



'There is No Diversion of Funds at All'

ET Q&A

SUDHIR VALIA

Director, Sun Pharmaceutical

Sudhir Valia, brother-in-law of Sun Pharma promoter Dilip Shanghvi, in a telephonic chat with Divya Rajagopal, discusses the issues of Aditya Medisales, raising money through debt papers for Suraksha Realty by involving Shanghvi Finance, and the controversy that wiped out half a billion of Sun Pharma's market value during the course of a single trading day. Edited excerpts:

The whistleblower note, according to institutional investors that ET spoke to, has alleged that Aditya Medisales lent money to Suraksha. Has Aditya Medisales, at any point of time, loaned funds to Suraksha Realty?

There is a lot of confusion on this one. First, one has to understand that Aditya Medisales is not Sun Pharma's company. It is an independent owners' company, and it is a private company owned by the Shanghvi family or other various people before that, and now it is only a related party. So, any sale-purchase transaction between Sun Pharma and Aditya Medisales needs to disclose the interest they have, and it requires shareholders' approval, something Sun Pharma has taken in 2017.

... Now, the promoter can do a business other than that part of the activity, and it has nothing to do with Sun Pharma. So, there is a lot of confusion that has been created,



VARANI SAHU

and I don't want to make any comments until things get settled. There is no diversion of funds at all.

So, are you saying that there has been no diversion at all from Aditya Medisales to Suraksha? (Aditya was classified as a promoter holding in 2017.)

You don't confuse — there is no diversion of funds from Sun Pharma. That is the important thing you have to talk. Aditya Medisales is a private company, and Suraksha is a private company. They can do any business that has nothing to do with shareholders. So far as Sun Pharma's money is concerned, it has not been diverted, that is the statement I am making to you.

Why is the Shanghvi Finance name appearing in the commercial paper raised by Suraksha Realty?

The Shanghvi Finance name is appearing, but Shanghvi Finance has not given any shares. The moment Shanghvi Finance gives shares, it goes under the promoters' disclosures norm to Sebi. So, hum ne kitna pledge kiya, that information... as and when they do, they will do that. We have to keep the options open. At the point of time when we borrow, the future price movement, nobody understands; then at (that) point of time, I may not have shares in the entity which has agreed to give. So, I should have the flexibility, so if I don't have the flexibility now, then in future it will be difficult. So this is flexibility. This is not a backup; I might have other shares available in the entity which is originally given, and then I don't need to go to Shanghvi Finance.

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Market Trends

STOCK INDICES	% CHANGE
Nifty 50	10961.85 0.50
Sensex	36578.96 0.53
MSCI India	823.94 0.26
MSCI EM	2279.55 0.04
MSCI BRIC	591.4 0.11
MSCI World	8259.05 0.01
SX 40	21515.91 0.49
Nikkei	20719.33 0.26
Hang Seng	27196.54 0.39
Strait Times	3220.56 0.12

OIL (\$)	BOND
DUBAI CRUDE	10-YR YIELD
61.57	7.31
0.89	0.00

GOLD RATE	US	India
Prices per Troy Ounce (\$)		
OPEN	1280.7	1398.18
LAST*	1278.0	1397.70

*At 10.30pm. After adjusting for import duty, Indian spot gold lower by \$ 8.10 to US Comex gold price on Monday. The premium on local gold is due to tight supply following import curbs.

INDIA REMAINS OUTPERFORMER OVER A THREE-MONTH PERIOD

Nifty Down 1.6% in Dollar Terms Since Jan 1 as Blue Chips Correct

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ET Intelligence Group: After being the second-best performer in the last quarter of 2018, the Indian market is now one of the only two to be in the negative returns zone since the beginning of 2019, along with the UK (due to the uncertainty surrounding Brexit). In the list of top 15 global markets, in dollar terms, the Nifty has lost 1.6% in the year-to-date (YTD) period. In domestic currency terms, the index is up 0.4%.

However, India remains an outperformer over a slightly longer period of three months — up 8%, in the period of liquidity crisis and bounce-back in the rupee against the US dollar. Market experts view the recent correction as temporary, a result of profit booking, and expect the outperformance to continue in coming days. The Nifty

corrected nearly 15% in the first-nine months of 2018, but has recovered sharply since then.

The recent performance was dragged mainly by the correction in some of the heavyweight stocks such as L&T, HUL and Maruti Suzuki. Since January beginning, L&T's shares have corrected 10% (in USD and 8% in INR) in anticipation of rejection of its buyback offer by Sebi. Shares of HUL and Maruti are down 4% and 3%, respectively, in the dollar terms due to lower than anticipated numbers and expensive valuations.

