ESSAR GROUP

Net sales (₹ cr)

3,296.44

under the insolvency laws.

The first win came when the cred-

itors decided in favour of its resolu-

tion plan and declared it the preferred

bidder. It's been more than a year from

there when it finally seems that the

company can complete the process.

turned, "There is a clear change in mar-

ket environment since the bid was made

and the market today," said Mukherjee.

pressure on leverage in the mid-term.

Steel prices have tumbled by more

than \$100 a tonne in the last six

months. Sources, however, pointed

out that steel was a cyclical industry

and Essar was performing well.

Resolution professional Satish Kumar

Gupta said, "Essar Steel had achieved

its highest production and Ebidta dur-

ing the CIRP period with the coopera-

tion of all stakeholders against odds.

According to Fitch, it could put

In the interim, the steel market

FY '19

140,000

120,000

100,000

80,000

60,000

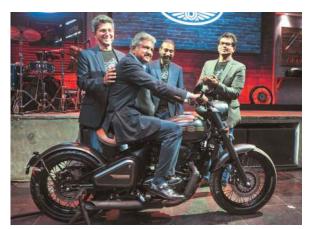
40,000

20,000

0

2 COMPANIES

IN BRIEF



Mahindra Group Chairman Anand Mahindra launched group subsidiary Classic Legends' the Jawa Perak on Friday. The bike is priced at ₹1.94 lakh and powered by a BSVI compliant engine. The bookings for the new models will start from January 1 and deliveries will commence from April 2 PHOTO: PTI

Modi Enterprises appoints Bina Modi as chairperson

Bina Modi, head of the Family Council at Modi Enterprises, has taken over as the new chairperson. Following the death of chairperson KK Modi, the boards of Godfrev Phillips India and Indofil Industries passed a resolution on Bina Modi's appointment. She has been elected president and managing director of Godfrey Phillips and chairman and managing direcctor of Indofil, with immediate BS REPORTER4 effect.

NCLT directs Kwality lenders to consider Haldiram's offer

The National Company Law Tribunal (NCLT) has directed the lenders of Kwality to reconsider the revised ₹145-crore offer by Haldiram Snacks to acquire the debt-ridden dairy firm. The Delhi-based Bench of the tribunal has also extended the insolvency resolution period by three weeks and directed the creditors to reconsider the PTI∢ enhanced offer.

GMR Infra's loss widens to **₹457 crore in Q2**

GMR Infra's consolidated net loss for the quarter ended September widened to ₹457 crore against₹334 crore in the July-September period last financial year. Consolidated gross revenues for the quarter under discussion was ₹2,018 crore. It was ₹1,904 crore in Q2FY19, it said. Revenues from the airports segment stood at ₹1.494.7 crore against ₹1.315.5 crore in the second quarter of FY19, while the power vertical garnered ₹167.4 crore against ₹178.2 crore in Q2FY19. PTI

Tata Steel arm

Titan to now sell affordable

smartwatches Titan has announced its entry into the affordable smartwatches category, via the Sonata stable. The Sonata brand has come up with two variants of affordable smartwatches called Sonata Stride Analog and Sonata Stride Pro. Priced at ₹3,000-3,500, the watches will be available at Titan stores as well as Amazon and Flipkart. The company claims these are the cheapest hybrid smartwatches in BS REPORTER the country.

Lakshmi Vilas Bank asked to pay ₹40.8L to customer



(NCDRC) has directed Lakshmi Vilas Bank to pay₹40.85 lakh to its customer along with compensation for debiting the money from his account for "no valid reason". PTI

Mphasis posts profit at ₹273 cr in second quarter

IT firm Mphasis on Friday reported a marginal rise in its consolidated net profit at ₹273.3 crore for the September quarter. The company had posted a net profit of ₹270.9 crore in the year-ago period, Mphasis said in a regulatory filing. Its revenue from operations increased 12.7 per cent to ₹2,158.1 crore in the quarter under review from ₹1.914.8 crore in the July-September 2018 period, it added.

