

“The bank’s entire effort is to come out of PCA by the second quarter

UBI managing director and CEO Ashok Kumar Pradhan



XXCE

STOCK CHECK

Sensex intra-day movement



Previous 37090.82

CURRENCIES	
US \$	Rs 70.44
UK Pound	Rs 91.20
Euro	Rs 79.12

INDICES

BSE		
Sensex	37318.53	+227.71
Midcap	14212.57	+87.98
Smallcap	13843.59	+41.53
NSE		
Nifty	11222.05	+73.85
Next 50	26130.00	+55.40
Nifty 500	9212.35	+52.40

Most active on NSE

Script	Price	Traded value#
Reliance	1267	1628.57
Tata Steel	470.50	984.99
Yes Bank	156.95	971.02
SBI	316.00	947.87
HDFC	1964.20	840.19

COMMODITIES

Gold (10 gram in Rs)		
Pure	32815	+345
Hallmark	31600	+335
Silver (kg in Rs)		
Bar	37250	+150
Portion	37350	+150
Crude*	4349	+37
Copper#	426.55	-0.30

*per barrel in Rs; # per kg in Rs

MONEY MARKET

Yield (%)	
Call rate	4.50
91-day T-Bill	6.38
1-year Gilt	6.52
5-year Gilt	7.13
10-year Gilt	7.37

IN BRIEF

Retaliatory tariff lag

■ **NEW DELHI:** The government on Tuesday again extended its deadline to impose retaliatory import duties on 29 US products, including almond, walnut and pulses, till June 16. A notification of the finance ministry said that implementation of increased customs duty on specified imports originating in the US has been postponed from May 16 to June 16 this year. ■

BMW bike launch

■ **MUMBAI:** BMW Motorrad, the premium motorcycle arm of German luxury car maker BMW Group, on Tuesday expanded its offerings in the domestic market with the launch of the BMW F850 GS Adventure bike, priced at Rs 15.40 lakh (ex-showroom). ■

Chanda Kochhar

■ **NEW DELHI:** Former ICICI Bank CEO Chanda Kochhar and her husband Deepak Kochhar on Tuesday again appeared before the Enforcement Directorate in connection with an alleged bank loan fraud registered against them. ■

BOTTOM LINERS



Top executives quit Jet

OUR SPECIAL CORRESPONDENT

Mumbai: Top executives of troubled airline Jet Airways, including head honcho Vinay Dube and his deputy, chief financial officer Amit Agarwal, resigned on Tuesday citing “personal reasons”, leaving everyone guessing whether a new team was ready in the wings to take their place.

If that were not the case, the senior-level exits would deepen concerns that the airline, which halted services on April 17, might never take to the skies again.

Besides Dube and Agarwal, company secretary Kuldeep Sharma put in his papers — and the squiggle of a signature at the bottom of the communication to the stock exchanges put out by an “authorised signatory” left no one any wiser about who really was handling day-to-day affairs at the grounded airline. All the communications to the exchanges till date have been made by Sharma.

Sources said chief people officer Rahul Taneja has also put in his papers. Agarwal had quit on Monday but the announcement was made on Tuesday morning.

The flurry of resignations left every-

EVACUATION CHUTE

■ Chief executive Vinay Dube, his deputy Amit Agarwal and company secretary Kuldeep Sharma have quit



■ Reports suggest chief people officer Rahul Taneja has also resigned

one wondering whether the lenders had finally decided to take control of the airline until they found a strategic partner to run it. It is not usual to see top executives of a storied company abdicate responsibility on a flimsy ground unless they were sure that they were demitting office to responsible leadership.

Sources said Jet’s lenders needed to take a quick call on the future of the airline. On Monday, they had opened their bids for the ailing carrier but refused to say whether they had someone who could come up with a credible resolution plan.

Dube’s departure marked the end of a 21-month long tumultuous tenure during

which the full service carrier shuttered its operations because of a cash crunch after operating for more than 25 years.

“We wish to inform that Vinay Dube, chief executive officer (CEO), has resigned from the of the company with immediate effect due to personal reasons,” Jet Airways said in a filing.

Before joining Jet as CEO in August 2017, Dube had served in various roles at companies such as Delta Airlines, Sabre Inc and American Airlines.

SpiceJet gets most slots

SpiceJet has emerged as the biggest winner of the slots vacated by Jet. It has won 130 of Jet’s 479 slots, of which 68 slots are in Mumbai, where Jet has vacated 214 slots.

