

HDIL used Yes Bank loan to repay older Yes Bank loan: ED probe

KHUSHBOONARAYAN
MUMBAI, MARCH 16

THE ENFORCEMENT Directorate (ED) has found that Yes Bank Ltd gave a Rs 200-crore loan to beleaguered Housing Development & Infrastructure (HDIL) in 2016 for a project, but the amount was allegedly diverted to repay an older loan of the lender to ensure that the HDIL account is not classified as a non-performing asset (NPA). HDIL, and its promoters Rakesh Wadhawan and Sarang Wadhawan were arrested by the ED in connection with the Rs 4,355.46-crore fraud at Punjab and Maharashtra Cooperative (PMC) Bank. The promoters are also related to the family of Dewan Housing Finance Corporation (DHFL) promoters Kapil Wadhawan and Dhiraj Wadhawan. The ED is probing Yes Bank promoter Rana Kapoor for allegedly receiving kickbacks of over Rs 600 crore for loans given by the bank to DHFL. According to sources, HDIL constructed a building in suburban Mumbai in 2015 and applied for a loan with Yes Bank in 2016 to renovate it. However, the money loaned by the bank was diverted to other group firms to repay earlier loans, the ED has alleged. The agency has also recorded the statement of Sanjay Chhabria, managing director of real estate firm Radius Developers, in connection with the alleged Rs 750-crore loan from Yes Bank to Belief Realtors Private Ltd, a company owned by the promoters of DHFL. The Directorate found that in

Probe into 'kickbacks' given to Rana Kapoor, his links with HDIL

Mumbai: The ED, while seeking Yes Bank founder, Rana Kapoor's custody for the third time since his arrest last Sunday, claimed further links between him and HDIL promoters Sarang and Rakesh Wadhawan. The agency said it is probing into kickbacks Kapoor got for sanctioning loans without following due procedure or prior approvals. The agency claimed that a loan of Rs 202.1 crore was

sanctioned by Yes Bank in parts to one Mack Star Marketing Pvt Ltd — a joint venture (JV), where the Wadhawans had a minor share. Additional Solicitor General Anil Singh submitted to a court that it was found a part of this money was never disbursed to the JV's account and was directly set off by Yes Bank against earlier unrelated loans of HDIL Group Companies. **ENS**

2018, Yes Bank gave Rs 750 crore to Belief Realtors for redevelopment of slums at Bandra reclamation in Mumbai along with Radius Developers. Of the total loan, Yes Bank charged Rs 118 crore as processing fees and the remaining Rs 632 crore was transferred to Belief Realtors. The ED has claimed this money was immediately diverted to Kyta Advisers, another entity connected to DHFL promoters. Chhabria has now told the ED that Radius Developers had not signed any agreement with Belief Realtors for redevelopment of slums at Bandra reclamation. The ED has also expanded its probe to several other companies that got loans from Yes Bank. It has alleged that Yes Bank gave out loans worth thousands of crore of rupees to various companies, a large number of them non-banking financial institutions, many of which later became stressed as-

sets. As companies began defaulting on repayments, instead of declaring the assets as NPAs well in time and initiating recovery proceedings, Rana Kapoor allegedly conspired with the companies and got them to invest in firms run by his wife and daughters. PMC Bank is under regulatory restrictions after the RBI found financial irregularities in its functioning, hiding and classification of loans given to HDIL. The bank loaned over 70 per cent of its Rs 9,000 crore in advances to HDIL. Police said the actions of the accused allegedly led to bank losses totaling Rs 4,355.46 crore. The ongoing investigation has found that there were nearly 44 accounts at the bank that were password-protected. A lot of the money has been diverted to these accounts linked to the Wadhawans and HDIL-linked entities, police added.

YES BANK CRISIS

No need for panic withdrawals, depositor money safe: RBI Guv

ENSE ECONOMIC BUREAU
MUMBAI, MARCH 16

WITH THE Reserve Bank of India (RBI) set to lift the moratorium on Yes Bank on March 18, RBI Governor Shaktikanta Das on Monday assured depositors that their money in the bank is "absolutely safe" and there is "no need to go for panic withdrawals" from the bank. "The depositors money is absolutely safe... and there is no reason for any undue worry or there is no need for rushing into withdrawing their deposits. In India, never in the history of banking, depositors have lost money. Their interests have always been protected," Das said at a media conference here. "As you would have seen, swift action has been taken by the RBI and by the government. There has been very active coordination between the government of India, the finance ministry and the RBI," he said. The moratorium will be lifted at 6 pm on March 18, he said. "As you can see, this has been a very swift and fast action, perhaps a record of sort. With regard to the restructuring scheme which has been notified by the government, I would like to say that it is a very credible and sustainable restructuring plan. We do believe it is credible and it will sustain in the years to come," Das said. "It is also an instance perhaps the first of its type. It is also an instance of public private partnership for revival of a private sector bank. Both the public sector led by the State Bank and major pri-

