ECONOMY

GOLD ₹35,720 | RUPEE ₹68.94 | OIL $63.06* | SILVER ₹41,950

*Indian basket as on July 22, 2019

SENSEX: 37,982.74 ▼ 48.39 NIFTY: 11,331.05 ▼ 15.15 NIKKEI: 21,620.88 ▲ 204.09 HANG SENG: 28,466.48 ▲ 95.22 FTSE: 7,561.02 ▲ 46.09 DAX: 12,495.23 ▼ 205.83

International market data till 1900 IST

ICIJ-THE INDIAN EXPRESS INVESTIGATION

Mauritius route: Four ships, a Hong Kong firm & Jindal Steel

JAY MAZOOMDAAR
NEW DELHI, JULY 23

AMONG THE assets disposed of by a beleaguered Noble Group, a Hong Kong-based commodity trading giant, in 2018 as part of a $3.5-billion debt restructuring were four bulk carrier vessels. The Hong Kong company owned these ships through a Mauritius company controlled jointly with Jindal Steel and Power Limited, records of Conyers Dill Pearlman show.

An investigation by *The Indian Express* shows that the chain of transactions begins in 2011 when Mudit Paliwal quit his position as co-head of global freight business at Noble Group and set up Panacore Investments Limited (PIL), backed by New Delhi-based entrepreneur Sunil Nihal Duggal. Records show that PIL was owned by Prosperity Investments Worldwide Limited (BVI) where Vision Shipping Private Ltd, a Singapore company set up in August 2011, held 90 per cent stake and Paliwal and his wife Aishwarya the remaining 10 per cent. "The understanding" between Duggal and Paliwal, records show, entitled Paliwal "to take additional 20 per cent shareholding in Prosperity at par."

While Duggal's role in Vision Shipping (Singapore), incorporated months before PIL, remains unclear, he set up Vision Shipping Private Limited in India in 2006. One of its subsidiaries Vision Shipping HK Ltd (later Nihal Group HK Limited) was incorporated in 2009. In an emailed response, Sunil Duggal denied being a beneficiary of Vision Shipping Pte Limited (Singapore), underlining that Vision Shipping Pvt Ltd (India) had "no connection with Panacore businesses" and Vision Shipping (Singapore). In May 2012, PIL placed orders with Chinese builders for four "kamsarmaxes" — 82,000-ton bulk carriers or ships — for $108 million, plus another $5 million in legal and delivery expenses.

Four subsidiaries, Core Ambition Limited, Core Forte Limited, Core Integrity Limited and Core Vision Limited, set up in Marshall Islands were to register a ship each upon delivery. Under 80:20 debt:equity ratio, the total equity requirement for purchasing the vessels was $22.5 million. In August 2012, Jindal Steel and Power (Mauritius) Limited signed an MoU with Duggal and Paliwal to pump in $9 million into PIL and its freight business company Panacore Shipping Pte Limited (Singapore).

Before JSPML's entry, records show, the already complex offshore structure had a ship-owning company (PIL), a management company (Panacore Resources DMCC, UAE) and freight business company (Panacore Shipping) under a holding company Panacore Group Pte Limited (Singapore) which was owned by Prosperity Investments Worldwide limited (BVI). Vision Shipping (Singapore) and Paliwal held shares of the BVI company at 90:10 ratio.

CEO Paliwal exited PIL in November 2013. Records show that JSPML kept pumping funds to the tune of $23 million through the year. Following Paliwal's exit, the holding structure changed and, by February 2014, JSPML held 16,000 shares in PIL and Vision Shipping Pte Ltd the remaining 4,000. In another restructuring, Vision exited the company by transferring its shares to JSPML which in turn passed on 7,000 shares to its subsidiary Blue Castle Ventures Limited (BCVL, Mauritius) in March 2014. Claiming that he did not "remember exactly" the details, Duggal said he was "director (in PIL) for a few years" and Vision Shipping (Singapore) exited Panacore businesses "around the time Panacore started making huge losses."

"JSPL complied with all the requisite regulations and made all the filings under the ODI regulations. Further, all requisite disclosures were made in the audited financial statements ..."

