Takeover code doesn't supersede FDI policy: Sebi

■ Clarification follows finmin's worry the code could clash with FDI caps in sectors where foreign investment is restricted to less than 51%

Timsy Jaipuria & Rajat Guha New Delhi, Dec 20

EMOVING concerns Rover a perceived di-chotomy between FDI the Securities and Exchange Board of India (Sebi) has made it clear that the code will not supersede or replace the FDI policy or any other government regulation for

This follows the finance ministry's reported worry

that the code could clash with from the public. the foreign direct investment (FDI) caps in sectors where foreign investment is capped at less than 51%. Sebi has said that section 32 of the Sebi Act says the code it's "in addition" to (and not in lieu of) oth-

As per the amended takeover code, an open offer is triggered once an investor acquires 26% stake in a listed company. The size of the open offer required is 25%, that is, the investor will have to buy that much additional equity

The issue of conflict between takeover code and FDI policy has come to the fore in the wake of the proposal to allow foreign carriers to pick up 26% in Indian airlines.

Sources in the government told FE, "Sebi has decided to exempt the aviation sector from takeover guidelines and will soon send its formal nod to the DIPP." Apart from avoiding a breach in the proposed FDI cap, the Sebi clarification would also help marry FDI regulations with those



under Sebi's takeover code.

The finance ministry has given the green signal to the proposal to allow 26% FDI by foreign airlines in the private carriers, many of them facing a cash crunch, with a rider that such investments should not violate Sebi's takeover code.

The Department of Industrial Policy and Promotion (DIPP) had proposed 26% foreign direct investment (FDI) by foreign airlines into the domestic industry in the backdrop of Kingfisher Airlines

slipping into a severe debtcrisis and several others facing resource crunch

The Sebi's move for exemption in regulation in aviation sector would benefit listed companies Jet Airways and Kingfisher Airlines.

It is also understood that once cabinet clears the proposal of allowing foreign carriers to pick up 26% stake, the immediate beneficiaries of the move will be Kingfisher and Jet airways.

Kingfisher who is scouting strategic investors reported a net loss of ₹468.66 crore for the second quarter ended September 30.

Up till now, India allowed foreign investment of up to 49% in Indian carriers, but foreign airlines were not allowed to invest directly

or indirectly in domestic

airlines.

A relaxation in FDI is understood to be a breather for Kingfisher as the airline has not made any profits since it launched in 2005 and its debt has also crossed over ₹7,000 crore.

PFRDA Bill set to be tabled today as Left parties fume

New Delhi, Dec 20: The Pension Fund Regulatory and Development Authority Bill (PFRDA) is all set to be introduced in Parliament on Wednesday, with the government and the main opposition party, the BJP, having come to an understanding over the provisions of the Bill. This has, however, left the Left parties upset over what they term a "newfound unity and cooperation" between the Congress and the BJP over crucial economic issues.

"It is very clear that the

BJP and the Congress have come to an agreement that in all economic reform measures, they will go together. This was evident in case of the insurance bill and now the pension bill is being brought on the basis of this

CPI(M)

understanding,"

leader Sitaram Yechury said. This is the second time that CPI(M) alleged a "new found unity and cooperation" between Congress and opposition BJP over crucial economic issues. Last week, it said the BJP's support would help the UPA government roll out 'neo-liberal' policy measures which

would be "disastrous" for the people.

The Pension Fund Regulatory and Development Authority Bill, introduced in Lok Sabha in March and referred to the Standing Committee for consideration, among other things, proposes 26% foreign investment in the pension sector and after pressure from the opposition, a minimum assured return on pension funds.

Making CPI(M)'s opposition to the bill clear, Yechury saiditwould"snatchtheright of an employee to pension. Pension is a right, not a voluntary contributory benefit."

Delhi best to live in, Gurgaon worst: Survey

Sajan C Kumar

Chennai, Dec 20: South Indian cities have swept majority of the top-ten slots on the Livability Index 2011, compiled by the Institute for Competitiveness, an internationalthink-tank.

While Chennai, the most densely populated city in India, ranked fifth on the index, Hyderabad was at number four. Following the 'big brother' cities were Kochi and Kozhikode. Coimbatore, the emerging tier-II city of Tamil Nadu ranked 10th, while the Union territory of Puducherry ranked 11th. Kerala's capital Thiruvananthapuram ranked 13th on the 30-city index.According to the index,

south Indian cities surpassed at the 2nd position. In spite of and empowerment. their northern peers and showcased their superiority in categories like health, medical standards and safety among other parameters.

The index shows that while Delhi has the highest number of homeless people in India despite being the best city to live in, Kolkata is the safest city in the country and ranks among the lowest in health and medical standards in the country. Gurgaon performs abysmally depowerhouse reputation.

