ECONOMY

GOLD	RUPEE	OIL	SILVER
₹32,890	₹69.94	$69.95*	₹38,220

*Indian basket as on May 8, 2019

SENSEX: 37,558.91 ▼ 230.22 **NIFTY:** 11,301.80 ▼ 57.65 **NIKKEI:** 21,402.13 ▼ 200.46 **HANG SENG:** 28,311.07 ▼ 692.13 **FTSE:** 7,245.72 ▼ 25.28 **DAX:** 12,074.18 ▼ 105.75

International market data till 1900 IST

SECTOR WATCH
FMCG

Mother Dairy under scanner: DEA seeks 'necessary action' over alleged ₹1,000-cr fraud

SANDEEP SINGH
NEW DELHI, MAY 9

HAVING RECEIVED a complaint from Lucknow-based Dharmendra Pratap Singh, alleging several instances of fraud at Mother Dairy Fruit and Vegetable Private Ltd (MDFVPL) and call for a probe by the Serious Fraud Investigation Office, the Department of Economic Affairs has directed the complaint to the Secretary, Ministry of Corporate Affairs for "necessary action". The DEA also directed the complaint to the Secretary, Ministry of Agriculture.

According to sources, while the DEA received a complaint on April 15, it directed the same to the MCA on April 29, 2019. In its April 29 letter, the DEA said, "I am directed to enclose herewith a copy of letter dated 15.04.2019 received from Shri Dharmendra Pratap Singh, Lucknow addressed to Secretary DEA along with its enclosures on the above subject (copy enclosed) for necessary action under intimation to the department." In his letter, the complainant has alleged various instances of fraud amounting to over Rs 1,000 crore at MDFVPL, a wholly owned subsidiary of National Dairy Development Board.

Incidentally, MDFVPL appointed Sangram Chaudhary as its new MD on April 30 after its CEO Sanjeev Khanna quit the company on health grounds. On April 5, *The Indian Express* reported that MDFVPL invested over Rs 190 crore in inter-corporate deposits of IL&FS (for a period of 8-16 days) in a series of six transactions between August 20, 2018 and August 28, 2018.

The report further pointed about a letter written by Khanna to the Prime Minister Narendra Modi on February 13, 2019, where he sought the PM's intervention in recovering the due amount from IL&FS. In the letter to the DEA (also marked to secretary MCA, chairman CBDT and chief ministers of UP, Delhi and Punjab), the complainant has alleged that MDFVPL of committing frauds totalling over Rs 1,000 crore, including investment of Rs 190 crore in IL&FS at a time when the infrastructure major was already defaulting on its debt papers.

"MDFVPL has not received any information from either finance ministry or MCA ... The allegations in the so called complaint are unfounded and far from truth"

SPOKESPERSON,
MOTHER DAIRY FRUIT & VEGETABLE PVT LTD

Besides the IL&FS investment issue, the complainant also alleged that the company diverted over Rs 100 crore (from contributions of over Rs 450 crore received from NDDB) into over 15 subsidiaries set up illegally and that later disappeared.

He further alleged that in the period between 2004 and 2014, the company paid excess amount of Rs 180 crore for purchasing milk from sources other than cooperatives, besides alleging frauds on other accounts including allegation of fraud by using Safari National Exchange that was a joint venture set up by MDFCPL with Jignesh Shah promoted Financial Technologies India ltd.

While MDFVPL received grants of about Rs 500 crore from GoI under National Dairy Plan Scheme between 2014 and 2019 to set up milk procducer companies, the complainant alleged that it is not knows as to how much amount was paid to various private dairies for supply of milk and is fraudulently being shown as milk bought from these milk producing companies. Responding to the queries, MDFVPL spokesperson said, "MDFVPL has not received any information from either finance ministry or MCA seeking clarification nor has it received any intimation from SFIO under MCA regarding any investigation or probe ... The allegations in the so called complaint are unfounded and far from truth. The fact of the matter is that MDFVPL is a company owned by NDDB, an entity created by an Act of Parliament in 1987. NDDB's financial contribution to MDFVPL, its 100 per cent subsidiary, was through equity participation only. Moreover, MDFVPL does not have any subsidiary and hence we refute any allegation."

MUTUAL FUNDS

Fixed maturity plans see ₹17,644-cr outflow in Apr

ENS ECONOMIC BUREAU
MUMBAI, MAY 9

FIXED MATURITY plans (FMPs) of mutual funds have witnessed net outflows of Rs 17,644 crore in April amid the overall nervousness in the debt markets owing to credit events, rating downgrades and defaults by corporates. Total corpus of FMPs declined to Rs 141,170 crore as of April 2019, according to monthly data released by the Association of Mutual Funds in India (AMFI).

Some mutual funds which had lent to Zee group entities have decided to hold back payments due to investors in their fixed maturity plans. As a result, several FMPs which are due for maturity were not able to repay the entire amount in the wake of the delay in recovery from the Zee group. The rating downgrade of Reliance Home Finance and Reliance Commercial Finance also created nervousness among mutual funds which have an exposure of Rs 2,600 crore in the two companies.

FMPs are closed-ended debt funds with a maturity period that can range from one month to five years on the lines of bank fixed deposits. FMPs usually invest in certificates of deposits, commercial papers, money market instruments and non-convertible debentures for a particular tenure.

However, overall inflows of mutual funds rose by Rs 100,459 crore in April, aided by Rs 89,778 crore inflows into liquid schemes. The average assets under management (AUM) of mutual funds rose to Rs 25.27 lakh crore.

