

RATING UPGRADE

D Anand Bhaskar, Air Works MD and CEO

The rating upgrade (by Crisil) reaffirms our business strategy, including the restructuring of our balance sheet. It recognises Air Works' operating efficiency, market position and growth trajectory over the course of the past 18 months, in a scenario where a lot of companies are undergoing stress.

Quick



HG Infra bags ₹522-cr highway project in Haryana from NHAI

HG INFRA ENGINEERING ON Thursday said it has bagged a highway project worth ₹522 crore in Haryana from the National Highways Authority of India (NHAI). HG Infra has been declared L-1 (lowest) bidder by NHAI for construction of proposed Rewari bypass (NH-11) as feeder route in Rewari district in the state of Haryana...on hybrid annuity mode amounting to ₹522.02 crore, the company said in a filing to the BSE. The completion period for the project, which has a total length of 14.40 km, is two years, the filing said.

Greaves' arm to provide service to TVS 3-wheelers

ENGINEERING FIRM GREAVES Cotton's multi-brand spares and service arm Greaves Care will provide service support to TVS threewheelers under a strategic pan-India partnership, the company said on Thursday. Greaves Cotton currently has over 350 retail outlets, over 5,300 small format spares outlets and 165 care centres.

Rockwell launches first India centre in Gurgaon

US-BASED ROCKWELLAUTO-MATION on Thursday launched its first automation centre in India at Gurgaon. The centre will display to the customers solutions in five focus sectors — oil and gas, chemicals, food and beverage, auto and tyre, and lifescience. It will also cater to players from any other field requiring technical assistance.

Hero-backed Ather Energy names Deepak Jain CFO

HERO MOTOCORP-BACKED ELECTRIC two-wheeler start-up Ather Energy on Thursday appointed Deepak Jain as its chief financial officer. Jain, who has worked with the likes of Apple India, P&G and Gillette over the past 20 years, joins Ather from First Advantage, where he was CFO for India business, the company said in a statement. Ather co-founder & CEO Tarun Mehta said Jain has scaled up technology and product-led companies making him an ideal addition to Ather's team.

FLIGHT CANCELLATIONS

Aircraft delivery delay, engine issues led to disruption: GoAir

In a clarification, budget carrier also sought to defend its choice of **Pratt & Whitney engines** for its A320 Neo fleet

PRESS TRUST OF INDIA Mumbai, December 26

GOAIR, WHICH HAS come under fire from passengers for cancelling dozens of flights abruptly earlier this week, on Thursday attributed the disruption in network to delay in aircraft deliveries and non-availability of engines.

In a clarification issued on Thursday, the budget carrier also sought to defend its choice of Pratt & Whitney engines for its A320 Neo fleet.

GoAir cancelled as many as 40 flights between November 23 and 24, during which it also reported air turn back of two if its aircraft due to engine glitches, which were later taken out of operations for further inspection.

"GoAir has placed an order for 144 Airbus A320neo aircraft and has experienced delivery delays during the month of November and December, adding to its operational challenges," the airline said. The airline further said "during the

same time, non-availability of Pratt & Whitney spare engines have also hampered the smooth functioning of the airline".

Data collated from an aircraft deliver-

FLYING LOW

- GoAir cancelled as many as 40 flights between November 23 and November 24
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- Aircraft with engine glitches were later taken out of operations for further inspection
- Data collated from an aircraft deliveries tracking website suggest that GoAir has inducted less planes in the fleet this year as compared to 2018



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Against 17 aircraft inducted between May-December last year, the carrier took deliveries of only 11 planes between April-December this year.

The airline said that due to inclement weather in North India, it experienced extensive flight delays and diversions leading to cancellations of flights as its crew approached its flight duty time limits (FDTL) in the last two-three days.

The cockpit and cabin crew duty and rest norms are governed by the aviation safety regulator, Directorate General of Civil Aviation (DGCA).

The anti-Citizenship Amendment Act (CAA) protests wherein GoAir crew members were unable to report for duty further exacerbated the issue, the troubled airline added.

On the two back-to-back mid-air incidents involving its P&W engine-powered aircraft earlier this week and the subsequent decision of the DGCA to inspect all such engines, which have been used for more than 3,000 hours by GoAir's A320neo planes, the airline said it would "abide by" and "comply" with the

Claiming that P&W engines have logged "more than 1 billion hours of flight", GoAir said it completed the modifications of engines before January 31.

