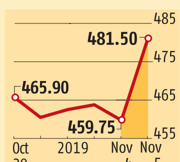
STOCKS IN THE NEWS

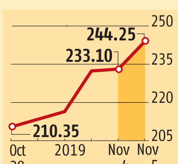
Dabur India



Q2 India FMCG business volume growth at 4.8 per cent

₹481.50 CLOSE
▲ 4.73% UP*

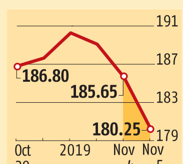
Mahindra Holidays & Resorts India



Q2 PBT up at ₹36 crore against ₹8 crore the year-ago quarter

₹244.25 CLOSE
▲ 4.78% UP*

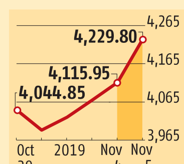
Apollo Tyres



Q2 PBT down 50% at ₹98 crore

₹180.25 CLOSE
▼ 2.91% DOWN*

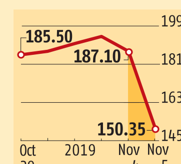
Bajaj Finance



Launched ₹8,500-crore QIP issue, with floor price of ₹4019.78

₹4,229.80 CLOSE
▲ 2.77% UP*

Intellect Design Arena



Q2 net loss at ₹16 cr against net profit of ₹32 cr in the year-ago quarter

₹150.35 CLOSE
▼ 19.64% DOWN*

* OVER PREVIOUS CLOSE

IN BRIEF

Eaton unveils first aerospace manufacturing facility

US-based power management giant Eaton on Tuesday unveiled its first aerospace manufacturing facility in India. The new facility, located in Bengaluru, will manufacture hose assemblies and other fluid distribution products, including oil debris monitoring systems, to serve commercial, business and regional aircraft. Eaton, which posted sales of $21.6 billion in 2018, now operates 27 aerospace manufacturing locations around the world. "We expect this facility to be our model plant for digital and smart manufacturing. We see the opportunity here to create a whole new facility with a culture (about) how we want to manufacture in the future... that we can showcase to all our customers and facilities globally," said Nanda Kumar, president, Aerospace Group, Eaton. "We believe this investment in India will help us grow our original equipment business, because customers are investing heavily here," said Kumar. PEERZADA ABRAR

Yamuna Expressway to refund ₹41.14 cr to Jaypee Infratech

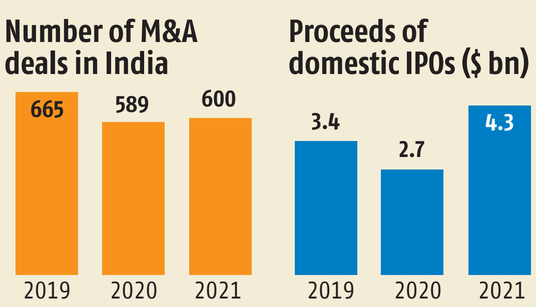
An arbitrational tribunal has directed Yamuna Expressway Industrial Development Authority to refund ₹41.14 crore along with interest to bankruptcy-bound Jaypee Infratech, saying the demands raised by the authority against the builder are illegal and invalid. The majority order was passed last week, with presiding arbitrator Justice O P Garg and co-arbitrator Justice V K Gupta ruling in favour of this refund while another co-arbitrator Justice P K Srivastava dissenting. PTI

CG Power Indonesian arm bags order worth $24 mn from Persero

CG Power and Industrial Solutions on Tuesday said its step down subsidiary CG Power Indonesia bags additional IDR 334 billion ($24 million) order from Indonesian state utility PT PLN Indonesia (Persero) for Power Transformers. "CG Power Systems Indonesia (CG Indonesia) has bagged an order from Indonesian state utility PT PLN (Persero) for manufacture and supply of 25 units' Power Transformers valued at IDR 334 billion," the company said. PTI

INDIA TO SEE M&A DEALS WORTH $52 BN IN 2019

India is expected to see M&A deals of over $52 billion in 2019 as mergers and acquisitions in the country are expected to remain stable despite global headwinds, according to a new report by Baker McKenzie. "Despite the global headwinds, India M&A is expected to remain stable in the next few years, with private investments reviving against the backdrop of a more favourable business environment," it said.



