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THE MARKETS ON WEDNESDAY		Chg#
Sensex	36,034.1▼	119.5
Nifty	10,793.7▼	37.8
Nifty futures*	10,823.4▲	29.8
Dollar	₹70.8	₹70.7**
Euro	₹80.1	₹79.8**
Brent crude ($/bbl)##	63.5##	62.3**
Gold (10 gm)###	₹32,865.0▼	₹5.0

*(Feb.) Premium on Nifty Spot; **Previous close;
Over previous close; ## At 9 pm IST;
Market rate exclusive of VAT; Source: IBJA

PERSONAL FINANCE II, 3
BEAT MEDICAL INFLATION WITH A SUPER TOP-UP

COMPANIES P2
NOW, OPPO & VIVO PLAN TO MAKE KEY COMPONENTS LOCALLY

PUBLISHED SIMULTANEOUSLY FROM AHMEDABAD, BENGALURU, BHUBANESWAR, CHANDIGARH, CHENNAI, HYDERABAD, KOCHI, KOLKATA, LUCKNOW, MUMBAI (ALSO PRINTED IN BHOPAL), NEW DELHI AND PUNE

DHFL CEO HARSHIL MEHTA RESIGNS

DHFL on Wednesday said its chief executive officer, Harshil Mehta, has resigned from his position with immediate effect. "However, he will continue to be associated with the company and shall hold the designation of executive president (retail business) with effect from February 14, 2019," DHFL said. PTI

ECONOMY & PUBLIC AFFAIRS P18

IndiGo to curtail 30 flights daily for rest of February

The country's largest airline, IndiGo, on Wednesday cancelled 49 flights and announced the curtailing of around 30 flights daily for the rest of February, as it looks to stabilise operations and adjust crew rosters. IndiGo said operations would normalise by March 31, 2019.

ECONOMY P4

Fearing WTO backlash, duty hike put on hold

Fearing backlash at the World Trade Organization, India has ruled out any import duty hike for commodities, such as aluminium, in the short term. As the trade war between the US and China has altered global supply lines, domestic metal manufacturers have sent requests to the commerce department to secure their interests.

PRIVATE EQUITY P6

Actis set to launch $500-mn realty fund

Actis, the UK-based fund manager, plans to launch a $500 million (₹3,500 crore) India-focused real estate fund this year, said sources. This will be the first India-focused real estate fund launched by any global fund manager since JPMorgan raised one in 2014. RAGHAVENDRA KAMATH writes

ECONOMY P4

Operators can't charge more than current outgo: Trai

The telecom regulator, Trai, on Wednesday said operators could not charge TV viewers more than their usual monthly outgo under the 'best fit plan', which will be offered during the transition period.

ECONOMY P4
▸ Show-cause notices to Idea, BSNL for not meeting Trai's call drop norms

NDA's Rafale deal 2.86% cheaper than UPA's: CAG

Top auditor raises concern over govt settling for 'Letter of Comfort'

ARUP ROYCHOUDHURY
New Delhi, 13 February

The Narendra Modi government's agreement with France to buy 36 Dassault Rafale combat aircraft was 2.86 per cent cheaper than the price negotiated by the previous United Progressive Alliance (UPA) government in its aborted attempt to buy 126 of these planes, according to the Comptroller and Auditor General of India's report tabled in Parliament on Wednesday.

Beyond that headline number, the report gave enough talking points to both the government and opposition parties to validate their respective positions.

While the report on capital acquisitions of the Indian Air Force came down heavily on the original 126 Medium Multi-Role Combat Aircraft (MMRCA) deal, it also raised concern that Dassault or France did not offer any company or a sovereign guarantee for the latest government-to-government deal. And, that this will lead to savings for the French company and limit India's legal remedies in a breach of contract.

