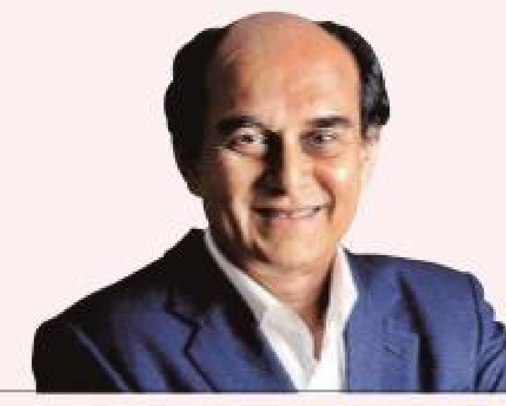
Companies



CONSUMPTION SLUMP

Harsh Mariwala, chairman, Marico

While modern retail is showing better numbers, it is at the cost of general trade. It is just that one channel is compensating for the other channel. However, an overall low pick-up is a reality which is what FMCG companies have been progressively experiencing.

Quick View

Adani Green commissions 75-MW wind power project

ADANI GREEN Energy (AGEL) on Tuesday said it has commissioned a 75-megawatt (MW) wind power project in Gujarat. The company said the project, which has a power purchase agreement (PPA) with the Maharashtra government, has been commissioned by its step-down subsidiary Adani Renewable Energy, AGEL told the BSE. The commercial sale of power from the project to Maharashtra State Electricity Distribution Company is expected to commence from Wednesday.

Kalpataru bags orders worth ₹979 crore

KALPATARU POWER Transmission on Tuesday said that it has bagged orders worth approximately ₹979 crore in the transmission and distribution (T&D) segment and for railway electrification and gauge conversion. "Kalpataru Power Transmission... has secured new orders/notification of award of approximately ₹979 crore. The company's international subsidiary secured new T&D projects in Europe," it said in a filing.

PTC is aggregator for buying 2,500 mw power

PTC INDIA on Tuesday said it has been selected as an aggregator for purchasing 2,500 MW of power from stressed coal-based energy plants under a central scheme. The state-owned company will invite bids for purchasing the power over a medium-term and enter into supply pacts with distribution companies.

NTPC's 800 mw Odisha unit gets operational

NTPC ON Tuesday said 800 mw unit of its Darlipali Super Thermal Power Project in Odisha has become operational. With this, the total installed capacity of NTPC and NTPC group has become 49,695 MW and 58,156 MW, respectively, the PSU said in a filing to BSE. "800 MW unit of Darlipali Super Thermal Power Project has been added to installed capacity of NTPC on successful completion of trial operation," the company said.

Alkem Labs to buy assets related to Dronabinol

ALKEM LABORATORIES on Tuesday said it has entered an asset purchase agreement with AbbVie, USA, for acquisition of certain assets related to active pharmaceutical ingredient, Dronabinol, for over $10 million (approximately ₹71 crore). The assets related to Dronabinol include domain names and trademarks pertaining to 'Marinol', New Drug Application (NDA) registration with USFDA for Marinol, logos, patents designs, know how, technical and manufacturing instructions, inventory, manufacturing equipment and such items, Alkem Laboratories said in a filing to BSE.

RSP investing ₹400 crore for Gurugram project

REALTY FIRM RSP Developers is investing ₹400 crore to develop a commercial project in Gurugram, Haryana, where corporates can set up their research and development (R&D) centres, a top company official said. The company has already developed and leased 1.15 lakh sq ft space to BMW Group in this 12-acre project 'e-novation Centre' comprising a total of 8 lakh sq ft area.

Ircon, BEML sign pact to explore foreign market

STATE-OWNED IRCON International on Tuesday said it has entered into a pact with BEML to explore and address opportunities in the overseas market. The pact aims at promoting supply of BEML manufactured rolling stock as well as construction equipment for railway projects outside India, Ircon International said.

WINGS OF HOPE

Hinduja Group preparing bid for grounded Jet Airways

BIJOU GEORGE & BAIJU KALESH
Mumbai, December 31

THE HINDUJA GROUP is preparing a bid to buy grounded carrier Jet Airways India, according to people familiar with the matter.

The UK-based group, run by brothers Gopichand Hinduja and Ashok Hinduja, plans to submit an expression of interest by the January 15 deadline, signaling its intent to make a formal offer, the people said, asking not to be identified as the discussions are private. Hinduja is seeking a partner to bid, one of the people said.

Shares of Jet Airways jumped as much as 6.9% in early Tuesday trading in Mumbai. The stock has plunged almost 90% this year, giving it a market value of about ₹3.3 billion ($46 million).

Creditors are seeking fresh bids for Jet Airways after earlier getting interest from only a single company, Synergy Group. The Mumbai-based airline, which was once the country's largest by market value, fell victim to a cut-throat price war initiated by a slew of budget carriers and eventually defaulted to banks, staff and lessors.

