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Uber to drive $1 billion into India operations

A day after the high court here rapped taxi aggregators for plying in the national capital despite the ban against them, Uber announced a fresh investment of $1 billion (Rs 6,400 crore) into its India operations. In less than two years of its foray into the country, India has become the largest market outside the US for the San Francisco-headquartered taxi aggregator.

Amit Jain, president of Uber India, said the company was extremely bullish on the Indian market and saw tremendous potential here. "We're committing an additional $1 billion to India in the next six to nine months, so that we can expand and improve our operations, grow into newer cities, develop new products as well as payment solutions, and establish a great support network," Jain told .

Jain added with the additional investment and month-on-month growth of about 40 per cent, the company expected to record about one million trips a day in the next six to nine months. It also hopes to help support about 200,000 jobs, essentially drivers, on its India network. According to industry estimates, Uber has 50,000 drivers and undertakes about 200,000 trips a day. Its revenue run rate stands at about $250 million.

In the past two months, Uber has been extremely aggressive about India. In the first week of July, it announced an investment of $50 million in building a response and support centre in Hyderabad. The investment, Uber's first significant one in India, will be spread through five years and the facility will be the taxi aggregator's largest international office. A week earlier, the company said it had started operations in seven additional cities, raising the overall count to 18. This made its India operations larger than those in China, Germany and the UK.

Though the company has become a force to reckon with globally, it faces stiff competition from the SoftBank-backed Ola (formerly Ola Cabs) in India. Ola, which acquired taxi aggregator TaxiForSure for $200 million in March this year, has operations in about 100 cities.

According to a statement by Ola, it has 2,50,000 vehicles on its network; these undertake about 750,000 rides a day. The company also claims it is adding 1,500 vehicles a day. A company spokesperson refused to comment on Ola's fund raising plans.

According to a report in The Economic Times dated July 28, Ola is in talks with existing investors to raise Rs 3,150 crore ($500 million). In April, it had raised $400 million.

To fight competition better, Uber recently extended the pay-by-cash feature to four cities - Ahmedabad, Chandigarh, Jaipur and Kochi - in addition to Hyderabad. Many say this might be the cursor to a nationwide launch. The move was perhaps triggered by the fact that Uber's largest rivals, Ola and Meru, allow customers to pay in cash.

Since mid-July, Uber began accepting credit card and debit card payments, after building a technological solution to meet the Reserve Bank of India's payment norms.

Uber's $1-billion fund infusion will primarily come from the company's financing round of $1.2 billion in December last year. In a blog, Uber global chief Travis Kalanick had said, "This financing will allow Uber to make substantial investments, particularly in the Asia-Pacific region." Kalanick has also been quoted as saying India and China are Uber's priority markets.

"We have grown exponentially in India, a global priority market for us, which has also quickly become the largest market for Uber outside the US. We continue to see 40 per cent growth month-on-month and with more investment in product, hiring, and payment solutions, we expect to grow even faster," said Jain.

In India, the top five cities for Uber contribute about 80 per cent to the company's total trips. The company is planning to start operations in more cities by the end of this year and double its headcount (support staff on its rolls) from the current 120-14

No govt nod needed for 49% FPI in most sectors

The government on Thursday allowed up to 49 per cent foreign portfolio investment (FPI) through the automatic route in most sectors, including brownfield pharmaceuticals, single-brand retail, insurance, pension and facsimile editions of foreign newspapers. This is part of the new foreign investment policy, which allows composite foreign investment caps in all sectors barring private banking and defence.

Up to 49 per cent FPI could also come without government

BNP Paribas to acquire broking firm Sharekhan

Global financial services group BNP Paribas has announced it is acquiring retail brokerage firm Sharekhan. While the company did not respond to a request seeking the deal's valuation, a source estimated it at about Rs 2,000 crore.

Farallon, Blackstone to bid for RCom tower stake

US-based asset management firm Farallon Capital Management, private equity firm Blackstone and Tilman Financial are among eight bidders looking to buy a 50 per cent stake in Reliance Infratel, cell tower arm of Anil Ambani's Reliance Communications (RCom).

The other bidders include private equity firm Carlyle and US-based American Tower. They are expected to give initial bids in a day or two and the final bidders will be selected in the next three weeks.