JSPL SPOKESPERSON

In April 2014, JSPML sold its 65 per cent stake in PIL to Noble Chartering Limited, a wholly-owned subsidiary of Noble Group Limited. Noble Group also paid off PIL's debts to Vision and Cumulative Investments Limited, a Hong Kong company. It also settled partly what PIL owed to JSPML. The unsettled part of JSPML's loans was transferred to its subsidiary Blue Castle Ventures Limited which continued to hold 35 per cent stake in PIL.

The Jindal group removed PIL and its four subsidiaries as subsidiaries on record from April 8, 2014, the day Noble acquired JSPML's stake in the company. However, records show, Noble and Jindal were "running the business in Joint Venture basis (Jointly Controlled Entity)". In an emailed response, a JSPL spokesperson said: "The prime reason for JSPML to venture into the shipping business was to complement its increasing export and import volumes. Since JSPL did not have any experience in the shipping business, it later decided to divest the majority stake to a strategic partner and accordingly 65 per cent stake was sold to Noble Chartering which was world renowned in the shipping business. However, all the activities with respect to operations (including chartering), financing, financial accounting and reporting and management of PIL was being managed by Noble and JSPML through BCVL."

The four vessels — Ocean Ambition, Ocean Forte, Ocean Integrity and Ocean Vision — were delivered during 2014-15. By 2016, Noble Group's businesses floundered and it ran into debt. In August 2017, Noble Chartering Limited completed its takeover of PIL by acquiring the remaining 35 stake for a consideration of $1, apparently to facilitate the group's debt restructuring.

The JSPL spokesperson said: "Due to financial constraints at JSPML leading to JSPML defaulting in debt servicing commitments, JSPML/BCVL could not meet its funding commitments towards PIL and Noble continued to fund the same. PIL valuation fell drastically due to the fall in the value of the ships and the continuing operating losses incurred by PIL and JSPML/BCVL had huge liability towards Noble. Against this backdrop JSPML decided to sell its 35 per cent stake in PIL to Noble at US$1 which was hugely benefiting to JSPML as JSPML did not have to fund the past liabilities." "JSPL complied with all the requisite regulations and made all the filings under the ODI regulations. Further, all requisite disclosures were made in the audited financial statements," the spokesperson said.

It took Noble Group a year to complete sale of mortgaged Panacore vessels by September 2018 for approximately $95 million, allowing the group to retire $63 million of debt.

ANDHRA PRADESH MOVE TO REOPEN RENEWABLE ENERGY CONTRACTS

Banks stare at fresh NPAs, debt exposure of ₹21K crore at stake

ENS ECONOMIC BUREAU
NEW DELHI, JULY 23

OTHER STATES MIGHT INITIATE SIMILAR MOVES

- **Move to reopen contracts, alongside raising serious questions among investors about the sanctity of contracts, could potentially lead to a fresh wave of NPAs in the banking sector**
- **There are concerns that other states could take a cue from this and initiate similar reopening if wind and solar project PPAs on the same grounds cited by the AP government**

A DECISION by the Andhra Pradesh government to reopen contracts signed with wind and solar generators could impact at least 50 of India's biggest RE (renewable energy) developers and puts at stake nearly 5.2 gigawatts (GW) of projects, with an estimated debt exposure of over Rs 21,000 crore.

Nearly half of this capacity, according to rating agency Crisil, is at higher risk of default as they lack liquidity support beyond the project level. The move to reopen contracts, alongside raising serious questions among investors about the sanctity of contracts, could potentially lead to a fresh wave of non-performing assets (NPAs) in the banking sector.

The move is a body blow for RE developers, who have been the only bright spark in the otherwise sluggish electricity generation sector, with FDI inflows of $3.22 billion over the last four years alongside significant domestic investment leveraged by bank funding. There are concerns that other states could take a cue from this and initiate similar reopening if wind and solar project PPAs on the same grounds cited by the Andhra government — that tariffs discovered in subsequent years have been cheaper.

The Jagan Reddy-led government in Andhra Pradesh, an ally of the NDA Government at the Centre, had decided to "review" and "bring down" tariffs of all competitively bid renewable power projects in the state. The AP order, issued on July 1, directed a high-level negotiation committee to use "current rates", "rates prevalent at the time of commissioning of projects", and "the current opportunity cost of other sources of power" to benchmark and renegotiate agreements, and also submit its report to the state government in 45 days.