Mutual fund investors, however, continued to show their confidence in investing in mutual funds through systematic investment plan. SIP inflows for the month stood at Rs 8,238 crore, a month-on-month growth of 2.3 per cent. SIP inflows during April 2018 were Rs 6,990 crore.

Meanwhile, equity schemes saw inflows of Rs 4,608 crore in the month of April amid volatility in the market due to the spike in crude oil prices. Total AUM of equity schemes rose to Rs 703,549 crore, AMFI data shows. This is one of the lowest monthly equity inflows in the recent months despite inflows of Rs 8,238 crore through SIPs.

NS Venkatesh, CEO, AMFI said: "Steady growth in equity SIPs, continued net inflows into equity schemes and overall average AUMs crossing Rs 25 lakh crore driven by inflows into liquid funds in April 2019 is reflective of the overall retail and institutional investor confidence in the India growth story."

Explaining net outflows and subdued response to FMPs and credit risk fund category, Venkatesh said: "Overall nervousness in the markets owing to credit events, rating downgrades and defaults, coupled with global trade imbalance and uncertainty over outcome of general elections has led to investors getting into wait-n-watch mode. We expect investors would return in a big way, as corporate earnings improve further and once the general elections related uncertainty and global headwinds recede over the next few months."

Hybrid schemes witnessed outflows of Rs 1,614 crore in April. However, ultra short duration funds registered Rs 11,000 crore inflows in the month.

E. EXPLAINED

Investors wary; regulators look to tighten norms

SEVERAL INSTANCES of rating downgrades by credit rating agencies and defaults by corporates over the last six weeks sent shockwaves among investors of FMPs, which is considered a relatively safe investment instrument.

If exposure of debt papers of IL&FS was one big concern among investors, reports of MFs' exposure to Zee Group companies, Reliance Capital and Hazaribagh Ranchi Expressway raised fresh concerns. The issue is also learnt to have worried the regulators and sources confirmed that the Securities and Exchange Board of India is looking at revisiting regulations relating to mutual funds to safeguard investor interests.

MFs to submit details of AI systems quarterly

New Delhi: Sebi has asked fund houses to provide details about artificial intelligence and machine learning-based systems used by them on a quarterly basis. As most AI and Machine Learning (ML) systems are "black boxes", Sebi said, it was imperative to ensure that any advertised benefit in investor facing financial products offered by intermediaries should not constitute to misrepresentation. **PTI**

'Infra sector has PE/VC inflows jumping 79% in Apr at $4.4 bn'

Private equity (PE) and venture capital (VC) inflows rose to $4.4 billion in April, clipping at a healthy 79 per cent growth over $2.4 billion in same month last year, but down 41 per cent on a month-on-month basis, data compiled by consultancy EY said

102 deals
At 102, the number of deals announced in April were the highest ever for any month

11 DEALS VALUED OF $100 MN EACH:
There were 11 large deals in April, with value of $100 million each aggregating to $2.9 billion, as against eight large deals worth $1.9 billion in the year-ago month

$1 BN INFLOWS FROM SINGLE DEAL:
Infrastructure was the top sector for the second consecutive month with $1 billion inflows on account of the $929-million ADIA, NIIF-GVK deal

16 EXITS WORTH $1.6 BN:
April recorded 16 exits worth $1.6 billion, almost on par with April 2018. Exits crossed the $1 billion mark for the first time in six months, after recording the lowest value of exits in 2019 in March

$3.7 BN INFLOWS IN INFRASTRUCTURE IN Q4FY19:
At $3.7 billion, inflows into the infra space during the January-April period of FY19 have already surpassed the previous annual high seen in 2007

LARGEST EXIT DEALS IN APR:

- Squared Capital selling its stake in Amplus Energy to Petronas for $386 million
- KKR selling its 0.54 per cent stake in HDFC for $270 million
- GIC's sale of its 3.8 per cent stake in DLF for $187 million.

$682 mn raised
Total fund raised in April stood at $682 million, up from $470 billion in April 2018

INSPECTION INTO AFFAIRS OF JET AIRWAYS

RoC finds complex fund trail, violations of Cos Act in Jet's books

ENS ECONOMIC BUREAU
NEW DELHI, MAY 9

THE REGISTRAR of Companies (RoC), in its inspection into affairs of Jet Airways, is learnt to have found various violations of the Companies Act and instances of complex fund trail, indicating diversion of money.

Following the submission of a preliminary inspection report by RoC to the Ministry of Corporate Affairs, the government could direct the Serious Fraud Investigation Office (SFIO) to probe the suspected siphoning off of funds by the airline's promoters, sources said. The development comes a day before the deadline of putting in binding bids to acquire Jet Airways ends Friday.

The Western Regional Director of the Ministry of Corporate Affairs started inspection of Jet Airways' and its subsidiaries' books of accounts around eight months ago. Its report showed instances of irregularities and alleged fund diversion. There have also been instances where Jet Airways had written off investments in its subsidiary companies without assigning an probable reason, the RoC's report noted. Jet Airways had to suspend operations mid-April after it ran out of funds and banks refused further infusion.

In an unrelated development, Jet Airways on Thursday said its whole-time director Gaurang Shetty has resigned from the company's due to personal reasons. The board approved his resignation only Thursday with retrospective effect from April 23, the airline told the BSE in a filing.

Government could direct the Serious Fraud Investigation Office (SFIO) to probe the suspected siphoning off of funds by its promoters

It further said Shetty submitted resignation from the board and with the airline with immediate effect, with a request to waive off the notice period. Though the board requested him to continue as a whole-time director at least till the end of his appointment, which is May 23, it accepted his resignation on Thursday with effect from April 23. Jet Airways, once India's largest private airline, on April 17 decided to temporarily suspend operations as a consortium of lenders refused to consider extending emergency funding of Rs 983 crore to keep the airline flying. The closure of the airline's operations had rendered around 16,500-plus employees including hundreds of pilots, who were not being paid salaries for several months, virtually jobless.

