

IN BRIEF



HAL starts IPO process, files draft prospectus

BENGALURU State-owned Hindustan Aeronautics Ltd. on Sunday said it had initiated the process of Initial Public Offer (IPO) with the filing of the draft red herring prospectus with market regulator SEBI. Commenting on the development, HAL CMD T. Suvarna Raju said "This is a major milestone towards listing of the defence PSU which is slated for partial disinvestment by the Government of India." PTI

L&T arm bags \$100mn order to pin tax evaders

MUMBAI The ambitious initiative to use social media analytics to identify tax non-compliance is a \$100-million project for the infotech arm of engineering giant Larsen & Toubro, according to a company official. "That is really advanced analytics. Now, that is like a \$100-million deal for us. It's not a small deal," LT Infotech chief executive and managing director Sanjay Jalona said. "We are creating a systematic web on a person," he said. PTI

Centre prepares revival plan for Hindustan Paper

NEW DELHI The government has firmed up a ₹1,000 crore plan to revive Hindustan Paper Corporation through involvement of private sector in certain activities and settlement of dues, official sources said. "A Cabinet note is being prepared for settlement of the company's liabilities," an official said. PTI

GST: old habits spur poor compliance

Behavioural factors, date clashes lead to missed deadlines for filing returns, say industry consultants

TCA SHARAD RAGAVAN
NEW DELHI

The reason behind only a little more than half of the registered taxpayers filing their August returns by the deadline could be due to a combination of behavioural reasons, and the clashing of various deadlines, according to tax experts.

The government had last week announced that, though the last date for filing the GSTR-3B form for August was September 20, only 55% of those 'required to file' had done so by September 25.

"The alarming fact which emerges is with respect to the level of compliance for the month of August," Abhishek A Rastogi, Partner at Khaitan & Co said. "It appears that 45% of the assessee have still not filed returns. The Government should go to the root cause and analyse whether these assessee are facing some genuine problems or they



One by one: Lack of clarity about procedures was unlikely to have led to about 45% of assessee not filing their GST returns, says Ansh Bhargava. *GETTY IMAGES/ISTOCK

have been migrated automatically and are not required to comply."

Many small vendors had to register themselves on the GST Network in order to obtain a GST number, something their buyers need them to have for the purpose of availing input tax credits. However, once registered,

these small businesses have to file their returns regularly.

'Zero returns too'

"This means all the people who have taken up a GST registration have to file their returns, even if it is a zero return," Ansh Bhargava, head of growth and strategy at Taxmann, told *The Hindu*.

Mr. Bhargava added that a major reason behind 45% people not filing their GST returns could be due to behavioural issues, since it was unlikely to be due to a lack of clarity about procedures or deadlines.

"There is nothing wrong with the system, as such," Mr. Bhargava said. "The re-

turns are being uploaded on the website..., and people already know the deadline. The government has been clear about that and the officials have been repeating it. This could be down to a behavioural phenomenon where people are not used to filing their returns regularly."

Another reason for missing the deadline for GSTR-3B could be that taxpayers are waiting to first deal with the more complicated GSTR-1 form and then turn to the GSTR-3B.

"The biggest issue in July was: how does a business make a bill," Tejus Goenka, ED, Tally Solutions said.

"In August it was how to file GSTR-3B, which turned out to be a non-issue. The biggest issue is the GSRT-1, which is the detailed return, and that's a huge problem because of the amount of details needed and the format not being straightforward," Mr. Goenka added.



Hot & humid: The engine's combustor chamber lining wears out quicker than usual in India, say sources. *AFP

A320neo troubles due to Indian climate: P&W

Firm says will fix snags as airlines fret

SOMESH JHA
NEW DELHI

Pratt & Whitney has informed the Directorate General of Civil Aviation that Indian climatic conditions are primarily responsible for snags encountered in its engines fitted in Airbus A320 neo engine option planes.

