GOLD	RUPEE	OIL	SILVER
₹35,795	₹69.06	$64.39*	₹41,530

*Indian basket as on July 31, 2019

SENSEX: 37,018.32 ▼ 462.80 **NIFTY:** 10,980.00 ▼ 138.00 **NIKKEI:** 21,540.99 ▲ 19.46 **HANG SENG:** 27,565.70 ▼ 212.05 **FTSE:** 7,570.89 ▼ 15.89 **DAX:** 12,216.89 ▲ 27.85

International market data till 1900 IST

ED searches former Religare promoters, offshore deals under scanner too

RITU SARIN
NEW DELHI, AUGUST 1

REVELATIONS FROM the Mauritius Leaks on the offshore holdings of Shivinder Singh and Malvinder Singh, the former promoters of Religare Enterprises, are being described as "corroborative evidence" for the Enforcement Directorate (ED) as it moved in on Thursday to search their residences as well as those of their associates Sunil Godhwani, N K Ghoshal and Hemant Dhingra.

The Indian Express investigation, in collaboration with the International Consortium of Investigative Journalists (ICIJ), as part of the Mauritius Leaks and Paradise Papers, was published on July 23, 2019, and revealed that Religare Capital Markets Ltd (RCML), a wholly-owned subsidy of the Indian entity, Religare Enterprises Limited (REL), set up an investment holding subsidiary in Mauritius in 2008 called Religare Capital Markets International (Mauritius) Ltd.

And this, in turn, became the instrument to acquire stakes in another Jersey firm, NCM Limited. The shareholders of NCM Limited are Shivinder Singh and Malvinder Singh as well as their spouses. While the investigation uncovered the Mauritius and Jersey ends of the complex corporate web created by the former Fortis promoters, ED officials said their focus was also on the beneficiary companies allegedly used by them in India to "divert" funds.

The "beneficiary" firms, listed by ED, and covered in Thursday's searches, are RHC Holding Pvt Ltd; Malav Holding Pvt Ltd and Shivi Holding Pvt Ltd, all located in Connaught Place, New Delhi; as well as Arch Finance Limited, in Daryaganj, New Delhi. N K Ghoshal, a resident of Faridabad, is shown as founder and promoter of Arch Finance Limited, allegedly one of the "beneficiary" firms.

In all, officials said, 16 companies used for alleged "diversion" of funds by the former Religare promoters are under investigation.

For their case under the Prevention of Money Laundering Act (PMLA), the ED borrowed heavily on allegations by Delhi Police in their FIR dated March 27, 2019. The ED has alleged that "Malvinder Mohan Singh and Shivinder Mohan Singh, in conspiracy with Sunil Godhwani caused it (Religare Finvest Limited, the complainant company) to give unsecured, high value purported loans under Corporate Loan Book (CLB) to shell companies and related/known entities of Malvinder Mohan Singh and Shivinder Mohan Singh."

ED searched residences of Shivinder Singh and Malvinder Singh, and those of their associates. Mauritius Leaks revelations described as 'corroborative evidence'

The ED also picked up the allegation, first made by the Delhi Police, that loans were also extended to 19 entities controlled by the Religare promoters and Ghoshal who subsequently, "wilfully defaulted" on the loans to the extent of Rs 2,397 crore as principal and Rs 415 crore as interest. The ED noted that these 19 entities never repaid the loans and diverted funds into a "complex web of companies" of interconnected transactions to divert money.

A week ago, *The Indian Express* had reported that documents obtained from Appleby and Mauritius-based Conyers, Dill and Pearman — two incorporators of offshore companies — revealed that Religare Capital Markets Ltd (RCML), a wholly-owned subsidiary of REL, set up an investment holding subsidiary in Mauritius in 2008. This subsidiary acquired a 30 per cent stake in Jersey-headquartered entity NCM Limited whose beneficial owners were the Singh brothers.

"We would like to reiterate, the promoters neither own or have or had any stake in NCM Ltd. Appleby's have named the promoters, as this is the regulatory requirement in Jersey where NCM Limited was incorporated," a spokesperson for the Singh brothers had said in response to a questionnaire based on Appleby documents. The spokesperson added that the 30 per cent stake in NCM was acquired after "seeking all necessary regulatory approvals including from the RBI and SEBI." And that in March 2015, the Mauritius subsidiary divested all its stake in NCM. "The promoters were neither part of the Board nor the management of Religare during that period," the spokesperson said.

PRESSURE LIKELY TO GROW IN COMING MONTHS

Tax revenue growth: Widening run rate gap may hit govt's fiscal math

In July-March, gross tax growth need to grow at run rate of 22.3%; net tax growth at 29.5%

AANCHAL MAGAZINE
NEW DELHI, AUGUST 1

THE GOVERNMENT'S fiscal math could come in for increasing scrutiny in the coming months as tax revenue growth is progressively turning out to be far slower than the required run rate for direct taxes, even as Goods and Services Tax (GST) collections seem to be growing higher than the targeted rate.

