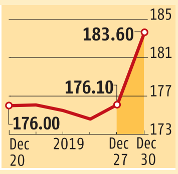
STOCKS IN THE NEWS

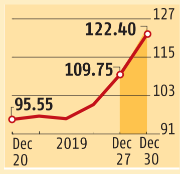
Tata Motors



Top gainer among the S&P BSE100 index stocks

₹183.60 CLOSE ▲4.26% UP*

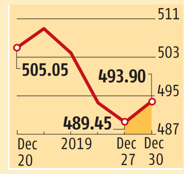
Gateway Distriparks



To sell entire 40.25% stake in Snowman to Adani Logistics for ₹296 cr

₹122.40 CLOSE ▲11.53% UP*

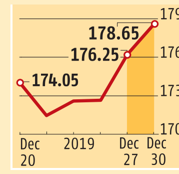
PSP Projects



Bagged order in Utter Pradesh for ₹339 crore

₹493.90 CLOSE ▲1.00% UP*

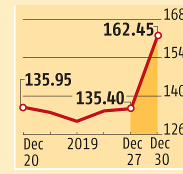
Manappuram Finance



Plans to raise up to ₹350 cr via issuance of NCDs

₹178.65 CLOSE ▲1.36% UP*

I G Petrochemicals



Top gainer among chemicals stocks

₹162.45 CLOSE ▲20.00% UP*

* OVER PREVIOUS CLOSE

IN BRIEF

BSNL clears ₹1.7K cr in dues to vendors; pays salaries: CMD

State-owned Bharat Sanchar Nigam (BSNL) has cleared ₹1,700 crore of vendors dues, its CMD P K Purwar said on Monday. The corporation has also made salary payment to its employees for November, Purwar added. "Payments worth ₹1,700 crore have been released to our vendors and contractors of BSNL," he said. Overall, the outstanding to creditors is ₹10,000 crore, he added. "Employee salaries for November too have been released," he said adding that monthly wage cost stood at about ₹800 crore. In October this year, the government approved a ₹69,000 crore revival package for BSNL and MTNL that includes merging the two loss-making firms, monetising their assets and giving VRS to employees so that the combined entity turns profitable in two years. PTI

FB fined $1.6 mn in Brazil for improper sharing of user data

Brazil's Ministry of Justice said on Monday it has fined Facebook 6.6 million reais ($1.64 million) for improperly sharing user data. In a statement, the ministry said the fine is the first applied to Facebook in Brazil this year and follows the misuse of data by Cambridge Analytica in 2018. The firm did not immediately respond to requests for comment. REUTERS

Tata Group stronger, more resilient and future ready: Chandra

Tata Sons chairman N Chandrasekaran on Monday said uncertainties will persist in the new year but exuded confidence that the conglomerate is better placed to take on challenges. He said the $110-billion group is "stronger, more resilient and future ready" now and is moving "decisively" on financial fitness and operational efficiencies. PTI

DHFL creditors claim dues worth ₹87,905 cr

SUBRATA PANDA
Mumbai, 30 December

Creditors to Dewan Housing Finance (DHFL) have claimed a total of ₹87,905.6 crore in dues, according to the administrator appointed for the bankrupt company.

Meanwhile, the lenders of DHFL, in the first committee of creditors (CoC) meeting held on Monday, appointed R Subramaniakumar the resolution professional or administrator for the entire insolvency process. Also, the lenders have expressed an initial desire to segregate the loan portfolio of the mortgage lender into retail, wholesale and SRA loans and invite expression of interest from investors separately for all three categories, sources aware of the development said. The appointment of valuers will be done in the next CoC meeting, sources said.

Of the total, the financial creditors — banks, bond holders, and other financial institutions — have claimed ₹86,892 crore. Of these, ₹80,979.8 crore of claims have been admitted by the administrator. Bond holders have claimed ₹45,550 crore; banks and other financial institutions have claimed ₹41,342 crore.

The operational creditors have given a sum of ₹60.76 crore in claims but none of these have been admitted so far, being under verification.

