### **2** COMPANIES

35.50

13 16

### STOCKS BGR Energy Systems IN THE NEWS \* OVER PREVIOUS CLOSE

42.35<sup>-2</sup><sup>43</sup> Won contract worth of ₹4,443 crore from Tamil

₹42.35 CLOSE

▲ 19,30% IIP

**ITC** 241.65 Nadu Generation and **Distribution Corporation** Dec 2019

\_243 Top loser among S&P BSE Sensex 240 stocks Dec Dec 13 16 ₹236.90 CLOSE ▼1.97% DOWN\*

#### InterGlobe Aviation



### MUMBAI | TUESDAY, 17 DECEMBER 2019 Business Standard



#### \_1,425 Birla Mutual Fund bought **1,370.10**<sup>1,400</sup> 700,000 shares via bulk deal at ₹1,352 per share 1,375 **1,353.60** 2019 Dec Dec 13 16 ₹1,370.10 CLOSE

Myntra eyes 18 million

customers for

▲ 1.22% UP\*

IN BRIEF

### Vedanta plans to invest ₹60,000 cr in next 3 yrs



Vedanta Resources Chairman Anil Agarwal on Monday said the company is planning to invest around ₹60,000 crore in the next 2-3 years. The company is also eyeing a top line of \$30-40 billion and a bottom line of \$10 million in 4–5 years, Agarwal said at the

India Economic Conclave 2019. "I am committed to India. I have already invested \$35 billion in India in the past 10 years. I have bought 13 companies so far, including Hindustan Zinc, Balco, Sesa Goa and Cairn and all of them are doing well. I hope to invest ₹60,000 crore in the next 2-3 years," he said. However, he did not give further details on how the company plans to utilise the funds, but hinted at being keen on acquiring a few public sector companies. **PTI** 

#### HungerBox closes \$12-mn round, adds Paytm as investor

HungerBox, an institutional food tech solutions provider. has closed \$12 million in funding from a consortium of Indian and international investors. including new investors Paytm and NPTK and existing backers Sabre Partners and Neoplux. This is on the back of the \$4.5million, round led by Sabre in 2018. The firm plans to use this investment to fuel expansion to expand overseas into the Southeast Asia market as well as 28 Indian cities and double daily orders to one million plus by March 2020. BS REPORTER.

#### BofA extends \$50-mn credit line to Fourth **Partner Energy**

Distributed solar energy firm Fourth Partner Energy on Monday announced Bank of America was extending a local currency revolving credit facility. Fourth Partner Energy will deploy this \$50 million worth credit line to grow its operational solar portfolio by 150 Mw over the next18 months. BS REPORTER

### Vistara CCO Sanjiv Kapoor resigns, CSO Kannan to take over

Vistara's Chief Commercial Officer Saniiv Kapoor has resigned and is set to leave the airline on December 31, nearly four years of his boarding the Tata-SIA JV carrier. Vistara said Kapoor has resigned due to personal reasons. Chief Strategy Officer Vinod Kannan, who moved to Vistara from Scoot in June, will take over the position from Kapoor.

#### **GIC affiliate** subscribes to IRB Infrastructure's NCD

IRB Infrastructure Developers on Monday said a GIC affiliate has subscribed to 50 per cent of its ₹1,400 crore worth nonconvertible debentures ona private placement basis. "NCDs will bear current interest rate of 11.75 per cent per annum; 50 per cent of this issue has been subscribed by GIC affiliate and balance 50 per cent by our arm limiting net external borrowings to ₹700 crore," the company. BS REPORTER

# Arcelor, Nippon seal ₹42,000-cr deal with lenders of Essar Steel

**ISHITA AYAN DUTT & SOMESH JHA** Kolkata/New Delhi, 16 December

rcelorMittal, the world's largest steel maker, officially set foot in A steel maker, officiary set root in India for the second time and in a much bigger way. It closed a ₹42,000 crore deal with the lenders of Essar Steel along with Nippon Steel on Monday.

In a statement, ArcelorMittal said it had established a joint venture with Nippon Steel Corporation called Arcelor-Mittal Nippon Steel India (AM/NS India), which will own and operate ESIL.

ArcelorMittal holds 60 per cent of AM/NS India and the rest is with Nippon Steel. ArcelorMittal announced that Aditya Mittal, president and chief financial officer (CFO) of ArcelorMittal has been appointed chairman of AM/NS India and Dilip Oommen, the chief executive officer (CEO).

Mittal's appointment, however, didn't come as a surprise to industry players. He had played a key role in the acquisition of Essar and was even spotted during some of the court hearings. Oommen was the managing director of Essar Steel.

