MARKET WATCH

	30-04-2019	% CHANGE
Sensex	39,032	-0.09
US Dollar	69.56	0.65
Gold	32,945	-0.16
Brent oil	72.91	1.54

NIFTY 50

	PRICE	CHANGE
Adani Ports	392.80	1.05
Asian Paints	1463.15	14.40
Axis Bank	766.85	6.95
Bajaj Auto	2984.10	-60.55
Bajaj Finserv	7520.45	-200.80
Bajaj Finance	3095.95	-0.90
Bharti Airtel	320.30	-5.15
BPCL	379.85	8.80
Britannia Ind	2896.05	-71.65
Cipla	565.00	-2.95
Coal India	252.15	1.65
Dr Reddys Lab	2933.75	41.50
Eicher Motors	20368.30	37.65
GAIL (India)	355.95	2.55
Grasim Ind	901.20	-12.25
HCL Tech	1183.35	43.60
HDFC	1995.05	17.65
HDFC Bank	2317.45	36.50
Hero MotoCorp	2511.85	-92.15
Hindalco	206.05	4.90
Hind Unilever	1757.70	10.35
Indiabulls HFL	695.45	-43.00
ICICI Bank	407.50	0.30
IndusInd Bank	1606.50	-92.35
Bharti Infratel	262.55	-10.35
Infosys	751.35	13.35
Indian OilCorp	158.05	5.20
ITC	301.35	-3.20
JSW Steel	308.35	14.35
Kotak Bank	1386.55	7.30
L&T	1348.55	-9.65
M&M	645.30	-14.15
Maruti Suzuki	6666.40	-176.45
NTPC	134.05	-0.05
ONGC	169.20	0.80
PowerGrid Corp	186.40	-4.40
Reliance Ind	1392.80	0.00
State Bank	309.95	-2.55
Sun Pharma	457.65	-6.45
Tata Motors	214.30	-1.30
Tata Steel	557.20	11.95
TCS	2260.35	21.80
Tech Mahindra	836.10	12.85
Titan	1158.55	21.05
UltraTech Cement	4616.80	6.85
UPL	969.15	-1.20
Vedanta	166.85	-2.85
Wipro	298.55	3.75
YES Bank	168.00	-69.20
Zee Entertainment	432.60	14.90

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on April 30

CURRENCY	TT BUY	TT SELL
US Dollar	69.36	69.68
Euro	77.79	78.15
British Pound	90.26	90.68
Japanese Yen (100)	62.33	62.62
Chinese Yuan	10.30	10.35
Swiss Franc	68.06	68.37
Singapore Dollar	50.98	51.22
Canadian Dollar	51.61	51.85
Malaysian Ringitt	16.77	16.86

Source:Indian Bank

BULLION RATES CHENNAI

April 30 rates in rupees with previous rates in parentheses

Retail Silver (1g)	40.5	(40.7)
22 ct gold (1 g)	3041	(3044)

IN BRIEF

Starbucks found guilty of profiteering ₹4.51 cr.

NEW DELHI

The GST investigation arm has found Tata Starbucks guilty of profiteering ₹4.51 crore by not reducing prices of coffee despite a cut in the tax rate. The probe revealed that the firm had hiked the base price of one its coffee variants after the GST Council cut tax rates on restaurants from 18% to 5% effective Nov. 15, 2017. PTI

NSE fined ₹1,000 cr. in co-location case

SEBI bars bourse from accessing securities market for 6 months; says actions affected market fairness

SPECIAL CORRESPONDENT
MUMBAI

The Securities and Exchange Board of India (SEBI) has barred the National Stock Exchange (NSE), which has the largest market share in equity segment and almost a monopoly in equity derivatives, from accessing the securities market for six months.

The capital markets regulator has further ordered the exchange to disgorge around ₹1,000 crore – that is, ₹624.89 crore plus 12% interest from April 1, 2014 – for its alleged failure to exercise proper due diligence while offering co-location facility thereby affecting market fairness and integrity.

