

STOCKS IN THE NEWS

YES Bank

Board meeting to consider fundraising plan on November 29

▲ 68.25 CLOSE ▲ 7.65% UP*

State Bank of India

Regains ₹3-trillion market capitalisation

▲ 343.60 CLOSE ▲ 2.43% UP*

TVS Motor Company

Launches BS-VI TVS Jupiter

▲ 472.20 CLOSE ▲ 4.25% UP*

Ujjivan Financial Services

Ujjivan Small Finance Bank IPO to open on December 2

▲ 323.75 CLOSE ▲ 4.50% UP*

Larsen & Toubro

Top loser among S&P BSE Sensex stocks

▼ 1,334.90 CLOSE ▼ 2.05% DOWN*

IN BRIEF
Vinod Khosla wins case to block public beach access



Billionaire venture capitalist Vinod Khosla's long-running fight to block public access to a stretch of Pacific Ocean beach adjacent to his property got new life thanks to an appeals court ruling that could make it harder for surfers and sun seekers to get to the crescent-shaped cove an hour south of San Francisco. The beach had been open to the public for decades before Khosla bought the 89-acre property in 2008 for \$32.5 million and shut off the lone road leading there. Many thought Khosla had hit a dead end last year when the US Supreme Court refused to take up his case, but the ruling Monday breathed life into it, finding the prior owners' willingness to let beachgoers use the road didn't amount to a "public dedication" because they collected fees for parking.

Delhi court sends Malvinder to ED custody till today

The Delhi High Court on Wednesday allowed custodial interrogation of former Fortis Healthcare promoter Malvinder Singh and another co-accused by the ED till Thursday to confront them with some documents and witnesses in a money laundering case related to alleged misappropriation of funds at Religare Finvest.

Bounce's valuation may cross \$500 mn with new funding

Bounce, a bike and scooter-sharing start-up, was raising \$150 million in a Series D funding round from investors such as B Capital and Accel Partners, according to sources. The investment more than doubles the valuation of the firm to over \$500 million from its previous funding round.

Ashok Leyland bags order for 1,750 buses from Tamil Nadu

Ashok Leyland has bagged an order from Tamil Nadu STU (Tamil Nadu State Transport Undertakings) for 1750 buses. Anuj Kathuria, COO, Ashok Leyland, said, "Our ability to bring value, combined with our superior technology and innovation will help us maintain our leadership position in buses in India."

Aviva Life settles insolvency case in NCLT

Aviva Life Insurance on Wednesday said the insolvency case filed against the company, in a matter involving commercial dispute of ₹27 lakh, has been settled. Earlier this month, the National Company Law Tribunal (NCLT) had ordered to initiate insolvency proceedings against Aviva Life Insurance in a case filed by Apeejay Trust.

JSW delays IPO plans for cement unit by a year

Citing the deepening slowdown and the resultant fall in demand, JSW Group has pushed its plans to take its cement unit public with an IPO by a year to 2021. JSW Cement had planned to hit the market with an IPO on reaching the 20 mt annual capacity by 2020.

Everstone names ex-Goldman partner executive chairman

The Everstone Group on Wednesday said it has appointed Alok Oberoi, former partner at Goldman Sachs, as executive chairman. Oberoi will be responsible to drive the group's overall strategy and governance, Everstone said.

USFDA nod to Biocon's new unit

Biocon on Wednesday received approval from the US health regulator to manufacture biosimilar Pegfilgrastim at its new drug substance facility in Bengaluru. After standard operating procedures, the new unit will begin manufacturing immediately, a company spokesperson said. The US Food and Drug Administration's nod to Biocon's supplemental biologics licence application for the new unit will expand the company's capacity manifold, said the firm.

Gamblers back Tesla as orders touch 250,000



Elon Musk with Tesla's electric pickup Cybertruck

Orders for Tesla's electric pickup Cybertruck are inching closer to the record set by the company's Model 3 sedans in 2016, with company head Elon Musk signalling 250,000 customers have now lined up to buy the new vehicle less than a week after its launch.

