association of independent tax and legal firms, strengthened its India presence with setting up of Nangia Andersen LLP. In May last year Andersen Global entered into a collaborative arrangement with Nangia Advisors which has offices in National Capital Region, Mumbai, Bengaluru, Pune, Chennai and Dehradun, with 350-strong team of tax and legal professionals. **BS REPORTER**

Hotel Leelaventure completes biz sale to Brookfield

Hotel Leelaventure on Thursday said it had completed sale of its business to Canadian investment fund Brookfield and the proceeds of deal were used in payments to its lenders. In March this year, Hotel Leelaventure had announced sale of its four hotels, including one in the national capital, and a property to Brookfield Asset Management for ₹3,950 crore. Last month, the Securities Appellate Tribunal had rejected the plea of FMCG major ITC against sale of Hotel Leelaventure's key assets to Brookfield. **PTI**

Cipla acquires anti-infective product from VRL

Homegrown pharma major Cipla on Thursday said it has acquired a novel and patented anti-infective product, Elores, from Venus Remedies (VRL) for the Indian market. The acquisition is aimed at further strengthening the firm's presence in branded Indian critical care space, and as a part of its agenda to contribute to the fight against anti-microbial resistance (AMR), Cipla said in a regulatory filing. The company, however, did not disclose the value of the deal. **BS REPORTER**

CARS24 raises $100 million in Series-D funding

CARS24, a tech-enabled used car marketplace, has raised fresh capital of $100 million in its Series D round of funding. Along with its existing investors - KCK, Agnelli (Fiat) Family, and Sequoia India, the company also raised part of the latest round from Unbound, a global investment firm head-quartered in London, and Moore Strategic Ventures, LLC (MSV), a New York-based investment firm. **BS REPORTER**

SC to hear Jaypee Group's plea before taking up NBCC proposal

The Supreme Court on Thursday said it would first hear the appeal of Jaypee Group against the National Company Law Appellate Tribunal order that barred it from participating in the auction of its debt-ridden group firm, Jaypee Infratech. The Bench, comprising Justices A M Khanwilkar and Dinesh Maheshwari, said it would deal later with the revised proposal of state-owned NBCC to complete the stalled projects of debt-laden Jaypee Group to address the grievances of thousands of harassed homebuyers. The Bench has fixed October 22 as the next date for hearing the appeal of Jaypee Group, which was held ineligible by the NCLAT on July 30 to bid for its group firm JIL facing insolvency proceedings. The counsel for NBCC, in pursuance of an earlier order of the apex court, on Thursday submitted a revised plan in a sealed cover on the issue of taking over the stalled housing projects of JIL to ensure that hassled home buyers get their dream homes. **PTI**

TaMo Finance eyes $1 bn through NCDs

TMFL will be 3rd major company from Tata group this year to tap overseas market

DEV CHATTERJEE
Mumbai, 17 October

Taking a cue from Tata group companies, Tata Motors Finance (TMFL), the vehicle financing arm of Tata Motors, plans to raise up to $1 billion from international markets by way of issuing non-convertible debentures (NCDs).

With this, TMFL would be the third major company from the Tata group this calendar year to tap the international market after the holding firm Tata Sons raised $1.5 billion and Tata Capital Financial Services took the board's permission to raise $1.5 billion.

According to a source, the TMFL board cleared the foreign bond issue on Thursday. The proceeds of the issue will be used to repay old debts and on-lend to Tata Motors customers, and dealers. The company's debt instruments were recently downgraded by a rating agency after its parent firm, Tata Motors, struggled with slowing sales and was also downgraded.

The Tata group's finance company is not alone in tapping the international markets. Several Indian companies are raising funds overseas due to lower rates and demand for good Indian paper.

Gold financing NBFC, Muthoot Finance, also appointed banks to raise funds from the overseas markets earlier this week. Manappuram Home Finance is another NBFC tapping the local bond markets to meet its funding requirements. The fundraising from international market was also necessitated after the NBFC sector faced difficulty in raising funds in India after the IL&FS crisis hit the sector last year.

