

SECTOR SCAN AVIATION

‘Airfares likely to remain at elevated levels till July 2019’

ENSECONOMICBUREAU NEW DELHI, MAY 14

EVEN AS most airport slots across the country vacated by Jet Airways following its suspension last month have been re-allocated to other airlines to fill in the void, sectoral experts believe that airfares will continue to remain at elevated levels till July 2019.

However, while this may hurt the pockets of the consumers, it brings good news for domestic airlines that are witnessing margin pressures.

“With reduced competition and improved airfares, operating margins for airlines would improve during 2019-20. We do expect all airlines to report operating profits during 2019-20. Though the profitability would continue to largely depend on the crude oil prices,” CARE Ratings said in a research note.

According to sources in the Civil Aviation Ministry, around 480 slots of Jet Airways have been re-allocated — and a majority of these have gone to SpiceJet, followed by IndiGo, Vistara, GoAir and AirAsia India.

The fares on the international routes may moderate over the next two months as the inventory levels would gradually recover with more domestic airlines planning to ramp up their international operations across routes, the research report said. Domestic passenger traffic growth during the year would moderate to lower double digits and higher single digits of between 8-12 per cent, as fare prices remain high, it added. With Jet Airways’ entire fleet grounded, it would take considerable time for domestic

airlines to make up for the extinguished seat inventory. Following banks’ refusal to inject funds into the airline for immediate requirements, Jet Airways suspended operations on April 17.

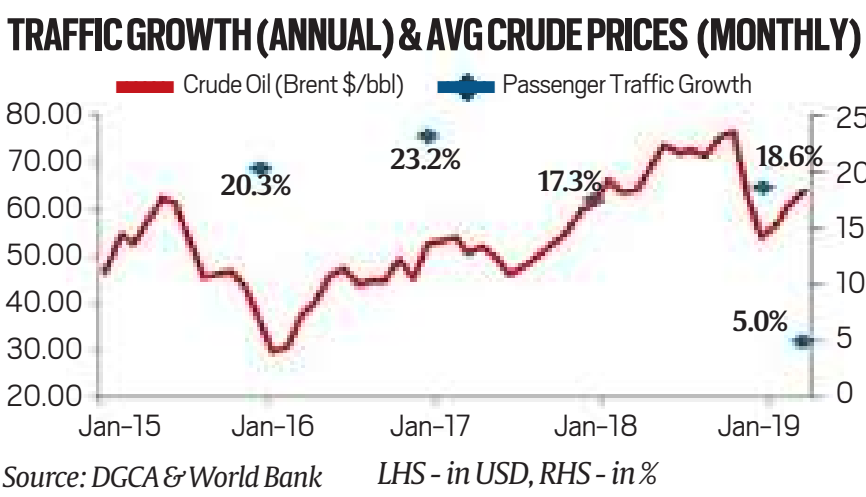
This pulled out almost one in six aircraft from Indian skies. The research report also pointed to higher crude oil prices as a factor of increased fares that may hurt the growth of the aviation sector.

“The low airfare scenario continued despite sharp recovery in crude oil prices post June 2016. It was only when crude-oil inched upwards of \$60/bbl post December 2017 when the higher cost of ATF started hurting the airlines financially...publicly available

data for listed companies and annual data for two airlines suggests that the overall industry had operating margin of 10-15 per cent when crude oil prices

remained at \$30-45/bbl in 2015-16. The margins started contracting post last quarter of 2017, when crude oil prices recovered and remained at over \$ 50/bbl. For the 9M FY19 (April-December 2018), all Indian airlines made net losses. Apart from the crude-oil prices, factors like grounding of fleets due to technical snags added to the cost pressure which leads to cancellations and subsequent reduction in available seat inventory,” it noted.

Key routes like Delhi-Mumbai, Mumbai-Bengaluru, Delhi-Bengaluru etc. witnessed heightened fare competition and aggressive fare positioning helped some players maintain their market share and led to near-saturation in passenger load factors, the report added.



SETBACK TO REVIVAL PLAN

Jet Airways CEO, CFO quit as banks struggle to find investor

ENS ECONOMIC BUREAU MUMBAI/NEW DELHI, MAY 14

THE REVIVAL plan for Jet Airways received a setback with chief executive officer (CEO) Vinay Dube and deputy CEO and chief financial officer Amit Agarwal quitting the company and banks struggling to identify a suitable investor to salvage the grounded airline.

Dube, who had earlier worked with Delta and American Airlines, quit the carrier on Tuesday while Agarwal resigned Monday, the airline informed the stock exchanges. The spate of resignations continued Tuesday with Kuldeep Sharma, company secretary and compliance officer, and chief people’s officer Rahul Taneja putting in the papers. Close to 17,000 employees across the country who haven’t been paid salaries for the last three to four months are on the lookout for jobs with chances of the revival of the airline becoming bleak. Gaurang Shetty, a close associate of founder Naresh Goyal, had resigned as whole-time director from airline’s board of directors last week.

