

IN BRIEF

M&M's Roxor vehicle violates Fiat Chrysler's Jeep trade dress

Mahindra & Mahindra (M&M) on Friday said a judge of the US International Trade Commission (ITC) has found its off-road vehicle, Roxor, violated Fiat Chrysler Automobile's (FCA) Jeep 'trade dress' and recommended an exclusion order prohibiting import and sale of any already imported parts of the vehicle. The home-grown auto major further said FCA filed a counterclaim in the proceeding filed by it before the Eastern District Court of Michigan, seeking a permanent injunction on manufacture or sales of the Roxor, as well as disgorgement of any profits made by the Mahindra & Mahindra (M&M) from sales of the vehicle. "If FCA succeeds in getting a permanent injunction, then Mahindra Automotive North America, a subsidiary of the company, will no longer be able to sell Roxors in the US," M&M said in a regulatory filing. **PTI**



Ganesh Srinivasan is CEO of Tata Power Delhi Distribution



Tata Power Delhi Distribution on Friday appointed Ganesh Srinivasan as its chief executive officer (CEO). The appointment is with effect from December 2. "Srinivasan will take over from Sanjay Banga, who has been elevated to the position of president of transmission and distribution at Tata Power, Mumbai. In his new role, Banga will take care of all-India operations of Tata Power related to the transmission and distribution sector," it said. Prior to this appointment, Srinivasan was the chief of transmission and distribution at Tata Power, Mumbai. **BS REPORTER**

Sebi slaps ₹2-lakh fine on Unitech for violating agreement

The Securities and Exchange Board of India (Sebi) on Friday slapped a fine of ₹2 lakh on Unitech for making a wrong disclosure with regard to the shareholding pattern of some promoters. It was alleged Unitech made incorrect disclosure in the quarter ended September 2008 and December 2008. Sebi conducted an examination in the scrip of Unitech for October 2008 to December 2008 period to ascertain any violation of Listing Agreement. **PTI**

TVS Motor sets up first flagship outlet in Guatemala



Two- and three-wheeler manufacturer TVS Motor Company on Friday said it had opened a new flagship outlet in Guatemala city. This marks the company's move to partner Guatemala-based CADISA to step up presence in Guatemala and El Salvador. CADISA is representing TVS brand across Guatemala and El Salvador. The company would also be present in 17 multi-brand outlets and 150 stores across Guatemala, a statement said. CADISA would operate over 25 TVS service outlets and the first of the three upcoming flagship showrooms would showcase the technology and quality of TVS Motor, it said. **PTI**

HCL Foundation invests ₹160 crore in UP projects

HCL Technology's corporate social responsibility (CSR) arm, HCL Foundation, has invested ₹162 crore in community projects in Uttar Pradesh. "UP accounted for nearly 2/3rd of the Foundation's total expenditure in India over the past three years, owing to the Group's predominant presence in the state," HCL Foundation Director Nidhi Pundhir said. The investments have been made in HCL Foundation's three main CSR verticals of Samuday, Uday and Grant. **BS REPORTER**

Skyworth Group to invest \$100 mn in Telangana facility

Chinese consumer electronics conglomerate Skyworth Group plans to invest \$100 million in Telangana to set up a manufacturing facility for a wide array of white goods such as LED TVs, set top boxes in a phased manner. Group chairman Lai Weide signed a pact with Telangana for the plant, which will be set up through subsidiary, Radiant Appliances and Electronics, on 50 acres. The company proposes to make latest generation Lithium-ion batteries for electric vehicles, air conditioners, refrigerators and washing machines in the second phase. **BS REPORTER**

Home First Finance files papers for ₹1,500-crore IPO

Home First Finance Company on Friday filed its documents with the Securities and Exchange Board of India (Sebi) for a ₹1,500-crore initial public offering (IPO). The issue will comprise fresh fundraise of ₹400 crore and secondary share sale worth ₹1,100 crore. True North Fund, Aether (Mauritius), and Bessemer India are among the investors looking to invest in the IPO. Axis Capital, Credit Suisse, IICI Securities, and Kotak Mahindra Capital are handling the share sale. **PTI**

Wadhwa plans REITs with Blackstone, Brookfield

These instruments can be traded on exchanges and are highly tax efficient

RAGHAVENDRA KAMATH
Mumbai, 29 November

Global fund managers such as Blackstone and Brookfield are in talks with Mumbai-based Wadhwa Group to buy a stake in the key office portfolio of the realtor in Bandra-Kurla Complex (BKC), said sources. The group, one of the largest owners of office property in the BKC area, plans to float a real estate investment trust (REIT) after on-boarding an investor, sources said.

