

# SC sets aside merger of NSEL & Financial Technologies of India

ENS ECONOMIC BUREAU  
NEW DELHI, APRIL 30

IN A big relief to the Jignesh Shah-promoted 63 Moons Technologies, erstwhile Financial Technologies of India (FTIL), the Supreme Court on Tuesday set aside its merger with National Spot Exchange (NSEL).

A bench led by justice RF Nariman allowed a batch of appeals filed against the Bombay High Court's December 2017 order that upheld the central government's merger order.

The proposed merger did not satisfy the criteria of public interest, it said, adding that the amalgamation order contradicted itself by stating that "NSEL is the alter ego of FTIL, and thus, the two companies are practically one entity. In any event, it does not indicate as to how the 'alter ego' argument impacts public interest".

"We are of the view that it is the central government that has to be 'satisfied' that its order is in public interest and such 'satisfaction' must, therefore, be of the central government itself and must, therefore, appear from the order itself... it is clear that no reasonable body of persons properly instructed in law could possibly hold, on the facts of this case, that compulsory amalgamation be-

## SC BENCH ALLOWED BATCH OF APPEALS AGAINST HC ORDER

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tween FTIL and NSEL would be in public interest," the apex court said.

"Given the fact that the assessment order of April 1, 2015, 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. On this ground also, therefore, the final amalgamation order has to be held to be ultra vires Section 396 of the Companies Act, and, being arbitrary and unreasonable, violative of Article 14 of the Constitution of India," the apex court said.

According to it, Section 396(3) speaks of a shareholder's or a creditor's interest in or rights against the company resulting from an amalgamation order.

"Such 'interest in' or 'rights against' obviously refers to real and substantive rights, as opposed to rights that are only in form... every shareholder or a creditor of a company is concerned only with the 'economic value' of his share or the loan granted to a company. The moment the share value, in real terms, is likely to dip, and/or loans granted are likely not to be repaid in time or at all as a result of an amalgamation, such members or creditors of the amalgamating company are equally entitled to be compensated for this economic loss. A reasonable construction must be given to Section 396... It is clear that Section 396(3) refers to the economic loss that is to be borne by shareholders and members of both companies," Justice Nariman said in a 133-page judgment. **FE**

# Infra sector growth rises to 4.7% in Mar

PRESS TRUST OF INDIA  
NEW DELHI, APRIL 30

THE GROWTH of eight core sectors improved marginally to 4.7 per cent in March 2019 against 4.5 per cent in the same month last year. For the full 2018-19 fiscal, the expansion rate of eight infrastructure sectors — coal, crude oil, natural gas, refinery products, fertilisers, steel, cement and electricity — remained flat at 4.3 per cent, official data released Tuesday showed. Coal generation growth was flat at 9.1 per cent in March 2019. Natural gas, refinery products, fertiliser, steel and cement sectors recorded positive growth rates. Crude oil production, however, contracted by 6.2 per cent in March.

A fall in production of crude oil and refinery products had dragged the growth of the eight core sectors to 2.1 per cent in February. The infrastructure sector growth will also have an impact on the Index of Industrial Production (IIP) as these segments account for about 41 per cent of the total factory output.

# Kotak Mahindra Bank Q4 net up 25%

ENS ECONOMIC BUREAU  
MUMBAI, APRIL 30

KOTAK MAHINDRA Bank on Tuesday reported a 25 per cent year-on-year (y-o-y) rise in its standalone net profit at Rs 1,407 crore in Q4FY19 on account of a higher net interest income (NII) and a fall in its provisions. The bank reported a net profit of Rs 1,290 crore in Q4FY18.

The private-sector lender's total income rose by 18.5 per cent to Rs 7,672 crore on account of a 18 per cent rise in its NII to Rs 3,048 crore. NII is the difference between interest earned and interest paid by a bank. Provisions fell by 44.2 per cent y-o-y to Rs 171.3 crore. The bank has no exposure to IL&FS and Jet Airways, said the management. The net interest margin (NIM) rose by 15 basis points (bps) y-o-y to 4.48 per cent.