On some state governments withdrawing money from private banks, Das said the RBI has written to all state governments, impressing upon them that the Indian banking sector is sound and safe and banking sector includes the private sector banks. "We have specifically indicated that the health of the banking sector including the private banking sector is sound and safe and therefore, there is no reason for state government authorities to withdraw deposits or to take deposits or to keep away from the private sector banks," he further said. "Private sector banks are an important component of our banking sector. And therefore, it would be necessary that in the interest of financial stability, in the interest of banking stability, various authorities both at the Central and at the state level, continue their confidence in the private sector banks," he said. "I'm also happy to note that during all these months, when there were stories about Yes Bank having increasing difficulties, a large number of depositors have remained loyal and they are still with Yes Bank," he said. "I do expect and appeal to them to continue their confidence and loyalty to Yes Bank. You have the big names of Indian banking sector, which are participating in the revival of Yes Bank."

SHAKTIKANTA DAS
GOVERNOR, RESERVE BANK OF INDIA

etary liquidity support to Yes Bank to meet its requirements. So that is a comforting factor for the depositors that the Reserve Bank will support Yes Bank with liquidity if it is required," Das said. "As you would have seen, swift action has been taken by the RBI and by the government. There has been very active coordination between the government of India, the finance ministry and the RBI," he said. The moratorium will be lifted at 6 pm on March 18, he said. "As you can see, this has been a very swift and fast action, perhaps a record of sort. With regard to the restructuring scheme which has been notified by the government, I would like to say that it is a very credible and sustainable restructuring plan. We do believe it is credible and it will sustain in the years to come," Das said. "It is also an instance perhaps the first of its type. It is also an instance of public private partnership for revival of a private sector bank. Both the public sector led by the State Bank and major pri-

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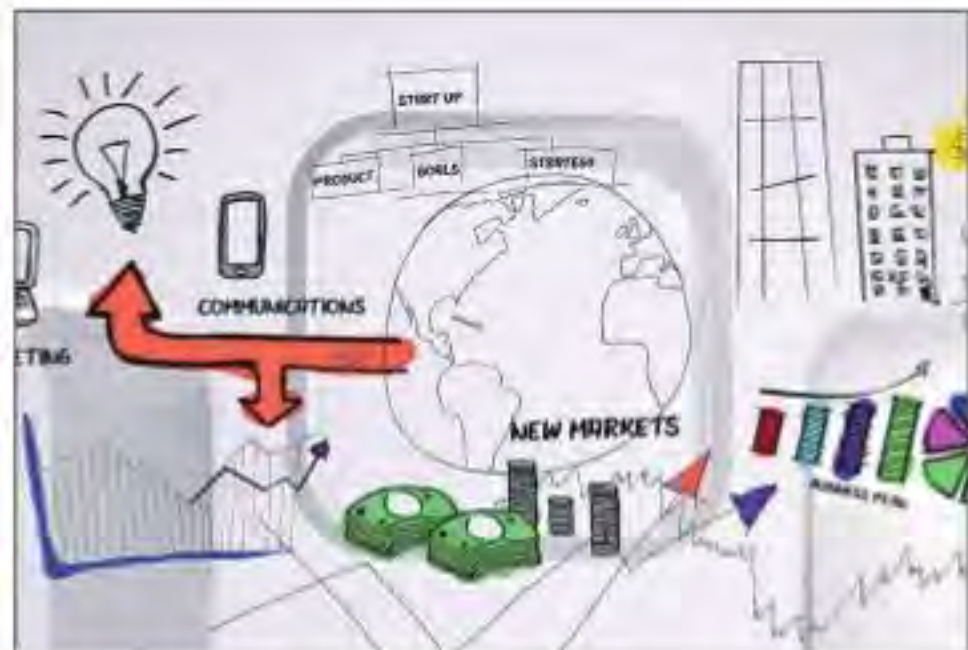
Yes Bank bonds write-down: Indiabulls Housing Fin files plea in HC

