MARKET WATCH

	15-02-2018	% CHANGE
Sensex	34,297	0.41
US Dollar	63.91	0.28
Gold	31,650	1.11
Brent oil	63.70	2.37

NIFTY 50		
		CHANGE
Adani Ports		
Ambuja Cements		
Asian Paints		
Aurobindo Pharma		
Axis Bank		
Bajaj Auto		
Bajaj Finance		
Bharti Airtel		
Bosch		
BPCL		
Cipla		
Coal India		
Dr Reddys Lab		
Eicher Motors		
GAIL (India)		
HCL Tech		
HDFC		
HDFC Bank	1881.90	1.25
Hero MotoCorp	3527.25	-68.80
Hindalco	251.50	8.25
HPCL	390.90	8.25
Hind Unilever	1358.15	8.75
Indiabulls HFL	1312.30	35.90
ICICI Bank	328.65	9.70
IndusInd Bank	1686.15	-8.30
Bharti Infratel	331.05	3.65
Infosys	1114.45	16.70
Indian OilCorp	376.80	-0.55
ITC		
Kotak Bank	1042.15	-0.30
L&T		
Lupin		
M&M		
Maurti Suzuki		
NTPC		
ONGC		
PowerGrid Corp		
Reliance Ind		
State Bank		
Sun Pharma		
Tata Motors		
Tata Steel		
TCS		
Tech Mahindra		
UltraTech Cement		
UPL		
Vedanta		
Wipro YES Bank		
TES BUIK	319.80	0.55

Indicative direct rates in rupees a unit TT BUY TT SELL CURRENCY US Dollar 63.71.....64.03 British Pound 89.50. ...89.95 Chinese Yuan 10.04 .10.09

Zee Entertainment..... 570.90..... -5.70

Singapore Dollar 48.53. Malaysian Ringitt

February 15 rates in rupees with pre-vious rates in parentheses

PNB fraud may wipe out profit PNB, diamond stocks slump

Affected amount is more than 10 times lender's 9-month net income of ₹1,134 cr.

SPECIAL CORRESPONDENT

The ₹11,500-crore fraud at state-owned Punjab National Bank (PNB) could have a significant impact on its profitability, which is already under pressure due to an increase in bad loans

Not too long back, in the January-March quarter of 2016 (FY2015-16), the lender had reported a record quarterly loss of ₹5,370 crore due to a jump in bad loans. As part of its plan to bolster capital at state-run banks, the government had recently decided to infuse into PNB ₹5,473 crore, which is less than half the amount involved in the fraud.

The country's second-largest lender had reported a net profit of ₹1,134 crore for the first nine months of the current financial year - a



LoUs in favour of 3 firms run by Nirav Modi. • SHASHI ASHIWAL

growth of only 6.7% over the same period of the previous year. The bank reported gross non-performing assets of ₹57,519 crore as of end December, which was 12.1% of its total advances.

Since PNB had issued Letters of Undertaking (LoUs) in favour of three companies run by Nirav Modi - Solar

the entire onus is on us, we are not going to back away from it. We don't have any funded exposure as of now, but whatever is our liability that will be worked out under the investigation... we will take action," he said.

Banking sources said PNB had already made some payments to other banks.

'Weak systems'

"The amount involved is **Edelweiss** substantial," wrote in a note to its clients. "But more worrying is the stark process lax and repeated instance of similar frauds.

"PSU banks continue to grapple with weak systems, raising questions on why the processes are not centralised, unlike most private banks where bypassing CBS [core banking solution] is not easy," Edelweiss said.

Bank has lost 20.6% in two consecutive trading sessions

SPECIAL CORRESPONDENT

Shares of Punjab National Bank (PNB), Gitanjali Gems and most other companies dealing in diamonds fell for the second consecutive day on Thursday as central agencies intensified their probe into the matter that saw the public-sector lender report fraudulent transactions worth about \$1.77 billion on Wednesday

Shares of PNB lost almost 12% to close at ₹128.35 after touching a 52-week low of ₹125.55 intra-day. On Wednesday, the shares fell almost 10%.

PNB lost ₹8,077 crore in market capitalisation in two trading sessions.

Ironically, trading interest in the stock increased as a total of 1.72 crore shares changed hands on the BSE, significantly higher than the



two-week average volume of 17.65 lakh shares.

Sameet Chavan of Angel Broking said the PNB issue was affecting trading environment and having a ruboff effect on its peers as well. Banking majors like HDFC Bank, Kotak Mahindra Bank, Axis Bank and Indusind Bank also lost ground on Thursday.

Meanwhile, the shares of Gitanjali Gems, one of In-

dia's largest branded jewellery retailers, fell 20% to close at 52-week low of ₹46.90. Mehul Choksi, managing director of the company, had also been named in the first information report filed by the Central Bureau of Investigation (CBI).

Ripple effect

The investigation against Nirav Modi and Mr. Choksi had ripple effect, affecting most of the other listed companies that dealt with diamonds and jewellery.

Rajesh Exports lost more than 2% or ₹16.55 to close at ₹.803.20.

