

INDIA & THE WORLD

RUPEE GLOBAL BOND

Kerala first Indian state to tap into masala bond market

Kerala Infrastructure Investment Fund Board debuts issue of ₹2,150 cr on LSE



Kerala Chief Minister Pinarayi Vijayan and state Finance Minister Thomas Issac at the London Stock Exchange (LSE) on Thursday. Photo: Kerala Chief Minister's Office

SHAJU PHILIP
THIRUVANANTHAPURAM,
MAY 17

KERALA CHIEF Minister Pinarayi Vijayan opened Friday's trading on the London Stock Exchange by ringing the iconic bell after the state-owned Kerala Infrastructure Investment Fund Board (KIIFB) debuted its 'masala bond' issue of Rs 2,150 crore on the bourse.

While Kerala is the first Indian state to tap into the market for masala bonds — debt papers sold overseas by an Indian entity that are denominated in rupees — to raise development funds, the move is rarer still for a communist government.

After the bond issue debut, KIIFB became the first sub-sovereign entity in India to tap the offshore rupee international bond market. A brainchild of state Finance Minister Thomas Issac, the proceeds from the bond issue are slated to be used to part-finance the rebuilding of infrastructure in Kerala that was devastated by last year's floods. The secured fixed-rate bond has a five-year tenor with a 9.723 per cent coupon. The bond issue builds on the Kerala government's focus to get multinational corporations to invest in the state, which has traditionally been known for its unfriendly business policies, bureaucratic delays and recurrent industrial strikes.

KIIFB is a state agency that mobilises funds for infrastructural projects, over and beyond funds earmarked in the budgets. In the last three state budgets, Isaac, who is heavily banking on KIIFB funds, had announced projects worth Rs 50,000 crore funded by the agency. Of these, projects worth Rs 9,900 crore are in the process of tendering or implementation. Canadian investor CDPQ was the anchor investor in the masala bond issue.

"This is a milestone trans-

action for KIIFB and Kerala. KIIFB is the first sub-sovereign entity in India to access the international debt capital markets in this manner. This transaction has accomplished our objective of diversifying our sources of funding by accessing capital from international investors," KIIFB CEO KM Abraham said at the launch.

Isaac had earlier stated that the KIIFB was securitising future revenue. The government passes on a share of the motor vehicles tax and cess on petroleum products to KIIFB every year. KIIFB will be able to meet all debt serving obligations arising out of these borrowing just from the revenue es-crowed by the government, he had said. KIIFB came into existence in November 1999 to handle the investment bonds of the state government, as per the Kerala Infrastructure Investment Fund Act. But it was in 2016 that the present CPI (M)-led government changed the role of KIIFB from handler of investment bonds to an entity to mobilise resources for developmental projects over and beyond the budget. The new role of the KIIFB was first announced by Isaac in the budget of 2016-17, and in other two succeeding budgets, Isaac had heavily banked upon the KIIFB funds to boost the state's infrastructure development.

Given that CDPQ was the anchor investor in the bond issue, the Opposition has alleged that investment by CDPQ is a proxy for investment by Canadian firm SNC Lavalin, which had been alleged involved in a multi-crore corruption case pertaining to renovation of three power projects in Kerala two decades back when Vijayan was the electricity minister in the then Left government. Vijayan was accused in the corruption case that was probed by CBI, but a special court had allowed a discharge petition and cleared him of all charges.

BROAD-BASED RALLY

Sensex vaults 537 points ahead of exit poll results

ENS ECONOMIC BUREAU
MUMBAI, MAY 17

DESPITE MIXED global cues and capital outflows, the BSE Sensex on Friday soared 537 points and the NSE Nifty closed above the 11,400 level in a broad-based rally ahead of exit poll results.

Analysts said the markets are pricing in the formation of a stable government.

Investors bought into banking and auto stocks amid short-covering ahead of the exit poll results scheduled for Sunday. The 30-share BSE benchmark closed 537.29 points, or 1.44 per cent, higher at 37,930.77. Similarly, the broader Nifty rose 150.05 points, or 1.33 per cent, to settle at 11,407.15.

During the week, the Sensex gained 467.78 points, or 1.24 per cent, and the Nifty advanced 128.25 points, or 1.13 per cent.

Vinod Nair, head of research, Geojit Financial Services, said, "Despite global volatility, domestic market extended the surge due to continued accumulation in blue chips by domestic investors and short covering ahead of exit poll on Sunday. Auto and FMCG outperformed in expectation of ease in interest rate from RBI and prospects of near-normal monsoon. Having said that, investors remain focused on final election results for short term direction in the market." "There was heavy short-covering ahead of the exit poll results," said an analyst.

