

IN BRIEF

Greta calls on Siemens to review Adani's Australia coal project



Climate activist Greta Thunberg (*pictured*) has called on German engineering group Siemens AG to review its role in helping to develop a coal mine project in Australia. "On Monday they (Siemens) will announce their decision. Please help pushing them to make the only right decision. #StopAdani," Thunberg tweeted on Saturday. Environmental activists are concerned that the continued use of coal as well will lead to higher emissions of carbon dioxide, a gas which is linked to global warming. Engineering giant Siemens has said it will decide by Monday on its involvement in the development of the mine which is being built by India's Adani Power, its CEO Joe Kaeser said on Friday. The Australian government last year approved the construction of a new coal mine in Queensland by Adani that is expected to produce 8-10 million tonnes of thermal coal a year.

REUTERS

BharatPe to hire 75 product managers, engineers this year

Fintech platform BharatPe is planning to hire at least 75 engineers and project managers this year to expand its technology team and will set up a tech-hub in Delhi for the expanded team. The tech-hub will serve as the core for BharatPe's product development and new innovations, it added.

PTI

NEC focuses on smart digital solutions; eyes \$1-bn revenue

Japan-based NEC Corporation, which was also involved in Aadhaar implementation programme in India, is looking to tap opportunities in smart digital solutions space in the country and has set a revenue target of \$1 billion in five years from here, according to a company official.

PTI

Granules India recalls 23 million ranitidine tablets from US mkt

Drug firm Granules India is recalling over 23 million ranitidine tablets, the latest report of the American health regulator said. N-nitrosodi-methylamine is classified as a probable human carcinogen (a substance that could cause cancer). It is a known environmental contaminant typically found in water and foods, including meats, dairy products and vegetables.

PTI

IndiGo opens first international call unit in Guangzhou

IndiGo airlines has opened its first international call centre comprising six employees at Guangzhou in China to cater to queries from passengers that speak in Cantonese, Mandarin and English. The Guangzhou call centre was started around the same time the low-cost carrier started its flight operations between India and China in September last year.

PTI

Forensic audit report found no fraud, say Anil Ambani's firms

BS REPORTERS

Mumbai, 12 January

Reliance Commercial Finance and Reliance Housing Finance have said forensic auditor, Grant Thornton, has not recorded any adverse findings on 11 parameters, including diversion and siphoning off of funds, and embezzlement. Both entities are part of Anil Ambani-controlled Reliance Capital. As part of the debt resolution process, the company's lenders appointed Grant Thornton for the audit in August 2019, as required by the Reserve Bank of India (RBI) guidelines. Reliance Commercial Finance said in a statement that the forensic report has confirmed the potential group entities' exposure through several intermediate unlisted entities at ₹4,427.74 crore (including interest). This, the company had voluntarily and publicly disclosed, before commencement of the forensic audit.

The other findings in the forensic audit report are limited to the following issues:

Reliance Commercial Finance said the forensic report has confirmed the potential group entities' exposure through several intermediate unlisted entities at ₹4,427.74 crore

Alleged regulatory anomalies regarding group exposure and alleged deviation from certain policies and procedures. The regulator, RBI, had already taken note these. The RBI had directed the company not to access 'public funds' and not to take more exposure with immediate effect until further notice.

Meanwhile, Reliance Housing Finance said the National Housing Bank (NHB) has taken actions such as imposition of penalty and directions regarding the alleged regulatory anomalies, including concentration of credit, related party transactions. NHB also directed it to increase the housing loan disbursements and reduce corporate exposure.

After completion of the forensic audit, Reliance Home has requested bankers to proceed on a fast-track basis with the debt resolution plan in the overall interest of all lenders, including retail debentures holders and shareholders.

PhonePe's \$1.2-bn fundraising hits roadblock

PEERZADA ABRAR

Bengaluru, 12 January

Digital payments firm PhonePe, which was out in the market for a large funding round, now seems likely to take more time for this. Its proposal has not evoked much response, said sources in the know.

The Walmart-owned firm has been in talks with several large global investors, to raise up to \$1.2 billion (₹8,500 crore). Having grown swiftly since the acquisition of Flipkart by Walmart in 2018, it was looking at a valuation of \$10 billion.

However, factors such as lack of diversification, new e-commerce and data policies, as well as the overall investment environment, have slowed the process. Besides, investors are not ready to give them this level of valuation, a

reason why these discussions are not making much progress, sources added. Among others, the payments firm was said to be in talks with Tencent, US payments firm Visa, SoftBank, Naspers and even sovereign funds such as Qatar Investment Authority and Canadian Pension Plan.

