

UB Group plans to consolidate operations

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The UB Group is considering a move to consolidate its administrative operations under UB Holdings and charge transaction processing fee to its companies such as McDowell's and United Breweries for using its services.

The Group President and Chief Financial Officer, Mr A.K. Ravi Nedungadi, told *Business Line* that entities such as McDowell's and United Breweries should be allowed to focus on their main business and let UB Holdings operate a centralised shared system.

"This will ensure cash flow for UB Holdings which is in fact an investment company," he said. He said perhaps later such a service can be thrown open to companies like Scottish & Newcastle, which is a part owner of United Breweries.

"We have several hundred accountants and one needs to streamline the operations," Mr Nedungadi said. He said this will ensure even hidden costs will be out of the system. Such a system will also make the group companies more flexible, more scalable and lead to huge cost advantage.

CASH FLOW

He said there was no need to recreate the roles in each and every company and instead use new technology to streamline the processes. UB Holdings had lots of assets but not enough cash flow. This will ensure that UB Holdings will have enough cash flow.

He said with some of the leading international liquor companies entering India, it was necessary for the group to make the best use of its resources to ensure that the group stays ahead of the competition. "This is a golden moment and we shouldn't let it pass," he said.

During the first quarter of 2006-07, UB Holdings, the parent company of Kingfisher Airlines, reported a net profit of Rs 1.08 crore with total income recording over 900 per cent growth to Rs 50.23 crore. During the same period last year, UB Holdings had posted a loss of Rs 12.34 crore.

UB RAISES \$40M PLEDGING AVENTIS STAKE FOR AIRLINE

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BANGALORE

UB Holdings (UBHL) has raised \$35/40 million (Rs 160-185-cr) for its subsidiary Kingfisher Airlines by pledging its entire minority holding in Aventis Pharma. The airline venture is also set to raise up to \$150 million overseas to meet the funding requirements for the next two years.

"We have raised funding for the airline venture by leveraging (pledging) our 10% stake in Aventis," Ravi Nedungadi, president & CFO, UB Group, told ET. This is part of the \$90 million the group has raised either by selling or leveraging on the non-core assets.

Earlier, UBHL sold its 10% stake in Bayer India and then exited South African brewing operations, United National Breweries, to fund the airline, which currently accounts for 8.7% market share in the Indian skies.

"We would sell our holding in Aventis at sometime, but we are not looking for it right now. We would like to take a closer look at the larger pharma industry developments and also Sanofi's approach to Aventis (before deciding on the exit)," he added.

It must be mentioned that UB Group has talked about exiting non-core assets and the remaining investments in this list include Aventis, Mangalore Fertilizers & Chemicals and UB Engineering.

The UB official said Kingfisher Airlines, which has projected break-even in FY'08, was gearing up to raise up to \$150 million overseas through a structured finance arrangement. "We would require between \$100/150 million for the airline in the next two years. We are looking at raising it overseas, and there will be better clarity on the matter in the next few weeks," he added.

"We are not keen on giving equity of the (airline) company at an early stage, and are looking at raising funds through a structured finance route," Mr Nedungadi said.

Kingfisher makes special offers

EXPRESS NEWS SERVICE

Bangalore, Sept 22: Cleartrip has tied-up with Kingfisher airlines and indiaplaza.in to provide the customers an attractive offer on all bookings of Kingfisher airlines tickets on cleartrip.com, commencing from Friday.

According to an official release, the offer was valid for travel until October 31 and is available on all flights and sectors which Kingfisher airlines operates. A Rs 1,000 voucher is given for all roundtrip flights and a Rs 500 on all one-way flights. These vouchers could be redeemed on indiaplaza.in (a fabmall.com venture).

Sandeep Murthy, CEO Cleartrip, said, "this is amongst the first few of the many exciting offers that cleartrip will launch over the next three months." "Through similar strategic partnerships with various players of the travel and tourism industry, Cleartrip will continue to provide value propositions to customers," he added.