CDEL sees YES Bank nod to tech park deal in 10 days

Subsidiary Sical Logistics eyeing a pact with institutions to raise debt capital

DEBASIS MOHAPATRA & BIBHU RANJAN MISHRA
Bengaluru, 27 December

Coffee Day Enterprises (CDEL) sees its working capital position improving by the second week of January. This is because the company expects proceeds of the 'Global Tech Park' sale to go through during this period apart from seeing some debt capital flow from financial institutions.

Sources privy to the development said though YES Bank is yet to give approval to the (Global Tech Park) deal, it is likely to come in the next 10 days.

"In the last five months, after the tragic demise of V G Siddhartha, the company has not received even a paisa from banks. If Blackstone (deal) comes through, which the company feels will be done in the second week of January, things will improve," said a person familiar with the development.

"The company will pay (to its creditors) the last paisa," the person added.

In September, CDEL decided to sell the Global Village Tech Park to private equity major Blackstone and realty firm Salarpuria Sattva Group for ₹2,700 crore.

A person familiar with the development also said that despite working capital crunch, all the cafes and vending machines are operating normally without any disruption.

However, some of its subsidiaries have not been able to service their debt owing to cash flow mismatches.

Sical Logistics, one of the listed subsidiaries of CDEL, on Thursday informed exchanges that payment of semi-annual interest of ₹5.5 crore on non-convertible debentures issued by the firm would be delayed. In the September quarter also, the firm had not paid ₹10.72 crore interest to creditors.

"While talk of divestment is going on, Sical is simultaneously trying to raise some debt, which will ease the working capital crunch substantially," said another person.

Meanwhile, CDEL expects the investigation report on the purported letter, allegedly written by founder of the group late VG Siddhartha, to be presented to the board next month. In August, the group had roped in former DIG of the Central Bureau of Investigation (CBI) Ashok Kumar Malhotra, along with law firm Agastya Legal LLP, to investigate contents of the letter apart from giving the mandate to scrutinise its books of accounts.

By the end of July, the group's aggregate debt stood at ₹4,970 crore, of which Tanglin Developments' liabilities stood at ₹1,622 crore. Its flagship coffee retailing arm Coffee Day Global's total debt was at ₹1,097 crore.

According to regulatory filings, promoter holding in CDEL, comprising shares of Coffee Day group founding chairman late V G Siddhartha, his wife Malavika Hegde, Devadarshini Info Technologies, Coffee Day Consolidations and Sivan Securities, has seen a sharp fall of around 28 per cent to touch 25.35-per cent at the end of September quarter.

This was majorly due to liquidation of pledged shares by lenders during this quarter.

Overseas corporate bodies such as NLS Mauritius LLC held the maximum 10.61 per cent stake in the company followed by KKR Mauritius PE Investments II with 6.07 per cent, during this period.

Similarly, Marina West (Singapore) and Marina III (Singapore) were the remaining overseas corporate investors with 4.63 per cent and 1.04 per cent stake, respectively.

MONEY MATTERS

- **In September,** CDEL decided to sell the Global Village Tech Park to Blackstone and Salarpuria Sattva Group for ₹2,700 cr
- **Coffee Day Group has not received** any funding support from banks in the last five months
- **By July end,** group's aggregate debt stood at ₹4,970 cr, of which Tanglin Developments' liabilities were at ₹1,622 cr
- **Despite working capital crunch,** cafes and vending machines are operating normally without any disruption

Adani acquires 40% stake in cold chain logistics firm for ₹296 crore

The firm plans to double its capacity over the next five years

ADITI DIVEKAR
Mumbai, 27 December

Adani Logistics, a subsidiary of Adani Ports and SEZ, announced on Friday it had signed an agreement to acquire a 40.25 per cent stake in Snowman Logistics from Gateway Distriparks for ₹296 crore.

The purchase price of ₹44 per share is a 3.2 per cent premium to the market price of December 27, and a 12 per cent premium to the 60-day volume weighted average price (VWAP), said a company release.

"The acquisition is in line with our strategy and vision to be a leader in providing integrated logistics services in India and moving from port gate to customer gate. Cold chain is key product in customer gate strategy given India's consumer driven demand," Karan Adani, chief executive officer at APSEZ was quoted as saying.

The announcement of this acquisition by Adani has come at the time when India is grappling with economic slowdown where domestic companies of several sectors are cutting capex amid not-so-strong revenue visibility.