Gross GST collections have recorded a growth rate of 6.8 per cent in April-July, as against the required rate of 3.6 per cent, a higher rise that could be primarily attributed to a sharply lower growth rate assumed for Budget target as against the revised estimate for previous fiscal. But when it comes to direct taxes, a widening gap in estimates is evident — with only 9.7 per cent growth recorded in April-June as against the annual required growth rate of 18.6 per cent.

Also, the gross tax revenue collections are now required to grow at a run rate of 22.3 per cent and net tax revenue collections are required to grow at a run rate of 29.5 per cent in the remaining nine months of this financial year, the actual figures of revenue collections released by the Controller General of Accounts (CGA) showed.

Direct tax collections in the first quarter of this financial year have been recorded at Rs 1,67,567 crore, only 9.7 per cent higher than Rs 1,52,724 crore in the corresponding period in the previous financial year. "The targets are indeed looking steep as a single-digit growth has been recorded for April-July as well," a senior government official said.

While the overall gross GST collections seem to be moving closer to the target, the actual figures released by CGA for the April-June quarter do not paint an optimistic picture for Centre's GST revenue. GST revenue collections of the Centre for April-June contracted 5.9 per cent year-on-year to Rs 1.53 lakh crore, dragging the overall growth rate of the central government's tax collections to 1.4 per cent. The Central government's tax collections were recorded at about Rs 4 lakh crore in April-June.

For April-July though, the gross GST collections, which include revenues for both states and Centre have been recorded at Rs 4.16 lakh crore, 6.8 per cent higher than Rs 3.89 lakh crore recorded in the same period last year.

The average monthly required revenue target for GST for the current financial year stands at about Rs 99,112 crore, only 3.6 per cent higher than the monthly required average of Rs 95,650 crore as per 2018-19 revised estimates.

The Central government's fiscal deficit has already hit 61.4 per cent of the full year target at Rs 4.32 lakh crore in April-June, as per CGA data. In the corresponding period last year, the fiscal deficit amounted to 68.7 per cent of the full-year target. The Union Budget for 2019-20 has pegged the fiscal deficit at Rs 7.038 lakh crore or 3.3 per cent of the GDP, marginally lower than the interim budget's estimate of Rs 7.040 lakh crore.

Economists have already started to raise concerns about meeting the fiscal targets, saying that expenditure cuts might be required if revenue targets are missed.

"The realisation of the target for direct taxes and GST collections, and dividends and surplus from the RBI, nationalised banks and financial institutions and PSEs, will be crucial to prevent a revenue slippage in FY2020. Moreover, the speed with which the disinvestment programme kicks off, as well as the interest shown by potential buyers in the PSUs being offered for strategic disinvestment, will be critical. At present, we can't rule out that expenditure cuts may be required to prevent a fiscal slippage, if the revenue targets are missed," Aditi Nayar, principal economist, ICRA said.

GST mop-up rises marginally to ₹1.02 lakh crore in July

New Delhi: Gross GST collections stood at Rs 1.02 lakh crore in July, marginally up from the previous month, official data showed on Thursday. The July 2019 mop-up was, however, 5.8 per cent higher than the Rs 96,483 crore collected in the same month last year.

Revenue collection from the Goods and Services Tax had slipped below the Rs 1 lakh crore mark for the first time in the current fiscal in June at Rs 99,939 crore. **PTI**

'India's Q2 gold demand rises 13% to 213 tonne'

Gold demand in India went up by 13% in April-June of this year to 213.2 tonne mainly driven by attractive prices and more number of auspicious days, the World Gold Council said in its Q2 Gold Demand Trends report

189.2 tonne: Overall gold demand in India during April-June quarter of 2018

₹62,422 crore: Gold demand in value terms, up 17 per cent from Rs 53,260 crore in year-ago quarter

44.5 tonne: Total gold investment demand, 13 per cent higher than 39.3 tonne in 2018

₹13,040 crore: Gold investment demand in value terms, up 18 per cent from Rs 11,060 crore last year

37.9 tonne: Total gold recycled, growing by 18 per cent from 32 tonne in year-ago quarter

17.7 tonne: Gold purchased by Reserve Bank of India, as against 8.1 tonne in 2018

372.2 tonne: Overall gold demand in India in first half of 2019, 9 per cent higher than in year-ago period

750-850 tonne: Estimated range of India's full year gold demand for 2019

168.6 tonne: Total jewellery demand, rising 12 per cent from 149.9 tonne a year ago

₹49,380 crore: Jewellery demand in value terms, up 17 per cent from Rs 42,200 crore last year

GLOBAL GOLD DEMAND UP 8% TO 1,123 TONNE IN APRIL-JUNE 2019

Markets fall to five-month low on weak macro data, US Fed comments

ENS ECONOMIC BUREAU
MUMBAI, AUGUST 1

BEARS ON Thursday tightened their grip on stock markets, sending equity benchmarks to five-month lows as weak macroeconomic data, capital outflows and hawkish comments from the US Federal Reserve hit the sentiment.

