

INDIA INC'S OVERSEAS BORROWING UP 6.5% TO \$2.12 BN IN NOVEMBER

Overall borrowings by India Inc from foreign markets grew 6.5% in November, data from the Reserve Bank of India showed. Domestic companies had borrowed \$2.12 billion in the month, against \$1.99 billion in November 2018

<b>\$2.1 billion</b> was raised through the automatic route under the ECB	<b>\$0.98 million</b> mopped up by way of issuance of rupee-denominated bonds	■ No capital came in through the approval route
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Major borrowers in the automatic route of ECB...

Adani Transmission (for refinancing of rupee loans)	\$500 million
Tata Motors (for rupee expenditure)	\$400 million
ONGC (for new project)	\$300 million
JSW Steel (for refinancing of earlier ECB)	\$250 million

IN BRIEF

Supertech seeks ₹1,500 cr to complete 12 housing projects



Realty firm Supertech on Sunday said it has sought ₹1,500 crore from the government's newly created stress fund to complete its 12 ongoing housing projects at Noida and Greater Noida in Uttar Pradesh. The company said these 12 projects comprising 20,000 flats are at an advanced stage of completion and it requires last mile funding to finish the pending works and deliver units to homebuyers. In November, the central government announced a ₹25,000-crore fund to help complete over 1,500 stalled housing projects, including even those that have been declared NPAs or admitted for insolvency proceedings. The move is likely to help 458,000 housing units across the country. Only RERA-registered projects with positive net worth will be provided funds. Real estate developers were asked to apply to seek money from this fund.

New legislation to set up social impact companies on cards

The Centre is considering a new law for setting up social impact companies, where profits can be distributed among the shareholders. An official said having such companies would help in attracting private capital towards developmental activities.

USFDA red-flags GPT Pharma for violations at unit

The US FDA has red-flagged drug firm GPT Pharmaceuticals for significant violations of good manufacturing norms at its Hyderabad plant.

Vedanta to raise up to ₹2,000 cr through NCDs

Vedanta on Sunday said it proposes to raise up to ₹2,000 crore via issuance of non-convertible debentures. The company will hold a meeting of its committee of directors on Wednesday on this issue.

Lifestyle brand Mumuso eyes expansion in India

South Korean lifestyle brand Mumuso announced its plans to open outlets across the country. "Mumuso is eyeing at the Indian market aggressively with new stores in different parts of the country," it said.

IT firms may see tepid revenue growth in Q3

DEBASIS MOHAPATRA  
Bengaluru, 5 January

Big domestic information technology (IT) services firms are likely to put up a tepid showing in the seasonally weak third quarter (Q3). However, operating margins are expected to expand on the back of a weak rupee and optimisation measures.

Analysts say the dollar revenues of top five firms — Tata Consultancy Services (TCS), Infosys, HCL Technologies, Wipro and Tech Mahindra — are likely to grow in the range of 1.3 per cent to 3.5 per cent in sequential terms.

TCS is expected to report a 90 basis points (bps) improvement in the operating margins in Q3 over the previous quarter, while Infosys is likely to record a 70 bps sequential improvement in the margins.

"In a seasonally soft quarter, higher than usual furloughs and weakness in key verticals such as banking and financial services (BFSI) and retail will create overhang on growth," brokerage firm Motilal Oswal said in a report. "We expect Tier-1 firms to deliver a tepid organic growth of 0-2 per cent in con-



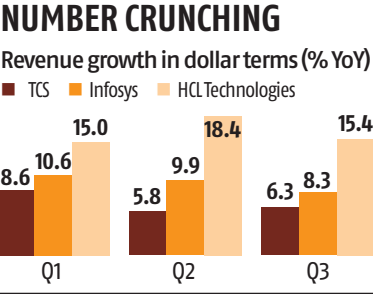
stant currency terms."

For the October-December period, both TCS and Infosys are expected to post weak revenue growth numbers because of less client spend in BFSI and retail verticals. Despite this, softness in key verticals, deal pipelines for both the firms remain decent.

