

MARKET WATCH

	19-02-2018	% CHANGE
Sensex	33,775	-0.69
Gold	31,800	0.16
Brent oil	65.21	0.69

NIFTY 50

	PRICE	CHANGE
Adani Ports	393.85	-11.60
Axis Bank	540.55	2.70
Bajaj Finance	1642.70	-32.55
Bharti Airtel	414.35	-5.35
Bosch	19427.45	-126.15
BPL	456.85	-8.85
Coal India	305.40	1.90
Dr Reddys Lab	2152.00	-61.55
Eicher Motors	27089.50	-238.65
GAIL (India)	463.80	-4.50
HCL Tech	914.20	-22.90
HDFC	1814.05	-1.45
HDFC Bank	1878.20	-0.40
Hero MotoCorp	3465.70	-28.50
Hindalco	247.55	-0.10
HPCL	379.80	-7.15
Hind Unilever	1335.90	-16.20
Indiabulls HFL	1251.05	-21.30
ICICI Bank	319.75	-1.30
Indusind Bank	1630.45	-28.45
Bharti Infratel	329.85	2.30
Infosys	1131.75	3.70
Indian OilCorp	369.65	-5.40
ITC	264.10	-2.35
Kotak Bank	1056.20	6.00
L&T	1295.50	-32.90
Lupin	814.40	-10.70
M&M	724.65	-19.10
Mauriti Suzuki	8724.85	-112.10
NTPC	162.90	0.10
ONGC	185.30	-1.60
PowerGrid Corp	194.15	-1.40
Reliance Ind	927.00	5.70
State Bank	268.50	-3.15
Sun Pharma	561.40	-13.85
Tata Motors	368.75	-2.00
Tata Steel	648.85	-40.90
TCS	2923.60	-9.45
Tech Mahindra	572.45	-11.90
UltraTech Cement	4116.60	-49.75
UPL	701.30	-2.30
Vedanta	320.35	0.60
Wipro	289.95	-1.05
YES Bank	312.05	0.25
Zee Entertainment	567.95	-1.65

BULLION RATES CHENNAI

February 19 rates in rupees with previous rates in parentheses

Retail Silver (1g)	41.6	(41.7)
22 ct gold (1g)	2936	(2949)

IN BRIEF

**Will honour bona fide commitments: PNB**  
NEW DELHI  
Punjab National Bank (PNB) said on Monday that it would honour all its "bona fide commitments" under the Letters of Undertaking (LOUs) and Foreign Letters of Credit (FLCs) in connection with the colossal banking fraud involving billionaire jewellers Nirav Modi and Mehul Choksi. PTI

# Bank stocks weigh on indices

Decline continues; PNB shares slump 7.3%, other state-run lenders fall 1.5-5.48%

SPECIAL CORRESPONDENT MUMBAI

Stocks of public sector banks continued to drag the broader indices down with the Sensex declining 0.7%, or 236 points to 33,774 while the Nifty also fell 0.7% or 74 points to 10,378.

Public sector bank stocks have been under pressure after the ₹11,500-crore scam at the Punjab National Bank broke last week. The bank had complained to the authorities regarding fraudulent letters of undertaking that were issued from a Mumbai branch to secure overseas credit.

PNB shares fell 7.3% on Monday. In the last four sessions since the fraud was reported, the stock has tanked 31%. The fraud also impacted other government banks, with Bank of Baroda shares



**Bearing the burden:** Tata Steel shares too fell 5.8%, while Dr. Reddy's Labs and Adani Ports lost about 2.7% each.

falling 5.48%, Bank of India shares, 4.07%, Allahabad Bank shares, 6.03% while those of State Bank of India declined 1.5%. The Nifty PSU Bank index dropped 2.5% to a four-month low.

There has been concern

that loan impairment to banks could rise above ₹20,000 crore as PNB has said that it would not pay other banks any dues arising from the fraudulent transactions, till investigations were over. Last week, Reserve

## CUB likens hacking to Bangladesh bank heist

'Three fraudulent remittances found'

MANOJIT SAHA MUMBAI

Private sector lender City Union Bank (CUB) has likened the recent hacking of its server to the cyberattack on the Bangladesh central bank's system in 2016.

However, CUB was able to resolve two of the three fraudulent remittances. "We had three fraudulent messages. One was [for] \$500,000 to Dubai which has been retrieved fully," said N. Kamakodi, MD & CEO of City Union Bank.

**'Money blocked'**  
"₹300,000 went to a Turkish bank. The money, in the customer's account, is now blocked by the bank. There are some legal pro-

cesses to be completed before the money could be retrieved back," he said.