The company did not immediately confirm that figure on Wednesday. Ford Motor executive Sunny Madra has also pitched in by challenging Musk via his Twitter account to an "apples to apples" tug of war between the Cybertruck and a comparable Ford F-150 pickup.

At the launch last week, Musk showed a video of the Tesla vehicle winning a tug of war and dragging a Ford truck uphill. He said he would happily hold another contest next week. One online bookmaker on Wednesday had the Tesla as favorite to win a contest at odds of 5 to 2 on. Tesla shares were up nearly 1 per cent in premarket trading on Wednesday.

No buyers means AI will shut: Puri

Interests of employees would be protected: Civil aviation minister

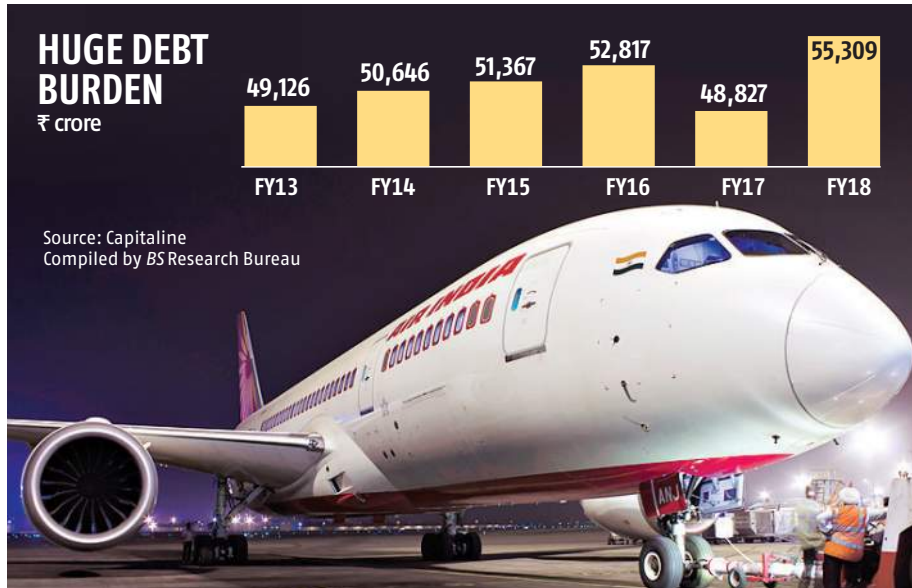
AGENCIES
New Delhi, 27 November

Air India will have to shut down if a renewed attempt to sell the debt-laden airline fails to find a buyer, Aviation Minister Hardeep Singh Puri said, a year and half after an attempt to sell the high-profile asset flopped.

"The airline will have to close down if it's not privatised," Puri told Parliament on Wednesday. "Once we invite bids, then we'll see how many bids will come in."

A successful sale of Air India is crucial for Prime Minister Narendra Modi to help bridge a widening fiscal deficit exacerbated by dismal tax collections and a \$20 billion corporate tax cut. Air India, which started as Tata Airlines in 1932 and later became state-owned, hasn't made money since its 2007 merger with state-owned domestic operator Indian Airlines. The international carrier is saddled with \$11 billion in debt.

A group of ministers overseeing the sale of Air India has already approved selling the entire government stake in the carrier and its low-cost, overseas unit, Puri said in a separate written reply to



Parliament. Pumping in more taxpayer funds into the airline in a competitive market "would not be the best use of scarce financial resources of the government," Puri said.

The government on Wednesday said interests of employees of Air India would be protected and there would be no job loss till its privatisation.

"Air India pilots are very well looked after and their salaries in relation to what other air carriers are offering is very good," said Puri.

Separately, National Company Law Tribunal issued a notice to Air India on Wednesday, asking why bankruptcy proceedings shouldn't be initiated against the

state-owned carrier, in response to a pilot's petition seeking outstanding salary dues, according to sources.

Air India and its Maharaja mascot have become synonymous with Indian pride over the years. Founded by Jehangir Ratanji Dadabhoi Tata, Air India took off flying mail between Karachi and Bombay in then-undivided British India.

