JSW Energy in talks to buy GMR's Odisha power plant

Deal will help GMR Infrastructure cut debt pressure

AMRITHA PILLAY
Mumbai, 7 October

JSW Energy and GMR Infrastructure have entered into exclusive talks for the sale of GMR's Odisha power plant, the two companies informed the exchanges on Monday.

The companies did not disclose the valuation for the asset, but people privy to the development said the power asset is valued at ₹5,200 crore.

"We wish to inform you that JSW Energy has entered into exclusive discussions with GMR Energy for potential acquisition of its subsidiary, GMR Kamalanga Energy," JSW said in its statement to the BSE. The GMR subsidiary operates a 1,050 megawatt (Mw) power plant in Odisha. "Both parties intend to conclude these discussions in an expeditious manner," the statement said.

If concluded, JSW Energy will make a power acquisition after four years. In 2015, JSW Energy bought two hydro power assets from Jaiprakash Power Ventures for ₹9,700 crore. In an interview with *Business Standard* last month, Prashant Jain, joint managing director and chief executive officer for JSW Energy, had said they would look at 10 gigawatt (Gw) capacity in the next three-five years from the current 4.5 Gw, through a mix of organic and inorganic growth.

After the sale of the Odisha plant, GMR Energy will operate a 600-Mw thermal power plant in Warora (Maharashtra), two gas-based projects in Vemagiri and Kakinada (Andhra Pradesh), and one solar power plant in Gujarat.

According to a CARE ratings note on GMR Kamalanga Energy, the final project cost is estimated at ₹6,519 crore. The company has three power purchase agreements (PPAs) with Grid Corporation of Odisha (GRIDCo), Haryana Utilities, and Bihar state utility. As on March 31, 2019, GMR Energy held 87.42 per cent stake in GKEL, while 10.21 per cent was held by India Infrastructure Fund (IIF), a fund managed by IDFC Project Equity Company and 2.37 per cent stake by IDFC, according to CARE Ratings. For June 2019, the power plant was operating a 76 per cent utilisation level. The deal will help GMR Infrastructure ease its debt pressure. The group has been on an asset monetisation spree for the past few years and looks to move to an asset light strategy.

In August, GMR entered into a definitive share-purchase agreement with Adani Power for the sale of the entire stake 47.62 per cent in GMR Chhattisgarh Energy. The group's planned divestment of non-core assets includes highways, coal mines, and special investment region assets. GMR is also in the process to demerge its airport business into a separate entity.

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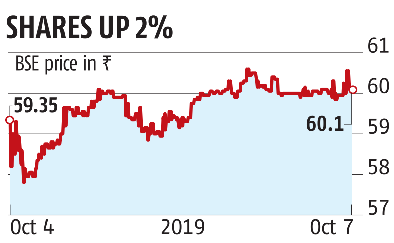

TVS Motor's engine patent application gets rejected

GIREESH BABU
Chennai, 7 October

TVS Motor Company, maker of two-wheelers and three-wheelers, has had its patent application rejected for a new two-stroke internal combustion engine.

It had claimed this would pollute less, with better fuel efficiency. However, the application has been rejected by the Indian Patent Office.

The original application, from TVS and the Indian Institute of Science, explained that conventional two-stroke engines pollute more and have a fuel economy problem. TVS said its invention was designed to address these. Various provisions in the new engine, including a filter element, facilititated lower pollutants in exhaust emission from the engine, thus reducing the emission of pollutants from the engine, among other pluses.

The patent office's objection was that a skilled person could get to the said invention by combining of knowledge and existing inventions. Thus, the TVS application did not constitute an invention as defined under the relevant rule.

A final hearing on the application was held on September 13, on further objections raised by the patent office. Among these were that certain claims, even after being amended, were lacking in the relevant parameters, some details were not disclosed and there was some inconsistency between claims. The firm addressed these objections and argued for patent protection.

However, the patent office, Delhi, decided the application did not comply with the relevant requirements.

The decision comes as there is speculation that the government of Karnataka could ban two-stroke three-wheelers from end-April 2020. The central government is currently pushing automobile manufacturers to move to more environmental-friendly automobiles, such as electric vehicles, to reduce emission levels across the country.

Samsung heir in India, investment talks abuzz

PRESS TRUST OF INDIA
New Delhi, 7 October

South Korean firm Samsung Electronics Vice-Chairman Lee Jae-yong is in India, who may announce investment plans for business expansion in the country during ongoing festive season, according to reports.

Jee-yong, the only son of hospitalised Samsung Group chief Lee Kun-hee, arrived in India on Sunday and was briefed by Samsung Electronics officials in Mumbai over the company's mobile business, Korean news agency *Yonhap* reported quoting sources. "... the South Korean tech giant may make further investment to expand its presence in the world's second-largest smartphone market," *Yonhap* said.

Samsung is one of the key supplier to the country's largest telecom operator Jio and is very keen to get involved in 5G business. Samsung is the second largest smartphone seller in India.

According to Counterpoint Research, the Korean firm's smartphone shipments increased from 20 per cent in October-December 2018 to 25 per cent in April-June 2019 period.

During the ongoing festival season, the electronics major expects to clock a business of around ₹3,000 crore from sale of over 2 million mobile phones online. Samsung competitors Vivo and Oppo have already made massive investments announcement to ramp up their mobile manufacturing unit in the country.

The government last month slashed the tax rate for companies by almost 10 percentage points to 25.17 per cent and offered a lower rate of 17.01 per cent for new manufacturing firms in a bid to bolster economic growth rate from a six-year low by incentivising investments to help create jobs.

