

THE MARKETS ON WEDNESDAY		
		Chg#
Sensex	38,386.8▲	23.3
Nifty	11,521.0▼	11.4
Nifty Futures*	11,553.2▲	32.2
Dollar	₹68.8	₹69.0**
Euro	₹78.1	₹78.3**
Brent crude (\$/bbl)**	68.1**	67.3**
Gold (10 gm)**	₹31,810.0▼	₹145.0

\*Mar. Premium on Nifty Spot; \*\*Previous close; # Over previous close; ## At 9 pm IST; ### Market rate exclusive of VAT; Source: IBSA



## BRAND WORLD P10 AMUL, SANTOOR, CASTROL JOIN THE ELECTION FRENZY

## MARKET SCAN P15 MID-CAPS BACK ON INVESTOR RADAR



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

## US FED HOLDS RATES STEADY

The Federal Reserve held interest rates steady on Wednesday and its policymakers abandoned projections for further rate hikes this year as the US central bank flagged an expected slowdown in the economy. In a major shift in its perspective, the Fed also now expects to raise borrowing costs only once more through 2021. In a policy statement, it kept benchmark overnight lending rate in a range of 2.25 per cent to 2.50 per cent. **7**

## COMPANIES P2 NCLAT directs fresh Essar Steel CoC meeting

The NCLAT has asked the resolution professional of Essar Steel to call a fresh meeting of the committee of creditors of the firm to consider the redistribution of funds from ArcelorMittal's ₹42,000-crore resolution plan.

## MARKETS P11 Sebi mulls new structure to prevent hostile takeovers

Sebi on Wednesday issued a draft framework to allow domestic firms to issue shares with differential voting rights. The move will help new-age companies and promoters as they will be able to retain decision-making powers without diluting too much control.

## BS SPECIALS ON THURSDAY



## TECHNOLOGY: Towards farms of the future

AI and big data are being used to predict price trends of crops and yields, write DEBASIS MOHAPATRA & TE NARASIMHAN **13**

## PERSONAL FINANCE: Insurance, mutual fund returns aren't comparable

Given the complexity in the cost structure of insurance schemes, it is almost impossible to make an apple-to-apple comparison. TINESH BHASIN writes **14**

## ECONOMY: Newsmaker — P C Ghose, India's first Lokpal

The man to tackle a tough task, writes M J ANTONY **14**



## Happy Holi!

Business Standard wishes its readers a Happy Holi. The Delhi edition is available for the paper since the Mumbai offices were closed on Wednesday.

# Banks to take control of Jet Airways cockpit

Naresh Goyal, nominees to step down; lenders to infuse ₹1,200 cr emergency funds

ARINDAM MAJUMDER & ARUP ROYCHOUDHURY  
New Delhi, 20 March

Lenders of Jet Airways are likely to take management control of the airline by superseding the current board, it is learnt. A consortium of lenders, led by State Bank of India (SBI), would operate the airline managed by a professional board, a source in the know said. The move follows Etihad's refusal to infuse additional funds in Jet under the current terms of the bank-led resolution plan. The lenders will sell their stake in Jet at an appropriate time.

According to the revised plan, promoter Naresh Goyal, his wife Anita Goyal and the directors nominated by the promoter would be asked to step down from the board, sources in the know said. The promoter-appointed directors include Nasim Zaidi and Gaurang Shetty, who's also an executive at the airline.

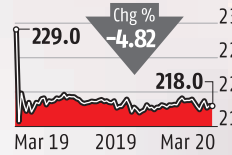
The lenders, as part of the resolution process, will infuse around ₹1,200 crore into the airline as emergency funding. State-owned banks, including State Bank of India and Punjab National Bank are the main lenders to Jet, which is now operating only one-third of its fleet of planes as the rest have been grounded due to non-payment to lessors.

"It's unfortunate that both the owners have not been able to reach a consensus. But banks have decided that the company will not be allowed to fail and will take control of the airline," said a senior banker leading the resolution process. A resolution is expected before the end of this month.

According to the plan, the airline will

## CHANGING HANDS

Intra-day BSE price in ₹



## JET SHAREHOLDING

Total **113.5 mn**

Naresh Goyal's shares **57.9 mn (51%)**

Etihad **27.2 mn (24%)**

## ON THE BOARD

Etihad nominees:  
▶ Robin Kamark  
▶ Kevin Knight

PROMOTER AND PROMOTER'S NOMINEES  
▶ Naresh Goyal  
▶ Anita Goyal  
▶ Nasim Zaidi

The promoter and his nominees will have to step down once the board is restructured

issue additional 114 million equity shares. After the restructuring, the lenders' consortium led by the SBI, along with national sovereign fund National Infrastructure Investment Fund (NIIF) will hold around 51 per cent stake in the airline.