THE GLOBAL PICTURE

- M&As will decline globally from **$2.8 trillion** in 2019 to **$2.1 trillion** in 2020
- In Asia Pacific, M&A activity to decline **18%** from
- **$634 billion** in 2019 to **$529 billion** in 2020
- IPO activity expected to touch **$36 billion**, a **43%** fall from 2018

Source: Baker McKenzie, PTI

WhatsApp downloads fall 80% over spyware fright

NEHA ALAWADHI
New Delhi, 5 November

If you use Signal or Telegram, you may have noticed a barrage of notifications, regarding yet another contact joining the messaging platform.

Between October 26 and November 3, WhatsApp downloads fell by a staggering 80 per cent in India from the previous nine-day period, according to data sourced from mobile analytics and intelligence firm Sensor Tower.

The number between October 17 and 25, the week preceding the WhatsApp-NSO Group issue, stood at 8.9 million. Between October 26 and November 3, it was 1.8 million.

However, Signal, an end-to-end encrypted messaging app, saw downloads in India rise 63 per cent to 9,600 in the same nine days. Telegram downloads rose 10 per cent to 920,000.

These figures represent unique downloads, defined as "one download per Apple ID or Google account, not including re-installs, installs to multiple devices owned by the same account, or app updates," according to Sensor Tower.

On October 29, WhatsApp announced it was suing NSO Group for selling its software, Pegasus, which has the ability to compromise a device and get access to all of a target's data. The software exploited a loophole in WhatsApp's video calling feature that could let the buyer get access to a person's phone or device data.

In its legal complaint against NSO Group, WhatsApp said: "Pegasus was designed, in part, to intercept communications sent to and from a device, including communications over iMessage, Skype, Telegram, WeChat, Facebook Messenger, WhatsApp, and others."

In the days since WhatsApp went public about its complaint, it transpired that Pegasus was used to spy on 121 Indian citizens, mostly journalists and activists. The issue has become political, with the government asking WhatsApp to explain the breach of privacy, but it has also come under some heat for not answering whether any of its agencies bought Pegasus.

Spooked by revelations, many, including bureaucrats and journalists have moved to alternative messaging platforms such as Signal and Telegram.

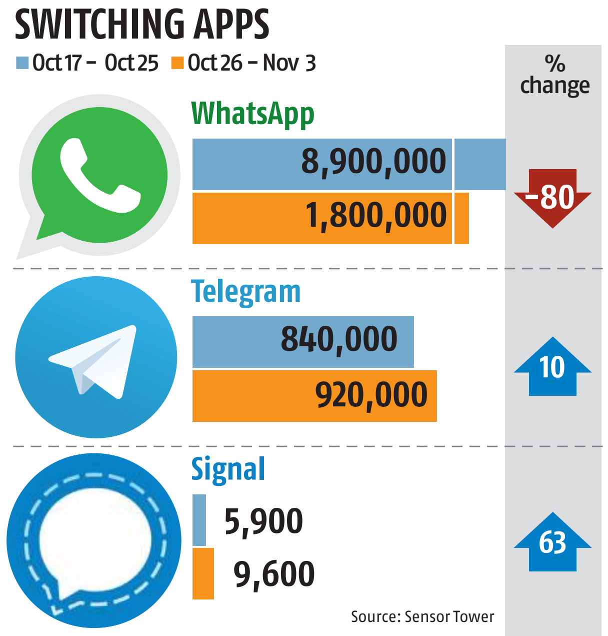
"This data (number of downloads in the past nine days) only tell us of the rate of onboarding of new users. Not really if people are switching," said Anupam Manur, assistant professor at Bengaluru-based The Takshashila Institution.

He notes it is not easy for people to migrate en masse from one platform to another, unless there is an external push like government regulation such as a ban, a new or better platform or app or something going very wrong with an incumbent platform.

The issue is with the perception that WhatsApp was "hacked", and is thus "unsafe". The Facebook-owned platform has however, been at pains to explain that a flaw exploited by NSO Group's software was discovered, fixed and the miscreant taken to task.

"Technology companies are constantly working to stay ahead of these kind of challenges through updates and patches. The safety and security of our users remains our highest priority, which is why in May (when the issue was first reported) we blocked the attack and have taken action in the courts to hold NSO accountable," a WhatsApp spokesperson said.

