

SUITS & SAYINGS

ET's roundup of the wackiest whispers in corporate corridors

Looming Threat

While India Inc is winding down for the holidays, the fintech crowd is anything but relaxed. Word has it that the head of the country's digital payments network is fielding non-stop calls from anxious fintech founders and executives. Their concern? A looming rule capping market share at 30% for the fastest-growing digital payments channel, set to kick in by January 2025. With no reassurances forthcoming from the boss, it looks like a tense year-end for the industry.

Time of Trouble

Knives are out at this real estate wealth management firm after complaints of the founder's lavish lifestyle and the hard times that has befallen the company. The chairman—a veteran banker—has quit, and there is an employee exodus underway, thanks to a staggered salary structure and certain practices related to deal closures. The office in Mumbai has been shut down, and employees in Chennai and Hyderabad have been asked to work from home.

Privy to the whispers in power corridors or juicy tips on India Inc? Do share with us at etsuits.sayings@gmail.com

In a Nutshell

'Airlines Must Share Int'l Flyers' Data with Customs'

NEW DELHI Airlines will have to mandatorily share details of foreign travellers with the Indian customs authorities from April 1, 2025, and non-compliance can attract penalties. All air transport service providers operating flights to/from India will have to register with the National Customs Targeting Centre-Passenger (NCTC-Pax) by January 10, 2025, in order to comply with the requirement, according to a communication issued by the Central Board of Indirect Taxes and Customs (CBIC).

Shriram Properties Sells Land in Chennai

MUMBAI Shriram Properties has sold an around 3.9-acre land parcel located on the GST Road in Chennai to a large healthcare and educational group in South India. The company, through its wholly owned subsidiary—SPL Shelters—owned this plot. The land parcel is strategically located adjacent to a 4-million-sq-ft fully operational office complex and a 2-million-sq-ft residential complex and has potential for retail and other commercial development.

UFlex Investing Nearly \$200 million in Egypt

NEW DELHI Flexible packaging and solutions firm UFlex is investing around \$200 million (over ₹1,710 crore) in Egypt in two projects as part of its backward integration strategy, in a bid to serve markets in neighbourhood countries and Europe, besides catering to domestic requirements, according to a senior company official.

MODEL, BEING ROLLED OUT IN MUMBAI FIRST, LIKELY TO BE EXTENDED TO DELHI & OTHER TOP METROS

HUL Takes Direct-to-Kiranas Distribution Route

Move aims to cut supply time from 3 days to less than 24 hrs, ease credit limitations of kiranas

Sagar Malviya

Mumbai: Hindustan Unilever (HUL) is taking control of its robust distribution network by directly supplying products to kirana stores in Mumbai, with plans to roll out in Delhi and other top metros, a top company executive said. The strategy is part of a wider attempt by India's largest fast-moving consumer goods company to reduce the supply time from three days to less than 24 hours, and ease credit limitations of kirana stores, which generate three-fourths of its sales. Under the new model, distributors will only handle orders and pa-

yments from the neighbourhood stores while the company will handle the entire back-end logistics from warehousing to delivery. Arun Neelakantan, executive director-customer development at HUL, told ET. "Our focus is to ensure that we provide the best service to the kirana stores because we need to have assurance of delivery in the right manner. There are also constraints for cost and capital, which means they can't hold a large inventory. They can't have a large amount of capital blocked and want more frequent service," Neelakantan said.

Within the consumer goods market, HUL has the largest distribution network in India with over 3,500 distributors across 2,000 towns serving nine million stores including a direct reach of three million outlets. The company had piloted its la-

New Cart

Distributors to only handle orders and payments from neighbourhood stores

HUL will control the entire back-end logistics, from warehousing to delivery

Absolute returns earned by distributors to remain the same

HUL's Network

3,500 Distributors
2,000+ Towns
9 million Stores



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test distribution model—Samadhan—near Chennai nearly two years ago to take on online business-to-business (B2B) startups that have the advantage of serving multiple companies at the same time as well as offering next-day delivery. In India, kirana stores, serviced by either distributors or wholesalers, control nearly 80% of FMCG sales. While organised retail and wholesalers including Flipkart Wholesale, Udaan, and Reliance Cash and Carry make up about 5% of FMCG sales, they get greater le-

verage over supplies and price due to their scale. The maker of Rin, Dove and Lux said while the traditional supply chain is often labour intensive, high maintenance and is prone to errors, distributors ensure that the relationship with the outlet is sustained, and they remain part and parcel of the supply chain going forward. Under the new model, absolute returns earned by distributors will remain unchanged while HUL bears the cost of warehousing operations.

