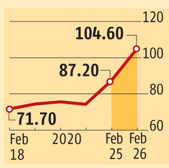
STOCKS IN THE NEWS

*OVER PREVIOUS CLOSE

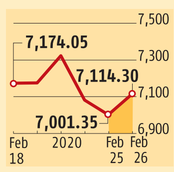
India Cements



Gopikishan Damani buys 2.75 per cent stake via open market

₹104.60 CLOSE ▲20.00% UP*

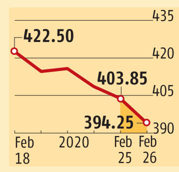
Sanofi India



Announces dividend of ₹349, including special dividend of ₹243 a share

₹7,114.30 CLOSE ▲1.61% UP*

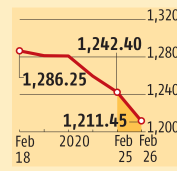
Bandhan Bank



Reserve Bank of India removes restrictions on opening new branches

₹394.25 CLOSE ▼2.38% DOWN*

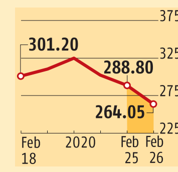
Larsen & Toubro



Slips to 16th position in m-cap ranking as stock down 10% in one month

₹1,211.45 CLOSE ▼2.49% DOWN*

Adani Transmission



Top loser on S&P BSE MidCap Index

₹264.05 CLOSE ▼8.57% DOWN*

IN BRIEF

USFDA issues warning to Cipla for Goa facility, stock slips 6%

Cipla said the US Food and Drug Administration (US FDA) has issued a warning letter to the company for its manufacturing facility in Goa. "Further to our earlier communication on the Goa manufacturing facility inspection conducted from September 16–27, 2019, the firm has received a warning letter from USFDA," Cipla said in a regulatory filing. Cipla plunged 5.72 per cent to a low of ₹401 per unit on the BSE in day trade. Later, the stock recovered most of its losses to settle 0.68 per cent down at ₹422.45. PTI

NCLT Chandigarh gives nod to HUL-GSK merger

The Chandigarh Bench of the National Company Law Tribunal (NCLT) has approved the merger of GlaxoSmithKline (GSK) Consumer into Hindustan Unilever (HUL). The merger is likely to be announced in the next few weeks, analysts said. The merger would be on a basis of an exchange ratio of 4.39 HUL shares for each GSK Consumer share, valuing the deal at nearly ₹32,000 crore. BS REPORTER

Thomas Cook to go for ₹150-cr share buyback

Thomas Cook has announced a ₹150-crore buyback programme. The company's board has approved plan to repurchase 26 million shares — 6.9 per cent of paid up equity capital. The buyback move comes amid pressure on the travel industry following the coronavirus outbreak. Market players said the buyback could help provide temporary floor to its shares. BS REPORTERS

Toyota drives in luxury MPV Vellfire at ₹79.5 lakh

Toyota Kirloskar Motor has launched Toyota's global luxury MPV (mini van) New Vellfire at an introductory price of ₹79.5 lakh in India. The self-charging hybrid electric vehicle, which has sold 600,000 units globally, is Toyota's first luxury offering with one more likely launch in the line-up some time later. BS REPORTER

SpiceJet to start 11 new domestic flights in March

SpiceJet will launch 11 new flights, including on the Srinagar–Mumbai route, from March, it said. There will be non-stop flights on the Mumbai–Leh, Leh–Srinagar and Srinagar–Mumbai routes. Besides, there will be more flights on the Delhi–Dharamshala, Mumbai–Rajkot, and Bengaluru–Vijayawada routes. PTI

Wipro Consumer Care Ventures invests in LetsShave

Wipro Consumer Care Ventures, the venture capital fund of Wipro Consumer Care & Lighting, has invested an undisclosed amount in personal care start-up LetsShave. The venture capital fund which has a pool size of ₹200 crore will be deployed over the next three years with fresh investments in 4–5 start-ups each year. BS REPORTER

