

Companies

SATURDAY, FEBRUARY 1, 2020

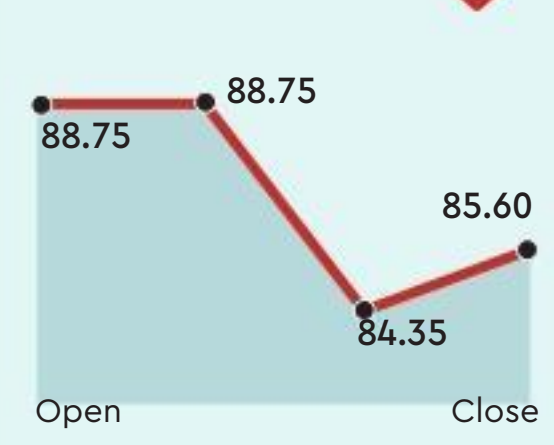


SUSTAINING GROWTH
Sanjiv Mehta, CMD, HUL
Our continued focus on innovation and market development has helped sustain underlying volume growth at a steady 5%. We have also delivered a healthy margin improvement.

Street Signs

Gujarat State Fertilizers

Shares plunge after reporting loss in Q3 **6.91%**



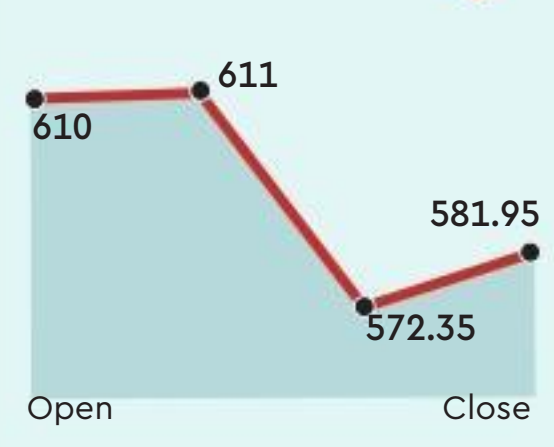
Bank of India

Shares gain as it swings to profit in December quarter **2.57%**



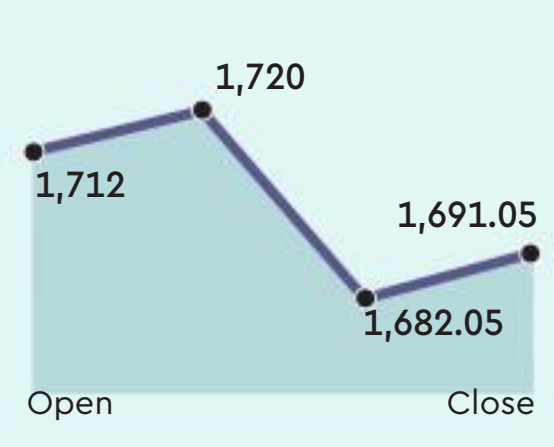
Jubilant Life

Scrip slides on lower-than-expected Q3 earnings **3.55%**



Kotak Mahindra Bank

Shares gain after RBI nod for capping promoters voting rights **3.87%**



Quick View

Ola to start London ops from February 10

OLA ON FRIDAY said it will launch operations in London on February 10. "Launching in London is a major milestone for us and we are keen to offer a first class experience for all our customers," said Simon Smith, head of Ola International. Ola forayed into UK in 2018 and will now operate across 28 local authorities.

Doubtnut raises \$15 m in funding led by Tencent

EDU-TECH PLATFORM DOUBTNUT on Friday said it has raised \$15 million (about ₹107 crore) in a funding round led by Tencent. The series A round also saw participation from existing investors, Omidyar Network India, AET, Japan and Ankit Nagori (former Flipkart executive) along with Sequoia Capital India.

Majesco to acquire InsPro Tech for \$12 million

THE US ARM of IT solutions firm Majesco has inked a pact for acquisition of InsPro Technologies Corporation for \$12 million (approximately ₹85.7 crore).

Jubilant Life Q3 net profit down 24%

JUBILANT LIFE SCIENCES on Friday reported a 23.97% fall in its consolidated net profit to ₹203.38 crore for the third quarter ended on December 31, 2019. It had posted a net profit of ₹267.52 crore in the year-ago period.

