Stock markets snap seven-day rally; Sensex drops 728 points on profit-taking in IT, banking shares

MUMBAI, MAR 26: Benchmark stock indices Sensex and Nifty halted their seven-day winning run and closed down by nearly 1 per cent on Wednesday due to profit-taking in banking and IT shares.

The 30-share BSE Sensex tanked 728.69 points or 0.93 per cent to settle at 77,288.50. During the day, it slumped 822.97 points or 1.05 per cent to 77,194.22.

The NSE Nifty dropped 181.80 points or 0.77 per cent to 23,486.85.

In the past seven trading days, the BSE benchmark index jumped 4,188.28 points or 5.67 per cent. The Nifty surged 1,271.45 points or 5.67 per cent during the same period.

From the Sensex pack, NTPC, Tech Mahindra, Zomato, Axis Bank, Bajaj Finance, Infosys, Maruti, State Bank of India, Kotak Mahindra Bank, Reliance Industries, Hindustan Unilever, and HDFC Bank were the losers.

IndusInd Bank, HCL Tech, Titan, Mahindra & Mahindra and Power Grid were the gainers.

In Asian markets, Seoul, Tokyo and Hong Kong settled in the positive territory while Shanghai ended lower.

European markets were trading lower. US markets ended higher on Tuesday.

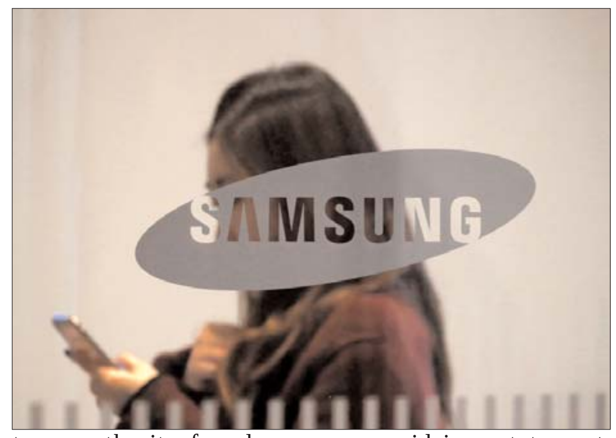
"The market experienced profit-booking after the recent gains, on the back of next week's US tariff announcements. The sectors with higher exposure to the US market, like pharma & IT, have witnessed some selling pressure," Vinod Nair, Head of Research, Geojit Investments Limited, said.

Foreign Institutional Investors (FIIs) bought equities worth Rs 5,371.57 crore on Tuesday, according to exchange data.

Global oil benchmark Brent crude climbed 0.58 per cent to USD 73.44 a barrel.

The BSE benchmark gained 32.81 points or 0.04 per cent to settle at 78,017.19 on Tuesday. The Nifty eked out gains of 10.30 points or 0.04 per cent to 23,668.65.

India slaps $601 million tax demand on Samsung for alleged tariff evasion in telecom imports



NEW DELHI, MAR 26: India has ordered Samsung and its executives in the country to pay $601 million in back taxes and penalties for dodging tariffs on import of key telecoms equipment, a government order showed, for one of the biggest such demands in recent years.

The demand represents a substantial chunk of last year's net profit of $955 million for Samsung in India, where it is one of the largest players in the consumer electronics and smartphones market. It can be challenged in a tax tribunal or the courts.

The company, which also imports telecoms equipment through its network division, received a warning in 2023 for misclassifying imports to evade tariffs of 10% or 20% on a critical transmission component used in mobile towers.

It imported and sold these items to billionaire Mukesh Ambani's telecom giant, Reliance Jio.

Samsung pushed India's tax authority to drop the scrutiny, saying the component did not attract tariffs and officials had known its classification practice for years.

But customs authorities disagreed in a confidential January 8 order that is not public but was reviewed by Reuters.

Samsung "violated" Indian laws and "knowingly and intentionally presented false documents before the customs authority for clearance", Sonal Bajaj, a commissioner of customs, said in the order.

Investigators found that Samsung "transgressed all business ethics and industry practices or standards in order to achieve their sole motive of maximising their profit by defrauding the government exchequer," Bajaj added.

Samsung (005930.KS), opens new tab was ordered to pay 44.6 billion rupees ($520 million), consisting of unpaid taxes and a penalty of 100%.

Seven India executives face fines of $81 million, among them the network division's vice president, Sung Beam Hong, Chief Financial Officer Dong Won Chu and Sheetal Jain, a general manager for finance, as well as Nikhil Aggarwal, Samsung's general manager for indirect taxes, the order showed.

