

Companies

SATURDAY, MARCH 9, 2019

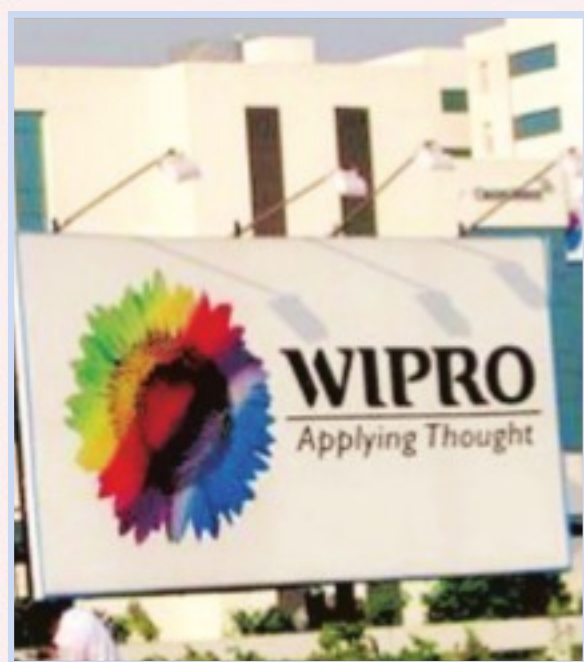


● SUBDUED SENTIMENT

Vishnu Mathur, director general, SIAM

What we are seeing is that the market sentiment is subdued. Interest rates are still high and we have not been able to recover from the impact we have had earlier in the year.

Quick View



Azim Premji Trust sells over 2.66 crore Wipro shares

IT MAJOR WIPRO on Friday said one of its promoters, Azim Premji Trust, has sold 2.66 crore shares of the company in a block deal on the BSE. The company, however, did not disclose further details of the transaction. Following the said block deal, the shares of the company closed at ₹256.50 Friday, down 4.58%, on the BSE. The Azim Premji Trust, is part of the promoter group that held 3,36,19,97,805 shares amounting to a 74.30% stake in the company as of the quarter ended December 31, 2018.

Varun Beverages opens ₹550-cr facility in Punjab

PEPSICO INDIA'S BOTTLING partner Varun Beverages (VBL) on Friday announced opening of its ₹550-crore facility in Pathankot, Punjab, which would roll out products from the cola major's beverage portfolio. The integrated facility will produce PepsiCo's Tropicana range of fruit juices, dairy-based products, carbonated soft drinks, Aquafina water, Gatorade and Lipton ice tea, according to a joint statement. The company has commenced trial production in this facility, which will be the first fully backward integrated facility to produce PepsiCo's beverage portfolio items.

Ashok Leyland bags big bus order from GSRTC

ASHOK LEYLAND (ALL) on Friday said that it has bagged an order from the GSRTC (Gujarat State Roadways Corporation) for 1,290 buses. This order comes close on the heels of the company receiving orders 2,580 buses from various state transport undertakings. Vinod K Dasari, managing director of Ashok Leyland, said: "We are happy to receive the confirmation of this order from GSRTC. Our ability to bring value, combined with our superior technology and innovation will help us maintain our leadership position in buses in India."

Wabag gets ₹575-cr order under clean Ganga plan

CHENNAI-BASED PURE PLAY water technology company VA Tech Wabag has secured a ₹575-crore order under the National Mission for Clean Ganga scheme to design, build, rehabilitate an operate sewage treatment facilities and associated infrastructure in Kolkata. S Varadarajan, whole time director & chief growth officer, said: "Once completed, the project with a cumulative wastewater treatment capacity of 185 MLD will contribute to reduce by around 27% the discharge of untreated sewage into the Ganga from West Bengal."

HarperCollins to be partner of Juggernaut

ALL SALES AND distribution for Juggernaut Books' print list will be handled by HarperCollins India from now on, the two publishing houses have announced. This move is aimed at providing Juggernaut Books and their authors a much wider reach and visibility across the Indian subcontinent and beyond. Founder and Publisher of Juggernaut Books Chiki Sarkar said her team is "delighted to be working with HarperCollins..."