"The kirana stores actually want assurance of delivery. So, the frequency of ordering, the kind of lines that they order, the kind of depth that they order keeps increasing with greater assurance of service and delivery," said Neelakantan. HUL has also carved out separate sales teams for each of its e-commerce verticals spanning marketplace, quick commerce and beauty retailers, which have a combined workforce of about 200 employees. Half of this team eit-

her has digital or technology experience, or has earlier worked with direct to consumer or e-commerce firms, and their average age is almost a decade younger than the larger organisation.

"So, the kind of quality of conversation itself is very different, because they know what's happening externally. How we deal with quick commerce is very different from how we deal with marketplace kind of setups and how we deal with the beauty kind of Nykaas of the world. So we don't have a singular e-commerce team. The portfolios in these channels are very different," said Neelakantan, adding that 50-55% of the portfolio it sells online is distinct from what it sells in modern trade and general trade.

HUL has also been consistently upgrading its internal ordering app Shikhar, which allows neighbourhood stores to order directly from the company but are still serviced by distributors. At present, Shikhar generates more than a third of HUL's sales.

IN CASH & CASH EQUIVALENT

ITC to Transfer ₹1,500 cr to Demerged Hotel Entity

Logo and restaurant trademarks will be given to ITC Hotels under licence deal

Our Bureau

Kolkata: ITC will transfer ₹1,500 crore in cash and cash equivalent to ITC Hotels to fuel the demerged hotel business entity's planned growth and contingency needs.

ITC Hotels plans to undertake capital investments on renovations and ongoing projects totalling 8-10% of its revenue, according to a shareholder presentation of the Kolkata-based conglomerate released on Monday. ITC will retain trademarks of popular hotel restaurants such as Bukhara, Dum Pukht and Dakshin which will be given to ITC Hotels under a trademark licence pact. The ITC trademark and logo will also be shared under a similar arrangement.

The hotel business will be demerged effective January 1, with January 6 as the record date for purposes of determining ITC shareholders who would be allotted shares of the demerged ITC Hotels. Shares of ITC Hotels will be listed within 60 days from the date

Checking In

ITC Hotels to undertake capital investments on renovations, on-going projects at 8-10% of revenue



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of receipt of NCLT approval—which was on December 16.

As per the demerger plan, ITC Hotels will issue shares directly to ITC shareholders in a manner that about 60% stake is held directly by ITC shareholders equal to their shareholding in ITC with ITC holding the balance about 40% stake. Hence, overall existing ITC shareholders will hold 100% of ITC Hotels—60% directly and balance 40% through their shareholding in ITC. ITC said in the presentation that

an operating service agreement will be executed between the company and ITC Hotels to operate and manage ITC Grand Central, Mumbai. Also, identified assets such as offices, managerial and staff housing pertaining to hotels business will be transferred to ITC Hotels.

According to the company, ITC Hotels will have a strong zero debt balance sheet and cash generation to accelerate growth, and it will carry out selective inorganic opportunities. ITC Hotels is planning to add more than 300 rooms under owned properties, with a greenfield project in Puri and expansion in Bhubaneswar. It will also leverage its existing land bank.

The hotel entity also has a pipeline of 45 managed hotels with about 4,000 rooms and expects 2.5 times growth in management fees by FY30. It opened 28 managed hotels in the past two years and has plans to open more than one hotel every month for the next two years. ITC said the hotels business will have 200-plus hotels with 18,000 keys over five years with two-third salience of managed portfolio.

REALTY BUZZ

WeWork India Leases Office Space in Mumbai

Kaish Babar

Mumbai: Flexible workspace provider WeWork India has taken more than 126,000 square feet office space spanning three floors in a commercial tower in Mumbai's Andheri East locality on a five-year lease.

The company will be paying a monthly rental of over ₹1.4 crore for the office space on the 6th, 7th, and 8th floor of a commercial tower, with the total payout for the lease term at over ₹87 crore.

The deal was registered in November and the lease term will start from August 2025. The company has already paid a security deposit equivalent to three months rental, showed documents accessed through Propstack, a realty data analytics platform.

WeWork India had recently exited space in a commercial tower in Powai and the latest deal is for an alternate space for setting up a coworking hub in the vicinity.

The under-construction office is expected to be delivered in the next few months. WeWork India did not respond to ET's email query. In July, WeWork India renewed the long-term lease of office space totalling 140,000 square feet covering five floors in Mumbai's western suburb Goregaon.