"The issue involves the interpretation of classification of goods by customs," Samsung said in a statement, adding that it complied with Indian laws. "We are assessing legal options to ensure our rights are fully protected."

India's customs authority and the finance ministry did not respond to Reuters' queries. Reliance also did not respond.

The incident comes as India toughens oversight of foreign companies and their imports.

Volkswagen and New Delhi are locked in a legal battle in which the automaker is challenging a record demand of $1.4 billion in import back taxes on grounds of misclassifying car parts.

The German company denies any wrongdoing in what it called a "matter of life and death" for its India business, but the dispute has rekindled foreign investors' fears over tax tussles.

The Samsung investigation began in 2021 when tax inspectors searched its offices in the financial capital of Mumbai and Gurugram near New Delhi, seizing documents, emails and some electronic devices. Top executives were later questioned.

The Samsung dispute centers on imports of the "Remote Radio Head", a radio-frequency circuit enclosed in a small outdoor module that tax officials called "one of the most important" parts of 4G telecoms systems.

From 2018 to 2021, Indian officials found, Samsung paid no dues on imports worth $784 million of the component from Korea and Vietnam.

The component fitted on telecoms towers transmits signals and is subject to a tariff, the government said, though Samsung disagreed on how it functions.

Samsung vehemently defended its classification, backed its case with four expert opinions, saying the component did not perform the functions of a transceiver and could be imported without any duty, the tax order said.

As counter evidence, tax officials cited 2020 letters from Samsung to the Indian government describing the component as a transceiver, which the government said is "a device which transmits" signals.

Samsung "was very much aware about the right classification of the impugned goods," the tax commissioner added.

India likely to add 150 million room ACs by 2035 amid rising temperatures: Study

NEW DELHI, MAR 26: India is expected to add 130-150 million new room air conditioners (ACs) over the next decade which could increase the country's peak power demand by more than 180 gigawatts (GW) by 2035, straining the power system, according to a new study published on Wednesday.

The study by the India Energy and Climate Center (IECC) at the University of California (UC) in Berkeley said the fastest-developing major economy can avoid severe power shortages and save consumers up to Rs 2.2 lakh crore (USD 26 billion) by doubling the energy efficiency of room ACs over the next 10 years.

India adds 10–15 million new ACs annually, with another 130–150 million expected over the next decade. Without policy intervention, ACs alone could drive 120 GW of peak power demand by 2030 and 180 GW by 2035, nearly 30 per cent of the projected totals, the study said.

"This growth is outpacing India's power supply and could lead to serious electricity shortages as early as 2026," said Nikit Abhyankar, the study's lead author and UC Berkeley faculty.

"ACs are becoming one of the biggest drivers of peak demand, and without intervention, we risk blackouts or costly emergency fixes. But with smart policy, we can turn this into a win for consumers, manufacturers and the grid," he said.

PTI reported on Monday that India is likely to experience a nine to 10 per cent growth in peak electricity demand this summer with the country expected to experience more heat waves.

Last year, the all-India peak electricity demand crossed 250 GW on May 30, which was 6.3 per cent higher than the projections. Climate change-induced heat stress is one of the key factors driving electricity demand.

The share of the household sector in India's total electricity consumption increased from 22 per cent in 2012-13 to 25 per cent in 2022-23. Much of this rise can be attributed to economic growth and the increasing need for cooling due to rising temperatures, experts say.

In the summer of 2024, room air conditioner sales surged by 40 to 50 per cent year-on-year amid record-breaking temperatures.

According to an ongoing research at the Oxford India Centre for Sustainable Development at the University of Oxford, the largest cooling demand, in terms of the total population, will come from India, followed by China, Nigeria, Indonesia, Pakistan, Bangladesh, Brazil, the Philippines and the US in a world two degrees Celsius warmer than pre-industrial times.

The study by the University of California recommends updating India's Minimum Energy Performance Standards (MEPS).

Regulations must not create unintended barriers to financial inclusion: RBI Guv

MUMBAI, MAR 26: Reserve Bank Governor Sanjay Malhotra on Wednesday said regulations should not create "unintended barriers" for deepening financial inclusion.

Speaking at the Financial Action Task Force (FATF) event here, Malhotra said policymakers should also be mindful and not be "overzealous" with their measures, adding that legitimate activities should not be stifled.

India has made substantial progress on financial inclusion with 94 per cent of adults now having a bank account, Malhotra said, adding a word of caution for regulators.

