Markets extend gains for 5th straight session; Sensex revisits 74,000

NEW DELHI, APR 25: Rising for the fifth straight session, equity benchmark Sensex rallied nearly 500 points to reclaim the 74,000 mark while the Nifty closed above the 22,550 level on Thursday, driven by heavy buying in banking, financial and metal stocks.

Recovering after a selloff in early trade, the 30-share BSE Sensex climbed 486.50 points or 0.66 per cent to settle at 74,339.44. During the day, it surged 718.31 points or 0.97 per cent to 74,571.25.

The NSE Nifty advanced 167.95 points or 0.75 per cent to 22,570.35.

From the Sensex basket, Axis Bank jumped 6 per cent after the company reported a consolidated net profit of Rs 7,599 crore during the March 2024 quarter.

State Bank of India, NTPC, Nestle, Sun Pharma, JSW Steel, ITC, Mahindra & Mahindra and HCL Technologies were among the other major gainers.

Kotak Mahindra Bank tanked 10.85 per cent after the RBI barred the company from onboarding customers online and issuing credit cards.

Cracking down on repeated non-compliance with IT norms, the RBI on Wednesday barred Kotak Mahindra Bank from onboarding new customers through its online and mobile banking channels and issuing fresh credit cards with immediate effect after the regulator found “serious deficiencies” in the lender's IT risk management.

Hindustan Unilever, Titan, Bajaj Finance, Maruti and Asian Paints were the other laggards.

In Asian markets, Seoul and Tokyo settled lower while Shanghai and Hong Kong ended in the positive territory.

European markets were trading on a mixed note. Wall Street ended on a mixed note on Wednesday.

Global oil benchmark Brent crude climbed 0.06 per cent to USD 88.07 a barrel.

Foreign Institutional Investors (FIIs) offloaded equities worth Rs 2,511.74 crore on Wednesday, according to exchange data.

The BSE benchmark rose 114.49 points or 0.16 per cent to settle at 73,852.94 on Wednesday. The NSE Nifty advanced 34.40 points or 0.15 per cent to 22,402.40.

Vedanta expects sale of steel business to be done between Q1 and Q2 this fiscal

NEW DELHI, APR 25: Mining conglomerate Vedanta Ltd expects to complete the divestment of its steel assets anytime between the first and the second quarter of this fiscal, amid focus on deleveraging and shore up the cash flow of the debt-ridden company.

"Divestment of steel plant is under consideration.. buyers are ready and we expect the regulatory clearances to be over between Q1 and Q2 of this year," said Vedanta executive director Arun Misra, in a post earnings call with analysts.

The company initiated an evaluation of its steel and steel raw material business in June last year amid plans to to focus on its core mining business. Vedanta forayed into the steel business in 2018, following the acquisition of ESL Steel, making an upfront payment of Rs 5,320 crore.

JSW Steel, ArcelorMittal and a few private equity funds are reportedly interested in bidding for the iron ore mines and a steel plant. Vedanta executives declined to comment when one of the analyst asked about the valuation set for the entity.

In Q4FY24, the steel unit posted negative EBITDA of Rs 16 crore versus Rs 300 crore recorded in Q4FY23. The company cited lower net sales realisation (NSR) for the gloomy numbers in the unit. In contrary, quarterly EBITDA from its iron ore business rose 56 percent YOY to Rs 558 crore.

As of March 31, 2024, ESL's net debt stands at Rs 1,524 crore.

Vedanta posted a 27 percent decline in fiscal fourth-quarter profit, driven by surging finance costs and weak prices of metals such as zinc, copper, and aluminium. However, the company is now banking on the recent upswing in commodity prices coupled with restrictions on Russian metal on LME, to boost growth in medium term.

The mining conglomerate expects the demerger of five of its key businesses, including aluminium, oil and gas, and steel, into separate listed entities to be completed by December 2024.

In the post earnings call, the company said it is awaiting No Objection Certificates (NOCs) from the lenders to move forward with the demerger process. "We have started to receive NOCs from private lenders, Public Sector Units (PSUs) will also start sending it soon," said Misra.

Nestlé India to form JV with Dr Reddy’s for nutritional health solutions

NEW DELHI, APR 25: Nestlé India has formed a joint venture with Dr Reddy's Laboratories to sell its global range of nutritional health solutions as well as vitamins, minerals, herbals and supplements.

The joint venture, to be based in Hyderabad, will aim to widen the reach of Nestlé's nutritional solutions to customers across the country by leveraging Dr Reddy's retail and distribution network.

Dr Reddy's will hold a 51 percent stake in the joint venture, with Nestlé India holding the rest. Nestlé India will have the option to increase its shareholding to up to 60 percent after six years, while Dr Reddy's will retain a minimum of 40 percent shareholding even after Nestlé India exercises its call option, the company said in a statement on April 25.

"We have been on a journey striving to add value to the lives of our consumers through powerful brands and products. This joint venture marks another significant step in that direction," said Suresh Narayanan, chairman of Nestlé India.

