The Telegraph
BUSINESS
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“Share of financial savings (in households) is growing

HDFC AMC managing director **Milind Barve** on the gradual shift from physical savings such as real estate and gold

STOCK CHECK

Sensex intra-day movement

Previous 36373.44

CURRENCIES

US $	Rs 69.05
UK Pound	Rs 89.68
Euro	Rs 80.04

INDICES

BSE		
Sensex	36351.23	-22.21
Midcap	15085.94	-95.41
Smallcap	15657.22	-157.44
NSE		
Nifty	10957.10	-23.35
Next 50	27438.95	-152.25
Nifty 500	9236.30	-33.25

Most active on NSE

Scrip	Price*	Traded value#
AshokLey	106.20	1491.16
Mindtree	979.60	1298.86
Bajaj Fin	2511	1205.30
Tata Steel	497.10	845.02
Kotak Bank	1345.75	819.57

*In Rs; #In Rs crore

COMMODITIES

Gold (10 gram in Rs)		
Pure	30255	—
Hallmark	29105	-30
Silver (kg in Rs)		
Bar	37950	-250
Portion	38050	-250
Crude*	4813	+117
Copper#	413.20	-7.45

*per barrel in Rs; # per kg in Rs

MONEY MARKET

	Yield (%)
Call rate	4.90
91-day T-Bill	6.56
1-year Gilt	7.19
5-year Gilt	7.93
10-year Gilt	7.78

Tribunal okays JSW bid for Monnet

OUR SPECIAL CORRESPONDENT

Mumbai: The JSW Steel-Aion combine on Thursday obtained permission from the National Company Law Tribunal (NCLT) to acquire Monnet Ispat and Energy Ltd (Monnet Ispat).

The division bench of the NCLT, comprising B.S.V. Prakash Kumar and Ravi Kumar Duraisamy, gave its approval subject to certain modifications.

JSW and Aion Investments had submitted a bid for Monnet Ispat under the corporate insolvency resolution process of the Insolvency and Bankruptcy Code, 2016. The consortium had been declared as the successful resolution applicant by the committee of creditors of the debt-laden company on April 10 and subsequently received the Letter of Intent (LoI).

Monnet Ispat, which formed part of the first list of a dozen large non-performing asset (NPA) cases that were referred for resolution under the IBC, reportedly owes more than Rs 10,700 crore to the lenders.

The consortium had earlier made an offer of Rs 2,850 crore, thus indicating that the lenders will have to make a sacrifice of 72 per cent (haircuts) on their loans. However, at the NCLT hearing recently, the consortium agreed to pay the small operational creditors, which increased the size of the transaction to about Rs 2,875 crore.

Details of the modifications, which have been suggested by the NCLT, could not be ascertained as the copy of the written order is yet to arrive.

In a statement post market hours, JSW Steel said a resolution plan submitted by the consortium and approved by the committee of creditors of Monnet Ispat was approved with modifications at the NCLT. Private equity firm Aion holds 70 per cent stake in the consortium, while JSW holds the rest of the equity. Ahead of the announcement, shares of Monnet Ispat ended with gains of 1.31 per cent.

IT’S A DEAL

- NCLT allows JSW Steel-Aion combine to acquire Monnet Ispat
- First offer: Rs 2,850 crore (a 72 per cent haircut for lenders)
- Revised bid: Offered to pay small operational creditors, taking the size of deal to Rs 2,875cr

Monnet Ispat is the flagship company of the Monnet group, promoted by Sandeep Jajodia, having an integrated steel plant with a capacity of 1.5 million tonnes at Raigarh in Chhattisgarh.

With the NCLT nod, Monnet Ispat has become another successful resolution story under the IBC after Tata Steel’s acquisition of Bhushan Steel and Vedanta getting control of Electrosteel Steels.