Government considering to exclude \$7 billion of debt

The government is considering a plan to exclude more than half of Air India's \$11 billion of debt in the government's latest attempt to lure investors to the struggling carrier, people with knowledge of the matter said.

Prime Minister Narendra Modi's administration plans to ask proposed investors to take over ₹300 billion of the airline's debt, which are backed by the carrier's aircraft, the people said, asking not to be identified, citing private information. The government may call for the so-called expression of interest as early as December 15, the people said. The administration is keen to sell the company to help bridge a widening fiscal deficit following dismal tax collections and cuts to corporate tax rates worth \$20 billion. Last week, the government decided to sell its entire stake in the country's second-largest state refiner, and its biggest shipping company.

Airtel's m-cap at record high on two-player market buzz

The company has a valuation of ₹2.22 trillion, up from ₹1.33 trillion a year ago

KRISHNA KANT
Mumbai, 27 November

As the talk of a two-player market in mobile telephony gets stronger in the market, Bharti Airtel has become one of the most-loved large-cap stocks on the bourses, with a record high market capitalisation and stock valuation.

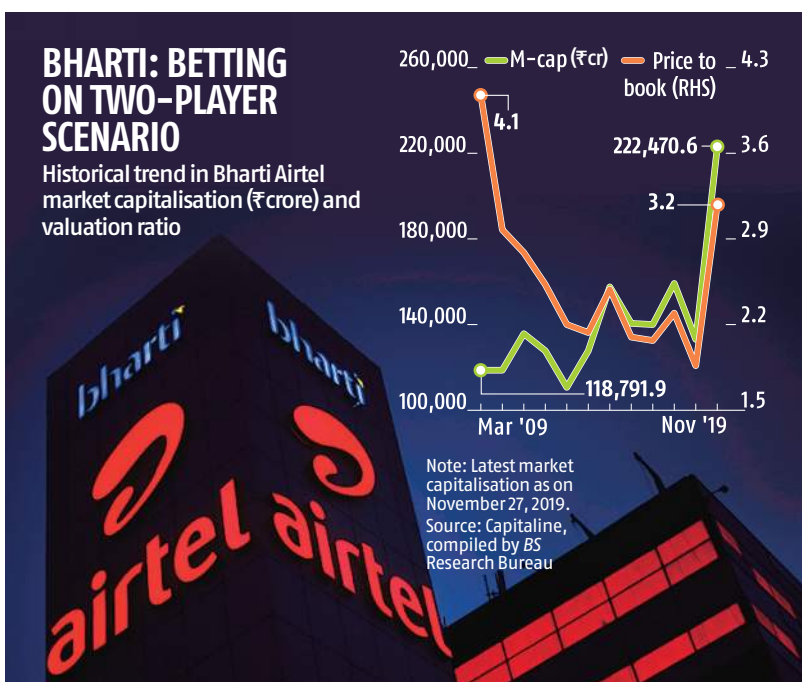
This is despite record losses posted by the company in the recent quarter and its pending adjusted gross revenue (AGR) dues worth about ₹31,000 crore.

Bharti Airtel stock price is up nearly 45 per cent in the past 12 months while its market capitalisation is up nearly 67 per cent during the period. At its current stocks price, the company has a market capitalisation of about ₹2.22 trillion up from ₹1.33 trillion a year ago. This makes it one of the top performing large-cap stocks on the bourses. The benchmark BSE Sensex index is up 16 per cent during the period. (See the adjoining chart.) The differential rise in share price and market cap is due rights issue worth ₹25,000 crore by Bharti Airtel in April this year which resulted in 28 per cent increase in number of shares in the hands of shareholders.

"Share of a Vodafone Idea (VIL) exit in the near term rose materially post the AGR judgment by the Supreme Court. VIL simply does not have this money. Despite nearly ₹40 per share hit due to past dues, our Bharti Airtel price target rises to ₹600 as the benefit of a two-player market offset," write analysts at New Street Research led by Chris Hoare.