The top-four metros once again find themselves vying for the top slots in providing the most livable environment. Mumbai follows Delhi

being one of the biggest corporate hub, Gurgaon is the worst city to live in.

The Institute for Competitiveness, with its Livability Index 2011, enables a better understanding of the factors defining the living potential of cities across the country. Livability refers to an urban system that contributes to the physical, social, mental and personal development of all its inhabitants.

The index relies on an objective approach and takes into consideration more than

300 indicators Key principles that give substance to the theme are equity, dignity, accessibility, conviviality, participation

The overall Livability In-

dex 2011 is an integration of categories such as demography, education, health and medical standards, safety, housing option, etc.

A livable city is one that directly benefits the people who live and work in it along with those who visit it. It refers to the environmental and social quality of an area, which includes local environment conditions, presence of quality education and health institutions, infrastructure, etc.

Likewise, businesses are on a persistent look out for locations that complement the production process, say for example an area with regular supply of power and well-

connected roads provides a favourableenvironmentfora commercial activity. The Livability Index 2011 takes into consideration the various as sociated and crucial dimensions of livability criterion for the fifty cities, and sums up nearly 300 indicators.

The Livability Index showcases the livability profiles of the Indian cities from various perspectives. such as from the point of view of corporates who wants to invest, people who want to choose a city to live in people who are already a part of the city and the government that is trying to figure out the weak areas of the var ious cities and enhance the policies accordingly.

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PUBLIC ANNOUNCEMENT



BLUPLAST INDUSTRIES LIMITED Registered Office: 113/114, Vivek Industrial Estate, Uswala Road, Cama Estate

Goregaon (East), Mumbai - 400 063; Tel No: +91 22 4099 1234; Fax No: +91 22 2685 1151; Email: ipo@bluplast.com; Website: www.bluplast.com

Our Company was incorporated as 'Thermoplast Industries Private Limited under the Companies Act, pursuant to a Certificate of Incorporation dated January 14, 1999 issued by the Assistant Registrar of Companies, Maharashtra a Mumbai. The name of our Company was further changed to Bluplast Industries Private Limited vide fresh certificate of incorporation dated March 11, 2005 issued by Registrar of Companies, Maharashtra. Subsequently our Company was converted into a Public Limited Company on July 14, 2005 and the name was changed to Bluplast Industries Limited. Our corporate identification number is U25200MH1999PLC117874, Our Company is promoted by Mr. Kamlesh L. Jain Mr. Indermal P. Jain, Mrs. Rekha K. Jain, Mrs. Nayana I. Jain

Our Company is proposing, subject to (a) approval of the Securities and Exchange Board of India ("SEBI") and other relevant regulatory and statutory authorities; (b) market conditions and other considerations, a public issue of [• Equity Shares of face value ₹ 10 each, of our Company for cash at a price to be determined through book building process, aggregating upto ₹ 6,000 Lacs (the "Issue"). The Issue will constitute [•]% of the fully diluted post issue paid-up equity share capital of our Company. The Draft Red Herring Prospectus ("DRHP") dated December 19, 2011 has been filed with SEBI on December 20, 2011. The company hereby invites the public to give their comments to SEBI in respect of disclosures made in the Draft Red Herring Prospectus. The comments may be forwarded to SEBI at the following address:

Securities and Exchange Board of India, Corporation Finance Department

SEBI Bhavan, Plot No. C-4A, G-Block, Bandra Kurla Complex. Bandra (East), Mumbai - 400 051.

Tel: +91 22 2644 9000; Fax: +91 22 2644 9016-20 Email: sebi@sebi.gov.in This announcement is being made in compliance with the provisions of regulation 9 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 as amended. A copy of the DRHP shall be available on the website of SEBI at www.sebi.gov.in, the Book Running Lead Manager, Unicon Capital Services Private Limited at www.uniconindia.in and our Company at www.bluplast.com. A copy of the Draft Red Herring Prospectus is also made available to the public at the office of Book Running Lead Manager to the Issue at



Unicon Capital Services Private Limited 3rd Floor, 'A' wing, Vilco Center, 8, Subhash Road, Vile Parle (East), Mumbai - 400 057, Maharashtra Tel No: +91-22-3390 1234; Fax No: +91-22-3390 1547; Website: www.uniconindia.in

> For and on behalf of Bluplast Industries Limited

Managing Director

Realty...

The government is already looking for ways to reduce the award of those projects that require annuity payments, after Planning Commission member (infrastructure) BK Chaturvedi suggested so in 2010. Chaturvedi headed a task force on reducing the government's annuity commitments.

Officials said that the private sector will be keen on bagging these projects even with zero financial support from the Centre. "Instead, developers are more likely to bid on the basis of how much grant," a senior road ministry official said.

