

**THE MARKETS ON FRIDAY**

	Chg#
Sensex	40,165.0 ▲ 36.0
Nifty	11,890.6 ▲ 13.1
Nifty futures*	11,928.3 ▲ 37.7
Dollar	₹70.8 ₹70.9**
Euro	₹79.0 ₹79.2**
Brent crude (\$/bbl)**	60.8** 59.6**
Gold (10 gm)**	₹38,700.0 ▲ ₹59.0

\* (Nov) Premium on Nifty Spot; \*\* Previous close; # Over previous close; ## At 9 pm IST; ### Market rate exclusive of VAT; Source: IBA

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## WEEKEND SEPARATE SECTION AYODHYA ON THE CUSP OF A HISTORIC VERDICT

## COMPANIES P2 FLIPKART TRIMS LOSSES, FY19 REVENUE UP 42%



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## INDIA, GERMANY SIGN 17 AGREEMENTS ON DAY 1



Prime Minister Narendra Modi with German Chancellor Angela Merkel in New Delhi on Friday

German Chancellor Angela Merkel, who is on a two-day visit to the country, expressed a desire to provide €1 billion to India for green urban mobility. The two countries signed a joint declaration on the matter after Prime Minister Narendra Modi met Merkel as part of the fifth Indo-German Inter-Governmental Consultations. Seventeen agreements were also signed between India and Germany. **18**

## COMPANIES P3 Change engines of A320neos by January: DGCA to IndiGo

The Directorate General of Civil Aviation (DGCA) has set a January-end deadline for IndiGo to change engines of all its 97 Airbus A320neo family aircraft. The airline has been instructed to procure a sufficient number of modified engines and stagger or defer inductions if required.

## Google to acquire Fitbit in all-cash deal of \$2.1 billion

Alphabet's Google has agreed to buy smartwatch maker Fitbit for \$2.1 billion in an all-cash deal, a move that could shore up the internet giant's hardware business while also potentially increasing antitrust scrutiny. **2**

## ECONOMY & PUBLIC AFFAIRS P4

### UPI payments cross 1-bn mark, thanks to e-tailers

A payments platform created by India's largest retail banks, the Unified Payments Interface, surpassed a billion transactions in October, a milestone that affirms the tremendous growth of services offered by US giants from Walmart to Amazon.com.

## BS ON SATURDAY SPECIAL

### NATIONAL INTEREST: Flag-bearers of hyper-nationalism

India is now far too strong for anyone to push it around. That should've made us more secure, not get caught in old fears and insecurities. **SHEKHAR GUPTA** writes

## RESULTS RECKONER

Quarter ended Sep 30, 2019; common sample of 469 companies (results available of 532)

SALES	Chg %	₹
Sep 30, '18	25.6%	₹9.00 trillion
Sep 30, '19	0.8%	₹9.07 trillion
PROFIT BEFORE TAX	Chg %	₹
Sep 30, '18	4.4%	₹1.06 trillion
Sep 30, '19	13.1%	₹1.20 trillion
NET PROFIT	Chg %	₹
Sep 30, '18	-0.9%	₹72,054 cr
Sep 30, '19	21.1%	₹87,225 cr

Companies with zero sales excluded; given the change in corporation tax rates, to give a fair comparison the profit before tax has been considered. Compiled by BS Research Bureau; source: Capitaline

## SENSEX THIS WEEK



**TOP 5 SENSEX GAINERS & LOSERS**

Price in ₹	Oct 25, '19	Nov 1, '19	% chg
<b>GAINERS</b>			
Tata Motors	127.0	174.9	37.8
YES Bank	52.2	66.6	27.7
State Bank of India	469.1	462.1	-1.5
Tata Steel	361.5	399.9	10.6
Indusind Bank	1,271.7	1,379.5	8.5
<b>LOSERS</b>			
Power Grid	203.1	197.3	-2.8
Asian Paints	1,797.0	1,766.0	-1.7
ICICI Bank	469.1	462.1	-1.5
Kotak Mahindra Bank	1,587.9	1,580.2	-0.5
Bharti Airtel	375.8	374.1	-0.5