Tata Motors gets nod to raise ₹500 cr via NCDs

Tata Motors' board-approved committee has given its nod for raising ₹500 crore through issuance of NCDs on private placement basis. "The Board approved Committee has approved allotment of 5,000 rated, listed, unsecured, redeemable, NCDs E28-B Series of face value ₹10 lakh each, at par, aggregating ₹500 crore," it said in a regulatory filing. PTI

Warbug Pincus to invest ₹1,080 cr in Apollo Tyres, pick up 20% stake

T E NARASIMHAN
Chennai, 26 February

Private equity firm Warburg Pincus will invest close to ₹1,080 crore (about $150 million) in Apollo Tyres. People aware of the development said after full conversion it translates to around 20 per cent stake in the company.

The board of directors of Apollo Tyres on Wednesday approved an issuance of 10.8 crore compulsorily convertible preference shares to Emerald Sage Investment at ₹100 a share, it said in a stock-exchange filing. Emerald Sage is an affiliate of US-based Warburg.

The people said the investor is taking 20 per cent stake after full conversion. It may be noted, Warbug already owns 9 per cent in the firm.

When contacted, the company declined to share any further details, stating that the money will be used for corporate purpose. The fund raising comes at a time Apollo has been investing to build capacity.

₹3K smartphone: The new game plan

SURAJEET DAS GUPTA
New Delhi, 26 February

Global and domestic mobile device manufacturers are in discussions with Reliance Jio over making 4G smartphones in substantial volumes at a price pegged at ₹2,000-3,000.

S N Rai, director, Lava Mobile, said: "Yes, we are one of the firms which have had discussions. It's a challenge which we have taken. We are looking at the cost of material to see if it is achievable at this price point. If no, we can ask for a subsidy." He said the mobile phone, if they manufacture, will be under their own brand name as the idea is to create an ecosystem for 4G smartphones pegged at this price.

According to people close to the matter, Jio is looking at a 'big bang' migration of 2G consumers to 4G. It wants to push the pedal on more than doubling its monthly acquisition of 2G customers from competing telecom companies and the obstacle is that good quality, 4G smartphones are priced over ₹5,000 — a stumbling block in the way of 2G consumers migrating to 4G.

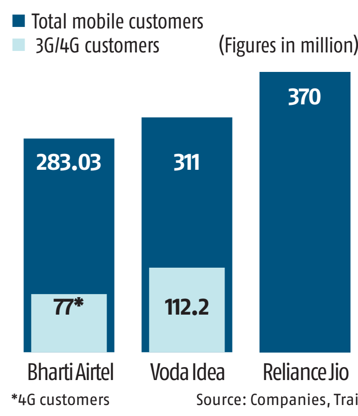
Jio has been adding 6-9 million new customers month on month. Around three million of these came through the sale of its bundled Jio 4G feature phones which are on offer at a mere ₹501 (consumers exchange it with their 2G device) or at ₹1,095 bundled with free data and voice for six months.

According to the device manufacturers, Jio will support them to ensure volumes and viability. The move is part of Jio's two-pronged strategy to increase revenues and subscribers in its next big wave of growth. A Reliance Jio spokesperson declined to comment on the issue.

There are currently over 500 million customers with competing networks who are still using primarily 2G (a few use 3G).

Jio wants to acquire these customers by migrating them to its 4G network in order to increase its customer base from 375 million at present to half a billion as quickly as possible.

SUBSCRIBER BASE



*4G customers Source: Companies, Trai

In August 2017, the company introduced the attractively priced Jio 4G feature phones to make it affordable for 2G customers to migrate to 4G without having to pay much for a change in the device.

As a strategy, it's been hugely successful. Jio has sold over 100 million 4G feature phones. "The problem currently is that a majority of the 4G LTE phones available in the market are priced at over ₹5,000 and that is not affordable for many 2G customers looking to upgrade to 4G. To increase migration of 2G customers you need devices costing between 2,000-3,000," said a source.

