

10% STAKE BUY

# China state fund CNIC eyes stake in Greenko Group

**Greenko's backers include GIC Pte and Abu Dhabi Investment Authority; firm has been seeking to raise \$800 m by introducing a long-term investor**

**MANUEL BAIGORRI & BAIJU KALESH**  
Hong Kong / Mumbai  
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**CHINESE STATE-BACKED** investment fund CNIC Corporation is considering purchasing about a 10% stake in Greenko Group, one of India's largest renewable energy companies, according to people familiar with the matter.

Greenko, whose backers include Singapore sovereign fund GIC Pte and the Abu Dhabi Investment Authority, has been seeking to raise around \$800 million by introducing a long-term investor, said one of the people.

The Indian company is planning to use the fresh funds to expand its energy storage capacity in the country during peak hours, in competition with coal-based power plants, the person said.

The terms for a deal haven't been finalised and the talks may not lead to a transaction, according to the people, asking not to be identified as the matter is private. Other bidders could emerge,



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they said.

A representative for Greenko Group declined to comment, while a representative for CNIC didn't immediately respond to requests for comment.

Greenko was founded in 2004, and has 4.8-gigawatt installed capacity in solar, wind, hydro, biomass and gas-based power generation across 13 states in India, according to its 2018-2019 annual report.

GIC and ADIA have invested around

\$2.2 billion in total in Greenko, according to a report by Care Ratings.

The Centre set a target in 2015 to install 175 gigawatt of renewables capacity by 2022.

The country faces hurdles to commissioning new projects, including delays signing power off-take agreements, new policy barriers, land acquisition hurdles and transmission constraints, according to a BloombergNEF report in September. —BLOOMBERG

# Tech giants Google, Facebook seek to defer India digital tax

**ADITYA KALRA & ADITI SHAH**  
New Delhi, March 31

**BIG US TECH** firms such as Google and Facebook plan to seek deferment of a new Indian digital tax, which has caught them off-guard as businesses battle the fallout from the coronavirus pandemic, three industry sources told Reuters.

India announced last week that, from April 1, all foreign billings for digital services provided in the country would attract a 2% tax. Foreign billings are where companies take payment abroad for a service provided to customers in India.

The tax would also apply to e-commerce transactions on websites such as Amazon.com, as well as advertising revenue earned from companies overseas if it eventually "targets a customer" in India, the government said. Executives from top technology companies got together on conference calls organised by US-India business lobby groups last week, and decided to seek a deferment of at least six months, said the three people aware of the talks. They asked not to be named as the discussions were private. Google is particularly concerned that it will not be able to swiftly identify countries where advertising arrangements were in place to target Indian users, increasing technological and compliance requirements, according to one of the sources.

"Everyone is grappling. In the current downturn, the focus is on protecting the business hit due to coronavirus," said the source who works for a global technology company and described the tax as a "big, big