Essar staring at 97% decline in revenue WHAT MITTAL IS BAGGING

ESSAR STEEL

This is combined impact of earlier divestment in Essar Oil & losing control of Essar Steel to Mittals

KRISHNA KANT & DEV CHATTERJEE Mumbai, 15 November

▼ ith ArcelorMittal finally getting control over Essar Steel, the Essar group will see its India revenues fall 97 per cent to just ₹3,296 crore for FY19 compared to ₹1.25 trillion (which was its peak) in 2014, according to filings with the ministry of corporate affairs.

A major share of the group's India revenues for FY14 were contributed by its oil refining and steel business. The revenues for FY19 have been contributed mainly by three Indian firms — AGC Networks, Essar

INDIA

110 mtpa

5,000 mw

Infra/EPC business

Shipping business

AGC Network tech

Stanlow refinery, UK

with 12 mtpa capacity

solution provider

OVERSEAS

Ports capacity

Power projects

and Essar Shipping — filings with the ministry show.

Several firms of the group did not file annual accounts for FY19 and, hence, were not accounted for. The fall in revenues also saw a corresponding decline in the group's debt. which declined to around ₹3,400 crore at the end of March excluding Essar Power and Essar Projects from ₹77,000 crore as of March 2014.

Ports

In the same period, the group firms' combined net worth turned negative from around ₹20,000 crore at the end of March 2014 to a neg-

ative ₹1,650 crore at the end of March 2019.

Projects and Essar Power. Both these reported losses when they last filed their audited results for FY16 and the industry situation has only worsened since then.

₹26,000 crore to the group's India revenues till FY18. With the successful debt resolution of Essar Steel, a further ₹47,000 crore of Essar group's debt will be resolved and not be reflected in the group's books, said a group official.

But what the group lost in India, it made up from its overseas business with its Stanlow Refinery now generating \$8.6 billion of revenues for FY19. The group pegs its total global busi-

ness revenues at \$12 billion, including India's ports, power and infrastructure businesses

Essar Steel was among the first lot of 12 companies sent for debt resolution by Indian lenders in June 2017 after the Insolvency and Bankruptcy Code (IBC) was enacted. Of the 12 cases, only seven have seen a successful resolution. "Indian banks will recover almost 85 per cent of their loans in the Essar Steel case

compared to an average haircut of 50 per cent in rest of the cases," said a banking source.

Over the years, the group's businesses in India shrunk after a debt fuelled expansion into multiple sectors such as telecom, oil refining, shipping, and steel. Since 2011, the group sold several assets, including its 33 per cent stake in Vodafone Essar for \$5 billion, pocketing a hefty profit. In 2017, it sold its stake in Aegis, business process outsourcing outfit, for \$300 million and its Bandra-Kurla Complex property for ₹2,400 crore in April 2018.

In August 2017, the group sold its biggest

This excludes the figures for Essar revenue generator — the Jamnagar refinery and oil retail outlets - to Rosneft of Russia for \$12.9 billion (₹86,000 crore, including debt) and reduced group debt by half.

In January, the Essar group Essar Steel contributed close to announced that it repaid close to ₹1.37 trillion debt by selling assets, mainly to Indian lenders. Its overseas holding company, Essar Global Fund, announced that it paid ₹12,000 crore debt to Indian lenders, thus extinguishing its entire overseas debt.



2009: Picks stake in

ESSAR

grade steel 2013: Pulls out of 2018: Bids for Essar 2015: Signs MoU Steel under IBC with SAIL for auto for a 6-mt plant Source: Capitaline, reports

Lakshmi Mittal's homecoming ing to go through an eligibility test

ISHITA AYAN DUTT Kolkata, 15 November

plant

The Supreme Court cleared the decks for ArcelorMittal's acquisition of Essar Steel on Friday by bringing closure to an insolvency resolution process that has stretched for more than 835 days. Mapped against the waiting period of over a decade to enter India, 835 days could pass off as a fragment of time.

Lakshmi Mittal's first attempt to bring ArcelorMittal home was in 2005. Amid much fanfare, the company signed a deal with Jharkhand chief secretary P P Sharma for a 12 mt steel plant at a cost of ₹40,000 crore. But even a year later, nothing moved.

