STOCK CHECK

Sensex intra-day movement

Previous 39586.41

CURRENCIES

US $	Rs 69.02
UK Pound	Rs 87.56
Euro	Rs 78.54

INDICES

BSE		
Sensex	39394.64	-191.77
Midcap	14808.34	-44.48
Smallcap	14239.33	-10.08
NSE		
Nifty	11788.85	-52.70
Next 50	27332.50	-48.85
Nifty 500	9657.95	-34.40

Most active on NSE

Scrip	Price*	Traded value#
Reliance	1254.00	1092.75
PFC	134.45	895.27
SBI	362.80	823.04
IBulHsgFin	607.00	817.45
HDFC Bank	2441.00	781.81

*In Rs; #In Rs crore

COMMODITIES

Gold (10 gram in Rs)		
Pure	34560	+120
Hallmark	33280	+115
Silver (kg in Rs)		
Bar	37850	-50
Portion	37950	-50
Crude*	4118	+4.00
Copper#	445.55	+0.80

*per barrel in Rs; # per kg in Rs

MONEY MARKET

	Yield (%)
Call rate	4.40
91-day T-Bill	6.01
1-year Gilt	6.24
5-year Gilt	6.77
10-year Gilt	6.87

The Telegraph

BUSINESS

CALCUTTA SATURDAY 29 JUNE 2019

XXCE

“Cartelisation by cement firms are under examination

Commerce and industry minister **Piyush Goyal**

Jet staff put in bid for airline

OUR SPECIAL CORRESPONDENT

New Delhi: The Jet Airways Employee Consortium and London-based AdiGroup will together bid for 75 per cent of the grounded carrier through the NCLT process, rekindling hopes that the airline could take to the skies again.

“We are delighted that AdiGroup stepped up to join us in this challenging yet exciting journey to revive Jet Airways,” said Ashwani Tyagi of Jet Airways Employee Consortium.

The consortium has informed the resolution professional overseeing the insolvency process of their interest in the carrier.

AdiGroup chairman Sanjay Viswanathan said the combine expected to make an investment of Rs 2,500-5,000 crore. He said the exact figures would emerge once complete financial details about the company’s liability are known. However, he did not reveal the source of the funding.

Viswanathan said AdiGroup will hold a 49 per cent stake in the airline, the employees’ consortium will own 26 per cent and the rest will be with the Indian lenders.

There is a 49 per cent cap on FDI in the aviation sector.

The debt-laden company became the first domestic airliner to go into bankruptcy after the Mumbai Bench of the National Company Law Tribunal (NCLT) admitted an insolvency petition filed by the SBI on behalf of 26 lenders on June 20.

The airline owes Rs 8,500 crore to banks and around Rs 25,000 crore in arrears to vendors, lessors and employees.

“Jet Airways Employee Consortium and AdiGroup are delighted to announce their partnership to bid for acquisition of 75 per cent of Jet Airways through the NCLT process.

AdiGroup chairman and managing partner Sanjay Viswanathan in New Delhi on Friday. (PTI)

This is a new dawn in the history of India aviation of operating an airline through an employee initiative programme where every single employee of Jet Airways will become an owner of the airline,” a joint statement from the consortium and AdiGroup said.

However, aviation analyst Mark Martin wondered “what is left in the airline that can be revived as prime slots in airport such as Delhi and Mumbai have been allotted to other carriers, lessors have taken the planes and leased them to others, routes have been given away. There is little clarity on the sum Jet Airways owes and how much hair cut the lenders would be taking.”

Viswanathan said: “We have been informed by the resolution professional that they need two to three weeks for the company’s book to be audited. We expect the EoI to be called by the end of July, the due diligence can happen in August and by the end of that month we should be ready with the final outcome. In September, we bring in the capital which is the financial closure and first of October we can fly.”

“We have asked the ministry that the licence for the airline to fly be kept alive as it expires on July 16... we need the prime slots back, we should be able to get the aircraft back... these are some of the crucial things that will ensure that the airline is able to fly again,” he said.

He claimed to have got assurances from the government that Jet Airways’ slots and flying rights would be returned. Earlier, these were distributed among its rivals, including SpiceJet and IndiGo.

The consortium hopes to get back 69 of Jet Airways’ aircraft. The airline originally had about 120 planes in its fleet. But about 100 of these have been de-registered. Once de-registered, the planes can be taken out of the country and leased to other airlines.

Tyagi, who is one of Jet’s senior-most pilots and has been with the airline for 18 years, said Jet was like a family to him and it was a “challenging yet exciting journey to revive Jet Airways”.

AdiGro Aviation, an arm of the London-based AdiGroup, had earlier offered to invest Rs 2,500 crore for a 24.9 per cent stake in Jet Airways. The company was part of the revival plans that involved Etihad Airways and Hinduja Group. But the talks broke down, and the lenders approached the insolvency courts.