“Lenders will have to search for a new CEO and CFO now. They are already struggling to get an investor to revive the airline. It will be tough to get a buyer in the present circumstances. Banks will have to move the National Company Law Tribunal (NCLT),” said banking sources.

Sources said that the latest bid from Etihad Airways disappointed lenders with the Abu



Jet Airways aircraft parked at the Chhatrapati Shivaji Maharaj International Airport in Mumbai. Pradip Das

CS AND CHIEF PEOPLE’S OFFICER RESIGN TOO

■ Chief executive officer (CEO) Vinay Dube and Deputy CEO and chief financial officer Amit Agarwal quit

■ The spate of resignations continued later on Tuesday with Kuldeep Sharma, company secretary and

compliance officer, and chief people’s officer Rahul Taneja putting in the papers

■ Sources said that the latest bid from Etihad Airways disappointed lenders with the Abu Dhabi-based airline putting up stiff conditions, including a debt write-off

Dhabi-based airline putting up stiff conditions, including a debt write-off, bringing in another investor and exemption from an open offer.

Etihad had refused to chip in with funds in March as its proposal for exemption from an open offer and other concessions did not work out. Bankers refused to comment on Etihad’s latest conditions, stating that

they are studying the proposal. “Etihad re-emphasises that it cannot be expected to be the sole investor, and that, amongst other requirements, additional suitable investors would need to provide the majority of Jet’s required recapitalisation,” Etihad had said in a statement on May 10, the last date for submission of bids.

However, lenders have still

‘RBI NEEDS TO GO FOR LARGE RATE CUT IN JUNE’

The RBI needs to go in for a larger rate cut, more than 25 basis points, in the next monetary policy review in June to reverse the current slowdown in the economy, according to a research report by SBI

**25 bps:** Reserve Bank of India (RBI) had cut the key short term lending rate (repo) by 25 points each in its last two policy reviews and is slated to announce the next bi-monthly policy on June 6.

**330 cos:** In January-March 2018-19 quarter, of 384 companies more than 330 companies exhibited negative growth in mid-line and bottomline

**DECLINE IN Q4:** Initial trends in fourth quarter of 2018-19 exhibit overall decline in sectors such as telecom equipment and infra services; agro chemicals; petrochemicals; infrastructure developers and castings

**PHARMA SECTOR:** Also, pharma firms dependent on exports are likely to report poor growth numbers

**RURAL PRICES:** Significantly depressed rural prices is perhaps disturbing rural income and weak demand is affecting the FMCG sector, the report said



**TRANSITORY SLOWDOWN:** The current slowdown could still be transitory, if proper policies are adopted in interregnum

**LARGER RATE CUT:** A larger rate cut (in excess of 25 bps) by RBI in the forthcoming policy is needed. However, such larger rate cuts will still not help fully but transmission will, said the

SBI’s research report ‘Ecowrap’

**REPO BENCHMARKING:** The RBI should now ensure that asset and liability side of banks move in tandem and ensure repo rate is directly benchmarked to non-volatile bank liabilities /Current Account Savings Account that are mostly used for transaction purposes

DECLARATION SIGNED BY 17 COUNTRIES

‘Need to engage constructively to fill out vacancies in WTO appellate body’

Membership to fall to one from its required strength of 7 in Dec 2019

ENSECONOMICBUREAU NEW DELHI, MAY 14

INDIA, ALONG with 16 other developing and least developed countries (LDCs), on Tuesday signed a declaration urging members of the World Trade Organization (WTO) to “engage constructively” to prevent any delay in filling out vacancies of its appellate body for trade dispute settlement.

The declaration also states that these countries have agreed to work “collectively” to develop proposals to ensure their common interests are reflected in the WTO reform process.

“We have established a core group of countries which have an underlying belief in the same principles,” said Commerce Secretary Anup Wadhawan following the signing of the declaration at the conclusion of a two-day ministerial meet of over 20 developing countries and LDCs.

While the declaration has the support of countries like China and South Africa, around five members at the meet did not sign due to reasons like “issues of approvals from capitals,” said senior officials.

“We note with concern that members have failed to arrive at a consensus in the selection process to fill vacancies in the Appellate Body. This ongoing impasse has weakened the dispute settlement system and threatens to completely paralyse it by December 2019,” stated the declaration. “We, therefore, urge all WTO Members to engage constructively to address this challenge without any delay in filling the vacancies in the Appellate Body, while continuing discussions on other issues relating to the functioning of the dispute settlement mechanism,” it added.

The move assumes significance with the body’s membership expected to dwindle to one person from its required strength of seven in December 2019, making it incapable of hearing appeals on international trade disputes.

