Foul weather: Airlines fly more people in November, but not always on 'on-time'

Industry returns to double-digit growth after months of sub-par show

OUR BUREAU
New Delhi, December 12

Unseasonal weather conditions like cyclones in some areas in November and work at various airports including Mumbai saw domestic airlines report a very low On-Time Performance (OTP) for their flights even as the number of passengers flown by them recorded a growth of 11 per cent in November this year as compared to the same period last year.

Domestic airlines flew 1.29 crore passengers in November this year as against the 1.16 crore flown during the same period previously. The data shows that India is recording double-digit growth again after a few months of single-digit growth recorded earlier this year. GoAir reported the best On-Time Performance (OTP) at 67.6 per cent, followed by Vistara 67.4 per cent, AirAsia 66.7 per cent, IndiGo 66.2 per cent and Air India 42 per cent at the four metro airports in Delhi, Mumbai, Hyderabad and Bengaluru.

OTP is a good indicator of whether an airline is operating its flights on time. OTP is determined by recording the time of chocks off, in case of departure and chocks on in case of arrival. If the actual departure or arrival time is up to 15 minutes of the scheduled time, the flight is considered on time.

The OTP is calculated at the four metro airports as they have incorporated the technology to capture the data. IndiGo retained its pole position having carried 61.51 lakh of the 1.29 crore passengers flying in domestic airlines in November, while SpiceJet was at the second position carrying 20.80 lakh, followed by GoAir (14.22 lakh). AirAsia flew 8.78 lakh passengers, while Vistara carried 7.60 lakh passengers.

The industry paid ₹3.43 crore in compensation to over 3,00,00 passengers affected by flight delays EMMANUAL YOGINI

Passenger load factor

SpiceJet reported the best passenger load factor (PLF) among Indian carriers at 92.8 per cent, followed by GoAir (92.7 per cent), IndiGo (91.4 per cent) and AirAsia (87.2 per cent). PLF shows how many of the total seats on offer by each airline are getting filled.

The industry paid ₹3.43 crore in compensation to over 3,00,000 passengers affected by delays, including paying over ₹1.99 crore to more than 2,00,000 passengers who were affected by the delays.

Samsung India makes strategic bets to strengthen position in the AC segment

OUR BUREAU
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In a bid to strengthen its presence in the AC segment, Samsung India is implementing a slew of strategic measures including setting up a separate HVAC (Heating, Ventilation and AC) division, which will house both its residential and commercial AC businesses.

It has also decided to re-enter the non-inverter split AC and Window AC segments to widen its product range while setting up a new unified sales channel for the HVAC division.

The South Korean major is hoping these measures will help the company solidify its position to become one of the top three players in the residential air-conditioner segment in the next two years

Rajeev Bhutani, Senior Vice-President, HVAC Division, Consumer Electronics Business at Samsung India, said: "The penetration of AC segment in India is very low but the segment has been growing at a CAGR of 15 per cent over the past few years. Growing disposable income, urbanisation, government's electrification push and rising temperatures are some of the factors that will be driving the growth of this segment especially in the tier-2 and tier-3 markets."

Rajeev Bhutani, Senior V-P, Consumer Electronics Business, Samsung India

He added, "We want to become the No.1 player in the Residential AC segment by 2022 and expect to double our sales every year to achieve this goal. We are targeting 100 per cent growth in 2020 and 2021 to reach our objective of becoming number one by 2022."

Bhutani added that while the contribution of the inverter AC has been growing to the overall AC segment, window AC and non-inverter split AC segments will be relevant especially in the tier-1 and tier-2 markets due to the steep price differential between the segments.

Currently, while inverter AC's now contribute about 60 per cent to the overall residential AC industry, fixed speed AC and Window AC segment command the balance share.

The company's move to have an integrated business division for commercial and residential air-conditioner will also reflect in its channel strategy. "We will create a new channel for the HVAC division. Under this strategy, we will open up 300 outlets in 2020 that will serve as experience centers and offer both residential air conditioners products as well as commercial air-conditioning solutions," he added.

Piramal Realty to invest ₹3,000 cr to develop new Mumbai project

OUR BUREAU
Mumbai, December 12

Piramal Realty, the real estate development arm of the Piramal Group, on Thursday, announced its second joint development agreement with Omkar for a residential project in Mahim this week.

Piramal Realty intends to develop 2.2 million sq ft over 4 acres and plans to invest ₹3,000 crore over the next few years, the company said in a statement. This would be the largest residential development in the Mahim/BKC area.

Anand Piramal, founder, Piramal Realty, said: "At Piramal Realty, we are excited to develop this prime parcel which is a few minutes from the sea link. With the opening of several world-class malls, restaurants, hotels, schools and theatres, BKC will this year become the social and cultural nerve centre of the city."