After a weak opening, the 30-share BSE Sensex plunged more than 750 points in late-afternoon trade, before finally ending at 37,018.32, down by 462.80 points or 1.23 per cent. The broader NSE Nifty dropped 138 points or 1.24 per cent to close below the key 11,000-mark at 10,980.00 with foreign portfolio investors (FPIs) continuing their selling spree.

With Thursday's fall, the Sensex has plummeted by whopping 2,890 points from 39,908.06 on July 4, a decline of 7.8 per cent after the presentation of the Union Budget.

Meanwhile, the rupee declined by 27 paise to close at a near five-week low of 69.06 against the US dollar on Thursday amid strengthening of the American currency and heavy selling in domestic equities.

The sell-off by FPIs continues unabated, as they pulled out Rs 12,419 crore in July and sold stocks worth Rs 1,466 crore in August so far, according to NSDL data. The selling spree intensified ten days ago after Finance Minister Nirmala Sitharaman last week declined to remove or relax the applicability of the new surcharge on the super rich on FPIs, but advised those staring at an increase in tax outflows to shift to the corporate structure where the Budget has not made any change in tax treatment.

"Indian markets have been in a free fall as FPIs offloaded $3 billion worth of Indian stocks over last one month post-Budget, on the back of impact of high-taxation and concerns of multi-year low economic growth. Further, with Fed Chairman's statement that interest rate cut isn't start of rate-cut cycle has cut short the excitement of investors, as Fed denied to play to the capital-market gallery. Ongoing results season reflects that there is a chance that Nifty companies may post degrowth in their net profits for the first time," said Jagannadham Thunuguntla, senior VP and head of research (Wealth), Centrum Broking.

EXPLAINED

Dim corporate earnings, FPI outflow also hit sentiment

THOUGH THE US Fed cut interest rates, its statement was less dovish than what the markets had expected.

The sentiment was further hit as growth rate of eight core industries dropped to a 50-month low in June and foreign investors, worried over the 'super rich' tax, continued their sell-off. Corporate performance in the June quarter hasn't cheered the markets either and rating agencies have started lowering the GDP estimate.

Though the US Fed cut the overnight Fed funds rate by 25 basis points (bps) as expected, the Fed statement and press conference were less dovish than what the markets had expected.

"One gets an impression the Fed is likely to be data-dependent going forward," said an analyst.

Weak economic data, unabated foreign fund outflows and disappointing quarterly earnings also weighed on market sentiment, traders said. Vedanta took the biggest hit (5.55 per cent), followed by Tata Motors, SBI, Yes Bank, Bharti Airtel and Infosys, which lost up to 4.50 per cent.

Sectorally, BSE metal emerged as the biggest loser, falling 3.37 per cent, following poor Chinese factory output data. It was followed by basic materials (2.49 per cent), telecom (2.35 per cent) and teck (2.07 per cent).

Other Southeast Asian markets were also subdued.

"We could see further pressure to global equities in the coming weeks as summer doldrums take many investors to the sidelines until we see fresh easing signals from the both the Fed and the European Central Bank," said an analyst.

Business failures should not be looked down upon: FM

ENS & PTI
NEW DELHI, AUGUST 1

REACTING TO the death of Cafe Coffee Day founder V G Siddhartha, Finance Minister Nirmala Sitharaman on Thursday said business failures in the country should not be tabooed, or looked down upon.

Responding to the debate on the Insolvency and Bankruptcy Code (IBC) in Lok Sabha, Sitharaman said that businessmen should get honourable exit or resolution to the problem in letter and spirit of the IBC.

"Business failures in this country should not be tabooed, or looked down. On the contrary, we should give an honourable exit or resolution to the problem in letter and spirit of the IBC," she was quoted by *PTI* as saying.

Siddhartha's body was found on the banks of the Netravathi river in Karnataka on Wednesday.

In a letter purportedly written by him, Siddhartha alleged, among other reasons, harassment by the Income Tax Department as cause for his extreme step. The I-T department has denied the charges.

Jayadev Galla (TDP) said businesses may fail because of economic downturn or business cycle. Galla also said that accountability of banks need to come under scrutiny.

"Signing of personal guarantee (by industrialist to take loan) is leading to taking extreme action like suicide," he asserted. Kalyan Banerjee (TMC) said that those who have taken loans from banks, will have to pay.

"Business failures in this country should not be tabooed, or looked down. On the contrary, we should give an honourable exit or resolution to the problem in letter and spirit of the IBC (Insolvency and Bankruptcy Code)"

NIRMALA SITHARAMAN,
FINANCE MINISTER

Pinaki Misra (BJD) referred to the death of the coffee tycoon, saying it is unfortunate that the insolvency law "should continuously continue to grow and expand in our country."

He said it does not bode well for the country because "that is not how you reach the $5 trillion mark."