"If they had got the (\$10 billion) valuation upfront, they would have raised the funding. From the past few months, they have slowed down the process itself. The challenge was that the investors had not given them this kind of valuation because they had not diversified and were only doing payments," said a person familiar with the fundraising plans. "Also, the overall investment environment was a dampener. The acquisition of Flipkart, as well as the new data policies and their impact



on getting into the broader fintech spaces other than payments, played a role." An e-mail sent to PhonePe did not evoke a response.

Background

PhonePe came to Walmart as

part of the US retailer's \$16-bn acquisition of e-commerce firm Flipkart in 2018. According to sources, Walmart prefers that PhonePe raises funding from outside investors to scale up operations and take on rivals such as Alibaba-

DIVERSIFICATION TROUBLE

- The firm has been in talks to raise over \$1 billion
- Was expecting a valuation of \$10 billion
- Investors are not ready to offer this
- They feel that PhonePe is not adequately diversified for the same
- Was in talks with Tencent, SoftBank, Naspers and Visa, among others

fund Flipkart. Besides, they are spending a lot of money in the US e-commerce market," said another person, who didn't wish to be named.

According to Ankur Pahwa, partner at consultancy EY India, though the fintech space has made rapid strides, especially in the payments and wallets space, it has a long way to go. For instance, in segments such as lending, investing and insurance. "The need to be a one-stop app for most financial needs is certainly on the wishlist of big players in the segment and they are looking to quickly monetise on the customer base," he said.

Progress

PhonePe has started making deeper inroads into the country's financial services market, expected to touch \$340 billion in the next few years.

Car firms toe thin line on BS-VI diesel pricing

Toyota, Kia to keep price hike to minimum, at least for the time being

SHALLY SETH MOHILE

Mumbai, 12 January

To cushion the impact of a steep price hike, Toyota Kirloskar Motor and Kia Motors India have chosen to keep the price increase in their BS-VI diesel models to the minimum, for now.

This could prompt others Tata Motors and Mahindra & Mahindra (M&M) both with a prominent diesel portfolio, to adopt a competitive strategy when they launch their BS-VI line.

A majority of passenger vehicle makers have yet to complete the roll-out of a BS-VI range and announce the prices. Effective April 1, India's automobile market will leap to BS-VI emission standards. Depending on engine size, the switch is expected to make diesel offerings more expensive by up to 10-15 per cent as compared to BS-IV models.

Last week, Toyota, market leader in the MPV (multi-purpose vehicle) segment, announced the launch of a BS-VI compliant Innova Crysta, taking many by surprise by the pricing. Unlike the expectation of an increase of up to ₹250,000, the price hike ranges from ₹39,000 to ₹12,000.

"If we had transferred the entire costs incurred in upgrading the Innova Crysta (diesel) from BS-IV to BS-VI, it would have become dearer by ₹200,000 to ₹250,000 for buyers. Such a steep hike would have deterred them. We, therefore, had to convince our head office to allow us to take a hit on the balance sheet," said Naven Soni, senior vice-president for sales and customer service at Toyota Kirloskar.

This was, he clarified, an introductory offer for a limited period. Bookings for the model have commenced and deliveries would start before April, by when BS-VI grade fuel is likely to be available.

The company has also re-aligned its grades. It has done away with the ZX AT 2.8 litre model and now has a standard 2.4 litre one. As a result, the top trim became more expensive only by ₹39,000.

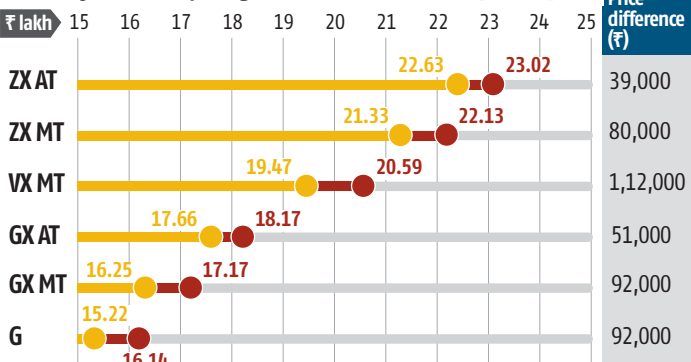
Kia Motors, local arm of the Korean car maker, entered the Indian market with the Seltos in August last year, straight with a BS-VI compliant engine. It has announced a hike of up to ₹30,000 (top-end trim) for petrol and up to ₹35,000 (top-end) for diesel models.

In some ways, being a late entrant



COMPETITIVE STRATEGY

Innova Crysta (diesel) pricing



AT: Automatic transmission, MT: Manual transmission

Source: Company

has helped Kia. Manohar Bhat, its head of sales and marketing, says their factory, reportedly one of the most contemporary in the world, has helped the cost structure.