**Executives from top technology companies decided to seek a deferment of at least six months**

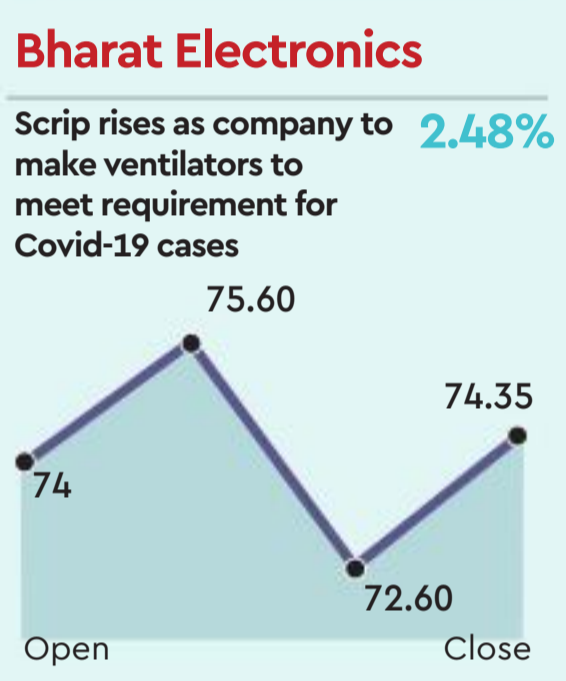
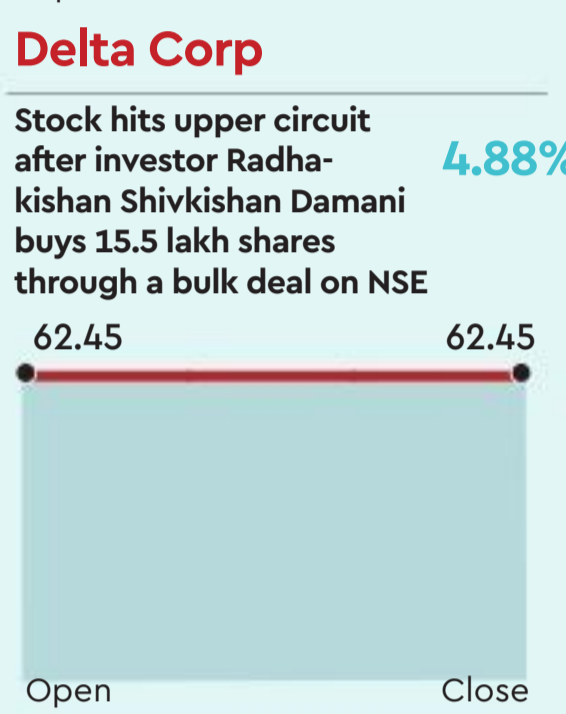
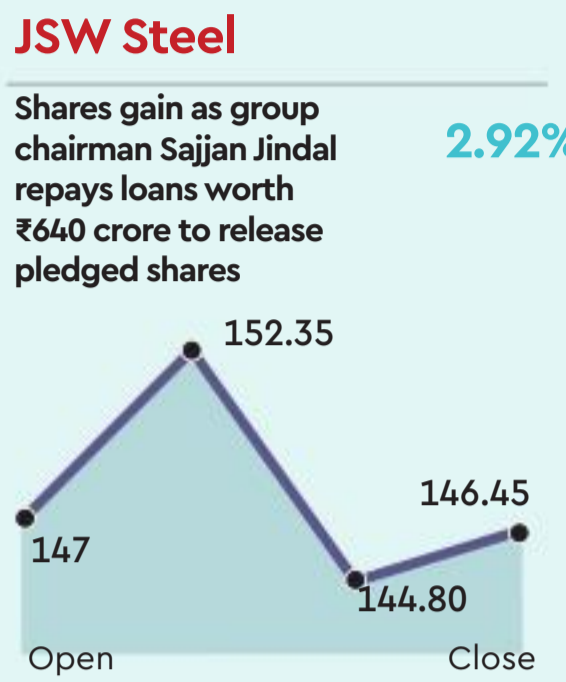
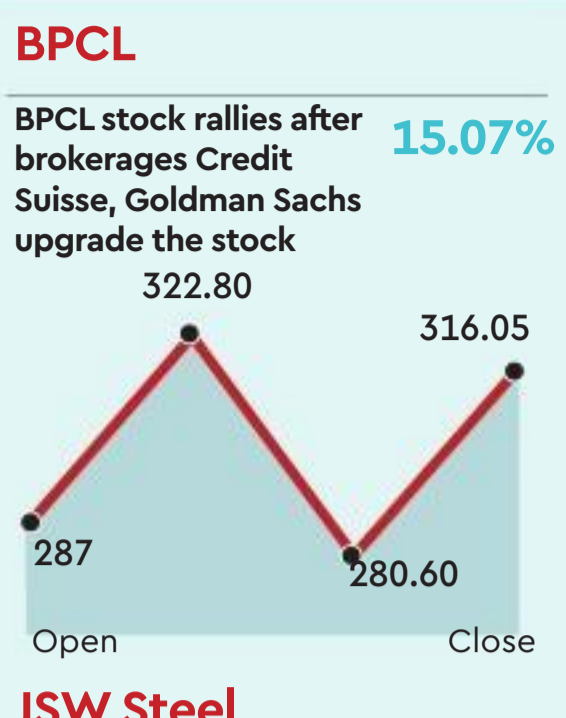
headache". Google and Amazon declined to comment, while Facebook did not respond to Reuters queries. The finance ministry also did not respond.