"Total contract value (TCV) at TCS

should benefit from the mega deal signed with the Phoenix Group. Similarly, the net-new TCV at Infosys is to likely benefit from deal wins announced with Services Australia and Telenet (during the Q3)," said ICICI Securities in a note.

For third-largest IT services firm, HCL Technologies, positive seasonali-



- Both TCS and Infosys are likely to expand operating margins in Q3
- Despite tepid revenue growth, deal pipeline for big firms remains decent
- Commentary on large deals, BFSI vertical will be watched keenly
- Among mid-tier IT firms, L&T Infotech, Persistent are likely to post better results

ty associated with the product revenue streams is likely supplement its revenue growth. The Noida-headquartered firm is likely post 1.5 per cent sequential growth in its revenues. The company, which has invested \$1.8 billion for buying intellectual property assets, have already raised its constant currency revenue guidance to 15-17 per

cent in FY20, against 14-16 per cent earlier. Similarly, Wipro is likely to post organic revenue growth of 1.2 per cent in Q3, ICICI Securities said.

In terms of operating margins, increased utilisation and improvement in employee mix with induction of more junior employees will support the margin profile of most large and mid-tier firms. Depreciating rupee is also likely to aid the margin profile of most companies. "The impact of these factors will offset fewer working days and delay in large deal ramp-ups in some cases," said analysts at Motilal Oswal.

Among mid-tier firms, L&T Infotech is expected to lead the revenue growth with 4.5 per cent sequential growth. Persistent Systems is also expected to post better earnings on higher product revenues.

"Macro factors affecting the IT industry has turned favourable in recent months, which has been indicated from Accenture results. So, the commentary of top management on deal pipeline, key verticals like BFSI and retail apart from margins will be keenly watched," said Pareekh Jain, a IT outsourcing advisor and founder of Pareekh Consulting.

NCLT route ruled out for Suzlon, lenders to set up escrow account

Barring one bank, all lenders are ready to convert more than 50% of the total debt into new debt

SHREYA JAI  
New Delhi, 5 January

Throwing a lifeline to India's leading wind turbine maker and debt-ridden Suzlon Energy, lenders to the company have finalised a resolution plan.

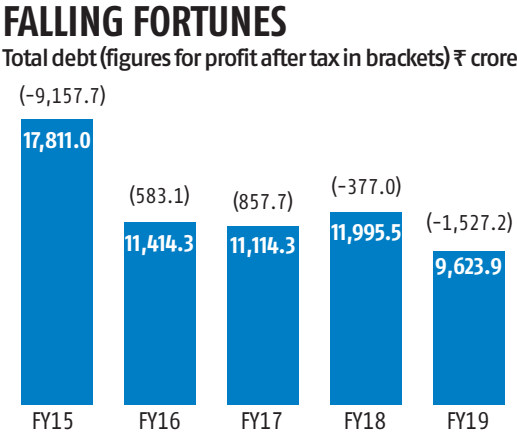
They hope to conclude the process by the month end, which is also the deadline for the resolution.

Sources said barring one bank, all lenders were ready to convert more than 50 per cent of the debt into new debt. The remaining would be the haircut taken by the lenders or unsustainable debt. State Bank of India, Punjab National Bank (PNB), Union Bank and Bank of Baroda were major lenders to the company. Of this, PNB was learnt to have resisted to the resolution plan.

Part of the plan is also to create an escrow account for the company to help complete its pending projects.

"Lenders would get the returns, and profit margin, if any, will go to Suzlon," said an executive. The annual amount to be spent from the escrow account would be in the range of ₹800-1,200 crore.

The lenders seem to have decided against insolvency proceedings against the com-



Figures for FY19 is as per the results filing  
Source: Capitaline. Compiled by BS Research Bureau

pany and will work on the sustainable debt of Suzlon. Suzlon is reeling from a debt of ₹7,000 crore, and was looking for new investors by paring promoter stake. However, no deal went through.

