IN BRIEF

Reliance picks up 37.7 per cent stake in Alok Industries

Reliance Industries (RIL) on Saturday said it had acquired 37.7 per cent stake in textile manufacturer Alok Industries for ₹250 crore. Reliance had jointly with JM Financial Asset Reconstruction bid for acquiring Alok Industries that was auctioned under the insolvency and bankruptcy law by lenders to recover their unpaid loans. The Ahmedabad Bench of the National Company Law Tribunal (NCLT) had last year approved the joint bid. "Please note that in accordance with the approved resolution plan, Alok has allotted 83.33 crore equity shares of ₹1 each at a premium of ₹2 per equity share for cash at total consideration of ₹250 crore to RIL," the company said in a regulatory filing. PTI

NTPC's Darlipalli power plant to start commercial ops

State-run power producer NTPC on Saturday said its 800 Mw unit of Darlipalli Super Thermal Power Station in Odisha would start commercial operation from March 1. In a regulatory filing, NTPC said the 800 Mw unit of Darlipalli Super Thermal Power Station Stage-I (2 x 800 Mw) is declared on commercial operation with effect from 00:00 hrs, of March 1, this year. PTI

Hero MotoCorp's launches training centre for women

Hero MotoCorp on Saturday said it had inaugurated the first-ever training centre for women at Industrial Training Institute (ITI) at Ambala in Haryana. The Centre of Excellence for Women — at ITI Ambala in Haryana will build key skill-set amongst women. The centre aims to enhance employment opportunities for women in the automotive industry. PTI

Religare acquires 14.36% stake in RFL from PE investors

Religare Enterprises on Saturday said it has acquired additional 14.36 per cent stake in Religare Finvest (RFL) from private equity (PE) investors.Post the acquisition, RFL has become a wholly owned subsidiary of the company from February 28, it said in a BSE filing. "Pursuant to the share purchase agreement entered for acquisition of 37,641,204 equity shares, the company has acquired the additional 14.36 per cent shareholding in RFL from the investors," it said. PTI

CPCL raises ₹1,145 cr via non-convertible bonds issue

Chennai Petroleum Corp (CPCL) has raised ₹1,145 crore by issuing unsecured redeemable non-convertible bonds on February 28, 2020. The fund raising is to meet the funding of capex and financing of normal business activities, it said. The company has issued and allotted 11,450 unsecured, listed, rated, senior, redeemable, non-cumulative, taxable, non-convertible, bonds in the nature of debentures of ₹10,000,000 each on private placement basis. BS REPORTER

Unibic looks to step up production capacity

Bengaluru-based cookie maker plans 2nd plant, slew of launches in 2020

SAMREEN AHMAD
Bengaluru, 29 February

At a time when most of the large fast-moving consumer goods (FMCG) players are going slow on new product launches because of a demand slowdown, cookie maker Unibic has set an aggressive expansion plan.

A relatively smaller player — with a top line of around ₹500 crore — in the ₹35,000 crore biscuit market, the Bengaluru-based company is looking at setting up a new plant, which will help it double production capability.

The company plans to set up the plant in the central part of the country, with an investment of around $12 million (₹87 crore). "The new facility will be operational in the next 14-18 months, and have the capacity to produce 100 tonnes of cookies per day. Additionally, it will also have (production) lines for snack bars and crackers," said Sreenivasulu Vudayagiri, a company long-timer who has recently taken over as the chief executive officer.

The company's other factory located in Tumakuru near Bengaluru has a manufacturing capacity of 36,000 tonnes per annum. Unlike its bigger competitors such as Britannia, Unibic's focus has been largely the urban market, which has insulated it from the demand slowdown in the FMCG sector.

According to Vudayagiri, the company has been seeing a steady growth of 15 per cent, which is three times higher than the industry average. By 2023, Unibic has set a target to double its revenue to ₹1,000 crore, backed by plans to diversify into newer categories such as crackers and new product launches. In the current year, Unibic plans to launch four new variants of cookies.

"Unibic is a niche segmented biscuit company. It is bound to do better than the mass market offerings. In many ways, this space is insulated for the moment as price and affordability elasticity is higher out here," said Harish Bijoor, founder of Harish Bijoor Consults.