The airline which started defaulting four months ago was looking for an investor to pump in funds but failed to get any funding source. Etihad Airways, which holds around 24 per cent stake in the airline, refused to bring in funds. Banks refused to provide interim funding. SBI Caps is currently running a bid process for "orderly sale" of equity in the airline, the deadline for which ends today. Jet Airways had said it will now await the bid finalisation process by SBI and consortium of Indian lenders.

FinComm to seek reconciliation of economic data: Singh

Fifteenth Finance Commission Chairman NK Singh along with officials at a meeting with representatives of banks and financial institutions in Mumbai. *Amit Chakravarty*

ENS ECONOMIC BUREAU
MUMBAI, MAY 9

FINANCE COMMISSION Chairman NK Singh on Thursday said the panel would seek reconciliation of economic data among the multiple sources "within the bounds of acceptable and appropriate prudence to be able to do so".

"We ourselves are going to undertake a process of economic data reconciliation among the CAG, the RBI and the data which we have received from the Ministry of Finance and other sources so that we can make conclusions based on what we would consider reliable data in public domain," Singh said after holding meetings with RBI officials, bankers and economists here. "This has nothing to do with the methodology or the computation of the data," he said.

"We would like to capture the debt figures, the public sector borrowing requirements and contingent liabilities so that we get a true and holistic picture of the debt scenario. We have had discussions with the RBI regarding this, and this is one area into which the Commission will be giving some attention," Singh said. Several experts had earlier questioned the credibility of economic data, especially revision of GDP calculation.

On the issue of RBI's reserves being dealt by the Bimal Jalan Committee, Singh said it was not and should not have been discussed in depth by the Finance Commission and the RBI. "This is an in-house matter of the RBI. In passing, it was mentioned to us that the Bimal Jalan Committee is in a fairly advanced stage of its deliberations," Singh said.

On bank recapitalisation, he said, "We will await a memorandum of the central government as regards the recapitalisation of PCA public sector banks since the obligation for recapitalisation will rest with the central government, and it will be for them to project likely expenditure for relevant period."

Economists on Thursday proposed the Finance Commission to consider giving priority to the development of a "very robust statistical system" in the country and the need to improve the quality of budgeting. In their meeting with the top officials of the 15th Finance Commission, led by Singh, they said the quality of budgeting needs to improve. Governments should not budget for a low fiscal deficit, knowing fully well that it cannot be achieved. Projections of revenues from GST are tricky, but not impossible if one can work with the available data.

In another meeting, bankers said there is likely to be a repayment pressure during the next 4-5 years given the maturity profile of outstanding borrowings of the Union and State Governments.

Bankers said it's important to take a view on the total public sector borrowing requirements, as opposed to the narrowly defined Union and State fiscal deficits, to improve fiscal transparency and ensure that markets get clear signals about the fund requirements of the public sector.

In the context of making the borrowing costs of state governments aligned to their fiscal and governance fundamentals, the automatic debit mechanism which is currently in vogue and the need for introducing rating of all public sector borrowers including states were discussed by the bankers.

McDonald's strikes out-of-court settlement with Bakshi

PRESS TRUST OF INDIA
NEW DELHI, MAY 9

MCDONALD'S AND Vikram Bakshi on Thursday announced an out-of-court settlement, ending their almost six-year-long dispute.

The US fast food chain will buy out for an undisclosed sum Vikram Bakshi and his entities' 50 per cent stake in Connaught Plaza Restaurants Pvt Ltd (CPRL) that operates McDonald's chain of restaurants in northern and eastern India. The firm has appointed Robert Hunghanfoo as head of CPRL. "CPRL is now wholly owned by MIPL and its affiliate MGM (McDonald's Global Markets LLC) following the completion of a settlement reached with former JV partner, Vikram Bakshi ...," the company said in a statement.

McDonald's and Bakshi in 1995 had signed a partnership agreement to open outlets of the US fast food chain in India. It was for a period of 25 years. Tussle between them started after Bakshi was ousted as the MD of CPRL in 2013, following which he approached the Company Law Board (CLB). In 2017, McDonald's terminated CPRL's franchise agreement citing non-payment of royalties.

As tariff hike looms, China asks United States to meet it halfway, denies backtracking on deal

