Previous 38337.01

BSE CEO and MD Ashishkumar Chauhan on the pact with Shanghai Stock Exchange



	s 68.92	Rs	US\$
85.88 Lens	s 85.88	nd Rs	JK Pour
77.29	s 77.29	Rs	Euro
Big		INDICES	
8		INDICES	
-305.88 auditi			SE
		38031.13 13994.18	ensex
-84.16		10156.00	idcap

BSE			auditin
Sensex	38031.13	-305.88	auditin
Midcap	13994.18	-84.16	
Smallcap	13156.82	-153.53	firms
NSE			1111113
Nifty	11346.20	-73.05	
Next 50	26676.10	+19.95	New Delhi/Mumbai:
Nifty 500	9247.75	-56.90	dian government wa
Most acti	ve on NSE		country's antitrust boo
Scrip	Price* Tra	ded value#	"Big Four" auditing fi

Scrip	Price* Tra	aded value
Yes Bank	91.15	1846.26
Reliance	1278	1678.58
HDFC Bank	2302	1276.17
Bajaj Fin	3257	1191.10
IndiGo	1513	1168.36
*In Rs; #In Rs crore		
COMMODITIES		

COV	IMODIT	IES	
Gold (10 g	ram in Rs)		
Pure	35535	+10	
Hallmark	34220	+10	
Silver (kg in Rs)			
Bar	40850	+300	
Portion	40950	+300	
Crude*	3886	+58	
Copper#	456.25	-0.25	
*per barrel in Rs; # per kg in Rs			

MONEY MARKET		
	Yield (%)	
Call rate	4.40	
91-day T-Bill	5.77	
1-year Gilt	5.89	
5-year Gilt	6.39	
10-year Gilt	6.41	
IN DE		

IN BRIEF

Clarity on GST invoice

■ NEW DELHI: The finance ministry on Monday said entities taking goods abroad for exhibitions or other export promotion events will not have to generate tax invoice for those goods which are brought back to India within six months. PTI

Bandhan Bank

■ NEW DELHI: Private lender Bandhan Bank, which reported a net profit of Rs 701 crore in the first quarter of the current financial, on Monday announced the appointment of Sanjeev Narvani as head of business. PTI

Jaypee Infra

■ NEW DELHI: Promoters of debt-ridden Jaypee Infrat ech on Monday proposed before the NCLAT that they will pay creditors the entire outstanding amount without any hair cut and complete pending projects within three years. PTI

BOTTOM LINERS



"Save your breath. Your Honour... I already found

on ing

i/Mumbai: The Inernment wants the antitrust body to asther the so-called " auditing firms and their affiliates are hurting competition in any manner, a senior government official told reporters.

The Competition Commission of India (CCI) needs to conduct a survey or an investigation to assess whether the Big Four that include PwC, EY, Deloitte and KPMG are abusing their dominant position in the Indian audit market said the official, who spoke about the matter on condition of anonymity.

India's ministry of corporate affairs, which holds that view, is yet to send any formal request to the CCI to probe the matter, said the official.

"If you look at the top 500 companies in India, they are totally dominant and the Big Four seem to be sharing the work ... whatever be the reason there seems to be entry barriers," the official told re-

"The CCI should look into the dominance of these four global auditors and whether they are thwarting competi-

The Competition Commission of India and the four auditors did not immediately respond to a request for com-

The Big Four do auditing work for almost 60 per cent of the top 500 companies that trade on India's National Stock Exchange (NSE), according to corporate data tracker NSE Infobase.

The deliberations around an antitrust review come at a time the Big Four are facing increased scrutiny in India.

Last year, all the local units of PwC were barred from auditing any listed companies for two years in India after a probe into a decade-old accounting fraud.

An EY firm was also barred last month from conducting certain statutory audit assignments until April 2020. Reuters

Dissent on sovereign bonds

CORRESPONDENT

New Delhi: Rathin Roy, a member of the Prime Minister's Economic Advisory Council, on Monday called for a discussion on sovereign bonds instead of an "imperial announcement" of the borrowing programme.