On February 7, the bank had found that three fraudulent remittances, not initiated by it, had gone through its SWIFT systems to correspondence banks.

The lender then alerted the correspondence banks to recall the funds. The third remittance was made through Bank of America to a China-based bank for \$100,000. The beneficiary had claimed the money by submitting forged documents. "It was basically cyber hacking. They gained access to our systems' server. This is similar to what happened to Bangladesh central bank," Mr. Kamakodi said.

## Centre seeks regulator's view on system faults

Government too delayed appointment at RBI, say sources

PRESS TRUST OF INDIA NEW DELHI

The Finance Ministry has sought the Reserve Bank's view on lapses in the system that led to the fraud at the Punjab National Bank and steps required to check recurrence of such incidents, sources said.

A letter from the Department of Financial Services' asked for an explanation for shortcomings in the system that let the fraud to go undetected for seven years.

It also wanted the regulator's advice on what systems and processes required to be updated so that such frauds were prevented, sources added. Besides, the Ministry has sought the RBI's view on

## AIBEA flays call for privatisation

SPECIAL CORRESPONDENT MUMBAI

Bank of India had clarified that it had not asked PNB to pay dues to other lenders.

**'Global recovery'**  
"There has been a sharp recovery in the global markets, but India has seen huge selling pressure on every rally due to the recent turn of events domestically," said Devang Mehta, head of equity advisory, Centrum Wealth Management.

"The much awaited revival in earnings growth also looks unclear currently." Renewed concerns that a rebound in global crude oil prices would have an adverse impact on fiscal deficit too weighed on the indices.

Foreign portfolio investors net sold shares of about ₹900 crore, while domestic institutions made purchased worth about ₹580 crore.

The All India Bank Employees' Association (AIBEA) has condemned a suggestion by industry body Assocham to privatise public sector banks (PSBs). "The devil should not quote scriptures. We [wish to] advice Assocham to ask private sector corporate defaulters to repay loans to public sector banks," C.H. Venkatachalam, general secretary of AIBEA, said in a statement.

In a separate statement, the AIBEA also said that the government should keep the top management of Punjab National Bank away from the bank until the probe into the fraud was completed. It also demanded a parliamentary probe into the scam.



**Steely resolve:** A consortium of the company's employees had also submitted bids to take over its assets. AFP

## Tata Steel, JSW JV bid for Bhushan

RP, advisers to review resolution plans

PRESS TRUST OF INDIA NEW DELHI

Debt-laden Bhushan Steel Ltd. said on Monday that Tata Steel, JSW Living Pvt Ltd., and a consortium of the company's own employees had submitted bids to take over its assets.

The company, in a filing to BSE, said that as part of the resolution process, "the resolution professional (RP) has received resolution plans from Tata Steel, JSW Living Private Ltd. and Employees of Bhushan Steel Ltd." JSW Living Pvt. Ltd. is a joint venture between JSW and Piramal Enterprises.

**Shares soar**  
Bhushan Steel shares soared close to 20% to hit an upper circuit limit of ₹53.85 on BSE. Trading volume spurted more than 1.37 times on BSE with more than 27 lakh shares changing hands, exchange data showed.

The stock surged 19.91% to ₹53.90 on NSE as more than 1.37 crore shares were traded on the platform.

A broad summary of the resolution plans were presented by the RP to the committee of creditors (CoC) in their meeting held on February 16, 2018, Bhushan Steel said.

The company further said that the RP and its advisers would now review the plans so as to ensure that these were in conformity with the provisions of the Insolvency and Bankruptcy Code, 2016, and additional requirements as stipulated by the CoC in the process document. "Once the resolution plans are identified, another meeting of CoC will be convened to present the compliant plans for the consideration of the CoC," Bhushan Steel said.

When asked about Tata Steel's bid offer, its managing director and CEO T.V. Narendran said, "I would not comment on the numbers. Media report says we are the highest ... if media reports about other bids are right then probably we are the highest."

The company was interested in these assets right from the beginning because these are in the eastern region, he told reporters on the sidelines of an event organised by CII here.

Bhushan Steel, one of the 12 non-performing accounts referred by the Reserve Bank of India for National Company Law Tribunal (NCLT) proceedings, owes ₹44,478 crore to lenders.

## Consider privatising PSBs: FICCI

SPECIAL CORRESPONDENT NEW DELHI

Industry body FICCI has called for privatisation of public sector banks (PSBs), saying that the recapitalisation efforts by the government have had little effect on improving their health.

