

How Kapoor's firm expanded aggressively through loans



SURAJEET DAS GUPTA
New Delhi, 15 March

Former YES Bank managing director Rana Kapoor and his family's labyrinth of firms, in particular DOIT Urban Ventures, are under close scrutiny by the Enforcement Directorate and the Central Bureau of Investigation.

The CBI has alleged that Dewan Housing Finance Corporation's (DHFL's) promoter Kapil Wadhawan gave kickbacks in the form of builder loans to DOIT Urban Ventures. The quid pro quo: YES Bank's investments in its ₹3,700 short-term debentures.

Business Standard has accessed the Registrar of Companies (RoC) documents on the firm and they tell an interesting story.

The RoC documents show that the company is into commodity trading with additional businesses in hospitality and infrastructure, both in India or abroad.

DOIT's fortunes changed dramatically in recent years. In 2018-19, the

company incurred a net loss of ₹48.76 crore on revenues of ₹59 crore — a sharp contrast to 2017-18 when it had profits of ₹2.7 crore on revenues of ₹43 crore.

In the RoC filing, the company justified the loss like this: "The company has made strategic non-current investments through subsidiaries/step down subsidiaries in businesses across various sectors such as hospitality, infrastructure, tourism, co-working spaces and so on. Some of these businesses, which are in the early stages of their lifecycle, have a longer gestation period before they become profitable and hence their financial statements as on March 31, 2019, have significant accumulated losses."

To fund these aggressive investments into its subsidiaries in 2018-19, DOIT used debt which doubled to ₹600 crore in 2018-19 from the previous year. Investigating agencies say that DHFL gave a loan of ₹600 crore to DOIT which is under scrutiny.

DOIT's total liabilities, according to the RoC, rose from a mere ₹1.86 crore (as it had not taken any loans) in

DOIT URBAN VENTURES (in ₹ crore)

	FY17-18	FY18-19
Total turnover	43.55	59.36
Net loss/profit	2.7	-48.7
Total assets	715	853
Total liability	415.6	602.5
Borrowings, non-current	300	600

Source: Reports

2016-17 to ₹415 crore the next financial year and ₹602.57 crore in 2018-19. As a result, the debt servicing cost (finance cost) almost doubled from ₹34 crore to ₹63 crore during the same period.

Meanwhile, the total value of the assets also rose sharply from ₹224 crore in 2016-17 to ₹715 crore in 2017-18 and ₹853 crore in 2018-19.

A substantial portion of the increase from 2016-17 was due to the increase in non-current assets, which included investment in companies and others whose full value was not

realised in the current year. These went up from a mere ₹92 crore in 2016-17 to a staggering ₹729 crore in 2018-19.

This money was invested in the equity as well as in acquiring shares in its 10-11 subsidiary and associate companies which included DOIT Smart Hospitality, Ambience Hospitality, and NCube Planning, among others.

DOIT Smart Hospitality, which is in the business of canteens, restaurants, and bars, received a huge infusion of over ₹512 crore — a large part of the total investments made by the company. The hospitality company also has the Kapoors as key directors.

That's not all. The Kapoor family, through its family office, the Three Sisters Institutional Office, have also put money into many start-ups. One such investment has been with US-returned Delhi based entrepreneur Amit Ramani who set up two companies: a co-working firm Awfis Space Solutions and NCube (formerly Nelson India), an interior designing and building solutions company.

Ramani is the vice-chairman of NCube. According to sources, the Kapoor companies invested around \$10-11 million in Awfis but their shareholding got diluted as new investors came in.

The co-working business has grown in size, despite competition from US giant We Work and has over 35,000 seats in 63 centres and nine cities. It has also been able to rope in other private equity players, which include Chryscapital and Innoven, to invest.

According to Ramani, it is planning an initial public offer in 2022. Through NCube, in which the Kapoor family companies invested under ₹10 crore, Ramani has executed over 200 projects across the country.