## Govt looks at giving Jet's unused airport slots to others

The government plans to provide unused airport slots of Jet Airways to other domestic airlines on an interim basis, a senior official said on Wednesday. The cash-strapped airline, which is looking to raise fresh funds, has grounded 47 planes due to non-payment of lease rentals. Besides, many aircraft are on the ground due to other reasons. Against this backdrop, civil aviation ministry officials on Wednesday held a meeting with representatives of various domestic airlines. **PTI**

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# Vodafone Idea rights issue at 60% discount

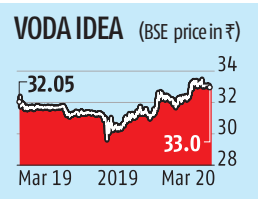
At post-issue adjusted price, the discount comes down to 33%

ROMITA MAJUMDAR & SOHINI DAS  
Mumbai, 20 March

## RIGHTS ISSUE SINCE JAN 2017

	Ratio	Issue price*	Adjusted price#	Discount after issue
Canara Bank	1:10	207	300.3	31.1
Mahindra Life	1:4	292	358.0	18.4
Intellect Design	5:22	86	120.4	28.6
Indian Hotels	1:5	75	106.0	29.2
Lak. Vilas Bank	1:3	122	165.5	26.3
Piramal	1:23	2380	2777.3	14.3
Tata Steel	4:25	510	718.3	29.0
Indiabulls	3:16	240	244.4	1.8
Hatsun AgroProd	1:16	555	734.4	24.4
Bharti Airtel	19:67	220	296.3	25.8
Vodafone Idea	38:87	12.5	18.7	33.3

Ratio is of the number of rights shares to shares held. All prices in ₹ # Post-issue adjusted price after rights issue is calculated as the sum of market capitalisation before rights and the rights issue amount divided by the total post-issue outstanding shares \*Premium + face value; filtered for BSE500 companies Sources: Exchanges/Capitaline



Shares of the country's largest telecom player in terms of subscribers, Vodafone Idea (VIL), tumbled after its board approved a ₹25,000-crore rights issue, one of the largest in Indian markets. The stock recovered after falling about 7.6 per cent to ₹29.6 apiece (close to the 52-week low of ₹28.8), ending at ₹33 apiece, up 3 per cent from the previous close.

VIL shareholders would be able to buy 87 shares for every 38 held for an issue price of ₹12.50 a share, or a 60 per cent discount to the current stock price. However, in terms of the adjusted share price for the rights issue, which is ₹18.7, the discount is 33 per cent.

In comparison, Bharti

Airtel's rights issue is at a 26 per cent discount. Amit Tandon, managing director at Institutional Investor Advisory Services, said rights issues were a way

to reward existing shareholders and as such VIL shareholders have been losing money for long.

"Rights issues have historically been on deep discounts to the current market price. Keeping the price close to the current stock price is a relatively new trend. Pricing it at ₹12.50 may showcase lack of confidence in one's business, but another way of looking at it is that it ensures existing shareholders participate and make some returns on their investments," he said.

"It is not a deeper discount than other rights issues in the past, and hence it is not a sign of weakness. It is the largest investment announced in a rights issue by promoters," said a source.

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## I-T dept, others can initiate insolvency: NCLAT

AASHISH ARYAN  
New Delhi, 20 March

The income-tax (I-T) department, the sales tax departments of states, and other local authorities can initiate the corporate insolvency process against companies that owe them, said the National Company Law Appellate Tribunal (NCLAT) on Wednesday.

They will be considered operational creditors and all statutory dues, including I-T and value-added tax, will be under the ambit of operational debt, a two-member Bench headed by Justice S J Mukhopadhyaya said.

The I-T department and other tax departments had moved the NCLAT against decisions of various Benches of the National Company Law Tribunal (NCLT). In one such case, the Maharashtra sales tax department challenged the decision of the resolution professional of Raj Oil Mills to not call the tax agency to the meeting of the committee of creditors (CoC). It had also claimed the dues owed to the tax department did not come under operational debt.

More on www.business-standard.com

# Mindtree board defers decision on buyback

DEBASIS MOHAPATRA & JASH KRIPLANI  
Bengaluru/Mumbai, 20 March

Bengaluru-headquartered information technology (IT) firm Mindtree's board on Wednesday was unable to take a decision on its proposed buyback plan to stave off a takeover bid by Larsen & Toubro (L&T). The decision might be taken at a later meeting.

