

Supreme Court stays Amtek Auto liquidation

INDU BHAN
NEW DELHI, SEPTEMBER 6

THE SUPREME Court on Friday stayed the National Company Law Appellate Tribunal (NCLAT)'s decision ordering liquidation of debt-ridden Amtek Auto. A bench led by Justice Arun Mishra — while seeking responses from UK-based Liberty House Group PTE, Deccan Value Investor LP, resolution professional Dinkar Venkatsubramanian and ex-promoter Arvind Dham — stayed the liquidation of Amtek Auto, which was among the first list of the 12 companies that were referred by the Reserve Bank of India for initiation of insolvency process in 2017.

Liberty House was selected as the highest bidder by Amtek Auto's committee of creditors (CoC). However, it later backed out citing some reasons, following which lenders requested for another 90 days to find a new buyer. However, the NCLAT had last month declined the CoC's request for extension of the insolvency resolution process deadline.

Challenging the August 16 liquidation order, the lenders led by Corporation Bank told the SC that the appellate tribunal had failed

to uphold the tenets of the Insolvency and Bankruptcy Code (IBC) to resolve a financially viable entity. It said Amtek Auto, being a financially viable entity, was being pushed into liquidation merely on account of the fact that Liberty House, the successful resolution applicant, had defaulted in implementing the resolution plan. "Resolution of the financial affairs of a distressed company is the primary aim of IBC and a failure/frustration of the processes on account of the conduct of a resolution applicant ought not to undermine the primary objective sought to be achieved," the lenders said.

"The deliberate failure to implement the RP is a fraud committed on the process carried under the Code" and in such circumstances the NCLAT should have allowed the CoC's request to invite and evaluate fresh RPs and ensure that a financially viable entity is not liquidated, the CoC said in its appeal.

It further said "maximisation of the value of the assets of the corporate debtor is embedded in the Code" and, therefore, an opportunity should be given to CoC to make an attempt at resolution, especially keeping in view the

availability of suitable resolution applicants in the market.

The Corporate Insolvency Resolution Process of Amtek Auto was initiated on July 24, 2017 by the NCLT and lenders of the company had selected the resolution plans by two firms — Liberty House and Deccan Value, which later withdrew from the race. A revised plan of Liberty House was selected by the CoC on April 2, 2018 with 94.20 per cent votes and the same was upheld by the NCLT on July 25, 2018.

However, Liberty House backed out from the race and even refused to furnish the performance guarantee and other terms and conditions which were approved.

The NCLAT on August 16 had directed the Chandigarh Bench of the National Company Law Tribunal to pass an order of liquidation as 270 days mandated under the IBC for finalising a resolution plan had already lapsed. It has given liberty to RP and CoC of Amtek Auto to move an application before the NCLT "to decide as to whether the matter is required to be referred to the Insolvency and Bankruptcy Board of India or the central government for taking any action". **FE**

RUPEE LOGS THIRD STRAIGHT SESSION OF GAINS Sensex rises on auto sop hopes, easing of US-China trade war

ENSE ECONOMIC BUREAU
MUMBAI, SEPTEMBER 6

STOCK MARKETS on Friday rallied smartly on expectations of more measures from the government to prop up the auto sector and the bullish fervour on global markets amid easing trade tensions between the US and China.

The 30-share BSE Sensex vaulted 337.35 points, or 0.92 per cent, higher at 36,981.77. The broader NSE Nifty spurted 98.30 points, or 0.91 per cent, to finish at 10,946.20 on Friday.

Continuous selling by FIIs remained as a concern, but market may trade positively in the short-term in anticipation of policy actions," said Vinod Nair, head of research, Geojit Financial Services.

During the holiday-truncated week, the Sensex lost 351 points or 0.94 per cent, while the Nifty shed 770.5 points or 0.69 per cent. Stocks around the world mostly rallied on Thursday after the US and China agreed to meet soon to resume trade talks. That news sparked optimism that the two sides could work toward breaking the stalemate in negotiations.

Meanwhile, the Indian rupee

SENSEX GAINS 337 POINTS, NIFTY UP BY 98

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appreciated 12 paise to trade at 71.72 per US dollar due to firm stock markets and capital inflows.

Auto stocks ended in the green. Maruti Suzuki soared 3.61 per cent, Bajaj Auto 2.90 per cent, Tata Motors 2.58 per cent, Mahindra and Mahindra 2.34 per cent and Hero MotoCorp (2.14 per cent). Sectorally, BSE auto, power, metal, utilities, energy, bankex, consumer durables and finance indices gained up to 2.54 per cent. However, realty and FMCG indices ended in the red. Broader BSE midcap and smallcap indices followed the benchmarks to settle up to 0.79 per cent higher.