REUTERS
BEIJING/WASHINGTON, MAY 9

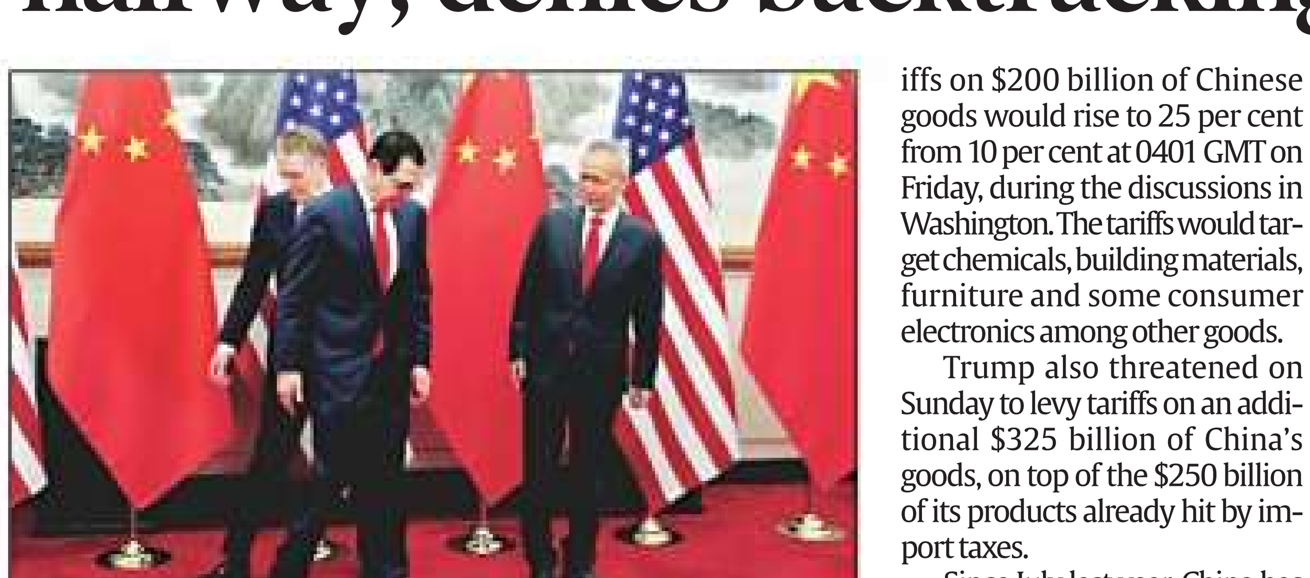
CHINA APPEALED to the United States to meet it halfway to salvage a deal that could end their trade war, with its chief negotiator in Washington for two days of talks hoping to stave off US tariff hikes set to be triggered on Friday.

The two sides had appeared to be converging on a deal until last weekend, when US President Donald Trump announced his intention to raise tariffs with his negotiators saying that China was backtracking on earlier commitments.

"The US side has given many labels recently, 'backtracking', 'betraying' etc... China sets great store on trustworthiness and keeps its promises, and this has never changed," Chinese Commerce Ministry spokesman Gao Feng said on Thursday.

Gao said that it was normal for both sides to have disagreements during the negotiating process.

Trump told supporters at a rally in Florida on Wednesday that China "broke the deal", and vowed not to back down on imposing new tariffs on Chinese imports unless Beijing "stops cheating our workers". A protracted trade war between the world's two largest economies would



Chinese Vice Premier Liu He (right) with US Treasury Secretary Steven Mnuchin (centre) and US Trade Representative Robert Lighthizer at Diaoyutai State Guesthouse in Beijing on May 1, 2019. *Reuters File Photo*

damage global economic growth, and investors pulled their money out of stock markets this week amid fears of the prospective agreement unravelling. Gao said the decision to send the delegation led by Vice Premier Liu He to Washington despite the tariff threat demonstrated China's "utmost sincerity". A Chinese delegation led by Vice Premier is set to hold talks in Washington on Thursday and Friday.

"We hope the US can meet China halfway, take care of each others' concerns, and resolve existing problems through consultation and consultations," he said.

Gao urged the US to eschew unilateral action, while warning China was fully prepared to defend its interests. "China's attitude has been consistent and China will not succumb to any pressure. China has made preparations to respond to all kinds of possible outcomes." He did not elaborate.

US government and private sector sources previously said that a draft trade agreement was riddled with reversals by China that undermined core US demands.

US Trade Representative Robert Lighthizer's office said tariffs on $200 billion of Chinese goods would rise to 25 per cent from 10 per cent at 0401 GMT on Friday, during the discussions in Washington. The tariffs would target chemicals, building materials, furniture and some consumer electronics among other goods.

Trump also threatened on Sunday to levy tariffs on an additional $325 billion of China's goods, on top of the $250 billion of its products already hit by import taxes.

Since July last year, China has cumulatively imposed counter-tariffs of up to 25 per cent on about $110 billion of US products. It last levied tariffs, of 5 per cent to 10 per cent, on $60 billion of US goods including liquefied natural gas and small aircraft in September.

Received 'beautiful' letter from Xi: Trump

Meanwhile, Trump said on Thursday he had received a "beautiful letter" from Chinese President Xi Jinping.

"He just wrote me a beautiful letter. I've just received it and I'll probably speak to him by phone," Trump said. Later he quoted Xi as saying in the letter: "Let's work together let's see if we can get something done." Trump said he believed it was possible to reach a deal this week, as negotiators prepare to meet on late Thursday.

US trade deficit with China hits five-year low

Washington: The US goods trade deficit with China, a focus of President Donald Trump's "America First" agenda, dropped to a five-year low in March amid a surge in exports, including soybeans.

The politically sensitive goods trade deficit with China decreased 16.2 per cent to an unadjusted $20.7 billion, the lowest level since March 2014, also as imports from China fell 6.1 per cent. Exports to China jumped 23.6 percent in March.

When adjusted for seasonal fluctuations, the shortfall with China tightened to $28.3 billion. That was the smallest since April 2016 and followed a $30.1 billion gap in February. The overall trade deficit increased 1.5 per cent to $50.0 billion in March. **REUTERS**

RIL subsidiary acquires UK toy retailer Hamleys

ENS ECONOMIC BUREAU
MUMBAI, MAY 9

RELIANCE BRANDS, a subsidiary of Reliance Industries Ltd (RIL), on Thursday said it is acquiring UK-based toymaker Hamleys from C.banner International.

In a late Thursday evening statement, the company said that it has signed a definitive agreement to acquire 100 per cent shares of Hamleys Global Holdings, the owner of the Hamleys brand, from C.banner International.

Hamleys has about 167 stores across 18 countries. In India, Reliance has the master franchise for Hamleys, and currently operates 88 stores across 29 cities.

"This acquisition will catapult Reliance Brands to be a dominant player in the global toy retail industry," the company said in a statement.

