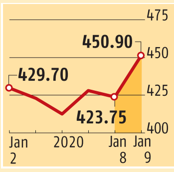
STOCKS IN THE NEWS

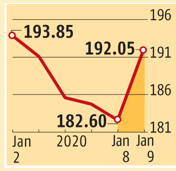
Sunteck Realty



Signs MoU with SBI to safeguard homebuyers

₹450.90 CLOSE
▲ 6.41 % UP*

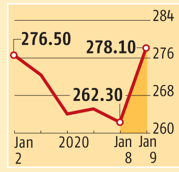
Tata Motors



Surpasses M&M in market-cap ranking

₹192.05 CLOSE
▲ 5.18 % UP*

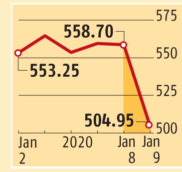
JSW Steel



Metal shares gain after government eases coal and mining norms

₹278.10 CLOSE
▲ 6.02% UP*

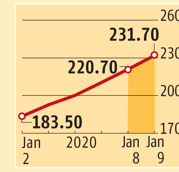
Max Financial Services



Top loser among S&P BSE MidCap index stocks

₹504.95 CLOSE
▼ 9.63% DOWN*

Adani Green Energy



Ends higher for ninth straight day; zooms 409% in four months

₹231.70 CLOSE
▲ 4.98% UP*

* OVER PREVIOUS CLOSE

CCI probing if Maruti forced buyers to take its insurance

ADITI SHAH & ADITYA KALRA
New Delhi, 9 January

The CCI in June last year received an anonymous complaint regarding insurance plans recommended by Maruti

Antitrust regulator Competition Commission of India (CCI), is looking into allegations that Maruti Suzuki, the country's biggest carmaker, pushes buyers to purchase insurance policies offered by the company, two sources told *Reuters*.

The CCI in June last year received an anonymous complaint alleging insurance plans recommended by Maruti while selling cars resulted in customers paying more compared with other options in the market. Based on the complaint, the CCI is assessing whether Maruti has engaged in so-called 'tie-in arrangements', in which a carmaker promotes preferred suppliers of complementary goods such as lubricants or insurance, the sources said.

According to the law, such practices are anti-competitive if they end up stifling competition and limiting consumer choices. The Commission is looking into the complaint and "it will take a while", said one of the two sources, who declined to be named as the case details are private.

In response to *Reuters* questions, a Maruti spokesman said: "We are not aware of any such alleged complaint that is being investigated by CCI and therefore, cannot comment on the same." The CCI did not respond to a request for comment. The watchdog can still throw the complaint out if it finds no merit in the allegation, or order a deeper probe by its investigations arm.

Maruti is already the subject of another antitrust investigation in India. Last year, the CCI ordered its investigations unit to probe allegations the carmaker limits discounts its dealers can offer, a prohibited anti-competitive practice if it hurts consumers. If the CCI decides to launch a wider probe into the new complaint, it could ask its investigation unit to wrap it into the ongoing case into Maruti's discounting practices, or order a fresh investigation, the second source said.

It was not clear over what period the anonymous complaint about insurance sales relates to. Maruti, majority-owned by Suzuki Motor, is a market leader in India with a 50 per cent share of the passenger vehicles market.

It sold 1.73 million cars in the financial year ended March 2019 and has around 3,600 sales outlets. The allegation of insurance tie-up arrangements against Maruti is similar to an earlier complaint against its competitor, South Korean Hyundai Motor, a third source aware of the complaint said.

In 2014, following a complaint from a car dealer, the CCI found initial merit in the allegations that Hyundai had entered into several tie-in arrangements, including to promote certain insurance companies, and ordered a wider investigation. However, in its final order in 2017, the CCI said Hyundai's insurance arrangements were not anti-competitive. "The most credible way for Maruti to show there is no tie-in would be by providing actual data on Maruti car buyers opting for insurers other than those recommended by it," said Rahul Rai, a New Delhi-based lawyer specialising in antitrust law. REUTERS

SC to hear Tatas' plea on NCLAT judgment today

PRESS TRUST OF INDIA
New Delhi, 9 January

The Supreme Court is scheduled to hear on Friday the petition by Tata Sons (TSPL), challenging the decision of the National Company Law Appellate Tribunal (NCLAT), restoring Cyrus Mistry (*pictured*)as executive chairman of the Tata Group.

