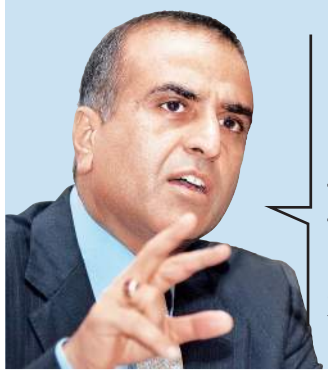
Airtel's ₹20K-cr investment on despite slump: Mittal

MEGHA MANCHANDA
New Delhi, 18 December



"We typically invest ₹20,000 cr in telecom every year, and will continue to do so. We discussed all our group matters, mainly the infrastructure sector — telecom, tower business, solar, and real estate"

SUNIL BHARTI MITTAL
Chairman, Bharti Airtel

Despite slowdown, Sunil Bharti Mittal, chairman of Bharti Airtel, said his company was continuing with its annual target of investing around ₹20,000 crore in the business.

"We typically invest ₹20,000 crore in telecom every year, and we will continue to do so," Mittal said after his two-hour-long meeting with Commerce and Industry Minister Piyush Goyal.

Mittal said he discussed a plethora of issues with Goyal and sought the government's support for faster clearances to streamline the group's investment plans. "We discussed all group matters, mainly the infrastructure sector — telecom, tower business, solar, and real estate," Mittal said.

Commenting on the one-year extension given by the Telecom Regulatory Authority of India (Trai) to the IUC (interconnect usage charge) regime, Mittal said he was glad that the authority "heeded to the request of the industry". On Tuesday, the Trai deferred, by one year, the scrapping of the charge paid by mobile phone users for calls made to rival networks. It also initiated talks to prescribe minimum or floor price for call and data, ending the free call regime.

The telecom authority said operators would continue to pay 6 paise per minute for outgoing call made to their competitors' network till December 31, 2020. These charges are proposed to become zero from January 1, 2021. Airtel and Vodafone Idea had been pitching for fixing of floor rate for calls and data as well.

On Tuesday, the Trai also released a consultation paper to fix minimum floor rates for mobile phone calls and data, a move that will effectively end the regime of free calling and dirt cheap data. "They need to bring some sense in the industry... We are happy with whatever they do," Mittal said.

At present, telecom call and data rates are not regulated. However, private telecom operators unanimously approached Trai to fix minimum price for mobile internet rates. Mittal said he made a request, on behalf of the telecom industry, for ₹37,000 crore goods and services tax (GST) refund.

Airtel is also hopeful of some relief from the Supreme Court on the AGR (Adjusted Gross Revenue) issue. The SC, on October 24, had allowed the Centre to recover ₹92,641 crore AGR from operators, including Airtel, Vodafone Idea and Jio. The total AGR demand from telcos adds up to ₹1.4 trillion. The apex court ordered the telcos to pay the past statutory dues within three months or by the end of January 2020.

The firms are seeking waiver of interest and penalties on the dues. They have also made an appeal for staggered payments. Meanwhile, the impending spectrum auctions didn't make it to the list of issues flagged by Mittal. When asked about the auctions, he said that it 'looks' unlikely this financial year, as the health of the industry needs to improve.

The telecom industry, which has a debt of ₹4 trillion, has sought the government's intervention in tackling the stress. The Union Cabinet on November 20 had announced a ₹42,000-crore package in terms of a two-year moratorium spectrum payments to debt-laden telecom companies.

'Battery swap addresses one of the mental blocks in acquiring an EV'

On Wednesday, the Indian arm of Piaggio, the Italian automobile entity, entered the electric vehicle (EV) segment in this country with the launch of a three-wheeler, the Ape E-City. **DIEGO GRAFFI**, managing director and chief executive, speaks to **Arindam Majumder** on the why and how. Edited excerpts:

When you go electric, the price of your product goes up. So, how does a three-wheeler product which will be for public transport suit your strategy?

Talking about price, it is true the cost of technology for electric application is costly. Definitely, if you compare a full EV, including cost of battery, to conventional petrol or diesel. That's why we decided to start introducing a battery swap solution. In this case, the customer will not be forced to buy the battery. So, in terms of the price gap as compared to a conventional engine, it would not be much (more). Additionally, customers will be enjoying a lot of incentives from the government. Like, you don't have to pay road tax. These will take the final cost of operating the vehicle more or less to that of a conventional engine.

Will you at some time come with a fixed battery product, too?

To reduce the upfront investment cost for customers, we came up with the swappable solution but, parallelly, we will be studying the fixed battery solution. As and when the customer is ready, we will be able to market that. For the customer, there are advantages — zero emission, zero noise.

Will you follow the same battery swap solution for e-scooters?

A scooter is something we are looking at with interest. We decided to start with three-wheelers because we felt the potential is higher there, at the moment. But, we are already producing and selling electric scooters globally.

How many cities do you initially plan to start with?

We will start in three cities — Chandigarh, Mohali and Gurugram.

Will you be going for more products in the electric three-wheeler segment?

We have decided to go for a gamut. Those will be both fixed and swappable batteries, in the cargo and passenger segments.

