ECONOMY

GOLD	RUPEE	OIL	SILVER
₹33,330	₹70.03	$71.38*	₹38,250

*Indian basket as on May 15, 2019

SENSEX: 37,393.48 ▲ 278.60 **NIFTY:** 11,257.10 ▲ 100.10 **NIKKEI:** 21,062.98 ▼ 125.58 **HANG SENG:** 28,275.07 ▲ 6.36 **FTSE:** 7,308.22 ▲ 11.27 **DAX:** 12,161.42 ▲ 61.85

International market data till 1900 IST

SECTOR WATCH
PHARMACEUTICALS

Need a new brand name if composition of drug is changed: Pharma regulator

PRABHA RAGHAVAN
NEW DELHI, MAY 16

INDIA'S APEX drug regulatory body has asked its officials to take "all measures" to prevent companies from retaining the same brand name for different formulations.

The regulator's move aims to prevent patients from accidentally taking the wrong medicine in cases where pharmaceutical companies change the composition of their drug brands, but continue to sell the new formulation under the old brand name.

According to a notification issued on Thursday by the Central Drugs Standard Control Organisation (CDSCO), the practice of changing the key therapeutic ingredients in a drug formulation without changing the brand name "is not only misleading but may also result in undesirable pharmacological effects as the consumer would take the formulation assuming that it has the earlier composition."

The Indian Express has reviewed a copy of this notification, which was issued to all zonal and sub-zonal CDSCO offices. The issue has been under discussion for "quite some time now", stated Drug Controller General of India Eswara Reddy in the notification. The notification comes nearly eight years after the issue was deliberated by the Drugs Consultative Committee in three separate meetings held between 2008 and 2011.

"DCC further recommended that such type of practice needs to be discouraged and State Drugs Controllers should ensure that the same brand name should not be permitted to retain by the manufacturers if the composition of the API(s) in the new formulation changed," stated the notification.

"In view of the above, you are requested to take all measures to discourage the practice of marketing of drug formulations with changed composition without changing the brand names and ensure that the same brand name is not permitted to be retained by the manufacturer, if the composition of the API(s) in the new formulation is changed," it added.

While such a practice does exist in India's pharmaceutical industry, it is not clear how prevalent it is as there is little to no data on it, say analysts.

Practice of changing the key therapeutic ingredients in a drug formulation without changing the brand name "is not only misleading but may result in undesirable pharmacological effects", says CDSCO

One analyst told *The Indian Express* on condition of anonymity that the move was "negative" for the industry, but that companies would find out a way to "circumvent" it.

Phone calls and text messages to the DCGI remained unanswered by press time Thursday.

For instance, Wockhardt's fixed dose combination cough syrup 'Zedex' was earlier listed by pharmaceutical market research firm AIOCD Awacs PharmaTrac in 2016 as having a combination of Bromhexine + Dextromethorphan + Ammonium Chloride.

However, bottles of the syrup available in the market today have a different— Dextromethorphan Hydrobromide and Chlorpheniramine Maleate.

Queries sent to Wockhardt about its brand remained unanswered by press time Thursday.

PharmaTrac said it does not keep information on brands where formulations have been changed.

"Suppose a company has a popular brand for a particular formulation in a therapeutic category, but the market moves towards another formulation in that category and its competitors beat it to get market share. In those cases, sometimes, the company decides to retain the same brand name, switch the formulation and inform doctors of this change," said a pharmaceutical analyst on condition of anonymity.

"It is a dangerous practice because, sometimes, doctors associate the brand with a particular formulation. In case there is a lack of awareness of the switch, this could be harmful for patients," the person told *The Indian Express*.

SHAREHOLDER AGREEMENT BETWEEN FOUNDERS TO EXPIRE IN OCTOBER

IndiGo promoters' rift surfaces during shareholder pact talks

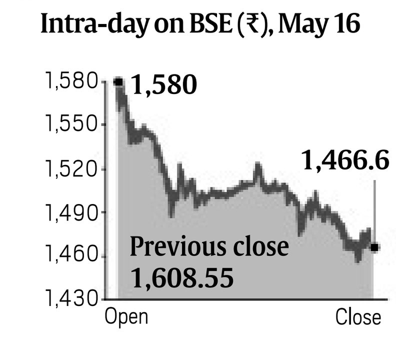
PRANAV MUKUL
NEW DELHI, MAY 16

THE SHAREHOLDER agreement between entities controlled by Rahul Bhatia and Rakesh Gangwal — the two promoters of Interglobe Aviation who are currently at loggerheads — is set to expire in October this year, and an ongoing renegotiation of the same is learnt to be at the heart of the rift. The dispute is learnt to be primarily over the disproportionate distribution of board and management appointment rights between the two promoters, sources close to the matter told *The Indian Express*.

