Zomato revenue up 225% to $205 million

Restaurant membership of Gold has shot up after *#Logout*

NEHA ALAWADHI & KARAN CHOUDHURY
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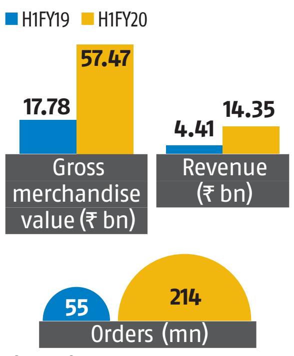
DELIVERING RESULTS



Source: Company

Zomato, the country's oldest restaurant discovery platform, on Tuesday said its revenue more than tripled in the first half (H1) of 2019-20 (FY20) to $205 million, compared to $63 million in the same period last year.

The firm, in news recently for laying off more than 600 employees and facing massive backlash from restaurants for its premium membership programme Gold, said its monthly burn rate is down to 60 per cent, compared to six months ago.

In a report released by the Deepinder Goyal-led firm, Zomato vehemently defended its premium membership, claiming that the number of restaurant partners have increased after the *#Logout* campaign. Gold, which allows paying members to avail of free dishes and drinks at member restaurants, has been at the centre of a controversy since August.

Restaurant associations have said the programme, initially aimed at premium dinners, has encouraged deep discounting — the costs of which are borne by restaurants. Even amidst this opposition, Zomato has tweaked the programme and expanded it to its delivery services.

On Tuesday, it said Gold had gone from discovery to loyalty. "We now have 1.4 million members worldwide on Zomato Gold, who are using their privileges more than thrice a month. Gold is a niche, but large loyalty programme. So far, less than 5 per cent restaurants participate in Zomato Gold, and less than 5 per cent of our monthly active users are Gold members. There's so much headroom to grow here," the report stated.

The National Restaurant Association of India (NRAI) had launched a *#Logout* campaign on August 14 against aggressive pricing and deep discounting by restaurant aggregators, but over time, has expressed greater unhappiness with Zomato Gold. The last round of discussions between the NRAI and the aggregators was held around end-September. There is no consensus on the issues raised by the NRAI yet. Zomato, on its part, again claimed Gold is a success and would be part of the firm's plans. It even gave out a few numbers to prove its point.

"At the start of the *#Logout* campaign, we had 6,100 restaurants in India on Zomato Gold for dining out. As of today, we have 6,300 restaurants in India on Gold. In addition, we have 10,000 restaurants participating in the Zomato Gold for delivery. The number of restaurants participating in Gold outside of India stands at 6,500," Zomato said in the report.

Since April, Zomato food delivery services have expanded from 200 cities to over 500 cities across India. Its order volumes in the top 15 cities doubled in the past 12 months, while the rest contribute 35 per cent to its order volumes. In the first half of 2018-19 (FY19), Zomato recorded 55 million orders, while in the first six months of this year, this number rose to 214 million orders.

Its corporate catering business is also doing well, the company said in a statement. "Our food@work business is growing well, and some very large accounts are slated to go live soon. We are already doing about 3 million orders a month for food@work," Zomato said.

The hyperpure business, which delivers fresh produce to restaurants, delivered 65,000 orders for 2,200 restaurants across Delhi and Bengaluru in the first six months of FY20. "Our revenue from hyperpure for the first half (H1) stands at $6.5 million (compared to 0 in H1FY19) with a hearty FY20 projection (10x growth)," said Zomato.

Novelis gets EU nod for proposed Aleris buyout

ADITI DIVEKAR
Mumbai, 1 October

Novelis, the US-based aluminium rolling and recycling company (part of the Aditya Birla Group), has said the European Commission has approved its proposed acquisition of Aleris Corporation.

The Commission is the European Union's executive arm. The approval is conditional on sale of Aleris' plant at Duffel in Belgium, which produces aluminium for the automotive and specialties markets, said the firm. Novelis is working to market the plant to potential buyers and sign a definitive agreement, subject to the Commission's approval, it said.