Deepak Jasani, head retail research, HDFC Securities, said,

"markets rallied sharply on Friday after taking a breather in the previous session. The indices clocked their best gains of the week, but ended lower for the week. The gains came on the back of positive Asian markets amid easing US-China trade tensions. The Nifty index ended 98.3 points or 0.91 per cent higher at 10,946.2." Banks and auto stocks in India rose reflecting the upward thrust likely due to the Chinese moves on reserve requirements, Jasani said.

China's central bank on Friday said it was cutting the amount of cash that banks must hold as reserves for the third time this year, releasing a total of 900 billion yuan (\$126.35 billion) in liquidity to shore up the slowing economy.

The People's Bank of China (PBOC) said it would cut the reserve requirement ratio (RRR) by 50 basis points (bps) for all banks, with an additional 100 bps cut for some qualified smaller lenders.

In Asia, Hang Seng, Shanghai Composite Index, Nikkei and Kospi settled in the green. Exchanges in Europe were also trading in the positive zone in their respective early sessions.

BRIEFLY 'Gold bond price fixed at ₹3,890/gram'

Mumbai: Price of the next tranche of the Sovereign Gold Bond issue opening on September 9 has been fixed at Rs 3,890 per gram, the Reserve Bank said on Friday. The Sovereign Gold Bond Scheme 2019-20 - Series IV will be opened for subscription from September 9 to 13, 2019. Further, the Centre has decided to offer a discount of Rs 50 per gram for those investors applying online and making payment for the purchase of the bond through digital mode.

30% stake sale of CFHL: Bids invited

New Delhi: Canara Bank on Friday invited bids to sell 30 per cent stake in its housing finance subsidiary Can Fin Homes Ltd (CFHL). Bids have been invited through merchant bankers for sale of 3,99,30,365 equity shares of the face value of Rs 2 each, constituting 29.99 per cent, Canara Bank said in a filing.

Indiabulls Housing shares close 5% lower

New Delhi: Indiabulls Housing Finance shares Friday ended 5 per cent lower, amid reports that a public interest litigation has been filed against the company and its promoters. The scrip closed at Rs 425.75 on the BSE, down 4.95 per cent.

Mitsui Sumitomo buy MFS stake

New Delhi: Shareholders of Max Financial Services (MFS) have agreed to allow Mitsui Sumitomo Insurance (MSI) to swap 19.98 per cent of its shareholding in Max Life Insurance with 21.45 per cent stake in MFS. MFS is the holding company of Max Life Insurance Company, wherein MSI holds nearly 26 per cent stake. **PTI**

Alibaba buys e-comm biz Kaola for \$2 bn

Shanghai: Alibaba Group has agreed to buy e-commerce business Kaola from Chinese gaming company NetEase for \$2 billion, adding a platform that specializes in supplying curated luxury goods from abroad to domestic consumers. **REUTERS**

'File appeals in organised tax evasion cases'

PRESS TRUST OF INDIA
NEW DELHI, SEPTEMBER 6

THE CBDT directed the income tax authorities Friday to pursue cases of "organised tax evasion" through long-term capital gains (LTCG) or short-term capital loss (STCL) in courts as it set aside the condition of sticking to the established monetary limits for filing appeals.