EXPRESS NEWS SERVICE
MUMBAI, MARCH 16

AFTER DEBENTURE trustee Axis Trustee Services Ltd, Indiabulls Housing Finance Ltd — an additional tier 1 (AT-1) bondholder of Yes Bank — has moved the Bombay High Court against the RBI's proposal to write-down the lender's AT-1 bonds. A division Bench of justices SJ Kathawalla and RI Chagla Monday said in an interim order that any action pertaining to Yes Bank AT-1 bonds to be subject to its further orders. Indiabulls, in its statement issued on March 8, had claimed that Yes Bank owes it nearly Rs 662 crore, which it had invested in AT-1 bonds in 2017 as a part of its treasury management. Senior counsels Dinyar Madan and Gaurav Joshi mentioned the plea by Indiabulls on Monday. Earlier, Axis Trustee Services had sought from the high court a relief against the proposal by the Reserve Bank of India (RBI) as part of its plan to rescue Yes Bank, which has been under a moratorium since March 5. A debenture trustee is an entity that serves as a liaison between the company that issued debentures and the debenture holders that are collecting interest payments. Tier 1 bonds are rated higher than equity but do not have a priority like secured creditors.

Govt receives 121 applications for compounding CSR offences

The Corporate Affairs Ministry on Monday said 121 applications for compounding CSR-related offences have been received and compounding has been done in 37 cases



Features such as autopilot surveillance, pre-emptive fraud-detection, compliance management, data analytical capabilities would also be included in the new version

● **MoS FOR CORPORATE AFFAIRS ANURAG THAKUR WAS COMMENTING ON PLANS TO INTRODUCE AI SYSTEM IN MCA 21 PORTAL**

UNDER THE COMPANIES LAW, certain classes of companies have to shell out at least two per cent of the average net profits, made during the three immediately preceding financial years, towards Corporate Social Responsibility (CSR) activities

MINISTER OF STATE FOR Corporate Affairs Anurag Singh Thakur also told the Lok Sabha on Monday that the entire CSR architecture is disclosure-based and companies concerned are required to file details of CSR

Among other features, the new version would have modules such as e-consultation, e-adjudication, compliance management system and e-learning

● **THE MCA21 SYSTEM WAS STARTED IN 2006, AND CURRENTLY THE SECOND VERSION IS OPERATIONAL**

GENERALLY, COMPOUNDABLE offences are those which can be settled by paying certain amount of money

UNDER SECTION 135 OF the Companies Act, 2013, every company having net worth of at least Rs 500 crore, turnover of Rs 1,000 crore or more, or a minimum net profit of Rs 5 crore during the immediately preceding financial year has to make CSR expenditure

Source: PTI

Direct tax mop-up shrinks 3.5%, indirect tax collections post meagre rise in Apr-Feb

ENSE ECONOMIC BUREAU
NEW DELHI, MARCH 16

NET DIRECT tax collections contracted by 3.5 per cent to 8.13 lakh crore during April-February period of the current fiscal, while indirect tax collections grew by just 3.8 per cent to 8.75 lakh crore, data presented by the Finance Ministry in Parliament on Monday showed. With the requirement now to collect Rs 4.67 lakh crore (Rs 3.56 lakh crore of direct taxes and Rs 1.11 lakh crore of indirect taxes) in the one remaining month of this financial year and given the economic slowdown and the economic impact of COVID-19 pandemic, meeting the revised estimates for tax revenues for 2019-20 would be an uphill task for the Centre. The government had collected Rs 8,43,582 crore as direct taxes and Rs 8,43,400 crore as indirect taxes in the 11-month period of April-February last fiscal. In percentage terms, the Centre now needs to collect 30.4 per cent of direct taxes in March, having collected 69.6 per cent of the year's direct tax revenues during April-February. Indirect tax collections are faring slightly better with 11.3 per cent of the full year's revised estimate needed to be collected during March, the data showed. The government had cut its tax targets for 2019-20 while presenting the Budget for 2020-21. Direct tax target was revised down by Rs 1.65 lakh crore for FY20, while the estimate for indirect taxes was reduced by Rs 51,016 crore. The direct tax dispute resolution scheme, Vivad se Vishwas, which was announced in the Budget last month, is expected to help the government bridge its revenue gap to some extent. The government said that it's

EXPLAINED E Widening revenue gap to hit govt's fiscal math

THE REVISED estimate for direct taxes for this fiscal had assumed an annual growth of 2.9 per cent, while indirect taxes were projected to grow 5.1 per cent. In the 11-month period of April-February, direct taxes have recorded a contraction of 3.5 per cent, while indirect taxes have recorded a growth of just 3.8 per cent. With only one month left in FY20, and the economic growth expected to take a further hit due to COVID-19 pandemic, the widening revenue gap is expected to upset the government's fiscal math for this financial year.

