Essar to embark on new phase of growth: Ruias

DEV CHATTERJEE
Mumbai, 5 March

The promoters of Essar Group are planning a comeback, with the company willing to restart investing in India and overseas.

In a letter to investors and the media, company promoters have said that the group currently generates earnings of about ₹1 trillion ($14 billion) per annum — mainly from its refinery in the UK.

"Armed with a substantially lighter balance sheet, Essar is well poised to embark on a new phase of growth, while driving growth in its existing portfolio. Essar will continue to use its entrepreneurial skills, vast pool of human resources, and decades of experience and innovation in pursuing fresh opportunities and creating value for all its stakeholders," group's promoters Shashi, Ravi and Prashant Ruia said. A few years ago, the group took a conscious call to reduce its debt in response to the evolving global and domestic economic scenario and to the regulatory obstacles faced by its steel and power businesses. "Committed gas supply delas for the Essar Steel complex were withdrawn in 2012 and allotted coal mines for power plants were cancelled in 2014, leading to partial closure of some of our prime operating assets. We have dealt decisively and proactively with these challenges and decided that it would be prudent to drastically reduce our borrowings," the letter said.

The group repaid about ₹1.4 trillion of debt to the banking system over the past three years. "The greenfield assets built by Essar have attracted significant foreign direct investment (FDI) of $40 billion, which is reflective of the superior and world-class quality of our assets. The Essar Oil-Rosneft deal alone saw over ₹86,000 crore of FDI, the country's largest to date," the promoters said.

Last year, the firm lost its 10 mtpa steel company to ArcelorMittal after banks took the company to the NCLT for a loan default. Currently, the group owns ports, mining and shipping and power projects in India and overseas.

QUICK VIEW

Essar generated ₹1 trillion revenue in 2019

- **Energy:** Oil, gas and coal bed methane exploration & production in India, Vietnam and Nigeria; oil refining and retail in Stanlow, UK; power generation in India and Canada
- **Metals & mining:** Iron ore mining, pelletisation and coal mining in the USA and Indonesia
- **Infrastructure:** Ports and terminals in India, the UK, Africa; turnkey project construction in India and West Asia
- **Services:** Shipping and oilfield services
- **Technology:** Digital solutions and customer experience platforms in India, Europe and the USA

Sterling to add non-members, double key count to fight slump

SHALLY SETH MOHILE
Mumbai, 5 March

Sterling Holidays & Resorts is looking to double the number of rooms to 5,000 by 2024 and increase the share of non-members at a rapid pace as it seeks to make deeper inroads into India's burgeoning domestic travel market, said Ramesh Ramanathan, chairman and managing director of the company.

"We will grow rapidly and double the number of rooms to 5,000 by 2024," he said. The Thomas Cook India subsidiary, which until a few years ago, was a timeshare holiday company, is now a hybrid between a time share and hotel company, with members and non-members accounting for each half in the revenue mix.

However, with the number of coronavirus cases rising at a fast pace in India, Ramanathan remains cautious. "At this point, being a domestic market-focused firm, we seem to be doing fine. We haven't seen any cancellations by our members. However, if the outbreak does get bigger, it will definitely have an impact as there is restricted movement of people and a preference to stay at home," he said. The going has been pretty smooth so far, with an average occupancy of 60-70 per cent across all its properties, he said.

With outbound travel from India being hit because of the viral outbreak, there is an opportunity for a higher occupancy and average room rate (ARR) if it doesn't spread further in India, he said. February saw a year-on-year increase of 5-6 per cent in terms of occupancy, and so did March.

Meanwhile, even as the company that competes with Mahindra Holidays & Resorts has been adding an average of over 3,000 members every year, Ramanathan expects the ratio to be skewed in the favour of non-members, as millennials and new-age travelers don't like the idea of ownership — be it a car or a membership of a resort.

The increase in share of non-members will also be fueled by the expansion in the number of rooms. "We will need to fill these rooms and we cannot just depend on the growth of membership," said Ramanathan.