The RoC documents also say that key managerial persons and their relatives in DOIT exercise significant influence in Seven Rivers Capital Advisors. The company specialises in early-stage growth capital investments in small and medium-size companies.

IN BRIEF

DoT units seeking bulk call data record on routine basis



Some units of the telecom department are seeking huge call data records of people in some circles on a routine basis which is alleged to be in deviation from the standard operating procedure laid down by the government,

according to sources. Industry players have raised concerns over such practices in a communication to the Telecom Secretary, the sources said. They claimed the DoT unit of Delhi demanded call data records (CDRs) of entire state for February 2, 3 and 4, 2020 and separately for specific routes in Delhi with residences of Ministers, Members of Parliament, Judge, important offices etc following which industry players gave representation before telecom secretary Anshu Prakash to raise concern on such practice. **PTI**

Ferns N Petals eyeing to double turnover to ₹1,000 crore in 3 years



Ferns N Petals is looking to double its turnover to ₹1,000 crore in the next three years from ₹500 crore in the current financial year, on the back of its innovative services and entry into more markets across the globe. Ferns N Petals completed 25 years of operations with an estimated top line of ₹500 crore in 2019-20. **PTI**

Rentals in Pune for coworking space is 33% lower: Study

Coworking spaces in Pune are available at 33 per cent lower rentals than traditional offices, while the cost advantage of flexible workspace is lowest in Gurugram at 6 per cent, according to consultant Anarock. In its report, the consultant said flexible workspaces in Pune offer the highest rental difference **PTI**

Telcos must disclose data used to arrive at AGR dues: Report



Bharti Airtel and Vodafone Idea must disclose workings highlighting areas of difference as minority shareholders deserve to know, a report by Kotak Institutional Equities said. "While we appreciate the matter is still sub judice, once the legal chapter is over, Bharti and Vodafone Idea could disclose... minority shareholders deserve to know," it said. **PTI**

P R Jaishankar's name suggested for IIFCL MD post

The Banks Board Bureau (BBB) has been able to find a suitable candidate to head India Infrastructure Finance Company (IIFCL). The BBB, headed by former Secretary Department of Personnel and Training B P Sharma, has zeroed in on P R Jaishankar, the executive director at National Housing Bank, for the post of managing director of IIFCL. **PTI**

Tata Motors asks staff to work from home

Tata Motors has asked its staff in office-based roles at headquarters and regional offices to work from home with effect from Monday, in the wake of the coronavirus pandemic, according to an internal memo by the company's Managing Director and CEO Guenter Butschek. The company has constituted a team to monitor and initiate actions to reduce risk to employees and has developed a three tier response plan based on incidence of infection in cities it operates it or has manufacturing sites. **PTI**

Virus scare: IT firms draw business exigency plans

DEBASIS MOHAPATRA
Bengaluru, 15 March

In the wake of coronavirus outbreak, most IT services firms have invoked their exigency plans, which include adoption of practices like work from home, virtual meetings and preparing strategies to conserve cash.

As social distancing emerges as the most viable option to contain the spread of this virus, IT companies have started chalking out plans in case the fallout of this pandemic lingers beyond two quarters. "The current business continuity plans include providing means for extended work from home arrangements, conducting as many meetings online, and limiting travel. Measures are also being taken to protect existing cash reserves of the companies," said Hansa Iyengar, analyst at global consulting firm Omdia.

Conserving cash is one of the widely adopted ways by any companies during a demand slowdown. Experts are of the opinion that most IT services firm are preparing themselves for long haul, given the uncertainties arising from the global pandemic, coupled with upcoming US elections in the second half of this year.

"The timing of COVID-19 outbreak and its associated impact have stalled the first half catalysts and by the time it passes, we will be in the midst of pre-existing second half challenges, such as the US elections, post-Brexit trade negotiations among others," said Peter Bendor-Samuel, founder and chief executive officer of outsourcing advisory firm Everest Group. He also said IT firms would face severe pricing pressure this year even if situation arising from the outbreak was contained.

