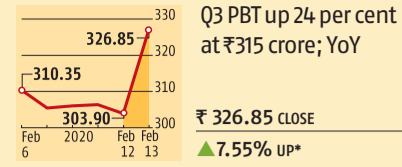
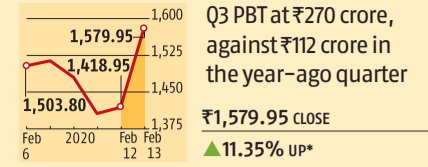


STOCKS IN THE NEWS

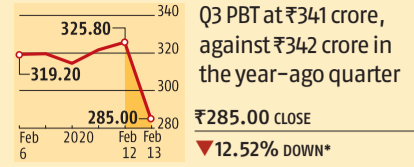
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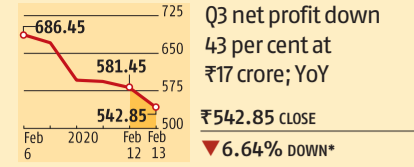
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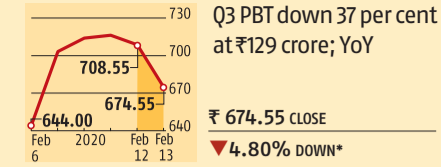
GE Shipping



CARE Ratings



Natco Pharma



IN BRIEF



Rohit Suri, president & MD, Jaguar Land Rover India, at the launch of the new Land Rover Discovery Sport, in Mumbai on Thursday. The starting price for both petrol and diesel variants is ₹57.06 lakh

Tiger Global-backed start-up Vedantu raises \$24 million

Online tutoring start-up Vedantu has raised \$24 million from a clutch of investors, including global venture capital firm GGV Capital as part of their Series C extension round. The company has raised \$66 million as part of the series C round so far. With the fresh funding, Vedantu is looking at expanding to new categories such as kindergarten to Standard 5.

Adani Transmission looks at ₹4,500-cr capital expenditure

Adani Transmission plans to invest ₹4,500 crore as capital expenditure, of which ₹1,500 crore would be towards its distribution business. On its recently concluded capital management plan, the company said capital management for operational assets is now complete.

Reliance Jio tops 4G download speed chart, says Trai data

Reliance Jio continued its lead in average 4G download speed rankings with 20.9 megabit per second (mbps) speed, while Vodafone topped the chart in terms of 4G upload speed in January, according to telecom regulator Trai's data. Reliance Jio led the chart despite a dip in peak download speed of 27.2 mbps recorded in November.

Capgemini plans to continue aggressive hiring of freshers

Capgemini is looking at hiring 12,000 fresh graduates in India this year, as the firm is looking at scaling up its delivery capability. "We hired 25,000 people (in India) last year, of which 40 per cent (10,000) was from campuses. This year, we plan to add 10,000-12,000 engineering graduates from campuses," Pallavi Tyagi, chief HR officer for India operations, said.

Facebook may have 275 mn duplicate accounts globally

Facebook has approximately 275 million duplicate accounts out of its 2.5 billion monthly active users as on December 31, 2019, the firm said in its latest annual report. "As of December 31, 2019, we had 2.5 billion monthly active users, an increase of 8 per cent last year," it said.

Oppo elevates Elvis Zhou as firm's India president

Oppo on Thursday announced the appointment of Elvis Zhou as president of its India operations. Before this, he was serving as general manager at Oppo in Mumbai. He is considered instrumental in the expansion of Oppo in the Indian market in 2019.

CEAT to invest ₹3,000 crore in 2-3 years

CEAT is planning to invest ₹3,000 crore over the next 2-3 years. The money will be invested across its plant near Chennai, Halol, and Nagpur units, said Anant Goenka, MD, CEAT Tyres. This ₹3,000 crore is against ₹3,500 crore of capex that the company had earlier indicated.

TVS announces additional funding of \$1.9 million

TVS Motor has announced acquisition of additional shares in Scienaptic Systems by infusing a total of \$1.95 million. The acquisition is expected to be completed by August 1, 2020. The fund infusion would be through picking up 609,358 shares.

Airtel 2nd most valuable telco in Emerging Asia

At its current market capitalisation of around \$41 billion, Airtel is behind China Mobile, whose valuation is \$175 billion

KRISHNA KANT
Mumbai, 13 February

Bharti Airtel has emerged the second-most valuable mobile operator among emerging markets in Asia, behind China Mobile, thanks to a surge in its share price and equity expansion in the past one year.