Meanwhile, in the Rajya Sabha, TMC leader Sukhendu Sekhar Ray said, without naming Siddhartha that the "recent tragic death of a renowned entrepreneur, who had set up a chain of very popular business outlets all over the country, has caused shock and agony among the Indian corporates in particular, and in the minds of the people in general". He stated that Chief Ministers of West Bengal and Karnataka and many corporate leaders have "expressed their concern in the matter".

Mentioning the letter written by Siddhartha to the Coffee Day group and its board members, Ray said that "it appears that he was under tremendous pressure from other stakeholders of the company as well as he named a particular senior officer of the Income Tax Department". Ray said he didn't want to "go into the blame-game" but commented that the matter was "very serious".

The government has announced and taken up so many measures for Ease of Doing Business, the TMC leader said, but he added that "according to reports, about 5,000 millionaires have left this country last year only". He urged the government to take some actions, because, he said, "if we fail to regenerate the confidence among the industrialists and investors, the growth rate will decrease alarmingly and the unemployment rate will increase alarmingly".

Manufacturing PMI up in July on new orders, higher output

ENS ECONOMIC BUREAU
MUMBAI, AUGUST 1

INDIA'S MANUFACTURING sector activity improved in July as new work orders and output strengthened slightly from the previous month, leading to moderate increase in employment, a monthly survey said Thursday.

The IHS Markit India Manufacturing Purchasing Managers Index, rose to 52.5 in July from 52.1 in June as companies scaled up production in response to a quicker upturn in factory orders. This is the 24th consecutive month that the manufacturing PMI has remained above the 50-point mark.

The IHS Markit India Manufacturing Purchasing Managers Index, rose to 52.5 in July from 52.1 in June

In PMI, a print above 50 means expansion, while a score below that denotes contraction.

"Following a slowdown in growth in the opening quarter of fiscal year 2019/2020, some momentum was regained in July. Measures for factory orders, production and employment improved in the latest month, although rates of expansion remained below trend," said Pollyanna De Lima, principal economist at IHS Markit. As per the survey, the main factor boosting production was a sustained rise in new work inflows. "Survey participants linked the uptick in growth to a pick-up in demand, mostly stemming from successful marketing efforts, competitive pricing and favourable public policies," Lima said.

She further noted that domestic market provided the main impetus to sales growth, while external sales rose moderately since April 2018, as factories took a hit from subdued global trade flows.

AFTER A QUARTER-POINT RATE CUT, FEDERAL RESERVE CHAIRMAN DENIED START OF AN EASING CYCLE

With US Fed's 'insurance' cut, Powell takes cue from former Chair Greenspan

REUTERS
WASHINGTON, AUGUST 1

IN CUTTING US interest rates but signaling that a series of further cuts was unlikely, Federal Reserve Chairman Jerome Powell on Wednesday took a page from the playbook of his predecessor Alan Greenspan, who used a similar tactic in the 1990s with apparent success.

Rather than marking the start to a lengthy rate-cutting cycle, Powell said at a news conference after the decision that the Fed's quarter-point rate reduction was an "adjustment" aimed at keeping the US economy's record-long expansion going. "There is definitely an insurance aspect to it," said Powell, echoing the phrasing that the Greenspan Fed used to describe its monetary policy easing in 1995 and again in 1998.

The reference may not have been coincidental. Since becoming Fed chair in February 2018, Powell has met at least a dozen times with former Fed policymakers, according to records on Powell's daily activities released by the Fed, but no one more frequently than Greenspan.

US Federal Reserve Chair Jerome Powell at a news conference after Federal Open Market Committee Meeting in Washington, on Thursday. *Reuters*

The two last met on April 17, sharing a 75-minute lunch.

Last week, Greenspan endorsed the idea of an insurance rate-cut again. "If you consider that there are certain small-probability events which could be very dangerous, it pays to act to see if you can fend it off," he told *Bloomberg TV* on July 24.

And though US President Donald Trump complained the Fed had "let us down" by delivering only a limited dose of stimulus, the economic record shows that both times the Greenspan Fed tried insurance cuts, they worked.

In July 1995, industrial production and job creation were slowing and new unemployment claims were rising. Though Fed policymakers at the time did not believe the data meant a recession was coming, they did not want to wait to find out.

They cut rates three times, and the manufacturing sector and the job market both regained health.

Just over three years later, the economy was showing few signs of weakness, but a stock market swoon and credit crunch following the collapse of hedge fund Long Term Capital Management boded ill for the future. Again, the Fed cut rates three times, the stock and credit markets recovered, and the expansion continued.

By the end of the decade, with the help of the two sets of "insurance" cuts, the economy had chalked up what was then a record-long expansion, surpassed in length only by the current one.

This time around, Powell faces a different set of challenges, including an inflation rate that remains stubbornly south of the Fed's targeted level of 2 per cent and sudden swings in trade policy that are denting business confidence and investment.

Powell contends that all of the Fed's actions this year, starting with calling an end to rate hikes in January, have helped keep the economy on a relatively even keel.

