The Telegraph
BUSINESS

“We do not want crude at $25. But it should not be out of reach

Minister of petroleum and natural gas
Dharmendra Pradhan

CALCUTTA TUESDAY 19 JUNE 2018 XXCE

STOCK CHECK

Sensex intra-day movement

Previous 35548.26

CURRENCIES

US $	Rs 67.98
UK Pound	Rs 90.10
Euro	Rs 78.99

INDICES

BSE		
Sensex	35548.26	-73.88
Midcap	15972.10	-29.10
Smallcap	16830.67	-130.49
NSE		
Nifty	10799.85	-17.85
Next 50	29064.75	-150.90
Nifty 500	9318.55	-25.15

Most active on NSE

Scrip	Price*	Traded value#
TCS	1824.00	860.59
ICICI Bank	294.00	808.08
Tata Steel	558.20	585.80
Reliance	1014.10	573.69
Dr Reddy’s	2403.20	541.73

*In Rs; #In Rs crore

COMMODITIES

Gold (10 gram in Rs)		
Pure	31270	-65
Hallmark	30110	-65
Silver (kg in Rs)		
Bar	40400	—
Portion	40500	—
Crude*	4435	—
Copper#	469.20	-4.70

*per barrel in Rs; # per kg in Rs

MONEY MARKET

	Yield (%)
Call rate	4.90
91-day T-Bill	6.50
1-year Gilt	7.16
5-year Gilt	7.92
10-year Gilt	7.87

IN BRIEF

Global trade hurdles

NEW DELHI: Global trade is facing headwinds and these challenges are needed to be tackled properly to boost the world economy, commerce and industry minister Suresh Prabhu said on Monday. He said there were several empirical evidences that growth in global trade helped boost domestic economies as well and “therefore we really need to focus on it adequately”. PTI

Auto capex

MUMBAI: Automobile companies will increase their capital expenditure by at least 30 per cent to Rs 58,000 crore over the next two financial years to meet the rising demand as well as to meet the new regulatory requirements, says a report. According to Crisil, passenger vehicle (PV) makers will account for about 70 per cent of this Rs 58,000 crore additional capex, followed by commercial vehicle manufacturers at 20 per cent and the balance by two-wheeler makers. PTI

Takeover norms

NEW DELHI: Sebi is likely to change certain provisions in the takeover regulations, including those pertaining to the revision of open offer price, a senior official said. The watchdog’s move comes after public consultations on a discussion paper about the review of SAST (Substantial Acquisition of Shares and Takeovers) Regulations. PTI

Power losses

NEW DELHI: The UDAY scheme has helped debt laden discoms reduce annual losses by 70 per cent to around Rs 17,350 crore in last two years, according to a Deutsche Bank Market Research report. PTI

BOTTOM LINERS

“All in favour say aye... all opposed say nothing.”

Fresh bid to revive Air India

OUR BUREAU

New Delhi: Union minister Arun Jaitley along with his senior ministerial colleagues and officials on Monday discussed the future course of action for debt-laden Air India, weeks after its strategic disinvestment proposal failed to attract any bidders, sources said.

The meeting was attended by Piyush Goyal, who has been temporarily given the charge of finance ministry, civil aviation minister Suresh Prabhu, transport minister Nitin Gadkari and other senior officials.

According to the sources, the meeting, chaired by Jaitley by video-conference, took stock of the developments related to the ailing national carrier. The report prepared by consultancy EY, the transaction adviser for Air India’s strategic disinvestment, was discussed.

The report has listed out the reasons for the disinvestment failing to elicit any initial bids as the deadline ended on May 31. Last week, a source had said the government was considering the listing of the troubled airline after the proposal for a 76 per cent strategic stake sale failed to attract any bidders.

When asked about the meeting and whether any decision was taken with respect to Air India, civil aviation secretary R.N. Choubey said the Department of Investment and Public Asset Management (Dipam) would issue a statement on the matter.

The government reportedly was even willing to write off part if Air India's huge loan to make the carrier attractive. The BJP-led NDA is under pressure from the Swadeshi Jagran Manch to drop the divestment proposal, with the Lok Sabha elections due next year.

Swadeshi Jagran Manch convener had said, “We feel that the injection of money and efficiency could turn around Air India and earn us handsome profits ... the economy and the aviation market is looking up, we should let Air India ride that cloud,” he added. In a major setback, the government on May 31 said no initial bids were received for the proposed stake sale and that various options would be explored.

The government proposed to offload 76 per cent equity share capital of the national carrier as well as transfer the management control to private players, as per the preliminary information memorandum. The transaction would have involved Air India, its low cost arm Air India Express and Air India SATS Airport Services Pvt Ltd.