"Indian markets have been on a shaky ground for the past

EXPLAINED Investors take position ahead of exit poll projections

DAYS AHEAD of the last phase of polling on Sunday and the exit poll projections for the General Elections 2019, the market participants took position on Friday in anticipation of a stable government at the Centre.

While exit polls will be out by Sunday evening, market experts say that starting Monday there will be movement on the market based on the projection and hence participants moved in to invest in the market.

couple of days driven by ambiguity associated with the US-China trade negotiations and less-than-inspiring ongoing corporate earnings season. Further, the ongoing election season is another major variable that markets are watching closely. In the current scenario, it's critical that market participants keep resources handy to take advantage of opportunities once stability revives," said Jagannadham Thunuguntla, head of research (wealth), Centurium Broking.

Sectorally, the BSE auto, FMCG, finance, bankex and capital goods indices ended up to 2.45 per cent higher. However, healthcare, IT and tech lost up to 0.99 per cent. Broader indices followed the benchmarks, with the BSE mid-cap and small-cap indices settling in the green.

Jayant Manglik, president, Religare Broking, said, "Markets showed tremendous strength and gained nearly one and half per cent amid mixed cues.

Re snaps 3-day winning streak

Mumbai: The rupee on Friday declined by 20 paise to close at 70.23 against the US dollar as rising crude oil prices and recent foreign fund outflows weighed on the forex market sentiment. Forex traders said the decline in the local unit was in line with the weakness in other major Asian currencies vis-a-vis the US dollar. **ENS**

"Surprisingly India had mirrored global markets since the beginning of May this year. Therefore, irrespective of the election outcome, save and except one day knee-jerk reaction, Indian markets will continue to mirror global financial markets going forward as well," Modi said.

Asian markets were mixed on Friday as another rally on Wall Street and data indicating a strong US economy were offset by the increasingly tense trade and technology stand-off between China and the US. While Japanese stocks rose, bourses in China and Korea ended in the red.

European equities too opened significantly lower. The long-running Brexit saga also moved back into view, with the pound sinking to three-month lows on renewed concerns Britain will leave the EU with no deal as Prime Minister Theresa May tries to push her divorce deal through again.

'US-CHINA TRADE TENSIONS MAY LEAD TO DUMPING OF CHINESE GOODS IN INDIA'

Disruption in demand-supply dynamics: With China likely guiding its exports towards emerging markets, it could potentially disrupt the demand-supply dynamics in Indian domestic markets, especially for products such as electronic goods, iron and steel and organic chemicals

18% of US imports from China: Chinese exports accounted about 18 per cent of the total US imports in 2018, representing 2.34 per cent of the US GDP

Lower Chinese imports may stimulate US inflation: Given the substantial share of Chinese imports in comparison with the size of the US GDP, lower imports or a rise in the cost of imported goods could stimulate inflationary pressures in the US.

The rise in US-China trade tensions could lead to dumping of Chinese goods and weaker flow of foreign investment from the United States to emerging markets, including India, ratings agency Ind-Ra said



Weaker FPI flows to emerging markets: This could provide fillip to the US credit market yields, which in turn could push up discount rates and reduce arbitrage opportunity for US investors, resulting in weaker foreign portfolio

investment (FPI) flows to Emerging Markets, including India

Downward pressure on yuan: Fall in Chinese exports to the US could potentially put downward pressures on the Chinese

yuan, a devaluation of which could stimulate a competitive depreciation in the Indian rupee

Trade friction unlikely to benefit India: India is unlikely to benefit much from the ongoing trade frictions between the US and China as there is a stark difference in the nature of commodities exported by India and China to the US

SHARE OF INDIAN AND CHINESE EXPORTS TO US IN 2018:

30%: Pharmaceutical products, and gems and jewellery accounted around 30 per cent of Indian exports to US

47%: Electronic goods and capital goods accounted 47 per cent of Chinese exports to US

Etihad nominee on Jet Airways board Robin Kamark quits

ENS ECONOMIC BUREAU
MUMBAI, MAY 17

ROBIN KAMARK, nominee director of Etihad Airways, resigned from the board of Jet Airways amid speculation that the Abu Dhabi-based airline may not be keen on taking over the grounded airline.

"We wish to inform you that Robin Kamark, nominee director of Etihad Airways PJSC, resigned as director of the company with effect from May 16, 2019," Jet Airways said in an exchange filing. With the latest resignation, the strength of the Jet Airways board has come down to two.

According to the BSE website, Ashok Chawla, non-executive-independent director, and Sharad Sharma, non-executive-independent director, are the only remaining two directors on the Jet board. Chawla was former Union Finance Secretary and Sharma was MD of State Bank of Mysore.