Bharat Bond ETF anchor portion subscribed 1.7 times at ₹2,980 cr

OUR BUREAU
Mumbai, December 12

> The ETF, which is open for subscription from December 12 to 20, will invest only in AAA rated bonds of central PSUs

Edelweiss Asset Management company on Thursday launched the public issue of India's first Corporate Bond ETF (exchange trade fund) called the Bharat Bond ETF.

Through the ETF, Edelweiss Mutual Fund proposes to raise an initial amount of ₹3,000 crore with a green shoe option of ₹2,000 crore in the three-year maturity period (2023) and ₹4,000 crore with a green shoe option of ₹6,000 crore in the 10-year maturity bucket (2030).

In a tweet, Department of Investment and Public Asset Management, said the anchor book of Bharat Bond ETF was oversubscribed by 1.7 times and raised ₹2,980 crore. Though, it did not give further details, according to sources, the issue attracted investments from banks (both private and public sector), life and non-life insurance companies (public and private), foreign portfolio investors and others.

The ETF, which is open for subscription from December 12 to December 20, will invest only in AAA rated bonds of Public Sector companies. The minimum unit size for investment is ₹1,000.

Government initiative

This ETF is an initiative of the Government of India, from the Department of Investment and Public Asset Management and the latter has given the mandate to Edelweiss AMC to design and manage the product.

The yield as on December 5, 2019 of Nifty Bharat Bond Index—April 2023 is 6.69 per cent and Nifty Bharat Bond Index—April 2030 is 7.58 per cent.

The investors who hold these ETFs for over three years will get the benefit of capital gains with indexation. Bharat Bond Funds of Funds (FOF) is also being launched for investors who do not have demat accounts.

Vipin Sondhi appointed MD, CEO of Ashok Leyland

OUR BUREAU
Chennai, December 12

The ₹29,055-crore Ashok Leyland, a leading manufacturer of trucks and buses, appointed Vipin Sondhi as MD and CEO of the company with immediate effect.

Before him, Vinod Dasari served as Managing Director of Ashok Leyland from 2011 and left the company on March 31, 2019.

Sondhi formally joined the Hinduja Group in November 2019 from JCB, where he was the MD & CEO - India, South East Asia & Pacific and a member of their Global Executive Leadership Team. He was MD & CEO of JCB India for about 14 years.

The Sondhi family has a long association with Ashok Leyland. Vipin's father had served as Chairman of Ashok Leyland for 12 years. "Vipin has a strong, proven track record as a leader and is a passionate and hands-on professional. I am confident that the company will reach new frontiers under his stewardship and look forward to some very exciting times in 2020 and beyond," said Dheeraj Hinduja, Chairman, Ashok Leyland.

Vipin Sondhi (File photo)

Fitch downgrades IREDA to BB+

VENKATESH GANESH
Mumbai, December 12

Fitch Ratings has given a negative rating to Indian Renewable Energy Development Agency (IREDA) and downgraded it to BB+.

We have affirmed IREDA's Long-Term Foreign- and Local-Currency Issuer Default Ratings (IDR) and its long-term senior unsecured rating at 'BB+'. At the same time, Fitch has affirmed the Short-Term IDR and the short-term senior unsecured rating at 'B'. Fitch classifies This basically classifies IREDA's financial instruments as non investment-grade.

IREDA is a non-deposit accepting, non-banking financial company that is wholly owned by the central government and is registered with the Reserve Bank of India. Fitch classifies IREDA as a Government-Related Entities Rating (GRE) and assigns the company a weighted score of 30 under the GRE factor assessment. This results in the company being rated on a 'top-down minus 1' approach. Therefore, IREDA is rated one notch below the Indian sovereign's long -term and local currency IDRs of 'BBB-'.

Weak performance

According to Fitch, the reason for this downgrade had to do with a change in the outlook on IREDA's standalone credit profile to negative. This was due to a weaker financial performance in the FY19 and deterioration in the company's debt-to-equity ratio.

The weaker performance was primarily due to increased finance costs and a ₹167 crore increase in the level of IREDA's impairments on financial assets. The impairments were driven by IREDA's adjustment to RBI's decision to withdraw previous exemptions regarding the recognition of non-performing assets in FY19 and other non-recurring items, such as a ₹68.9 crore provision taken for IREDA's investment in commercial paper issued by IL&FS.

This has put a stress on its finances. In 2018-19, IREDA reported profit of ₹244 crore, a 34 per cent dip when compared to ₹370 crore in 2017-18.

"Our assessment of IREDA's standalone credit profile takes into account the company's concentrated business model, moderate capitalisation against its higher risk appetite and greater exposure to potential asset-quality volatility in the Indian renewable-energy sector," said Fitch.

L&T Info wins deal to manage Hoist Fin AB's IT operations

OUR BUREAU
Mumbai, December 12

Larsen & Toubro Infotech Ltd, a technology consulting and digital solutions company, has won a multi-year contract from Swedish financial services company, Hoist Finance AB, to manage its IT operations.

Sweden-based Hoist Financeis listed on the Nasdaq OMX Stockholm Exchange, the company said in a statement.

