

IN BRIEF



Bajaj's KTM cuts prices to pass on GST benefit
MUMBAI
Bajaj Auto on Thursday said its Austrian arm, KTM, had decided to reduce prices of its range of bikes by up to ₹8,600 to pass on the GST benefit to customers. Ex-showroom prices of the sub-350cc KTM range including the 200 Duke, RC 200 and 250 Duke were cut by up to ₹8,600. "Owing to an additional cess on 350cc+ motorcycles the reduction on ex-showroom prices of the 390 Duke and the RC 390 is up to ₹5,900," it said.

Food e-tailer Jumbotail raises \$8.5 mn from VCs
BENGALURU
Jumbotail, an online marketplace for food and grocery, said it had raised \$8.5 million in Series A from Kalaari Capital and Nexus Venture Partners. Nexus Venture Partners had earlier invested \$2 million in the firm. The company, founded in 2015 by Stanford alumni S. Karthik Venkateswaran and Ashish Jhina, plans to utilise the funds for building technologies and enhancing operational capabilities.

IBC-referred Bhushan Steel has ₹1,130 cr. loss
NEW DELHI
Crisis-ridden Bhushan Steel reported a net loss of ₹1,130.65 crore in the fourth quarter ended March 31, 2017, much larger than the ₹756.76 crore mentioned in the unaudited results in May this year. Last month, lenders led by SBI decided to start insolvency proceedings against Bhushan Steel in the National Company Law Tribunal. The firm had posted a net loss of ₹1,185.16 crore in the year-ago period, it said in a regulatory filing. PTI

Renewable firms plan \$2.5 bn in dollar bonds

State-run banks reluctant to lend due to existing bad loans

REUTERS
MUMBAI

Four Indian renewable power producers are planning to raise up to \$2.5 billion via dollar bonds offshore because of caution among domestic lenders, banking sources said. In addition to the four solar and wind power firms, a fifth company that invests in renewable projects, Adani Group, has raised \$250 million via a loan but has yet to publicly announce the borrowing, the sources told Reuters.

A source working with one of the bond issues said foreign borrowing was attractive because state banks were reluctant to lend due to existing bad loans to the power sector, while domestic banks worried about falling tariffs for solar power.

Foreign investors have been attracted to the sector by India's commitment to expand renewable power capacity, with plans to invest close to \$150 billion to meet its 2022 targets, analysts and bankers said.

Azure Power

New York-listed Azure Power Global Ltd., which has projects in the States of Rajasthan, Punjab and elsewhere, planned to raise \$500 million via a dollar issuance, two bankers said.

Continuum Energy, a firm backed by U.S. bank Morgan Stanley that has projects in the southern State of Tamil Nadu and western State of Gujarat, planned to raise \$400 million, the two bankers added.

Wind and solar power firm Greenko Group, backed by Singapore's sovereign wealth fund GIC and Abu Dhabi Investment Authority (ADIA), planned a \$1 billion issuance to refinance a dollar bond raised three years



Green growth: Foreign investors have been drawn by plans to invest about \$150 bn to add renewable capacity. ■ REUTERS

ago, three bankers said.

IL&FS Energy, which has thermal and solar power projects, was considering a dollar bond issue worth \$500 million, said a source with knowledge of the deal but not involved in the process.

Adani Group

The fifth firm, Adani Group, which is controlled by billionaire Gautam Adani, has already raised \$250 million via an offshore loan to invest in its solar power project in Karnataka, one of the bankers said.

The companies did not immediately respond to requests for comment.

Solar tariffs hit a new low in May when SBI Cleantech, which has SoftBank Chairman Masayoshi Son as one of its promoters, bid ₹2.44 per unit for building a solar park in the western state of Rajasthan.

Solar power players bid for the right to build projects on parcels of land that are

set aside by the government. The player agreeing to sell the power it generates at the lowest price per kilowatt hour, are leased the land at a nominal price.

Despite the decline in tariffs, overseas investors scouting for higher yields are keen on such dollar bond issues, the bankers said, adding many were drawn by Indian Prime Minister Narendra Modi's commitment to boosting renewable power output.

India, a signatory to the Paris climate accord, has an ambitious plan to raise renewable energy capacity to 175 gigawatts (GW) by 2022 from a current capacity of 57 GW.

Abhishek Tyagi, senior analyst at Moody's, said India would have to invest "close to \$150 billion to meet its 2022 renewable energy targets," adding much of that was expected to come from foreign financing due to constraints among domestic lenders.