"Given the continuous pressure on the government finances on account of the weak performance of the banks, the government should consider privatisation of PSBs," said Rashesh Shah, president, FICCI. "This would reduce the drain on the exchequer and the money saved could be used for developmental schemes and programmes of the government. A dynamic banking sector is the need of the hour and we should examine if there is at all a case for public sector domination in the banking sector," he added.

## Gitanjali Gems officials quit

'Company secretary concerned over absence of disclosures'

K.T. JAGANNATHAN CHENNAI

Two key officials of Gitanjali Gems Ltd. have quit. The company informed stock exchanges that CFO Chadrakant Karkare and vice-president (compliance) and company secretary Pankhuri Warange had resigned.

Gitanjali Gems, founded by Mehul Choksi, a relative of Nirav Modi who defrauded Punjab National Bank to the tune of ₹11,500 crore, has also been linked to the scam. In her resignation letter, Ms. Warange asserted that the resignation was a "conscious" decision.

**Duty, responsibility**  
"Being a key managerial personnel and the designated compliance officer and company secretary of the company, I have certain statutory duties and responsibilities towards the stakeholders. The recent



event unfolded in the organisation requires the company to make disclosures under the Companies Act 2013 and the Securities and Exchange Board of India requirements, 2015. I have advised the management on the required disclosures to be made. The absence of disclosures will have ramifications not just on the company but also on the key managerial personnel," she said in her resignation letter addressed to chairman and managing director of the

company. She had since released the letter to the stock exchanges.

"There is, however, no consensus in my opinion on the disclosures to be made and that of the management, and, in these circumstances, my conscience doesn't permit me to continue with my position. I have, therefore, taken a conscious decision of resigning and relinquishing my position as the company secretary and compliance officer with immediate effect," she added.

Mr. Karkare, on the other hand, gave personal reasons for his resignation. "Recently, my wife has undergone a major surgery called Hemicolecotomy at Lilavati Hospital. The post-operation recovery is not up to the expected level. This has resulted in restriction on me carrying responsibilities as CFO and will be very difficult for me in future," he said.

## Bank bureau stares at uncertain future

'Members' terms end on March 31 and there is no indication yet on extension'

MANOJIT SAHA MUMBAI

The Banks Board Bureau (BBB) is facing an uncertain future with the tenure of its members coming to an end on March 31, 2018.

"The term of all the members will come to end on 31 March. The government is yet to communicate if the terms will be extended or a new board will be formed," said a person familiar with the development.

**'Reforming PSBs'**

The BBB was set up under the government's Indradanush programme to reform public sector banks. It started operations in April 2016.

The BBB was conceived by the PJ Nayak committee and was seen as a step taken towards reforming the boards of public sector banks. The



**End well-nigh:** The present board, headed by Vinod Rai, has representatives from the RBI also. V.V. KRISHNAN

committee, in its report, had recommended that the government should distance itself from the appointment process of top management and board members of PSBs - a function that could be performed by the BBB.

However, in practise it never happened. While the BBB was involved in short-

listing and interviewing candidates - the final appointment was always made by the government.

There were instances of delays in appointment by the government despite the BBB recommending it. The issue of governance and role of the board in public sector banks came to the fore again

after the ₹11,500 crore PNB scam broke out last week.

"As part of its mandate, and guided by a spirit of collaboration, the bureau is engaging with various stakeholders. The objective of such engagement being to help prepare the banks in the public sector universe to take on the competition...The bureau is also engaging with the public sector banks (PSBs) to help build capacity to attract, retain and nurture both talent and technology - the two key differentiators of business competencies in the days to come," the BBB said on its website, referring to its task.

Headed by former Comptroller and Auditor General Vinod Rai, BBB has representatives from government and RBI apart from independent banking professionals.

THE HINDU GROUP

# THE LOST IN TIME CONTEST

IF YOU COULD TIME TRAVEL, WHICH MYTHOLOGICAL CHARACTER WOULD YOU MEET AND WHY?

In association with

Imagine you had the superpower to go back in time and meet your favourite mythological character. Who would you meet and what would you say to them? Narrate an interesting story in under 500 words, send it to us by **February 28, 2018** and stand a chance to win fabulous prizes!

For inspiration, read the book 'Lost in Time' by **Namita Gokhale** in which a little boy meets Ghatotkach of Mahabharata.

**Contest open for kids of ages 8 - 15 years.**

Submit your story at [www.youngworldclub.com/lostintime](http://www.youngworldclub.com/lostintime)