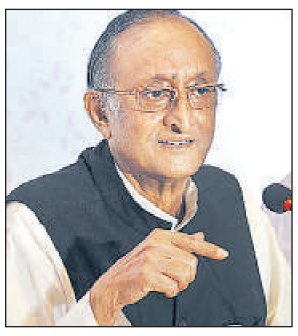
The latter is an equal joint venture between the national carrier and Singapore-based SATS Ltd.

Meanwhile, passenger traffic in Indian airports in April registered a growth of 21.7 per cent over the corresponding month last year, latest figures by the Airport Authority of India said.

HEALTH WATCH

Year ended March

(Rs crore)	2016	2017
Revenue	20618	22177
Net loss	3836	5765
Reserves	-41226	-46804



Amit Mitra in Calcutta on Monday. Picture by Sanat Kumar Sinha

Blame on GSTN for export woes

A STAFF REPORTER

Calcutta: Bengal finance minister Amit Mitra on Monday said the Goods and Service Tax Network (GSTN) is yet to completely deploy the online system of “auto verification”, leading to delay in the refunds of exporters.

Mitra, a member of the GST Council, said only a portion of the applications for refunds has reached the states for physical verification.

“Today a major problem of the exporters is they are not getting refunds. All over India, 3 lakh applications worth Rs 25,000 crore have been submitted. Out of the 3 lakh, only 35-40 per cent of the applications have been received physically in jurisdictional offices (of the states).

“GSTN is yet to deploy the online system fully. Due diligence is being done manually,” Mitra said at an event to promote export opportunities in the state.

The GSTN is expected to automatically verify refund claims but is unable to do so, leading to manual verification and a pileup of applications, and a delay in refund disbursement.

This in turn impacts the working capital requirement of the exporters, the minister said.

“We will take this issue up with the GST Council on behalf of exporters on what is the reality,” Mitra said.

The GST Council had earlier directed all state tax authorities to proactively clear refund claims.

Double-digit growth hope

OUR SPECIAL CORRESPONDENT

New Delhi: Finance minister Piyush Goyal said on Monday India’s economy can grow in double digits by the fourth quarter of the current fiscal in view of the uptick in demand.

His comment comes a day after Prime Minister Narendra Modi said many more steps need to be taken for India to reach double-digit growth.

The World Bank has forecast a growth rate of 7.3 per cent for India this year and 7.5 per cent for the next two years.

Goyal said the government has taken several steps to promote the ease of doing business and maintain stability in the economy.

“I can actually see before my eyes, that we can actually see it happening by the fourth quarter of this year. It’s not impossible,” he said in reply to a question as to when India would reach the inflexion point for double-digit growth.

There is a demand uptick in the economy and India is market place of billions of aspirational consumers, he said.

Finance minister Piyush Goyal in New Delhi on Monday. PTI

Fiscal deficit

The government on Monday said it will maintain its fiscal deficit target of 3.3 per cent of GDP even though most analysts and global rating firms believe it will end the year spending more, while earning less. “I can assure you that we will meet the fiscal deficit target of 3.3 per cent, despite this being an election year.”

The government will maintain stability in the economy and meet all economic parameters fixed by the government, he said at a CII event.

Elections to the crucial state assemblies of Rajasthan and Madhya Pradesh slated for later this year as well as general elections early next year would see the BJP-led central government splurging on infrastructure , rural jobs schemes and on a publicity blitzkrieg.

Global rating agency Fitch, while affirming India’s rating at BBB- with a stable outlook, had earlier this year said, “Weak fiscal balances continue to constrain its ratings.”

Though the fiscal deficit for 2017-2018 stood at 3.51 per cent, the central government has said it plans to reduce fiscal deficit to 3.3 per cent in 2018-19 and eventually to 3 per cent by 2021.

Goyal to meet bank chiefs today

New Delhi: Finance minister Piyush Goyal will meet heads of 13 public sectors banks (PSBs) on Tuesday to resolve various issues concerning them.

According to sources, the meeting is being organised by the State Bank of India and will be chaired by Goyal here.

Heads of 13 PSBs will participate in the meeting to discuss the way forward for the Indian banking system, they said.

The meeting will see participation from PNB, Oriental Bank of Commerce, Punjab and Sind Bank, UCO Bank, United Bank of India and Allahabad Bank.

Besides, managing directors of Bank of Maharashtra, Andhra Bank, Canara Bank, Indian Bank and Vijaya Bank would be present at the meeting.

This is the first meeting with the heads of the PSBs after their annual financial result for 2017-18. Most of the banks posted loss in the fourth quarter of the last fiscal.

These banks are based in the east, south and northern regions.

The Nirav Modi fraud-hit Punjab National Bank alone posted a loss of Rs 13,416.91 crore for the quarter ended March 31, the largest ever quarterly loss by a bank.

