

STOCKS  
IN THE NEWS

Bharti Airtel

451.30

458.55

442.30

Nov 25

2019

Nov 29

2

Telecom operators hike mobile, data tariffs

₹458.55 CLOSE

▲ 458.55 UP\*

23,267.60

23,300

22,890.85

Nov 25

2019

Nov 29

2

November motorcycle sales down 8 per cent to 60,411 units, YoY

₹21,727.20 CLOSE

▼ 5.08% DOWN\*

63.70

68.30

64.05

Nov 25

2019

Nov 29

2

Top loser among the S&P BSE Sensex stocks

₹64.05 CLOSE

▼ 6.22% DOWN\*

314.80

307.00

264.70

Nov 25

2019

Nov 29

2

Alzheimer's molecule disappoints in Phase 2

₹264.70 CLOSE

▼ 15.91% DOWN\*

2,815.45

2,736.25

2,645.70

Nov 25

2019

Nov 29

2

Top gainer among MNC pharma stocks

₹2,815.45 CLOSE

▲ 6.42% UP\*

IN BRIEF

## Accel India raises \$550 mn in sixth fund for tech start-ups

Venture capital firm Accel India on Monday said it had raised \$550 million, or ₹4,000 crore for its sixth fund to invest in early-stage technology companies in India. Accel India was set up in 2008 by Mahendran Balachandran, Subrata Mitra and Prashanth Prakash and is regarded as one of the top VCs in Bengaluru. As of date, it has 117 active investments and 44 of its portfolio firms are valued over \$100 million. Announcing the new fund, Accel said it will focus on its core areas: Consumer, B2B (business-to-business), software, fintech and healthcare, and support companies with patient capital. The fund, managed by nine partners, will invest at seed and series A-stages, and support the portfolio through growth rounds. Before this, Accel had cumulatively raised \$1 billion across five funds. Fund one and two have been returned to the investors, while rest are still being deployed.



YUVRAJ MALIK

### Tiger Global invests \$20 million in InfraMarket

InfraMarket, a business-to-business marketplace for real estate and construction materials, has raised \$20 million (approximately ₹143.26 crore) in a new funding round led by US-based investment firm Tiger Global. Other investors included Nexus Venture Partners. Existing investor Accel also contributed to the round, InfraMarket said.

BS REPORTER

### Biocon launches biosimilar Trastuzumab in US

Offering access to another biosimilar, biopharmaceutical-major Biocon has launched Trastuzumab biosimilar Ogivri in the US market. Ogivri, a biosimilar to Herceptin, has been co-developed by Biocon Biologics and Mylan and will be available in 150 mg and 420 mg strengths.

BS REPORTER

### Centre launches independent directors' databank

In a significant move, the government on Monday launched a databank of independent directors which will be a "comprehensive repository" of existing as well as those eligible to be independent directors. Set-up under the Companies Act, 2013, independent directors are required to register themselves with the databank within three months from Dec 1, according to rules notified by the corporate affairs ministry.

PTI

## High court lifts stay on sale of Eveready and McLeod assets

AVISHEK RAKSHIT  
Kolkata, 2 December

Coming as a breather for the BMC Khaitan Group, the Calcutta High Court has lifted its temporary injunction on the sale of assets by group companies — McLeod Russel and Eveready Industries.

Eveready has been monetising land parcels and McLeod has been selling tea estates to pare their debts. It was also understood that Eveready was in talks with battery makers, including Duracell, to sell its dry-cell business.

While the earlier order had restrained these companies from further selling any of their assets, the high court's latest order has paved the way for both of these firms to come up with plans to reduce debt.

Lenders to McLeod have appointed SBI Caps to come up with a debt-restructuring plan and LSI Financial was hired to find out McLeod's financial potential to pay off restructured debts if the creditors consent to it.

Sources, however, had said the creditor's plan with McLeod not only entails debt restructuring but may also involve further sale of tea estates to raise funds to pay off the lenders.

According to a source

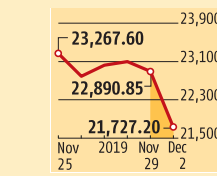


close to the development, of the various options being mulled, is the plan to restructure term loans up to ₹800 crore, extending the tenure of repayment and sale of gardens, which could yield between ₹200 crore and ₹400 crore. Also, other professionals involved in coming up with a restructuring plan are of the view that it would have been too hard for McLeod to pay off its debts of around ₹1,700 crore without further sale of gardens.

