

VITT – VRIDDHI

THE SAMNIDHY NEWSLETTER



SAMNIDHY FUND PERFORMANCE VS. BENCHMARK



TOP GAINERS THIS WEEK



TVS Motors



ITC



HUL

TOP LOSERS THIS WEEK



UltraTech Industries



Pidilite Industries



PI Industries

News & Updates

Banking

The domestic exposure for domestic public and private sector lenders is well within the manageable boundaries with sufficient ring fencing, according to global broking and research firm CLSA, which stated on Thursday that it expects no significant negative risk to Indian banks from Adani group debt. According to CLSA, "Indian banking exposure is less than 40% of total group debt."

Analysis: Private banks' exposure is below 10% and they have largely financed assets with strong cash flows, like airports/ports. PSU banks' exposure is 30% of the total group debt and it has not increased in the past three years.

Textiles & Services

The Tiruppur textile industry, the first to export textiles from Tamil Nadu and, from South India, has asked for loan support for MSMEs. They have applied for credit assistance through the Emergency Credit Line Guarantee Scheme (ECLGS). The textile exporters also said that the business has experienced a sharp decline in their key summer goods order from European nations.

Analysis: Tiruppur's textile business has experienced a sharp decline in its key summer goods order from European nations. Exporters and owners of knitting businesses reported a fall of 30–40% in orders from the European market alone, impacting the industry's survival.

Industrial Manufacturing

Vedanta announced that it plans to acquire Meenakshi Energy, a debt-laden 1,000-MW coal-based power plant located in Andhra Pradesh, for INR 1,440 crore. It will pay INR 312 crore upfront for the acquisition and the balance of INR 1,128 crore will be paid in the form of secured, unlisted non-convertible debentures over a period of five years.

Analysis: This acquisition will enhance Vedanta Group's portfolio in power. Overall, this can be seen as a smart business move that will allow the company to grow and become more competitive in the energy market.

FMCG

Hindustan increased its royalty payments to its parent company, Unilever. Some analysts have raised their price targets on Unilever after its December quarter consolidated net profit above analyst expectations, supported by a revival in rural demand. However, shares in India's largest FMCG company fell nearly 4% to their lowest level in three weeks because of 80 basis point increase in royalty.

Analysis: Having a higher consolidated net profit as a result of increased rural demand, the benefit of which is still not reflected in the stock price as a result of the royalty fee increase, has once again exposed the unethical practice of increasing royalty payments by MNCs.

Major Business Deal



Mukesh Ambani bets big on Women's IPL

Viacom18, a company owned by Reliance, has acquired the five-year rights to the inaugural Women's IPL (WIPL) for Rs 951 crore from the Board of Control for Cricket in India (BCCI). This includes both broadcasting and streaming rights, making the cost per match Rs 7.09 crore. This deal makes the WIPL the second-most expensive league in women's sports globally, only behind the US Women's National Basketball Association (WNBA).

This acquisition is part of Reliance's strategy to boost content consumption across its media and telecom networks, and tap into a new set of advertisers. Advertising revenue will be critical for the platform if the matches are streamed for free. The WIPL is likely to attract interest from FMCG, home, personal care and beauty brands, in addition to finance, crypto, auto, and gaming companies which dominate ads during the men's IPL.

Why is Ambani betting Big on WIPL and other sporting events?

Viacom18's increasing dominance in India's sports ecosystem is also slowly breaking the STAR-Sony duopoly that defined the last 15 years of sports broadcasting in India. This acquisition follows Viacom18's acquisition of the rights to the men's IPL for Rs 23,758 crore last year, as well as top dollar for global cricket leagues like the South Africa Twenty20, and showpiece events such as the FIFA World Cup and the Olympics.

Mukesh Ambani is betting big on sports and this acquisition is a part of this strategy. With the growing popularity of women's sport and the rising social media influence of women cricketers, advertisers will see this as a valuable revenue-generating vehicle. Experts believe that this acquisition is a good move for Viacom18 as it will not have to invest separately in sales teams and marketing efforts as it would already do that for IPL. This acquisition will also help in recovering the massive input costs.