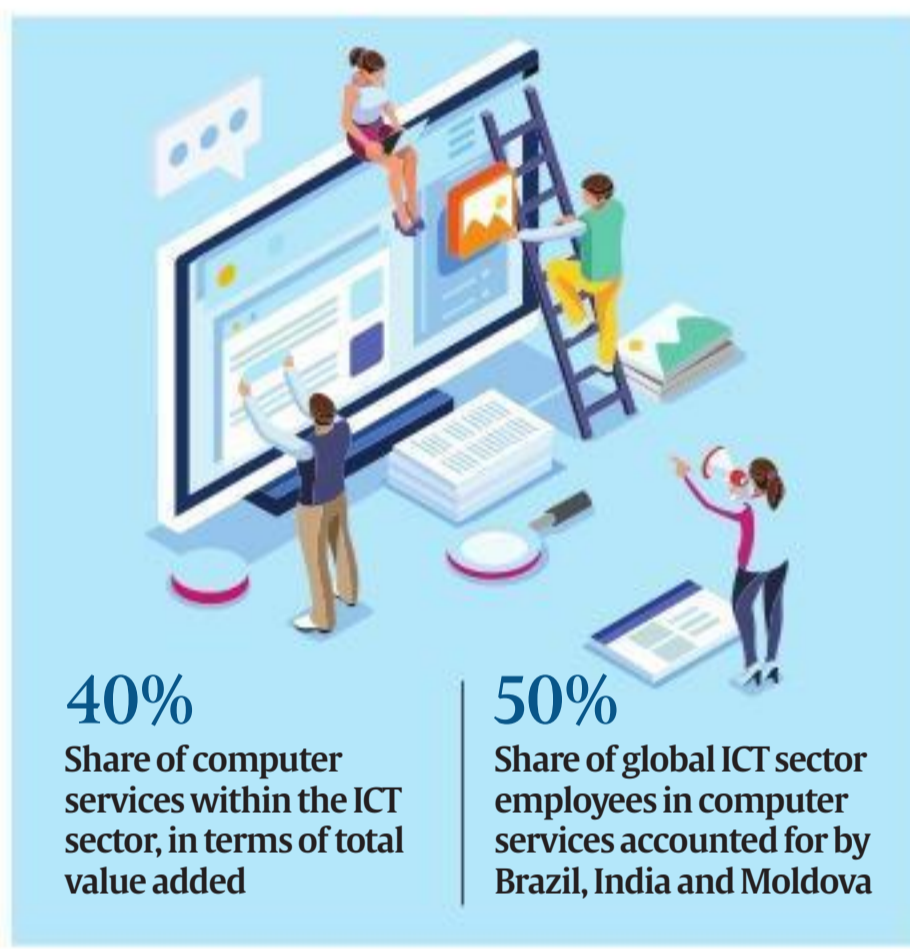
A Central Board of Direct Taxes (CBDT) order accessed by PTI said the decision was being taken after "several references" were received by the board, where a large number of cases of organised tax evasion through LTCG and STCL on penny stocks were noticed.

The I-T department had told CBDT that it was "unable" to pursue these cases in higher judicial forums on account of the recently-enhanced monetary limits.

'Computer services: Local market to grow faster than exports'

India's domestic market for computer services is likely to grow faster than exports, fuelled by Centre's Digital India programme and the start-up environment, a report by United Nations Conference on Trade and Development said

- 4TH:** India's rank in terms of growth in the share of the ICT sector's value added in GDP between 2010 and 2017
- 9TH:** India's rank in e-commerce sales in 2017, with total sales of \$400 billion or 15 per cent as a share of GDP
- 4.5-15.5%** OF WORLD GDP: Size range of global digital economy, as per the Digital Economy Report
- 38%** Share of computer services in ICT sector employment



Former Paytm vice president Sonia Dhawan joins group company

ENSE ECONOMIC BUREAU
NEW DELHI, SEPTEMBER 6

FORMER PAYTM vice president Sonia Dhawan, who was accused in an extortion case involving the company's founder Vijay Shekhar Sharma, has rejoined the group and has been appointed vice president at Gamepind Entertainment.

Gamepind Entertainment is a joint-venture between AGTech Holdings, an Alibaba Group company, and One97 Communications, Paytm's parent company.

In October 2018, Dhawan was arrested by Noida Police for allegedly trying to extort Rs 10 crore from Sharma.

After the former Paytm vice president was arrested, along with her alleged accomplices, an FIR of criminal intimidation was also filed. Dhawan was in jail for nearly five months after the FIR was filed.

Later, in March this year, she was granted bail by Allahabad High Court after she plead innocence saying nothing concrete had emerged against her.

In June, Dhawan joined Sheroes as director of corporate communications. Sheroes is an online women's community platform, in which Sharma is an investor.

In March, when Dhawan was

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rumoured to have rejoined the digital payment firm, Paytm had said "no accused is joining back the company till the time the court matter is concluded".

As per a regulatory filing by One97 Communications Ltd Dhawan held 1,400 shares in the company as of November 2017.

"Sonia Dhawan has joined as Vice President—Corporate Communications. She comes with over a decade of experience in leadership roles across marketing, PR and corporate communications and has played an instrumental role in building the brands since inception," Gamepind Entertainment Pvt Ltd said in a statement.

In addition to Dhawan's appointment, Gamepind's statement said that it has roped in Fayyaz Hussain as head of growth, and Harshit Kashiv as head-product marketing.

'Slowdown in diamond industry ... units forced to cut manpower'

EXPRESS NEWS SERVICE
AHMEDABAD, SEPTEMBER 6

HARI KRISHNA Exports, one of the biggest diamondaires in Surat, well-known for distribution of largesse among employees, will be struggling to break-even this Diwali. Despite an upcoming festive season, the company struggles to cope up with a 30 per cent dip in demand, while the smaller diamond units are forced to cut

down manpower, and slash working hours.