The airline said it has more than adequate pool of cockpit crew resources to fly 325 daily flights, adding due to several external factors, it is currently experiencing a temporary disruption in the carrier's schedule. "The airline is currently working

to normalise its operations with the support of its pilots and cabin crew and expects to be on track by the end of this week," GoAir said.

Air India stops issuing tickets on credit to govt agencies that owe it over ₹10 lakh



PRESS TRUST OF INDIA New Delhi, December 26

DEBT-LADEN AIR INDIA has stopped issuing tickets on credit to officials of various government agencies such as the Central Bureau of Invetigation (CBI) and the Enforcement Directorate (ED), which owe it more than ₹10 lakh each, a senior official of the national carrier said on Thursday.

While disinvestment-bound Air India's net loss in 2018-19 was around ₹8,556 crore, its current total debt is over ₹60,000 crore.

"Various agencies, including the Central Bureau of Investigation, Enforcement Directorate, Information Bureau, Central Labour Institute, Border Security Force and the Indian Audit Board, have been told that tickets would not be issued to their officials on credit. Each of these agencies owe more than ₹10 lakh to the national carrier," the senior official said.

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"Officials of (aforesaid) government agencies can purchase tickets like any other ordinary customer. They would not be issued any tickets from here on credit, the official added. On December 5, civil aviation minister

Hardeep Singh Puri had told Parliament that the preparation of Preliminary Information Memorandum (PIM) for inviting expression of interest (EoI) for Air India disinvestment was in the process.

Tariff offer: Trai extends deadline for comments on transparency PRESS TRUST OF INDIA

New Delhi, December 26

THETELECOM REGULATORY Authority of India (Trai) on Thursday extended by nearly a month to January 23 the timeline for stakeholders to submit their comments on the issue of 'transparency in publishing of tariff offers'. The deadline was extended as "stakeholders have

sought extension of time for sending their comments on the Consultation Paper", Trai said. The consultation paper on "Transparency in Publishing of

Tariff Offers" was issued on

November 27, 2019. The original deadline for receiving written comments from the stakeholders was December 26, 2019, and counter comments by January 9, 2020. Citing industry request for extension in timelines, Trai said "it has been decided to extend the last

to January 23, 2020, and counter comments by February 6, 2020". No further request for extension would

date for submission of written comments up

be entertained, Trai said in a statement. Last month, it had invited public views

on enhancing transparency in disclosure of phone services rates and mooted an idea of introducing tariff calculator to help customers find the best plans to suit their usage. Trai sought views on higher trans-

parency in details of unlimited data plans,

where promised speed is provided only up to a certain level of usage and information is concealed in service thereafter. "The transparency in communication is not only relevant to ensure that consumers benefit from the access to critical information regarding the prod-

uct/service but also to maintain

and increase the competition

intensity, vital for growth and development of the sector," Trai had said in its recent consultation paper on transparency in publishing of tariff offers.

The move came after Trai received a significant number of complaints from individual consumers on lack of transparency in disclosure of tariff information.

ONGC gets environment clearance for ₹3,500-crore project in Assam

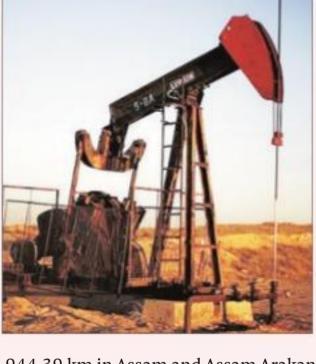
PRESS TRUST OF INDIA New Delhi, December 26

STATE-RUN ONGC HAS received environment clearance (EC) for carrying out onshore exploration, development and production of oil and gas in 100 locations in non-forest area of Assam, that would entail an investment of ₹3,500 crore, according to official documents. The Union environment ministry has

given green clearance to ONGC, the country's largest oil and gas exploration and production company, after taking into account the recommendations of a green panel. "The EC is, however, subject to obtaining

prior permission from the wildlife angle, including clearance from the Standing Committee of the National Board of Wildlife," the ministry said in a letter to ONGC. The company proposes to carry out

drilling in 100 locations to evaluate the hydrocarbon potential of 21 different onshore petroleum mining lease (PML) blocks in a non-forest area covering



944.39 km in Assam and Assam Arakan Basin covering whole of the Upper Assam North in Sivasagar district.