Demand to rise in GST's wake: Goenka

'Price reduction, restoration of inventory to spur short-term auto sector growth'

PRESS TRUST OF INDIA
NEW DELHI

The automobile industry will see growth in the short-term, driven partly by price reduction and restoration of normal inventory levels at dealerships as the transition to GST has been "surprisingly smooth," Mahindra & Mahindra (M&M) Managing Director Pawan Goenka said on Thursday.

However, with the GST Council firm on high tax rate for hybrid vehicles, auto companies which had big plans for this category will have to rethink their strategy, he added.

Addressing a conference call on GST, Mr. Goenka also raised concerns over Maharashtra increasing road tax after GST implementation to negate loss of octroi, saying it could negate gains for customers and it should not become norm for other states to follow.



Pawan Goenka

"Definitely, in the short-term I see positive growth, more growth than what we would otherwise have as a result of GST down stocking. Also, price reductions across the board will also drive growth," he said.

In the run up to the Good and Services Tax (GST) implementation from July 1, auto firms had reduced inventory level at dealership by about a week in June.

Usually dealers keep inventory of four to six weeks.

"In short-term there is going to be inventory build up at dealers because the (pre-GST) inventory levels were lower than what the norm is. Inventory refill will happen in the month of July, August and then festive months of September and October," Mr. Goenka said.

The discounts offered by various companies in June were higher than the industry would usually offer during the month, he added. Mr. Goenka said, however, that the growth in the auto industry would depend on other factors such as interest rates on vehicle loans, although overall economy and good monsoon augur well for the sector.

On transition to GST, Mr. Goenka said for M&M, "the transition has been surprisingly smooth" with just one supplier who wasn't ready

on the first day. He said dispatches of automobiles and tractors from plants and spares from warehouses have started without any disruption.

Hybrid vehicles

When asked about the impact of GST on hybrid vehicles, he said the automobile industry had approached the GST Council and government seeking to reconsider keeping the category at 28% plus 15% cess.

"It certainly seems the decision is final. If it happens [reduction of rate] it is fine but I am not expecting it to happen in the short-term," Mr. Goenka said adding that hybrids will become less attractive and difficult as it would not get any concession from the Centre.

"Many players who would have aggressive hybrid plans will have to rethink their plans," he said.

CBDT clarity on cash receipts positive: SFL

'Provides relief to small borrowers'

K.T. JAGANNATHAN
CHENNAI

The Central Board of Direct Taxes' clarification about restrictions on cash receipts of ₹2 lakh and above is a positive for small borrowers, said T.T. Srinivasaraghavan, Managing Director of Sundaram Finance Ltd. (SFL).

"It made us a little unfriendly to our customers," Mr. Srinivasaraghavan said. "Those who had been used to paying in cash all these years were suddenly being asked to take the banking channel," he said.

The clarification would provide relief to small borrowers, who did not always transact through the banking system and whose business transactions – both re-

ceipts and payments – were in cash, he said. SFL's cash transactions had dropped from about 18% of collections to as low as 5% following demonetisation, and had rebounded to about 12% once the cash crunch had eased, he said.

"I do not believe that cash is a 'backward step'. Unfortunately, the discourse, in the last few months, has developed to a point that people think that cash is dirty, which I think is an erroneous impression because cash is a legal tender. All cash is not dirty or dubious," Mr. Srinivasaraghavan said.

"It [the CBDT's clarification] will ease collection stresses," he added.

Dr. Agarwal's borrows ₹160 crore to expand

Eye care chain plans to add 73 centres

N. ANAND
CHENNAI

Dr. Agarwal's Healthcare, an eye care chain, has raised ₹160 crore of debt to help double its network in India and abroad to 150 centres in the next three to four years, chief executive officer Adil Agarwal said. "Right now, we have 61 eye care centres in different States of India and 14 in Africa," said Dr. Agarwal. "Our plan is to add another 61 centres in India and 12 overseas."

Edelweiss Fund

Dr. Agarwal's raised the ₹160 crore through a structured debt arrangement following an agreement with Edelweiss Special Opportunities Fund II. The funds



Adil Agarwal

would be mainly used for setting up new units and for deploying hi-end technologies, Dr. Agarwal said.

The new centres would come up in Tier-II and Tier-III cities in Karnataka, Telangana, Kerala, Madhya Pradesh, Uttar Pradesh, Bihar and Jharkhand.

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