PNB provided for Rs 7,178 crore, 50 per cent of the total amount of Rs 14,356 crore liability with regard to Nirav Modi fraud, in the fourth quarter of 2017-18. The remaining amount will be covered in the three quarters of the current fiscal year.

It is followed by the country's largest lender SBI posting Rs 7,718 crore loss for the January-March period, more than twice the Rs 3,442-crore loss reported for fourth quarter of the previous fiscal.

The jump in losses follows Rs 24,080-crore kept for provision towards bad loans. PTI

India to root for rational oil rates

OUR SPECIAL CORRESPONDENT

New Delhi: India will pitch for “reasonable” pricing of crude oil that balances the interest of producers and consumers at the meeting of the Organisation of Petroleum Exporting Countries in Vienna later this week.

Petroleum minister Dharmendra Pradhan told reporters he would be putting across to Opec and non-Opec producers at Vienna that crude price should be regulated and pricing should be “reasonable and responsible”.

“Whenever we have met Opec members these days, we have emphasised on the issue that global crude prices should be rational and should be able to meet global demand,” Pradhan said.

PRICE PATTERN

Crude *($/barrel); Month ended*

Jan 18, 2018	64.73
Feb 18	61.64
March 18	64.94
April 18	68.57
May 18	67.04
June 18	65.59

“We don’t want crude prices to be at $25 a barrel, but now it is going beyond reach. Why is it going beyond $55-60?” he asked.

Pradhan is scheduled to visit Vienna on Friday to participate in the Opec international seminar and will discuss these key issues with Opec secretary-general Sanusi Barkindo and ministers from the 13-nation cartel.

Opec and non-Opec countries are also expected to decide on extending the output cuts, which, along with the geopolitical tensions in West Asia, have helped push up crude prices.

“I will be telling them (at Vienna) that if you don’t regulate oil prices, we will be looking at alternative sources such as electric transportation, renewable energy,” he said.

India relies on imports to meet 80 per cent of its oil needs and eight of its top suppliers are from Opec.

International crude prices have hit $80 a barrel, the most in over four years, on production cuts by the oil producers’ cartel agreed to in November 2016 as well as renewed US sanctions against Iran.

Bengal road map to double exports

A STAFF REPORTER

Calcutta: Bengal has worked out a strategy to double exports from the state in three years. State finance minister Amit Mitra said export from Bengal in the last fiscal stood at $9.15 billion, recording a growth rate of 11.17 per cent over the previous year.

“We are looking at doubling this number in the next three years. That is our target,” Mitra said on Monday at an exporters’ workshop organised by the state government in the run-up to Bengal Global Business Summit, the flagship investment summit of the state next year.

Iron and steel, precious metals, leather, cotton products and garments, fresh vegetables and marine products are some of the sectors where the state government envisages growth opportunities.

In order to facilitate the exporters with information and help them identify target markets, the state government is setting up a specialised information cell in the WBIDC in collaboration with the state MSME department along with information from the commerce ministry.

“The idea is how to deepen the presence in current markets and what are the new markets that can be opened,” Mitra said adding that the cell would support the exporters with a ready reckoner on different tariff and non-tariff barriers as well as information on numerous government support schemes. Moreover, Mitra said, every district facilitation centre would give a special focus on export promotion.

The finance minister said he would highlight the concerns of the exporters on financing at the meeting of the State Level Bankers Committee. On infrastructure facilitation, Mitra said, “The government is looking at creating infrastructure so your transaction and operating cost goes down. We have to put together a matrix of all infrastructure you want from us, which we are already doing and where we can improve further. We have to accelerate the process,” the minister said.

Lupin in pact with Japan firm

OUR SPECIAL CORRESPONDENT

Mumbai: Lupin has joined hands with Nichi-Iko of Japan for the distribution, promotion and the sale of the Mumbai-based firm’s biosimilar drug Etanercept in that country.

The drug is used for the treatment of rheumatoid arthritis, plaque psoriasis, psoriatic arthritis, ankylosing spondylitis and polyarticular juvenile idiopathic arthritis.

Developed by YL Biologics, a joint venture between the company’s arm Lupin Atlantis Holdings SA and Yoshindo, the product will be launched by Nichi-Iko after receiving the approval from the Pharmaceuticals and Medical Devices Agency (PMDA) of Japan, Lupin said in a communication to the stock exchanges on Monday.

Lupin's subsidiary, Kyowa had submitted a new drug application (NDA) for marketing authorisation to the PMDA in March following the successful conclusion of its global phase III study.

Lupin is the sixth largest generic player in Japan. During 2017-18, its Japan sales increased by 23.4 per cent. However, sales suffered in the January-March quarter.

Lupin managing director Nilesh Gupta said the partnership with Nichi-Iko takes the company a step closer to the launch of its first in-house developed biosimilar that is used to combat a range of severe autoimmune disorders.

Etanercept is a key product as the company builds its biosimilars and complex generics pipeline, he added.