Also, not having a "vested interest" in BS-IV has also worked to its advantage. Meanwhile, in a sharp contrast to the broader trend, diesel remains an attractive buy for the Seltos. A little more than half of the over 50,000 units sold since August is accounted for by diesel, says Bhat.

He attributes it to the relatively stable price gap between petrol and diesel fuel. "The decision regarding diesel and petrol offering is governed by the average running and acquisition costs, and the price gap between the two fuel types," he explains. The announcement of exiting the small diesel engine segment by many manufacturers, including market leader Maruti, also swung volumes in Seltos' favour.

Home-grown makers M&M and Tata Motors that have a predominantly diesel portfolio remain tightlipped. Rajan Wadhwa, president of the automotive sector at M&M, said the price of its diesel PV line-up was likely to go up by an aver-

age of 6-10 per cent. He declined to comment on whether the hikes will be taken in one shot or in phases. "I cannot disclose the strategy," he said.

Guenter Butschek, managing director at Tata Motors, says one cannot read much into BS-VI price announcements at this point. "We need to see how the reality pans out after April 1, when most manufacturers will be done with their roll-outs and price hikes. These BS-VI solutions (Innova and Seltos) have been introduced in the BS-IV environment. Some of these prices are very competitive in the context of the current market situation," he said, alluding to the slowdown in the market. PV sales in India have been on a decline for six straight quarters as economic growth decelerated, deterring buyers from new car purchases.

"Toyota, M&M and Tata Motors have high dependence on diesel and cannot afford to pass on the entire cost to buyers in one shot," said Puneet Gupta, associate vice-president at IHS Markit. The Innova is a mainstay for Toyota in India. Therefore, a steep hike would have proven detrimental to its sales, he added.

Honda's strategy: Stepping on gas with new models

TE NARASIMHAN

Chennai, 12 January

Japanese automobile maker Honda has taken some recent hard knocks in India but plans to press the accelerator on a line-up of new models to get growth back on track.

Top executives say they expect to close the financial year with a 'significant' decline in sales but also aim to go back to the earlier pace of growth in 2020-21.

Honda sold 192,000 vehicles in 2015-16. This slid to 85,751 in the first nine months of the current financial year, April to December.

Industry analysts say it continues to enjoy large brand recall and credibility but hasn't responded quickly to a changing market. That includes a switch from diesel to petrol, and then again from petrol to diesel, and customer preference for sports utility vehicles (SUVs).

Pricing is another reason. Honda made its mark in the premium sedan segment but couldn't measure up to the challenge in the mass segment. For example, it launched the Jazz, a premium hatchback, in the segment dominated by Maruti's Swift. While Jazz attracted eyeballs, the higher price tag deterred buyers. It later came out with the Brio but the market had by then got entrenched placers like Maruti, Hyundai and some others, they say.

Honda Cars India's senior vice-president for sales and marketing, Rajesh Goel, claims Honda is a highly desirable aspirational brand and known for its durability, quality and reliability. "We have never been a big player in the market." Also, that product has never been an issue – in the past four to five years, they launched two products every year on average. "Unlike some of the other players, the global cycle of model change was introduced by Honda in India," says Goel. He cites the Honda City in this regard.

Goel says Honda had its share of downs, due to issues like flooding, oil prices, rupee depreciation, non-banking financial company crisis, regulation changes and election uncertainty, among others. Besides, customer sentiment has not been good due to emission norm changes, fluctuation in fuel prices and electric vehicles.

Goel says Honda outperformed the seven per cent industry growth the year before last. IN 2018-19, a slow-down year, industry growth was 2.8 per cent, while Honda reported 8 per cent. It had domestic sales of 183,787 units in 2018-19, compared to 170,026 units in 2017-18.

Goel attributes the reversal in per-



FALLING SALES

No. of units sold	
2014-15	189,062
2015-16	192,059
2016-17	157,313
2017-18	170,026
2018-19	183,787
2019-20*	85,751

*(April-December 2019)
Source: Honda Cars India

formance this year to better risk management. From September 2018, month on month, the industry was in free fall. Considering the supply chain, Honda had no option but to cut on production to bring down the risk of piling up BS-IV stocks, selling at half the price.

Without committing numbers on growth and future launches, he says their current market share of Honda is 4.5 per cent (the best was 8 per cent, in the past). "I would definitely like a number higher than what we are today. Next year, it is likely to be higher."

