IN BRIEF

Lodha Group plans ₹13,000-cr commercial projects in 3 years

Realty major Lodha Group is constructing commercial real estate projects worth ₹13,000 crore and could monetise these assets through Real Estate Investment Trust (REIT) after completing these in the next three years, a top company official said. The Mumbai-based developer has completed 2 million sqft office space valuing ₹2,000 crore. It recently sold office properties worth ₹1,350 crore. "About 7 million sqft commercial area is under construction, valuing ₹13,000 crore," the company's managing director Abhishek Lodha said. After completing these projects over the next three years, he said the company would explore the possibilities of monetising these rent-yielding commercial assets through the REIT. The REIT is an investment tool that owns and operates rent-yielding real estate assets. It allows individual investors to make investment in this platform and earn income. The rental income of these assets is estimated to be over ₹1,000 crore annually. PTI

Parle eyes ₹100-cr sales with return of Rola Cola

Biscuits and confectionery major Parle Products expects its Rola Cola candy to clock sales of ₹100 crore, accounting for 10 per cent of its overall turnover in the first 12 months of relaunching the brand in India after a gap of 13 years, according to a senior company official. Parle Products, which had discontinued the hard-boiled candy with cola flavour in 2006 during a product rationalisation process, is bringing the brand back, based on consumer response on social media. PTI

Religare to sell NBFC arm stake to TCG Advisory for ₹330 cr

Religare Enterprises is selling its entire stake in NBFC arm Religare Finvest (RFL) to TCG Advisory Services for around ₹330 crore, according to a regulatory filing on Wednesday. The firm in the filing said a share purchase agreement had been signed with TCG for selling stake in RFL, which is an SME-focused NBFC, and also owns a majority shareholding in housing finance provider Religare Housing Development Finance Corporation. PTI

Cox & Kings cancels festive Euro tours

Tour operator says it will refund customers; employees not paid for three months, hundreds asked to leave

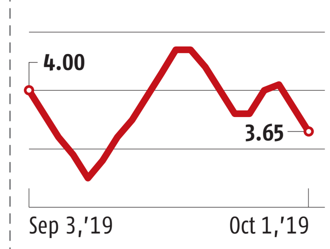
ANEESH PHADNIS & AVISHEK RAKSHIT
Mumbai/Kolkata, 2 October

IN A SOUP

- Cox & Kings is looking for investors for various assets, but sale process is taking longer than the planned 90 days
- Last week, it signed a term sheet to sell corporate travel division to Ebix Inc
- Termination of IATA licence made servicing corporate customers difficult
- The company's Meininger hotel chain in Europe is on the block
- The firm's stock has lost almost all its value, and closed at ₹3.65 on Tuesday

TAKING A HIT

BSE price in ₹



Source: Exchange

Cox & Kings cancelled European group tours at the last minute and put hundreds of employees on notice after a delay in raising funds, confirmed the troubled tour operator.

It has already defaulted on loan repayments and closed some of its overseas branches because of cash crunch. Employees have also not been paid for three months. On Monday, it asked over hundred employees to leave, sparking protests at its Mumbai office.

Now, even customers are facing the music for its financial crisis.

Cox & Kings had marketed several group tours for October. These are popular in West Bengal, where most offices and educational institutions are closed for Durga Puja holidays. The festival begins on Friday.

The tour operator said it will refund customers. "As our IATA (International Air Transport Association) licence has been revoked, our ability to trade is constrained. We are managing travel plans of our customers," Cox & Kings said in an emailed response.

It added, "To ensure that there is no major disruption on the ground we have decided to cancel some tours and we will refund tour costs."

Revoking of the IATA licence makes Cox & Kings unable to issue air tickets on credit. Travel Agents Federation of India's eastern region Chairman Anil Panjabi said it will discuss the issue. "We will raise this issue with the IATA as well. After all, the customers are suffering," he said. Cox & Kings said it was in talks with several financial and strategic investors, but raising funds has taken longer than anticipated.

"We wanted to complete the process in 90 days, but it looks like it will take about 180 days," said a tour operator in response to questions about funding. "We don't want to prevent employees from seeking new positions. So we have put them on notice. We are also helping them find other jobs."

Employees, however, are upset over lack of clarity. Several of them have joined other companies. Some alleged that the company had not paid the income-tax deducted from their salaries to the government. A few have taken to Twitter and other social media to express their anguish.

