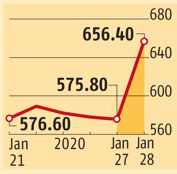
STOCKS IN THE NEWS

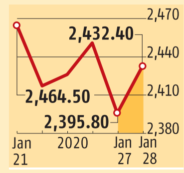
United Spirits



Q3 PBT up 8% at ₹314 cr, against ₹290 crore in the year-ago quarter

₹656.40 CLOSE ▲14.00% UP*

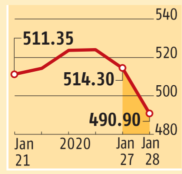
HDFC



Q3 profit before tax up 7% at ₹4,601 cr YoY

₹2,432.40 CLOSE ▲1.53% UP*

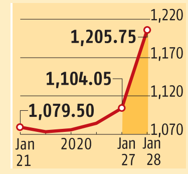
Bharti Airtel



Top loser among the S&P BSE Sensex stocks

₹490.90 CLOSE ▼4.55% DOWN*

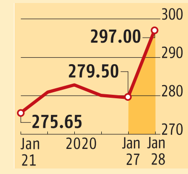
Navin Fluorine International



Q3 PBT up 20% at ₹67 cr against ₹56 cr in the year-ago quarter

₹1,205.75 CLOSE ▲9.21% UP

KRBL



Q3 PBT up 29% at ₹211 cr against ₹164 cr in the year-ago quarter

₹297.00 CLOSE ▲6.26% UP*

* OVER PREVIOUS CLOSE

IN BRIEF

Burger King gets Sebi's go-ahead to float IPO

Burger King India has received markets regulator Sebi's approval for an initial public offer. The company, which filed its draft IPO papers with the watchdog in November, obtained its final observations on January 24, as per the latest update with the Securities and Exchange Board of India (Sebi). The regulator's observations are necessary for any company to launch public issues such as initial public offer, follow-on public offer and rights issue. PTI

OYO adds over 4,000 corporate accounts in 2019

OYO said its corporate channel has witnessed an 80 per cent increase in revenue on a year-on-year basis on account of strong growth trajectory in corporate bookings. With new 4,000 accounts, the firm now has a total of over 8,400 active corporate accounts, OYO said. PTI

GMR to set up training centre near Sardar Sarovar Dam

GMR Varalakshmi Foundation, the CSR arm of GMR Group, in an initiative with Sardar Sarovar Narmada Nigam is set to establish a state-of-the-art skill training centre at Kevadia, Gujarat. The place is located near the Sardar Sarovar Dam in Gujarat. This is the first of its kind skill training centre GMR will set up in Gujarat, where all courses will be offered to the youth free of cost. BS REPORTER

Sachin Bansal steps down as director of Ujjivan Finance Bank

Sachin Bansal has resigned as independent director of Ujjivan Small Finance Bank, a role he took up in June 2019. Bansal said he was stepping down in the interest of propriety and to prevent conflict of interest arising out of the fact that his wholly-owned firm Navi Tech has applied for a banking licence. BS REPORTER

InterviewBit raises $20 mn in Series-A round

InterviewBit, an edtech start-up, said it has raised $20 million in a Series-A funding round, led by Sequoia India and Tiger Global, and with participation from other investors. BS REPORTER

Tata, JSW, Adani in race for Neelachal

Plans are afoot to ramp up NINL steel plant's capacity to 10 mtpa, from the current 1.1 mtpa

JAYAJIT DASH
Bhubaneswar, 28 January

Tata Steel, JSW Steel, and Adani Group are likely to bid for Neelachal Ispat Nigam's (NINL's) one-million tonne (mt) steel plant in Odisha's Kalinganagar industrial complex.

Earlier this month, the Cabinet Committee on Economic Affairs gave the go-ahead for strategic disinvestment of 100 per cent equity shares in NINL, jointly owned by MMTC, two Odisha government-owned public sector undertakings (PSUs), and a clutch of central public sector enterprises — NMDC, Bharat Heavy Electricals, Mecon (formerly known as Metallurgical & Engineering Consultants), among others.

Plans are afoot to ramp up NINL steel plant's nameplate capacity to 10 million tonnes per annum (mtpa), from the current 1.1 mtpa.

Key facilities of the NINL steel mill, such as blast furnace and steel melting shop, are on shutdown for over six months for want of capital infusion by the lead promoters. Only the coke oven plant was operating at depleted capacity.

While MMTC — the largest shareholder — has already apprised the BSE of its intent to sell its entire 49.78 per cent equity in NINL, two other Odisha government-owned PSUs — Odisha Mining Corporation and Industrial Promotion & Investment Corporation of Odisha — were no longer keen to retain their stake adding up to 32 per cent.

Analysts still believe NINL is a good asset up for grabs, with its facilities and a captive iron ore block, potentially making it an attractive bet for bidders.