Bankers said while Tata Sons used the overseas funds to replace the bonds bought back from insurance companies, Tata Capital Financial Services plans to use the funds for lending to retail customers.

The international offering from Tata Motors Finance comes against the backdrop of continuous fund infusion by its holding company into the company. Tata Motors, which is facing a crippling slowdown in its sales and profits, is regularly infusing equity capital in TMFHL (TMF Holdings) to maintain adequate capitalisation levels. Since October 2018, Tata Motors infused ₹600 crore in TMFHL, the holding company of TMFL. TMFHL, in turn, infused equity capital of ₹300 crore in TMFL in financial 2019 and in June this year, TMFHL again infused ₹150 crore as equity in TMFL.

THE FINANCIALS IN A NUTSHELL

	FY2018	FY2019
Total assets (₹ cr)	22,809	32,917
Total income* (₹ cr)	1,028	1,208
Profit after tax (₹ cr)	272	204
Capitalisation (%)	16.56	15.25
Gross NPA (%)	4.69	2.92
Net NPA (%)	3.27	1.52

*Net of interest expenses Source: CRISIL

TCS accounted for 95% of Tata Sons' dividend

KRISHNA KANT
Mumbai, 17 October

Tata Sons, the holding and the promoter company of the Tata group, continues to remain dependent on Tata Consultancy Services to fund the investment and growth of other firms of the conglomerate.

In FY19, TCS accounted for 95 per cent of Tata Sons' dividend from the listed companies in the bailiwick, the same as it was a year ago, but an increase over five years earlier.

In FY14, the software major, in which Tata Sons owns 72 per cent, accounted for 85 per cent of the group coffers (see the adjoining chart).

The holding company is estimated to have earned nearly ₹19,600 crore as equity dividend and share buyback from TCS in the last financial year, up from around ₹18,600 crore in the previous one.

Other listed companies in the group paid a combined equity dividend of ₹1,010 crore to Tata Sons in FY18, up from ₹901 crore a year before.

The analysis is based on the dividend payout at the end of the financial year and Tata Sons' equity holding in various group companies beginning FY05.

Analysts say TCS is central to the financial health of Tata Sons and the group at the consolidated level.

"Most of the group companies except TCS and Titan Company (Titan Industries earlier) have struggled financially and operationally after the global financial crisis of 2008. Tata Sons has used its share of dividend income from TCS to provide equity support to other group companies and even diversify into newer sectors," says G Chokkalingam, founder and managing director, Equinomics Research & Advisory Services.

It shows in the numbers. Growth in Tata Sons' balance sheet and its equity investment in other group companies including unlisted subsidiaries and joint ventures has increased in step with its dividend income from TCS.

For example, in the last five years, Tata Sons made incremental equity investments of around ₹30,000 crore in group companies, including unlisted ventures in telecom, broadcasting, retail, housing, and infrastructure.

The holding company also repaid in June last year the debt of ₹50,000 crore its telecom subsidiary Tata Teleservices had.

Tata Sons' dividend from Tata Consultancy Services, with small contributions from incremental borrowings, largely funded it. In the last five years, Tata Sons has cumulatively earned around ₹62,500 crore as equity dividend, including proceeds from share buybacks.

In the same period, the borrowings of Tata Sons were up around ₹14,500 crore. In comparison, other listed group companies paid an equity dividend of just ₹3,800 crore to the holding company.

Cumulatively, TCS has contributed nearly ₹83,000 crore to Tata Sons' coffers since its listing in 2004 by way of dividend and share buybacks, accounting for nearly 90 per cent of Tata Sons' cumulative dividend during the period. Analysts say a good showing by TCS has allowed Tata Sons and the group to maintain their pace of investment despite little or no contribution from big companies such as Tata Motors, Tata Steel, Tata Power, and Tata Chemicals.