"It must be ensured that regulations do not create unintended barriers to financial inclusion. We need to be mindful of customer rights and convenience while fulfilling the due diligence requirements," he said.

The laws and regulations have to target only the illegitimate and the illicit with "surgical precision" and not be blunt tools which unintentionally end up hurting the honest, Malhotra said.

"While we continue to make our financial systems safe and secure against money laundering and terrorist financing, we as policy makers need to be mindful that our measures are not overzealous and do not stifle legitimate activities and investments," the Governor added.

Pitching for "balanced regulations", Malhotra said adopting a risk-based approach would be beneficial and added that assessing impact on people and businesses is essential.

Malhotra said stakeholders also need to coordinate better and look at avoiding the "unnecessary" process of making people repeatedly undergo the know your customer (KYC) requirements.

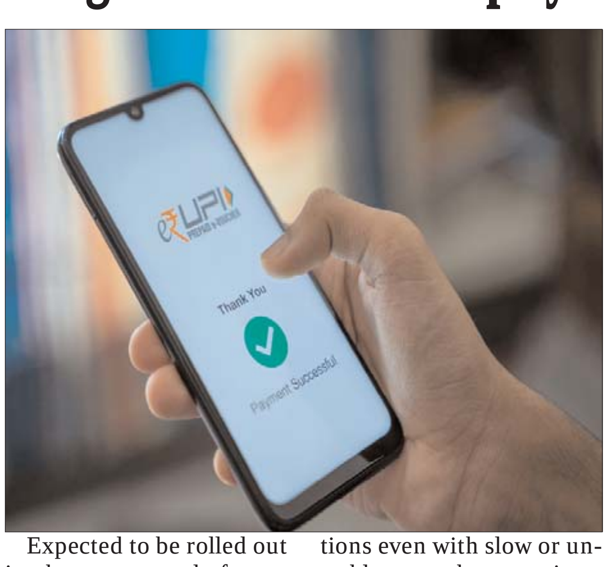
Speaking about technology, Malhotra said while it has enabled ease of doing business, it has also led to sophisticated means of money laundering and illicit financing.

"We are determined to further strengthen our financial system to deter and combat illicit financial activities," he said.

Deliberations at the three-day seminar will help India better implement the new privacy law in our country, he said.

Addressing the global forum, Malhotra said it would be "desirable" to make the travel rule - mandates that financial institutions and Virtual Asset Service Providers (VASPs) share specific information about the originator and beneficiary of financial transactions - technology neutral.

BHIM 3.0 packs in more punch with bill splitting, expense tracking and enhanced payment features



MUMBAI, MAR 26: Users of BHIM UPI app will soon be able to split their restaurant bills and rents, track and assign shared family expenses and get clarity with spend analytics and alerts on pending bills.

BHIM, which stands for Bharat Interface for Money, is a mobile payment app developed by the National Payments Corporation of India (NPCI) that uses the Unified Payments Interface (UPI) for quick and easy digital transactions.

NPCI BHIM Services Limited (NBSL), a wholly owned subsidiary of the National Payments Corporation of India (NPCI), on Tuesday announced the launch of BHIM 3.0 — the third evolution of the app since its launch in 2016.

Expected to be rolled out in phases across platforms, with full availability by April 2025, BHIM 3.0 will be available in over 15 Indian languages for better accessibility and is optimised to ensure seamless transactions even with slow or unstable network connections, NPCI said on Tuesday.

NBSL also announced a payment solution for merchants — BHIM Vega — which integrates with online merchant platforms, allowing customers to complete payments within the app without switching to third-party apps.

"BHIM 3.0 is designed to meet the needs of today's users in the fast-evolving world of digital payments. Built for Bharat, it prioritises safety, convenience, and inclusion," said Lalitha Nataraj, CEO, NBSL.

"BHIM has always played a key role in making digital payments secure and simple for every Indian. The launch of BHIM 3.0 is another step towards empowering millions of users, merchants, and banks, helping India move further into a digitally inclusive future," said Ajay Kumar Choudhary, non-executive chairman and independent director, NPCI.

JSW Steel overtakes global giants to become world's most valuable steel company

NEW DELHI, MAR 26: Sajjan Jindal-led JSW Steel has become the most valuable steel company in the world by market capitalisation, toppling global giants such as Nucor, ArcelorMittal and Nippon Steel. A strong rally in metal stocks amidst the bull charge in the broader market boosted the company's fortunes.