'Fraudulent practice'

The watchdog has also taken stern action against the former and current top brass of the exchange with some directed to not hold any position in a stock exchange for a period ranging from two to three years.

"... NSE has committed a fraudulent and unfair trade practice as contemplated under the SEBI (PFUTP) Regulations, I find that it is established beyond doubt that NSE has not exercised the requisite due diligence while putting in place the TBT architecture," stated the 104-page SEBI order.

While PFUTP refers to Prohibition of Fraudulent and Unfair Trade Practices rules, TBT is tick-by-tick data feed.

Co-location refers to the system wherein a broker's server is kept in the exchange premises to reduce latency, or delay in computing terms, while executing trades.

"The same created a trading environment in which the information dissemination was asymmetric, which cannot be considered fair and equitable. This failure of NSE to ensure equal and fair access, in the facts and circumstances as detailed and discussed in above paragraphs, has resulted in violation..." added the SEBI order.

The roots of the matter go back to 2015 when SEBI received complaints against NSE where, among other things, it was alleged that the system that NSE used while disseminating data through co-location facilities allowed certain users to get information before others, thereby creating an information asymmetry.

The regulator has ordered Ravi Narain and Chitra Ramkrishna – both former MD & CEOs of NSE – to disgorge a part of their salary drawn when they were at the helm of affairs at the exchange, which has the largest market share in equity segment and almost a monopoly in equity derivatives.

While Mr. Narain has been directed to disgorge 25% of his salary drawn from FY11 to FY13, Ms. Ramkrishna is to disgorge a similar share of her salary drawn in 2013-14.

Both have also been barred from being associated with any listed firm or a Market Infrastructure Institution – bourses, clearing corporations, depositories – for five years. Other officials who have been issued restraining orders include Ravi Varanasi, head, business development; Nagendra Kumar, head, membership department; Deviprasad Singh, head, colo support; Suprabhat Lala, A-VP; and Umesh Jain, CTO.

SEBI has also barred OPG Securities, allegedly the prime beneficiary of the co-location matter, and its directors from accessing the securities market for five years, while directing the entities to disgorge nearly ₹25 crore. Ajay Shah of Indira Gandhi Institute of Development Research has also been restrained from holding any position with a stock exchange or a listed company for two years. "NSE is... examining [the] SEBI order and will take appropriate steps as may be legally advised," an NSE spokesperson said.


Heads penalised: Former honchos Ravi Narain and Chitra Ramkrishna are to disgorge a part of salary received. ▪REUTERS

NSEL-FTIL merger: SC sets aside govt.'s decision

Violative of right to equality, says court

LEGAL CORRESPONDENT
NEW DELHI

The Supreme Court on Tuesday declared the government's amalgamation of the over ₹5,600 crore scam-hit National Spot Exchange Ltd. (NSEL) with Financial Technologies India Ltd. (FTIL), now known as 63 Moons Technologies Ltd., as a violation of both the Constitution and the Companies Act.

A Bench of Justices Rohinton Nariman and Vineet Saran held that the Centre's amalgamation order of February 12, 2016 was ultra vires Section 396 of the Companies Act and contrary to Article 14 (right to equality) of the Constitution. Section 396 of the Companies Act, 1956, deals with compulsory amalgamation of companies by a Central Government order when it becomes essential in the public interest.

In this case, Justice Nariman observed that there was "complete non-application of mind by the authority assessing compensation to the rights and interests of the shareholders and creditors of FTIL under Section 396(3) of the Companies Act". The order said the rights and interests of shareholders and creditors were substantive ones by nature. The economic loss caused to them through an amalgamation would require assessment and payment of compensation to them.

"Given the fact that the assessment order did not provide any compensation to either the shareholders or creditors of FTIL for the economic loss caused by the amalgamation in breach of Section 396(3), it is clear that an important condition precedent to the passing of the final amalgamation order was not met" the court held. The "public interest" cited consists of the interests of 63,000 shareholders of FTIL.