The report drew sharp political responses. "It cannot be that the Supreme Court is wrong, the CAG is wrong and only the dynast is right... *Satyameva Jayate* – the truth shall prevail. The CAG report on Rafale reaffirms the dictum," Union minister Arun Jaitley tweeted. "The lies of Mahajhootbandhan stand exposed by the CAG report. How does democracy punish those who consistently lied to the nation?"

Congress President Rahul Gandhi said the CAG report did not mention the dissent note by negotiators, and that the government's argument on price and faster delivery of the Rafale had been demolished. The report states the Rafale jets would be delivered only one month faster than they would have if the original deal went through. "You say there was no scam, then why are you afraid of ordering a JPC?" he said, reiterating his demand for a Joint Parliamentary Committee to look into the deal.

The CAG report has redacted monetary amounts related to the latest Rafale Inter-Governmental Agreement (IGA), as well as the earlier MMRCA proposal on insistence from the defence ministry, which had cited the IGA and an earlier Indo-French agreement.

The IGA was signed in 2016 to procure 36 Rafale jets in flyaway condition, as compared to the earlier MMRCA deal in which 18 fighters were to be supplied in flyaway condition and another 108 would be produced by state-owned Hindustan Aeronautics under transfer of technology.

In the report, the CAG states that since a direct price comparison between a 2007 deal and one in 2015 isn't possible, the Indian Negotiating Team (INT) applied a price escalation formula. This had used the industrial cost indices, adjusted for inflation, and aligned the quantities in the 2015 bid with that in the 2007 one.

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FROM THE REPORT

- **CAG highlights the drawbacks of settling for a 'Letter of Comfort'** rather than a sovereign guarantee by the French government
- **Says India manages to save 17.08% through India-specific enhancements** in the contract for purchase of 36 flyaway Rafale jets
- **Points out engineering-support package,** performance-based logistics 6.5% more expensive in the current deal
- **Slams original MMRCA proposal,** which was scrapped in March 2015

OPINION PAGE 9
EDIT: MORE QUESTIONS ON RAFALE

RAHUL STEPS UP ATTACK, GOVT HITS BACK ▸ CAG FINDS FAULT WITH PRICING MECHANISM P18

Venkat resigns, Noel joins Tata Trusts

SHALLY SETH MOHILE
Mumbai, 13 February

Tata Trusts, a cluster of charitable organisations controlling 66 per cent of Tata Sons, the holding company of the group, announced a series of top-level changes after a crucial board meeting on Wednesday. The restructuring includes one exit and two fresh inductions into the trust. R Venkataramanan (Venkat as he's often called) stepped down as managing trustee of the Sir Dorabji Tata Trust, while Noel N Tata, chairman of Trent and managing director of Tata International, and philanthropist Jehangir H C Jehangir have been brought in as trustees at the Sir Ratan Tata Trust.

The entry of 62-year-old Noel Tata, half brother of Ratan Tata, into Tata Trusts is being seen as a significant departure from the past within the salt-to-software conglomerate. Noel is also brother-in-law of former Tata Sons chairman Cyrus Mistry. Although there has been much talk earlier about Noel's likely entry into the Trusts, it had so far proved to be a false alarm. Before Mistry took charge as chairman at Tata Sons, Noel's name had done the rounds as a contender too. Shy and low-profile Noel, seen as a contrarian in personal life and in business, has focused on Trent's profitability over scale, that other retail chains chased. Observers believe it's that trait which may take him places in future. At Tata Trusts, sources said he may be inducted into other trusts under its fold as well in the months to come.

The second trustee to be inducted on Wednesday, Jehangir, 65, is currently overseeing the health care mission at Jehangir Hospital, Pune, as chairman. Hailing from a Parsi business family, Jehangir, who's on the board of several other companies, is a long-standing philanthropist. He's expected to add heft to Tata Trusts, according to people in the know.

While the new appointments made news, it was Venkat's resignation that was being watched by who's who of India Inc. Considered a Ratan Tata loyalist, Venkat had risen from the ranks and had assumed a position of power, managing all the trusts.

