



STOCK CHECK

Sensex intra-day movement



CURRENCIES

US \$	Rs 67.50
UK Pound	Rs 90.44
Euro	Rs 79.28

INDICES

BSE		
Sensex	35443.67	-19.41
Midcap	16022.37	+67.35
Smallcap	16887.13	+96.76
NSE		
Nifty	10767.65	-0.70
Next 50	29320.60	+115.95
Nifty 500	9316.25	+16.15

Most active on NSE

Scrip	Price	Traded value#
Sun Pharma	527.95	1522.40
Tata Motors	308.95	848.35
Baj Finance	2210	665.72
Star	357.80	639.34
Reliance	983.10	636.66

COMMODITIES

Gold (10 gram in Rs)	
Pure	31555 +280
Hallmark	30390 +275
Silver (kg in Rs)	
Bar	40600 +350
Portion	40700 +350
Crude*	4444 +1.00
Copper#	490.55 +3.10

*per barrel in Rs; # per kg in Rs

MONEY MARKET

Yield (%)	
Call rate	5.00
91-day T-Bill	6.50
1-year Gilt	7.22
5-year Gilt	7.99
10-year Gilt	7.95

IN BRIEF

Bank trio up rates

■ **NEW DELHI:** Joining their peers, three state-owned lenders on Friday announced raising interest rates in the range of 0.05-0.15 per cent, to be effective next week. Bank of India has hiked the marginal cost based lending rate (MCLR) by 0.10 per cent each for various tenors; the Oriental Bank of Commerce by 0.10-0.15 per cent and Syndicate Bank effected a change of 0.05 per cent for one-year tenor loan. **PTI**

Voda plans

■ **LONDON:** British telecom major Vodafone plans to invest 1 billion euros, or about Rs 8,000 crore, in the proposed joint venture with Idea Cellular which is expected to be in place this month, according to its annual report. **PTI**

Tariq Premji

■ **NEW DELHI:** Tariq Premji, the younger son of billionaire and philanthropist Azim Premji, has been appointed to the board of Wipro Enterprises. Tariq will join in his father and brother Rishad Premji on the board of the unlisted Wipro Enterprises as a non-executive director. **PTI**

Errant firms

■ **NEW DELHI:** The government on Friday said it has identified over 2.25 lakh companies and 7,191 LLPs which have not filed requisite financial statement for 2015-16 and 2016-17, and they may be struck off during the current fiscal. **PTI**

Ant Financial

■ **SHANGHAI:** Chinese digital payments giant Ant Financial has raised \$14 billion in its latest financing round, making it the world's largest fintech company ahead of an expected mammoth IPO. **PTI**

BOTTOM LINERS



"I can't find our sales results either...maybe we should check the trash can."

Bond yield crosses critical level

OUR SPECIAL CORRESPONDENT

Mumbai: Yields on benchmark 10-year security on Friday breached the 8-per-cent mark for the first time in three years. However, there was some relief as they closed below these levels.

Bond yields, inversely related to the prices of government securities, have been under pressure over the past few months because of a variety of reasons that include tepid demand and fears of an interest rate hike.

They came under further pressure following the Reserve Bank of India's (RBI) surprise 25-basis-point hike in the policy repo rate on Wednesday.

The central bank has also brought in couple of other measures that are expected to lower the demand for bonds.

In trading Friday, yields on the benchmark 10-year security hit 8.03 per cent against the previous close of 7.99 per cent. It, however, settled at 7.95 per cent at the close.

As per data available from NSDL, foreign portfolio investors (FPIs) continue to off-load bonds.

So far in this calendar year, they have sold bonds worth almost Rs 31,000 crore. FPIs sold Rs 254 crore bonds in February, which swelled to Rs 19,654 crore in May.

Banks have also taken a hit in their bond portfolio from the falling prices.

The RBI has come to their rescue when it granted them the option to spread their mark-to-market (MTM) losses on investments held in available-for-sale (AFS) and held-for-trading (HFT) portfolios for the quarter ending June 30, 2018, equally over a period of four quarters.

RBI norms say banks should mark-to-market bonds in their AFS portfolio on a quarterly basis and in the HFT segment on a monthly basis and provide for net depreciation, if any.

Panel pill to fight bad loan

OUR SPECIAL CORRESPONDENT

Mumbai: A panel of bankers has been formed to look into the feasibility of setting up an asset reconstruction company (ARC) or an asset management company (AMC) for the speedier resolution of bad loans plaguing PSU banks.

The idea of a panel came up at a meeting of PSU banks here on Friday and it has got support from the Union government.