Trade tensions are showing no signs of abating and protectionist tendencies are “on the rise”, making it “very essential” to collectively debate and discuss the way forward in a multilateral framework. Commerce Minister Suresh Prabhu had said during his address on Monday, the first day of the meet. The appointment of new members has been consistently blocked by the US over the last two years, leading to the body shrinking to three members and

**Appointment of new members has been blocked by the US over the last two years, leading to the body shrinking to three members and causing a backlog of dispute settlement issues**

causing a backlog of dispute settlement issues that are under appeal.

The declaration, which comes ahead of the 12th Ministerial Conference to be held in Kazakhstan in 2020, also highlights the need to “preserve” the Special and Differential Treatment (S&D) mechanism. Richer nations have been calling for guidelines to further categorise developing countries and LDCs that should be eligible for the benefits of this mechanism, which include longer time periods for countries like India to implement agreements and the implementation of measures to allow them more trading opportunities.

“S&D treatment is an unconditional right. It is not only a principal, but also a modality for helping developing countries, including LDCs to adjust themselves to follow trade rules,” said JS Deepak, India’s permanent representative to WTO.

“We have completely and...repeatedly ruled it (further categorisation) out,” he said.

During his address on the first day of the meet, WTO Director General Roberto Azevedo said that the differentiation is already happening and that the best way forward would be for there to be a “trade-facilitation-agreement-type” model where countries may set their own benchmarks.

The declaration has also stated that some WTO agreements, including the Agreement on Agriculture, contain “imbalances and inequities that prejudice the trade and development interests” of developing countries.

“There is a need to provide adequate policy space to the developing members to support their farmers through correcting the asymmetries and imbalances in this agreement on priority,” stated the declaration, adding that further “flexibilities” should be provided to LDCs and Net Food Importing Developing Countries.

“It is really time that cotton receives concrete and appropriate responses it deserves,” it added.

China trade talks haven’t collapsed, tariff war ‘a little squabble’: Trump

REUTERS WASHINGTON, MAY 14

US PRESIDENT Donald Trump insisted on Tuesday that trade talks with China have not collapsed and called the widening US-China tariff war “a little squabble,” even as his administration readies 25 per cent duties on all remaining Chinese imports.

Expanding on a stream of optimistic early morning tweets about the state of talks, Trump told reporters that he has a “very good dialogue” going with China and touted his “extraordinary” relationship with Chinese President Xi Jinping. “We have a dialogue going. It will always continue,” Trump said. “But we made a deal with China ... We had a deal that was very close but then they broke it. They really did.”

Trump appeared to downplay the scope of the trade war, which could lead to tariffs this summer on all trade between the world’s two largest economies, raising costs and disrupting supply chains across the globe. “We’re having a little squabble with China because we’ve been treated very unfairly for many, many decades,” Trump said, referring to US complaints about Chinese intellectual prop-

India postpones retaliatory tariff deadline on US products

PRESS TRUST OF INDIA NEW DELHI, MAY 14

THE GOVERNMENT on Tuesday again extended its deadline to impose retaliatory import duties on 29 US products, including almond, walnut and pulses, till June 16.

A notification of the Finance Ministry said that implementation of increased customs duty on specified imports originating in the US has been postponed from May 16 to June 16 this year. These deadlines were extended several times since June 2018,

erty and subsidy practices.

Stocks, which took a beating on Monday after Trump late on Friday threatened a new round of tariffs on about \$300 billion worth of remaining imports from China, gained strength after Trump’s comments, with the tech-driven Nasdaq up 1.47 per cent in midday trade. The Dow Jones Industrial av-

erage was up 1.28 per cent while the broader S&P 500 was up 1.3 per cent. Trump earlier tweeted that a deal would happen and appealed to China to buy US farm products. “When the time is right we will make a deal with China,” Trump said. “It will all happen, and much faster than people think!”

“Hopefully China will do us the

honor of continuing to buy our great farm product, the best, but if not your Country will be making up the difference,” he wrote in post addressing US farmers directly. Trump has also said on Monday that he expected to meet with Chinese President Xi Jinping at a G20 leaders summit in Japan in late June. Based on an accelerated schedule laid out by the US Trade Representative’s (USTR) office late on Monday, Trump will be in a position to launch 25 per cent tariffs on another \$300 billion worth of Chinese goods when he meets with Xi, adding potential leverage. USTR said it would hold a public hearing on the tariff list on June 17, with final comments due as little as seven days later.

As negotiations toward resolving the US-China trade war stalled last week, Trump escalated pressure by increasing tariffs on Friday to 25 per cent from 10 per cent on a previous, \$200 billion list of Chinese imports. China retaliated on Monday with higher tariffs on a revised list of \$60 billion worth of US products. The prospect of the global economy being derailed by the US and China sliding into a fiercer, more protracted dispute has rattled investors and sparked a sharp selloff on equities markets in the past week.

Japan drags India to WTO over duties on certain electronic goods

PRESS TRUST OF INDIA NEW DELHI, MAY 14

JAPAN HAS dragged India to the World Trade Organization (WTO) over the import duties imposed on certain electronic goods, according to the global trade body.