IN BRIEF

Essar firms under lens

■ **NEW DELHI:** India has sought Switzerland tax department’s assistance in a probe against six companies of the Essar group, including those in the steel and power businesses, according to official documents of the Alpine nation. An Essar group spokesperson said, “The Essar companies referred to do not have any undisclosed account in Switzerland.” PTI

Cement cartel

■ **NEW DELHI:** The Competition Commission of India (CCI) is examining complaints regarding hike in cement prices and cartelisation by companies, commerce and industry minister Piyush Goyal said in a written reply to the Rajya Sabha. PTI

GST celebration

■ **NEW DELHI:** The government will celebrate the second anniversary of GST rollout on July 1 at an event to addressed by finance minister Nirmala Sitharaman. PTI

BOTTOM LINERS

“I demand performance that’s up to my standards... and my standards are pretty low.”

Thaw in trade ties with US

OUR SPECIAL CORRESPONDENT

New Delhi: The commerce ministers of India and the US will meet soon to iron out differences on trade following a directive issued by Prime Minister Narendra Modi and US President Donald Trump after a bilateral meet on the sidelines of the G-20 summit.

Briefing reporters on the Modi-Trump meeting, foreign secretary Vijay Gokhale said: “There was a discussion on trade, both sides aired their concerns, both sides spoke about the interests of the other side... it was agreed that the trade ministers of both countries would meet at an early date and try and sort out these issues.”

The foreign secretary said India had taken action after Washington revoked the duty-free scheme for its exporters (Generalised System of Preferences) by imposing retaliatory tariffs on 28 products from the US.

However, he said, the two countries should now look forward to resolve the issues.

Prime Minister Narendra Modi with the leaders of BRICS nations in Osaka, Japan, on Friday. Reuters

Both US trade representative Robert Lighthizer and treasury secretary Steven Mnuchin were in the room when the two top leaders met.

“So what we expect now (is) an early meeting — whether it will be at the level of the commerce and industry minister and the US trade representative or if we will first have technical discussions, that is an issue to be decided,” the foreign secretary said.

The US feels Indian policies discriminate against American companies. The US firms have flagged their concerns about capping the prices of medical devices and lack of market access for their dairy products.

India has said it is willing to find a reasonable solution but it has to match the country’s public health concerns and requirements. On the dairy sector, the country has informed the US authorities about the use of animal derived feed in the US for its cattle, which may hurt Indian religious and cultural sentiment.

BRICS nations

India and four other BRICS nations on Friday called for a rules-based multilateral trading system, as embodied in the WTO, to ensure a transparent, non-discriminatory, open and inclusive international trade, amid growing protectionism.

Prime Minister Modi, Russian President Vladimir Putin, Chinese President Xi Jinping, South African President Cyril Ramaphosa and Brazil President Jair Bolsonaro met on the sidelines of the G-20 Summit and exchanged views on international politics, security and global economic-financial issues, as well as challenges facing sustainable development.

In a joint press statement after the meeting, the five leaders noted that the world economic growth appears to be stabilising and was generally projected to pick up moderately later this year and into 2020.

DHFL results pushed back

OUR SPECIAL CORRESPONDENT

Mumbai: Dewan Housing Finance Corporation (DHFL) on Friday postponed its financial results for the quarter and year ended March 31, 2019, by two weeks. The announcement led to a free-fall in the stock, which tanked around 12 per cent on the bourses on Friday.

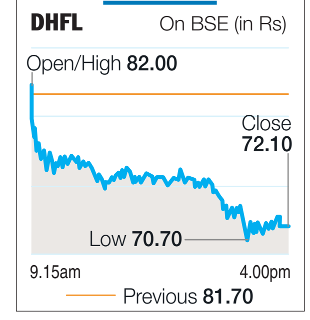
In a communication to the stock exchanges, DHFL said the postponement was because of “certain unforeseen operational engagements, including non-availability of a few directors to ensure participation of all the members of the audit committee as well as the board for taking into consideration and approval of the financial results for the fourth quarter/financial year ended March 31, 2019”.

The date of the board meeting to consider and approve the audited financial results has been postponed to July 13, DHFL added.

Investors took a dim view of the announcement with the shares of the housing finance company crashing 11.75 per cent on the BSE on Friday. It ended at Rs 72.10, a drop of Rs 9.60 over the last close.

The postponement comes at a time DHFL’s lenders, including the State Bank of India and Bank of Baroda, are planning to initiate a resolution process for the firm. Though the company is not a non-performing asset (NPA), the buzz is that the lenders are planning to convert part of the debt into equity. They will have to enter into an inter-creditor arrangement (ICA) to initiate a resolution drill.

BRUISED



In its June 7 circular, the RBI had said lenders would have to enter into a creditor arrangement during the review period of 30 days.

