MARKET WATCH

	14-05-2019	% CHANGE
Sensex	37,319	0.61
US Dollar	70.44	0.09
Gold	33,395	1.42
Brent oil	71.30	0.26

NIFTY 50

	PRICE	CHANGE
Adani Ports	370.55	5.80
Asian Paints	1320.25	-12.25
Axis Bank	731.35	-0.75
Bajaj Auto	2937.20	-35.55
Bajaj Finserv	7365.70	18.35
Bajaj Finance	2881.85	-50.00
Bharti Airtel	336.60	17.95
BPCL	358.60	3.50
Britannia Ind	2697.60	21.05
Cipla	556.00	9.30
Coal India	241.80	-0.30
Dr Reddys Lab	2807.60	4.85
Eicher Motors	19230.90	479.15
GAIL (India)	345.15	13.10
Grasim Ind	845.55	7.60
HCL Tech	1067.85	-15.80
HDFC	1965.20	12.30
HDFC Bank	2287.90	0.70
Hero MotoCorp	2509.75	-1.00
Hindalco	192.95	0.75
Hind Unilever	1698.50	-3.50
Indiabulls HFL	697.00	37.95
ICICI Bank	380.40	4.10
IndusInd Bank	1432.70	39.40
Bharti Infratel	270.05	4.60
Infosys	713.85	-5.85
Indian OilCorp	143.60	1.00
ITC	294.35	5.05
JSW Steel	281.00	4.10
Kotak Bank	1382.95	-6.40
L&T	1341.80	24.15
M&M	614.25	-3.35
Maruti Suzuki	6576.20	32.45
NTPC	125.60	2.05
ONGC	164.15	0.05
PowerGrid Corp	181.65	-1.00
Reliance Ind	1260.45	28.40
State Bank	314.65	7.75
Sun Pharma	419.45	21.35
Tata Motors	184.50	3.75
Tata Steel	469.55	-2.75
TCS	2092.35	-36.40
Tech Mahindra	790.05	-27.25
Titan	1154.75	10.05
UltraTech Cement	4424.30	85.85
UPL	955.10	1.95
Vedanta	160.75	6.55
Wipro	284.60	-4.50
YES Bank	155.85	1.15
Zee Entertainment	346.30	4.25

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on May 14

CURRENCY	TT BUY	TT SELL
US Dollar	70.24	70.56
Euro	78.75	79.11
British Pound	90.81	91.23
Japanese Yen (100)	64.11	64.41
Chinese Yuan	10.21	10.26
Swiss Franc	69.67	70.00
Singapore Dollar	51.29	51.53
Canadian Dollar	52.12	52.36
Malaysian Ringitt	16.83	16.92

Source:Indian Bank

BULLION RATES CHENNAI

May 14 rates in rupees with previous rates in parentheses

Retail Silver (1g)	40.3	(40.1)
22 ct gold (1 g)	3085	(3038)

India finds OECD index for services trade faulty

Among other 'flaws', STR Index shows Indian services sector as highly restrictive in areas such as FDI, says study by Ministry

TCA SHARAD RAGHAVAN
NEW DELHI

India has found problems with the current method under which the Organisation for Economic Cooperation and Development (OECD) ranks countries based on their services trade policies, indicating the outcomes are biased and counter-intuitive.

Launched in 2014, the Services Trade Restrictiveness Index (STRI), computed by the OECD, is now available for 2018 for a total of 45 economies (36 OECD and the rest non-OECD) and 22 sectors.

The OECD index has a large number of problems associated with it, including some significant design issues that render it impractical for use, a study commissioned by the Commerce Ministry found.

"For example, the index seems to show the Indian services sector as one of the most restrictive, particularly in policy areas like foreign entry," the study, reviewed by *The Hindu*, said.

"This seems surprising as since 1991, the one area that has seen maximum liberalisation in India is FDI."

Liberalisation of FDI

"The Ministry said it seems funny that India's foreign entry restrictions are being classified as being the most restrictive when we know that since 1991, if anything has been liberalised, it's foreign investment," said Manoj Pant, director, Indian Institute of Foreign Trade and the author of the study.

"Initial work suggests that there are both theoretical and empirical inconsistencies in the OECD methodology," the report added. "For example, change in regulatory measures in one policy area can lead to dramatic changes in the STRI in another policy area which is not very useful for policy purposes."

