

The 'King' syndrome in business

'Pen King' Vikram Kothari's death highlights the misfortunes of those who get crowned 'monarchs' in Indian business

SUVEEN SINHA & SAI MANISH
New Delhi, 21 January

Vikram Kothari had two coronations, first as the Gutkha King and later as the Pen King. That should have told him his days of glory were numbered. It has been a consistently bad omen for businessmen in India to be called the king of their sector.

When the end came, on the morning of January 4, it was a deceptively innocuous fall in the bathroom that finished off the high-flyer promoter and head of Rotomac, the maker of pens and stationery. Frequently described as flamboyant, he once had film stars Salman Khan and Raveena Tandon as his brand ambassadors. His mansion in Kanpur's Tilak Nagar, incongruously named Santushti, which is Hindi for contentment, was a local landmark.

By his last birthday, his 72nd, on October 12, all his net worth would not have amounted to half a king's ransom. He was out on bail on grounds of ill health, after two years behind bars on charges of fraud involving hundreds of crores owed to a clutch of public sector banks. The Central Bureau of Investigation (CBI) had raided his house and offices in 2018 and arrested him. Several properties owned by him, his wife, and son had been auctioned.

At the time of the fatal fall in the bathroom, he was alone at his home in Kanpur.

Popular discourse is quick to crown as kings people who achieve so much success that it feels inadequate to describe them as successful. And so it goes in the world of business. When Tiger and Marie became India's favoured accompaniments with tea, Rajan Pillai of Britannia became the "Biscuit King" ("Biscuit Baron" to those who liked their alterations). When Café Coffee Day outlets became ubiquitous, V G Siddhartha was crowned the "Coffee King".

Janardhan Reddy, who reportedly spent \$75 million on his daughter's wedding and whose house had a bomb shelter, among other extravaganzas, was the "Mining King". Nirav Modi, whom *Forbes* magazine rated at \$1.4 billion in 2015, when he was 44, was the "Diamond King". But his title was not undisputed; his uncle from the mother's side, Mehul Choksi, had his own claims to being the Diamond King of



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India. One businessman did not wait for anyone to anoint him and declared himself "The King of Good Times".

Pillai died in prison of cirrhosis of the liver and Siddhartha committed suicide. And now Vikram Kothari is dead.

If there is a morality tale here, it is that debt and death spare no king.

Vikram Kothari's father Mansukhbhai was born in July 1925 in a village in Gujarat. At the age of 16, he moved to Kanpur and dabbled in businesses such as supplying coconut oil to shops. He launched Pan Parag in 1973. With the help of his two sons, Vikram and Deepak, Mansukhbhai made Pan Parag a household name riding on the

the Gutkha Kings.

In 1992, the company launched Rotomac, which stayed with Vikram Kothari after a settlement with Deepak, who got Pan Parag. Rotomac made its own advertising legend with *likhte likhte love ho jaye* (you will fall in love with it as you keep writing), and grew to become one of the largest in its business. Along the way, Rotomac Pens became Rotomac Global, operating in 38 countries. Vikram Kothari also dabbled in greeting cards, real estate, steel and infrastructure. But he became, and remained, the Pen King. Then he ran out of ink.

The allegations against the Pen King were similar to those against the two diamond kings, Nirav Modi and Mehul Choksi. A consortium of seven state-owned banks said Kothari had duped them of ₹4,168 crore. As Modi had done, Kothari got these banks to issue letters of credit to him by saying his company was involved in mercantile trade.

The probe by the CBI, and later by the Serious Fraud Investigation Office (SFIO), found that most of the trades shown to obtain the letters of credit were fake. In many cases, the money from banks was being re-circulated into subsidiaries of Rotomac Global and other companies controlled by

Kothari. A portion of the bank loans was used for a bit of foreign currency trading. The losses were shown by Rotomac's auditors as money to be received soon from purchasers of goods. The veracity of both the purchasers and the goods came into question.