State Bank of India and Punjab National Bank have claimed ₹82.3 billion, while other creditors, like employees and lessors, are seeking ₹64 billion from the airline, which is 24% owned by Abu Dhabi's Etihad Airways. Hinduja Group had earlier this year considered bidding for Jet Airways in partnership with Etihad, but Etihad jettisoned the proposal and Jet Airways was tipped into bankruptcy. Gopichand Hinduja told the Mint newspaper this month that the group was open to buying Jet Airways if indemnified from the airline's historical liabilities.

Deliberations are at early stage and Hinduja Group may decide against bidding, or other bidders may emerge, the people said. The Hinduja Group didn't immediately respond to requests for comment.

While preparing a bid, the Hinduja Group will grapple with the complexities that have sapped Jet's value, including lapsed landing rights at Heathrow airport, and the validity of the carrier's much-coveted flying slots. **– BLOOMBERG**

Jet Airways shares gain 5%

JET AIRWAYS shares on Tuesday gained 5% to touch its highest trading permissible limit amid reports that Hinduja Group is preparing a bid to buy the grounded carrier. The scrip jumped 4.96% to ₹29.60 – its upper circuit limit – on the BSE. On the NSE, it went up 4.87% to ₹29.05 – its highest trading permissible limit for the day. As per media reports, the UK-based group plans to submit an expression of interest by the January 15 deadline, signalling its intent to make a formal offer. **— PTI**

No deadline for Air India divestment: Puri

FE BUREAU
New Delhi, December 31

CIVIL AVIATION MINISTER Hardeep Puri on Tuesday said expression of interest (EoI) document for Air India could be out in the coming weeks but there is no fixed timeline for its sale. This could mean that there is a possibility that the airline sale process may not be completed in the current financial year.

"Air India is a first class airline, but there are no two views that privatisation has to be done. We are not slaves of certain deadlines; we are trying to do it (disinvestment) as quickly as possible," Puri told reporters.

The minister had told the Parliament in November that the national carrier will have to close down if it is not sold as it incurs ₹26 crore loss every day. The airline's provisional loss in 2018-19 stood at ₹8,556 crore, up 35% year-on-year due to high interest burden and tough operating environment for the industry.

Puri said the government expects investors' interest for the airline since it has a robust domestic and international service network. "Air India is a service provider running a large number of domestic routes. It has international routes. We want an Indian entity to acquire it for strategic objectives," Puri added.

The government, which could not sell 76% in the debt-laden carrier last year, will be offering 100% stake this time around. It has relaxed several conditions, including substantial restructuring of debt and liabilities.

The total debt and liabilities of Air India have risen to about ₹73,255 crore at March 2019 end, including a debt of ₹58,255 crore and liabilities of ₹15,000 crore. In a debt recast earlier this fiscal, the Centre took over ₹29,464 crore from AI's books through a special purpose vehicle.

Max grounding, Jet lag may drag down passenger growth to 4% in FY20: Crisil

PRESS TRUST OF INDIA
Mumbai, December 31

NON-REVIVAL OF Jet Airways, coupled with grounding of the Boeing 737 Max planes, is expected to drag down domestic passenger growth to 3-4% in 2019-20 against 14% in the previous financial year, rating agency Crisil said on Tuesday.

The domestic traffic data in the April-September period, during which the passenger volume grew a mere 2%, also reflects this estimate, rating agency said in its aviation outlook note. On a calendar year basis, the domestic air traffic grew only 3.86% in the January-November period of this year, way below an 18.60% growth recorded in the January-December period of 2018.

"Crisil expects domestic air passenger traffic growth in India to slow to 3-4% in fiscal 2020 from 14% in fiscal 2019, considering the non-revival of Jet Airways and grounding of Boeing 737 Max aircraft," Hetal Gandhi, director at Crisil Research, stated in the outlook note. This was also reflected in the data for the first half of 2019-20 where domestic passenger traffic growth was a mere 2%, she added.

Jet Airways, which is currently under insolvency proceedings, ceased operations in April after lenders refused further capital injection in the carrier amid a debt of ₹8,500 crore. Moreover, the global ban on Boeing 737 MAX aircraft following two deadly accidents dealt a blow to many airlines world over, including SpiceJet, which has chalked out its growth plan around these latest fuel-efficient single-aisle planes.

In March 2019, aviation regulators, including the DGCA, banned Boeing 737 MAX aircraft after two of these planes met with accidents within a span of five months, killing around 350 people, allegedly due to faulty software systems. SpiceJet had to ground all its 13 737 MAX planes in the fleet in March.

Boeing has already announced to temporarily suspend these jets from next month as safety regulators delay the aircraft's return to the skies.