This was offset by strong performance by Infosys — up 8% (in USD terms and 10% in INR) since January 1 on buyback announcement, and Reliance Industries — up 4.4% (in USD and 6% in INR) post its strong December quarter results.

The fall in dollar adjusted Nifty was also the result of a 2% correction in rupee against the US dollar.

FII-Heavy Stocks

Returns in 2019 (in %)	Jan 1 to Jan 18
₹ Rtn	\$ Rtn
HDFC	-0.1 -1.2
HDFC Bank	-0.8 -1.8
RIL	5.5 4.4
TCS	-0.1 -1.2
Infosys	10.0 8.8
Kotak Bank	-1.1 -2.2
ICICI Bank	2.3 1.2
Axis Bank	5.9 4.7
ITC	2.9 1.8
Maruti Suzuki	-1.7 -2.7
HUL	-3.3 -4.3
IndusInd Bank	-4.9 -5.9
HCL Tech	0.3 -0.8
L&T	-8.6 -9.6
Bajaj Finance	-4.3 -5.4

Source: ETIG database

Now You Can Invest Just ₹100 in Some Mutual Fund Schemes

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Mumbai: In a bid to attract more investors, various domestic mutual funds have slashed the minimum lump sum investment amount in a scheme to ₹100. Earlier, most MF schemes required investors to put in at least ₹500-₹5,000 as lump sum. But, with strong investor demand seen for lower investment amounts through online platforms such as Paytm Money, PolicyBazaar and Groww among others, more mutual funds are looking to tap flows from avenues other than their regular ones.

ICICI Prudential Mutual Fund, Aditya Birla SunLife Mutual Fund, IDFC Mutual Fund, DHFL Pramerica Mutual Fund, Reliance Mutual Fund, Quant Mutual Fund and UTI MF have some schemes in the debt and equity categories that allow investors to invest as little as ₹100.

"We have reduced the minimum amount to ₹100 to serve bottom-of-the-pyramid customers," says A Balasubramanian, CEO, Aditya Birla SL Mutual Fund.

The MF industry had added about 9.46 lakh SIP (systematic investment plan) accounts each month on an average during FY18-19, with an average SIP size of about ₹3,150, according to AMFI data. With the reduction in minimum ticket size to ₹100, this addition is likely to accelerate in the coming months.

The cutting of minimum investment amount has helped mutual funds and online platforms attract fresh investors. So far, majority of the investments into mutual funds have been

through distributors or brokers. The savvy investors have been putting money directly. Mutual funds have refrained from cutting minimum investment size because of the lack of volumes. But, with new-age distributors, like Paytm Money, selling lower ticket size aggressively, fund houses have been forced to cater to this segment.

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IIM Lucknow
INDIAN INSTITUTE OF MANAGEMENT LUCKNOW
Admission Announcement
Executive Fellow Programme in Management (EFPM)
at NOIDA Campus
Academic Areas

- Agribusiness Management
- Business Sustainability
- Finance and Accounting
- Marketing Management
- Strategic Management
- Decision Sciences (Statistics and Operations Research)
- Business Environment (Economics)
- Business Communication
- Human Resource Management
- Operations Management
- Information Technology and Systems

For Eligibility Criteria and other details, please visit: <http://www.iiml.ac.in/phd-part-time>
Last Date of applying: 10 February 2019

HISTORY REPEATS – AFTER 2500 YEARS

2500 years ago, mankind discovered Zinc in Zawar, Rajasthan. After 2500 years, once again, a state-of-the-art Academy is born; A unique digital technology centre has been set-up in Zawar, training 32 boys at full-time residential Zinc Football Academy. 64 football camps training around 2500 children at grass-root level from rural Rajasthan with 32 full-time coaches...



2500 years old carbon-dated Zinc retorts at Zawar



F-Cube Technology at Zinc Football Academy



International exposure to Coaches



Sakhi Women playing Football

QUARTERLY FINANCIAL RESULTS

PARTICULARS	Quarter Ending	
	31.12.2018	30.09.2018
Total Income from Operations	5540	4777
EBITDA	2851	2315
PAT	2211	1815

PRODUCTION - 9 MONTHS

Record Silver & Lead Production
MIC from underground **↑31%**
Integrated Silver **↑26%**
Integrated Lead **↑23%**



HINDUSTAN ZINC
Zinc & Silver of India