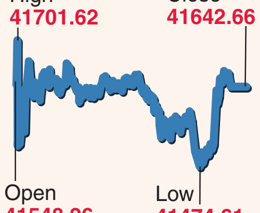
The Telegraph
# BUSINESS
CALCUTTA TUESDAY 24 DECEMBER 2019 XXCE

"We will come out with a white paper (on steel) in three to four months"

Steel minister
**Dharmendra Pradhan**

## STOCK CHECK

**Sensex** intra-day movement




**Previous** 41681.54

## CURRENCIES

| | |
|---|---|
| US $ | Rs 71.19 |
| UK Pound | Rs 92.35 |
| Euro | Rs 78.88 |

## INDICES

| | | |
|---|---|---|
| **BSE** | | |
| Sensex | 41642.66 | -38.88 |
| Midcap | 14822.60 | -13.37 |
| Smallcap | 13382.03 | -9.00 |
| **NSE** | | |
| Nifty | 12262.75 | -9.05 |
| Next 50 | 28395.75 | -10.50 |
| Nifty 500 | 9897.65 | -7.70 |

**Most active on NSE**

| Scrip | Price* | Traded value# |
|---|---|---|
| Reliance | 1,570 | 1799.04 |
| Yes Bank | 49.45 | 1402.15 |
| SBI | 332.4 | 1007.83 |
| Tata Steel | 461.2 | 861.61 |
| IbullHsgFin | 295.3 | 765.95 |

*In Rs; #In Rs crore

## COMMODITIES

| | | |
|---|---|---|
| **Gold** (10 gram in Rs) | | |
| Pure | 38780 | +180 |
| Hallmark | 37345 | +175 |
| **Silver** (kg in Rs) | | |
| Bar | 45200 | +450 |
| Portion | 45300 | +450 |
| **Crude*** | 4308 | +14 |
| **Copper#** | 440.40 | -1.70 |

*per barrel in Rs; # per kg in Rs

## MONEY MARKET

| | Yield (%) |
|---|---|
| Call rate | 3.60 |
| 91-day T-Bill | 5.03 |
| 1-year Gilt | 5.61 |
| 5-year Gilt | 6.42 |
| 10-year Gilt | 6.56 |

# Centre intervenes in Tata spat

OUR SPECIAL CORRESPONDENT

**New Delhi:** The Narendra Modi government has waded into the corporate battle between Ratan Tata and Cyrus Mistry over accusations of poor corporate governance at Tata Sons.

On Monday, the Registrar of Companies, Mumbai, filed a petition before the National Company Law Appellate Tribunal (NCLAT) seeking its impleadment in the case and a modification of last week's verdict that declared the conversion of Tata Sons into a private company as illegal.

The RoC, which comes under the ministry of corporate affairs, has also asked the tribunal to remove the "aspersions' cast against it for fast tracking its approval of Tata Sons' application for a change in its status.

The tribunal's verdict had said the RoC sidestepped a clearly enunciated procedure under the Companies Act 2013 that required it to seek the approval of the company law tribunal before altering the status of the company.

The NCLAT has listed the matter for hearing on January 2.

In its petition, the RoC had asked "to carry out the requisite amendment in paragraphs.... of the judgment dated December 18, 2019 to correctly reflect the conduct of RoC Mumbai as not being illegal and being as per the provisions of the Companies Act along with the rules".

It has also asked the NCLAT to "delete the aspersion made regarding any hurried help accorded by RoC Mumbai to Tata Sons except what was statutorily required by RoC Mumbai".

The RoC also said it has acted in a "bonafide manner" in converting the status of Tata Sons as "there was no stay granted by this appellate tribunal on the operation of the judgment dated July 9, 2018 of Mumbai, NCLT at the time when this intimation was filed by Tata Sons Ltd".

Reports suggested that the Mistry camp has contested the RoC's move to seek its impleadment in the case.

Earlier, the ministry officials had said the RoC had changed it in its records after the conversion of Tata Sons from "public" to "private" was approved by the NCLT. "Since it was based on the order of the NCLT, how can it be termed illegal. But, we have to come up with a legally sound ground for challenging the NCLAT order," the officials said.