"There is the vision of brownfield capacity being ramped up. The NINL plant can be revived. Besides, the steel plant has captive iron ore mines. The possibility of brownfield expansion and availability of land will be crucial for any bidder," said Giriraj Daga, investment manager, KM Visaria Family Trust.

ATTRACTIVE BET?

	FY14	FY15	FY16	FY17	FY18
Gross sale	1,595.41	1,315.64	1,190.23	1,288.05	955.14
Net sale	1,555.17	1,247.82	1,085.53	1,191.20	930.87
Total expenditure	1,486.87	1,207.68	1,521.06	1,827.53	1,518.38
Net loss	147.22	232.67	333.07	355.78	375.43

All figures in ₹ crore   Source: NINL annual reports

However, the prospective bidders are non-committal on their plans to bid for the NINL asset. Adani Group did not respond to a questionnaire sent by email.

"We would not like to offer any comment on the matter. Suffice it to say that evaluating stressed assets is an ongoing strategic process in Tata Steel," said Tata Steel in a written response to Business Standard's queries.

A spokesperson at JSW Steel said, "We have no comments to offer on this." NINL had successfully completed the revamp of its blast furnace.

It has also diversified its products portfolio by churning out steel billets and its own brand of TMT bars. But lack of capital infusion by the promoters queered the pitch for its expansion and diversification. An industry source said NINL needed an immediate injection of ₹900 crore to make all the key components running again.

NINL's leveraged balance sheet made it ineligible to avail of formal credit from banks or financial institutions. For the past five years on the trot, NINL has been stacking up losses. Last financial year too, it ended in the red, despite turning earnings before interest, tax, depreciation, and amortisation positive, following the successful completion of its blast furnace capital repair work and resuming of steel billet production.

The steel plant possesses 2,500 acres of unencumbered land to expand capacity to 5 mt, a state-of-the-art coke oven battery with dry quenching facility, an already commissioned steel melting shop, proximity to the major port at Paradip, and an iron ore mine boasting of 110-mt deposits and with a lease validity spanning 50 years.

Start-ups that burn investor money, won't get second chance, says Tata

PRESS TRUST OF INDIA
New Delhi, 28 January

Industrialist Ratan Tata on Tuesday said start-ups that burn investors' money and disappear, will not get a second or a third chance.

Tata, who also invests in start-ups, also said old-age businesses will recede and the young founders of innovative companies are the future leaders of the Indian industry.

The comments from Tata come at a time when many start-ups have been blamed for what is termed as "cash burn", wherein the optimism of making money in the future makes venture funds to invest in such companies, and the companies keep incurring losses.

At its peak, e-commerce major Flipkart was reportedly burning $150 million a month.

"We will have start-ups which will attract attention, collect money and disappear. Such start-ups will not get a second or a third chance," Tata, who was feted with the lifetime achievement award at the TiECON awards, said.

Tata, whose portfolio also consists of e-commerce company Snapdeal, exhorted businesses to conduct themselves ethically and not to be "fly-by-night" operators.

He said the start-ups require mentoring, advice, networking and also recognition, and welcomed the role played by TiE, an organisation that seeks to promote the start-up ecosystem in India.

Tata also urged TiE to work as a shadow regulator for ethics and good practices, and ensure that the start-up sector grows in a manner that it should.

He was granted the award by Infosys co-founder N R Narayana Murthy.

'Banks must be allowed to invest in start-ups'

N R Narayana Murthy, co-founder of Infosys, who chairs a Sebi panel on alternate investment policy advisory, on Tuesday pitched for pension funds and banks to invest money in Indian start-ups.

Speaking at the annual Tiecon event, Murthy said a bulk of the money which gets invested as risk capital in the upcoming companies is from abroad and there is a need for domestic money to play an important role in this. At the same event, Murthy's former colleague at Infosys T V Mohandas Pai, who is now associated with Ispirit, an advocacy group for start-ups, said only a tenth of the $60 billion invested into Indian start-ups since 2014 has come from domestic investors.

Pai warned that "we risk the prospect of turning into a digital colony" by 2025, seeking to draw parallels with imperialism.

He said there will be 100,000 start-ups in India with a collective valuation of over $500 billion by 2025. There will be at least 100 unicorns among them and over 65 of them will be majorly owned by foreign investors.

"This is one of the most important issues that we have been discussing (at the Sebi panel). That is, what are the policy changes that are required to make sure that there is more of Indian and domestic money coming into the start-up sector because today it is by and large from abroad," Murthy said.

"To do that, pension funds must be allowed, corporations must be allowed, banks must be allowed," he added. PTI

N R Narayana Murthy seeks blessings from Ratan Tata in Mumbai on Tuesday PHOTO: PTI

Tatas raise the game, Nexon EV at ₹14 lakh

SHALLY SETH MOHILE
Mumbai, 28 January

Tata Motors' strategy of adopting a very competitive pricing for the Nexon EV will prompt its rivals — Maruti Suzuki India as well as Mahindra and Mahindra (M&M) — to package their offerings in a manner that attracts buyers.

