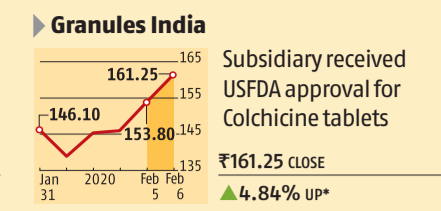
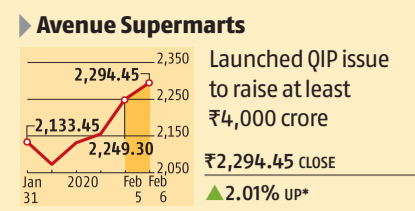
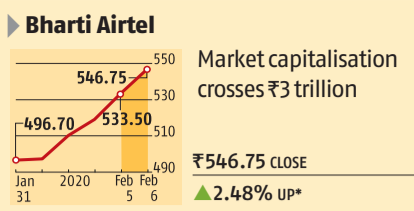
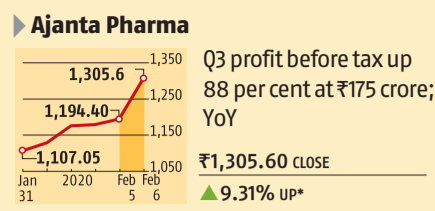
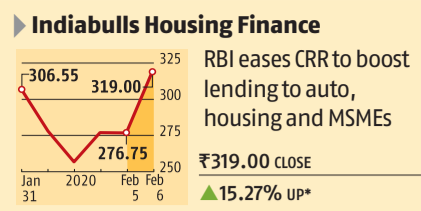


STOCKS IN THE NEWS



IN BRIEF: Payments in high-value deals not a bribe, says Mahathir

Malaysian Prime Minister Mahathir Mohamad said on Thursday payments received to offset the costs of a high-value order could not be constituted as a bribe. Mahathir was replying to questions by reporters on the controversial sponsorship deal that executives of Malaysia's AirAsia Group Bhd struck with the budget carrier's sole plane supplier Airbus.

DoT approves Bharti Airtel, Tata Teleservices merger

Tata Teleservices said the Department of Telecom (DoT) has approved the merger of its consumer mobile business with Bharti Airtel. Tata Teleservices said the DoT has conveyed approval of the authority for taking on demerger of consumer mobile business undertaking into Bharti Airtel (BAL).

AB InBev gets relief against sales ban in New Delhi

A tribunal in New Delhi has put on hold a sales ban imposed last year on Anheuser-Busch InBev, allowing the world's largest brewer to resume sales of its beer products in the city for now. Authorities in New Delhi barred AB InBev in July from selling its beer products for three years.

SoftBank's Kirihiga Reddy joins WeWork board

Office sharing start-up WeWork said that Kirihiga Reddy, partner at SoftBank Investment Advisers since 2018, would join its board. Reddy's appointment comes nearly a week after WeWork named Sandeep Mathrani chief executive officer. Reddy was previously managing director of Facebook's operations in India and South Asia.

PhonePe goes live across 1 mn offline shops in the east

PhonePe has emerged as a live payment option across one million offline shops in the eastern region. PhonePe is also creating the world's biggest ATM network of 2 million in India by the end of the year. This would help it to take on rivals such as Alibaba-backed Paytm, Google Pay and Amazon Pay to dominate the digital payments space.

Total to invest \$510 mn in JV with Adani Green

AMRITHA PILLAY | Mumbai, 6 February

Energy conglomerate Adani will be in a second partnership with French oil major Total — this time for its solar energy business. Total will invest \$510 million for a 50 per cent stake in 2,148 megawatt (Mw) solar capacity, owned by Adani Green Energy (AGEL). AGEL said it had entered into a binding arrangement with Total Gas & Power Business Services SAS for an investment of approximately \$510 million for acquisition of 50 per cent stake and other instruments in a joint venture (JV) company. The JV, the statement said, would house 2,148 Mw of operating solar projects — presently 100 per cent owned by Adani Green. The balance in the JV will be held by AGEL. The solar portfolio is spread across 11 states in India. The deal is expected to be complete before the end of FY20. AGEL looks to utilise the funds generated from the deal for equity funding of new projects. "We are delighted to extend our long-term partnership with Total to our renewable energy business in AGEL. The investment reinforces the immense potential in India's renewable energy sector, as well as Adani Group's commitment towards sustainable development," said Gautam Adani, chairman, Adani Group. The 2,148-Mw portfolio is