The Mittals and Nippon officials were expected to visit the plant at Hazira on Tuesday to take operational control.

Closing of the transaction is a huge leg-up for the Insolvency and Bankruptcy Code (IBC) even though it was achieved after 865 days. Financial creditors had realised more than 90 per cent of their admitted claims. The total admitted claims of financial creditors was ₹49.473 crore of which State Bank of India (SBI) had the largest exposure at ₹13.226 crore.

At an event in New Delhi, SBI chairman Rajnish Kumar said, "One of the most important, observed and commented case (Essar Steel) has been resolved today. It will boost the bank's profitability in the third quarter and be a huge positive for the economy."For the Hazira plant, as much as for the Mittals, the resolution signals the start of a new chapter.

INDIA'S EXPANSION IN INFRASTRUCTURE AND URBANISATION IN THE COMING DECADES ADITYA MITTAL, President and chief financial officer of ArcelorMittal Lakshmi Mittal, chairman and CEO bined strength with Nippon would bring of ArcelorMittal, said. "The acquisition of Essar Steel is an important strategic step for ArcelorMittal. India has long been identified as an attractive market for our company and we have been looking at

suitable opportunities to build a meaningful production presence in the country for over a decade." Many attempts were made to set up a greenfield plant but the plans never took off. Finally, in 2009, ArcelorMittal picked up stake in a downstream firm, Uttam Galva Steels.

facilities in eastern India, with a current "Both India's and Essar's appeal are annual capacity of 14 million tonnes per enduring. Essar has sizeable, profitable annum. There are plans of ramping up and well-located operations and the capacity to 8.5 million tonnes over the long-term growth potential of the Indian medium term. The long-term aspiration economy, and therefore, the Indian steel is to increase finished steel shipments demand, are well known," he added. to between 12 and 15 million tonnes. The Lakshmi Mittal also said that the com- resolution plan for Essar had indicated a

capital expenditure plan of ₹18,697 crore to be implemented in two stages over a period of six years.

Aditya said, "This acquisition gives us the opportunity to contribute to India's expansion in infrastructure and urbanisation in the coming decades."

Eiji Hashimoto, representative director and president of Nippon Steel, said Nippon Steel and ArcelorMittal would bring out AM/NS India's potential by providing it with their respective business experience and world-leading advanced technologies. This will help it to implement the resolution plan promptly and realise business expansion.

#### **Bigboost for IBC**

Essar was one of the 12 big-ticket cases mandated for resolution by the Reserve Bank of India (RBI), under the IBC.

With its completion, there are now about six resolutions from the RBI's first list of 12 non-performing assets (NPAs). The average recoveries among these are 56.86 per cent of the admitted claims for financial creditors. But for all the reolutions in the past three years, the average is 42 per cent. Lakshmi Mittal said the transaction demonstrates how India benefits from the IBC, a genuinely progressive reform whose positive impact would be felt widely across the Indian economy. SBI Chairman, Rajnish Kumar, pointed out that the Essar case had settled every issue in the IBC process.

There were several rounds of litigation in the case that tested many of the IBC clauses over the past two years.

Kumar, however, said that there was still hesitation from both borrowers' and lenders' to take early advantage of the IBC process. "An early resolution is a good way to preserve the economic value of the enterprise. It's important to resolve early," Kumar said. He added, "Nowhere in the world do we have this stigma. It's a natural process that some businesses will survive and some will fail. It's ultimately survival of the fittest, Kumar added.



PEERZADA ABRAR Bengaluru, 16 December

Walmart-owned online fashion retailer Myntra is expecting to achieve over 60 per cent vear-on-year growth for its End of Reason Sale (EORS).

In order to cater to the growing demand, the firm has increased its inventory by 100 per cent over the previous December edition.

It is expecting to serve 18 million customers during the four-day sale period which is scheduled to be held between December 22 and December 25.

The firm said it is expanding reach to over 23.000 pin codes to take fashion to the doorstep of people from every region in the country.

During the sale, which will be the biggest to date, the fashion retailer will display on its plat-

form over **It claims** 850.000 that it can styles from handle more than **12,000** 3,000 dom- orders per estic and minute at international its peak brands. They

include Nike. Swarovski Tommy Hilfiger and Marks & Spencer. It will also have Myntra's private brands such as Roadster, HRX, 'All About You', and 'House of Pataudi'. The firm said it can handle 12,000 orders per minute during peak.