Kamark, who joined as chief commercial officer of Etihad Aviation Group in July 2018, was appointed on the Jet board in December 2018. Earlier in the week, Jet Airways chief executive officer (CEO) Vinay Dube, Deputy CEO and chief financial officer Amit Agarwal and Kuldeep Sharma, company secretary and compliance officer, quit the company. Gaurang Shetty, a close associate of founder Naresh Goyal, had resigned as whole-time director from airline's board of directors last week. Jet founder Goyal was forced to step down from the airline on March 25 as part of a deal with lenders. Independent director Rajshree Pathy and former Aviation

Jet shares plummet over 24% in 1 month

Mumbai: Shares of Jet Airways have fallen over 24 per cent in one month since the cash-starved airline suspended operations. In one month, shares of the company tumbled 24.28 per cent to Rs 124.10 on the BSE Friday from Rs 163.90 on April 18. Its market valuation has eroded by Rs 451.26 crore to Rs 1,409.74 crore on BSE during the month. **PTI**

Secretary and Chief Election Commissioner Nasim Zaidi, who was a non-executive director, also quit Jet board last month.

The latest bid from Etihad Airways disappointed the lenders with the Abu Dhabi-based airline putting in stiff conditions including write-off of debt, bringing in another investor and exemption from open offer. The Etihad offer has turned out to be another expression of interest without making any binding offer. Etihad had refused to chip in with funds in March as its proposal for exemption from open offer and other concessions did not work out.

In April, Etihad which already owns 24 per cent stake in Jet Airways had refused to bail out the airline and instead offered its stake to the lenders. On April 17, Jet Airways decided to shut down its operations as the consortium of lenders refused to consider extending Rs 400 crore emergency funding to keep the airline flying.

Jet's overseas rights on some routes allocated to other airlines

ARUN NAYAL
NEW DELHI, MAY 17

THE MINISTRY of Civil Aviation has re-allocated Jet Airways' international flying rights on some of the routes to other carriers. Budget carriers IndiGo and SpiceJet have bagged most of these bilateral flying rights, sources aware of the development said.

In a meeting with top executives of various airlines on Friday, the Ministry approved the various requests by domestic carriers seeking bilateral flying rights to cities like Dubai, Singapore, Thailand, Hong Kong, Dhaka, Kathmandu and Abu Dhabi, where Jet had a significant capacity deployed.

Civil Aviation Secretary Pradeep Kharola said that allocation follows the requests by various airlines for international rights, including few new routes.

"The airlines had requested for international rights of Jet Airways. Today, they confirmed their requirements and we have logged in their requests. This will be for an interim period and Jet can reclaim these rights if revived. There were some slots outside of Jet as well that were requested by the airlines," Kharola told reporters.

Jet was the largest scheduled operator in India accounting for 13.8 per cent market share in international operations during FY18. The Mumbai-based carrier had rights to ferry over 24,000 passengers each week to/from Dubai and Abu Dhabi in UAE while it could operate 11,000 seats per week to Singapore. Its flying quota to Thailand, Qatar and Hong Kong stood at 10,000, 8,500 and 3,600 seats per week before it suspended all operations due to financial crunch.

According to sources, IndiGo's request to fly into China was also approved on Friday. This was not part of Jet's quota of bilateral flying rights. Since the grounding of Jet on April 17, the capacity on international routes went down sharply prompting the government to allocate Jet's quota of seats to other carriers.

Tata Sons and Singapore Airlines joint venture Vistara and Wadia-group owned GoAir also got some of the Jet's routes. National carrier Air India has al-

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PRADEEP KHAROLA,
CIVIL AVIATION SECRETARY

ready been awarded additional seats to Dubai, Doha and London from Jet's quota.

Apart from getting some routes from Jet's quota, IndiGo got fresh rights to operate in routes like Beijing, Shanghai and Kunming from Delhi and Kolkata. According to sources, the low-cost carrier will be operating 18-20 flights per week.

From Jet's quota, the airline has got new flights to Dhaka from Delhi and Mumbai and will increase daily frequency from Kolkata. It will also operate 8-10 flights per week to Hong Kong from cities like Delhi which were earlier operated by Jet.

An IndiGo spokesperson said the process to receive necessary approvals is still going on.

"At this stage, we are in the process of securing the necessary approvals to operate into China, and as soon as we receive all the requisite permissions from the government to operate, we will inform our key stakeholders accordingly," the spokesperson said.

Similarly for SpiceJet, new flights to Dhaka would be added from Delhi and Mumbai apart from increasing frequency from Kolkata. The carrier, which plans to add around 28 of Jet's Boeing 737 planes, has also bagged seats to Hong Kong from the grounded carrier's quota.