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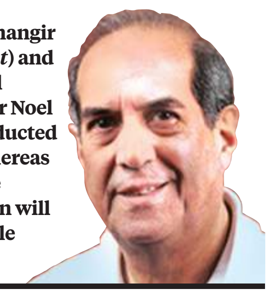
TOP-LEVEL REJIG

NEWSMAKERS P2

R Venkataramanan
POWER AT ONE REMOVE

Noel Tata
CAUTIOUS RISK-TAKER



Philanthropist Jehangir H C Jehangir (*right*) and Tata International Managing Director Noel Tata have been inducted into the board, whereas Managing Trustee R Venkataramanan will shift to another role within the group

Tata Sons sells oil & gas biz to Invenire for $100 million

In the first sign of private equity interest in exploration and production in India, Chennai-based Invenire Energy has taken over Tata Sons' oil and gas arm, Tata Petrodyne, in a $100-million deal. Miami-based Atyant Capital holds a majority stake (two-thirds) in Invenire, incorporated in 2016. Invenire has also submitted bids for six oil and gas blocks — four in Assam Shelf basin and one each in Cambay and Rajasthan — in the second round of discovered small fields auction, the winners of which are to be announced this week. SHINE JACOB writes 2 ▸

Tata Industries to raise up to ₹6,000 cr through bonds

Tata Industries, the Tata group's investment arm for upcoming businesses, plans to raise up to ₹6,000 crore through debentures for investment into group companies. Tata Industries is the core investment firm for Tata group's strategic investments in new and high technology areas. It also advises other Tata group companies. It has incubated several businesses, including auto ancillaries, defense, telecom, logistics and supply chain solutions, and an information technology park in Bengaluru. 2 ▸

IBC amendment on cards to ensure NCLT is obeyed

Successful bidders may be barred if they don't implement NCLT-approved plans

VEENA MANI
New Delhi, 13 February

The government plans to bar the successful bidder in a resolution process from any future bidding if it does not implement a scheme approved by the National Company Law Tribunal (NCLT).

In this connection, the much-discussed Section 29A of the Insolvency and Bankruptcy Code would be amended, said sources in the know.

"Dishonouring an NCLT-approved plan would be made one of the disqualification criteria under 29A," a government source said.

He said the regulations had already been changed to enable forfeiture of the earnest money deposit if an approved resolution plan is not implemented by the bidder.

Nilesh Sharma, senior partner with Dhir and Dhir Associates, said: "If amendments are made to disqualify wilful defaulters from making resolution plans in future for some period of time, it will also help in blocking those with ulterior motives from participating in the insolvency process."

There have been cases of a successful bidder refusing to infuse capital despite NCLT approving the resolution plan in this regard. For instance, Liberty House has allegedly refused to implement the plan in Amtek Auto's case. Amtek Auto was referred to the NCLT after the company defaulted on ₹12,000 crore of loans. Liberty House was declared the successful resolution applicant for the company in July 2018, with a winning bid of close to ₹4,000 crore.

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CODE CORRECTION

Key amendments made to the Insolvency and Bankruptcy Code so far to streamline the resolution process

- **Section 29 (A) introduced to debar errant promoters** and related parties from placing resolution plans
- **Financial institutions owning equity** but unrelated to promoters allowed
- **New rule provided for approval of only 66%** of creditors to go to NCLT
- **Homebuyers** given creditor status
- **MSME promoters allowed** to bid for their companies

RESULTS RECKONER

Quarter ended Dec 31, 2018; common sample of 1,915 companies (results available of 2,309)

SALES		
Dec 31, '17	**12.5%**	16.36 trillion ↗
Dec 31, '18	**18.5%**	19.38 trillion ↗
NET PROFIT		
Dec 31, '17	**13.3%**	1.24 trillion ↗
Dec 31, '18	**-31.0%**	85,952 crore ↘

Companies that have reported zero sales are excluded
Data compiled by *BS* Research Bureau
Source: Capitaline

TO OUR READERS

The one-page commercial feature on NTPC, being carried on Page 5, is equivalent to a paid-for advertisement. No *Business Standard* journalist was involved in producing it. Readers are advised to treat it as an advertisement.

