IN BRIEF

Venketrama Raja to chair Ramco Systems

CHENNAI

P.R. Venketrama Raja has been appointed as chairman of Ramco Systems. The board co-opted Mr. Venketrama Raja's son P.V. Abinav Ramasubramaniam Raja as an additional director and designated him as whole time director. The changes in the board have been made following the demise of erstwhile chairman Ramasubrahmaneya Raja in May, according to a regulatory filing.

CKGS opens Algeria visa centres in 6 cities

MUMBAI

Cox & Kings Global Services (CKGS) opened Algeria Visa Application and Information Centres (AVAIC) at Mumbai, Pune, Ahmedabad, Goa, Indore and Chennai. They would cater to all categories of visas, besides accepting applications from States like Andhra Pradesh, Telangana, Tamil Nadu and Kerala. With this, CKGS would become the main service provider for Algeria visas in west and south India, the firm said.

TRAI unveils app for users to rate call quality

NEW DELHI

Telecom regulator TRAI on Monday introduced a new app — MyCall — that enables subscribers to rate the quality of a phone call. "The application will help mobile phone users rate their experience about voice call quality in real-time and help TRAI gather customer experience data along with network data," the regulator said in a statement. After a call ends, a pop-up will appear requesting the user to rate the call. PTI

ACT lines up ₹1,200 cr. capex

Eyes content aggregation as part of customer retention strategy

SPECIAL CORRESPONDENT
CHENNAI

Internet broadband service provider provider Atria Convergence Technologies has earmarked between ₹1,200 crore and ₹1,500 crore towards capital expenditure over the next two years. About 60% of this would be spent in building underground networks to reach customer homes.

"A substantial part of the capex, about ₹500 crore, is meant for Chennai alone," said Bala Malladi, chief executive officer, Atria Convergence, which markets its fibre-to-home services under the ACT Fibernet brand. Delhi, where the company recently unveiled its service, would also account for a part of the capex, he added.

Asked about the need for funding, he said, "We are a free cash flow company, even after accounting for capex. We have a minor level of debt. Between debt and equity funding, we are covered for the next few years." Private equity funds True North and TA Associates together account for 90% stake in the company, he said.

ACT's fibre-optic cables connected to homes help provide Internet broadband services.

It currently has 1.2 million subscribers across 11 cities, with 6,500 employees, and provides the 'highest traffic of broadband per customer', he said. "Each of our subscribers consumes, on an average, 90 GB of data per month with 40 mbps as the average speed," Mr. Malladi said. The company has about half a million subscribers in Hyderabad and another half a million distributed between Chennai and Bengaluru.

The company saw 40% growth in revenues to ₹1,300 crore for the year ended March 2017.

Content services

ACT has also set its sights on content aggregation. According to Mr. Malladi, "We would like to ally with content providers and offer content access to our subscribers through our platform. The platform, which will allow for seamless access of content, is under development."

The firm currently provides free content as part of trial offers to subscribers, from Hook, Hungama, Yupp TV and Alt Balaji.

Asked if higher profit margins were the reason for the move, Mr. Malladi said, "The objective is not margins. But beyond providing access, we would like to delight customers through such additional services."

Racing away: Average data usage per subscriber, per month is 90 GB for ACT, says its CEO Bala Malladi.

Alibaba picks up majority stake in TicketNew

Stake sale to help online movie ticketing firm to scale up

K.T. JAGANNATHAN
CHENNAI

In a significant move, Chinese e-commerce firm Alibaba has decided to invest more than ₹120 crore to pick up a majority stake in Orbgen Technologies Private Limited, which runs ticketing website TicketNew.

The acquisition is being made through Alibaba Pictures Group Limited, the entertainment arm of the Chinese e-commerce major. It signals its major buy outside China in the burgeoning Internet ticketing industry.

The company was founded in 2007 by Ramkumar Nammalvar, who said Orbgen notched up a topline of ₹18 crore in 2015-16 and had been showing profit for the last five years.

The entry of Alibaba was facilitated through a combination of stake dilution by the promoters, led by Mr. Nammalvar and the issue of fresh equity at an undisclosed premium.

Post-acquisition, Alibaba will have four nominees on Orbgen's board. The promoters will have two representatives.