"In addition, the data seems to have been generated by rather arbitrary procedures and reflects a developed country bias," the report concluded.

Fallacies galore: The data seems to reflect a developed country bias, the study concluded. • GETTY IMAGES/ISTOCK

In order to rectify this, Mr. Pant and his team of econometricians designed a new way of measuring restrictiveness in the services trade that would be more robust and would not have a bias either for developed or developing countries.

> **There have been surprisingly few attempts at quantifying the restrictiveness of the services trade**

Building consensus

India has approached several developing countries during the recently-concluded World Trade Organization talks in New Delhi to try to build consensus around the new method of measuring trade restrictiveness in the services sector.

"We have currently approached China, Brazil, Indonesia, Turkey, and South Africa," Mr. Pant said.

"We had also planned on Malaysia, but they have not come.

"The manufacturing trade has a well-documented system of classification of commodities through which you can tell exactly what the commodity is and also what the applied tariffs and effective tariffs are, and, hence, see how restrictive any country's policies are," Mr. Pant explained.

The problem in services, he explained, is that for a long time there wasn't any way to know whether a country's policies were restrictive. "Even if you could ascertain that, one didn't know what to do about it since services trade is usually regulated by domestic regulations and not border tariffs.

"There have been surprisingly few attempts at quantifying the restrictiveness of the services trade," Mr. Pant said.

India extends U.S. retaliatory tariff deadline

PRESS TRUST OF INDIA
NEW DELHI

The government on Tuesday again extended its deadline to impose retaliatory import duties on 29 U.S. products, including almond, walnut and pulses, till June 16.

A notification of the Finance Ministry said that the implementation of increased customs duty on specified imports originating in the U.S. had been postponed from May 16 to June 16 this year.

This extension by the government comes in the backdrop of the U.S.' decision to withdraw export incentives being provided to Indian exporters under the Generalised System of Preferences programme, which is expected to impact India's exports to the U.S. worth $5.6 billion under this scheme.

RBI names Gandhi to Yes Bank board

SPECIAL CORRESPONDENT
MUMBAI

The Reserve Bank of India has appointed its former Deputy Governor R. Gandhi as an additional director on the board of private sector lender Yes Bank with immediate effect. The appointment is for two years, that is till May 13, 2021, the bank told the exchanges.

Yes Bank had posted its first-ever quarterly loss of ₹1,507 crore in the March quarter under its new MD & CEO Ravneet Gill. Mr. Gill took charge on March 1 after Rana Kapoor's term was not extended by the RBI for three years, as approved by the board.

Jet lenders plan to draw more investors

SBI Caps' new plan by end of week; Etihad to invest one-third of requirement

MANOJIT SAHA
MUMBAI

After receiving Etihad's offer to buy partial stake in Jet Airways, lenders to the grounded airline will come up with a new scheme to attract more investors. SBI Caps, which is conducting the stake sale process of Jet Airways, will be coming up with a fresh plan by the end of this week.

According to sources with direct knowledge of the development, Etihad has shown interest to acquire a only partial stake in Jet Airways – around 24% – which is one-third of the requirement. SBI Caps will chalk out the contours of the new scheme based on Etihad's offer. "It [Etihad's bid] is a bid, but it is not a complete bid. They are saying they are willing to participate, provided there is also someone who comes in. They have communicated their terms and conditions in their bid," said a source.

> **Etihad's is not a complete bid. It is subject to another investor pitching in with investment**

Sources said after fresh shares are issued, Etihad's stake will fall to almost zero, from 24% now. Etihad has indicated it would like to retain 24% stake in the airline and has offered ₹1,700 crore.

Jet promoter Naresh Goyal has 51% stake in the airline, while 25% is the public holding. "They will contribute about one-third of the requirement. So the remaining two-third has to come from other investors," the source said. By remaining at 24%, there will be no need for an open offer – a scenario Etihad was keen to avoid. The move to invite more investors will open up opportunity for investors like National Investment and Infrastructure Fund (NIIF), a joint venture between Government of India and Abu Dhabi Investment Authority.

While NIIF participated in the expression of interest (EoI) stage, it did not submit a binding bid. Four entities had submitted their EoI, but only Etihad submitted the binding bid, albeit with conditions. Earlier, after the airline had defaulted on repayment, SBI helped prepare a bank-led resolution plan and began the sale process.

