

## IN BRIEF



## Nalco bauxite output rises to 'record' 6.8 mt

NEW DELHI  
State-run aluminium maker Nalco has produced a record 6.825 million tonne (mt) of bauxite in 2016-17 fiscal. This is 7.65% higher as compared with 6.340 mt bauxite produced in 2015-16, the company said in a report. The company's aluminium output grew 4% to 0.387 mt in last fiscal from 0.372 mt in the previous fiscal, the report said. PTI

## RIL, BP get govt. nod for buying gas block stake

NEW DELHI  
The government has approved Reliance Industries and British energy giant BP Plc acquiring their cash-strapped partner Niko Resources' 10% stake in gas discovery block NEC-25 in the Bay of Bengal. "Assignment of Niko's participating interest (10%) to RIL and BP approved by Government of India," Reliance Industries said in an analyst presentation. PTI

## ICICI Pru AMC to shut two schemes

NEW DELHI  
The country's largest fund house ICICI Prudential AMC will soon wind up two small-cap schemes run by its portfolio management division as "too much money is chasing very few quality" stocks. The money invested in these schemes will be returned to investors, according to the company. The portfolio management services (PMS) division manages money of high networth individuals. "We are currently in the process of winding up ICICI Prudential's PMS schemes -- PIPE and Small-cap Portfolio Series I," Nimesh Shah, who is the managing director and chief executive of the fund house said in a statement. "We are in a situation where the valuations are very rich and too much money is chasing very few quality small cap companies," he said. Currently, ICICI Prudential PMS manages investors' funds to the tune of ₹4,000 crore while overall, the fund house has assets under management of over ₹2.93 lakh crore.

## Rising popularity sees ETF market on a roll

Corpus shows 40% annual growth

MUMBAI  
The exchange-traded funds (ETF) market is expected to grow on the back of continued thrust from government and the rising acceptance of such products as an investment vehicle by the retail segment, says a report.

The ETF market corpus stood at ₹77,897 crore as of December 2017, clocking an average growth of about 40% since 2012.

**'Growing acceptance'**  
"The current exponential growth in the ETF market can be attributed to the growing acceptance of passive investing by the market participants, which is evident from the overwhelming response to the disinvestment initiatives of the government," according to a Reliance Securities report.

The market is expected to grow on the back of continued thrust by government and the acceptance of such products as an investment vehicle, it added.

The CPSE ETF index was set up to facilitate divestment of select central public

## India, ASEAN target swift deal on RCEP

Commit to use India's \$1-billion line of credit to enhance connectivity as per master plan for 2025

PRESS TRUST OF INDIA  
NEW DELHI

With an aim to further trade ties, India and ASEAN on Friday agreed to target a swift conclusion to the comprehensive and mutually beneficial Regional Comprehensive Economic Partnership (RCEP) in 2018.

Both sides also reaffirmed their commitment to enhance physical and digital connectivity in line with the Master Plan on ASEAN Connectivity 2025 and the ASEAN ICT Masterplan (AIM) 2020 by availing the \$1-billion line of credit announced by India.

## Highway project

India and ASEAN will also work towards encouraging early completion of the India-Myanmar-Thailand Trilateral Highway Project and extend this trilateral highway to Cambodia, Lao PDR and Vietnam, according to the Delhi Declaration of the ASEAN-India Commemorative Summit.

The summit was held here to mark the 25th anniversary of Association of Southeast Asian Nations (ASEAN)-India Dialogue Relations.



Small is big: The summit saw an agreement to promote growth for MSMEs through technology transfer, capacity building, technical assistance and access to innovation. •AFP

It also emphasised the need to deepen cooperation in the area of aviation under the ASEAN-India Aviation Cooperation Framework adopted at the 14th ASEAN Transport Ministers' Meeting in Manila, on November 6, 2008, including through the convening of air services consultations by the ASEAN-India Working Group on Regional Air Services Arrangements and the establishment of air transport cooperation on technical, economic and regulatory matters between ASEAN and India. It was agreed to establish closer ASEAN-India air links to pro-

vide tourism, trade, and enhance greater connectivity between 10-nation grouping ASEAN and India.