"With a strong delivery record and focus on increased stability, security and automation, LTI is the perfect fit for us to enhance the user experience for both our customers and employees and to accelerate our digital developments," said Klaus-Anders Nysteen, CEO, Hoist Finance.

LTI has a strong presence in the Nordic region and partners with leading companies across industries.

Kotak Investments offloads 5.5% stake in Speciality Restaurants

ABHISHEK LAW
Kolkata, December 12

Kotak Mahindra Investments Ltd has offloaded a 5.54 per cent stake in Speciality Restaurants, which owns and runs restaurant chains like Oh! Calcutta, Mainland China, Asia Kitchen by Mainland China, Café Mezzuna and Hoppipola.

The shares were sold off-market on December 5, the company said in a filing with the Bombay Stock Exchange. In an off-market deal, shares are privately transferred between two shareholders without the involvement of a share broking firm.

Post the sale, Kotak Mahindra Investments – which is not a part of the promoter or promoter group of Speciality Restaurants – will own 0.02 per cent stake in the latter.

Kotak Mahindra Investments is a 100 per cent subsidiary of Kotak Mahindra Bank. The company is primarily into financing against securities, lending to real estate sector. It is also into corporate and other structured finance and makes strategic investments. Kotak Mahindra Investment, its website says, has a "consolidated book of about ₹7,000 crore".

Anjan Chatterjee, Chairman, Speciality Restaurants

On the other hand, Speciality Restaurants is listed on both the NSE and the BSE, with Anjan Chatterjee and his wife Suchhanda Chatterjee being the major promoter and promoter group shareholders, holding 51.19 per cent stake as on September 2019. "The transactions are not by the promoters or promoters' group," Anjan Chatterjee, Chairman and Managing Director, Speciality Restaurants told *BusinessLine*.

Cautious expansion

Speciality Restaurants has been cautious when it comes to expanding this fiscal (FY-20). Chatterjee maintains that "some expansion" has happened across brands in places like Kolkata and Mumbai.

According to him, withdrawal of input tax credit under the Goods and Service Tax (GST) regime has made a big dent on restaurants and has hurt the margins. Previously, VAT and service tax could be claimed as input tax credit. Even rentals and some other costs were clubbed as input tax credit. However, once GST rates were slashed to 5 per cent, the input tax credit was withdrawn. This has led to an increase in capital costs and other expenses.

"There is a 7-7.5 per cent impact on capex and on margins," he explained.

Mphasis, The/Nudge tie up to skill underprivileged women

OUR BUREAU
Bengaluru, December 12

The/Nudge Foundation's Centre for Skill Development and Entrepreneurship (CSDE), announced a three-year partnership with Mphasis, an IT solutions provider specialising in cloud and cognitive services to skill 4,000 young women from underprivileged backgrounds for a career in the services sector.

Through its CSR initiative, Mphasis has made a grant of ₹4.6 crore to CSDE which will deliver the skills programme over three years. The program will enable learning of the English language, digital literacy and life skills for women from government and low-income private colleges and help them prepare for jobs in customer service, retail sales and BPO.

"The need for skilling is no longer limited to an organisational aim but, extends beyond the employees to society at large. There exists a dominant need to prepare young minds to ensure that they are industry-ready before they become contributors to the workforce of the future," said Srikanth Karra, Chief Human Resources Officer, Mphasis.

The three-year deal with CSDE will not only drive representation of women at the workplace but will also equip them with the necessary skills required to support themselves professionally, he added.

"The National Employability Report - Graduates 2013 reveals that nearly 47 per cent of the graduates were found unemployable in any sector, given their English language skills," said Ram Ramalingam, Director - Innovation, CSDE.

"There is a need to accelerate learning English that will make youth fluent in workplace communication," he said.

Future Retail tightens belt, shuts unprofitable stores

OUR BUREAU
Mumbai, December 12

In a bid to deliver high cash flows and productivity, Future Retail Ltd is seeking more revenue per square feet through sustained, healthy Same Store Sales Growth (SSSG), by shutting unprofitable stores across large and small formats, and gross margin expansion through better markdown management and product mix, among others.

The Kishore Biyani promoted retail company, in a presentation, said that significant cost-saving initiatives are in progress across stores including rental re-negotiations, store opex reduction, lower employee costs, leaner and targeted marketing spends, and process automation at the corporate headquarters.

"Shutting down unprofitable stores across small format is already in progress. ....Driving SSSG growth through existing store network...[and also via] Gross margin expansion in large format through better pricing/markdown management," the company added.

Growth plans

Future Retail, which has key brands such as BigBazaar, fbb, and WH Smith, said it will shut unprofitable stores and stores outside the delivery network; optimise the remaining network with no net space addition; and focus on growth in core markets (Punjab, NCR) to deliver sustained healthy SSSG.

The retail company has 293 BigBazaar stores (large stores), 95 fbb outlets (large stores), and 1,147 small stores (Easyday Club, Heritage Fresh and WH Smith).