Banks kept lending money to Kothari on his assurances of carrying out international trade. The money borrowed through the letters of credit was then used to settle these payments in a textbook case of round tripping, leading the Enforcement Directorate to slap money laundering charges against Kothari.

The loans were never repaid and had to be classified as non-performing assets, resulting in dissolution proceedings against Rotomac Global that yielded only a fraction of the loans.

Kothari also managed to secure "export booking credits" worth crores from these banks. In one of the transactions probed by the CBI, Rotomac Global used this route to get loans from Bank of Baroda (BoB). It presented to the bank fake orders showing money to be paid to an Indian company for goods to be imported by a Singapore-based entity. BoB released the money without checking the credentials of the parties involved. In the case of letters of credit, BoB would have to indemnify the bank of the other party dealing with Kothari's company for making the payment. According to the CBI, allowing Rotomac to use export booking credits exposed BoB to fraud.

Cases were filed against BoB's chairman at the time, M D Mallya, two other top executives, and 11 of the bank's staff at its Kanpur branch, which sanctioned the loans to Kothari. Mallya quit BoB in 2012 and later joined IndiGo as chairman of InterGlobe Aviation that operates the airline. He died of cancer in 2018. Little progress has been made on most of the cases against BoB officials.

Kothari's son, Rahul, was arrested after the SFIO filed a complaint in 2020. Though Vikram was released on bail in 2019 on health grounds, Rahul remained behind bars. In May 2021, a court rejected Rahul's bail plea for attending to his parents, who had contracted Covid. On January 4, the day Vikram died, Rahul, who could have been the Pen Prince, was in jail. Kothari's only son did not get to attend the Pen King's cremation.

Rural vaccination: Rising share, falling absolute numbers

Overall Covid vaccinations have fallen even as daily cases have been rising

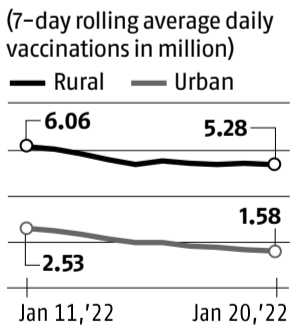
SACHIN P MAMPATTA
Mumbai, 21 January

More of India's incremental daily vaccinations are coming from rural areas, even as the absolute number of such doses fell over the last 10 days. The number of rural vaccinations dropped from 6.06 million 10 days ago to 5.28 million as of January 20, on a seven-day rolling average basis. Their share in daily vaccinations, however, is up from 70.5 per cent to 76.9 per cent in the same period.

This is because urban vaccinations, while accounting for a smaller share of overall numbers, have fallen far more sharply. They fell 37.5 per cent to 1.58 million as of January 20 compared to 2.53 million only 10 days ago. Rural vaccination numbers fell only 12.9 per cent in the same period (see chart 1).

The net effect of this has been that the overall daily vaccination number is down 20.1 per cent over the last 10 days to 6.9 million on January 20. All daily figures are on a seven-day rolling basis to eliminate the effects of daily fluctuations. The seven-day rolling average number of daily vaccinations was 8.6 million on January 11. The seven-day rolling average number of cases has risen from around 122,490 to 321,157 in the same period, show numbers from tracker Our World in Data

WIDENING GAP IN DAILY DOSES



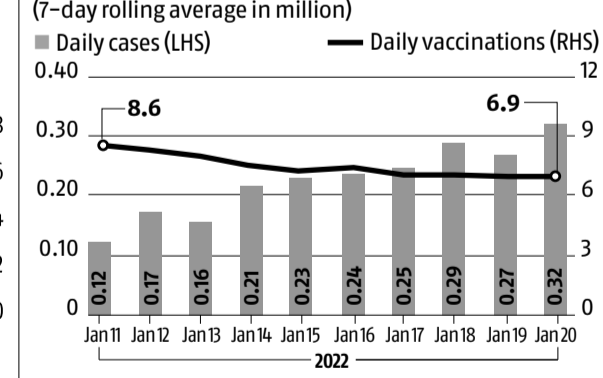
Note: Based on data as available on Friday Source: CoWIN database, Business Standard calculations

(see chart 2). India has completely vaccinated 48.22 per cent of its population and partially vaccinated an additional 17.96 per cent, according to the database. A higher proportion of the adult population has been vaccinated.