For the quarter ended June 2019, Suzlon reported a net loss of ₹337 crore and revenue of ₹833 crore. As of June 2019, the company's consolidated net term debt, including foreign currency convertible bonds (FCCBs), was at ₹7,751 crore and working capital debt was ₹4,000 crore.

Tulsi Tanti, founding chairman and managing director (CMD) of Suzlon Energy,

was learnt to have communicated to the Centre that introduction of the bidding regime in the wind power sector worsened the financials of companies, including Suzlon. "During his several meetings with the Prime Minister's office (PMO), Tanti expressed concern over bidding and also lack of projects which has slowed down the growth of the sector," said an official.

Suzlon Energy declined to respond to detailed queries on debt restructuring and Tanti's meeting with the PMO.

The Centre, in 2017, retired the 25-year-old Feed-in-Tariff (FiT) mechanism to award

wind projects and introduced competitive bidding. Capacity addition fell to a record low of 650 Mw during the same period. But the tariffs also fell by half from the existing rates to ₹2.5/Mw. Under the FiT mode, electricity regulator decided the tariff.

India's wind power project installation stands at 1,650 Mw, half of the targeted capacity for the current fiscal. Also, no new project has been offered in the current fiscal.

During 2018-19, 742 Mw of wind projects were commissioned. This is after the Centre tendered out close to

7,000 Mw wind power projects in the past two years. Wind projects installation was a record high of 5,000 Mw in 2016-17, a year before bidding was introduced.

Wind power producers, which procure turbines from these companies, said this has created a vacuum in the wind energy sector.

"Policy irregularities and retrospective changes are hurting the wind manufacturing sector in India, especially domestic players," said the chief executive officer (CEO) of a leading renewable energy company. In July, Suzlon defaulted on a payment to its bondholders for \$172-million in FCCBs, which was due on July 16. The \$172 million was part of a bond series first restructured in 2014.

In 2012, Suzlon announced it has entered CDR. The company is likely to exit CDR. This plan was earlier set for March 2017. The timeline was later pushed to the first-half of FY18 and has not been met yet. In earlier attempts at divestment, Dilip Shangvi picked up a 23 per cent stake for ₹1,800 crore in Suzlon in 2015. The relief, however, was short-lived and the company slipped back into the red in FY18.

Patent wars: HUL wins pre-grant opposition against Tata

GIREESH BABU  
Chennai, 5 January

Hindustan Unilever (HUL), which owns the Pureit brand, has won a pre-grant opposition against Tata Chemicals, which sells water purifiers under the brand Tata Swach. The patent office rejected Tata Chemicals' application for an invention related to a water purifier based on the pre-grant opposition filed by HUL.

In 2012, Tata Chemicals was successful at the Intellectual Property Appellate Board (IPAB) in revoking one of HUL's patents related to water purifier.

In the latest round, Tata

Chemicals along with Tata Consultancy Services, had filed a patent application on July 8, 2008, for the invention titled 'A Water Purifier'. And, HUL filed a pre-grant opposition under the Patents Act 1970 on January 13, 2011.

Based on the argument from both sides and documents submitted by the companies, the assistant controller of patents & designs, Delhi, in an order dated January 2, 2020, held that the claims lack inventive steps under certain sections of the Act.

The controller accepted HUL's pre-grant representation. The order also observed that the invention is obvious to a person skilled in that

particular technology.

Legal sources said that the assistant controller refused Tata Chemicals' patent application. This was in view of a prior art (information/document already known) which Tata Chemicals depended on to get the HUL's patent revoked earlier. The patent officer also relied extensively on the observations of the IPAB in the order which rejected the patent of HUL.

IPAB, in its order in 2012, had said that the technology used by

Pureit was not new.

"Also, the expert evidence used by Tatas against HUL, in the earlier case, was used to hold the Tata invention as obvious," said S Majumdar of S Majumdar & Company, who appeared for HUL in the pre-grant opposition.

Essenese Obhan, of Obhan & Associates appeared for Tata Chemicals.

