

FINANCIAL EXPRESS

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IN THE NEWS

Toll mounts to 27, no fresh violence in N-E Delhi

A SECURITY ASSISTANT with the Intelligence Bureau, Amit Sharma, is among 27 who have lost their lives in the Northeast Delhi violence, reports **Abhishek Angad in New Delhi**. The dead include a cop, and residents of both Hindu and Muslim neighbourhoods. Wednesday passed off without any major incident of violence. And while Delhi Police has by now lodged 18 FIRs and arrested 106 people, the bloodshed paints a grim picture of how a volatile situation turned communal right under the police's nose.

Govt to encourage ailing discoms to seek privatisation

THE GOVERNMENT WILL encourage inefficient state discoms to seek privatisation and other institutional reforms to turn around money-losing operations and ensure reliable supplies to consumers, reports **Bloomberg**. States with discoms that lose over 15% of revenue due to archaic networks, power theft and sloppy billing and collections would be pushed to seek private participation in their distribution network, said power secretary Sanjiv Nandan Sahai in an interview.

STOCKTAKING


Get back to lending, FM tells chary banks

Minister reassures PSB chiefs of protection for their honest business mistakes

FE BUREAU New Delhi, February 26

FINANCE MINISTER NIRMALA Sitharaman on Tuesday asked public sector banks (PSBs) to get back to the business of lending with a personal touch at the branch level and also ensure that small and medium businesses are not starved of liquidity. Sitharaman's statement comes after the non-food credit growth plunged to an over three-year low of 7.1% year-on-year in the second fortnight of January, even though the liquidity surplus was in excess of ₹2 lakh crore. Stressing that bankers need not fear, as none other than Prime Minister Narendra Modi had reassured them of protection for honest business mistakes, the minister also expected them to not restrict lending when they could improve credit flow by extending loans to eligible customers.

WHAT FM SAYS



- About **5.28 lakh** MSME accounts restructured under RBI scheme
- Bankers reassured of protection for honest mistakes
- Govt seized of AGR issue, steps to be announced when ready
- Will go to Guwahati on Thursday to gauge credit flow to N-E states
- No uncertainty or delay in case of PSB merger

She cited the example of last year's outreach programme (directed by the finance ministry) — under which PSBs disbursed a record ₹4.91 lakh crore of loans during October and November — and hoped that bankers would replicate such efforts to boost lending. Sitharaman was speaking to media after holding meetings with chiefs of PSBs. She reviewed loan flow to MSMEs in one of the meetings, which was also attended by transport and MSME minister Nitin Gadkari. As many as 5.28 lakh MSME accounts, which were witnessing stress but were still standard, have been restructured since January 2019 under an RBI scheme, which has been extended by one year through March 2021 to help such businesses. The central bank in January last year allowed this one-time restructuring of existing loans to support MSMEs that have been hit by the double whammy of the demonetisation and the goods and services tax regime.

LOCAL SOURCING

Goods procured from SEZs by single-brand retailers qualify to meet norms

PRESS TRUST OF INDIA New Delhi, February 26

GOODS PROCURED FROM units in special economic zones (SEZs) by single-brand retailers, owned by foreign companies, would qualify for meeting the mandatory 30% local sourcing conditions, according to a government clarification. According to the current foreign direct investment (FDI) policy on single-brand retail trading, 100% overseas investments are allowed in the sector. But sourcing of 30% of the value of goods procured is mandatory from India for such companies having FDI beyond 51%. The government has received representations from various entities seeking clarification whether sourcing of goods from units located in SEZs would qualify as sourcing from India, as per the FDI policy.

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JAYPEE GROUP DEALS

SC asks JP Associates to return 858 acre to JIL

Quashes NCLAT stay and restores NCLT order calling the land transfer 'preferential'

INDU BHAN New Delhi, February 26

THE SUPREME COURT on Wednesday asked Jaiprakash Associates (JAL) to return the 858-acre parcel to its subsidiary firm, Jaypee Infratech (JIL), which is currently undergoing insolvency. In doing so, the SC upheld the original order of the Allahabad bench of the National Company Law Tribunal (NCLT) in the matter and quashed the National Company Appellate Law Tribunal order, which had stayed the direction subsequently. While quashing the NCLAT stay order, the SC went by the original order of the NCLT and termed the whole transaction as "preferential". In May 2018, the Allahabad bench of the NCLT had said,