CEO, CFO exit Jet after 'disappointing' bid

Company secretary, 2 others also quit

SPECIAL CORRESPONDENT
MUMBAI

Jet Airways (India) Ltd. has announced the resignation of its Chief Executive Officer (CEO) Vinay Dube and Deputy Chief Executive Officer and Chief Financial Officer (CFO) Amit Agarwal, who stepped down days after the 'disappointing bid' by Etihad Airways.

"The Etihad deal triggered their exit from the airline," said a senior executive adding, "everybody was hoping that Etihad would put up a legitimate bid which could revive the airline. Since so many strings are attached, the deal is as good as over. The CEO saw the writing on the wall and quit," the executive said. Jet Airways, in a filing with the stock exchanges said that Mr. Dube had resigned with immediate effect for personal reasons. Mr. Agarwal submitted his resignation on May 13, 2019.

Chief People Officer Rahul Taneja and Abhijit Dasgupta, V-P, Network, have also quit the airline, besides Kuldeep Sharma, company secretary and compliance officer, who also tendered his resignation on Tuesday.

Jet Airways' shares plunged 7.42% to ₹129.10 on the BSE.

Siemens Q2 net jumps 27.6% to ₹280 crore

Profit aided by a 9.4% rise in revenue

SPECIAL CORRESPONDENT
MUMBAI

Siemens Limited, the Indian arm of Germany-based automation major Siemens AG, has reported a 27.6% jump in its second quarter net profit to ₹280 crore compared to ₹219 crore in the year earlier.

The profit was on account of a 9.4% increase in revenue to ₹3,461 crore. The company follows the October-September financial year. Siemens Limited received new orders worth ₹3,635 crore, an increase of 24.3% over the previous year, taking the order backlog to a six-year high.

MD and CEO Sunil Mathur said, "Siemens Ltd. has delivered yet another robust and profitable performance this quarter. Our short cycle businesses did exceptionally well this quarter and we are seeing an acceleration in interest and demand from customers for our digitalisation portfolio."

WPI inflation slows to 3.07% in April

PRESS TRUST OF INDIA
NEW DELHI

Wholesale inflation eased to 3.07% in April on cheaper fuel and manufactured items, even as prices of food articles remained high, official data showed.

The wholesale price index (WPI)-based inflation was at 3.18% in March and 2.93% in February. It was 3.62% in April 2018. Inflation in the 'food articles' basket hardened to 7.37% in April 2019 as against 5.68% in March.

RBI finds bad loan divergence in Union Bank

Lender makes additional provision following central bank's inspection report

SPECIAL CORRESPONDENT
MUMBAI

Public sector lender Union Bank of India reported a ₹3,370-crore loss in the January-March period of 2018-19 even as the Reserve Bank of India's (RBI) annual inspection found the lender had under-provided, also known as 'divergence' in banking parlance, in 2017-18.

The divergence is also because of its exposure to troubled infrastructure conglomerate – Infrastructure Leasing and Financial Services – which turned bad.

Rajkiran Rai G.

Following the RBI inspection report, the bank had to make additional provisioning of ₹2,281 crore in Q4. For IL&FS, an ₹880 crore provision was made.

While the lender had reported a ₹2,583 crore-loss a year earlier, it had recorded profits in the first three quarters of 2018-19.

Worst is behind

"The worst is behind us," said Union Bank MD and CEO Rajkiran Rai G. during the post-earnings media interaction, saying slippages in non-performing loans have come down significantly, from over ₹10,043 crore in Q4 of FY18 to ₹3,275 crore. Going ahead, he expected slippages to come down further to ₹2,300 crore per quarter.

The net interest income of the bank grew 18.6% to ₹2,602 crore during the reporting period while non-interest income rose 16.2% to ₹1,272 crore. The net interest margin for Q4 of FY19 was at 2.27% compared with 1.9%.

While overall loan growth remained muted at 3.7% as the bank curtailed international operations, this year the lender has targeted 10-11% growth in advances and 8% in deposits.