A January 19 India Equity Strategy report from financial services major Morgan Stanley noted that a majority of the adult population has been vaccinated, which is a positive for the economy.

"...with ₹70% of the adult population fully vaccinated and the onset of the vaccination drive for the 15-18 years

DAILY VACCINATIONS ARE DOWN 20%



Note: Based on data as available on Friday Source: CoWIN database, Business Standard calculations, Our World in Data

age group bodes well for further lifting consumer sentiment and improving demand conditions," said the report authored by equity strategist Ridham Desai, economist Upasana Chachra and equity analysts Sheela Rathi, Sumeet Kariwala and Subramanian Iyer.

India's overall vaccination rates are lower than many other countries. Brazil has vaccinated 69.18 per cent of its total (not adult) population against Covid-19, and partially vaccinated an additional 9.21 per cent. Around 84.52 per cent of China's total population is fully vaccinated with

an additional 2.98 per cent being partially vaccinated. Japan has fully vaccinated 79.04 per cent of its population and an additional 1.31 per cent have had partial vaccination. Japan has an older population than India.

India has begun giving a precautionary dose to people over the age of 60 from January 10. Since then, 6.57 million doses have been given. The number of such doses has also declined since. It was 1 million on January 10. It has since halved to around 0.5 million over the last couple of days. The majority of vaccinations are still second doses across rural and urban areas. They accounted for an average share of 54.6 per cent of doses given in the last three days for which data is available.



NUCLEUS SOFTWARE

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POST BUYBACK PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF EQUITY SHAREHOLDERS/BENEFICIAL OWNERS OF EQUITY SHARES OF NUCLEUS SOFTWARE EXPORTS LIMITED.

This Post-Buyback Public Announcement ("Post-Buyback Public Announcement") is being made in accordance with Regulation 24(vi) and other applicable provisions of the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018, for the time being in force including any statutory modifications and amendments from time to time ("SEBI Buyback Regulations") regarding completion of the Buyback.

This Post-Buyback Public Announcement should be read in conjunction with the public announcement dated November 17, 2021 ("Public Announcement") and the letter of offer dated December 24, 2021 ("Letter of Offer") issued in connection with the Buyback. Unless specifically defined herein, capitalised terms and abbreviations used herein shall have the same meaning as ascribed to them in the Public Announcement and the Letter of Offer.

1. THE BUYBACK

- The Board of Directors of Nucleus Software Exports Limited (the "Company"), at their meeting held on September 24, 2021 (the "Board Meeting") had announced the Buyback of up to 22,67,400 (Twenty Two Lakh Sixty Seven Thousand and Four Hundred Only) fully paid-up Equity Shares of the Company having the face value of Rs. 10/- each (Rupees Ten Only) representing up to 7.81% of the total paid-up Equity Share capital of the Company at a price of Rs. 700/- (Rupees Seven Hundred Only) per Equity Share (the "Buyback Price") payable in cash for an aggregate consideration of up to Rs. 1,58,71,80,000 (Rupees One Hundred Fifty Eight Crore Seventy One Lakh Eighty Thousand Only) ("Buyback Size") excluding any expenses incurred or to be incurred for the Buyback viz. brokerage, costs, fees, turnover charges, taxes such as buyback tax, securities transaction tax and goods and services tax (if any), stamp duty, advisors fees, filing fees, printing and dispatch expenses and other incidental and related expenses and charges ("Transaction Costs") and such maximum amount.
- The Buyback Offer Size represented 24.90% and 24.01% of the aggregate of the fully paid-up Equity Share capital and free reserves of the Company as per the latest audited standalone as well as consolidated balance sheet respectively, as at March 31, 2021, on a proportionate basis through the "tender offer" route as prescribed under the Buyback Regulations, from all of the shareholders of the Company who hold Equity Shares as of the Record Date i.e. Saturday, November 27, 2021 ("Buyback").
- The Company had adopted the Tender Offer route for the purpose of Buyback. The Buyback was implemented through the "Mechanism for acquisition of shares through Stock Exchange", as provided under the SEBI Buyback Regulations and circular no. CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015 as amended via circular no. CFD/DCR2/CIR/P/2016/131 dated December 9, 2016, and SEBI circular CFD/DCR-III/CIR/P/2021/615 dated August 13, 2021, issued by the Securities and Exchange Board of India ("SEBI"). For the purposes of the Buyback, National Stock Exchange of India Limited ("NSE") was the designated stock exchange.
- The Buyback Opening Date was Monday, January 03, 2022 and the Buyback Closing Date was Friday, January 14, 2022.