After establishing the potential, the company will put the field under development and production. The project cost is pany added. According to ONGC, there is still a lot of scope in exploring new sub-surface struc-

estimated to be ₹3,500 crore, the com-

tures in Assam for hydrocarbons. The total area of Sivasagar district PML is 957.73 sq km, in which Lakwa,

Rudrasagar, Geleki and its adjoining areas are important oil producing fields in North Assam Shelf of Sivasagar district. So far, more than 500 wells (including

exploratory wells and development wells) have been drilled in this field with depths ranging from 2,400 metre to 4,200 metre. The current EC has been granted for

exploratory drilling of 100 wells which is a part of ongoing exploration efforts in various PML areas falling within the three main blocks of North Assam Shelf in Sivasagar district.

India is dependent on imports for crude oil, and the government is encouraging exploration and production of oil and gas.

ONGC produces 70% of the country's crude oil and 60% of its natural gas.

Jet Airways, DHFL insolvency cases highlight gaps in IBC

ANWESHA GANGULY & ANKUR MISHRA Mumbai, December 26

LENDERS AND INSOLVENCY professionals in India walked into uncharted territories this year by taking Jet Airways and Dewan Housing Finance Corporation (DHFL) to the insolvency court.

Both cases will pave the way forward for resolution of the aviation and financial services sectors, respectively, under the Insolvency and Bankruptcy Code, 2016, (IBC). Timely recognition of stress and the treatment of a variety of stakeholders emerged as key challenges. Jet Airways, which was the country's second largest by market share till last year and was grounded in April 2019, is the first airline to undergo resolution under IBC. It is also the first airline under the new laws to undergo cross-border

insolvency. DHFL is the first REARVIEW financial services company to undergo resolution under IBC. Without a precedent, lenders and judges at the National Company Law Tribunal have a tough task ahead.

Jet posted losses in eight out of ten fiscals between 2008-2018 and began showing signs of increasing stress in August last year, when it delayed salary payments of some employees. The airline has been grounded for over eight months, after lenders refused to provide emergency funding to continue operations. Since April, lenders made multiple attempts to sell the airline before they finally dragged Jet Airways to NCLT in June. The tribunal had directed that Jet, being a matter of "national importance", should be resolved expeditiously. The process has been anything but. Under IBC, bids were again invited for Jet's revival. Things took a turn for the worse when Etihad Airways, Jet's erstwhile strategic partner, said it would not participate in the resolution process. It is understood that Etihad wanted assurance that criminal proceedings would not be initiated against the airline.

Reviving an airline which has been grounded for eight months is a near impossible task, say industry experts. Now, only one foreign entity, Colombia's Synergy Group, remains interested. But without clarity on Jet's slots, which are among the airline's most valuable assets, Synergy is yet to seal the deal. The slots were redistributed among other airlines after Jet was grounded. Slots allow an airline to enter and exit airports at scheduled times. "The government is not giving assurance on Jet's slots. Lenders have written to the government almost monthly, seeking some assurance, so far, they have not responded. The court has also now made the civil aviation ministry party to the insolvency proceedings, but it may be too little too late," said the source requesting anonymity. There are other logistical

issues with Jet which had a wide international network and presence in several countries."We had over six lakh pas-

sengers who were impacted. The scale is massive. We have received email claims from over 28 different currencies in the world," said Ashish Chhawchharia, resolution professional for Jet. Asset preservation became a huge challenge. Aircraft maintenance for Jet is now done by Air India and has become nearly doubly expensive, one of the people involved in the process told *FE*. Jet, which at its peak had 112 aircraft, had by June reduced its fleet size to 12. Of these, some were seized at foreign airports. "Engines were sent out of India for servicing, and they have been withheld by service providers until payment is released. When told they are mandated to return assets under IBC, their response is that they do not recognise it. So, cross-border issues are a substantial

challenge in this," Chhawchharia said. The insolvency proceedings of DHFL will be significantly different from other corporate entities. The beleaguered housing



financier, which has liabilities of over ₹92,715 crore, first defaulted on payment obligations in June this year.

