

Start-ups face ISB ire after IITs/IIMs

■ At least 1-year ban for breaching commitments

Recruiters to pay 3 months' gross salary towards the following changes

- Delay in the DoJ beyond June 30 of the graduating year
- In case if recruiters are not willing to absorb the students, they need to pay 6 months' gross salary to the student (fixed pay)
- Downward revision of CTC

—Indian School of Business

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AFTER the IITs and the IIMs, the Indian School of Business (ISB) is the next to talk tough to e-tail/e-commerce companies that are not meeting their commitments to students.

After a clutch of e-commerce firms including Stayzilla, Hopscotch, Ivis International, Babajob and Nearbuy (formerly Groupon) delayed the induction of at least 50 students from ISB, the business school's director of career advancement services, Uday Virmani, has sent a mail to the class of 2016 saying such firms will be blacklisted for

at least a year and will need to pay students as well.

Virmani's letter, reviewed by *FE*, talks of a "number of instances of offers being revoked this year coupled with a few glaring unfair practices during interviews... across Business & Tech Schools".

Recruiters not honouring the offer commitment will be banned for a minimum of 1 years or until the placement committee of the school decides on having them for Placements in conjunction with Student-Career Advancement Council.

Based on this, ISB has put in new recruiter policies from the current year itself.

These include "recruiters must honour the offer commitment made on campus", paying three months' gross salary if there is any "delay in the DoJ beyond June 30 of the graduating year" or "downward revision of CTC".

If recruiters are not able to absorb the student, they "need to pay 6 months' gross salary to the student (fixed pay)". And "recruiters not honouring the offer commitment will be banned for a minimum of 1 years or until the placement committee of the school decides on having them for placements in conjunction with Student-Career Advancement Council", the new recruiter policies state.

Any e-commerce/start-up firm coming to the campus for placement will have to agree to these terms first. Meanwhile, ISB has assured its continued support to students whose date of joining has got delayed or their letters revoked.

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When contacted by *FE*, Virwani said that these new policies are under review at the moment for the class of 2017.

At ISB, one student who had accepted a job offer from hotel and home stay aggregator Stayzilla told *FE* he was offered a package of more than ₹50 lakh, including stock options. The student, who did not wished to be named, said the company deferred the joining date from May to December. Stayzilla, he told *FE*, did not give a reason for the delay.

Industry sources said marketplace major Snapdeal has deferred its date of joining from May to July, stating the company is going through a process of restructuring. But its offers are still active. Snapdeal, however, told *FE* that it had not deferred the dates of joining and that this was always going to be the month of July, right from the time the initial offers were made.

Industry watchers said it was possible Stayzilla had been expecting an infusion of funds that had probably been delayed. Nearbuy, which rescheduled offers it made to students from May to October, is believed to have said the deferment is owing to “internal restructuring

for strategy resources”. Nearbuy did not respond to a direct query sent by *FE*. Hopscotch and Stayzilla also did not respond to *FE*'s mail.

“There is no doubt that in the e-commerce sector, valuations have gone ahead of value creation and companies have to first make their business models sustainable,” said TV Mohandas Pai, former board member and director of HR at Infosys.

Although Virmani said the offers were deferred due to the volatility the e-commerce sector is currently undergoing, he reiterated that students of 2017 will be encouraged to be emphasise due diligence and pay specific attention to companies' financial hygiene.

With valuations being marked down dramatically, new funding hard to come by and investors coming down on companies for excessive cash burn — that, in turn, is slowing sales — cutting back on hiring is one of the few options left for these firms. In the case of Flipkart, for instance, the valuation is down to \$9.3 billion compared with \$15 billion in June 2015 when Tiger Global first put \$700 million into it. In February 2016, Morgan Stanley marked down its investment in Flipkart by 27% and then by just a little

under 16% last month.

While HR consulting firm Global-Hunt's managing partner Sunil Goel said he was seeing an increasing number of instances where companies are not able to honour their commitments, Pai points out that periods of attrition naturally follow exuberance. “These are volatile times, not unique to the sector; it has happened twice in the IT industry,” he added.

A June report published by India Ratings said those e-retailers that were flush with private equity funds up until 2015 have had lesser fortune this year. According to Sony Joy, CEO at Chillr, it has become tougher to attract late-stage capital since last year as investors are turning more risk averse. Joy, though, feels that there is an upside since those still looking for jobs will now demand more reasonable salaries. That, of course, depends on whether start-ups will even be allowed into the campuses of leading business and engineering schools.

Nafed offers Centre property collateral for interest-free loan

That's because its commercial presence

in the market for pulses and oilseeds is almost non-existent now.

What did Nafed in was its 2006 faux pas: It stood guarantor to unsecured loans of ₹3,900 crore availed by 29 private companies for undertaking exports in agricultural and non-agricultural items. As several of these debtors defaulted, the onus of interest payment fell on Nafed, forcing it to take loans. Though the federation has managed to recover ₹2,900 crore from defaulting partners, the delays have cost it dear.

With the debt servicing costs mounting, the corporation's annual profits started getting wiped off, plunging it into losses since 2009-10. This created a vicious cycle and Nafed had to curtail operations for lack of funds — its accumulated losses have crossed ₹660 crore.

Nafed had in 2014 offered to mortgage its Delhi properties to the some of the lenders, as suggested by the debt recovery tribunal (DRT). However, the banks were not very keen as they were not convinced that all property titles were foolproof. An independent agency had estimated the value of the cooperative's three properties in Delhi — Nafed House (a nine-storey building at Ashram), a cold storage facility located on Lawrence Road and a

private residential property in East of Kailash — at around ₹265 crore.

“Now that we have reached a debt settlement with banks that reduced our burden substantially, we feel the agriculture ministry could help as revive operations and return to health. We are quite hopeful of a financial support from the government,” Nafed chairman VR Patel said.

Last year the cooperative had sought from the government assistance in the nature of a ₹450-crore government guarantee coupled with an interest-free advance or equity infusion of ₹590 crore. “Considering the fact that Nafed is a multi-state cooperative society registered under the Co-operative Societies Act, 2002, without any share capital or equity from the government, (it was found not) feasible to extend the financial help sought,” agriculture minister Radha Mohan Singh had then said. The offer to mortgage properties and the debt settlement are expected to result in a change in the ministry's stance.

Nafed specialises in procurement of copra, oilseeds, cotton and pulses. It is supposed to undertake market intervention activities when the prices of these agricultural commodities fall below the minimum support price. While the Food Corporation of India does the MSP oper-

ations for rice and wheat and the Cotton Corporation of India procures cotton when its prices fall, farmers are virtually not getting the MSP benefits in the case of pulses, oilseeds, etc, as Nafed's operations are crippled.

L&T wins \$135-m Qatar World Cup stadium contract

The Gulf country cut planned spending on building healthcare facilities by about two-thirds in 2016 following the drop in energy prices but expenditure on its World Cup-related projects remains unchanged, an official told *Reuters* in May.

Corruption allegations that have rocked soccer's governing body FIFA, have put renewed media focus on Qatar and its hosting of the World Cup, although Qatari officials say they are confident the event will go ahead as planned.

Al Rayyan stadium will include cooling technology to help with Qatar's fierce temperatures.

The stadium's capacity will be reduced to 21,000 after the tournament with the upper tier of seats being sent to a developing nation.