In May 2018, NCLT Allahabad revoked land transfer, calling it 'fraudulent, undervalued' However, in August 2019, the NCLAT stayed the order Land was mortgaged by JAL to raise ₹20,510-crore loan JIL's RP's contention: Land could have been sold or mortgaged to raise funds and complete the construction of flats

"We have found that corporate debtor (Jaypee Infratech) has by way of mortgage of unencumbered land created security interest in favour of lenders of JAL, which happens to be the holding company of

JIL, without any consideration. We have also found that the corporate debtor was facing liquidity crunch and their accounts were declared NPA, and even after formation of Joint Lender Forum, without obtaining approval from the JLF, unencumbered land of the corporate debtor has been mortgaged in favour of lenders of JAL." The order was on a petition, by the resolution professional of JIL, which had alleged that the transfer of the land amounted to asset stripping. The RP had alleged that that said land of JIL, which was valued around ₹5,000-6,000 crore, was mortgaged to State Bank of India, ICICI Bank, IDBI Bank and Standard Chartered Bank. The transfer took place when the banks had started classifying JIL a non-performing asset due to loan defaults. The RP's contention was that the land could have been sold or mortgaged by JIL to raise funds and complete the construction of flats.

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Special Feature

We are the core of the 5G network: Cisco's Diedrich



Cisco has now transitioned from being a technology box seller to being a trusted technology partner and adviser to India, says its VP & global innovation officer Guy Diedrich

Poco X2: Good mix of price and performance



Priced ₹15,999-₹19,999, the Poco X2 from the Xiaomi stable is a beautiful phone that looks sharp, performs well, provides great user experience and has a solid battery life

Quick Picks

Govt lifts onion export ban on sharp price fall, good crop hope

THE GOVERNMENT on Wednesday decided to lift the nearly six-month-old ban on export of onions in a bid to protect the interests of farmers as prices are likely to fall sharply due to bumper rabi crop, reports **PTI**. "Since the price of onion has stabilised and there is bumper onion crop, the government has decided to lift ban on export of onions. Expected monthly harvest in March is over 40 lakh MT compared to 28.4 lakh MT last year," food minister Ram Vilas Paswan said in a tweet. **PAGE 2**

Warburg Pincus to invest ₹1,080 crore in Apollo Tyres

APOLLO TYRES on Wednesday said that private equity firm Warburg Pincus will invest ₹1,080 crore in the company, reports **PTI**. Apollo's board on Wednesday has approved an issuance of compulsorily convertible preference shares in the company worth ₹1,080 crore to an affiliate of Warburg Pincus, Apollo Tyres said in a statement. The investment represents a primary capital infusion into the company and is subject to shareholder and regulatory approvals, it added. **PAGE 6**

No immediate relief from DHFL CoC, FD holders to move NCLT

DHFL'S FIXED deposit (FD) holders will move NCLT after the committee of creditors (CoC) refused any immediate relief in clearing dues, a lead petitioner in the matter, Vinay Kumar Mittal, told **FE**, reports **Ankur Mishra in Mumbai**. In the February 20 CoC meeting, authorised representative of FD holders raised demand for payment. However, other than FD holders, the CoC was of the view that preference could be given to one class of financial creditors. **PAGE 10**

AGR CRISIS

Voda Idea seeks host of concessions

KIRAN RATHEE New Delhi, February 26

AS THE GOVERNMENT struggles to resolve the adjusted gross revenue (AGR) crisis, Vodafone Idea, the most badly hit company by the Supreme Court order on the matter, has written to the department of telecommunications (DoT) enumerating a list of sops it would need to stay afloat. According to sources, the company has sought a moratorium of three years for the balance AGR-related dues, after which it can make payments spread over a 15-year period.

The demands

- Of the total ₹53,039 cr, ₹3,500 cr paid till date
- Three-year moratorium; pay balance amount over a 15-year period
- ₹7,000 crore GST refund amount to be adjusted against its AGR dues
- Licence fee to be cut to 3% of AGR from current 8%
- SUC to be slashed to 1% of AGR from current 3%

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The Indian EXPRESS AQDA

Presented by YES BANK

Chief economic advisor KV Subramanian with Indian Express Group Executive Director Anant Goenka and The Indian Express Executive Editor-National Affairs P Vaidyanathan Iyer at the Express Adda in Mumbai on Wednesday.