As per the shareholding pattern declared by Interglobe Aviation, as of March 31, Bhatia, his family and his holding company Interglobe Enterprises held around 38 per cent stake, while Gangwal, his family and his entity held close to 37 per cent. However, as per the agreement, upon listing of the company, Interglobe Enterprises Group (Rahul Bhatia's entity) has the right to nominate three non-independent directors, while the Rahul Gangwal Group has the right only to nominate one non-independent director. Further, Bhatia's group is entitled to nominate the chairman, the managing director, the chief executive officer and the president of the company.

INTERGLOBE AVIATION SHARES FALL 8.82%

Intra-day on BSE (₹), May 16



■ The dispute is learnt to be primarily over the disproportionate distribution of board and management appointment rights between promoters Rahul Bhatia and Rakesh Gangwal, sources told *The Indian Express*

The agreement signed at the time of the company's initial public offering in October 2015, a source said, had a term clause as per which the shareholding pact would expire automatically on the fourth anniversary of the IPO. It is learnt that the renegotiations for the new agreement have brought out the tense undercurrents at top of India's largest airline, for which Bhatia and Gangwal have appointed separate law firms to settle the disputes.

Separate e-mail queries sent to both Bhatia and Gangwal did not elicit a response at time of going to press. In a filing to the stock exchanges, which sought clarification from the airline on the development, IndiGo said: "With regard to the aforesaid news, please note that the company is not in a position to comment on such news as it relates to the promoters of the company".

Reports about the rift between the two founders of IndiGo caused the stock of Interglobe Aviation to take a beating, ending Thursday's trade 8.82 per cent down from its previous close at Rs 1,466.60 on the BSE. Earlier during the day, the airline's chief executive officer Ronojoy Dutta wrote a letter to its employees noting that the company's growth strategy remained unchanged and firmly in place.

"I am sure that you are all aware of the press reports regarding alleged disagreements between our two promoters Mr Rahul Bhatia and Mr Rakesh Gangwal. I was to assure you that the growth strategy of the airline remains unchanged and firmly in place, and the management is fully charged by the Board to implement it. We will continue our focus on creating value for all our shareholders, our customers, our employees and the communities we serve," Dutta wrote in the mail.

InterGlobe Aviation owns and manages IndiGo, which has around 44 per cent share in the domestic air passenger market.

As per people close to the matter, the root of this contention between the two promoters lies at IndiGo's growth strategy and the management control resulting from that.

While Gangwal is said to favour of an aggressive approach, Bhatia is understood to be for a steady growth path. Bhatia is a former hospitality industry executive, while Gangwal, a US citizen, was a senior official at United Airlines. Those tracking the company closely indicated that most of the former United executives now at IndiGo, including the CEO Ronojoy Dutta have been handpicked by Gangwal.

Industry watchers have also indicated that the fact that both promoters have delegated their lawyers to work the dispute out shows that the conflict is unlikely to affect the airline or its operations in the immediate term. However, the longer term flight path of IndiGo will depend on which of the promoter gets the upper hand, one analyst said, adding that the tone of the management in the post-earnings conference call could be an indicator to how serious is the problem between Bhatia and Gangwal.

'PRIME PROPERTY PRICES SEE LOWEST ANNUAL GROWTH SINCE Q4 2009'

Luxury residential prices — which comprise the top 5 per cent of the housing market — have registered their lowest rate of annual growth in Q1 2019, since the final quarter of 2009, the Prime Global Cities Index by international property consultant Knight Frank said

1.3% rise per annum: Prime property prices recorded an average growth of 1.3 per cent per annum in Q1 2019

7th rank to Delhi: The National Capital secured the seventh position in the list, with prime property price growing at 5.8 per cent on a 12-month basis and 4.4 per cent on a three-month basis

20th rank to Bengaluru: The city witnessed a growth of two per cent on a 12-month basis and 0.8 per cent on a three-month basis, standing at the 20th position on the Index

31th rank to Mumbai: At 31st, Mumbai saw a dismal growth by 0.6 per cent on an annual basis and 0.3 per cent on a three-month basis, indicating momentum in the affordable & mid-segment housing category

Dip in the growth during Q1 2019 attributed to:

- Threat of global trade war
- Uncertainty surrounding Brexit
- IMF's projection that 70 per cent of world's economies would see a growth slowdown in 2019

Key findings on Indian residential markets:

- Sales velocity, especially of prime property, has been slow causing significant inventory overhang across major markets
- Developers have shifted focus on higher traction segments of the market, i.e. affordable and mid-segment

Rank	City	12-month % change	3-month % change
1	Berlin	14.10%	4.50%
2	Moscow	12.00%	3.60%
3	Frankfurt	9.60%	3.80%
4	Tokyo	8.40%	-2.70%
5	Edinburgh	7.60%	2.10%
6	Paris	7.50%	2.10%
7	Delhi	5.80%	4.40%
8	Zurich	5.20%	0.80%
9	Madrid	5.10%	0.10%
10	Geneva	5.00%	0.10%
20	Bengaluru	2.00%	0.80%
31	Mumbai	0.60%	0.30%

Global cities: European cities continue to outperform with seven of the top 10 rankings in Q1 2019 occupied by European markets. Berlin (14%), Frankfurt (10%), Edinburgh (8%) and Paris (8%) are out in front

Appoint chief risk officers: RBI to NBFCs with over ₹5K-cr asset size

ENS ECONOMIC BUREAU
MUMBAI, MAY 16

THE RESERVE Bank of India has asked non-banking finance companies (NBFCs) with asset size of more than Rs 5,000 crore to appoint a chief risk officer (CRO) with clearly specified role and responsibilities amid growing worries over an "imminent crisis" in the NBFC sector due to credit squeeze, overleveraging, excessive concentration, massive mismatch between assets and liabilities and misadventures by some large entities like the IL&FS group.

