

MARKET WATCH

	19-03-2019	% CHANGE
Sensex	38,363	0.70
US Dollar	68.96	-0.62
Gold	32,970	0.42
Brent oil	67.44	0.13

NIFTY 50

	PRICE	CHANGE
Adani Ports	365.75	-3.25
Asian Paints	1453.90	8.30
Axis Bank	760.90	9.30
Bajaj Auto	2974.70	-30.45
Bajaj Finserv	6975.65	-31.15
Bajaj Finance	2920.90	-8.65
Bharti Airtel	336.75	6.15
BPLCL	407.80	2.25
Cipla	533.65	-0.85
Coal India	242.90	-1.30
Dr Reddys Lab	2708.70	39.25
Eicher Motors	21759.10	-492.30
GAIL (India)	362.05	2.20
Grasim Ind	822.30	3.75
HCL Tech	1036.20	24.20
HDFC	1067.85	5.45
HDFC Bank	2267.75	6.30
Hera MotoCorp	2614.05	-55.45
Hindalco	202.35	2.80
HPCL	290.75	3.95
Hind Unilever	1699.65	2.10
Indiabulls HFL	697.95	-3.00
ICICI Bank	398.40	0.35
IndusInd Bank	1725.20	6.10
Bharti Infratel	327.60	9.50
Infosys	722.25	12.05
Indian Oil Corp	162.70	-0.10
ITC	299.45	5.70
KJSW Steel	288.50	-6.45
Kotak Bank	1347.75	4.10
L&T	1357.95	-20.95
M&M	689.40	4.00
Maruti Suzuki	6825.20	-83.90
NTPC	134.90	2.61
ONGC	157.00	2.35
PowerGrid Corp	199.00	1.95
Reliance Ind	1376.55	26.50
State Bank	303.05	4.10
Sun Pharma	468.95	3.30
Tata Motors	182.85	0.60
Tata Steel	527.50	2.30
TCS	2022.80	0.00
Tech Mahindra	794.65	6.05
Titan	1109.05	7.75
UltraTech Cement	3978.00	7.80
UPL	931.30	4.20
Vedanta	172.70	-0.60
Wipro	257.45	-0.15
YES Bank	248.80	2.85
Zee Entertainment	465.75	8.40

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on March 19

CURRENCY	TT BUY	TT SELL
US Dollar	68.77	69.09
Euro	78.05	78.42
British Pound	91.29	91.72
Japanese Yen (100)	61.74	62.03
Chinese Yuan	10.24	10.29
Swiss Franc	68.73	69.05
Singapore Dollar	50.90	51.14
Canadian Dollar	51.73	51.97
Malaysian Ringgit	16.85	16.95

Source: Indian Bank

BULLION RATES CHENNAI

March 19 rates in rupees with previous rates in parentheses

Retail Silver (1g)	41	(40.8)
22 ct gold (1g)	3050	(3036)

Hyundai, Kia to invest \$300 million in Ola

YUTHIKA BHARGAVA
NEW DELHI

Hyundai Motor Company and Kia Motors Corporation will together invest \$300 million in cab aggregator Ola. This will be the biggest combined investment by the two firms of the South Korean Hyundai Motor Group.

As part of the 'strategic collaboration', the three companies will work on developing unique fleet and mobility solutions, besides building India-specific electric vehicles and infrastructure.

IL&FS: RBI asks NCLAT to modify order

PRESS TRUST OF INDIA
NEW DELHI

The Reserve Bank on Tuesday moved the NCLAT seeking modification of its order that restrained banks from declaring the accounts of IL&FS and its group companies as NPAs, even as the tribunal asked the banking regulator not to make it a 'prestige issue'.

Admitting RBI's plea, which contended that there was an overlap of power, the tribunal also wanted it to clarify whether its NPA (non-performing assets) norms and powers came in the way of successful resolution of IL&FS.

The NCLAT said the RBI cannot restrict it from prohibiting banks from 'asset classification' and observed that any change in this order would upset the entire resolution process of IL&FS and 300 group companies, which were sitting on huge debt amounting to over ₹90,000 crore.