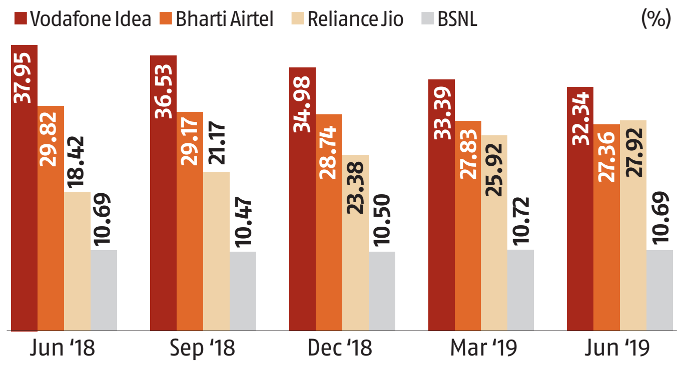
"I quit in September as there was no firm assurance regarding pending salaries," said Anirudha Rane, who worked in the corporate travel section of Cox & Kings. He did not get paid for two-and-half months and sought help from Prime Minister Narendra Modi on social media. Cox & Kings said employee liabilities will be met through proceeds from the sale of assets.

AIRTEL DRIVES TELECOM SECTOR'S AGR TO 5-QTR HIGH

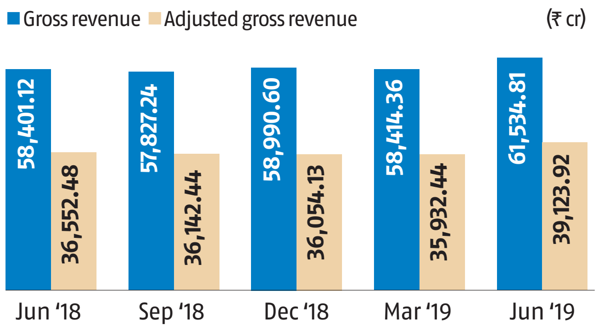
The telecom sector's adjusted gross revenue (AGR) grew 8.8 per cent in the first quarter of FY20, its biggest gain in the past five quarters. The growth rate never crossed 1.3% during this period. Vodafone Idea continued to show negative AGR growth (-6%), while Jio (10%) remained stable. The sector's growth was driven by Airtel. With 26% revenue growth, the telco showed rapid recovery. In terms of market share, both Airtel and Jio remained at 27 per cent, and have chances of catching up with Vodafone Idea (32%) in the near future. The sector's wireless average revenue per user (ARPU) has also grown 4 per cent to reach ₹74 during the quarter.

COMPILED BY ROMITA MAJUMDAR

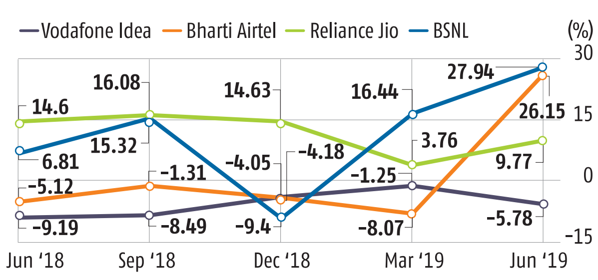
MARKET SHARE



FINANCIAL PERFORMANCE



ADJUSTED GROSS REVENUE GROWTH



Source: Trai

Udaan mops up $585 million in Series D round

Udaan founders Amod Malviya, Vaibhav Gupta and Sujeet Kumar

PEERZADA ABRAR
Bengaluru, 2 October

ABOUT THE START-UP

- Udaan was founded by former top Flipkart executives Amod Malviya, Sujeet Kumar and Vaibhav Gupta
- The platform enables small manufacturers and farmers to sell their products at low cost with 100% payment security
- Funding raised by Udaan to date is $870 million since 2016

Business-to-business (B2B) platform Udaan has raised $585 million from Tencent, Altimeter, Footpath Ventures, Hillhouse, GGV Capital, and Citi Ventures, it has said.

Existing investors Lightspeed Venture Partners and DST Global also contributed to the round. This takes the total funds raised by the e-commerce start-up to $870 million since 2016.

According to Vivek Durai, founder of business intelligence platform Paper.vc, Tencent led the Series D financing round, by contributing roughly a quarter of the total raise, giving the firm a "post-money valuation in the range of $2.5 billion".

With this fundraise, Udaan will continue its long-term investment approach in building its platform.

Founded by former Flipkart executives Amod Malviya, Sujeet Kumar, and Vaibhav Gupta, Udaan has operations in categories such as lifestyle, electronics, home and kitchen, staples, fruits and vegetables, fast-moving consumer goods, toys, and general merchandise.

Udaan said it enables small manufacturers, farmers, mills, and brands to sell their products across the country at low costs, with 100 per cent payment security and transparency. "Udaan's unique approach could enhance the capabilities of millions of retail stores," said Martin Lau, president of Tencent.

The Indian market has a large number of small businesses across manufacturing and trade, including over 100 million farmers and 15 million small manufacturers, as well as above 30 million traders, retailers and service businesses.