"The CRO is required to function independently so as to ensure highest standards of risk management," the RBI said in a notification on Thursday. "With the increasing role of NBFCs in direct credit intermediation, there is a need for NBFCs to augment risk management practices... boards of NBFCs should strive to follow best practices in risk management," the RBI said.

"The CRO should be a senior official in the hierarchy of an NBFC and shall possess adequate professional qualification/ experience in the area of risk management. "The CRO should be appointed for a fixed tenure with the approval of the board. The CRO can be transferred/ removed from his post before completion of the tenure only with the approval of the board and such premature transfer/ removal should be reported to the Department of Non-Banking Supervision of the regional office of the bank under whose jurisdiction the NBFC is registered," the RBI said.

"In case the NBFC is listed, any change in incumbency of the CRO should also be reported to the stock exchanges," the RBI said.

"The board should put in place policies to safeguard the independence of the CRO. In this regard, the CRO should have direct reporting lines to the MD & CEO/ Risk Management Committee (RMC) of the board. In case the CRO reports to the MD & CEO, the RMC/ board should meet the CRO without the presence of the MD & CEO, at least on a quarterly basis," it said.

"The CRO should not have any reporting relationship with the business verticals of the NBFC and should not be given any business targets. Further, there should not be any 'dual hatting' i.e. the CRO should not be given any other responsibility," the RBI said. "The CRO should be involved in the process of identification, measurement and mitigation of risks. All credit products (retail or wholesale) should be vetted by the CRO from the angle of inherent and control risks. The CRO's role in deciding credit proposals should be limited to being an advisor," the RBI said.

EXPLAINED

Further tightening of norms likely

RESERVE BANK is slowly tightening the norms for NBFCs which went on a rampage with overleveraging and asset-liability mismatches. With many NBFCs facing higher credit costs and liquidity squeeze, the regulator is expecting chief risk officers to act as watchdogs in their operations.

The RBI is expected to further tighten the NBFC norms in the coming days to avert another IL&FS-like crisis.

According to the RBI, in NBFCs that follow committee approach in credit sanction process for high value proposals, if the CRO is one of the decision makers in the credit sanction process, the CRO should have voting power and all members who are part of the credit sanction process, should individually and severally be liable for all the aspects, including risk perspective related to the credit proposal.

Liquidity crisis in the NBFC sector had raised concerns in the recent past. "There is an imminent crisis in the NBFC sector. There is a credit squeeze, over-leveraging, excessive concentration, massive mismatch between assets and liabilities, coupled with some misadventures by some very large entities, which is a perfect recipe for disaster," Corporate Affairs Secretary Injeti Srinivas had said in an interview to a wire agency last week.

Meanwhile, the RBI is also considering new limits on the liquidity mismatches that NBFCs operate with as part of its plan to nudge them towards more stable sources of funding, banking sources said. NBFCs' asset-liability mismatch norms are likely to be aligned with those of banks. NBFC credit growth was 29.2 per cent on a year-on-year basis. NBFC credit saw a month-on-month uptick growing by 11.4 per cent. The continued uptick signals banks' willingness to lend to the NBFC sector, partially easing the tight liquidity situation.

COMPANY BANNED FROM GETTING PARTS, TECH FROM AMERICAN FIRMS WITHOUT US NOD

US move against Huawei could hurt trade talks: China

'Will do significant economic harm to American companies', affect 'tens of thousands of US jobs': Huawei

REUTERS
WASHINGTON/BEIJING, MAY 16

THE TRUMP administration's decision to sanction and potentially cripple Chinese telecoms giant Huawei Technologies garnered a sharp rebuke on Thursday from Beijing, which warned that the move could damage trade talks.

Shares of Huawei's US suppliers also fell on fears the huge customer of US chips, software and other components would be forced to stop purchases after the US Commerce Department banned it from buying US technology without special approval.

Huawei said in a statement that losing access to US suppliers "will do significant economic harm to the American companies" and affect "tens of thousands of American jobs."

"Huawei will seek remedies immediately and find a resolution to this matter," the company said.

The US crackdown, announced on Wednesday, was the latest shot fired in an escalating US-China trade war that is rattling financial markets and threatening to derail a slowing global economy.