"There is a slowdown in the diamond industry. The demand is down by 25-30 per cent. The US and China are the biggest markets for diamonds polished in our country. Due to the trade war between the two, there is a lot of uncertainty regarding duty structures. This is resulting in less demand. The diamond units have reduced their production," said Ghanshyam while interacting

with mediapersons on the sidelines of the CII-Young Indians seminar organised at Ahmedabad Management Association (AMA).

He was speaking at a seminar on "Romancing with risk" where speakers shared secrets of success during an economic slowdown.

According to him, the slowdown has been severe for the last seven-eight months where diamond units in Surat have slashed working hours and even laid-off employees. "While the bigger

companies like us have not reduced their workforce, smaller players have cut down on manpower by 10-20 per cent. Many of them, instead of cutting their workforce, have reduced their work-hours to six hours from nine. Apart from Sunday, some diamond units have even started giving holidays on Saturday as well," added Ghanshyam, the younger brother of Surat-based billionaire and diamond merchant Savji Dholakia, who handles

the operations from Mumbai.

Surat is one of the world's key diamond processing centres, exporting around 80 per cent of the production, and has over 3,500 diamond processing units. Hari Krishna Exports employs 7,500 diamond workers in Surat and Mumbai. Talking about his company, which is known to gift cars and flats to employees as bonus, Ghanshyam said, "That will not happen. This month, business has been flat."

China cuts banks' reserve ratios, injects \$126 billion liquidity

YAWEN CHEN & KEVIN YAO
BEIJING, SEPTEMBER 6

CHINA'S CENTRAL bank said on Friday it was cutting the amount of cash that banks must hold as reserves for the third time this year, releasing 900 billion yuan (\$126.35 billion) in liquidity to shore up the flagging economy.

Analysts had expected China to announce more policy easing measures soon as the world's second-largest economy comes under growing pressure from escalating US tariffs and sluggish domestic demand.

The People's Bank of China (PBOC) said it would cut the reserve requirement ratio (RRR) by 50 basis points (bps) for all banks, with an additional 100 bps cut for qualified city commercial banks. The RRR for large banks will be lowered to 13.0 per cent.

The PBOC has now slashed the ratio seven times since early 2018. The size of the latest move was at the upper end of market expectations, and the amount of funds released will be the largest so far in the current easing cycle.

The broad-based cut, which will release 800 billion yuan in liquidity, is effective Sept. 16. The additional targeted cut will release 100 billion yuan, in two phases effective October 15 and November 15.

"The move shows policymakers are increasingly worried but it's far from enough to stabilise the economy," said Larry Hu, head of Greater China economics at Macquarie Group in Hong Kong.

"The key constraint is that everything is slowing down — corporates are not willing to invest because of the trade war, a global slowdown, and weak infrastructure and property sector growth."

The latest move to spur bank lending followed a cabinet meeting on September 4 that pledged to implement both broad and targeted cuts in the RRR "in a timely manner".

The PBOC said it will maintain a prudent monetary policy and avoid flood-like stimulus, while increasing counter-cyclical adjustments and maintaining reasonable and abundant liquidity.

Analysts say China's economic growth has likely cooled further this quarter from a near 30-year low of 6.2 per cent in April-June. Morgan Stanley says it is now tracking the lower end of the government's full-year target range of around 6-6.5 per cent. With Washington imposing new tariffs from September 1, and threatening more measures from October 1 and December 15, some economists have recently cut their China growth estimates for next year to below 6 per cent, which would breach Beijing's longer-term development goal. **REUTERS**

Yields tick lower as data, Fed firm up 25 basis point cut expectations

REUTERS
NEW YORK, SEPTEMBER 6

AMIXED employment report on Friday morning and an even-keel message from US Federal Reserve Chair Jerome Powell left yields modestly lower, firming up market expectations the central bank will cut interest rates by the expected 25 basis points at its September meeting.

Treasury yields were modestly lower than where they had been going into the panel discussion, with the two-year yield down 1.6 basis points to 1.524 per cent and the 10-year yield down 1.7 basis points to 1.548 per cent. The Labor Department's report showed job growth had slowed more than expected in August, but losses were cushioned by strong wage gains, which should support consumer spending and keep the economy expanding moderately amid rising threats from trade tensions. Meanwhile, gold turned positive Friday, after falling as much as 1 per cent earlier, as a weaker-than-expected US nonfarm payrolls report weighed on the dollar and increased appetite for safe-haven bullion, putting it on course for a weekly gain. Spot gold was up 0.1 per cent to \$1,519.96 per ounce at 1428 GMT.