All the expansion will be done through a management contract route. Sterling is in talks with several owners across various holiday destinations, including Igatpuri and Karjat in Maharashtra.

Over the past three years, since Sterling undertook the rebranding exercise, it has been adding specific dimensions to holiday destinations to address specific travel needs under three heads — weekend get-aways, pilgrimage, and heritage. Its properties in the first category, for instance, are large with lawns and banquet halls to cater to conferences and destination weddings, said Ramanathan.

Meanwhile, given the growing demand for experiential holidays by new-age travellers, Sterling has been increasing the number of resorts that can allow guests to discover and experience, said Ramanathan.

Sterling's resort in Kodai Valley
PHOTO: COMPANY

MORE ROOM

- The Thomas Cook India subsidiary will double its room count by 2024
- Expansion to be done through management contract route
- To lend sharper focus in growing non-members
- Has a membership base of 89,000 presently

Air India arm to maintain P&W's geared turbofan engines in India

PRESS TRUST OF INDIA
New Delhi, 5 March

The US-based aircraft engine maker Pratt & Whitney on Thursday announced that Air India's arm AIESL will maintain the company's geared turbofan (GTF) engines in the country.

At present, Pratt & Whitney (P&W) has more than 700 aircraft in service in India, including more than 150 GTF-powered A320neo family aircraft.

A320neo planes have been grappling with snags for nearly four years. A substantial number of such neos are operated in India by IndiGo and GoAir.

P&W has already a tie-up with Air India Engineering Services (AIESL) for maintenance of its 4056 engine model. These engines power Boeing 747-series aircraft. AIESL will service PW1100G-JM engines at its facility in Mumbai, P&W, which is a part of the United Technology Corporation (UTC), said in a release.

PTI had reported it last week that P&W had signed an agreement with AIESL for its engine maintenance services in India. "With AIESL performing maintenance on our high-tech GTF engines, we are excited to strengthen our global MRO capacity and capabilities for customers on the ground in India," said Joe Sylvestro, vice president of Aftermarket Operations at Pratt & Whitney.

"As the demand for air travel grows in India, we look forward to furthering the growth of Indian aviation," Sylvestro added.

The partnership with AIESL's will be put in place in a phased manner, starting with engine upgrade and module exchange capabilities as immediate support of the GTF fleet in India, the company said, adding the facility has already received its first GTF engine.

"It's an exciting time for us as we prepare for the GTF engine," said HR Jagannath, CEO of AIESL.

"AIESL has been engaged in providing engine maintenance, repair and overhaul (MRO) services to Air India and other operators for over 50 years now. Our association with Pratt & Whitney goes back a long time as well," he said. The GTF engine provides us with the opportunity to showcase our capabilities and establish AIESL as one of the premier engine MROs in Asia, he added.

"Pratt & Whitney is committed to investing in the success of the aviation industry in India, and to build capabilities for high value services that will help airlines get the best from their next-generation products," said Ashmita Sethi, managing director of India for Pratt & Whitney.

Gaana looks to sing profit tune in 3 years

SOHINI DAS
Mumbai, 5 March

Music streaming app Gaana, the largest in terms of market share in India, is eyeing to turn operationally profitable in three years, riding on new user acquisitions.

The platform, which has a 45 million strong library, now has 152 million monthly active users (MAUs). Prashan Agarwal, chief executive officer of Gaana, said he expects this to increase to 165 million by the end of the current fiscal (FY20), and by 2021 Gaana hopes to scale to 225 million MAUs.

Paid users are still a small percentage of the total user base, but are growing rapidly, claimed Agarwal. "We have grown almost four times (in terms of paid subscribers) in the last one year," he added.

He said both the paid subscription revenue and advertisement revenue were growing at 100 per cent. "We think in the next two to three years, this business will be in the investment mode. Effectively, we are looking at an Ebitda (earnings before interest, taxes, depreciation and amortisation) positive business by 2023.