It may be months or more before it becomes clear whether the added stimulus of slightly lower rates keeps the economy chugging along.

Airtel Q1 loss exceeds estimates on ₹1.4K-cr 'exceptional items' hit

ENS ECONOMIC BUREAU
NEW DELHI, AUGUST 1

REELING UNDER competitive pressure, Bharti Airtel on Thursday slipped into red with the telecommunications company posting a consolidated net loss in its April-June earnings at Rs 2,866 crore — far wider than analysts' estimates — against a net profit of Rs 107 crore during the preceding quarter.

The loss was on account of an exceptional item hit of Rs 1,445 crore towards accelerated depreciation of 3G network equipments or operating costs on network refarming and upgradation programme.

Furthermore, there was incremental provision aggregating Rs 1,586 crore on account of derivative liabilities pertaining to customary indemnities provided to a clutch of investors of Airtel Africa, and expenses relating to its listing.

Prior to the April-June period, Bharti, for the last four quarters, was posting a slender profit on the back of exceptional gains.

Consolidated revenues during the quarter also grew below estimates at 0.66 per cent sequentially at Rs 20,738 crore. India mobile revenues grew at 2.2 per cent sequentially at Rs 10,867 crore, which was lower than rivals Reliance Jio's Rs 11,679 crore and Vodafone Idea's Rs 11,269 crore.

EBITDA at Rs 8,493 crore was up 24.8 per cent sequentially and above estimates, while margin at 41 per cent was higher against 33 per cent in preceding quarter.

Bharti Airtel's India business revenues rose 0.68 per cent at Rs 15,345 crore compared to the preceding quarter, while losses increased at Rs 1,356 crore compared to Rs 1,283 crore in the preceding one. However, the company did well on the operating metrics front with its average revenue per user (ARPU) increasing 5.1 per cent sequentially at Rs 129, higher than Jio's Rs 122 and Vodafone Idea's Rs 108.

This is the first time that Bharti's ARPU came higher than that of Jio.

Commenting on the quarterly results, Gopal Vittal, managing director and chief executive officer, India and South Asia, said on Thursday, "The first quarter of the year has begun with a healthy and equitable growth across all our lines of businesses. Headline pricing remained stable, albeit at low levels." **FE**

> **"The first quarter of the year has begun with a healthy and equitable growth across all our lines of businesses. Headline pricing remained stable, albeit at low levels,"**
>
> **GOPAL VITTAL**
> MD & CEO, INDIA AND SOUTH ASIA, AIRTEL

TO ACCESS NEW MARKETS

Goyal to top IT companies: Train manpower in other languages

ENS ECONOMIC BUREAU
NEW DELHI, AUGUST 1

COMMERCE AND Industry Minister Piyush Goyal has asked the National Association of Software and Services Companies (NASSCOM) and senior managers of information technology companies for data on non-tariff barriers faced by them in China and other east Asian markets.

During a meeting with such firms on Wednesday, the minister assured them the government would engage with countries like China, Japan and Korea to help overcome such barriers and boost India's IT industry there. However, he also urged them to explore other non-English speaking markets, according to a release by the Ministry on Thursday.

"He urged the top five Indian IT firms to create a corpus that will be spent on training manpower in languages like Mandarin, Japanese and Korean for accessing the markets in these countries," stated the release.

The companies include Tata Consultancy Services, Wipro, Infosys, Tech Mahindra and HCL, which have been conducting business in China for over a decade, it added.

"During the discussions with the Commerce and Industry Ministry, the representatives of the companies informed that although the Chinese IT services market is the third largest in the world, India's investments and business have not been able to grow in China due to various non-tariff barriers and challenges faced by Indian companies to set up their entity in China," said the ministry.

"Market access issues that create hurdles for Indian companies to open their business in China was also discussed," it added.

India's IT and IT enabled services (ITeS) industry grew to $181 billion in 2018-19, with exports from the industry at $137 billion and domestic revenues, including hardware, at $44 billion. The IT industry contributed 7.7 per cent to the country's GDP in the 2017-2018 financial year and is expected to contribute 10 per cent by 2025, according to the Ministry.

India is the largest exporter of IT services in the world, and exports account for around 79 per cent of the total revenue of the industry here. Citing NASSCOM, the Ministry said that the sector aggregated revenues of $160 billion in 2017, and that the US accounts for two-thirds of the India's IT services exports.

'GOVT TO ENGAGE WITH VARIOUS NATIONS'

- **Piyush Goyal assured IT companies the government would engage with countries like China, Japan and Korea to help overcome non-tariff barriers**
- **In fiscal 2018-19, India's IT and ITeS industry grew to $181 billion**

BRIEFLY

'Lite' e-filing facility now for taxpayers

New Delhi: A 'lite' e-filing facility was launched by the Income Tax department on Thursday to facilitate easy and quick filing of returns by taxpayers.