With 30 different variants of cookies to offer, Unibic is tweaking its flavours and packaging to gain traction in the north, east and western parts of the country. The company has recently launched a butter variant of cookies called Butterly, specifically for central India where, according to Vudayagiri, people have affinity for butter cookies. It has also gained traction in sales of ginger cookies in the northern states during the winter months of December and January.

While the rural India has so far been a difficult market to crack, Unibic is trying to get a foothold by packaging products at cheaper price points of ₹5 and ₹10. Currently, around 45 per cent of Unibic's revenue is generated from southern India.

"The new facility will be operational in the next 14-18 months, and have the capacity to produce 100 tonnes of cookies per day"

SREENIVASULU VUDAYAGIRI
CEO, UNIBIC

The strategy is helping the digital lender penetrate deeper into tier-II and -III cities

Capital Float betting big on co-lending

PEERZADA ABRAR
Bengaluru, 29 February

Amazon-backed Capital Float, a digital lender, is betting big on co-lending partnerships to capture the financial services opportunities in the country. The firm also seeks to reduce its dependency on external funds.

This strategy is helping the firm — founded by Gaurav Hinduja, scion of Gokaldas Exports, and Sashank Rishyasring, alumnus of Stanford Graduate School of Business —penetrate deeper into tier-II and -III cities.

After enlisting Japanese firm Credit Saison to deliver working capital financing to micro, small and medium enterprises (MSMEs) across India, the Bengaluru-based firm has now forged a similar partnership with Poonawalla Finance, part of the $9.8-billion Cyrus Poonawalla Group.

The two entities will co-lend on Capital Float's co-origination model to deliver last-mile credit to MSMEs.

According to Rishyasringa, the MSMEs will be able to apply for loans online and receive in-principle approval within four hours — the quickest turnaround time in the industry. Poonawala Finance, which started in April 2019, claims to have crossed ₹1,500 crore in AUM (assets under management), making it one of most well-capitalised NBFCs.

Both firms are targeting disbursement of over ₹500 crore over the next 12 months, with a monthly run rate of ₹50 crore.

"For us, (forming) partnerships is a clear strategy. We believe by partnering with large NBFCs such as Poonawalla and other banks, we can capture the (fintech) opportunity faster and scale up," said Rishyasringa of Capital Float.

"Poonawalla Finance believes in relationship-driven partnerships being integral to jointly achieving mutual objectives and growth in a tightly contested market. Through our collaboration with Capital Float, we will expand our reach beyond metropolitan cities to tier 2-3 towns of India," added Abhay Bhutada, CEO and MD of Poonawalla Finance.

Though limited to top metros and tier-I cities initially, digital lending has fast gained traction in smaller cities and towns, backed by robust digital infrastructure and internet connectivity in such places, over the last couple of years.

According to Capital Float, close to 50 per cent of its loan applications comes from smaller cities. The firm has recently crossed $1 billion in lifetime disbursals.

The overall transaction value in the Indian fintech market is estimated to jump from approximately $66.1 billion in 2019 to $137.8 billion in 2023, growing at a CAGR (compound annual growth rate) of 20.18 per cent, says a report by PwC and Assocham.

Emerging markets are leading the way, with both China and India at an 87 per cent fintech adoption rate in 2019, significantly higher than the global average of 64 per cent, according to EY's Global FinTech Adoption Index 2019.

FORGING ALLIANCES

Indian fintech market is estimated to jump to $137.8 billion in 2023

The firm is looking to reduce its dependency on external funds

The firm has enlisted Japanese firm Credit Saison to deliver working capital financing to MSMEs

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Infosys sees more demand for its cloud-enabled Finacle platform

DEBASIS MOHAPATRA
Bengaluru, 29 February

ACCORDING TO THE COMPANY, BANKS ARE SLOWLY ADOPTING SUBSCRIPTION-BASED SOFTWARE-AS-A-SERVICE (SAAS) MODEL OVER LICENSING MODEL

Infosys core banking platform 'Finacle' is witnessing rising adoption of its cloud-enabled services as banks are slowly moving their non-core data to the cloud.