"About eight firms will submit their bids. Two or three will be shortlisted for the final round in a few weeks and the deal is expected to announced by September-October," a person close to the development said.

RCom is seeking a valuation of Rs 25,000-30,000 crore for its tower arm. This includes debt of about Rs 8,000 crore, to be transferred to the tower company once the stake sale is completed. Currently, the debt is on the books of RCom.

UBS, Standard Chartered and SBI Capital Markets are the investment bankers involved.

When contacted, RCom declined to comment on the matter. However, in a recent filing to the BSE, it said, "The company has started a process to monetise the valuable tower and fibre assets held in its subsidiary, Reliance Infratel, within the current financial year… the process is continuing."

Reliance Infratel has about 45,000 towers. RCom owns 96 per cent of Reliance Infratel and the rest is held by minority and institutional investors, including Drawbridge Towers, Investment Partners B (Mauritius), George Soros' Quantum (M), NSR Partners and others.

Indus Towers, a venture between Bharti, Vodafone and Idea, is the leading player in the Indian cell tower industry with 116,454 towers, followed by Bharti Infratel, with 86,397 towers. Bharti Infratel holds a 42 per cent stake in Indus Towers.

According to experts, telecom players are looking to expand their network coverage for fourth generation services, which will mean addition of towers. With data consumption set to increase, data towers will rise substantially.

There are about 400,000 telecom towers in India, a number that is estimated to increase by 3 per cent a year to over 511,000 by 2020. Of these, 30,000 towers will only support data sites, according to a report by Deloitte.

The tenancy ratio in the Indian telecom tower industry is expected to grow from 1.77 in 2014-15 to 2.48 by 2020, primarily due to the focus on data.

RPower takes govt to court on Chhatrasal coal block cancellation

Reliance Powe has challenged the government's decision of cancelling allocation of Chhatrasal coal block to its subsidiary Sasan Power Ltd. In a writ petition filed in the Delhi High Court on Thursday, the company sought legal remedy against the coal ministry's decision. The ministry, through a notification on May 7, cancelled the allocation and also withdrew the permission for supplying surplus coal of up to nine million tonne per annum from Moher, Moher-Amlohri Extension and Chhatrasal coal mines to the thermal power plant owned by Chitrangi Power Pvt Ltd belonging to the same group.

Though the government notification for de-allocation mentions that it relied on the Supreme Court's judgment on cancellation of coal blocks, the company argued the blocks allocated to ultra -mega power projects (UMPPs) were not the subject matter of the apex court order. The apex court rather specifically stated the allotments made to the UMPPs were not being disturbed, the company said in its petition.

Prior to the bid submission for Sasan UMPP, three coal blocks – Moher, Moher-Amlohri Extension and Chhatrasal -- having a reserve of 700-800 million tonnes were allocated to Sasan Power Limited, which was then a wholly owned subsidiary of Power Finance Corporation (PFC).

In its petition, the company has said PFC had informed prospective bidders about the blocks ahead of the bid deadline. The allocation of three coal blocks for Sasan UMPP and their availability throughout the life of the project was, therefore, an integral part of bidding terms and conditions and was a significant reason for offering the highly competitive levelised bid tariff of Rs 1.196 per unit by Reliance Power.

"Availability of coal from Chhatrasal (along with coal from Moher and Moher Amlohri Extension coal blocks) was a fundamental condition and the very foundation of the bid, which resulted in offering highly competitive tariff," said the company in its petition. The Chhatrasal coal block is, therefore, crucial and necessary for sustainability of competitive tariff of Sasan UMPP

Better margin rescues ITC's June quarter

ITC reported a net profit of Rs 2,265 crore in the June quarter, 3.6 per cent more than the same period last year.

Total income fell 7.1 per cent to Rs 8,588 crore over the same period.

The bottom line improved due to a better operating margin. As per Bloomberg poll, analysts had pegged net sales at Rs 9,300 crore and net profit at Rs 2,342 crore. Expenses were Rs 5,202 crore against Rs 5,971 crore in the same period last year.

Revenue from the cigarette segment was Rs 4,150 crore, from Rs 4,201 crore in the same period of 2014. Ebit (earnings before interest and taxes) improved 2.2 per cent to Rs 2,781 crore. ITC had increased the price of cigarettes by 15 per cent in March to compensate for 18 per cent increase in tax. The decline in cigarette sales volume was along expectation. Analysts had expected a double-digit fall, as had happened in the two earlier quarters.