"I have grave concerns about this proposal on grounds of economic sovereignty, and about the macroeconomic consequences... the government should instead look at relaxing the rupee bond limits for foreign portfolio investors," Roy said at an event here.

The economist said: "I would pay very careful attention to former governor Y.V. Reddy's argument that these

are sovereign liabilities in perpetuity. I would pay very careful attention to the history of this country, on why we have not gone down this route in 70 years, despite huge provoca tions to do so.

Roy, who is also a director of the thinktank NIPFP, said: "And I would pay very careful attention to governor Raghuram Rajan's statement, and I would urge, very respectfully, a public consultation on this subject, a public discussion, rather than imperial announcements of borrowing programmes being made without taking account of these facts.

"Show me one country after the world war which has done a foreign currency sovereign bond and not paid dearly for it. Brazil. Argentina.

Show me one country after the world war which has done a foreign currency sovereign bond and not paid dearly for

CALCUTTA TUESDAY 23 JULY 2019

it. Brazil, Argentina, Turkey, Greece, Indonesia have all paid a price for foreign currency sovereign borrowings

RATHIN ROY, member of PMEAC

Turkey, Greece and Indonesia have all paid a price for foreign currency sovereign borrowings," Roy said.

There are several other voices against the sovereign bonds.

Swadeshi Jagran Manch (SJM) has termed the move as "anti-patriotic" and a risk for the economy. "We cannot allow this to happen," declared Ashwani Mahajan, the co-convenor of the SJM, the wing of the economic Rashtriya Swayamsevak Sangh (RSS).

He sounded a warning that the move could result in the country falling into a debt trap.

Rajan has said that any plan to issue foreign currency

debt has no real benefit and is fraught with risks. A global bond sale won't reduce the amount of domestic government bonds the local market has to absorb and the country should worry about shortterm "faddish investors buying when India is hot, and dumping us when it is not". Rajan had written in a news-

paper column. C. Rangarajan, former RBI governor, has said that borrowing in foreign currencies may expose the economy to risks as the rupee's depreciation or current account deficit cannot be contained in the longrun Former finance minister Yashwant Singh has said that even in the face of the 1991 balance of payment crisis the government did not go for sov-

adviser Krishnamurthy Subramanian feels the government should take advantage of the benign interest rate abroad to raise funds through overseas sovereign bonds.

Finance ministry officials said the government could raise about 10-15 per cent of the proposed Rs 7.1 lakh crore government borrowings this fiscal through sovereign bonds.

Roy also urged the government to issue a white paper on the medium-term fiscal framework, arguing that it would be difficult to meet the budgetary tax collection target for 2019-20. He said the economy is facing a silent fiscal crisis owing to a shortfall in tax revenues. and the government's budget suggests it may have grossly underestimated the problem.

HDFC Bank bad loan rise hits sentiment

OUR SPECIAL CORRESPONDENT

Mumbai: Disappointing results by banks have dealt a fresh blow to the markets, already reeling under the higher surcharge imposed in the budget on foreign portfolio investors structured as trusts.

The BSE Sensex on Monday tanked around 306 points to close at a two-month low. with the HDFC twins being the worst hit after HDFC Bank reported a slight rise in bad loans for the first quarter ended June 30.

HDFC Bank's net profits, announced on Saturday, were in line with estimates. But the percentage of gross non-performing assets rose to 1.40 per cent against 1.36 per cent on a sequential basis and 1.33 per cent in the same period of the last year. In absolute terms, the gross NPAs stood at Rs 11,768.95 crore against Rs 11,224.16 crore in the previous quarter

At the earnings call, the management sounded caution

STREET UPSET

Stocks on BSE (Close in Rs, loss in %)

Scrip	Close	Loss
RBL Bank	478.05	4.46
HDFC Bank	2297.05	3.32
Federal	95.56	3.24
Kotak Bank	1453.65	3.08
IndusInd	350.80	1.46

on unsecured loans, while citing risks in certain pockets such as agriculture lending.