Gandhi said Ebitdar (earnings before interest, tax, depreciation, amortisation and lease rentals) margins of the industry in the current financial year are expected to improve by at least 600 basis points compared with fiscal 2019 levels, led by firmer fares, soft crude oil prices and a cut in excise duty on aviation turbine fuel.

Huawei thanks India govt for 5G trials permission

PRESS TRUST OF INDIA
Beijing, December 31

CHINA'S TELECOMMUNICATIONS GIANT Huawei on Tuesday thanked the Indian government for permitting it to participate in the upcoming trials for 5G networks, a major boost to the company amidst a US clampdown on it citing national security risks.

The 5G is the next generation cellular technology with download speeds stated to be 10 to 100 times faster than current 4G networks. The 5G networking standard is seen as critical because it can support the next generation of mobile devices in addition to new applications like driverless cars and gadgets made out of artificial intelligence (AI).

Huawei rivals western equipment makers, such as Ericsson, and is banned in the US. India on Monday indicated its unwillingness to keep any company out of the 5G trials. Telecom minister Ravi Shankar Prasad said the government will allocate airwaves to all telecom service providers for conducting trials of super-fast speed 5G networks.

"Huawei has been notified by the Indian government of permission to take part in the 5G trials," Cyril Xu, senior manager, international media affairs at the Shenzhen-based company told PTI while reacting to India's decision.

"We thank the Indian government for their continued faith in Huawei," Cyril said in a statement.

"We firmly believe that only technology innovations and high quality networks will be the key to rejuvenating the Indian telecom industry. We have our full confidence in the Modi government to drive 5G in India," he said. "We have our full confidence in the Indian government and industry to partner with best technology for India's own long-term benefit and also for cross industry development. Huawei is always committed to India," he said.

Huawei's participation in the 5G trials in India, which is the next biggest telecom market after China, has been one of the key topics in the India-China talks at various levels. China has been asking India to take independent and objective decision to permit Huawei 5G services in the country.

Significantly, India's decision to permit Huawei came after the recent 22nd round of Special Representatives talks on the border issue between National Security Advisor Ajit Doval and Chinese foreign minister Wang Yi in New Delhi.

India had been maintaining that it would take a decision in the best interest of the country. The issue of Chinese companies like Huwai participating in 5G trials also came up during the recent 2+2 Indo-US ministerial dialogue in Washington. "We discussed the risks that Chinese-built communication networks, including 5G, pose to our treasured freedoms and how China's unfair and predatory economic activity in the Indo-Pacific presents a risk to those very freedoms," US secretary of state Mike Pompeo said at a joint news conference attended by defence secretary Mark Esper, external affairs minister S Jaishankar and defence minister Rajnath Singh on December 18.

Mukesh Ambani unveils online store in challenge to Amazon

BLOOMBERG
Mumbai, December 31

RELIANCE INDUSTRIES (RIL) started testing its online shopping portal, moving a step closer to billionaire Mukesh Ambani's goal of setting up a digital platform to take on e-commerce giant Amazon.com in India.

JioMart, open to select customers who pre-register, promises more than 50,000 grocery products, free home delivery and a return policy that asks no questions. Labeled 'the nation's new store,' it is currently available in only three neighborhoods surrounding Mumbai, according to the website.

The pilot site provides an early glimpse of how the energy-and-petrochemicals conglomerate controlled by Asia's richest man is stepping up consumer offerings in a pivot toward newer businesses. With the unveiling of the portal, Reliance Industries will join the battle with Amazon.com and Walmart's Flipkart Online Services for a slice of an e-commerce market that KPMG says is set to grow to $200 billion by 2027.

Ambani, 62, is giving shape to his online retail ambitions by spending billions of dollars on a string of small acquisitions. The newer businesses, including telecommunications and retail, are likely to contribute 50% to Reliance Industries' earnings in a few years, from about 32% now, Ambani said in August. A spokesman for Mumbai-based Reliance Industries declined to provide further details on the retail project.

Ambani's previous project, which needed almost $50 billion of capital expenditure, is already showing signs of success. Reliance Jio Infocomm, the group's wireless carrier started in 2016, is India's No. 1 operator today and has more than 350 million users. The company entered the world's second-largest market by subscribers with free calls and cheap data, forcing some incumbents to exit or merge with rivals.

Ambani is seeking to replicate that success in online retail as well. Terming it "new commerce," the tycoon said in August that his goal is to "completely transform" India's unorganised retail market – mostly mom-and-pop stores – which accounts for 90% of the nation's industry. "This tech-enabled partnership will link producers, traders, small merchants, consumer brands and consumers," Ambani told shareholders in August. After beta trials with thousands of merchants across the country showed promise, "we are now getting ready to roll out the platform at a larger scale," he said.