Lenders initially tried to resolve DHFL's stress as per the RBI's prudential norms on stressed assets resolution, under which lenders are mandated to sign an inter-creditor agreement (ICA). A resolution plan was then approved by DHFL's board in September, which proposed a conversion of debt to equity leading to lenders acquiring a 51% stake in the company. All mutual funds did not sign the ICA and the plan stalled as multiple funds houses and fixed deposit holders initiated legal proceedings against DHFL. "For any future cases wherein pre-IBC resolution is considered, it is necessary that attempt should be made to involve all the stakeholders, else the resolution proposed by some stakeholders under a regime may be challenged by the other stakeholders, who are not involved," said Ashish Pyasi, partner, Dhir & Dhir Associates. In November, shortly after the govern-

ment empowered the RBI to refer NBFCs with assets above ₹500 crore to NCLT, the central bank superseded the board of DHFL and filed insolvency proceedings against the

company. DHFL was admitted for insolvency on December 6. The issues with DHFL's insolvency proceedings were evident during the first hearing itself. The twomember bench at the Mumbai NCLT raised multiple issues and the judges' key concern was whether the insolvency process will help or harm the large number of stakeholders, including depositors.

Indian fund houses have an exposure of over ₹8,500 crore to DHFL group companies, while deposit holders reportedly have an exposure of around ₹6,000 crore. "This case is the first IBC process with respect to NBFCs, and given the multitude of stakeholders involved, the building of a consensus inter-se creditors will be critical to the process,"said Arun Shaw, partner, DSK Legal. Meanwhile, the value of DHFL's assets depleted significantly after proceedings were filed by lenders and mutual funds in various forums. Now, as per insolvency laws, a moratorium was put in place on legal proceedings against DHFL since December 6.

"The objective of IBC is maximisation of value of the assets, and in the case of DHFL, these assets will be protected and the company will remain a going concern. Any

enterprise which is running will fetch a bettervalue in comparison to assets being sold separately." Pyasi said.

In a bid to attract more investors, the government recently proposed changes to the insolvency process — which would ringfence potential bidders from criminal proceedings against erstwhile promoters of the insolvent company. The government also proposed to raise the threshold of eligibility for filing insolvency petitions — mandating at least 10% of creditors have to come together to file proceedings. These changes along with the recent Supreme Court judgment in the case of Essar Steel insolvency will help streamline the process. In Essar Steel proceedings, the appellate insolvency tribunal had held operational creditors at par with financial ones. The judgment, which went against the waterfall mechanism of creditors stipulated under IBC, was set aside by the Supreme Court last month.

Under Section 53 of the IBC, secured creditors are given priority over unsecured ones when it comes to distribution of sale proceeds from liquidation. The judgment will result in increased activity in the stressed assets space, Ashu Khullar, Citi India head, told FE in a recent interview. "If this ruling had not come out, it would have been a huge deterrent," Khullar said.

The IBC norms have evolved much since their inception, but DHFL and Jet Airways cases have highlighted some gaping holes that still remain to be plugged. "Erstwhile promoters of corporate debtors, disgruntled operational or financial creditors hold up the resolution under one pretext or the other, which effectively defeats the purpose of corporate resolution under IBC. All challenges to successful resolution plan duly approved by the committee of creditors should be decided at the earliest and this should be done in a time-bound process. Appeals to the NCLAT or SC should only be permitted on points of law and parties must not be allowed to re-agitate facts," Shaw said.

New Delhi

ShopClues narrows losses to ₹68.58 cr in 2018-19

PRESS TRUST OF INDIA New Delhi, December 26

E-COMMERCE PLATFORM SHOPCLUES narrowed its losses to ₹68.58 crore in the year ended March 2019 compared to the previous financial year. The company, which is registered as Clues Network, had registered a loss of ₹208.14 crore in 2017-18 according to documents sourced by business intelligence platform Tofler.

ShopClues'revenue from operations also declined 24.7% to ₹204.07 crore in 2018-19 from ₹271.2 crore in 2017-18, it added

Its total revenue fell 23.3% to ₹209.46 crore in 2018-19 from ₹273.30 crore in the previous financial year.

When contacted, ShopClues co-founder and CEO Sanjay Sethi said that in 2018-19, the focus was clearly on reducing losses. "With revenues remaining relatively flat

for us, we have been able to reduce the losses by 67%. Following the merger with Qoo 10, we strongly feel that ShopClues, with our differentiated position as a value-formoney marketplace and our thriving ecosystem of more than 7 lakh small and medium merchants, will now have access to global markets via their strong presence in Southeast Asia," he added.

In October, ShopClues had announced inking an all-stock deal with Qoo10 to merge operations with the Singaporebased firm. The collaboration, it had said would bring "new strategic opportunities for both companies as it opens up crossborder opportunities for consumers and sellers across Asia". The terms of the deal were not disclosed.

Qoo10 is an e-commerce platform in Southeast Asia that serves small and medium enterprises through its localised online marketplaces in Singapore, Indonesia, Malaysia, China and Hong Kong.