Curbs on NPPA good, but govt's distrust of the market is the real malaise

COMPANIES, P6

Etihad deal: Goyal not eyeing anything below ₹200 per share



NATION, P3

VIRAT DOMINATES Kohli is ICC Cricketer of the Year, also Test and ODI Player of 2018



HYDERABAD, WEDNESDAY, JANUARY 23, 2019

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■ IN THE NEWS

NCLAT may look into issue of frivolous bids

THE NATIONAL Company Law Appellate Tribunal on Tuesday said it will look into cases where companies file bid to acquire debt ridden firms but fail to pursue it, reports **PTI**. The appellate tribunal indicated that it may pass an order in this regard, where companies file "frivolous" bids in the corporate insolvency resolution process and then fail to take it forward.

Sterlite Copper: **Vedanta moves** SC again

THE VEDANTA group has once again moved the Supreme Court, requesting it to direct the Tamil Nadu Pollution Control Board (TN PCB) to implement the National Green Tribunal (NGT) order at the earliest on the Sterlite Copper issue, reports **fe Bureau** in **Chennai**. NGT in its final order in December had asked the TN PCB to issue 'renewal of consent' to reopen the factory, subject to certain conditions.

QuickPicks

EXPOSURE TO IL&FS

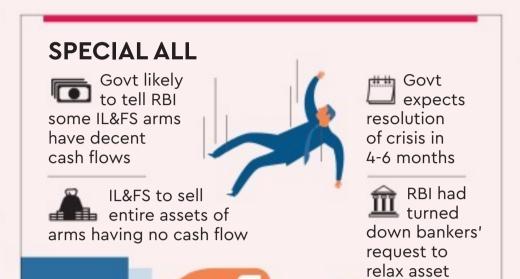
Govt to ask RBI for relief to banks

Without special dispensation on provisioning, banks fear spurt in NPAs from over ₹50,000-cr exposure

FE BUREAU New Delhi, January 22

THE GOVERNMENT WILL approach the Reserve Bank of India (RBI) seeking a special dispensation for banks to defer provisioning requirements for their exposure to crisis-ridden Infrastructure Leasing & Financial Services (IL&FS), official sources said on Tuesday.

Earlier in the day, top officials in the ministries of finance and corporate affairs met senior bankers in North Block, the building that houses the finance ministry, to hammer out a solution, amid mounting fears that lenders could see a spurt in bad loans from their over ₹50,000-crore exposure to the debt-laden



NCLAT hearing a govt petition for a 90-day moratorium on repayments by IL&FS, its arms group if the RBI refuses relief.

Public sector banks (PSBs) — already saddled with nonperforming assets — will be hit harder than private peers as their capital base could shrink further and force them to turn to the government for larger

...

Separately, top executives of SBI and Punjab National Bank and Uday Kotak, chairman of the government-

appointed board of IL&FS and the vice-chairman of Kotak Mahindra Bank, met corporate affairs secretary Injeti Srinivas on Tuesday, banking sources said.

classification

exposure

rules for IL&FS

Importantly, the central bank has reportedly turned down requests by some bankers to relax the asset classification rule.

Continued on Page 2

Icra places 6 MF schemes under watch

Domestic air traffic growth in

DOMESTIC AIR traffic growth in December 2018 slowed down to 12.9% year-on-year even though it was a seasonally strong travel month, reports fe

Bureau in New Delhi. Experts attributed the

somewhat slow growth to an increase in domestic fares of

3% y-o-y in December. In fact, except for Air Asia, all airlines

Netflix flick 'Roma' gets Oscar

Bloomberg. Other major nominees include Black Panther,

I-T non-filers with potential tax

liability for AY2018-19 identified

returns for the assessment year 2018-19, the Central Board

of Direct Taxes (CBDT) said on Tuesday, reports **fe Bureau** in

THE INCOME tax department has identified

indulged in high-value transactions and have

potential tax liability but have failed to file I-T

several persons through data analytics who have

BlacKkKlansman; Bohemian Rhapsody, The Favourite, Green

STREAMING GIANT Netflix stepped into

Hollywood's brightest spotlight for the first time

Tuesday as its film 'Roma' received an Academy

Award nomination for best picture, reports

nomination for best picture

December slows to 12.9%

reported a fall in passenger load factors. PAGE 6

Mumbai, January 22

RATINGS AGENCY ICRA on Tuesday placed the ratings of six mutual fund schemes under watch with negative implications owing to their exposure to three special purpose vehicles of IL&FS. Moreover, Crisil on Tues-

day downgraded the ratings on the non-convertible debentures of Jharkhand Road Projects Implementation Co (JRPICL), by three notches, to D from BB. On Friday, Crisil downgraded NCDs of JRPICL to BB from AA. The rating continues to be on watch with negative implications.

prompted two of India's top fund houses to mark down some of their debt schemes by 20-25%. The net asset value of **HDFC Short Term Debt Fund** and HDFC Banking and PSU Debt Fund fell 0.14% on Monday, Value Research data shows.

