

QUICKLY.

Gas supplies to city gas entities cut



New Delhi: The government has slashed by up to a fifth the supplies of cheaper gas to city gas entities that retail CNG to automobiles, increasing their dependence on costly imported fuel. Buying costly imported gas to make up for the shortfall should result in a hike in CNG price but given the ensuing assembly elections in Maharashtra, that may be put off for now. Indraprastha Gas Ltd and Mahanagar Gas Ltd in regulatory filings stated that supplies of domestically produced gas, which was available at a capped rate which is half of the imported price, have been cut. ■

Gold ETF inflows jump amid rising prices



Kolkata: Inflows in Gold Exchange Traded Funds (ETFs) witnessed a surge in the current calendar year, amid gains in prices ahead of Dhanteras. Inflows into these funds have increased by nearly 88 per cent since the beginning of 2024, totalling ₹1,232.99 crore in September, ICRA Analytics said in a statement. Gold prices advanced ₹450 to hit another record of ₹79,350 per 10 gram in the national capital on Thursday on the back of continued buying by jewellers and stockists, according to the All India Sarafa Association. Investors are drawn to gold ETFs due to their liquidity, transparency and global price alignment, which remains firm due to geopolitical headwinds. ■

Commerce Department preparing to deal with fallout of Iran-Israel war

CRISIS MANAGEMENT. Holds consultations with exporters, Shipping Ministry on managing potential impacts

Amiti Sen
New Delhi

The Commerce Department is keeping a close watch on the developments in West Asia following the direct confrontation between Israel and Iran and is in continuous dialogue with industry as India's bilateral trade has already taken a hit with countries in the region, such as Israel, Iran, Jordan, Lebanon and Yemen, sources have said.

Any escalation of the situation between the two countries could impact entire West Asia hitting Indian exports to the region as well as Africa, an official said.

CONFLICT IMPACT "Till Iran got directly involved in the Israel-Palestine conflict, Indian traders managed their business and avoided the Houthi's attacks



TRADE DISRUPTION. As West Asia is a big driver of demand and is also the route for supplies to Africa, India's exports to both regions could take a beating

on the Red Sea by taking the longer alternative route of the Cape of Good Hope to Europe. But now if the situation escalates into a full-blown war, it will not be confined to just Iran and Israel," the official told *businessline*.

As West Asia is a big driver of demand and is also the route for exporting to Africa, India's exports to both regions could take a beating, the official said. He added

that so far, barring a few items such as garments and apparel, other exports are mostly steady, but things could change as the ongoing war seems to be one that would be long drawn.

"Because of the direct conflict between Israel and Iran, sentiments in the West Asia have been impacted. So I don't foresee much growth in the trade with these countries. If prices of oil go up, it

may boost value but I don't see much volume-wise growth in these markets," said Ajay Sahai, Director General of the Federation of Indian Export Organisations.

TRADE PERFORMANCE In April-August 2024, India's exports to West Asia (barring the GCC countries) dropped by 28.57 per cent to \$3.53 billion. Exports to Israel, which had already declined 13.6 per cent in FY24, fell further by 58.67 per cent in the first five months of the current fiscal to \$791.8 million. Exports to Iraq declined in April-August 2024 by 4.8 per cent to \$1.38 billion. Exports to Jordan declined 52 per cent in the first five months of the fiscal to \$280.5 million, while exports to Lebanon fell 10.56 per cent to \$137.87 million. Imports from West Asia (barring GCC) in April-August

2024 rose marginally by 3.4 per cent to \$13.54 billion. However, imports from Israel declined 42.17 per cent to \$584.82 million.

"Since the West Asia conflict began last year, transit times to certain ports have increased, which has impacted our ability to supply certain product categories to certain countries," pointed out Fauzan Alavi, Director, Allansons, an exporter of meat and food items.

If the escalation in the crisis negatively impacts shipping to African countries, Indian exports could take a further hit as exports to the continent in FY24 already declined 11.45 per cent to \$45.33 billion. "The Commerce Department is in consultation with the Shipping Ministry. They are holding meetings with CONCOR to look into internal movement or relocation of containers," Sahai said.

I-T Dept issues guidelines for compounding of offences

Our Bureau
New Delhi

The Central Board of Direct Taxes (CBDT) has issued revised guidelines for the compounding of offences under the Income Tax Act.

The new guidelines are the outcome result of Finance Minister Nirmala Sitharaman's announcement in the Budget.