Analysts say Jio has to go alone in this effort primarily because competing telcos are not looking at a speedy migration to 4G through a good quality but reasonably priced smart phone. The reason is that some of them still do not have a nationwide 4G network and their 2G customers have reasonable Arpus as they pay substantial tariffs on voice, which is virtually free in 4G. Jio's plan is in many ways similar to what it did when device manufacturers were initially chary of launching 4G VoLTE phones as Jio was the only player offering this technology for voice.

Jio took it upon itself to source and manufacture the phones under the Jio Lyf brand name in December 2015, becoming one of the largest device players in the country. It was only then that independent device players, sensing the change in the market, decided to launch their own VoLTE models. Jio then gradually withdrew from the device market.

Jio's second big planned push is to acquire users aggressively for its enterprise business. According to its assessment, IT firms spend 12.5 per cent of their operating costs on telecommunications, while the rest goes to technology companies offering, among others, cloud computing solutions.

Unlike most other telcos which only offer the communication solution, Jio wants to play in the entire space by also offering other solutions.

Airtel has capacity to withstand $5-billion payout, says Moody's

PRESS TRUST OF INDIA
New Delhi, 26 February

Moody's Investors Service said on Wednesday said Bharti Airtel had the financial capacity to withstand a payout of $5 billion in statutory dues.

The Supreme Court earlier this month directed telecom firms to comply with its October 24, 2019 judgment upholding the Department of Telecommunication's (DoT) definition of adjusted gross revenues (AGR).

Bharti recorded a ₹35,300-crore ($5-billion) liability for past-due AGR fees associated with this litigation, but is still completing its self-assessment to determine the final amount, Moody's said.

It said a ₹35,300 crore cash payment will not cause a significant deterioration in the credit quality of Bharti Airtel while in the alternate scenario of a smaller cash payment of ₹25,200 crore reflecting the principal and interest amount only, would position the company more comfortably within its current rating.

The full payment is scheduled to be made by March 17.

RETAIL 2.0: DECODING THE FUTURE

Data, tech to take centre stage in 2020s

Decade to see more alliances, shared ecosystems take shape than before

VIVEAT SUSAN PINTO
Mumbai, 26 February

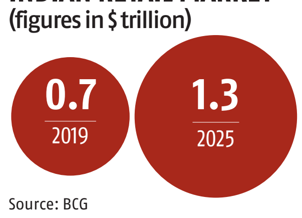
The current decade could be marked by significant shifts in Indian retail as new competitors, forces, and challenges emerge within the sector. While the sector faced significant disruptions from the emergence of well-funded Indian and foreign e-commerce players in the last ten years, neighbourhood stores continued to be relevant, providing convenience, proximity, and monthly credit to consumers.

The current decade, however, will see boundaries increasingly blurring, said experts and retailers at the ongoing Retail Leadership Summit in Mumbai, with the entry of new players and existing companies looking for ways to stay ahead of the game.

"Social commerce, for instance," said Abhik Singhi, managing director and senior partner, Boston Consulting Group, "is one such new competitor that could emerge in retail in the coming years." "There could be cross-industry play, where companies could enter retail through extended offerings and business models," he added.

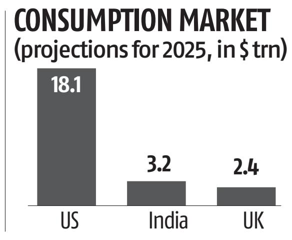
For retail firms, therefore, the strategy would be to leverage data, technology and innovation. As Anand Ramanathan, partner, Deloitte, said: "Retailers function in a dynamic environment where changes are happening all the time. By deploying asset-light digital technologies including artificial intelligence (AI) and machine learning (ML), retailers can improve average bill value, assortment planning and brand experience to accelerate sales at their outlets."