At present ad revenue is around 65 per cent of total revenues and by 2023 the revenue break-up would be even between advertisement and subscription. Over 90 per cent of users would continue to be on the free tier.

"Four years from now, we expect the market would get to around 600 million users and by that time we expect a 6-7 per cent (or around 40 million) paid subscribers across the ecosystem and we should have the majority of that," Agarwal said.

Gaana, which has a 45 million strong library, now has 152 mn monthly active users

Gaana currently enjoys a 30 per cent market share (as of January) according to OTT Audience Measurement Insights, an audience measurement service launched by WPP-owned media measurement platform Kantar and audience measurement technology company VTION.

The Mumbai and Delhi markets are top for music streaming platforms and they are saturating. But beyond these two, the top 20 markets are growing at a healthy clip and so are hinterland markets.

Content available across music platforms are from music labels and are non-exclusive in nature. "We have original content under Gaana originals and at this point the plan is to use this as a tool to acquire customers. The content, however, is not behind paywall. Gaana has till date launched 380 originals in the last two years. And we will continue to launch at a similar rate," Agarwal added.

Paid users get high quality music, option to download, listen offline, and an advertisement-free experience.

Gaana is investing in technology to build scale for machine learning and recommendation, which powers about 22 per cent of consumption.

Tiktok seeks dismissal of PIL demanding app ban

PRESS TRUST OF INDIA
New Delhi, 5 March

Social media app Tiktok on Thursday sought dismissal of a plea seeking to ban the app, and told the Bombay High Court that there is a laid down procedure under the Information Technology Act to filter any objectionable content online.

Senior counsel Milind Sathe, appearing for the video sharing app, sought dismissal of a public interest litigation which sought ban on the app while claiming that its unfiltered content was causing harm to youth of the country. "There is a procedure laid down under Section 69-A of the Information Technology Act which says if a person has any grievance regarding online content then he or she can approach the nodal officer and seek for it to be removed," Sathe said. A division bench of Acting Chief Justice B P Dharmadhikari and Justice N R Borkar directed the petitioner's lawyer to respond to the point raised by the company and posted the matter for further hearing after three weeks.

The petition was filed in November 2019 by city-based woman Heena Darvesh, claiming that the TikTok app has resulted in several criminal offences and deaths.

Tata Motors asked to pay ₹3.5 lakh for misleading ad

PRESS TRUST OF INDIA
New Delhi, 5 March

The country's apex consumer commission, NCDRC, has asked Tata Motors to pay ₹3.5 lakh towards compensation and punitive damages for misleading advertisements making false mileage claims regarding its car Tata Indigo.

The commission observed that the customer was allured to buy the car due to the claims made in the advertisement, but test drives done on different dates showed that the car's mileage was not as promised.

The National Consumer Disputes Redressal Commission (NCDRC) directed Tata Motors to pay compensation of ₹2 lakh to Kolkata-resident Pradipta Kundu and asked it to deposit ₹1.5 lakh towards punitive damages with the state consumer welfare fund.

NCDRC rejected the review petition filed by Tata Motors and upheld the state commission's order which had directed the company to pay ₹3.5 lakh in total for taking recourse to deceptive trade practice by way of misleading advertisement.

Kundu, who purchased a Tata Indigo in 2011 after seeing an advertisement which claimed its milegae to be 25 kilometres per litre, was disappointed to find out that the car did not provide the promised mileage.

The advertisement had also claimed that it was India's most fuel efficient car and that it was an offer for a limited period.

Kundu had moved the district forum after the company refused to replace the car.

The district forum directed Tata Motors to refund the cost of the vehicle, which was ₹4.8 lakh along with a compensation of ₹5 lakh and cost of ₹10,000. The company later moved the state commission against the district forum's order.