The arrangement will formulate ground rules for the finalisation and implementation of a resolution proposal for borrowers having credit facilities from more than one lender.

Under the pact, any decision agreed upon by lenders representing 75 per cent of the total outstanding credit facilities by value and 60 per cent of the lenders by number shall be binding upon all the lenders.

SBI chairman Rajnish Kumar has confirmed that the banks were planning to initiate a resolution plan for DHFL.

DHFL has defaulted on principal repayment on commercial papers worth Rs 225 crore, even as it made the payments on the remaining 40 per cent (Rs 150 crore).

Fiscal gap at 52% of target

OUR BUREAU

New Delhi: The government’s fiscal deficit touched 52 per cent of the budget estimate for the full year in the first two months of 2019-20.

In absolute terms, the fiscal deficit, or the gap between expenditure and revenue, was Rs 3,66,157 crore, according to the data released by the Controller General of Accounts (CGA). The fiscal deficit was 55.3 per cent of the 2018-19 budget estimate in the year-ago period.

In the interim budget passed in February, the government had estimated the fiscal deficit at Rs 7.03 lakh crore for 2019-20.

The government aims to restrict the fiscal deficit at 3.4 per cent of the GDP during the current fiscal, same as the last financial year.

The CGA data showed that the revenue receipts of the government during April-May, 2019-20 was 7.3 per cent of the budget estimate (BE).

In the year-ago period also, the revenue receipts were at similar levels.

However, the capital expenditure was only 14.2 per cent of the BE compared with 21.3 per cent in the year-ago period.

The total expenditure during the April-May period stood at Rs 5.12 lakh crore, or 18.4 per cent of the budget estimate.

It was 19.4 per cent of BE in the corresponding period of the last fiscal.

CAD data comfort

OUR SPECIAL CORRESPONDENT

Mumbai: The country’s current account deficit (CAD) narrowed to $4.6 billion, or 0.7 per cent of its GDP, in the fourth quarter of 2018-19 because of a lower trade deficit, data released by the RBI showed on Friday.

CAD, which is the difference between foreign exchange inflows and outflows, stood at $17.7 billion (2.7 per cent of GDP) in the third quarter of the year and $13 billion (1.8 per cent of GDP) in the fourth quarter of 2017-18.

The RBI said the contraction of CAD on a year-on-year basis was primarily on account of a lower trade deficit at $35.2 billion compared with $41.6 billion in the year-ago period.

However, CAD increased to $57.2 billion, or 2.1 per cent of GDP, in 2018-19 against 1.8 per cent in the previous year despite the narrowing in the January-March quarter.

The trade deficit increased to $180.3 billion for the entire year against $160 billion a year ago, leading to the widening of the CAD.

During the March quarter, net services receipts increased 5.8 per cent to $21.3 billion on the back of a rise in net earnings from telecom, computer and information services. Private transfer receipts, representing mainly the remittances by expat Indians, declined 0.9 per cent to $17.9 billion in the March quarter.

Inflows from NRIs have been increasing for many years now, making the country the biggest beneficiary of remittances globally.

The net foreign direct investment stood at $6.4 billion in the January-March period, the same level as the year-ago period, and rose marginally to $30.7 billion for the year as a whole. Foreign portfolio investment recorded a net inflow of $9.4 billion in the March quarter against $2.3 billion in the year-ago period because of net purchases in both the debt and equity markets.

TRADE STATS

Deficit in Jan-March 2019
(Figures in $ billion)

Goods	-35.2
Services	21.3
Primary income	-6.9
Secondary income	16.2
Current account	**-4.6**

Poor start for Airtel Africa

London: Airtel Africa shares fell as much as 15 per cent on Friday after its London stock market debut, hitting a low of 67 pence ($0.85) against an initial public offering price of 80 pence. It was trading at 70.5 pence at 09.15 GMT.

The company, a unit of Bharti Airtel, set a range of 80-100 pence per share last week for its IPO, before pricing at the bottom of the spread.

The final offer comprised 744 million new shares, setting the deal size at £595 million and the initial market capitalisation at about £3.1 billion at issue, the company said.

“It does show the market is tricky,” said a person close to the transaction. “(But) this is day one,” he added.

Parent Bharti Airtel also dipped after its listing before its market capitalisation increased substantially, he said.

Global IPO volumes are down 30 per cent year-to-date at $62.8 billion, according to Refinitiv data, while the European figure is at its lowest level since 2012, as investors become increasingly picky on a shaky outlook for the global economy.

After listing in Frankfurt and Stockholm, shares in Volkswagen’s truck unit Traton opened at 27 euros ($30.75) before edging down to 26.47 euros on their first day.

Other market listings have also struggled. Uber Technologies Inc in the United States dropped after its debut in May and the shares are now only near trading near their IPO price.