The commercial property portfolio of the Wadhwas includes Platina, Trade Centre and The Capital, which together have a size of one million square feet. According to consultants, the portfolio could be valued at ₹5,000 crore.

"We are in talks with various investors. We want to float a REIT at the right time," said Vijay Wadhwa, chairman emeritus of the group.

Brookfield and Blackstone did not offer comments. "Since it owns marquee assets in a place like BKC, it is good for investors," said Shobhit Agarwal, managing director at Anarock Capital.

As an instrument, REIT is becoming popular among the owners of office assets. After the Blackstone-Embassy joint venture raised ₹4,750 crore through



Global fund managers are eyeing a stake in key office portfolio in BKC

this route, which was the country's first REIT, other firms are also looking to float and list them.

While another Blackstone-Raheja venture is gearing up for REITs, Bengaluru-based Salarpuria Sattva and Pune-based Panchshil, where Blackstone has invested, could also go for REITs, sources said. REITs are like mutual funds which are traded on exchanges. They are tax efficient as 90 per cent of the income is distributed as dividend. Blackstone, which invested over

\$6 billion in commercial properties in India, is the biggest owner of office properties in the country with a portfolio of 115 million square feet.

Brookfield owns about 25 million square feet. Success of the first REIT in the country could lead to 100 million square feet office space getting listed in the short to medium term. The total REIT-worthy assets are around 302 million square feet, according to JLL Research, translating into a potential investment of \$38.6 billion.

Mid-level tech jobs to remain under pressure in 2020

DEBASIS MOHAPATRA
Bengaluru, 29 November

Though hiring of freshers in the information technology (IT) sector is expected to remain strong in 2020, those of mid- to senior-level professionals will continue to face pressure, owing to changing skill requirements.

Job cuts at the latter levels are likely to continue through the next year as companies focus on changing their employee pyramid to optimise costs. Experts in the human resource (HR) consultancy space say, however, that despite these layoffs, the overall hiring number will not dip.

"IT (services) firms will continue to reduce their middle management. For every manager they (IT firms) send, they can easily hire three to four staffers at the junior level. So, the numbers for the industry, in which around four million people are working, will remain more or less the same," said Kris Lakshminathan, founder of HR consultancy The Head Hunters India.

Demand from global software product companies will remain strong. Companies such as SAP, Oracle, Microsoft, and Google are looking at expanding their India employee base further. Similarly, the pace of hiring by start-up companies is also expected to pick up, though this will not be significant in absolute terms. According to estimates, of every 100 engineers getting hired by the sector, IT services firms absorb nearly 60 per cent. Followed by software product ones at around 15 per cent and GICs (global in-house centres) at 10 per cent.

Large IT services companies such as Cognizant, Infosys, TCS, and Wipro are looking at reducing their headcount, mostly mid and senior levels. Cognizant has already announced



HIRING STATUS

- Number of layoffs hit 35,000 in the Indian IT industry
- Hiring of fresh graduates to remain robust next year
- Despite layoffs, huge demand owing to shortage of talent in market

it would reduce its employee count by around 12,000 in the next few quarters. Others are yet to speak similarly but sources in the know said the total number of layoffs in IT have touched around 35,000 and is likely to cross 50,000 this year.

"The headcount reduction at companies that we are seeing now is driven more by skill requirement than anything else. But, there is no slowdown in the industry as such — the market has huge demand for engineers with digital skill sets, which exceeds the supply base," said Supaul Chand, head of digital at TeamLease. "Languages like Python, Angular Java and programmes related to Cloud, artificial intelligence or machine learning are in huge demand."

Airtel board to consider plan to raise fund at Dec 4 meet

MEGHA MANCHANDA
New Delhi, 29 November

Bharti Airtel on Friday said its board would meet on December 4 to consider its fundraising plan. The proposal follows the Supreme Court judgment on adjusted gross revenue (AGR).

"A meeting of the board of directors is scheduled to be held on December 4 to, inter alia, consider and evaluate any and all proposals for raising of funds, either by issuance of equity shares, and or bonds, including foreign currency convertible bonds," the company said in a filing.

The board will also evaluate raising of funds through debentures, securities or any other equity based instruments including through qualified institutions placement or rights issue, or through any other permissible mode, the filing said. The Supreme Court on October 24 upheld the government's way of calculating telecom revenue, on which licence fee and spectrum usage charges are computed.

According to the initial calculations, access players such as Airtel, Vodafone Idea, and other operational telecom operators may have to pay the government a whopping ₹1.33 trillion within three months. The firm has reported a pre-tax loss of ₹31,334 crore for the September quarter, after it provided for outstanding payments to the Centre on account of the AGR verdict. The pre-tax loss in the year-ago quarter stood at ₹1,998 crore.