LSI has already submitted its preliminary report to the lenders and is awaiting a report from SBI Caps, based on that it will submit the final draft. The earlier injunction of the high court was preventing McLeod from selling its tea estates and thus it would have been hard for the lenders as well as the company to come up with a resolution plan outside the scope of the National Company Law Tribunal. On the other hand, Eveready has been selling its vacant land parcels to reduce its debt level of ₹500 crore as well as considering sale of the battery business.

Amritanshu Khaitan, managing director at Eveready, said the high court's order had no impact on the operations or day-to-day business of the company.

### Eicher Motors

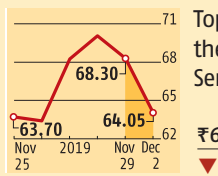


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### YES Bank

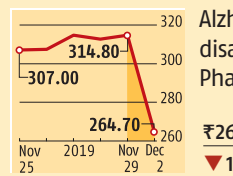


Top loser among the S&P BSE Sensex stocks

₹64.05 CLOSE

▼ 6.22% DOWN\*

### Suven Life Sciences

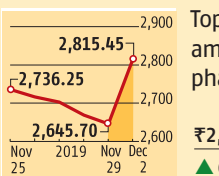


Alzheimer's molecule disappoints in Phase 2

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### AstraZeneca Pharma India



Top gainer among MNC pharma stocks

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# NCLT admits DHFL for insolvency

SUBRATA PANDA  
Mumbai, 2 December

The Mumbai Bench of the National Company Law Tribunal (NCLT) on Monday admitted the insolvency plea moved by the Reserve Bank of India (RBI) against Dewan Housing Finance Corporation (DHFL) for defaulting on interest payments for the external commercial borrowings (ECBs) availed by it from State Bank of India (SBI).

DHFL is the first financial services firm that will undergo insolvency proceedings at the NCLT after the government notified the financial services insolvency law on November 15.

DHFL had availed of the ECB from SBI to the tune of \$240 million in two tranches of \$110 million and \$130 million, respectively. It defaulted on an interest payment of \$2.16 million, which triggered insolvency proceedings against the beleaguered mortgage lender.

DHFL has also defaulted on repayments to non-convertible debenture (NCD) holders in July.

SBI is the main financial creditor against DHFL. Although, the NCLT admitted the insolvency petition against DHFL, the tribunal raised concerns that there was nobody to oppose the RBI's petition and observed that the erstwhile management was

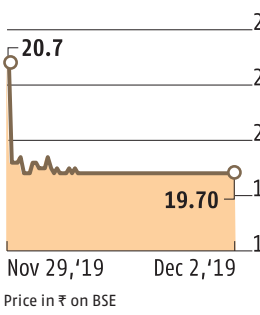


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absent as the board had been superseded by RBI. The Bench was also upset that the administrator was not present in court to answer its questions. The RBI superseded

the board of DHFL on November 20 and appointed R Subramaniakumar, former managing director (MD) and chief executive officer of Indian Overseas Bank, as the

### DHFL: FALLING FLAT



Price in ₹ on BSE

Insurance MD N S Kannan, and Association of Mutual Funds in India Chief Executive N S Venkatesh.

DHFL's liabilities are to the tune of ₹92,715 crore, of which secured loans are ₹73,833 crore and unsecured loans are ₹18,881 crore as of September 2019.

Now after admission of the matter, the administrator, who will function as the resolution professional, will call for all the claims from creditors and a committee of creditors will be constituted. The tribunal has also asked the administrator to be present for the next hearing of the matter.

The RBI, last week, moved the NCLT to initiate insolvency proceedings against DHFL.

## Hike in tariffs may see spike in operating profits of telcos

Operating profit of Bharti Airtel, Voda Idea to increase by ₹7,000-9,500 crore

RAM PRASAD SAHU & MEGHA MANCHANDA  
Mumbai/New Delhi, 2 December

The price hikes announced by telecom operators on Sunday is expected to lead to a sharp jump in the operating profit of Bharti Airtel, Vodafone Idea, and Reliance Jio.

The new plans across prepaid segments of Bharti Airtel and Vodafone Idea are higher on average by 30 per cent and come into effect on December 3. While Reliance Jio, too, has indicated it would raise tariffs by up to 40 per cent from December 6, it is yet to announce segment-wise tariffs.