The matter is listed before a Bench of Chief Justice S A Bobde, and Justices B R Gavai, and Surya Kant. Sources said Tatas' have roped in senior advocate Abhishek Singhvi, Harish Salve, Mukul Rohatgi, and Mohan Parasaran to argue the case. "We will seek stay of the NCLAT decision in toto," one of the sources said.

TSPL has challenged the December 18 decision of the NCLAT that gave a big relief to Cyrus Investments and Mistry, restoring him as the executive chairman of TSPL. Cyrus Investments, Mistry, and other respondents who have filed a caveat that no ex-parte order be passed in the matter will be represented by senior advocates C A Sundaram, Arvind Datar, Shyam Divan, and Somasekhar Sundareshan. The NCLAT also ruled that the appointment of N Chandrasekaran as head of the holding company of the $110-billion conglomerate was illegal. The Tatas submitted the verdict by the NCLAT "undermined corporate democracy" and the "rights" of its board of directors.

While the petition has been pending, Mistry came out with a statement saying that he is not interested in returning and the decision was made in the interest of the group, whose interests are far more important than the interests of any individual.

IN BRIEF

HDFC completes majority buy in Apollo Munich

Mortgage lender HDFC on Thursday said it has completed the acquisition of majority stake in Apollo Munich Health Insurance for ₹1,495.81 crore. HDFC bought 50.80 per cent stake of Apollo Hospitals Group in Apollo Munich for ₹1,485.14 crore and 0.36 per cent shareholding of employees for ₹10.67 crore. On January 2, HDFC had informed that the company and its subsidiary HDFC ERGO has got approvals for acquiring a majority shareholding in Apollo Munich. "Subsequent to this approval (regulatory), Apollo Munich Health Insurance Co has been renamed as HDFC ERGO Health Insurance (HDFC ERGO Health) and will operate as a subsidiary of HDFC," HDFC said in a regulatory filing on Thursday. PTI

Removing Airtel from ratings watch depends on SC: Fitch

Fitch Ratings on Thursday said removing Bharti Airtel from its Rating Watch Negative (RWN) will depend on the Supreme Court ruling, on a review petition filed by telecom companies against being asked to pay backdated statutory dues after considering non-telecom revenues. Fitch assigned a rating of 'BBB-' to the firm's proposed US dollar senior unsecured convertible notes. PTI

Centre asked to stop disinvestment by Bridge and Roof

Citing doubling of the order book and rise in profitability, Bridge and Roof Company India (B&R) is considering writing to the Centre, asking to reconsider the disinvestment plan. In 2016-17, the Centre had first mooted the plan to divest its 99.35 per cent stake in this engineering, procurement and construction Miniratna company and invited expression of interest from investors in 2018. BS REPORTER

Mastek arm offloads stake in Majesco USA to drive growth

Mastek on Thursday said that its arm Mastek UK had sold partial stake in Majesco USA for a cash consideration of $1.59 million (about ₹11.3 crore)."Mastek UK (material wholly-owned arm of Mastek) intimated us about sale of its partial holding of 2,02,183 shares in Majesco USA for cash consideration of $1.59 million, in the open market on NASDAQ on January 8, 2020," the IT firm said . PTI

British Airways to connect London with Bengaluru

British Airways on Thursday announced the launch of its state-of-the-art A350 aircraft with the club suite from Kempegowda international Airport from Bengaluru to London's Heathrow Terminal 5. The daily flight from Bengaluru to London, which started from January 1, is marked by sophistication, luxury, privacy and branded business cabin called Club Suite with luxurious flat-bed seats, British Airways head of sales, (Asia-Pacific and Middle-East) Moran Birger said. PTI

In November 2019, Indian airlines experienced a return to double-digit growth for the first time since January 2019, as traffic rose 11.3 per cent, compared to November 2018, the International Air Transport Association said on Thursday. "However, economic growth in the third quarter was the weakest in around six years amid a broad-based slowdown that is affecting many sectors of the economy. This will present a more challenging environment for the industry, going forward," said IATA, which represents around 290 airlines comprising 82 per cent of global air traffic, measures passenger growth in revenue passenger kilometres (RPKs), which is calculated by multiplying the number of people to the distance travelled by them. COMPILED BY ANEESH PHADNIS

Top air passenger markets in November 2019
Domestic traffic in India rose the most in the world

	World share* (%)	RPK (% chg YoY)
US	14.0	▲2.4
China	9.5	▲5.3
India	1.6	▲11.3

RPK: Revenue passenger kilometre measures actual passenger traffic;
*% of industry RPKs in 2018
Source: IATA

IN TOP GEAR

'Tata Motors will get back to growth path by H2 FY21'

SHALLY SETH MOHILE
Mumbai, 9 January

Tata Motors expects the automobile industry to turn around in the second half of financial year 2020-21 (FY21). This would be after the switch from BS-IV to BS-VI emission rules is complete and the central government's effort to turn around the economy starts paying off, said Guenter Butschek, managing director.