Affected private developers have raised concerns that this move by the state utilities to reopen contracts comes amid a general reluctance by the states to renegotiate pacts signed with old and inefficient state-owned thermal plants, most of which are idling due to high tariffs but the distribution utilities are still forced to fork out fixed charges.

In response to pressure from the Centre seeking a review of the move, the Andhra Pradesh government has said it would go ahead in renegotiating power purchase agreements with private developers. In a missive to the Prime Minister's Office, the AP government has struck a defiant note and said: "Though we are aware of the legal nature of contracts and their importance, the divided state of Andhra Pradesh and the discoms which are in a debt trap are helpless to honour these high-cost renewable power purchase agreements done with mala fide intent."

As on end-May 2019, a total capacity of around 78.35 GW had been installed in the country of which 40 GW has been added during the last five years. The move by the AP government comes at a time when India's progress towards its March 2022 target of 227 GW of renewable energy capacity is blunted somewhat due to the feeble progress in addressing the damage on account of the country's massive fleet of aging and inefficient coal- and lignite-fueled thermal power plants. Experts say that an exit option would relieve discoms from onerous financial liability and the funds thus released can be used by them to buy cheaper and more power, and supplying it to consumers at better rates.

"Around 5.2 GW projects out of 7.5 GW in AP are supplying power to state discoms under long-term power purchase agreements (PPAs) at pre-determined tariffs. They now face renegotiation risk given that their tariffs are above the recent auction prices of below Rs 3 per unit for renewable projects and average power purchase cost of Rs 3.8 per unit in AP in fiscal 2019," Manish Gupta, Senior Director, Crisil Ratings. Assuming a typical debt funding of Rs 4 per MW (1 GW is equal to 1000 MW), this would put around Rs 21,000 crore of debt at risk of default. In the event of any adverse recommendation by committee, generators could take the legal route to stall implementation, which will end up prolonging the resolution and result in further delays in payment to renewable projects.

Issues of tariff renegotiation have also surfaced in the past in AP when discoms requested renegotiation of contracted wind tariffs to lower levels, which was rejected by the Andhra Pradesh Electricity Commission by upholding the terms of the signed power purchase agreements.

'Sovereign bond yields to consolidate ahead of rate review'

Post-Budget rally in Indian bonds has lost steam and going forward yields are expected to consolidate ahead of monetary policy review meet next month, as per a DBS report

6.45%

Ten-year yields (generic) bounced to 6.45 per cent on Monday from sub-6.4 per cent late last week

PROFIT-TAKING TRADES: Indications of a pause in rate-cutting cycle and 30 bp slip in yields since Budget, stoked profit-taking trades

WORTH 100 BPS: RBI Governor Shaktikanta Das implied that three rate cuts in 2019 accompanied by a change in policy stance could be cumulatively considered as a 100 bps worth reduction in policy rate, with transmission of these cuts likely to be next priority

DATA-DEPENDENT: RBI's preference to be data-dependent is not surprising, "as Indian benchmark rates have been reduced by the most year-to-date vs regional peers"

CLOUDED PATH: Path is also clouded, but further easing cannot be entirely dismissed if inflation stays below the 4 per cent target, core inflation continues to moderate, rains bridge shortfall and oil prices witness two-way price action

Rise in government borrowings might have triggered NBFC crisis, says Acharya

GEORGE MATHEW
MUMBAI, JULY 23

"Might such forces have partly contributed to the surge in asset-liability mismatch of the NBFC sector for twelve months starting in the second half of 2017 when there was an upward revision in the quantum of government borrowings? I find this an intriguing possibility that is worthy of further inquiry"

VIRAL ACHARYA

OUTGOING RESERVE Bank Deputy Governor Viral Acharya has expressed the possibility that the rise in government borrowings in the second half of 2017 might have led to the asset-liability mismatch in the troubled non-banking financial companies (NBFC) sector and this "is worthy of further inquiry".

"Might such forces have partly contributed to the surge in asset-liability mismatch of the NBFC sector for twelve months starting in the second half of 2017 when there was an upward revision in the quantum of government borrowings? I find this an intriguing possibility that is worthy of further inquiry," Acharya said.

"Thus, not only does government borrowing crowd out the private sector, but it can also induce the private sector to borrow more short-term, which can increase financial fragility," he said. A series of defaults by some NBFCs and housing finance companies since the second half of 2018 has severely hit the financial sector.