Brokerages have, however, retained their buy call on the stock. "We see HDFC Bank sustaining its best in class track record on asset quality despite minor blemishes given its focus on internal customers, strict adherence to cashflow-based lending and unwayering focus on risk." a note from JM Financial said.

However, the outlook given by the lender saw the stock declining 3.32 per cent to

close at Rs 2.297.05 on the BSE. During the day, it dropped 3.95 per cent to Rs 2,281.90.

Selling was also seen in HDFC Ltd which cracked 5.09 per cent to close at Rs 2,186.60 on the BSE. Shares of yet another pri-

vate sector bank — RBL Bank crashed around 4.50 per cent after its management forecast a rise in its NPAs. Apprehensions of weak

corporate earnings at a time some non-banking finance companies continue to face difficult times saw the 30share index settling lower by 305.88 points to 38031.13, a level not seen since May 17.

The broader NSE Nifty fell 82.10 points to close at over a two-month low of 11337.15.

"Once the FM clarified in Parliament that there is no relief for FPIs registered as rusts, selling has accentuated. The market has also started factoring in weak corporate results and the slow progress of monsoon," said Rajiv Singh, CEO at Karvy Stock Broking

Essar Steel sale on hold

OUR BUREAU

Calcutta: The Supreme Court has agreed to settle the issue of the distribution of funds flowing out of an insolvency resolution process among the various classes of creditors "once

The apex court made the observation while hearing the appeal of the committee of creditors of Essar Steel, which challenged the judgment of the National Company Law Appellate Tribunal (NCLAT). The SC put the sale of Essar Steel to ArcelorMittal on hold and agreed to hear the matter on August 7

A bench of Justices R. F. Nariman and Surya Kant said the monitoring committee will continue its work till the case is heard. "Once the committee of creditors (CoC) in their concerned wisdom had decided on the division of assets, there should have been no re-distribution, like you are an interim resolution professional (IRP). We would settle this issue once and for all," the bench observed at the outset.

The bench was hearing a plea by the CoC of Essar Steel, challenging NCLAT's July 4 order, which approved steel Mittal-led ArcelorMittal's Rs 42,000 crore bid for acquiring the debtladen firm. The CoC has sought the quashing of the NCLAT order which had given financial creditors equal status with operational creditors in the distribution of the ArcelorMittal's bid amount.

SC DECISION

SC to hear matter on August 7

■ Will settle issue of distribution of funds among creditors

■ NCLAT gave equal status to financial and operational creditors

Essar CoC wants NCLAT order to be quashed Essar Steel was auctioned

Bankruptcy Code (IBC) to recover Rs 54,547 crore of unpaid In its July 4 order, the NCLAT had said that financial

under the new Insolvency and

creditors will get 60.7 per cent of their admitted claims of Rs 49,473 crore, almost the same as operational creditors. The operational creditors

with admitted claim amount of less than Rs 1 crore would get 100 per cent, while those with above Rs 1-crore claim would get 60.26 per cent and workmen and employees would get 100 per cent. The tribunal had said that

the CoC will have no role in the distribution of Rs 42,000 crore and allowed the claims of the operational creditors such as Indian Oil, GAIL, ONGC, and the NTPC.

ArcelorMittal had told the NCLAT that it would pay Rs 42,000 crore, including a minimum guarantee of Rs 2.500 crore as working capital, for acquiring Essar Steel under the insolvency process.

Court relief for Tata in Wadia case Mumbai: The Bombay high

court on Monday quashed the proceedings initiated by a local court against Tata Sons former chairman Ratan Tata. its current chairman N. Chandrasekaran and eight directors in a criminal defamation case filed by Nusli Wadia.

Last year, on December 15, a magistrate court in the city had issued notices to Ratan Tata and the others in the criminal defamation case filed by Wadia. Wadia filed the defamation

case in 2016 after he was voted out of the boards of some Tata group companies. He claimed that Tata and the others made defamatory statements against him after they removed Cyrus Mistry on October 24, 2016, as the group chairman of Tata Sons.