Sun Pharma's Vibha Shanghvi Buys Two Luxe Flats for ₹130 cr

Mumbai: Vibha Shanghvi, from the promoter group of India's biggest drugmaker Sun Pharmaceuticals Industries, has purchased two sea-facing luxury residential apartments in central Mumbai's upscale Worli locality for a total of ₹130 crore. Her husband Dilip Shanghvi is India's richest healthcare billionaire and Sun's founder and CMD.

She acquired the apartments on the 21st and 29th floor of an under-construction super-premium tower on the Worli Sea Face.

The first purchase includes an apartment spread over 6,458 square feet that has been acquired for ₹65 crore and it comes with three car parking spaces. The price for this apartment translates to over ₹1 lakh per square foot based on the carpet area. The second transaction involves another high-end apartment spanning 5,813 square feet acquired for ₹65 crore, equating to nearly ₹1.12 lakh per square foot.

ET's email queries to Vibha Shanghvi's team and the developer remained unanswered until press time on Monday.—Kaish Babar



Cold Road Ahead

A forest with frozen trees is pictured in the Taunus region near Frankfurt, Germany, on Monday. Germany has said it will extend stepped-up border controls beyond March 2025, amid a security and immigration debate following a deadly Christmas market attack and ahead of February elections.

Restaurateurs Eye a Bigger, Better Party this NY Eve

Celebratory fever to help business boom, say execs while hoping for no last-minute curbs to dampen spirits

Anumeha Chaturvedi

New Delhi: Restaurateurs are expecting a busy New Year's Eve this year, especially in states such as Maharashtra, though in Delhi NCR, restaurateurs are hoping that prevailing cold wave conditions don't act as a dampener. Overall, across most markets in the country, restaurant brands are expecting better business over last year. "Twenty restaurants in our system have been fully sold out since a week across locations and we are preparing for the best New Year's Eve in our history. This month has already been our best month ever in terms of financial performance," said Zorawar Kalra, founder of Massive Restaurants, which runs restaurant brands such as Farzi Cafe, Bo Tai and Papaya.

Riyaaz Amlani, founder and managing director, Impresario Entertainment and Hospitality, said his company is seeing 7-8% same store sales growth over last year.

"Business looks good and advance bookings are similar to a Saturday. Though business in Delhi may not be as promising as Mumbai as pubs and bars in Mumbai have been allowed to stay open till 5 am unlike Delhi where we are expected to wrap up by 1 am," said Priyank Sukhija, chief executive, First Fiddle Restaurants, which operates outlets of popular brands such as Thanks & Beyond, Lord of the Drinks, Miso Sexy, Diablo, Tamasha and The

Flying Saucer Cafe. Pradeep Shetty, spokesperson, HRAWI (Hotel And Restaurant Association-Western India), said many more events have been planned by restaurants, pubs and bars in Maharashtra this year, as the notification enabling them to stay open till 5 am came earlier this year, helping them plan better. "We expect an almost 50% uptick in the state of Maharashtra compared to last year, as we have expanded in the state and the government has also

provided extension in timings for New Year's Eve," said Rahul Singh, founder of The Beer Cafe.

Anjan Chatterjee, chairman of Speciality Restaurants, which owns and operates brands such as Mainland China, Asia Kitchen by Mainland China and Oh! Calcutta, said business was likely to be better over last year in markets such as Bengaluru, Kolkata and Mumbai. "There are challenges in the economy and inflationary pressures, but no rationale works on celebratory occasions like New Year's Eve. People like eating out and ordering in..." he added.

Prasuk Jain, founder of Amazonia restaurant in BKC Mumbai, said he expects December 31 to be the best post-pandemic New Year's Eve. "There's a real buzz and desire for celebrations..." he added. Restaurateurs in Delhi had requested for permissions to stay open till late but those were not granted, said Sandeep Anand Goyale, head of the Delhi chapter of National Restaurant Association of India (NRAI).

TIMINGS MATTER

Restaurants in Mumbai can stay open till 5 am but cold wave in Delhi-NCR poses a headwind, say industry execs

"We are permitted to stay open till 1 am and are hoping there are no further last-minute curbs beyond the usual restrictions," he said. "A lot of guests also abstain from alcohol on Tuesdays so we will have to see if that hampers spirits," he added.

There seems to be a greater desire among people to celebrate compared to last year, said Anirudh Kheny, partner for bar brands Daisie and SuzyQ in Bengaluru. "The timings are the same as last year and we will have to shut down by 1 am. Business is looking good and we have been getting a lot of advance bookings post December 26," he added.