High pricing of electric vehicles (EVs) has been a key deterrent for buyers. With a price starting from ₹13.99 lakh to ₹15.99 lakh, the Nexon is the first EV offering in the mass sports utility vehicle (SUV) segment. M&M is set to unveil its electric compact SUV version of the XUV300, while Maruti will be taking wraps off the electric variant of the Wagon R at the Auto Expo next month.

Over the next two years, Tata Motors will introduce four more EV models, including two SUVs, a sedan and a hatchback, as it seeks to be in the leadership position

Earlier this month, MG Motors launched its EV vehicle, the ZS. Over the next two years, Tata Motors will introduce four more EV models, including two SUVs, a sedan and a hatchback, as it seeks to be in the leadership position.

"The combination of electric and SUVs at a competitive price bodes well for Tata Motors and it will gain from the first-mover advantage in the mass SUV segment," said Puneet Gupta, associate director at IHS Markit. There is a big market that revolves around this pricing, he said. Powered by the company's Ziptron technology, the Nexon EV offers a range of 312 km on a single charge and boasts of an efficient high-voltage system, fast-charging capability and more than 30 connected features. The model goes on sale from across 60 authorised dealerships in 22 cities, starting Tuesday.

Allcargo ups Gati stake to over 20%

ADITI DIVEKAR
Mumbai, 28 January

Consolidating its position as the single-largest shareholder in the express logistics company Gati, Mumbai-based Allcargo Logistics has increased its stake in the former to 20.8 per cent by acquiring an additional 7.5 per cent stake on Tuesday.

The Avvashya Group company had taken its stake to 13 per cent in Gati last week, via a preferential allotment and through open market purchases. With this, Allcargo Logistics today has inched further in its majority stake buy and is on track to complete the process to acquire 44.5 percent stake in Gati, the total deal size of which is ₹416 crore.

While Allcargo Logistics continues to raise its stake in Gati week after week, the latter is in a court dispute over ownership of the shares within the promoter family.

The sons and spouse of Gati promoter Mahendra Agarwal have approached the National Company Law Tribunal (NCLT) against him for alleged oppression and mismanagement in the company and have sought reconstitution of the board.

The Agarwal family members have approached the Hyderabad bench of the NCLT seeking tribunal's intervention in the affairs of the company.

"Allcargo has been abiding with the regulatory and compliance norms while carrying out the transaction. With this acquisition, we will gain a leadership position in the domestic express transportation segment and develop capabilities to offer end-to-end transportation to our valued customers," the release quoted Shashi Kiran Shetty, Chairman at Allcargo Logistics.

A battle brewing in late K K Modi's backyard: Lalit vs rest

SURAJEET DAS GUPTA
New Delhi, 28 January

While starting out on his new venture some years ago, Samir Modi made a call to 7-Eleven for a tie-up to set up the country's first chain of convenience stores. But the US company, the largest globally in this business, was not willing to give him an exclusive franchisee for the country. Said Samir, the youngest son of K K Modi, in an interview a few months ago: "I am a builder of a new business, not a seller. We don't build businesses to sell. So we decided to go on our own."

K K MODI

But the same view is not echoed clearly by everyone in the family. On Monday this week, Samir's elder brother, Lalit Modi (of IPL fame), tweeted that all the assets in the group were up for sale.

Just two months after K K Modi's death, Lalit on Monday said through a tweet that "the three other trustees wanted to continue to run the business. But I felt after my father's demise the value will deplete". He identified the businesses that would be on the block — the group's flagship tobacco company Godfrey Phillips (in which convenience retail store business 24Seven also resides), agrochemicals company Indofil Industries, and direct marketing company Modicare.

However, it is clear that this has kicked off a battle among family members, with Lalit on one side and his mother, Bina (who took over as president and managing director of GPI as well as managing trustee of the Trust Fund), brother Samir, and sister Charu, on the other, on the future of the group assets. In a regulatory filing, GPI said on Tuesday it would like to clarify that it was neither engaged nor privy to any discussion on "rumoured potential transaction" by its promoters. It added that the company had received clarification from its significant promoter that there had been no decision to put its assets on the market.

So what are they battling about? Well, it is over an ₹10,000-crore empire, which, if Samir's calculations are to be relied on, could double in the next three to five years. And it does not include businesses that are not in contention in the sale, like Colorbar, the cosmetics brand expected to hit revenues of ₹350 crore and has a 9 per cent market share.