BMW, MINI lifestyle unveiled on Amazon India

BMW GROUP HAS launched its latest range of original BMW and MINI lifestyle collection on Amazon India. The collection includes a wide range of clothing, accessories and luggage series. Amazon customers can log on to their accounts and purchase items from BMW or MINI lifestyle collection and get them delivered via Amazon fulfilment channels.

INSOLVENCY PROCEEDINGS

NCLT allows ICICI Bank's plea against Punj Lloyd

FE BUREAU
New Delhi, March 8

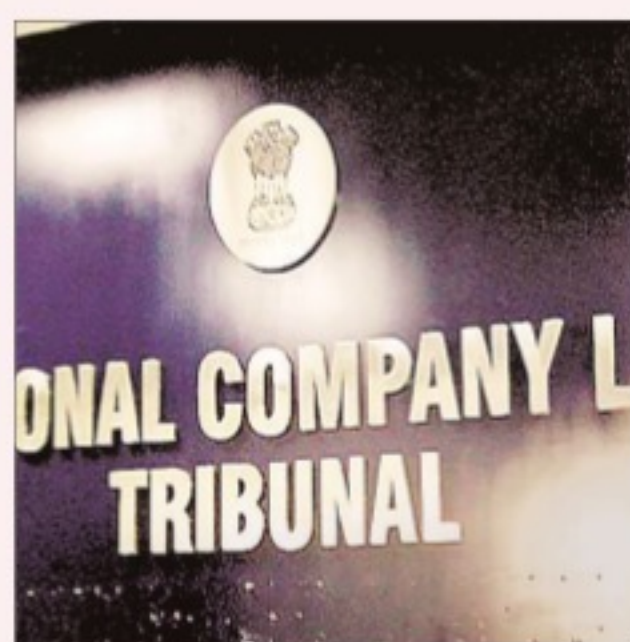
THE NATIONAL COMPANY Law Tribunal (NCLT) on Friday admitted a petition filed by ICICI Bank against engineering and infrastructure company Punj Lloyd.

The ICICI Bank petition under Section 7 of the Insolvency and Bankruptcy Code pertains to a default amount of ₹853 crore by Punj Lloyd, founded by Atul Punj.

On the day when the NCLT admitted the petition, three independent directors of the company — Phiroze Vandrevala, Uday Jit Singh Walia and Shraavan Sampath — resigned with immediate effect.

In addition, Dinesh Thairani, group president — legal & company secretary, has also resigned from the company with immediate effect.

ICICI Bank had filed the petition in the NCLT in June last year. At that time, Punj Lloyd had said more than 90% of the lenders agreed to support a resolution plan under the leadership of SBI for restructuring the outstanding debts of the company.



The petition of ICICI Bank under Section 7 of the Insolvency and Bankruptcy Code pertains to a default amount of ₹853 crore by Punj Lloyd

Punj Lloyd had posted a loss of ₹2,795

crore in Q3FY19, which was among the biggest losses posted by companies during the quarter. It had a net borrowing of ₹8,003 crore as on December 31, 2018.

In a presentation made to investors last month, the company had maintained that it is confident of a favourable outcome of its pending restructuring proposal.

Punj Lloyd, as part of its financial restructuring to pare debt, had submitted a "scheme of restructuring" with its lenders. In 2018, it had also obtained mandatory approvals from shareholders for the same. As per the Reserve Bank of India Circular dated February 12, 2018, the restructuring was to be completed by August 27, 2018.

Some of the lenders had expressed their dissent over the scheme of restructuring and filed application for recovery of its dues before the National Company Law Tribunal and Debt Recovery Tribunal. Lenders had also issued notice under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

NCLAT allows withdrawal of Liberty House bid for ARGL

PRESS TRUST OF INDIA
New Delhi, March 8

THE NATIONAL COMPANY Law Appellate Tribunal (NCLAT) on Friday allowed withdrawal of UK-based Liberty House's bid for ARGL on the plea of resolution professional of the debt-ridden company.

A two-member bench, headed by Justice SJ Mukhopadhyaya, also pulled up Liberty House for not pursuing the corporate insolvency resolution process after being selected as the highest bidder.

"You are a failure party all the time, dragging your feet. You are in bad reputation. We would not allow you to take advantage of the appellate tribunal," the bench said.

The NCLAT has upheld the previous order of the Chandigarh bench of the NCLT, which had imposed a cost of ₹1 lakh on Liberty House citing a casual approach. The appellate tribunal also directed to deduct the time period between December 14, 2018 and Friday from the resolu-

tion process.