Tata, the country's largest in the segment by sales revenue, says it will begin introduction of its BS-VI range with passenger vehicles (PVs), starting this month. There will be four global unveilings, 14 commercial, and 12 PV displays at the coming Auto Expo 2020, in Greater Noida.

"We are going to get back to a growth path. Am being cautiously optimistic; the second half of FY21 should be realistic," Butschek, leading Tata Motors India operations for four years, told reporters.

He says the PV market could see growth earlier, if the current trend of monthly improvement in retail sales continues. However, a real breakthrough in volumes will be in the festive season, he adds.

Butschek remains cautious on the commercial vehicle (CV) segment, the fortunes of which are linked to the economy and regulatory changes. He says the segment has "yet to swallow" the impact of 2018's axle load notifications and needs intervention like a scrappage policy to revert to a growth path.

The revised axle norms (July 2018) increased the freight capacity of operational trucks by 20-25 per cent. It increased inter-state movement of trucks, the bulk of primary freight and where overloading was limited. Butschek says if these norms had taken effect in 2021 and a scrappage scheme from April 1, the CV industry wouldn't have suffered so much, as each would have compensated for the other.

His concern on CVs is in the backdrop of a slowing economy and overall slowdown in consumption, prompting fleet operators to put off buying of new trucks or replacing of existing ones, despite deep discounts.

The crucial transition to BS-VI, from April 1, is another worry. It is expected to disrupt the CV industry in a big way, given the higher pricing of vehicles with the new emission technology. Unlike PVs, the transition in CVs will come with multiple variants, trim levels and body types. This makes the exercise quite complex.

The transition is an opportunity to "recalibrate the transaction price" (sale price) of CVs, said Butschek, alluding to the practice of sale at deep discounts. While high discounts to clear old stock is fine, it cannot become routine and be done to buy market share, he added. "It's retail that should trigger wholesale and wholesale should trigger production. Otherwise, we will have a discrepancy between demand and supply."

Asked if Tata was seeing transporters buy their BS-IV trucks to beat the coming price hike of 10-25 per cent in BS-VI ones, he said pre-buying had started but not by as much as one expected at the beginning (April 2019) of this financial year. Truck sales in India have been skidding since June.

GUENTER BUTSCHEK
MD & CEO, Tata Motors

> "IT'S THE RETAIL THAT SHOULD TRIGGER WHOLESALE AND WHOLESALE SHOULD TRIGGER PRODUCTION. OTHERWISE, WE WILL HAVE DISCREPANCY IN DEMAND AND SUPPLY"

M&M to drive EV plan via shared mobility

ARINDAM MAJUMDER
New Delhi, 9 January

Automobile entity Mahindra & Mahindra says shared mobility will be the base of its electric mobility plan.

"This is in tune with government policy. The company is working with state governments and fleet operators to make electric mobility viable. Mahindra now has 22,000-23,000 electric vehicles (EVs) on ground," said Pawan Goenka, managing director.

EVs, believes the company, can take off faster in the shared mobility segment. Goenka also notes many states have started procuring electric buses, with at least 4,000 of these to be on road this year. Mahindra Electric has been in partnership with electric fleet provider Lithium Urban for five years, covering 100 million e-kms, it says, in the Bengaluru-based startup's fleet.

Goenka says Mahindra is also looking to electrify radio taxi operator Meru's fleet, although there is no deadline. Mahindra acquired a 55 per cent majority stake in Meru during September 2019.

> **Goenka says many states have started procuring electric buses, with at least 4,000 of these to be on road this year**

"The company is working with states and fleet operators to make electric mobility viable. We have 22,000-23,000 EVs on ground"
PAWAN GOENKA
MD, Mahindra & Mahindra

According to a report from Bloomberg NEF, shared mobility services will adopt EVs faster than private owners. By 2040, around 80 per cent of the global ride-sharing fleet will be attributed to EVs; the present ratio is only 1.8 per cent (including taxis, ride hailing and car sharing). Attractive economics, it says, will push the ratio.

