

STOCKS
IN THE NEWS

IMI

103.90

92.50

91.65

90

96

102

108

Q3 net profit at ₹168 crore against ₹14 crore in the year-ago quarter

₹103.90 CLOSE

▲ 13.37% UP*

Shree Cement

21,982.95

20,357.45

21,089.70

21,000

22,000

23,000

Top gainer among the S&P BSE 100 stocks

₹21,982.95 CLOSE

▲ 4.24% UP*

Centrum Capital

25.35

21.25

19.60

15

20

25

30

Pledged shares of promoter shareholding reduced from 64.43% to 38.89%

₹25.35 CLOSE

▲ 19.29% UP*

Dixon Technologies

4,230.80

3,962.15

3,801.65

3,700

4,100

4,300

Partners with Samsung to manufacture LED TVs

₹4,230.80 CLOSE

▲ 6.78% UP*

BPCL

460.95

491.50

469.00

475

490

505

Market cap fell below ₹1 trillion as stock slipped 6% in 4 days

₹460.95 CLOSE

▼ 1.72% DOWN*

* OVER PREVIOUS CLOSE

Roadshows for BPCL and Concor veer off the beaten track

Govt sounds out select few firms over stake sales; might push process to next financial year

SHINE JACOB
New Delhi, 7 January

No information memorandum (IM), no data room and selective invitation. This may appear unconventional for in any stake sale, but that was how the recent roadshows abroad were conducted by the Department of Investment and Public Asset Management (Dipam). The roadshows, termed “sounding” roadshows, were for strategic sale of government stake in Bharat Petroleum Corporation (BPCL) and Container Corporation (Concor). Despite all this, BPCL roadshows — held in the United Kingdom, United States of America and the United Arab Emirates — attracted attention from global oil and gas majors like Shell, Chevron, Conoco Philips, Saudi Aramco, Rosneft and Exxon Mobil. For Concor, companies like D P World and Adani Group participated in its Dubai and Mumbai roadshows. Almost all those interested

indicated that the March 31 deadline for the stake sale was a hurdle. As a result, some in the government are believed to be considering pushing the stake sale to the next financial year. Deloitte, the advisor for both BPCL and Concor divestment processes, did not respond to queries from *Business Standard*. A delay in disinvestment is likely to affect the fiscal math and divestment target of ₹1.05 trillion for the current financial year (2019-20, or FY20). An industry source told *Business Standard* that the roadshows were conducted without following conventions like an IM and data room. The memorandum normally lists out the objectives, risks, and investment terms to the potential investors. Multiple people close to the process confirmed that these normal procedures were not followed for two reasons — one, the country cannot afford sharing financial details, future

A LONG WAY TO GO

Nov 20: Cabinet Committee on Economic Affairs clears strategic divestment in five PSUs, including BPCL and Concor

₹1.05 trillion

Divestment target for 2019-20

₹17,364 crore

collected so far

plans and physical status of its strategic assets, and, secondly, these sounding roadshows were held to understand what potential investors want. Prospective investors did not sign a non-disclosure agreement at this stage. The idea is to design the process based on their feedback and select players were invited based on their net-worth and capability, including their exposure to the refinery

business. One major feedback from potential investors was related to the process, environment and safety issues since their global boards and investors have to clear mega deals. “Any roadshow will remain superficial without a data room and IM. Without that, the discussions will be confined to whatever is available in the public domain. Maybe the plan is to share such things after the expression of interest (EOI) stage,” said an industry veteran. However, another person countered that a deal worth about \$11-12 billion should only have a select group of investors who are capable of striking the deal. An official said sounding roadshows were done also to understand the process that the companies want to follow. The government is expected to float an EOI soon and five prospective investors will be selected out of those participating in that process, with whom the strategic data will be

shared. “The reasons are obvious. The government does not want to share its data with everyone, as it is a strategic deal. This is considering the strategic importance of the refineries, pipelines, overseas assets and even local land assets in key locations.” This may well be the case for Concor, too, said another industry expert. There were reports last week that both these sales may happen only in 2020-21. Industry sources say a major reason for this was the concerns raised by some prospective investors. “The authorities should have planned it well, since it is a strategic disinvestment. The decision happened in November and even in January they are unable to finish sounding roadshows. The delay will affect the fiscal deficit target set by the government,” said one source. A major reason for the delay in roadshows was the year-end holidays, during which major officials at multinational firms were on vacation.

