

E-seller body writes to MCA on Snapdeal, Flipkart deal

TIMES NEWS NETWORK

Bengaluru: The All India Online Vendor's Association (AIOVA) has written a letter to the ministry of corporate affairs (MCA), raising concerns over the proposed sale of the beleaguered e-tailer Snapdeal. The letter, which has been reviewed by TOI, has asked for the ministry's help in resolving seller disputes before clearing the sale to bigger rival Flipkart. AIOVA, which has about 2,000 sellers as members, addressed the letter to MCA secretary Tapan Ray.

"We would like to inform you via this email that more than 500 sellers have complained to us regarding unsettled financial matters with the current management of Snapdeal. We had compiled and submitted a small list to the management of Snapdeal informally in March, however, they never acted on the same," the letter sent to Ray noted. According to the seller association, losing money on their dues from Snapdeal would be detrimental

CLEAR DUES FIRST: AIOVA

to their business as the members are already facing significant losses from Askmebazaar winding up operations.

A spokesperson of AIOVA said, "Ministry of commerce has also declined to intervene in any matter. This leaves us with the option of approaching MCA to safeguard sellers' rights before any change can take place in corporate structure." According to experts, legally, a seller or their community cannot stop the merger process unless either of them drags the company to court on a valid ground.

A spokesperson of Snapdeal said, "Payments to sellers are made as per pre-defined payment cycles and these continue to be made. It should be clear that payments are made only as per contractual commitments and in accordance with seller policies. Robust grievance redressal mechanisms exist to address any escalations from individual sellers."

Exports rise 20% in Apr to nearly \$25bn

But Trade Deficit Jumps Threefold To \$13.2Bn

New Delhi: Strong performance by petroleum, engineering and textiles sectors pushed up India's exports growth by 19.8% to \$24.6 billion in April. However, trade deficit also witnessed about threefold increase to \$13.2 billion, mainly on account of a sharp jump in gold (see box) and crude oil imports during the month.

The country's imports, too, jumped more than 49% to \$37.9 billion last month from \$25.4 billion in April 2016.

In April, petroleum, textiles, engineering goods and gems and jewellery shipments recorded growth of 48.8%, 31.7%, 28.2% and 15% respectively. The other sectors that helped boost exports include chemicals, iron ore, marine products, cashew, oil meals, iron ore and plastic. Further, oil imports grew by 30.1% to about \$7.4 billion. Non-oil imports, too, rose by 54.5% to \$30.5 billion.

For the entire last fiscal,

Gold imports surge 213% to \$3.9bn

New Delhi: Recording a threefold jump, India's gold imports rose 213% to nearly \$3.9 billion in April, mainly on account of Akshaya Tritiya. Gold imports had stood at \$1.2 billion in April previous year, according to official data released on Monday.

Imports of the precious metal had declined between February and September last year. They grew in October and November, but again dipped in December and January. In February and March, they recorded high growth rates. In March this year, gold imports had risen to \$4.2 billion from \$974 million in the same month previous year.

The surge in gold imports in April contributed to the widening of trade deficit to \$13.2 billion as against \$4.8 billion in April 2016. Silver imports, too, grew by 61% to \$353 million in April. AGENCIES

2016-17, exports saw a growth of 4.7% to \$274.6 billion as against \$262.3 billion in 2015-16. Imports dipped nearly 0.2% to \$380.3 billion, lowering trade deficit at \$105.7 billion against \$118.7 billion in 2015-16. Further, services exports in March increased by 8.6% to \$14.2 billion.

"The net export of services for 2016-17 was estimated

at \$65.2 billion, which is lower than net export of services of \$69.4 billion during 2015-16," the commerce ministry said in a statement.

FIEO president Ganesh Kumar Gupta said, "The implementation of upcoming GST and release of the revised Foreign Trade Policy will give further push to export growth." AGENCIES

TCS to commence ₹16k-cr buyback offer from May 18

New Delhi: India's largest software services firm Tata Consultancy Services (TCS) will commence its Rs 16,000-crore mega buyback offer from May 18.

The buyback programme, which received shareholder approval last month, will open on May 18 and close on May 31, the company said in a regulatory filing. TCS will dispatch the letter of offer for the buyback to eligible shareholders on or before May 16.

The share buyback, if successful, will be India's biggest, surpassing Reliance Industries' share repurchase of Rs 10,400 crore in 2012. Share buybacks typically

improve earnings per share and return surplus cash to shareholders, while also supporting share price during periods of sluggish market condition.

