Losses mount for Tata group aviation firms

AirAsia reports loss of ₹670 crore; Vistara ₹830 crore in red in FY19

RAJESH KURUP
Mumbai, October 22

The losses of Tata Group's aviation firms increased in the financial year 2019, with AirAsia India's net loss widening four times and that of Tata SIA (operating as Vistara) nearly doubling from the year-ago period.

AirAsia India, in which Tata Sons holds a 51 per cent stake, posted a net loss of ₹670.93 crore for the fiscal ended March 31, compared with ₹124.11 crore recorded during the year-ago period.

The company's total income rose 39.57 per cent to ₹2,539.06 crore from ₹1,819.15 crore during the previous financial year, according to data filed with the Registrar of Companies (RoC).

The low-cost carrier's employee benefit expenses rose by ₹82.84 crore while operating expenses rose by ₹1,126 crore. The firm's book also showed borrowings of ₹100 crore in FY19, while total liabilities rose 84 per cent to ₹703 crore.

Capital infusion

The total capital infusion into the company during the reporting year was at ₹607 crore, of which Tata Sons had infused ₹307 crore, the RoC data showed.

Tata Sons bought a total of 2 per cent stake from R Venkataramanan (managing trustee of Tata Trusts, who quit in February this year) and S Ramadorai (former CEO and MD of Tata Consultancy Services) in December 2018. Post the buy, Tata Sons holds 51 per cent stake in AirAsia India, while AirAsia Investment holds the remaining 49 per cent stake. In April, shareholders infused ₹500 crore in the company and also promised additional capital to meet financial liabilities for up to 12 months.

While AirAsia India's net loss widened four times, Tata SIA's (operating as Vistara) loss nearly doubled in FY19

Tata SIA Airlines posted a net loss of ₹830.80 crore for the year ended March 31, nearly double that of ₹419.63 crore recorded during the year-ago period. The company's employee benefit expenses rose by ₹119 crore and fuel and power costs by ₹478 crore, according to RoC data.

The full-service carrier, in which Tatas hold a 51 per cent stake and the remaining 49 per cent is held by Singapore Airlines, posted a total income of ₹3,045.54 crore. This is a 38.34 per cent rise from ₹2,201.41 crore posted during the same period a year ago.

While the company's accumulated losses rose to ₹2,364 crore, borrowings went up by ₹152 crore and total liabilities rose by ₹330 crore, the data showed.

Total capital infusion during the year stood at ₹2,200 crore, of which Tata Sons infused ₹1,122 crore.

Tata Sons and Vistara declined to comment. AirAsia did not respond to an e-mail query.

Asahi Songwon forms joint venture with UK's Tennants Textile Colours

OUR BUREAU
Mumbai, October 22

Ahmedabad-based blue pigments maker Asahi Songwon Colors Ltd has formed a joint venture with Britain's Tennants Textile Colours Ltd (TTC) to build a red and yellow pigment plant.

The plant will be located at Dahej, Gujarat for which land has been acquired and production is slated to start by March, 2021.

Asahi will hold 51 per cent shareholding and TTC will hold 49 per cent in the joint venture named Asahi Tennants Color Private Ltd.

The venture will enable Asahi to extend its global pigment presence.

Apart from infusing equity capital in the JV, TTC will provide high-end technology for red, yellow and orange pigment production. "The venure gives Asahi the perfect launching pad to widen its presence as a leading global supplier of pigments. With TTC's technology and Asahi's manufacturing efficiencies, Asahi Tennants Color Pvt Ltd is set to make a mark in the AZO pigment space," Arjun Jaykrishna, Executive Director of Asahi Songwon Colors Ltd, said.

> **Apart from infusing equity capital in the joint venture, TTC will provide high-end technology for red, yellow and orange pigment production.**

"This is a great opportunity for TTC to continue its involvement in the manufacture of Azo Pigments. We have worked with Asahi Songwon for a number of years and have always found their products to be of the highest standard and their business practices to be impeccable. For TTC, we already supply a world class range of dispersions and this JV can only help further improve the quality and regulatory compliance of our products for our customers," Tim Glenn, Managing Director of TTC, said.

Almost all industrial sectors need pigments with printing ink, paints, plastics and textile being a growth market for pigment business. Asahi is market leader in the blue pigment business, supplying to top global MNCs.

Q2 RESULTS

Jyothy Labs net increases 16%

OUR BUREAU
Mumbai, October 22

FMCG company Jyothy Labs Ltd (JLL) on Tuesday posted a 16.1 per cent increase in net profit to ₹53.6 crore for the second quarter of the current fiscal year, up from ₹46.2 crore in the corresponding period of last year.