Passing an order on December 18, the NCLAT had directed the reinstatement of ousted Cyrus Mistry as the chairman of Tata Sons. In that order, the appellate tribunal had also quashed the conversion of Tata Sons — the principal holding company and promoter of Tata group companies — into a "private" company from "public" and had termed it as "illegal".

The appellate tribunal said the action taken by the RoC to allow Tata Sons to become a private company went against the provisions of the Companies Act, 2013 and was "prejudicial" and "oppressive" to the minority member (Mistry Camp). "The Company (Tata Sons) shall be recorded as 'Public Company'. The RoC will make correction in its record showing the Company as 'Public Company'," the appellate body said.

Months after Mistry was sacked, Tata Sons had received shareholders approval in September 2017 to convert itself into a private limited company from a public limited company, thereby allowing it to pass crucial decisions with just board approval, absolving it of the need to take shareholder consent.

### GOVT PETITION

- RoC petition asks NCLAT to remove the word 'illegal' in the matter of conversion of Tata Sons to a 'private' company from 'public'
- Petition says to remove aspersions made in order that RoC Mumbai had given 'hurried help' to Tata Sons
- RoC claims it has acted in a bonafide manner on Tata Sons conversion

# Promoters sell 4.2% stake in Lux

OUR SPECIAL CORRESPONDENT

**Calcutta:** Promoters of Lux Industries sold a 4.21 per cent stake of their holding in the company on the bourses, raking in close to Rs 140 crore.

The Todi family, who held a 73.71 per cent stake in hosiery maker Lux, sold 10,62,166 shares on Monday, the company informed the bourses.

After the on-market sale, promoters will hold a 69.51 per cent stake in Lux.

An official of the company said the stake sale is a precursor to the merger of two unlisted companies with itself.

The Todi family's holding would have crossed the 75 per cent mark after merger, breaching the maximum threshold allowed by market regulator Sebi for promoters to hold in a listed company.

The stake sale kept the scrip of Lux under pressure on the bourses. The stock closed 7.32 per cent, or Rs 102.60, down at Rs 1,298.75 on Monday on the NSE.

"The sale executed by the promoter group of companies is part of a strategic divestment process undertaken by the promoters.

"The sale would advance the progress scheme of amalgamation of J.M. Hosiery and Ebell Fashions Pvt Ltd with Lux Industries Ltd and their respective shareholders," a statement from the company said.

Ebell Fashions, which owns the women's legging Lyra brand, had registered a topline of Rs 254 crore in 2018-19.

J.M. Hosiery, which owns the GenX brand of knitted apparel, posted Rs 321 crore turnover in the last fiscal.

## IN BRIEF

### M&M rejigs top brass

■**NEW DELHI:** Mahindra & Mahindra (M&M) on Monday announced a rejig of its top management in automotive and farm equipment sectors with its president for auto vertical Rajan Wadhera set to retire and step down from executive role. Veejay Nakra will be appointed as CEO of the auto division, while Hemant Sikka will head the farm equipment sector. The changes will take effect from April. PTI

### RBI bond swap

■**MUMBAI:** The RBI on Monday completed its "Operation Twist" as it bought government bonds worth Rs 10,000 crore and sold four securities for Rs 6,800 crore. At the auction on Monday, a cut-off yield of 6.5462 per cent was fixed for the purchase of the benchmark 10-year security.

### Pension plea

■**NEW DELHI:** Pension fund regulator PFRDA is pitching for doubling the tax benefit under the NPS to Rs 1 lakh in the upcoming budget, according to a whole-time member of the authority. PTI

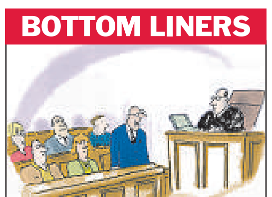
### Chamber chiefs

■**NEW DELHI:** Hiranandani Group managing director Niranjan Hiranandani has taken over as the new president of industry body Assocham. Sangita Reddy, joint managing director, Apollo Hospitals Group, has taken over as the president of Ficci. PTI

### Jet bid

■**NEW DELHI:** The creditors of Jet Airways have decided to seek fresh initial bids for the airline. The Committee of Creditors (CoC) would seek fresh Expression of Interest (EoI), according to a regulatory filing on Monday. PTI

## BOTTOM LINERS



"With all due respect, Your Honour, we find you to be guilty."