Japan has accused India of “continuously and systematically” raise import duties on these goods after announcement of ‘Make in India’ campaign in September 2014, according to a communication released by the WTO on Tuesday. It has also alleged that these import duties are in excess of bound rates, which is a ceiling of import duty beyond which a WTO member country can’t go. Japan has sought consultations with India under the WTO’s dispute settlement mechanism.

In a communication to the WTO, Japan said that has continued to adjust the rates of various indirect taxes, including custom duties, in support of policies seeking to foster domestic production and value addition. Since launch of ‘Make in India’ campaign in September 2014, India has raised import duties on a wide range of products, it has alleged.

Security breach: WhatsApp urges users to upgrade app

REUTERS JERUSALEM, MAY 14

FACEBOOK’S WHATSAPP urged users to upgrade to the latest version of its popular messaging app after reporting that users might be vulnerable to having malicious spyware installed on phones without their knowledge.

WhatsApp, one of the most popular messaging tools, is used by 1.5 billion people monthly and it has touted its high level of security and privacy, with messages on its platform being encrypted end to end.

“WhatsApp encourages people to upgrade to the latest version of our app, as well as keep their mobile operating system up to date, to protect against potential targeted exploits designed to compromise information stored on mobile devices,” a spokesman said. “We are constantly working alongside industry partners to provide the latest security enhancements to help protect our users,” he said. WhatsApp did not elaborate further.

WhatsApp informed its lead regulator in the European Union, Ireland’s Data Protection Commission (DPC), of a “serious security vulnerability” on its platform. “The DPC understands that

Google opens German centre to improve data privacy

REUTERS JERUSALEM, MAY 14

London: Google opened a privacy focused engineering centre in Munich, Germany, on Tuesday, its latest move to beef up its data protection credentials as tech companies’ face growing scrutiny of their data collection practices. CEO Sundar Pichai said the Silicon Valley firm is expanding its operations in the German city, including doubling the number of data privacy engineers there to over 200 by the end of 2019. AP

the vulnerability may have enabled a malicious actor to install unauthorised software and gain access to personal data on devices which have WhatsApp installed,” the regulator said in a statement.

“WhatsApp are still investigating as to whether any WhatsApp EU user data has been affected as a result of this incident,” the DPC said, adding that WhatsApp informed it of the incident late on Monday.

Earlier, the Financial Times (FT) reported that a vulnerability in WhatsApp allowed attackers to inject spyware on phones by ringing up targets using the app’s phone call function. It said the spyware was developed by Israeli cyber surveillance company NSO Group and affects both Android and iPhones. The FT said WhatsApp could not yet give an estimate for how many phones were targeted.

The FT reported that teams of engineers had worked around the clock in San Francisco and London to close the vulnerability and it began rolling out a fix to its servers on Friday last week and issued a patch for customers on Monday.

Asked about the report, NSO said its technology is licensed to authorised government agencies “for the sole purpose of fighting crime and terror,” and that it does not operate the system itself while having a rigorous licensing and vetting process.

“... Under no circumstances would NSO be involved in the operating or identifying of targets of its technology, which is solely operated by intelligence and law enforcement agencies,” the company said. WhatsApp disclosed the issue to the US Department of Justice last week, the FT said.



# Antitrust case: Indian firms to defend price fixing charges in US lawsuit

ENSECONOMICBUREAU  
HYDERABAD, MAY 14

IN RESPONSE to the allegations made in the antitrust lawsuit filed by over 40 US states against 21 pharma manufacturers, domestic generic companies have decided to vigorously defend the allegations as the lawsuit is without merit and said it will not have any immediate material impact on the companies' operations.

The antitrust case was first filed in December 2016 by the Attorney General of the State of Connecticut along with the Attorneys' General of various other US states filing a lawsuit in the Federal Court alleging that seven Indian generic companies in the US, along with other companies, had violated antitrust laws by fixing prices and allocating customers (the "First State AG Action"). On June 18, 2018, an amended complaint was filed in the First State AG Action.

The lawsuit is about collusion in inflating prices of widely-prescribed generic medicines and names 21 generic drug manufacturers as conspirators in price-fixing scheme. They include Teva, Sandoz, Mylan, Pfizer, Actavis, Amneal, Apotex, Aurobindo, Breckenridge, Dr Reddy's Laboratories, Greenstone, Lannett,

Glenmark, Lupin, Par, Rising, Taro Israel, Taro USA, Upsher-Smith, Wockhardt USA and Zydus.

In a regulatory filing to the stock exchanges, Aurobindo Pharma said, "On May 10, 2019, the Attorney General of the State of Connecticut and additional Attorneys' General of various US states filed a second lawsuit in Federal Court similarly alleging that Aurobindo and other companies in US generic drug industry had violated antitrust laws by fixing prices and allocating customers (the "Second State AG Action").

"The Second State AG Action includes additional parties and additional products which were not referenced in the First State AG Action," the filing said. Aurobindo Pharma said it is currently reviewing the second lawsuit and said "we expect that we will be filing papers with the Federal Court in due course denying each of the relevant accusations".

