

Companies

THURSDAY, FEBRUARY 14, 2019

Quick Morning View



Godrej Industries Q3 PAT jumps over twofold to ₹121.28 cr

GERMAN CARRIER Lufthansa on Wednesday said it has appointed George Ettiyil as the new senior director, sales, for South Asia. He will oversee operations of Lufthansa group airlines in India, Nepal, Bangladesh and Sri Lanka, the carrier said in a release. Lufthansa Group currently offer 58 flights from four Indian cities.

Bharat Forge PAT rises 35.9% to ₹310 crore

BHARAT FORGE (BFL) on Wednesday reported a 35.9% jump in profit after tax (PAT) to ₹309.83 crore during Q3FY19 while BFL's total revenues grew by 21.7% to ₹1,692.50 crore during the quarter. BFL's other operating income more than doubled to ₹47.84 crore. The company saw record quarterly revenues from its oil & gas vertical as well as the aerospace and defence vertical, CMD BN Kalyani said.

Take Solutions net down 13% in Q3

TAKE SOLUTIONS, the Chennai-headquartered domain intensive services provider in life sciences, on Wednesday reported a 13.3% drop in its consolidated net profit at ₹36.37 crore for the third quarter against ₹41.96 crore in the corresponding quarter last fiscal. Total income rose by 28.1% to ₹524 crore against ₹409 crore. Operating earnings before interest, depreciation and tax (Ebitda) stood at ₹287 crore with an Ebitda margin of 19.1%.

Mphasis names new SVP, global head of payments

IT COMPANY Mphasis on Wednesday announced the appointment of Andres Ricarte as senior vice-president and global head of payments. Ricarte will be responsible for increasing Mphasis' strategic focus in the payments space and accelerating momentum in the global payments industry, the company said.

Perpule launches own POS billing solution

OMNI-CHANNEL, retail tech start-up, Perpule has announced the launch of its point of sale (POS) billing solution called UltraPOS. Perpule's UltraPOS is a platform-independent, form factor independent POS billing system which can enable billing anytime, anywhere. The POS is a cloud-based SaaS product.

BLS International posts ₹21.5-crore net in Q3

BLS INTERNATIONAL, a consular and Visa process outsourcing firm, posted a net profit of ₹21.5 crore during the October-December quarter compared with ₹20.6 crore in the same period last year. Total income during the period stood at ₹201.3 crore compared with ₹203.8 crore during the same period last year.

TNPL net increases 83% at ₹49.7 crore in Q3

TAMIL NADU Newsprint and Papers (TNPL), the state-owned integrated paper company, on Wednesday reported an increase of 83% in its net profit at ₹49.69 crore for the third quarter against ₹27.10 crore in the corresponding period of previous year, on account of better realisation and improved volume. Revenue from operations was at ₹1,103.43 crore, an increase of 17% from ₹944.19 crore and Ebitda for the quarter increased from ₹153.41 crore of previous year to ₹193.82 crore, an increase of 26%, according to a TNPL statement.

'Kargil' edition of TVS StarR City+ launched

TVS MOTOR Company on Wednesday launched the 'Kargil edition' of TVS StarR City+. The firm said the rollout of this edition is a tribute to the spirit and attitude of a soldier. The 'Kargil edition' gets its design inspiration from snow peaks, rough terrains and disciplined lives of soldiers. It features white and green dual tone colour scheme with camouflage graphics.

FLIGHT MODE

IndiGo to cancel 30 flights per day till March

FE BUREAU
New Delhi, February 13

CONTINUING WITH ITS spate of cancellations, low-cost carrier IndiGo on Wednesday terminated 49 flights and will curtail its schedule by 30 flights per day until March.

The cancellations ran into the fifth straight day after IndiGo announced on February 9 that the hailstorm in northern India had disrupted its flight schedule.

IndiGo, the largest domestic carrier, has cancelled around 175 flights so far. The airline had cancelled 40 flights on Saturday, 35 on Sunday and 32 on Monday.

"Going forward, IndiGo has decided to curtail its flight schedule for the remaining period of February by approximately 30 flights a day. As a proactive measure IndiGo has decided to continue its curtailment until the end of March," the airline said in a statement.

While the airline maintains that the cancellations are due to it adjusting flight schedules as a result of a hailstorm in parts of north India on Friday last week which led to diversion of several flights, industry sources said the carrier is facing shortage of crew as it has expanded rapidly.