V-Guard Industries Q3 profit rises 30%

V-GUARD INDUSTRIES ON FRIDAY reported a 29.7% Y-o-Y rise in its Q3 consolidated net profit to ₹44.24 crore, compared with ₹34.10 crore in the third quarter of last fiscal.

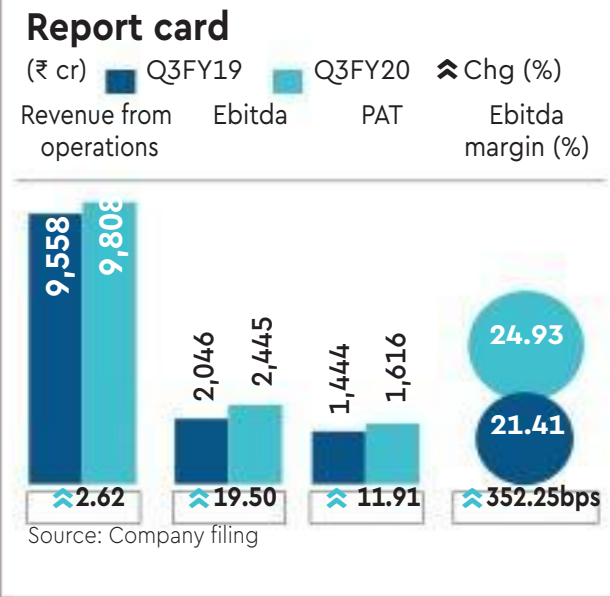
HUL net rises 12%, volume growth remains muted

FE BUREAU
Mumbai, January 31

HINDUSTAN UNILEVER (HUL) on Friday reported a 11.91% rise in its standalone net profit to ₹1,616 crore for the quarter ended December, missing Bloomberg consensus estimates. Revenue from operations increased 2.62% to ₹9,808 crore, which also was lower than the Bloomberg consensus estimates.

The underlying volume growth during the quarter remained muted at 5% — the fourth straight quarter when the company has declared single-digit volume growth. The FMCG major indicated demand outlook and market growth will continue to be challenging in the short term while commodities and currency will continue to be volatile.

Sanjiv Mehta, chairman and managing director, said the quarter witnessed an overall challenging market environment, mainly reflecting a sharp slowdown in rural and discretionary spends. "India is so diverse that not everything happens at the same extent everywhere. There are some states where the slowdown is more severe — say Punjab, Haryana, West Bengal, parts of UP and parts of greater Maharashtra. That's where the slowdown has been more severe... If you ask me has the tide turned in December quarter, there was no evi-



dence of that because in the December quarter, market growth was lower than the September quarter," Mehta said.

Earnings before interest, tax, depreciation and amortisation (EBITDA) increased 19.5% to ₹2,445 crore, while the margins for the quarter stood at 24.93%. HUL said comparable EBITDA margin improved by 210 basis points. Margin expansion was driven by savings agenda and leverage in other expenses, it said.

Srinivas Phatak, chief financial officer, pointed out that the rural segment is still growing at 0.5x that of urban. "If you really see, both urban and rural started to moderate in the December quarter versus where we were in the September quarter,"

Soap prices to go up

HUL ON FRIDAY said that it would increase soaps prices by up to 6% in a phased manner to offset the rising cost of palm oil. CFO Srinivas Phatak said prices of palm oil in the last six months went up by 25-30%.

"We would take the prices up in the soap part of our portfolio. We would be looking to raise prices between 5% and 6% and they would come in a phased manner," Phatak said in a post-earnings conference call.

Home care continued its trajectory of good performance with double-digit top line growth. HUL said in fabric wash, its focus on core and premiumisation continues to yield strong results. The home care segment's revenue saw a growth of 9.78% to ₹3,456 crore.

Beauty and personal care revenues fell 2.79% to ₹4,412 crore. HUL said the segment was impacted by a higher-than-expected slowdown to market growth and delayed winter. Food and refreshment delivered a robust growth across categories. Shares of HUL on Friday closed down 1.18% at ₹2,034.15 on the BSE.

ITC Q3 net profit soars 29% to ₹4,048 crore

PRESS TRUST OF INDIA
New Delhi, January 31

FMCG MAJOR ITC on Friday reported a 29.03% increase in its consolidated net profit to ₹4,047.87 crore for the quarter ended December 2019. The company had posted a net profit of ₹3,136.95 crore in the year-ago period.

