

Markets rally for 6th day running on firm Asian peers; Tech Mahindra jumps over 12 pc

NEW DELHI, APR 26: Equity benchmark indices climbed in early trade on Friday, extending their rally for the sixth day running, on heavy buying in Tech Mahindra and firm trends in Asian markets.

The 30-share BSE Sensex climbed 176.47 points to 74,515.91 in early trade. The NSE Nifty went up by 50.05 points to 22,620.40.

From the Sensex basket, Tech Mahindra jumped over 12.50 per cent after the IT services company's CEO outlined an ambitious three-year roadmap to accelerate revenue growth and lift margins.

Tech Mahindra CEO Mohit Joshi said the company hopes to come back to growth in H2 FY25.

Tata Steel, Wipro, JSW Steel, HCL Technolo-



gies, HDFC Bank and ITC were among the other major gainers.

Bajaj Finance, Bajaj Finserv, Mahindra & Mahindra and Nestle were among the laggards.

In Asian markets, Seoul, Tokyo, Shanghai and Hong Kong were

trading in the positive territory.

Wall Street ended lower on Thursday.

Global oil benchmark Brent crude climbed 0.33 per cent to USD 89.30 a barrel.

Foreign Institutional Investors (FIIs) offloaded equities worth

Rs 2,823.33 crore on Thursday, according to exchange data.

The BSE benchmark climbed 486.50 points or 0.66 per cent to settle at 74,339.44 on Thursday. The NSE Nifty advanced 167.95 points or 0.75 per cent to 22,570.35.

Consumer companies now change names of category for powder food drinks

NEW DELHI, APR 26: Hindustan Unilever (HUL), the highest market share holder in the nutrition category with Horlicks and Boost, has renamed its portfolio as Functional Nutrition Drinks.

This move by the consumer goods major comes after the Ministry of Commerce and Industry issued an advisory to e-commerce companies on 10 April to remove Bournvita and other products of that nature from the health drinks category on their portals. The advisory followed a probe by the National Commission for Protection of Child Rights based on complaints it received about the high sugar content of such products.

Post announcing its results on Wednesday, Rohit Jawa, managing director and chief executive officer at HUL, said in its press conference, "We changed the labels as re-



quired to functional nutrition, which I also believe is a much better name for the category."

Jawa added that the focus is taller, stronger, sharper, and that is working well for the company and it will continue to stay on that path.

"We believe that this category of Functional Nutrition has a massive role to play in the community because of the macronutrient deficiency and opportunity to serve the consumers with the right level of daily nutrients across the income spectrum," Jawa said.

He also said that the market is not deeply penetrated and there is still opportunity for us to grow in this category. "We have focused on three broad drivers of growth. First, is to get more people to use it. Second is to get consumers to upgrade. Third is more usage," he explained.

HUL has also been witnessing its market share increase in the category and its share in modern trade is also strong in the category.

According to sources in the know, HUL has a market share of around 44 per cent in the almost

\$1 billion category with both its brand Horlick Bournvita has a double-digit market share with Boost and Complan owning around 5 per cent each.

Mondelez India, which sells Bournvita, also calls its product Cereal-based beverage Milk drink.

Complan, which belongs to Zydus Wellness, has been referring to it as a nutritional drink and it falls under the nutrition platform for the company in all its internal presentations, according to a source in the know.

The company will now refer to Complan as a nutritional drink.

A source in the know explained that the communication needs to be changed to the consumer and businesses can internally still refer to it as a Health Food Drink. He added that NielsenIQ refers to the category as a Health Foods Drinks category.

Maruti Suzuki 3.0 to make 40 lakh cars a year by 2031, double the sales from now

NEW DELHI, APR 26: India's largest carmaker Maruti Suzuki in its third phase of growth aims to sell 40 lakh cars in a year by 2031, almost doubling from current levels, said chief investor relations officer Rahul Bharti at the Q4 earnings conference call on April 26.

Maruti Suzuki 3.0 – as the company is calling its third phase of growth – focuses on increasing production capacity. In the first phase, the focus was on building a local component manufacturing ecosystem and spreading the network across the country.

In March 2024, the total production volume including both passenger and light commercial vehicles stood at 1.66 lakh units compared to 1.54 lakh in the year-ago period. That annualises to



about 20 lakh vehicles in a year.

To achieve the goal of 40 lakh vehicle production per year, the company has already commenced the construction of a Greenfield project in Karkoda, Haryana. "The first plant with an annual production capacity of 2.5 lakh units is on course to be operational in 2025," Bharti said.

Recently, at the Vibrant Gujarat Summit 2024, Maruti Suzuki signed an MOU with the government of Gujarat to set up a

new automobile manufacturing facility, a greenfield facility. "This is subject to the availability of suitable land and other parameters. The annual production capacity is expected to become 1 million units with a total investment amount of about Rs 35,000 crores," Bharti said.