2. DETAILS OF THE BUYBACK

- 22,67,400 (Twenty Two Lakh Sixty Seven Thousand and Four Hundred Only) Equity Shares were bought back pursuant to the Buyback, at a price of Rs. 700/- (Rupees Seven Hundred Only) per Equity Share.
- The total amount utilized in the Buyback was Rs. 1,58,71,80,000 (Rupees One Hundred Fifty Eight Crore Seventy One Lakh and Eighty Thousand Only) excluding the transaction costs.
- The Registrar to the Buyback i.e., Kfin Technologies Private Limited ("Registrar"), considered a total of 12,869 valid bids for 30,40,726 (Thirty Lakhs Forty Thousand Seven Hundred and Twenty Six Only) Equity Shares in response to the Buyback. The details of the valid bids considered by the Registrar are as follows:

Category	Number of Equity Shares available for the Buyback	Number of valid bids	Total Equity Shares validly Tended	Total Equity Shares accepted	Response (%)
Reserved Category for Small Shareholders	3,40,110	11,579	6,75,081	3,40,110	198.49
General Category for all other Eligible Shareholders	19,27,290	1,290	23,65,645	19,27,290	122.74
TOTAL	22,67,400	12,869	30,40,726	22,67,400	134.11

- All valid bids were considered for the purpose of Acceptance in accordance with the SEBI Buyback Regulations and the Letter of Offer. The communication of acceptance / rejection will be dispatched by the Registrar on January 22, 2022 (by email), where email IDs are registered with the Company or the depositories and through Ordinary Post / Speed Post to Non email cases.
- The settlement of all valid bids was completed by NSE Clearing Limited ("Clearing Corporation") on Friday, January 21, 2022. Clearing Corporation has made direct funds pay-out to Eligible Shareholders whose Equity Shares have been accepted under the Buyback. If bank account details of any Eligible Shareholders were not available or if the funds transfer instruction was rejected by the Reserve Bank of India/ relevant bank(s), due to any reasons, then the amount payable to the concerned shareholder was transferred to the Shareholder Broker for onward transfer to their respective shareholders.
- Equity Shares accepted under the Buyback have been transferred to the Company's demat escrow account on Friday, January 21, 2022 and valid physical shares tendered in the Buyback were accepted. The unaccepted Equity Shares have been unblocked in the account of respective Eligible Shareholders / custodians by the Clearing Corporation / National Stock Exchange of India Limited on Friday, January 21, 2022. The unaccepted physical share certificates are being dispatched to the registered address of eligible shareholders.
- The extinguishment of 22,67,400 (Twenty Two Lakh Sixty Seven Thousand and Four Hundred Only) Equity Shares accepted under the Buyback, comprising of 22,67,384 Demat Shares and 16 Physical Shares is currently under process and shall be completed in accordance with the SEBI Buyback Regulations by Thursday, January 27, 2022.