"We are also expecting 5X sales over normal days with over 50 per cent coming from tier-II and -III cities," said Amar Nagaram, head, Myntra Jabong "There is a lot of tech

### Prasad hits out at Vodafone for 'dictating' terms to India

Telecom Minister Ravi Shankar Prasad on Monday hit out at British telco Vodafone for 'dictating' terms to India when it threatened of withdrawing from the Indian market following a SC ruling. He also said MTNL and BSNL are strategic assets that should remain in the fray and ensure better competition. After the Supreme Court's ruling on the AGRS that created a liability of ₹1.4 trillion for telecom firms. Vodafone's global leadership **PTI** had cast doubts over the future of the company in India.

### Bajaj Auto's lead over Eicher, Hero Motors' market cap widens

## 'Ramping up capacity was critical for good valuation of Essar Steel'

THIS ACOUISITION GIVES US THE OPPORTUNITY TO CONTRIBUTE TO

many new opportunities.

These would allow it to make a posi-

tive contribution to India's target to grow

steelmaking capacity to 300 million

tonnes per annum by 2030. The acquisi-

tion makes AM/NS India the fourth-

largest steel producer in India and the

largest steel company in western India.

steel production is 7.5 million tonnes.

Additionally, it also has iron ore pellet

Its current level of annualised crude

Essar Steel India resolution professional SATISH KUMAR GUPTA, who managed the insolvency process for more than two years. tells Ishita Avan Dutt about the challenges and mandate. Edited excerpts:

How significant is the resolution of Essar Steel in the context of IBC? The resolution o has been comprehensively

were resolved? During the course of the resolution, IBC as a mechanism



accruals from operations were also ploughed back to take advantage of a buoyant steel market. As a result, the average output could be increased from an average of 460,000 tonnes to 600,000 tonnes per month with support from the

You were caught in the middle of an eligibility test between two resolution applicants. How difficult was the situation? Decision on Section 29A eligibility test was the most dif-

icult and complex decision.

#### SURAJEET DAS GUPTA New Delhi, 16 December

Domestic demand for mobikes may be under severe pressure, but Bajaj Auto has left its closest competitors, Hero Motors and Eicher Motors, far behind as far as market cap are concerned. While the market capitalisation of Bajaj has gone up by close to 20 per cent this calendar year, Hero and Eicher have foundered.

Hero's m-cap has fallen 25 per cent and Eicher's by 5.2 per cent in the same period. As a result, the m-cap of Hero is nearly half of that of

Bajaj. The latter's Hero's m-cap market valuation is has fallen 25% also 57 per cent more and Eicher's by 5.2% in the than Eicher's.

The gap has been **same period. As** widening every mo- a result, the nth. While Eicher's m-cap of Hero m-cap ranged bet- is nearly half ween ₹42,000 crore that of Bajaj and ₹63,000 crore,

₹45,000 crore and ₹63,000 crore, Bajaj Auto's m-cap varied between ₹71,000 crore and ₹94,000 crore

This is a huge departure from 2016, when Eicher held top slot.Bajaj Auto Executive Director Rakesh Sharma said the key reason for the change in market perception had been the company's focus on exports, which now account for 45 per cent of the firm's sales. The company is present in more than 70 countries. This, Sharma said, helped Bajaj to derisk the business at a time when demand in the domestic market is under pressure.

Sharma said the market had seen value in the company's

focus on research and development and its ability to bring in technological innovation. The company has expertise in managing a wide portfolio from 100cc to 500cc, to KTM bikes and three-wheelers.

Exports as a percentage of revenues are small for rivals. For example, according to brokerage CLSA, exports of Hero will be under 3 per cent of sales in FY20. While Eicher's export

volumes, according to JP Morgan, will double in FY20 to 22.956, they are still very small compared to Bajai, which has sold 462.890 bikes in just the second quarter of the

financial year, growing at 6.7 per cent. Domestic sales have fallen 25 per cent in the same quarter. according to HDFC Securities.

The brokerage also said that Bajaj was poised for BSVI

and that of Hero between due to its tie-up with KTM and its diversified portfolio. HDFC Securities said exports would provide Bajaj a cushion against the volatility of the two-wheeler market. Thirdly, the firm is

now launching premium brands like the Husqvarna and Triumph.

In the previous quarter, the company's sales volumes had declined, but realisation increased owing to price hikes and lower material costs, together with lower corporation tax rates. Edelweiss also said Bajaj was better equipped to tackle BS-VI because a large portion of its revenues came from exports, which remained unaffected by the price rise on acco-

unt of new emission norms.

the largest of the 12 accounts referred to insolvency under IBC by the RBI in June 2017, is the single-largest resolution in terms of quantum and percentage of amounts realised

by creditors. It is the largest acquisition transaction and foreign direct investment

for the year, attracting investment from the largest steel producer in the world, ArcelorMittal.