Disappointed, Mittal landed in Odisha. Another deal and the usual exuberance followed. Yet, a foothold in the market remained a distant dream.

"In a project of this nature, majority of the time spent is on land, mines. right of way, waterway and everything else. That is not the case in other countries," said Malay Mukherjee, who handled several acquisitions as a board member of ArcelorMittal till 2008. He was, in fact, a signatory to the Odisha MoU from the ArcelorMittal side.

After Odisha, in 2010, the firm signed an MoU with Karnataka. "They got the land but the permission for waterway was pending," said a source.



In the meantime, the delays forced the firm to pull out many of its officials from India, what at the peak of activity ran into hundreds.

With the greenfield projects not going anywhere, Mittal bought 33.8 per cent in galvanised steel maker Uttam Galva Steels in 2009.

However, Uttam Galva was still a fringe plaver and ArcelorMittal wanted a bigger pie in a growing market. The window of opportunity came when the Narendra Modi-led government came up with the Insolvency and Bankruptcy Code to tackle rising non-performing assets.

ArcelorMittal made a bid for Essar Steel in February 2018. It's been a wait since as court battles followed with the promoter trying to regain control and the world's largest steelmaker hav-

However, Mukherjee said the beginning would be challenging and the competition tough. "But ArcelorMittal's expertise lies in

acquiring companies," In the past 25 vears, Mittal has led about a dozen acquisitions to build a global steel empire that's a shade shy of India's crude steel production and about 5.5 per cent of the world's.

(With inputs from Bloomberg)

TELCOS IN TROUBLE Banks nervous as losses mount for Voda, Airtel

mented...We know it has been

done in certain other countries

in the region, but I don't want to

speculate on what they would

implement or how they would

monetise its 11.15 per cent stake

in Indus Towers on completion

of the Indus Towers-Bharti

Infratel merger, and is also

exploring options to monetise

nearly 160,000 kms of intra-city

and inter-city fibre as well as

financial officer of Vodafone

Idea, said the company contin-

ues to remain engaged with its

financial creditors but asserted

that there is no acceleration of

payment which has happened.

finance, Moondra said the

company has strong vendor

partners and that "they are

already supporting us through

Thursday reported a consoli-

dated loss of ₹50,921 crore -

the highest ever loss posted by

any Indian corporate - for the

Idea

on

vendor financing route".

Vodafone

September quarter.

Akshaya Moondra, chief

Vodafone Idea plans to

implement," he said.

data centre.

ABHIJIT LELE Mumbai, 15 November

The adverse fallout of huge losses posted by telecom majors Vodafone Idea and Bharti Airtel in the second quarter, on provisions made for dues in adjusted gross revenue (AGR), has left commercial banks nervous.

Bankers said that at present, both operators are current in their repayments. However, the concern is over the future debt repayment capacity in case these entities take more debt to finance operations and meet repayment obligations.

Vodafone, the joint venture partner in the Aditya Birla group entity

POOR SIGNAL

Banks worried over future debt repayment capacity in case operators take more debt

Commercial banks' exposure to sector stood at ₹1.15 trillion in September 2019, shows RBI data

Voda Idea, Bharti Airtel reported combined loss of ₹74,000 crore in Q2FY20

operators were hit by statutory dues arising from the recent Supreme Court ruling on AGR.

While Vodafone Idea posted a loss of ₹50,921 crore — the highest-ever quarterly loss by any corporate in India - Airtel reported loss to the tune of ₹23,045 crore. The issue had been dragging on

for the past 14 years, with telecom providers and the Department of Telecommunications (DoT) locked in a battle over the definition of AGR. While the telecom service providers

rom operations other than the core one

AGR assumes significance because

insisted that AGR included only revenue from core operations, the DoT maintained that AGR also included revenue **Delay in zero** call connect charges could hurt sector