Chinese officials said US aggressiveness could hurt the trade talks, which appeared to have hit an impasse in the past week as the United States hiked tariffs on Chinese goods and Beijing retaliated with higher duties on US products. Chinese Commerce Ministry spokesman Gao Feng stressed that the United States should avoid further damaging Sino-US trade relations. "China will take all the necessary measures to resolutely safeguard the legitimate rights of Chinese firms," Gao told reporters.

China's Foreign Ministry also announced the formal arrest of two Canadian citizens who were detained shortly after Canada arrested Huawei chief financial officer Meng Wanzhou in December. Meng faces extradition to the US on charges that she conspired to defraud global banks about Huawei's relationship with a company operating in Iran. She and the company deny the charges.

On Wednesday, the US Commerce Department said it was adding Huawei and 70 affiliates to its "Entity List," which bars them from buying components and technology from US firms without government approval.

Visitors at a Huawei booth at an exhibition during the World Intelligence Congress in Tianjin, China, on Thursday. *Reuters*

Lawmakers in the US Congress have long feared Huawei's equipment could be used by the Chinese government to spy on Americans, and the Trump administration's move has won bipartisan support in Congress.

As negotiations towards resolving the US-China trade war stalled last week, the United States ramped up the pressure by raising tariffs on a list of $200 billion worth of Chinese imports to 25 per cent from 10 per cent.

China retaliated with higher tariffs on a revised list of $60 billion worth of US products. US President Donald Trump has threatened to put 25 per cent tariffs on another $300 billion worth of Chinese goods. "The tariff hike by the United States will only bring greater difficulties to the consultations," Gao said.

Three differences remain between the two countries, according to China. China believes tariffs were the genesis of the trade dispute, and that all tariffs must be eliminated in order to reach a deal.

The second issue centres on the additional volume of US goods that China will agree to buy, Vice Premier Liu He, China's lead trade negotiator, said last week without giving details. The third is over how balanced the text of the draft agreement of the trade deal should be, he said.

Order effective Friday, says US Commerce Secy

Washington: US Commerce Secretary Wilbur Ross said on Thursday that an order blacklisting Chinese telecoms giant Huawei Technologies will go into effect on Friday.

"The order dealing with Huawei itself will be effective tomorrow," Ross said in an interview with *Bloomberg Television and Radio*. **REUTERS**

FOREX RIGGING

EU fines Barclays, Citi, MUFG, JP Morgan, and RBS €1.07 bn

REUTERS
BRUSSELS/LONDON, MAY 16

BARCLAYS, CITIGROUP, JP Morgan, MUFG and Royal Bank of Scotland were fined a combined 1.07 billion euros ($1.2 billion) by the European Union on Thursday for rigging the multi-trillion dollar foreign exchange market.

Banks have been hit with billions of dollars in penalties worldwide over the last decade for the rigging of benchmarks used in many day-to-day financial transactions, further damaging the industry's fragile reputation after the financial crisis. The European Commission said individual traders at the banks involved formed two cartels to manipulate the spot foreign exchange market for 11 currencies, including the dollar, the euro and the pound.

"These cartel decisions send a clear message that the Commission will not tolerate collusive behaviour in any sector of the financial markets," European Competition Commissioner Margrethe Vestager said in a statement. Citigroup was hit with the highest fine of 311 million euros, while Swiss bank UBS was not fined as it had alerted the two cartels to the European Commission.

TRADERS FORMED CARTELS, SAYS EC

■ The European Commission said individual traders at the banks involved formed two cartels to manipulate the spot foreign exchange market for 11 currencies

■ Citigroup was hit with the highest fine of 310.8 million euros, while Swiss bank UBS was not fined as it had alerted the two cartels to the Commission

The EU competition enforcer said most of the traders knew each other on a personal basis and set up chatrooms such as "Essex Express 'n the Jimmy".

The five-year investigation found nine traders spread across the banks exchanged sensitive information and trading plans in the chatrooms and occasionally coordinated trading strategies.

"The traders, who were direct competitors, typically logged in to multilateral chatrooms ... and had extensive conversations about a variety of subjects, including recurring updates on their trading activities," it said in a statement.

Information swapped by the traders in the chatrooms included details on their clients' orders, the bid-ask spreads for specific transactions, their open risk positions and other details of current or planned trading activities.

JP Morgan and RBS both said they were pleased to have settled the cases and that they had since made changes to their controls.

JP Morgan said the fine related to the conduct of one former employee and RBS that it served as a reminder of how it had lost its way in the past. MUFG said it had also taken measures to prevent a reoccurrence. Barclays and Citigroup declined to comment.

The "Three Way Banana Split" cartel, made up of traders at UBS, Barclays, RBS, Citigroup and JP Morgan, was handed a fine totalling 811.2 million euros.

The Essex Express group involving UBS, Barclays, RBS and MUFG, was fined a 257.7 million euro fine, with the fine against Barclays the largest for this cartel at 94.2 million euros.

Infosys board gives nod to link employee stock scheme to shareholder value creation

ENS ECONOMIC BUREAU
MUMBAI, MAY 16

INFOSYS ON Thursday announced that its board of directors has approved the 'Infosys Expanded Stock Ownership Program 2019' that links long-term employee incentives with shareholder value creation.