The Mumbai-based co has a cash pile of ₹43,169cr which is nearly 10% of its market capitalisation

Indian IT companies have been under pressure to return excess cash on their books to shareholders through generous dividends and buybacks. TCS earlier said that it received suggestions from investors over the need for certain

ty on dividend policy along with share buyback to distribute the cash. The Mumbai-based company has a cash pile of Rs 43,169 crore, which is nearly 10% of the company's market capitalisation.

TCS rival, Infosys has also announced its capital allocation policy to return up to Rs 13,000 crore this financial year through dividend and/or buyback.

Earlier this year, Cognizant announced a \$3.4-billion share buyback, bowing to pressure from activist investor Elliott Management.

Smaller peer HCL Technologies has also approved a buyback of up to 3.5 crore shares worth Rs 3,500 crore. AGENCIES

Bitcoin sale profit is taxable capital gains for investor

Need To Declare Earned Income & Pay Tax, Say Experts

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Mumbai: India is not isolated from the rising popularity of bitcoins, which got a boost post-demonetisation. According to industry sources, nearly 300-plus enthusiasts of the cryptocurrency trade daily on Indian bitcoin exchange platforms. Most of these platforms boast of user registrations of more than a lakh. Thus, many taxpayers in India need to understand the I-T nuances of their bitcoin transactions.

Curiosity prompted Rakesh M, a Bengaluru-based techie (identity changed), to make his first investment in bitcoins. He sold his investment during the financial year 2016-17 (year ending March 31, 2017) and earned a profit. The perplexing issue for him is: How should he treat the income on sale of the bitcoin for I-T purposes? As a salaried employee, he has to file his I-T return by July 31. The Central Board of Direct Taxes (CBDT) has not yet issued any guidance. Tax authorities in many countries, such as the US, treat bitcoins a capital asset in hands of investors, with the sale resulting in a capital gain.

The I-T department can catch up if you try to evade tax on sale of bitcoins. Benson Samuel, co-founder, Coinsecure, a trading platform for bitcoins in India, points out, "When you sell your bitcoins over an exchange such as Coinsecure, the money flows directly into your bank account. The transaction is completely transparent. Even though not obliged to do so, most bitcoin exchanges also adopt KYC norms for their customers."

Bitcoins in India are unregulated but are not yet illegal.

However, the RBI has on occasion cautioned investors of inherent risks. An inter-disciplinary committee set up by the government is examining the framework of virtual currencies. "That said, even if bitcoins were illegal, income earned needs to be declared and tax paid," says an I-T official.

Harshal Kamdar, tax partner, PwC India, says, "Taxability of bitcoins is a nuanced is-

international law firm which is working closely with the bitcoin industry, says, "Given the wide nature of definition of capital assets under Section 2(14) of the I-T Act, the purchase of bitcoins, if it has been made for the purpose of investment, should be treated as a capital asset. Thus, any gains arising on transfer (ie: sale) should be characterised as capi-

held for three years or more, it should be considered long-term and if less than short-term," says Desai.

Hot tip: Indexation benefit (which is an adjustment to account for inflation for the period between purchase and sale of a capital asset) can be availed of. This would reduce the total tax outgo on capital gains. A cost inflation index (CII) figure is issued by the CBDT each year and the prescribed formula is to be followed.

Business income for a bitcoin trader

It may be a bit perplexing to understand whether one would be regarded as an investor or trader. Desai points out, "The CBDT is in the past issued a circular (4/2007) which, after taking into consideration various judicial precedents, has set out various tests to determine whether shares are held as investment or stock in trade. The same parameters can also be applied to bitcoins."

For instance, if the transactions in bitcoins are substantial and frequent, it could be said that the individual is trading in bitcoins. In this case, income on sale of bitcoins would be a business income, to which the applicable slab rate of income tax would apply. Thus, for those having a taxable income of more than Rs 10 lakh (including on bitcoin sales) the applicable tax slab rate of 30% plus surcharge and cess is higher than the tax rate of 20% on LTCGs.

There is also an additional catch. If you haven't paid any advance tax on income from your bitcoin transactions, it's likely that penal interest will be levied.

COMPUTING CAPITAL GAINS TAX

Case Study: Rakesh M purchased a bitcoin for ₹40,000 four years ago in Jan 2013 (FY 2012-13) and sold it for ₹69,500 in Nov 2016 (FY 2016-17), reaping a cool profit of ₹29,500...