The airline blamed factors like anticipated weather conditions for February 14



and Notams (Notice to Airmen) for cancellations. "This has resulted in extended duty times which then made it necessary to re-roster our crew and optimise our operations," it said.

IndiGo operates the largest network in India, flying 1,400 daily flights. It commands nearly 43% share of the domestic market.

Sources alleged that the airline was forcing passengers to either buy last minute fares or offering them alternate flights with one-stop connectivity with a long transit time.

IndiGo has been adding capacity at over 30% year-on-year during FY19, nearly double from its competitors. It added as many as 55 aircraft during the 2018 calendar year out of the 120 planes delivered in India.

Lohani to pilot Air India second time

PRESS TRUST OF INDIA
New Delhi, February 13

FORMER RAILWAY BOARD chairman Ashwani Lohani was on Wednesday appointed chairman and managing director (CMD) of Air India, according to a government order. This will be Lohani's second tenure as Air India chief.

His appointment was approved by the Appointments Committee of the Cabinet on Wednesday, sources said.

Lohani's first tenure in Air India was from August 2015 to August 2017, during which he helped pilot the organisation to a financial operating profit.

Lohani, 60, who is an officer of the Indian Railway Service of Mechanical



ELECTRICITY TO ALL

Gautam Adani, Adani Group chairman

We aspire to enter into the electricity distribution business in key cities and districts of India in pursuit of the government of India's vision to enable power for all by 2022.



Lohani's first tenure in Air India was from August 2015 to August 2017

Engineers (IRSME), was appointed the Railway Board chairman in August 2017 and retired in December 2018.

One of his first decisions as the Railway Board chairman was to ban gifts and

ceremonial welcomes and farewells. He is also the man behind Train 18, India's fastest train that will have its inaugural run from Delhi to Varanasi and will be launched by Prime Minister Narendra Modi on February 15.

As the railways' senior-most bureaucrat, Lohani brought the prestigious bullet train to India.

As head of both railways as well as Air India, he was able to bridge the gap between his office and employees, using WhatsApp groups mostly, say those who have worked with him.

Lohani, who holds a degree in mechanical engineering, was also ITDC chairman as well as director of Rail Museum in the Capital.

Vrieswijk quits GoAir; third CEO exit in 4 years

PRESS TRUST OF INDIA
Mumbai, February 13

THE WADIA GROUP-promoted no-frills airline, GoAir, has seen the exit of its third chief executive in the past four years with the resignation of Cornelis Vrieswijk on Wednesday, within nine months of taking over the job.

Dutch national Vrieswijk was a former executive of American low-cost airline EasyJet, and boarded GoAir only last June when it was preparing to fly international.

He joined GoAir six months after the departure of then chief executive Wolfgang Prock-Schauer on a bitter note, and then checked into the rival IndiGo as its chief operating officer from January 2018.

The airline has cited "family matters" as the reason for Vrieswijk's abrupt exit, and



Cornelis Vrieswijk

said managing director Jeh Wadia will be discharging the additional responsibility of the chief executive till a replacement is found.

"It is unfortunate that despite best efforts, my family did not shift to India but rather wants me to be back with them in

Amsterdam," Vrieswijk was quoted as saying in a statement issued by the airline.

The latest domestic carrier to fly international, Goair currently operates across 24 domestic and three international destinations.

"At the nominations and remunerations committee meeting held by the board on February 8, Vrieswijk expressed his desire to relocate to Amsterdam since his family was not wishing to settle down in Mumbai. The board understood his compulsions to move back and accepted his reasoning to move on," the airline said, adding he will stay on to ensure a smooth transition.

While Vrieswijk served the carrier for a little over eight months, his predecessor and former Jet Airways chief executive Prock-Schauer remained at the helm for two-and-a-half years before heading to IndiGo.

Lessors of debt-laden Jet Airways may take back aircraft

ARUN NAYAL
New Delhi, February 13

CASH-STRAPPED Jet Airways could face further trouble as some of its lessors are planning to take back their leased aircraft to the airline if the latter's board meeting on February 14 fails to come up with a firm recapitalisation plan.

The Jet board is meeting on Thursday to approve the company's earnings during the October-December quarter and the lessors who have not been paid leasing charges for months expect the board to come up with a firm recapitalisation plan.

A top executive of MC Aviation Partners, an aircraft-leasing subsidiary of Mitsubishi Corp, which is among the several Jet aircraft lessors, which has not received leasing charges since October last year, said, "We may repossess the aircraft".