Compiled by BS Research Bureau Source: Bloomberg

# ₹12K-cr tax blow to Tata Trusts

I-T dept cancels registration of 6 trusts for non-charitable activities; Trusts explore legal action

SHRIMI CHOUDHARY  
New Delhi, 1 November

The Income-Tax Department has cancelled the registration of six trusts operating under Tata Trusts, a move that could result in tax liability of about ₹12,000 crore for the organisation. The cancellation order was on account of activities (performed by trusts) that are not commensurate with Articles of Association, according to an official.

The concerned entities are the Jamsetji Tata Trust, RD Tata Trust, Tata Education Trust, Tata Social Welfare Trust, Sarvajani Seva Trust, and Navajbai Ratan Tata Trust. While these are not the main shareholding trusts, they hold 39,000 shares in Tata Sons, the parent company of the group, a person in the know said. Sir Dorabji Tata Trusts and Sir Ratan Tata Trust are the main entities of Tata Trusts.

Tata Trusts is the largest shareholder



Bombay House, headquarters, Tata group. Tata Trusts hold 66% in Tata Sons

of Tata Sons, with 66 per cent stake.

The amount that the I-T Department wants Tata Trusts to pay is based on the accumulation of income of the last three assessment years 2015-16, 2016-17 and 2017-18, said two officials privy to the

## TAX WOES

- Introduced in 2016, Section 115(TD) is a special provision on accreted income of a charitable trust
- Accreted income to be taxed at max marginal rate in certain cases
- Provision applicable on Tata Trusts even if they offered to surrender
- I-T dept says tax liability decided on basis of cancellation of registration, not offer of surrender

Bombay House, headquarters, Tata group. Tata Trusts hold 66% in Tata Sons

development.

In the 34-page order dated October 31, the tax department has invoked Section 115 (TD) of the I-T Act, a special provision introduced in 2016 with respect to certain category of trusts.

Under this, a trust whose registration is cancelled is required to pay tax on its "accreted" (past exempted income). The section deals with additional income tax if the trust converts or merges into a non-charitable trust, or if gets dissolved and fails to transfer its assets/liabilities.

The order says that the registration of the six trusts has been cancelled with immediate effect, which makes the trust liable to pay additional tax on the accreted income. If this had been from the date of the surrender being offered, which was in 2015, the tax would have been levied only on earnings. According to the order, these entities will be taxed at the maximum rate of 42 per cent.

In an e-mail response to *Business Standard*, a Tata Trust spokesperson said: "The Trusts are examining the order and will take necessary next steps in accordance with the law. The Trusts have effective legal options to vindicate their grievances against today's order, both factually and legally." **Turn to Page 10**

# Govt unlikely to give waiver on AGR dues

ARUP ROYCHOUDHURY & SURAJEET DAS GUPTA  
New Delhi, 1 November

The government is likely to rule out any waiver or reduction in the ₹1.33 trillion payout by telcos, as a result of the recent Supreme court order on the definition of adjusted gross revenue, according to a source in the know.

While telcos may have to fork out the full amount, the government will possibly make a representation to the court asking for an extension of the three-month deadline, imposed by the SC, to make the payment.

The committee of secretaries (CoS), which has been set up to look into issues related to the financially stressed telecom industry, met for the first time on Thursday. The Department of Telecommunications (DoT) made a presentation on the health of the industry at the meeting. **Turn to Page 10**

## EMERGENCY CALL

- COAI had complained the decision would lead to monopoly
- Govt may consider extension of 3-month time table
- Operators seeking 10-year payment schedule, with 2-year moratorium
- Willing to pay only past dues without interest, penalty, and interest on penalty

# Zee lenders ready ground for strategic stake sale

Promoter family's shares transferred to escrow account

DEV CHATTERJEE  
Mumbai, 1 November

Shares of Zee Entertainment Enterprises, the flagship company of the Essel group, surged 19 per cent on Friday after its lenders transferred a majority of the promoter family's pledged a stake to an escrow account, for a possible sale to a strategic investor.