Full-service carrier Vistara too plans to fly passengers to Dhaka from Delhi and Mumbai, which were used by Jet earlier. Vistara is also planning to induct six Jet's Boeing 737 to kick-start its international journey.

IndiGo chief executive officer Ronjoy Dutta, SpiceJet's CMD Ajay Singh, and Vistara CEO Leslie Thng were present during the meeting with the Civil Aviation Ministry on Friday. **FE**

Boeing CEO: Software update on 737 MAX now complete

PRESS TRUST OF INDIA
WASHINGTON, MAY 17

BOEING SAYS it has completed its updates to the flight-control software on the 737 MAX and tested it for more than 360 hours on 207 flights, after two deadly crashes resulted in the grounding of the aircraft globally, including in India.

The 737 Max 8 and 9 models were grounded worldwide after an Ethiopian Airlines crash on March 10 that investigators have described as appearing similar to a Lion Air crash on October 29 last year. A total of 346 people died in the two crashes. In both accidents, the automated Maneuvering Characteristics Augmentation System (MCAS), pushed the planes' noses down while the pilots struggled to regain control.

"With safety as our clear priority, we have completed all of the engineering test flights for the software update and are preparing for the final certification flight," Boeing chairman, president and chief executive officer Dennis Muilenburg said on Thursday.

The update is expected to prevent erroneous angle of attack sensor readings from triggering



737 MAX airplanes parked on the tarmac at the Boeing Factory in Renton, Washington. Reuters file photo

the MCAS, something that initial investigation reports indicate occurred in both accidents involving MC aircraft.

He said in a statement that Boeing has completed development of the updated software for the 737 MAX, along with associated simulator testing and the company's engineering test flight.

To date, Boeing has flown the 737 MAX with updated MCAS software for more than 360 hours on 207 flights, he said.

The statement comes ahead of

an international gathering of aviation regulators in Dallas next week to discuss the reviews of the MAX. Boeing is now providing additional information to address US Federal Aviation Administration (FAA) requests that include detail on how pilots interact with the airplane controls and displays in different flight scenarios.

Once the requests are addressed, Boeing will work with the FAA to schedule its certification test flight and submit final certification documentation.

US delays imposition of tariffs on imports of auto, parts by 6 months

REUTERS
WASHINGTON/BRUSSELS,
MAY 17

THE WHITE House said on Friday that US President Donald Trump is delaying a decision for as long as six months on whether to impose tariffs on imported cars and parts to allow for more time for trade talks with the European Union and Japan. It said, however, Trump agreed with findings that imported vehicles and parts can threaten US national security.

The decision, at least for now, averts what was shaping up to be a new dramatic escalation in the Trump administration's trade disputes around the world, including a trade war with China.

Trump had faced a Saturday deadline to make a decision on recommendations by the Commerce Department to protect the US auto industry from imports on national security grounds and imposing tariffs of up to 25 per cent. Trump directed US Trade Representative Robert Lighthizer to pursue negotiations with the EU, Japan and any other country he deemed appropriate and report back within 180 days. If no

China talks tough on trade

Washington/Beijing: China struck a more aggressive tone in its trade war with the US on Friday, suggesting a resumption of talks between the countries would be meaningless unless Washington changed course.

Chinese foreign ministry spokesman Lu Kang, asked about state media reports suggesting there would be no

more trade negotiations, said China always encouraged resolving disputes with the US through dialogue and consultations. "But because of certain things the US side has done during the previous China-US trade consultations, we believe if there is meaning for these talks, there must be a show of sincerity," he said. **REUTERS**

deal is reached, Trump will decide by then "whether and what further action needs to be taken."

In a proclamation released on Friday, Trump said he agreed with a Commerce Department study that found some imported cars and trucks are "weakening our internal economy" and threaten to harm national security.

Automakers warned the tariffs cost hundreds of thousands of auto jobs, dramatically raise prices on vehicles and threaten industry spending on self-driving cars.

Meanwhile, the European Commission welcomed the US

move and said it was prepared to negotiate a transatlantic trade accord that included automobiles.

Meanwhile, the United States is learnt to be close to a deal to remove tariffs on steel and aluminum imports from Canada and Mexico, which could help the three countries' trade pact get ratified in the US Congress, according to media reports on Friday. Bloomberg reported that the effective date for removing the tariffs was the outstanding issue. Politico reported an agreement could be reached as early as Friday.