Property funds cautious on stressed projects

RAGHAVENDRA KAMATH
Mumbai, 29 November

Real estate, especially the housing segment, has many financially stressed projects. However, property-focused private equity (PE) funds are in no hurry to put money there.

The reason: Lack of clear legal rules and pricing issues.

Last week, property consultancy JLL issued a report that there was an opportunity of \$66 billion (₹4,700 crore) in stalled residential projects for institutional investors to tap. However, it noted, the year 2019 had seen deals worth no more than \$1 billion (₹70-odd crore) in this space.

"In my sense, a distressed asset is when an asset of ₹100 is available for ₹40. Prices have not come to that level. We have not seen banks, NBFCs (non-bank finance companies) and housing finance firms even selling assets at ₹60," says Sunil Rohokale, chief executive at ASK Investment Managers.

A project has to be bankable for PE funds to invest, he added. "We are focusing on projects which are bankable, which generate returns for us and where buyers get delivery of the projects," he said.

Recently, the central government announced an alternative investment fund of ₹25,000 crore for stalled housing projects. Sharad Mittal, chief executive at Motilal Oswal Real Estate, said funds were watching how the scenario would play out. "There is lack of clarity on regulations. In last-mile funding, the investor wants preference. But, in NCLT (insolvency tribunal) cases, investors lose that preference," he said. Hedge funds and special opportunity funds do show interest, said Mittal, while sovereign funds are in "wait and watch" mode.

The managing director (MD) of a Mumbai-based NBFC said there was need for more clarity on the rights of lenders, both secured and unsecured. "After the Essar (Steel insolvency) case (where the Supreme Court recently set aside an order of the appellate insolvency tribunal), a lot more clarity has emerged," he felt.

Blackstone, Brookfield and other PE funds have put billions of dollars in Indian real estate,



"THERE IS A LACK OF CLARITY ON NORMS. IN LAST-MILE FUNDING, THE INVESTOR WANTS PREFERENCE. BUT, IN NCLT (INSOLVENCY TRIBUNAL) CASES, INVESTORS LOSE THAT PREFERENCE"
SHARAD MITTAL
CEO, Motilal Oswal Real Estate

mostly the commercial segment. The country's realty market attracted \$3.8 billion (₹270 crore) in PE investment this calendar year (till end-September), a nearly 19 per cent yearly rise, according to Anarock Property Consultants.

A sources in HDFC Capital Advisors, which has invested a major portion of its \$1.2-billion affordable housing fund, said they'd stick to mid-income projects. "If our investors want to go for stressed projects, we will do it but we're currently doing only mid-income ones," the source said.

Khushru Jijina, the MD at Piramal Capital and Housing Finance, says they are pursuing such opportunities selectively. "Many projects by small, non-institutional, developers are plagued with issues related to approvals, litigation, developer mismanagement and a general lack of liquidity. Over the past year, we have taken pro-active steps to identify and separate those distressed projects where last-mile capital, coupled with development/investment management expertise, can help," he said.

With consolidation playing out in the sector, we increasingly see joint developments between larger, branded, developers and smaller projects which otherwise would have stalled, Jijina added.

Patanjali secures ₹3,200-cr loan to acquire Ruchi Soya

PRESS TRUST OF INDIA
New Delhi, 29 November

Ramdev-led Patanjali Ayurved on Friday said it had tied up a loan worth ₹3,200 crore from a consortium of lenders led by State Bank of India to fund its acquisition of Ruchi Soya through the insolvency process.

In September, the National Company Law Tribunal (NCLT) approved the resolution plan of Patanjali Ayurved to acquire debt-laden Ruchi Soya.

"The company has already secured the required total debt from a consortium of banks led by State Bank of India," Patanjali Ayurved Managing Director Acharya Balkrishna said in a statement.

Patanjali also said it had got loans of ₹1,200 crore from SBI, ₹700 crore from Punjab National Bank, ₹600 crore from Union Bank of India, ₹400 crore from Syndicate Bank and ₹300 crore from Allahabad Bank. Ruchi Soya went into the insolvency in December 2017.

NCLT had admitted the insolvency plea filed by two lead financial creditors Standard Chartered Bank and DBS Bank. However, later, Singapore-based DBS Bank became dissenting creditor and approached the National Company Law Appellate Tribunal challenging the distribution of proceeds from the bid submitted by Baba Ramdev-led Patanjali Ayurveda.

Pilots revving engines too hard led to IndiGo Airbus groundings

ANURAG KOTOKY & SIDDHARTH PHILIP
New Delhi/London, 29 November

IndiGo and Go Airlines India use the same type of engine made by Pratt & Whitney that's susceptible to mid-flight shutdowns. Yet IndiGo, one of Airbus SE's biggest customers, is the only one to encounter turbine failures this year, drawing heavy scrutiny from the aviation regulator.