VARANI SAHU

The two agree to reduce final tranche of investment in MEAL to ₹650 cr from ₹725 cr

M&M, BII Revise Investment Plan for Mahindra Electric

Our Bureau

Mumbai: British International Investment Plc will reduce the size of its final tranche of investment in the four-wheeled electric vehicle manufacturing arm of Mahindra & Mahindra, following a revision to the terms of their deal.

The UK government's development finance institution was set to invest ₹725 crore in Mahindra Electric Automobile (MEAL), but after a joint assessment, both parties decided that the final tranche would be ₹650 crore.

This adjustment will be completed by March 31, 2025, M&M said in a regulatory filing on Monday. This May, the two had agreed to reassess the funding requirement by December-end. This led to the mutual decision to revise the investment amount.

Consequently, the total investment from the BII Group, which includes BII and BII India EV LLP, stands revised at ₹1,850 crore. The investment will give BII a shareholding in MEAL ranging from 2.64% to 4.58% on a fully diluted basis. The change in investment won't impact MEAL's overall business plan, M&M said.

In November, the automaker unveiled its first set of Born Electric SUVs—BE6 and XEV9e—at a starting price of ₹18.9 lakh and ₹21.9 lakh, respectively (ex-showroom). The company is likely to

Revamp Route

The adjustment will be completed by March 31, 2025



The investment changes will not have any impact on MEAL's overall business plan



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start deliveries of the two models, built on its INGL0 (Intelligent Electric Global) architecture, in late February or early March. In July 2022, BII, an impact investor and M&M executed a binding agreement to invest up to ₹1,925 crore each into a wholly-owned subsidiary of the Mumbai-based automaker. BII will make its investment through compulsory convertible instruments at a valuation of up to ₹70,070 crore, resulting in 2.75% to 4.76% ownership in MEAL.

House panel voices 'serious concern', seeks explanation for hiking costs of 11 key meds

NPPA Hauled Up for Hiking Drug Prices

Teena Thacker

New Delhi: The Parliamentary standing committee on chemicals and fertilisers has pulled up India's drug pricing regulator for approving a 50% price hike on 11 drug formulations in October, saying the move disproportionately impacts the "poorest of the poor" across the nation.

Expressing "serious concern," the committee has demanded a detailed explanation from the National Pharmaceutical Pricing Authority (NPPA).

The NPPA increased the prices of 11 drug formulations by 50% in an order dated October 15, the committee said in a report.

"Admittedly, this was done in response to several applications requesting a price rise to accommodate rising production costs over the years," it said. However, increasing prices of medicines affect "the whole nation, particularly hard hitting the poorest of the poor," the report said, adding that NPPA, empowered to monitor and enforce pricing of medicine, "has allowed this situation to prevail."

The pricing regulator has notified ceiling prices of 920 essential medicines including oxygen, general anaesthetics and opioids, the panel said.

While selling prices of essential medicines are raised on the basis of changes in the Wholesale Price Index (WPI), NPPA also monitors the pricing to ensure that manufacturers do not hike the MRP of the medicine by more than 10% in one year, it pointed out. The NPPA had increased the prices by invoking Paragraph 19 of the Drugs Prices Control Order that gives it the power to fix or change drug prices under certain circumstances. It made the decision, citing that suppliers of some of these formulations had applied for discontinuation of supplies due to unviability. The regulator had said it increased the prices to

Under the Lens

Move hitting the 'poorest of the poor': Parliamentary standing committee



Suppliers had applied for discontinuation of materials citing unviability: NPPA

Most of these drugs used for treating asthma, glaucoma, thalassemia, TB, etc

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ensure availability of the 11 drugs, most of which are used as first-line treatment for various conditions including asthma, glaucoma, thalassemia, tuberculosis and mental health disorders. "The industry has been demanding a substantial increase in prices as it has been battling rising input costs," the minutes of the NPPA meeting said. "The mandate of the NPPA is to ensure availability of essential drugs at affordable prices... The essential drugs must remain available to address the public health needs of the country and their price regulation should not lead to a situation where these drugs become unavailable in the market." The ceiling prices were revised for benzylpenicillin (1 million IU injection), atropine injection (0.6 mg/ml), streptomycin powder for injection (750 mg and 1000 mg), salbutamol tablet (2 mg and 4 mg) and respirator solution 5 mg/ml, pilocarpine (2% drops), cefadroxil tablet (500 mg), desferrioxamine for injection (500 mg) and lithium tablets (300 mg).