Adani Electricity concludes bond issuance

Adani Electricity Mumbai (AEML) has completed issuance of \$1 billion bonds with an over-subscription of 5.9 times. The order-book at \$5.9 billion was the largest ever for a private infrastructure transaction in India, the company said. The bonds were subscribed by investors from across the globe. The company in said US accounts picked up 29 per cent of bonds, alongside 43 per cent allocation to Asia and 28 per cent to Europe, the Middle East and Africa.

AGEL's total operating portfolio in solar. The company has another 475 Mw of solar capacity under construction. In the wind energy space, AGEL has an operational portfolio of 347 Mw. The company aims to operate 15 gigawatt (Gw) of renewable energy port-

folio by 2025. People in the know said there were no plans to move the under-construction portfolio to the newly formed JV with Total as of now. This is Total's second partnership with the Gujarat-based conglomerate. In October last year, Total signed a definitive agreement to acquire 37.4 per cent stake in Gautam Adani-led Adani Gas for ₹5,700 crore. The deal is to be executed in two parts — an open offer to public shareholders and a stake purchase from the promoters of the company. Adani Gas is hopeful of completing this deal by March this year. For Total, the investment is a step towards meeting its own goal of 25 Gw as a renewable energy portfolio by 2025. "This interest in over 2 Gw of solar projects represents a real change of scale of our presence in India's renewable energy sector, which has very significant growth potential in the coming years. It will contribute to our ambition to deploy 25 Gw of renewable energy by 2025," said Patrick Pouyanné, chief executive officer for Total. According to Total's website, the group's interest in operation renewable power generation stands at 3 Gw.

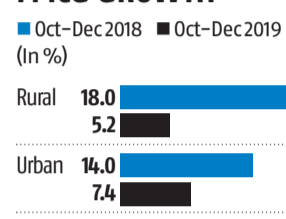
Product prices rise in a weak FMCG market

VIVEAT SUSAN PINTO | Mumbai, 6 February

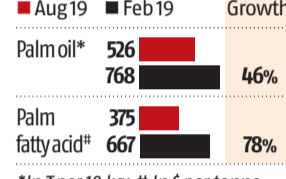
A slow-moving consumer goods market will have to contend with price hikes in the next few months as input cost pressures steadily increase. The first to see price hikes will be soaps, say executives at Godrej Consumer (GCPL) and Hindustan Unilever (HUL), two of the country's top soap makers. Sunil Kataria, GCPL's chief executive officer for India and SAARC regions, said on Thursday the firm had introduced a 5 per cent price hike in soaps recently and will look at more in the coming months. "Inflationary pressures have been high within soaps," he said. "One round of price hikes has just happened. Further price hikes will be done, but we will take a calibrated approach to it." Last week, Srinivas Pathak, HUL's chief financial officer, said a 5-6 per cent price hike in soaps would be undertaken by March to mitigate input cost pressures. In the past six months, domestic palm oil prices have increased by 46 per cent. Palm oil is a key input for soaps. While crude oil prices have eased in the past one month by 20 per cent, it still hasn't brought much relief, Pathak said. "Commodities and currency remain volatile. They are the key factors to watch out for at a time when market growth is sluggish."



RURAL vs URBAN FMCG GROWTH



RISING PRICE TREND



consumer goods (FMCG) market has been grappling with its slowest growth in six quarters for the October-December 2019 period, touching 6.6 per cent only. In July-September 2018, the FMCG market had seen its highest growth rate of 16.2 per cent, implying that sentiment remains weak, experts say. While Nielsen as well as ratings agency CRISIL had indicated that there would be a rebound in FMCG market growth rates going ahead, company executives remain sceptical. "There are structural demand issues and a recovery will show up with a lag, starting with urban and then rural areas," Kataria says. According to Nielsen, rural growth rates slipped to 5.2 per cent in the December quarter from 18 per cent a year ago. Urban growth rates were also falling, it says, touching 7.4 per cent in the December quarter versus 14 per cent a year ago.