The partners will license specific brands to the joint venture. Nestlé will license brands such as Nature's Bounty, Osteo Bi-Flex, Ester-C, Resource High Protein, Optifast, Resource Diabetic, Peptamen, Resource Renal, and Resource Dialysis.

Dr Reddy's will license Rebalanz, Celevida, Antoxid, Kidrich-D3, and Becozinc in the nutrition and OTC segments.

The joint venture is expected to start operations in the second quarter of FY25.

“This joint venture is a novel approach by two companies that have a shared purpose of good health. We are pleased to partner with Nestlé India to bring innovations from the Nestlé Health Science global portfolio to consumers in India,” said MV Ramana, CEO – branded markets (India & Emerging Markets), at Dr Reddy's.

Nestlé Health Science owns brands such as Impact, Boost and Compleat, which help provide nutrition and healthier lives to consumers. Its most recent acquisition, in 2013, was Pamlab, which specialises in medical food products for use under medical supervision in the nutritional management of patients with mild cognitive impairment, depression and diabetic peripheral neuropathy.

Bajaj Finance Q4 results: Net profit rises 21% to Rs 3,825 cr, Rs 36 dividend declared

BAJAJ FINSERV

NEW DELHI, APR 25: India's largest non-banking lender, Bajaj Finance on April 25 reported 21 percent growth in its consolidated profit after tax to 3,825 crore in the fourth quarter of the financial year 2023-24 from Rs 3,158 crore in the year-ago period.

Consolidated numbers include the businesses of the lender's subsidiaries, Bajaj Housing Finance and Bajaj Financial Securities.

Net profit beat analyst estimates. Analysts predict a 22 percent year-on-year jump in net profit, led by credit growth but caution that higher cost of funds could dampen the margin outlook.

According to an average estimate of five brokerages polled by Moneycontrol, Bajaj Finance's net profit was expected to rise 22 percent to Rs 3,836 crore in Q4FY24 from the year-ago period.

The net profit of the company has increased on the back of rising assets under management, net interest income and improvement in the asset quality.

In the reporting quarter, company's Assets under management (AUM) grew by 34 percent to Rs 3.31 lakh crore as of March 31, 2024 from Rs 2.47 lakh crore as of March 31, 2023. AUM grew by Rs 19,647 crore in Q4FY24.

Net interest income increased by 28 percent in January-March quarter, to Rs 8,013 crore from Rs 6,254 crore in in a similar period. Net total income increased by 25 percent in Q4FY24 to Rs 9,714 crore from Rs 7,775 crore in Q4FY23.

Gross NPA and Net NPA as of March 31, 2024 stood at 0.85 percent and 0.37 percent, respectively, as against 0.94 percent and 0.34 percent as of March 31, 2023.

The Company has provisioning coverage ratio of 57 percent on stage 3 assets and Capital adequacy ratio (CRAR) (including Tier-II capital) as of March 31, 2024 was 22.52 percent. The Tier-I capital was 21 .51 percent.

The NBFC declared a dividend of Rs 36 per equity share of Rs 2 face value.

Bajaj Finance said it has made required changes in response to the regulatory restriction imposed by RBI on the Company, on sanction and disbursal of loans under 'eCOM' and 'Insta EMI Card'. The company has formally requested RBI for a review and removal of these restrictions.

On November 15, 2023, the Reserve Bank of India directed Bajaj Finance to stop sanction and disbursal of loans under its two lending products ‘eCOM’ and ‘Insta EMI Card’, with immediate effect.

The RBI said that this action is necessitated due to non-adherence of the company to the extant provisions of Digital lending guidelines of the central bank, particularly non-issuance of Key Fact Statements to the borrowers under these two lending products and deficiencies in the Key Fact Statements issued in respect of other digital loans sanctioned by the company.

Number of new loans booked grew by 4 percent in Q4FY24 to 7.87 million as against 7.56 million in Q4 FY23. The new loans booked during the quarter were lower by approximately 0.80 million on account of the restrictions placed by the RBI on the Company, on sanction and disbursal of loans under 'eCOM' and 'Insta EMI Card'.

Provident Housing secures Rs 1,150-cr investment from HDFC Capital

NEW DELHI, APR 25: Provident Housing Limited, a subsidiary of Puravankara Group, has raised Rs 1,150 cr in investment from HDFC Capital to develop an additional 6.2 million square feet (msf) of new residential projects, the company said on April 25.

This will add to the ongoing 14.8 msf of projects with a combined gross development value of RS 17,100 crore, which will be delivered over the next five to six years.

"This strategic alliance with HDFC Capital marks a pivotal moment in Provident's journey towards growth and acquiring larger market share. With HDFC Capital's support, we are well-positioned to accelerate the development of new residential projects across India while delivering exceptional value to our customers and driving long-term shareholder value," said Mallanna Sasalu, CEO, Provident Housing Limited.

Last year November, the company launched its first themed villament project, Provident Deansgate, in Bengaluru, with a projected top line of Rs 600 crore. Located in North Bengaluru's IVC Road, the project has been conceived across 15 acres with 288 duplex villaments themed in Manchester architectural style.