Payments and foreign exchange company Finablr, which is based in the UAE, slipped 5 per cent on its debut and its shares remain below the IPO price. Reuters

MFI loan rate tweak

OUR SPECIAL CORRESPONDENT

Mumbai: The RBI on Friday set an average base rate of 9.18 per cent for borrowers of non-banking financial company-microfinance institutions (NBFC-MFIs) for the July-September quarter.

This is marginally lower than the 9.21 per cent rate prescribed for the preceding quarter.

In a February 2014 circular issued to NBFC-MFIs, the RBI had said that on the last working day of every quarter, it would suggest an average of the base rates of the five largest commercial banks for NBFC-MFIs to fix their interest rates for the ensuing quarter.

Leverage ratio

The RBI on Friday relaxed the leverage ratio for banks to help them boost their lending activities.

The leverage ratio stands reduced to 4 per cent for domestic systemically important banks and 3.5 per cent for other banks effective from the quarter beginning October 1, 2019. The leverage ratio, as defined under Basel-III norms, is tier-I capital as a percentage of the bank’s exposures.

Power buying tied to LCs

OUR BUREAU

New Delhi: In a big relief to the stressed power sector, the government on Friday approved a proposal for the implementation of a payment security mechanism for the purchase of electricity by distribution companies from generating firms.

The power ministry has made it mandatory for discoms to open and maintain adequate letter of credit (LC) as a payment security mechanism under power purchase agreements (PPAs) for buying electricity from generating firms from August 1, 2019, a ministry statement said.

Accordingly, the national load dispatch centre (NLDC) and regional load dispatch centres (RLDC) have been directed by the union power ministry to “despatch power only after it is intimated by the generating company and /distribution companies that a Letter of Credit for the desired quantum of power has been opened and copies made available to the concerned generating company,” the statement said.

LC MUST

■ Issue of letters of credit by discoms to generators made mandatory

■ Power despatch will start only after letter of credit issued

■ PPAs do have provisions of LC. Yet discoms did not issue it. Now it has been made mandatory

The independent power producers have been demanding to put in place a payment security mechanism to reduce stress on the sector.

A high-level committee headed by cabinet secretary P.K. Sinha also recommended a payment security mechanism for the power generating companies.

The PPAs do have the provision of a letter of credit by the generators. “It has been seen that despite the above provisions, the Letters of Credit are not being given and there is huge outstanding on account of unpaid power bills,” the statement said.

Airtel snaps 3G in Calcutta

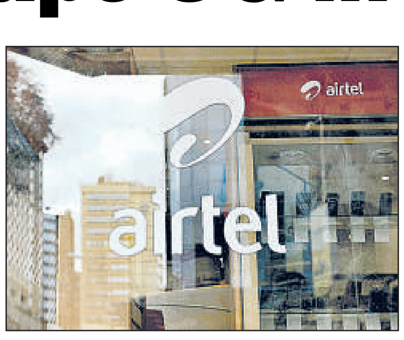
A STAFF REPORTER

Calcutta: Telecom operator Bharti Airtel has pulled the plug on its 3G services in Calcutta. The move is part of the company’s efforts to replace third generation mobile technology with 4G.

Airtel on Friday said it had re-farmed the 900-MHz band spectrum being used for 3G to strengthen its 4G network. The company will deploy L900 technology in the 900 MHz band to complement its 4G services in 2300 MHz and 1800 MHz bands.

“This is in line with our stated strategy of focusing on serving quality customers with best-in-class service experience. Going forward, we plan to re-farm all of our 3G spectrum across India and deploy it for 4G in a phased manner,” said Randeep Sekhon, CTO – Bharti Airtel, in a statement.

The company estimates that less than 10 per cent of its subscribers are on the 3G platform. These customers who are yet to upgrade their handsets or SIM cards will continue to have voice services, the company said. Airtel will continue to provide 2G services in Calcutta.



TECH STRIDES

The company said it had notified its 3G customers, requesting them to upgrade their handsets and SIMs.

“All customers on 3G were duly notified and requested to upgrade their handsets/SIMs to continue enjoying best-in-class smartphone experience. 3G customers who are yet to upgrade their handsets/SIMs will continue to have access to high-quality voice services,” the company said.

Airtel had informed analysts in its fourth quarter earnings conference of 2018-19 that it had started re-farming the 900 MHz spectrum, which was being used for 3G.

“We have liberalised spectrum in 10 circles of 900 Mhz band and I would say by March 2020 our efforts will be to re-farm in all those 10 circles almost all of the sites with L900,” Gopal Vittal, joint managing director and CEO – India and South Asia, had said in response to a query from analysts.

According to Trai data, Airtel’s total wireless subscriber base in Calcutta as of April 2019 was 60,59,090.