As is known, Reliance plans to launch an e-commerce marketplace later this year that will sell everything from food, fashion to toys and this acquisition will perfectly fit into its strategy.

Hamleys is currently owned by Chinese fashion conglomerate C.banner International, which had acquired it for £100 million in 2015. C.banner also owns the Chinese units of marquee consumer retail brands such as Steve Madden and Sundance.

The Chinese company has been looking to cut its losses and sell off Hamleys after logging heavy losses, according to a report in Sky News last year in October.

Hamleys started with a single-store shop, Noah's Ark, in 1760, around the time when the British East India Company was ruling India.

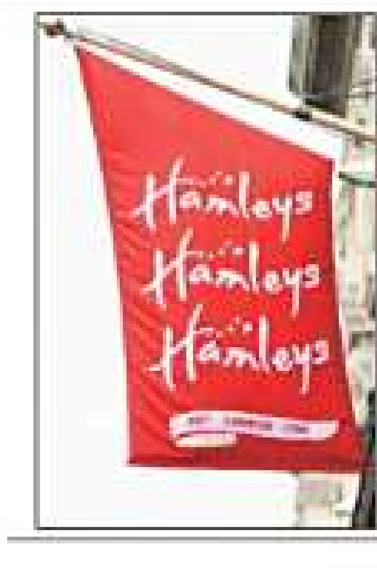
In 2003, Hamleys was delisted from the London stock market by Icelandic investment firm Baugur Group, which had paid $68.8 million for the company. In 2012, it was sold for $78.4 million to France's Groupe Ludendo.

Hamleys reported losses of £12 million in 2017, when it last reported its financials.

Commenting on the development, Darshan Mehta, president and CEO of Reliance Brands, said, "Over the last few years, we have built a very significant and profitable business in toy retailing under the Hamleys brand in India. The worldwide acquisition of the iconic Hamleys brand and business, places Reliance into the frontline of global retail. Personally it is a long cherished dream come true". FE

RELIANCE BRANDS TO ACQUIRE 100% SHARES

- Reliance Brands would acquire 100% equity shares of "Hamleys Global Holdings Limited (HGHL) for a cash consideration of GBP 67.96 million", RIL was quoted by *PTI* as saying in a BSE filing
- Hamleys is currently owned by Chinese fashion conglomerate C.banner International



BOTH AGREE TO RESOLVE MARKET ISSUES 'EXPEDITIOUSLY'

India inks protocol for export of its chilli meal with China

Eighth agricultural product since 2003 for which protocol for trade signed

ENS ECONOMIC BUREAU
NEW DELHI, MAY 9

INDIA ON Thursday signed a protocol for the export of chilli meal to China, as part of a move to promote "more balanced trade" between the two Asian countries.

The decision was part of a meeting held between Indian Commerce Secretary Anup Wadhawan and Chinese General Administration of Customs Vice Minister Li Guo in the Capital, where the two nations agreed to resolve market access issues "expeditiously".

This is the eighth agricultural product since 2003 for which India and China have signed a protocol for trade.

The move comes amidst an ongoing trade war between China and the United States, as the latter this week threatened to increase tariffs on approximately $200 billion worth of products imported from China "in light of the lack of progress in the additional rounds of negotiations since March 2019".

China is India's largest trade partner, and while there has been a slight reduction in the trade imbalance between the two in the last two fiscal years, there still remains a significant trade deficit.

Data from the Commerce Ministry's website shows that India has imported $65.23 billion worth of goods from China between April 2018 and February 2019, while it has only exported $15.07 billion worth of goods to the country.

In 2017-18, India's exports to China were around $13.30 billion, while its imports were higher at around $76.40 billion.

Earlier this year, India reportedly submitted a list of 380 products where there is a large potential to improve exports to China.

This list reportedly includes agricultural, horticultural, pharmaceutical, textile, chemical and engineering products.

Last year, India reportedly stated during China's trade policy review at the World Trade Organisation (WTO) that the country needed to make serious efforts to remedy its deficit with India, which had been growing.

India had reportedly flagged issues with exports of meat, rice, medicines and IT services, seeking lower barriers in these areas to improve the trade imbalance.

For instance, the Commerce Ministry data shows that India's export of rice to China dropped to $90,000 in 2017-18 from $2.25 million in 2015-16.

Its exports of basmati rice, for which protocols were signed with China in 2006 and again June 2018, had remained stagnant at around $50,000 in 2016-17 and 2017-18 and had only grown around $10,000 since 2013-14, according to the Ministry data.

India's exports of pharmaceutical products to China increased to around $42.85 million in April 2018-February 2019 from around $41.07 million in 2017-18.

Exports in this category had slumped to $22.88 million in 2015-16 from $46.58 million in 2013-14.

CHINESE GOODS WORTH $65.2 BN IMPORTED

- Data from the website of the Commerce Ministry's shows that India has imported $65.23 billion worth of goods from China between April 2018 and February 2019; however, India only exported $15.07 billion worth of goods to its neighbouring country
- Earlier this year, India reportedly submitted a list of 380 products where there is a large potential to improve exports to China; this list reportedly includes agricultural, horticultural, pharmaceutical, textile, chemical and engineering products

BRIEFLY

Markets, rupee fall again

Mumbai: Falling for the seventh consecutive session on Thursday, the BSE benchmark closed 230.22 points down at 37,558.91, while the broader NSE Nifty shed 57.65 points to settle at 11,301.80. The rupee too depreciated 23 paise to 69.94 against the US dollar.