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IN BRIEF GREY Group India appoints Anusha Shetty chairperson

New York-headquartered global advertising and marketing agency GREY Group announced an organisational change of its Indian arm on Tuesday. It named Anusha Shetty (pictured) as chairman and group chief executive officer (CEO) of GREY Group India and promoted Sandipan Bhattacharyya into the role of managing director (MD) and chief creative officer (CCO). Meanwhile, Yashaswini Samat, the current CEO will move to Singapore to take up a senior integrated role for WPP-GREY. She will continue to report to Nirvik Singh, Grey Group's global COO and chairman and CEO, Grey Asia, Middle East and Africa. GREY Global is part of the WPP Group of companies. In her role as the CEO of Autumn Grey, Shetty has delivered several award-winning digital campaigns.

Cable bills may fall by up to 14% after new rules: ICRA

Trai's amendments to the new regulatory framework for cable and broadcasting services could potentially lower DTH/cable bills by up to 14 per cent, ICRA has said. Trai amended the regulatory framework for cable and broadcasting services. These will come into effect from March 1.

Royal Enfield drives in BS-VI Classic 350 at ₹1.65 lakh

Royal Enfield said it has launched BS-VI-compliant version of its model Classic 350, with price starting at ₹1.65 lakh (ex-showroom). The model is the first motorcycle under the company's unit construction engine platform to transition to the new regulatory emission norms.

The Chennai Angels invests in city-based Chai Kings

The Chennai Angels on Tuesday announced an investment of \$1 million in city-based retail chain Chai Kings to fund its expansion. The funding was along with the participation of The Hyderabad Angels and TIE India Angels, a release said.

UP to partner BHEL, HAL for industrial training initiative

The Uttar Pradesh government is planning to tie-up with top industrial undertakings such as Bharat Heavy Electricals (BHEL) and Hindustan Aeronautics (HAL) for industrial and technical training.

GoAir flight to Varanasi returns due to mid-air PW engine snag

A GoAir A320neo aircraft en route to Varanasi on Tuesday had to return to Delhi as one of its Pratt and Whitney (PW) engines developed a mid-air snag, a government official said. “G8186 Delhi-Varanasi flight had to return to Delhi on Tuesday evening as one of the PW engines developed high vibration,” said the official. In response to a query from PTI regarding the incident, a GoAir spokesperson said the G8186 flight with 50 passengers on board did an air turn back “in the interest of safety due to a technical glitch”.

Religare Finvest's lenders may take a 49% haircut

The restructuring may be implemented as early as the end of January, they said. Any debt restructuring at Religare Finvest, which is being bought by TCG Advisory Services, would be the first among peers since the credit market squeeze started in 2018. It could also be considered as an early sign of a winding down of that crisis. The sector's fate is still far from certain. Other delinquent shadow lenders, including Reliance Home Finance and Altico Capital India, are struggling to rework their debt. Mortgage financier Dewan Housing Finance is facing bankruptcy.