MEGHA MANCHANDA New Delhi, 15 November

Reliance Jio said on Friday any delay in implementation of zero call connect charges beyond January 2020, the original deadline, would hurt affordability of

telecom services. 'The ratio of inc outgoing calls is now even, and traffic asymmetry is, therefore no longer a reason to delay implementation of the Bill and Keep (BAK) regime (zero mobile termination charge from January 1, 2020)," said Mahendra Nahata, director at Reliance Jio. Traffic symmetry indicates that a telecom operator will not have any outstanding balance of interconnect usage charges (IUC) against other networks. Speaking at the Telecom Regulatory Authority of India's (Trai) open house on the IUC issue, Nahata said Airtel had expanded its 4G network and Vodafone Idea, too, was talking about expanding its 4G network. 'We are not considering any profit or loss, but opposing it on the basis of principle. Criticising the decision of government or regulatory authorities from a distant location is beyond our understanding. Therefore, please take a decision after due diligence on all points we have raised," he said. Nahata questioned the data being shown by telecom operators and alleged that the subscriber traffic was being diverted to 2G, 3G networks to show a higher cost of voice. Nahata added that in case Trai does not favour implementation of the BAK regime from January 2020, then it should at least bring down the IUC, currently at 6 paise. "When you had implemented the 6-paisa charge, 4G traffic was 1 per cent. Today, it is much higher and hence costs must come down," he said. Airtel said that the IUC should not come down to zero, and that the BAK regime should be postponed by at least three years.



NatSteel Holdings exits NatSteel Vina

Tata Steel on Friday said its arm NatSteel Holdings (NSH) has concluded the sale in its entire equity stake in NatSteel Vina (NSV) to a Vietnam-based company for ₹36 crore. The steelmaker, earlier in the month, had announced that NSH had agreed to sell its entire 56.5 per cent stake in NSV to Vietnam-based Thai Hung Trading Joint Stock Company. . PTI4

RCap defaults on bond repayment obligations



principal obligations on bonds due on November15, 2019. On Sept20, CARE Ratings had downgraded the company's entire outstanding debt to default "CARE D" rating. Reliance Capital said the rating was downgraded even though there were no overdues on principal or interest payment to any lender. **PTI**

Blackstone invests ₹1,750 cr in Future Lifestyle Fashion



Future Lifestyle Fashion, part of the Future Group, on Friday said that private equity firm Blackstone had invested ₹1,750 crore in its holding company, Ryka Commercial Ventures, picking up a 6 per cent stake in the firm. "Funds managed by Blackstone have invested ₹1,750 crore in Ryka Commercial Ventures through debentures," the Future group firm said in a

filing to the stock exchanges. With this transaction, Blackstone will be the only financial partner in Ryka, the company said, adding the funds would be used to retire debt. Biyani and his family hold 53.43 per cent in Future Lifestyle via entities such as Ryka Commercial Ventures, Central Departmental Stores and **BS REPORTER** Future Enterprises among others.

lata motors raises ₹500 crore by issuance of NCDs

PTI₄

Tata Motors on Friday said it has raised ₹500 crore by preferential allotment of non-. convertible debentures (NCDs) to three different entities. The company's board-approved committee has approved allotment of 5,000 rated, listed, unsecured, redeemable, NCDs of face value ₹10 lakh aggregating to ₹500 crore in three tranches on a private placement basis, Tata Motors said in a regulatory filing. PTI.

Hinduja Global arm hikes stake in **Element Solutions**

Hinduja Global Solutions said its UK arm has acquired an additional 14.33 per cent equity stake in Element Solutions for about \$1.61 million. Hinduja Global Solutions UK, which holds 57 per cent equity interest in Element Solutions has acquired an additional 14.33 per cent equity interest in the firm in accordance with a purchase agreement signed on March 29, 2018, it said. PTI∢

further group equity into India.

PRESS TRUST OF INDIA

New Delhi, 15 November

Vodafone Idea CEO Ravinder

Takkar said the company has

been engaging "very positive-

ly" with the government and

that its discussions on telecom

stress began even before the

AGR ruling was pronounced by

response of the government has

been very consistent. They said

they want this sector to be

"In our engagements...the

the Supreme Court.