The extent of possible compliance disruptions caused by the tax, a so-called equalisation levy, was not immediately clear, nor was how much India could garner from the tax. Indruj Rai, a partner at law firm Khaitan & Co, said the government's move appeared aimed at taxing foreign companies which had a significant local client base but were billing them through their offshore, or foreign, units.

"The timing of the introduction of the levy appears to be an attempt to increase revenue collections during the pandemic," Rai added. The new tax was inserted in the 2020-21 budget amendments passed last week, giving companies only a few days to prepare. The levy was not part of budget proposals first presented on February 1.

India and the United States remain at loggerheads over a wide array of tariffs. The digital tax has alarmed the US government, which has reviewed it, but Washington is not immediately likely to raise concerns with New Delhi given priorities over the coronavirus, said a fourth source aware of the US government's thinking. The US embassy in New Delhi did not respond to a request for comment. —REUTERS

## Street Signs



## Adani Transmission arms raise \$90 m from US investors

**ADANI TRANSMISSION ON** Tuesday said its six wholly-owned subsidiaries have raised \$90 million through US dollar-denominated bonds in the second tranche, completing the \$400-million fund-raising from the US market.

The first tranche of \$310 million was secured in January, followed by \$90 million in March, the company said in a release.

"Adani Transmission (ATL) has circled up its US private placement transaction of \$500 million from eligible international investors," the statement said.

The \$ notes carry fixed coupon over the term of notes. These instruments have an amortising structure matching the concession period and revenue profile of the issuer companies. This is the first time that an Indian company has circled up the transaction for its proposed US private placement in over a decade, the company claimed.

Anil Sardana, MD & CEO, Adani Transmission, said, "We are delighted to raise these funds from our US stakeholders. This will help us mitigate interest rate risk in our TBCB (tariff-based competitive bidding) projects for almost the entire concession period."

"Further, we aim to expand our network to meet the growing demands of the T&D sector in India. The funds will enable us to support efforts toward scaling infrastructure and improving electrification and bridging the gap between the supply and demand for power, with emphasis on connecting green supply sources to consumption networks," he added.

The placement is a strong endorsement of global investors' confidence in ATL as a value creator and leader in the power sector, contributing to long-term sustainable growth, the company noted. —PTI

# ArcelorMittal cutting down on production

**FE BUREAU**  
New Delhi, March 31

**WORLD'S LARGEST STEELMAKER** ArcelorMittal, which operates in 60 countries with a total capacity of 90 million tonne per annum, on Tuesday announced that it was cutting down on production. Temporary idling of steel-making is being effected on a country-by-country basis in alignment with regional demands as well as government requirements.

"This will not necessarily happen uniformly at assets across the globe given the escalation of the virus is at different points in different regions. While Europe is currently the epicentre, according to official WHO data cases in the NAFTA (North American Free Trade Agreement) region have now exceeded those in China, with cases also increasing in Africa, India, South America and the CIS (Commonwealth of Independent States)," it said in a statement.

In India, along with its joint venture



partner Nippon Steel, ArcelorMittal has pruned its production at the Hazira facility in Gujarat.

The global escalation of Covid-19 and

the measures introduced by governments worldwide to contain the virus were negatively impacting economic activities and industrial supply chains in many parts of

the world. Consequently, the company was either seeing or expect to see a significant decline in industrial activity in many if not all of the geographic markets in which it operates.

"In order to mitigate the impact of the lower level of production, we are implementing significant measures to preserve cash and reduce costs in-line with reduced production levels. This includes accessing measures introduced by governments to support companies throughout these unprecedented times," it said.

Stating that during the current market volatility and uncertainty it was tough for every country, individual and company, ArcelorMittal said it would continue to prioritise strengthening its balance sheet to provide a strong financial foundation in all market conditions.

"Net debt is at a record low, we have a very manageable debt maturity profile having used available cash to prepay debt in recent years and also benefit from a significant liquidity position," it said.