"During this quarter, we have laid focus on our risk adjusted returns which has showed on the NIMs," said Jaimin Bhatt, CFO, Kotak Mahindra Bank. "We expect NIMs to be around 4.2-4.5 per

cent in FY20."

The asset quality depreciated with gross non-performing assets (NPAs) rising by 7 bps quarter-on-quarter to 2.14 per cent of the loan book. Net NPAs were up 4 bps sequentially at 0.75 per cent.

"Our SMA2 loans amounted to Rs 138 crore for the quarter of which some have been classified as NPAs, but the book is in fine fettle," said Uday Kotak, MD & CEO, Kotak Mahindra Bank. The capital adequacy ratio (CAR) under Basel-3 norms amounted to 17.5 per cent. The minimum CAR under Basel-3 is 10.5 per cent.

Total deposits grew by 17.25 per cent year-on-year to Rs 2.2 lakh crore for the quarter, compared with Rs 1.9 lakh crore in Q4FY18. Advances grew 21.1 per cent to Rs 2.05 lakh crore for the quarter against Rs 1.6 lakh crore in the same period a year ago. The current account savings account (CASA) ratio as on stood at 52.5 per cent. "Sequential advances growth is muted but the yearly growth was led by agriculture loans on account of growth in CV and tractor loans," said Bhatt. **FE**

## VIDEOCON LOAN CASE

# Chanda & Deepak Kochhar seek more time from Enforcement Directorate

EXPRESS NEWS SERVICE  
NEW DELHI, APRIL 30

FORMER ICICI Bank CEO Chanda Kochhar and her husband Deepak have sought more time from the Enforcement Directorate (ED) which had asked them to appear before the agency for questioning on April 30. Sources said the Kochhars cited personal reasons while requesting more time and have now been called for questioning on May 11.

The agency is probing the couple in a case of alleged money laundering and quid-pro-quo in granting loans to Videocon group when Chanda was ICICI Bank chief. Meanwhile, the agency on Tuesday questioned Chanda's brother-in-law Rajeev Kochhar for the third consecutive day in connection with the case.

Rajeev Kochhar's company Avista Advisory was an advisor to the Videocon Group on matters of loans when ICICI Bank sanctioned the borrowings.

The ED had registered an Enforcement Case Information Report (ECIR) in the matter based on a CBI FIR of January 22. In its FIR, the CBI has alleged that Chanda Kochhar had "dishonestly" granted loans to the tune of hun-

## AGENCY TO QUESTION THEM ON MAY 11 NOW

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■ In its FIR, CBI has alleged that Chanda Kochhar had "dishonestly" granted loans to the tune of hundreds of

crores of rupees to Videocon Group "in contravention of rules and policy

■ Rajeev Kochhar's company Avista Advisory was an advisor to the Videocon Group on matters of loans when ICICI Bank sanctioned the borrowings

dreds of crores of rupees to the Videocon Group "in contravention of rules and policy ... by abusing her official position".