NCLAT refuses to stay voting by Jaypee CoC

PRESS TRUST OF INDIA
NEW DELHI

The NCLAT refused to stay voting by the creditors' panel of Jaypee Infratech on the revised offer of NBCC Ltd. to acquire the realty firm through insolvency proceedings. Soon after a committee of creditors (CoC) decided to put for vote NBCC's bid, banks sought a stay on the voting process. An NCLAT bench warned banks that they would get "zero rupees" if the process is stalled.

StanChart slams Essar Steel's CoC

PRESS TRUST OF INDIA
NEW DELHI

Standard Chartered Bank on Tuesday slammed Essar Steel's committee of creditors (CoC) for holding "secret" negotiations with ArcelorMittal, resulting in "illegality" that reduced the bid amount and jeopardised its interest.

Resuming arguments before the National Company Law Appellate Tribunal (NCLAT), senior counsel Kapil Sibal termed the "scam" that led to lenders of Odisha Slurry Pipeline Infrastructure Ltd. gaining ₹2,500 crore out of ₹42,000 crore that ArcelorMittal had bid to take over Essar Steel.

He argued that "illegality resulted from secret negotiations between theCoC and ArcelorMittal India," which was detrimental to all creditors.

StanChart approached the NCLAT alleging the CoC had discriminated against it as it was being offered only 1.7% of its total dues from Essar Steel's resolution plan, while other financial creditors were getting over 85%.

'Insurers slow to invest in safety'

Policyholders concerned about insufficiency of coverage

SPECIAL CORRESPONDENT
BENGALURU

Policyholders are increasingly concerned that their insurance coverage has become insufficient for emerging risks from cybersecurity to environmental threats, according to the World Insurance Report 2019 published by Capgemini and Efma.

The report identified five macro trends – disruptive environmental patterns, technological advancements, evolving social and demographic trends, new medical and health concerns, and business environment changes – that are creating emerging risks for insurance customers and their businesses. Yet, most insurers have been slow to respond to these trends and equip customers for them, stated the report, which studied 28 markets, including India.

Under 25% of business customers across all geographies, and less than 15% of personal policyholders, feel they have sufficient coverage to insure against any one of the emerging risks driven by these macro trends. Fewer than 40% of life and health insurers said they have built a pipeline of new products to cover emerging risks comprehensively.

• GETTY IMAGES/ISTOCKPHOTO

As per the report, 83% of personal insurance customers have medium or high exposure to cyberattacks and to outliving their savings, yet just 3% and 5% respectively are comprehensively covered against these eventualities.

Staff healthcare cost

Among business customers, 81% are exposed to escalating employee healthcare costs against which just 17% are well covered; 87% are at risk of cyberattacks with less than 18% comprehensively insured; and almost 75% are threatened by rising natural catastrophes, for which just 22% are effectively covered, found the study.

The report further said, as the insurance landscape shifts, customers were showing greater readiness for change than their insurance providers.

Over half (55%) of customers said they are ready to explore new insurance models, but barely a quarter (26%) of insurers are investing in them.

While 37% of customers said they are highly willing to share additional data in return for improved risk control and prevention services, only 27% of insurers have the capability to tap real-time data for risk modelling purposes.

Risk assessment capabilities can be significantly enhanced through deployment of machine learning, artificial intelligence and advanced analytics, and effective collaboration with tech providers. However, progress in these areas has been mixed.

Anirban Bose, CEO, financial services, Capgemini, said, "Where insurers have traditionally seen themselves as a payer, they need to evolve into the parallel roles of partner and preventer, working more closely with customers to mitigate risks.

IN BRIEF

Citi, Paytm in pact for white label credit card

MUMBAI

Citibank India has launched a white label credit card in partnership with Paytm, an e-commerce platform. The credit card would offer 1% cashback, instead of reward points, for every purchase, which would be auto-credited to the card every month. According to Vijay Shekhar Sharma, chairman and CEO, One97 communications, the parent of Paytm, the card would come with a limit of ₹1 lakh.