Finacle, which is the flagship core banking system (CBS) from Infosys' stable, had started providing services in the cloud environment in 2016. "All the new installations that have happened in the last two years, most were in the cloud," said Rajashekara Visweswara Maiya, global head-business consulting of Finacle.

According to the company, Australian Military Bank was the first one to move to the cloud on the Finacle platform. BDO Unibank of Philippines and Shivalik Mercantile Co-operative Bank in India are few other banks to have adopted Finacle in the cloud environment.

Maiya, however, said lack of regulatory clarity on migration to the cloud in various geographies was delaying the cloud adoption process. "The regulatory environment with regard to the cloud is not evolved yet (for banks). However, things are slowly changing. For instance, India, Singapore, Hong Kong and even China have come up with data localisation guidelines," he added.

Currently, Finacle is being used by more than 200 banks globally across 100 countries, and it is considered as one of the major platforms in the CBS space. Finacle is part of Infosys' wholly owned subsidiary EdgeVerve, which mostly focuses on the product and platform business of the IT services major. It competes with Tata Consultancy Services' 'BaNCS' and Oracle's 'i-Flex' among others in the core banking platform space.

In order to expand its service offerings as part of Finacle, Infosys has also introduced solutions on payment, trade finance and digital identity among others.

"We have also launched our artificial intelligence-enabled solutions with 'NIA'. We have also created applications around RPA (robotic process automation), fraud detection services and early warning system for banks to recognise NPA in the Finacle platform," Maiya said.

According to the company, banks are slowly adopting subscription-based software-as-a-service (SaaS) model over licensing model. "We are giving our clients combination of revenue models comprising both licensing and subscription models," he added.

As IT companies face margin pressure in the services side of the business, they are increasingly looking at product and platform side of the business to generate more revenues.

All Indian IT majors, including TCS, Infosys, HCL Technologies and Wipro, are aggressively investing in various platform-based solutions to win large outsourcing contracts.

Harley looks to new leadership to end sales struggle

In 2019, Harley-Davidson's bike shipment volume in the US was the lowest in at least two decades

REUTERS
29 February

Harley-Davidson has named a board member hailed for turning around the Puma brand's near-bankrupt business as its interim chief as the motorcycle maker gropes for an effective strategy to woo young customers and revive sales.

Jochen Zeitz was asked to take over after Chief Executive Officer Matthew Levatich stepped down following the company's worst sales performance in at least 16 years. Harley-Davidson said Zeitz will serve as interim CEO until an external search firm helps find a new chief executive officer.

Zeitz is well known for transforming the loss-making Puma in the 1990s into one of the world's top three sports brands. Harley has failed for years to increase sales in the US, its top market, which accounts for more than half of its motorcycles sold. As its tattooed, baby-boomer consumer base ages, the Milwaukee-based company is finding it challenging to attract new customers.

Levatich, who took the company's reins in May 2015, bet on new launches, including of battery-powered bikes, to turn around the company's fortunes in the domestic market. The results, however, remained elusive.

Harley's 2019 US bike sales were the lowest in at least 16 years. Falling sales in the past 12 quarters have forced the company to limit production of its bikes to prevent price discount pressure.

In 2019, Harley's bike shipment volume in the US was the lowest in at least two decades. Global shipments were the lowest since 2010. Since Levatich took the helm, Harley's shares have fallen 46%. By comparison, the S&P 500 Index has gained 40%.

With no sales revival in sight, investors were becoming restless.

Falling sales have had made Wall Street speculate whether the company, which symbolised the countercultural movement of the 1960s, would seek refuge in a buyout or turn private to rework its product lines and branding without the pressure from shareholders to shield its profit margins.

Last month, Levatich tried to parry that question by expressing confidence in the current strategy. But he also acknowledged that the challenges facing Harley were "significant" as its heavy and expensive bikes were competing for "people's scarce time, people's scarce funding and commitment."

Start-ups, new-age tech firms flock to mid-rung B-schools

Traditional manufacturing firms stay away, mainly because of the ongoing slowdown

VINAY UMARJI & SAMREEN AHMAD
Ahmedabad/Bengaluru, 29 February

At a time when core and general management sectors, including automobile and manufacturing have given it a miss, start-ups and new-age tech firms have flocked to recruit students from mid-rung B-schools.