Also, the employees of DHFL have claims worth a little over ₹2 crore, of which ₹1.81 crore has been admitted and ₹19.3 lakh is under verification.

Separately, there are claims from four real estate companies worth ₹950.5 crore, all being verified.

Among the financial creditors, State Bank of India has exposure of ₹10,082.9 crore, of which ₹7,131 crore has been admitted and the rest is under verification. Bank of India, Canara Bank, Union Bank of India, Syndicate Bank, and Bank of Baroda have significant claims.

The CoC met on Monday; running the company as a going concern and updates on the insolvency resolution were to be discussed.

DHFL is the first financial services company undergoing bankruptcy proceedings at the National Company Law Tribunal after the central government notified the financial services insolvency law on November 15. The Reserve Bank then referred it to the tribunal, having superseded the board of directors on November 20 and appointing R Subramaniakumar — former managing director (MD) of Indian Overseas Bank — the administrator.

It also appointed a three-member committee to assist the administrator. Comprising IDFC First Bank non-executive chairman Rajiv Lall; the MD of ICICI Prudential Life Insurance, N S Kannan; and Association of Mutual Funds in India Chief Executive N S Venkatesh.

LENDER CLAIMS

Creditors (figures in ₹ cr)	Amount claimed	Amount admitted	Amount under verification
Financial	86,892.30	80,979.85	5,912.49
Operational	60.76	NA	60.76
Employees	2.01	1.81	0.19
Others	950.53	NA	950.53
Total	**87,905.60**	**80,981.66**	**6,923.97**

Internet shutdowns: Amazon, Flipkart may have lost 20% biz

December is usually a busy month for e-commerce companies because the bulk of their business is driven by year-end and festive shopping

PEERZADA ABRAR & ROMITA MAJUMDAR
Bengaluru/Mumbai, 30 December

Intermittent clampdowns on the internet in December are learnt to have significantly affected online commerce as well as digital payments companies, apart from telcos, in the country.

Though none is talking about the extent of the losses, industry sources say e-commerce majors such as Amazon and Flipkart may have witnessed an 18-20 per cent decline in their business volumes this month.

December is usually a busy month for e-commerce companies because the bulk of their business is driven by year-end and festive shopping. A day's shutdown can heavily affect sales, added sources.

The companies were expecting huge sales in tier-II and tier-III cities and towns in the country, said an industry source.

Amazon and Flipkart could not be reached for their comments.

Mobile data services were suspended in parts of the country as security was intensified in several cities and towns amid nationwide protests against the new citizenship law.

The e-tailers sold less in places such as Uttar Pradesh, India's most populous state; the Northeast region, including Assam; and parts of Karnataka and the National Capital Region, where the authorities banned mobile internet services recently.

The impact has also been huge on digital payment companies.

Another industry source said many e-commerce companies had told the government that internet shutdowns were hurting their business.

"We don't know when these protests would stop and a number of other issues might also come up, but banning the internet is not the best solution. The authorities are using it very frequently," the person said. "This is certainly not a sustainable model and they have to find other ways to take care of security."

However, these problems are perceived by the authorities as permissible collateral damage to maintain law and order. Telecom licencees have to abide by government orders to suspend/shut down the internet.

SHUTDOWNS

2012	3
2013	5
2014	6
2015	14
2016	31
2017	79
2018	134
2019*	101

* so far

LONGEST INTERNET CLAMPDOWNS

150 DAYS AND COUNTING
Kashmir (since Aug 4, 2019)

133 DAYS
Kashmir (Jul 8–Nov 19, 2016)

100 DAYS
Darjeeling (Jun 18–Sep 25, 2017)

373 Total number of internet shutdowns between 2012 and 2019

Source: Software Freedom Law Centre report

BLACKOUT IN STATES

Jammu & Kashmir	180
Rajasthan	67
Uttar Pradesh	25
Haryana	13
Gujarat	11
Bihar	11
Maharashtra	10
West Bengal	9
Meghalaya	5
Tripura	5
Manipur	5
Odisha	5
Madhya Pradesh	5
Arunachal Pradesh	4
Assam	3
Nagaland	3
Uttarakhand	2

A report by the Indian Council for Research on International Economic Relations last year estimated the average hourly loss in India because of various shutdowns during 2012-17 at $186,332 (around ₹13 crore). The same report said 16,315 hours of internet shutdown in India cost the economy approximately $3.04 billion (Over ₹21,000 crore) in the same period.