The company's valuation reached ?259,670 crore or about $30.5 billion (see chart) at the close of trading on Tuesday with the stock ending the day at ?1,061.85, up ?0.75, or 0.07 per cent, after reaching the life high of ?1,074.15.

The JSW Steel stock has given a return of 29.26 per cent in one year compared with a 7.65 per cent rise in the benchmark Sensex 30. From year to date, the stock has risen 17.2 per cent, outperforming broader indices that inched up 0.6 per cent.

Billionaire Sajjan Jindal, whose business empire spans across steel, power, automobile, cement, ports and paints, and his family hold a 44.85 per cent stake in the company as promoters. The other major public shareholder is JFE Steel Corp of Japan, which holds a 15 per cent stake in the company.

The only other Indian company which is part of the top 10 list by market cap is Tata Steel, with a market cap of $22.9 billion. While JSW has overtaken others by market cap, it trails ArcelorMittal and Chinese steel makers such as Baosteel and Anshan in capacity.

Indian steel stocks have been shining in the last few trading sessions after the Union commerce ministry proposed a 12 per cent safeguard duty against imports of hot rolled and cold rolled coils, raising prospects of up to ?5,000 a tonne increase in steel prices in the domestic market.

Any price hike would straight add to the bottom-line of the companies.

The safeguard duty is yet to be put in place by a notification by the ministry of finance amidst a global trade war unleashed by the US administration. The levy will be a positive for flat steel makers such as JSW, the Jindal promoted company that has been on a strong growth path ever since it bounced back from a debt debacle about quarter of a century ago.

From a mere 1 million tonne capacity in Vijaynagar, Karnataka, the company now boasts of 35.7 mt capacity, spread out in multiple locations.

It has mobilised work to take the capacity to 43.5 mt by the end of FY27, without stretching the balance sheet.

A source in the company described the milestone today as a story of consistent growth and robust financial performance amid strong competitive pressure.

A jubilant Parth Jindal, son of Sajjan Jindal, tweeted, "Extremely proud to share that JSW Steel has become the largest steel company by market capitalisation — so proud of the hard work by papa Sajjan Jindal, ma Sangita Jindal and the entire JSW Steel Group family — we are humbled and will not stop at this."

Tax bill debate in upcoming monsoon session of Parliament: Nirmala

NEW DELHI, MAR 26: The new Income Tax Bill is expected to be discussed in the upcoming monsoon session of Parliament, finance minister Nirmala Sitharaman said on Tuesday.

Responding to discussions on the Finance Bill 2025 in the Lok Sabha, Sitharaman stated that the new tax bill—introduced in the House on February 13 — is currently under review by the select committee. The committee has been directed to submit its report by the first day of the next parliamentary session. "...We will take it (the new Income Tax Bill) up in the monsoon session," the finance minister said.

The monsoon session of Parliament typically takes place between July and August. The revised Income Tax Bill aims to simplify tax laws by reducing complexity, ensuring tax certainty, and minimising litigation.

The Lok Sabha on Tuesday passed the Finance Bill 2025, along with 35 amendments, including changes such as abolishing a 6 per cent digital tax on online advertisements, relaxation of the requirement of tracking indirect investments by Indian residents in offshore funds managed by Indian fund managers, along with changes in proposed block assessments.

With regard to the amendment regarding the abolition of the 6 per cent Equalisation Levy on online advertisements — a move that is widely expected to benefit advertisers on digital platforms such as Google, X and Meta, Sitharaman said it was done to address "uncertainty in the international economic conditions".

The Finance Bill 2025 had also proposed to streamline the requirement to track Indian participation in an offshore fund from an ongoing obligation to a biannual one.

"A welcome change made pursuant to representations by multiple stakeholders is the relaxation of the requirement of tracking indirect investments by Indian residents in offshore funds managed by Indian fund managers. This may pave the way for management of global funds from India without triggering tax consequences in India," EY said in its analysis of the amendments to the Finance Bill 2025.

The amended Finance Bill 2025 also restricts the scope of the new block assessment regime to assess "total undisclosed income" instead of "total income", ensuring that the new regime applies only to undisclosed income.

"This is a classic example of legislative flip-flop by reintroduction of the pre-2003 regime with certain modifications, which the legislature, perhaps, believes can prevent the high rise of litigation. The amendments are, nonetheless, welcome as they overcome the ambiguities in the New Block Assessment Regime as introduced vide Finance (No. 2) Act, 2024," EY said.

With the passage of the Finance Bill 2025, the Lok Sabha completed its part of the Budgetary approval process. The Upper House, Rajya Sabha, will now consider the Bill.