The committee, which will be headed by Sunil Mehta, non-executive chairman of Punjab National Bank (PNB), will submit its report over the next two weeks.

Interim finance minister Piyush Goyal announced the panel after a meeting here with banks based in the western and southern regions of the country.

"A committee has been

Piyush Goyal (right) with SBI chairman Rajnish Kumar in Mumbai on Friday. **PTI**

formed under the chairmanship of Sunil Mehta, which over the next two weeks will come out with their recommendations of a suggestion that was deliberated in great detail among bankers today (Friday) who believe that it may be worth considering to set up an ARC and/or an AMC for the faster resolution of stressed assets," Goyal said.

He said the group will try to ascertain whether such an arrangement will be good for the banking system. If the idea is approved by the panel members, the modalities by which the ARC or AMC can be set up will be discussed.

The move comes at a time banks, particularly the PSU lenders, continue to report bad loans during the fourth quar-

ter of 2017-18 as they were forced to recognise several loans as NPAs following a circular from the Reserve Bank of India.

Analysts said the key issue was whether the old idea of "Bad Bank" has made a comeback in the different avatar of AMC/ARC, this time around. Such a bank will buy the NPAs of PSU banks and either recover the money or sell the assets.

The Economic Survey of 2016-17 had suggested the creation of a centralised Public Sector Asset Rehabilitation Agency (PARA) that could take charge of the largest, most difficult cases.

The survey had said a government entity would ensure better management of bad assets and was capable of handling political pressures surrounding the sale of bad assets, unlike private ARCs which have not been successful in the country.

Rush to fill vacancies

OUR SPECIAL CORRESPONDENT

Mumbai: The Centre will fill up top vacant positions in PSU banks over the next 30 days.

Piyush Goyal, the interim finance minister, on Friday revealed the Centre will take a "quick decision" over the next month to fill all the vacant positions.

Goyal's announcement comes amid reports the newly constituted Banks Board Bureau, headed by former DoPT secretary B. P. Sharma, will shortlist candidates for about 30 top-level vacancies in PSU banks, beginning June 13.

PTI had recently reported that there were vacancies for 12 managing directors and 18

SEARCH MODE

- Centre will fill vacant positions at top levels in all PSU banks in next 30 days
- Banks Board Bureau to shortlist candidates for 30 vacancies from June 13
- Posts of 12 MDs reported to be vacant

executive directors who will be appointed during this year and confidential reports of over 60 eligible candidates have already been sought from various banks for these vacancies.

The finance minister also disclosed that banks will set up oversight committees, comprising regulators, retired judges and other experts, for the faster resolution of stressed accounts in a transparent manner.

Harley duty bait to humour US

JAYANTA ROY CHOWDHURY & R. SURYAMURTHY

New Delhi: India is likely to lower duties on Harley Davidson bikes as part of a package of trade measures that commerce minister Suresh Prabhu will offer his American counterparts in talks next week.

Prabhu also said priority would be given to bilateral deals with Australia, China and New Zealand over the Regional Comprehensive Economic Partnership (RCEP) trade block. The RCEP comprises the Asean countries, besides India, China, New Zealand and Australia, and its formation will open up Indian markets to China.

"We will try and address each other's (India and US's) concerns... We will deal with the issue of Harley Davidson

motorcycles if they raise it," Prabhu said here on Friday.

The commerce minister will meet the US Trade Representative and US department of commerce officials next week in a bid to solve the imbroglio over the continuation of Generalised System Preferences (GSP), given by the US to exports from the developing countries.

Officials said India could cut the import duty on motorcycles above 1200cc to 25 per cent as it is unlikely to impact domestic manufacturers, while sending out a positive signal to Washington.

The duty cut would not only cover the Harleys but also other bikes in that category, benefiting other high-end players such as Yamaha and BMW.

The GSP scheme, being reviewed by the US, allows many Indian exporters to sell

TRADE SPAT

■ **US wants fewer items with lower duty under Generalised System of Preferences**

■ **Washington says India not a developing country, which rules out export subsidy**

■ **India open to duty cuts on Harley bikes**

at lower tariffs. The US has now sought to reduce the number of products covered under this programme, including dairy, chemical, engineering and medical devices, unless India gives reciprocal access and curbs barriers to products of American interest.

US president Donald Trump had earlier said the US

had got "getting nothing" from India.

"When Harley Davidson sends a motorcycle to India, as an example, they have to pay 100 per cent tax," Trump said. "Now, the Prime Minister, who I think is a fantastic man, called me the other day and he said we are lowering it to 50 per cent. I said okay, but so far we're getting nothing. So we get nothing, he gets 50 (per cent), and they think like they're doing us a favour. That's not a favour," Trump had thundered.