According to the brokerage Bharti Airtel is in a win-win situation. If sufficient action is taken to offset the Supreme Court or if the ruling is reversed, this is prima facie positive for the stock. If this doesn't happen, VIL exits and the upside more than offsets the impact of the SC ruling from Bharti's perspective.

The optimism is clearly visible in its stock valuation. The stock is now trading at 3.2x its underlying book value per share, highest in a decade. The company's peak valuation was in 2007 when it was trading at nearly eight times its book value at the end of



March 2007. Analysts say that the commonly used price to earnings (P/E) multiple doesn't make sense due to abnormally depressed valuation in the sector right now.

Bharti Airtel reported net loss of around ₹25,000 crore on trailing 12 month ending September this year against net profit of ₹409 crore during 12 months ending March this year. The company's net worth was however down only 2 per cent during the first half of current fiscal providing it with the staying power unlike Vodafone Idea.

Analysts see further upside in Bharti Airtel stock price as operators raises tariff to absorb some part of the AGR dues.

Mobile operators have announced a tariff hike effective from the December this year and analysts expect Bharti Airtel to gain most from it given that the company is already making cash profits unlike Vodafone Idea. "Factoring in an improving tariff environment, we remain positive on Bharti Airtel with a revised target of ₹515, implying 22 per cent upside from current

levels," write Deepti Chaturvedi and Akshat Agarwal of CLSA in their recent report on the telecom sector.

Vodafone Idea on the other hand will need a much more aggressive tariff hike to raise enough resources to pay for AGR dues and meet its cash outflows. "VIL would need 65 to 97 per cent rise average revenue per use per month (ARPU) by FY23E to meet its cash outflow needs under various scenarios of relief on AGR liabilities, per our math. This places Bharti and Jio in a fairly sweet spot, in our view - both gain from either a sharp uptick in industry revenues or a significant consolidation event," says Rohit Chordia and Aniket Sethi of Kotak Institutional Equities in their latest report on the telecom sector.

VIL currently has the lowest ARPU in the industry at ₹115. Most analysts expect at best 35 per cent hike in ARPU over the next three years through to FY22, and say this may not be sufficient for Vodafone Idea to pay all its impending dues.

Nokia supplier's unit is Salcomp's new acquisition

T NARASIMHAN & GIRESH BABU
Chennai, 27 November

After acquiring Nokia's defunct factory near Chennai, which was closed for nearly five years due to a tax dispute, Finnish electronics manufacturer Salcomp has acquired the facility of Lite-On Mobile in the same premises.

These acquisitions would make Salcomp the largest tenant in the area, which was once a special economic zone (SEZ).

Salcomp will be occupying nearly 55 per cent of the 1 million sq ft SEZ area, which is the world's largest mobile manufacturing units.

The Tamil Nadu government is talking to Chinese electronics manufacturer Luxshare, a supplier to Apple, for filling up the remaining space. Already, Foxconn has taken up a slice of the one million sq ft area.

The state government said that revival of the facility will put Tamil Nadu back in the global electronics manufacturing map. The state has lost its glory after Nokia's factory shut in 2014.

Salcomp will be investing around ₹1,300 crore in the facility. Plans are to start production by March 2020. The firm has three facilities (two in Chennai and one in Noida) in India and produces around 150 million chargers. It is now eyeing manufacturing various components of smart phones for the domestic and export markets. With these acquisitions, Salcomp will

have five facilities in India.

The state is also mulling setting up ready built facilities for electronics manufacturers or even other manufacturers. These facilities, expected to come up in two 50 acre plots in Sriperumbudur, may be ready in a year's time. "We are seeing impact of the call given by the PM for Make in India and the follow through actions that have been led by the Ministry of Electronics and Information Technology in terms of engagement with the industry. We are seeing that global manufacturers are looking at India seriously."

The development of Salcomp investing in the Nokia plant is definitely a result of that," said George Paul, chief executive officer, MAIT.

Microsoft had acquired Nokia's global devices and services business, including assets in India, for \$7.2 billion in April 2015. However, due to the ₹21,000 crore tax dispute, it had to take the facility off its plans.