The price hike is expected to improve the average revenue per user (ARPU) by ₹30 for Bharti Airtel and Vodafone Idea, and annual operating profit of the two by ₹7,000-9,500 crore. The price increase, according to trade body Cellular Operators Association of India (COAI), will take the ARPU of both Bharti Airtel and Vodafone Idea to levels last seen nearly five years ago.

"It is a positive step and would cushion them against adjusted gross revenue (AGR) payments for some time," said Rajan S Mathews, director-general, COAI.

While analysts believe Reliance Jio will also benefit, given the lack of detailed tariff plans, they are yet to quantify the impact on the company's financials.

Analysts at Kotak Institutional Equities indicated that the lack of Reliance Jio's pricing details, especially the extent of '300 per cent higher benefits' under the revised plans, made it difficult to understand the relative price/value equation.

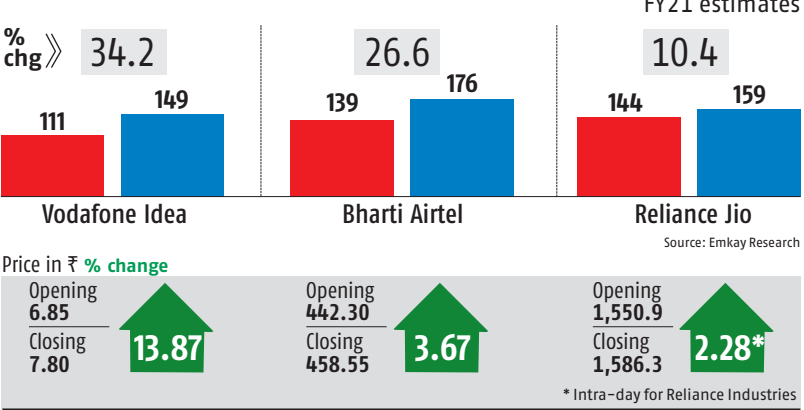
With price hikes for prepaid plans being higher than what most analysts expected led to a rally in telecom stocks. Vodafone Idea and Bharti Airtel gained 4-14 per cent in trade, while Reliance Industries was up 2.3 per cent. The gains for the incumbents have also come due to the new pricing structure by the two telcos, which leave little incentive for customers to downgrade to lower priced plans (below ₹248).

Rohit Chordia and Aniket Sethi of Kotak Institutional Equities believe that Vodafone Idea and Bharti Airtel have kept a big gap in data offerings of entry-level and 'popular' bundled plans to address the issue of potential downtrading. For data customers, downtrading would mean leaving a lot of value on the table, while uptrading would offer significant incremental value.

Analysts, led by Naval Seth of Emkay Global Financial Services, believe that the tariff increase and SIM consolidation are



### CALLING CARD



positives for Bharti Airtel and Reliance Jio, as Vodafone Idea is still in the network integration phase and might continue to lose higher-than-estimated subscribers and revenue market share.

Analysts at the firm also believe that if the hikes are absorbed and data consumption trends sustain, it will provide confidence of incremental increases as well. In fact, Credit Suisse believes there could be more hikes over the next 12-18 months. In such a scenario, content offering and network quality are key differentiators for subscriber retention as Jio's pricing gap vis-à-vis incumbents narrows.

Despite the price increase, analysts believe that Vodafone Idea would still not be out of the woods. This is on two counts. One is market-share loss, especially in the eight weaker circles where its spectrum and network capabilities are inferior to Bharti Airtel and Reliance Jio. With sharp revenue decline in these

circles, Motilal Oswal Financial Services (MOFSL) questions the stability of operating profits after the price increase. Further, given the continued negative free cash flow position, worries still linger despite the ARPU increase. The large capital expenditure and interest cost of ₹18,000 crore will mean its annual free cash flows will still be negative at ₹8,500 crore in 2020-21 (FY21).

Brokers believe that Bharti Airtel is in a better position and potential fundraising could ease the impending payments, including spectrum and AGR liability.

MOFSL believes that if Bharti Airtel plans to repay the AGR liability with a combination of equity (₹20,000 crore) and debt (₹14,000 crore), the firm will need to dilute 8 per cent equity at a pricing which would be 10 per cent higher than the current market price. Free cash flows could be sufficient for spectrum renewals in FY21 and support deleveraging.

