NSE board let Ramkrishna resign without action: Sebi

EY corroborates exchange's claim that COO was the 'Himalayan Yogi', but Sebi not convinced

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The mystery of the "Himalayan yogi" who advised former National Stock Exchange (NSE) boss Chitra Ramkrishna remains unsolved, with the exchange saying it was none other than chief operating officer Anand Subramanian himself—a claim also corroborated by EY, which conducted a forensic audit—while the market regulator did not find the linkage convincing enough.

During the course of investigations, managing director Ramkrishna maintained that in her emails to the third party who went as "rigyajursama", she was taking guidance from a "siddhapurusha" or "paramhansa", her spiritual guide for over 20 years. She asserted that the said person was not Subramanian.

"Ramkrishna stated that the third person was not Mr Subramanian; (but) the results of the forensic investigation conducted by EY (asked by Sebi and commissioned by NSE) concluded that the person using the email id 'rigyajursama@outlook.com' was Mr. Subramanian himself," Sebi order stated. NSE sent detailed reports to the Securities and Exchange Board of India in May and July 2018, stating that the 'yogi' was Subramanian himself.

"The confidential information of NSE were not disclosed to an unknown entity, but to the Group Operating Officer (GOO), who anyways had access to financial, operational and HR-related information about NSE. Further, NSE confirmed that no damage to the market was caused in any manner due to such correspondence and that Ms. Ramkrishna confirmed that the third party had not used confidential information for any personal or monetary gain. NSE also provided detailed responses to Sebi's questions framed in the 3 May 2018 letter," said Sebi in the order.

Ananta Barua, Sebi whole-time member, wrote in the order that the E&Y report, at best, reveals that the unknown person was also well known and close to Subramanian but did not give a conclusive finding that Subramanian was, in fact, the unknown third person.

Chitra Ramkrishna said that she had in her emails sought guidance from a third party—'rigyajursama', who she says is a 'siddha-purusha' or 'paramhansa'. MINT

FAILURE TO DISCHARGE FUNDAMENTAL DUTY

RAMKRISHNA asserted that the 'third person' was not COO Anand Subramanian

SEBI order said the EY probe concluded that Subramanian was using the 'rigyajusama' ID

NSE had sent detailed reports to Sebi in 2018, stating that the 'yogi' was Subramanian himself

SEBI said the board failed to discharge its fundamental duty, which is to be a first level of check

"I find that there is no conclusive evidence or finding from the E&Y Report or the documents before me to prove that the unknown person who used the email id 'rigyajursama@outlook.com' was in fact, Noticee no. 6 (Subramanian)," said Sebi in the order.

Saturday's Sebi order also came down heavily on the NSE board, which was aware that Ramkrishna was passing on confidential information to an unknown third party but allowed her to resign instead of initiating action against her.

Sebi said this was a failure of checks and balances at India's largest stock exchange since, at any company, the first level of check is the board, which failed to discharge this fundamental duty. Sebi's 190-page order found the exchange, Ramkrishna, former chief executive Ravi Narain and others in violation of Sebi rules and levied monetary penalties on them. The irregularities pertain to the appointment of Anand Subramanian, chief operating officer (COO) and adviser to managing director, who was brought in as a consultant and later promoted as COO. Ramkrishna and Subramanian have also been barred from associating with any exchange, depository or market intermediary for three years.

Sebi also highlighted the glaring lack of governance in the leak of NSE's key financial information to a third person and how the board did not flag the issue to the regulator.

India must review its existing FTAs, work on new ones: CII

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India must review its existing trade agreements since Free Trade Agreements (FTAs) signed by India with ASEAN, Japan, and Korea have not helped Indian industry access these markets, the Confederation of Indian Industry (CII) has said amid ongoing trade negotiations with more than 20 countries.

Non-tariff measures must be identified and discussions undertaken with partner countries to resolve them for market access, CII stressed in its report 'Achieving $1 tn Merchandise Exports by 2030: A Roadmap'. New trade agreements with key large markets would help reduce tariff gaps with other supplier nations, the industry body suggested.

"FTAs should not only cover tariff liberalisation but also address non-tariff measures in partner countries. A comprehensive exercise of consultations with industry country by country should be undertaken to identify specific non-tariff measures that hinder Indian exports under the FTA. These should be systematically taken up with the FTA partners," CII said.

The CII report lamented that the US decision to withdraw the generalized system of preferences (GSP) under the administration of President Donald Trump in 2019 has impacted India's exports from labour-intensive sectors. India should press for the restoration of GSP by the US as it is the country's largest export market, CII suggested.

