



SUITS & SAYINGS

ET's weekly roundup of the wackiest whispers and murmurs in corporate corridors & policy parlours

Big Bang

The buzz is that the ecommerce space is set to see another Big Bang entry, what with the foreign direct investment (FDI) policy having been clarified recently to the satisfaction of some and the dismay of others. The aforementioned new entrant has been buying big warehouses across India while testing the software platform for a big launch. There's also talk about another ambitious venture by the same house in the works – a nonbanking finance company (NBFC) with a recently ousted CEO at the helm.

Sore Sole

When times are tough, it takes a toll on the sole. At a recent event, the head of a financially stressed company sported shoes that looked a little worse for the wear, which caught the eye of those present. The man is other wise particular about his appearance and sports the latest in couture. One assumes those shoes have trodden the long, hard road from board meeting to ministry several times of late.

Exam Blues

At a recent tech conclave in Delhi on online safety, one of the topics was the predicament recently faced by students in Bundelkhand who were to appear for a major competitive exam. Thanks to patchy mobile broadband connectivity in their village and the nearest cyber café being miles away, one person was given all the email passwords and designated to download the admit cards. Internet safety and data privacy are distant concepts when there's such poor internet access in many areas.

Choosing Trustees

A second round of appointments is currently underway at the Tata Trusts as part of a succession plan. The Trusts had announced the appointments of Vijay Singh and Venu Srinivasan as vice chairmen in December. Ratan Tata, chairman of the Tata Trusts, will have a major say in appointments. OP Bhatt, former State Bank of India chairman and a board member of Tata Steel, along with Tata Sons chairman N Chandrasekaran are likely to feature in the list of probable trustees, sources said. They added that legal luminaries Aspi Chinoy and Darius Khambata also figure in the list and so does Jehangir Jehangir, a member of the illustrious Jehangir Cowasji Jehangir Readymoney family, which has an old connection with the Tata group. But all eyes are on Noel Tata, the half-brother of Ratan Tata, considered a dark horse.

Hobby Farmer

Cyrus Mistry, the ousted chairman of Tata Sons, is keeping himself busy. Apart from tracking the cases filed against the Tata group, he's setting up Mistry Ventures, a venture capital firm. He's also embarked on organic farming at his farm near Alibag. The produce has a very select clientele. Mistry rang in the new year at his seaside farmhouse on the outskirts of Mumbai with close friends, eschewing foreign locales such as Gstaad and Dubai that were his choices in the past few years.

Future Ready

Let's start the year with speculation about a mega transition that seems to be in the works at this storied investment bank. The big boss there who received an extension two years back may soon hang up her boots and we hear another super successful banker who broke the glass ceiling is poised to be her successor. One clue: the two organisations sound quite alike. Best wishes to both for the future.

Rich Lather

Vinod Khanna in blue denim riding a stallion on the beach. Imran Khan's freshness secret after a scorching bowling spell. Ring a bell? The late Parmeshwar Godrej handpicked these iconic ambassadors for Cinthol soap in the 1980s. The brand is one of the products that marks Godrej soaps' long and illustrious history. That's now been captured in Soap Opera, an exhibition to capture the rich history of Godrej soaps and its flagship brands. And it's not just virile men, back in the day actress Madhubala was the face of the company's beauty soap Vatni.

Mood Indigo

Call it backward integration with a historical twist. The Lalbais of Arvind, the world's largest manufacturers of denim and a leading exporter of the indigo-dyed fabric, will be unveiling the much-awaited Arvind Indigo, a section in their family museum at home in Ahmedabad. Given indigo's role in Indian history, it's fitting that this is being planned in its country of origin.

No Way!

While the world was busy partying at the year end, Mint Street was suddenly buzzing with wild speculation that a top corporate honcho, who was in a bit of pickle some years back, was all set to move to Yes Bank as its CEO. He's not really young, so many people wondered about the decision. More importantly, he's now arguably in a far more influential space. So strong was the noise that we hear he also called a few associates and peers to rubbish the news and nip it in the bud.

Chill Pill

When it comes to real glam, nobody can match the Poonawallas of Serum Institute. Pictures of Adaar and wife Natasha holidaying in snowbound Switzerland with the Nawab of Pataudi and wife Kareena Kapoor were feast for the paparazzi. The party continued till the New Year when they were joined by Tanya Dubash and family. Young Timur Ali Khan was the top pick for shutterbugs but nobody's complaining.

Lost Chance

A Swiss investment bank lost the mandate of a startup to raise fresh money from existing investors to a rival by trying too hard. One of its top bankers making the pitch belittled his former employer, which did not go down too well with the owners of the startup. In 24 hours, the rival was called and given the mandate.