Subject to shareholders' approval, this unique plan proposes to allocate five crore shares equating 1.15 per cent of the company's equity shares to a broad base of employees, which will vest on challenging performance criteria.

"This programme builds on the strong legacy of meritocracy that was established by the founders, and strengthens the company's efforts towards wealth creation for employees, enhanced shareholder returns and delight for customers," Infosys said.

"The company has been a pioneer in India, rewarding its employees through stock ownership programs starting in 1994, including the 2015 Incentive Compensation Plan," the IT company said.

The Infosys Expanded Stock Ownership Program 2019, under which grants will vest based on performance, aims to align employee interest with shareholder value creation, incentivize, attract and retain key talent, and reward employee performance with ownership.

"The grants allocated to employees over a period of seven years will vest based on challenging performance criteria of relative total shareholder return (TSR) against an industry peer group, relative TSR against domestic and global indices and operating lead performance metrics such as total revenue and digital revenue growth, and operating margins," the company said.

Salil Parekh, Chief Executive Officer and Managing Director, Infosys, said, "Infosys has been a pioneer for many firsts in India, and this program is a key milestone as it sets another benchmark in the industry. Our employees are our biggest asset, and through this programme we aim to recognize and reward individuals who are committed to driving value creation for all stakeholders through their continued and consistent performance."

"By making employees owners, they get an opportunity to be beneficiaries in the long term success of the company and realize the results of their work and dedication," the CEO added.

SUBJECT TO NOD OF SHAREHOLDERS

- Subject to shareholders' approval, the 'Infosys Expanded Stock Ownership Program 2019' plan proposes to allocate five crore shares equating 1.15 per cent of the company's equity shares to a broad base of employees
- CEO Salil Parekh said that employees would get an opportunity to be beneficiaries in the long term success of the company

PUBLIC LENDER'S STAKE WOULD HAVE REDUCED TO 19.79%

PNB ends deal for its housing fin biz with Varde, General Atlantic

Deal to sell 13% stake in PNB Housing Finance had been announced on March 29

ENS ECONOMIC BUREAU
MUMBAI, MAY 16

PUNJAB NATIONAL Bank (PNB) on Thursday said it has terminated the share purchase agreements (SPAs) it had made with Varde Holdings and General Atlantic for a sale of 13 per cent stake in PNB Housing Finance, which had been announced on March 29.

According to latest shareholding pattern on the BSE, PNB holds a 32.79 per cent stake in the housing finance firm. Had the deal gone through, PNB's stake would have reduced by 13 per cent to 19.79 per cent.

It was announced earlier that PNB would enter into an agreement for sale of over 1.08 crore equity shares held in PNB Housing Finance to General Atlantic Group at a per share price of Rs 850 a piece aggregating to Rs 925.80 crore. It had also announced a similar deal with Varde Holdings.

The entire transaction would have seen PNB off-loading a 13 per cent stake in PNB Housing Finance for Rs 1,851.60 crore to the two parties. However, it seems the bank did not go ahead as it didn't receive the approval from the central bank for the transaction involving General Atlantic.

In a stock exchange filing, PNB indicated that for the transaction with General Atlantic, the Reserve Bank of India (RBI) did not grant exemption from application of pricing guidelines under the Foreign Exchange Management (Transfer or Issue of Security to a Person Resident Outside India) Regulations, 2017. As part of the conditions, the transaction required approvals from the Competition Commission of India (CCI), the National Housing Bank (NHB) and RBI.

Communications from the CCI and the NHB regarding the approval of the transaction had already been received, the public sector bank indicated.

Since all conditions precedent to completion of the transaction were not fulfilled and the completion did not occur as on May 15 — which was the long stop date under the SPA — the SPA stands terminated with immediate effect, PNB said.

At the same time, PNB and Varde Holdings mutually agreed to terminate the SPA. The bank did not attribute any other reason for the cancellation of the deal with Varde Holdings. With the deal falling through, PNB said it will continue to be the sole promoter of the company and stay strategically invested in the firm.

"PNB strongly believes in the growth story of the company, and will continue to support its business and management in pursuing their growth plans. Further, PNB will continue to provide branding support as long as PNB remains the promoter of the company," the state-owned lender stated in a stock exchange filing.

