



BJP Prepares to Take on Trinamool

SATURDAY FEATURE >> 7

Urban Indians Head to Weekend Homes

SATURDAY FEATURE >> 10

ON Saturday

JPMorgan Designs Bond for Agarwal to Amass Anglo Stake

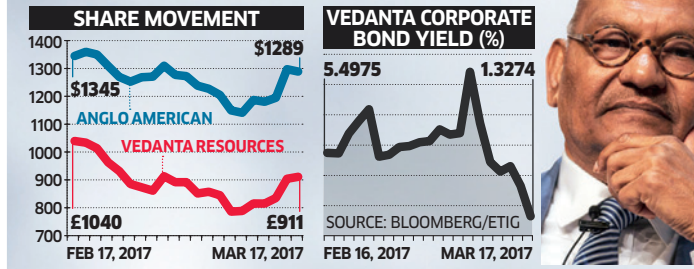
Vedanta promoter's family holding company Volcan Investments launched instrument on Thursday

Indulal PM & Saikat Das

Mumbai: London-based billionaire Anil Agarwal's family holding company Volcan Investments launched a £2 billion (\$2.4 billion) mandatory exchangeable (convertible) bond issue on Thursday to fund its planned acquisition of about 13% in commodities giant Anglo American, rival to his Vedanta Resources. Funding an acquisition through bonds rather than cash is unusual, bankers said.

In a coup of sorts, JPMorgan Chase & Co is sole book runner and underwriter to the transaction and will be raising the resources on behalf of the Agarwal family office. The bonds will be exchanged either for cash or for Anglo Ameri-

Mining Markets



can shares in 2020. The fund-raising is expected to get completed by next week, multiple sources close to the process told ET. The three-year instrument is being offered with annual coupon

payments of about 3.75-4.2% and Volcan will pledge Anglo American shares that it accumulates as a security to the transaction. In addition, Anil Agarwal's flagship London-listed entity Vedanta Resources will pledge nearly one third of the promoter holding as an additional security to bond buyers, sources said.

While JPMorgan is a kind of guarantor for the investors, the Anglo shares are the underlying assets, explained a domestic debt market expert, who is not authorised to talk to the media. JPMorgan has entered into a private agreement with Agarwal whereby he has pledged a portion of his shares in Vedanta.

The unique structure is being planned as buying such a large chunk of Anglo shares would be time-consuming and the price would rise significantly over that period.

Instrument Used Rarely >> 11

NOVEL BID TO TURN AROUND FORTUNES

Indian Bank and IDBI Set to Swap Their Top 'Assets'

A Tale of Two Banks

KISHOR KHARAT WAS APPOINTED IDBI BANK CEO IN AUGUST 2015 FOR 3 YEARS
MK Jain was named Indian Bank chief in November 2015

Indian Bank posted 700% rise in net profit at ₹373 crore
IDBI Bank has stopped giving big-ticket loans and is focusing on recovery of bad loans



IDBI Bank posted historic loss of ₹2,255 crore in December quarter
Arrest of officials also hit morale at IDBI Bank

ICRA estimates IDBI Bank needs at least ₹9,000 crore to stay afloat

After successful stint at Indian Bank, MK Jain to exchange places with IDBI's Kishor Kharat

Sangita Mehta @timesgroup.com

Mumbai: The government is likely to tap Indian Bank chief executive MK Jain to try and turn around troubled IDBI Bank after seeing his hand in the stunning transformation of the Chennai-based lender.

Jain, who is credited with making Indian Bank profitable, would swap positions with IDBI Bank chief Kishor Kharat, who would move to head Indian Bank.

Jain's selection was also prompted by the realisation that IDBI Bank needs stable leadership for some time so that a turnaround can be sustained. Jain has three years to go.

IDBI Bank reported record losses recently, and Jain would work to help recover dud loans amid an overall freeze in other operations of the bank, said the people who did not want to be identified.

Under Jain's leadership, Indian Bank shares have delivered an over-three-fold jump in returns even as many of lender's peers have struggled amid rising bad loans. In contrast, IDBI Bank is up just 22% from its year's low. The stock price of the two banks reflects their financial performance over the past year.

IDBI Bank also had to contend with sagging morale after the Central Bureau of Investigation arrested five of its officials over alleged irregularities in lending to the failed Kingfisher Airlines.

Remarkable Turnaround >> 5

GST Hinges on Preparedness: Shome

Fiscal policy expert Parthasarathi Shome said the success of the goods and services tax (GST) hinges on the preparedness of businesses to comply with the new levy. >> 6



SUSPENSE ENDING...