New Talent

One of India's largest diversified engineering and construction companies has got a new head of mergers and acquisitions who's moved from a pharmaceutical company. A close confidant of the founder, who expired last year, he was responsible for the drugmaker's mega acquisition of an overseas company. The new hire signals more action on the M&A front at the engineering giant. The grapevine says he may eventually replace the chief financial officer who could be elevated to a higher post.

On the Anvil

A large American private equity fund that has an interest in at least three airlines across the globe had shown interest in purchasing a controlling stake in the financially struggling Jet Airways. Discussions took place twice between the top management and the fund with the airline asked some tough questions on its balance sheet. We hear that the airline management has shown interest in pursuing the deal and even hinted at a complete exit.

Strong Performance

An American private equity fund is laughing all the way to the bank as its owners welcome 2019 with a 44% return on Indian investments in dollar terms against the industry's average of 20%. That's thanks to the 10-fold return it made from an investment in an information technology company. Its other investments are riding high as well.

Long Story

The buyout of one of India's largest health insurer Star Health is taking quite a few twists and turns. First the deal was embroiled in a legal battle between two of its investors. That has been settled and the first tranche of Rs350 crore has been paid. But the investors, which were supposed to invest through a special purpose vehicle (SPV) Safe Corp., will now invest directly from their funds, as will Big Bull Rakesh Jhunjhunwala. But the latter is now talking of a lower financial commitment owing to market volatility.

Deal Party

Having signed a deal to buy a power company after a bitter battle with rival JSW, Tata Power, its investors and deal makers threw a signing party recently. Among the attendees was Vishakh Mulye, one of the originators of the joint venture between Tata Power and a consortium of PE funds. But another originator Anil Saldana, who moved from Tata Power to Adani Power, was absent.

PE Funds, Godrej & UPL in Race for 57.7% in Gharda Chemicals

Stake held by Mashelkar-led foundation could be valued in the ₹5,600 crore-₹6,000 crore range

Reghu Balakrishnan & Baiju Kalesh

Mumbai: Global private equity funds KKR & Co and Blackstone Group and two local companies, Godrej Agrovet and American private equity fund TPG Capital-backed United Phosphorus Ltd (UPL), have put in independent bids to acquire a controlling 57.7% stake in agrochemicals maker Gharda Chemicals, according to two people with direct knowledge of the development.

The stake held by scientist RA Mashelkar-led Gharda Medical & Advanced Technologies Foundation (GMATF) in Gharda could be worth anything between ₹5,600 crore and ₹6,000 crore. The demand includes the non-compete fee and the control premium, with the debt-free company being valued at ₹9,500 crore. The debt-free Gharda Chemicals could rake in a valuation of more than 14 times its operating profit. Gharda Chemicals posted an operating profit of ₹683 crore on revenue of ₹2,608 crore in fiscal 2018.

New Opportunities

PEs eye buyout opportunity in India's agrochemicals market

Agrochemicals exports expected to grow at 8.6% and contribute \$4.2 billion by 2025

India is the 4th largest global producer of agrochemicals

India is 13th largest exporter of pesticides globally

GMATF will use the proceeds to build a pipeline of innovative products and technologies for the chemical and metal industry

Based on that, the valuation could be around ₹9,500 crore. Around 10% of Gharda Chemicals is owned by its employees and the rest by minority shareholders.

"The talks are on for sometime and we are not sure whether the deal will be concluded soon as Gharda faces several litigations due to alleged pesticide poisoning," said one of the fund managers who is in discussions for the stake.

In 2017, Maharashtra Chief Minister Devendra Fadnavis had cons-

tituted a special investigation team (SIT) to probe the deaths of farmers due to pesticide poisoning and an FIR had been lodged against Gharda Chemicals as its pesticide named 'Police' was among those used by farmers. The report is yet to be submitted to the government. Spokespersons for Blackstone, TPG and KKR declined to comment. Mails sent to UPL, Godrej Agrovet and Gharda Chemicals did not elicit any response until the publication of this report.

For the strategic buyers such as Godrej Agrovet, acquisition of Gharda will give a beachhead in the agrochemicals and crop-protection market as well as entry into the veterinary drug segment.

Godrej Agrovet Limited is a leader in areas of animal feed, crop protection, oil palm, dairy and poultry and processed foods. In crop protection, UPL has a strong presence with a range of fungicides, herbicides, insecticides, biopesticides and crop nutrition.