Creation of these packages will improve the pace of road construction from under 10 km a day currently. The ministry is trying to achieve the often-repeated target of constructing 20 km of roads a day by 2014.

E&Y executive director Abhaya Agarwal said combining real estate development with road projects is not a solution in itself to rising subsidy liability and slow road construction. "It will really be attractive but thinking that it be a panacea is not right as real estate has a substantial time lag in generating profits. Properties cannot really be considered cash cows for road construction. In addition, banks will look at these project differently as these are high-cost projects, involvinghugerisk," Agarwalsaid.

Full...

Rescuing airlines

Jet's rival Kingfisher has sought financial help from its lenders to stay afloat. SBI Caps, the investment banking arm of India's largest lender by deposits State Bank of India, is now drafting a restructuring script for the debt-ridden airline. "The aviation industry is

now in a state of flux and really in a terrible financial state until the government does away with archaic policies," said Datta. "There are no signs of a recovery starting very soon unless government intervenes.

To begin with, he said, the government should allow airlines to import ATF and provide transportation, distribution and storage facili-

ties at airports. About 40% of airlines'expenses is accounted by ATF.

Mallya too had batted for direct import of the fuel by airlines as it can source cheap from international markets, saving commissions paid to oil marketing companies. According to consultants, direct import of ATF would save at least 10%.

Two, Datta suggested, the government should update the two-decade-old Route Disbursal Guidelines framed in March 1994. The guidelines require all scheduled carriers to provide 10% of their capacity operated in category I routes like Delhithey are willing to pay the MumbaitocategoryIIroutes government as negative like the ones servicing the northeast and Jammu & Kashmir. As carriers increased flights on category I routes, they needed to deploy on category II routes. "This resulted in the unprofitable operations," said Datta, who started with Air India and later joined Jet before workingfor Kuwait Airways.

Saving Air India

His former employer Air India also needs the govern-

ment's urgent surgery. The government should write off the flag carrier's debts and put in a completely new, efficient management with no government interference, he said. "If they do this, then maybe, there is hope.'

But consultants say there are few solutions to Air India and declaring bankruptcy could be one.

"Of course, declaring bankruptcy and wiping out the debt is a practice that has worked globally, especially with American airlines," a consultant at a global consulting firm said. "But in India, it is very difficult for a company to declare bank-

However, according to the consultant, "it seems more and more that bankruptcy could be the only option Air India's revival". He asked that neither he nor his firm be identified.

Some foreign airline executives say declaring bankruptcy helps an airline start afresh like. "It gives airlines a clean slate," said a former Emirates executive. "Something similar needs to happen with Air India,'

"In India there's a stigma attached to bankruptcy and perhaps that is why the government won't let Air India

go bankrupt but keep it on life support," he added.

Datta said FSCs carriers likehisformerairlineJetAirways will shrink its market share as it grows. "Today it is around 30% of the total domestic market," he said. "Going forward, it is likely that it might become as small as 15-

20% of the total air market." Indian carriers carried 49.62 million passengers between January and October 2011, growing at 18.3% a year.

Life after Jet

Datta, who was among the few that helped ink the blueprint for Jet Airways in 1994 along with airline founder Naresh Goyal, resigned abruptly.

Well yes, it did happen somewhat suddenly, said Datta who now reads "Our Kind of Traitor" by John Le Carre. "I had a longer innings than I had anticipated.

"But it was ultimately the chairman's and board's decision to groom younger people and replace me," he added. "I do not have any quarrels.'

RBI has...

While banks are concerned about the liquidity shortage, they believe the situation would improve soon. Said Parthasarathi Mukherjee, president (treasury), Axis Bank, "Our sense is that the pressure would ease by the weekend.

Interestingly the call rate rose above the 9.5% rate at which banks can borrow from the central bank through the marginal standing facility (MSF). "It's up to the banks to choose how they want to borrow. The MSF hasn't been around long enough for it to have become a stigma for banks to access it." Gokarn said.

Meanwhile, although the rupee breached the 53 mark against the dollar in intraday trades, falling to 53.10, it recovered at close to Rs 52.885. The euro was trading at 1.3070 levels to the dollar in mid-day trades. "The currency has been relatively stable over the last few days which means the measures taken by us are clearly working," Gokarn said adding that the RBI had lined up a few more measures to tackle the weakness in the currency and would use them as the need

"We may have seen the last vestiges of demand go-

ing through right now and, moreover, the RBI certainly

FROM THE FRONT PAGE

has the wherewithal to stem the slide of the currency in the near term," observed Ananth Narayan G, head, treasury, Standard Chartered Bank. "Nobody should underestimate the RBI's ability to contain the fall of the rupee.