UP CM Name Today, Oath on Sunday

Our Political Bureau

Lucknow: The suspense over who will become the next CM of Uttar Pradesh is set to end on Saturday evening. That's when Bharatiya Janata Party's 312 newly elected MLAs are assembling to choose their leader. BJP state party chief Keshav Prasad Maurya has told them to reach Lucknow by 2 pm for the 4 pm meeting. Governor Ram Naik tweeted that the oath-taking ceremony will take place at 5 pm on March 19.

While there is still no clear indication on the final choice, there has been some action since Thursday when some senior MLAs were called by the party brass for one-on-one meetings. The decision on the next chief minister will be taken by Prime Minister Narendra Modi in consultation with BJP president Amit Shah, according to people aware of the matter. Union minister M Venkaiah Naidu and BJP general secretary Bhupendra Yadav will arrive in Lucknow on Saturday to take part in the legislative party meeting. Senior party functionaries Sunil Bansal, Om Mathur and Shiv Prakash will also be present.

The legislature party meeting will formally endorse the name finalised by Modi and Shah.

Modi, Shah to Attend Ceremony >> 11

Trivendra Singh Rawat to be Uttarakhand CM
Former RSS man elected leader of state BJP legislature party. >> 2

ET MAGAZINE ON SUNDAY

ET WEALTH ON MONDAY

Bleeding Telcos at Their Weakest Ever, says Vittal

Airtel India MD points to massive debt burden, urges govt to ease rules

Our Bureau

New Delhi: The telecom industry's financial health is at its weakest ever with a massive debt burden that exceeds ₹4.5 lakh crore. Gopal Vittal, Bharti Airtel's managing director for India and South Asia, said at the ET Telecom India Mobile Congress on Friday. His comments underscored recent warnings that the industry was coming under tremendous pressure following the entry of Reliance Jio Infocomm with offers of free voice for life and cheap data that had unleashed a tariff war which the incumbents could ill afford and forced a round of consolidation.

Vittal called on the government to improve ease of doing business in the telecom sector to help shore up its finances. He pointed out that the return on capital for companies was as low as 1%.



Return on capital is as low as 1%. You might as well invest in fixed deposits and make a much higher return

GOPAL VITTAL MD for India and South Asia, Bharti Airtel

vestment in fixed deposits and make a much higher return without taking the additional responsibility of setting up the network, BTS (base transceiver stations) and so on," Vittal said.

However, he lauded the Telecom Regulatory Authority of India (Trai) for its recent consolidation paper on ease of doing business in the sector, saying that it was important for the government to simplify procedures so that companies could invest in the capital-intensive mobile broadband.

sultation paper on ease of doing business in the sector, saying that it was important for the government to simplify procedures so that companies could invest in the capital-intensive mobile broadband.

'Help Free Up Resources' >> 11

MICROMAX AIMS TO SELL 6 MILLION BHARAT HANDSETS >> 4

Trai Seeks Boost to Data Connectivity

The telecom regulator has called for aggressively boosting India's data connectivity profile as the country lags way behind many South Asian countries on this score. >> 7

Obscure Chinese Phone Cos Ring in Big Plans for India

Brands such as Tinnor, Malata and Huaqin set to take a giant leap across the Himalayas

Gulveen Aulakh @timesgroup.com

New Delhi: A Tinnophone? Or a Huaqin or a Malata? The world's second largest and fastest growing mobile phone market is about to be flooded by virtually unheard-of Chinese brands. Not to fret, Infiniti and Cat phones — products from other countries that are relatively less known but have big plans for India.

Most of them are looking at the feature phone to smartphone conversion market — only 300 million of 1 billion phone users in India have smartphones — as well as at feature phones.

Chinese products will be, predictably, fiercely price-competitive. And India is the first mar-

New Kids on the Block

Original equipment makers such as Tinnor, Malata and Huaqin plan to enter India as Chinese market slows down

UK-based Bullitt Group, the worldwide licensee of Caterpillar, Land Rover & Kodak mobile phones, is launching the Cat S60 & Kodak Ektra models

Chinese brands have already taken 4 out of top 5 slots in India's smartphone segment



ket they will target in a big way under their own brand name. These companies usually make their money by making phones for better-known brands.

One little-known Chinese brand has already entered India — iVoomi launched four smartphone models a few days back. "Original equipment makers or even original design making companies that have been so far confined to China, such as Tinnor, Malata and Huaqin, are also preparing to come to India because China's market itself has slowed down," said a senior industry executive. He did not want to be

named as he recently moved over from a local handset maker. Emails to Shenzhen-based Tinnor and Shanghai-headquartered Huaqin did not elicit responses, while Malata Mobiles, also based out of Shenzhen, could not be reached for comment.