# Jio, Voda Idea extend validity for low-income prepaid users

**FE BUREAU**  
New Delhi, March 31

**AFTER BHARTI AIRTEL**, BSNL and MTNL, Reliance Jio and Vodafone Idea on Tuesday extended the validity of low-income prepaid users till April 17 as many of them would have faced difficulty in recharging their mobile phones due to lockdown across the country. Bharti Airtel and state-run BSNL/MTNL had announced such measures on Monday.

According to Reliance Jio, the company will give JioPhone users 100 minutes of calls and 100 SMS free anywhere in the country till April 17 and all the Jio-

Phone users will continue to receive incoming calls even after the validity period is over. Similarly, Vodafone Idea said it would extend the validity of low-income customers using feature phones till April 17 and will credit ₹10 in the account of nearly 100 million feature phone customers.

The development came after the Telecom Regulatory Authority of India (Trai) earlier asked all telecom operators to extend the validity of talk-time of their pre-paid subscribers so that they continue to get uninterrupted services.

Around 95% of the country's 1 billion mobile subscriber base is in the pre-paid

segment and of this around half would be 2G users, who use feature phones. It is this category of users who recharge their pre-paid plans through offline mode by visiting the retailers. There are around 500 million smartphone users in the country and there are users on the 4G network who recharge through online mode and are not affected by the lockdown.

While Vodafone Idea and Bharti Airtel have sizeable 2G users, even Reliance Jio, which otherwise has full 4G network and users, has low-end users on its Jio-Phone where recharges are done through retailers.

STATE-OWNED COAL India (CIL) has pledged ₹220 crore to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES) to fight against coronavirus pandemic, coal minister Pralhad Joshi has said. "Glad to see coal PSUs coming forward & pledging donations to #PM CARES in fight against #COVID19 @CoalIndiaHQ has committed Rs. 220 crores @NLCIndiaLimited has committed Rs 25 crores," Joshi has said in tweet. Exuding confidence, the minister tweeted that "Corona will lose, India will win" #IndiaFightsCorona".

Power Grid extends ₹200 cr towards PM-CARES

STATE-OWNED POWER Grid Corporation of India on Tuesday said it has extended a financial assistance of ₹200 crore towards PM-CARES Fund to combat the coronavirus outbreak in the country. The amount is being extended in two tranches, Power Grid said in a statement.

PFC pledges ₹200 cr under PM relief fund

STATE-RUN POWER Finance Corporation (PFC) on Tuesday pledged to contribute ₹200 crore to PM CARES Fund. Furthermore, PFC's employees will voluntarily contribute a day's salary to the fund to further strengthen the nation's fight against the dreaded disease, a company statement said. Earlier, PFC had agreed to provide financial assistance of ₹50 lakh to Indian Red Cross Society in Rajasthan.

REC chips in with ₹150 cr for PM-CARES Fund

STATE-RUN REC on Tuesday pledged ₹150 crore under PM CARES fund. "REC Limited... has pledged to donate ₹150 crore to the PM CARES fund to support India's fight against coronavirus," a REC statement said. Besides, the one-time contribution to the newly-formed emergency fund, REC's employees will voluntarily contribute one day's salary to the Prime Minister's National Relief Fund (PMNRF).

**STOCK CLEARANCE**

■ Despite high discounts ranging from ₹3,000 to ₹12,500 and ensuing wedding season in April, the two-wheeler system inventory stood at 30-35 days across OEMs

■ Motilal Oswal expects wholesales to decline by 33% YoY for Bajaj Auto, 42% YoY for TVS Motor, 41% for HMCL and 27% of Royal Enfield due to lockdown

■ HMCL discount for scooters is up to ₹10k/unit and for motorcycles up to ₹12k/unit

■ Discounts of Bajaj Auto are up to ₹5k, TVS up to ₹6k and HMSI up to ₹3k

# Lockdown cripples battered auto industry, 2Ws most hit: Analysts

**R RAVICHANDRAN**  
Chennai, March 31

**THE MOUNTING WOES** on the automobile sector are taking a graver turn as Covid-19 sweeps the nation and the world. The two-wheeler industry is particularly taking the brunt of the overall economic mayhem the virus is creating with huge backlog of BS-IV vehicles — running into a few lakh.