Start-ups lapped up the maximum number of students, followed by IT, consulting, banking, financial services and insurance (BFSI) and fast-moving consumer goods (FMCG).

Among start-ups, edutech, fintech and other new-age tech firms are recruiting in decent numbers from mid-rung and emerging management campuses this year.

For instance, Coimbatore-based PSG Institute of Management has seen 22 more job offers this year compared to last year, largely led by non-banking financial companies (NBFC) and start-ups.

"While the automobile sector and a few IT companies skipped placements, NBFC hiring saw a traction," said an institute spokesperson.

"We also saw a larger number of start-ups showing interest in hiring this year," he added.

A few e-commerce start-ups participated in hiring for the first time, offering digital marketing and business development profiles.

The average salary package at ₹6.5 lakh continued to be the same as last year for the Tamil Nadu institute.

Similarly, led by the likes of Byju's, edtech and fintech startups also hired in decent numbers from Ahmedabad-based St Kabir Institute of Professional Studies (SKIPS). The institutes also saw new companies visiting the campus this year.

"Overall, FMCG, BFSI and startups have led the placements at our campus. Despite the overall economic scenario not being good, our performance in placements has improved over the last year or so. Even our average salary packages have also gone up by over 20 per cent to stand at roughly ₹4.5 lakh," Gurpreet Singh Arora, dean at SKIPS, told Business Standard.

Owing to more hiring from other emerging sectors, the placement season at SKIPS was better than last year even as the B-school completed the process by mid-February by placing all the 120 in the batch, unlike in previous years.

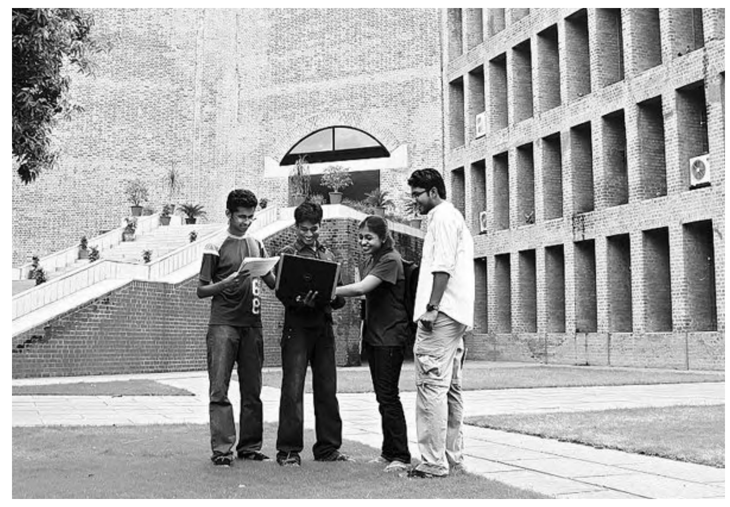
At other leading non-IIM B-schools like Noida-based Bimtech, it was BFSI that led recruitment instead of core manufacturing or automobile sector with 28 per cent of the 369 students being placed with firms from the sector, followed by IT/ITeS at 17 per cent and insurance sector at 16 per cent.

"Understandably, auto and other core manufacturing sectors have reduced their hiring. But it has not impacted placements since the same has been compensated by other sectors. At Bimtech, the other sectors from where companies participated included retail, consulting, edtech and market research, along with manufacturing," said Harivansh Chaturvedi, director of the B-school.

Compensation packages at Bimtech included the highest domestic salary of ₹18 lakh per annum and highest international salary of ₹23 lakh per annum. The average salary package was ₹8.16 lakh per annum.

According to recruitment experts, the shift in hiring trends at campuses could also be attributed to the changing skill needs among recruiters.

"New-age skills like artificial intelligence, machine learning, data science, Internet of Things and blockchain are getting preference. These are signs as to how these technologies are going to transform the way business will be run in the near future. Candidates will have to master the broad spectrum skills outside their specialisation," said Prasad Rajappan, founder and managing director of ZingHR.



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LEADING FROM THE FRONT IN RECRUITMENT

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