Net sales rose 5.71% to ₹13,220.30 crore, against ₹12,506.05 crore in the corresponding period last year, ITC said in a regulatory filing.

"The company posted a steady performance during the quarter amid a particularly challenging operating environment," ITC said in a post-earnings statement.

According to the company, the macro-economic environment continues to be adversely impacted as reflected in deceleration in GDP growth and persistent weakness in consumption demand and investments. "Delayed arrival of the Kharif crop due to spatial variations in rainfall, especially close to the harvest season, commodity price inflation, together with disruptions in certain parts of the country, exacerbated the already challenging operating environment during the quarter," ITC said.

Total expenses rose 5.25% to ₹8,779.14 crore, compared with ₹8,340.61 crore in the year-ago quarter.

Revenue from total FMCG business was up 4.66% to ₹9,265.31 crore, against ₹8,852.05 crore in the year-ago period. Total FMCG business comprises segments



like cigarettes and FMCG-others.

Revenue from cigarettes stood at ₹5,944.86 crore in the October-December quarter, up 5.31% from ₹5,645.05 crore in the corresponding period last fiscal.

Revenue from FMCG-others segment was up 3.53% to ₹3,320.45 crore, against ₹3,207 crore a year ago.

"The FMCG-others segment delivered a resilient performance during the quarter which witnessed a slowdown in overall growth rates, both in urban and rural markets. Categories with relatively higher rural salience remain the most impacted," it said.

The hotel business revenue rose 21.13% to ₹574.26 crore, compared with ₹474.06 crore in the corresponding period last fiscal.

Revenue from the agri-business segment rose 10.43% to ₹2,258.87 crore, against ₹2,045.38 crore in the December quarter of the previous fiscal.

SC refuses to restrain DHFL from disbursing loans

INDU BHAN
New Delhi, January 31

IN A BIG setback to deposit holders, the Supreme Court on Friday refused to restrain embattled Dewan Housing Finance Corporation (DHFL) from disbursing loans to the tune of 500 crore per month, as decided by its committee of creditors in its meet in December last year.

A Bench led by Justice LN Rao rejected the depositors' plea seeking to restrain DHFL from commencing its lending operations till their matured deposits were paid. It said it was not inclined to interfere with the decision of the CoC, which had on December 30 resolved that the interests of depositors would be taken into account in accordance with the IBC provisions. The CoC had also allowed the corporate debtor to commence disbursement of loans to the tune of ₹500 crore per month.

"We leave it open to the Appellants (depositors) to raise all points and contentions before the CoC, the administrator and if necessary, the NCLT. ... We are informed that there are nearly one lakh depositors who have invested their life time earnings with Respondent No.1. Some of the deposits have matured and some of the depositors are critically ill. We have no doubt that the concerns of the depositors and their rights shall be considered in accordance with law," the apex court said in its judgment.

A petition filed by 97 DHFL deposit holders, led by Vinay Kumar Mittal, had asked the housing finance company to pay its more than one lakh fixed deposit hold-

ers with overall exposure of ₹6,000 crore.

After the RBI superseded the board of DHFL, an administrator was appointed to take stock of assets and liabilities. While the deposits made by deposit holders have either already matured or are nearing maturity, the Bombay High Court and the Debts Recovery Tribunal, Mumbai, had restrained DHFL from making any payments or disbursements, including interest on fixed deposits, the petition said.

The HC and DRT have failed to look at the provisions of the National Housing Bank Act and the RBI Act which mandate that notwithstanding anything inconsistent in any law or instrument, every deposit accepted by a housing finance institution/non-banking financial company unless renewed, shall be repaid in accordance with the terms and conditions of such deposit, the petition filed by counsel Ashish Virmani said, adding that the statutory repayment of deposits to deposit holders should take preference and precedence over the contractual claims of the debenture holders.

Mittal told the apex court that the impugned order is being cited by DHFL as a pretext to deny due payments to the public. On the contrary, the impugned order places the contractual claim of the company at a higher pedestal than the statutory right of the deposit holders to receive their money which was deposited with DHFL, he added. Moreover, the order affecting the rights of the petitioners has been passed in grave violation of the principles of natural justice and without hearing the deposit holders and this has affected "investor confidence."