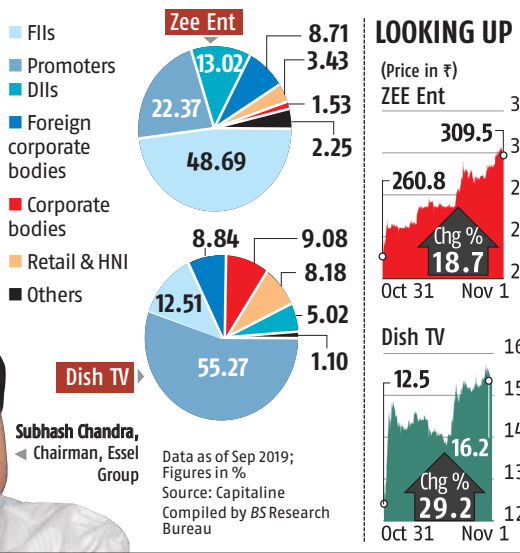
Promoter Subhash Chandra's 22.37 per cent stake was pledged with a clutch of lenders. The stake sale will now be led by bankers, said a person close to the development. A majority of the promoter's stake was pledged with VTB Capital, mutual funds (MFs), and Indian banks. On October 15, VTB Capital announced it had received the right to sell 10.71 per cent stake.

Sources familiar with the developments said following the sale of stake to a strategic investor, the promoters might have only 12 per cent, including the 10 per cent stake with VTB. While the promoters are confident that VTB will give them more time for repayment, their stake will reduce to 2 per cent if VTB decides to

## NUMBERS GAME



Subhash Chandra, Chairman, Essel Group



proceed with selling the pledged stake to a third party.

On Friday, the Zee stock closed at ₹309.5, giving it a market valuation of ₹29,727 crore. Taking into account the same, the promoter's stake in Zee is valued at ₹6,650 crore. Dish TV shares rose 29.2 per cent to ₹16.15 apiece. According to an MF source, the

funds will enable recovery of money if Zee shares touch the ₹300-mark and the promoter's shares are sold at this price. A US-based broadcasting and TV content distribution company is keen on acquiring the stake, and is in talks with lenders and the Chandra family, said the person cited above. **Turn to Page 10**

# Festive boost for motown, but the cheer is missing

ARINDAM MAJUMDER  
New Delhi, 1 November

Festive sentiment gave a boost to four- and two-wheeler sales in October, with the country's largest carmaker Maruti Suzuki India (MSIL) showing growth in sales after eight months.

However, industry executives cautioned that the slight revival in demand witnessed primarily during the 15 days of Navratri and Dhanteras — driven by aggressive discounting — is not a barometer to check demand, and things could be back to worse as most of the issues affecting

demand for cars and two-wheelers still persist.

That the economic gloom persists was highlighted by sales figures of commercial vehicle makers, which dropped more than 50 per cent despite lucrative discounts.

Ashok Leyland said the company plans to observe 0-12 days of no production during November. Total sales for the company declined by 35 per cent. Rating agency CRISIL noted that transporters shied away from purchases, given the higher down-payment now, amid lower loan-to-value being offered by banks.

"Festive sales have been really good, with growth across all categories. However, I am cautiously optimistic going into November, as banks are still very cautious to lend and cost of ownership remains high," said Shashank Srivastava, Executive Director of MSIL. The firm on Friday reported a 2.5 per cent increase in total sales in the domestic market during October. According to dealers, demand picked up mainly in the second half of Navratri, or the nine days leading to Dussehra, as it is considered an auspicious phase for purchases. **Turn to Page 10**

## ROUGH TERRAIN

Automakers except Maruti Suzuki have seen a fall

Company	Oct 19	Oct 18	% chg
Maruti Suzuki	153,435	146,766	4.5
Hyundai India	63,610	65,020	-2.2
Hero MotoCorp	599,248	734,667	-18.4
Tata Motors	39,152	57,710	-32.0
M&M	51,896	58,416	-11.0
Honda Cars	10,010	14,187	-29.4
Honda 2 wheelers	517,808	521,159	-0.6

Source: Companies

# Companies set for IBC immunity against asset attachment

RUCHIKA CHITRAVANSHI  
New Delhi, 1 November

The corporate affairs ministry (MCA) is planning to come up with a mechanism to ensure that the assets of corporate debtors under the insolvency resolution process are unencumbered and insulated from attachment by probe agencies.