'When an owner expresses the data, commercial banks' exposure to the inability to make further investments, telecommunications sector rose to ₹1.15 the issue is serious. Banks are analysing trillion in September 2019, from ₹81,126 implications and awaiting clarity from crore in September 2017. State Bank of

egorically said that given the significant the secretary panel," said senior execucapital already invested, it will not inject tives with a large public sector bank.

airtel

According to Reserve Bank of India

India's exposure to the industry increased to ₹35.735 crore as of September 2019. it is the basis on which the DoT calcufrom ₹25,538 crore a year ago. lates levies payable by operators.

Vodafone Idea and Bharti Airtel Telecom companies pay 3-5 per cent reported a whopping combined loss of and 8 per cent of the AGR as spectrum close to ₹74,000 crore in the September usage charges and license fees, respec-2019 quarter, as the leading telecom

tively, to the DoT. **RCom loss zooms**

to ₹30,147 cr in Q2

ROMITA MAJUMDAR Mumbai, 15 November

The telecom sector's woes continued to deepen after the Anil Ambani-led Reliance Communications posted ₹2,733 crore in pre-tax loss for the June-September guarter and ₹30.147 crore in net loss for the same period, after accounting for adjusted gross revenue (AGR) provisions.

The company had reported ₹338 crore in losses for the June quarter (Q1), and a profit of ₹1,295 crore in Q2 last year. It reported ₹305 crore in revenue, down from ₹866 crore in Q1.

(RCom) has provided for estimated liability aggregating to ₹25,588 crore up to September 30, 2019, of ₹21,420 crore towards License fee (₹3,892 crore, ₹4,967 crore and ₹12,561 crore towards principal, penalty, and interest on principal and penalty respectively) and ₹4,168 crore towards Spectrum Usage Charges (₹936 crore, ₹355 crore and ₹2,877 crore towards principal, penalty and interest on principal and penalty respectively) as exceptional items that may undergo revision based on demands from DoT and/or any developments in this matter," noted the firm in a statement to the exchanges.

half year ended September 30, Law Tribunal.

Tata Tele (Maha) posts over ₹2K cr loss for Jul-Sep

Telecom operator Tata Teleservices (Maharashtra) on Friday posted a loss of ₹2,335 crore on account of provisioning for liabilities after the Supreme Court ruling on statutory dues. The company had recorded a loss of₹383.06 crore in the same period a year ago. Tata Teleservices (Maharashtra) Limited (TTML) made provision of ₹2,151 crore following the Supreme Court order on calculation of annual adjusted gross revenue (AGR) of telecom

PTI companies. respectively, and foreign exchange variation aggregating to ₹374 crore of loss and ₹347 crore of loss for the quarter and half year ended September 30,

2019, respectively. Had it provided for interest and foreign exchange variation, the loss would have been higher by ₹1,434 crore and ₹2,387 crore for the quarter and half year ended September 30. 2019, respectively.

The firm is currently under insolvency proceedings at the National Company





"On the AGR case, we would like to see the interest, penalties, and interest on penalties; we may given relief from that, as well as on the principal amount after adjusted for errors. If we can have some type of a payment plan, which spreads it over a large period of time, a number of years that would be very helpful," added Takkar.











"From time to time, some banks have requested us if we could pre-pay them any amount...we have declined that. We continue to remain engaged with all our financial creditors but there is no acceleration of payment that has happened," he said. On vendor

RCom has not provided for interest of ₹1,060 crore and ₹2,040 crore for the quarter and



Believe the govt is aware of

telcos stress: Voda Idea CEO

The response of the government has been consistent. They said they want this sector to be healthy, it is a very strategic sector. They said they want to see 3

private players and one public sector player in this sector

RAVINDER TAKKAR, Vodafone Idea CEO

D The firm believes the Centre is looking at a "comprehensive

solution" for the sector with an aim to restore the industry's health, he said. "We hope to hear something from them very soon," he added.

On a question on minimum tariff fixation, Takkar said he did not wish to speculate on how floor price mechanism can be implemented. "We know it is in the purview of the regulator and government and it can be imple- With inputs from Romita Majumdar