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Homegrown players score high on TikTok's exit from Indian market

Short video app TikTok's exit from the Indian market has meant opportunity for local players like ShareChat's Moj, MX Player's TakaTak, and also for larger tech companies' short video products such as Instagram Reels and YouTube Shorts.

As of Thursday, top free apps on Google's Play Store in India were Moj, TakaTak, Snacky Takatak, Snapchat and Instagram.

According to a report by RedSeer Consulting in December 2020, "Short-form: Rising Amidst Cluttered Content Space", Dailyhunt's Josh, InMobi's Roposo and Times Internet-owned MX TakaTak were the market leaders.

"Content consumption in India is growing faster than global growth. Users in India need free and bite-sized entertainment, which is not offered by over the top," said Ujjwal Chaudhry, associate partner at RedSeer Consulting. "OTT needs a high attention span and is focused on diverse genres like drama, sports, etc. Plus, a wide gap exists between free and paid OTT users, implying need for low-cost entertainment. All these indicate a strong need-gap for the short-form."

Chinese firm ByteDance-owned TikTok managed to onboard over 400 million users in India since its launch in 2017, helped by its regional focus and artificial intelligence algorithms that served personalised content.

"TikTok created the industry and after the ban on it, new Indian players like Josh, Roposo and MX TakaTak have grown multifold. We have seen a resurgence in the sector," said Chaudhry. "As players increase their content quality further, users and retention would increase, resulting in more than 4X increase in the time spent."

MX Player's MXTakaTak had 120 million app installs in December, up from 26 million in July. The firm is engaging with content creators in different ways. For instance, it launched a Rs 100-crore creator fund to provide incentives to users for creating engaging content on the short video app, and also held a collaborative content creation event called Fame House in October last year.

"The creators had to find a new home (after the TikTok ban). We are also investing on the technology side. The recommendations and targeting system of the app has to be really robust," said Karan Bedi, CEO, MX Player.

It is also ensuring that the quality of content on its platform is not problematic, an issue that caused TikTok to run into trouble with Indian authorities and other governments several times. MX TakaTak is using a mix of machine learning and manual monitoring to weed out undesirable content on the platform.

"We are in conversations with a number of brands and agencies but we're going to take a more measured approach to monetisation," added Bedi.

Another player that has amassed a vast following in the last six months is Moj. It was launched on July 1 last year, just three days after the Indian government banned TikTok and 58 other apps over issues of national security following tensions with China along the border in eastern Ladakh.

Moj has 80 million monthly active users, and claims to be the fastest to cross 100 million downloads in under 200 days. The app's daily active user spend is 34 minutes. "Our success can be attributed to our superior product design. Moj offers powerful creative tools backed by a vast music library with licensed content, advanced camera filters and special effects to create highly engaging original content," said Berges Malu, Director, ShareChat.

DoT, Dipam lock horns over real estate asset valuation of BSNL-MTNL

The asset monetisation process of Bharat Sanchar Nigam Ltd (BSNL) and Mahanagar Telephone Nigam Ltd (MTNL) has hit another roadblock, with the Department of Telecommunications (DoT) and the Department of Investment and Public Asset Management (Dipam) locking horns over the valuation of the real estate assets.

It is learnt that the valuation done by the two companies is much higher than the one arrived at by the transaction advisors. "There is a significant difference between the valuation of assets done by BSNL and MTNL and the transaction advisors," a top government official told.

In July 2020, the Dipam had roped in consultants CBRE, JLL and Knight Frank as transaction advisors to carry out the exercise of selling BSNL and MTNL's land assets worth Rs 37,500 crore. The plan is part of the government's nearly Rs 70,000 crore relief package for the two cashstrapped public sector companies.

BSNL, MTNL and the transaction advisors have now been asked to reconcile their valuations by applying the standard methodologies and the assumptions associated with them.

"The assets under monetisation have various issues and encumbrances associated with them — for example, seeking the removal of a designation, reservation, encroachment, mutation, change of land use and so on," said the official quoted above.

Sources say that many of the assets would require their land use to be changed to get the best sale value. BSNL and MTNL have reportedly started the process of change of land use by submitting their applications to the respective authorities.

BSNL and MTNL had initially shortlisted as many as 14 properties for sale. Later, DoT decided to sell four of these, out of which two were found to be undervalued. Hence, DoT decided not to go ahead with their auction.

DoT is of the view that some properties were valued below the circle rates in their respective states. "We were not keen on selling those assets below the circle rate prevalent in that particular state," said a DoT official.

However, properties where the valuation differences have been reconciled to a reasonable level, can be taken up for further steps in the monetisation process.

Usually, the valuation of the property is done by the companies as well as a consultant, and the final value is arrived at after assessing the two rates.

