

## MIDNIGHT NEWS UPDATES

- The JSW Group, one of the largest players in the Indian oil and metals space, plans to bring down its China dependency to zero over the next two years. Currently, the JSW group imports machinery and machinery parts for its steel, oil and cement business. Due to the unprovoked attacks by China at the Galwan Plateau along the LAC, there has been a general clamour across India to boycott Chinese products and Indian industry has been largely supportive of this move. JSW will strengthen the supply chains within India to make up for the shortfall caused by the boycott of Chinese imports.
- Kohlberg Kravis Roberts or KKR will acquire a controlling 54% stake in JB Chemicals for a consideration of Rs.3750 crore. KKR is one of the largest institutional PE investors and it may be recollected that it had recently also picked up a \$1.50 billion stake in Jio Platforms of the Reliance Group. This stake will be acquired from the founding Mody family at a price of Rs.745 per share. Post this acquisition, as per SEBI regulations, KKR will also make an open offer to the existing shareholders of JB Chemicals to buy an additional 26% stake in the company at the same price. JB Chemicals had Rs.1600 crore sales in FY19.
- It now looks like Hindustan Unilever and Emami may be locked in a legal battle over brand names. This dispute arose after Hindustan Unilever decided to change the name of its Fair & Lovely brand to Glow & Handsome. This was after there has been a huge clamour from activists about how FMCG companies were promoting the idea of fairness and making ads with a sexist flavour. Emami has objected to this name change as it matches very closely with their existing popular brand, Fair & Handsome. Both are consulting legal experts on whether such ownership is possible over extremely generic terms.
- Indian gold imports for the month of June fell 86% to just 11 tonnes compared to 77.7 tonnes in the month of June 2019. This sharp fall was largely due to high gold prices, ban on international travel as well as most jewellery shops being shut. Indian consumers have traditionally been averse to buying gold at peak prices and jewellers have also cut down their imports proportionately. The largest demand centres like Chennai, Mumbai and Delhi have been under strict lockdown due to the rising Coronavirus cases in these cities. This is normally positive news for the government as it saves forex outflows.
- Motherson Sumi, India's largest auto component manufacturer has approved a massive restructuring of group businesses. As part of the restructuring, the domestic wiring harness or DWH business will be demerged from MSSL and become the wholly owned subsidiary of MSSL. Subsequently, Samvardhana Motherson International or SAMIL will merge into MSSL to consolidate 100% ownership in Samvardhana BV. This will bring all auto component business of SAMIL under the MSSL banner. The proposed merger is intended to simplify the ownership structure and also add value to shareholders in the long run. On account of the restructuring, fresh shares in the new entity will be allotted to shareholders in the ratio of 1:1 to all existing shareholders of MSSL. They also get 51 shares of MSSL for every 10 shares of SAMIL.
- Axis Bank has laid out grand plans to raise close to Rs.15,000 crore to shore up its balance sheet and be adequately prepared for the post COVID growth. Banks are expecting a spurt in NPAs after the EMI moratorium is lifted in August and banks need to be adequately capitalized for that. The entire Rs.15,000 crore will be raised through equity and convertible securities so as to spruce up its Tier-1 capital. In addition, Axis is also looking to realign its businesses which was evident from the decision to wind up its global offices. The equity dilution worries impacted the stock price of Axis in July 02 trading.

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