TaMo to decentralise distribution of cars

To set up regional stockyards to ensure three-day delivery

SHALLY SETH MOHILE
Mumbai, 5 December

Tata Motors is in the process of setting up at least seven regional stockyards as it seeks to move to a leaner and efficient distribution system. This will ensure its vehicles reach dealers much faster and delivered to buyers in a maximum of three days.

The move is also aimed at reducing the financial burden on dealers as it takes care of inventory costs, said Mayank Pareek, president, passenger vehicles business, Tata Motors. The company already has an operational stockyard in Guwahati and will have another three by the end of the current financial and the rest by the middle of next year, Pareek said.

"For far-off locations in the east, sometimes, it can take up to 21 days for vehicles to reach there. That means 21-day inventory is lying on the wheel. It is adding to the interest costs in this period," Pareek told *Business Standard*.

Irrespective of which part of the country a vehicle is booked, a regional stockyard will ensure the vehicle reach the customer within three days of booking. "This will bring down the inventory carrying costs substantially," he said, adding, these stockyards will be set up and managed by third-party logistics providers.

The initiative is part of the company's strategy to focus on retail sales, and this will lead to a leaner and efficient system based on demand forecast and big data, Pareek said. "For any model, you have 7 to 8 trims and the same number of colour options. If you multiply, the combinations become 56. It's practically difficult for any dealer to keep 56 variants of a model. It's uneconomical and inefficient," he said.

In Guwahati, where Tata Motors already has an operational stockyard, the new model has helped dealers pare inventory costs by almost a third, claims Pareek.

The maker of Tiago and Harrier models seems to have taken a leaf out of car market leader, Maruti Suzuki India, which adopted the de-centralised model of distribution almost six years ago. It currently has several such stockyards at multiple locations across India.

Tata Motors has taken this step at a time when passenger vehicles sales India are going through a prolonged slowdown amid poor consumer sentiments and anaemic economic growth. India's economy advanced 4.5 per cent in the September quarter of FY20. Besides poor sales, a liquidity squeeze and tightening of credit norms by lenders have also affected automobile dealers.

"The dealer has forgotten the core job of generating demand, selling the vehicle and addressing the after-sales requirements. He is forever in managing the books, saving interests costs and trying to avoid a default," said Pareek, adding that the new structure will allow the dealer to focus on the core job. He conceded that as the result of the change in focus from wholesale to retail, Tata Motors has had to forfeit volumes and market share. The firm's PV sales in the seven months to October dropped 41 per cent year-on-year to 81,576 units. This was much sharper than the broader market, which fell 20.2 per cent in the same period, according to Society of Indian Automobile Manufacturer Association (Siam). It crimped 39 per cent year-on-year in November.

But Pareek appeared confident that in the long term, the strategy to focus on retail sales will pay off. He expects the pain to continue for the current quarter as the stock correction reaches the final lap. Sales are expected to be on track after the transition from BS-IV to BS-VI is behind, he added.

Company's PV sales and marketing head resigns

S N Burman, vice-president (sales, marketing and service-passenger vehicles) at Tata Motors, has resigned from his position, according to a source. His resignation comes amid floundering sales at the firm. A company spokesperson has confirmed the news. "Barman has decided to pursue career opportunities outside Tata Motors." Barman joined Tata Motors from Maruti Suzuki in 2015. As an interim structure, it has been decided that head of sales (north and east) and head of sales (south and west) will be reporting to Mayank Pareek, president, passenger vehicle business unit, the spokesperson added. SHALLY SETH MOHILE

Odisha Slurry bidding heats up as Thriveni offers ₹4,000 cr

RUCHIKA CHITRAVANSHI
New Delhi, 5 December

Tamil Nadu-based Thriveni Earthmovers has raised the ante in its bid to acquire Odisha Slurry Pipeline Infrastructure (OSPIL) with an upgraded offer of ₹4,000 crore, as against ₹2,350 crore being offered by ArcelorMittal, the only other bidder in the fray.

With a total admitted claims of OSPIL's financial creditors amounting to ₹2,660 crore, this will be one of the rare instances where an asset has drawn a bid above the full-recovery value.

"Thriveni is ready to give further upside to the lenders over a period of time. It is also important to clarify that its plan is not conditional to the outcome of legal dispute around the title of the asset," a person close to the matter said. The bid is being funded through Thriveni's internal accruals, the person added.

Lenders are in favour of Arcelor's bid of ₹2,350 crore, which the company has offered to pay an upfront cash against the original bid of ₹3,300 crore by Thriveni Earthmovers.

Thriveni, which has so far offered a cash payment of ₹8 crore, is willing to offer the entire amount up front if the resolution professional takes away the requirement of providing a letter of commitment, according to sources.

The 253-km slurry pipeline that the companies are vying for is critical to Essar Steel, which is set to be acquired by ArcelorMittal under the Insolvency and Bankruptcy Code (IBC). The transaction for Essar is expected to be closed by mid-December. The pipeline connects the site of the iron ore beneficiation plant in Dabuna with the 12-million-tonne pellet plant in Paradip, an important ancillary unit of Essar Steel.