ET reported on September 19 about the plans of Gharda Medical & Advanced Technologies Foundation to sell its 57.5% in agrochemicals maker Gharda Chemicals.

The not-for-profit GMATF plans to use the proceeds to build a pipeline of innovative products and technologies for the chemical and metal industry.

After the US, Japan and China, India is the fourth-largest producer of agrochemicals. It is valued at \$4.1 billion and is expected to grow at 8.3% to reach \$8.1 billion by FY25, according to a FICCI 2018 report.

4G, 5G SPECTRUM PRICING

DoT's Request for Formula Irks Trai

Telecom department has exceeded its brief under the law with this request, say officials

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New Delhi: The telecom regulator is peeved at a request of the Department of Telecommunications (DoT) to explain the calculations that the watchdog has used to arrive at the starting price it has recommended for auctioning 4G and 5G airwaves. Senior officials at the Telecom Regulatory Authority of India (Trai) said DoT had exceeded its brief as per rules.

"Look at it from the legal point. The Trai Act says the government will seek recommendations from the regulator, then if the government disagrees with the regulation, they would write back to the regulator, asking it to reconsider," said an official.

"Now, the regulator can disagree or agree with the government. Then the government can decide whether they agree or they disagree with the regulator. So, where does the question of 'give us the rationale' for our methodology or calculations come in," the official said.

Another official said the entire mode of communication between Trai and DoT has been laid down in the Trai Act. "The relationship should be as clear as defined as under the Act".

The internal Trai views come in the backdrop of a request from DoT, which seemed to raise doubts over the calculation of the reserve price of the airwaves, an exercise routinely undertaken by the telecom regulator.

While the top two telecom companies, Bharti Airtel and Vodafone Idea, have called the proposed base auction prices high, Relian-

ce Jio Infocomm has backed the prices and said it was willing to buy airwaves at the earliest.

Explaining why the regulatory authority was stung by the department's communication, the second official said: "It feels like the examiner has said, now you have submitted your answer sheet but we would also like to see the rough work behind the computation. Excel sheets and working sheets accuracy needn't be checked by the department."

The official said Trai had submitted a 160-page recommendation, which had everything.

Amid this back and forth between DoT and the regulator, Trai has decided to start a consultation process to change the methodology to compute the starting price of bandwidth. It proposes to take a lot more factors into consideration while calculating the price, including health of the industry.

The idea is to find ways to lower the base price at which bids will be sought in future auctions, moving away from its usual practice of mechanically hiking the starting price in every successive sale. Trai's current methodology has resulted in the spectrum prices in India being among the highest in the world.

DoT has also discounted Trai's views that there shouldn't be any delay in auctioning the available spectrum, as it pushed back the auctions for multiple bands of 4G and 5G airwaves to the second half of 2019 – this means, the auction would happen almost a year after the regulator gave its recommendation.

The first official said the government must auction airwaves and not make the outcome of the auctions a matter of prestige.

Amid the tussle with DoT, Trai has decided to start fresh consultations over the methodology to set the base price

ONE ENGINE OF HONG KONG-DELHI FLIGHT SHUTS DOWN OVER PATNA AIRSPACE

SpiceJet's Boeing 737 Max Makes Emergency Landing in Varanasi

Our Bureau

New Delhi: Passengers on a SpiceJet flight from Hong Kong to Delhi faced some anxious moments on Sunday after one engine of the Boeing 737 Max plane stalled in the airspace over Patna, forcing pilots to make an emergency landing in Varanasi.

The SpiceJet aircraft was one of the three that made emergency or priority landings in India since Saturday night. The others were Air India flights in Kolkata and Mumbai.

The engine No. 1 of SpiceJet's SG-32 HKG-DEL flight stalled when the flow of fuel into it stopped.

A twin-engine aircraft can land safely on one engine, and the B737 Max was diverted to the nearest airport, which was Varanasi.

"Pilots followed the SoP (standard operating procedure) and landed safely in Varanasi," an airline spokesperson said.

"The passengers were deplaned normally. On inspection, a fuel control valve (a minor component) was found to have malfunctioned and is being replaced. The aircraft will be back in operation by evening," said the spokesperson.

The problem has since been rectified and the aircraft is back in operation, the airline said in a statement.

Boeing 737 Max aircraft has become a concern for regulators after a Lion aircraft crashed due to a technical fault – the automated stall prevention system on Boeing 737 Max, under unusual condition, can push it down unexpectedly.

Aviation regulators like the US Federal Aviation Administration have reportedly raised concerns over Boeing withholding information about potential hazards associated with a new

flight-control feature, which was suspected of playing a role in the fatal Lion Air jet crash.