The American aircraft engine manufacturer has said that weather conditions unique to India such as high humidity, heat and saltiness due to the ocean were causing problems to A320neo plane engines, sources said. "We saw some early distress on our PW1100G-JM engine combustor panels, primarily in the challenging environment of India. Modifications were implemented mid-last year and improvements are on track to be introduced by the end of this year," Pratt & Whitney sources told *The Hindu*.

"Traffic disruptions" The Pratt & Whitney engines on Airbus' fuel-efficient A320neo planes have encountered issues in two components - the combustor chamber lining and the No. 3 bearing seal - that start to wear out sooner than expected. The engines need to be replaced much earlier than in the normal replacement cycle. This has led to some air traffic dis-

ruptions as low-cost carriers IndiGo and GoAir using A320neo planes with Pratt & Whitney engines continue to face snags. The airlines had complained about the slow pace of engine replacements.

GoAir had said last week that of its six A320neo planes, one was grounded. IndiGo's five planes are parked at present due to lack of engine spares. IndiGo has 141 A320s, of which 24 are A320 neos. IndiGo has signed a contract with Pratt & Whitney for the first 150 planes out of 430 A320 neo planes on order.

Although the A320neo fitted with P&W engines has faced problems globally too, sources said the premature degradation of the engine's combustor chamber lining is a unique glitch faced in India due to its climate.

The engine maker is now building an improved design to replace all the engines for all airlines, sources said. "Since March, new engines and overhauled engines have incorporated improvements that have enhanced the engine's durability. We have increased spare engine deliveries as well as overhauled engine returns with this improved design which should help to stabilise the current fleet," sources in P&W said.

Maruti's September sales rise 9.3%

Other automakers like Tata Motors and Hyundai India also on fast lane

PRESS TRUST OF INDIA
NEW DELHI

The country's largest car maker Maruti Suzuki India (MSI) reported 9.3% increase in total sales at 1,63,071 units in September. The company had sold 1,49,143 units in the same month last year.

Domestic sales

MSI's domestic sales stood at 1,51,400 units, up 10.3% from 1,37,321 units in September 2016, the company said in a statement.

Exports in September were down 1.3% to 11,671 units as compared to 11,822 units in the same month last year.

Hyundai Motor India Ltd. (HMIL) reported a 17.4% increase in domestic sales at



Steering money: September brought in positive sales numbers from leading automakers in India. *GETTY IMAGES/ISTOCK

50,028 units in September. The company had sold 42,605 units in September 2016, HMIL said in a statement. Honda Cars India Ltd. (HCIL) reported a 21% increase in domestic sales at 18,257 units in September.

The company had sold 15,034 units in the same month last year, HCIL said in a statement. In addition, it exported a total of 413 units during the month under review. HCIL president and CEO Yoichiro Ueno said the

company is witnessing growth in sales, backed by strong performance of models like Honda City and WR-V.

Tata Motors' sales

Tata Motors reported a 25% increase in domestic sales at 53,965 units in September. The company had sold 43,031 units in September 2016, Tata Motors said in a statement.

Tata Motors head-commercial vehicle business unit, Girish Wagh said that the sales were boosted by a strong customer acceptance of SCR technology and the continued ramp up of "our BS4 vehicles production. The company's overall commercial vehicle sales grew 29% to 36,679 units.

'Govt. must relax fiscal deficit goals'

PRESS TRUST OF INDIA
NEW DELHI

Industry body ASSOCHAM has urged the government to relax fiscal deficit targets and boost public expenditure as a means to accelerate India's economic growth, which slipped to 5.7% in the June quarter.

The chamber said India Inc. is looking up to the government to take 'out of the ordinary' measures. It cited 'concerns' over slowdown in growth due to the transient disruptions in the economy following GST implementation and the remaining over-hang of demonetisation. It also said the RBI should target the real effective exchange rate more effectively.