At its current market capitalisation (m-cap) of around \$41 billion, Airtel is ahead of Emirates Telecom, Telkom Indonesia, and China Unicom. China Mobile remains Asia's top mobile operator with an m-cap of \$175 billion, according to data from Bloomberg.

Including Japan, which is a developed market, Airtel is the fifth most valuable mobile operator in the continent behind China Mobile, NTT, NTT DoCoMo, and KDDI Corporation. Last year, Airtel was the seventh largest mobile operator in emerging Asia, behind South Korea's SK Telecom and Telekom Indonesia in terms of m-cap.

Globally, Airtel now has the 11th largest m-cap in the industry behind Canada's BCE, but ahead of France's Orange and Telefonica Brasil.

Airtel was the top performing telecom stock globally, last year. In the past 12 months, Airtel's m-cap has risen 135 per cent, against a 7 per cent rise in the combined m-cap of the top 50 operators.

The top 50 operators now have a combined m-cap of \$1.63 trillion, up from around \$1.52 trillion a year ago. Excluding Airtel, the industry's m-cap has risen 5.6 per cent in the past one year.

Globally, the industry is dominated by AT&T and Verizon Communications, followed by China Mobile — both in terms of m-cap, and revenue and earnings. AT&T currently leads the industry with an m-cap of \$275 billion and revenue of \$181 billion. It is followed by Verizon, with m-cap and revenue of \$240 billion and \$132 billion, respectively.



Analysts attribute Airtel's relatively higher m-cap to its superior valuation, as investors are betting on a potential duopoly in the Indian market. "With the Aditya Birla and Vodafone groups unwilling to infuse equity into Vodafone Idea, we see a strong possibility of Vodafone Idea going for bankruptcy. Airtel should benefit from further consolidation in the industry," analysts at Credit Suisse said, after the Supreme Court asked operators to pay adjusted gross revenue dues to the government.

TOP TELCOS IN EMERGING ASIA (\$ billion)

Operator	Country	Revenue	M-cap
China Mobile	China	107.6	174.1
Bharti Airtel	India	12.0	41.3
Emirates Telecom	UAE	14.1	38.1
Telekomunikasi	Indonesia	9.4	27.6
China Unicom	China	41.9	26.6
China United	China	41.9	23.9
Advanced Info	Thailand	5.8	18.7
SK Telecom	South Korea	15.2	15.3
Taiwan Mobile	Taiwan	3.9	12.5
Axiata Group	Malaysia	5.9	9.7

Note: Consolidated revenue during the latest trailing 12 months. Source: Bloomberg

global revenue of around \$12 billion in the latest trailing twelve months (TTM), Airtel is the sixth largest operator in emerging Asia, behind Emirates Telecom, but ahead of South Korea's LG Uplink.

Globally, Airtel is the 17th largest mobile operator by revenue. Airtel's operating margins are, however, little better than its peers and it reported \$4.7 billion in earnings before interest, depreciation and amortisation on TTM basis, which was the fourth largest among its peers in emerging Asia and 14th biggest globally.

Some say the rally in Airtel's shares is due to a general bullishness on Dalal Street. "Indian industry leaders are among the most expensive stocks on most valuation parameters. I am not surprised at Airtel's m-cap, given its leading position in the Indian telecom market," said G Chokkalingam, founder and MD, Equinomics Research & Advisory Services.

Harley to ride on smaller bikes to pump up volumes

PAVAN LALL
Mumbai, 13 February

Harley-Davidson, which has half the market share in the 750-cc and above segment, is looking at launching smaller bikes over the next decade to enter segments that drive volumes in one of the largest two-wheeler markets in the world.

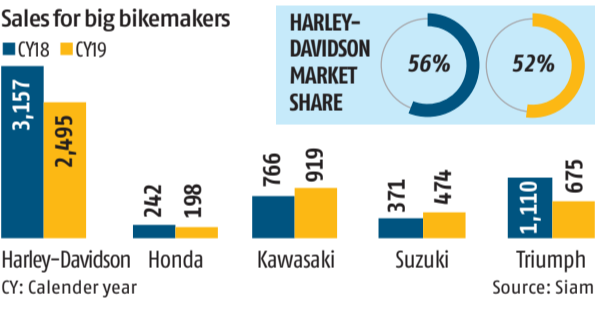
In keeping with the firm's global targets, Harley-Davidson's recent quarterly reports indicate they will launch 100 new 'high-impact' bikes.