Temasek stake in AU bank

OUR SPECIAL CORRESPONDENT

Mumbai: Temasek Holdings, the Singaporean sovereign wealth fund, has picked up around five per cent in AU Small Finance Bank for a consideration of Rs 1,000 crore.

The investment is one of the largest primary capital infusions into the lender.

AU Finance Bank on Monday announced that it had secured shareholders’ approval for the investment at an extraordinary general meeting (EGM) held on June 15.

Temasek will join other marquee investors such as IFC, Warburg Pincus, Chrys Capital and Kedaara Capital I in the firm that began as a vehicle finance company in 1996 and got converted into a small finance bank in April 2017.

“On-boarding Temasek is a testimony of the strengths of our business model, our execution track record and the market opportunity. This capital raising will strengthen our presence in both the digital as well as the physical marketplaces,” managing director and chief executive Sanjay Agarwal said in a statement.

The fund will help the bank remain sufficiently capitalised for the near term, he added.

The bank had earlier said that going forward it would need capital as it expected a sustainable demand for credit in retail banking, small and mid-corporate and other segments. Last year, the bank had raised Rs 1,913 crore from an offer-for-sale.

In 2017-18, the bank’s disbursements grew more than 60 per cent and assets under management rose by around 50 per cent.

In the previous fiscal it had mobilised Rs 8,000 crore of deposits. As of end-March, the bank had 306 branches, 97 asset centres, 89 business correspondents outlets, 23 offices and 292 ATMs.

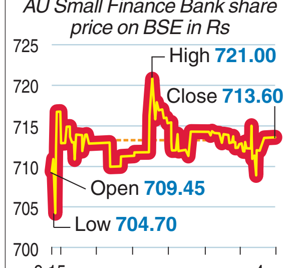
During the quarter ended March 31, 2018, gross non performing assets (NPAs) and net NPAs of the bank stood at Rs 270 crore and Rs 169 crore, respectively.

Post allotment, the promoters will hold little over 31 per cent while the non-promoter holding that includes mutual funds, insurers and retail individual shareholders among others will be 26.28 per cent. The total foreign holding will be around 43 per cent.

The bank scrip closed flat at Rs 713.60 on the Bombay Stock Exchange on Monday.

MOOD SWING

AU Small Finance Bank share price on BSE in Rs



Guj NRE springs revival plan

OUR SPECIAL CORRESPONDENT

Calcutta: The promoter of Gujarat NRE Coke, a company in liquidation after failing to find a resolution plan under Insolvency & Bankruptcy Code, 2016, has proposed a scheme under Companies Act, 2013 to revive the company.

Four back-to-back meetings of all stakeholders — shareholders, foreign currency convertible bond owners, unsecured and secured creditors — have been called on July 16 under the direction of the company law tribunal to consider the scheme. Under the provisions of sections 230 to 232 of the Companies Act, 2013, the scheme will be effective if all stakeholders approve it with a three-fourth majority (75 per cent).

Arun Kumar Jagatramka, the promoter shareholder of Gujarat NRE Coke, once India’s largest non-captive metallurgical coal maker, said the proposed scheme would be beneficial to all stakeholders, compared to a liquidation.

“We are probably one of the first companies to revive the business by this provision of Companies Act, 2013. I’m sure every stakeholder, including secured creditors, will find the scheme more attractive than a liquidation,” he said.

Arun Kumar Jagatramka in Calcutta on Monday. Picture by Gautam Bose

The company expects shareholders, unsecured creditors and FCCB holders to approve the scheme with requisite majority given that they would not earn anything if Gujarat NRE goes for liquidation. By the time the meeting of the secured creditor takes place, results of all other meetings would be known, as it has been slotted last during the day.

Composite scheme

A composite scheme of compromise and arrangement between Jagatramka and the creditors and shareholders of Gujarat NRE calls for a write-down of the equity capital of the company, fresh issue of ordinary equity shares and preference shares thereafter to secured, unsecured creditors and FCCB holders.

It also calls for paying off Rs 500 crore loan of the secured creditors over 10 years with 8.1 per cent interest by an equated yearly scheme. Following the implementation, lenders’ stake will go up to 38.83 per cent from 32.39 per cent, while promoters stake will fall from 25.61 per cent to 17.52 per cent.

Secured creditors, which had Rs 3501.16 crore admitted claim, will get Rs 40 crore new shares of face value Re 1 and Rs 2961 of preference shares redeemable by a bullet payment after 20 years. The liquidation value of the company is Rs 350 crore. Jagatramka said the company would be able to generate enough cash flow to service the debt as well as provide potential upside to the shareholders.

“There are three plants employing 1,200 employees,” he added.

The company went into liquidation in January. However, Jagatramka has earned a stay on the liquidation from the appellate company law tribunal.