Acharya, who demitted the RBI post on July 23, six months ahead of the end of his three-year tenure, said the ability and willingness of NBFCs to borrow long-term comes down when government borrowing increases. "Not only does their total debt come down in response, but they rely more and more on short-term paper. When government debt increases by 10 per cent, the share of long-term debt for NBFCs comes down by 1.7 per cent," he said while delivering the Federal Bank Hormis Memorial Foundation Lecture. The speech was released on the website of Federal Bank.

"If NBFCs rely on short-term debt and are hit by a shock, such as loan defaults or an inability to roll over the financing against illiquid assets, then they can experience the unfortunate confluence of asset-quality and funding pressures with adverse impact on their balance-sheets and future intermediation activity," he said.

Acharya said high levels of issuance of public debt by the government can render monetary policy actions ineffective by interfering with the sound transmission of monetary policy, raise the cost of borrowings and crowd out the private sector from the market.

Acharya said, "as more government debt floods markets, the relative safety and liquidity premium attached by investors to high-rated corporate bonds diminishes, raising the cost of borrowing especially for AAA-rated borrowers and making it relatively less sensitive to policy rate cuts."

According to him, when the central bank cuts the policy rate with a view to reduce economy-wide cost of funds, the ultimate objective is to make more and cheaper credit available to the economy, in part also by getting corporate bond market participants to accept lower yields. "Such pass-through of the RBI's interest rate decisions (monetary policy transmission) is generally seen to be much weaker than one-for-one; a standard quarter-point (25 basis points) cut in the repo rate translates during the quarter into a 7.5 bps fall in yields for AAA-rated bonds and a mere 4.25 bps for BBB-rated ones," he said.

On some possible remedies to alleviate the crowding-out effects of government financing, he said, "one possible solution is for the government to improve the share of capital expenditures which currently stands at a meagre 14 per cent for India. Serious rationalisation could be undertaken in the form of cutting back on subsidies and programs that are not delivering long-run growth, and instead, focusing on the provision of public goods ... " On June 24, Acharya, a strong votary of central bank's independence who differed with Governor Shaktikanta Das on inflation, growth prospects and rates, resigned from his post "due to unavoidable personal circumstances".

EXPLAINED

Remedy: Hike capex share, cut stake in PSUs

RBI DEPUTY Governor Viral Acharya has warned on the consequences of elevated government borrowings: lesser availability of resources for private sector, poor transmission of lower policy rates into market rates and pressure on non-banking financial companies to borrow short term funds, thereby increasing financial fragility. A remedy for this could be the government increasing its share of capital expenditure — which stands at a low rate of 14 per cent — and divesting stake in public sector enterprises to bring in efficiencies and reduce debt, he argued.

Monetary policy dept under Kanungo

Mumbai: BP Kanungo, Deputy Governor of the Reserve Bank of India, has been given the charge of Monetary policy Department of the RBI. Viral Acharya who was looking after this crucial department demitted the office on Tuesday, six months ahead of the end of his three-year tenure. Kanungo will also become a member of the Monetary Policy Committee which sets interest rates. **ENS**

FY19 I-T return filing due date extended till Aug 31

ENS ECONOMIC BUREAU
NEW DELHI, JULY 23

THE CENTRAL Board of Direct Taxes (CBDT) Tuesday extended the due date of filing income tax return by one month for certain category of taxpayers. Individuals, Hindu Undivided Family (HUF), Association of Persons and businesses whose accounts are not required to be audited need to file their income tax returns by July 31, 2019 for assessment year 2019-20 (financial year 2018-19). This date has now been extended to August 31, 2019 as "taxpayers were facing certain difficulties".

"... the Central Board of Direct Taxes extends the 'due date' for filing of Income Tax Returns from 31st July, 2019 to 31st August, 2019 ...," the Finance Ministry said.

The new rule of mandatory filing of I-T return by July 31 for these category of taxpayers had kicked in last year. Prior to that, taxpayers could file returns by March 31 without paying penalty. If the return is furnished after due date of filing but on or before December 31, it will attract a penalty of Rs 5,000, which doubles to Rs 10,000 if the return is filed between January 1 and March 31. If the total income of the person, however, does not exceed Rs 5 lakh, penalty shall not exceed Rs 1,000.