IndiGo bagged 127 slots, the maximum in Delhi where it won 38 out of Jet’s 118 slots. Vistara won 110 slots, with 44 of them in Mumbai. GoAir secured 44 and AirAsia India 42 slots; national carrier Air India secured 24 slots, and its regional arm Alliance Air, two slots. Slots are precious assets for an airline as the number of slots determines how many flights they can operate out of an airport.

Fair-play pressure on WTO

OUR SPECIAL CORRESPONDENT

New Delhi: The WTO member countries participating in a ministerial meeting here on Tuesday demanded an early resolution to the standoff at the appellate body of the WTO. The participants, who are from developing and less developed countries, also want the WTO to continue with its special privileges.

As many as 17 of the 22 countries, including Saudi Arabia and China, made a strong case to resolve the impasse over the appointment of members to the WTO’s appellate body, cautioning that failure to do so would “completely paralyse” the dispute settlement mechanism of the global trade body by December.

Five countries — Kazakhstan, Turkey, Argentina, Brazil and Guatemala — did not sign the “Delhi Declaration” because of some technical reasons. The signatories said the flexibilities being provided to developing countries under the WTO’s “Special and Differential Treatment” (S&DT) provisions must be preserved.

“S&DT is one of the main defining features of the multi-lateral trading system and is essential to integrating developing members into global trade. S&DT provisions are rights that must be preserved and strengthened in both current and future WTO agreements,” it said.

India’s Ambassador to the WTO said India will demand appropriate and effective S&DT, including for fishery subsidies.

On the the impasse over the appointment of members to the appellate body of WTO’s dispute settlement system, commerce secretary Anup Wadhawan said there was unanimity across all countries that this was the most urgent and critical issue that needed to be resolved.

Pharma duo vow to fight price fix charge

OUR SPECIAL CORRESPONDENT

Mumbai: Drug majors Aurobindo Pharma and Dr Reddy’s Laboratories on Tuesday said they were preparing their legal defence to the charges of price fixing in the US market.

As many as 49 US states have filed price fixing charges against 20 generic pharmaceutical companies and 15 other individual defendants on Friday. Besides DRL and Aurobindo, charges have been filed against five other Indian companies — Glenmark, Lupin, Wockhardt, Zydus and Sun Pharma’s US arm Tarco. All these are listed entities.

Both Aurobindo and Dr Reddy’s told the stock exchanges that the charges would not impact their financial performance.

The Aurobindo share price fell Rs 2.10, or 0.29 per cent, to

WRONG PILL?

■ 49 US states have filed price fixing charges against 20 generic pharma firms and 15 other individual defendants

■ DRL, Aurobindo, Glenmark, Lupin, Wockhardt, Zydus and Sun’s arm Tarco are among those charged

Rs 715.20 on the BSE. Dr Reddy’s rose Rs 7.05, or 0.25 per cent, to Rs 2,812.

Aurobindo Pharma said the lawsuit filed by the US states on Friday was actually the second such suit, the first being filed in December 2016.

“On May 10, 2019, the Attorney General of the State of Connecticut and additional Attorneys’ General of various US states filed a second lawsuit in Federal Court similarly alleging that Aurobindo and

other companies in the US generic drug industry had violated antitrust laws by fixing prices and allocating customers (the “Second State AG Action”),” the company said in a regulatory filing.

Aurobindo Pharma said it was currently reviewing the second lawsuit and said “we expect that we will be filing papers with the Federal Court in due course denying each of the relevant accusations”.

Dr Reddy’s on Tuesday said it would “vigorously defend” against allegations that it engaged in conspiracy to fix prices in the US.

“The complaint alleges that Dr Reddy’s US subsidiary and the other named defendants engaged in a conspiracy to fix prices... we intend to vigorously defend against these allegations and are in the process of filing our response with the District Court of Connecticut,” the company said.

Thyssen in red

Berlin: Struggling German conglomerate Thyssenkrupp plunged into the red in its second quarter, posting a net loss of \$6 million euros (\$96 million) on Tuesday following news that it will slash 6,000 jobs. The plunge into loss-making at the start of the year contrasted with a 250-million-euro profit in early 2018, reflecting the troubled waters the Essen-based group has found itself in since last summer.

On Friday, Thyssenkrupp announced 6,000 job cuts worldwide — including 4,000 in Germany — as part of a structural shakeup following the collapse of a proposed merger with Indian steel giants Tata.

The German group’s operating, or underlying profit (EBIT) fell 66 per cent — or 283 million euros — year-on-year down to 145 million euros.

“In the steel sector, the historic low ebb of the river Rhine, lower demand from the automotive industry and the new collective agreement (with worker representatives) had a negative impact on earnings,” Thyssenkrupp said in a statement.

However, there was some good news as group-wide sales rose slightly, adding 2 per cent to reach 10.6 billion euros.