Non-tariff measures must be identified and discussions should be held with countries, CII said in its report. BLOOMBERG

The report has identified 14 products as those that can contribute the most to the increase in exports, on the basis of the potential to gain global share. "These include vehicles, textiles, electrical machinery and equipment, machinery, apparel, chemical products, plastics, and pharmaceuticals," CII said.

The CII report has identified 14 products as those that can contribute the most to the rise in exports

On manufacturing, the report highlighted that India has been imposing excessively high import duties on components and intermediates and, as a result, imports of finished products have thrived, "discouraging new investments and underdevelopment of a vibrant input ecosystem in the economy".

The government should aim to encourage the import of intermediate products that add value to exports, CII suggested.

"Overall manufacturing competitiveness in India is impacted by higher costs at every stage of the export process, ranging from starting a business to processes to transport of the products. Labour productivity in India is low, leading to higher labour costs despite the demographic advantage. All delays and hurdles manifest in working capital requirements, lost orders, longer inventory holdings, and added storage costs," CII said.

CII also raised the issue of delays in implementing the four labour codes, saying that the laws have been notified but are yet to be notified by the state governments.

IL&FS to resolve debt by March

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IL&FS group is all set to resolve debt of ₹55,000 crore by March, the board of the crisis-hit company has stated in its affidavit filed before the National Company Law Appellate Tribunal (NCLAT).

While updating the progress of the resolution, the IL&FS board led by banker Uday Kotak said ₹55,000 crore debt would be resolved through asset monetization, restructuring and initiatives pertaining to insolvency proceedings.

Some of this has already been completed, while the rest is in different stages of resolution, it said in a brief snapshot on the progress made in the ongoing resolution process till 7 December 2021, and also gave estimates of progress that will be made by March this year.

IL&FS had a total outstanding debt of ₹99,355 crore as of 8 October 2018, and of this, ₹45,500 crore debt is being resolved through debt resolution initiatives by March 2022.

Of this, debt of ₹20,500 crore has already been resolved through monetization, ₹4,000 crore by way of debt discharged and ₹21,350 crore in cash available across companies and Invit units due to be issued. In addition, the board also expects to resolve ₹5,300 crore through various "transactions approved by the relevant court/tribunal and pending transaction closure" and ₹4,200 crore from resolution applications filed with courts and pending approvals.

The number of IL&FS's domestic entities is now down to 95. MINT

IL&FS group's ₹55,000 crore debt would be resolved via asset monetization, restructuring and insolvency

"As of 4 January 2021, the total number of entities in Respondent No 1 (IL&FS) group has reduced to 111 from 302," the affidavit said.

IL&FS's domestic entities have been reduced to 95 from 169, while offshore entities have been reduced to 16 from 133. The Board had informed that it would resolve the issues of 29 of 60 entities through monetization process; 12 road assets under Invit; 3 assets where concession pacts were terminated and 30 entities where it initiated closure or insolvency proceedings.

The company had accumulated cash balance of ₹16,742 crore, as of 7 December 2021.

Godrej Prop to invest $1 bn

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Godrej Properties plans to invest around ₹7,500 crore ($1 billion) over the next 12-18 months on acquisition and development of new real estate projects.

In an interview, Godrej Properties executive chairman Pirojsha Godrej sounded upbeat on the growth potential in the housing and commercial real estate segments especially in four major markets—Mumbai Metropolitan Region (MMR), Delhi-NCR, Bengaluru and Pune—where the company has a huge presence. "We will invest $1 billion (around ₹7,500 crore) over the next 12-18 months on development of new projects," Pirojsha said, adding that the planned investments would be in mix of equity and debt.

Godrej Properties, the largest listed realty firm in the last fiscal in terms of sales bookings, acquires new projects through outright purchase of land parcels and also forming joint ventures with land owners.

Godrej executive chairman Pirojsha Godrej. MINT

Pirojsha said the company acquired three projects in the third quarter of this fiscal and the pipeline is strong.

"Q4 should be good for us in both sales bookings and new project acquisitions. We are likely to close many deals this quarter," he hoped.

In March last year, Godrej Properties had raised ₹3,750 crore through Qualified Institutional Placement (QIP) process as part of its objective to strengthen the company's balance sheet and future business growth.

The company's net debt is ₹313 crore as on 31 December 2021. The debt equity ratio is also only 0.04.

When asked about entering new cities, Pirojsha said: "We are interested in Hyderabad. But its not our top priority. There are huge opportunities in top four key markets where we have a major presence." The company intends to enter Hyderabad in a big way and not just for development of one or two projects, he said.

On operational performance, Pirojsha said the company is likely to achieve an all-time high sale bookings in the 2021-22 financial year, beating last year's record of ₹6,725 crore. "We will have decent growth in sales bookings this fiscal," he said.