Adani gets approval for Myanmar project

NEW DELHI

Adani Group said it had received approvals to develop a container terminal in Myanmar, as it spreads its port operations beyond Indian shores. This will be Adani's second international port after Australia. It said the investment does not breach Australian, U.S., UN or other global sanctions against Myanmar. The land where the port is proposed to be built has been leased from the Myanmar Economic Corporation. PTI

L&T acquires 1,168 shares of Mindtree

NEW DELHI

Infrastructure major Larsen and Toubro (L&T) has acquired 1,168 shares of Mindtree from the open market, taking its overall holding in the mid-sized IT company to 25.94%, according to a regulatory filing. The latest stock purchase was made at ₹972 apiece. Earlier this month, L&T purchased around 20% stake of V.G. Siddhartha and Coffee Day in Mindtree through a block deal for about ₹3,210 crore. PTI

IL&FS provision hits Indian Bank

Lender records Q4 loss; recovers ₹585.84 crore from an account with the NCLT

SPECIAL CORRESPONDENT

CHENNAI

Public sector lender Indian Bank reported a standalone net loss of ₹189.77 crore during the fourth quarter ended March 2019 against a net profit of ₹131.98 crore in the year-earlier period, on higher provisioning towards bad loans.

"We have posted a net profit on a consolidated basis," said Padmaja Chunduru, MD and CEO, Indian Bank.

"The loss on standalone basis was due to one-time higher provisioning of ₹220 crore made towards IL&FS and another company."

"In the case of IL&FS, it is a running account and resolution is yet to happen. We have made 98% provision in the second account. Initially, the provisioning for these accounts was not there. All issues have been resolved. I am confident this would be a stable base from which the bank will grow. Our assets are well guarded and well provided for," she said.

When it was pointed out that the bank's full year net profit on a consolidated basis had dipped to ₹320.93 crore from ₹1,262.92 crore, she said it was due to depreciation on investment of ₹700 crore and lower profit on sale of investment worth ₹427 crore respectively.

Fresh slippages had been coming down sequentially, she added. During the quarter, total income stood at ₹5,537.47 crore against ₹4,954.21 crore.

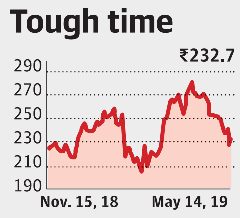
Fall in net NPA

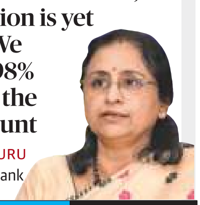
Gross non-performing assets reduced marginally to 7.11% of the gross advances from 7.37% while net NPAs came down to 3.75% from 3.81%.

The overall provisioning and contingencies for the March 2019 quarter were at ₹1,638.83 crore, higher than the ₹1,546.34 crore a year ago.

During the year ended March 2019, the bank recovered ₹585.84 crore from one of the accounts by way of NCLT settlement.

Tough time





In the case of IL&FS, resolution is yet to happen. We have made 98% provision in the second account

PADMAJA CHUNDURU
MD & CEO, Indian Bank

Metrics	Q4 FY19	Q4 FY18	Growth (%)
Net interest income (₹ cr.)	1,763	1,632	8
Net profit/(loss) (₹ cr.)	(189.77)	131.98	-
EPS (₹)	(3.95)	2.75	-
GNPA (%)	7.11	7.37	-

Dr. Reddy's, others deny fixing prices of generic drugs

Many pharma firms face scrutiny under U.S. antitrust laws

SPECIAL CORRESPONDENT

HYDERABAD

Dr. Reddy's Laboratories and other Indian pharmaceutical firm vowed to defend themselves in the lawsuit filed recently by over forty States in the U.S. accusing them and many other drug makers of fixing prices of generic drugs.

DRL said the Attorney General of 49 U.S. States, the Commonwealth of Puerto Rico and the District of Columbia on May 10 had filed a complaint in the U.S. District Court for the District of Connecticut against 21 generic pharma firms, including DRL's U.S. subsidiary, and fifteen other individual defendants, with respect to 116 generic drugs. The complaint said those accused had engaged in a conspiracy to fix prices and to allocate bids and customers in the U.S. in the sale of the drugs.

All cases related to lawsuits by Attornies General lawsuits and certain private plaintiffs class action suits would be consolidated in the multi district litigation 'in re generics pharmaceuticals antitrust pricing litigation'.

Dr. Reddy's said it intended to "vigorously defend against these allegations and is in the process of filing our response..." Sun Pharma said the allegations made were without merit and that its subsidiary Taro Pharmaceuticals USA, among those charged, will continue to vigorously defend against charges. Wockhardt said it had already denied the accusation. In its 2017-18 annual report, it had said: "We see minimal exposure (actual or threatened) as the matter is currently being argued in USA by our legal and regulatory personnel..."