Volumes in the forex market have dropped off significantly after the central bank disallowed exporters from cancelling and re-booking forward contracts last Thursday. The RBI also pruned the overnight dollar positions of banks in a bid to curb speculation and reduce volatility. The deputy governor said the RBI was sensitive to concerns of volatility that may result from smaller volumes. Last Friday the central bank freed interest rates on NRE or non-resident (external) rupee deposits and NRO or ordinary non-residentaccounts. "The idea is to induce flows into the market," Gokarn said.

The rupee is expected to getaboostfrominflows of FI-Is, who have been given fresh allocations for gilts and corporate bonds after the government recently upped the ceiling on such investments by a collective \$10 billion. Some investors are understood to have started utilising their quotas. However, global fund managers remain bearish on the Indian equity markets with FIIs having sold around \$500 million worth of stocks so far this year after having bought \$29.4 billion worth of equities in 2010. In dollar terms the Sensex has lost 37% since January this year with the rupee having depreciated close to 16.5%.

Now, row...

Having the CBI under the Lokpal is one of the key demands of Hazare and

"The selection committee for the appointment of the Lokpal would consist of the Prime Minister, the leader of the opposition and the Chief Justice of India. Scheduled castes and tribes and other backward classes will get 50% reservations in the Lokpal body," a source said. Among other conditions in the draft, it will take the signatures of nearly 100 MPs to initiate the removal of the Lokpal, and the Prime Minister will come under the

with extensive riders.

These two issues are likely to enrage Team Anna, which had been waiting for the government's draft before finalising plans for further agitation on the matter. Parliamentary affairs minister Pawan Bansal admitted that some members of Parliament were adamant about not extending Parliament.

Tax relief...

Honda Siel senior vice-president Janeshwar Sen said that Honda wants a level playing field vis-a-vis the European players. "If any rent duty structure for auto products under the India-EU FTA, then a similar provision must also be made under the India-Japan FTA," Sen said.

A Hyundai Motor India spokesperson said that the company's stand was in line with that of Siam.

The strong opposition by the Asian companies could queer the pitch for the commerce ministry when it resumes negotiations with EU on the FTA in February

At the core of the divide between the Japanese and South Korean manufacturers on the one hand and the Europeans on the other is the different business models being pursued by the two sides. While the Japanese and South Korean players are mostly present in volume segments, have set up manufacturing facilities in the country at huge investment costs and generated a large number of jobs, their European counterparts are mostly present in niche segments, sell limited numbers and so have smaller investments in comparison. They mostly import completely knocked down units and assemble them in the country.

This is the crux of the opposition from the Japanese. South Korean and even Indian manufacturers. At present, the import duty on fully-built cars is 60%. After adding duties like sales tax and value-added tax, the overall duty goes up to around 110% of the original cost. If the India-EU FTA happens, the manufacturers would not have to pay this duty and the cars can be sold in the country at relatively cheaper prices.

If investments made by

purview of the Lokpal, but the two sides in India is taken into account, it compares something like this: The cumulative investments made by top European car makers like Mercedes-Benz, Audi BMW and Skoda put togeth er is a little over Rs 1,000 crore-or almost one-third of what Honda Siel alone has

Similarly, Skoda, a brand owned by Volkswagen, which has been in India for almost 10 years and competes in the voluminous small car market with its hatch Fabia, has invested Rs 625.7 crore, employing 816 people. On the other hand Toyota, which operated only in the premium segment unchange is made in the cur- til it made its entry into the small car market earlier this year with the Liva, has in vested over Rs 1,500 crore and

> has an employee strength of 3,500 people. The only exception in this so far has been the European manufacturer Volkswagen, which has pumped in around Rs 3,800 crore since setting up operations two years back. The company's total workforce at present stands at 4,000. Though Skoda and Audi are brands owned by Volkswagen and they operate from the Chakan and Aurangabad facilities of the company

> rate business outfits. Among the European entities, Volkswagen stands out on the job creation front as well. The cumulative employment generation by the European car makers mentioned stands at 5,933, with Volkswagen accounting for 4.000. Quite in contrast, the Japanese and South Korean companies employ in excess of 11.000 people.

> globally they operate as sepa-

However, if the government levels the field by according a similar facility to the Japanese and South Korean, these players would also benefit as the higher-end models where their indigenisation levels are low can be priced more competitively.

After the EU started lobby ing for reducing the import duty on fully-built cars, heavy industry minister Praful Pa tel had shot off a letter to Prime Minister Manmohan Singh earlier this year apprisinghim that any concession to EU would not only go against the Automotive Mission Plan drawn up in 2006 (which state ed that import duties should not be relaxed till 2016) but could also reduce investment flow into the country.



the address mentioned below:

Place: Mumba

Date: December 20, 2011



