

**STOCK CHECK**

Sensex intra-day movement



Previous 37754.89

**CURRENCIES**

US \$	Rs 69.10
UK Pound	Rs 91.61
Euro	Rs 78.22

**INDICES**

BSE		
Sensex	38024.32	+269.43
Midcap	15171.52	+83.21
Smallcap	14837.18	-50.62
NSE		
Nifty	11426.85	+83.60
Next 50	27907.65	-34.45
Nifty 500	9499.40	+52.20

**Most active on NSE**

Scrip	Price	Traded value#
Reliance	1323.75	2120.20
Kotak Bank	1328.00	1372.26
RBL Bank	645.00	1345.55
ICICI Bank	628.00	1241.98
HDFC	2223.05	1180.70

**COMMODITIES**

Gold (10 gram in Rs)		
Pure	32490	-30
Hallmark	31285	-35
Silver (kg in Rs)		
Bar	38150	-50
Portion	38250	-50
Crude*		
4048		-13.00
Copper#		
446.00		+0.85

\*per barrel in Rs; # per kg in Rs

**MONEY MARKET**

Yield (%)	
Call rate	4.80
91-day T-Bill	6.32
1-year Gilt	6.53
5-year Gilt	6.95
10-year Gilt	7.50

**IN BRIEF**

**REIT anchor investors**

**NEW DELHI:** Global investment company Blackstone and realty firm Embassy on Friday raised Rs 1,743 crore from anchor investors ahead of the country's first real estate investment trust (REIT) issue that opens on March 18. **PTI**

**AiBank strategy**

**CALCUTTA:** Allahabad Bank, which had recently come out of the prompt and corrective action (PCA), is weighing the options of diluting stake in the general insurance joint venture Universal Sompo and sell off non-core assets such as properties in Mumbai, S. S. Mallikarjuna Rao, MD and CEO of Allahabad Bank, said on Friday. **PTI**

**Bandhan go-ahead**

**NEW DELHI:** Bandhan Bank on Friday said it has received no-objection from the Reserve Bank of India (RBI) for the proposed acquisition of Gruh Finance. **PTI**

**Infosys relief**

**NEW YORK:** A US district court in California has reportedly dismissed lawsuits filed against Apple and Infosys alleging visa fraud by both the companies. **PTI**

**Kotak dividend**

**NEW DELHI:** The board of directors of Kotak Mahindra Bank has approved payment of dividend on non-convertible perpetual non-cumulative preference shares (PNCPs) for the period from August 2, 2018, till March 31, 2019. The dividend rate on the PNCPs is 8.10 per cent per annum.

**BOTTOM LINERS**



**"As a hedge fund manager, I kept a close working relationship with my parole officer."**

“Allahabad Bank has come out of the PCA. It is only the starting point

Allahabad Bank CEO S. S. Mallikarjuna Rao



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CALCUTTA SATURDAY 16 MARCH 2019

**KM Birla bid to cut Kesoram ties**

SAMBIT SAHA

**Calcutta:** Kumar Mangalam Birla dropped a bombshell on Friday by asking Kesoram Industries Ltd to take him off the list of promoters, severing a family business connection that dates back to his great grandfather, G.D. Birla.

In a letter sent to the Kesoram company secretary, Birla said he held only 300 shares in his own name in the company and, therefore, pressed for reclassification of his and his family's stake in the company.

“Neither do I or my family or entities controlled by me or my family hold substantial (more than 10 per cent) number of shares in these companies,” Kumar Birla said.

Birla buttressed his argument for stake reclassification by saying that a promoter's tag brought with it certain “compliance problems”.

He illustrated this point by

drawing attention to the show-cause notice that the Competition Commission of India had sent to UltraTech, when it bid to acquire Jaypee Cement plants, for failing to declare that Century and Kesoram were jointly managed by the Aditya Birla group which he heads.

He said there were even greater “compliance complications” that could arise from recent changes in the Companies Act, Sebi (Issue of Capital and Disclosure Requirements) Regulation 2018, and the Insolvency and Bankruptcy Code (IBC).

Kesoram Industries started operations as Kesoram Cotton Mills in 1919.

**Will he, won't he**

It wasn't immediately clear how the latest demand by Kumar Birla would complicate matters relating to Kesoram and Century Textile—both

controlled by Basant Kumar Birla, Kumar's grandfather.

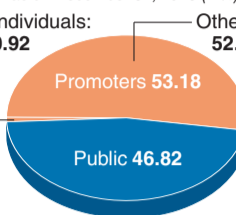
BK Babu, who will turn 100 next January, had often said in the past that the two companies would eventually pass to Kumar but that hasn't happened. He later altered the position to say that his younger daughter, Manjushree Khaitan, would manage Kesoram which earns the majority of its revenues from its cement and tyre businesses, with active assistance from Kumar.