RBI withdraws IL&FS circular

Mumbai: Following an NCLAT order, the Reserve Bank of India (RBI) has withdrawn its circular asking banks and financial institutions to declare details of their exposure and provisions related to the crisis-hit Infrastructure Leasing & Financial Services (IL&FS).

'Won't sell info to 3rd parties'

New York: Google will never sell any personal information of its users to third parties, CEO Sundar Pichai said in an opinion piece Tuesday in *The New York Times*.

ArcelorMittal Q1 net shrinks

London: ArcelorMittal Thursday reported an over 66 per cent fall in its net income to $0.4 billion for the quarter ended March 31, 2019. It had posted a net income of $1.2 billion in the year-ago quarter, the company — whose first quarter begins in January — said.

Bankruptcy of RCom begins

Mumbai: The National Company Law Tribunal on Thursday allowed Reliance Communications (RCom) to exclude the 357 days spent in litigation and admitted it for insolvency. With this, RCom has become the first Anil Ambani group company to be officially declared bankrupt. PTI

China Mobile ops: FCC denies

Washington: The Federal Communications Commission (FCC) voted unanimously Thursday to deny China Mobile Ltd's bid to provide US telecommunications services. The FCC voted 5-0 to deny the application, citing risks that the Chinese government could use the approval to conduct espionage against the US government. REUTERS

L&T acquires 33 lakh shares of Mindtree; its stake now up at 25.9%

ENS ECONOMIC BUREAU
MUMBAI, MAY 9

WITH L&T acquiring more than 33 lakh shares of Mindtree through the open market on Thursday at a price of Rs 980 a piece, the engineering major has now taken its total shareholding in the IT firm to 25.93 per cent. Thursday's transaction amounted to Rs 323.96 crore.

Shares of Mindtree closed 0.19 per cent down at Rs 978.60 per share on Thursday at the BSE. L&T is in the midst of acquiring a majority stake in Mindtree, which the promoters of the latter are opposed to.

After having acquired around 20 per cent stake in Mindtree from Cafe Coffee Day founder VG Siddhartha in March, L&T has mandated Axis Capital to buy as much as 15 per cent shares of Mindtree from the open market.

Over the last few days, the engineering major has been busy acquiring shares of Mindtree from the open market. On Wednesday, L&T had purchased over 37 lakh shares of Mindtree at a price of Rs 976.96, thereby upping its stake in the IT firm to 23.92 per cent. In the coming days, L&T will acquire another 9 per cent of Mindtree shares from the open market. The firm is also set to commence an open offer on May 14 in which it will be looking to acquire 31 per cent of the firm at Rs 980 per share.

Meanwhile, a committee of independent directors constituted by Mindtree board is yet to submit its recommendation in respect of the offer by L&T for the consideration of the shareholders. The report is expected to be submitted soon. Mindtree which had initially considered a buyback later decided not to proceed with the plan. The firm had stated that all independent directors will be members of the committee of independent directors which is headed by Apurva Purohit, lead independent director and spokesperson.

During a post-earnings call last month, the Mindtree management had told analysts that the independent directors will make their recommendations in due course.

Based on legal provisions, the independent directors' committee needs to make its recommendations before the open offer opens, the management said. FE

IOB Q4 net loss narrows 45% to ₹1.9K cr

ENS ECONOMIC BUREAU
CHENNAI, MAY 9

INDIAN OVERSEAS Bank (IOB) on Thursday reported a net loss of Rs 1,985.16 crore for the fourth quarter of FY19 as against Rs 3,606.73 crore, bringing down the loss by 44.96 per cent.

The bank has attributed the loss to increased provisions on NPAs and fraud accounts especially due to backdating of NPAs — with one big account being declared as fraud.

The impact of these two events have been pegged at around Rs 2,150 crore on the provisions, the bank said in a statement. Sequentially, in the third quarter, IOB had posted a net loss of Rs 346.02 crore.

The total income of the bank, which has been plagued by mounting bad assets and consequent losses for quite some time for now, witnessed a 5.876 per cent drop in Q4 at Rs 5,474 crore as against Rs 5,689 crore.

In a statement, IOB said it posted an operating profit of Rs 5,034crore, the highest in eight decades, while its CASA hit an all-time high of 38.30 per cent.

However, both sequentially and year-on-year, the bank has seen some reprieve on the asset quality front. FE

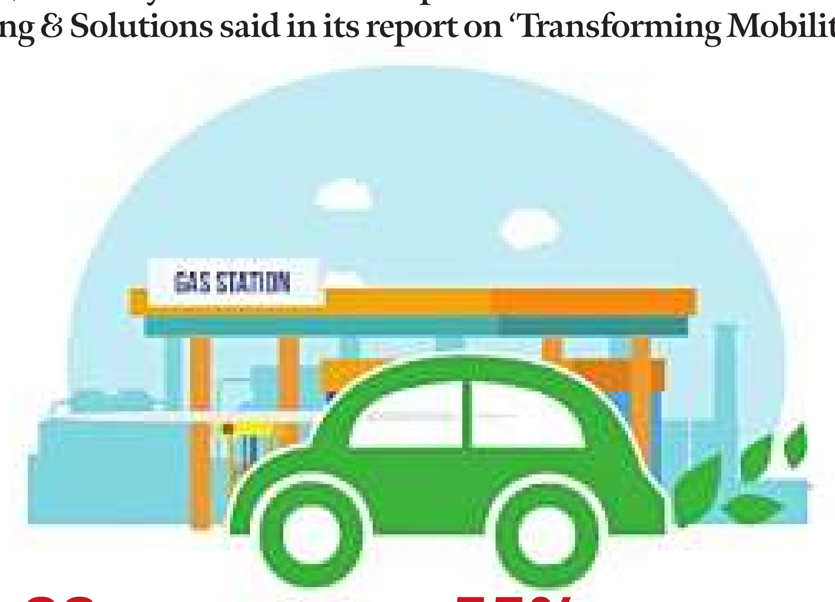
'NGVs could make up 50% of total new sales by 2030'