Particulars	Rupees
Full value of sale consideration	69,500
Less indexed cost of acquisition (refer notes)	52,817
Long-term capital gains	16,683
Income tax @ 20%	3,337



NOTES:
 > **Formula** | Cost of acquisition multiplied by (CII of the year of sale/CII of the year of

purchase), where CII is 'cost inflation index'
 > **Working** | ₹40,000 multiplied by (1125 divided by 852)

(Above case is illustrative)

and will depend on facts of each case. In the absence of CBDT guidelines, the logical conclusion is to treat profits on sale of bitcoins as 'capital gains', unless the person is in the business of trading bitcoins, in which case it would likely be 'business income'. However, we have seen instances, where to be on the safe side, individuals have preferred to treat it as 'income from other sources' where the relevant slab rate of I-T applies, as opposed to a 20% tax with indexation (if applicable), on long-term capital gains".

Capital gains for a bitcoin investor

Nishith Desai, founder of an

tal gains." (See illustration of I-T computation.)

Caution point: Short-term capital gains are taxed at the applicable I-T slab rate, which for those with a taxable income of more than Rs 10 lakh is 30% plus applicable surcharge and cess. On the other hand, long-term capital gains (LTCGs) attract a tax rate of only 20%. The time period for which an asset is held before its sale determines whether it is a long-term asset that is eligible for a lower rate of tax on sale. For equity, the holding period prescribed is just 12 months. "The period of holding of bitcoins should be like any other property. If they are

Brands tap trolls to connect to netizens

Firms Look To Use This New Tool To Garner More Eyeballs

Ranjani Ayyar & Aparna Desikan | TNN

When hotel comparison site Trivago ran TV commercials with an unconventional male face, social media was abuzz with questions like "Who is the Trivago man?". Every now and then, you see a post disapproving him for being 'un-model-like'. While netizens were critical, Trivago has benefited from the trolling, with brand recognition growing month-on-month. There is a growing trend of internet trolling, with brands looking to spice up their social engagement.

"Trolling is certainly being used as a way to break the clutter because we are bombarded with tons of information from several screens. It's the weapon of choice for 'Newsjacks' who take a piece of news and ridicule it through their social media handles," said Brijesh Tanna, founder & creative producer of Flying Sparks Creative. When Trivago started off, they were clear that they didn't want to engage any known or famous celebrities to be the spokesperson. "Idea is that anyone is capable of using Trivago to search for their ideal hotel and who better to explain the product than an ordinary/average person. We always think that a Mr. or Ms. Trivago should just be like one of us," said Abhinav Kumar, country development India head, Trivago and the man in the advertisement.

Something similar happened with the face of Airtel, Sasha Chettri. Unlike Kumar who gets trolled for having unconventional looks, Chettri garnered hate for her omnipresence thanks to a full throttle media burst. Brand consultants opine that while trolls can alter the brand popularity online, it does little to detract loyalists.

TROLLED & FAMOUS?



paytm with the lines: Drama bandh Karo, Paytm karo



> In January, **Ravindra Jadeja** and **Flipkart** trolled each other on twitter, when the e-commerce company said an all-rounder cricketer would join them

SWEET 'N' SOUR: Trolling is being used in a big way to break the clutter

> **Hrithik Roshan** trolled **Tommy Hilffiger** for using his image to promote their clothes on twitter - Dear Tommy, I dont wear u, neither do my kids endorse u. If u hv lost ur spine I hv a great team 2 help u find it. Please (hll)figure urself out"- his tweet read

> **Post demonetisation**, **Paytm** was trolled by twitterati for their insensitive ad on digital transactions, where a lady asks her house help to use



"While the Airtel girl was trolled online, it may not have impacted Airtel's customer base. Netizens may react to trolls, but they respond to serious complaints," said L Hemachandran, CEO, Brand Avatar. He adds that trolling does create brand recall. "Take Saravana stores, a 25-year-old brand. With SS Saravanan appearing in advertisements, he is being heavily trolled on social media, but it makes sure there is brand recall," said Hemachandran. Digital marketers say that "trolling and its management" is a much needed strategy today. "For larger brands, managing trolls and thereby the online reputation is becoming a part of our marketing plan," said Vikas Chawla, co-founder, Social Beat, a digital marketing agency. Chawla adds that trolling helps brands have a dialogue with its users. Marketers say that more than the immediate impact, the trail that trolling leaves behind, has an impact in the long run. Netizens who would want to try

the brand, would be dissuaded because of the negative impact the trolls create.