"The board considered the proposed buyback of equity shares on Wednesday. Following detailed discussions, the meeting has been adjourned to a future date," the company said in an exchange filing.

"No decision has been taken in relation to the proposed buyback of equity shares," it added.

Mindtree Chief Executive Officer Rostow Ravanan on Tuesday had said the buyback was still possible with the approval of 75 per cent of shareholders. "Procedurally, it is possible, but it has to cross certain regulatory thresholds," he said.

After terming L&T's attempts to take a controlling stake in the company as hostile and value-destructive on Tuesday, founders of Mindtree remained tight-lipped on Wednesday.

Sources in the company said while the board deliberated on the open offer, apart from the proposed buyback, it did not come to any conclusion on a concrete action.

According to legal experts, under current takeover norms of the Securities and Exchange Board of India (Sebi), the buyback would not be possible without a special resolution through a postal ballot.

"The open-offer period has already kicked in, since L&T and V G Siddhartha have entered into a share-purchase agreement. The takeover code states that during the offer period the target company cannot buy back shares without getting adequate shareholders' votes through a special resolution in a postal ballot," a lawyer said.

He added that in the current case, the timelines do not seem to be in favour of Mindtree. Postal ballot was a long-drawn process. "The acquirer can expedite its offer in the interim," he said.

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L&T on Monday mounted a hostile takeover bid for Mindtree, with a strategy to buy 67% controlling stake in Mindtree

# Govt mulls lowering income cut-off level for LPG subsidy

SHINE JACOB & ARUP ROYCHOUDHURY  
New Delhi, 20 March

With petroleum subsidies expected to touch a four-year high of more than ₹37,000 crore in 2018-19, the government is mulling options to rationalise the scheme by excluding those with an annual income of more than ₹5 lakh from getting cooking gas subsidy.

The current limit — excluding those with an annual income of more than ₹10 lakh from having liquefied petroleum gas (LPG) subsidy — is in place since 2016.

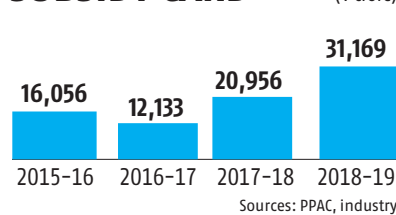
This is one of the many options on which the finance and petroleum ministries are deliberating in a bid to bring down LPG subsidies.

The two ministries are considering bringing down the number of cylinders per annum from 12 to seven or eight. The Centre is also examining the option denying subsidies for those who own cars. For this, the government has collected registration details of cars from regional transport offices (RTO) in a few districts.

A decision on bringing down LPG subsidies is likely to be one of the first steps the new government will have to take a call on after the

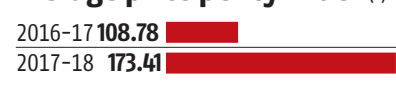


## SUBSIDY CARD



Sources: PPA, Industry

## Average price per cylinder (₹)



Lok Sabha elections. The Ministry of Finance has sought opinion from the Ministry of Petroleum and other stakeholders on whether the income limit can be reduced, Business Standard has learnt from multiple sources close to the development. "The finance ministry has asked the oil ministry about its suggestions regarding rationalising the scheme. This includes a possible

reduction in the cap based on annual income. This will be one of the first calls the new government will have to take as LPG subsidy is going up," said a government official.

According to internal estimates drawn up in February, the expected petroleum subsidy figure for 2018-19 was about ₹37,000 crore — including ₹31,169 crore on LPG and ₹5,833 crore for kerosene, respectively. This was compared to a

cooking gas subsidy of ₹16,056 crore in 2015-16, ₹12,133 crore in 2016-17, and ₹20,956 crore in 2017-18, causing concern for the Indian economy.

Apart from rising international prices, the recent increase in LPG penetration was also instrumental in the increase. From a mere 148 million LPG consumers in India on March 31, 2015, the number has increased by around 77 per cent to 261.6 million now. This is primarily due to the Pradhan Mantri Ujjwala Yojana (PMUY), through which the government added 71.1 million LPG consumers.

The government's subsidy bill per cylinder has grown over the years. The subsidy per cylinder was seen at ₹108.78 in 2016-17, ₹173.41 in 2017-18, and ₹219.12 during the first half of 2018-19. In March this was seen at ₹205.89, up from ₹165.47 a cylinder in February.

The existing limit of ₹10 lakh came after eliminating 40.9 million fake connections through Direct Benefit Transfer for LPG (DBTL), through which the government has saved nearly ₹56,391 crore of cooking gas subsidy.

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## COMPANIES P2

▶ It's emotions versus 'logic' in Mindtree saga