A senior government official told *Business Standard*: "Our position is very clear... We will carve out something in the insolvency and bankruptcy code to make sure assets remain unencumbered."

The MCA and the Enforcement Directorate (ED), which reports to the ministry of finance, have locked horns over the attachment of assets of Bhushan Power and Steel (BPSL).

While the ED says it can attach the property of BPSL under the Prevention of Money Laundering Act, the ministry maintains it cannot do so because the company is going through insolvency proceedings.

"Once the resolution plan is approved, the successful applicant cannot be burdened with the

## WHAT THE LAW SAYS

### Section 71 of PMLA

**Act to have overriding effect:** Provisions of this Act shall have effect, notwithstanding anything inconsistent therewith contained in any other law for the time being in force

### Section 238 of IBC

**Provisions of this Code to override other laws:** Provisions of this Code shall have effect, notwithstanding anything inconsistent therewith contained in any other law for the time being in force or any instrument having effect by virtue of any such law

wrongdoing of the corporate debtor," the senior official said.

The MCA has received several representations from companies including JSW and Tata Steel regarding issues that cropped up after the closure of the insolvency and bankruptcy process.

The MCA said in its affidavit to the National Company Law Appellate Tribunal: "It is submitted

that if any corporate debtor is undergoing investigation by the Central Bureau of Investigation, Serious Fraud Investigation Office (SFIO) and or the Directorate of Enforcement (ED), such investigations are separate and independent of the Corporate Insolvency Resolution Process under the Insolvency and Bankruptcy Code and both can run simultaneously and independent of each other."

# YES Bank gets \$3-bn offer for investment



SUBRATA PANDA & NIDHI RAI  
Mumbai, 1 November

YES Bank has received offers for fund infusion of close to \$3 billion from various investors, including private equity (PE) players and domestic mutual funds (MFs).

Besides the \$1.2-billion binding offer, the bank has also received offers from six PE players and two domestic MFs of a further \$1.5-billion investment. Further, the bank is in early stages of discussions with a few domestic investors for another \$350 million in investment.

In a conference call with analysts, Ravneet Gill, managing director and chief executive of YES Bank, said the fresh capital would come in by December-end. The binding offer of \$1.2 billion came from a North American investor, he added.

## SHARP SLIDE

"We feel it is not appropriate to just clean up the books. The bank would like to raise capital," he added, adding that the bank was open to giving a board seat to the new investor who came on board.

The bank is in dire need of capital to not only provide for bad assets but also for growth. The common equity tier-1 (CET-1) capital stood at 8.7 per cent as of September, close to the regulatory requirement of 8 per cent till March 2020. The bank had, in August, raised ₹1,930 crore via qualified institutional placement at an issue price of ₹83.55 a share, which provided a breather.

The bank posted 91 per cent decline in profit before tax to ₹122 crore in the September quarter, compared to ₹1,426 crore last year. The private lender reported net loss of ₹600 crore, owing to a one-time deferred tax asset adjustment of ₹709 crore. In the same quarter last year, it had reported net profit of ₹965 crore. The stock closed at ₹66.6 on Friday, down 5.46 per cent in anticipation of weak numbers. This followed the 24 per cent gain on Thursday after announcement of the binding offer. **Turn to Page 10**



'We will not see repeat of elevated slippages' RAVNEET SINGH GILL, MD & CEO, YES Bank

ECONOMY & PUBLIC AFFAIRS P6