Natural gas vehicles (NGVs) are likely to account for 50 per cent of sales of new three- and four-wheelers in India by 2030, NRI Consulting & Solutions said in its report on 'Transforming Mobility Through Natural Gas'

Cheaper CNG vehicles: The implementation of BS-VI emission norms from April 1, 2020, will increase price differential between CNG and diesel vehicles, making CNG vehicles more attractive

More access to NG: After the 9th and 10th round, CGD infrastructure will cover 52 per cent area and 72 per cent population and will make natural gas accessible

Favourable policy needed: A favourable policy is required for promotion of NGVs through development of CNG infrastructure to increase customer acceptance and provide cost-competitiveness



33 million NGVs: A strong network of 15,000 CNG and 1,500 LNG stations by 2030 would have the potential to transform the Indian mobility scenario, with an expected 33 million NGVs

55% of total NGV sales in 7 states: As many as seven states that benefited after the 10th round of CGD (city gas distribution) make up 55 per cent of the total vehicle sales in India as of 2017-18

Incentive to OEMs to launch NGV plaforms: Demand push resulting from countrywide infrastructure will incentivise original equipment manufacturers (OEMs) to launch dedicated NGV platforms leading to better economies of scale and efficient products

Local components to reduce costs: Localisation of NGV components such as LNG (liquefied natural gas) cryogenic cylinders and certain CNG (compressed natural gas) powertrain components will reduce acquisition cost for customer boosting their total cost of ownership

Maruti Suzuki cuts production by 10% in Apr

ENS ECONOMIC BUREAU
NEW DELHI, MAY 9

MARUTI SUZUKI India (MSI) on Thursday said it has slashed its vehicle production by around 10 per cent across its factories in April.

This is the company's third consecutive month of taking a production cut. It had also reduced production in February and March this year.

The company produced a total of 1,47,669 units in April, down 9.6 per cent from 163,368 units a year ago, it said in a filing.

It cut production of passenger vehicles, including the Alto, Swift and Dzire, by 10.3 per cent to 1,44,702 units as against 1,61,370 units in April 2018. Barring utility vehicles, MSI reduced production of all other segments, including that of its big selling compact and mini segments, last month.

The company cut production of the compact segment vehicles marginally to 83,411 units last month compared with 83,709 units a year ago.

Maruti also slashed production of compact segment cars by 11.4 per cent to 1,06,184 units in April compared with 1,19,894 units in the year-ago period. FE

Import of used, non-BIS compliant electronic, IT goods prohibited

PRESS TRUST OF INDIA
NEW DELHI, MAY 9

IMPORT OF second-hand or refurbished electronics and IT goods without registration with the Bureau of Indian Standards (BIS) is prohibited, the Centre has said.

Under the Electronics and IT Goods (Requirement of Compulsory Registration) order 2012, imports of these goods is allowed through the registration with the BIS or on specific exemption letter from the ministry of IT and electronics (MeitY).

Without the registration and compliance with BIS labelling requirements, it said, the imported goods will be re-exported by the importer, otherwise the customs authorities will deform those products and dispose of them as scrap.

"The imports of goods (new as well as second hand, whether or not refurbished, repaired or reconditioned)...is prohibited unless they are registered with BIS and comply to the labelling requirements published by BIS, as amended from time to time, or on specific exemption letter from MeitY for a particular consignment," the directorate general of foreign trade (DGFT) has said in a notification.

According to a report, the country's electronics imports has increased to $55.6 billion in 2018-19 from $51.5 billion in 2017-18.

Realtors must opt for old GST rates before May 20

PRESS TRUST OF INDIA
NEW DELHI, MAY 9

THE GST Council Thursday extended by 10 days till May 20 the deadline for realtors to opt for old GST rates with input tax credit (ITC) for ongoing projects or shift to new lower tax rates.

The GST Council, headed by Finance Minister Arun Jaitley and comprising state counterparts, had in March allowed real estate players to shift to 5 per cent goods and services tax (GST) rate for residential units and 1 per cent for affordable housing without ITC benefit of ITC from April 1, 2019.

For the ongoing projects, builders have been given the option to either continue in 12 per cent GST slab with ITC (8 per cent for affordable housing), or opt for 5 per cent GST rate (1 per cent for affordable housing) without ITC and communicate to their respective jurisdictional officers the same by May 10.

"The date for exercising the option for residential real estate project to either stay at old GST rate (8 per cent or 12 per cent with ITC) or to avail new GST rate (1 per cent or 5 per cent without ITC) is being extended to May 20, 2019 from May 10, 2019," the GST Council said in a tweet.

The CBIC has given the realtors a one-time option to choose either of the tax rates and once a realty developer chooses a particular tax rate for ongoing projects he would not be able to modify it.

Thresholds for filing class action lawsuits notified

PRESS TRUST OF INDIA
NEW DELHI, MAY 9

INVESTORS CAN now seek class action against companies, with the government notifying the thresholds for filing such lawsuits.

In a significant move, the corporate affairs ministry has notified the thresholds for filing class action — a provision aimed at providing a redressal mechanism for small and minority investors.

Under Section 245 of the Companies Act, investors can file a class action suit in case they feel that the management or conduct of the affairs of a company are prejudicial to their interests.

An application for class action can be filed by a member or members representing five per cent of the total members of a company. It can also be done by 100 members of a company, whichever is less, according to the ministry.