The RBI moved NCLAT requesting it to modify its order restraining banks from classifying IL&FS and group companies as NPAs, contending that there was an overlap of power.

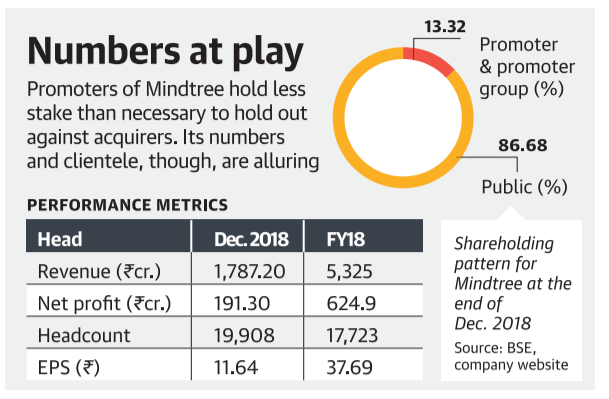
L&T offers Dil & Pyar, Mindtree founders say 'let's spar'

Not a 'hostile takeover' insists Larsen & Toubro CEO S.N. Subrahmanyam; grave threat to a unique organisation, says IT firm

PIYUSH PANDEY
MUMBAI

A day after acquiring 20.32% stake in Mindtree, engineering and construction major L&T tried to woo promoters, employees and other stakeholders of the IT firm. This, even as Mindtree's promoters unconditionally opposed L&T's 'hostile' takeover. L&T MD and CEO S.N. Subrahmanyam said, "Please understand, this 'hostile' word is not for us. We believe in 'Dil' (Heart) and 'Pyar' (Love). We have not attempted any hostile takeover on anyone. It was a significant shareholder [V.G. Siddhartha] of MindTree, who has persuaded us to invest in Mindtree and that's what we have done. We have invested our very hard-earned money where there is lot of emotion, passion, sweat, blood and tears are involved. So we see it with *Dil and Pyar*."

'No integration'
"I reassure Mindtree promoters that the company will be a professionally-managed



We looked at it 3-4 times. It was an opportunity, meeting of minds

S.N. SUBRAHMANYAM, L&T MD and CEO

company with L&T oversight. We are not planning any integration and Mindtree will remain Mindtree. L&T is an 80-year-old company... our chairman got Padma Vibhushan, it shows the culture and the value. We have 1,13,000 employees. I think MindTree promoters should look at it very positively. L&T is the best house for Mindtree," Mr. Subrahmanyam added. He claimed that Mindtree's single largest shareholder, V.G. Siddhartha, had approached L&T in this regard a few years ago, but the firm was not keen then.

In December, Mr. Siddhartha had again approached L&T as he wanted to sell his stake to a group that had good governance standards as he had lots of emotion attached to Mindtree, the company he co-founded.

"We looked at it three-four times. It was an opportunity, meeting of minds. From a business point of view, L&T Infotech is into

banking, financial services, oil and gas, while Mindtree is more into hospitality, travel, etc.," Mr. Subrahmanyam said.

When asked what would be the minimum stake that L&T would be comfortable with at Mindtree, he said, "We are going to make an open offer and we need at least 26% stake, otherwise our board will not allow the investment to go further."

Meanwhile, the promoters of Mindtree - Krishnakumar Natarajan, Subroto Bagchi, Rostow Ramanan and Parthasarathy N.S. - in a joint statement said, "The attempted hostile takeover bid of Mindtree by Larsen & Toubro is a grave threat to the unique organisation we have collectively built over 20 years. Since we started the company in 1999, we have built a rock-solid organisation that outperforms its peers. We've also carefully created a differentiated corporate culture made up of our amazing 'Mindtree Minds', which reached the 20,000 milestone this year."

'Will be value destructive for all'

Clients, staff will walk away, warn Mindtree promoters

SPECIAL CORRESPONDENT
BENGALURU



Mindtree co-founders Subroto Bagchi, Krishnakumar Natarajan and Rostow Ramanan. *GR N SOMASHEKAR

"The promoters of Mindtree, while signalling that they will not exit the company, have warned that if L&T proceeds with its hostile bid, clients and employees will walk away.