For example, Tata Motors, the group biggest company in terms of revenue and assets, has skipped dividend for three years in a row. In the case of other group companies, dividend payout has remained either stagnant or grown marginally since the 2008 Lehman crisis.

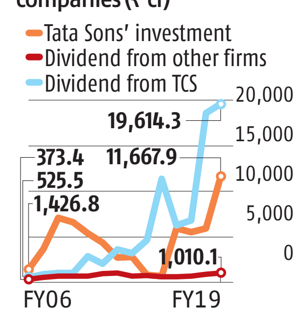
For example, Tata Steel's contribution to the group by way of equity dividend has gone up at a compound annual growth rate of 3.8 per cent in the last 10 years. Tata Sons got around ₹495 crore as equity dividend from Tata Steel the last financial year, up from ₹342 crore in FY09. Dividend payout by Tata Power and Tata Chemicals has been stagnant for the past five years.

Titan maintained double digit growth in dividend payout on a year-on-year basis but with an annual payout of ₹444 crore in the last financial year, the amount is too small to move the needle at the group level.

Tata Sons' dividend from TCS has found its way into the balance sheet of group companies such as Tata Motors, Tata Steel, Tata Power, and Indian Hotels by way of rights issues or issues of preference shares.

LEADING THE PARENT COMPANY

Tata Sons' incremental equity investment and dividend income from group listed companies (₹ cr)

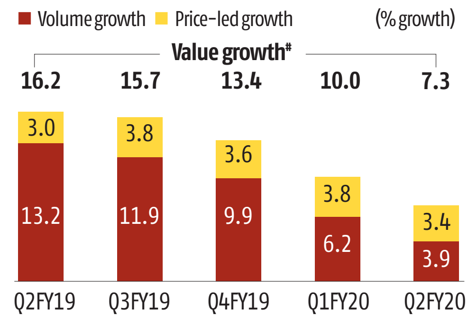


Source: Capitaline
Compiled by *BS* Research Bureau

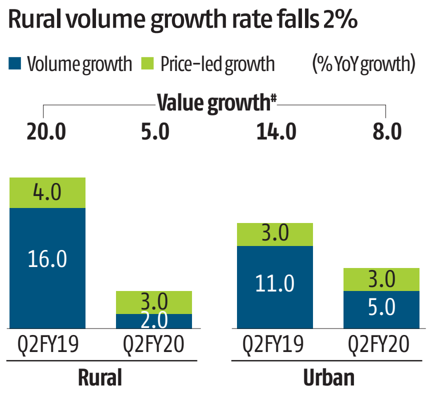
FMCG RURAL GROWTH PLUNGES TO SEVEN-YEAR LOW

The fast-moving consumer goods (FMCG) market, already feeling the heat of the slowdown, got worse during the September quarter (Q2) as volume growth in rural India plunged to 2 per cent from 16 per cent a year ago. North India, the largest market for FMCG, saw volume growth falling to 1 per cent from 17 per cent as the FMCG volume shrank by 2 per cent in the villages. Slowdown in South India, however, plateaued, with growth rate matching that of last year. COMPILED BY ARNAB DUTTA

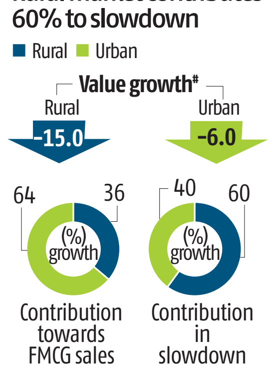
Poor consumption pulls down retail sales