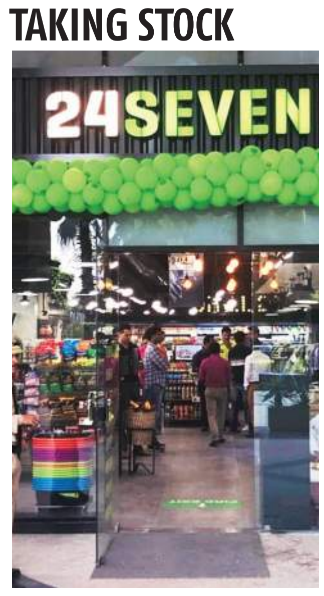
Despite ITC's domination of the tobacco market, GPI, which manufactures brands like Four Square and Red & White, has not only held its own but has been increasing its market share by around 1 per cent every year for the last few years. Once at the bottom of the heap (it was number five in market share), it currently has a 13.5 per cent share of the tobacco market (the number two player), concentrating on the northern and western markets. Also it dominates or has a significant market share in Rajasthan, Jammu & Kashmir, Haryana, and Punjab, sometimes more than that of ITC or pretty close to it. "A top-notch professional team, launch of two to three new variants every year and partnership with Phillip Morris (Marlboro) have helped us gain market share year or year," said Samir. He expects the business to hit more than ₹10,000 crore in the next three to five years, from around ₹6,300 crore currently.

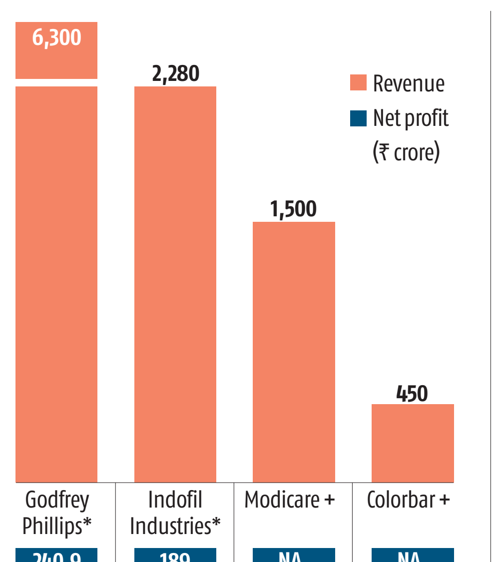
WAR OF WORDS

Godfrey Phillips: "The firm would like to clarify that it is neither engaged nor privy to any such (sale) discussions on rumoured potential transaction by its promoters"

@LalitKModi: "All I can say is they are blatant liars... We agreed to unanimously go forward... We did not reach a unanimous decision. So, trust deed sale was triggered. I was asked to give them 30 days' time to make me a proposal. I said sale goes on, and if you convince me then we can meet to cancel"

TAKING STOCK





+Company estimates; *FY18-19 results

But the business close to Samir's heart is 24Seven, which is part of GPI, and, according to Lalit, it too will be on the block. Starting from scratch in an uncharted arena, but sensing that with more couples going to work and needing quick fixes, there are now over 104 stores in the National Capital Region, and Samir is targeting 600 in three years. Not only that, he is also planning a quiet expansion to other cities like Chandigarh, Mumbai, Pune, Hyderabad, and Bengaluru. "It's still a small business but in the next five years my target is to hit revenues of ₹3,000-4,000 crore. And it would be 15-20 per cent of GPI's revenues," said Samir.

To build the business, the youngest brother set up a large food commissary to cook and supply to the stores. It also helped them in cutting prices customers pay by over 70 per cent. He is aiming at 30 per cent of the revenues of the stores from food against 18 per cent currently.

The group has another front opened up, which is battling multinationals in the direct marketing space. Samir says three years ago they were the smallest player, far behind Amway, Oriflame, or Avon. But in March this year it expects to be number two in the pecking order, with revenues of over ₹1,500 crore. At the core of the new strategy was to revamp the product line, drop prices, and add in newer areas. So for instance, it added wellness and food, which includes spices, snacks ghee, coffee among others. It also dropped prices across the board by around 40 per cent.

Indofil is a stable business with revenues of around ₹2,200 crore and it generates reasonable profits of ₹189 crore with over 43 per cent of its business coming from international sales.

Those in the know point out that it might not be easy to sell the tobacco business, considering the ban on FDI in the sector in manufacturing, and a policy that discourages at least new foreign players. The family owns over 47.09 per cent in GPI while partner Philip Morris controls 25.1 per cent, though it has earlier had numerous talks to take control of the company, which did not go far. Also sources in the know say that ITC would stay away from any acquisition, which will make it a monopoly in the market.

But with 7-Eleven making an entry into India with the Future group and direct marketing companies looking at expanding their businesses, both 24Seven and Modicare could be attractive pickings.

The Modis, once among the eight largest groups in the country in terms of assets in 1990, have been used to many a bitter battle which has led to numerous splits. The next round has just begun.