Tata Chemicals, in its patent specification filed with the patent office, had said that there is a need

for a water purification device that is simple, a gravity-driven one that is inexpensive, easy to use and effective in removing bacterial contamination from drinking water.

The invention claimed by Tata Chemicals include a water purifier which could be connected to a water storage vessel, and having two chambers and purification materials for improved efficacy.

The pre-grant opposition was considered primarily on HUL's grounds that the invention has prior claiming and lacks inventive step. HUL argued that the features of the alleged invention are present in the documents available.

The patent dispute between the

water purifier manufacturers has been going on for several years now. Earlier, another patent of HUL, for 'a gravity-fed water purification system,' was revoked by the patent office in 2012. This was done based on a petition filed by Eureka Forbes, part of the Shapoorji Pallonji Group.

According to a report by TechSciResearch, India's residential water purifier market was valued at \$391.4 million in 2019. It is expected to grow at a compound annual growth rate of 13.3 per cent to touch \$818 million by 2024. This will be possible owing to the growing concerns on water-borne diseases, increasing water pollution, and rising disposable income.

SoftBank-backed firm eyes 100,000 citizen data scientists

PEERZADA ABRAR  
Bengaluru, 5 January

Findability Sciences, Boston's artificial intelligence company backed by SoftBank, may soon come looking for "100,000 citizen data scientists".

Founder and CEO Anand Mahurkar said the company is expanding its operations in India and aiming to attract citizen data scientists to build various applications on the AI platform.

Mahurkar said the platform would provide an opportunity to the growing community of Indian AI developers to offer their services to enterprise customers worldwide.

"It is like a kitchen, where corporate houses can create their own recipes of AI. They can come on this platform and execute their AI projects without any hassle," said Mahurkar. "Also, if I need

just three days of support for my AI project, I may not be able to find the talent."

The company plans to tap industries such as insurance, banking, retail, manufacturing as well as IT services firms like Infosys, Wipro and TCS.

"While India is a big developer of AI and companies such as Infosys, TCS, and Wipro are going towards that direction, nobody is actually catering to the Indian market," Mahurkar said. "Our (AI) technologies can be used by corporate houses without deploying too many of the resources, which are scarcely available and are expensive. Indian corporate houses need help on the use of AI and that is where our technology is going to be of immense use."

To cater to India and address the AI adoption gap, Findability has formed a joint venture with New York-



headquartered Qlytics, which specialises in scaling enterprise-wide analytics and AI development.

Qlytics provides technology to enable enterprise-grade governance and management of talent, data, tools

and cloud resources. It allows organisations to effectively track AI development projects through integrated APIs (application programming interfaces) from platforms such as Jira, Slack and Github.

The solution comes pre-built with AI applications that allow users to both build their own models and/or deploy a pre-trained one.

Mahurkar said his company was also looking to build its facilities in tier-2 and

LOOKING AT THE FUTURE

- Findability would provide developers an opportunity to offer services worldwide
- The Boston-based firm plans to set up units in tier 2 and 3 cities and use resources there
- AI has the potential to add \$957 bn to India's economy by 2035, according to Accenture
- There has been a 30% year-on-year increase in Indian firms setting up dedicated AI teams
- India accounts for less than 8% of analytics firms globally despite encouraging statistics

tier-3 towns and cities such as in Nashik and Hubli. "The (metro) cities are overcrowded. We are looking at secondary and tertiary cities to create new technologies using the resources there," said Mahurkar, who completed his engineering in Aurangabad in 1990 before moving to the US in 2003. The firm has already formed a development centre in Aurangabad.

AI has the potential to add \$957 billion to India's economy by 2035, according to consulting firm Accenture. According to industry sources, there has been a 30 per cent year-on-year increase in the number of Indian firms setting up dedicated AI teams. However, despite such encouraging statistics, India accounts for less than 8 per cent of analytics firms globally, indicating the need for a broad-scale adoption of AI and machine learning within organisations.