# White paper to reduce tax on steel

OUR SPECIAL CORRESPONDENT

**New Delhi:** The government will come out with a white paper in four months to cut taxes on steel companies and make them competitive, steel minister Dharmendra Pradhan said on Monday.

Pradhan said the Niti Aayog would prepare the report in consultations with various government departments, including the finance ministry.

"We (government) will come out with a white paper in three-four months. The steel ministry, respective ministries and government departments will be part of it," he said at a national conference of the furnace industry here on Monday.

The white paper will focus on lowering taxes, cess and other duties on the industry, besides studying global models. Officials said the production cost of steel was the highest, with taxes playing a major role. Royalty is close to 20 per cent on inputs such as coal or iron ore. Freight cost is higher than in other countries even as electricity was expensive.

According to industry estimates, the cost of per tonne of steel in India is about $450, whereas it is $350 in China, mainly on account of lower taxes. Pradhan said the government was bringing changes to the Electricity Act which will address concerns related to power tariffs.

He said the industry need not worry about raw materials as a number of mines will be auctioned after March 2020.

Pradhan also urged the industry to focus on new technologies. He said future policies would address the concerns of the secondary steel sector.

"We are making our policy framework more inclusive. Our government has made raw material even more accessible to the secondary steel sector. Policies would reciprocate by producing more value added products."

"India still imports high quality steel and we have a large market with skilled workforce. We must create an ecosystem to develop more high quality steel in the country and move towards becoming a net exporter," he added.

### MSME role

Pradhan stressed the importance of MSMEs in the economy. Economies of scale has its own benefits but large industries alone cannot cater to the huge population in terms of jobs creation.

### COST BURDEN

- Royalty on inputs as high as 20%
- Freight and electricity cost high
- White paper to be prepared by Niti Aayog
- Report in four months
- Cost of steel in India is $450/tonne against $350 in China

# Aramco deal doubts rock RIL stock

OUR SPECIAL CORRESPONDENT

**Mumbai:** Shares of Reliance Industries (RIL) on Monday fell nearly 2 per cent on uncertainty over the proposed deal with Aramco. This came as the government sought to block its plan to sell a 20 per cent stake in the oil-to-chemical (O2C) business to the Saudi state-backed oil company.

On the BSE, the share declined 1.78 per cent to close at Rs 1,571. During intra-day trades, it dropped 2.77 per cent to Rs 1,555. Similarly, on the NSE, it fell 1.76 per cent to close at Rs 1,570.95.

The lower close saw the company's market valuation falling by Rs 17,990.13 crore to Rs 9,95,888.87 crore on the BSE. In terms of volumes, 12.74 lakh shares of RIL were traded on the BSE and over one crore units exchanged hands on the NSE.

Last week, the government moved the Delhi high court seeking to block RIL from selling a 20 per cent stake in its oil and chemical business to Saudi Aramco for $15 billion, in view of the pending dues of $3.5 billion in Panna-Mukta and Tapti oil and gas fields.

The proposed deal with Aramco is crucial for RIL in the context of its plans to be a zero net debt firm by March 2021. Reports say that RIL has mounted a strong counter to the government petition saying it is an abuse of process as no arbitration award has fixed any final liability of dues.

Meanwhile, on Monday there was not much action in the indices as investors preferred to wait for fresh cues. The Sensex ended 38.88 points, or 0.09 per cent, lower at 41642.66, while the Nifty was 9.05 points, or 0.074 per cent, lower at 12262.75.

# Indiabulls pares debt

OUR SPECIAL CORRESPONDENT

**Mumbai:** Indiabulls Real Estate has agreed to sell commercial projects in Mumbai and Gurgaon to global investment firm Blackstone for an enterprise value of Rs 810.7 crore as it seeks to reduce its debts.

In a regulatory filing, the Mumbai-based developer said the company and its certain subsidiaries have entered into definitive agreements with entities controlled by The Blackstone Group to divest the entire stake in Mariana Infrastructure Ltd (which owns commercial projects in Gurgaon) and commercial assets/development in Mumbai, at an aggregate enterprise value of about Rs 810.7 crore.

"Commercial assets/development in Mumbai is being divested through a slump sale by the subsidiary of the company, which owns this project, at an aggregate enterprise value of Rs 675 crore," the company said.