"Aurobindo does not, at this time, anticipate that these matters will have a material impact on the company's operations or business results," it added. Dr Reddy's Laboratories, in its response said its US subsidiary is specifically named as a defendant with respect to five generic drugs which include Ciprofloxacin HCL tablets, Glimepiride tablets, Oxaprozin tablets, Paricalcitol and

Tizanidine, for an alleged "overarching conspiracy". "All cases related to Attorney Generals' lawsuits and certain private plaintiffs class action suits, including the above, would be consolidated in the multi district litigation (MDL). We intend to vigorously defend against these allegations and are in the process of filing our response with the District Court of Connecticut," it said. According to a PTI report, Sun Pharma, in a regulatory filing, said that its subsidiary Taro Pharmaceuticals USA Inc has been named in the second lawsuit. "The allegations made in these lawsuits are without merit and our concerned subsidiaries will continue to vigorously defend against them," it said. Sun Pharmaceutical Industries Limited has not been named in the litigations, it clarified.

Wockhardt was quoted by PTI as saying anti-trust action relates to price hike of various generic drugs. It denied such accusation at appropriate Forum and is vigorously defending against the matter. As per a PTI report, Glenmark said in December 2016, a similar law suit was filed and the latest one includes some of the parties from first one as well as additional parties with allegations of fixing prices of additional products which were not referenced in the first law suit. **FE & PTI**

## GNPA RATIO DECLINES TO 10% IN END-MARCH 2019

# 'Banking sector gross NPA falls as IBC helps in better recovery'

ENSECONOMICBUREAU  
NEW DELHI, MAY 14

THE BANKING sector's gross non performing assets (NPA) ratio is estimated to have declined to 10 per cent in end-March 2019 from 11.5 per cent the year before on the same date, as recoveries through the Insolvency and Bankruptcy Code (IBC) helped banks recovery bad loans, rating agency Crisil said in a report Tuesday.

Even as the average time taken for resolution under IBC is higher than what is set out in the law, the bankruptcy system is yielding better recoveries in lesser time when compared with earlier methods of recovery. "Recovery through the IBC was Rs 70,000 crore in fiscal 2019 – or twice the Rs 35,500 crore recovered through other resolution mechanisms such as the Debt Recovery Tribunal, Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, and Lok Adalat – in fiscal 2018," Crisil said in the report.

"The recovery rate for the 94 cases resolved through IBC by fis-

Recovery through the IBC was Rs 70,000 crore in fiscal 2019 – or twice the Rs 35,500 crore recovered through other resolution mechanisms such as the Debt Recovery Tribunal, Crisil said

cal 2019 is 43 per cent, compared with 26.5 per cent through earlier mechanisms. What's more, the recovery rate is also twice the liquidation value for these 94 cases, which underscores the value maximisation possible through the IBC process," said Gurpreet Chhatwal, President, CRISIL Ratings.

While the recovery rate is higher in cases of successful resolution, the time taken has exceeded the legal provision. "As on March 31, 2019, there were 1,143 cases outstanding under the IBC of which resolution in 32% of the cases was pending for more than 270 days. Significant delays also trigger liquidation. Also, there are a few big-ticket accounts for which resolution has not been finalised for over 400 days," it said.

The IBC requires a corporate insolvency resolution process

(CIRP) to be completed in 180 days, which can be extended by another 90 days to a maximum of 270 days. These time limits were set in to ensure that recovery of non performing assets (NPAs) happen in a time-bound manner and banks are able to reduce the quantum of stressed assets of more than Rs 10 lakh crore.

According to data from the Insolvency and Bankruptcy Board of India, as on March 31, 2019, out of total 1143 that were undergoing resolution under the IBC, a total of 548 cases exceeded the 180-day deadline. This reflects that in nearly 48 per cent of the cases (or 548 CIRPs), resolution could not be achieved within 180 days. A total of 362 cases – or 31.67 per cent of the ongoing CIRPs – surpassed the outer limit of 270 days set out in the IBC.

Lack of appropriate bids to

takeover companies, difficulties among the lenders, legal challenges posed by existing promoters and operational creditors are among the reasons resulting in delay. "Then there are other challenges such as burden on the National Company Law Tribunal to resolve a large number of cases, clarity on priority of claims, limited number of information utilities, and creation of a secondary asset market, which need to be addressed," Crisil said.

Of the 12 large accounts that had combined outstanding claim of Rs 3.45 lakh crore, resolution plans were approved in six cases, including that of Essar Steel which is now facing fresh delays. The other cases are yet to successful resolution plans. In the case of Amtek Auto Ltd, for instance, the approved resolution could not be implemented and the process has now started again.

The rating agency said the law has improved credit discipline and brought in a sense of urgency and seriousness among defaulting borrowers because losing their asset is very much a possibility if the resolution process fails.