Addressing mediapersons, co-founders Krishnakumar Natarajan, Subroto Bagchi and Rostow Ramanan said the hostile bid was a grave threat to the unique organisation they had collectively built over two decades. "We do not see any strategic advantage and believe that this will be value destructive for all shareholders," they said posing five questions to L&T.

L&T had chosen to mount the first ever hostile takeover in the 50-year old 'unblemished' Indian IT industry. "If you persist, you will be forever remembered

for this. Is this how you want to set an example?" asked Mr. Natarajan asked. He pointed out L&T, with a turnover of ₹120,000 crore, was 18 times Mindtree's size. "Why can't you build a great technology business with all resources and capability without decimating another organisation?"

Third, he asked why shareholders of both companies must lose value. "Is that the right thing to do?"

Fourth, Mr. Natarajan touched upon the fact that this was a people's business and that Mindtree's people have signed up for a mission, and not just a salary. "Take their mission away and they will go," he warned.

His final poser was that if companies such as L&T behave with extreme hostility to first-generation entrepreneurs, "What message are you giving to all start-ups in the country?"

INTERVIEW | S.N. SUBRAHMANYAM

'We want Mindtree to be Mindtree... take the company forward as it is'

What we can bring is board oversight and industry connect, and leverage relationships, says L&T MD and CEO

PIYUSH PANDEY
MUMBAI

A day after acquiring 20.32% stake in information technology (IT) company Mindtree from V.G. Siddhartha for ₹3,269 crore, S.N. Subrahmanyam, MD and CEO of L&T, talks about plans for the Bengaluru-based firm. Edited excerpts:

L&T, which itself was a hostile takeover target in the early 1990s' is now making a hostile bid to take over Mindtree. Your thoughts.

"We are not involved in any hostile takeover. Nor have we advertised or spoken about any mergers or acquisitions. It was one of Mindtree's major shareholders, Cafe Coffe Day owner Mr. Siddhartha, whom through a mutual friend met me first; and over a cup of tea, asked if L&T will be interested in his stake in Mindtree. I didn't show much interest. He kept meeting me again and again, 4-5 times both in Chennai and in Mumbai. When he came for the fifth time, I asked him, Sir, we have not shown any interest, why are asking us to do this? He gave an answer which the present founders of Mindtree should understand very well. He said, 'SNS, I

have invested in this company 19 years back. I have been part of its growth and had done everything possible to be there and done everything possible to support the management. 'I moved out of the board right now, I don't feel like wanting to be parked, I want to sell my shareholding. If you are not interested, I am going to sell it anyway to somebody and I don't know who it will be. I am not asking you for a big price. I am asking you for whatever is the correct price. I am not going to bargain with you. Whatever you or Mr. Naik say, I will take it and walk away and I am positive about it.'"

When I asked 'Why us,' he said, 'From governance, ethics, history, vulnerability, principles point of view, you are a safe person, where I feel that whatever I have invested and kept, you will take it forward in the same manner.' So, it was he who persuaded us. Now you are at 20.4% at Mindtree, what next? ■ Our principle is that we are not investors, we are involved people. Once we have 20.4%, we have to move forward at least to 26% and once we reach 26%, we have no choice but to make an open offer. If their (Mindtree) management doesn't understand this and thinks that we are hostile, then I think there is something wrong. They better understand that what I have done is with my 'Dil and Pyar' and I am very clear about it. But why didn't Mr. Siddhartha sell his stake to Mindtree promoters? ■ If their shareholder moves away and they come on TV and say that we don't even know that shareholder is selling, it's not the right thing because the shareholder fully informed them that he is moving away. The shareholder also asked them if they want to buy. Obviously, he knows that they can't buy because nobo-

dy had that kind of money. If they can't get along with their shareholder, it's not my fault. The fact is also that, we took an involved decision based upon facts and persuasion of a majority shareholders.

What if Mindtree promoters call for a compromise, accept the offer on condition that they be allowed to continue in their current roles?