In conversation

AMIT CHAKRAVARTY

Retail boom

FE BUREAU

Bright prospects in store

The domestic retail industry is expected to see a boost on the back of rising consumer demand. However, to cash on the opportunities, retailers need to improve their core businesses to maintain competitive edge, avoid risk of falling revenues and store closures

Size of retail (\$ trn)

2019: 0.7
2025: 1.1-1.3
2030: 1.8-2

% of net stores added

Neighborhood & convenience (<4k sq. ft)
Mid size (4k - 25k sq. ft)
Large format & Hypermarket (>25k sq. ft)

2018-2019: 52, 35, 13

Top 5 players market share (%)

<5
2019
10-12
2030

Source: BCG-RAI Report

FULL DISCLOSURE

Scope of audit reports widened to check frauds

RISHI RANJAN KALA New Delhi, February 26

IN A BID to check corporate frauds and scams, the ministry of corporate affairs (MCA) has revised the Companies (Auditor's Report) Order, or CARO, under which auditors are now required to report more extensively on many crucial aspects including frauds, loan defaults, whistle blower complaints and benami properties.

Under the amended Companies (Auditor's Report) Order, auditors will have to comment on a total of 50 matters in their audit reports against the earlier 21. The amendments apply to every audit report of companies under section 143 of the Companies Act, for the financial year 2019-20 and beyond. AMRG & Associates chief executive Gaurav Mohan said, "Accountability and responsibility on an auditor are on the rise in wake of heightening expectations from all stakeholders, including banks, tax authority, Sebi, MCA and NFRA. Newly inserted CARO report enhances the scope of matters to be contained in the auditor's report of the company, to include details of proceedings under the Benami Act, 1988, sanction of working capital limit exceeding ₹5 crore, GST dues, cash losses, unrecorded transactions accepted in income tax assessments and declaration of company as wilful defaulter by any lender".

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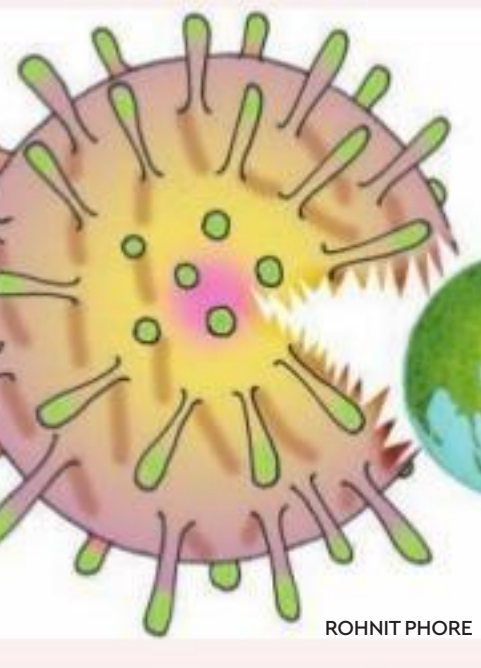
TAKING A HEAVY TOLL

US warns coronavirus pandemic a question of 'when' not 'if'

DAVID STANWAY & JOSH SMITH Shanghai/Seoul, February 26

ASIA REPORTED HUNDREDS of new coronavirus cases on Wednesday, including a US soldier stationed in South Korea, as the US warned of an inevitable pandemic and outbreaks in Italy and Iran spread to other countries. World stocks tumbled for the fifth day on fears of prolonged disruption to global supply chains, while safe-

haven gold rose back towards seven-year highs and US bond yields held near record lows. Stock markets globally have wiped out \$3.3 trillion of value in the past four trading sessions, as measured by the MSCI all-country index. The disease is believed to have originated in a market selling wildlife in the central Chinese city of Wuhan late last year and has infected about 80,000 people and killed more than 2,700, the



vast majority in China. The US Centers for Disease Control and Prevention urged Americans to prepare, saying that while the immediate risk there was low the global situation suggested a pandemic was likely. "It's not a question of if. It's a question of when and how many people will be infected," CDC's principal deputy director Anne Schuchat said on Tuesday. World Health Organization

chief Tedros Adhanom Ghebreyesus, however, advised against referring to a pandemic. "We should not be too eager to declare a pandemic without a careful and clear-minded analysis of the facts," Tedros said in remarks to Geneva-based diplomats. "Using the word pandemic carelessly has no tangible benefit, but it does have significant risk in terms of amplifying unnecessary and unjustified fear and stigma, and paralysing systems. It

may also signal that we can no longer contain the virus, which is not true." Japan has nearly 170 virus cases, besides the 691 linked to a cruise ship that was quarantined of its coast this month. Six people have died in Japan, including four from the ship. There have been nearly 50 deaths outside China, including 11 in Italy and 19 in Iran, the most outside China, according to a Reuters tally.

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