taking several steps including monitoring advance tax payments by top taxpayers to boost its direct tax collections. "In order to maximise direct tax collection, the Income Tax Department is taking several steps including monitoring of advance tax payments by top taxpayers, recovery of outstanding demand, monitoring payment of tax deducted at source (TDS) by top deductors, organising awareness programmes regarding TDS/Tax Collection of Source (TCS) provisions for proper compliance, utilising information available through Statement of Financial Transactions and other agencies for detection of cases of tax evasion and new tax-payers, enforcement action by way of searches and surveys, efforts towards widening of tax base, early disposal of high demand assessments and appeals for early recovery of demand, multimedia campaign to encourage voluntary compliance of tax laws, monitoring of payment of dividend distribution tax and regular assessment tax, etc," Minister of State for Finance Anurag Thakur said in a written

reply to a question in Lok Sabha. For indirect taxes, the Centre has taken measures to improve GST revenue such as GST rate rationalisation to improve tax compliance, mandatory e-filing and e-payment of taxes, penalty for delayed payment, extensive use of third party sources such as state VAT (value added tax) department, income tax etc. for compliance verification, regular enforcement and compliance verification of tax returns, Thakur added. The revenue shortfall is likely to have implications on the government's fiscal deficit target as well, which had touched 128.5 per cent of the whole-year Budget target during April-January. The deficit in the year-ago period was 121.5 per cent of the corresponding target. The Centre has targeted to restrict the fiscal deficit (RE) at Rs 7,66,846 crore for the year ending March 31, 2020. In Budget 2020-21, the government had raised the fiscal deficit target to 3.8 per cent of the gross domestic product (GDP), from earlier estimate of 3.3 per cent for 2019-20 due to revenue shortage.

BRIEFLY WPI inflation eases to 2.26% in February

New Delhi: Wholesale price index (WPI) based inflation softened to 2.26 per cent in February on the back of cheaper food items and vegetables, the government data showed on Monday. In January, the WPI inflation stood at 3.1 per cent and in the year-ago same period it was at 2.93 per cent, as per data from the Commerce and Industry Ministry.

I-T Dept issues notice on linking PAN-Aadhaar

New Delhi: The Income Tax Department on Monday issued a public message saying it was "mandatory" to link Permanent Account Number (PAN) with Aadhaar and advised people not to "miss" the stipulated deadline of March 31.

Gold prices rally ₹455 on rupee depreciation

New Delhi: Gold prices on Monday jumped by Rs 455 to Rs 41,610 per 10 gram in the national capital amid rupee depreciation and recovery in global prices, according to HDFC Securities. Silver prices, however, dropped by Rs 1,283 to Rs 40,304 per kg from Rs 41,587 per kg in the previous trade.

Hyundai rolls in all-new version of SUV Creta

New Delhi: Hyundai on Monday launched the all-new version of its popular SUV Creta with price between Rs 9.9-17.2 lakh. The South Korean auto major said is preparing to have a crack again at the premium SUV segment in India to strengthen overall leadership in the segment. **PTI**

Lockheed Martin names new CEO

Bengaluru: Lockheed Martin Corp said on Monday company veteran Marilyn Hewson will step down as CEO, and tapped board member and American Tower Corp boss James Taiclet as her replacement. Hewson has been with the Pentagon's largest defense contractor since 1983 and became CEO in January 2013. **REUTERS**

CCI imposes ₹302 cr penalty on Grasim Industries

PRESS TRUST OF INDIA
NEW DELHI, MARCH 16

THE COMPETITION Commission has slapped a penalty of Rs 302 crore on Grasim Industries for abusing its dominant position with respect to supply of a certain staple fibre to spinners. Besides, the company has been directed by the fair trade regulator to "cease and desist" from indulging in anti-competitive practices as well as put in place a transparent "discount policy" for all the market participants. In a 60-page order, the Competition Commission of India (CCI) said the company has abused its dominant position in the market for supply of VSF to spinners in India by charging discriminatory prices to its customers, besides imposing supplementary obligations upon them. These are in violation of competition norms, it added. VSF is Viscose Staple Fibre (VSF) and is produced as well as sold by Grasim Industries. "While the company is yet to receive the order of the CCI, it believes that on merits it has sufficient grounds for an appeal," the company said in a filing to the stock exchanges on Monday. The CCI has directed the company to "refrain from adopting unfair/discriminatory pricing practices and also refrain from seeking the consumption details of VSF from the buyers". Further, the watchdog has asked Grasim Industries to put in place a discount policy which is transparent and non-discriminatory to all the market participants, and to make it easily and publicly accessible/available.