For Thriveni, the asset offers big opportunity for financial growth as the company plans to up the capacity of the pipeline from 10 MT to 50 MT over the next few years. The company wants to use the pipeline for movement of slurry to other iron mins, as part of its resolution plan. The pipeline is leased to Essar and the arrangement with OSPIL is captured in the Right to Use Agreement. The resolution professional to Essar had prayed that the pipeline be declared an asset of Essar Steel.

However, the National Company Law Tribunal (NCLT), in an order dated February 2018, had said the applicant could not claim ownership of the pipeline in view of the civil suit in the Calcutta High Court.

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Allcargo Logistics picks up 44% stake in Gati

ADITI DIVEKAR
Mumbai, 5 December

Allcargo Logistics, part of the Avvashya Group, has forayed into express logistics segment by acquiring a 44.64 per cent stake in Gati.

"The stake buy is a combination of 10 per cent promoter shareholding that will trigger an open offer of 26 per cent and balance will be via preferential shares. This will bring the total deal size to ₹416 crore," Shashi Kiran Shetty, founder and chairman of Allcargo Logistics, said on Thursday.

To invest ₹416 crore for 44.6% stake

Founded by Mahendra Agarwal in 1989, Gati pioneered express distribution in India. Today, Gati offers a variety of offers, spanning from express distribution to third-party (3PL) operations. As of September 2019, Gati's promoter and group promoter stake in the company stands at 17.8 per cent, of which 70 per cent has been pledged. After stake sale, promoter and group promoter's stake in the company will reduce to 7.8 per cent. Funds for the deal will be a combination of debt and internal accruals apart from the open offer, Shetty said.

Allcargo Logistics plans to sell some of its non-core assets such as cranes and equipment as part of internal accrual arrangement. Also, the firm is in talks with large private equity and real estate players to dilute its stake in five logistics parks.

"The plan is to become a minority stake holder in the logistics park segment within two months and divert funds from this deal to lower the debt portion of Gati acquisition," Shetty said. The firm is in advance stage of talks for sale of its logistics parks stake. The 44.64 per cent stake buy in Gati is not the end of the deal for Allcargo Logistics.

The company has already chalked out a plan to become a majority stakeholder in the express business, he said.

"With acquisition of 10 per cent promoter stake in Gati, we clearly get the management right. The bigger plan is to take controlling stake in the entity in future," Shetty added.

Kintetsu World Express (KWE), part of the $10.3 billion Kintetsu Group Holdings, Japan, which entered into a joint venture with Gati to form the GATI-KWE subsidiary in 2012, will continue to remain invested and retain its association with GATI, said the company.

Meanwhile, Systematix Corporate Services has acted as an exclusive financial advisor to the parties on the transaction.

Samsung launches big LED screens for ₹3.5-12 crore

PRESS TRUST OF INDIA
New Delhi, 5 December

Tech major Samsung on Thursday introduced its modular MicroLED display The Wall, which comes in giant screen sizes of 146 inch, 219 inch and to 292 inch and is priced between ₹3.5 crore and ₹12 crore.

It has been designed for those who constantly seek exceptional luxury experiences, said Samsung India in a statement adding that it would target ultra-high net worth individuals customer base in India for 'The Wall'.

The consumer electronics major aims to sell 200 units of The Wall by 2022.

"With The Wall, we expect a sale of up to $70 milion (₹498 crore) by 2022," said Samsung India Vice-President (Consumer Electronics Enterprise Business) Puneet Sethi. The 146-inch (370.8 cm) Wall modular MicroLED display comes in, while 219 inch (556.3 cm) in 6K definition, 292 inch (741.7 cm) would be in 8K definition.

The company expects demand to come from metro and non-metro cities as Pune, Ahmedabad, Bengaluru, Surat, Ludhiana, Hyderabad and Chandigarh.

In India, there are about 140 billionaires and over 950 multi-millionaires.

The Wall Luxury is for spaces that include luxury homes, living and media rooms, bedrooms, home cinema. "Luxury is about offering a customised experience. We are excited about this next step in our road map to the future of display technology, and the remarkable viewing experience it offers to consumers," said Sethi.

The Wall brings a new level of immersive viewing and ensures consumers can experience never seen before picture quality in the comfort of their homes, with 0.8 mm pixel pitch technology. It has been designed for those who constantly seek exceptional luxury experiences.

48% Indians prefer food delivery: Uber Eats survey

More Indians prefer to order food from outside than dining out, according to a survey commissioned by Uber Eats. "48 per cent of Indians prefer ordering in, with convenience and breaking monotonous routines being the biggest driving factor," the 'Food Moods of India' research report said. The survey was conducted through online surveys and interviews by Ipsos on behalf of Uber Eats in 13 cities across India between September 15 — October 15, 2019 among 4,000 consumers aged 15-50 years who consume out of home food at least once a month. According to the survey, 34 per cent Indians want to dine out while 18 per cent prefer take-away. Of the 48 per cent who prefer to buy outside food, 76 per cent want to have it in their home, while 13 per cent want it delivered to their work place or college and 5 per cent at friend's home. PTI