Sajeev Rajasekharan, managing director of Harley-Davidson India, didn't specify which of the 100 new products would make it to India, but said "the next decade will see a focus on newer segments that include street and adventure bikes". Those are vehicles used for casual and sportier riding by younger consumers, as opposed to long rides that their bigger bikes have historically been used for.

The move is also a result of the firm's plans to grow international business from about 40 per cent to 50 per cent by 2027. Harley, which reported \$4.5 billion in revenue in the previous financial year, has developed its smallest motorcycle for China — a 338-cc cruiser that will be sold there later this year. Incidentally, new international retail sales have been the highest in the Asean (Association of Southeast Asian Nations) market with 6.2 per cent growth over the previous year, as opposed to 2.3 per cent contraction in the EMEA (Europe, Middle East, and Africa) region.



Sajeev Rajasekharan, MD of Harley-Davidson India



Imported motorcycles attract (100 per cent), which was lowered to 50 per cent.

Experts say Trump and Prime Minister Narendra Modi will likely discuss revisions to the duty structure when they meet later this month. Rajasekharan says infrastructure is one of the big challenges for Harley owners, but there's a glimmer of hope. "Most of our bikes are built for cruising and long distance riding and for that you need great highways and roads. So, if that takes off, we are very hopeful," he said. "The government has indicated that it plans to build

90,000 km of highways and roads and has executed 40,000 km. Another 50,000 km would change the game."

The firm sells 14 motorcycles across four product families (Street, Sportster, Softail, Touring) in India, apart from a range of genuine parts, accessories, and general merchandise. These are available at 33 authorised dealerships.

At the company's assembly unit at Bawal, Haryana, Harley-Davidson built its 750cc motorcycles and assembles other completely knocked down models up to 1,750cc engines. The Street 750, the best-selling model in the 750cc and above category, is the first large capacity motorcycle in India to be Bharat Stage-VI-compliant and starts at about ₹5.5 lakh.

Rahul Mishra, principal automotive and industrial practice at Kearney, says there is clearly an appetite among buyers to move to bigger engine motorcycles the same way carbuyers migrate from mid-level brands to German luxury brands such as BMW, Mercedes-Benz, and Audi.

"The challenge, as we see it, is the availability of parts, and a supply chain that could evolve once volumes increase. But there is always a strong export hub angle that can be leveraged," he said. Harley-Davidson officials confirmed that some export manufacturing was ongoing, but declined to provide specifics. At present, India-made bikes have significant levels of localisation, and sourcing is under way for accessories, apparel and other parts that Harley uses.

SpiceJet hopes its Boeing 737 MAXs will fly from June

GIREESH BABU
Chennai, 13 February

SpiceJet is hoping its Boeing 737 MAX aircraft can start flying by June, says Ajay Singh, chief managing director of the airline.

"We have grown 50 per cent this year," he told reporters here. "This was possible because we took some aircraft from the erstwhile Jet Airways. We have a large number, 42, of MAX aircraft on the ground, waiting to fly."

Boeing 737 MAX planes were globally grounded in March 2019, after two of these crashed (elsewhere in the globe) within five months, raising safety concerns. SpiceJet has ordered 225 of the Boeing 737 MAX, for \$22 billion.

"We hope these (MAX aircraft) can come back and that will fuel our growth for this year. We are expecting the approvals to be in place by the end of May or in June," he added. The company continues to talk with Boeing's major rival, Airbus, and the latter is making offers, he said.

Asked about expansion plans, he said he could speak on these once the Boeing planes are back. These would be, he noted, less costly to operate.

He was speaking at the sidelines of an event regarding Tamil movie *Soorarai Pottru* (*Hail the Brave*), a movie inspired from the life of G R Gopinath, founder of low-cost Air Deccan. SpiceJet is airline partner for the film, which has significant content related to the low-cost airline industry.



AJAY SINGH
CMD, SpiceJet
"WE HAVE GROWN 50% THIS YEAR. THE GROWTH WAS POSSIBLE BECAUSE WE TOOK SOME AIRCRAFT FROM JET AIRWAYS. WE HAVE 42 MAXs ON THE GROUND, WAITING TO FLY"

On the coronavirus impact, he said they'd temporarily suspended operations to Hong Kong. However, it was not such a big issue as yet for Indian airlines. "But, there is a very big impact around the world. It has a cascading effect. Lots of fliers are not flying and it is going to have an impact on aircraft and airlines — it is going to be much worse than we imagine," he added.