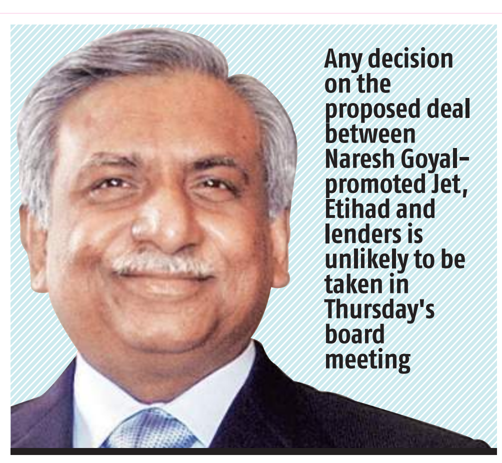
Wait for Jet Airways deal may get longer

NIVEDITA MOOKERJI & ANEESH PHADNIS
New Delhi/Mumbai, 13 February

A resolution plan for Jet Airways has been delayed over issues linked to due diligence in fresh equity investments, promoters' interests, lenders' perspective, regulatory hurdles and government concerns, sources in the know said. Industry watchers are drawing parallels with suspense thrillers while waiting for the "climax or anti-climax", as an official put it.

A board meeting, scheduled for Thursday (February 14), was expected to take up the proposed deal between Naresh Goyal-promoted Jet, foreign partner Etihad and lenders led by State Bank of India (SBI), but now it is learnt that no decision is likely so soon. In fact, the airline's extraordinary general meeting (EGM) on February 21 may only pass the enabling resolutions, while the specific numbers and architecture of a deal could be worked out later, an official tracking the development pointed out.

"A final decision will take more than two to three weeks," one of the sources quoted above said, indicating a deal would spill over at least middle of March. This is one of those complex transactions to have undergone several changes in the past few months, the source said, adding that the tweaks are still being made.



Any decision on the proposed deal between Naresh Goyal-promoted Jet, Etihad and lenders is unlikely to be taken in Thursday's board meeting

Jet did not comment on the matter.

Jet, which has a loan of over ₹8,000 crore, has run out of funds and needs to be restructured immediately so that it is not dragged to the National Company Law Tribunal (NCLT) for insolvency proceedings. The airline has been facing a funds crunch resulting in delayed salary and vendor payments as well as lease defaults. The airline was also forced by a lessor to ground several planes over non-payment of dues recently, though it has made part payments following a ₹500-crore cash infusion.

"We will wait for the outcome of the board meeting and the EGM. We hope a decision regarding funding is taken by then," said an executive from Japan's MC Aviation Partners, which has leased five Boeing 737 planes to Jet.

Even as an exemption for open offer is seen as critical for a deal with Etihad, capital market regulator Securities and Exchange Board of India (Sebi) is believed to have reservations on the matter. In an informal communication, Sebi has expressed disagreement over exempting Etihad Airways for making an open offer to the minority shareholders of Jet Airways, sources said. Such an exemption could go against Sebi's takeover norms and might not be favourable for the minority shareholders of the airline, an official had earlier told *Business Standard*.

Etihad Airways, which holds 24 per cent in Jet at present, may up its stake to around 40 per cent in the airline as per a road map under discussion. Goyal, who holds 51 per cent, is likely to shed a large chunk to bring down his holding to around 20 per cent or so. He will also step down from the board. Lenders may hold around 30 per cent, of which SBI could get 10 per cent. Lenders are planning to convert their debt to equity as well as make fresh infusion. The remaining shares would be with the public.

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