Indiabulls to exit real estate space, merge projects with Embassy, Blackstone-led co

PRESS TRUST OF INDIA
Mumbai, January 31

AS PART OF its move to exit the realty sector, Indiabulls group will merge over dozen remaining assets of Indiabulls Real Estate (IBREL) with a new entity that will be led by Embassy Group and Blackstone in an all-stock deal.

On Friday, IBREL board approved a proposal to merge 12-13 ongoing, completed and planned residential and commercial projects, each being held by it as well as the Embassy Group, into a new entity yet to be named, IBREL sources said.

On completion of the merger, the Embassy group will hold controlling stake in the merged entity, while the American private equity (PE) major Blackstone will be the second-largest shareholder along with REITs (Real Estate Investment Trust) unit holders. Indiabulls group chairman Sameer Gehlaut will hold a minority stake, sources said.

The value of the 12-13 properties being merged into the new entity is around ₹12,000 crore, sources added.

Indiabulls' bid to exit the realty space got a momentum last April after it entered into an agreement to takeover Laxmi Vilas Bank, but the Reserve Bank of India refused the deal citing the group's exposure to the realty sector.

In the past two years, IBREL has sold commercial assets to Blackstone for



around ₹12,250 crore.

It can be noted that late last December, Indiabulls Real Estate had sold its properties in Mumbai and Gurugram to Blackstone for an enterprise value of over ₹810 crore. The Mumbai-based developer had said the deal with Blackstone included stake in Mariana Infrastructure (which owns a commercial project in Gurugram) and commercial assets/development in Mumbai, which is valued at ₹675 crore.

IBREL has been selling its completed as well as ongoing commercial assets to Blackstone to reduce its debt, which in March 2019 stood at ₹4,590 crore.

Last June, it had sold a 14% stake through open market transactions to Embassy Group for ₹950 crore as part of its strategy to focus on financial services and exit the realty business.

TechM profit dips 4.7% to ₹1,146 cr on rising costs

PRESS TRUST OF INDIA
Mumbai, January 31

TECH MAHINDRA, THE country's fifth largest IT exporter, on Friday reported a 4.7% decline in December quarter consolidated net profit at ₹1,146 crore on rising costs, which crimped margins.

The Mahindra group company, however, said that when compared with the preceding three months, the October-December revenue growth has come at a 16-quarter high of 6.4% to ₹9,655 crore.

Despite 7.94% growth in revenue, the cost of services grew at a faster 12.50% to ₹6,731 crore, leading to a decline in profits. It closed new deals of over \$1.23 billion during the reporting quarter and added that the pipeline in all its key segments is very healthy.

Chief financial officer Manoj Bhatt told reporters that booking revenues from a big deal win in Q2 had led to a jump in revenues from a sequential perspective, and added that the revenue growth will be "muted" in the March quarter.

He said the margins, which declined by 0.30% sequentially to 16.2%, will also be muted in the last quarter of the fiscal, which is contrary to the usual trend.

Chief executive and managing director C P Gurnani said the company has signed up a \$900-million, seven-year deal in the enterprise segment which will involve absorbing a few employees of the client.

Early Diwali hits Amazon Q4 grow rate by around 300 bps

FE BUREAU
New Delhi, January 31

AN EARLY DIWALI adversely impacted Amazon's growth rate by around 300 basis points for the three months ended December 2019, the Seattle-based e-commerce firm said on Thursday.

Diwali which has a "very large swing factor on (Amazon's) international revenues" was celebrated on October 27 in 2019 against its usual occurrence in November. Online festive sales typically commence with the onset of Navaratri (started in September 2019) and continue in patches till Diwali. Consumers across age groups shop in bulk during the festival sales — apparel, electronics and white goods see the hefty share of bookings.

Experts say about 80% of the festival purchases happen during the first phase of the sale that coincides with Navaratri. (Diwali) "moved more into the third quarter this year versus 2018. So, it was a help to Q3 and a penalty to Q4," Brian Olsavsky, CFO at Amazon said at Q4-2019 earnings call. Alongside an early Diwali, implementation of a higher consumption tax in Japan from October 1 affected the Q4 growth rate, the firm said. "That (300 basis points) was our estimate and we believe that was the actual outcome," Olsavsky said.