Pointing out the history of the case from December 2016, Aurobindo said the Second State AG Action on Friday included additional parties and additional products not referenced in the First State AG Action. "We expect we will be filing papers with the Federal Court... denying each of the accusations," it said.

Keventer Agro mulls ₹200-cr. expansion plan

Company may raise funds via debt

LALATENDU MISHRA

MUMBAI

Keventer Agro Ltd., one of the largest food and agriculture companies from eastern India, is planning to invest about ₹200 crore to expand its milk and banana businesses in eastern and northern India, a top executive said.

"We are planning to invest ₹180-200 crore in the next two years, out of which about ₹40-50 crore will go to our dairy business to augment existing capacity," said Mayank Jalan, CMD, Keventer Agro Ltd.

"We have earmarked ₹80 crore for our banana business. And the balance will go into our Frooti business [Keventer Agro is Parle Agro's largest franchise for Frooti, Appy and Bailley]," Mr. Jalan said.

The company would raise debt to meet this capital investment plan. "We are very under-leveraged, so we might be looking at debt."

The company, which has a turnover of more than ₹1,000 crore, sold over 30,000 tonnes of banana last year [March 2018] under the Keventer brand.

"This year, our target is to achieve at least 50,000 tonnes. By 2022, we want to get to 150-180,000 tonnes volume," he said.

To expand its base, the company is planning to set up banana ripening centres at Patna, Guwahati and in markets in north India.

Airtel may phase out plans below ₹499

PRESS TRUST OF INDIA

NEW DELHI

Telecom operator Bharti Airtel has tweaked its post-paid plans, a move that involves gradual phasing out of offerings that are less than ₹499 and retaining limited number of plans above it.

The move is aimed at simplification of plans and would also help the company chase better realisation from mobile subscribers, improving the Average Revenue Per User, according to a source. The source said the company was in the process of phasing out post-paid plans of less than ₹499, as other plans pack in more value and digital content for subscribers willing to shell out more.

Mahindra Logistics plans to lower parent's share in business

Logistics provider eyes acquisitions in southeast Asia

SPECIAL CORRESPONDENT

KOLKATA

Mahindra Logistics Ltd. (MLL) is planning to bring down the share of the Mahindra group companies to less than 50% of its turnover by 2021, said Pirojshaw Sarkari, CEO of the company.

Addressing the media on Tuesday, Mr. Sarkari said at present, 54% of the business came from Mahindra Group and 46% from non-Mahindra firms. "We have reduced [the share] over the years. It was 80-20 in 2008. We aim to bring it to less than 50% from Mahindra Group companies by 2021 when a ₹6,000 crore turnover is being targeted (₹3,860 crore in fiscal 2019)," he said. The firm was scouting for acquisition in southeast Asia to strengthen its freight forwarding business, he added.

Pirojshaw Sarkari

An integrated third party logistics service provider, MLL is a portfolio company of Mahindra Partners, the private equity arm of the Mahindra Group. Mr. Sarkari said the firm was studying the feasibility of using inland and coastal waterways for goods movement.

Water transport mulled

"Soon, we will enter this mode which is considered the world over as the least polluting and cheapest transport mode," he said.

Replying to a query on acquisitions, he said MLL was looking for acquisitions in southeast Asia in the freight forwarding sector, which would help exporters. "We need a presence in this segment to access countries like Indonesia, Malaysia, Singapore and Thailand," Mr. Sarkari said.

'SEBI told Fortis to recover ₹403 cr. from Singh brothers'

PRESS TRUST OF INDIA

NEW DELHI

Fortis Healthcare Ltd. (FHL) informed the Delhi High Court that the SEBI had asked it to recover ₹403 crore from former Ranbaxy Laboratories Ltd. promoters Malvinder and Shivinder Singh, who allegedly diverted funds of FHL and its subsidiary Fortis Hospital Ltd.

FHL made the submission in an ongoing case by Japanese drugmaker Daiichi Sankyo against the Singh brothers and their firms. Daiichi moved the HC seeking execution of the ₹3,500 crore Singapore tribunal's arbitral award won by it in April 2016.