CERC allows power firms to claim coal compensation; to unlock ₹17K cr

ANUPAM CHATTERJEE
NEW DELHI, MAY 17

THE CENTRAL Electricity Regulatory Commission (CERC) has allowed power companies to claim compensation for the additional cost of coal procured from alternative sources due to Coal India's failure to meet supply obligations. While such compensation facility was available for the FY14-FY17 period under a modified coal distribution policy, it has since ceased to be in operation.

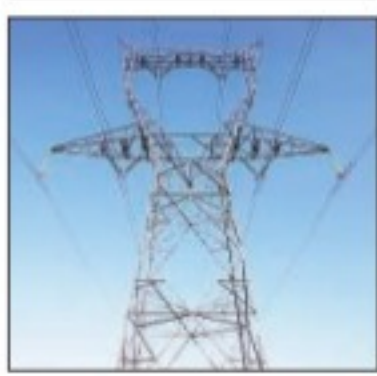
Industry estimates accumulated 'receivables' to power companies on account of this stalemate at around Rs 17,000 crore.

GMR Energy, which filed the petition claiming pass-through of extra fuel cost before the regulator, will be the immediate beneficiary of the CERC decision.

The latest regulatory order, invoking the 'change in law' clause in the Electricity Act, virtually entitles a clutch of other plants — including those of Jindal Steel and Power, Reliance Power, Rattan India, CESC and KSK Group — to similar reliefs. In all, about 15,000 mega watt of capacity is facing shortfall in supplies from Coal India, as per an industry source.

The compensation on account of coal shortage would be worked out according a formula prescribed by the CERC on a case

ORDER INVOKES 'CHANGE IN LAW'



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to case basis, the CERC said.

As per the modified flats of the New Coal Distribution Policy (NCDP), power plants receive 75 per cent of their contracted fuel quantities through CIL linkages.

The remaining coal are being sourced from other expensive means such as imports and e-auctions. However, the 2013 NCDP allowed power plants to claim higher tariffs for the additional cost till FY17-end.

CERC clarified that power plants receiving coal under the Shakti scheme are also entitled for compensation for any shortfall in supply of annual contracted quantities by CIL.

Private power producers have been writing to the government seeking advisory for pass-through of additional cost of fuel since 2017. On top of that, a number of power plants are still waiting to receive their reimbursements for additional coal sourced before FY17.

"There is a protracted process going on right now to determine the exact pass through amount," Ashok Khurana, director-general, Association of Power Producers, said.

Driven by shortage supply in the wake of sudden rise in electricity demand, power plants across the country imported 61.7 mt of coal in FY19, recording an annual rise of 9.3 per cent.

More than 27 million tonne of coal was offered exclusively to the power sector through e-auctions in FY19 when the highest bidding power plants, suffering under inadequate fuel supply, paid 72 per cent more than the 'notified price' of coal.

As reported recently, power producers have also complained that various subsidiaries of Coal India have "suddenly and unilaterally" increased floor prices (reserve price) at which these auctions begin. **FE**

GODREJ-OWNED NATURE'S BASKET OPERATING SINCE 2005

Spencer's Retail to acquire Nature's Basket for ₹300 cr

A part of RP Sanjiv Goenka group, Spencer's Retail is a multi-format retailer

ENSE ECONOMIC BUREAU
MUMBAI, MAY 17

SPENCER'S RETAIL Ltd, controlled by RP Sanjiv Goenka group, is acquiring 100 per cent stake in retail chain Nature's Basket Ltd of the Godrej group for around Rs 300 crore.

"The board of directors of Spencer's Retail Ltd has granted its approval for acquisition of 100 per cent stake in Nature's Basket Ltd, a wholly-owned subsidiary of Godrej Industries Limited (GIL), subject to approval of the shareholders of both the companies," GIL said in a filing to stock exchanges.

Operating since 2005, Nature's Basket is a neighbourhood convenience store format grocery retailer which sells products ranging from fresh fruits and vegetables, fish and meat, artisanal breads, fast moving consumer goods and staples.

Spencer's Retail Limited, part of RP Sanjiv Goenka group, is a multi-format retailer providing a wide range of products across categories such as food, personal

'WILL MAKE SPENCER'S A NATIONAL PLAYER'

■ Shashwat Goenka, sector head – Retail & FMCG, RP Sanjiv Goenka Group, said that the acquisition of Nature's Basket will make Spencer's Retail a "truly national player, giving it access to the West of India through its 36 stores in Mumbai, Pune and Bangalore"

■ Nature's Basket, a wholly-owned subsidiary of Godrej Industries Limited, is a neighbourhood convenience store format grocery retailer which sells products ranging from fresh fruits and vegetables, fish and meat, artisanal breads, FMCG and staples

care, fashion, home essentials, electrical and electronics to its key consumers.