According to a CBDT statement, the revised guidelines supersede all existing guidelines on the subject and would apply to pending as well as new applications, from the date of its issue.

The guidelines have been simplified *inter-alia* by eliminating the categorisation of offences, removing the limit on number of occasions for filing applications, allowing fresh application upon curing of defects which was not permissible under earlier guidelines, allowing compounding of offences under the Act, abolishing removing the existing time limit for filing application viz 36

months from the date of filing of complaint, etc.

"To facilitate compounding of offences by companies and HUFs, the requirement of the main accused filing the application has been dispensed with. The offences of the main accused as well as any or all co-accused can be compounded on payment of relevant compounding charges by the main accused and/or any of the co-accused, under the revised guidelines," the statement said. The compounding charges have also been rationalised by abolishing interest charged on delayed payment of compounding charges, reducing rates for various offences such as for TDS defaults multiple rates of 2 per cent, 3 per cent and 5 per cent have been reduced to a single rate of 1.5 per cent per month and basis for calculation of compounding charges for non-filing of return has been simplified. Other simplification measures include the removal of the charge of a separate compounding fee from the co-accused.

Structural changes likely in Indian banks' long-term funding mix, cost: Fitch Ratings

Our Bureau
Mumbai

Fitch Ratings indicated there may be significant structural changes in Indian banks' long-term funding mix and cost, with the share of borrowings expected to continue to increase gradually within the overall funding mix, exerting pressure on funding costs over the medium term.

"We expect the share of borrowings to continue to rise gradually within the overall funding mix, from its current 10 per cent, if the banks fail to attract sufficient low-cost long-term resources to finance loan growth," said Fitch Ratings'

Saswata Guha, Senior Director, and Prakash Pandey, Associate Director, in a report.

While low-cost deposits' migration to term deposits is usual under high interest rates, the share of former in fresh deposits fell to 20 per cent in the financial year ended March 2024 (FY24), marking a two-decade low, according to their assessment.

DEPOSIT DYNAMICS The rating agency officials observed that bank deposit rates have been slow to respond to FY23's 250 basis points (bps) policy rate hike. Term deposit rates have risen by only 234 bps since March 2022, while low-cost



CREDIT DEPENDENCY. Fitch considers banks' current deposit pricing strategy to be unsustainable over the long term if deposits must support the economy's high reliance on bank credit

deposit rates have remained unchanged. They cautioned that there is a risk that the recent sharp rise in the loan-to-deposit ratio (LDR) may persist as a structural issue if future deposit growth is con-

strained — due to low or negative real return on deposits and evolving depositor preferences amid inflationary pressures, and robust loan growth. Deposit growth has kept pace with loan growth

at a 9.4 per cent CAGR (compounded annual growth rate) between FY14 and FY24, but LDR has risen by 10 percentage points since FY21.

The officials emphasised that normalisation of previous liquidity excesses necessitates that banks focus on growing deposits.

Fitch considers banks' current deposit pricing strategy to be unsustainable over the long term if deposits must support the economy's high reliance on bank credit.

"We expect no imminent pressure on Viability Ratings, given headroom, but individual key rating factor scores may have to be reassessed if the impact on margins, growth and liquidity

management is beyond Fitch's base case," the officials said.

HIGHER RETAIL FLOWS Fitch noted that mutual fund (MF) investments have grown by a 24 per cent CAGR since FY17. The agency assessed that sustained capital-market performance could accelerate the shift of retail savings to investments.

Demographic shifts and digitisation may also spur the move away from bank deposits.

The officials opined that a widening of the depositor base from the top 15 urban centres — 65 per cent of MF assets, 44 per cent of bank deposits — could augment

inflows and support banks' deposit retention. Fitch said a continued sharp rise in the LDR could intensify margin pressure beyond its expectations. Indian banks have limited pricing power, which may prevent full pass-through of increased funding costs without additional risk-taking, it added.

LIQUIDITY STANCE The officials said the sustained easing of the Reserve Bank of India's liquidity stance, or higher government-linked inflows, could ease the pressure, as in the past, but declining flows due to lower real return on deposits could raise pressure on LDR and asset/liability management.

'Full adoption of global standards must for realising Viksit Bharat'

KR Srivats
New Delhi

India must completely embrace global accounting and auditing standards if it intends to become a global powerhouse by 2047, Ajay Bhushan Pandey, Chairman of the National Financial Reporting Authority (NFRA), asserted on Thursday.