## Aditya Ghosh joins board, Rohit Kapoor is CEO in Oyo rejig

NEHA ALAWADHI & ARINDAM MAJUMDER  
New Delhi, 2 December

Just a little over a year after being named chief executive officer (CEO), Oyo Hotels & Homes' top boss Aditya Ghosh will move to a board position at the firm, handing over the reins to Rohit Kapoor, the CEO of Oyo's new real estate business.

The move comes at a time when Oyo has started talking of its initial public offering plans and has just been valued at over \$10 billion. In a letter to employees earlier on Monday, Ghosh outlined a broad strategy he will follow in his new role.

Ghosh, who joined Oyo from IndiGo Airlines where he

was president, said in an internal email he would take over his new role at Oyo "from January 1... In my new role at the board, I will provide oversight as Oyo evolves into a truly global high performing company that scales sustainably on the path to profitability with higher expectations from consumers, asset owners, investors, and employees. I intend to actively focus on five key

areas, namely safety and security, customer experience, corporate governance, revenue management, and stakeholder communications"

founder Aggarwal has moved from

executive director to a non-executive director in Oyo's India operation to allow him to take up a more active role in the global operations of Oravel Stays Singapore. "It is our ultimate holding entity for all our global operations. My deeper engagement in the global business is a natural progression, given our continued growth over the last couple of years and the opportunities in the US, Europe, China, and Southeast Asia," he had recently told Business Standard.



ADITYA GHOSH  
CEO (India & South Asia)

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## S&P Global Platts to expand India presence

It now plans to focus on agri tracking

JYOTI MUKUL  
New Delhi, 2 December

S&P Global Platts, the benchmark pricing and analytics company for energy and commodities, is expanding its agro commodity tracking business globally as well as its presence in India.

Earlier this year, it acquired Live Rice Index (LRI), a global provider of information and benchmark price assessments for the rice industry.

Platts now employs over 50 in that sector, across pricing, news, and analytics, including a dedicated agriculture team in Gurugram.

The company already has more than half its global employees in India. "We have expanded our presence in India because of the increasing opportunity we see here. We are developing capabilities here, so that we can source the best people," Martin Fraenkel, president, S&P Global Platts, told Business

Standard in an interview. India offers the advantage of being in the middle of the time zone and can service both Europe and Asia.

The LRI buyout expanded Platts portfolio of agricultural price assessments while extending its data and news coverage in key export regions for international grains.

Founded in 2011, LRI is the leading price reporting agency (PRA) in the global rice industry.

Through LRI buy, Platts offers rice price assessment, news and analysis for rice buyers, sellers, brokers and traders in countries like Argentina, Brazil, Egypt, India, Pakistan, Paraguay, Thailand, Uruguay, the United States, and Vietnam.

Prior to LRI buy, Platts had price assessment in grains and oilseeds. Platts does Black Sea corn and Black Sea wheat price assessments, following the launch of financially-settled futures and options contracts by the CME Group.



### GRAIN OF TRUTH

- Employs over 50 people in agriculture, across pricing, news, and analytics
- Acquired provider of benchmark rice price assessment LRI on Sept 2
- Agri coverage includes grains, oilseeds, vegetable oils, animal feed, sugar, biofuels
- Acquired Kingsman sugar and biofuels business in 2012

These assessments offer market participants hedging opportunities and greater flexibility to mitigate grain price risk throughout supply chain. According to the company, the derivatives settled on Platts Black Sea wheat and corn indices, cleared by the CME, have traded more than 16 million tonne (mt) since launch. They have a current level of open

interest (open contracts) representing more than 1.7 mt.

In India, agriculture commodities are benchmarked to either the government set minimum selling price or mandi (wholesale market) prices. Here, global benchmarks are not followed.

Availability of price assessment in India could help bring transparency

in agriculture pricing, especially for those commodities that are traded.

Platts has been expanding capabilities in agriculture over the last seven years. The LRI acquisition is part of a multi-year strategic investment to further develop its price-reporting leadership in agriculture markets. It acquired Kingsman's sugar and biofuels business in 2012.

Recently, it launched a trial minimum viable product for agriculture. This would enable full agriculture service on the Platts platform. The scope includes content from four of Platts' pricing and news products — daily grains and oilseeds, daily sugar market report, EU sugar market report, and the weekly global ethanol report.

"The goal is to convert content from end-of-day or weekly static PDF publications to an interactive and dynamic experience for customers with prices, news, and market commentary updated throughout the day," said a company spokesperson.