Applicants invited for RBI Dy Governor

New Delhi: The Finance Ministry has sought applications for the post of Reserve Bank deputy governor, a position that fell vacant after Viral Acharya resigned six months before the scheduled end of his term.

Revenue dept conducts TRS at 15 ports

New Delhi: The revenue department is conducting India's first national Time Release Study (TRS) at 15 ports, including sea and air, to identify and address bottlenecks in the cross border trade flow process.

Bank credit up 12%, deposits rise 10.6%

Mumbai: Bank credit and deposits rose by 12.01 percent and 10.59 percent to Rs 96.57 lakh crore and Rs 126.491 lakh crore respectively for the fortnight to July 19, show the RBI data. In the year-ago fortnight, bank credit stood at Rs 86.09 lakh crore while deposits were at Rs 114.371 lakh crore. In the previous fortnight ending July 5, bank loans had grown by 12.02 percent to Rs 96.97 lakh crore and deposits by 10.32 percent to Rs 126.746 lakh crore. Non-food credit, on a year-on-year basis, increased 11.1 percent in June same as the year-ago period.

Sterling & Wilson Solar's IPO on Aug 6

New Delhi: Sterling and Wilson Solar Ltd will hit the bourses with its initial public offer (IPO) to raise around Rs 3,125 crore on August 6, 2019. Price band for the offer has been fixed at Rs 775-780 per share, according to a statement issued by the company on Thursday. **PTI**

LSE acquires Refinitiv in $27-bn deal

London: London Stock Exchange has agreed to buy Refinitiv in a $27 billion deal aimed at offering trading across regions and currencies and establishing the British company as a rival to Bloomberg. **REUTERS**

Indian realty firm's bond yield spurts to 73% abroad

ENS ECONOMIC BUREAU
MUMBAI, AUGUST 1

THE BOND yields of one of India's largest real estate players surged to around 73 per cent on Thursday. A surge in bond yields typically indicates financial stress.

The firm's dollar-denominated bonds with a coupon of 12 per cent are listed in Singapore. Sources said normally yields on a bond issued by a corporate surge when there's thin trading or a liquidity crisis.

The group, one of the largest realty players in Mumbai, is not listed on Indian stock exchanges.

The dollar bonds were issued by the group's subsidiary in two tranches with maturity in 2020. In the first tranche, the company raised $200 million and $ 125 mn in the second tranche.

In January 2019, the company had announced that it will buy back the bonds. "The purpose of the purchase of the 2020 bonds is for the company to provide liquidity to the 2020 bond holders, proactively manage its capital structure and reduce gross debt and leverage," it had said in a statement in January.

Not as bad as in 1991: Mohan on current economic situation

PRESS TRUST OF INDIA
NEW DELHI, AUGUST 1

FORMER RBI deputy governor Rakesh Mohan said on Thursday that economic problem in India is not as bad as it was in 1991 when the country faced severe economic crisis on the external front.

Speaking at an event organised by Ananla Aspen Centre, Mohan said increasing tax rate is not a good idea. "There is a problem in the financial sector, industrial sector and agriculture sector, but situation is not as bad as it was in 1991," he said.

Mohan, a senior fellow at Yale's Jackson Institute for Global Affairs, also said allowing Indian companies to borrow from abroad is a dangerous thing to do. "We need to re-look our financial sector as a whole," the former RBI deputy governor said.

Referring to recent cases of crisis in the non-banking financial company sector, Mohan said, "There is widespread siphoning of funds, the siphoning of funds is done by people whom we trust."

On increase in taxes on super rich in this year's Budget, Mohan said, "Increasing tax rate is not a good idea, increasing tax compliance is."

Noting that there is a huge increase of wealth in India, he wondered why it does not reflect in the tax-to-GDP ratio of the country.

Personal income tax-to-GDP ratio dropped in 2018-19 as compared to 2017-18, he said.

He also wondered about the logic of having Goods and Services Tax Council meeting in every two months.

Mohan also said India will have to try and achieve over 8 per cent growth for 10-15 years.

"Even if we achieve annual GDP (gross domestic product) of 8 per cent, even then in 2 years from now, we will be where China is today," he noted.

> **"There is a problem in the financial sector, industrial sector and agriculture sector, but situation is not as bad as it was in 1991"**
>
> **RAKESH MOHAN**
> FORMER RBI DEPUTY GOVERNOR

US to slap 10% tariff on $300 bn more in Chinese goods: Trump

REUTERS
WASHINGTON, AUGUST 1

US PRESIDENT Donald Trump on Thursday moved to impose a 10 per cent tariff on a remaining $300 billion list of Chinese imports starting September 1, after US and Chinese negotiators failed to kickstart trade talks between the world's two largest economies.

The levies — which would hit a wide swath of consumer goods from cell phones and laptop computers to toys and footwear — ratchet up tensions in a war of tit-for-tat tariffs that have disrupted global supply chains and roiled financial markets for more than a year.