The reason could be linked to how the budget airline flies. The Directorate General of Civil Aviation (DGCA) told IndiGo's operator, InterGlobe Aviation, that its practice of revving A320neo jets at full thrust right after takeoff could wear down the engines, people familiar with the matter said. By contrast, Go Air — India's fourth-largest carrier by market share — typically uses a so-called alt-climb approach that applies less thrust, the people said, asking not to be identified discussing a private matter.

Climbing at full thrust can help planes burn less fuel, two of the people said. IndiGo has suffered 13 engine shutdowns related to low-pressure turbines during climbs this year, according to one of the people who was directly involved in an investigation where the DGCA ran a comparative

analysis on how both airlines operate.

The issue has been costly. The DGCA this week said every time a new plane joins IndiGo's fleet, it must ground one A320neo that hasn't had its engines modified. That essentially prevents Asia's biggest budget airline by market value from adding new flights until the issue is fixed. IndiGo has 730 of the latest model on order — making it the world's top A320neo customer — and wants to expand its network beyond cities such as Istanbul to destinations including London. InterGlobe's shares rose 1 per cent on Friday.

Pratt, a unit of United Technologies Corp, invested \$10 billion to develop its fuel-efficient geared-turbofan engine for single-aisle jets like the A320neo. But, it's suffered repeated setbacks since commercial introduction in 2016, including a cooling problem, durability issues and delivery delays. IndiGo shifted away from the engines in June with a \$20 billion order from CFM International, a joint venture between General Electric and France's Safran SA, although those deliveries have yet to take place.

An IndiGo spokeswoman said the matter was "strictly between the airline and the authorities concerned". The US

WHY THE AIRLINE IS UNDER DGCA SCRUTINY

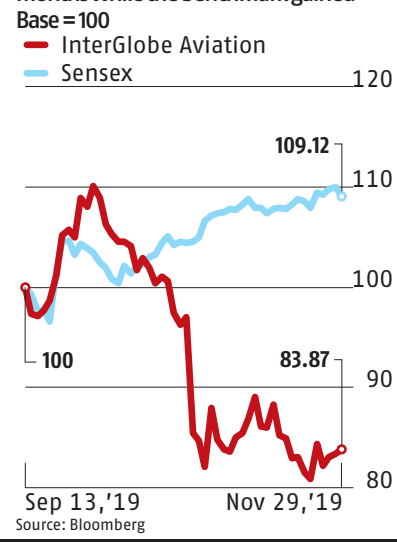
- IndiGo has suffered 13 engine shutdowns related to low-pressure turbines during climbs this year
- DGCA has told IndiGo's operator, InterGlobe Aviation, that its practice of revving A320neo jets at full thrust right after takeoff could wear down the engines
- By contrast, Go Air typically uses a so-called alt-climb approach that applies less thrust
- Climbing at full thrust can help planes burn less fuel

Federal Aviation Administration hasn't established any connection between the climb procedure and engine problems, she wrote in a text message, adding the safety of passengers, crew and aircraft remains the utmost priority.

An Airbus spokesman said the planes are designed to handle full thrust, but it is "established best practice" for pilots to lower the thrust while climbing to reduce stress on the engine. Pratt declined to comment on

MARKET WOES

InterGlobe shares have sunk over past two months while the benchmark gained



whether the climbing procedure can impact engines. A representative for the aviation ministry, which oversees the DGCA, referred queries to the regulator, saying it was a "technical" question. A Go Air spokesman didn't immediately comment.

India originally asked IndiGo to replace all its faulty engines by January 31, but the DGCA said on Monday the airline's efforts to meet the deadline didn't "instill enough confidence".

In a meeting with the regulator on Monday, IndiGo offered to replace all unmodified engines by January 2021, the request was denied, one of the people said, adding the initial deadline remains. IndiGo still needs to replace 110 engines out of 196 that were affected, Civil Aviation Minister Hardeep Singh Puri said on Wednesday. He said GoAir hasn't had the problems IndiGo encountered on its A320neo jets, without providing a reason.

After the DGCA informed IndiGo of its findings, the company started taking steps to employ a climbing procedure similar to Go Air, the people said.

Given the number of replacements required and Airbus delivery delays, IndiGo might not be able to update all the engines by the fiscal year ending in March, according to Motilal Oswal Financial Services. In a note on Tuesday, the brokerage cut its capacity growth estimate for IndiGo to 14 per cent from 25 per cent this year, and to 6 per cent from 10 per cent for next year. **BLOOMBERG**