

# Companies

THURSDAY, FEBRUARY 6, 2020



## EV LOCALISATION

Kenichi Ayukawa, MD &amp; CEO, Maruti Suzuki India

Of course, we have to target quicker rollout of EVs, but we have to change a lot of things. Power production itself, which is still using coal that is disturbing the environment.

## Quick View



### Apollo Tyres Q3 profit down 12%

APOLLO TYRES has reported a 12% drop in its net profit for the quarter ended December 2019 to ₹174 crore compared to ₹198 crore reported in the same quarter last fiscal. Consolidated revenue for the third quarter declined by 7% to ₹4,347 crore against ₹4,655 crore in the same quarter last fiscal. Onkar S Kanwar, chairman, Apollo Tyres, said: "The last few quarters have really been challenging, in terms of demand, especially from the OE segment. Despite our good show quarter-on-quarter in the replacement segment in India, overall performance has got impacted due to the sluggishness in demand from OEMs."

### Instamojo acquires Times Internet arm

DIGITAL PLATFORM Instamojo has acquired Getmeashop, the e-commerce platform from Times Internet focused on small units, in an all-stock deal under which the Times Group firm becomes an investor in the Bengaluru-based start-up. The all-stock deal is valued at \$5 million, of which almost 80% is the acquisition cost paid by Instamojo backed by Kalaari Capital, Blume Ventures, among others, and the rest is being paid by Times Internet.

### Leap India raises ₹164 cr in Series-B funding

AGRICULTURAL WAREHOUSING and logistics firm Leap India Food and Logistics on Wednesday said it has raised ₹164 crore in Series-B funding from the Danish SDG Investment fund and Neev Fund. The Danish SDG Investment fund is a fund managed by Investment Fund for Developing Countries (IFU), Leap India said in a statement.

### Ashoka Buildcon buys Ashoka GVR Roads

ASHOKA BUILDCON on Wednesday said it has acquired additional 1.6 crore shares in its arm Ashoka GVR Mudhol Nipani Roads, following which its stake has increased to 99.99%. "The company has further acquired 1,60,16,100 equity shares of Ashoka GVR Mudhol Nipani Roads held by GVR Infra Projects. The company now holds 5,52,29,400 (99.99%) equity shares of ₹10 each..." Ashoka Buildcon said.

### Makino Holdings offloads Westlife shares

MAKINO HOLDINGS, promoter of Westlife Development, on Wednesday divested its stake worth over ₹199 crore in the firm through an open market transaction. According to bulk deal data on the BSE, Makino Holdings sold 46,82,533 shares, representing 3% of the total shares of the firm, at an average price of ₹425.07. This took the total deal value to ₹199.04 crore.

### Lakshmi Venu is joint MD of Sundaram-Clayton

SUNDARAM-CLAYTON'S board of directors, at its meeting on Wednesday, has approved the proposal to re-appoint Lakshmi Venu as joint MD of the company for a further period of five years, commencing from March 22. Meanwhile, the company has reported a profit of ₹41 lakh for the quarter ended December compared to ₹50.28 crore in the same quarter last fiscal.

### Rishabh Pant JSW Steel's brand ambassador

JSW STEEL on Wednesday signed cricketer Rishabh Pant as its brand ambassador to promote color coated steel sheets - JSW Colouron+, and JSW Neosteel TMT bars, for a period of three years. The partnership is expected to increase the recall value for steel products as the company doubles its steel capacity by 2030 in anticipation of doubling of per capita steel consumption during the same period.

## CORPORATE GOVERNANCE

# Corp affairs ministry probes Zee Entertainment's books

The ministry's inquiry comes months after two independent directors resigned in November, citing poor corporate governance

FE BUREAU  
Mumbai, February 5

THE MINISTRY OF corporate affairs is investigating the books of Zee Entertainment Enterprises.

"We are in receipt of the letter dated January 21, 2020, from the ministry of corporate affairs (MCA), seeking certain information and inspection under Section 206(5) of the Companies Act, 2013," the company said. The ministry's inquiry comes months after two independent directors on the company's board resigned in November 2019, citing poor corporate governance.