When Lokesh Vijay, founder, Sight Media was approached by a prominent mall owner in Chennai to create a meme, he created a troll meme around their largest issue — entry gates, traffic and parking. "They have three entry gates, one is popular and hence, faces a huge parking and traffic issue. Our meme got 12 lakh clicks, 25,000 likes and close to 1,000 comments and shares. Today, people are aware of all three gates and the parking issue is resolved," he said.

As for folks like Kumar of trivago who are the butt of the joke, its bit of a sweet and sour moment. "There were some negative tweets and direct comments on my social media profiles but also positive ones with appreciation. When on TV, you are reaching millions of people, so some tweets against me do not really matter as long as they understand how trivago can benefit them," he said.

Colgate India posts flat Q4 net of ₹143cr

New Delhi: FMCG major Colgate-Palmolive India on Monday reported a marginal decline in net profit at Rs 142.6 crore for the fourth quarter ended March 31, 2017.

The company had posted a net profit of Rs 143.3 crore during the same period previous year, it said in a BSE filing. Net sales of the company rose 2.6% to Rs 1,172 crore during the quarter under review as against Rs 1,142 crore in the January-March quarter of last fiscal.

Colgate Palmolive (India), MD Issam Bachaani said, "In the fourth quarter, we saw encouraging signs of recovery from the impact of the liquidity crunch in the prior quarter."

For the entire fiscal, the company reported a net profit of Rs 577 crore as compared with Rs 581 crore in the 2015-16 fiscal. Net sales during the year stood at Rs 4,490 crore as against Rs 4,319 crore in the last fiscal. AGENCIES

Tata's Star chain, SBI tie up for cards

TIMES NEWS NETWORK

Mumbai: Retail hypermarket chain Star Bazaar, a joint venture between Tata and the UK retailer Tesco, has entered into a partnership with SBI Cards and Tata Capital to launch a credit card. The retailer will target its 1.2 million loyalty card holders by offering 3.5% value back at all its outlets.

Jamshed Daboo, managing director of Trent Hypermarket (that operates Star Bazaar), said that the retailer is targeting one lakh cards in the first year. The company plans to take its network to 65 stores by the end of this year, and to 200 by 2020, Daboo said. "We will open in one more city in the south, after Mumbai, Pune and Bengaluru this year," Daboo added.

At present, there are 41 Star Bazaar outlets of which 10 are large format of approximately 25,000-50,000 sq ft. The new stores will be Star Market, which is more a mid-size format at an average size of 7,500 sq ft, Daboo said. Tata's partner Tesco is one of the largest card issuers in the UK and has floated its own bank.

Hero Moto sits on ₹4.5k-cr reserves, plans expansion

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Chennai: Motorcycle market leader Hero MotoCorp is sitting on reserves of over Rs 4,500 crore despite spending heavily on R&D and capacity expansion. The company has also lined up capex of Rs 2,500 crore over the next two years. "This will be spent on new product development, digitisation, phase-wise capacity installation and expansion at its existing facility at Gujarat and upcoming plants at Andhra Pradesh and Bangladesh. The capex also includes investments towards upgradation and modernisation of plant machinery," said Pawan Munjal, Hero MotoCorp chairman, MD and CEO.

The company is targeting double-digit growth through new launches and fresh capacity installation. "With half a dozen new launches slated for FY18, we will go for aggressive market share gains," Munjal said.

Over the past few years, Hero MotoCorp has made some long-term strategic investments. It has installed additional capacity through its new manufacturing plants at Neemrana in Rajasthan and at Halol in Gu-

BEING MKT LEADER

- > Hero MotoCorp has lined up capex of ₹2,500cr over the next two years
- > Co is targeting double-digit growth through new launches and fresh capacity installation
- > It is also focusing on premium bikes and scooters
- > It plans to spend heavily on R&D and capacity expansion

jarat and has also built a Global Parts Centre at Neemrana and a Rs 850-crore R&D facility—the Centre of Innovation and Technology (CIT)—in Jaipur.

The company is also focusing on premium segment bikes and scooters as well as cost reduction to ensure both top line and bottom line growth. "With all

these initiatives, we will further consolidate our leadership in FY18 without compromising on the bottom line and our margins through judicious utilisation of our resources and rationalisation of costs. New world-class product development will continue to be a priority with enhanced focus on the scooters and the premium segments," Munjal said. The company will roll out six new products this year across segments, senior officials said.