According to experts, given this year (2020) is likely to see both demand slow-



HOW IT AFFECTS THEM

- Buyback programmes from IT firms are likely to come down this year
- Most IT firms have started plans to conserve cash in the wake up likely demand slowdown
- Second half of the year may not give big boost to demand because of the US elections

down and pricing pressure, most IT firms are looking at cash conservation measures. Traditionally, the top four IT firms — Tata Consultancy Services, Infosys, HCL Technologies and Wipro — have well laid-out capital allocation policy, which includes giving back most free cash flow to investors. In the past two years, all four IT firms had conducted big buyback programmes, giving back excess cash reserve to their shareholders. Even after this payout, both TCS and Infosys have more than \$3 billion of cash reserve each.

With uncertainties around growth outlook, most companies are likely to go slow on their payback plans to shareholders.

Some of the large investment plans by the IT firms are expected to take a backseat in the near future.

Amid all the gloom, some analysts also see a silver lining for the industry. "While mega deals will be less, secular business drivers (deals relating to modernisation in new technology areas) will make a comeback soon after the threat of COVID-19 subsides. A prepared service provider, with ample resources to handle irregular pent-up demand, will emerge as a big market share gainer this year," Bendor-Samuel added.

PRESS TRUST OF INDIA
New Delhi, 15 March

Amid the gloom surrounding coronavirus pandemic, South Korean auto major Hyundai sees a silver lining for the slowdown-hit auto industry in India as consumers seek isolated mode of transportation at a time when it is also preparing to ramp up online sales of vehicles, according to a senior company official.

The spread of coronavirus has heavily impacted travel, tourism and other manufacturing sectors, adding to the already low customer sentiment due to uncertainty of economic downturn, according to Hyundai Motor India Managing Director and CEO S S Kim.

"At the same time, there might be some positive, green area from automotive manufacturers' perspective. Everybody wants to have a safe place, some kind of social isolation. Home might be the first place and car might be the second," he said.

"What we heard from our colleagues is that people who didn't want to buy cars till recently, they have changed their mind because they want to have their own isolated space even on the road."

When asked how the company is looking to address concerns of those who do not wish to visit crowded showrooms to buy cars, he said Hyundai has issued advisories to its dealers over safety hygiene, including temperature checking, sanitisation and keeping physical distance of 5 metres to ensure its consumers feel secure.

Hyundai Motor India also plans a nationwide launch of its 'click to buy' programme, introduced as a pilot project for the National Capital Region at the Auto Expo last month.

"This might be a great alternative solution to the customers who want to buy a car but do not want to go to any crowded area. So how



"EVERYBODY WANTS TO HAVE A SAFE PLACE, SOME KIND OF SOCIAL ISOLATION. HOME MIGHT BE THE FIRST PLACE AND CAR MIGHT BE THE SECOND"

S S KIM
Managing Director and CEO, Hyundai Motor India

to handle the situation? We are ready for the situation," Kim said.

When asked how soon the programme will be ready, he said, "It is being pilot tested in Delhi area and it will be introduced in the coming few weeks period. We are preparing something, but considering the coronavirus situation we think we should hurry up implementing those plans."

In terms of impact on component supplies due to coronavirus, he said that at the company level, it has not had such a problem. However, some tier-I component suppliers which have supply chains spread across countries like China, Vietnam or Thailand have some impact, but that hasn't affected the company's production.

He said the company has made up for any constraint on supply of parts for any one particular model by ramping up others which do not have such issues.

Poultry firms, farmers hit due to culling

VIVEAT SUSAN PINTO & DILIP KUMAR JHA
Mumbai, 15 March

India's \$14-billion (or ₹1-trillion) poultry market has begun a massive culling exercise as consumers keep off chicken products for fear of catching coronavirus. While the Food Safety and Standards Authority of India (FSSAI) has said there is no scientific evidence to prove the virus spreads through consumption of non-vegetarian food, this has had no impact on people, executives at some of the top poultry firms said.

"It is difficult to change people's minds. Consumption of chicken has fallen a lot.