MCA orders SFIO probe into Castex Tech affairs

RUCHIKA CHITRAVANSHI | New Delhi, 6 February

The Ministry of Corporate Affairs (MCA) has ordered the Serious Fraud Investigation Office (SFIO) to look into the affairs of Castex Technology, a subsidiary of automotive component maker Amtek Auto, currently undergoing a corporate insolvency resolution process. A senior government official told Business Standard the investigation had been ordered on the basis of the findings of an audit report of Castex Technology during the resolution process. The details of the report

could not be accessed. SFIO is in the process of constituting a team to start the probe into the matter. Manufacturer of iron cast automotive components in India, Castex Technology started its resolution process in December 2017 with a debt of ₹6,000 crore. State Bank of India, the lead bank with a total exposure of ₹1,191 crore towards Castex, had told the tribunal it had tried to revive the company by putting in place a corrective action plan in March 2016. The National Company Law Tribunal (NCLT), while admitting Castex to insolvency, had said even after being

granted sufficient time, the corporate debtor (Castex) had not replied or objected to the notice issued by the lender. According to the disclosures made by the company, declared Deccan Value Investors as the preferred bidder. The resolution process of the company was delayed as potential bidders wanted to submit a plan for Amtek Auto and Castex together. Amtek Auto was among the top 12 non-performing assets (NPAs) referred by the Reserve Bank of India

for insolvency resolution under the Insolvency and Bankruptcy Code. Granting more time for the resolution, the appellate tribunal in its order had noted: "It is stated that Amtek Auto is the holding company of the present corporate debtor (Castex) and the prospective resolution applicants want to bid for both the companies as both the companies are undergoing the CIRP albeit, separately." A statutory audit report of Castex technology by Raj Gupta & Co said: "The company has been continu-

ously making losses, consequently its net worth is negative and the firm's total liabilities exceeded its total assets. This indicates the existence of material uncertainty that may cast significant doubt on the company's ability to continue as a going concern." For 2018-19, the annual report mentioned that Castex Technology earned revenue of ₹460.7 crore and made a net loss of ₹749.4 crore. The firm's product portfolio consists of a range of components for two and three wheelers, cars, tractors, light and heavy commercial vehicles and stationary engines.

AUTO EXPO

Tough on you, but you did it: Gadkari lauds automakers

SHALLY SETH MOHILE & ARINDAM MAJUMDER | New Delhi, 6 February

Four years ago, a tweet by Minister of Road Transport and Highways Nitin Gadkari had set the cat among the pigeons in India's automobile industry. "My colleagues — Prakash Javadekar, Anant Geete, Dharmendra Pradhan — and I have taken the unanimous decision to leapfrog from Bharat Stage (BS)-IV to BS-VI directly from April 1, 2020," read the post. Four years since, a lot has changed. Automakers in India have nearly completed the onerous task Gadkari had chalked up. In his address to industry leaders at the AutoExpo in Greater Noida, Gadkari, who has often pulled up automakers for showing resistance in complying with the government's regulations on emission and sustainable mobility solution, was all praise for the industry. "I would like to thank the industry for its efforts in leapfrogging to BS-VI in record time. I was tough on you. Many of you had reservations. But all of you cooperated. I can see you are about to succeed in a very challenging mission," he said. Amid a dawdling economy that has put India's auto sales in reverse gear, automakers are ready to take the leap from April 1 and transition to the strict emission regime. Over the past four years, automakers and their suppliers have made a combined investment of ₹27,000 crore in the switchover. The switchover is set to increase prices of automobiles across all segments and mount further pressure on the already slothful sales. Gadkari said the government is fully cognizant of the industry's contribution in India's manufacturing growth and the fact it's the biggest employment generator. He said electric vehicles (EVs) have strong growth potential. "I am confident that in times to come, India's automobile industry will be the No. 1 exporter and manufacturer of EVs," he said. The confidence reposed in the industry was in stark contrast to his remarks in September 2017. "Switch to clean vehicles or get bulldozed," he had warned the industry. His comments on Thursday come against the backdrop of the Centre's consistent policy push for EVs. After initial resistance, two-wheeler makers and passenger vehicle makers are firming up plans and ready to launch EVs — many of which are on display at the Expo. Updating on the scrapping policy, Gadkari said, "I have cleared it," adding it will be a blessing for the industry, as all the copper and aluminium imported can be substituted by smelting the scrap. As the Expo opens to the general public from Saturday, one question hangs heavy: Will the new launches be able to lift sagging customer mood, essential to recovery from the slowdown's vice-like grip?