Manur added that for the Indian user, privacy is usually not top of the list. "It is still network and ease of use. A large number of people could be downloading because Signal or Telegram doesn't harm them in any way. It could be a small shock to the system but we need larger analysis to see what this means in the long term," he said.



'Culture drives our company, not one person'

Ajay Piramal plans to step down from Shriram Capital (SCL), the holding company of the Shriram Group's financial service business, where he has been chairman since 2014. Shriram Group founder **R THYAGARAJAN** speaks to **T E Narasimhan** in an interview. Edited excerpts:

Have you found a successor for Ajay Piramal?
He has said he intends to step down in due course. He has not done it yet and so there is no question of a successor right now.

The chairman is not all that key for day-to-day functions. Somebody can be a chairman for the board meeting — it is not very very essential all the time. We will look at it only if Piramal resigns from the board of directors. We will wait for some more time.

The position of a chairman is to guide, not execute the company. Enterprises are driven by CEO teams. They are important. The board of directors reviews the performance of the management team and will intervene for changing the team.

In India, nobody has really understood what the role is of a director in a company.

Will you be looking at a successor internally or externally when Piramal does step down?
This is not an important position. Each company (under SCL) has its own board of directors and chairman. The operating companies, like Shriram Transport, Shriram City Union, life and general insurance firms, are important and have their own CEOs, boards and chairman. This (Shriram Capital) is only a holding company.

Because Piramal was involved in the whole group, we thought he will take an active role, which he was doing in the past five years. Now, he decides he will get out from the investments. As and when it happens, we will take a decision.

"Piramal understood it is a good culture...I don't think he wanted to change this. One or two things he tried to do and there were some benefits but I won't say they were fundamentally culture-changing benefits"

So, the holding company chairman stepping down will not impact the other companies?
It doesn't make much of a difference in the immediate future. Actually, if you ask me, the boards of directors are not as important as the CEOs and their team. It is the CEO who takes the responsibility. It is his job which is at stake if he doesn't do well. The board and chairman are not half as important as the operating team. It is only in our country, which thinks about hierarchy, about who is above whom — there is no question of anybody being above anybody else.

Did you ask Piramal to stay back?
If he continues, we will be happy. If he is not continuing, we have also been running the company for 30 years. It will continue to be. Shriram Group is now almost 40 years old. A management culture has been created. Once you have a management culture, it cannot be changed overnight. Anybody sitting at the top is not going to make much of a change in the culture, except in the long run of five to 10 years. Therefore, Shriram Group's culture will drive it forward. In the past, people (CEOs) have moved from Shriram Group but nothing has changed.

Did Piramal bring positive change?
He understood it is a good culture and was supportive. I don't think he wanted to change this. One or two things he tried to do and there were some benefits but I won't say they were fundamentally culture-changing benefits. There were a few initiatives he introduced, which were okay.

What is the status of the merger (SCL plans to merge two of its listed units, Shriram Transport and Shriram City Union)?
No development; discussions are going on.

How many investors have shown interest to buy the Piramal and TPG stake in SCL? Did Sanlam (Shriram's partner from South Africa) show interest?
No proposal from Sanlam. We heard three investors are shortlisted. The two shareholders (Piramal and TPG) want to exit and they appointed Morgan Stanley and JPMorgan as investment bankers (for doing so). Today, the environment is such that people take their own time in making decisions.

Punit Goenka to remain Zee MD as lenders prepare for share sale

VIVEAT SUSAN PINTO
Mumbai, 5 November

Zee Entertainment's (Zee's) Managing Director and Chief Executive Officer Punit Goenka has been reappointed to the position, effective January 1 next year, the broadcaster said on Tuesday, as lenders prepare to sell their pledged shares.

In a statement to the stock exchanges, Zee said that an in principle approval for Goenka's reappointment for a period of five years was finalised by its board of directors in a meeting. Shareholder approval, it said, would be subsequently sought.

Goenka, who is the elder son of Essel group promoter and Zee chairman Subhash Chandra, has been MD of the media firm since January 1, 2010.

He was appointed CEO in July 2008 after then CEO Pradeep Guha stepped down. The top-level rejig at that time was viewed as Chandra's attempt to put succession planning in place at Zee, which is the flagship firm of the Essel Group.