Analysts said Hero MotoCorp's reserves are lower than its historic high of around Rs 6,500 crore seven years ago, though it has kept the company debt-free. Niranjan Gupta, chief financial officer, Hero MotoCorp, said, "Our cash reserves is not unusual given our balance sheet and revenue size. We will continue to do prudent fiscal and cash management delivering value creation for our stakeholders and use our reserves aligned with our strategy."

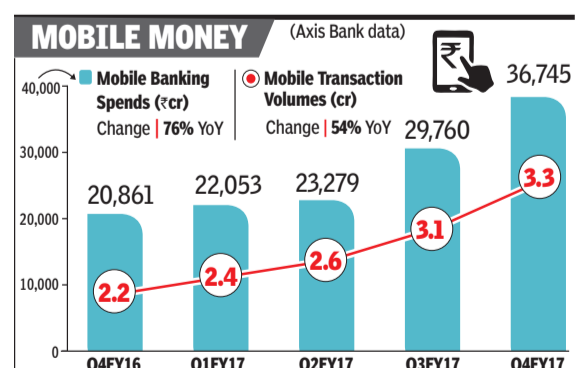
Axis Bank connects Bharat to digital via non-data app

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Mumbai: Axis Bank has said that mobile banking has become a primary medium for individual customers with transactions through it, outstripping all other channels. The bank is now working at migrating customers not using smartphones onto mobile transactions by using a simplified interface for m-banking without internet.

"Around 66% of individual customer transactions are from digital channels and over half of them are from the mobile. So in terms of number of transactions, mobile is already the pre-dominant channel," said Rajeev Anand, executive director and head of retail at Axis Bank. As compared with digital transactions, 21% take place through ATMs and 13% through branches.

The latest service that the bank has come out with is 'Axis Ok', which uses the backbone of unstructured supplementary service data (USSD) and SMS banking. This allows customers with fund transfers, balance enquiry,



phone or direct-to-home TV recharges and other transactions. "What we realised was that customers found the USSD experience too complex to grapple with. We have masked the complexity of the dialling and connecting using alpha-numeric characters and converted that into a simple app for which you do not need data. It is available in six languages and we will add more," said Anand.

Although mobile transactions dominate, this is because of the frequent transactions made by the young metro and urban customers. "There are about 200 million people accessing data on the-

ir phones, but there is another set of customers (around 400 million) who have limited or no access to data. It is those customers we are looking to target," said Anand.

According to Anand, although mobile was becoming a dominant channel, the bank would continue to build on physical infrastructure with a view to providing an omni-channel access. Some things like savings account opening require presence at branches. But once these accounts are opened, around 30% of personal loans are originated digitally. Axis Bank therefore plans to open 400 more branches this year.

Canada board to invest in IndoSpace JV

New Delhi: Canada Pension Plan Investment Board (CPPIB) on Monday announced an investment of up to \$1.2 billion in a joint venture (JV) with IndoSpace, which is into development of industrial and logistics real estate.

The deal is one of the largest in the Indian realty sector and the biggest in industrial and logistics real estate space in India.

"CPPIB has initially committed approximately \$500 million to the joint venture and

\$1.2BN PLAN

will own a significant majority stake. IndoSpace Capital Asia will manage the new entity," the two companies said in a joint statement. IndoSpace is part of real estate platform of Everstone group, a leading private equity player.

Under the deal, IndoSpace Core also has the option to purchase additional industrial and logistics parks totalling about 11 million square feet, currently being developed by IndoSpace funds and are worth about \$700 million. AGENCIES

WD blocks Toshiba's chip unit sale

Tokyo: Western Digital (WD) has sought international arbitration to stop partner Toshiba from selling its chips arm without its consent, potentially derailing a much-needed capital injection for the Japanese conglomerate.

The two companies jointly operate Toshiba's main semiconductor plant but WD is not a favoured bidder for the world's second biggest NAND chip producer, having put in a much lower offer than other suitors, a source with knowledge of the matter has said.

\$8.4BN LOSS FOR JAPANESE CO

A legal battle could delay or put an end to an auction that could fetch some \$18 billion and has attracted suitors such as private equity firm KKR & Co, Taiwan's Foxconn and US chipmaker Broadcom. Toshiba is depending on the sale to cover billions in dollars in cost overruns at its now bankrupt US nuclear unit Westinghouse. The Japanese firm logged a 950-billion-yen (\$8.4 billion) annual net loss and had negative shareholder equity of 540 billion yen, it said on Monday. REUTERS