Indiabulls has been selling its completed as well as ongoing commercial assets to Blackstone to bring down its debt pile.

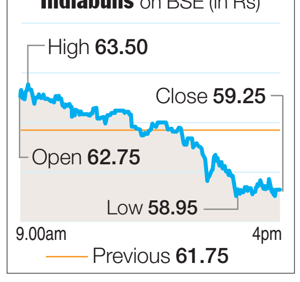
However, the announcement did not lift stock sentiment. On the BSE, the scrip settled 4.05 per cent, or Rs 2.50, lower at Rs 59.25.

In June this year, its promoters had sold a 14 per cent stake in the company through open market transactions to Embassy Group for Rs 950 crore as part of its strategy to focus on financial services and exit the realty business.

At the end of 2018-19, the company's total net debt stood at Rs 4,590 crore. For the September quarter, the firm had posted a four-fold jump in its consolidated net profit at Rs 301.16 crore compared with Rs 75.91 crore in the year-ago period. Total income rose to Rs 1,101.9 crore during the quarter from Rs 1,059.71 crore a year ago. Last month, the realty firm had sold its property in London to a promoter group firm for £200 million.

### STREET MOOD

**Indiabulls** on BSE (in Rs)




# Captive coal producer to sell to CIL

A STAFF REPORTER

**Calcutta:** Coal India subsidiary Mahanadi Coalfields and state government-owned Odisha Coal and Power Limited has signed a memorandum of understanding whereby the former would be sourcing around 6000 tonnes of coal per day from the captive block allocated to the latter. MCL in turn would sell the coal to its customers.

CONNECTED

This first-of-its-kind move comes at a time when the government is looking to figure out the issues affecting coal production from captive sources despite undertaking both auction and allocation.

Manoharpur and the dip side of Manoharpur coal blocks with a production capacity of 8 million tonnes per annum were allocated to OCPL in August 2015 to supply coal to IB thermal power plant owned by Odisha Power Generation Corporation. Though production from the block has started, coal could not be supplied to the plant because of evacuation bottlenecks forcing OCPL to stop production.

"The advantage of this is two-fold. It would help OCPL to lower its stock pile and sell coal and the company can continue production from the block. From Coal India's perspective, this excess coal helps in enhancing coal supplies to its consumers," said a Coal India official.

MCL would continue to supply OPGC under bridge linkage to help them generate power. The coal requirement through linkage is around 4.8 mtpa.

# Mittals to sell 50% in ship unit to DryLog

OUR SPECIAL CORRESPONDENT

**Calcutta:** ArcelorMittal is going to offload a 50 per cent share of its shipping business to DryLog Ltd in a bid to cut debt, the deal coming close on the heels of the $5.7-billion acquisition of Essar Steel in India.

The stake sale to DryLog and formation of an equal joint venture subsequently will impact ArcelorMittal's net debt by $530 billion, with $400 million on completion and another $130 million due in early January. The transaction is part of company's commitment to unlock up to $2 billion in value by the middle of 2021, ArcelorMittal told bourses.

The Luxembourg-based company, where Indian businessman Lakshmi Niwas Mittal is the largest shareholder, had a net debt of $10.7 billion as on September 30, 2019.

While the net debt position is not known now, it is likely to have gone up following the closure of the long pending Essar deal.

ArcelorMittal formed a 60:40 joint venture with Nippon Steel to take over the asset. While a third of the fund is accounted for by partners' equity, the rest is taken on as debt, which will sit on the balance sheet of Essar Steel only.

A back-of-the envelope calculation would show that ArcelorMittal had to plough in $1.14 billion as its share of partner equity on account of Essar.

The company had guided that an investment grade credit rating remains ArcelorMittal's financial priority with a target to reduce net debt to $7 billion to support solid investment grade matrix at all points of the cycle.

It had a gross debt of $14.3 billion at the end of third quarter on September 30, 2019. "We continue to expect a substantial working capital release in the fourth quarter which should enable us to further reduce net debt year on year," chairman and CEO L.N. Mittal said after announcing those results.

### Shipping deal

The transaction with DryLog, an international asset owning company, a significant player in dry bulk cargo like iron ore and coal, is expected to close before the end of 2019.