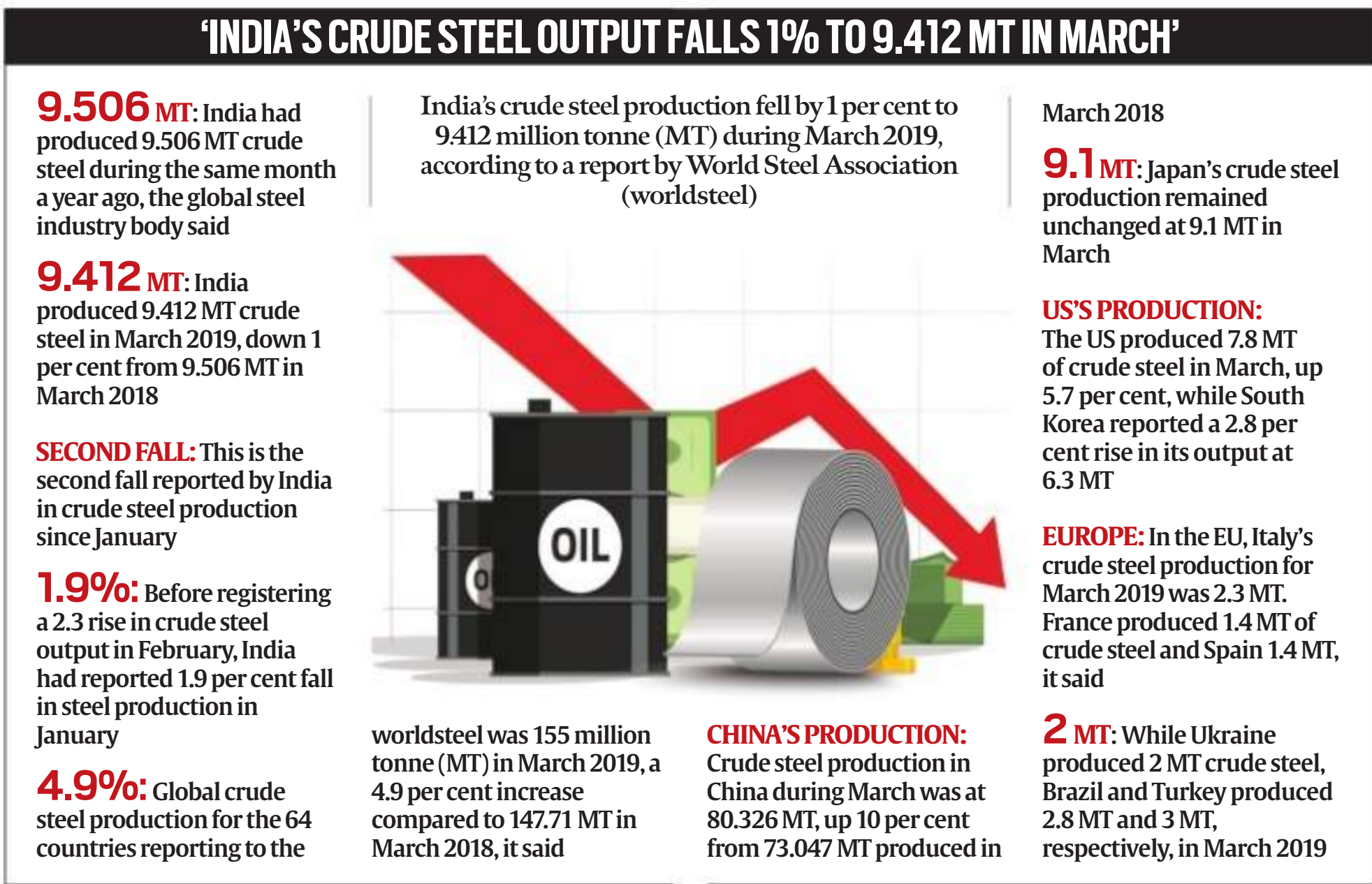
It has also alleged that Chanda Kochhar, who took an early retirement in October last year in the wake of allegations, had accepted "illegal gratification through her husband" Deepak Kochhar, in whose company Videocon group made investments after it was granted loans by the ICICI Bank.

Apart from Kochhar's and Dhoot, the FIR has named Deepak Kochhar's company Nupower Renewables Ltd, Supreme Energy Pvt Ltd, Videocon International Electronics Ltd (VIEL) and Videocon Industries Ltd (VIL) besides unknown public servants as accused.

The agency has also put under scanner top bankers such as current ICICI Bank CEO Sandeep Bakshi, K Ramkumar, Sanjoy Chatterjee, NS Kannan, Zarir Daruwala, Rajiv Sabharwal, KV Kamath and Homi Khusrookhan in the case for their role in sanctioning of loans to Videocon.

On March 31, 2018, The Indian Express had first reported how in December 2008, Venugopal Dhoot of the Videocon Group set up a company with Deepak Kochhar and two of Chanda Kochhar's relatives; then gave a Rs 64-crore loan to this company through a fully owned entity before he transferred the latter's ownership to a trust headed by Deepak Kochhar for just Rs 9 lakh.