Tata and the others approached the high court seeking to quash and set aside the proceedings initiated against

A division bench of Justices Raniit More and Bharati Dangre on Monday quashed the proceedings, noting that prima facie there was no case of defamation.

The bench said there was complete non-application of mind by the magistrate while issuing process (notices) against the petitioners.

"The magistrate has committed haste in issuing the process without conducting an inquiry into the allegation of the complainant to satisfy himself whether there was sufficient ground for initiating the proceedings against the accused," the court said. PTI

Kotak net up 23% The bank's asset quality

CORRESPONDENT

Mumbai: Kotak Mahindra Bank on Monday reported a jump of 23 per cent in its consolidated net profit at Rs 1,932 crore in the first quarter ended June 30. The private bank had post-

ed a net profit of Rs 1,574 crore during the corresponding quarter of the previous fiscal ended March 2019. On a standalone basis, the

lender posted a 33 per cent rise in its net profit at Rs 1.360 crore during the June quarter of 2019-20 against Rs 1.025 crore in the year-ago period. the bank said in a release. Its total income on a con-

solidated basis increased to Rs

12,129.56 crore during the

your verdict on Twitter'

OUR SPECIAL CORRESPONDENT

Mumbai: The National Housing Bank

(NHB) has asked housing finance compa-

nies (HFCs) to stop funding subvention

schemes where a developer or a builder

offers to pay the interest on loans taken by

loans based only on the stage of construc-

tion of a project and that an upfront pay-

ment should not be made. In a circular is-

sued last week, the NHB said that it had

legedly committed by certain builders

using subvention schemes have also been

brought to the notice of the NHB...Based

on a review of the matter. HFCs are ad-

vised to desist from offering loan products

'Instances of frauds having been al-

received complaints on such products.

The NHB has asked HFCs to disburse

HEALTH WATCH

Bar on EMI paid by builders

LOAN LOGIC

committed by certain builders using

■ Instances of frauds allegedly

subvention schemes have been

brought to the notice of the NHB

desist from offering loan products

by builders/developers on behalf

of the borrowers

involving servicing of the loan dues

lines. It is clarified that the above stipula-

tion shall also be effected in cases wherein

the HFC is vet to commence disburse-

ments under the sanctioned cases." it

In a difficult market marked by unsold

■ HFCs have been advised to

Quarter ended June (in Rs crore) 2018 2019

(111110 01010)	2010	2013
Income	9904	12130
Net profit	1574	193
Provisions	499	350
EPS (Rs)	17.76	17.80

quarter from Rs 9,903.56 crore in the corresponding period of 2018-19. On a standalone basis, the income rose to Rs 7,944.61 crore from Rs 6,644.29 crore during the period, the bank said in a regulatory filing.

The lender said the net contribution from subsidiaries and the associates in its consolidated net profit was worth 30 per cent.

was restricted to a maintain able position as the gross nonperforming assets (NPAs) were only marginally up at 2.19 per cent of the gross advances at the end of June 2019 from 2.17 per cent as on June 2018.

Net NPAs, or bad assets however, came down to 0.73 per cent from 0.86 per cent a

The provisions towards bad loans and contingencies on a consolidated basis were down at Rs 350.22 crore in the April-June period of this fiscal against Rs 498.98 crore parked by the bank in the same period a vear ago.

Shares of Kotak Mahindra Bank closed 3.08 per cent down at Rs 1,453.65 apiece on the

amount for which he has taken a loan

while the interest is paid by the builder till

after possession, saves on the interest

component. Moreover, there is also an im-

pression that the project will get delivered

on time since the developer was paying

The buyer who starts to pay EMI only

the project is complete.

Areas of concern

the interest.

get completed.

IL&FS wind asset sale cleared

OUR SPECIAL CORRESPONDENT

Mumbai: Cash-strapped Infrastructure Leasing and Financial Services (IL&FS) on Monday said it has received ap proval from NCLAT-appointed Justice (Retd) D.K. Jain for the proposed sale of its balance 51 per cent stake in seven wind energy subsidiaries to Orix Corporation of Japan.