The company said it is collating the information to present to the ministry. "You may note that no conclusion or adverse inference has been drawn by any authority against the company," it stated. Section 206(5) of the Company's Act deals with the ministry's powers to conduct inquiries or investigation into the affairs



of a company. The company has also written to the market regulator, Securities and Exchanges Board of India (Sebi), stating that "some persons have been trying to manipulate our stocks and have been spreading false rumours," Zee entertainment said in an exchange filing.

Prompted by the exchanges, Zee Entertainment had in November 2019 disclosed the letters of the two independent directors who had resigned. One of the independent directors, in the letter, had highlighted several instances of poor corporate governance, including the fact that "advances given for film acquisition and

aggregation in the financial year 2018-2019 were highly unusual." The ex-directors had also flagged that the company had not taken action on the large outstanding of DishTV and SITI Cable Networks.

Last year, Subhash Chandra, founder of Zee Entertainment Enterprises, stepped down as chairman of the company after the promoter group sold a majority of its pledged stake in the company to domestic and foreign investors. The promoter group currently owns 4.87% in the company. Shares of Zee Entertainment Enterprises closed at ₹226.70 on BSE, down 7.5% on Wednesday.

## Bharti Airtel not to bid for 5G spectrum as reserve price is too high

FE BUREAU  
New Delhi, February 5

BHARTI AIRTEL HAS said the reserve price of 5G spectrum is too high and the company is not going to buy it in the coming auction as it is unaffordable.

The government plans to conduct the spectrum auction in April-May this year and airwaves worth ₹5.22 lakh crore will be put up for sale. For the fiscal year 2020-21, the government has budgeted ₹1.33 lakh crore revenue from telecom sector, majority of which is accounted from spectrum auction.

Speaking during the post result investor call, Gopal Vittal, MD and CEO, Bharti Airtel (India and South Asia), said that the proposed price of 3.5 GHz band is close to ₹49,000 crore or ₹50,000 crore for 100 MHz, which is something they can not afford. "We believe it's too high priced and we will not pick it up at those prices," Vittal said. Also, the ecosystem for 5G is still at nascent stages.

The company, which has managed to increase its average revenue per user (ARPU) to ₹135 - highest among the industry - also said the ARPU needs to be increased to ₹300 to be sustainable. "Today, our ARPU is ₹135 and it will go up in the next quarter... but it's not good enough. I mean at ₹200, we will barely be head above water in terms of return on capital, so its



clearly something that we need to see moving," he added.

He, however, did not comment when can the next round of tariff hikes be implemented. The Telecom Regulatory Authority of India (Trai) is also undergoing a consultation with the industry to set a floor price for tariffs. "The situation in the industry has come to a pass, where tariffs which have largely been under forbearance for over two decades, have reached such an abysmally-low level that the authority has put out this consultation... lets wait and see what happens from here," he added.

Regarding asset monetisation, the company said there is no necessity as they have recently raised funds. The company may, however, explore the option of stake sale in Bharti Infratel after the merger with Indus Towers. The merger is yet to be approved by the government.

## HPCL Q3 profit rises 200% to ₹747 cr on inventory gains

FE BUREAU  
New Delhi, February 5

HINDUSTAN PETROLEUM CORPORATION (HPCL) reported a net profit of ₹747 crore on a standalone basis for the three months ended December 31, recording a 201.2% rise from the same period a year ago. The oil refining and marketing company attributed the rise in profit to inventory gains, stemming from increase in global oil prices.

As retail prices of petroleum products are mapped with international rates, a gradual rise of global oil prices in Q3FY20 meant that by the time HPCL sold its products after processing crude, retail rates had increased. The inventory gain in the quarter was ₹343 crore against losses of ₹3,465 crore in the corresponding period a year ago, said HPCL chairman Mukesh Kumar Surana.

Including exports, HPCL sold 10.6 million tonne (MT) of petroleum product in the quarter, marking a rise of 8.6% y-o-y. Domestic sales were up 3.2% y-o-y to 9.8 MT. The company earned ₹82 crore in the quarter from foreign currency transactions against an income of ₹577 crore on this front in the corresponding quarter a year ago, offsetting some of the inventory gains.

HPCL received lower returns from its refinery operations as the firm earned only \$1.79 from selling every barrel of refined products in the quarter, 51.9% lower than Q3FY19, partly due to planned shutdown



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of some units at its Visakh refinery.

After adding 278 new retail outlets in the quarter, HPCL's total network size amounts to 16,017. Also, 60 new LPG distributorships were commissioned, taking the total distributorships to 6,040.