In what raised questions of



# IL&FS Mutual Fund makes on-time redemption; pays ₹314 crore to investors

PRESS TRUST OF INDIA  
NEW DELHI, APRIL 30

IL&FS MUTUAL Fund Tuesday paid Rs 314 crore to investors in one of its infrastructure debt fund, making on-time redemption, according to a release.

The money was paid to investors in IL&FS Mutual Fund's first debt fund series -- IL&FS Infrastructure Debt Fund Series 1-A (IDF Scheme A) -- that is due Tuesday.

The five-year close ended scheme was fully funded in April 2014 and had raised Rs 238 crore in assets under management.

The scheme is one of the eight schemes in the portfolio. The remaining schemes have varying maturities, ranging from 2 to 12 years, with final maturity in 2031-32

"The scheme redeemed Rs 314 crore to the investors, which was paid out today," IL&FS Infra Asset Management Ltd said in the release.

The on-time redemption of money assumes significance as it also comes at a time when there are concerns about exposure of mutual funds to various groups, including crisis-hit IL&FS

Group and Essel.

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Two funds in the same series -- IL&FS Infrastructure Debt Fund Series 1B and IL&FS Infrastructure Debt Fund Series

1C -- have maturities of 7 years (2021) and 10 years (2024), respectively, the release said.

"The redemption for IDF Scheme A has been approved by the board and trustees of IDF and meets all statutory compliances and applicable norms," it added.

Post redemption, IL&FS Mutual Fund would continue to manage assets under management worth around Rs 1,800 crore across the seven closed ended schemes.

IL&FS Infra Asset Management Ltd -- a subsidiary of IL&FS Investment Managers Ltd -- is the asset manager of IL&FS Mutual Fund.

# Mnuchin reaches China, hopes for 'substantial progress' in trade talks

REUTERS  
BEIJING, APRIL 30

US TREASURY Secretary Steven Mnuchin said on Tuesday that he hopes to make "substantial progress" with Chinese negotiators in the next two rounds of trade talks, as the world's two largest economies look for ways to end their bruising trade war.

Mnuchin was speaking in Beijing, where he and US Trade Representative Robert Lighthizer will hold talks this week, before Chinese Vice Premier Liu He goes to Washington next week for another round of talks in what could be the end game for negotiations.

"We've a meeting here, and then the vice premier and team will be coming back to Washington D.C., and we hope to make substantial progress in these two meetings," Mnuchin told reporters.

Beijing and Washington have cited progress on issues including intellectual property and forced technology transfer to help end a conflict marked by tit-for-tat tariffs that have cost both sides billions of dollars, disrupted supply chains and roiled financial markets.

But US officials say privately that an enforcement mechanism for a deal and timelines for lifting tariffs are sticking points.

"I'm not going to comment on specific issues of the discussions," Mnuchin said. "They've been quite broad as I've said before. We've made a lot of progress. We look forward to the meetings here."



USTreasury Secretary Steven Mnuchin (centre) with officials at a hotel in Beijing, on Tuesday. AP

## EU court rules in favour of bloc's trade deal with Canada

Brussels: The EU-Canada free-trade agreement's provisions to protect investors do not breach EU law, the European Court of Justice (ECJ) ruled on Tuesday in a major relief for proponents of the deal that came into force in 2017.

The ECJ's judges said that the mechanism to resolve disputes between investors and states in the Comprehensive Economic and Trade Agreement (CETA) with Canada, which critics say unfairly favour multinationals, is in line with EU law.

The system of tribunals to settle disputes between foreign investors and states became a focal point of protests against the planned EU-US TTIP trade deal and CETA when EU countries were deciding whether to back the latter in 2016.

The Belgian region of Wallonia, then led by the Socialists, threatened to block the deal, but the federal government persuaded it not to do so in return for certain concessions - including a request for the ECJ to give its view. **REUTERS**

REUTERS  
SINGAPORE, APRIL 30

BOEING CO said an alert for angle-of-attack (AOA) sensors on its 737 MAX jets was "not activated as intended" for some customers, responding to reports it failed to tell Southwest Airlines Co and the US regulator that the optional feature was deactivated before a crash in Indonesia in October.