At a national conference on 'Changing Landscape of Accounting and Reporting' organised by Assocham in the capital, Pandey emphasised that India should not be seeking carve-outs for its unique circumstances while aligning with global standards.

STRATEGIC ADVANTAGE He pointed out that India has an advantage in the changing financial reporting landscape as many reforms in accounting and auditing were implemented globally decades ago.

"Many of the reforms we

are talking about now have already implemented globally 15 years ago. Can India afford to say we are unique and we will not integrate with the whole world?" Pandey questioned.

His remarks are significant as they come amidst an ongoing tussle between NFRA, the country's sole independent auditor, and the CA Institute, over changes to a key auditing standard (SA600 — Using the Work of Another Auditor) that governed the conduct of group audits in the country.

The bone of contention between ICAI and NFRA is about the alignment of SA600 with ISA600 (International Standard of Auditing). While NFRA advocates for complete convergence, ICAI believes the Indian situation requires carve-outs on the requirements of the auditing standard around group audits of enterprises.

ICAI is opposed to allowing the principal auditor (group auditor) access to the



Ajay Bhushan Pandey, Chairman, NFRA

working papers of component auditors. This practice is, however, allowed in the international standard.

ADOPTION CHALLENGES Without taking the name of ICAI, Pandey noted that there are always certain groups that say Indian situations are different and therefore seek local solutions.

"Actually that is something we need to be careful about," he said, adding that there is no merit in taking a stance that "we have no ob-

jection in adopting global standard but it should be adapted to our Indian needs."

"We must understand that deviation during adoption can be a few percentage points, but that adaptation cannot happen in such a manner when you are ninety per cent variant from global standards," Pandey said.

He also noted that those opposed to full convergence with ISA 600 must understand that NFRA is not bringing anything that the world has not dealt with or addressed.

"In this particular case (SA 600), we are privileged to have the experience of the world for 10-15 years in this regard," he noted.

He highlighted that many of the issues will get highlighted early on if the principal auditor has a good oversight on the auditors of subsidiaries.

"But if you are going to close your eyes and say what happens at the subsidiary level is their problem and not

that of the principal auditor, I don't think the world runs like this," Pandey added.

Pandey also did not agree with the contention in certain quarters that Corporate failures in the last few years are exceptions and questioned why should regulators do anything about it.

"This is another argument of not doing anything. We should not brush aside one or two corporate failures as isolated cases. We must analyse and see what corrective actions can be taken," he said.

Noting that it is India's moment today, Pandey expressed confidence that would achieve a GDP of \$55 trillion by 2047 as recently projected by former Chief Economic Advisor Krishnamurthy Subramanian.

"If our IT services majors like TCS, and Infosys can dominate the world, then there is no reason why our CAs cannot become a global powerhouse and then dominate the world.

ICRA ups guidance on sales volume for MCE industry

Our Bureau
New Delhi

Rating agency ICRA said on Thursday that it expects the sales volume of the Indian mining and construction equipment (MCE) industry to decline by 5-7 per cent y-o-y in FY25, compared to its earlier estimate of 12-15 per cent.

This revision follows better-than-expected domestic sales in the first half of FY25, which grew by 2 per cent y-o-y despite disruptions caused by the General Elections and monsoon season, it said.

"The likely lower decline of MCE sales volume in the current fiscal also reflects customers' optimism in the sustained policy focus on infrastructure development. However, ICRA remains cautious about the potential impact of sluggish project awarding and a tightening in

the financing environment, which could restrict demand in the second half of FY25," it added.

SECTOR INSIGHTS ICRA Sector Head of Corporate Ratings Ritu Goswami said that project awarding activity in the road segment has remained weak over the past 15-18 months. While a surge in the government capex is expected in H2.

ICRA estimates that the annual awarding by the Ministry of Road Transport and Highways (MoRTH) in FY25 to be similar to the level of FY24 and significantly lower than FY21-FY23 levels, she added.

"Given the lead time between project awarding and commencement of work, equipment purchasing by road developers may be deferred till next year. Demand from other user industries will only partly offset



INFRA BOOST. A strong focus towards improving transportation infrastructure has been among the key growth drivers for new equipment demand in recent years

this gap. Additionally, tight financing scenarios by way of lower loan-to-value ratio, greater scrutiny of loan applications or higher loan rejections may result in deferral of new equipment purchase by first-time (retail) buyers and constrain offtake for the full year," Goswami said.