As for the preferred technology going ahead, Bharti said that several power platforms such as EVs (electric vehicles), hybrids, CNG, and others will coexist for a reason-

ably long period of time due to the carbon neutrality requirements. "Managing this scale and complexity of production with multiple path trains under different managements would pose several challenges," he added.

Earlier today, Maruti Suzuki reported a 48 per cent year-on-year rise in its net profit to Rs 3,878 crore for the fourth quarter ended March 31, 2024, on account of higher sales volume and favourable commodity prices.

Further, it registered a revenue of Rs 38,235 crore in the three months ended March 31. Additionally, the company declared its highest-ever dividend of Rs 125 per share.

Ahead of the results announcement, MSIL shares settled 1.26 per cent lower at Rs 12,760.

RBI action on Kotak Mahindra Bank may restrain credit growth, profitability: S&P

NEW DELHI, APR 26: S&P Global Ratings on Friday said RBI's regulatory action on Kotak Mahindra Bank could restrain the lender's credit growth and profitability.

The RBI on Wednesday barred Kotak Mahindra Bank from issuing fresh credit cards and onboarding new customers online.

Credit cards are a higher-yielding target

growth segment for Kotak Mahindra Bank. This portfolio grew at 52 pc year-on-year as of Dec 31, 2023, compared with total loan growth of 19 per cent, the US-based rating agency said.

"Action by the Reserve Bank of India (RBI) this week could push the bank to rely more on physical branch network expansion to supplement growth thus entailing

higher operating costs," S&P said, adding that it could be a setback for credit growth and profitability.

This action will not, however, materially affect our ratings on Kotak Mahindra Bank (BBB-/Stable/A-3). This is because credit cards make up a small 4 pc of total loans as of the end of Dec 2023. The bank will still be able to cross-sell its

other products to existing customers.

RBI's actions on Kotak Mahindra Bank follow similar actions in recent years on other financial institutions in India. S&P said in a similar case in 2020, when HDFC Bank was temporarily barred from sourcing new credit card customers, it took the bank more than a year to meet the RBI's requirements.

BSE likely to shell out more as regulatory fee on options volume

NEW DELHI, APR 26: The BSE faces a larger outgo after regulatory clarity on the fee to be paid to the Securities and Exchange Board of India (Sebi) as a turnover charge on options volume.

The market regulator on Friday directed the exchange to pay regulatory fee on 'notional value' of annual turnover.

"BSE is further advised to pay the differential regulatory fee (including differential regulatory fee, if any) for the past periods along with applicable interest (i.e. 15 per cent per annum on the amount remaining unpaid or belatedly paid or short paid, for every month of delay or part thereof to the Board) within a period of one month from the date of receipt of this letter," said Sebi in a letter to BSE.

The market regulator levies 0.0001 per cent of the price at which the se-



curities are purchased or sold as a turnover fee which comes to be at Rs 10 per crore.

People familiar with the matter said that the rival bourse National Stock Exchange (NSE) had written a letter to the market regulator seeking clarity on the calculation of the turnover fee, whether it is to be done on the notional or premium turnover.

Notional turnover refers to the total of strike price of each contract traded in the derivatives, while the premium turnover is the total of the premium paid on all contracts traded. The no-

tional value is always higher than the premium turnover, thus a higher outgo as a fee if the notional turnover is kept as the base. While the NSE pays the charge on notional value, the BSE has been paying the turnover fee on premium value, said a person with direct knowledge of the matter.

"The NSE has been paying the same. However, it will be a worry for the BSE as it pays the fee on premium turnover. The exchange may have to pay about Rs 100 crore to Sebi as a regulatory fee," said a source seeking anonymity.

Emailed queries to the

BSE and Sebi remained unanswered.

According to data from the exchanges, the BSE recorded a notional turnover of Rs 1,519 trillion for index options while its premium turnover stood at Rs 0.98 trillion.

For the NSE, the notional turnover for Index Options was Rs 7,097 trillion and the premium turnover was Rs 1.1 trillion.

The BSE has gained market share since last year when it relaunched its index derivatives Sensex and Bankex. The exchange's revenue from transaction charges also surged to Rs 166 crore in the quarter ended December 2023 from Rs 63 crore a year ago in the corresponding period.

The shares of the BSE have rallied over six-fold in the last year on the back of its strong rebound in the derivatives segment.

Blinkit now more valuable than Zomato's food delivery biz: Goldman Sachs

NEW DELHI, APR 26: The implied value of Zomato-owned quick commerce firm Blinkit is now larger than that of its core food delivery business, analysts at Goldman Sachs said in a note on Thursday. The founder and CEO of Zomato Deepinder Goyal had been hinting over the last few quarters that the quick commerce business is all set to go ahead of the core food delivery business.