Specialty sections such as Spencer's gourmet, patisserie, wine and liquor, and the recently launched the 'Epicuisine' section are some of the key differentiators in our hypermarket stores.

Tanya Dubash, executive director and chief brand officer, Godrej Group, said, "For over a decade, I have watched with pride as Nature's Basket grew from strength to strength with various firsts in the food retail industry. Looking forward, we re-

alised that to further unlock the immense potential of this brand and to grow it to even greater heights, we need to pass on the torch to owners who have prioritised retail in their portfolio strategy and have the relevant ecosystems to take the business to the next level."

"The retail industry is consolidating and to flourish in this environment, scale has become increasingly important. Spencer's Retail Limited is very keen to further strengthen the brand and strongly accelerate the growth of the business. I am confident

that this will be the beginning of a new chapter of growth and success for Nature's Basket," she further said.

Shashwat Goenka, Sector Head – Retail & FMCG, RP Sanjiv Goenka Group, said, "Nature's Basket will make Spencer's a truly national player, giving it access to the West of India through its 36 stores in Mumbai, Pune and Bangalore."

"These stores are located in prime residential locations, have a high sales throughput per square feet, and will add Rs 363 crore of top line to the Spencer's portfolio.

"Both Spencer's and Nature's Basket are positioned as experiential grocery retailers, and that is the first of many synergies that this acquisition brings. Nature's Basket has a strong portfolio of private label brands which has huge traction with its consumers. We believe there is huge potential to expand this to Spencer's stores. It also has a strong e-commerce presence, and we believe that fits in well with our omni channel strategy at Spencer's," Goenka said.

NCLAT annuls voting on NBCC bid for Jaypee Infra

ENSE ECONOMIC BUREAU
NEW DELHI, MAY 17

THE NATIONAL Company Law Appellate Tribunal (NCLAT) on Friday annulled voting by homebuyers and lenders on NBCC's bid to acquire bankrupt Jaypee Infotech (JIL), and allowed renegotiation on the offer by May 30.

Hearing a plea by IDBI Bank, seeking a stay or annulment of the voting process, a three-member NCLAT bench headed by chairman Justice S J Mukhopadhyaya also allowed nine homebuyers' associations representing around 5,000 buyers to file intervention

The appellate tribunal also allowed nine homebuyers' associations representing around 5,000 buyers to file intervention application

application.

The NCLAT also allowed the committee of creditors (CoC) to renegotiate on NBCC's bid by May 30. Fresh voting process will start from May 31, the bench said. On Thursday, voting started to approve or reject NBCC's bid to acquire JIL. As many as 13 banks and over 23,000 homebuyers of JIL have voting rights in the CoC.

The voting process was to end

on Sunday and the result was to be announced on May 20.

In its order on Friday, the bench said, "in the meantime, the voting already taken is annulled".

IDBI Bank, the biggest lender to the firm, had opposed NBCC's bid, saying it was conditional. It said NBCC's offer for the company was conditional upon grant of approval to transfer Yamuna Expressway's business.

The bench further said, "The CoC, if required, may renegotiate with NBCC by May 30, 2019, and will start fresh voting from May 31, 2019 and onwards."

The appellate tribunal left it to the CoC to approve the resolution plan of NBCC "if it is in accordance with law". However, the bench said, "In case the CoC is not inclined to accept the plan, they will not pass any order of rejection without prior permission of this appellate tribunal as the matter relating to their voting share and other financial creditors is pending consideration."

While allowing intervention application of homebuyers, the

bench said their representative can take legal assistance considering the fact that the allottees have no expertise in the legal field.

Earlier this month, creditors, including banks and homebuyers, rejected a bid by Mumbai-based Suraksha Realty through a voting process, following which the CoC decided to consider NBCC's offer.

In its revised offer, NBCC proposed an infusion of Rs 200-crore equity capital, transfer of 950 acres worth Rs 5,000 crore as well as Yamuna Expressway to banks and completion of flats construction by July 2023 in order to settle an outstanding claim of Rs 23,723 crore of financial creditors. **FE**

QUARTERLY RESULTS

Indian Oil net profit rises 17% on higher refinery margins

New Delhi: Indian Oil Corp (IOC) Friday reported a 17 per cent rise in its fourth-quarter net profit as inventory and foreign exchange gains neutralised lower refinery margins. The net profit of Rs 6,099.27 crore, or Rs 6.46 per share, in January-March 2019 was 16.88 per cent higher than Rs 5,218.10 crore, or Rs 5.51 per share, reported in the year-ago period, IOC Chairman Sanjiv Singh told reporters here.

"The variation is mainly on

account of inventory gains and product cracks," he said.