The US has recently hiked tariffs on Indian steel and aluminium exports as a punitive measure, though they make up just 2 per cent of American imports of these two metals.

It has also contended before the World Trade Organisation that India was no longer a developing country and as such could not continue with

its export subsidies.

India has been raising tariffs on a number of products such as cellphone parts to compel manufacturers such as Apple to shift manufacturing to India. However this does not affect US companies as much as it does the Chinese and the Taiwanese, from whom Apple sources its parts.

China fear

Speaking of trade deals, Prabhu said that India "has told its Asean partners that we will be holding talks with Australia, New Zealand and China on trade concessions before the RCEP."

"Unless our concerns are addressed, we cannot proceed. We want concessions on services to be an integral part of the RCEP." India has free trade pacts with Asean but not with Australia, New Zealand or China.

Deocha coal mining option

A STAFF REPORTER

Calcutta: The Bengal government could explore the underground mining option to lift coal from the Deocha Pachami block in Birbhum. The block has reserves of 2,102 million tonnes.

"Deocha Pachami coal block has been allocated to us. There are stone layers above the coal seams. I recently went to Poland to understand the technical know-how on excavating coal from below the layers. We would explore underground mining option for the block," Bengal power minister Sobhan Deb Chattopadhyay said on the sidelines of a Merchants Chamber of Commerce organised event on Friday.

Earlier Bengal chief minister Mamata Banerjee had expressed happiness over the allocation and said the mining project had the potential to generate nearly one lakh jobs in Birbhum and neighbouring districts.

It will also involve investments worth Rs 12,000 crore in the intermediate run.

"I am very happy to share with all of you that after a long wait of three years, Bengal has got the allocation of the Deocha Pachami Harinsingha Dewanganj coal mines in Birbhum district," Banerjee had tweeted.

"With an estimated reserve of 2,102 million tonnes, it is the second largest coal mine in the world," she said.

"Altogether, there will be a huge socio-economic development of Birbhum, the neighbouring districts and the entire state," Banerjee added.

Power quality

At Friday's MCC event, Chattopadhyay said the state is planning to complete the laying of underground cables in 75 towns by 2025 in order to reduce transmission losses and improve quality of power.

Bid to bring natural gas under GST

OUR SPECIAL CORRESPONDENT

New Delhi: The issue of including natural gas in the goods and services tax could be taken up in the next meeting of the GST Council, a senior government official said on Friday.

The proposal to bring natural gas under the GST on an experimental basis will be put before the council, joint secretary Dheeraj Rastogi said at an industry event.

Aviation turbine fuel (ATF) would be another petroleum product that could also be brought within the GST ambit among the five petroleum products, Rastogi added.

He, however, did not prescribe a specific time frame for the move.

While petroleum products such as kerosene, naphtha and LPG are under the GST, five items in the basket — crude oil, natural gas, aviation fuel, diesel and petrol — have been excluded.

"Petroleum is a considerably larger source for revenues not only for the Centre but also for the states. On the natural gas front, there is some consensus to bring it within the GST ambit and, therefore, it could be the first petroleum product that could come within the GST network," Rastogi said, according to a PHD Chamber release.

Abhishek Jain, tax partner at EY India, said, non-inclusion of natural gas in GST "is leading to a situation where the VAT paid on the procurement of natural gas is not available as credit, leading to an increase in the cost of pro-

ON AGENDA

■ **Under GST:** Kerosene, naphtha, LPG

■ **Yet to be included:** Crude oil, natural gas, aviation fuel, diesel, petrol



duction. It is rendering medium and small industries economically unviable and uncompetitive as end users could potentially explore importing the products at a better and competitive value compared with domestically sourced goods, which would be loaded with the increased cost".

Oil minister Dharmendra Pradhan had made a strong case for the inclusion of natural gas in the GST regime, stating if polluting coal can be included, then the environment-friendly fuel deserved a place in the new regime. "Coal has been included and levied with 5 per cent tax but gas is outside GST, how fair is that," he said.

In a letter to the finance ministry, industry body Ficci has said that keeping natural gas out of the GST is impacting producers as it is increasing their costs.

Gas sales, including CNG and piped gas supplies, attract lower VAT, ranging from 5 per cent to 12 per cent. The inclusion of natural gas in the GST should not result in any large revenue loss, it said.

Trade pacts hurt local paper firms

A STAFF REPORTER

Calcutta: Free trade agreements with Asean countries and South Korea are pushing paper and paperboard imports into India, prompting domestic manufacturers to seek government intervention.