"We note that Blinkit's implied valuation in our Zomato's sum of the parts (SOTP) is \$13 billion now, versus \$2 billion in March 2023, with per share implied value of Rs 119 higher than food delivery, at Rs98, for the first time," said the Goldman Sachs re-



port. Zomato currently has a market capitalization of around \$20 billion.

As per Goldman Sachs, Zomato's food delivery EBITDA margin is already the highest among global food delivery platforms, and a similar construct is expected to play out in quick commerce.

The investment bank, which forecasts Blinkit's gross order value (GOV) to grow at a CAGR of 53

per cent between FY2024-27, stated that Blinkit's gross order value (GOV) growth as well as margin improvement has been consistently tracking higher than expectations.

"We now expect Blinkit's GOV and EBITDA to be higher than that for food delivery by FY29," it said.

Blinkit, erstwhile Grofers, was acquired by the food delivery major in

2022 in a distress sale via an all-stock deal for \$568 million. Before the acquisition, the company was reportedly valued at around \$800 million. Blinkit's valuation then had come down from \$1 billion.

Once a cash guzzling business, Blinkit has since made significant strides in improving its financial health. The valuation of \$13 billion is the highest among existing players. For instance, Zepto was valued at \$1.4 billion after its funds raise of \$200 million in 2023. The firm which is in talks to raise \$300 million, according to sources, will be valued at \$2.5-3 billion. Valuations of Swiggy's Instamart could not be ascertained.

Utkarsh SFB Q4 net profit jumps 19% to Rs 160 crore; board declares dividend

NEW DELHI, APR 26: Utkarsh Small Finance Bank's net profit surged 19.4 per cent to Rs 160 crore in the quarter ended March 31 compared to Rs 134 crore in the year-ago period, showed an exchange filing issued on April 26. It was 38 per cent higher than the profit of Rs 116 crore reported in the December quarter.

The lender's board of directors also declared a dividend of Rs 0.5 per equity share of Rs 10.

For FY24, the lender reported a net profit of

Rs 498 crore, recording a 23 per cent jump from 405 crore in FY23, the filing showed. The lender's micro-banking portfolio surged above Rs 11,000 crore during the reported quarter.

The net interest income was at Rs 540 crore compared to Rs 410 crore in the same period of last year, posting a 32 per cent growth. The total interest earned stood at Rs 896 crore, which was 30 per cent higher year-on-year.

Govind Singh, managing director and chief executive officer, Utkarsh

posits jumped 27.4 per cent to Rs 17,473 crore, the filing showed. The lender's micro-banking portfolio surged above Rs 11,000 crore during the reported quarter.

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Small Finance Bank said, "Our gross loan portfolio & deposits growth were strong in FY24, in line with our expectation, on the strength of our deep-rooted franchise & footprints and relevant product offerings. We continue to see good growth opportunities across our key products i.e. micro-banking, MSME, Housing and CV&CE loan portfolio."

The stock price of the bank rose 1.16 per cent to Rs 59.46 on BSE on April 26.

Patanjali Foods gets proposal to acquire non-food business from Patanjali Ayurved

NEW DELHI, APR 26: Patanjali Foods Limited on April 26 said that its board discussed the initial proposal received from Patanjali Ayurved Limited (PAL) for a sale of the latter's non-food business undertaking to the former.

Patanjali Ayurved is co-founded by yoga guru Ramdev, while Acharya Balakrishna is the Managing Director of the company.

As per the regulatory filing, the Board accorded its in-principle approval for "evaluating the most efficient mode of enhancing synergies with Patanjali Ayurved Limited's non-food portfolio in any manner on an arm's length basis."

Further, Patanjali Foods said it also authorized officials to carry out



due diligence, appoint professionals, negotiate the terms and conditions of the proposal, and report the findings to the Audit Committee and the Board for further consideration. To strengthen its product portfolio, the company acquired the biscuits business of Patanjali Natural Biscuits Private Limited for Rs 60.03 crore in May 2021. The company also acquired the Noodles and Breakfast cereals busi-

ness for Rs. 3.50 crore in June 2021 and the food business in May 2022 for Rs. 690 crore from Patanjali Ayurved Limited.

"The proposal received from PAL may offer synergies to the Company's product portfolio with an array of brands and contribute to the growth in terms of revenue and EBITDA," the regulatory filing read.

Incorporated in 1986, Patanjali Foods Limited

(formerly known as Ruchi Soya Industries Limited) is one of India's top FMCG players. The company operates in edible oils, food and FMCG and wind power generation segments via a bouquet of brands like Patanjali, Ruchi Gold, Nutrela.

Patanjali Ayurved has recently been in the news after Supreme Court recently pulled up Ramdev and Balakrishna and their company for misleading ads.

Ramdev, who is the promoter of Patanjali Ayurved, and Balakrishna, the managing director, had put out a public apology on April 23 as well but the court asked if it was a big as the advertisements the company published while making claims about its products ability to cure illnesses.