15 ECONOMY



₹ **RUPEE**

⊘ ₹69.86

AFTER THREE-SESSION LOSING STREAK

ahead of expiry of

Sensex jumps 490 pts

SILVER

\$73.77* ₹38,225

SENSEX: 39,054.68 ▲ 489.80 NIFTY: 11,726.15 ▲ 150.20 NIKKEI: 22,200.00 ▼ 59.74 HANG SENG: 29,805.83 ▼ 157.41 FTSE: 7,502.50 ▼ 20.57 DAX: 12,335.36 ▲ 99.85

SECTOR WATCH **PHARMACEUTICAL**

US FDA finds quality, data issues at Dadra plant of Sun Pharma

PRABHARAGHAVAN NEW DELHI, APRIL 24

THE US Food and Drug Administration (US FDA) has found several deficiencies, including those relating to medicine quality as well as data collection and maintenance, during a recent inspection of one of Sun Pharmaceutical Industries Ltd's largest drug making units in India. The regulator, which inspected the drug giant's unit in Dadra late in March, has issued 11 observations on the site.

"There are no written procedures for production and process controls designed to assure that the drug products have the identity, strength, quality, and purity they purport or are represented to possess," US FDA investigators observed in their 10-page Form 483 to Sun Pharma, a copy of which *The Indian Express* has reviewed. An FDA Form 483 is issued to companies upon completion of an inspection when investigators observe conditions deemed to violate US drug regulations. In the Form 483 to Sun Pharma, investigators further observed that the Dadra facility's quality control unit "lacks authority to fully investigate errors have occurred." Explaining this observation, the investigators added that, specifically, the quality unit

does not always ensure errors are fully investigated. Another observation by investigators was that laboratory records "do not include complete data derived from all tests, examinations and assay necessary to assure compliance with established specifications and standards." They add that electronic records are used, but they "do not meet requirements to ensure that they are trustworthy, reliable and generally equivalent to paper records." Out of the 11 observations made, these three are "serious" in nature, according to Ranjit Barshikar, a quality expert consultant to the United Nations. If left unresolved, they could lead to US FDA issuing a warning letter,

Sun Pharma got Form 483 which is issued when investigators observe conditions they deem to be violations of US drug regulations

"We have submitted our response to the US FDA. Sun Pharma intends to implement promptly any corrective actions and improvements that may be necessary and remains committed to following the highest levels of quality and 24x7 cGMP compliance at all its manufacturing sites globally," Sun Pharma's spokesperson told *The Indian Express*. "These observations are

serious because they affect the

quality of the product going

into the market," Barshikar told The Indian Express. "Anything that is going to impact patients and the stability of the products is always an observation of serious nature and has scope for US FDA to issue warning letters if the issues are not resolved," he added. "The quality control unit must have all evidential documents that confirm that there is no manipulation of the data. Here, the language used by the inspectors implies that the data is not trustworthy," said Barshikar, referring to US FDA's observation on laboratory records. On US FDA's observations pertaining to drug quality and investigation of errors, Barshikar said that, if the quality assurance department of a manufacturing unit is not properly monitoring the production, it could lead to batches of medicines being released in the market without being properly tested. If the quality control department is not well-equipped, or does not have the knowledge, to conduct investigations into errors,

failing quality tests, he added. "This may affect the patient's health and safety," he said. "There are so many warning letters to this point in past to many good companies."

it could lead to a "serious prob-

lem" of batches continuously

RECEIVED REPRESENTATION FROM LIC, ITC: REGULATOR

Sebi restrains Hotel Leela from selling properties to Brookfield

ENSECONOMIC BUREAU MUMBAI. APRIL 24

THE SECURITIES and Exchange Board of India (Sebi) has barred cash-strapped Hotel Leelaventure from selling its four hotels and other assets to Canadian investment fund Brookfield Asset Management till further directions.

In its letter to Hotel Leelaventure, Sebi said it has received representations from ITC, which has moved the National Company Law Tribunal (NCLT) against Hotel Leelaventure alleging "oppression and mismanagement". It has also received a representation from minority shareholder Life Insurance Corporation (LIC) on the issue.