While Zee is among the leading broadcasters in India, the others being Star, Sony and Viacom18, the firm in the last one year has faced intense scrutiny amid concerns over mounting debt.

Almost 96 per cent of the promoter stake of 22.37 per cent in Zee is pledged to lenders. Of this, 10.71 per cent is pledged to VTB Capital, the investment arm of Russian financial services major VTB Group.

Last month, VTB Capital said it had received lender protection rights in Essel Media Ventures, a promoter group entity, whose shares were pledged to it against loans taken by the latter. Essel Media holds 10.71 per cent in Zee.

The announcement by VTB Capital had paved the way for a likely sale of its pledged shares in Zee, though Goenka insisted in a subsequent concall with analysts that his firm was in "active dialogue" with the former. VTB has since appointed investment bankers for the sale process, including JPMorgan and Citigroup.

VTB's action, media industry sources said, had emboldened other lenders of Zee to sell their pledged shares, who've begun the process by transferring their shares to an escrow account.

Zee on Monday denied any such transfer of pledged shares to an escrow account, maintaining it was in dialogue with prospective investors as well as lenders as part of its stake sale process.

So far, 8.7 per cent of the promoter stake in Zee has been sold to Invesco Oppenheimer out of the 11 per cent that was agreed upon to be sold to the fund house in August.

The deal size was pegged at ₹4,224 crore, bringing down the promoters' loan against shares to ₹7,000 crore.

Punit Goenka's reappointment for a period of five years was finalised by the board of directors in a meeting

Qatar, IndiGo may declare codeshare pact tomorrow

ADITI SHAH
New Delhi, 5 November

India's largest airline, IndiGo, and Qatar Airways will make a strategic business announcement on Thursday, which media reports said would involve a codeshare agreement.

IndiGo shares, which rose as much as 5 per cent early in the day, pared those gains to trade up 1 per cent in the afternoon.

Qatar has in the past shown interest in investing in IndiGo but the Indian airline has resisted. "We are very interested in IndiGo ... We are talking to IndiGo of doing codeshare, joint flights but not yet an equity stake in the airline," Qatar Airways chief executive, Akbar Al Baker, told *Reuters* in August.

Al Baker said they had talked to IndiGo but the airline was "not yet ready to take a foreign investor". When it is ready, Qatar would be interested, he had said at the time.

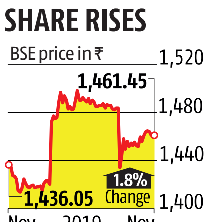
Television news channels, citing other agencies, said on Tuesday Qatar Airways was not looking at a stake purchase in IndiGo.

Any deal, however, would come at a time when IndiGo's two co-founders, Rakesh Gangwal and Rahul Bhatia, have been embroiled in a dispute about corporate governance of the airline, sparking concern among investors it could have an impact on the airline's valuation and strategy. IndiGo, which has about 40 per cent share of the domestic Indian market, is planning an aggressive push into more international destinations.

The airline's chief executive, Ronojoy Dutta, and Al Baker would "talk about the vision and future for both the airlines", they said in the statement. Last week, IndiGo placed a historic order for 300 Airbus A320neo family planes, including the newest jet, a long-range version of the single-aisle A320neo family called the A321XLR.

IndiGo flies to 60 global destinations including Turkey, China, Vietnam, Myanmar and Saudi Arabia, which it added this year. REUTERS

SHARE RISES



After resolution, Monnet on path to recovery

The third of a four-part series on the Insolvency and Bankruptcy Code takes a look at how the steel firm's turnaround plan was to be undertaken in phases

ISHITA AYAN DUTT
Kolkata, 5 November

IBC A NEW LEASE

The only facility operational at Monnet Ispat & Energy at the time of acquisition by AION and JSW Steel was the direct reduced iron (DRI) plant.

A year later, the DRI plant is running at 100 per cent capacity, as is the pellet plant and the earnings before interest, depreciation, taxation and amortisation (EBIDTA) is positive amid a challenging environment.