Slow sales: Bajaj Auto, TVS Motor in price cut mode

PRITISH RAJ
NEW DELHI, JULY 23

IN AN effort to combat subdued sales, Bajaj Auto and TVS Motor Co are taking steps like trimming prices between Rs 500 and Rs 2,000 on some products. Some dealers are also sacrificing a part of their margins.

Prices of two-wheelers have risen over the past year on several counts, including higher insurance costs and because vehicles needed to fitted with anti-lock braking systems from April 1, 2019. While Bajaj Auto said its spokesperson was not available to comment, TVS Motor did not reply to queries till the time of going to press. **FE**

Capex revival 12-18 months away: L&T

ENS ECONOMIC BUREAU
MUMBAI, JULY 23

LARSEN AND Toubro (L&T) on Tuesday reported a 21 per cent year-on-year jump in consolidated net profit to Rs 1,473 crore, though revenues grew at a sedate 10 per cent y-o-y to Rs 29,636 crore. Moreover, fresh orders during the quarter were up a modest 11 per cent YoY to Rs 38,700 crore. Nonetheless, it stood by its guidance of a 10-12 per cent growth in order inflows and a 12-15 per cent increase in revenues in 2019-20.

Management commentary was more than cautious, with L&T CFO R Shankar Raman saying order inflows were expected to pick up in the second half of the year. "Though some non-industrial capex from private sector has taken place, large industrial investments will take another 12-18 months as liquidity is a challenge," Shankar Raman said.

"We are not sure if capital markets are ready to provide money. After the latest tax on capital market participants, liquidity in capital market cannot be taken for granted. The debt market is in a shambles, banks are running scared to take credit decisions. In the current environment, the private sector will think 10 times before it commits capital," the CFO said.

L&T CEO & MD SN Subrahmanyan pointed out that on the one hand, the government was tightening the fisc while on the other the private sector "is hardly there". Subrahmanyan said the company was being cautious "about how we move forward", adding it would take two-three months for the situation to ease. **FE**

JUNE 2019 QUARTER

HUL profit up 14.4%; Moderation in market as rural growth slowed: CFO

ENS ECONOMIC BUREAU
MUMBAI, JULY 23

Domestic consumer growth was 7% with underlying volume growth at 5% during the quarter, HUL said

DRIVEN BY improvement in margins, FMCG major Hindustan Unilever Ltd (HUL) has reported a 14.40 per cent increase in its consolidated net profit at Rs 1,795 crore for the first quarter ended June 2019 as against a net profit of Rs 1,569 crore in the same quarter of the previous financial year.

Net sales during the June 2019 quarter stood at Rs 10,197 crore, a rise of 6.04 per cent as against Rs 9,616 crore in the year-ago period. "Domestic consumer growth was 7 per cent with underlying volume growth at 5 per cent" during the quarter, HUL said in a statement. "Margin expansion was driven by improved mix, leverage in operating and advertising spends and our savings agenda."

HUL chairman and managing director Sanjiv Mehta said, "Against the backdrop of moderate market growth, HUL has delivered a resilient performance driven by expansion of our consumer franchise, improvement in portfolio mix and sustained growth in margins." Its focus on strengthening the core, leading market development and premiumisation, driving channel transformation and building brands with purpose, continues to serve it well, he said.

HUL chief financial officer Srinivas Phatak said there has been some moderation in the market condition as rural growth rate which was ahead of urban growth for several quarters has slowed and has almost become equal to urban growth. "In the quarter, the rural growth has been at par with urban. Earlier, rural use to grow faster than urban, now rural is still growing but it's at par with urban," he said.

HUL's total expenses for the quarter was Rs 7,896 crore as compared with Rs 7,604 crore, a rise of 3.84 per cent.

On the outlook, Mehta said, "We believe our business is well-positioned to unlock the structural FMCG India opportunity as well as in terms of navigating the short-term challenges arising from softening of growth."

Government aims to cut patent examination time to six months

ENS ECONOMIC BUREAU
NEW DELHI, JULY 23

IN A move to improve the ecosystem for innovation in India, the Department for Promotion of Internal Industry and Trade (DPIIT) aims to reduce the time taken to examine patents to six months as part of its five year plan from 18 months currently.

India hopes to further improve its ranking among the world's most innovative economies, and has set an "ambitious" target for itself. "We have made a benchmark that we must complete all our patent examinations in 18 months. Actually, in our five year program, we hope to bring it down to six months," said DPIIT secretary Ramesh Abhishek during a briefing before the launch of the Global Innovation Index 2019.