Kotak Mahindra Bank Q4 net rises 25%

Core business growth 'healthy'

SPECIAL CORRESPONDENT
MUMBAI

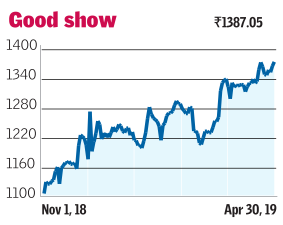
Private sector lender Kotak Mahindra Bank reported 25% growth in standalone net profit to ₹1,408 crore during the quarter ended March 31 on the back of healthy growth in core business.

Net interest income during the reporting period increased to ₹3,048 crore from ₹2,580 crore on the back of 21% growth in advances. Net interest margin for the quarter was 4.48%.

Asset quality remained stable with gross NPA ratio at the end of fourth quarter at 2.14%, compared with 2.22% a year ago and 2.07% at the end of December.

"On a year-on-year basis, both gross and net NPA, as a percentage, improved," said Uday Kotak, MD & CEO, Kotak Mahindra Bank.

Provisions during the reporting period declined 44% to ₹171.26 crore.



"Our credit costs have been contained at 47 bps for the year and we do believe that we are very well positioned as a balance sheet and as a business overall to take us to the next year," Mr. Kotak said.

When asked about the bank's decision to challenge the RBI's order of promoter stake dilution, Mr. Kotak reiterated that the bank was in compliance with the law.

"All that I like to very clearly state is that we truly believe that we are in compliance with the law of the land in letter and spirit, we cannot talk anything further because the matter is in the courts," he said.

Yes Bank stock tanks 30%

SPECIAL CORRESPONDENT
MUMBAI

Yes Bank shares tanked 29.23% on Tuesday to close the day at ₹168, after the bank reported its first ever quarterly loss of ₹1,507 crore during the Jan.-March period on Friday.

The bank had identified a pool of loans in the 'BB-and-below' rating category, based on its internal credit rating scale, as a source of future bad loans.

As a contingency, the bank has made a loan loss provision of about 20% against those loans in the quarter ended March 2019 and will gradually increase the level in the next year.

"The balance sheet clean-up will strain the bank's profitability in the next 12-18 months as it provides for the stressed assets," rating agency Moody's Investor service said in a report. "We estimate the bank's overall stressed assets are 8% of its gross loans, taking into account this new disclosure," it added.

I-T Dept., GSTN to sign MoU for sharing data to prevent anomalies

Information on assessee's status will be provided to GSTN

TCA SHARAD RAGHAVAN
NEW DELHI

The Income Tax Department and the Goods and Services Tax Network (GSTN) are all set to sign an MoU that will allow the two to match their data regarding company financials so as to pin down any anomalies.

The department order provides for the Principal Director General or Director General of Income Tax (Systems) to sign an MoU with the GSTN allowing them to send information on assessees to the nodal officer in the GSTN.

The order, dated April 30, states that the GSTN can ask for and be provided data relating to an assessee's status of filing income tax returns, turnover, gross total income, financial ratios, and any other data with the I-T Department to be decided at a later date. The order also provides for the automatic exchange of such data, and not just based on requests, the modalities of which will be decided.

"While furnishing the information, the specified Income Tax authority shall form an opinion that sharing of such information is necessary for the purposes of enabling the specified authority in GSTN to perform its functions under the Goods and Services Tax," the order said.

The MoU will also include the rules pertaining to the modalities of the exchange, the confidentiality of the data, and the "weeding out after usage".

"Facilitation of exchange of data between authorities under income-tax and GST is indicative of the government's intention not to spare taxpayers from escaping tax payable under any of the laws," Rakesh Nangia, managing partner, Nangia Advisors, said.