"Trade talks are continuing, and during the talks the US will start, on September 1st, putting a small additional Tariff of 10 per cent on the remaining 300 Billion Dollars of goods and products coming from China into our Country. This does not include the 250 Billion Dollars already Tariffed at 25 per cent," Trump tweeted.

Crisil cuts India's GDP growth estimate for FY20 by 20 bps

ENS ECONOMIC BUREAU
MUMBAI, AUGUST 1

RATINGS AGENCY Crisil on Thursday slashed its estimate of India's gross domestic product (GDP) growth by 20 basis points (bps) to 6.9 per cent for the fiscal 2019-20, in the wake of a host of downside risks including weak monsoon, slowing global growth and sluggish high-frequency data for the first quarter.

The slowdown would be pronounced in the first half, while the second half should find support from expected monetary easing, consumption, and statistical low-base effect, Crisil said at the release of its report on India's FY20 outlook titled 'Uphill Trek'.

"Agricultural terms of trade are also expected to improve with a pick-up in food inflation. In addition, farmers would benefit from income transfer of Rs 6,000 per year announced by the Centre, and farm loan waivers in a few states," it said.

Ashu Suyash, managing director and CEO, Crisil, said, "Given the crosswinds, the sops announced so far might not be enough to pitchfork growth in this fiscal to, or above, the past 14-year average of 7 per cent per annum. Policy action looks more attuned to consumption than investment demand, which means consumption will be the first to ascend as the tide turns."

"The crucial question, therefore, is whether a trough is in sight. Given the fiscal constraints, public spending is unlikely to have the heft to pull growth above 7 per cent. And some of the recent, and much-needed, reforms would pay off only over the medium term. There would, therefore, be some near-term onus on monetary policy to stimulate. But how effective that can be is the big question," said Dharmakirti Joshi, chief economist, Crisil.

India's GDP had grown at an impressive 8.2 per cent in fiscal 2017, the fastest in a decade.

This was followed by disruptions stemming from policy initiatives and reforms, and rising global uncertainty including from trade disputes – which together triggered a cyclical downturn.

Then, the non-bank (including housing finance companies) crisis, which began late last fiscal, and stress that ensued, slowed disbursals and further impacted household demand, which had already moderated amid lower incomes, weak sentiment and rising costs (fuel prices and insurance for automobiles), Crisil said.

With access to funding becoming a challenge and non-banking financial institution caught up in managing liquidity, their growth halved to a multi-year low in the second-half of last fiscal, and remains impacted.

PRONOUNCED SLOWDOWN 'IN FIRST HALF'

- **The slowdown would be pronounced in the first half, while the second half should find support from expected monetary easing, consumption, and statistical low-base effect, Crisil said at the release of its report on India's FY20 outlook titled 'Uphill Trek'**
- **The ratings agency said that "agricultural terms of trade are also expected to improve with a pick-up in food inflation. In addition, farmers would benefit from income transfer of Rs 6,000 per year announced by the Centre, and farm loan waivers in a few states"**

Bank of China gets RBI nod for banking services

PRESS TRUST OF INDIA
MUMBAI, AUGUST 1

THE RESERVE Bank of India (RBI) on Thursday allowed Bank of China to offer regular banking services in the country.

All commercial banks, like SBI, HDFC Bank, Punjab National Bank and ICICI Bank, are in the Second Schedule. Banks falling under this schedule have to adhere to the norms of the RBI. "We advise that the 'Bank of China Limited' has been included in the Second Schedule to the Reserve Bank of India Act, 1934...," the RBI said.

In another notification, the RBI said 'Jana Small Finance Bank Limited' too has been included in the Second Schedule. Further, the name of 'The Royal Bank of Scotland plc' has been changed to 'NatWest Markets Plc' in the Second Schedule.

NCLAT sets aside order on land return to Jaypee Infra

PRESS TRUST OF INDIA
NEW DELHI, AUGUST 1

THE NATIONAL Company Law Appellate Tribunal (NCLAT) Thursday set aside an NCLT order directing Jaiprakash Associates Ltd (JAL) to return 758 acres of land, which was pledged with several banks, to Jaypee Infratech.

In May last, Allahabad bench of the National Company Law Tribunal (NCLT) had asked JAL to return 758 acres of land to its subsidiary Jaypee Infratech, declaring the transfer of the land as "fraudulent" and "undervalued".

Trial against RIL, former executives quashed

PRITAM PAL SINGH
NEW DELHI, AUGUST 1

Delhi High Court on Thursday set aside a trial court's March 2012 order to put RIL's three former executives on trial for criminal conspiracy and possession of secret government documents

THE DELHI High Court Thursday quashed the trial against Reliance Industries (RIL) and three of its then senior executives in a 21-year-old case of alleged recovery of secret government documents from the possession of one of the executives.

Justice Sunil Gaur set aside a trial court's March 2012 order to put RIL's then senior executives – V Balasubramanian, Shankar Adawal and A N Sethuraman – on trial for criminal conspiracy and possession of secret government documents, observing "since the documents in question have been already made public, therefore, they lose their confidentiality".