"We are definitely hoping for improvement (of our position on the index in 2019), as we have improved in indicators like ease of doing business," he said. India already jumped to the 57th position on the GII in 2018 from the 81st position in 2015. The index, prepared by the World Intellectual Property Organisation (WIPO), analyses the innovation performance of 129 countries and economies around the world.

India hopes to further improve its ranking among the world's most innovative economies

This includes the political environment, education, infrastructure and business sophistication. GII 2019, which is being released in partnership with DPIIT and the Confederation of Indian Industry (CII) on Wednesday, focuses on innovation in medical technology.

At the same time, global innovation landscape is faced with hurdles of increasingly protectionist measures by countries, which has impacted foreign investment, WIPO director general Francis Gurry said. "There is a tendency not to do things multi-laterally. We see this, of course, all around the world and I think this is a crisis and something we all need to think about...We are becoming increasingly interconnected as a world, but institutional cooperation on international level is in some respects reducing or not keeping pace with way in which technology is bringing us together," he said.

"There are important signs of closure, not just in any one country by the way. For example, since the G20 dropped its commitment to a reduction of tariffs, we have seen a large number, in fact a higher percentage, of unilateral measures taken by countries in respect of favouring of local champions," he said, adding that foreign direct investment has been on decline globally over last three years and FDI screening has become "much more stringent".

TO FINALISE INCLUSION OF DRUGS IN LIST

Essential medicines: Expert panel calls stakeholder consultations

ENS ECONOMIC BUREAU
NEW DELHI, JULY 23

AN EXPERT committee set up last year to update India's latest list of essential medicines has called on industry and civil society bodies this week for discussions before it finalises drugs to be included in it.

The Standing National Committee on Medicines (SNCM) has called pharmaceutical associations, companies and patient groups on Thursday to conduct its "first" stakeholders consultation on the existing National List of Essential Medicines (NLEM). This includes feedback on NLEM 2015, as well as inputs on cancer and cardiology medicines that should be a part of the new list, according to a copy of the invitation that *The Indian Express* has viewed.

SNCM also plans to discuss the addition of penicillin preparations, which some stakeholders say may be a point of contention as Indian drug makers are highly dependent on Chinese firms for the raw ingredients of such formulations and that the costs of these ingredients have been on the rise.

PLANS TO DISCUSS ADDING PENICILLIN IN LIST

- **SNCM also plans to discuss addition of penicillin preparations, which some stakeholders say may be a point of contention as Indian drug makers are dependent on Chinese firms for the raw ingredients**
- **Once a drug is included in National List of Essential Medicines, it is notified for price control**

This is because, once a drug is included in India's NLEM, the Department of Pharmaceuticals notified it under Schedule I of the Drug (Prices Control) Order, 2013, for price control. Following this, the National Pharmaceutical Pricing Authority (NPPA), India's drug pricing watchdog, caps the ceiling prices of these medicines.

The committee, mandated to look into the issue of AMR while recommending drugs for inclusion or deletion in the latest NLEM, will also be carrying out consultations on this issue.

The consultations also assume importance as they follow changes to the format of the World Health Organisation's (WHO) global model list of essential medicines. This includes inclusions of expensive new cancer and cardiovascular drugs as well as categorizing antibiotics—those with wide application and low potential to add to AMR (Access), those with higher resistance potential requiring limited access (Watch) and those to be used as a last resort option against multi-drug resistant bacteria (Reserve).

"India would have no choice but to also look into the issue (of the highly priced cancer drugs in WHO's list) to see which ones would be needed here," said Malini Aisola of patient activist group All India Drug Action Network (AIDAN). The list also needs to look at including more medical devices to ensure their affordability, she said.

IMF lowers India growth forecast

LALIT K JHA
WASHINGTON, JULY 23

THE IMF on Tuesday projected a slower growth rate for India in 2019 and 2020, saying its GDP will now grow respectively at the rate of 7 and 7.2 per cent reflecting a weaker-than-expected outlook for domestic demand. However, India will still be the fastest growing major economy of the world and much ahead of China, the Washington-based global financial institution said.