The downgrades have **Detailed report on Page 10**

SINGLE-BRAND RETAIL

Easier sourcing rule soon for big-ticket FDI

BANIKINKAR PATTANAYAK New Delhi, January 22

INDIA'S FDI POLICY has introduced a rather odd distinction between multi-brand and single-brand retailing; now, the policymakers are singling out the biggies in single-brand retailing from the rest of the pack.

The government is weighing a proposal to make it easier for large foreign investors to set up single-brand retail stores by allowing them more time to comply with the 30% mandatory domestic sourcing rule, a source privy to the mat-

ter told *FE*. It is exploring an idea to count the annual incremental procurement that foreign companies will do in India for their global operations as part of their local sourcing obligations even beyond the existing rule of initial five years. However, for a company to be eligible to avail of the concession, the minimum



■ Large foreign investors investing over \$200-250 million in 2-3 years could be given more time to comply with 30% domestic sourcing rule

■ Govt may allow them to set off incremental procurement that they do in India for global operations against their local sourcing obligations even beyond five years

foreign direct investment (FDI) has to be above \$200-\$250 million within the first 2-3 years, said the source.

Continued on Page 2

BIG QUESTION IN DAVOS

Is biz of scale creating superstar firms? asks Rajan

PRESS TRUST OF INDIA Davos, January 22

New Delhi. PAGE 2

FORMER RBI GOVERNOR Raghuram Rajan on Tuesday said consumers are benefiting in a big way from the business of scale with several services in the new technology age coming for free or very cheap, but it

Book, A Star Is Born and Vice.

needs to be seen whether this can continue going ahead. Speaking here at a session of the World Economic Forum annual meeting, Rajan said we benefit tremendously from business of scale, there are benefits of efficiency at large corporations and consumers are gaining in a big way from low vices, said Rajan, who teaches

at the Chicago University and For example, Google prois regarded as a global voice on vides a big amount of free sereconomy.

The concern is not so much about today, but about tomorrow. We need to think whether these benefits from scale would continue for the consumer

RAGHURAM RAJAN FORMER RBI GOVERNOR



Rajan said that we all know nothing is free, so it needs to be known who is paying for it when consumers get it for free.

He also wondered whether the business of scale is creating "superstar firms" and who has the real power — is it large corporations or the governments?

"Obviously they are making money somewhere and we need to know whether the two revenue sides of consumers and advertisers are comparable when it comes to data and technology platforms," he added.

Continued on Page 2

PRATT & WHITNEY

IndiGo flight returns to Lucknow on engine issue

REUTERS New Delhi, January 22

AN INDIGO FLIGHT returned to the airport shortly after it took off from the Lucknow after the pilot observed "high vibration" in one of its engines, the airline said in a statement on Tuesday.

The incident on Monday was the latest to affect IndiGo, India's biggest airline by market share.

Continued on Page 2

CORPORATE GOVERNANCE

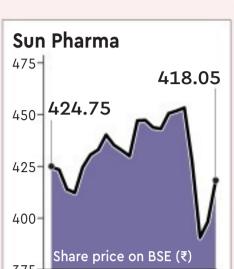
Sun Pharma jumps on steps to ease investor concerns

REUTERS Bengaluru, January 22

INDIA'S TOP DRUG maker by

market value Sun Pharmaceutical Industries announced on Tuesday a new local distributor and other measures in a bid to ease investor concerns over its corporate governance, sending its shares up more than 6%.

The move comes after its shares tumbled last week following media reports about a complaint by a whistle-blower to regulators relating to certain transactions involving the company and an executive director.



The whistle-blower had alleged that Sun Pharma's distributor Aditya Medisales had

Jan 21, '19

Research by

SURYA SARATHI RAY

transactions worth more than ₹5,800 crore with Suraksha Realty, controlled by executive director Sudhir Valia, a report

by Moneylife magazine said. The report, the second in over a month, alleged that the distributor has been used to fund companies owned by the executive director, analyst reports said. Sun Pharma said it had not received the complaint and was not privy to contents of the document. Reuters was unable to

Continued on Page 2

review the complaint.

An uphill job

EPFO data too erratic to carry conviction

Since April 2018 the EPFO has been releasing the counts of new contributors to the fund on a monthly basis. While these figures are cited by

policymakers as proxy of jobs created (rather, they represent the pace of formalisation of jobs), the frequent, drastic revisions do make the EPFO figures suspect.

FIRST-TIME CONTRIBUTORS ■ Data of Sept 2017 Apr 2018* 5,96,483

■ Data of March, 2018 May 2018* 6,13,134

Jan 2019*

*Point of data release

Jan 2019* **3,17,457** -47% Jan 2019* **55,831** -91% ■ Data of Sept 2017-Oct 2018 -16.41%

SPECIAL FEATURE



Omnichannel: Combining the best of online and offline **■eFE**, P13

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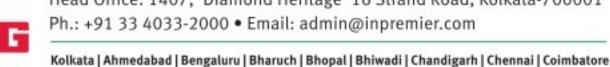


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