RIL has unveiled a sweeping plan to create a $24 billion digital-services holding firm, and also vowed listings of the new businesses within five years. Betting the plan would unlock value, investors have piled on Reliance Industries shares, sending the stock soaring 36% this year against the 15% advance in the benchmark index. The gains helped Ambani add more than $15 billion to his wealth – the most in Asia – and taking his net worth to almost $60 billion.

Fresh EoI will be issued for Pawan Hans divestment, says minister

PRESS TRUST OF INDIA
New Delhi, December 31

CIVIL AVIATION MINISTER Hardeep Singh Puri said on Tuesday that fresh expression of interest (EoI) would be invited for the sale of Pawan Hans (PHL) in the next few days. "Expression of Interest (EoI) will be issued in a few days' time," the minister told reporters.

On July 11, 2019, the Modi government had issued an EoI to sell its 51% stake in the national helicopter carrier PHL. It had also stated that ONGC will also sell its 49% stake in PHL.

Civil aviation secretary Pradeep Singh Kharola told reporters on Tuesday that the conclusion of the old process, for which bids were received but were not valid, and initiation of the new process are linked. "Both decisions will happen together," he said. Post issuance of EoI on July 11, 2019, the Centre had extended the deadline for submission of bids three times.

The government tried to offload its 51% stake in the national helicopter carrier earlier too – in 2018 as well as in 2017. In October 2018, the government had issued a preliminary information memorandum for the PHL but all the bids that were submitted then were found to be unacceptable.

Hero MotoCorp launches HF Deluxe BS-VI, price starts at ₹55,925

PRESS TRUST OF INDIA
New Delhi, December 31

THE COUNTRY'S LARGEST two-wheeler maker Hero MotoCorp on Tuesday launched BS-VI compliant version of its entry level 100 cc bike, HF Deluxe with price starting at ₹55,925.

The HF Deluxe BS-VI will be available at ₹55,925 for self-start alloy-wheel variant and ₹57,250 for self-start alloy i3S variant (ex-showroom Delhi) from the beginning of January 2020, the company said in a statement.

The launch of HF Deluxe BS-VI follows the recent launch of the company's first-ever BS-VI product, Splendor iSmart. "With these products coming in quick succession, Hero MotoCorp is rapidly ramping-up its portfolio of BS-VI products and plans to transform its entire range to BS-VI norms very soon," it said.

Commenting on the launch, Hero MotoCorp executive director-operations (plants) and chief technology officer Vikram Kasbekar said: "At Hero MotoCorp, we have been working towards ensuring a smooth transition to the BS-VI norms, not just for us but also for all our stakeholders, the industry and most importantly, the customers."

Uber India's FY19 profits rise 63% to ₹43 crore

FE BUREAU
New Delhi, December 31

Revenue from operations grew 71% y-o-y to ₹891.85 crore in FY19, according to the company's RoC filings. Total expenses shot up to ₹826 crore in FY19 compared to ₹492.91 crore in FY18.

UBER INDIA SYSTEMS' total profits increased 63.41% year-on-year to ₹43.24 crore in the year to March 2019. Revenue from operations grew 71% y-o-y to ₹891.85 crore in FY19, according to the company's RoC filings sourced from business signals platform paper.vc.

Total expenses shot up to ₹826 crore in FY19 compared to ₹492.91 crore in FY18, a rise of 67.59%, the filings showed.

The US-based ride-hailing firm is looking at India to drive growth. In the next ten years, the company's growth will be defined by markets like India, Africa and the Middle-East, Dara Khosrowshahi, CEO at Uber Technologies, said at an event in New Delhi in October.

"Profitability metric of our business here (India) is improving. We will continue to remain and invest here," Khosrowshahi had said.

Uber Technologies posted its largest-ever quarterly loss, a whopping $5.24 billion in the three months ended June 2019. Losses remained elevated at $1.2 billion in Q3 2019.

In India, Uber competes with Ola – the two jointly dominate the country's ride-sharing space. Analysts at Morgan Stanley expect the market to be a leader in shared mobility by 2030. They estimate shared miles to reach 35% of all miles travelled in the country by 2030, which will further increase to 50% by 2040.

Ola narrowed its losses to ₹1,160.27 crore in FY19 from ₹2,676.70 crore in FY18. Revenue from operations rose to ₹1,885.61 crore in FY19 from ₹1,490.66 crore in the previous year. In November, Uber India received ₹1,767.46 crore in fresh capital from Netherlands-based entities Uber International Holding BV and Uber International BV.

Although Uber claims India to be a big market on the ride-share side, its food delivery service UberEats seems to be struggling to gain a foothold in the country. Swiggy and Zomato, backed by deep-pocketed Naspers and Ant Financial, respectively, lead India's food delivery market. Uber is scouting for potential buyers for its food delivery business. Reportedly, Zomato is in advanced talks to buy UberEats.