"Yes, we want Mindtree to be Mindtree. We want to take the company forward as it is. We offered the present chairman Mr. Krishnakumar, 'Sir, you please kindly continue as a chairman.' Have we told

What if they don't agree to your offer of Dil se and Pyar se? Will you be aggressive?

"Finally, we are a 21% shareholder, we will move to 26% or 30% and are attempting to get 60%. You can't ignore a major shareholder. We are there as your shareholder and what you did to Siddhartha, you can't do that to me. You have to take cognisance that there is a shareholder that has come. I hope, over time, the emotionalism goes away and better sense prevails and they will

start talking to us and we can take it forward. Emotions naturally come when you are a founder.

Can we say L&T is shifting gears, from engineering and construction space into IT?

"We are predominantly still EPC and projects at about 75%, another 5% would be manufacturing and defence and the rest would be services like LTI, LTS, L&TF and L&T reality. EPC, projects and construction give us 6% on good days and 5% on bad days. We have done it to the best of our ability. Most of the investment that needs to be done in this space has been done in boilers, turbines, ship building etc. Now, our job as management is to get maximum returns out of it. There is surplus money in the profit and loss account as we are doing well and generate cash. We need to do something with the cash, it belongs to the shareholders. So when you look at the portfolio today, there is nothing much that we can invest in manufacturing or the other side except the regular capex. IT is a reasonable space to invest because it's

Business has nothing to do with emotions; bottomline is all that matters. Do you subscribe to this view?

"Business is all about emotions, passions and results. Without emotions and passions, results don't come. At L&T, we are all employees. Indirectly and directly we own 19% of the firm; 14% through the employees' trust and 5% as stock options with various employees. Some of the largest, biggest and longest and most astounding structures are constructed by L&T.



Forex swap for liquidity has been received well, says RBI Governor

Stresses need for permanent status to finance commission

SPECIAL CORRESPONDENT
MUMBAI

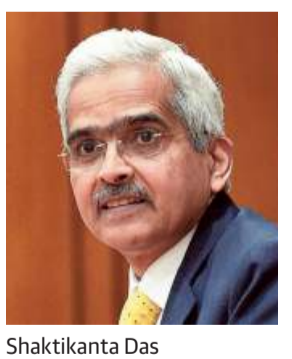
The recent decision of the Reserve Bank of India (RBI) to inject rupee liquidity through long-term foreign exchange swap - a first of its kind in liquidity management policy - has been received well, Reserve Bank of India Governor Shaktikanta Das said on Tuesday.

Mr. Das was speaking to reporters on the sidelines of an event to launch former governor Y.V. Reddy's book.

When asked what kind of feedback the central bank had received on the new instrument, he said, "26th [March] is the auction, so we will receive the feedback on 26th. But by and large, I think it has been received quite well."

The central bank will conduct a dollar-rupee buy/sell swap auction of \$5 billion for a three-year tenor, on March 26.

"So far as the intentions behind the schemes are concerned, whatever we said in the press release that day covers the relevant point," he added.



Shaktikanta Das

inject liquidity would be repeated, Mr. Das said, "I cannot say at this moment."

Earlier, the RBI Governor said there was a need to give permanent status to the finance commission.

Broad consistency
Observing that there was a need to ensure broad consistency between finance commissions so that there was some degree of certainty in the flow of funds, especially to States, he said, "This has become even more critical in the post-GST scenario. In other words, there has to be continuity and change between finance commissions. Increasingly, therefore, it is felt that there is a need to

give permanent status to the finance commission."

He, however, clarified that his views did not represent the views of the 15th Finance Commission in which he was a member for more than a year.

Stating that the recent initiatives in fostering cooperative federalism had opened new chapters of cooperation between the Centre and States, he added that cooperative federalism, however, should not 'breed inertia'.

"Alongside cooperative federalism, there has to be competitive federalism. The ranking of States on the parameter of 'ease of doing business' has generated a very healthy competition among States.

Indices developed by the NITI Aayog on health, water management, implementation of SDGs, etc., have the potential to generate similar healthy competition," the RBI Governor added.

Mr. Das also stressed on fiscal consolidation, both at the Central and State levels, and said it was important for robust expenditure planning.