Vice-Chairman Lee Jae-yong has been briefed by Samsung Electronics officials in Mumbai over the mobile business

Buoyed by BBD, Flipkart bets on in-house brands

Walmart-owned company is learnt to have doubled private label sales

YUVRAJ MALIK
Bengaluru, 7 October

Flipkart is learnt to be looking at further expanding its private labels by introducing products in newer categories like TV stick and smartwatch-fitness trackers after seeing strong performance of its own brands in the just-concluded Big Billion Days (BBD) sale.

During the six-day sale, the Walmart-owned company's own brands — which include MarQ, SmartBuy, and Perfect Homes — sold over ₹170 crore ($24 million) in total value, close to double, when compared to the 2018 BBD comparable numbers of ₹90 crore, said sources privy to the numbers.

This figure is also said to be ahead of the company's internal target of ₹165 crore. The growth of private labels in BBD 2019 was driven by private label categories, large electronics, home appliances, furniture, fashion and sports, and aggressive marketing.

According to sources, the products that did well include MarQ washing machines, which sold over ₹20 crore inventory, sports items under Adrenex, which sold over ₹1.2 crore, and private label furniture, which was 50 per cent of all furniture sold through Flipkart. On the other hand, its recently launched computers — CPUs branded Flipkart Panther — sold only three units, according to the sources.

Flipkart did not immediately reply to a request for comment on this story.

Over the past year, Flipkart has extensively diversified its private label offerings. Currently, several new launches, especially in the electronics category, are in the pipeline. These are likely to be rolled out in six to eight months.

The Bengaluru-based company is said to be working on a smartwatch-fitness tracker. A prototype is currently under testing.

Oddly enough, Flipkart and smartwatch maker GOQii locked horns in a legal tussle recently when the latter alleged that Flipkart was offering unsustainable discounts on GOQii products on the marketplace. The dispute was later settled.

Flipkart is also working on a version of a TV stick, much like Amazon's Fire TV stick. A TV stick is an HDMI-based plug-and-play device that offers access to third-party video streaming services over the internet on a TV. The product will be bundled with Flipkart's recently announced video streaming service, where it plans aggregate content from various content makers.

Flipkart is also working on a range on self-branded laptops, said sources. The gestation period for laptops is usually higher, as it requires integrations and several approvals for the operating system and hardware. The company is also working on a tablet, gaming joystick, and air purifiers. All these products are likely to be launched under the MarQ brand.

'Lot of infra needed to go along with EVs'

Honeywell UOP, US-based technology supplier to the hydrocarbon sector, launched unique kerosene-to-naphtha conversion technology in India last week. **MIKE BANACH**, regional general manager and head of the company in India, talks to **Shine Jacob** about the role played by the firm in India's transition to BSVI fuel and the future of petrochemical sector in the country. Edited excerpts:

Majority of refineries in India are in a transition phase, moving towards petrochemicals from traditional fuels. How do you see this change?

We see a lot of expansions. Even grassroots refineries are coming up in India. We see fuel demand increasing in India but it may come down in the long-term may come down. At the same time, there will be very high growth rates in petrochemicals and changes in fuel specifications, including the launch of BSVI.

Our company is excited about techniques and tools that we could bring in to help our customers navigate through these challenges — like fluctuation in fuel demand in short, medium, and long terms. Refineries traditionally started with fuels and slowly immigrated to petrochemicals. When UOP designed Reliance Industries' plant in India, it was fairly integrated with petrochemicals. We are growing to another level now. Today, highly integrated refineries may be 20 per cent petrochemicals and 75-80 per cent fuel. In future, this will reverse and there will be 80 per cent petrochemicals and 20 per cent fuel. We know this transition is going to happen, but we don't know the timeframe. We can look at feedstock and see what is there to work with and have special modeling skills to optimise the configuration with different units to maximise petrochemicals. The other thing that we can bring is new technology.

You have launched technology for conversion of surplus kerosene into petrochemicals. Can you explain it?

Kerosene demand is on a decline in India. Pradhan Mantri Ujwala Yojana (PMUY) also displaced around 7 per cent of the fuel from the public distribution system. The key of our unicracking technology is it runs at much lower pressure, which brings 30 per cent savings on expenses over traditional technologies. It is a key technology to convert surplus feedstock into petrochemical feedstock. This gives flexibility to refiners as we never know when fuel is going to drop out. By varying technologies, refineries can operate at higher severity to convert kerosene into naphtha and LPG when demand for those products is high. On the other hand, those same refiners can operate at lower severity to produce more high-quality kerosene and diesel fuel when demand for those products is high. Unicracking is there for 65 years. The product naphtha is very important to aromatics, which goes into polyester, PET, fabrics, and fibre etc.

A lot of talk is on regarding electric vehicles. How fast will this transition be?

EVs are coming, but the timing is the question. A lot of infrastructure is required to go along with EVs. Even bigger contributor will be fuel efficiency standards. As cars are regulated to have higher fuel efficiency, the effect is going to be bigger from the fuel efficiency gains than at least from EVs.

Q&A

Do you see BSVI as the game changer?

I think it is a very important conversion. This has a very huge impact on emissions from vehicles, of course on air quality, too. It was a big challenge for the producers and I think it is well on the way and going smoothly. In fact, it is already in place in Delhi and the national launch is next year.

What role is Honeywell playing in the conversion of BSIV to BSVI in India?

I am happy to say that about 80 per cent of the technology required for the transition to BSVI will be provided by Honeywell UOP. We provide basic engineering package, license the technology and the user will typically use EPC contractor to build the detailed design of the units. Now, it is a phase where some of these units are staring. Honeywell UOP will come back and provide some training to the end user. We work with customer teams, too. We do a detailed check of the units to ensure that it meets our specifications, so that when they start, it works smoothly.