Mobile technology is enabling access for these businesses at an unprecedented speed. Udaan said its marketplace has strategically focused on this trend, facilitating efficient and transparent transactions.

"Empowering millions of small businesses to effectively procure and sell goods is not only a massive business opportunity, but will also help transform the economy by providing internet-scale productivity gains to merchants, wholesalers, and manufacturers," said Brad Gerstner, founder and CEO of Altimeter Capital, and Ram Parameswaran, partner at Altimeter Capital.

DLF settles ₹8,700 cr payable to JV with GIC

Realty major DLF has settled the entire ₹8,700 crore amount payable to DLF Cyber City Developers (DCCDL), its joint venture with Singapore-based GIC, by transferring various completed commercial properties and land parcels as well as cash payment.

With settlement of this dues, the company said it has completed the exercise of transforming its balance sheet and consolidation of all rental assets under the DCCDL.

DLF holds 67 per cent stake in DCCDL, while Singapore's sovereign wealth fund GIC holds 33 per cent.

At the end of 2018, DLF owed ₹8,700 crore to DCCDL and the amount payable came down to ₹5,600 crore by July 1, 2019. In a filing to the BSE on Wednesday, DLF said the "inter-company payables have now been fully settled".

As part of the settlement, DLF has transferred its shareholding in its arm DLF Info Park Developers (Chennai) at an enterprise value of ₹1,000 crore. This subsidiary holds nearly 27 acres of land. PTI

E-commerce policy may miss year-end deadline

SUBHAYAN CHAKRABORTY & KARAN CHOUDHURY
New Delhi/Bengaluru, 2 October

The much-awaited e-commerce policy that was supposed to clear up regulatory issues for Amazon, Flipkart, Uber, Ola and several web-based service providers might not come out this year, said sources in the government.

They said discussions were on over the broad contours of the policy, but the final document would be out only after other technology policies are mandated, as the commerce ministry is trying to avoid overlaps and contradictions.

"We have had several rounds of discussions and we have in place a broad outlook of how the policy will be," said a senior commerce ministry official.

He added, "But, we need to have discussions with other ministries such as information technology, consumer affairs and others to figure out policies and guidelines they are framing. This will take some time. At this point, it looks like the e-commerce policy might come out only next year."

The policy has been delayed several times over the past year. Initially, suggestions made by some domestic tech firms had skewed the policy against foreign competition.

A draft policy released in February had drawn flak from the sector, prompting the government to review it. In June, the government set a 12-month deadline to release the policy. It also said there would be no further changes in foreign direct investment (FDI) rules for the sector.

A committee — the third so far — has been formed to finalise the e-commerce policy. Under the authority of the Department for Promotion of Industry and Internal Trade, it will be headed by an additional secretary, with representatives from the commerce department and ministries of micro, small and medium enterprises, and consumer affairs. Legal experts would also be on the panel.

The committee will provide clarification on FDI in e-commerce. The e-commerce sector is expected to touch $125-150 billion by the end of 2019-20, according to CARE Ratings estimates. After inter-ministerial consultations, it has been decided that the commerce department will be bringing out a policy only after the Ministry of Electronics and Information Technology releases the Data Protection Bill, which has mandated that a copy of personal data of consumers be stored within the country.

India's e-commerce rules are a particular area of concern for the US as well. The proposed policy is increasingly becoming an item of negotiation, as the US pushes hard to change India's stance, an official said.

Snapdeal's digital gift card sales rise 300%

Snapdeal's sale of digital gift cards has already risen 300 per cent during this year's ongoing festive sales season, compared to last year. These cards are more popular in big cities, with three of four cards being purchased by metro users, the firm said. Snapdeal's digital gift cards can be used both online and in physical stores of leading brands and are valid up to one year. Most of these gift cards increase users' total discounts by clubbing them with online and offline sales that would be taking place over the next few months. Uber Gift Card, which offers a 10 per cent saving on Uber rides and Uber Eats, is one of the most popular buys on the platform. NEHA ALAWADHI

'Output moderation may come from large players'

Demand for steel is slowing down, prices are at a 10-month low and the threat of a wider trade pact is looming large. Against this backdrop, JSW Steel's Joint Managing Director and Group Chief Financial Officer (CFO) **SESHAGIRI RAO** tells **Ishita Ayan Dutt** that India needs a cautious approach. Edited excerpts:

Q&A

What would be the impact of including steel in Regional Comprehensive Economic Partnership (RCEP) negotiations?