"In this digital age and connected world, where the internet has almost become an essential commodity, any disruption of services, especially during the busy holiday season, certainly has an adverse impact on the trade of not only consumer internet companies but also fintech businesses as well as offline players," said Ankur Pahwa, partner and national leader, e-commerce and consumer internet at EY India.

According to Satish Meena, a senior forecast analyst at Forrester Research, internet shutdowns have affected both e-commerce and digital-payment companies. "There is a direct impact on the digital economy, which is not good for the users. Because, if it happens very frequently, the users would look for options other than relying on these entities (Amazon and Flipkart)," added Meena. Walmart, the Bentonville-based company (in Arkansas), is locked in a battle with US rival Amazon for dominance in India's online retail market through Flipkart, which it acquired for $16 billion last year in May.

Jeff Bezos-led Amazon committed a $5-billion investment in India in 2016 and has been rapidly expanding its business in the country's e-commerce market, which is expected to touch $200 billion by 2028 from about $30 billion last year. The impact of internet shutdowns is not limited to big traders or e-commerce companies. Small businesses that depend on the internet are affected, too. While telecom operators lose out on millions of subscribers seeking recharges, millions of subscribers end up losing out on value due to shift towards monthly recharges across telcos and other payments they cannot process during this time.

While state governments have disabled internet services in the past to maintain law and order or prevent misinformation from spreading during sensitive times, this is perhaps the first time they are being halted on such a large scale in different parts of the country, simultaneously.

With inputs from Neha Alawadhi in New Delhi

Air India may shut by June if there's no buyer: Official

PRESS TRUST OF INDIA
Mumbai, 30 December

Struggling Air India might be forced to shut down by June next year unless it finds a buyer as "piecemeal" arrangements cannot be sustained for long, according to a senior airline official.

Amid continuing uncertainty over the fate of the national carrier, the official said there is also need for funds to restart operations of 12 grounded narrow-body planes.

The airline has a debt burden of around ₹60,000 crore and the government is still working on the modalities for the disinvestment.

Sounding alarm bells, the official said Air India might well go Jet Airways way if a prospective buyer does not come on board by June next year.

With government leaving the debt-ridden airline to fend for itself by refusing to inject funds any more amid its privatisation plans, the airline is "some how" keeping it afloat with peace meal arrangements, which are unlikely to sustain for long, the official said.

In FY19, Air India's net loss is provisionally estimated to be ₹8,556.35 crore

According to the government, it has infused funds to the tune of ₹30,520.21 crore in the flag carrier from financial year 2011-12 till December this year. Under the turnaround plan approved by the UPA regime in 2012, the airline was to get financial assistance of ₹30,000 crore over a 10-year period. "We had sought ₹2,400 crore sovereign guarantee to mop up funds for meeting operational requirement. But the government has provided guarantee only for ₹500 crore.

"We are some how managing the operations at present and at best we can sustain this situation till June. If a buyer does not come by that time, we will have to shut shop," said the official on condition of anonymity.

After more than 25 years of flying, full service carrier Jet Airways shuttered operations in April due to cash crunch. In 2018-19, Air India's net loss is provisionally estimated to be ₹8,556.35 crore. Besides, it has a total debt of ₹60,000 crore, half of which has already taken out of the books and parked in the special purpose vehicle, Air India Assets Holding.

HERE'S WHAT INDIANS ARE WATCHING ON NETFLIX

The second season of *Sacred Games* was the most popular series on Netflix in India in 2019. The $15.8-billion Netflix, which is available in 160 million homes across 190 countries, rarely shares viewership data. This week, the firm released a list of the most popular series and movies released on its platform in India.