The total development potential of the project will be 6 lakh square feet with an investment of Rs 230 crore barring land costs.

IndiGo enters wide-body space by placing order for 30 Airbus A350-900 aircraft

NEW DELHI, APR 25: Domestic airline IndiGo has placed an order for 30 Airbus A350-900 aircraft, which will enable the carrier to expand its network further, according to an exchange filing issued on April 24. The agreement will mark the entry of India's largest carrier into wide-space body aircraft segment and further strengthen its fleet.

The deal could be worth $9 billion, according to Reuters. However, the report said the aircraft maker has stopped publishing the prices of its aircraft and the new deal's cost estimation is based on the catalogue published in 2018. The report also added that airplanes in such bulk deals are sold for less than half of the official price.

Pieter Elbers, the chief executive officer of IndiGo, said, “Fleet of 30 Airbus A350-900 aircraft will allow IndiGo to embark on its next phase of becoming one of the leading global aviation players. This reaffirms IndiGo's belief in, and commitment to, the growth of India, and in our strategic partnership with Airbus.”

The company expects the deliveries to begin from 2027, the filing said. The low-cost carrier also has purchase rights for an additional 70 Airbus A350 family aircraft, it said in a statement. The new aircraft will be powered by Rolls Royce's Trent XWB engine, which will see the beginning of a relationship between the two firms. As of now, the airline operates over 350 aircraft.

India is the fastest growing aviation market in the world and carriers are trying to cater to the rising demand even as manufacturers struggle to meet production goals.

In June 2023, the firm had placed the largest-ever single aircraft order by any airline for 500 aircraft with the European aircraft maker.

Following the order, the orderbook of A320 family aircraft stands at almost 1,000, which are yet to be delivered, the statement said.

Ewen McDonald, Chief Customer Officer, Rolls-Royce said: “This substantial order from IndiGo for our Trent XWB-84 engines is a great win for Rolls-Royce. It re-affirms the position of the Trent XWB as the future-ready, engine of choice among airline operators.

“India is an important market for Rolls-Royce. The future promises to be exciting, with significant infrastructure developments and further growth expected in air travel.

“This is an exciting new chapter in our close partnership with IndiGo. The airline has revolutionised Indian domestic air travel with the A320neo Family by making flying more accessible to more people. With the A350 selection, Indigo is now embarking on further opening the world to India. We will support the airline to take this pioneering and strategic step. A big thank you to the IndiGo team for putting their trust in Airbus once again.”

The airline, which has a market share of over 60 percent, is aiming to expand its footprint in international markets. It has started flight operations to Africa, West Asia, and Southeast Asia, while it has also signed codeshare agreements with Turkish Airlines and KLM for the European market.

Hyundai plans to scale up production capacity, introduce more EVs in India

NEW DELHI, APR 25: South Korean auto major Hyundai Motor Group on Thursday said it is looking to expand the annual production capacity across Hyundai and Kia brands in India to 15 lakh units per year, as part of its mid-to-long-term strategy in the country. Outlining the company's strategy for the India market, Hyundai Motor Group (HMG) Executive Chair Euisun Chung said the automaker plans to roll out more EVs, while also utilising the country as an export hub for the neighbouring countries.

Chung visited India on April 23 to review the group's mid-to-long-term strategies to solidify its position as a leading mobility provider.

Hyundai Motor Group is expanding its manufacturing footprint in the Indian region with the establishment of an annual production system of 1.5 million vehicle units for Hyundai Motor India and Kia India combined, the automaker stated.

Hyundai Motor India will start operating its Pune plant, acquired from General Motors last year, in the second half of the next year.

Hyundai Motor is currently making improvements to the facility to create a production hub capable of building more than 200,000 units annually, it said.

With the addition of the Chennai plant's production capacity of 824,000 units, Hyundai Motor will have an annual production capacity of over one million units when combined with the Pune plant, it added.

Besides, Kia India's yearly production capacity will also be expanded to 431,000 units within the first half of this year.

"Combined together, Hyundai Motor Group will have the ability to produce approximately 1.5 million units annually in India," HMG said.

The group also plans to expand its EV lineup and create an EV ecosystem to accelerate customer uptake and expand charging infrastructure.

It will also strengthen its SUV sales leadership in India, HMG said.

Hyundai Motor India plans to unveil its first locally produced EV in India next year, it said.

Starting with the mass production of its first electric SUV model at the Chennai plant at the end of 2024, the company plans to further produce five EV models by 2030, it added.

Hyundai Motor India will also utilize its sales network hubs, expanding the number of EV charging stations to 485 by 2030, HMG said.

Kia India will also start production of its local EV model in 2025 and plans to further expand its EV models, it added.

"India is among the fastest-growing economies globally, and as this growth continues the strategic importance of Hyundai Motor India will only increase," Chung said while addressing employees in a town hall meeting.

He further said, "by leveraging our strong reputation and competitive quality in India, we aim to expand exports to neighbouring countries, making India the global export hub to boost our regional market competitiveness." Chung said that by around 2030, the automaker expects to see a substantial expansion in the EV market in India.