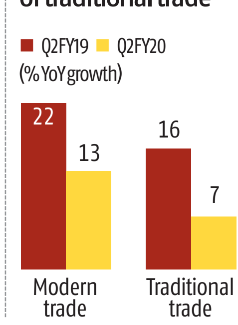
Rural volume growth rate falls 2%



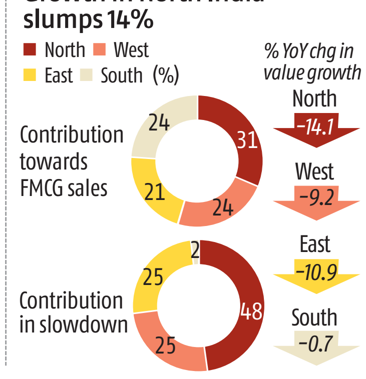
Rural market contributes 60% to slowdown



Modern trade growth slows, but still ahead of traditional trade



Growth in North India slumps 14%



#Total value growth = Volume growth + Price-led growth; *Contribution of market to total FMCG market in India Source: Nielsen

Sunrise Foods starts process for strategic sale

ASHLEY COUTINHO
Mumbai, 17 October

Kolkata-based packaged spices maker Sunrise Foods, which competes with the likes of Everest and MDH Masala, has begun the groundwork for a strategic sale that could see its promoters dilute majority stake in the company, said people in the know.

The promoters — the Sharma family from Kolkata — may either choose to exit the company in one go or might phase it out over a few years, the sources said, depending on the contours of the deal.

The Sharmas are eyeing a valuation of ₹2,500 crore, which is two-and-a-half times estimated FY19 sales of ₹1,000 crore. The company has appointed JM Financial the investment banker on the deal. A mail sent to JM Financial elicited no response till the time of going to press. Shailendra Prakash Sharma, director of Sunrise Foods, said he could not comment on market speculation.

The Sharmas, who have been spice traders for decades, set up Sunrise Foods in Kolkata in 1975. The Sunrise brand is into whole, grounded, and blended spices, with manufacturing units in Kolkata, Agra, Jaipur, and Bikaner. The company also exports to neighbouring Bangladesh and Nepal.

The promoters — the Sharma family from Kolkata — may either choose to exit the company in one go or might phase it out over a few years, sources said, depending on the contours of the deal

JM Financial's mandate includes tapping food companies which are into branded commodities, and to grow the Sunrise brand both in India and internationally. Sunrise, said industry experts, has had strong brand equity in the East and is known for its standardisation and quality-consciousness.

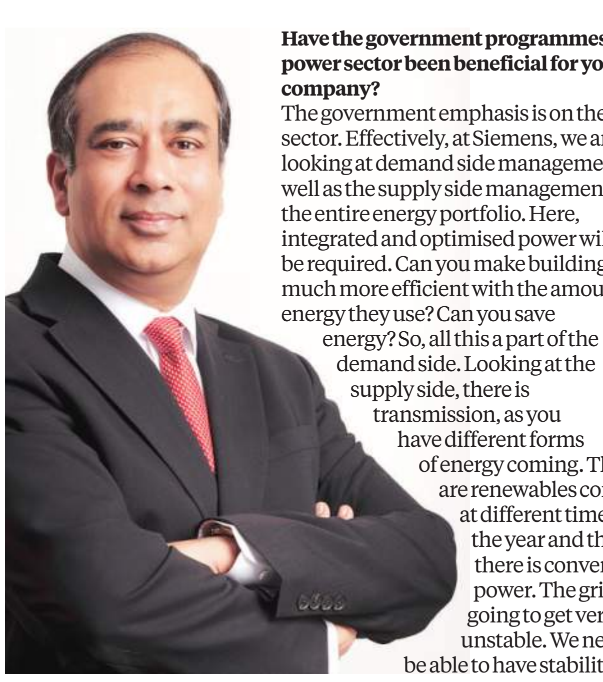
"The promoters may exit completely or hold minority stake and subsequently exit over the next few years. The promoters probably feel they have achieved what they could and it is time to hand over the reins to a player with deeper pockets," an official privy to developments said.