According to the Indian Paper Manufacturers Association, the import of paper and paperboards into India has jumped 31.18 per cent in 2017-18 over the previous year.

The total volume of imports was 18.6 lakh tonnes compared with 14.17 lakh tonnes in 2016-17. While imports from Asean countries last year grew 32.59 per cent, they rose 57.19 per cent from South Korea.

According to the association, in the seven-year period, from 2010-11 to 2017-18, the import of paper and paperboards has increased at a compounded annual growth rate (CAGR) of 19.47 per cent. In the same period, imports from Asean countries and South Korea have increased at a CAGR of 41.75 per cent and 57.94 per cent, respectively.

The seven-year period coincides with the onset of the progressive reduction in the basic customs duty undertaken by India on the import of paper and paperboard under the free trade agreements signed with Asean and South Korea, the association said.

Under the Asean FTA, import duties were brought down to zero per cent from January 2014, while the import duty became zero per cent under the India-Korea comprehensive economic partnership agreement from January 2017.

The import of paper and paperboards from China also increased 56.45 per cent in 2017-18.

Reliance proposal to extend Mukesh term

New Delhi: Reliance Industries has sought shareholders' approval to give Mukesh Ambani another five years as the chairman and managing director of the company.

Ambani, 61, has been on the board of Reliance Industries Ltd (RIL) since 1977 and was elevated as the chairman of the company after the death of his father and group patriarch Dhirubhai Ambani in July 2002.

The company has in a shareholders' notice for the 41st annual general meeting to be held on July 5 in Mumbai, moved a resolution to re-appoint Ambani "for a period of five years, on expiry of his present term of office, that is with effect from April 19, 2019".



STATUS CHECK: Ambani

The notice said he would be paid an annual salary of Rs 4.17 crore and Rs 59 lakh of perquisites and allowances. Retirement benefits are not included in the overall ceiling of remuneration. **PTI**

He would also be entitled to receive bonus based on net profits and "expenses incurred for travelling, boarding and lodging, including for spouse and attendant(s) during business trips and provision of car(s) for use on company's business and communication expenses at residence shall be reimbursed at actuals and not considered as perquisites," it said.

Also, "the expenses, as may be borne by the company for providing security to Mukesh Ambani and his family members shall not be considered as perquisites and accordingly, not to be included for the purpose of computation of the overall ceiling of remuneration," the notice said. **PTI**

Usha Martin set to exit steel

SAMBIT SAHA

Calcutta: The board of Usha Martin will meet on Monday to consider a potential sale of the steel business.

At least two companies, Tata Steel and JSW Steel, are understood to have shown interest for the 1-million-tonne steel plant located near Jamshedpur.

Usha Martin's stock was locked in the upper circuit of 20 per cent on the stock exchanges throughout the trading session on Friday as punters were hoping for the company to secure a hefty valuation for the asset.

The stock cooled off at the close to settle at Rs 28.20, up 17.01 per cent, or Rs 4.10, after Tata Steel said it has not made a bid for the steel business.

The steel division contributed 52.1 per cent to Usha Martin's turnover for 2017-18, while the more profitable wire and wire rope division made up the rest.

Initially, the company was trying to sell the wire rope business and appointed

DEBT MANAGEMENT

- Usha Martin board to meet on June 11 to consider sale of steel business
- Tata Steel, JSW Steel reported to be keen
- Usha Martin has a 1mt steel plant near Jamshedpur
- Steel division contributed 52% to Usha Martin's turnover for 2017-18



RBS to find a buyer as no one was interested in the steel asset. Later, it brought in McKinsey to come up with a road map for the steel business to reduce debt.

However, as the global cycle turned positive, backed by strong demand and prices, there were interests for the steel business.

Incidentally, Usha Martin was global-

ly known as a wire and wire rope player with presence in several overseas locations before it went for backward integration and built a steel plant.

"It will make sense to keep the wire and wire rope business and sell the steel plant if the offer for both is the same. But, at the end of the day, everything will boil down to how much the company can garner by selling one of the two," a source privy to the development said.

The wire rope division made operational profit of Rs 209.3 crore compared with Rs 99.7 crore by the steel business. But interest cost, which rose to Rs 522.8 crore in the last fiscal from Rs 498.5 crore a year ago, meant it posted a loss of Rs 282.34 crore.

However, there is still a question mark if any sale can go through. Cousin brothers — Prashant and Rajeev Jhawar — are still locked in bitter battle over the control of the company. "Unless they meet eye to eye, no sale will go through," the source quoted above, added.