INTERVIEW | HELENE MELLQUIST

Volvo Trucks sees uptick with GST, infrastructure investment

'Customers now more conscious about cost per kilometre'

SANGEETHA KANDAVEL

Volvo Trucks has set a clear agenda for the Indian market and wants to foray into newer segments in this region. The company has also clearly indicated that the recently introduced Goods and Services Tax (GST) will not hamper their growth plans. "The slowdown is temporary and we are in India with a long-term vision," said Helene Mellquist, senior vice-president, Volvo Trucks International in an interview in Gothenburg, Sweden, the home of Volvo Trucks. Excerpts:



Goods and Services Tax has [the] potential to revolutionise the transport industry

How do you see the potential for commercial vehicle sales in India post GDP growth slowdown and demonetisation?

■ Market activity in June and July was slow since customers were not sure about impact of these developments. In the long term, we believe that GST will stimulate increased demand in road construction as well as transportation. We have already seen that the average distances covered by trucks in India have increased which means higher utilisation and greater demand for quality and performance. GST has [the] potential to revolutionise the transport industry and progressive customers will explore our total offering to stay ahead of competition.

What kind of newer opportunities do you see in the Indian market?

■ For us, India is a market that holds much future potential as the country's macroeconomic fundamentals remain strong and progressive, creating

demand for the transport industry. Furthermore, the implementation of GST and the current government's significant investment into upgrading roads and infrastructure will create opportunities in long-haul transport and for Volvo Trucks.

How different is the Indian market for Volvo compared with other global markets?

■ We have been in India for nearly 20 years and we have significant presence in certain segments such as mining where we have approximately 60% market share. IOX4 and 8X4 FMX rigid are our most popular product[s]. Like anywhere else in the world, in India Volvo Trucks compete in the premium segment with an offering that maximises productivity for our customers. As the Indian market matures, customers and haulage operators care more about the total cost of a commercial vehicle over its entire life cycle rather than the sticker price. With this change in mindset, many realise that investing in a Volvo Truck is a good choice as we provide some

of the best TCO (total cost of ownership) through superior fuel economy, re-sale value and good aftermarket services.

Your plans for the Indian construction sector?

■ We have established a team with our partner VECV, dedicated to exploring new segments like construction. We have already taken some orders in these new segments which also includes construction customers. To grow our business further, we will continue to leverage our good brand image in mining, TCO leadership and good aftermarket services that maximise uptime for our customers.

The Indian market is price conscious. How challenging has it been for Volvo Trucks?

■ We are a premium brand and price our products accordingly. Our customers are progressively becoming more concerned with cost per kilometre or per hour than initial price, representing an evolution in mindset. We believe as more haulage operators shift in attitude towards more TCO awareness, there will be many opportunities to grow our business. (The writer was in Sweden at the invitation of Volvo Trucks India, VE Commercial Vehicles Ltd.)

U.S. court cuts TCS fine to \$420 mn

PRESS TRUST OF INDIA
NEW DELHI

IT major Tata Consultancy Services (TCS) on Sunday said a U.S. court had more than halved the compensatory and punitive damages demanded from the company to \$420 million in a lawsuit filed by Epic Systems Corporation.

The matter relates to a U.S. grand jury order that slapped two Tata Group companies - Tata Consultancy Services and Tata America International Corp. - with a \$940 million fine in a trade secret lawsuit filed against them by Epic in April 2016.

TCS said an opinion and order had been issued by the Western District Court of Wisconsin, U.S. in the suit filed by Epic Systems Corporation against the company.

"Partially granting TCS motion, the court significantly reduced the compensatory and punitive damages of \$940 million awarded by the July verdict in April 2016, to \$420 million," TCS said in a regulatory filing issued on Sunday.

The Mumbai-headquartered IT major said it has received a legal advice that the order and the reduced damages awarded are not supported by evidence presented during the trial and a strong appeal can be made to superior court to fully set aside the jury verdict.

Epic had accused TCS and Tata America International Corp., in a lawsuit filed in October, 2014 in U.S. District Court in Madison which was amended in January and December 2015, of "brazenly stealing trade secrets, confidential information, documents and data" belonging to Epic.

The Wisconsin court in April 2016 had ruled the two Tata Group companies to pay \$240 million to Epic Systems for allegedly ripping off its software, besides \$700 million as punitive damages.

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Dr. N. Mahalingam

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