The MoU will include rules pertaining to the modalities of the exchange and confidentiality of the data. ▪GETTY IMAGES/ISTOCK

PNB Housing under CARE's 'credit watch'

SPECIAL CORRESPONDENT
MUMBAI

CARE has put PNB Housing Finance's several long term instruments under ratings watch in view of the capital raising requirement, which the rating agency said, was critical for the lender to maintain comfortable capital adequacy while achieving target growth.

"This is important in view of the increasing share of corporate loan book in PNBHFL's total loan portfolio and the consequent vulnerability arising out of weakness in real estate sector," the agency said. It added that the impact of the stake sale announced by its promoter Punjab National Bank in PNBHFL is to be seen.

In its response, PNB Housing said the current capitalisation level was adequate. It also said it was planning to raise capital to achieve target growth and will present the proposal to the board soon .

RCom to begin insolvency process

As bidder, Jio tipped to have an edge

PIYUSH PANDEY
MUMBAI

Insolvency proceedings against Reliance Communications (RCom) are set to begin, following the debt-laden telco's inability to carry through the ₹25,000-crore deal between the Ambani brothers. The National Company Law Appellate Tribunal (NCLAT), on Tuesday approved RCom's application for lifting the moratorium on insolvency and bankruptcy, and directed that the moratorium on RCom's assets be maintained.

RCom has moved insolvency proceedings in the Mumbai bench of the National Company Law Tribunal (NCLT), which will hear the case on May 7.

The IBC process will begin with the appointment of an Insolvency Resolution Professional, a source in the know of the development told *The Hindu*. RCom had moved the NCLAT on February 4, 2019 to withdraw its earlier appeal of stay on the proceedings for insolvency so that it could move ahead with the resolution plan through the NCLT process.

Reliance Jio is again tipped to be the sole bidder for RCom, a company that Mukesh Ambani nurtured, but had to part with, with the division of the Reliance empire in 2005. "Reliance Jio is running on RCom's towers, fibers, using RCom's spectrum, so it is a natural bidder for RCom. But, this time, Jio will have to submit a resolution plan for RCom and that will be much discounted compared to the deal agreed to between the Ambani brothers," said another source in the know of the development.

'Failed deal'

Reliance Jio had earlier agreed to buy assets comprising towers, optic fibers, media convergence nodes (MCNs) and spectrum assets for ₹25,000, but the transaction fell through as Reliance Jio refused take liabilities of past dues of Reliance Communications, a pre-condition to get the Department of Telecommunication's approval.

"Earlier, we were buying only assets that we needed, now you need to submit a resolution plan for RCom. It's a different ball game.

"Let's wait and watch what comes out of it. Without RCom's assets also, we are self-sufficient in terms of spectrum, towers and optic fibre," a Reliance Jio senior official told *The Hindu*.

Ambuja Cement Q4 net rises 27% to ₹495 crore

SPECIAL CORRESPONDENT
MUMBAI

Ambuja Cement, India's second-largest cement maker after UltraTech Cement, reported a 27% growth in its consolidated net profits for the fourth quarter to ₹495 crore on 6% growth in sales to ₹6,694 crore.

However, operating earnings before interest, tax, depreciation and amortisation fell to ₹997 crore from ₹1,002 crore in the year earlier period.

On a standalone basis, the firm's net profit rose 57% to ₹427 crore, which includes a dividend of ₹132 crore from its material subsidiary ACC Ltd.

Bimlendra Jha, MD & CEO, Ambuja Cement said, "The quarter ended March 19 saw a steady growth in top line.We have... reinforced our rural outreach program with an aim to increase penetration of our product and solutions, thereby supporting our growth in the ensuing quarters."

ACC Limited reported a 27.5% growth in its net profit to ₹338.42 crore and 8% growth in net sales to ₹3,850 crore.

On the outlook, the company said, "We expect the economy to grow strongly, based on RBI's repo rate cut to boost private investment and an increase in disposable incomes of households due to tax benefits."