Amazon said the company is continuing to improve the experience for customers and sellers in India and investing "meaningfully" in digitising micro, small and medium-sized businesses.

Founder and CEO Jeff Bezos earlier this month said the company would invest an



CEO Jeff Bezos

incremental \$1 billion in the country to digitally enable micro, small and medium enterprises and traders. This takes the Seattle-based firm's total India investment commitment to \$6 billion. Bezos said during his visit to India that Amazon would use its global footprint to export \$10 billion of Make in India goods by 2025. The firm also announced plans to create 1 million new jobs in the country by 2025.

Amazon said its net sales increased 21% year-on-year to \$87.4 billion in Q4-2019. Net sales had stood at \$72.4 billion in Q4-2018. Net income increased to \$3.3 billion in the October-December quarter, compared with \$3 billion in the year-ago quarter.

"Prime membership continues to get better for customers year after year... more people joined Prime this quarter than ever before, and we now have over 150 million paid Prime members around the world," said Jeff Bezos.

Airtel says its name removed from DGFT blacklist

PRESS TRUST OF INDIA
New Delhi, January 31

BHARTI AIRTEL ON Friday said its name has now been removed from the denied entry list for non-fulfilment of export obligation under an export promotion scheme. The removal of Bharti Airtel's name from the Directorate General of Foreign Trade (DGFT) blacklist is expected to come as a relief to the telecom operator, which is otherwise staring at billions of dollars in past statutory dues.

The company, in a statement on Friday, said its name has now been removed from the denied entry list after it highlighted the relevant details and documents submitted to the DGFT. "We are actively engaged with the authorities to complete the formalities and provide additional documents for closure of the remaining cases," the company said.

Earlier this week, the firm said it was working to get its name removed from the list, and had asserted that DGFT's latest action does not limit its ability to undertake future imports or exports.

The DGFT, which is under the commerce ministry, had put the company under the list, commonly known as blacklist, for non-fulfilment of export obligation in respect of certain export promotion capital goods (EPCG) authorisation issued to it. Under the EPCG, import of capital goods is allowed at zero customs duty. Capital goods imported at zero duty must fulfil EPCG export obligation equivalent to six times of duty saved, as per the scheme.

Wipro CEO Neemuchwala to step down, successor hunt on

PRESS TRUST OF INDIA
New Delhi, January 31

IT SERVICES MAJOR Wipro on Friday said CEO Abidali Z Neemuchwala has decided to step down, and the company's board has started scouting for his successor.

Neemuchwala, 52, took over the additional role of managing director on July 31. His term as CEO was to end in 2021.

In a regulatory filing, Wipro said Neemuchwala has "decided to step down due to family commitments".

"The board of directors has initiated a search to identify the next CEO. Abid will continue to hold the office of CEO and MD until a successor is appointed for a smooth transition and to ensure that business continues as usual," it added.

Neemuchwala had joined Wipro in 2015 as group president and chief operating officer after a 23-year-long stint at Tata Consultancy Services.

"We thank Neemuchwala for his leadership and his contributions to the Wipro. Over the last four years, he helped build a strong execution mindset, drove key acquisitions and scaled our digital business globally," Wipro chairman Rishad Premji said.

Neemuchwala said the company has made considerable progress in its transformation journey, improved its delivery engine and institutionalised deeper client centricity. "It has been my honour and privilege to serve Wipro, a company with a rich legacy of almost 75 years... I thank Azim Premji, Rishad, our board of directors, my Wipro



colleagues and customers for their support over the years."

Last year, Wipro had seen its founder Azim H Premji retire as executive chairman and handover reins of the firm to his son, Rishad.

Azim Premji will serve on the board as non-executive director till July 2024.

Wipro has been witnessing slow performance for the past few quarters. In the December quarter, Wipro posted a 2.17% year-on-year decline in its consolidated net profit to ₹2,455.9 crore, while revenue grew 2.7% to ₹15,470.5 crore.

Neemuchwala had said the company was seeing a slowdown in growth rates in financial services due to continued softness driven by the macroeconomic environment, but exuded confidence in winning new deals.

He had also cautioned against uncertainty due to the various geopolitical risks.