As part of the transaction, Adani Logistics will make a mandatory open offer as per the Substantial Acquisition of Shares and Takeover Guidelines, 2011 for a maximum 26 percent of the public shareholding in the company.

The acquisition is subject to customary condition precedents and is expected to close by March 31, 2020, informed Adani via release.

"We will double the (cold chain) capacity in next five years. With focus on increase in utilisation, higher realisation from product mix and operational efficiencies, this vertical will help further improve returns of logistics business," Adani was quoted as saying.

Snowman Logistics has presence in 31 locations in the country across 15 cities. Promoter Gateway Distriparks had listed Snowman Logistics in 2014 and had plans to grow in neighbouring geographies in the long-term.

The purchase price of ₹44 per share is a 3.2% premium to the market price of December 27

Vistara picks Nelco for in-flight data services

Vistara has partnered Tata group firm Nelco for in-flight data services, which are expected to be rolled by the full service carrier shortly, according to a senior government official.

Nearly five years after starting operations, Vistara — a joint venture between Tatas and Singapore Airlines — is also likely to be the first domestic carrier to provide in-flight connectivity within India. Telecom Secretary Anshu Prakash said required spectrum has been allocated for the purpose.

"Vistara has tied up with Nelco and they have taken transponder space from ISRO (Indian Space Research Organisation)...they had come to us for spectrum allocation which we have done. And they will be launching these services very shortly," he said. A Vistara spokesperson said, "We have not finalised this yet," referring to launch of the services.

An email sent to Nelco seeking comments did not elicit any immediate response and the company's spokespersons were also unavailable.

While airlines can offer both voice and data connectivity under the 'Flight and Maritime Connectivity Rules-2018' notified by the government in December 2018, data connectivity is expected to be offered first, Prakash said.

"There can also be voice but voice is not happening right now. Still data is as good as voice, because once you have data you can use over-the-top (OTT) and make WhatsApp calls," he noted.

Regarding inflight wi-fi services, Prakash said the tariffs are not regulated by the government.

"It is for them to decide what tariff they will charge. I suppose it will be an add-on service that the airlines will offer in relation to their competitors but whether they will charge or not charge, is their decision," the Telecom Secretary said.

Telecom pricing is currently under forbearance, and "tariff is not an issue in this", he added.

Vistara, in which Tata Sons has 51 per cent stake and the rest is with Singapore Airlines, began commercial services on January 9, 2015. With a fleet of 39 planes, the carrier operates more than 200 flights a day and is working on expanding its overseas presence.

Last month, Nelco said it expects to roll out in-flight data connectivity services by January but did not divulge the airlines it would be partnering with for the offering. PTI

JSW Steel arm to sell 39% in JV for $23 mn

PRESS TRUST OF INDIA
New Delhi, 27 December

JSW Steel on Friday said its Netherlands-based subsidiary would offload 39 per cent stake in joint venture firm Geo Steel for $23.08 million.

JSW Steel (Netherlands) will sell the stake to the JV partner Georgian Steel Group. JSW Steel (Netherlands) holds 49 per cent stake in the JV.

"JSW Steel (Netherlands), a wholly-owned subsidiary of the company, has entered into an agreement for selling 39 per cent out of its 49 per cent stake held in Geo Steel LLC, a JV based in Georgia, to its JV partner — Georgian Steel Group," JSW Steel said in a BSE filing.

Post the completion of the aforesaid sale, JSW Steel (Netherlands) B V . will continue to hold 10 per cent stake in Geo Steel LLC, it said.

The company expects the sale of shares will be completed within 30 days from the date of agreement.

The consideration to be received from such sale will be $23.08 million, it said.

RInfra gets ₹94 cr from Goa, to urge it to pay rest

Reliance Infrastructure (RInfra) on Friday said it had received ₹94 crore from the Goa government against the arbitration award of ₹350 crore.

The company will request the Goa government to pay the balance of 75 per cent of the arbitral award against bank guarantee immediately as per a recent NITI Aayog circular, it said in a statement.

The proceeds will be used to pay lenders and reduce the debt of company, it said. Reliance Infrastructure, which is sitting on a debt pile of up to ₹6,000 crore, aims to be debt-free in 2020. The tribunal, on February 16, had ordered the government to pay ₹350 crore, including interest, in favour of R Infrastructure. PTI