PC Jeweller was also down 5.31% or ₹20 to settle the day at ₹356.40. Tribhovandas Bhimji Zaveri, Thangamayil Jewellery, Lypsa Gems and-Jewellery, Radhika Jeweltech and Vaibhav Global all lost in the range of 2-5% each.

Parliamentary Panel seeks FinMin report

Questions recapitalisation process

PRESS TRUST OF INDIA NEW DELHI

The Parliamentary Standing Committee on Finance on Thursday questioned finance ministry officials about the \$1.77 billion fraud in the state-owned Punjab National Bank (PNB) and asked them to submit a report on it.

The committee, which met to deliberate on the demands for grant, asked officials including Secretary, Financial Services, Rajiv Kumar, as to how tax payers' money could be used for recapitalising the bank which was not managed well.

"Members expressed their concern over such large scale fraud in the Punjab National Bank and questioned the recapitalisation process of the state-run banks when they are not well managed and tax payers money is leaking," said a member, who was present at the meeting.

Moily-led committee

The committee is headed by senior Congress leader Veerappa Moily, while former Prime Minister Manmohan Singh is also member.

"The committee has asked the finance ministry officials to submit a report before the panel on this fraud," said another member who was present in the

Profit at Modi's ANM surged 543 times in FY16 While ANM had ₹24.7 cr. net, controversial tycoon's flagship firm Firestar Diamond posted ₹28,788 loss PIYUSH PANDEY the increase in total income closures included in respect

Exports, Stellar Diamonds

and Diamond R Us - for

availing buyers' credit, PNB

may have to bear the liability

and pay the other banks

such as Allahabad Bank and

sion with all the lenders," Su-

nil Mehta, MD & CEO of PNB,

said at a news conference. "If

"We are already in discus-

Axis Bank.

Nirav Modi's holding company ANM Enterprises saw profit soar more than 543 times to ₹24.79 crore in FY16, from ₹4.56 lakhs in the year earlier period. In stark contrast, the controversial tycoon's flagship firm Firestar Diamond Pvt. Ltd. reported a loss of ₹28,788 in FY16, widening slightly from FY15's loss of ₹27,811.

Firestar Diamond is Mr. Modi's front company with operations across the U.S., Europe, the Middle East, the Far East and India, according to its website. Nirav Modi and Hemant Bhatt are directors of the firm that employs 1,200 people.

Firestar International Pvt. Ltd., which was the holding company of Firestar Dia-



Glossy year: ANM had a shining FY16, with the total income increasing by 674 times to ₹32.79 crore. • PRASHANT WAYDANDE

mond until March 19, 2016, transferred all the shares to ANM Enterprises and ceased to be the holding company, according to a filing with the Registrar of Companies (RoC). Firestar International had reported a net profit of ₹61.06 crore on revenue of

₹1,496 crore for FY14, the last year for which data has been submitted with the RoC.

ANM, according to the RoC filings had a shining year in FY16, with total income increasing by 674 times to ₹32.79 crore. The company attributed

and profitability to sale of investments worth ₹107.26 crore held by the company in the equity shares of Firestar Diamond.

However, ANM's audit firm said the consolidated financial statements also included the group's share of profit of ₹107. 26 crore for the year ended March 31, 2016, as considered in the consolidated financial statements, in respect of an associate, whose financial statement had not been audited by it.

'Unaudited statements'

"These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disof an associate, is based solely on such unaudited financial statements." it said. Mr. Modi holds 99.9%

stake in ANM Enterprises, which holds 99.57% stake in Firestar Diamond and 30.34% stake in Firestar International. ANM Enterprises had in-

vested ₹119.28 crore in Firestar International and the net worth of the shareholding as per latest audited balance sheet stood at ₹852.11 crore. ANM Enterprises had out-

standing debt of ₹89.73 lakh by the end of FY16.

Interestingly, Mr. Modi was reportedly planning to list one of his firms and had plans to raise about ₹1,000 crore. Mr. Modi is a partner in 4 firms and a director in 5 more firms.

⁺ Axis Bank 'sold down' **PNB LoUs**

PRESS TRUST OF INDIA

Axis Bank on Thursday said it is an active participant in the secondary market for transactions against letters of undertaking (LoUs) and it "sold down" certain such dealings with the Punjab National Bank.

On media reports about certain buyer's credit transactions with PNB, which is at the centre of a ₹11,400crore fraud case, it said that in the normal course of business, the bank undertakes such transactions against LoUs issued by other banks through its overseas branches.

"Axis Bank is also an active participant in the secondary market for such transactions, and the bank has sold down all of the referred transactions," Axis Bank said.

Fujitsu mulls AC unit in India

'The \$200 million plant will be a global factory

SPECIAL CORRESPONDENT

Japan's air conditioner maker Fujitsu General would set up its next manufacturing facility in India.

The firm, which had plants in Thailand and China, would invest about 20% of its proposed \$1 billion global spend on various business growth measures, on the facility, said an official.