It also claims that demand for private vehicle ownership will gradually reduce and shared mobility see a multi-fold hike. Currently, at least a billion people are said to use some form of a ride-hailing app across the world.

Mahindra will be launching its ATOM Electric in the third quarter of 2020-21 for a shared mobility fleet entity.

By this March, it also plans to localise production of EV parts in India (however, this excludes battery cells). The company will be manufacturing motors, chargers and assembling batteries at its Bengaluru factory, where it has invested ₹250 crore.

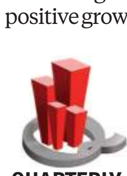
Mahindra has also decided to set up a research and development (R&D) centre in that city, investing close to ₹500 crore. The R&D is aimed at manufacture of high voltage batteries and high power starter motors, among other EV components.

Data subscriber additions and ARPU growth may dial in cheer

But tariff hikes will not translate instantly into ARPU growth

ROMITA MAJUMDAR
Mumbai, 9 January

The October-December quarter is likely to yield healthy operational performance for telecom operators with data adoption, subscriber addition, and average revenue per user (ARPU) showing positive growth.



QUARTERLY RESULTS

Incumbent telcos are expected to report revenue growth, following higher data usage and data subscriber addition, while benefiting from interconnect usage charge (IUC) introduced by Reliance Jio. However, the impact of internet shutdowns across the country and subscriber response to recent tariff hikes will be watched closely.

"Incumbent telecom operators are expected to see sequential improvement in wireless revenue, driven by healthy data subscriber addition, resumption of services in Jammu & Kashmir (J&K), and some voice traffic shift from Jio due to the introduction of IUC top-up vouchers," noted Naval Seth, research analyst, Emkay Global in a report. The analyst, however, notes that there will be little impact of the tariff hike in the third quarter as subscribers would have recharged ahead of the hikes.

Estimate ARPU for Bharti Airtel and Vodafone Idea is likely to improve by 6 per cent and 7 per cent quarter-on-quarter (QoQ), respectively. Jio's growth might be impacted slightly due to the new charges, noted Seth.

"We expect Vodafone Idea to report subscriber base decline of 5 million on integration, led by network flux, while addition for Airtel is estimated around 3 million, as it may benefit from new entrant (Jio) charging for voice and J&K situation normalising. We see strong data subscriber addition of 13 million and 5 million for Airtel and Vodafone Idea, respectively," wrote Sanjesh Jain, research analyst, ICICI Securities.

Airtel's India revenue is expected to grow 3 per cent QoQ (7.2 per cent year-on-year) to ₹159 billion, mostly led by the mobile segment, and earnings before interest, taxes, depreciation, and amortisation (Ebitda) will likely decline 2.1 per cent QoQ to ₹62 billion on normalisation of selling, general, and administrative cost, which had one-off benefit in the second quarter of 2019-20.

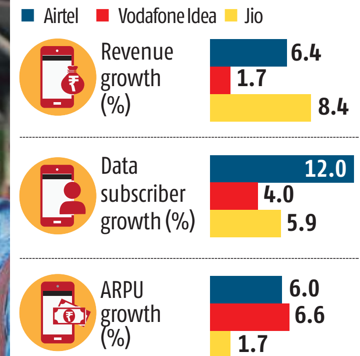
For Vodafone Idea, revenue is likely to rise 1.5 per cent QoQ to ₹110 billion, on better ARPU. However, the operator's network issues during the past quarter are likely to result in significant churn.

"For Jio, we expect ARPU to increase to around ₹123 (versus ₹120 in F2Q20), leading to 9 per cent QoQ revenue growth. We expect Ebitda margin to improve QoQ, benefiting from revenue growth and lower interconnect costs, partly offset by increase in network costs," noted Parag Gupta, equity analyst, Morgan Stanley, in a report.

With IUC charges across telcos now, the incumbents are not likely to see significant IUC benefits this quarter, but tariff hikes will drive numbers. However, the full impact of tariff hikes will be spread over two quarters as a bulk of subscribers are now opting for three-month recharges.

Vodafone Idea is expected to report the closing phase of subscriber churn to retain users that spent a minimum amount on their subscriber identity module. Analysts will look for commentary on incremental adjusted gross revenue provisions, ARPU growth and strategy to further maintain it as well as subscriber movement as higher tariffs require further consolidation in the market.

SCOPE FOR GROWTH
Estimates of QoQ for Q3



Source: Emkay Research
(Airtel India wireless estimates)