Both sides will work to "further strengthen ASEAN-India economic relations, including through the full utilisation and effective implementation of the ASEAN-India Free Trade Area, and intensify efforts in 2018 toward the swift conclusion of a modern, comprehensive, high quality, and mutually beneficial Regional Comprehensive Economic Partnership (RCEP)," it said.

There were also agreements on cooperation for

conservation and sustainable use of marine resources in the Indian and Pacific Oceans and address threats to these resources including illegal, unreported and unregulated fishing, loss of coastal ecosystems and the adverse impacts of pollution, ocean acidification, marine debris.

## Maritime cooperation

It also emphasised the need to promote maritime transport cooperation between ASEAN and India, and encourage potential private sector participation in the development of seaports,

maritime logistics network and maritime services in order to create greater efficient linkages and encourage ASEAN and India to continue discussions on these priority areas.

According to the declaration, promotion of stable and sustainable growth for Micro, Small and Medium Enterprises (MSMEs), including through technology transfer, as well as enhancing capacity building, technical assistance, access to innovation and opportunities to integrate into the global and regional value chains were agreed upon.

India and ASEAN countries will continue to collaborate in peaceful exploitation of outer space, through the implementation of the ASEAN-India Space Cooperation Programme, including launching of satellites, for sustainable exploitation of ground, sea, atmospheric and digital resources for equitable development of the region, it said.

"We also look forward to the establishment of the ASEAN-India Trade and Investment Centre," the declaration said.

## RIL aims to pare debt in 2018

Stronger cash flows to aid debt reduction, says joint CFO

PIYUSH PANDEY  
MUMBAI

India's most indebted firm Reliance Industries Ltd. (RIL), with outstanding loans of ₹2.13 lakh crore, plans to deleverage as it nears the completion of its ₹3 lakh-crore capital expenditure cycle.

"If you look at the way our earnings are shaping up, across hydrocarbons, across Jio, across retail, we will have enough free cash flow," V. Srikanth, joint CFO, RIL, told *The Hindu*.

"We are earning a lot and our earnings are going to be way bigger in coming quarters. This quarter is just the beginning, which does not even factor in refinery off-gas cracker's (ROGC) full capability," he said.

"We are talking about ROGC full capability in the next quarter and then gasification economics coming in a big way in the next quarter and there will be sequential growth. So, cash flows are going to be much stronger in the next financial year and a positive free cash flow by definition means that your level of debt will only be coming down."

However, with Moody's Investors Service estimating



V. Srikanth

that Reliance Jio likely to invest as much as \$23 billion over three to four years as it expands beyond wireless services, a significant reduction in RIL's debt may take longer to achieve.

The company is also set to invest about \$4 billion in acquiring telecom assets of Reliance Communications.

Queried about the Moody's report projecting the \$23 billion investment, Mr. Srikanth said, "Moody's report is a bit of a surprise. My understanding is that they have ticketed \$15 billion to \$23 billion. The way Moody's looks at cash flow, if you have to pay suppliers 12 months from now, it's included. When you look to pay suppliers, that number

itself is going to be \$12-13 billion. Even if you look at whatever set of numbers we need to continue to grow, we will have enough positive cash flows."

RIL's outstanding debt as on December 31, 2017, stood at ₹2,13,206 crore (\$33.4 billion) compared with ₹1,96,601 crore as on March 31, 2017. The company had cash and cash equivalents of ₹78,617 crore (\$12.3 billion) as on December 31.

## 'Rising financing cost'

An increase in debt had led RIL's finance cost to rise significantly to ₹2,095 crore (\$328 million) compared with ₹1,204 crore in the year-earlier period.

RIL attributed the increase in finance cost to lower capitalisation of financial costs related to commencement of digital services business and higher loan balance partially offset by exchange rate variation during the quarter.