After the ascension of Khaitan, Kumar's aunt, as the vice-chairperson of the company in 2013, the affairs of the crown jewel of BK Birla Group have remained under her control even though some shareholders have made sporadic demands that Kumar should manage the firm.

“I do not exercise any management or other control, directly or indirectly, in Kesoram Industries or enjoy any

**PIE POINTERS**

Kesoram shareholding pattern as on December 31, 2018 (in%)



**Individuals:** Rajashree Birla, Kumar Birla, B.K Birla, Manjushree Khaitan and others

**Others:** Century Textile, Padmavati Investment, Aditya Marketing, Manav Investment, Pilani Investment and others

special right of any kind therein,” Kumar's letter says.

Kumar joined the board of Century Textile in 2006 and became vice-chairman in 2015.

**Stock price**

Stock market participants and

Kesoram shareholders said the announcement, which came after market hours on Friday, could weigh on the stock. The announcement comes at a time Kesoram is trying to deal with continuous losses, mainly owing to its under-performing tyre business. On December 4 last year, the company proposed a mirror demerger of the tyre and cement divisions. The process is still on.

The ongoing losses and massive debt of around Rs 3,400 crore (as on September 30, 2018) have raised doubt about whether the company will be able to pay the lenders in time or be pushed into insolvency in the future.

The IBC bars the promoters of companies facing corporate insolvency resolution process from submitting bids for other companies until they clear overdue loan amounts. For instance, ArcelorMittal had to clear dues worth Rs 7,000 crore

in two companies where he was listed as a promoter before the Lakshmi Mittal-owned company was declared eligible to bid for Essar Steel.

Given that Aditya Birla Group is participating in bidding for bankrupt firms — it bought over Binani Cement last year from insolvency courts — some investors wondered if Kumar was trying to distance himself from Kesoram in abundant caution to avoid any sticky situation like the Mittals faced. Sources said Kesoram was meeting the debt obligations of both financial and operational creditors.

**Crossholding**

Kumar's sudden request also focuses the spotlight on the crossholdings of the extended Birla family, which involves several listed companies that are actively managed by different family members.

For instance, Pilani Invest-

ment and Industries Corporation holds 19.17 per cent in Kesoram and 33.11 per cent in Century Textile & Industries. Pilani is majority held by Aditya Marketing & Manufacturing and Padmavati Investment. These unlisted firms also show up as promoters of Kesoram and Century Textile.

Under the Significant Beneficial Ownership Rules, an individual will have to be declared as SBO if he, directly or indirectly, holds 10 per cent share or exercises significant control or influence. Kumar's letter to Kesoram indicates he should not be considered as SBO in the company.

“Historically, I have been disclosed as a promoter of Kesoram even though, along with my family and entities controlled by us, (I) hold less than 0.0035 per cent shareholding in Kesoram,” Kumar's letter said. This translates into 4,991 shares in Kesoram.

**Essar lenders refuse dues cut**

SAMBIT SAHA

**Calcutta:** The committee of creditors of Essar Steel has said it will legally challenge suggestions made by the Ahmedabad bankruptcy court and the New Delhi-based appellate tribunal to set aside a certain sum from the money received from ArcelorMittal to pay off the dues of operational creditors (OC).

Last week, the NCLT had approved the bankruptcy resolution plan of ArcelorMittal, effectively accepting its bid of Rs 42,000 crore for the troubled steelmaker. But the tribunal advised the CoC to set aside 15 per cent of the money they receive from the London-based Mittals to pay off the operational creditors, which have no representation on the CoC.

On Friday, the NCLAT — which is hearing a challenge from the Ruias, the erstwhile owners of Essar Steel — suggested the financial creditors should set aside 10 per cent. The financial creditors led by the State Bank of India have resisted the suggestions and are weighing their legal options — a precipitate course of action that the NCLAT felt would only delay the resolution plan for Essar Steel.

Several Indian state-run banks may have to make pro-

**IMPASSE**

■ **Request 1:** NCLT wants lenders to keep aside 15% of Arcelor sum for operational creditors

■ **Request 2:** NCLAT also suggests same, but a lower share of 10%

■ **Response:** Lenders threaten to go to court over the suggestions

visions for their loans to Essar Steel if they fail to recover the money from the Mittal offer by March 31.

The NCLAT judge was also brusque with the counsel for the Ruias, saying the tribunal would hear his arguments against the NCLT order favouring ArcelorMittal later as he had a “rotten case”.

Last October, the Ruias had offered to stump up Rs 54,000 crore in a last-ditch bid to head off the prospect of losing control of the steel maker.

The offer was rejected because the late bid violated the regulations of the bankruptcy resolution process.