Sirpur Paper

The Hyderabad bench of the NCLT has approved the resolution plan (estimated at over Rs 600 crore) submitted by JK Paper for The Sirpur Paper Mills Ltd. According to a statement from Shardul Amarchand Mangaldas & Company, which advised JKPL, this is among the first resolution plans to be approved by the NCLT Hyderabad bench under the IBC within 50 days from the date of filing of the resolution plan.

The resolution plan was filed before the NCLT on May 29. On the BSE, the Sirpur Paper Mills scrip settled with gains of almost five per cent while JK Paper finished in the red.

JSW Cement

JSW Cement on Thursday said it will invest nearly $150 million to set up a one million tonne (mt) per annum clinker plant at Fujairah, UAE, which is expected to be ready by December 2019.

The facility is part of the company’s plan to achieve 20 mt capacity by 2020. The investment will be made through JSW Cement’s wholly-owned subsidiary JSW Cement FZE.

The company said its Fujairah plant will service its manufacturing units in coastal India and is expected to create 400-500 direct and indirect job opportunities. It is also setting up a captive power plant to service the energy requirements of the clinker unit.

Wake-up call for cement

OUR BUREAU

New Delhi: The Modi government on Thursday held out the threat of slapping price controls on cement by bringing it under the Essential Commodities Act if the cement industry doesn’t abandon the pernicious practice of cartel pricing for roads projects across the country.

Roads and highways minister Nitin Gadkari told legislators during question hour in the Lok Sabha that cartel pricing by cement makers was the main reason why his ministry was unable to further the mission to build more concrete roads across the country, especially in areas that are lashed by rains during the monsoon.

Gadkari, who was replying to a question relating to the state of road and highway projects in the country, said the cement industry had been castigated for cartel pricing and also fined recently by the Competition Commission of India. A case relating to cartel pricing in cement is also pending before the Supreme Court.

He claimed that the roads industry consumed almost 40 per cent of all cement production in the country.

While bidding for these projects, the industry was closing ranks and bidding in a collusive manner even though the price of cement varied widely across the country — from Rs 380 a bag in some states to Rs 210 in others.

PRICE CHART

Rs/bag	Q3-2018	Q4-2018
North	283	282
East	278	283
West	274	281
South	299	302
Central	301	312
National	287	292

Source: Company, MOSL

“We will not fall prey to the cement industry’s blackmail. If they do not fall in line, then I will have to start discussions with the food and civil supplies ministry to consider a proposal to bring cement under the Essential Commodities Act,” Gadkari said.

The government is mulling plans to put in place a pricing mechanism to determine a fair price for cement offered for road projects.

“I plan to call a meeting of the cement industry officials and present them with our pricing mechanism,” Gadkari said.

The minister said the industry was trotting out the excuse of rising input costs for the high price bid. “We don’t have a problem if the cement price factors in the price of raw materials, diesel and electricity and other overheads,” he said but his ministry would draw a line under the practice of cartel pricing.

He said much against his ministry’s desire, bitumen roads were being laid across the country resulting in potholed streets and rising citizen’s anger against municipalities and elected governments.

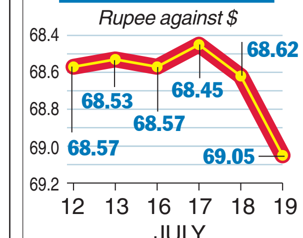
In 2016, the Competition Commission of India (CCI) had stuck to its own earlier order and slapped a penalty of Rs 6,317-crore on 10 cement makers and the Cement Manufacturers' Association (CMA) for cartelisation. The regulator’s earlier order of 2012 was challenged by the cement makers in the Supreme Court after they failed to get a favourable verdict from the Competition Appellate Tribunal.

ACC, Ambuja Cements, Binani Cement, Century Textiles, India Cements, JK Cements, Lafarge India, Madras Cements, UltraTech Cement and Jaiprakash Associates had been named in the order.

“I do not wish to comment on the minister’s perception and his statement. But the fact is that cement prices have been flat for the past five years and its profitability is less than inflation. Although we do not supply cement for road projects, we can have a different pricing mechanism here if this is needed,” said a managing director of a cement firm from eastern India who did not wished to be named.