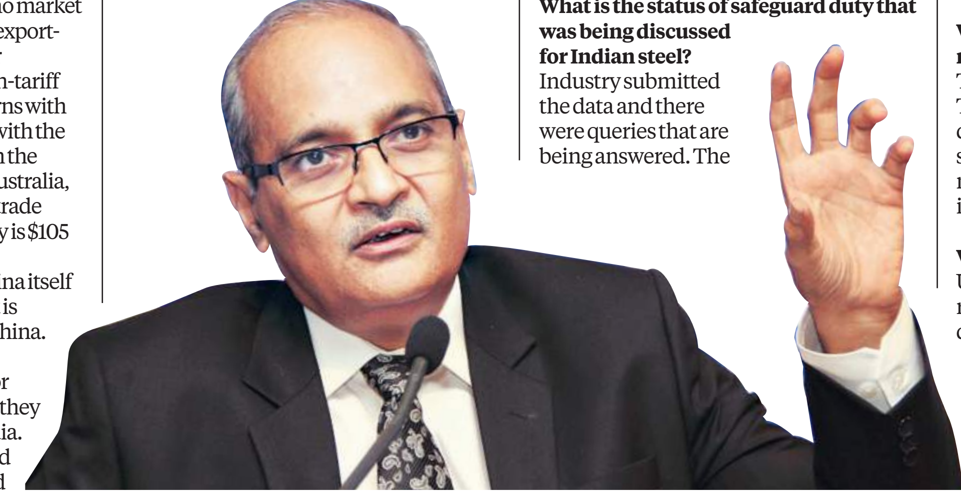
The experience that we have as a country with free-trade agreements (FTAs) is not so encouraging. So, we should be cautious when we are proposing to sign the RCEP. The trade deficit when we signed the FTA with Asean, South Korea, and Japan in 2010 was $15.9 billion. The same for 2019 is $41.8 billion. Therefore, deficits have gone up instead of our exports. Steel, as a percentage of total imports, into India, in 2010 used to be 26 per cent. The same in August 2019 was 77 per cent and for financial year March 31, 2019, it was 58 per cent. So, the numbers are steadily increasing. Now, 77 per cent of the steel that has come into India in August was at 0 per cent duty. Steadily, the imports into India at 0 per cent duty is rising whereas exports have not gone up to those countries. In value terms, for steel, the deficit has gone up from $1.4 billion to $3.2 billion.

Why have we not been able to export to FTA countries?

Our markets are opening up, but we are not being able to access their markets. This is either because there is no market in those countries, being export-dependent economies, or alternatively there are non-tariff barriers. These are concerns with regard to our experience with the old FTA. Now that we want to sign the RCEP, including New Zealand, Australia, and China, we should look at the trade deficit numbers which even today is $105 billion, including with the 13 FTA countries. Of this $105 billion, China itself is substantial, at $53 billion. What is worrisome today is particularly China. Either in terms of governance, pollution norms, bank funding, or government support to industry, they are not comparable at all with India. In that event if RCEP is signed, and including China, then there could be a huge problem to the industry. That is why suggestions are being given by the industries to exclude steel.

What suggestions are being given with regard to the old FTAs?

Whatever FTAs we have already signed require review, particularly in the context of the latest pacts being signed by other countries. In these FTAs, there are certain safeguard measures that are being incorporated. Those include auto trigger of duties. For instance, if imports go beyond certain volumes at unfair prices, without any further investigation, auto trigger of safeguard mechanism will come in. These safeguard or precautionary measures are essential in these agreements.



What is the status of safeguard duty that was being discussed for Indian steel?

Industry submitted the data and there were queries that are being answered. The data being looked into is whether there is any surge in imports. In the current financial year, increase for the first five months of the year is 0.8 per cent, cumulatively. But in August, there is an increase of 27.5 per cent. For FTA countries, the increase is eight per cent this year. Safeguard duty will be imposed if there is a surge in imports. But since cumulatively for five months it is only 0.8 per cent, the data is not supporting it.

Why couldn't we increase exports to non-FTA countries?

Today, Europe has a quota. The US, Turkey and Canada, all have safeguard duties. Almost every country has put some restriction or the other. Export markets are getting narrowed while imports are hitting us from FTAs.

What is the demand scenario right now?

Up to August, the government has released the numbers which are definitely showing a slowdown with regard to overall demand. We started the year with 6.5 per cent, which came down to 1.7 per cent in August.

Have prices bottomed out?

Today, many steel companies are not making money at these prices. Iron ore prices globally are very strong. Coking coal prices have corrected but are still at a level of $140. If the cost of production is worked out, considering FOB coking coal price at $140 and iron ore price at $93, with global steel prices currently at $470-$500, it is not possible to meet both ends. In my view, steel prices have bottomed out.

If prices continue to fall, is a production cut likely?

Production cuts are already being done. For instance, Europe has already announced a production cut. Also, there are announcements of a production cut in the US. So supply-side adjustments have started. In India, secondary steel players are already suffering and only the large players are holding on. Now, moderation in production will come even from large players, if the situations continues like this.

When do you see a revival?

A series of announcements have been made by the government in September. We have to watch out for the second half.