The announcement hit stock exchanges after market hours on Thursday. Shares of PNB closed Thursday's session down 1.16 per cent, at Rs 81.15 a piece while shares of PNB Housing Finance closed flat at Rs 758.75. FE

NO EXEMPTION GRANTED BY RESERVE BANK

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BRIEFLY

L&T acquires 8.86L shares of Mindtree

New Delhi: Infrastructure major Larsen and Toubro (L&T) has acquired 8.86 lakh shares of Mindtree from the open market, taking its overall holding in the mid-sized IT firm to 26.48 per cent, as per a regulatory filing. PTI

'₹2,500 cr in Arcelor's bid for working capital'

New Delhi: Lenders of Essar Steel Thursday told NCLAT that of Rs 42,000 crore coming from the resolution plan of ArcelorMittal, Rs 2,500 crore is marked as working capital of the firm. PTI

Open for partnership: Qatar Airways

New Delhi: Qatar Airways on Thursday said it "is always open for partnership with other airlines, including Indian carriers". PTI

JKTIL sees 24% rise in sales in FY19

New Delhi: Announcing results for the fiscal ending March 31, 2019, JK Tyre & Industries (JKTIL) Thursday said its sales grew by 24 per cent to Rs 10,370 crore for the year, while operating profit for the year was 35 per cent higher at Rs 1,196 crore. At Rs 2,706 crore, Q4 sales grew by 18 per cent over the corresponding period. ENS

Two former IL&FS officials denied bail

Mumbai: A special court on Thursday rejected the bail applications of former IL&FS Financial Services CEO and MD Ramesh Bawa and former IL&FS chairman and MD Hari Sankaran. The two were arrested last month by the Serious Fraud Investigation Office (SFIO) in connection with alleged irregularities that have resulted into a default crisis at IL&FS group. ENS

Pakistan's currency slides over 3.6%

Karachi: Pakistan's rupee fell over 3.6 per cent against the dollar on Thursday after an agreement with the International Monetary Fund on a $6 billion loan, which is likely to come with strict conditions including a "market determined" exchange rate. REUTERS

T Rowe Price buys shares in Blue Star

New Delhi: Investment firm T Rowe Price International Thursday bought shares of air-conditioner maker Blue Star Ltd worth over Rs 176 crore via an open market transaction. PTI

Centre, Odisha discuss restoration of banking services in Fani-hit distts

SAMPAD PATNAIK
BHUBANESWAR, MAY 16

SENIOR OFFICIALS from the Union Finance Ministry and the state finance department on Thursday discussed measures to speedily restore banking services in cyclone-affected districts in Odisha, as well as the possibility of restructuring loans for those impacted.

Additional Secretary, Union Finance Ministry, Debashis Panda said, "Since day one, we are analysing the situation. We had instructed all banks to restore banking services immediately. But that was a challenge considering absence of power and (telecom) connectivity. Still, banks tried to provide services using alternative means."

Panda added, "Where there is a delay in power and connectivity restoration, banking is being provided in an offline mode. you can take your cheques and pass books for transactions between Rs 2,000-5,000. As of today, 99 per cent brick and mortar branches are all functional. V-SAT in ATMs are missing and need to be restored. Puri and Khordha are facing this problem, but by end of this week 90 per cent of the problem should be corrected."

Finance Secretary Ashok Meena said, "A meeting took place in the presence of banking companies and insurance companies as well as telecom operators to deliberate on restoring normal banking services in Puri, where 27-28 per cent ATMs are functioning. ATMs will start working after power is restored."

"There was a discussion regarding the Reserve Banks master circular under which people have availed loans. (We discussed) how to restructure these loans, and whether they can pay interest at lower rates. One special State Level Bankers Committee (SLBC) meeting happened on May 10. There it was recommended that the Kerala model be followed. Now, an SLBC task force has been formed. Further discussions will take place and the recommendations will be forwarded to RBI and government of India", he said.

Bank of India swings to profit in Q4 with ₹252 cr

ENS ECONOMIC BUREAU
MUMBAI, MAY 16

BANK OF India on Thursday swung to a profit of Rs 251.79 crore for the three months to March against a loss of Rs 3969.27 crore in Q4FY18.

The bottom line was driven by strong net interest income growth and a sharp drop in provisioning for bad loans. The state-run lender witnessed a 57.72 per cent y-o-y rise in net interest income (NII) to Rs 4,044 crore. Meanwhile, provisions fell 71.57 per cent y-o-y to Rs 1,897.43 crore.

The bank came out of the Prompt Corrective Action framework in January this year. NII is the difference between interest earned and interest paid by a bank.

BOI shares ended up 1.94 per cent for the session, following the earnings announcement, settling at Rs 81.65 per share.

The public sector lender witnessed an improvement in asset quality. At the end of March 31, 2019, the bank's gross and net NPAs stood at 15.84 per cent and 5.61 per cent against 16.31 per cent and 5.87 per cent as of December 31, 2018, respectively.

While the bank's slippages during Q4FY19 stood at Rs 3,102 crore, it also managed recoveries worth Rs 1,982 crore, made upgradations worth Rs 4,77 crore while write-offs were at Rs 780 crore.

The bank sold assets worth Rs 17,000 crore to asset reconstruction companies during the previous financial year.

It has set further identified assets worth Rs 30,000 crore for sale, possibly after Q1FY20, managing director and chief executive officer Dinabandhu Mohapatra said at a post-earnings conference.