Cutting cost

Stating India was being evaluated for the plant in which the firm proposed to invest \$200 million, Fujitsu General president Etsuro Saito highlighted how local manufacturing would help reduce production cost and make the product affordable to more customers.

The plant would also help develop India-specific models, said M. Ejazuddin, CEO and director, EGPL, the In-



The proposed plant would develop India-specific models. • REUTERS

dian arm of Fujitsu General. Expecting a final decision on the India plant to be taken in two years, he said while the location had not been identified, the preference was for South India. Proximity to a metropoli-

tan city, to help attract talent, as well as to a port with 70% of the components by value imported – would be the key factors in influencing the decision.

enter the Pension Protection

On Thursday, the firm unveiled 26 models of air conditioners. Of these, 14 were designed to work optimally in the tropics and five suited to work in abnormal voltages - from 155 volts to 265 volts.

The products were priced from ₹25,200 to ₹1,52,250. Fujitsu General ACs were expensive as they were of better quality, said Mr. Ejazuddin said, adding the turnover from the country in 2016-17 was ₹1,500 crore and estimated to grow 20-25% in current fiscal.

The firm currently enjoyed a 4% share in the 60lakh-unit a year market and was eyeing to clock 5% in the next couple of years.

To queries on the proposed plant, senior executives said it would be a global factory and benefit from the free trade agreement between India and Thailand.

British MPs criticise Tata Steel, U.K. govt. over 'pensions mis-selling scandal'

'British Steel Pension Scheme members exploited for cynical personal gain'

VIDYA RAM

A panel of MPs in Britain have criticised Tata Steel, the U.K. Government, the financial services and pensions regulator and others over a pensions mis-selling scandal that led to members of the British Steel Pension Scheme being "exploited for cynical personal gain."

'Concerns on advice' The report relates to con-

cerns around the financial advice provided to members of the pension scheme by pensions advisory firms. Last year an agreement was struck with U.K. pension authorities, following much negotiation and the payment of half-a-billion pounds and an equity stake, which will



year over the advice given by pension advisory firms. • AFP existing scheme (which will

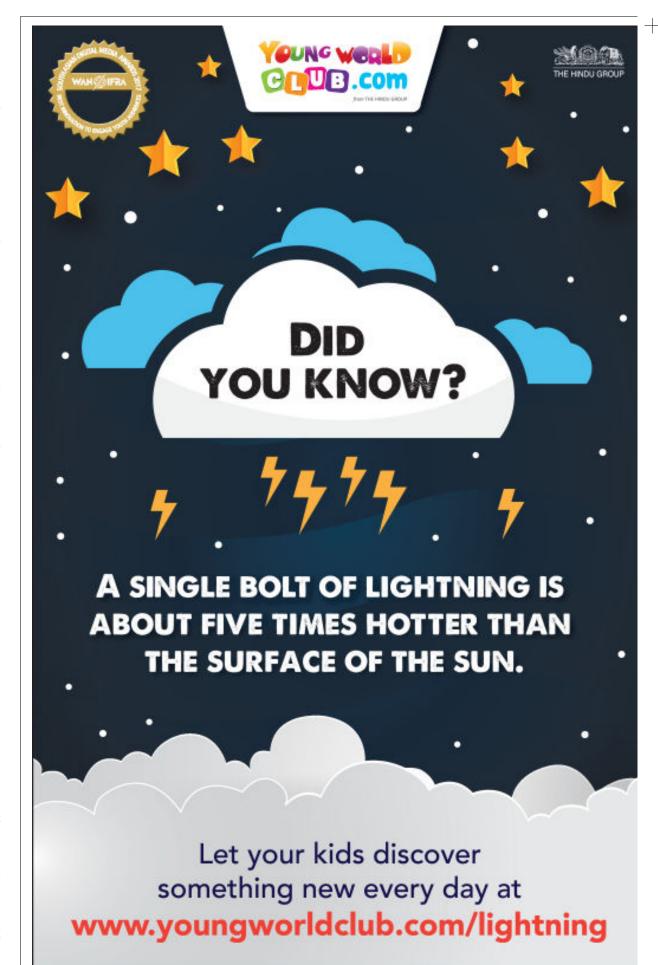
separate the £15-billion British Steel Pension Scheme (BSPS) from Tata Steel U.K., improving the company's economic viability.

the government scheme that covers members of pension scheme that Concerns began to swiftly falls into insolvency), or mount late last year, over the transfer to a new defined advice given to members by contribution scheme being set up by Tata Steel or transfpension advisory firms on whether to remain with the er into a third party scheme.

Fund,

"Many BSPS members were shamelessly bamboozled into signing up to ongoing adviser fees and unsuitable funds characterised by high investment risk, high management charges and punitive exit fees," said the report by the House of Commons Work and Pensions Committee published on Thursday.

It warned of another "major mis-selling scandal," as it pointed to a catalogue of failures that "created perfect conditions for vultures to take advantage." The report criticised the U.K. financial services regulator, the FCA, for the time it took to begin investigating the matter, but also reserved its criticism for the handling of the situation by Tata Steel.



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