SHARP DROP

Rupee against $



Rupee closes at new low

OUR SPECIAL CORRESPONDENT

Mumbai: The rupee on Thursday took a 43-paise knock to close below the 69-level for the first time at a record low of 69.05 against the US currency as upbeat comments on the US economy by the Federal Reserve chairman drove the greenback higher against global currencies

This is the biggest single-day fall since May 29 and goes hand in hand with a stronger US dollar.

The domestic currency suffered a major setback as forex sentiment turned wobbly with a resurgent dollar and a slew of local issues sparking jitters among investors.

Parliament on Friday will debate a no-confidence motion tabled by the opposition parties against Prime Minister Narendra Modi’s government, which weighed on forex market sentiment.

With the Reserve Bank of India staying away, the rupee hit an intra-day low of 69.07 after opening at 68.74 to the greenback. The rupee had touched an all-time intra-day low of 69.10 on June 28.

Most Asian currencies also dropped against the dollar as concerns over a tariff war between the US and China remained.

Hindalco tumbles on US buy buzz

OUR SPECIAL CORRESPONDENT

Mumbai: Shares of Hindalco Industries on Thursday tanked more than 6 per cent on reports that the AV Birla group firm is in the final stages of acquiring the US-based Aleris Corporation for an enterprise value of $2.5 billion.

Aleris, which makes aluminium rolled products, is based in Cleveland, Ohio and it operates 13 production facilities across North America, Europe and Asia.

It is believed that Hindalco is among the few buyers who have expressed interest in acquiring the company. The acquisition may be done through its overseas arm Novelis.

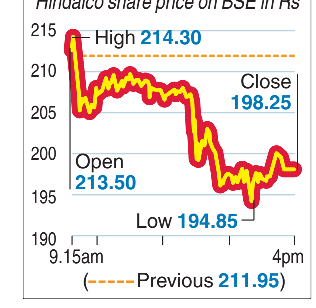
The Hindalco scrip on Thursday settled with deep cuts of 6.46 per cent, or Rs 13.70, at Rs 198.25 on the Bombay Stock Exchange (BSE). During intra-day trading, the stock tanked 8 per cent to Rs 194.85 — its 52-week low. On the NSE, shares of the company plunged 6.96 per cent to close at Rs 197.60.

Led by the drop in the stock price, the company’s market valuation declined by Rs 3,068.61 crore to Rs 44,512.39 crore on the BSE. More than 13 lakh shares were transacted on the bourse as against the two-week average of 4.21 lakh shares. So far this year the Hindalco scrip had been a laggard with the scrip falling almost 27 per cent.

Thursday’s fall was triggered by a media report that Hindalco is in the final stages of acquiring Aleris for around $2.5 billion and that it is in the process of tying up funds for this purpose.

SLIDE SHOW

Hindalco share price on BSE in Rs



In a reply to the stock exchanges, Hindalco said that at this point of time no such proposal has been considered by its board.

Aleris posted a net profit of $5 million for the three-month period ended March 31, 2018 compared with a loss of $35 million in the same period of the preceding year.

Hindalco, which is one of the largest integrated primary producer of aluminium in Asia, posted a consolidated net profit of Rs 6,083 crore on a turnover of Rs 1,15,809 crore in 2017-18. During the year, the revenue for its India operations touched Rs 43,451 crore.

On the other hand, Novelis saw better results following its strategy to improve operational efficiencies, increased shipments of premium products and growing its automotive capacities. Revenue grew 20 per cent to $11.5 billion driven by higher average aluminium prices, record shipments and better product mix.

IN BRIEF

Direct selling rule

CALCUTTA The Bengal government has notified the West Bengal Direct Selling Guidelines 2018, becoming the seventh state to bring in such norms, the Indian Direct Selling Association said in a statement welcoming the move. These guidelines provide a definitional clarity for direct selling.