Performance was lifted especially by the elevators division in the US and Europe as order intake rose 1 per cent to 10.3 billion. However, increased risk provisions related to a German anti-cartel investigation into steel prices burdened Thyssenkrupp’s accounts. ■

Vodafone suffers \$8.5bn loss

New Delhi: British telecom giant Vodafone on Tuesday reported losses of 7.6 billion euros (\$8.5 billion) in 2018-19, for which it partly blamed the loss incurred on the “disposal” of Vodafone India post merger with Idea Cellular, and other impairments.

“The loss of 7.6 billion euros was primarily due to a loss on disposal of Vodafone India (following the completion of the merger with Idea Cellular) and impairments, as announced in November,” the company said in its results statement.

Vodafone had posted a profit of about 2.78 billion euros (\$3.14 billion) in the year ended March 2018.

The company pointed out that the group’s statutory results for the year are based on different accounting standards than that of the previous financial year “with any comparison between the two bases of reporting not being meaningful”.

“The loss reflects impairments from disposal of Vodafone India (3.4 billion euros), higher net financing costs... and the de-recognition of a deferred tax asset in Spain,” the statement said.

The group revenues stood at about 43.7 billion euros (about \$49 billion).

“We are executing our strategy at pace and have not only achieved our guidance for the year, with good growth in most markets, but also increased competition in Spain and Italy and headwinds in South Africa,” said Nick Read, group chief executive. The company has slashed shareholder dividend. ■

Inflation dips, food prices rise

OUR SPECIAL CORRESPONDENT

New Delhi: Wholesale price inflation fell to 3.07 per cent in April from 3.18 per cent in March, but rising food prices are a big concern.

Inflation based on the wholesale price index stood at 3.62 per cent in April.

Inflation in the “food articles” basket hardened to 7.37 per cent during April 2019 against 5.68 per cent in March, as the prices of vegetables skyrocketed.

Food inflation has been on the rise for the last five months since December 2018 when it was (-) 0.42 per cent.

Vegetables inflation, too, has seen a steep rise since December 2018 when it was (-) 19.29 per cent. It stood at 40.65 per cent in April, up from 28.13 per cent in the previous month.

Amongst food items, inflation in potato cooled to (-) 17.15 per cent. In onion and fruits, it stood at (-) 3.43 per cent and (-) 6.88 per cent, respectively, in April. However, inflation in the “fuel and power” category cooled to 3.84 per cent, from 5.41 per cent in March.

Rate cut call

Industry believes a fall in both retail and wholesale inflation provides a case for a rate cut by the RBI at its monetary policy meeting next month.

“Both WPI and retail inflation remain benign, well below the 4 per cent target of the RBI, making out a strong case for a rate reduction by the central bank next month,” Assocham deputy secretary general Saurabh Sanyal said.

GEECL profits soar

OUR SPECIAL CORRESPONDENT

New Delhi: Great Eastern Energy Corporation’s (GEECL) profits increased 57 per cent to \$9.93 million in 2018-19 on the back of improved sales.

The London-listed coal-bed methane (CBM) producer had reported a net profit of \$6.32 million in the previous financial year.

“Revenues and sales volume continue to show good growth. We have a focused plan of further optimising production as well as pursuing further exploration. With the continued growth of the Indian economy and stable government policies, demand for hydrocarbons in India continues to grow, which is evident from the rising imports,” said Prashant Modi, managing director and chief executive officer of GEECL.

“The company is in the process of getting the final approvals and expects to start the initial shale gas exploration work by drilling core wells thereafter. Subject to the results obtained and analysed from the core wells, we intend to drill an optimum number of pilot wells,” he said.

Mahindra Logistics aim

A STAFF REPORTER

Calcutta: Mahindra Logistics plans to expand its warehousing and distribution services footprint as it looks to expand its business to Rs 6,000 crore by 2021.

The third party integrated logistics service provider is a portfolio company of Mahindra Partners, the \$1-billion private equity division of \$20.7 billion Mahindra Group.

The company plans to increase its warehousing capacity by around 2 million square feet this year and Calcutta, NCR, Mumbai and Bangalore are on its radar.

“Post GST we have been growing our warehousing business at more than 30 per cent. Today we are managing 15 million sq feet of warehousing space in the country. Of that 1.5 million is in the east.

“We grew our warehousing capacity by 1 million last year and this year we want to increase it by 2 million,” said Pirojshaw Sarkari, CEO of Mahindra Logistics.

The company is also looking to double the number of sorting centres that provide last mile distribution facility for e-commerce firms.