underlying industry slowdown and a sluggish economic environment. We, too, had a similar dialogue: Should we participate or not? India is our home market. As an industry, it is our duty to simulate the market. The expo is a perfect forum for that. Our pavilion caters to both the product and the solution, with greater emphasis on electrification. When the slowdown started, we thought it to be cyclic; that it wouldn't last long. It has been 18 months since. It largely stemmed from subdued economic activity. The stimulus needs to come from the government. The Centre did take steps — starting from infrastructure booster shot to steps in the recent



Kia confident of volume growth despite slump

SHALLY SETH MOHILE & ARINDAM MAJUMDER | New Delhi, 6 February

Kia Motors India is confident of strong volume growth in the Indian market despite the slowdown and onset of competition in the SUV market, a top official of the company said. The late entrant in India's passenger vehicle market has been encouraged by the strong order book of the Seltos and of the recently launched Carnival, a premium multi-purpose vehicle, which is priced between ₹24-33.94 lakh. Bookings for the Carnival have risen to about 3,500 units, up from 1,410 units on January 21, when the company opened bookings, said Manohar Bhatt, head sales and marketing at Kia Motors India.

'We plan to embark on a journey to change customer mindset on EVs'



Market leader Maruti on Day 1 of the AutoExpo 2020 had made it clear it doesn't believe in the feasibility of electric vehicles (EVs) for the India market just yet. On Day 2, Tata Motors Managing Director and Chief Executive Officer GUENTER BUTSCHEK in conversation with Arindam Majumder said there is a difference between his company and the market leader. Edited excerpts: Auto shows are losing sheen globally. Companies find it lucrative to do their own launches. But you have a grand stand here. What drove that? The global discussion is motivated by different considerations — budget and the impact on consumers that it can't attract enough eyeballs compared to the investment made. Does it actually fit in today's context where customers expect solutions? I think there are reasons why companies kept away from this edition of the AutoExpo — the

Budget to drive economic revival. Do you think these steps are sufficient to trigger demand? I am not the right person to make a judgement. The government has its constraints. I think the government did a fine job strike the right balance between the wish list and the constraints. The steps announced in the Budget will not yield results overnight. We are in the midst of a major transition from BS-IV to BS-VI. By April 1, a big confusion which held back customers will get cleared. Market leader Maruti has said that it will go slow on EVs as there is no customer appetite. You have taken a contrasting stand. Is there a different perspective that you are seeing the market EV with? I think there is a difference between Maruti and us. This player always thinks about how

to meet a certain price point to stay relevant to his customer base, which is largely budget-driven. Ours is different: We think we need EVs to drive investment in the ecosystem which will finally determine the speed of adoption to electrification. That's why we are different as a group. Does the Indian customer think about a clean planet or the price? I can take the customer thinking for granted or I can embark on a journey to change the customer thinking. You are one of the prime cogs in the wheel of Tata Sons Group. But currently, you are having a rough ride. The promoter group is having to invest cash. When do you think you can give it back? When I joined four years back, we initially thought that in three years we will be future

ready. All issues were effectively sorted in three years. Steps were taken to lower cost, improve efficiency or to drive new products. Then came 2016-17 — goods and services tax, demonetisation, transition from BS-IV to VI brought us to ground zero again. With Chandra as the chairman, we decided to change the plan from transformation to turnaround. What has been the result? Everything is under our control. Productivity, efficiency, cost, and reduction of supplier base to 300 from over 450. We have been able to increase dealer profitability, maintain optimum stock levels. That's the reason why we performed quite well in the third quarter. What we didn't do was put unreasonable metals into the system for a higher market share, increasing pain of dealers.

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