Justice Jain has been appointed by NCLAT to supervise the resolution process of the IL&FS group companies. the company said in a release.

The wind energy subsidiaries are held under IL&FS Wind Energy Ltd (IWEL). At present, Orix Corporation owns 49 per cent stake in

each of the seven operating wind power plants of the group and had expressed its intent to buy out the remaining 51 per cent stake held by IWEL. "The approval has been granted on the condition that

the proposal will be placed before the NCLT for its approval and the hid amount realised from the sale be kept in an escrow account," the release said.

Order on auditors

The National Company Law Tribunal (NCLT) on Monday Sources said the NHB was worried about reserved its order in a plea by cases where the entire money for which the ministry of corporate afthe loan was taken by the borrower was fairs (MCA), seeking a fivegiven to the builder or the developer since year ban for IL&FS Financial Services auditors — Deloitte there was a risk that the project may not and BSR Associates. Therefore, the NHB is insisting that

After hearing arguments of the auditors and the MCA. the tribunal comprising V.P. Singh and Ravikumar Duvestor.

Visa invests in PayMate

OUR SPECIAL CORRESPONDENT

Mumbai: PayMate, a business-to-business payments company, on Monday said it has raised funding from Visa, Recruit Strategic Partners, Brand Capital, and existing investor Mayfair 101.

The company, which aims to raise a total of \$25 million in the series-D round, plans to invest the funds to accelerate its expansion within India and abroad to central and eastern Europe, West Asia, and Africa.

'We have raised funds from Recruit Strategic Partners, which is the venture capital arm of Recruit Co Ltd Japan), Brand Capital and Visa. Existing investor Mayfair 101 also participated. The series-D round will be open for 60 more days and we expect to raise \$25 million in this round," PayMate founder and chief executive officer Ajay Adiseshann said.

He added that Visa was already a commercial partner for the company and is now coming onboard as an in-

Exports plan in the works

OUR SPECIAL CORRESPONDENT

New Delhi: The commerce ministry has called a meeting with exporters on July 31 to finalise its strategy to boost shipments by taking advantage of the ongoing trade war between the US and China.

THRUST AREAS

■ Govt to leverage on opportunities offered by US-China trade war

Exporters to meet Piyush Goyal on July 31

■ Trade war has opened up opportunities for 203 items for export to US

■ Similarly, 151 items can be exported to China

A senior ministry official said the meeting, to be chaired by commerce minister Pivush Goval, will focus on high-potential items for exports that have already been identified by the government.

They said the meeting would discuss the problems faced by exporters and the strategies to be adopted

Analysts said the exporters were facing difficulties on account of the global trade conflicts. However, some countries are seeing this as an opportunity and are capitalising on the changing supply chains.

the US in early August and meet United States Trade Representative (USTR) Robert E Lighthizer and discuss ways to restart the trade talks. The analysts said the pro-

tective measures adopted by

Goyal is likely to travel to

the government as part of the Make in India initiative could hamper the discussions. The US has imposed tariffs on \$250 billion worth of Chinese products and threatened levies on another \$325 billion

worth of merchandise. In retaliation, China has imposed tariffs on \$110 billion worth of US exports Based on a study on the items on which the US and

China have imposed high tariffs, the commerce ministry has identified 203 products where exports could be increased to the US, replacing Chinese goods; and 151 items where exports to China could

"It is another detrimental news for the involving servicing of the loan dues by inventories, builders or developers have builders/developers on behalf of the borin the past come up with such schemes to real estate industry. It will definitely raisamy reserved the order. PayMate, however, did not attract customers. rowers," the NHB said hamper the sales cycle of real estate de-Deloitte Haskins & Sells disclose the valuation of the "The prevalent products of HFCs, if The practice under such schemes is of velopers," said Parth Mehta, managing and BSR Associates are no company after the transaction. any, should also be reviewed on the above the buyer making a part payment for the director, Paradigm Realty. longer the auditors of IL&FS It had raised \$18 million in its previous funding rounds

disbursements should happen only based

on the progress of the project.