HPCL said that works to upgrade its Visakh and Mumbai refineries are in progress and the 9-MMTPA greenfield refinery-cum-petrochemical complex project of its unit HPCL Rajasthan Refinery is under execution. The company's debt at the end of December stood at ₹28,590 crore.

## Adani Electricity likely to have priced dollar bonds to raise a billion dollars

BHAVIK NAIR  
Mumbai, February 05

ADANI ELECTRICITY MUMBAI (AEML) is likely to have priced its 10-year dollar bonds on Wednesday with the final price target on the bonds coming in at 230 bps over the corresponding US Treasury yield, according to information provided by sources till the time of going to press.

The bonds had received an initial price target of 270 basis points over the 10-year US Treasury yield. "The firm was looking to raise close to a billion dollars. The issue received significant response," said a source aware of the matter.

Moody's Investors Service assigned a first-time provisional rating of (P)Baa3 to the proposed senior secured bullet bonds to be issued by Adani Electricity Mumbai (AEML). The outlook is 'stable'. "Proceeds from the proposed bonds - together with capital infusion of \$282 million in the form of subordinated shareholder loans - will be used to repay all existing senior debt at AEML except for senior working capital facilities, with any excess amount to be used for general corporate purposes," Moody's stated in a note.

Adani Electricity Mumbai is a 100% subsidiary of Adani Transmission. In August 2018, Adani Transmission announced that it has acquired Reliance Infrastructure's integrated business of generation, transmission and retail electricity distribution. AEML owns and operates ATL's integrated utility business in Mumbai. The integrated

## Adani Enterprises net profit surges to ₹383 cr in Q3

PRESS TRUST OF INDIA  
New Delhi, February 5

ADANI ENTERPRISES (AEL) on Wednesday said its net profit rose over fourfold to ₹382.98 crore in the December 2019 quarter, driven by higher income.

The Adani Group's flagship firm had clocked a net profit of ₹80.09 crore during the year-ago quarter, AEL said in a BSE filing. Its total income during the October-December 2019 period was ₹11,075.32 crore, higher from ₹10,548.14 crore in the year-ago period.

The company's expenses were ₹10,635.16 crore, compared with ₹10,443.76 crore a year ago.

In a statement, group chairman Gautam Adani said, "We at Adani Enterprises continue to focus on incubating assets in the transportation and utilities space. These new India-centric businesses will be instrumental in the economic growth of the country. At the same time, it will endorse our work and take the benefits to masses."

In the mining services business, production volume at the Parsa Kente coal mine in Chhattisgarh increased 26% to 4.71 million tonne (MT) against 3.74 MT in the third quarter of 2018-19. During the quarter, coal production commenced at Gare Pelma Sector III mine in Chhattisgarh with a volume of 0.06 MT. In solar manufacturing, the company has established India's largest solar cell and module manufacturing unit in Mundra SEZ.

## Dalmia Cement arm, GuarantCo settle claims

FE BUREAU  
Kolkata, February 5

CALCOM CEMENT INDIA, a subsidiary of Dalmia Cement (Bharat), and its financial creditor Mauritius-based GuarantCo on Wednesday said they have "amicably settled" all the claims and counterclaims, which had been the subject matter of insolvency petition, between them outside the Insolvency and Bankruptcy Code (IBC).

The out-of-tribunal settlement followed an order from the Guwahati bench of the National Company Law Tribunal (NCLT), which had given its approval to start insolvency proceedings against Calcom Cement, admitting the petition filed by GuarantCo.

GuarantCo, a financial creditor of Calcom Cement, earlier filed the insolvency petition last year at the NCLT against the company under Section 7 of the Insolvency and Bankruptcy Code (IBC).

According to the petition, there was a total "default" of around ₹100 crore by the cement manufacturing company as on September last year.

GuarantCo and Calcom jointly declared that they have amicably settled and resolved all the claims/counterclaims between them, including all claims/counterclaims which are the subject matter of the petition before the Guwahati bench of the NCLT, according to a joint press note issued on Wednesday.

"Accordingly, all the claims of the parties stand settled against each other and the parties shall not claim or raise any dispute against each other relating to the sub-



ject matter of the above cited petition. The parties are taking requisite steps for completion of formalities for withdrawal of the petition before NCLT, Guwahati," it added. The settled amount between the two parties was below ₹100 crore, a person close to the development told FE.