## ICICI BANK-VIDEOCON CASE

# Chanda & Deepak Kochhar appear before ED again

PRESS TRUST OF INDIA  
NEW DELHI, MAY 14

FORMER ICICI Bank CEO Chanda Kochhar and her husband Deepak Kochhar Tuesday again appeared before the Enforcement Directorate here in connection with an alleged bank loan fraud and money laundering case registered against them.

They were questioned by the agency on Monday for over eight hours. This was the first time they were grilled in Delhi. They have been questioned by the agency in Mumbai in March.

The couple arrived at the Enforcement Directorate's headquarters in Khan Market here around their scheduled appearance time of 11:30 am, official sources said.

While it was not immediately known as to what was the ED's line of questioning on Monday, sources said the two were questioned about their personal and official dealings with the Videocon group.

Their statement was recorded under the Prevention of Money Laundering Act (PMLA) by the investigating officer of the case, they said.

The Kochhars were supposed to depose before the agency early this month but they had then sought an extension of time and were allowed, they said.

Chanda Kochhar's brother-in-law and Deepak's brother, Rajiv

The Kochhars were supposed to depose before the agency early this month but they had then sought an extension of time and were allowed

Kochhar, has also been grilled by the ED multiple times in the case a few days ago here.

Rajiv Kochhar has been questioned by the CBI in the same case in the past as well.

He is the founder of Singapore-based Avista Advisory and was questioned by the CBI about his company's role in the restructuring of the loan, the sources said.

Rajiv Kochhar was asked by CBI sleuths about the help he had extended to Videocon in relation to the loan from ICICI Bank, which was part of a Rs 400-billion credit given by a consortium of 20 banks to the group of main promoter, Venugopal Dhoot.

The Kochhar couple have been questioned in the past too at the ED zonal office in Mumbai after the central agency conducted raids in this case on March 1. The searches were conducted at the premises of Chanda Kochhar, her family and Venugopal Dhoot of Videocon Group in Maharashtra's Mumbai and Aurangabad.

## Indian Bank posts loss of ₹190 cr in Q4 on higher NPA provisioning

New Delhi: Indian Bank Tuesday reported a net loss of Rs 189.77 crore in the fourth quarter of the financial year ended March 2019, as high level of bad loans required substantial amount to be kept as provisioning parking.

The bank had registered a net profit of Rs 131.98 crore during the similar January-March quarter of 2017-18.

Its total income in the March 2019 quarter, however, was up at Rs 5,537.47 crore as against Rs 4,954.21 crore in the

corresponding period a year ago, it said in a filing.

For the full year, the bank's net profit was Rs 320.93 crore on a consolidated basis, as against Rs 1,262.92 crore in 2017-18. Total income was Rs 21,073.50 crore in 2018-19, up from Rs 19,531.91 crore a year ago. On bank's asset quality, gross non-performing assets or bad loans reduced to 7.11 per cent of gross advances by end of March 2019, as against 7.37 per cent at the end of March 2018. **PTI**

# Bhushan Steel case: SFIO opposes ex-CFO's bail plea

PRITAMPALSINGH  
NEW DELHI, MAY 14

THE SFIO Tuesday opposed in the Delhi High Court the interim bail plea of former chief financial officer of Bhushan Steel, Nittin Johri, saying he is one of the "prime perpetrators and mastermind" of the entire fraudulent arrangement of manipulations through the Letter of Credit (LCs) by filing false documents with various banks.

The Serious Fraud Investigation Office (SFIO), a statutory corporate fraud investigating agency, also said that the "economic offences constitute a class apart and need to be visited with a different approach in the matter of bail". The agency was responding to Johri's plea for three weeks interim bail on account of his mother "terminal illness".

## JOHRI SEEK BAIL ON HIS MOTHER'S ILLNESS

■ The agency was responding to Johri's plea for three weeks interim bail on account of his mother "terminal illness"

■ The report said Johri "in connivance with Neeraj

Singal and Brij Bhushan Singal (former promoters of Bhushan Steel), availed credit facilities for BSL from various banks, using the instrument of LCs, on the basis of manipulated and false documents

Justice Mukta Gupta had SFIO to verify the medical records of Johri's mother and file their status report. She, however, recused herself from hearing the matter, citing personal reason.

However, the SFIO, in status report filed through advocates Harsh Ahuja and Kushal Kumar, stated that "the economic offence having deep rooted conspiracies and involving huge loss of public funds,

needs to be viewed seriously and considered as grave offences affecting the economy of the country as a whole and thereby posing serious threat to the financial health of the country.

Additional Solicitor General Maninder Acharya, central government standing counsel Monika Arora and Anurag Ahluwalia, submitted before the court that, since the time of start of investigation,

## Nestle India Q1 net up 9.25%; will launch organic food products

New Delhi: FMCG major Nestle India Tuesday reported a 9.25 per cent rise in profit to Rs 463.28 crore for the first quarter ended March 31, 2019.