With the earlier deadline to switch over to BS-VI emission norms ended on March 31, 2020, the recent Supreme Court order extending the sale of vehicles for 10 days after lifting of the lockdown on April 14 will hardly bring any cheer to the industry, observed analysts tracking the industry.

The auto industry was expected to recover from 2HFY21 after clearing the last hurdle of BS-VI transition, but the coronavirus breakout in India has come as an additional challenge for the already battered auto industry, the analysts maintained.

Based on the discussions with channel partners, analysts found that the BS-IV inventory for passenger vehicles and commercial vehicles is almost cleared, but 2W (two-wheeler) BS-IV inventory is stuck because of the lockdown. Wholesales are expected to decline substantially in March for all original equipment manufacturers (OEMs) due to the lockdown from March 25 (many plants are shut from March 21), said an analyst with Motilal Oswal.

Based on a latest interaction with leading channel partners, the analyst said 2W dealers found it difficult to convert the enquiries into sale despite huge discounts

on the vehicles. On top of that, the lockdown has dealt a blow to the enquiries too. The companies have to end with huge backlog of two-wheelers. Enquiries for BS-IV CVs, on the other hand, have also come down drastically after most of the BS-IV inventory got exhausted.

Though the BS-IV inventory for M&HCV was exhausted by the last week of February, that of ICV and LCV were almost exhausted by the second week of March with registration in progress. But, the registration of sold CVs has come to a hold. Following this, companies expect CV wholesales to decline 68% for TTMT (71% for M&HCVs) and 66% YoY for AL (73% for M&HCVs), the Motilal Oswal analyst said.

"Despite high discounts ranging from ₹3,000 to ₹12,500 and ensuing wedding season in April, the two-wheeler system inventory stood at 30-35 days across OEMs, including 10-12 days BS-IV inventory before lockdown. We expect wholesales to decline by 33% YoY for Bajaj Auto (51% fall in domestic 2W), 42% YoY for TVS Motor, 41% for HMCL and 27% of Royal Enfield due to lockdown," Motilal Oswal said.

An analyst with Prabhudas Lilladher said, "Based on our interactions with leading channel partners, it has been found continued weak retail sales since beginning of the month led by lower footfalls due to Covid-19 impact, weak consumer sentiments and restricted financing on B-IV vehicles. We also noted loss of sales on 'Gudhi Padwa' festival in key markets like Maharashtra and Gujarat. Our channel check suggested higher BS-IV stock of around 5 lakh units of two-wheelers, with



HMCL being the highest (10-11 days) followed by Bajaj Auto (six-seven days), HMSI (five-six days) and TVS (four-five days), while RE has nil BS-IV inventory."

"We noted high discounts by HMCL for both scooters (up to ₹10k/unit) and motorcycles (up to ₹12k/unit). While discounts in Bajaj Auto were up to ₹5k, TVS up to ₹6k and HMSI up to ₹3k," the analyst added.

On the other hand, for PVs, sales were marginally lower as BS-IV inventory is almost exhausted and customers are postponing purchases due to bleak sentiment. And for CVs, some weakness was expected in CVs post BS-IV pre-buying, but the situation will worsen with lockdown. BS-IV

inventory for M&HCV was exhausted by the last week of February, whereas ICV and LCV inventories were almost exhausted by the second week of March with registration in progress. However, registration of sold CVs has come to hold due to lockdown.

We expect 2Ws dispatches to decline by 40-42% YoY led by inventory management before BS-VI transition, lower production due to short supply of components from China and stringent financing on BS-IV vehicles. Weak demand trend continues for CVs and the sector expect to decline by 73-75% YoY led by OEMs' inventory management, lower freight availability and liquidity challenges for the

transporters."

According to Care Ratings, while the industry players were looking for a three month extension, till June 30, 2020, the 10-day extension post the lockdown by the Supreme Court is not expected to do any good to the industry given the current situation with the Covid-19 pandemic. The buying sentiment once the lockdown period is lifted is likely to be low and consumers will be cautious in spending particularly on luxury/big-ticket items thereby not meeting the desired objective to clear the BS-IV inventory with the dealers, it added.