As international oil prices fluctuated, the company accounted for inventory gains. IOC had an inventory gain of Rs 2,655 crore in January-March 2019 as compared to an inventory gain of Rs 4,172 crore in the corresponding period of the previous fiscal. There was also a foreign exchange gain of Rs 837 crore as compared to a forex loss of Rs 676 crore a year ago. **PTI**

Dr Reddy's Q4 consolidated PAT up 44%

Hyderabad: Dr Reddy's Laboratories Limited's (DRL) Friday said its consolidated profit after tax (PAT) for the quarter-ended March 31, 2019 was up by 44 per cent at Rs 434.4 crore against Rs 302.2 crore in the year-ago quarter.

Saumen Chakraborty, CFO, DRL, said revenue for the quarter under discussion was up by 14 per cent at Rs 4,017 crore. **PTI**

Domestic bike sales push Bajaj Auto Q4 net up 20% at ₹1.4K cr

New Delhi: Riding on good domestic motorcycle sales, Bajaj Auto Friday reported 19.82 per cent increase in consolidated net profit at Rs 1,408.49 crore for the fourth quarter ended March 31, 2019. The company posted a profit of Rs 1,175.47 crore in the year-ago period, Bajaj Auto said in a regulatory filing.

Total revenue from operations for the period under review stood at Rs 7,395.19 crore as against Rs 6,788.43 crore in

the year-ago quarter, it said.

In the fourth quarter, the firm's total sales were up 14 per cent at 11,93,590 units against 10,45,378 units in the same period previous year, it said.

Bajaj Auto executive director Rakesh Sharma on Friday said the motorcycle segment, particularly in the domestic market, has done well even as the company faced headwinds in the commercial vehicles three-wheeler segment. **PTI**

Import of BIS-certified refurbished mobiles gets nod

ENSE ECONOMIC BUREAU
NEW DELHI, MAY 17

INDIA HAS finally allowed import of refurbished or second mobile phones, subject to the condition that they are certified by the Bureau of Indian Standards (BIS).

Though the move meets de-

mands of mobile operators like Apple, which has been seeking permission for import of refurbished iPhones for the past few years, analysts in the sector said the process is cumbersome and fraught with risks.

Their chief concern is that how will the BIS be able to certify refurbished phones as they lack in uniformity. For instance, new

phones have a uniform standard and can be examined for certification purposes by picking up a sample.

However, such uniform sampling is not possible in the case of refurbished mobile phones.

The government was earlier against import of refurbished electronics products into the country, fearing that companies

may use it to dump hazardous electronic waste.

Furthermore, it would negate the effect of Make in India initiative. The government had also told Apple that in-principle, it was against import of refurbished electronics items.

As per a May 7 notification by the Commerce Ministry, the import of electronic goods (new as

well as second hand, whether or not refurbished, repaired or re-conditioned)" which require compulsory registration, is prohibited unless they are registered with BIS and comply to the labelling requirements.

Moreover, the import can be allowed if Ministry of Electronics and IT gives a specific exemption for a particular consignment. **FE**

US FDA labels J&J surgical staplers' recall as severest

REUTERS
NEW YORK, MAY 17

THE U.S. Food and Drug Administration warned of risks of serious injury or death from surgical staplers made by Johnson & Johnson's Ethicon unit, labeling a recent recall of the device as its most serious. The recall, initiated early April by Ethicon, covers 92,496 surgical staplers and is now labeled as "Class-1" - the strictest form of recall issued by FDA, where use of faulty devices may cause serious injury or death.

J&J's Ethicon unit confirmed serious injuries to two patients, related to the use of the recalled product, the FDA said. The staplers, regulated as Class I medical devices that do not require a pre-market submission to the FDA, are used by surgeons during gastrointestinal procedures.

NSE to move SAT against Sebi rulings in co-location case

PRESS TRUST OF INDIA
MUMBAI, MAY 17

THE LARGEST stock bourse in the country NSE on Friday said it will soon move the Securities Appellate Tribunal against Sebi rulings in the co-location case as there are "strong grounds" to challenge the orders.

In April, Sebi directed the exchange to disgorge profits worth over Rs 1,000 crore and imposed a six-month ban on launching new derivative products besides action against other entities, including some current and former officials.

The watchdog had passed five separate orders, together running into 400 pages, related to the co-location case, wherein some entities allegedly got preferential access in high frequency trading.

"... the company believes that it has strong grounds to contest the above orders including monetary liability (including from adjudication proceedings) raised by Sebi," the NSE said.

"The company intends to file appeals before the Securities Appellate Tribunal (SAT) against the orders passed by Sebi," the exchange said in its annual accounts statement signed by its MD and CEO Vikram Limaye.