The DIPAM is believed to have instructed BSNL and MTNL to resolve the differences over valuations and, if necessary, take the help of external agencies such as state governments, municipal other administrative authorities.

The department also feels that restrictions — such as a property should be freehold and not on lease for it to be offered for sale by the Union government — should be removed for achieving the best value out of the asset monetisation exercise.

In October 2019, the government had approved a revival package of nearly Rs 70,000 crore for both BSNL and MTNL. Monetising real estate assets worth Rs 37,500 crore is part of the overall relief package that would be used to retire debts, upgrade networks and offer a voluntary retirement scheme (VRS) aimed at reducing the two companies' employee strength by half.

The real estate assets of BSNL and MTNL include land as well as buildings that are rented or leased. MTNL has around 29 retail outlets in Delhi alone.

Bharti Airtel steals a march on 5G rivals, conducts live testing of service

Exhibiting its 5G prowess, Bharti Airtel on Thursday announced that it had successfully conducted a live demonstration of 5G service over a commercial network in Hyderabad city.

The company said the full impact of the 5G experience would be available to Airtel customers when adequate spectrum is available and government approvals received.

Gopal Vittal, managing director and chief executive officer of Bharti Airtel, said, "Every one of our investments

is future proofed as this game-changing test in Hyderabad proves. With Airtel being the first operator to demonstrate this capability, we have shown again that we have always been the first in India to pioneer new technologies in our quest for empowering Indians everywhere."

The demonstration in Hyderabad was conducted over an existing liberalised spectrum in the 1800 megahertz (MHz) band.

Vittal said India has the potential to become a global hub for 5G innovation and this would require the coming together of the ecosystem — applications, devices, and network innovation. He added that Airtel was "more than ready" to do its bit.

The company seamlessly operated 5G and 4G concurrently within the same spectrum block.

Though Airtel has started testing 5G services, the spectrum for this has been kept out of the auctions proposed to be held in March.

Earlier this month, the Department of Telecommunications (DoT) released a notice inviting applications for spectrum auctions in seven bands — 700 MHz, 800 MHz, 900 MHz, 1800 MHz, 2100 MHz, 2300 MHz, and 2500MHz. The bidding is scheduled to begin on March 1.

Last month, the Union Cabinet approved a proposal for the auction of 2,251.25 MHz of spectrum worth Rs 3.92 trillion at the base price.

Telecom operators will need to submit applications for participating in the auction by February 5.

Maruti Suzuki Q3 net profit zooms 24% to Rs 1,941.4 crore on higher sales

India's largest carmaker Maruti Suzuki on Thursday reported a 24 per cent year-on-year (YoY) rise in net profit to Rs 1,941.4 crore for quarter ended December 31 (Q3) of financial year 2020-21 (FY21).

However, operating margins contracted by 70 basis points (bps) to 9.5 per cent, compared with 10.2 per cent in the corresponding period last year, because of a 31.29 per cent increase in raw material cost and 9 per cent rise in other expenses.

The firm said it has limited capability to rai-se prices, despite a steep increase in prices of co-m-modities, as de-mand is remains uncertain.

The commentary ca-me as analysts quiz-zed the management on weak margins, despite the increase in sales volume.

"We need to be careful about the extent of price hike so that we don't hit demand. I know all of you are concerned about the bottom line, but we have to take care of the top line, too," said Shashank Srivastava, executive director — sales.

Since January 10, Maruti has increased the price of vehicles across segments citing a rise in input costs. Raw material prices are hardening with the full impact of cumulative increases to be felt in Q4. Steel, aluminium, copper, and rubber — key inputs for the auto industry — are all headed northward.

Industry data shows that while the compound annual growth rate (CAGR) of passenger vehicle (PV) sales stood at 12.9 per cent for the five-year period between March 2005 and March 2010, it fell sharply to 1.3 per cent between FY15 and FY20. Between FY10 and FY15, it rose 5.9 per cent.

In fact, the CAGR for PV sales between 2000 and 2010 stood at 10.3 per cent and between 2010 and 2020 it was 3.6 per cent. Clearly, the growth rate has slowed over the past decade, more so over the past five years. Though car sales are closely related to gross domestic product (GDP) growth, PV sales have suffered despite decent growth.

The company said that besides price incr-ease, it has initiated many other cost control measures to offset the increase in production cost. The company's net sales in Q3 increased by 13.28 per cent YoY to Rs 23,457.8 crore.

PSU privatisation: Govt to amend security clearance policy for investors

To tighten the noose on investment from bordering countries, the government is set to amend its security clearance policy for investors participating in privatisation or strategic divestment in public sector undertakings (PSUs).