Monnet, which owed banks ₹11,000 crore, was one of the 12 non-performing assets (NPAs) mandated for resolution under the Insolvency and Bankruptcy Code (IBC). A ₹2,875 crore resolution plan, submitted jointly by AION and JSW Steel (minority partner), was approved by the National Company Law Tribunal (NCLT) towards the end of July.

However, dispute with the operational creditors dragged on till August when the appellate tribunal dismissed appeals by some creditors. Monnet has steel plants in Chhattisgarh with blast furnace and DRI facilities. Most of the units, however, were not operational when the company was acquired. The turnaround plan was to be undertaken in phases.

According to JSW's annual report, post-acquisition of management control, operations of the Raigarh Pellet plant was started in October 2018 and production was ramped up to around 90 per cent of the installed capacity.

The idea was not to be a DRI and pellet operator but an integrated player. In February, Monnet started integrated steel production through a blast furnace (for iron making), an electric arc furnace (steel making), ladle refining, continuous casting and bar mill rolling.

Consequently, revenues moved up from ₹493.82 crore in December 2018 to ₹660.44 crore in September 2019. In June 2019, it was even higher at ₹777.09 crore.

However, towards the end of last year, steel market started showing signs of weakness, thus impacting the turnaround plans.

Steel prices had peaked in November 2018 at ₹46,000 a tonne but then started moving downwards with realisations at around ₹32,400 till recently.

ICRA expects domestic steel consumption to decelerate to 5-6 per cent in FY20 as compared to 7.9 per cent in FY19 on the back of an unprecedented slowdown in economic activity.

For Monnet, whatever EBIDTA was being generated in the pellet and DRI plants was getting absorbed in the integrated operation.

JSW's second quarter results presentation mentioned that steel making operations were impacted by earlier announced maintenance shutdown and repairs.

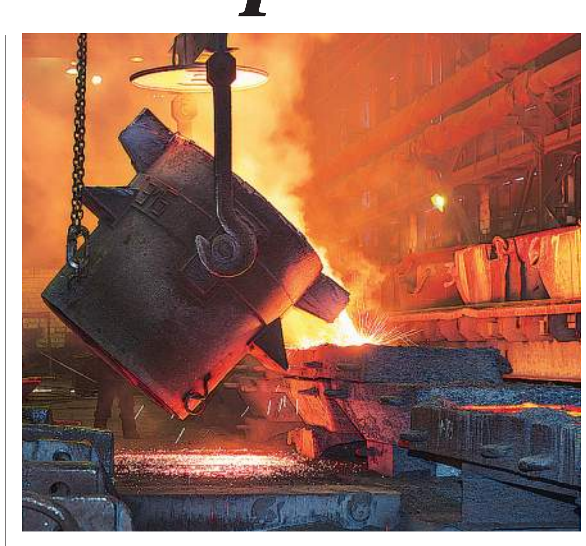
Production from blast furnace was expected to restart in the fourth quarter of FY20.

Net loss, which was at ₹77.66 crore in December 2018, widened to ₹111.44 crore in September 2019. In FY19, it was at ₹3,461.11 crore.

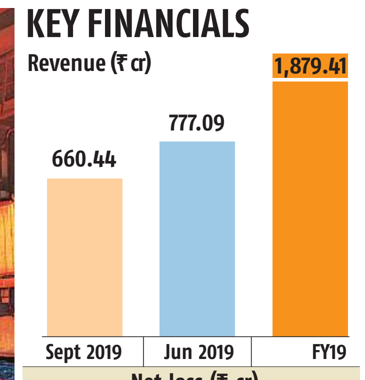
Sources said that if the current market conditions persisted, the turnaround time for Monnet could get stretched though the pellet and DRI plants were operating at 100 per cent capacity. With falling global demand and a weak local market, a turnaround is not expected before the second half of the financial year.

The plan is to take the steel making capacity to two million tonnes eventually and increase pellet production to 2.5 million tonnes.

Also, there are plans of entering the value-added market with long steel products for applications in the automobile sector, energy, railways and general engineering. The plant is being modified accordingly. With the right market conditions, integrated operations are expected to restart by the end of FY20.



KEY FINANCIALS



	Sept 2019	Jun 2019	FY19
Net loss (₹ cr)	-111.44	-135.24	-3,461.11
Operating profit margin (%)	-8.81	-10.52	-169.50

Source: BSE