"Overall, this transaction (deal with Aleris) will strengthen our ability to compete against steel in the automotive market, meet growing customer demand for aluminum, achieve our recycling goals and bolster our sustainability platform worldwide. In addition, it will further enhance our strategic position in Asia and diversify our overall product portfolio," said Steve Fisher, president and chief executive at Novelis.

The firm expects to close the European transaction by January 21, 2020, outside date under the merger agreement.

Aleris operates 14 production facilities in North America, Europe and Asia. Duffel is one of the largest rolling mills in Europe, producing rolled products from aluminum and special alloys.

It has CALP (Continuous Annealing Line with Pre-Treatment) 140-inch (3.556 m) hot rolling mill. Last month, there was a regulatory hurdle from the US department of justice. The latter filed a civil antitrust lawsuit, seeking to block the purchase by Novelis, citing a need to preserve competition in the North American market for rolled aluminum sheet in automotive applications.

Novelis had announced signing of a definitive agreement in July 2018 to acquire Aleris for $2.6 billion, including the assumption of debt.

GoAir CFO Sanjay Gupta resigns

GoAir's Chief Financial Officer (CFO) Sanjay Gupta has quit the airline. Gupta, who previously worked with Emami Agrotech and Unilever in Singapore, had joined the company in March.

A GoAir spokesperson confirmed his exit. GoAir has seen a churn in its senior management in the past and its CEO Cornelis Vrieswijk resigned in February. Since then the airline had strengthened its management, expanded its network and turned aggressive in its marketing ahead of a possible initial public offering.

BS REPORTER

IUC extension to disincentivise 4G upgrade, says Reliance Jio

SURAJEET DAS GUPTA
New Delhi, 1 October

The Telecom Regulatory Authority of India's (Trai's) plan to extend the interconnect user charge (IUC) regime beyond December will disincentivise the upgradation f 4G technology from 2G and keep voice tariffs for over 73 per cent of the incumbent operators' customer base high, depriving them of the benefit of free calls. It will also earn incumbents lower revenues from Reliance Jio for terminating their calls and, hence, not helpING them financially, contrary to what they argued.

According to sources close to Jio, the company is expected to elaborate these points as part of its response to the telecom regulator's discussion paper on deferring its earlier decision of introducing zero IUC from January. Challenging the claim of incumbent operators that an extension is required because of the financial problems of the industry, the sources said their woes were self-inflicted.

Telcos fiercely competed for spectrum before the merger of Vodafone and Idea, which led to the prices of airwaves hitting the roof, and overinvestment — most of it was financed by debt rather than equity. This, they said, was reflected in the fact while the annual deferred liability payment for spectrum in the case of Voda Idea was ₹12,287 crore and Airtel ₹5,751 crore, Jio's was far lower at ₹3,388 crore. The burden of spectrum payouts has forced Ebitda margins of Voda-Idea LTD , for instance, to fall to 11 per cent in the last reporting quarter.

Voda Idea has 1.48 times more spectrum than Jio, but the former's coverage of 4G (population coverage of 69 per cent) has been slow. Hence, about 73 per cent of the customers of incumbent telcos are still on 2G/3G, creating an asymmetry between the incoming and outgoing calls between Jio and the

competing networks, according to the sources. The incumbents' complaint that the ecosystem for 4G voice over LTE phones (which reduce the cost of voice dramatically) is very limited has been questioned by Jio. The Mukesh Ambani-owned firm has sold over 100 million Jio feature phones, which are VOLTE-enabled. There was no reason, the sources said, why others could not invest in the same to build the market.