Will you market these products with cab service aggregators?

Definitely, partnering with aggregators will be an option. Currently, we will be tying up with Sun Mobility. For developing and deploying in particular cities, Sun Mobility has taken ownership of developing the infrastructure — deploying battery swap stations, owning the battery, and giving the service of battery swaps to final customers. Definitely, we will be trying to get one of the top cab aggregators on-board.

Are you in dialogue with Ola or Uber?

Yes but not only for electric vehicles.

Do you think public transport, rather than private ownership, is an efficient way of making EVs popular in India?

Success depends on customers seeing value in such products. Definitely, aggregators, infrastructure building, is the way to reach customers...see what they require in terms of cost of acquisition. The good thing about battery swaps is that this avoids one of the largest of mental blocks in customers. The customer can now go to the nearest battery station, swap the battery and run as many kilometres as he wants.

No objection if HDIL properties are sold off, Wadhawan to HC

HDIL Managing Director Sarang Wadhawan told the Bombay High Court on Wednesday that he had no objection if the realty group's assets were sold for recovery of dues of Punjab and Maharashtra Cooperative bank.

Sarang and his father, HDIL promoter Rakesh Wadhawan are currently in judicial custody after the duo were arrested in connection with an alleged scam at PMC Bank. Sarang Wadhawan filed an affidavit on Wednesday in response to a public interest litigation filed by lawyer Sarosh Damania. The PIL seeks quick disposal of HDIL group's assets which have been attached by Mumbai Police's Economic Offences Wing and the Enforcement Directorate, and speedy return of the depositors' money.

After a liquidity crisis at the bank came to light in September, the RBI imposed restrictions on withdrawal of funds, leaving depositors high and dry. A Bench of Justices R V More and S P Tavade earlier this month had directed the Wadhawans to file their reply, and also list all the properties owned by the group. **PTI**

FMCGs bank on premium, small packs in slowdown

VIVEAT SUSAN PINTO
Mumbai, 18 December

SNAPSHOT

SMALL PACKS

10-15% Growth between April-Sept 2019

20-25% Estimated growth between Oct-Mar 2020

GOING PREMIUM

26% people buy better products

19% people buy new products

Source: Bain/Industry

Companies in the fast-moving consumer goods (FMCG) sector are turning their attention on small packs as spending curbs grow. At the same time, premium consumers are not being ignored, with launches lined up for them too, executives Business Standard spoke to said on the sidelines of the Confederation of Indian Industry's FMCG Summit, held in Mumbai, on Wednesday.

In the past two quarters alone, firms such as Hindustan Unilever (HUL), Nestlé, Proctor & Gamble (P&G) , and Mondelez have all launched premium products in detergents, personal care, and foods, even as the proportion of small packs have grown within their portfolios.

According to industry, small packs within the portfolios of most companies in FMCG has increased by 10-15 per cent in the past six months, aimed at making products as accessible as possible to consumers. "This way the companies are ensuring that there is some sampling by people, and therefore, penetration," said Suresh Narayanan, chairman and managing director of Nestlé India. A P&G spokesperson said the firm had been focusing on superior products, brand communication, retail execution, and value to drive growth in India.

P&G said that launch of premium variants in personal care and laundry has been offset, with the roll-out of more satchets (in shampoos), price cuts in laundry (Tide), and availability of lower-priced variants in feminine care (Whisper). Experts said the growth of small packs within the portfolios of firms is likely to accelerate, as the slowdown prolongs over the next few quarters. Market research agency Nielsen has already forecast low single-digit FMCG market growth for the October-December period, saying this could worsen in the coming months.

In the past six quarters, FMCG market growth has consistently fallen from levels of 16 per cent in July-September 2018. FMCG market growth for October-December (2019) is now estimated to be in the region of 3 per cent. Though experts say that green shoots are beginning to show especially in channels such as modern trade.

Experts said penetration and premiumisation would still be the most important sources of growth for companies in the FMCG sector, especially in a slowdown.

"Our research shows that more people spend more at affordable price points, especially in a slowdown. It is almost 55 per cent. At the same time, 26 per cent people are spending on better products while 19 per cent on new products," said Nikhil Ojha, partner, Bain and Company.

HUL, for instance, launched Love and Care, a premium detergent, a few months ago. It has now introduced mayonnaise brand Hellman in India and is expected to ramp up its premium variants in skin care, beauty, and hair care.

Simultaneously, it has maintained advertising and sales promotion expenditure, keeping its presence going on television and digital medium despite a slowdown.

Anand Ramamoorthy to head India ops of Micron Tech

Micron Technology, the fourth-largest semiconductor firm in the world, with revenues of $23.4 billion, has appointed Anand Ramamoorthy managing director for its India operations. Ramamoorthy will lead and drive a growing team composed of research and development personnel, design engineers, and support functions across all Micron sites. An alumnus of IIT Roorkee and Auburn University, Alabama, Ramamoorthy has more than 21 years of global experience in building teams, implementing business strategies, fostering innovation and leading organisational transformation. Before joining Micron, he has led teams in wireless, automotive electronics, data centre, and cybersecurity. **PEERZADA ABRAR**