Global Chartering Ltd, the wholly owned shipping business, currently operates 28 dry cargo vessels, which range from Supramax to Cape Size, 25 of which are on long-term leases and will be transferred into the joint venture, with the remaining three being owned outright. The JV will benefit from the combination of the two businesses respective knowledge and expertise.

### SHED FLAB

- Stake sale to DryLog and formation of an equal joint venture
- Deal will help bring down ArcelorMittal's net debt by $530 billion, with $400 million on completion and another $130 million due in early January

# Lone Star, BASF in pact

**New Delhi:** Chemicals giant BASF has entered into a pact with an affiliate of Lone Star, a global private equity player, to sell its construction chemicals business for Eur 3.17 billion (around Rs 25,003 crore), according to a regulatory filing.

In a filing to the BSE, BASF India Ltd said, "We have now been informed by BASF SE, Germany, the parent company, that it has signed a purchase agreement with an affiliate of Lone Star, a global private equity player, for acquisition of BASF's construction chemicals business."

The purchase price on a cash and debt free basis is 3.17 billion euros, the company said.

The transaction is expected to close in the third quarter of 2020, subject to approval of the relevant competition authorities, it said.

BASF's construction chemicals business operates production sites and sales offices in more than 60 countries and generated sales of about Eur 2.5 billion in 2018, with more than 7,000 employees worldwide. PTI

# DVC told to pay Rel Infra

PINAK GHOSH

**Calcutta:** The finances of Damodar Valley Corporation may not come under pressure following the power company losing an arbitration case against Reliance Infrastructure (Rel Infra) for which it will have to pay Rs 1,250 crore to the Anil Ambani-company. The corporation is contemplating a legal route and the matter may escalate to a higher court after a three-member arbitration tribunal gave its decision on Saturday.

Reliance Infrastructure was the engineering and construction contractor for DVC's 2x600 MW Raghunathpur thermal power plant project in Purulia. The tribunal has directed DVC to pay Rs 896 crore and return the bank guarantees of Rs 354 crore within four weeks or pay additional interest at the rate of 15 per cent for the delay in payment beyond four weeks.

Moreover, pursuant to a Niti Aayog circular, Reliance Infrastructure on Monday said it would request DVC to pay 75 per cent of the arbitral award against the bank guarantee immediately.

Saddled with a standalone debt of Rs 5,960 crore as of March 31, 2019, the company in a communication to the stock exchanges said it would use the proceeds to pay off lenders and reduce debt.

"It is critical for Indian EPC Companies to be paid their dues on time so that they can participate in mega-infrastructure projects without the risk of getting bogged down by working capital issues," said a Reliance Infrastructure spokesperson.

The scrips of Reliance Infrastructure hit the upper price band at the Bombay Stock Exchange and closed at Rs 24.25, up 4.98 per cent over the previous close, after the company made the announcement early on Monday.

# Co-working on menu

OUR SPECIAL CORRESPONDENT

**Mumbai:** Co-working may not be new to India, but Primus Co-Work (Primus) on Monday took it to the restaurant next door. Primus, which is supported by the founders of The Mesh (it has co-working spaces in Pune and Mumbai) on Monday launched its operations in Mumbai.

Unlike the traditional co-working spaces, the key differentiator here is that Primus aims to convert restaurants into workstations during their off-peak hours.

Its leadership team believes that this is a win-win arrangement as the restaurants (those who are not open from 10 am-6 pm) stand to gain as they will earn revenue from the outlet which is otherwise closed during these hours whereas the co-working entity also benefits from an asset light model.

The customers also stand to gain as they can choose to work from various restaurants spread in the city and get access to services which are provided in a shared workspace. Apart from facilities like free 100 mpbs leased line internet connection, they can also get amenities such as complimentary beverages, concierge services, executive assistance and valet parking among others.

Speaking to **The Telegraph**, co-founder Shardul Singh Bayas said Primus has tied up with some of the premium restaurants and cafes in Mumbai and Pune. In Mumbai, it has tie-ups with more than 25 restaurants. Apart from these two locations, it has also plans to venture into other metros, including Calcutta, apart from Goa over the coming months.

"We saw that the traditional co-working business was asset heavy in nature. On the other hand, many restaurants were paying rents for assets during their non-working hours. This arrangement will generate revenues to me and the restaurant owner as well. The customers can work in a good ambience and choose from various locations thus effectively increasing his or her working time", Bayas observed.