While all including RIL were charged under the Official Secrets Act (OSA), the executives were also to face trial for criminal conspiracy in wrongfully receiving/communicating secret documents.

The high court said that the trial court's order "suffers from utter non application of mind, therefore, it cannot be sustained".

"There is no hesitation whatsoever in concluding that continuance of proceedings before the trial court is travesty of justice, as the ingredients of the offence alleged are apparently lacking. Thus, to secure the ends of justice, the instant proceedings are hereby halted forthwith. Consequently, impugned order as well as the proceedings emanating therefrom, are hereby quashed," Justice Gaur further said. **WITH PTI**

Current liabilities of Coffee Day at more than ₹5,200 crore

PRESS TRUST OF INDIA
NEW DELHI, AUGUST 1

DECEASED COFFEE tycoon V G Siddhartha seemed to be under severe financial stress before his death with his flagship cafe chain Coffee Day Enterprises Ltd's liabilities doubling to over Rs 5,200 crore and his unlisted ventures for realty and hospitality having similar levels of debt, as per regulatory filings with stock exchanges and Corporate Affairs Ministry.

Siddhartha, whose body was recovered from a river near Mangalore on Wednesday after going missing earlier this week, had struggled with a mounting financial burden and a letter purportedly written by him hinted at his war with "serious liquidity crunch" and "tremendous pressure" from lenders and an unnamed private equity investor.

Filings with the ministry showed him trying to raise funds by pledging shares of his listed and four unlisted firms to raise money to pay off personal and company loans. Some of his loans were up for repayment this month.

He and his family pledged over 75 per cent of their shares in the companies, up from 60 per cent a year ago.

Siddhartha had a number of entities that borrowed money from a gamut of organisations, including banks and financial institutions, for his non-coffee businesses.

A letter, purportedly written by him, had surfaced after he went missing on Monday evening that cited pressure from banks, investors and tax authorities.

"I would like to say I gave it my all. I am sorry to let down all the people that put their trust in me. I fought for a long time but today, I gave up as I could not take any more pressure from one of the private equity partners forcing me to buy back shares, a transaction I had partially completed six months ago by borrowing a large sum of money from a friend," Siddhartha purportedly wrote in the letter.

BSE-listed Coffee Day Enterprises Ltd (CDEL) had a total current liability of Rs 5,251 crore as on March 31, 2019, up from Rs 2,457.3 crore a year back, as per a filing to the bourse. CDEL's promoter companies — Devadarshini Info Technologies, Coffee Day Consolidations, Gonibedu Coffee Estates, and Sivan Securities — had also borrowed heavily from time to time.

A series of filings to the corporate affairs ministry showed him taking loans of as low as Rs 12 crore, and borrowing from institutions like Tata Capital Financial Service Ltd and Clix Capital Services (Formerly GE Money Finance Services), as well as Shapoorji Pallonji Finance (SPF).

FUND RAISE BY SHARE PLEDGING

- **Filings with Corporate Affairs Ministry showed VG Siddhartha trying to raise funds by pledging shares of his listed and 4 unlisted firms to raise funds to pay off personal and company loans**
- **He and his family pledged over 75 per cent of their shares in the companies, up from 60 per cent a year ago**

Tata Power consolidated Q1 net down 87% y-o-y

ENS ECONOMIC BUREAU
MUMBAI, AUGUST 1

TATA POWER'S net profit for the April-June quarter fell around 87 per cent year-on-year (y-o-y) to Rs 230.80 crore after the company recognised an exceptional amount of Rs 354 crore for a standby litigation with Adani Electricity Mumbai, and sale of non-core asset a year ago.

The company noted in its financial statement that the Supreme Court during the June quarter upheld the Appellate Tribunal for Electricity (APTEL) December 20, 2006, order directing the Group to pay around Rs 354 crore along with interest at 10 per cent per annum from April 1, 2004, up to the date of payment.

However, the power generation company's consolidated operating profit for the June quarter rose 23.6 per cent y-o-y to Rs 2,302 crore while margins rose 449 basis points. **FE**

Cognizant Q2 net profit up 11.6% to $509 million

PRESS TRUST OF INDIA
NEW DELHI, AUGUST 1

IT MAJOR Cognizant on Thursday posted 11.6 per cent increase in net profit to USD 509 million for June 2019 quarter, and said it expects 3.9-4.9 per cent growth in annual revenue this year.

The US-based company, which has a significant portion of its workforce based in India, had posted a net profit of USD 456 million in the year-ago period, Cognizant said in a statement.

Its revenue grew 3.4 per cent to USD 4.14 billion in the second quarter of 2019, compared to USD 4 billion in the year-ago period. The topline rose 4.7 per cent on constant currency basis, meeting the guidance of 3.9-4.9 per cent growth in the June 2019 quarter.

For July-September quarter, Cognizant expects its revenues to be 3.8-4.8 per cent in constant currency.