PAYMENT OF AGR DUES BY TELCOS

DoT lists MNP capacity limitation, economic impact, public interest as reasons to seek extended timeline

AASHISH ARYAN
NEW DELHI, MARCH 16

IN A climbdown of sorts, the Department of Telecommunications (DoT) approached the Supreme Court pm Monday with a plea to extend the timeline for payment of adjusted gross revenues (AGR) by telecom operators. The latest plea moved by the DoT is seen as a shift of stance by many experts as it was on an application moved by the ministry that the apex court had upheld government's definition of AGR. Monday's plea seeking extension of time to a maximum of 20 years, and freezing on interest, penalties, and interest on penalties on past AGR dues, saw the Telecom Department make passionate pleadings as to how immediate payout by the companies would be detrimental for customers as well as overall market conditions. "It is found that telecom service providers who are required to make the payments are catering to the services of the crores of consumers throughout the country. The applicant is conscious of the fact that any immediate adverse impact on the functioning of the telecom service providers would not only have an adverse impact on the overall economy of the nation, but would also seriously harm the interest of the consumers throughout the country," the Department said in its plea to the SC. *The Indian Express* has seen a copy of the plea. The DoT, further in its plea, played out some of the scenar-

IMMEDIATE PAYOUT BAD FOR CUSTOMERS

■ Monday's plea seeking extension of time to a maximum of 20 years, and freezing on interest, penalties, and interest on penalties on past AGR dues, saw the DoT make passionate pleadings as to how immediate payout by telcos would be detrimental for customers as well as overall market conditions

ios for the court if no relief is given to the telcos. One of the first reasons, the Telecom Department said, is "capacity limitation" of mobile number portability process, which may lead to delay in shifting of operations from non-operational to operational telecom service provider. "TSPs (telecom service providers) porting in customers from telecom service providers not able to provide services will also need additional access (and backhaul) spectrum to maintain Quality of Service. Access spectrum is acquired through auction," the DoT said, without naming which service provider could be forced to shut shop in the absence of relief by the SC. Apart from that, the Department also mentioned the possibility of adverse consequences for consumers if one of the competitors goes out of the market, and the loss of tax and non-tax revenues accrued to the government on account of license fee, spectrum usage charge, as well as GST

Moreover, the Department mentioned the possibility of adverse consequences for consumers if one of the competitors goes out of the market, and the loss of tax and non-tax revenues accrued to the government on account of license fee, spectrum usage charge, as well as GST Services Tax (GST). In the eventuality of one service provider undergoing corporate insolvency resolution process (CIRP), the DoT further explained, the spectrum which is considered a property of the TSP, will not be free for re-auction until the CIRP is complete. Apart from that, the closure of one TSP, the DoT said, would lead to major loss of direct and indirect employment, impact foreign direct investment, and hamper digital connectivity in the country. "The applicant states and submits that keeping in mind the aforesaid most possible and perhaps inevitable scenario in mind and in larger interest economic consequences on the nation and with a view to ensure that the order of this court is complied with in letter and spirit, the central government has taken a decision to seek approval of this court to a formula arrived at for recovery of the past dues from the telecom service providers," the petition by DoT further read.

WATCHDOG HOLDS APPLE GUILTY OF 'ANTI-COMPETITIVE BEHAVIOUR'

France slaps Apple with \$1.2 bn fine

REUTERS
PARIS, MARCH 16

FRANCE'S COMPETITION watchdog Monday fined iPhone maker Apple 1.1 billion euros (\$ 1.23 billion), saying it was guilty of anti-competitive behaviour towards its distribution and retail network. The fine, the biggest ever levied by the French antitrust body, comes at a time of heightened scrutiny on US tech giants by European regulators, who have been delving into the firms' powerful market position, the tax they pay, and how they protect consumers' privacy. Apple said it would appeal the

watchdog's ruling, which it said was at odds with legal precedent in France. In its decision, the French regulator said Apple imposed prices on retail premium resellers so that the prices were aligned with those charged by the California firm in its own shops, or on the Internet. The watchdog said Apple's two wholesalers in France fully followed the US company's instructions on how to allocate its products to customers, instead of freely determining their commercial policy. "Apple and its two wholesalers agreed not to compete with each other and to prevent distributors from competing with each other, thereby steril-

ing the wholesale market for Apple products," the watchdog said in a statement. The two wholesalers, Tech Data and Ingram Micro, were fined 76 million and 63 million euros respectively, the authority said. Tech Data had no immediate comment to make and Ingram Micro could not immediately be reached. "The French competition authority's decision is disheartening," Apple said in a statement announcing it planned to appeal. "It relates to practices from over a decade ago and discards 30 years of legal precedent that all companies in France rely on with an order that will cause chaos for companies across all industries."