"India's economy is set to grow at 7.0 per cent in 2019, picking up to 7.2 per cent in 2020. The downward revision of 0.3 percentage point for both years reflects a weaker-than-expected outlook for domestic demand," IMF said. Releasing the report IMF's Chief Economist Gita Gopinath said the IMF is revising downward its projection for global growth to 3.2 per cent in 2019 and 3.5 per cent in 2020. **PTI**

Sebi directs Hotel Leela to make additional disclosures to shareholders on asset sale

PRESS TRUST OF INDIA
NEW DELHI, JULY 23

MARKETS REGULATOR Sebi on Tuesday directed Hotel Leela Venture Ltd to make additional disclosures to its shareholders on sale of assets.

Besides, the watchdog will initiate adjudication proceedings against JM Financial Asset Reconstruction Company (JMF ARC) for failing to comply with takeover norms. The ruling has come on complaints received from minority shareholders of Hotel Leela alleging violations in relation to postal ballot notice, dated March 18, wherein the company had sought approvals regarding sale of assets to Brookfield.

At the end of June, JMF ARC owned 26 per cent stake in Hotel Leela. The regulator had received complaints from ITC and LIC -- minority shareholders in Hotel Leela -- alleging violations by promoters and JMF ARC in respect of asset sale transaction mentioned in the postal ballot notice. In its order,

The ruling has come on complaints received from minority shareholders alleging violations in relation to postal ballot notice

Sebi said Hotel Leela should provide various additional disclosures in the postal ballot notice, including all relevant details of each of the sale transactions.

Details of valuation of both asset sale transaction and additional IP transaction, including the methods adopted by the company, should also be disclosed. During the course of the postal ballot, the valuation reports shall be kept for inspection by the shareholders of Hotel Leela, it added. "Sebi may initiate adjudication proceedings under the Sebi Act against JMF ARC for its failure to ensure compliance with the applicable provisions of the Takeover Regulations, as deemed fit and appropriate," the order said.

Pramod Mittal 'detained' in Bosnia

REUTERS
SARAJEVO, JULY 23

BUSINESSMAN PRAMOD Mittal has been detained by police at a company in northern Bosnia, a prosecutor said on Tuesday.

Mittal, the younger brother of steel magnate Lakshmi Mittal, heads the supervisory board at metallurgical coke producer Global Ispat Koksna Industrija Lukavac (GIKIL), which has been among Bosnia's biggest exporters.

Prosecutor Cazim Serhatlic, from the Tuzla cantonal prosecution department, said on state television that Mittal, GIKIL's General Manager Paramesh Bhattacharyya and Razib Dash, a supervisory board member, had been detained.

"They are arrested on suspicion that they have committed a criminal act of organised crime and abuse of office and authority since 2003," Serhatlic said.

Nobody from the company's management could immediately be reached for comment outside of regular business hours.

Appointed J&K Bank partner after stringent process: IFFCO TOKIO

EXPRESS NEWS SERVICE
NEW DELHI, JULY 23

A DAY after the J&K Anti-Corruption Bureau searched offices of the IFFCO TOKIO insurance company in Srinagar as part of its ongoing probe into the Jammu and Kashmir Bank and its former chairman Parvez Ahmed, IFFCO TOKIO General Insurance Company Limited, in a press release, said it was "appointed by Jammu & Kashmir Bank as the second bancassurance partner after being selected through an exhaustive and stringent bidding process".

"The regulation of additional bancassurance partner under the IRDAI (Registration of Corporate Agent) Regulations, 2015, allows banks to choose 3 general insurance partners so that their customers get competitive pricing and products," it said.

"IFFCO TOKIO started business since 1st April 2019 with Jammu and Kashmir Bank. It is only in the interest of the customers of

"It is only in the interest of the customers of Jammu and Kashmir Bank that IFFCO TOKIO has offered competitive pricing and regulatory approved commissions have been also paid to the bank based on the business procured by the bank"

IFFCO TOKIO

Jammu and Kashmir Bank that IFFCO TOKIO has offered competitive pricing and regulatory approved commissions have been also paid to the bank based on the business procured by the bank. The company has been servicing the customers promptly and with fairness... customers of Jammu and Kashmir Bank have been benefitted with the second partner. Had Jammu and Kashmir Bank not taken a second partner, customers of Jammu and Kashmir Bank would have missed out on options available," it said.