Under the Insolvency and Bankruptcy Code, a resolution process has to be completed under 180 days with a further extension of 90 days to 270 days.

Meanwhile, the NCLAT also said its order would not debate the participation of Liberty House in other resolution processes. "Any observations against Liberty should not construed as finding against them ineligible from participating in any other resolution process," it said.

Liberty House had emerged as the highest bidder in ARGL, a subsidiary of debt-ridden auto components maker Amtek Auto. However, the company refused to go ahead and submit a bank guarantee after emerging as the highest bidder.

Following which, the resolution professional of the company moved the NCLT to cancel the bid. The NCLT had allowed it and imposed a cost on Liberty House. This was challenged by Liberty House before the NCLAT.

NCLAT tells NCLT to decide on JSW's bid for Bhushan Power by March 31

PRESS TRUST OF INDIA
New Delhi, March 8

THE NATIONAL COMPANY Law Appellate Tribunal (NCLAT) on Friday directed the Delhi bench of the NCLT to decide over JSW Steel's bid for debt-ridden Bhushan Power & Steel by March 31.

A two-member NCLAT bench headed by chairman Justice SJ Mukhopadhyaya has also directed the National Company Law Tribunal (NCLT) to hear representatives of operational creditors and promoters along with dissenting banks.

"We expect the adjudicating authority (NCLT) to decide the case at an early date to ensure that the matter is decided before the end of this financial year," the appellate tribunal said.

During the proceedings, Bhushan Power promoter Sanjay Singal through his counsel offered to settle all dues of the lenders. On this, the appellate tribunal has directed the NCLT to also take a decision

NCLT clears ₹5k-crore plan of RIL-JM Fin ARC for Alok Industries

FE BUREAU
Ahmedabad, March 8

UNDER THE NEW Insolvency and Bankruptcy Law, the Ahmedabad bench of the National Company Law Tribunal (NCLT) on Friday approved a ₹5,000-crore resolution plan of Reliance Industries-JM Financial Asset Reconstruction Co to acquire Alok Industries.

The two-member bench of Justices Harihar Prakash Chaturvedi and Manoram Kumari approved the resolution plan submitted by the resolution professional for Alok Industries (AIL). The tribunal initiated the insolvency resolution process against the company in July 2017 on a plea filed by State Bank of India.

AIL is one of the top 12 loan default cases under the Insolvency and Bankruptcy Code, 2016. The cases under insolvency law are expected to be resolved within a 270-day period.

The company faced liquidation in April 2018 as the resolution plan had failed to



meet the 75% threshold in the first round of bidding, with only 72% financial lenders approving Reliance Industries-JM Financial resolution plan.

Later on, the NCLT allowed the second round of bidding as the threshold under the Insolvency and Bankruptcy Code (IBC) later brought down to 66%.

The resolution plan of Reliance Industries was stated to be near the liquidation value of nearly ₹4,500 crore. With this development, Reliance Industries-JM Financial is set to acquire four manufacturing facilities in Silvassa, Vapi, Navi Mumbai and Bhiwandi, which can manufacture 68,000 tn of cotton yarn a year and 170,000 tn of polyester per year.

S&P revises its outlook for Vedanta Resources to 'negative' from 'positive'

PRESS TRUST OF INDIA
New Delhi, March 8

S&P GLOBAL RATINGS on Friday revised the outlook on Vedanta Resources to 'negative' from 'positive' on weaker operating performance.

"The outlook revision reflects our view that Vedanta Resources' financial ratios is likely to stay weaker than levels commensurate with the current rating," it said in a statement.

"The company's operating performance and cash flows lag our estimates, and its debt related to privatisation and growth investments should keep leverage higher than our expectation for the rating," the statement said. The negative outlook reflects the likelihood of a lower rating on Vedanta Resources over the next nine months, it said.

"This is because, in the absence of a better operating performance than we expect



and an unlikely reduction of elevated debt (related to privatisation, steel business acquisition, etc.), the company's cash flow leverage will be higher than the level commensurate with a 'B+' rating," it said.

S&P Global Ratings further said its annual gross EBITDA (earnings before interest, tax, depreciation and amortisation) expectation for Vedanta Resources was now about \$4 billion over 2019-20

and 2020-21, a drop of about \$1.0 billion from its estimate nine months ago.