Elaborating on the bank's asset portfolio, the management said the bank's SMA2 book stood at Rs 8,200 crore. FE

FOREIGN INVESTORS ON EXIT MODE

After investing over Rs 53,000 crore in February, March and April, foreign portfolio investors (FPIs) have started pulling out funds from the equity markets in May due to various domestic and global factors

₹3,862 cr FPI outflow from equity market in May so far

₹69,000 cr net FPI investments in calendar year 2019 so far

₹1,366 cr outflow from the debt market in May

₹2,252 cr investments in hybrid funds in May so far

DOMESTIC ISSUES: While election outcome uncertainties are weighing on the sentiment, recent decline in rupee, contraction in industrial production growth, its impact on corporate performance and likelihood of a spike in inflation are a concern

GLOBAL WOES: A major factor impacting inflows is the US-China trade tensions and impact on emerging markets like India. Volatile crude, its impact on rupee, trade deficit and current account deficit have affected inflows

MSCI IMPACT: MSCI this week announced an increase in weightage of China A shares in the MSCI Emerging Markets index. It also decided to add MSCI Saudi Arabia and MSCI Argentina indices to the Emerging Markets gauge

NET FPI INVESTMENTS
(Calendar Year - 2019; Rs crore)

	Equity	Debt	Hybrid	Total
January	-4,262	-1,301	7	-5,556
February	17,220	-6,037	871	12,053
March	33,981	12,002	2,769	48,751
April	21,193	-5,099	634	16,728
May **	-3,862	-1,366	2,252	-2,976
Total-2019	64,270	-1,801	6,533	69,000

*Source: NSDL; ** Data for May so far*

Brent oil moves towards $73 on Mideast tensions

REUTERS
LONDON, MAY 16

OIL PRICES rose on Thursday for a third day running as fears of supply disruption amid heightened tensions in the Middle East overshadowed swelling US crude inventories. Brent crude futures were up $1.03 cents at $72.80 a barrel by 1344 GMT, heading for the biggest weekly rise in about three months.

US West Texas Intermediate (WTI) crude futures were up 83 cents at $62.85. Oil was drawing support from the risk of conflict in the Middle East, with helicopters carrying US staff from the US embassy in Baghdad on Wednesday out of apparent concern over perceived threats from Iran.

"Brent looks poised to breach the upper bound of its recent $70-$73 a barrel price range as bullish headlines from the (Mideast) Gulf continue worrying investors," Citi said in a note. A rise in US crude oil inventories to their highest since 2017 helped to cap prices, though government data pointed to a smaller increase than previous industry data, with falling gasoline stocks also providing some price support.

Also keeping prices in check is uncertainty about whether the OPEC and other producers will continue supply cuts.

Brother-in-law of Chanda Kochhar allowed to travel abroad by Delhi court

PRESS TRUST OF INDIA
NEW DELHI, MAY 16

A DELHI court on Thursday allowed former ICICI Bank CEO Chanda Kochhar's brother-in-law Rajiv Kochhar, a suspect in a bank loan fraud and money laundering case, to travel abroad for 10 days.

Special Judge Anju Bajaj Chandna allowed Rajiv to travel to New York on a personal bond of Rs 10 lakh and directed the Enforcement Directorate to suspend the look out circular (LOC) till then.

The court kept his application, seeking cancellation of LOC, for hearing on June 3 after ED's special public prosecutor Nitesh Rana said agency needed time to file a detailed reply on issue.

Chanda and her husband Deepak along with Rajiv have been questioned by the ED which is probing case under Prevention of Money Laundering Act. In his application, moved by senior advocate Sidharth Luthra, Rajiv said his "younger son is studying in New York University and has his 'graduating ceremony' on May 21 and 22 in New York, USA. The occasion marks an important and significant day/event in the life of the son and the applicant..."

Rajiv, founder of Singapore-based Avista Advisory, informed the court that the CBI has already cancelled the LOC issued against him. He told the court that he has cooperated in probe and further undertakes to assist the agency in future as and when required.

He claimed that he and his family were estranged from his brother Deepak and sister-in-law Chanda due to a family fall out because of which the applicant has started his own independent business and has no business or personal connection, of any nature, either with them or any of their companies.

'Reliance-BP makes 1st bid for oil block; Vedanta bids for 30, ONGC 20, OIL 16'

PRESS TRUST OF INDIA
NEW DELHI, MAY 16

RELIANCE INDUSTRIES and its British partner BP plc have made their first bid for an oil and gas exploration acreage in over eight years by bidding for one of the 32 blocks up for auction in latest licensing round that saw mining major Vedanta putting in as many as 30 bids while state-owned ONGC vying for 20.

Bidding for 14 blocks on offer in the Open Acreage Licensing Policy (OALP) round-II and another 18 oil and gas blocks and 5 coal-bed methane (CBM) blocks on offer in OALP-III closed on Wednesday.

Official sources said Vedanta, which had walked away with 41 out of the 55 blocks offered in OALP-I last year, bid for 30 areas.

Oil and Natural Gas Corp (ONGC) bid for 20 blocks while Oil India Ltd (OIL) bid for 16. Indian Oil Corp (IOC), GAIL (India) and SunPetro bid for two blocks each, they said.