IBC was put to test several times during Essar Steel's corporate insolvency resolution process. What were the important contentions that

gations going right up to the Supreme Court (SC). Various precedents have been established such as successful resolution applicant starting on a clean slate according to SC judgment dated



ndment) Bill barring attachment/ring-fencing of assets of corporate debtors for prior offences.

> How challenging was managing the process? Various challenges were faced including managing various stakeholders for maximising

value, improving operations and litigations in different forums. In the early period, the key challenge was stabilisation of operations, as operational creditors withdrew credit limits on initiation of insolvency. Existing cash and carry limits being provided by MSTC and a few other suppliers were extremely useful. After the National Company Law Tribunal's judgment,

committee of creditors and executive management of the firm. It was critical to demonstrate to the potential resolution applicants that the plant was capable of operating at higher levels, which enhanced its valuation and resulted in higher bids.

#### What were the total claims filed by the creditors?

Total claims of about ₹82,000 crore were filed by financial and operational creditors. Based on documents, claims of about ₹54.500 crore were admitted, balance being disputed or not substantiated by proper legal documents.

which, as an RP, had to be taken and confirmed to the committee of creditors (CoC). Section 29A, being a new clause, was being interpreted for the first time, and finding both resolution applicants ineligible was indeed a testing time. Various challenges with respect to eligibility under Section 29A became a matter of a protracted litigation and was resolved with the SC judgment that upheld the decision of ineligibility. In the process, however, the banking system realised about ₹7,500 crore towards

dues of two non-performing

Private

Sector

Total

-2,889.87

-2,085.43

assets

nology play here. It is not just about what products would be sold but where they would be sold. We're working hard to predict the right type of inventory to be placed at each location so that it is closer to the demand.'

Myntra has partnered over 35 leading brands to enable deliveries directly from their stores, resulting in a wider selection and faster deliveries for customers during EORS. To make shopping more convenient for customers the firm has partnered 200 tailors to offer alteration services in Bangalore, Delhi, Mumbai and Kolkata.

Specialised

Health

-328.45

FY18

-15.341.42

-217.69

Standalone

Health

-435.73

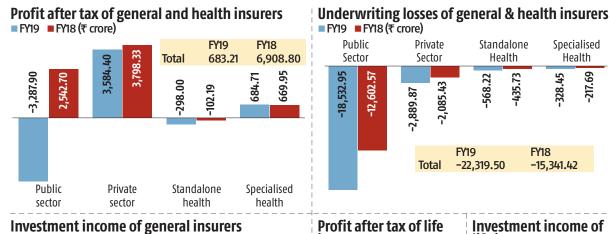
-568.22

FY19

-22.319.50

### **GENERAL INSURANCE SECTOR'S PAT DROPS 90% IN FY19, FINDS IRDAI REPORT**

The general insurance industry saw its profit after tax (PAT) in FY19 drop 90 per cent to ₹683 crore compared to a PAT of ₹6,909 in FY18, data from the annual report of Insurance Regulatory and Development Authority of India revealed. The public sector general insurance firms posted a loss of ₹3,228 crore in FY19 as opposed to a PAT of ₹2,543 crore in FY18. While the state-owned general insurers suffered huge losses, the private sector insurers reported 5 per cent decline in profits in FY19 at ₹3,584 crore compared to ₹3,798 crore in FY18. Also, the underwriting losses of the general insurance industry increased to ₹22,320 crore in FY19 from ₹15,341 crore, a jump of 45 per cent. While the private general insurers reported a 38 per cent jump in their underwriting losses to ₹2,890 crore, the public sector general insurers underwriting losses increased 47 per cent to ₹18,533 crore. On the other hand, the life insurance industry reported a PAT of ₹8,435.81 crore as against ₹8,511.99 crore in FY18. Of the 24 life insurers in operations, 22 firms reported profits. The total profit reported by LIC during the year was ₹2,688.50 crore as against ₹2,446.41 crore. COMPILED BY SUBRATA PANDA



Investment income of insurers life insurers FY19 FY18 (₹ crore) (₹ crore) (₹ trillion) FY19 **FY18** FY19 FY19 FY18 **FY18** Total 26,288.50 25,006.70 15,599.13 15,699.85 Total 8,435.81 8,511.91 Total 2.84 2.61 2.23 5,747.31 7,759. 2.06 2,688.50 2,446.41 8,884.58 1,804.79 1,547.64 0.61 0.55 Public Private **Others** LIC Private sector LIC Private sector sector sector Source: Irdai annual repor