The NCLAT bench also heard the plea of Standard Chartered Bank, which is opposing the NCLT order on the ground that it was getting only 1.7 per cent of the claim com-

pared with 85 per cent by secured financial creditors.

The bench, which will hear the matter on Monday, asked the CoC to consider paying StanChart in the same ratio as the other lenders. While suggesting a 10 per cent share for the OCs, which will translate into Rs 4,200 crore, NCLAT said the “related parties” of the existing promoter groups need not be paid.

Harish Salve, who represented ArcelorMittal, said all OCs that have a claim of less than Rs 1 crore were being paid in full. OCs are getting Rs 196 crore out of their combined claim of Rs 4,700 crore. The bench asked for a detailed disclosure of the list of creditors, their claims and payments under the AM plan.

ArcelorMittal had said it was willing to complete the transaction by paying off the creditors as soon as possible and implement the plan. It now appears that the lenders are unwilling to accept money without a resolution on the apportionment with the other creditors.

The NCLT had observed it had limited jurisdictions in encroaching into the commercial wisdom of CoC to alter the plan but still suggested they should share more with the operational creditors.

**R-Com fails to access refunds**

OUR SPECIAL CORRESPONDENT

**Mumbai:** In a setback to Reliance Communications (R-Com), the National Company Law Appellate Tribunal (NCLAT) on Friday refused to direct the State Bank of India to release around Rs 260 crore in income tax refunds to Ericsson.

The NCLAT bench of Justice S. J. Mukhopadhyaya and Justice Bansi Lal Bhat pronounced its judgment on Friday after hearing a petition of R-Com to release Rs 259.22 crore received from income tax refunds from the Trust and Retention Account (TRA) held with the SBI.

R-Com has been asked by both the Supreme Court and the NCLAT to pay Rs 550 crore to the Swedish telecom gear maker. The company has paid Rs 118 crore to Ericsson and if it fails to pay the rest of the amount, group chairman Anil Ambani may have to face a three-month jail term for contempt of court.

The apex court has given R-Com time till March 19 to pay the remaining amount.

“No direction can be given to any party to the settlement (particularly the third party) to perform certain duties to ensure settlement between other parties. However, as the Supreme Court is seized of the matter, we are...not vacating the interim order dated May 30, 2018, nor passing any direction to refund any amount to any one or other party, till some order is passed by the Supreme Court,” the NCLAT bench said.

On May 30, 2018, the appellate tribunal had passed an interim order which allowed the financial creditors, or the joint lenders' forum, with whom the assets of the corporate debtor have been mortgaged, to sell the assets of the latter and deposit the total amount in the account of the lead lender. However, the tribunal allowed R-Com to seek relief from the Supreme Court.

**ETF prop for selloff**

R.SURYAMURTHY

**New Delhi:** The race to meet the Rs 80,000-crore divestment target for the current fiscal will largely depend on the CPSE-Exchange Traded Fund (ETF) to be launched next week. Besides, the board of Power Finance Corporation will meet soon to approve a buyout of the shares of Rural Electrification Corporation at a premium.

The ETF offer is likely to fetch Rs 3,500 crore and can be increased depending on the investors' appetite, a senior finance ministry official said.

Officials said the ETF was likely to open for subscription on March 19 and would close on March 22.

“The additional amount over and above the base size of the ETF issue could be retained by the Centre, depend-

**EYE ON TARGET**

■ ETF offer likely to fetch the Centre about Rs 3,500 crore. The proceeds can be maximised depending on investors' appetite

■ ETF likely to open for subscription on March 19 and close on March 22

ing on over-subscriptions,” the official said.

So far, the government's divestment offers through the ETF route have been quite a hit, while the individual PSU sales have flopped. When the government offloads minority stakes in individual PSUs, the response depends heavily on the fortunes of the sector.

Receipts from three ETF issues stood at Rs 35,730 crore or

63 per cent of the total divestment receipts of Rs 56,473 crore in the current fiscal.

The Department of Investment and Public Asset Management hopes to not just reach the target but cross it in the current fiscal if the PFC buy-out of REC happens by this month and ETF gets an enthusiastic response.

The CPSE (central public sector enterprises) ETF comprises the shares of 11 companies — ONGC, Coal India, IOC, OIL, Power Finance Corporation, REC and Bharat Electronics. NTPC, SJVN, NLC and NBCC are the new entrants in the ETF basket.

The CPSE ETF, managed by Reliance Nippon Mutual Fund, tracks the Nifty CPSE Index made up of 11 PSU stocks from the energy, metals, financial services and industrial segments.

**Sensex ends above 38000**

OUR SPECIAL CORRESPONDENT

**Mumbai:** Extending its winning run to the fifth session, BSE benchmark Sensex climbed 269 points to hit a six-month high of 38024 led by rally in banking stocks amid soaring foreign fund inflows, strengthening of the rupee and positive global cues.