Chinese brands have already taken four out of the top five slots in India's smartphone segment: XiaoMi at No.2, followed by LenoVo, Oppo and Vivo. The share of China-based vendors is a huge 46% for the October-December 2016 quarter.

Space in Below \$100 Segment >> 11

Vertex's New Fund to Focus on Series A Funding

Vertex Ventures, a member of Temasek Holdings, is set to close fundraising for its next fund focused on Southeast Asia including India with a target size of \$150-180 million. The new fund will engage in Series A investments ranging from \$3 million to \$5 million. >> 4

Positive GST Development Boosts ITC Scrip

Shares of India's largest cigarette company ITC gained 4.8% on Friday after the clearance of the GST law, which is expected to be implemented in July. This would remove the tax uncertainty on the company. >> 5



Names in Transit: A Station-ary Bid to Rename History

As recent demands in Mumbai show, battles over station names never seem to end

Vikram Doctor @timesgroup.com

Mumbai: Almost 40 years ago, on July 6, 1977, more than 1,000 fishermen staged a protest march in Mumbai. They were angry about a decision, taken in Delhi, to rename Koliwada railway station with the rather unwieldy name of Guru Teg Bahadur Nagar station. The fishermen were from the Koli community, the original inhabitants of Mumbai, and the area was named after them. It was still seen as a fairly marginal area and was used to rehabilitate Punjab Sikh refugees who came after Partition. They dominated the area now and the renaming was presumably a sop to them.

ticular commotion when he proposed, presumably sarcastically, that Bombay itself be renamed Kolinagar.

In the end the decision stayed. The station is now universally called GTB Nagar. Koliwada as a name lingers on, ironically, in Prawns Koliwada, a deep fried dish that may have been invented in that area when Punjabi immigrants applied their virulently red-coloured chicken masala, spiked with ajwain, to the prawns caught by the Kolis. But battles over station names have never quite gone away. Most notably there was the Sena's renaming of Victoria Terminus as Chhatrapati Shivaji Terminus. Now it wants to go after other stations with 'colonial' names. They propose to call Mumbai Central after Jagannath Shankar Seth, one of the Indian pioneers of the city's urban development, while Charni Road, Elphinstone Road, Currey Road and Sandhurst Road stations should be called, respectively after their Girmaun, Prabhadevi, Labaug and Dongri neighbourhoods. These aren't particularly new proposals. In 1998, the Times of India (ToI) reported that Ram Naik, now in the news as governor of Uttar Pradesh, but then BJP's union minister of state for railways had called for the Indianisation of 'insignificant' station names.

A Case of Overstated Anguish? >> 5

Spirited Students Helping USL Get a High, Go Higher

United Spirits collaborating with IITians, research scholars to improve quality of products through innovative methods

Richa Maheshwari & Prachi Verma Dadhwal

Bengaluru | New Delhi: Students at some of the country's top engineering and research institutes are helping spirits maker United Spirits — no,

not by consuming its products — but by looking to improve whisky ageing and packaging processes besides launching new flavours.

Indian Institute of Technology (IIT), Kharagpur, IIT-Madras, Indian Forest Research Institute (IFRI) and Central Food Technological Research Institute (CFTRI) are among the institutes that the country's largest spirits company has approached to help drive innovation, following in the footsteps of parent Diageo.

A team of engineers at IFRI is helping USL replace American oak wood and instead use Indian wood for cask maturation to add

new flavours. Some IIT Madras engineering students are modelling the maturation process to suit the Indian environment and CFTRI is helping the firm brainstorm ideas to launch traditional Indian fermented drinks.

"We collaborate with various institutes for long-term projects to get different perspectives and try out new innovations for our market," said Shovan Ganguli, senior vice-president for research and development (R&D), at USL.

"For instance, it started with us asking IIT-Kharagpur to help stop deterioration of liquid in glass bottles. Then

they introduced us to nanotechnology, which is being used in other food industries."

When exposed to sunlight, the dissolved oxygen in the bottle reacts with liquid and changes the original flavour.

"The engineering students helped us build nanoparticles embedded (in) glass bottles which block the sunlight and eat up the oxygen inside the bottles," Ganguli said. The concept is now in the lab experiment stage.

A pilot will be conducted in a year to test the application of the re-

search being conducted by Master's and PhD students at IIT-Kharagpur at its plasma and nanotechnology laboratories. IIT-Kharagpur professor Sudarsan Neogi said USL is funding the research in nanotechnology applications to increase the shelf life of beverages. "This is the first-of-its-kind research being done at any of the IITs. This research will help the company to retain the taste, flavour and keep the beverage undisturbed for a very long time," he said.

Maturation Project >> 11