I-T raids business group in J&K, seizes ₹1.28-cr assets

ENS ECONOMIC BUREAU
NEW DELHI, JULY 23

IN A follow-up action in the ongoing probe against financial transactions linked to J&K Bank, the Income-tax Department Tuesday said it conducted a search and seizure operation on premises of a business group leading to seizure of unaccounted jewellery and undisclosed cash of more than Rs 1.28 crore from the promoter of the group.

The tax department in its statement said that the search action revealed apparent siphoning of loans obtained from various public sector banks of more than Rs 74 crore and also revealed "concrete leads" of round tripping of more than Rs 125 crore by the promoters of the group.

"Digital and documentary evidences found during search also clearly reflect machinations of the bank officials in violating prudence norms as well as rules of business to safeguard the banks' interest in grant of loans that exceed Rs 200 crore. These loans have subsequently become NPAs," the statement said.

Without naming the group in its official release, the income tax department said the group provides security to business establishments and prominent individuals along with running hotels in J&K and other parts of the country. The searched group also held a controlling share in a medical college in Punjab, which had been ordered to be closed by the Medical Council of India in 2014.

Also, to obtain a large tranche of loan from the J&K Bank, the tax department said that the group falsely claimed that 60 rooms of hotel being constructed by them at Mumbai had become operational and cash flow was being generated from such operations. However, the agency said, it was found that the hotel building was under construction and was nowhere near completion.

The I-T team also found evidence of "dummy" manpower expenses as a large number of cheques were issued to fictitious persons, who were supposedly on the rolls of the group for providing security to businesses and prominent individuals, it said.

BRIEFLY

'NHB direction: No major impact on business'

New Delhi: HDFC on Tuesday said the National Housing Bank direction to housing finance companies (HFCs) to desist from providing loans under subvention scheme will not have "significant impact" on growth of its business as the company's exposure is less than 2 per cent of individual loans through this route.

Investments in KVP to double in 9 yrs 5 mths

New Delhi: In view of falling interest rates, the government has increased the time period by 1 month for doubling the money invested in Kisan Vikas Patra (KVP) to 9 years and 5 months.

IOB narrows net loss to ₹342 crore

New Delhi: Indian Overseas Bank (IOB) on Tuesday reported narrowing of its net losses to Rs 342.08 crore in the first quarter ended June 30. Reduction in net loss was due to lower provisioning and improved recovery, IOB said. **PTI**

Anand Piramal invests in Snapdeal

New Delhi: Snapdeal on Tuesday said Piramal Group executive director Anand Piramal has made an investment in the e-commerce company. The investment has been made by Piramal in his personal capacity, Snapdeal said in a statement.

However, details of the investment and the valuation of Snapdeal post the transaction were not disclosed. **PTI**

Reserve Bank unveils medium-term strategy framework

ENS ECONOMIC BUREAU
MUMBAI, JULY 23

THE RESERVE Bank on Tuesday launched 'Utkarsh 2022', its Medium-term Strategy Framework in line with the evolving macroeconomic environment, to achieve excellence in the performance of the RBI's mandates and strengthening the trust of citizens and other institutions.

The strategic framework, unveiled by RBI Governor Shaktikanta Das, contains the bank's mission, core purpose, values and vision statements, reiterating the bank's commitment to the nation, it said.

The medium-term vision statements also set out excellence in performance of statutory and other functions, strengthened trust of citizens and other institutions in the RBI, enhanced relevance and significance in national and global roles and transparent, accountable and ethics-driven internal governance.

On Monday, the NHB asked HFCs to "desist" from offering loans under subvention scheme wherein real estate developers pay pre-EMIs on behalf of home buyers for a certain agreed period

'Apple in talks to buy smartphone chip unit of Intel'

AGENCE FRANCE-PRESSE
SAN FRANCISCO, JULY 23

APPLE IS in talks to buy Intel's smartphone modem chip unit, a move that would help the iPhone maker control a key component, the *Wall Street Journal* reported on Monday.

It cited unnamed people familiar with the matter as saying the deal would cover Intel patents and staff valued at a billion dollars, but that it might not come together. Apple has been investing in its own mobile chips to ramp up performance and features in its devices and reduce its dependence on Qualcomm. Intel earlier this year announced it was abandoning efforts to compete with modem chips for smartphones synched to new-generation "5G" networks.