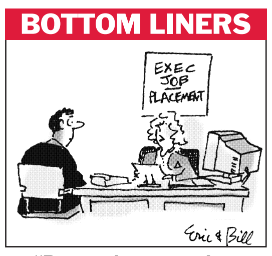
Fortis EGM

NEW DELHI: Fortis Healthcare on Thursday said the extra ordinary general meeting (EGM) of the company will be held on August 13 to seek shareholders nod for its acquisition by Malaysia’s IHH Healthcare. PTI

Infosys move

NEW DELHI: Infosys has reorganised some of its business segments to improve the focus of its sales investments and increase management oversight. The Bangalore-based company has carved out communications as a separate business unit. PTI

BOTTOM LINERS



“Do you have another recommendation letter besides the one from your mom?”

Five bid for city gas rights in Burdwan

OUR SPECIAL CORRESPONDENT

New Delhi: Five firms, including the Indian Oil-Adani Gas combine, are in the race to supply city gas to households in Burdwan. The district town is part of the 86 other places where firms have bid for city gas distribution rights.

Burdwan, the only town in Bengal where the bidding for city gas is taking place, has attracted offers from GAIL Gas, Hindustan Petroleum Corporation, H-Energy East Coast, Bharat Gas Resources and Indian Oil-Adani Gas .

The Petroleum and Natural Gas Regulatory Board (PNGRB) said the 9th round of city gas distribution (CCD) was likely to attract investment of Rs 70,000 crore.

IN THE FRAY

- GAIL Gas
- HPCL
- H-Energy East Coast
- Bharat Gas Resources
- Indian Oil-Adani Gas

IOC bid for 34 places on its own and another 20 in partnership with Adani Gas, according to the final bid information provided by the PNGRB. Adani Gas on its own bid for 32 places.

Bharat Gas Resources, a unit of BPCL, bid for as many as 53 areas, while GAIL’s retailing arm, GAIL Gas, has put in offers for 34 places.

Gujarat-based Torrent Gas bid for 31 places, while Gujarat Gas put in offers for 21 areas.

Petronet LNG, India’s largest liquefied natural gas (LNG) importer, sought to foray into the CGD business by bidding for the licence in seven places. Indraprastha Gas, which retails CNG in the national capital region, put in bids for 11 areas.

As many as eight places received single bids. Only Indian Oil bid for Aurangabad in Bihar and Rewa in Madhya Pradesh.

Similarly, only Adani Gas applied for Balasore in Odisha; GAIL Gas for Gangan in Odisha; Bharat Gas Resources for Bidar in Karnataka and Amethi in Uttar Pradesh; IOC-Adani combine for Allahabad in Uttar Pradesh; and Gujarat Gas bid for Narmada in Gujarat.

New rules for pesky calls

OUR SPECIAL CORRESPONDENT

New Delhi: Telecom regulator Trai on Thursday revamped the regulations on pesky calls and spam as it spelt out new rules mandating subscribers’ consent for receiving telemarketing messages.

Trai also directed telecom operators to use blockchain technology to ensure that such messages are sent only to those who have subscribed to them and that too by authorised entities.

It asked telecom operators to ensure that commercial communication takes place only through registered senders.

“...a complete overhaul of the regulation had become unavoidable. The objective of the regulation notified today is to effectively deal with the nuisance of spam experienced by the subscribers,” the Telecom Regulatory Authority of India (Trai) said in a statement.

Violations under various categories will attract a penalty ranging from Rs 1,000 to Rs 50 lakh, based on the type of offence, Trai said.

However, the Cellular Operators’ Association of India (COAI) — the industry body that represents private telecom operators — has expressed concern over the revamped regulations.

COAI director-general Rajan S Mathews said it seems that the “regulations are issued without a proper cost/benefit analysis, especially in the present situation of the stressed financial condition of the industry and its ability to absorb additional regulatory costs”.

A number of obligations contained in the rules will require operators to incur additional capital and operational expenditure, the COAI said.