FB, Amazon among tech giants to face antitrust probe in US

REUTERS
BENGALURU/WASHINGTON, SEPTEMBER 6

A BIPARTISAN group of state attorneys general will announce on Monday an investigation into large tech companies, like Facebook and Google, for potential violations of antitrust law, Texas Attorney General Ken Paxton's announced on Friday.

Paxton's office did not name the companies but the Justice Department and Federal Trade Commission are probing Facebook, Alphabet's Google, Apple and Amazon for potential violations of antitrust law.

New York Attorney General Letitia James announced on Friday that she was leading a bipartisan probe into Facebook. "I'm launching an investigation into Facebook to determine whether their actions endangered consumer data, reduced the quality of consumers' choices, or increased the price of advertising"

LETITIA JAMES
NEW YORK ATTORNEY GENERAL

This underscores the competition we face, not only in the United States but around the globe," said Will Castleberry, Facebook's vice president for state and local policy.

He added that the company would work constructively with state attorneys general.

Google has said that it was cooperating with the state officials. Attorneys general investigating the company also include those of Colorado, Florida, Iowa, Nebraska, North Carolina, Ohio, Tennessee and the District of Columbia, as per a statement.

Technology companies are facing a backlash in the United States — as well as across the world — fueled by concerns among competitors, lawmakers and consumer groups that the firms have too much power and are harming users and business rivals.

RCEP trade ministers to meet on Sept 8

PRESS TRUST OF INDIA
NEW DELHI, SEPTEMBER 6

TRADE MINISTERS of 16 countries, including India and Japan, which are negotiating mega free trade agreement RCEP, will hold a crucial meeting in Bangkok on September 8 to take stock of the negotiations.

Commerce and Industry Minister Piyush Goyal will attend the seventh RCEP Ministerial Meeting, East Asia Economic Ministers Summit and 16th ASEAN India Economic Ministers meeting being held in Bangkok from 8-10 September, an official statement said on Friday.

The meetings will be attended by economic ministers and senior leaders of ten ASEAN member countries and eight east asia summit countries, the statement added.

The Regional Comprehensive Economic Partnership (RCEP) agreement is being negotiated among 10 ASEAN members (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam) and Australia, China, India, Japan, Korea and New Zealand.

The negotiations for the Regional Comprehensive Economic Partnership (RCEP) has reached at a fundamental phase as the member countries are targeting to conclude the talks by November.

Patanjali's bid for Ruchi Soya: NCLT gives nod

PRESS TRUST OF INDIA
NEW DELHI, SEPTEMBER 6

THE NATIONAL Company Law Tribunal (NCLT) has approved the resolution plan submitted by Yoga guru Ramdev-led Patanjali for the debt-ridden Ruchi Soya. A two-member Mumbai NCLT bench, comprising Rajesh Sharma and V P Singh, approved the resolution plan after observing that all eventuality has been discussed by it.

"It is also to be clarified that every eventuality has been discussed in the approved resolution plan, and in implementation of the resolution plan circumstances

may arise for which clarification can be sought by the monitoring agency for effective implementation of the plan," said the NCLT.

It added: "In the circumstances, we hereby approve the resolution plan."

The NCLT also ordered the registrar to "immediately communicate this order to the resolution professional, resolution applicant, corporate debtor and IBI". Ruchi Soya owes over Rs 9,345 crore to financial creditors led by State Bank of India, which has an exposure of Rs 1,800 crore, followed by Central Bank at Rs 816 crore, PNB at Rs 743 crore and StanChart at Rs 608 crore and DBS at Rs 243 crore.

Security an issue in 5G: NCSC on Huawei

PRESS TRUST OF INDIA
NEW DELHI, SEPTEMBER 6

SECURITY IS a big issue in 5G and the decision around participation of Chinese telecom gear major Huawei should be taken after proper consideration, the country's top cyber security officer said on Friday.

National Cyber Security Coordinator (NCSC) Lt General (Dr) Rajesh Pant also said that 5G will not be limited to telecom networks but will have an impact across all sectors. Meanwhile, Huawei said security and privacy

are its highest priority and the company strictly adheres to all local laws and regulations.

"Government has to decide on it (participation of Huawei). We can tell you from technology aspect. Thereafter, its economics and political part will be seen. Security is an issue, there is no doubt in it. 5G is not just a pure telecom network. It has many things that are connected to our lifestyle," Pant told reporters on the sidelines of CII Telecom Convergence Summit.

He was responding to a question on the views of his office over participation of Huawei in 5G trials in India.