Stating that this was the maiden fund-raising exercise by Orbgen since inception, Mr. Nammalvar said this would bring growth money for the company and provide return on capital investment for the promoters.

Online ticketing market

With Alibaba on board, Mr. Nammalvar is hopeful that TicketNew would emerge a good competitor in the space, which is largely dominated by BookMyShow. He estimated the movie ticketing market in India to be in the vicinity of $2.2 billion to $2.5 billion. Out of this, online ticketing was only 10% to 15%, he added.

He said TicketNew had now tied up with major multiplexes in the country.

"In India, online movie ticketing is becoming increasingly popular, with increasing penetration in tier-2 and tier-3 regions.

The strategic partnership between Alibaba Pictures and TicketNew can be mutually beneficial," a release said.

Premji writes to staff denying stake sale

Says still committed to IT major Wipro

STAFF REPORTER
BENGALURU

IT services major Wipro's promoter and billionaire chairman Azim Premji wrote to its employees denying that a sale of stake was being considered. On Monday, a news website had reported that the promoters of Wipro were in the early stages of evaluating the sale of the company or some of its units.

Mr. Premji, who is also the majority shareholder, in an email, said he "remained committed to Wipro." As on March 31, he and his family owned about 73.25% of the company.

He wrote, "The news article about promoters of Wipro evaluating sale of their holding in the company is baseless and malicious. There is no truth to these unsubstantiated rumours." Mr. Premji has been at the helm of the company that has evolved from a regional vegetables oil firm to a global technology leader over the last 50 years.

"I continue to be incredibly excited about the potential of the IT industry and Wipro. I see enormous energy within the company to power the success of our clients and therefore the success of Wipro," he wrote.

GST rate lifts jewellery stocks

3% rate in line with those mentioned in draft tax rules

SANJAY VIJAYAKUMAR
CHENNAI

Shares of gems and jewellery firms surged on the BSE on Monday as investors cheered the lower-than-expected goods and services tax (GST) rates on the sector.

The Centre announced 3% tax on gold jewellery, which was in line with the 2-6% rates mentioned in the GST draft rules.

Analysts reckon that the organised sector would gain under GST as it would increase the compliance cost for the unorganised sector.

Titan Co. Ltd. rose 17%, the highest among the jewellery stocks, to close at ₹552.40.

Shares of several jewellery firms including Gitanjali Gems Ltd. and Tribhuvandas Bhimji Zaveri Ltd. closed higher.

"Against the cumulative current tax rate of 2%, the final GST rate at 3% is higher, while the import duty will continue at prevalent rates," ratings firm ICRA said.

ICRA expects the same to be passed on to end customers and the higher tax is not likely to cause any major disruption to the gold jewellery demand.

Unorganised sector

According to Ambit Capital, unorganised sector accounts for 80% of the $40 billion jewellery market and enjoys low direct tax compliance.

GST brings the entire jewellery chain in the tax net.

It will increase the compliance cost of unorganised jewellers and hence narrow the gap between making charges of unorganised and organised jewellers, it said.

According to brokerage firm Motilal Oswal, Titan, which has only 5% share of the total jewellery market in India, could be a gainer over the medium term post GST implementation.

"Given the pricing power of the Tanishq brand, we do not think passing on the increase of 1% will be any problem,"the brokerage firm said in a report.

Sundaram Finance to foster start-ups

To invest in Delhi-based GyanDhan

SPECIAL CORRESPONDENT
CHENNAI

Sundaram Finance Group, part of the TVS conglomerate, has decided to foster the start-up ecosystem in the area of financial services and technology.

This is part of a larger exercise to pursue its goal in the digital technology space.

Equity investment

In line with this thought process, the group has decided to put in an undisclosed sum in the form of equity investment in a Delhi-based start-up GyanDhan. The investment is being made through Sundaram Finance Holdings, a subsidiary of Sundaram Finance.

Promoted by two IIT alumni – Jainesh Sinha and Ankit Mehra – GyanDhan is an online marketplace for education loans for students aspiring to pursue studies abroad. It uses proprietary logic to underwrite large ticket education loans.

Typically, Sundaram Finance Group will be looking at investments with ticket sizes of $1 million or less. It will be looking at picking up minority stakes in such ventures."The aim is to associate with firms where there is synergy with group strategy," said T.T. Srinivasaraghavan, managing director, Sundaram Finance.