The company, which follows January-December financial year, had posted a profit of Rs 424.03 crore in the same period a year ago.

Nestle also announced plans to launch organic food products in the category 'milk products and nutrition' in the coming months.

Total income in the quarter

stood at Rs 3,076.14 crore. It was Rs 2,813.6 crore in the corresponding period last year, Nestle India said in a BSE filing.

Nestle said total sales increased by 9 per cent during the quarter under review. Domestic sales increased by 10.2 per cent supported by higher volumes.

Export sales during the quarter dropped by 8.9 per cent due to lower coffee exports to Turkey, it added.

Shares of Nestle settled 0.99 lower at Rs 10,214.70 apiece on the BSE. **PTI**

## WPI inflation dips to 3.07% in April; food prices on the rise

PRESS TRUST OF INDIA  
NEW DELHI, MAY 14

WHOLESALE INFLATION eased to 3.07 per cent in April on cheaper fuel and manufactured items, even as prices of food articles remained high, official data released on Tuesday showed.

The Wholesale Price Index-based inflation was at 3.18 per cent in March and 2.93 per cent in February. It was 3.62 per cent in April 2018. Inflation in the 'food articles' basket hardened to 7.37 per cent during April 2019 as against 5.68 per cent in March, as prices of vegetables skyrocketed. Food inflation has been on rise for the last five months since December 2018 when it was (-)0.42 per cent.

Vegetables inflation too has seen a steep rise since December 2018 when it was (-)19.29 per cent. It stood at 40.65 per cent in April, up from 28.13 per cent in the previous month. Amongst food items, inflation in potato cooled to (-)17.15 per cent. In case of onion and fruits, it stood at (-)3.43 per cent and (-)6.88 per cent, respectively, in April. However, inflation in the 'fuel and power' category cooled to 3.84 per cent, from 5.41 per cent in March. Inflation in diesel halved to 3.24 per cent from 7.33 per cent in March.

# Monsanto to pay \$2 bn in weed killer cancer case, rules US jury

ASSOCIATED PRESS  
SAN FRANCISCO, MAY 14

A JURY on Monday ordered agribusiness giant Monsanto to pay a combined \$2.055 billion to a couple claiming that the company's popular weed killer Roundup Ready caused their cancers. The jury's verdict is the third such courtroom loss for Monsanto in California since August, but a San Francisco law professor said it's likely a trial judge or appellate court will significantly reduce the punitive damage award.

The state court jury in Oakland concluded that Monsanto's weed killer caused the non-Hodgkin's lymphoma Alva Pilliod and Alberta Pilliod each contracted. Jurors awarded them each \$1 billion in punitive damages in addition to a combined \$55 million in compensatory damages.

Alberta Pilliod, 76, said after the verdict that she and her husband, Alva, have each been battling cancer for the last nine years. She says they are unable to enjoy the same activities they participated in before their cancer diagnosis.

"It changed our lives forever," she said. "We couldn't do things we used to be able to do, and we really resent them for that."

One of the Pilliods lawyers, Michael Miller, conceded that the \$2 billion punitive damage award was likely to be reduced on appeal, but said they are prepared for a long legal battle.

A federal jury in San Francisco ordered the weed killer maker in March to pay a Sonoma County man \$80 million. A San Francisco jury last August awarded \$289 million to a former golf course greens keeper who blamed his cancer on Monsanto's Roundup Ready herbicide. A judge later reduced the award by \$200 million.

The three California trials were the first of an estimated 13,000 plaintiffs with pending lawsuits against Monsanto across the country to go to trial. St. Louis-based Monsanto is owned by the German chemical giant Bayer A.G. Bayer said Monday that it would appeal the verdict.

"The verdict in this trial has no impact on future cases and trials, as each one has its own factual and legal circumstances," the company said.

## Huawei willing to sign 'no-spy' agreements with govts, says its chairman

PRESS TRUST OF INDIA  
LONDON, MAY 14

CHINESE TELECOM giant Huawei is willing to sign a "no-spy" agreement with countries including Britain, the firm's chairman said on Tuesday, as the head of NATO said Britain must preserve secure mobile networks.

Liang Hua visited Britain as the government weighs the risks of allowing the Chinese company to help develop its 5G infrastructure.

"We are willing to sign 'no-spy' agreements with governments, including the UK government, to commit ourselves, to commit our equipment to meeting the no-spy, no back-door standards," Liang told reporters.

The British government is in the middle of a furious debate over whether to let Huawei roll out its next-generation mobile service. The private Chinese firm currently has the most advanced and cheapest 5G capacities in the world. But the United States has warned its close ally that it might have to limit security and intelligence sharing with Britain if it allowed China to play a significant role.

## DHFL debt worth nearly ₹1,500 cr downgraded

ENS ECONOMIC BUREAU  
MUMBAI, MAY 14

EVEN AS Dewan Housing Finance Corporation (DHFL) continued to see downgrades, rating agency Icrs on Tuesday said payouts by the financier were delayed despite funds being available in some instances.