Under the IUC regime, a customer from Jio making a call to a competing network has to pay 6 paise a call. The allegation by Jio is that incumbent operators charge a steep rate for voice calls from their 2G customers (as high as ₹1.60 a minute), forcing them to make missed calls on their networks, leading to an increase in return calls for which it has to pay IUC. Incumbent operators blame Jio for reducing the ring time on their outgoing calls from 45 seconds to 20 seconds, and inducing more missed calls on their networks.

Sources said Jio had forked out over ₹13,500 crore as IUC to incumbent operators since its launch in September 2016. However, with 8-9 million new customers being added every month at the expense of Airtel and Voda Idea, the incoming calls to its network from competing players are heading towards the 50 per cent-mark (39 per cent currently) of the total offnet calls, after which it will not have to pay any IUC. For the coming quarter, the payouts won't be over ₹200-300 crore, which is a minuscule portion of the ₹7,700 crore losses made by incumbent proivate telcos the last reporting quarter.

Trai prescribes ₹6.5 as rate for portability of mobile number

The Telecom Regulatory Authority of India (Trai) on Tuesday prescribed nearly 66 per cent cut in per transaction charge to ₹6.46 for port out services offered by mobile number portability service providers (MNPSPs).

"After considering all the comments and other information available on record, the authority has issued `Telecommunication Mobile Number Portability Per Port Transaction Charge and Dipping Charge (Second Amendment) Regulations, 2019' prescribing the PPTC of ₹6.46 for each port request, on 30 September, 2019," the Trai said.

The regulations would come into effect from November 11, 2019, it added.

However, the recipient operators are free to charge a lesser amount from the subscribers availing mobile number portability services, it added.

CapitaLand eyes to double AUM to ₹36,000 crore in next 5 years

KARAN CHOUDHURY
Bengaluru, 1 October

CapitaLand, one of Asia's largest diversified real estate groups, plans to grow its assets under management (AUM) in the group's key market India, from the current ₹17,000 crore to ₹36,200 crore by 2024. This development comes after CapitaLand's merger with Ascendas-Singbridge in June this year.

To achieve the target, CapitaLand will invest capital to grow development pipeline and work with capital partners to grow fund management business in the next five years.

"CapitaLand's integration of Ascendas-Singbridge portfolio since July 2019 has strengthened our competitive edge globally and in India, one of our strategic markets for growth where we have fully integrated capabilities. We see strong potential to leverage new economy trends such as the growth in e-commerce, urbanisation and knowledge economies to expand in the Business Park and logistics sectors, which are core sectors for the India economy," Lee Chee Koon, Group CEO, CapitaLand Group said.

For its lodging business under Ascott, it will continue to build on the recurring fee income by seeking opportunities to expand primarily through management contracts, franchises and leases in key cities.

Airtel initiates plan to raise up to $1 bn; arm to issue bonds

Bharti Airtel has initiated a massive fundraising exercise, estimated at up to $1 billion (about ₹7,000 crore) via a bond issue by its subsidiary Network i2i, the proceeds of which will be used to cut debt for the telco that is engaged in a turf war in the Indian telecom market.

The mega fundraiser comes just months after the Sunil Mittal-led company raised ₹25,000 crore through a rights issue. The telecom sector has been battered by falling tariffs, eroding profitability, and mounting debt, in the face of stiff competition triggered by disruptive offerings of Reliance Jio, owned by Mukesh Ambani.

But with the market for voice and data growing at an explosive pace and intensifying competition, telecom operators have been investing in strengthening networks, and preparing war chests to protect their turfs.

In a regulatory filing on Tuesday, Airtel announced that an "...offering of $ denominated Guaranteed Subordinated Perpetual Securities by Network i2i Limited (a direct 100 per cent subsidiary of Bharti Airtel) expected to be rated 'BB' by both S&P and Fitch may follow, subject to market conditions." Airtel has appointed a clutch of bankers, including BofA Merrill Lynch, Barclays, BNP Paribas, Citigroup, HSBC, J P Morgan and Standard Chartered Bank as joint bookrunners and joint lead managers to organise a series of fixed income investor meetings and calls across Asia, Europe and the US starting Wednesday, it added.