More GST items to get relief

JAYANTA ROY CHOWDHURY

New Delhi: The GST Council is likely to consider a reduction in rates for 30-35 products, including sanitary napkins, handlooms and hotels, at its meeting on Saturday.

The GST on sanitary napkins could be brought down to 5 per cent from 12 per cent, according to sources in the finance ministry.

However, the Centre will not place any proposal to bring petroleum products under the ambit of the all-India tax regime. “Objections from the states mean that any such proposal will be rejected. Hence, it was meaningless to bring such a proposal at this stage,” officials said.

Women rights activists as well as female politicians, cutting across party lines, had sought the reduction of the GST on sanitary napkins.

The handloom industry had been seeking a better rate as it had a complex duty structure where some items are exempt from tax, while other attract 5-18 per cent GST.

ON THE AGENDA

- GST on sanitary napkins may be cut to 5 per cent
- More handloom items could be placed in zero tax bracket and some in the 12-18% bracket could be brought down to 5 per cent
- Rates may be rationalised for the hotel industry too

Various weavers associations from the south met textile ministry officials on Thursday and demanded the reduction and simplification of the duty structure. Officials said that some more handloom items could be placed in the zero tax bracket and some items in the 12 per cent or 18 per cent bracket could be brought down to 5 per cent.

Similarly, the hotel industry finds the differentiated rates between 0 per cent and 28 per cent confusing and at times discriminatory. Restaurants who face the GST of 5 per cent are unable to claim credit.

Hoteliers have complained foreign tourists would visit rival locations such as Nepal and Sri Lanka where the rates were lower. “The 28 per cent tax rate on our hotels, resorts and conference venues is a killer,” said Debasish Chatterjee, director with travel firm CTI Ltd.

Finance minister Piyush Goyal had last week said the GST Council may look at rationalising more rates based on “meritorious reason”, while ensuring such cuts in taxes did not hit revenues.

Officials said they also planned to bring in amendments to the GST act to allow for easier return filing procedures and omission of liability to pay tax on reverse charge. It will also allow more service providers to opt for a composition scheme and permit changes in input tax credit norms and refund rules.

Move to make export sops WTO-compliant

A STAFF REPORTER

Calcutta: New norms for incentives to exporters that are compliant with the World Trade Organisation are expected to be in place within a year’s time, Union commerce secretary Rita Teaotia said here on Thursday.

The decision to revise the guidelines comes amid the US raising objection in the WTO on the incentives offered by India to its exporters as its per capita gross domestic product has crossed the threshold of $1,000.

“We are going to look at a completely different environment in terms of incentives. This is a transition that we will have to live with. The foreign trade policy is up for review next year and by then the new framework will have to be in place,” Teaotia said at the AGM of the Indian Chamber of Commerce (ICC).

Later at an interactive session, she said an expert group is examining the WTO-compliant support mechanism in light of global best practices.

Teaotia in Calcutta on Thursday. A Telegraph picture

“The exercise is almost complete. Hopefully, we will have a draft set of schemes for discussions in the next month or so,” she said.

“There is a real possibility that this is one dispute we may lose because India has crossed the income threshold. What we are trying to do is to figure out what is WTO-compliant.”

Exporters, however, can expect the continuation of some schemes such as the incentives on service exports, duty-free import of inputs, statutory levies which are legitimate for the purpose of exports as well as refund of uncovered taxes under the GST regime .

She said the government is looking to frame regulations for the logistics sector.

“We will look at an integrated multimodal logistics legislation which covers all stakeholders. Logistics is largely an unregulated sector in the country.”

She said there was a need to promote the tea auction platform. “Auctions have not had the kind of acceptability (that is desired). Hundred per cent of the tea does not come to auction,” she said.

ICC president

Rudra Chatterjee, executive director, Luxmi Tea Company, has taken over as the president of the Indian Chamber of Commerce. Mayank Jalan, managing director, Keventer Agro Ltd, has been elected as the senior vice-president of the chamber. Vishal Agarwal, vice-chairman and managing director, Visa Steel Limited, has taken over as the vice-president.