Five of the ten most popular shows such as *Bard of Blood*, *Delhi Crime*, and *Typewriter* are Indian. The rest are an eclectic mix of international shows. There is science-fiction horror show *Stranger Things* (Season 3) and the witty *Sex Education*, among others. On the other hand, four of the top ten films are Netflix movies — *Drive*, *House Arrest*, *6 Underground*, and *Chopsticks*. Not surprisingly, as percentage of the overall time spent on Netflix globally, film viewing in India is the highest. About one-fourth of the television time is spent on watching movies. The ranking is based on the "number of accounts choosing to watch at least two minutes of a series, movie or special during its first 28 days on Netflix in 2019," says a Netflix release. The same methodology is used to calculate its daily Top 10 lists in the UK and Mexico.

VANITA KOHLI-KHANDEKAR

MOST POPULAR RELEASES OF 2019

1. *Sacred Games S2* (series)
2. *Kabir Singh* (film)
3. *Article 15* (film)
4. *Bard of Blood* (series)
5. *Drive* (film)

MOST POPULAR SERIES RELEASES OF 2019

1. *Sacred Games S2*
2. *Bard of Blood*
3. *Delhi Crime*
4. *Sex Education*
5. *Leila*

MOST POPULAR MOVIE RELEASES OF 2019

1. *Kabir Singh*
2. *Article 15*
3. *Drive*
4. *Badla*
5. *House Arrest*

Rural India hurt FMCG; smartphones rode on e-commerce

ARNAB DUTTA
New Delhi, 30 December

After nearly two years of disruption due to demonetisation and implementation of the goods and services tax (GST), the country's vast consumer goods sector had much hope from the year 2019. However, a lookback into the consumer market during the past 12 months presents a gloomier picture. While certain segments such as smartphones and air conditioners had some respite, fast-moving consumer goods (FMCG), the largest of the chunk, suffered a body blow as new pain points emerged in 2019.

2019 LOOKING BACK

The country's ₹4-trillion FMCG market — the world's fourth-largest — faced stiff challenges in the hinterlands with sales growth falling to a seven-year low in the September quarter. The data from market analyst firm Nielsen shows volume growth in the rural market fell to a meagre 2 per cent during the quarter, from 16 per cent a year ago. It was the first time in seven years that growth in the rural market that comprises nearly 40 per cent of sales for manufacturers, had fallen below that of urban.

In the April-June quarter, traditionally a strong period after the slump of the winter months, growth in rural markets was the lowest since early 2018. Nielsen observed that food and personal care were the categories worst affected by the slowdown. While food and personal care grew by 15 per cent and 12 per cent by value in calendar year 2018, the numbers are likely to fall to 13 per cent and 11 per cent in 2019, said the agency.

To put things into perspective, till mid-2018 rural sales growth was ahead of urban sales growth by at least 400 to 700 basis points for most FMCG firms. As India's overall economic growth slowed in 2019, the urban market followed the trend too — adding to FMCG woes. Volume growth in urban areas fell to 5 per cent in September from 11 per cent in the corresponding period in 2018. Meanwhile, growth in India's GDP fell to 4.5 per cent in July-September 2019, from 7 per cent a year ago and 8.9 per cent in July-September, 2016, before slowdown hit the sector.

Large FMCG players, from Nestlé to Hindustan Unilever (HUL), felt the pinch as consumers were reluctant to open up their purses. Sanjiv Mehta, chief executive of HUL, asserted that the sharp deceleration was led by a slowdown in rural areas.

The FMCG market in the rural North — the largest among all four regions — shrank 2 per cent by volume in September. Though large firms like Nestlé, Dabur or HUL were impacted by this slowdown in demand, the small, local players were hit harder. Small players, which account for a third of the sales for the region, grew only three per cent by value, from 35 per cent in the corresponding period last year. Medium players, accounting for 24 per cent of sales, saw their business shrink by 4 per cent in the quarter.