Cigarettes accounted for 48 per cent of ITC's revenue in the quarter. "The performance of the business reflects the extremely challenging operating environment for the legal cigarette industry in India, facing unprecedented pressure on sales volumes," the company said.

Revenue from other business — including packaged foods, apparel, education and personal care products — rose 12.2 per cent to Rs 2,171 crore from the same period last year.

Paytm bags 4-yr BCCI title sponsorship for Rs 203 cr

E-commerce entity Paytm, owned by One97 Communication, on Thursday won the Board of Control for Cricket in India (BCCI)'s title sponsorship rights for four years for Rs 203 crore, or Rs 2.42 crore per match.

The rights are for India's domestic and international cricket matches at home. The bidding was opened in the meeting of the BCCI marketing committee held in New Delhi on Thursday.

The rights include sponsor branding of series with the title sponsor logo, designation as the title sponsor of the series, visibility at the stadium, and broadcast sponsorship rights.

Honorary Secretary of the BCCI, Anurag Thakur said, "We are elated to have Paytm as our homes series title sponsors. They are one of the new generation companies and we are delighted to partner with them. Having them for next four years gives the stability and continuity to Indian cricket.? ?With nearly 84 matches scheduled over the next 4 years with all major countries playing in India we are hopeful that Paytm will be able to build a strong and strategic association with Cricket. We are also happy that the realisation has increased by 20 per cent. It augurs well for Indian cricket. I am thankful to Paytm for their interest and faith in Indian Cricket and welcome them on board."

The winning bid by Paytm was Rs 203 crore for four years, which will see India play 84 matches. In other words, Paytm will shell out Rs 2.42 crore per match. This is more than its predecessors were paying the BCCI for title sponsorship.

The incumbent title sponsor was handset maker Micromax, which paid Rs 2.2 crore per match (since August 2014). Before Micromax, there was STAR India, October 2013 to July 2014, Rs 2 crore per match.

The base price for the bidding was Rs 1.7 crore, Rs 30 lakh less than the base price for the last two bidding events. A source said, "In 2013 and 2014, the duration of the title sponsorship rights was less. This time, it's a longer duration. Hence, the matches and the base price are more."

Paytm's association as title sponsor will kick off with South Africa's tour of India, which starts in end-September.

Paytm's bid (Rs 2.42 crore per match) is 42 per cent higher than the base price (Rs 1.7 crore). The past two sponsorship rights did not see this kind of bidding. Micromax paid Rs 2.02 crore per match on a base price of Rs 2 crore. STAR India had bought the rights at Rs 2 crore per match on a base price of Rs 2 crore.

Paytm's spend per match is lower than Airtel's, which forked Rs 3.33 crore per match from September 2010 to March 2013.

Vijay Shekhar Sharma, founder and CEO of Paytm, said, "Cricket is the dream sport for us in India. Cricket epitomises the Paytm values of passion, hard work and team effort. We are very happy to partner with the BCCI and cheer for Indian cricket with millions of fans. Over the next 4 years, we will continue to invest strongly in cricket and other sports. As a growing brand which has big plans for a billion strong Indians, there is no better platform than cricket in India."

The sponsorship deal also marks a milestone for in the industry since it was for the first time that a media agency concluded the deal. Maxus, a media agency and GroupM ESP collaborated and won the sponsorship rights for PayTM.

Kartik Sharma, Managing Director, Maxus South Asia said, "We are extremely happy for partnering with PayTM, and helping them win the BCCI rights. Until now cricket has been dominated by other mature categories and this is the first time an ecommerce brand will be using the platform to connect and engage with its consumer base."

Google to offer visual translation for English signs to Hindi, 19 other languages

Technology giant Google has introduced a new update to its Translate app that will allow visual translation from English to Hindi and 19 other languages, a move aimed at strengthening its translation and transliteration offerings.

Using the app, users need to click on the camera option, and point it at the text like street signs, ingredient lists or instruction manual that needs to be translated and the same will be translated in languages like Hindi, Thai, Bulgarian, Catalan, Croatian, Czech, Danish, Dutch and Filipino.