Late Monday evening, Crisil lowered its rating on DHFL commercial papers (CPs) worth Rs 850 crore to A4+ from A3+. It observed that DHFL's liquidity levels are deteriorating because of further delays in fundraising from the sell-down of project finance loans and lower inflows from securitisation

Icra said payouts were delayed despite funds being available in some instances

of non-housing loans. Close to Rs 1,500 crore of the DHFL's debt instruments have been downgraded this week. On Tuesday, Icrs carried out a fresh round of downgrades, lowering its rating on purchaser payouts and pass-through certificates (PTCs) issued under six mortgage loan securitisation transactions worth Rs 630 crore. While Crisil ascribed its rating

## NAA finds distributor guilty of profiteering under GST, orders probe against VIP Industries

PRESS TRUST OF INDIA  
NEW DELHI, MAY 14

THE ANTI-PROFITEERING authority has found a distributor of backpack and trolley guilty of not passing GST rate cut benefits of Rs 18,887 to consumers and also asked the investigation arm to probe whether manufacturer VIP Industries made any undue profit.

The order of the National Anti-Profiteering Authority (NAA) was passed against Kerala-based VTWO Ventures with regard to sale of 'Tropic 45 Weekender Black' (Backpack) and 'Neolite

Strolly' (Trolley), following investigation of its books by the Directorate General of Anti-Profiteering for period between November 15, 2017, and August 31, 2018. VIP Industries manufactures 'Tropic 45 Weekender Black' and 'Neolite Strolly'.

The DGAP in its investigation has found that despite reduction in GST rate from 28 per cent to 18 per cent, the distributor (VTWO Ventures) did not reduce the sale price of the products on the pretext that the he has been following the pricing structure of the manufacturer and that his distributor margin had not increased

and, hence, he had not derived any additional benefit on reduction in GST rate. The NAA, further said, that VTWO Ventures has claimed that he had been following the pricing structure of the manufacturer company. "Accordingly, the DGAP is directed to investigate the aspect of profiteering by the above said manufacturer (VIP Industries)," it said.

EY tax partner Abhishek Jain said, "A directional order to investigate against the manufacturing company is uncommon and where a similar trend is followed, may open a Pandora's box for many large players."

## BRIEFLY

### I-T dept again defers GST, GAAR reporting

New Delhi: The income tax department Tuesday deferred for the second time the requirement for companies to include in their tax audit report the details of Goods and Services Tax (GST) and GAAR. The reporting requirement of these details in income tax audit form has been kept in abeyance till March 31, 2020 – meaning that all income tax audit reports need not include details on GST and General Anti-Avoidance Rules (GAAR) till March 2020.

### L&T acquires 1,168 shares of Mindtree

New Delhi: Infrastructure major Larsen and Toubro (L&T) has acquired 1,168 shares of Mindtree from the open market, taking its overall holding in the mid-sized IT company to 25.94 per cent, according to a regulatory filing.

### Ex-RBI dy Guv R Gandhi now on Yes Bank board

Mumbai: Former Reserve Bank Deputy Governor R Gandhi has been appointed as additional director on the board of Yes Bank, the private lender said Tuesday. He was RBI Deputy Governor between April, 2014 and April, 2017.

### Vodafone Idea clears merger of 2 subsidiaries

New Delhi: Vodafone Idea said Tuesday its board has approved merger of two wholly-owned subsidiaries, Vodafone India Digital Limited and Idea Telesystems Limited, with the company. **PTI**

### Mallya gets time to pay up for London home

London: Vijay Mallya has settled a legal dispute with Swiss bank UBS to allow him time until April next year to pay off a mortgage loan for his London home. **PTI**

### OPEC sees more 2019 demand for oil

London: OPEC said on Tuesday that world demand for its oil would be higher than expected this year as supply growth from rivals slows. **REUTERS**

## Airtel phases out several postpaid, prepaid plans

KIRAN RATHEE  
NEW DELHI, MAY 14

WITH BUNDLED voice and data tariffs largely stabilising and jio not coming up with any more price war, the incumbents – Bharti Airtel and Vodafone Idea – are tweaking their tariff plans to increase their realisation.

Bharti Airtel has recently come out with a host of such tweaks, both for its prepaid and postpaid customers. For its post-paid users, who comprise only 5 per cent of the total user base, Bharti decided to gradually phase out plans with monthly rentals of less than Rs 499. Overall, it will now have only four monthly rental plans – Rs 499, Rs 749, Rs 999, and Rs 1,599.

All these plans come with data benefits and unlimited domestic voice calls. The move, while simplifying the offerings, would also help the company get better average realisation per user.

In the prepaid segment comprising 95 per cent of the subscribers, Bharti has reduced the data benefits in the Rs 399 plan to 1 GB per day from 1.4 GB per day earlier. When contacted, a Bharti spokesperson declined to comment on the matter. **FE**