RIL-BP made an offer for one block in the Krishna Godavari basin.

This is the first time that BP is bidding for an exploration acreage in the country. It had entered the country buying 30 per cent stake in RIL's 21 oil and gas exploration blocks in 2011 for $7.2 billion. All but a couple of blocks have since been relinquished.

Mukesh Ambani-owned RIL had on its own bid for six blocks in the ninth round of New Exploration Licensing Policy (NELP) but did not win any block.

NELP has since been replaced by Hydrocarbon Exploration Licensing Policy (HELP) under which OALP bids round have been held.

Sources said the block RIL-BP bid for is the same which BP had demarcated during the expression of interest (EoI) stage.

Tesla's Autopilot system was engaged during fatal Florida crash, rules US safety watchdog

REUTERS
SHANGHAI, MAY 16

TESLA INC'S Autopilot feature was engaged during a fatal March 1 crash of a 2018 Model 3 in Delray Beach, Florida, in at least the third fatal US crash reported involving the driver-assistance system, the National Transportation Safety Board said on Thursday.

The NTSB's preliminary report said the driver engaged Autopilot about 10 seconds before crashing into a semitrailer, and the system did not detect the driver's hands on the wheel for fewer than eight seconds before the crash.

The vehicle was traveling at about 68 miles (109 km) per hour (mph) on a highway with a 55-mph (89-kph) speed limit, and neither the system nor the driver made any evasive maneuvers, the agency said.

The NTSB had said in 2017 that cars manufacture by Elon Musk's (pictured) company lacked proper safeguards. *Reuters*

Tesla said in a statement that soon after the crash it shared information with regulators about the Autopilot status and said after the driver engaged the system he "immediately removed his hands from the wheel. Autopilot had not been used at any other time during that drive."

The company added that "Tesla drivers have logged more than one billion miles with Autopilot engaged, and our data shows that, when used properly by an attentive driver who is prepared to take control at all times, drivers supported by Autopilot are safer than those operating without assistance."

While some Tesla drivers say they are able to avoid holding the steering wheel for extended periods while using Autopilot, Tesla advises drivers to keep their hands on the wheel and pay attention while using the system.

The incidents have raised questions about the safety of systems that can perform driving tasks for extended stretches of time with little or no human intervention, but which cannot completely replace human drivers. In May 2016, a Tesla Model S driver was killed near Williston, Florida, while Autopilot was engaged, when he slammed into a tractor trailer that also sheared off the vehicle roof.

In a fatal crash in Mountain View, California, in March 2018 involving a Model X in Autopilot mode, Tesla said vehicle logs showed the driver had received warnings to put his hands on the wheel but no action was taken by the driver ahead of the crash. That incident is being investigated by both the NTSB and the National Highway Traffic Safety Administration.

The NTSB had said in 2017 that Tesla, headed by chief executive Elon Musk, lacked proper safeguards allowing the driver "to use the system outside of the environment for which it was designed and the system gave far too much leeway to the driver to divert his attention."

The auto safety regulator, NHTSA, is also probing the Delray Beach crash and investigating a fatal incident in Davie, Florida, on Feb. 24 involving a 2016 Tesla Model S that caught fire and burned the 48-year-old driver beyond recognition. It was not clear if Autopilot was engaged in this incident. NHTSA can demand a recall if it believes a defect poses an unreasonable safety risk, while the NTSB makes safety recommendations.

Finance Commission discusses fiscal management with FinMin

Commission noted that the revenue projections on direct taxes are healthy though on indirect taxes, there have been periodic fluctuations

PRESS TRUST OF INDIA
NEW DELHI, MAY 16

FINANCE COMMISSION held discussions with the finance ministry on fiscal and economic management as well as rationalisation of expenditure related to centrally sponsored schemes, an official statement said Thursday.

During the meeting, which happened on Wednesday, the 15th Finance Commission observed that the GDP numbers suggest continued high growth over the medium term even though there have been fluctuations within the overall global trend.

"On the expenditure trend, there were discussions with regard to rationalisation of the Centrally Sponsored Schemes in sync with the new life cycle, they being co-terminus with the finance commissions," the statement said.

Centrally sponsored schemes are schemes that are implemented by state governments but are funded by the Centre with some portion of funding being borne by states.

The Commission also noted that the revenue projections on direct taxes are healthy though on indirect taxes, there have been periodic fluctuations.

"The Commission held consultations with senior officials of the Ministry of Finance yesterday on the overall economic situation and key economic variables," it added.

The ministry officials who attended the meeting included Finance Secretary Subhash Chandra Garg, Revenue Secretary Ajay Bhushan Pandey, Expenditure Secretary Girish Chandra Murmu, Chief Economic Adviser Krishnamurthy Subramanian, CBDT Chairman P C Mody, CBIC Chairman P K Das.

The 15th Finance Commission, chaired by N K Singh, has also held discussions over the last few months with the ministry on the issues related to UDAY and 7th Pay Commission, particularly in the context of the finances of the states.