Honda it took a much longer time than competitors in launching SUVs. And, says one of the future models includes an SUV. Also, an 'all new' Honda City, which had its world premiere recently in Thailand.

"We have been a sedan company in India but are committed to fulfilling the customer's aspirations by bringing in more cars, including SUVs," says Goel. By 2030, two-thirds of Honda's global production will be from non-conventional powertrains, including electric, hybrids and fuel cells. India would be part of this.

Viewers lap up sports and news channels despite new tariff order

SOHINI DAS

Mumbai, 12 January

The year 2019 saw growth in viewership for marquee television properties despite the sector regulator bringing in a new tariff order (NTO), data from the Broadcast Audience Research Council (BARC) shows.

News and sports, in particular, grabbed attention, with consumption being high during the year for these genres. Industry sources say the trend can continue into the new year, with the T20 World Cup, Delhi elections and National Population Register implementation on the cards.

Romil Ramgarhia, chief operating officer at BARC India, says, "2019 saw big-ticket sports events like the Indian Premier League (IPL) and the Cricket World Cup. But the year was also dotted with several news events like the general election results, Pulwama terror attack and abrogation of Article 370."

He says IPL viewership, too, grows

despite the NTO being in full force, the same holding true for *Bigg Boss* and *Kaun Banega Crorepati* later in the year.

The 12th edition of the IPL, an annual tournament played between March and May, just when the NTO was being implemented, saw an 11 per cent jump in terms of viewer impressions.

According to BARC data, compared to 14.2 billion impressions for IPL 2018, the 2019 season had 15.8 billion impressions. One of the key reasons behind this growth was perhaps that the tournament was telecast in eight different languages.

Similarly, key news events saw huge viewership — 4.9 billion impressions during the Pulwama and Balakot attacks — surpassed the 4.8 billion impressions during the general elections (*see chart*).

"TV viewership witnessed growth in 2019 for such events despite the NTO implementation and pricing changes," Ramgarhia said.

On a year-on-year basis, KBC and Big Boss saw 9 per cent and 4 per cent



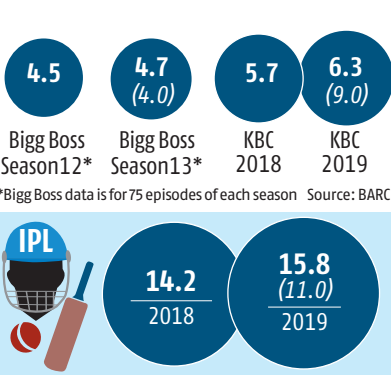
News	Weeks in 2019	Impressions (bn)
Pulwama & Balakot attacks	9	4.9
General election	21	4.8
Article 370	32	3.4

growth, respectively, in terms of viewership.

Besides sports, news and marquee TV properties, viewers made a choice when it came to their daily dose of general entertainment too. Instead of watching four to five general

DECODING THE TV MARKET

Impressions in mn Urban Hindi speaking mkt (% growth)



*Bigg Boss data is for 75 episodes of each season Source: BARC

entertainment channels (GECs), people opted for two to three GECs, a choice they are expected to stick to in 2020, BARC says.

"Time spent on the existing channels subscribed has gone up which is good for advertisers and broadcasters indicating

they have a loyal audience. But the number of channels watched has reduced," Ramgarhia says.

Broadcasters admit there has been a loss of 12-15 million subscribers after the NTO came into effect last year. At the same time, consumers had to be educated about the changes in the tariff regime, a tall task, experts say.

NP Singh, managing director and CEO, Sony Pictures Networks India and also the president of the Indian Broadcasting Foundation, an apex industry body, say the collective cost to the sector is at least ₹1,000 crore to communicate the price changes to consumers.

However, awareness and adoption rates of the new tariff regime is high despite the complex nature of subject, experts say.

Sudhanshu Vats, group chief executive officer and MD, Viacom18 and vice-president IBF, says about 94 per cent of Indians are aware of the NTO. "The month-on-month churn in the

industry shows people are continuously fine-tuning their choices," he says.

The Telecom Regulatory Authority of India (Trai), which is the sector regulator, has now made amendments to its February 2019 tariff order. The regulator has limited discounting of channel bouquets to 33 per cent besides bringing down the maximum retail price of any channel to be included in the bouquet to ₹12, from ₹19 earlier.

Broadcasters are irked by the frequent changes in tariff and are planning to move court this week to seek a stay on the amendments.

How this battle pans out will definitely have an impact on viewership patterns, say analysts.

"The major events of 2019 did not see much of an impact as consumers adapted fast to the new tariff regime. However, with the new amendments, there would be an impact on content creation and even on small and niche channels," says a Mumbai-based analyst.