Stocks get back bounce

OUR BUREAU

Mumbai: The stock market bounced back after nine sessions of losses on Tuesday, with participants showing a keen interest in financial and energy stocks after WPI inflation data kindled rate cut hopes in the RBI’s June policy meet.

Reclaiming some lost ground, the BSE Sensex rose about 228 points and the NSE Nifty closed nearly 74 points higher.

Index heavyweights Reliance Industries, ITC and the SBI were mainly responsible for the recovery on the bourses.

In percentage terms, however, Sun Pharma topped the chart with a 5.87 per cent rise. Other major gainers include Bharti Airtel, Vedanta, IndusInd Bank, SBI and RIL — rising as much as 5.40 per cent.

On the flip side, TCS, HCL Tech, Bajaj Finance, Bajaj Auto and Infosys were among the top losers on the Sensex.

Sectorally, telecom, energy and capital goods were the top three performers — rising up to 2.81 per cent.

The BSE Sensex started off the session on a positive note at 37146.58 against the previous close of 37090.82. Intraday, the index touched a high of 37572.70 and a low of 36956.10. It finally settled the day at 37318.53, gaining 227.71 points or 0.61 per cent.

Similarly, the NSE gauge Nifty opened higher at 11151.65 and touched a high of 11294.75 and a low of 11108.30 during the session.

It finally closed at 11222.05,

TOP GAINERS

On Sensex	LTP	% rise
SunPharma	420.1	5.87
Airtel	335.7	5.40
VEDL	160.5	4.08
On Nifty		
LTP	% rise	
IBulHsgFin	701.8	6.49
Airtel	338.0	6.07
SunPharma	420.5	5.63

73.85 points or 0.66 per cent higher.

India’s retail inflation in April was 2.92 per cent and it remained below the central bank’s target for the ninth month, raising hopes of an RBI rate cut and helping investor sentiment to revive.

Sanctum Wealth Management chief investment officer Sunil Sharma said: “European equities and futures in the US rebounded while most Asian equities continued to drag as investors try to gauge trade war developments.”

“Indian markets saw a sharp reversal... Election result uncertainty remains and earnings growth has decelerated and clarity on market direction and strategy is only likely to come forward post election results.”

On Monday, Indian bourses had registered losses for the ninth consecutive session.

In the last nine sessions, the Sensex had lost 1,940.73 points and the Nifty has given away nearly 600 points.

Meanwhile, the rupee staged a mild recovery, gaining 7 paise to close at 70.44 against the dollar on Tuesday.

UBI, Uco look to avoid leash

A STAFF REPORTER

Calcutta: Two city-based banks plan to come out of the Prompt Corrective Action framework of the Reserve Bank of India in 2019-20. Both United Bank of India and Uco Bank plan to trim their net non-performing assets below the PCA threshold of 6 per cent in the current fiscal.

United Bank of India, which posted its quarterly results on Monday, has set its sights to lower its gross non-performing assets to 8-9 per cent and net non-performing assets to 3-4 per cent.

The bank is open to both options — revival of stressed accounts by referring them to the National Company Law Tribunal or the non-NCLT process, where the main challenge is to find a right price for the assets.

“We are expecting a recovery of Rs 4,000-5,000 crore this financial year. This will bring down the gross NPA level. On

LOAN CARD

Q4, 2018-19	UBI	Uco
Gross NPA	16.48	25
Net NPA	8.67	9.72

Figures in %

the capital front the bank is conforming to all the requirements,” said UBI MD and CEO Ashok Kumar Pradhan on Tuesday.

“Our endeavour is that we would be able to bring the net NPA to 3-4 per cent by the end of the financial year. The numbers are in our favour. We should be able to come out of the PCA by the second quarter,” he said. Net NPA of the UBI was 8.67 per cent for the March quarter.

The NCLT process in certain cases is taking longer for the bank to recover its stressed assets. It is relying on alterna-

tives such as one time settlement schemes to expedite recovery efforts in NPA.

Uco Bank, which came out with its quarterly numbers on Tuesday, said its net NPA had come down to 9.72 per cent as of March 31, 2019 from 12.48 per cent a year ago. The bank has trimmed its losses in the fourth quarter of 2018-19 to Rs 1,555.03 crore from Rs 2,134.36 crore in the corresponding year ago period.

“The aim is that every quarter slippages should be less than recovery. The bank is looking at a recovery of around Rs 2,000 crore every quarter. By the end of this fiscal we should bring down our net NPA levels and look to come out of the PCA framework,” said A.K. Goel, managing director and CEO of Uco Bank.

The PCA framework introduced by the RBI has placed restrictions on the bank on dividend distribution, branch expansion, restriction in credit expansion, among other steps.