The same criteria will also be applicable for depositors of deposit-taking companies. In case of an unlisted company, a member or members holding at least five per cent of the issued share capital can file for class action. For listed companies, this threshold would be two per cent.

HCL Tech Q4 net up 14.3% to ₹2,550 crore

PRESS TRUST OF INDIA
NEW DELHI, MAY 9

IT MAJOR HCL Technologies Thursday posted a 14.3 per cent increase in its consolidated net profit to Rs 2,550 crore for the quarter ended March 2019.

The company had registered a net profit of Rs 2,230 crore in the year-ago period as per the Indian Accounting Standards (Ind-AS), it said in a statement.

HCL Technologies saw its revenue growing 21.3 per cent to Rs 15,990 crore in the quarter under review from Rs 13,178 crore in the January-March 2018 quarter.

The company expects its 2019-20 revenues to grow between 14-16 per cent in constant currency basis.

"We once again, for the third time this year, set a new bookings' record. These numbers are an emphatic testimonial of the brilliant execution of our chosen market strategy and our ability to provide an annual guidance and deliver to it for three years in a row," HCL Technologies president and chief executive officer C Vijayakumar said. For the full year, HCL's net profit was higher by 16 per cent to Rs 10,120 crore, while revenue grew 19.4 per cent to Rs 60,427 crore from 2017-18.

In dollar terms, the net profit rose 5.9 per cent to $364.3 million for the March 2019 quarter, while revenue was higher by 11.8 per cent to $2.2 billion as compared to the year-ago period as per the US Generally Accepted Accounting Principles.

FB rejects co-founder call for breakup, senator requests for US antitrust probe

REUTERS
WASHINGTON, MAY 9

FACEBOOK INC quickly rejected a call from co-founder Chris Hughes on Thursday to split the world's largest social media company in three, while lawmakers urged the US Justice Department to launch an antitrust investigation.

Facebook has been under scrutiny from regulators around the world over data sharing practices as well as hate speech and misinformation on its networks. Some US lawmakers have also pushed for action to break up big tech companies as well as federal privacy regulation. "We are a nation with a tradition of reining in monopolies, no matter how well intentioned the leaders of these companies may be. Mark's power is unprecedented and un-American," Hughes, a former roommate of Facebook Chief Executive Mark Zuckerberg, wrote in a lengthy New York Times opinion piece.

Facebook's social network has more than 2 billion users across the world. It also owns WhatsApp, Messenger and Instagram, each used by more than 1 billion people. Facebook bought Instagram in 2012 and WhatsApp in 2014.

Facebook rejected Hughes' call for WhatsApp and Instagram to be made into separate companies, and said the focus should instead be on regulating the internet. Zuckerberg will be in Paris on Friday to meet with French President Emmanuel Macron to discuss internet regulation.

"Facebook accepts that with success comes accountability. But you don't enforce accountability by calling for the break up of a successful American company," Facebook spokesman Nick Clegg said in a statement.

"Accountability of tech companies can only be achieved through the painstaking introduction of new rules for the internet. That is exactly what Mark Zuckerberg has called for." US Senator Richard Blumenthal, a Democrat, told CNBC on Thursday he thinks Facebook needs to be broken up and that the Justice Department's antitrust division needs to begin an investigation.

Antitrust law makes such a proposal tough to execute because the government would have to take the company to court and win. It is rare to break up a company but not unheard of, with Standard Oil and AT&T being the two biggest examples.

Hughes co-founded Facebook in 2004 at Harvard with Zuckerberg and Dustin Moskovitz. He left Facebook in 2007, and has said in a LinkedIn post that he made half a billion dollars for his three years of work. "It's been 15 years since I co-founded Facebook at Harvard, and I haven't worked at the company in a decade. But I feel a sense of anger and responsibility," Hughes said in the New York Times piece.

Hughes also suggested Zuckerberg should be held responsible for privacy and other lapses at the company.

"The government must hold Mark accountable. For too long, lawmakers have marveled at Facebook's explosive growth and overlooked their responsibility to ensure that Americans are protected and markets are competitive," he said.

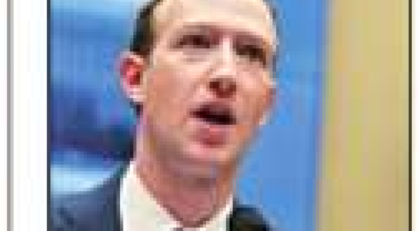
Senator Elizabeth Warren, a Democratic presidential candidate, in March vowed to break up Facebook, Amazon.com Inc and Alphabet Inc's Google if elected US president to promote competition in the tech sector.

"Today's big tech companies have too much power—over our economy, our society, & our democracy. They've bulldozed competition, used our private info for profit, hurt small businesses & stifled innovation. It's time to #BreakUpBigTech," Warren said on Twitter on Thursday.

Representative Ro Khanna, a California Democrat, said in a statement he agreed in retrospect that US regulators "should not have approved Facebook's acquisition of Instagram & WhatsApp in 2012." He said that "the way forward is to heavily scrutinize future mergers and to ensure no company has anti-competitive platform privileges."

In one of a number of security and privacy scandals to hit the company, Facebook is accused of inappropriately sharing information belonging to 87 million users with the now-defunct British political consulting firm Cambridge Analytica. The company has been in advanced talks with the US Federal Trade Commission to settle a year-old investigation and said last month it expected to spend between $3 billion and $5 billion on a penalty.

On Monday, Republican and Democratic US senators criticized reported plans for the settlement, calling on the FTC to impose harsher penalties and more restrictions on Facebook's business practices.



Facebook CEO Mark Zuckerberg. AP

FACEBOOK REACTION

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