In H1 FY25, the growth in domestic sales was driven by

the earthmoving and material processing equipment segments, which saw a 5 per cent and 1 per cent y-o-y growth, respectively. Road construction (-9 per cent), material handling (-7 per cent) and concreting equipment (-4 per cent) segments reported a decline in volumes in H1 FY25 on an annual basis.

The performance trend

was mixed across the major sectors in H1 FY25. In the road construction segment, data from MoRTH indicated a decline in execution by 7 per cent and awarding by 34 per cent in 5M FY25 on a y-o-y basis.

MEDIUM-TERM OUTLOOK On the medium-term outlook, Goswami said, "With Construction Equipment Vehicle (CEV) — V emission norms getting implemented from January 2025, which may entail price hikes, some pre-buying is expected towards the end of FY25 and Q1 FY26."

Strong focus towards improving transportation infrastructure, with healthy budgetary outlays for the Pradhan Mantri Gram Sadak Yojana, Pradhan Mantri Awas Yojana and Jal Jeevan Mission, have been among the key growth drivers for new equipment demand in the recent years.

NKT expands operations in India with competence centre in Chennai

Our Bureau
Chennai

Denmark-based NKT, a leading supplier of cables and cable accessories for the energy sector, has expanded its operations in India with the establishment of a global competence centre in Chennai.

The centre will provide technical services for ten-

dering and project execution on NKT projects worldwide, while also preparing for potential future opportunities.

"With our new office in Chennai and a growing presence in India, NKT is well-positioned to support the country's ambitious energy goals. The demand for high-voltage cables, particularly in offshore wind energy, is expected to increase significantly," stated Claes West-

erlind, President and CEO of NKT A/S.

"Currently, we have limited assembly and manufacturing operations for cable joints and accessories in Delhi. While there are no immediate plans for cable manufacturing in India, we are monitoring the market and assessing future demand, both domestically and across Asia," Westerlind said.

GEOJIT FINANCIAL SERVICES LIMITED
Reg. Office: 11th Floor, 34/659-P, Civil Line Road, Padvatlam, Kochi, Kerala - 682024
Website: www.geojit.com

EXTRACT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2024

Sl. No.	Particulars	₹ In Lakhs		
		For the quarter ended	For the half year ended	For the quarter ended
		30-Sep-24 (Unaudited)	30-Sep-24 (Unaudited)	30-Sep-23 (Unaudited)
1	Total income from operations	21,845.77	39,952.59	14,394.47
2	Net profit / (loss) for the period (before tax, exceptional and / or extraordinary items)	7,552.17	13,525.93	4,832.10
3	Net profit / (loss) for the period before tax (after exceptional and / or extraordinary items)	7,552.17	13,525.93	4,832.10
4	Net profit / (loss) for the period after tax (after exceptional and / or extraordinary items)	5,741.65	10,322.73	3,747.66
5	Total comprehensive income for the period [Comprising profit / (loss) for the period (after tax) and other comprehensive income (after tax)]	5,738.62	10,312.50	3,704.82
6	Equity share capital	2,391.44	2,391.44	2,390.95
7	Reserves (excluding revaluation reserve) as shown in the audited balance sheet of previous year	80,785.60	80,785.60	69,887.01
8	Earnings per share (of ₹1/- each) (not annualised)			
	a) Basic:	2.34	4.20	1.52
	b) Diluted:	2.34	4.20	1.52

Summary of standalone financial results of Geojit Financial Services Limited is as follows:

Sl. No.	Particulars	₹ In Lakhs		
		For the quarter ended	For the half year ended	For the quarter ended
		30-Sep-24 (Unaudited)	30-Sep-24 (Unaudited)	30-Sep-23 (Unaudited)
1	Total income from operations	21,099.58	38,286.83	13,725.59
2	Profit from ordinary activities before tax	7,337.42	12,827.93	4,437.80
3	Net profit / (loss) after tax	5,467.19	9,556.50	3,328.77
4	Total comprehensive income (after tax)	5,459.65	9,541.77	3,280.72

Note: The above is an extract of the detailed format of quarterly financial results filed with the stock exchanges under Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015. The full format of the quarterly financial results is available on the websites of the stock exchange (Refer corporate announcements).

Place: Kochi Date: 17 October 2024

**For Geojit Financial Services Limited
Chairman and Managing Director**

PEOPLE YOU PROSPER WITH

Smartfolios

By Geojit