The company, which has brands like Ujala and Exo, reported a 8.7 per cent growth in net revenue at ₹474.9 crore(₹436.9 crore).

"The quarter witnessed good growth inspite of slowdown in the economy. With a normal monsoon, we are hopeful of a good business performance in the coming quarters. We will continue to expand and strengthen our footprint. Widening our connect in the rural and urban markets will ensure growth for the company and contribute to the sector," said MP Ramachandran, Chairman & Managing Director, Jyothy Labs Ltd.


MP Ramachandran, Chairman and Managing Director

Net profit for the first half of FY20 stood at ₹91 crore, up 14.2 per cent from ₹79.6 crore in the corresponding period last year. Net revenue during this six months period stood at ₹897.4 crore, up 5.5 per cent against ₹850.3 crore during the first half of FY19.

The operating EBIDTA margin for the quarter stood at 16.6 per cent (₹78.7 crore) as against 16.3 per cent ((₹71.1 crore) in Q2FY19, up by 10.7 per cent. The operating EBIDTA margin for the six months period of this year is at 16.1 per cent ((₹144.2 crore), from 15.0 per cent ((₹127.7 crore) of the corresponding period of last year, registering a growth of 12.9 per cent.

As for the consolidated segment wise performance of the second quarter versus last year's second quarter, the fabric care segment's net revenue stood at ₹193.7 crore, up 13.1 per cent from last year's ₹171.2 crore.

The dishwashing segment's net revenue grew 8.6 per cent to ₹155.1 crore, as against last year's ₹142.7 crore. The household insecticides segment's net revenue stood at ₹49.2 crore during the quarter, up 1.3 per cent from last year's ₹49.8 crore.

Sagar Cements posts ₹4.5-crore net profit

OUR BUREAU
Hyderabad, October 22

Sagar Cements posted a consolidated net profit of ₹4.52 crore in the second quarter ended September 30.

In the same quarter last year, the Hyderabad-based cement maker had incurred a loss of ₹8 crore. Total revenue increased by 14 per cent to ₹265 crore, against ₹258 crore in the year-ago period.

"The growth would have been even better, but for the sluggishness in the overall economy and an extended monsoon, which weighed down on demand. Profitability improved on the back of several cost-saving initiatives as well as moderating input costs," Sreekanth Reddy, Joint Managing Director, Sagar Cements, said in a release. "We expect a further improvement in operational profitability and margins going forward, following the ramping up of our WHR plant and the commissioning of our captive power plant. Further, reallocation of sales should help in rationalising freight expenses," he added.

The company's higher revenue growth came on the back of an improved pricing environment and steady volumes. Better realisations, coupled with benign input costs, resulted in margin expansion.

The business outlook "remains positive on the back of the government's persistent efforts towards strengthening infrastructure,"' the company said.

Shanthi Gears' net dips 7%

OUR BUREAU
Chennai, October 22

Shanthi Gears, a subsidiary of the Murugappa Group firm Tube Investments of India Ltd, has reported a net profit of ₹8.36 crore for the quarter ended September 30, compared to ₹9 crore in the year-ago period.

Profit before tax was higher at ₹11.89 crore as against ₹11.42 crore. Total income for the quarter was ₹72.79 crore compared with ₹62.87 crore in the same quarter last year.

For the half year ended September 30, net profit was marginally higher at ₹17.81 crore (₹17.50 crore). Total income stood at ₹145.82 crore as against ₹127.18 crore.

The company generated operating free cash flow of ₹34 crore during the first half of this fiscal.

Coromandel profit up 37% at ₹503 crore

OUR BUREAU
Hyderabad, October 22

Coromandel International Ltd posted consolidated net profit after tax of ₹503 crore for the quarter ended September 30, against ₹366 crore in the comparable quarter last year, showing a growth of 37 per cent.

The company reported consolidated income of ₹4,867 crore in the reporting quarter against ₹5,018 crore in the same quarter last year.

"Coromandel registered a strong performance in the second quarter, driven by superior sales mix, efficient manufacturing, improved marketing capabilities and effective sourcing," Sameer Goel, Managing Director of Coromandel International, said in a statement on Tuesday.

"This was well supported by an above normal South-West monsoon in most of its addressable markets, which improved crop sowing and agri inputs consumption," he said.

"With a healthy reservoir position and prediction of normal North-East monsoon, we expect a good traction in the upcoming Rabi season," he said.

Karnataka HC orders HAL employees to call off strike

OUR BUREAU
Bengaluru, October 22

The Karnataka High Court has passed an interim order on Tuesday restraining the Hindustan Aeronautics Employees Association (HAEA), its office-bearers/workmen, from continuing their ongoing strike including go-slow, work to rule or any form of agitation or disrupting day-to-day activities of HAL and its offices in Bengaluru.