According to Edelweiss Securities' research, two key factors affected the fortunes of FMCG players in 2019. First, macroeconomic headwinds battered consumer sentiment, particularly in rural areas. And second, the continuing liquidity crisis arising out of faltering non-banking financial companies further dented liquidity at the wholesale and retailer levels. This further exerted pressure on the trade channel.

Further, during the latter half of the year, inflation in agri-linked commodities such as milk, wheat, and sugar impacted margins of FMCG firms. For example, it "dragged Nestlé's gross margin by 216 bps YoY and kept Britannia's gross margin flat. Continued inflation in glass and ENA prices heavily ate into United Spirts' margin — down 411 bps year-on-year", Edelweiss noted.

According to a Nestle India spokesperson, despite challenges the company managed to grow its rural presence that translated into higher contribution from the market — up to 25 per cent. Five years ago, Nestlé used to get 15 per cent of its sales from rural areas.

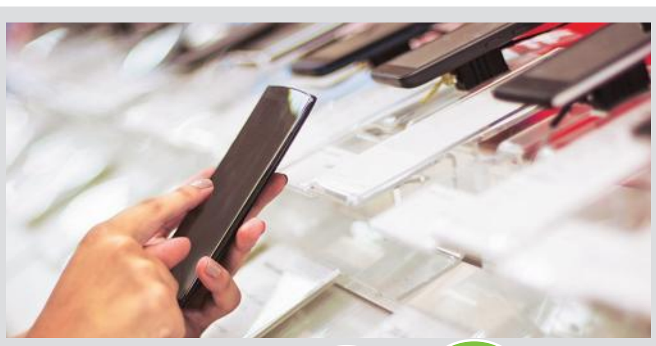
Other consumer good segments such as smartphones and certain durables, however, fared better. Sales of air conditioners, for example, revived in 2019. While, in 2017 and 2018 they had shrunk, due to higher taxes, weakening rupee against dollar and rising commodity prices. According to Kamal Nandi, vice-president of Godrej & Boyce and president, Consumer Electronics and Appliances Manufacturers Association, this year AC sales rose by double digit.

Despite having a huge base, smartphones sales too are expected to grow by 10 per cent in 2019. During the March and June quarters, shipments surged to record highs. And in September, they touched 49 million units — highest-ever for any quarter. Market experts attributed much of this to the surge in e-commerce sales.

Data from analyst firms like IDC India and Counterpoint Research show that shipments through the online channel grew by a whopping 28.3 per cent YoY in the quarter ended September. This took share of the online channel in the overall sales to an all-time high of 45.4 per cent. In the previous quarter, shipments through the channel had surged 26 per cent YoY.

Meanwhile, sales through brick and mortar stores shrank. While, in the June quarter, shipments through offline channel dipped by four per cent, in September, the fall was at 2.6 per cent YoY. Consequently, the share of offline stores, which used to hold over 75 per cent of the market three years ago, fell to less than 55 per cent.

While the FMCG marketers are hoping for a revival in 2020, analysts expect that to arrive only after the first quarter, that is, from April, 2020 onwards. "We anticipate green shoots to emerge from FY21, anticipating pay-outs under direct benefit transfer and bountiful rainfall," Edelweiss said. Smartphones sales may suffer in 2020, however. Analyst firm TechArc predicts smartphone sales growth to come down to single digits after a decade, as macro-economic factors may impact consumer buying behaviour.



SMARTPHONE SHIPMENT SURGED 11% DURING JAN-SEP

106 mn	118 mn	11.3%
Jan-Sep '18	Jan-Sep '19	Change

VOLUME GROWTH FELL STEADILY IN 2019 (%)

RURAL	
Jan-Mar, 18	11.7
Jan-Mar, 19	12.5
Apr-Jun, 18	10.5
Apr-Jun, 19	5.9
Jul-Sep, 18	16.0
Jul-Sep, 19	2.0
URBAN	
Jan-Mar, 18	7.5
Jan-Mar, 19	8.0
Apr-Jun, 18	7.3
Apr-Jun, 19	6.4
Jul-Sep, 18	11.0
Jul-Sep, 19	5.0

Sources: Counterpoint Research, Nielsen, industry