Telcos' next battlefield: Subscribers with 2 SIMs

Half of the 390 million users may look at having one mobile number

SURAJEET DAS GUPTA
New Delhi, 7 January

The next big battle among telcos will be retaining subscribers now having two SIM cards, with half of the 390 million of them expected to be looking at having one mobile number. According to estimates of the Cellular Operators Association of India (COAI), over 70 per cent of the double-SIM users have a 4G smart phone, and in most cases have one slot on a 4G SIM (the other could be 2G). With SIM consolidation, these customers are expected to see their average revenue per user (ARPU) per month go up as they move to just a single number (they earlier paid for two connections). Telcos say double-SIM subscribers (with one 4G connection) were spending, on average, ₹150-160 on two connections each month, which is far higher than single-SIM users with an ARPU of around ₹120. This makes their retention financially attractive for telcos. The reason for consolidation is simple: Late last year private telcos, including Reliance Jio, increased their tariffs for the first time after three years, by 15-40 per cent, pushing up the consumers' overall bills substantially. This forced them to rethink keeping two numbers. Telcos like Bharti Airtel are expecting that ARPU will go up to around ₹200 a month in the next few quarters (from around ₹128 currently) and even to ₹300 in some time. Secondly, with hardly any differential in tariffs among incumbents as well as Reliance Jio (earlier many took Jio as the second number because of its data package), whether on data and voice, a key reason for subscribers to keep two SIMs has now become irrelevant. According to the data of the Telecom Regulatory Authority of India, the coun-

THE ANATOMY OF DUAL SIM MARKET

1.18 bn

Total mobile subscribers

981.19 mn

Active mobile subscribers

394 mn

Double SIM subscribers

₹150-160

Average total monthly bill paid by dual SIM customers with one 4G SIM

70%

of them with a 4G phone

600 mn

Estimated number of 4G subscribers in the country

try has 1,183 million mobile customers, but only 981 million are active. Rajan Matthew, director general of the COAI, says: “With the tariff hikes there is really no differential left among competing players on price, one key reason why customers took two SIMs. We expect half of them to move to a single SIM. The key clincher now will be not tariff but the quality of service and network.” Most analysts say the chief beneficiaries of this consolidation could be Bharti Airtel and Reliance Jio, which have a larger coverage of service, especially that of 4G, than Vodafone-Idea, which will take longer to roll out in any

SC rejects govt's plea on RCom's ₹104-cr refund

The Supreme Court on Tuesday rejected the Centre's plea challenging TDSAT's order directing refund of around ₹104 crore to Reliance Communication. A bench of justices R F Nariman and S Ravindra Bhat said, “We don't find any merits in the appeal.” The Telecom Disputes Settlement and Appellate Tribunal (TDSAT) had on December 21, 2018 directed the Centre to return around ₹104 crore after encashing bank guarantee of ₹908 crore against spectrum charges of ₹774 crore. The Department of Telecom has already adjusted ₹30.33 crore.

Creditors to meet today

Reliance Communications' committee of creditors (CoC) will hold a meeting on Wednesday, the company said in a regulatory filing on Tuesday. “We wish to inform you that the 16th meeting of committee of creditors of Reliance Communications (RCom) is scheduled to be convened on Wednesday, January 8, 2020,” RCom said in a filing to BSE. Reliance Communications is going through the corporate insolvency resolution process under the supervision of the Mumbai-bench of National Company Law Tribunal. The company's secured debt is estimated to be around ₹33,000 crore. Lenders have submitted claims of around ₹49,000 crore in August. RCom has put all of its assets for sale which include spectrum holding of 122 MHz, towers business, optical fibre network and data centres. The firm's chairman Anil Ambani has tendered his resignation after the company posted a consolidated loss of ₹30,142 crore for July-September due to provisioning for liabilities after the Supreme Court's ruling on statutory dues.

Rolls-Royce rides out 2019 with all-time high sales

Rolls-Royce Motor Cars delivered a historic annual sales record in 2019, with a global performance unequalled in the company's 116-year history. A total of 5,152 cars were delivered to customers in over 50 countries, an increase of 25% on the previous high set in 2018. With these historic results, Rolls-Royce continues to make a meaningful contribution to the overall performance of its shareholder, BMW Group.

5,152

Annual sales highest in the marque's 116-year history

25%

Sales growth reflects on 2018's previous record of 4,107

Significant sales growth recorded in all regions worldwide

Cullinan, the brand's new SUV, makes major contribution to sales growth

Strong demand for Phantom, Wraith, Dawn and Ghost (in its final year of production)

Significant new investment in manufacturing plant at the home of Rolls-Royce at Goodwood

Black Badge continues to enjoy strong demand, particularly amongst younger clients

50

new jobs created to meet expanded global demand

Record number of Apprenticeship Programme recruits in 2019