Google set to upload 2nd Cloud region in India

Google on Thursday announced its plans to open a Delhi cloud region, expected in 2021. This will be the company's second cloud region in India since it launched one in Mumbai in 2017. The new cloud region will expand Google's existing network which stands at eight regions in the Asia-Pacific and 22 regions globally today, it said. Google cloud regions bring Google Cloud Platform (GCP) services to global organisations in industries like media and entertainment, retail and "As the company's customers in India grow and diversify, Google continues to advance and invest in its cloud infrastructure to help regulated industries such as health care and financial services, as well as public sector organisations across India achieve their goals," it said. PTI

Slowdown makes Emami delay product launches

AVISHEK RAKSHIT
Kolkata, 5 March

The economic slowdown is prompting Emami to go slow on launches.

Harsha V Agarwal, director of Emami, said, "We will now be more cautious with new launches as we do not want to take unnecessary risk when consumer sentiment is weak."

According to the company, its male grooming range continued to be under pressure because of the ongoing adverse environment for discretionary consumption, leading to a decline of 39 per cent in the third quarter in the current financial year. The underperformance of its winter portfolio and decline in male grooming products led to flat revenue growth during the quarter.

So far, all the launches have been under the health care portfolio in the Zandu brand this financial year. Emami launched Zandu SwasthyaVeda Revitalizer, an Ayurvedic tonic for healthy ageing, followed by Zandu Ayurvedic Cough Syrup, which is based on a non-drowsy formulation. In the women care segment, Zandu Striveda Menso-Ease, targeted towards young consumers who face menstrual difficulties, has also been launched. Under the ₹1,000-crore brand — Navratna, a warm oil, for winter, was expanded across north and central India.

According to Mohan Goenka, director of Emami, the firm intends to launch a slew of products. He said market conditions would stabilise in the next two to three quarters. The recovery is expected to be driven largely by higher spends by the government-run rural infrastructure and better agricultural growth.

Abneesh Roy, executive vice-president of institutional equities, Edelweiss Securities, said it was rational for Emami to delay rolling new products when an uptick in consumption was questionable, as it would help derisk the exposure to an extent.

In the last financial year, Emami had launched products across portfolio. In the male grooming range, HE Magic Duo, a package offering two distinct fragrances in one bottle, was launched followed by the 5-in-1 Pimple Clear Instant Fairness Face Wash in the Fair and Handsome brand.

So far, all the launches have been under the health care portfolio in the Zandu brand this financial year

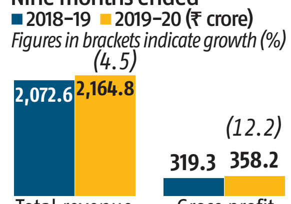
In the Zandu brand, Diabrishta-21, a formulation that diabetic consumers can consume, along with their regular medicines to improve their daily health, was rolled out. In the women care range, Zandu StriVeda was also launched.

"We want to leverage our existing brands by investing in them for fuelling further growth. We constantly evaluate opportunities for launching products, mostly as an extension of our existing brands in order to strengthen the core power brands," Agarwal said.

Goenka said corrective steps to check the decline in male grooming was being undertaken that would yield result in the first quarter of the next financial year. The launches, once the market stabilizes, is expected majorly in health care and personal care segments.

According to the company, despite the muted environment in Q3, its pain management range grew 13 per cent, Navratna grew 11 per cent, Kesh King range grew 18 per cent, 7 Oils in One grew 66 per cent and health care range grew 4 per cent; while male grooming led by the HE brand declined 39 per cent and BoroPlus range declined 12 per cent.

BALANCE SHEET
Nine months ended
2018–19 | 2019–20 (₹ crore)
Figures in brackets indicate growth (%)



Source: Company

Alibaba to offer $144 million in subsidies as shopping suffers

REUTERS
Shanghai, 5 March

China's Alibaba Group will provide 1 billion yuan ($144 million) in spending subsidies for a March online shopping festival to counter the impact of the coronavirus outbreak. Alibaba's announcement, made in a social media post on Thursday, comes as the e-commerce giant wrestles with depressed consumer spending in China, which is in a state of semi-quarantine as a result of the coronavirus epidemic.