Oil prices were showing a downward trend, a positive sign in terms of cost for airlines, he added. Also, that aviation had a bright future, as only 3 per cent of India flies today and that is bound to increase as the economy grows. "It is a volatile industry. It depends on many external factors, such as the price of fuel, cost of airports, etc. There will always be ups and downs, but the future is bright," he said.

Electric vehicles likely to remain niche segment in near future

Analysts say this is primarily because of the lack of infrastructure, especially charging stations

PAVAN LALL
Mumbai, 13 February

Despite the push for electric vehicles (EVs), keeping sustainability in mind, the market share for automobiles will be dominated by traditional cars for at least a decade for a multitude of reasons, primarily thanks to the absence of accompanying infrastructure for the former.

According to research by IHS Markit, for an ecosystem still grappling with infrastructure issues — the high cost of EVs and a greater OEM (original equipment manufacturer) focus on electrifying two-wheelers and commercial vehicles first — the share of such vehicles is expected to be 4 per cent by 2030.

The passenger car market in India has seen sales volumes of over 3 million units in the past couple years.

A study by CRISIL Research shows that by 2024, 43-48 per cent of new three-wheelers (excluding e-rickshaws), and 12-17 per cent of new two-wheelers sold in India will be EVs. However, traction may be low for four-

wheelers, with only 5 per cent of new sales likely to be of EVs.

Shailesh Chandra, president, e-mobility business and corporate strategy, Tata Motors, says that EV adoption can be fast-tracked by extending the FAME (Faster Adoption and Manufacturing of Hybrid & Electric Vehicles) incentive to cars that qualify under it. "The personal segment is seven-eight times larger than the fleet segment and, thus, even lower penetration in personal segment will unleash a different kind of potential for electrification," said Chandra.

The government earlier projected targets of ensuring 15 per cent of all vehicles becoming electric by 2022 to 100 per cent auto electrification by 2030.

However, those are likely to fall short unless other variables are factored in. For one, the infrastructure — including charging station and power outlets — will be limited to private homes and office parks for the foreseeable future.

"The lack of charging infrastructure is a barrier in scaling up EVs in India," said Mahesh Babu, CEO, Mahindra Electric.



Suraj Ghosh, principal analyst (power-train forecast) at IHS Markit, said traditional fuel stations are available at a ratio of one filling station to a 100 vehicles, and CNG (compressed natural gas) — introduced 15 years ago — is available at a ratio of one station to 2,000 vehicles. "Building electric infrastructure will not happen overnight and unless that happens on a broader scale, most customers will be hesitant," he said. "Parity must be there in terms of price, range, and convenience with regard to re-fueling and cost efficiencies."

driving vehicles for decades. Manufacturers are offering long-term warranties for as long as eight years on their batteries, but that may take time to catch on.

Mass adoption would require a large number of EV models at various price points that can address multiple use cases. "Recent launches by mainstream automakers shows a clear intent of positioning EVs for personal buyers, and as more and more choices are made available and charging infrastructure hits a critical mass, it could create an inflection point for adoption within the next two to three years," said Chandra.

Babu said the demand for EVs in the personal segment would accelerate over the next three to six years. "We see the cost of EVs to be on a par with ICE (internal combustion engine) vehicles in about five to six years. That's when there will be a huge demand in the personal segment as well."

Kavan Mukhtyar, partner and leader, PricewaterhouseCoopers, said a significant shift to electric will take at least five years. "Fleet operators will shift first and it's already happening," he says, pointing to companies like Bengaluru-based Lithium Urban Technologies, which launched an electric fleet of Mahindra

cars targeting employee transportation, and has also set up services in the Delhi National Capital Region. Tata Motors is on the same track. "The idea is to grow small fleet operators who will expand EV usage as a start," Mukhtyar said.

Falling EV battery prices could mean there's a chance that market share could climb as high as 15 per cent by 2030. "There exists a consumer who wants to be an early adopter and acquire a product that benefits the environment and prices for Bharat Stage-VI vehicles are already pushing traditional cars higher on price. So, the gap will continue to get bridged."

What role does product performance play for EVs. "Range, for one is not an issue. Most EVs displayed at the recent auto expo claim a capacity of 300 kilometres, which is sufficient for Indian metros," Mukhtyar said.

From an OEM perspective, sustainability will determine how EVs will develop because it requires careful partnerships, a new way of engineering, especially of batteries, and there's the looming prospect of heavy capital costs. "Those are long-term decisions that any carmaker will have to make very carefully, because their survival will depend on it," said Ghosh.