AIR INDIA AIRCRAFT MAKE EMERGENCY LANDING

In another incident on Saturday night, an Air India Bangkok-Delhi flight with about 150 people on board had to make an emergency landing in Kolkata, reportedly due to fuel leakage from the right wing. The flight, AI 335, operated on an Airbus A320 (VT-EXV), landed safely in Kolkata at 10:30 pm Saturday.

The third incident was reported in Mumbai on Sunday, when an Air India Express Boeing 737 aircraft between Mumbai and Dubai made an emergency landing due to a hydraulic failure.

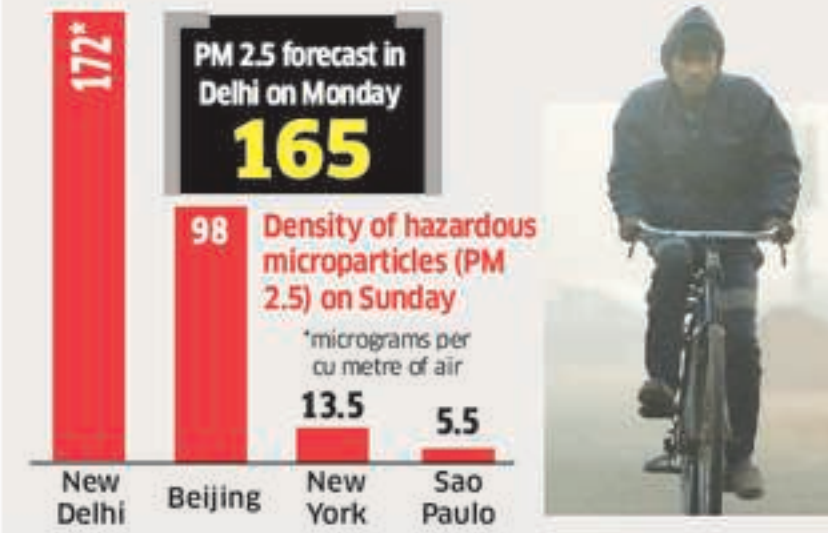
In a related development, the aviation ministry called a meeting to review the safety concerns of the Airbus 320 Neos.



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POLLUTION WATCH

Air quality index (AQI) in Delhi is likely to remain in the 'Very Poor' category on Monday as rainfall over the weekend helped in washing away the pollutants locked in the air. Moderate surface wind speed is also helping in improvement of air quality. However, the respite is not going to last long as temperatures are expected to drop further, and relative humidity will add to the deterioration of the air quality in the city.



Overall Air Quality Index across Indian cities

GOOD 1 50 100 200 300 400 500+ SEVERE

Pune Ahmedabad Mumbai Delhi

Level of various pollutants in Delhi air

LODHI ROAD

Sun, Jan 6, 2019 19:53:52

Pollutant	AQI	Level
PM10	177	Moderate
PM2.5	319	Very Poor
NO ₂	66	Satisfactory
CO	143	Moderate
O ₃	55	Satisfactory

Source: safair.tropmetres.in | airvisual.com

NCLT Okays Removal of Auditor on Govt Plea

New Delhi: In a rare move, the National Company Law Tribunal (NCLT) has allowed the removal of the statutory auditor of a company following a plea by the Corporate Affairs Ministry. The case pertains to Mumbai-based Zen Shaving Ltd (Respondent 2) and its auditor Mukesh Maneklal Choksi (Respondent 1).

An inspection by the ministry found that all the commonly known attributes of a shell company were existing in the case of Zen Shaving. Among others, the company came out with an initial public offer and issued prospectus to raise public funds in October 1996 but is not listed on any stock exchange despite assurances given in the prospectus.

Against this backdrop, the ministry moved the NCLT seeking removal of the company's statutory auditor and appointment of an independent auditor. A senior official said this was the first time that a provision of the Companies Act was being invoked to remove statutory auditor of a firm.

In an nine-page order, the tribunal noted that the family members of the auditor are also shareholders of the company, "whereas Section 141(3) (d) specifically prohibits a statutory auditor whose relative or partner is holding any security or interest of the company".

The section is under the Companies Act, 2013.

The tribunal noted that the statutory auditor had issued audit certificate of the company even without examining any books of account. "... the respondent No. 1 shall immediately cease to function as statutory auditor of Respondent No. 2 company," the order dated January 3 said.

Besides, the ministry has been permitted to appoint an independent auditor for the company. The tribunal has listed the matter for final argument on February 4. — PTI