Notably, around 2007, Calcom Cement India approached GuarantCo to stand as guarantor for the loan facilities it had availed from various Indian banks. The financial creditor had agreed to execute guarantees in favour of the Indian banks with respect to the loan facilities availed by the corporate debtor from Axis Bank and HDFC Bank. Pursuant to the default made by the cement company in 2011 with respect to the loan facilities it had availed from Axis Bank and HDFC Bank, the guarantees executed by financial creditor as guarantor were invoked by both the banks.

On the basis of demand notices issued by Axis Bank and HDFC Bank, GuarantCo had paid an amount of \$10,842,267.16 and \$11,221,084.9 to the two banks, respectively, according to the petition filed by the financial creditor.



The bonds had received an initial price target of 270 basis points over the 10-year US Treasury yield. The firm was looking to raise close to a billion dollars. The issue received significant response, says source

business includes the power generation units based at Dahanu, Power transmission network across Mumbai and Maharashtra and the retail power distribution network in Mumbai suburbs. Its distribution network spans over 400 square kilometres, catering to over 2.9 million customers, according to the Adani Electricity's website.

There has been a barrage of overseas bond issuances from the country this year with Indian entities having raised close to

\$3.5 billion from the overseas bond market in 2020. ReNew Power recently raised \$450 million through dollar bonds. Other entities that hit the overseas bond market this year include Exim Bank, Manappuram Finance, Shriram Transport, Future Retail and Power Finance Corporation.

While Exim Bank raised a billion dollars, Manappuram Finance raised \$300 million through their respective bond issuances. Shriram Transport Finance, on the other hand, came out with its first international social bond issuance through which it raised \$500 million. Kishore Biyani's Future Retail, in its debut bond transaction, raised \$500 million. Power Finance Corporation recently concluded a \$750 million bond issue. January also saw Novelis, which is a wholly-owned subsidiary of Hindalco, raise \$1.6 billion recently.

## Adani Gas Q3 net more than doubles to ₹114 crore

FE BUREAU  
Mumbai, February 5

ADANI GAS ON Wednesday said its net profit for the December quarter more than doubled year-on-year (y-o-y) to ₹114 crore on account of higher demand for compressed natural gas (CNG) and piped natural gas (PNG). The overall sales volumes grew 12% y-o-y during the quarter. PNG sales volumes were up 16% on year and CNG volumes were up 7% on year.

Suresh P Manglani, chief executive officer of Adani Gas, told FE that the demand was driven by new retail outlets, piped natural gas connections to homes, and commercial and industrial connections during the December quarter.

"We have added 2 new geographical areas in Surendranagar and Kheda, in addition to Palwal and Porbandar geographical areas we received in the 9th round of auctions by PNGRB," Manglani said.

The earnings before interest, taxes, depreciation and amortisation (Ebitda) for the December quarter rose 46% y-o-y to ₹156 crore, as revenue from operations was up 7% y-o-y to ₹519 crore. Operating margins were higher by 800 basis points y-o-y to 30% on higher realisations and lower expenses during the quarter. Total expenses in the third quarter fell 5% y-o-y to ₹385.5 crore as cost of fuel fell to ₹282 crore against ₹308 crore a year ago.

The company has increased its PNG homes connections to 4.25 lakh by connecting over 5,500 homes in the third quarter.



ter. The commercial and industrial connections have increased to a total of 4,390, of which 251 new connections were added in Q3FY20. The company has also operationalised 6 new CNG stations, taking the total to 92 CNG stations.

Adani Gas has four operational geographical areas, serving customers with natural gas under city gas distribution (CGD) model. "We plan to operationalise another 15 geographies that we won under the 9th and 10th round of auctions, by Q4FY21. If we include the geographical areas in joint venture with Indian Oil, it will take our total geographical areas to 38. We will spend around ₹5,000 crore over 5 years in developing the geographical areas, reaching more than 71 districts across the country."

With regard to Total's offer to buy 37.4% stake in Adani Gas, Manglani said: "The primary offer is complete and we have got a Total nominee on board Adani Gas. However, the secondary offer is still being worked. We are hopeful the deal will materialise before March 31, 2020, or as soon as possible."