When I last checked, the price of chicken was down to half of its cost of production. It could be lower now," Nadir Godrej, chairman, Godrej Agrovet said. The latter has a joint venture with the US-based Tyson Foods, which markets brands such as Real Good Chicken and Real Good Yummiez.

Weak demand from the poultry sector has resulted in a sharp decline in feed prices too, with both soybean and maize prices falling by nearly 25 per cent in the past two months. The poultry market consumes around half of soybean and

maize production in India. Industry estimates peg the loss to the market at ₹1,000 crore. Losses could mount though as chicken prices hit rock bottom and sale of chicken products come to a standstill, experts said.

"There are absolutely no sales happening for the past one month," said K G Anand, general manager, Venkateshwara Hatcheries, which markets the Venky's chicken. "Many farmers have shut operations. As long as the coronavirus scare remains, demand will be muted, impacting business," he said.

The cost of production of chicken in India is pegged at ₹75-80 per kg. The average price at which chicken is selling stands at ₹15 per kg.

"Poultry farmers with around 1,500 birds will vanish from the market," said Ramesh Khatri, president, Poultry Federation of India. "The bigger worry is that we could now see job losses in the market. Some companies could also see a sharp erosion in working capital," he said.

Sanjeeb Chintawar, business manager, National Egg Coordination Committee, said culling had also been undertaken by farmers since it is impossible for them to continue feeding birds indefinitely.



MakeMyTrip works on app upgrades, wider positioning

NEHA ALAWADHI
New Delhi, 15 March

Gurugram-based MakeMyTrip is planning a host of changes and features to its existing app, including a landing page redesign and a section on new vacation destinations.

From being a primarily flight and hotel booking app, MakeMyTrip is rethinking its positioning in all types of travel — whether by road, train or air. It is also going to expand focus on the type of properties it lists on the platform.

In its alternative accommodation space, said Rajesh Magow, co-founder and group chief executive, MakeMyTrip, is looking at villas, service apartments and hostels, especially those based in pilgrimage sites, such as Varanasi. As of now, it has 17,000 such properties.

It is also going to raise the focus on premium and ultra-luxury properties, apart from the five-star hotels it already has on the platform. "Our sweet spot was the mid-segment and premium. The five stars will be there but the ultra-luxury kind of properties...we're working on it," said Magow.

According to Magow, MakeMyTrip has been a transaction site but now wishes to cater for the customer even before the latter begins planning a destination. "With the 'Trip Ideas' section, we are

going one step before the funnel. The idea there is, when you start planning your trip, and you've come to transact on us, this is the guidance you need to start from. If you want to explore the destination, you can see recent trending destinations... You will have all the curated content and all the information



(such as) points of interest, well presented, which will help you take a call on the destination," he added. The firm is working on adding user-generated pictures and video content as well.

Another feature being worked on is Trip Assist. This will be like a chatbot, to help with various types of travel issues

Eafter a customer makes a booking. "If you've done a flight booking, we will remind you just before your travel, through a push notification. We will start giving all the information, including the departure gate, if there is any change in the flight schedule, which means delays, etc, baggage details,

AIMING FOR A NEW LOOK

- Expanding focus on trains, including Hyderabad and Mumbai metros
- Offers visa-at-your-doorstep facility for Malaysia and Singapore
- To tie up with airports, shopping centres and food joints
- On path to break even unless there is a major impact from the COVID-19 situation

age section. It already offers a visa-at-your-doorstep facility for Malaysia and Singapore and plans to expand that to other destinations. To ensure these changes reach the customers, it is going to change the design of its home page.

Coronavirus effect

Due to the ongoing COVID-19 pandemic effect, the company is on wait-and-watch but work is on to upgrade the app with better features. For now, MakeMyTrip app has widgets on safe travel, including protective measures against COVID-19, government updates on travel issues, and information on date changes and cancellations.

Last week, the company in a statement said: "We are seeing a demand slowdown for the coming summer holiday season, especially for international travel. The situation remains dynamic, making it hard to quantify the actual impact on our business and industry at large."