According to industry estimates, the Indian spices market is worth around ₹40,000 crore annually, with roughly 15-20 per cent of the market contributed by the branded segment. However, the rate of conversion from unorganised to organised is growing as the proliferation of sub-standard products has increased in the former segment.

Edible oil producer Emami Agrotech recently forayed into the spices market, hoping to be among the top three Indian players in a few years. The packaged spices market is dominated by MTR Foods in the South, Ashok and Goldiee Masale in the North, and the Sunrise and Cookme Spices brands in the East. Everest and MDH Masala are national-level players, with a presence across markets, said experts.

'Centre's action to boost economy must translate into tendering'

With 22 plants in India, Siemens is among the biggest players in the infrastructure technology and manufacturing space. While its German parent had made an investment commitment of €1 billion to the Indian market in 2015, the company has been putting in ₹250-300 crore every year, over the past few years. In an interview to **Jyoti Mukul**, **SUNIL MATHUR**, managing director and chief executive officer (CEO), spoke about his company's priorities and the current economic slowdown. Edited excerpts:



Q&A

Have the government programmes in the power sector been beneficial for your company?

The government emphasis is on the power sector. Effectively, at Siemens, we are looking at demand side management as well as the supply side management and the entire energy portfolio. Here, integrated and optimised power will also be required. Can you make buildings much more efficient with the amount of energy they use? Can you save energy? So, all this a part of the demand side. Looking at the supply side, there is transmission, as you have different forms of energy coming. There are renewables coming at different times of the year and then there is conventional power. The grid is going to get very unstable. We need to be able to have stability on the grid, so that we can see an offtake as and when required. At some point in time, we will ensure that there are efficiencies in the grid as well. We are also looking at more areas of technology like hydrogen.

Have you seen any impact of the slowdown in your sectors?

Yes, absolutely. Overall capacity utilisations are down. On all these large areas – infrastructure, energy and mobility – there is a very clearly slowdown in the pipeline. In the transmission segment, the ordering by PowerGrid is down substantially in the last year or two. And that ordering now is moving to the states. So, you move from large projects to smaller ones over there. On the energy generation side, I am not aware of when the last power plant was built. There are a lot of power plants which have reached or are reaching end of life. Something needs to be done over there because at some point they will need to be replaced with new technologies, increased efficiencies and that doesn't happen overnight. It takes 4-5 years to build a new power plant.

How long do you see the slowdown lasting in India?

I believe we have got to a stage now where it has been acknowledged that there is a slowdown, which is a good thing. I believe the announcements that have been made in the last couple of months by the government are definitely positive steps. They are confidence building and improve sentiment, and when that happens, people start looking at investing. I think, the next step is now, how can we increase demand in the system?

How far are the capacities underutilised and when do you see optimum utilisation being achieved?

My guess is we are talking about 70-75 per cent capacity utilisation in the country. For my company, we have 22 plants and factories. Some are doing better than others. If we get a large order, then utilisation increases. That's the nature of capital goods. But overall, the volumes that you add this year are lower than the volumes that you added last year, which were lower than the volumes before that. India is a market with huge opportunities. You've got to be here for a long time. You've got to show a commitment to it. Because if you're here expecting to turnaround in 3-6 months, it's not going to happen. This is why Siemens has been here for a 150 years. When does a company go in for fresh capacity?

When they reach 80 plus capacity utilisation with a visibility for the future. Now, if that 80 plus capacity utilisation is not happening or is not yet reached, it will take that much time. So, I think we have to concentrate on building it up from 74 to 80 per cent. Once we get to 80 per cent, then slowly capacity will start coming on stream.

What do you anticipate hereon?

Some of the measures taken (by the government) are absolutely the right signals. If that translates into tendering on the ground over a period of time, I am absolutely hopeful. What we need to realise is this entire infrastructure is not about one, two, or three months. Infrastructure business is a long-gestation period. It takes time for it to ramp up, and it takes that much time only to go down as well. And, it doesn't happen the moment an announcement is made. So, we need to give it time.

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