On March 18, Hotel Leelaventure Ltd (HLVL) had announced sale of its four hotels in Bengaluru, Chennai, Delhi and Udaipur, as well as a property to Canadian investment fund Brookfield for Rs 3,950 crore. It had sought shareholders approval and voting is scheduled to end on April 24. "While representations are being examined by Sebi, in view of paucity of time involved and in the interest of investors in securities, you are advised to ensure that none of the transactions proposed in the postal ballot no**'REPRESENTATIONS ARE BEING EXAMINED'**

■ While representations are being examined... in view of paucity of time involved and in the interest of investors in securities, you are advised to ensure that none of the

tice dated March 18 are acted upon till further directions from Sebi," Sebi said in its letter to Hotel Leela. ITC had on Tuesday moved the Mumbai bench of National Company Law Tribunal (NCLT) against Hotel Leelaventure alleging oppression and mismanagement. ITC, along with the petition, had also filed two applications seeking urgent hearing and waiver of the requirement of minimum threshold of 10 per cent shareholding.

ITC holds a total of 7.92 per cent stake in Hotel Leelaventure Ltd (HLVL). LIC of India Future plus Growth Fund holds 2.36 per cent stake in the company. Shares of Hotel Leela rose by 4.38 per cent to Rs 10.97 on the BSE on Wednesday. ITC's petition in the NCLT, Mumbai, noted that "from the limited inspection provided, it became clear that the proposed transaction would have the effect of transferring a substantial part

postal ballot notice dated March 18 are acted upon till further directions from Sebi, the regulator said in its letter to Hotel Leela in favour of Brookfield for an

transactions proposed in the

amount of Rs 4,250 crore. Of this, total consideration, Rs 2,950 crore would be paid to the lenders of Respondent No 1 (with Rs 1,960 crore being paid to Respondent No 16) and Rs 300 crore being paid to the promoters of Respondent No.1". Respondent No1 refers to Hotel Leelaventure while Respondent No 16 refers to JM Financial Asset Reconstruction Company (ARC).

ITC's petition also noted that "not only is such an arrangement illegal, even if one were to assume that it were not illegal, the arrangement is evidently oppressive and prejudicial to the interests of the minority shareholders of Respondent No. 1". The petition has been filed under Section 241 of the Companies Act, 2013.

Marking promoters of Hotel Leelaventure and IM Financial ARC as respondents, ITC has claimed the proposed transaction is prejudicial and even fraudulent,

leaving Hotel Leelaventure a mere shell with only liabilities benefitting promoters while leaving minority shareholders holding worthless shares with no underlying business or assets. The petition noted that IM Financial ARC and the promoters were not identified as "related parties" although JM Financial ARC holds a stake of 26 per cent in Hotel Leela, following conversion of a part of its loan amounting to about Rs 275 crore in September 2017.

Hotel Leelaventure, originally promoted by Capt. Krishnan Nair, has proposed to sell the hotel business, together with all assets and liabilities of the hotels in Bengaluru, Chennai, Delhi and Udaipur on a slump sale basis as a going concern, it said in a stock exchange filing. The sale proceeds will go to the lenders towards debt repayment as part of the restructuring plan.

However, the company will operate the hotel in Mumbai and own certain land in Hyderabad and joint development project of residential apartments with Prestige Developers in Bengaluru. Brookfield will have a right of first refusal over the company's hotel in Mumbai as part of the transaction. The sale will also include 100 per cent shareholding of the company in Leela Palaces and Resorts

derivatives contracts **ENS ECONOMIC BUREAU** MUMBAI. APRIL 24 THE BENCHMARK BSE Sensex on Wednesday surged 490 points to close above 39,000 level on heavy buying in finance, energy and IT

> crude oil prices. After starting on a positive note, indices were boosted by a burst of buying towards the fagend. The BSE Sensex soared 489.80 points, or 1.27 per cent, to close at 39,054.68. The broader NSE Nifty climbed 150.20 points, or 1.30 per cent, to 11,726.15.

stocks ahead of expiry of deriva-

tives contracts and positive global

cues. The rupee, however, depre-

ciated 24 paise to 69.86 against the

US dollar despite a marginal fall in

Analysts said index heavyweight Reliance Industries, HDFC and HDFC Bank accounted for almost half of the Sensex gains. Markets were propelled by short covering ahead of expiry of April futures and options contracts Thursday and the rally on Wall Street on Tuesday.