After rallying nearly 500 points in afternoon trade, the Sensex settled 269.43 points, or 0.71 per cent, higher at 38024.32. The NSE Nifty closed 83.60 points, or 0.74 per cent, up at 11426.85.

The 30-share index breached the 38000-mark for the first time in six months. It had ended at 38090.64 on September 14, 2018.

Broader indices, however, ended on a mixed note, with BSE midcap ending 0.55 per cent higher and BSE smallcap slipping 0.34 per cent. Kotak Bank was the top gainer in the Sensex pack, ending 4.31 per cent higher. PowerGrid, TCS, ICICI Bank, SBI, HCL Tech, NTPC, Infosys, Bajaj Finance, HDFC duo, ONGC, Vedanta and IndusInd Bank too rose up to 2.84 per cent. On the other hand, HUL, Yes Bank, ITC, Bharti Airtel, RIL, Sun Pharma and Axis Bank fell up to 2.16 per cent.

“Benchmark indices outperformed with IT index leading from the front amid positive global cues, Brexit & Trade-deal deadline has been extended. Besides, PSU banks are moving out of PCA frame and global liquidity is increasing supported by dovish FOMC (Federal Open Market Committee) which is positive for India. A strengthening rupee and drop in yield is positive for rate sensitive stocks,” Vinod Nair, head of research, Geojit Financial Services, said.

**Mindtree buyback**

OUR SPECIAL CORRESPONDENT

**Mumbai:** The Mindtree board is meeting on March 20 to discuss a share buyback proposal amid indications of Larsen & Toubro (L&T) going for a hostile takeover of the mid-sized tech services firm.

“Pursuant to regulation 29(1)(b) and 29(2) of Sebi (Listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to bring to your kind notice, that the meeting of the Board of Directors of the company will be held on March 20, 2019, inter alia, to consider the proposal to buy back the fully paid-up equity shares of the company,” Mindtree said in a communication to the stock exchanges after the market hours.

The company said its internal code against insider trading mandates the closure of the trading window for “designated persons” from March 18 to March 22. The Mindtree share finished with marginal losses at Rs 946.

The announcement comes at a time of reports of L&T close to sealing a deal with V.G.

Siddhartha, the founder of Café Coffee Day, to purchase his stake in the IT services firm. The buzz is that both will sign a binding agreement some time next week that could lead to L&T making an open offer. Siddhartha and two of his entities own over a 20 per cent stake. He has held discussions with various parties, include L&T and KKR, to sell his shares in the tech firm.

Siddhartha held 54.69 lakh shares in Mindtree, which is a 3.3 per cent stake in the company, for the period ended December 31. Coffee Day Enterprises Ltd had more than 1.74 crore shares (10.63 per cent). Another entity, Coffee Day Trading, held over 1.05 crore shares (6.45 per cent).

**Promoter call**

Mindtree's promoters — Subroto Bagchi, Krishnakumar Natarajan, N.S. Parthasarathy, and Rostow Ravanan — jointly hold roughly 13 per cent. There were reports the promoters were looking for a white knight to ward off any hostile takeover after Siddhartha sells his stake.

**Bankers hopeful of Jet solution**

**Mumbai:** Amidst increasing differences between Jet Airways and Etihad Airways over the equity cap that its founder chairman Naresh Goyal can hold after his forced exit, bankers on Friday exuded confidence of reaching a resolution plan as early as next week.

After agreeing to cap his shareholding at 22 per cent for perpetuity and completely exit the airline's management as a pre-condition for a bailout that Etihad and bankers demanded, Goyal last Friday wrote to Etihad to remove the perpetuity clause from the resolution plan and also asked the Gulf carrier to immediately offer a lifeline of Rs 750 crore failing which the airline may get grounded.

This, according to media reports, has put off the Gulf carrier which already owns 24 per cent in the airline. Jet has grounded 42 per cent of its 119 aircraft, most of them because of the non-payment of lease rentals to the aircraft lessors.

According to a draft resolution plan submitted to the lenders led by the lead lender SBI, Etihad will bring in around Rs 1,800 crore as fresh equity and increase its stake to 24.9 per cent, while Goyal will chip in with Rs 750 crore and the rest of the Rs 3,800 crore will come from other investors.

Founder chairman Goyal and his family own 52 per cent in the airline now which he had agreed to pare down to 22 per cent to secure a financial bailout.

“It is a work in progress. Very soon, say by next week, we will have a solution plan in place,” a senior SBI official said here on Friday.

“Any resolution plan is a very complex process. Things don't happen in a day or two even in 15 days. There are various stakeholders who have to be aligned, so when the situation is so complex, it takes time,” the SBI explained the reason for the delay. **PTI**