Earlier, Sebi had directed it to carry out an investigation, including forensic examination by independent external agencies in respect of certain aspects of NSE's co-location facility.

Pending completion of the investigations, all revenues emanating from the co-location facility with effect from September 2016 were being transferred to a separate bank account.

Bharti Airtel's ₹25,000 crore rights issue oversubscribed

PRESS TRUST OF INDIA
NEW DELHI, MAY 17

TELECOM OPERATOR Bharti Airtel said Friday that its about Rs 25,000 crore rights issue has been "over-subscribed" as per the preliminary information received.

The company's rights issue, which had opened on May 3, closed for subscription on Friday. "The company would like to bring to your notice that, based on preliminary information received, the rights issue has been over-subscribed," the company said in a regulatory filing. The applications received in the rights issue are subject to verification and clearing of payments, and finalisation of the basis of allotment, it added.

Airtel had announced the rights issue to raise up to Rs 25,000 crore through issuance of fully paid-up shares at a price of Rs 220 per share, and additional Rs 7,000 crore through a foreign currency perpetual bond issue.

The company had said the capital infusion will help it continue investments in future roll-outs to build large network capacity and create content and technology partnerships to ensure the strong customer experience.

The company had previously also received commitment from its single-largest shareholder Singtel, promoters, and GIC Singapore to participate in the Rs 32,000-crore fundraiser.

Debroy says states should contribute in funding for projects

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NEW DELHI, MAY 17

STATE GOVERNMENTS should contribute in funding for defence, national highways and railways projects, said Bibek Debroy, Chairman, Economic Advisory Council to Prime Minister (EAC-PM). When the Centre provides funds for healthcare, which is a state subject, should states not contribute their bit for defence, railways and national highways, Debroy wondered.

"Railways is important, national highway is important. If they are important then just as Union government should contribute on health, even as health happens to be (on the) state list. "By the same token, state governments should also contribute for their share in defence, national highways, railways," he said at an event organised by ASSOCHAM. Noting that India as a country is excessively centralised, Debroy said, "in other words, I think we have come to a cusp when we need to debate the present package of central sector and centrally sponsored schemes (CSS)".

Stressing that fiscal consolidation is important, he said there is a need to prioritise and decide areas that are important from point of view of public administration.

Pointing out that India's tax to GDP ratio is low at 17 per cent,

BRIEFLY

Critical illnesses may be part of health policies

New Delhi: The Insurance Development and Regulatory Authority of India is mulling barring insurers from excluding several critical illnesses such as mental problems, genetic diseases, neurodevelopment disorders and psychological disorders from health insurance policies.

Nilekani panel on e-payments submits report

Mumbai: A Reserve Bank-appointed committee headed by Aadhaar architect Nandan Nilekani submitted its suggestions on promoting digital payments to Governor Shaktikanta Das Friday, the central bank said.

Yes Bank to claw back ex-MD's bonus

New Delhi: Yes Bank will claw back Rs 1.44 crore bonus paid to its founder and former chief Rana Kapoor after RBI's directions. "... in accordance with the directions of RBI, the Board of Directors of the Bank had considered and approved clawback of 100 per cent of performance bonus paid to Rana Kapoor for FY 2014-15 and FY 2015-16 net of taxes," Yes Bank said.

L&T buys 13,440 shares of Mindtree

New Delhi: Infrastructure major Larsen and Toubro (L&T) on Friday acquired 13,440 shares of Mindtree from the open market, as per a regulatory filing.

Fortis arm to offload its entire stake in MSCL

New Delhi: Fortis Healthcare on Friday said its Mauritius-based arm Fortis Healthcare International will sell its entire stake in Medical and Surgical Centre Ltd (MSCL).

'DoT panel on 5G trials submits report'

New Delhi: A panel set up to recommend the scope of 5G trials in the country has submitted its report to the Department of Telecom (DoT), a source said. **PTI**

'India needs to make efforts'

New Delhi: India needs to make all efforts to reach 'double digit' growth and should not treat 7 per cent expansion as the 'new normal', EAC-PM on member Shamika Ravi said Friday. She also refuted the contention of her EAC-PM colleague Rathin Roy that India could fall into the middle income trap — a term used by World Bank to refer to nations that get stuck at a middle level of economic development as they attempt to grow rich. **PTI**

Debroy said, "As long as we have tax exemptions we will not have simplified tax structure".

Debroy also said that for a country like India, the largest contribution to growth and productivity will probably come about from more efficiently using land, labour and capital, thus they must be used more efficiently.

"Our titling systems are pretty pathetic, there are states in India where cadastral surveys are obsolete and unless we update them, unless we have some kind of reasonable titling system it would be extremely difficult to use land efficiently," he said.