INDIAN RETAIL MARKET (figures in $ trillion)



Source: BCG

CONSUMPTION MARKET (projections for 2025, in $ trn)



As retailers continue to face margin pressures, thanks to higher competition, and greater people, real estate and allied costs, the thrust will be on leaner supply-chain models, faster rollout to market and synchronised planning and demand fulfilment, said experts.

For instance, the Kishore Biyani-led Future Group is putting in place a "phygital" model of retail that entails online-offline partnerships in categories such as apparels, food and fast moving consumer goods. In segments such as home furnishings, on the other hand, the emphasis for the group is mainly on an online-only model to reduce offline retail and carriage costs.

Some quick-service restaurant (QSR) chains such as McDonald's and Pizza Hut, meanwhile, are already digitising their store fronts and rolling out next-gen outlets that require lower number of store assistants on the shop floor. Some QSRs are already experimenting with robots, chatbots and interactive vending machines within their outlets to serve customers faster and better.

Experts said that as consumers demand more convenience, personalisation and a better shopping experience at outlets, retailers will be forced to adopt new models of retailing that are seamless, both online and offline.

For instance, retailers within lifestyle, fashion, grocery and entertainment segments are tying up with handset and television makers to be bundled with their software offerings.

Some big-box retailers such as Reliance, for instance, are partnering with neighbourhood stores as they onboard small retailers on to their "new commerce platform".

Singhi said the decade of the 20s would see more alliances and shared ecosystems emerge than ever before as organised players increasingly involve unorganised players in their business. At the same time, many retailers will keep a hawk's-eye on operations, and balance the need for addressing regional consumer requirements with localised products within their assortment.

H&M India eyes ₹2,000-cr top line

VIVEAT SUSAN PINTO
Mumbai, 26 February

Hennes & Mauritz (H&M) is targeting ₹2,000 crore in turnover from India, its fastest-growing emerging market, said Janne Einola, country head of H&M India.

The retailer is likely to achieve the target by the end of this calendar year (CY), Einola said, driven by a greater online and offline push, local tie-ups, and affordable merchandise. H&M follows a December to November accounting year. It has 47 stores in India.

> **"We are targeting tier-II and -III markets, besides tier-I cities to set up our stores"**
> JANNE EINOLA, Country head of H&M India

H&M, said experts, will maintain its over 40 per cent rate of growth in terms of sales for 2020, coming at a time when there is a domestic consumption slowdown. Last year, H&M had grown top line at the rate of 43 per cent, touching ₹1,490 crore, Einola said, ahead of the 29 per cent top line growth in 2018.

While Zara, too, has been pushing affordable collections, revamping its line-up from time to time and tapping the online medium to drive sales, experts said H&M would widen the sales gap with the former, if it touches the ₹2,000-crore mark this calendar year. Inditex Trent is yet to disclose its FY20 numbers. H&M has a small lead over Zara in terms of sales. Einola said the firm was raising its India bet this year, targeting tier-II and -III markets apart from tier-I cities to set up its stores. The retailer is planning to add 5 to 10 stores this year, taking its total store count to over 50. It had committed ₹700 crore to set up 50 stores in India.

It may also diversify into areas like home furnishings, beauty, sports retail, starting with the home segment as early as possible, he said.

The company will also launch a Sabyasachi Mukherjee collection in April, including western and Indian wear such as saris.

This is the first time that Indian wear will be available at H&M outlets, as it taps local needs and preferences.

Start-ups flex muscles in race to grab bigger slice of fitness market

Even as Cure.fit, led by Mukesh Bansal, looks to tap the food market with a focus on health and nutrition, California-based GOQii is using smart technology to build a preventive healthcare platform in India. Meanwhile, there's a scramble by other ventures that are looking to explore niches that look to augment the fitness requirements and habits of a country with almost 650 million youths under the age of 25. Four wellness-focused start-ups talk to **Pavan Lall** about their business models, fund-raising plans and new growth areas

Neha Motwani, founder and CEO of Fitternity

Shilpa Khanna, CFO of Fullife Healthcare

Ram Kumar, founder of NirogStreet

Tushar Vashisht, founder of HealthifyMe

Consolidating gym memberships across cities

What do you call a discovery platform that gives you access to hundreds of gyms and fitness studios across metro cities so that you never have to miss a workout because you were "travelling on work"? If you ask **NEHA MOTWANI**, the answer is Fitternity, an online platform that drives both transactions and searches for fitness centres, related services and facilities. Fitternity, which Motwani set up in 2014, gives members the option to work out across multiple locations of different franchises. It also gets all the operators as well as potential members in a fragmented sector on one platform. This is something all tech start-ups see as "data gold."