The company last week reported a 25% jump in net profit to ₹9,423 crore on revenue of ₹1,09,905 crore.

RIL shares closed flat at ₹964.55 on the BSE on Thursday, valuing the company at ₹6,10,938 crore.

## Bad loans shrink from record peak

Regulator's clean-up drive, tighter rules help; overdue loans ease in Sept. quarter

REUTERS  
MUMBAI

India's stock of soured bank loans shrank slightly in the quarter to September last year, the first pullback since a drive to clean up record levels of bad debt began in 2015 and signalling that tighter rules and a new bankruptcy code may be starting to show results.

Stressed loans - which include non-performing as well as restructured or rolled-over loans - eased 0.4% from three months earlier to ₹9.46 trillion (\$148.3 billion) at the end of September, according to unpublished central bank data reviewed by Reuters.

The last data seen by Reuters showed soured loans hit a record ₹9.5 trillion as of end-June last year, accounting for 12.6% of total loans. The new data shows that the ratio declined to 12.2% in the period to end-September.

That would be the first decline in soured assets since at least 2015, according to quarterly data collected by Reuters.

On an annual basis, stressed assets have risen steadily since the year to March 2006.

Banks have seen their



On stabler ground: The stressed assets ratio will not go up sharply from current levels, says Jobin Jacob of Fitch •REUTERS

soured loans nearly double in the past four years as a prolonged economic slowdown took its toll on the ability of companies to repay debt. Profligate lending and poor due diligence have also been blamed for the surge.

## Asset quality review

In late 2015, the Reserve Bank of India (RBI) began a major asset quality review amid allegations that banks were hiding the extent of the bad debts on their books.

The central bank last year ordered banks to push some 40 of the country's biggest corporate defaulters into

## Govt. relaxes Atal pension plan norms

Payment banks can offer the product

SPECIAL CORRESPONDENT  
NEW DELHI

The Centre would now allow small finance banks and payment banks to offer the Atal Pension Yojana (APY), which is expected to significantly increase the coverage of the scheme.

"To strengthen the existing channels of APY distribution, it is felt that these new payments banks and small finance banks will provide a boost to the outreach of subscribers under APY," the Ministry of Finance said in a statement.

## Pensioned society

"Participation in APY not only builds a pensioned society but also adds sustainable fee income to banks by way of attractive incentive for mobilising APY at the rate of ₹120-150 for each account." So far, 11 payment banks and 10 small finance banks have received licences from the Reserve Bank of India to start banking operations in India.

"In order to familiarise these small finance banks and payment banks with



The move is expected to help expand the scheme's coverage.

APY, the Pension Fund Regulatory and Development Authority (PFRDA) conducted an orientation meeting on January 15, 2018 in New Delhi," the statement added.

"All small finance banks and payment banks have positively responded to the initiative undertaken by PFRDA and have committed towards the greater cause of building a pensioned India."

As of January 23, 2018, there were more than 84 lakh subscribers registered under the APY with an asset base of more than ₹3,194 crore, the government said.

come in is a big positive and will bolster state banks' ability to absorb losses that are likely to ensue from non-performing loan resolution", Mr. Jacob said, adding the rating agency would be watching the asset quality closely.

The government on Wednesday announced the first tranche of the capital injection programme, pledging to inject almost \$14 billion into 20 state banks by March.

Stressed loans at the country's 21 state-run banks were ₹8.25 trillion at end-September, or 16.2% of their total loans, according to the data received through a right-to-information request.

Private sector banks had 4.65% of their total loans classified as stressed amounting to ₹1.06 trillion as of September 30. Bad loans at foreign banks' Indian operations amounted to ₹148.52 billion, or 4.2% of their total loans.

Loans that had been overdue for between 60 days and 90 days, and are at the highest risk of default, also eased to ₹1.53 trillion rupees as of end-September, from ₹1.63 trillion rupees at end-June, the data showed.