"We expect markets would remain volatile in the near term given the earnings outcome and central election progress. On the global front, crude oil is trading at 2019 highs after US announcement of ending all Iran sanction waivers by May thereby putting pressure on importers. India is one of the key importers of Iranian oil and hence the developments on the sanction waiver would be closely monitored along with currency movement," said Jayant Manglik, president - retail distribution, Religare Broking.

Vinod Nair, head of research. Geojit Financial Services, said, "Market rallied after a range bound movement supported by short covering ahead of F&O expiry and in-line results for Q4 of FY19 till date. Government 10year yield slid as the RBI announced open market operation while rupee weakened due to uncertainty in oil prices. Prospects over quarter results may cap the anxiety on crude price volatility, while any consolidation will give an entry point to quality stocks."

However, foreign portfolio in-

EXPLAINED

Crude likely to play spoilsport

AFTER THE bear hammering in the last three sessions, bulls are back with a bang despite the weakness in the rupee. The bulls' apple cart can be upset if oil prices spiral upwards leading to uncertainty on fiscal, inflation and currency fronts.

In the near term, investors are watching the corporate earnings season closely and the trends being thrown up by general elections. Markets are expected to remain volatile in coming days.

vestments have slowed down in the recent past. After investing over Rs 33.000 crore in March. FPIs have brought in Rs 16,337 crore till April 24. "As far as F&O activity is concerned, fresh long formation was seen in Nifty as well as Bank Nifty. In the recent correction from the record highs, we saw long unwinding along with some fresh shorts but the quantum remained insignificant," said Sneha Seth, Derivatives Analyst, Angel Broking.

Meanwhile, oil prices steadied on Wednesday near six-month highs after data that showed US stockpiles rose to their highest levels since October 2017, countering fears of tight supply resulting from OPEC output cuts and US sanctions on Venezuela and Iran, according to a Reuters report.

Brent crude futures lost 9 cents to \$74.42 a barrel by 1706 GMT. The international benchmark reached \$74.73 a barrel on Tuesday, highest since November 1. US West Texas Intermediate crude futures fell 49 cents to \$65.81 a barrel. The contract hit \$66.60 a barrel on Tuesday, the highest since October 31.

Indiabulls Real Estate shares up 10% after firm decides to sell London asset for £200 mn

ENS ECONOMIC BUREAU MUMBAI, APRIL 24

SHARES OF Indiabulls Real Estate rose as much as 13.41 per cent during Wednesday's trading session before closing the day 10.23 per cent higher at Rs 116.35, after the company said it has decided to divest Century, the parent company that houses Hanover Square property, London, for £200 million. In its quarter-ended March investor presentation, Indiabulls Real Estate said it has decided to focus only on Mumbai and

National Capital Region markets. "In light of continuing Brexit related issues and uncertainty around it, the London property market remains sluggish; so the promoter has undertaken to buy the parent company of London asset for £200 million," it said.

The company had purchased the property for £161.5 million. After this transaction, the net debt of the company would be

"In light of continuing Brexit related issues and uncertainty around it, the **London property market** remains sluggish; so the promoter has undertaken to buy the parent company of London asset for £200 million"

INDIABULLS REAL ESTATE

below Rs 3,000 crore, it pointed out. As on March 31, the net debt of the company stood at Rs 4,590 crore. "Since it is a related party transaction, promoter will not be participating in the voting on this item," the firm indicated in the

Indiabulls Real Estate posted a 95 per cent drop in its net profit at Rs 108.61 crore in the quarterended March compared to the same period last year. Total income decline 37 per cent to Rs 2,040.61 crore. **FE**

presentation.