The Tokyo-based leasing firm has leased five Boeing 737-800 aircraft to Jet for a 10-year period in 2013. "We have worked with the airline for many years and it has been in



- MC Aviation Partners leased out 5 Boeing 737-800 in 2013
- Jet hasn't paid rentals to Tokyo-based firm since October 2018
- Lessors await outcome of board meeting scheduled for February 14
- Jet board to consider December quarter results on February 14
- Four Jet aircraft grounded owing to non-payment to lessors

financial trouble before. But it has always come out of it. We are hopeful a decision on recapitalisation is taken on Thursday," the executive said, adding that the repossession notice has not been sent to the airline yet. The executive did not divulge the amount due from the beleaguered carrier.

Jet Airways did not reply to queries sent by FE till the time of going to the press.

Last week, the airline had said four of it

aircraft have been grounded due to the non-payment of outstanding dues to lessors under lease agreements. Jet has a total debt over ₹8,000 crore at the end of September 2018.

According to rating agency Icr, the airline has large repayments of ₹1,700 crore due until March 2019, ₹2,445.5 crore in FY20 and ₹2,167.9 crore in FY21.

The executive said the lease payments

are usually secured by letter of credits by the airlines but in Jet's case the dues have exceeded the secured amount. "We have not encashed guarantees as of now. But it only covers a fraction of the dues," the executive said.

The Mumbai-based carrier on January 28 said it proposes to increase share capital elevenfold to ₹2,200 crore from ₹200 crore.

A Dubai-based law firm executive advising aviation leasing clients said the repossession of aircraft could be a cumbersome process for lessors in India. "The aircraft repossession can take anywhere between six and nine months in India as it requires a court's decree after deregistration (of aircraft) by the regulator (DGCA)," Oliver Tebbit, partner, Watson Farley & Williams (Middle East) LLP, said. Generally, it takes about a month in other countries, he added.

Jet posted a huge ₹1323-crore loss during Q1FY19 while its September quarter losses stood at ₹1,297 crore.

DGCA reviewing Jet Airways flights' schedule every 15 days

Aviation regulator DGCA is reviewing every 15 days the schedule of flights to be operated by crisis-hit Jet Airways, according to a senior official. A senior official said the DGCA is reviewing the schedule of flights of Jet Airways every 15 days in order to ensure that there are no sudden flight disruptions due to grounding of aircraft.

Besides, the watchdog is keeping a watch on various other aspects of the airline as per regulations, the official added.

When contacted, a Jet Airways spokesperson said the airline's base schedule for Winter 2018 has been approved by the Directorate General of Civil Aviation (DGCA).

"Like all airlines, Jet Airways is voluntarily keeping the regulator and airport operators informed of any network/schedule changes and we are in constant dialogue with the DGCA," the spokesperson said in a statement.

HC overturns \$113-m arbitration award to HPCL

REUTERS
New Delhi, February 13

THE BOMBAY HIGH COURT has set aside an arbitration award of over ₹800 crore (\$113.19 million) owed to Hindustan Petroleum Corp (HPCL) by Malaysia's M3energy, according to a court document reviewed by Reuters.

In 2017, the state-run HPCL was awarded the amount after an arbitration board found that M3energy had delayed the finalising of a consortium agreement which led to the termination of an explo-



ration contract with India's Oil and Natural Gas, newspapers reported at the time.

However, the Bombay HC ruled on Jan-

uary 10 to set aside the award, saying the tribunal which ruled in favour of HPCL had no jurisdiction to do so, according to court documents uploaded to the court's public information system on February 11 and reviewed by Reuters.

Rishab Gupta, a partner at law firm Shardul Amarchand Mangaldas that represents M3energy, confirmed on Wednesday the January 10 ruling was for the original ₹800-crore amount given in 2017.

A company spokesperson for HPCL was not immediately available to make a comment when contacted by Reuters.

Dr Agarwal's Healthcare raises ₹270 crore from Temasek; to add 25 hospitals in next 15 months

R RAVICHANDRAN
Chennai, February 13

GLOBAL INVESTMENT MAJOR Temasek has picked up a minority stake in Chennai-based eyecare hospital Dr Agarwal's Healthcare (DAHCL) for ₹270 crore.

Veda Corporate Advisors, a mid-market investment bank, advised the company on the transaction. Veda had also advised DAHCL on its previous round of investment from ADV Partners.