The security committee that gives clearance to the highest bidder (H1) in privatisation or strategic divestment is set to mandate security approval for all entities participating in financial bidding and not just the highest bidder, which is the practice now, according to a top government official. The proposal is to bring security clearance in line with the government's foreign direct investment policy, which was tweaked to curb hostile takeovers of Indian companies by Chinese investors amid the pandemic.

The changes are being proposed to obviate situations when a highest or successful bidder fails the security clearance in the case of investment from China or other bordering nations on grounds of national security. This hampers the privatisation process.

The security committee, chaired by Department of Investment and Public Asset Management (Dipam) Secretary Tuhin Kanta Pandey, is considering the amendment and has members from other ministries.

According to the proposal, all entities participating in financial bidding, which is the second stage in strategic divestment, will be vetted.

Security clearance will be done before opening the bids, and the bidders that do not meet the security criteria will not be part of the process, said the official quoted above. The disqualified entities' bids will not be opened, he added.

chartAccording to current rules, the administrative ministry under which the PSU concerned falls approaches the security committee for clearance of the highest bidder.

After security clearance is received, details including the name of the highest bidder, the price quoted by it, and the terms and conditions in the share-purchase agreement are placed before the Core Group of Secretaries on Divestment (CGD), headed by the cabinet secretary. The CGD then makes recommendations to the Cabinet Committee on Economic Affairs. If H1 fails to get security clearance, the CGD can give the option to the next highest bidder (H2) for matching the bidding price of H1.

"It's always not possible that the second-highest bidder will match the price offered by the highest bidder," the official said. This would then derail the privatisation process.

The changes will be approved and implemented in a month as the government starts receiving financial bids for privatising Bharat Petroleum Corporation, Shipping Corporation of India, Air India, etc.

Hindustan Zinc plans to increase earnings through diversification

With marketing plan for every new minor metal being chalked out, Hindustan Zinc, the country's only integrated zinc producer, will have its cadmium metal unit up and running by the first quarter of FY22.

"We have strong plans in the minor metal space, which will not just help the company in diversification, but also yield incremental earnings amid converting the waste into wealth," Arun Misra, chief executive officer at Hindustan Zinc, told. The company is seeing ample scope for backward integration and, hence, is planning to utilise byproducts such as slugs or residues that the smelters produce into ancillary products.

"There are teams dedicated to creating technologies, which can help bring into the portfolio products such as cobalt, nickel, copper, and also sulphuric acid needed for fertilisers. There is an in-house R&D that continuously looks into this aspect," said Misra.

Currently, Hindustan Zinc produces refined silver, recovered as a by-product of its zinc-lead facility.

"The cost of setting up the planned cadmium unit will pay back in five months. Similarly, other minor metals that are being planned to get added to the portfolio will have different payback timelines. Eventually, the minor metal vertical alone is expected to create \$200-\$250 million (Rs 1,462-1,827 crore) incremental value to the company's existing Ebitda (earnings before, interest, taxes, depreciation, and ammortisation)," Misra said.

In the December quarter, the company's Ebitda stood at Rs 3,314 crore, up 45 per cent on year-on-year (YoY) basis and up 12 per cent sequentially on account of higher revenue and well managed operating costs. While the company remains engaged in chalking out marketing plans for its minor metals, it is open to both domestic as well as export markets to sell its ancillary products.Meanwhile, the company will also continue to lay thrust on reducing its cost of production further, in a bid to enhance its overall Ebitda.

In the quarter gone by, Hindustan Zinc saw its cost of production come to \$946 per tonne, well below the \$1,000 per tonne mark."There is potential for another 3-4 percent reduction in cost of production and to that extent we are expecting the southward movement in this space to continue in coming quarters," explained Misra.

IDBI Bank posts net profit of Rs 378 cr in Q3

Private sector lender IDBI Bank posted net profit of Rs 378 crore in the third quarter ended December 2020 (Q3FY21), aided by a rise in net interest income.

This is the fourth consecutive quarter of profit for the lender. It had booked net loss of Rs 5,763 crore in Q3FY20. Its stock closed 2.17 per cent higher at Rs 28.3 per share on the BSE.

Net interest income rose 18 per cent to Rs 1,810 crore over Q3FY20, while net interest margin (NIM) improved by 60

basis points to 2.87 per cent in the quarter. Deposits grew from Rs 2.18 trillion in Dece-mber 2019 to Rs 2.24 trillion.

The bank, which is under the Reserve Bank of India's Prompt Corrective Action regime, faces restrictions on lending to corporates and is ramping up retail and SME loan book. However, its total advances shrunk 7 per cent from Rs 1.72 trillion in December 2019 to Rs 1.59 trillion in December 2020.