The company, which shared the order of Karnataka High Court, said: "It is now obligatory for the HAEA to immediately call-off the strike and resume the work, failing which it would amount to contempt of the court."

According to the company, the HAEA and its members are on illegal strike since October 14. The management of HAL had filed a writ petition in the Karnataka High Court for a declaration that the union had no legal right to go on strike under the Industrial Disputes Act and for a direction to call off the strike.

Toyota reaffirms plans to jointly develop compact battery EV for India with Suzuki

MURALI GOPALAN
Tokyo, October 22

Toyota has reiterated its commitment to a joint electrification strategy with Suzuki for India following the announcement made to this effect in March.

Shigeki Terashi, Executive Vice-President and Board Member of Toyota Motor Corporation, said at a presentation here on Tuesday that the two Japanese allies would develop a compact battery electric vehicle for India. There was no timeframe indicated for its launch though the industry grapevine suggests that it will happen in the short-term.

Maruti Suzuki, incidentally, is working on an electric version of the Wagon R though nothing much is known on its likely pricing and launch date. There have been reports doing the rounds that it could cost in the range of ₹12-15 lakh, over twice as much the model's conventional internal combustion engine option.

Electric is the new buzzword in India though there are enormous challenges in terms of charging infrastructure, range anxiety for potential customers and affordability. Mahindra & Mahindra and Tata Motors are among the key brands that have already thrown their hats into the ring though the big numbers continue to be elusive.

Toyota and Suzuki will be hoping to buck the trend but this will not be a walk in the park. The two first announced their intent to join hands a couple of years ago and, since then, have consistently reaffirmed the bonding through a series of initiatives.

Important partnership

Product swaps have already kicked off with the Maruti Baleno re-engineered and retailed as the Toyota Glanza. The Vitara Brezza is next on the cards with the Ciaz and Ertiga due to follow. Toyota, in its turn, will supply its Corolla to the Maruti stable while helping out in areas like electrification and access to overseas markets.

The new battery compact vehicle will be an important step going forward for the partners. The challenge, though, is to keep its price tag affordable especially in a market like India where this becomes extremely important to customers and can make or break a product.

From Toyota's point of view, what Suzuki brings to the table is its formidable market share in India while it has its global competencies in scale and R&D that it can offer the latter. The marriage is expected to be a win-win in the long-term where the two companies could also look at markets like South Africa and the Middle East beyond just India.

The most recent announcement has been the decision to go in for an equity crossholding which clearly cements the partnership. It is too early to say if this will eventually lead to a merger though all indications suggest that this is the most likely route going forward.

(The writer is in Tokyo at the invitation of Toyota)

At ₹4.3 lakh a kg, ITC's Fabelle launches the world's most expensive chocolate

Will be available on made-to-order basis

NANDANA JAMES
Mumbai, October 22

Fabelle Exquisite Chocolates, the home-grown luxury chocolate brand of ITC Ltd, on Tuesday launched the most expensive chocolate in the world listed under the Guinness World Records, Fabelle Trinity — Truffles Extraordinaire, at a price of ₹4.3 lakh approximately for a kilogram.

Anuj Rustagi, Chief Operating Officer, Chocolates, Confectionery, Coffee and New Categories - Food Division, ITC Ltd, told *BusinessLine*, "What we are trying to create is a world-class chocolate brand. It is meant to showcase what Fabelle has developed and what chocolatiers in Fabelle and in India are capable of, to both Indiaand global audience."

With this launch, the company was also able to break the earlier Guinness World Record for the same by almost 25-30 per cent in terms of price per kilogram, he said.

> **The chocolate comes in handcrafted boxes and will be available only at ITC boutiques**

The product will be available on a made-to-order basis from October 23, and will be available in limited quantity. Rustagi explained that there are a lot of rare ingredients involved which require sourcing and this involves time.

ITC boutiques

The chocolate comes in handcrafted boxes and will be available only at ITC boutiques, which are present in ITC's luxury hotels in six metro cities. The order also has to be placed from there, he added.

Rustagi said the launch will be immune to the current slowdown in the economy, as there will be a few select buyers,.

The product already has one customer and there are more enquiries, he said, adding that the company is "very happy with the preview response it got on this range".

The chocolate is co-curated by Michelin Star Chef Philippe Conticini and Fabelle's Master Chocolatiers using some of the rarest ingredients and finest single origin cacaos in the world, the company said.

Premiumisation is a focus area for the FMCG business of ITC, especially in the chocolate segment, affirmed Rustagi.