Users can translate using the app without an Internet connection. These updates are coming to both Android and iOS, rolling out over the next few days. Previously, Google had the visual translation available for seven languages — English, French, German, Italian, Portuguese, Russian and Spanish.

"Google translates about 100 billion words a day in 90 languages and one in six people with Internet access use Google Translate. It is part of that effort that we are extending visual translation to Hindi as well. India is an important market for us," Google Product Manager (Translate) Julie Cattiau told reporters here.

Users will be able to translate English signs to Hindi, but the vice versa would not be possible.

"Unlike Latin and Cyrillic script, Hindi and Thai is a little different. Hence, it is a little difficult to translate in terms of visual translation. Right now, we are making English to Hindi visual translation available," she said.

The technology, developed by a startup Word Lens, uses "neural nets" for image recognition.

"Five years ago, if you gave a computer an image of a cat or a dog, it had trouble telling which was which.

Thanks to convolutional neural networks, not only can computers tell the difference between cats and dogs, they can even recognise different breeds of dogs," Google Software Engineer (Translate) Otavio Good said.

The visual translate uses a convolutional neural network, training it on letters and non-letters, so it can learn what different letters look like, he added.Google has also improved its voice conversation mode to enable real-time translation of conversations across 32 languages.

Mahindra to launch mini SUV in September

In six weeks Mahindra & Mahindra, India's largest utility vehicle manufacturer, would be introducing its second all-new product when it launches the mini sports utility vehicle TUV3OO to challenge the Ford Ecosport in the sub-4 meter segment.

Built on a completely new platform, the 'battle-tank' inspired TUV3OO, has been designed and developed in-house by the company with inputs from the famed Italian design house Pininfarina. Prices of the new SUV will be disclosed during launch in September, company executives said.

The new vehicle is part of the nine product launches committed by the Mumbai-based company at the start of the year. These include three all new products and six refreshes. While the compact TUV3OO is designed for off-roading a new soft roader SUV will also be launched before the end of the year.

The TUV3OO will be manufactured at the Chakan plant in Maharashtra where M&M also produces the premium SUV XUV5OO and the pick up truck Genio. The platform will see spin-offs paving the way for further products on the same in the coming period.

Where the Bolero is targeted at the rural buyer and the XUV5OO being targeted at the city buyer, the TUV5OO will be targeting the urban buyer. Its highest selling SUV Scorpio is a hybrid with equal traction in rural and urban markets.

M&M needs new products to help break the weak sales trend it has been witnessing for several quarters. While last year M&M utility vehicle recorded a fall of 6 per cent to 206,837 units as against a growth of 5 per cent recorded by the industry, according to data supplied by the Society of Indian Automobile Manufacturers.

Though M&M executives declined to share engine details of the new vehicle, being a sub-4 meter product means it will sport engines within the specified limits (less than 1.2 litre petrol and 1.5 litre diesel). The TUV3OO could see the debut of the compact petrol engine which M&M had spoken about.

The engine will be based on the mHawk engine architecture and will be called the mHawk80, which has been designed at the Mahindra Research Valley in Chennai.

The sub-4 meter SUV space is controlled by the Ford EcoSport selling nearly 50,000 units a year. The US car brand has a monopoly in the segment since the past two years as no other manufacturer has entered this segment. Companies like Maruti Suzuki, General Motors and Tata Motors are looking to enter this space in the coming years.

Company executives further stated that the TUV3oo will be sold in export markets as well.

Dr Reddy's net rises 13.7%

Indian drug major Dr Reddy's Laboratories reported a 13.7 per cent jump in consolidated net profit at Rs 625.6 crore in the June quarter, on the back of improved gross profit margins. The net profit was much higher than Bloomberg consensus estimates of Rs 547 crore.

Total income from sales and services grew 6.8 per cent to Rs 3,758 crore compared with Rs 3,517 crore in the corresponding quarter last year. Consensus estimates for sales stood at Rs 3,885 crore. Global generic sales in North America, which accounts for 60 per cent of the total revenues from its generics business, grew 14 per cent while Europe and India grew 43 per cent and 19 per cent, respectively.

With higher margin, global generic sales grew eight per cent to Rs 3,096 crore. Overall earnings before interest, taxes, depreciation and amortisation margins (Ebitda) also got a boost to 26.5 per cent compared to 25.2 per cent in same quarter last year.