This is due to a combination of lower base metal prices, higher input costs of aluminum, slower new zinc project ramp up, and closure of copper smelting.

"Slower worldwide economic growth (especially for China) has lowered our estimate of demand growth in base metals," it said.

USFDA issues warning letter to Jubilant Life for Roorkee unit

PRESS TRUST OF INDIA
New Delhi, March 8

DRUG FIRM JUBILANT Life Sciences on Friday said the US health regulator has issued a warning letter to the company for its Roorkee facility in Uttarakhand.

"The United States Food and Drug Administration (USFDA) may withhold approval of any new applications or supplements till the company addresses all issues raised by the agency," Jubilant Life Sciences said in a filing to the BSE.

The company did not provide any details about the issues raised by the USFDA in its warning letter.

"However, we believe that the existing manufacturing and sale of products from this facility will not be impacted. US revenues from the facility is about 4% of the total revenues of the company," Jubilant

Life Sciences said.

The company is committed to implementing the necessary corrective actions required to address USFDA concerns and is in the process of providing a thorough and comprehensive response to the USFDA within 15 working days, it added.

Earlier on December 8, 2018, the company had said in a regulatory filing that the US health regulator had classified its inspection of the company's Roorkee solid dosage formulations facility as "Official Action Indicated".

The facility was inspected by USFDA in August 2018,

it added. According to the US regulator, "When FDA finds that a manufacturer has significantly violated FDA regulations, FDA notifies the manufacturer. This notification is often in the form of a warning letter."

Reliance plans major expansion of fashion store business

PROMIT MUKHERJEE
Mumbai, March 8

RELANCE INDUSTRIES PLANS to grow the number of low-cost Reliance Trends fashion stores across India to 2,500 from 557 over the next five years and integrate them with its online business, two people briefed on the plans said.

The expansion, which has not been reported before, is the latest move by the conglomerate's billionaire owner Mukesh Ambani to grab a dominant share of Indian consumer spending in a struggle with rivals, particularly e-commerce giants Amazon.com and Walmart's Flipkart.

Reliance's plans to diversify into e-commerce and expand in fashion come on the heels of India's new foreign investment curbs that have dealt at least a temporary blow to Amazon and Flipkart.

The government in December modified FDI rules for e-commerce, barring online retailers from selling products via vendors in which they have an equity

interest, and also from making deals with vendors to sell exclusively on their platforms.

Expectations that Ambani will increase bets on retail have been growing, and the latest plan was presented at meetings earlier this year, sources said, citing proposals the company shared with retail advisors.

Reliance Retail did not reply to an email seeking comment.

The expansion plan should allow Reliance Trends, which sells accessories as well as clothing, to rapidly grow its private labels — the retailer's own brands — the sources said.

Reliance Trends would be in 300 cities in five years, from 160 now, said the second person briefed on the plan.

A Reliance executive, speaking on condition of anonymity, said integrating the availability of private labels with its e-commerce venture and penetrating deeper into smaller, tier-III and tier-IV cities is the next level of growth for Reliance Trends.

"With the new commerce venture that



we have planned, it will even be easier to sell our private labels from even third-party stores," the executive said.

India has the world's largest population in the 18-35 year age group at 44 crore, constituting nearly half of its workforce, global consultancy Deloitte said in a recent

report. With rising use of the internet and smartphones, e-commerce retailers have doled out discounts to lure people to shop online for goods as varied as basic groceries and large electronic devices.

"The millennial opportunity is what every retailer is looking at. Reliance is no

different," said a retail industry veteran and independent advisor to several retailers.

Retailers tend to make better margins out of their own brands than third-party brands because they can keep a much sharper eye on costs of production and associated marketing.

"Reliance Trends' aggressive expansion will see products such as private labels available across multi-brand outlets and smaller format stores as well," said independent retail consultant Govind Shrikhande when asked how Reliance will manage the aggressive expansion.

Almost 80% of Reliance Trends' revenue comes from private labels. A team of designers work across seven centres in India and one in London to design items such as jeans, trousers, shirts and t-shirts, the company executive said.

"They are looking at global fashion and then they are looking at how that fashion can be adopted for India at a price which is affordable to churn out our private labels," said the executive.

REUTERS