Following this, Nokia factory was shut in 2014 and around 30,000 people, employed directly and indirectly, lost their jobs. In 2018, Nokia said it had accepted the resolution agreed between the Indian and Finnish tax authorities under the mutual agreement process for double taxation avoidance. Nokia paid ₹102 million tax in addition to ₹100 million that was already paid during 2013-2015.

PVR jumps onto OTT bandwagon with Mubi

VIVEAT SUSAN PINTO
Mumbai, 27 November

PVR, the country's largest multiplex operator, on Wednesday said it had tied up with global movie streaming service Mubi, as part of a broader plan to partake of growth in the over-the-top (OTT) market, currently booming in India.

The partnership will see subscribers of Mubi in India get a free ticket to watch a movie releasing at PVR cinemas every week. This is the first time a film exhibitor and an OTT player are getting into an alliance, sector experts said.

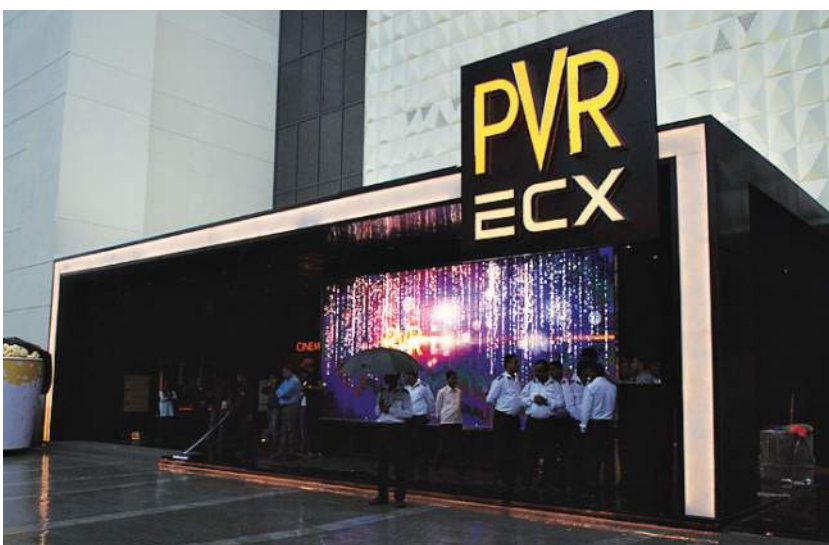
London-headquartered Mubi, popular in the US and Europe, is best known for its curated line-up of films in English and other languages. Competitors of Mubi include Netflix and Amazon Prime Video, who also rely on movie content to drive viewership. Kamal Gianchandani, chief

executive officer of PVR Cinemas, said the multiplex operator was open to partnerships with other OTT platforms to drive footfalls into its theatres.

"The partnership with Mubi proves that film exhibitors can look at a meaningful association with OTT platforms. The tie-up is also an exclusive one. Mubi has launched an introductory offer of ₹199 for three months in India. Those interested can subscribe to the service and then migrate to Mubi's regular plans after three months. Meanwhile, we will continue getting footfalls into our theatres through the free movie ticket initiative," Gianchandani said.

Efe Cakarel, founder and chief executive officer of Mubi, said India was an important market for the service and the first one outside of the UK where it had a tie-up with a multiplex operator.

"While we've been largely present in Europe and America, we entered South East Asia this year



and have now launched in India. The tie-up with PVR will help us gain visibility in a market where there are no dearth of OTT players," Cakarel said.

In India, Mubi has launched a dedicated channel, where local movies are being showcased, in addition to the global feed that has international titles. The company

has also appointed film producer Guneet Monga, best known for films such as *Gangs of Wasseypur*, *Lunchbox*, and *Masaan* as its India content advisor.

COMING TOGETHER

- In a first of its kind, PVR has tied up with movie streaming service Mubi
- The association may see more such between movie exhibitors and OTTs
- PVR itself is open to more tie-ups
- Mubi subscribers to get free movie tickets
- PVR will get more footfall