The Andheri-based Fitternity was started with $1 million in seed funding from the TV Mohandas Pai-led Exfinity Venture Partners. That was followed up by $2 million funding from the Patni Family Office and lastly an additional $4 million from Nikhil Vohra's Sixth Sense Ventures. Fitternity's revenue model is built on users buying subscription. Presently, Motwani claims she has a total user base of 1,000,000 subscribers and 200,000 current subscribers, and an annual turnover of ₹114 crore.

Putting the fizz into fitness

Nutraceutical player Fullife Healthcare recently raised about $9 million from investors Rakesh Jhunjhunwala, Kotak Investment Advisers, and Sixth Sense in exchange for 45 per cent equity. The company had set up its business with a view to making unique healthcare and nutritional products for both exports and the Indian market. The firm had also, in the past, acquired Swiss firm Novelty Pharma and back home set up an effervescent manufacturing plant to boost its B2B business in India. It has close to 175 employees and runs a manufacturing and R&D unit in Khopoli.

In 2015, the company launched a branded product called Fast & Up which is into sports nutrition. Fast & Up is also the official nutrition partner for the Tata Marathon. More recently, the company launched a women-focused beauty nutrition label called ChicNutrix. **SHILPA KHANNA**, the company's chief financial officer and head of the ChicNutrix business says that revenue is around ₹90 crore a year.

The road to good health

Having raised $2.5 million in seed funding from Spiral Ventures and Amand Ventures, NirogStreet, an Ayurvedic doctor's community platform, was founded in 2015 by **RAM KUMAR** an IT professional.

"We work with doctors and help them with marketing and sales as well as building their technology capability," he says. He adds, "The tech specifically helps them to streamline their supply chain for both medicines as well as patient records." Kumar is also looking to raise another $10 million in second-round funding. What are the challenges for Nirog Street? "People trust ayurveda but don't have the same trust in ayurvedic doctors and medicines because of the presence of non-qualified doctors and bad quality medicines," he says. He adds, "One of the most unorganised sectors, technology adoption is lowest in this sector, and what we hope to do is work to transform this into a proper system."

Nirog Street aims to make the transformation by engaging ayurveda doctors and clinics digitally. Kumar aims to partner 150 ayurvedic medicine manufacturers and brands next year.

A personalised digital assistant with diet and fitness tips

Founder Tushar Vashisht says his company HealthifyMe, which was launched in 2012, strives to achieve healthier goals for individuals through a free app, and by connecting with nutritionists and trainers. It has artificial intelligence (AI)-based plans and services. Today, Vashisht says the firm generates ₹8.25 crore a month and has 100,000 paying customers. It has raised around $30 million in funding. The company is headquartered in Singapore and has its administrative offices in Bengaluru with 140 employees. It includes nutritionists, fitness trainers and yoga instructors.

Don't expect to meet them as all personalised services are virtual, he says. The company has also launched in Malaysia and Singapore. It generates around ₹7 crore a year from those two countries, annually. Recently, Healthifyme partnered Swiggy to share diet plans. Vashisht, a computer science graduate from the University of Pennsylvania, also worked for Blackrock and Deutsche Bank.

Key challenges, he says, include access to top-level AI talent which is not cheap nor in abundance. This meant he had to hire talent in Europe which was expensive. "Also, scaling internationally for a consumer company that has local strengths is also a challenge," Vashisht says.