of the assets of Respondent No. 1

'28% Indian ultra HNIs expect wealth creation will be easy in 2019'

Around 28 per cent of ultra high net worth individuals in India are optimistic that wealth creation would be easy in 2019, more than twice of global average, as per a survey by Knight Frank

3%: 28 per cent of respondents in India believe that economic and political factors would be favourable for wealth creation this year, up by 3 per cent from last year

36% of Indian respondents think that wealth creation would be difficult in the country as opposed to the global average of 68 per cent



GLOBAL MARKETS: on global markets, around 56 per cent of respondents from India said it would be more difficult to create and protect wealth due to global factors in 2019

easier

56% of Indian respondents feel that global environment is likely to make it difficult to create and protect wealth in 2019

33% of Indian respondents feel that there will be no change while only 11 per

cent cited that it will be

towards the country, Knight Frank India said

have a positive outlook

POSITIVE OUTLOOK

India remains one of the

world economy coupled

have ensured investors to

with improving indices

key growth engines of the

CREATING WEALTH About 56 per cent of respondents from India revealed that it was difficult for them to create and protect their wealth in 2018 as compared to 2017

70%

RBI sells entire stakes

Globally 70 per cent respondents felt that it was more difficult to create wealth in 2018 compared to 2017

RBI: 50% rise in ATM, debit cards complaints

The two Banking Ombudsman offices in New Delhi

received maximum complaints at 35,737, which is

21.8% of total complaints during the year

ENS ECONOMIC BUREAU MUMBAI, APRIL 24

he said.

THE OFFICES of the Banking Ombudsman (BO), set up by the Reserve Bank of India, have reported a 50 per cent increase in complaints relating to ATM and debit cards during the year July-June period of 2017-18, the RBI has said.

"Complaints relating to ATM and debit cards comprised 15.1 per cent of total complaints marking an increase of 50 per cent over last year. Of the total number of ATM and debit cards complaints, a major sub-category was 'account debited but cash not dispensed by ATMs' which accounted for almost 60 per cent of the ATM related complaints," said

the RBI report on BO scheme. There were 24,672 complaints in-

The two BO offices in New Delhi received the maximum complaints at 35,737, representing 21.8 per cent of total complaints during the year, the report said. The 21 offices of BO have reported a 24.9 per cent increase in complaints at 163,590 in the year 2017-18, the RBI has said.

volving ATM and debit cards.

The major grounds of complaints received by 21 offices of BO during the year were non-observance of fair practices code (22.1

per cent), ATM and debit card issues (15.1 per cent), credit card issues (7.7 per cent), failure to meet commitments (6.8 per cent), mobile and electronic banking (5.2

per cent), the RBI said. The ground of complaint 'nonobservance of fair practice code' along with the other grounds -failure to meet commitments and non-adherence to BCSBI codes -constituted 31.3 per cent of the total complaints. BO offices maintained a disposal rate of 96.5 per cent as compared to 92.0 per cent in the previous year, it said.

"Complaints received on grounds such as problems relating to pension, levy of charges without notice, loans and advances, remittance, DSA and recovery agents and mis-selling each accounted for 5 per cent or less of the total complaints received," the RBI said.

The RBI said as much as 65.8 per cent of maintainable complaints were resolved by agreement i.e., through mediation. During the previous year, the figure stood at 42.4 per cent. "148 awards were issued by 12 out of the 21 Banking Ombudsman in 2017-18 as compared to 31 awards issued in the previous year," the RBI said. The Appellate Authority received 125 appeals in the year 2017-18 as compared to 15 appeals in the previous year.

in Nabard, NHB to govt

ENS ECONOMIC BUREAU MUMBAI, APRIL 24

THE RESERVE Bank of India has divested its entire stake in National Bank for Agriculture and Rural Development (Nabard) and National Housing Bank (NHB) amounting to Rs 20 crore and Rs 1,450 crore to the government. With this, the Centre now holds 100 per cent stake in both the financial institutions.