3. CAPITAL STRUCTURE AND SHAREHOLDING PATTERN

- The capital structure of the Company before and after the completion of the Buyback is set forth below:

Particulars	Pre-Buyback	Post completion of the Buyback
Authorised share capital	Rs. 45,10,00,000/- (4,11,00,000 Equity Shares of Rs. 10 each and 40,00,000 Preference Shares of Rs. 10 each)	Rs. 45,10,00,000/- (4,11,00,000 Equity Shares of Rs. 10 each and 40,00,000 Preference Shares of Rs. 10 each)
Issued, subscribed and paid-up share capital	Rs. 29,04,07,240/- (2,90,40,724 Equity Shares of Rs. 10/- each, fully paid)	Rs. 26,77,33,240 (2,67,73,324 Equity Shares of Rs. 10/- each, fully paid)

- Details of Eligible Shareholders from whom Equity Shares exceeding 1% of the total Equity Shares bought back under the Buyback are as under:

S. No.	Name of Shareholder	Number of Equity Shares accepted under the Buyback	Equity Shares accepted as a % of total Equity Shares bought back	Equity Shares accepted as a % of total post Buyback equity capital of the Company
1	LSV Emerging Markets Small Cap Equity Fund LLP	1,72,483	7.61	0.64
2	Arun Jain	70,727	3.12	0.26
3	Trustline Holdings Pvt Ltd	59,432	2.62	0.22
4	B N Nagamani	49,217	2.17	0.18
5	Public Employees Retirement System of Ohio	48,079	2.12	0.18
6	Rajasthan Global Securities Private Limited	42,072	1.86	0.16
7	Sanjay Ranchhodlal Shah	40,747	1.80	0.15
8	Ashika Global Finance Private Limited	38,356	1.69	0.14
9	1729 Capital	37,102	1.64	0.14
10	Rahat Hassan Tharani	27,377	1.21	0.10
11	Aamara Capital Private Limited	24,225	1.07	0.09
12	Imran S Contractor	23,393	1.03	0.09

- The Shareholding pattern of the Company before and after completion of the Buyback is set out below:

Category of shareholder	Pre-Buyback		Post-Buyback	
	Number of Equity Shares	% to the existing Equity Share capital	Number of Equity Shares	% to the existing Equity Share capital
Promoters and members of the promoter group, and persons acting in concert (collectively "the Promoter")	1,96,27,866	67.59	1,96,18,176	73.28
Foreign Investors (including Non-Resident Indians / FII's / Foreign Mutual Funds)	15,12,176	5.21		
Financial Institutions / Banks / Banks & Mutual Funds promoted by Banks / Institutions	525	0.00	71,55,148	26.72
Others (Public, Public Bodies Corporate, etc.)	79,00,157	27.20		
TOTAL	2,90,40,724	100.00	2,67,73,324	100.00

4. MANAGER TO THE BUYBACK

Corporate Professionals Capital Private Limited
D-28, South Extension Part-1, New Delhi-110049, India
Tel: 011-40622230/ 40622200;
Email: mb@indiap.com
Website: www.corporateprofessionals.com
Investor grievance e-mail: mb@indiap.com
Contact person: Ms Anjali Aggarwal,
SEBI Registration No.: INM00011435
CIN: U74899DL2000PTC104508



5. DIRECTOR'S RESPONSIBILITY

As per Regulation 24(i)(a) of the Buyback Regulations, the Board accepts responsibility for the information contained in this Post-Buyback Public Announcement and confirms that such document contains true, factual and material information and does not contain any misleading information. This Post-Buyback Public Announcement is issued under the authority of the Board and in terms of the resolution passed by circulation by the Buyback Committee on January 21, 2022.

For and on behalf of the Board of Nucleus Software Exports Limited

Sd/- Vishnu R Dusad Managing Director (DIN: 00008412)	Sd/- Parag Bhishe CEO & Executive Director (DIN: 08719754)	Sd/- Anurag Mantri Chief Financial Officer & Executive Director (DIN: 09002894)	Sd/- Poonam Bhasin Company Secretary & Compliance Officer (Membership No. A10865)
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Date: January 21, 2022
Place: Noida