The investment from Temasek is Dr Agarwal's third fund-raising — it had raised ₹270 crore from ADV Partners in 2016 followed by a ₹160-crore investment from Edelweiss (as debt) in the latter part of 2017, chairman and MD of Dr Agarwal's group of eye hospitals Amar Agarwal said.

The company's board will have an official from Temasek, he added.

Singapore-based Temasek has India accounting for around 4% of its \$235-billion portfolio as on March 2018 and also other healthcare portfolios here which include investments in Medanta MediCity, Manipal Hospitals and Health-Care Global.



Talking to FE about the funding here on Wednesday, Amar Agarwal said: "We will continue to hold a majority stake in the company after these investments. Both ADV and Temasek will hold minority stakes. It's a great endorsement for us as Singapore's sovereign fund has decided to invest in us." He, however, declined to comment on the exact stake sale to Temasek.

"We are on an aggressive growth path. We now have 76 hospitals across India and abroad. In the next 15 months, we will be adding 25 hospitals to take it to 100 and

then to 150 over the next five years," the CMD said.

Dr Agarwal's CEO Adil Agarwal said: "The expansion will be done through a mix of strategic partnerships, acquisitions and greenfield hospitals. Of the proposed addition, 65% of new hospitals will be brown-field and the rest will be greenfield."

To a question, he said: "The eye care market potential is estimated to be \$1 billion in India and being a focused company, Dr Agarwal will grow exponentially. We are on a strong foot."

Temasek, apart from investments, will also bring in a lot of technology advancements through its investments in global hospitals, including in Verily Life Sciences, he added.

On the revenue target, Amar Agarwal said: "We are a ₹500-crore company right now and will become a ₹1,500-crore company after the expansion with 25% Ebitda margins."

Meanwhile, ADV Partners co-founder Suresh Prabhala said: "ADV welcomes Temasek as a new partner in Dr Agarwal's growth story and this investment will further strengthen the company's leadership position in India's eye care ecosystem."

Delhi's budget hotel hub may sever ties with OYO

ASMITA DEY
New Delhi, February 13

BUDGET HOTELS IN New Delhi's Paharganj area, which had partnered with online aggregator OYO, may soon end their agreements with the company.

Speaking to FE, Pradeep Shetty, honorary secretary and chairman for legal matters at Hotel & Restaurant Association, Western India (HRAWI) and board member of the Federation of Hotel & Restaurant Associations of India (FHRAI), said: "Hotels are ending their arrangement as well as agreement with OYO across the country." He, however, did not provide the exact number of hotels that would be severing ties with OYO.

Gurbaxish Singh Kohli, HRAWI president and FHRAI vice-president, said more hotels are breaking their pacts with OYO as the terms initially agreed upon have been breached. He added that budget and smaller hotels across India, which notified OYO but didn't receive a satisfactory response to a request for a review of their contracts within a stipulated time, are refusing to accept further rooms booked through OYO.

In response, OYO said the claims were 'absolutely incorrect'. "Barring some isolated cases (as in Rajasthan) on account of breach of contract over repeated offences that could endanger guest safety and security, and reminders on following certain operating norms, all of which are identified and evaluated as per the standard process in any franchisee-franchisor agreement, we have not taken any such measures. Outside of that, we have not seen a churn or any dissatisfaction at either end," the firm said in an e-mail.

"Unfortunately, some vested interest groups resort to unsubstantiated claims. As a testament to the tenacity and resolve of our young, innovative hospitality company, we have seen less than 1% assets leave or be asked to leave annually,

which is almost 2X better than what you would see for a competing player in the same segment," OYO said. "We are happy to share with you that over 90% of our asset owners are extremely happy franchising with OYO and have seen over 50% growth in their occupancy in their first few months of joining us. Like any valued relationship, we discuss and resolve any concerns as required," the firm added.

According to some recent media reports, over 200 hotels have ended their agreements with OYO over mismanagement of contracts, arbitrary charges and other disputes and others want to exit contracts but are stuck for various reasons.

Kohli said the association had written to OYO after the hotels approached the body and also sent the firm a point-based document, highlighting the issues and seeking immediate rectification. "But there has been no move from their end to resolve the issue. OYO has sent letters to some hotels mentioning that they cannot bar their business through the aggregator," Kohli claimed.

Reacting to the charge, OYO said: "We have been engaging with the FHRAI and its respected executives on the potential of a larger discussion by inviting all hotel chains which lease or franchise in the country. Having said that, we have not and will not acknowledge, recognise or engage with any state/city/segment association that can be formed overnight by people with vested interests."