The divestment was done on February 26 and March 19 respectively, the RBI said. "Divestment of the RBI's stake in Nabard and NHB has its basis in the recommendation of

Narasimham Committee II and the Discussion Paper prepared by the RBI on "harmonizing the role and operations of development financial institutions and banks", it said.

Divestment of the RBI's shareholding in Nabard was done in two phases. The RBI held 72.5 per cent of equity in Nabard amounting to Rs 1,450 crore out of which 71.5 per cent amounting to Rs 1,430 crore was divested in October 2010 based on the government notification on September 16, 2010. The residual holding was divested on February 26, 2019. The RBI held 100 per cent shareholding in NHB, which was divested on March 19, 2019.

AFTER TWO FATAL PLANE CRASHES IN FIVE MONTHS

Boeing abandons financial outlook, sees \$1 bn in extra cost on 737 MAX

REUTERS

doned its 2019 financial outlook, halted share buybacks and said lowered production due to the grounding of its fastest-selling 737 MAX jet after two fatal plane crashes in five months had cost it at least \$1 billion so far.

maker is facing one of the biggest crises in its 103-year history following the disasters on Lion Air in Indonesia on October 29 and another on Ethiopian Airlines on March 10, which together killed all 346 on board. Chicago-based

Boeing is now reckoning with a blow to its reputation and the financial cost of getting the planes back in the air. It met sharply lowered Wall Street profit estimates, largely due to stopping deliveries of the 737 MAX jets and a slowdown in production. The production slowdown alone has cost it \$1 billion so far, the company said, because the lower rate means the planemaker has to pay more for parts, which are priced according to the volume Boeing buys.

fied charges related to developing a MAX software fix and pilot training. Chief executive Dennis Muilenburg told analysts on a conference call that Boeing has



Renton, Washington. Reuters file photo

Administration in the "near term"

"The timing of return to service for that MAX will continue to be paced by ongoing work with global regulators and our customers," Muilenburg said. "If there's something that we can do to make airplane development programs or the certification process better and safer, we will pursue it." Boeing cut production of the jets following the MAX grounding to 42 aircraft per month, down from 52, and its operating cash flow in the first quarter was around \$350 million lower than a year earlier. Boeing also took an impairment charge at its Boeing Capital financing unit and removed 210 aircraft from its order backlog to reflect concerns

about customer credit quality. It did not disclose the name of the airline involved but the move came days after India's Jet Airways halted operations after lenders rejected a plea for emergency funds. Boeing said it would issue a new financial forecast when it has

more clarity around the issues surrounding the 737 MAX. In January, it said it expected fullyear revenue of \$109.5 billion to \$111.5 billion and core earnings per share between \$19.90 and \$20.10. The company repurchased \$2.3 billion of its shares in the latest quarter, all of which occurred prior to mid-March. Boeing bought back \$9 billion of its stock last year.

Canada, Thailand seek to join WTO consultations including mobile phones and **PRESSTRUST OF INDIA** NEW DELHI, APRIL 24

India's ICT products tariff:

CANADA and Thailand on

Wednesday expressed interest to join consultations in a case filed by the European Union in the WTO against India's import duties on certain ICT products, including mobile phones.

On April 9 this year, the European Union (EU) dragged India into the WTO's (World Trade Organization) dispute settlement mechanism over Indian import duties on nine categories of information and communica $tions\, technology\, (ICT)\, products,$

components, base stations, integrated circuits and optical instruments.

The EU has alleged that despite India's legally binding commitment in the WTO that it would not charge any import duty on ICT products, India has been applying duties ranging from 7.5 per cent to 20 per cent.

"These import duties are therefore in clear breach by India of WTO rules. The levies affect EU exports worth 600 million euros per year." the EU has said.

According to WTO rules, seeking consultation is the first step of dispute settlement process.

BENGALURU, APRIL 24 BOEING CO on Wednesday aban-

The world's largest plane-

Boeing also booked unspeci-

confidence in its software fix and expects a certification flight with the US Federal Aviation

after completing more than 135 test and production flights.