Erroneous AOA sensor readings that led to aggressive nose-down inputs by a computer have been linked to deadly 737 MAX crashes in Indonesia and Ethiopia, according to preliminary reports from investigators. Boeing offered customers two optional paid features relating to AOA.

The first was an AOA DIS-AGREE alert when the two sensors disagreed and the second was an indicator giving pilots a gauge of the actual angle.

# FB overhauls messaging as it pivots to privacy

REUTERS  
MENLO PARK, APRIL 30

FACEBOOK INC on Tuesday debuted an overhaul of its core social network and new business-focused tools, the first concrete steps in its plan to refashion itself into a private messaging and e-commerce company.

Chief Executive Mark Zuckerberg unveiled a fresh design for the world's biggest social network that de-emphasized its News Feed and showcased services like its messaging app, online marketplace and video-on-demand site. The company also rolled out features aimed both at encouraging users to interact with their close social circle as well as with businesses, including appointment booking and a "Secret Crush" option for Facebook Dating. Zuckerberg in March promised changes to the advertising-driven social media company as it was under regulatory scrutiny over propaganda on its platform and users' data privacy.

Facebook's News Feed continues to draw ad dollars but user growth in its most lucrative markets has slowed.

"We believe that there is a



Facebook CEO Mark Zuckerberg speaks at Facebook Inc's annual F8 developers conference in San Jose. Reuters

community for everyone. So we've been working on a major evolution to make communities as central as friends," said Zuckerberg on Tuesday, speaking at Facebook's annual F8 conference, where the company gives developers a peek at new product releases. Other Facebook executives introduced changes within the Messenger and Instagram apps aimed at helping businesses connect with customers, including appointment booking and enhanced shopping features as well as a tool to lure customers into direct conversations with companies via ads.

Zuckerberg identified private messaging, ephemeral stories and small groups as the fastest-growing areas of online communication. In last three years, the number of people using WhatsApp has almost doubled.

The social media company is now working on "LightSpeed" in order to make its Messenger app smaller in size and faster. Facebook will also introduce Messenger for Mac and Windows and launch a new feature called "Product Catalog" for WhatsApp Business. The desktop version of Messenger will be available this fall.

## BRIEFLY

### 'US Commerce Secretary to meet Prabhu'

New Delhi: US Commerce Secretary Wilbur Ross will meet Commerce Minister Suresh Prabhu on May 6 here to discuss trade-related issues amid America's decision to withdraw export benefits to Indian exporters, sources said. **PTI**

### Crude oil tops \$73/bbl then pares gains

Houston: Oil prices rose on Tuesday above \$73 a barrel but then eased off the session high as the market grew less worried that a rebellion against Venezuelan President Nicolas Maduro would hit the country's crude exports. Brent crude futures hit a session high of \$73.27 per barrel and traded 81 cents higher at \$72.85 a barrel by 12:07 CST (1518 GMT), while US crude futures were at \$63.88, up 38 cents a barrel. Last week, Brent hit a six-month high above \$75. **REUTERS**

### MakeMyTrip acquires stake in Quest2Travel

New Delhi: Online travel firm MakeMyTrip Tuesday said it has acquired a majority stake in Mumbai-based corporate travel management firm Quest2Travel.com for an undisclosed amount. **PTI**

### Eurozone growth doubles to 0.4%

Brussels: Official figures show that the 19-country single currency bloc saw economic growth double to 0.4 per cent in the first quarter of the year. **AP**

### Yes Bank shares sink 30%

New Delhi: Shares of Yes Bank slumped nearly 30 per cent Tuesday after the company reported a loss of Rs 1,506.64 crore for the fourth quarter ended March 31, owing to rise in provisioning for bad loans. The scrip tanked 29.23 per cent to close at Rs 168 on the BSE. **PTI**

### Chaudhary new Mother Dairy MD

New Delhi: Mother Dairy Tuesday appointed Sangram Chaudhary as its new managing director after incumbent Sanjeev Khanna quit the company. Chaudhary would take charge as managing director with effect from May 1, 2019, Mother Dairy Fruit & Vegetable Pvt Ltd said in a statement. **PTI**