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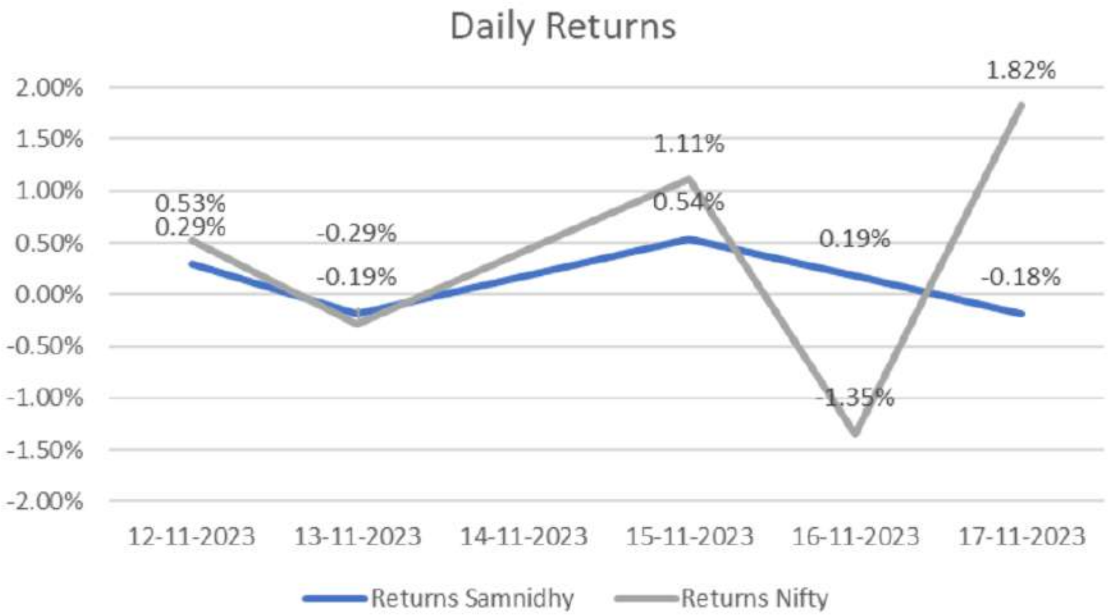
VITT–VRIDDHI

THE SAMNIDHY NEWSLETTER

SAMNIDHY FUND PERFORMANCE VS. BENCHMARK



TOP GAINERS THIS WEEK

TVS Motors

Infosys

Trent

TOP LOSERS THIS WEEK

Bajaj Finance

Union Bank

Jio FSL

News & Updates

Automotive

Hyundai's car models will soon be accessible for purchase on Amazon's US website and mobile apps, with plans to extend the offering to more markets. This groundbreaking collaboration marks the first time an e-commerce platform has teamed up with an automaker, eliminating the need for customers to involve a dealership in the finalization of their car purchase.

Analysis: This collaboration represents a groundbreaking innovation in car sales, exemplifying channel hopping. It has the potential to revolutionize the car-buying process, showcasing a new approach for manufacturers in how they sell vehicles and suggesting a transformative shift in the way we purchase cars.

FMCG

Nestle India's board has sanctioned a 1:10 stock split, signifying a subdivision where each investor's share will be divided into 10 shares. The record date for this action will be disclosed subsequently. This involves the division of each fully paid-up equity share with a face value of INR 10 into 10 equity shares, each with a face value of INR 1.

Analysis: Nestle India's stock priced at INR 24,373 per share is the seventh-highest priced Indian stock, which may make it unaffordable for several investors. Now that the stock will be split, more investors or traders will be attracted to invest in them.

Industrial Manufacturing

Over the next 18 months, Jupiter Wagons Ltd., a provider of mobility solutions, intends to invest about INR 1,000 crore to increase manufacturing capacity, operationalize Stone India, a recent acquisition, and launch a commercial EV venture. Before the end of the current fiscal year, Jupiter Wagons also plans to introduce a qualified institution placement (QIP) of INR 700 crore to support its expansion.

Analysis: The Railways sector has been in an uptrend with support from government as well as private sector in the form of record capex allocation and order flow, Jupiter Wagon is looking to augur its operations to meet demand through increased capacity and also entering the EV business to help expand its revenue streams.

Pharmaceutical

Cipla is transferring its generics business to its subsidiary, Cipla Pharma and Life Sciences Limited (CPLS), in a slump sale approved by the board for INR 350 crore, to be completed by December 31, 2023. This strategic shift aims to capitalize on the fast-growing generic market, enhancing agility and decision-making. The generics business, valued at INR 1445 crore, constitutes approximately 9.95% of Cipla's turnover.

Analysis: The transfer of the generics business to CPLS positions it for quicker and independent decision-making, potentially accelerating product development. With increased resources, CPLS can invest more in new generic drugs, enhancing Cipla's competitive edge in a rapidly growing market segment.

Major Business Deal

Nippon Paint Holdings acquires Indian paint giants: NPI and BNPA

Nippon Paint Holdings Co., Ltd. (NPHD) has recently completed the acquisition of shares from two prominent Indian-based paint manufacturers, namely Nippon Paint (India) Private Limited (NPI) and Berger Nippon Paint Automotive Coatings Private Limited (BNPA), collectively referred to as the "Target Companies." This strategic move was formalized through a Master Agreement and a Share Purchase Agreement, known as the "Share Transfer Agreement." In this transaction, NPHD will acquire the shares of NPI, while the shares of BNPA will be secured by Nippon Paint Automotive Coatings Co., Ltd. (NPAC), a subsidiary of NPHD.

Nippon Paint Holdings, committed to maximizing shareholder value (MSV) and fostering sustainable growth through its Asset Assembler model, initiated a significant restructuring in 2021. This involved the transfer of shares of three key entities – NPI, BNPA, and Nippon Paint Automotive Europe B.V. (NPAE) – to INC. The purpose of this restructuring was to optimize long-term value in India and Europe, with Wuthelam Group shouldering the associated restructuring expenses.

Despite the transfer of shares, NPHD continued to provide crucial management support to the three companies, resulting in more robust growth than initially projected. NPI experienced notable growth attributed to market recovery, strategic marketing investments, successful customer acquisitions, and overall market improvements. Similarly, BNPA achieved a return to profitability, driven by effective management changes, integration efforts with NPI, cost optimization measures, and strategic price adjustments.

Based on careful assessment, NPHD has concluded that both NPI and BNPA are poised for sustainable growth without necessitating substantial additional investments. The decision to exercise call options for the acquisition of NPI and BNPA aligns seamlessly with NPHD's overarching strategy of maximizing shareholder value.