PTI

We are forced to cut ring time to 25 seconds: Airtel

Airtel on Tuesday said it has been forced to cut ring time on its network to 25 seconds to contain losses and match a similar move by rival Jio. It said there was directive from the Trai on the issue and hence the firm is left with no choice but to reduce ring time. The Trai had asked the operators to arrive at a mutually acceptable solution over the dispute until it concludes a formal consultation on the matter. MEGHA MANCHANDA

RIL eyes 2G users from rivals with ₹699 JioPhone

Ahead of the festive season, Reliance Jio slashed prices of its feature phone on Tuesday as it hopes to onboard 2G subscribers from rival operators. During Dussehra and Diwali, Jio is making the JioPhone available for ₹699 against the current price of ₹1,500.

The company said the offer is targeted at over 350 million 2G users currently paying extremely high data rates for poor quality 2G data. "By offering the 'JioPhone Diwali Gift', we are making an investment of ₹1,500 towards bringing every new person from the bottom of the economic pyramid into the Internet economy. This also shows our commitment to the success of Prime Minister Narendra Modi's visionary Digital India mission," said Mukesh Ambani, Chairman & Managing Director, Reliance Industries.

For JioPhone customers who join through the offer, Jio will offer data benefits valued at ₹ 700. For first seven recharges that the customer does, Jio will additionally add ₹99 worth of data.

Incumbent telcos Vodafone Idea and Airtel have already announced plans to shut down or upgrade 3G/2G subscriber base to 4G and have been rolling out infrastructure accordingly.

As Jio does not have any 2G or 3G base, it has allowed the telco to forge ahead in terms of 4G market share. According to a recent Motilal Oswal report, Airtel's management has said the impact from downtrading plans and the minimum recharge plans is now largely behind.

Airtel has set a target to capture 35-40 per cent of the incremental mobile broadband subscriber share. It also aims to pick a similar share from Vodafone Idea's user churn. Meanwhile, it is benefiting from a healthy upgrade in voice average revenue per user (ARPU) from ₹60 to ₹120.

ROMITA MAJUMDAR

SAT rejects Thapar's plea against Sebi order

The Securities Appellate Tribunal (SAT) on Tuesday rejected a plea by Avantha Group's Gautam Thapar against an ex-parte order issued by the Securities and Exchange Board of India (Sebi).

This order was issued pertaining to irregularities at CG Power and Industrial Solutions. "We find no merit in the appeal filed by Gautam Thapar and others. The appellant should now file a reply by October 15. In case the appellant requires any documents from Sebi, a formal request has to be made," said a SAT Bench led by Justice Tarun Agarwala.

The tribunal directed the capital markets regulator to provide documents with respect to the case, on receipt of Thapar's request. Thapar had moved SAT against Sebi's ex-parte order arguing that it was against the principles of natural justice, given that it was based on incomplete findings. The counsel for Sebi contested the claim, stating that natural justice was not denied to Thapar as the regulator had relied on disclosures made by the company.

In an order dated September 18, Sebi had barred Thapar and three former officials of CG Power for a number of alleged irregularities, including diversion of money. The market watchdog had said that it was passing an ex-parte ad-interim order to "protect the integrity of the securities market".

Sebi's order was passed nearly a month after the CG Power board said the firm had been hit by an accounting scandal, and that liabilities of the group had been understated by over ₹1,600 crore for FY18.

The regulator had passed the order based on a preliminary investigation report submitted by CG Power. It has ordered a more detailed forensic audit to bring out the "complete picture and the extent of the misappropriation". "We continue to maintain the fact that we had no opportunity to participate in the so-called 'investigation' nor in the report. The report by Vaish Associates is inconclusive and highly disclaimed as only selective information and data was shared with them," said a source close to Thapar.

SAMIE MODAK