

Wholesale price index inflation fell faster than consumer price index inflation in December 2018 on the back of dip in food prices. Within food, vegetable prices registered the lowest inflation. Eight of the top 10 that registered price deflation were in the food category. While cabbage price inflation saw the steepest fall, lemon price recorded the highest increase in inflation



Source: Anand Rathi Financial Services

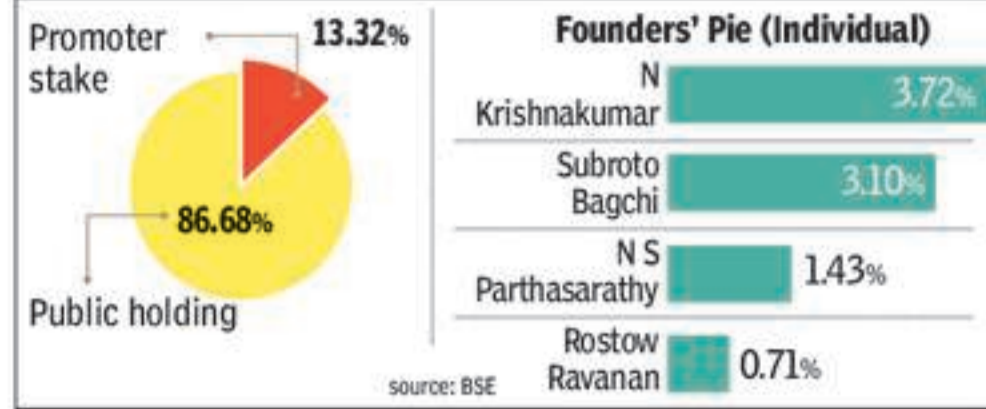
## Mindtree gets battle-ready as Siddhartha finalises his exit CCD Founder May Trigger Takeover As Promoters Rebuff Plans

Boby Kurian & Shilpa Phadnis | TNN



Mumbai/Bengaluru: Coffee Day founder V G Siddhartha is set to sell his 21% shareholding in Mindtree, triggering a takeover move on the Bengaluru-based mid-tier IT services company. Siddhartha is in advanced talks with L&T Infotech, KKR, Baring Private Equity Partners Asia and Prem Watsa's Fairfax and is expected to conclude a deal with one of them in the next 10 days, people directly aware of the matter said. Siddhartha, the largest shareholder of Mindtree, decided to cash out after months-long wait to carry the founders along as part of a broader M&A deal. The four founders—Subroto Bagchi, NS Parthasarathy, Krishnakumar Natarajan and CEO Rostow Ravanan, who together own around 13%—have rebuffed plans to buyout funds or rival IT companies. It left Siddhartha, who seeded-funded and anchored the company as a passive investor for nearly 20 years, to script

### WHO OWNS IT?



his own exit plans. This not only throws open Mindtree to all possibilities, including 'hostile' moves, but has serious ramifications for the company's public shareholders and their wealth. Most potential acquirers have indicated that they would offer a lower price, if they are not part of the deal and management control doesn't come along. The buyer would then acquire Siddhartha's stake and mop up some more from the stock markets to trigger an open offer, besides calling shareholders' meet to rejig the board. "If it deliv- ers management rights, the offer price would be significantly higher. It would slightly lag prevailing price otherwise," said a person involved with the developments but speaking in private citing con-

fidentiality clauses. Mindtree shares have perked up in recent days and ended at Rs 889 apiece on Friday, giving the company a market value of over \$2 billion. TOI reported on December 17 that Siddhartha's exit could trigger takeover jitters for Mindtree. Siddhartha did not respond to calls and text messages over the weekend. Mindtree spokesperson said, "This is a speculative report. As a matter of policy the company does not comment on speculation." But founders showed no signs of giving up and reiterated plans to retain control in last week's investor call following the latest quarterly results. Mindtree, like its bigger peer Infosys, has a tradition of passing the baton to all the founders to steer the company as chief executive. Ravanan,

still in his late 40s, would be the last in the line of founders to lead the company. Founders have repeatedly argued that hostile takeovers don't work in outsourcing business. They think Mindtree should not be dragged into Siddhartha's exit as it must just be a case of one shareholder talking to another potential investor. But one of the suitors said not many investors would be willing to be passive partners like Siddhartha, whom he, in a lighter vein, called the longest running angel investor for Mindtree. The next option would be to gain the backing of a large investor without needing too much control. KKR has had multiple direct conversations with founders but it isn't clear if the latter were comfortable with some of the conditions put forth by the marquee American investor. An L&T team, led by its group chief executive SN Subrahmanyan, met with Mindtree founders on Friday to pitch for a deal but the talks didn't yield any breakthrough, sources said. L&T tried to impress upon the synergistic fit and how the deal would provide a stable, bigger platform for Mindtree employees.

## Implementation issues stifle innovation, says Sanyal

TIMES NEWS NETWORK



Gandhinagar: Indian startups, some of whom received tax notices on angel funding, found support from Sanjeev Sanyal, principal economic advisor in the finance ministry, who on Sunday said that such measures are stifling innovation. Speaking at the seminar on 'Repositioning Indian talent on a global frontier' at the Vibrant Gujarat Summit, Sanyal said that some rules and regulations are killing innovation that the government is trying to foster. "The default option of the administration stifles startups and innovations," he said. "The administration creates rules that stifle. The recent angel tax on startups is an example of the default option." Several startups have received 'angel tax' notices. The government recently tweaked the rules to avoid problems in future but in cases where tax assessment has been completed, the startups will have to seek legal remedy. "We have to change our mindset," Sanyal said. "Neither the government nor the tax department wants to stifle startups, but the default option of the administration gets in the way of startups." Sanyal also called for a complete revamp of the education system, especially in relation to building universities—which, he said, have been reduced to a real estate expansion plan. "Our universities have become places for teaching existing technologies, which is an outdated idea," he said.

## I-T dept chases taxpayers to recover ₹5k cr Sends Reminders | Not Able To Process Returns

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New Delhi: The income tax department has come across several cases where taxpayers have taken credit for payment of "self-assessment tax" without actually clearing the dues, resulting in arrears of around Rs 5,000 crore. The non-payment has resulted in the department being unable to process income tax returns for the last financial year with authorities now approaching the assesses to immediately pay up, officials told TOI. "We are sending reminders at the moment, requesting them to clear the dues so that the tax returns can be processed," said a senior officer. Sources in the department said that several of these taxpayers had claimed that they would pay self-assessment tax, which has not been paid. Tax experts were, however, not clear about how the payments were not made, pointing out that there was a well-established system of checks and balances to prevent possible misuse of the facility. Self-assessment tax is paid by thousands of taxpayers whose income and tax payments may not have been captured in the Form 16 (issued by employers) or AS-26 form for TDS. In-

stance, capital gains tax may have accrued to an individual on the sale of shares or mutual funds, which needs to be cleared before returns are filed. At times, taxes on income from sources other than salary income are due, for which a taxpayer may need to pay self-assessment tax. **Understanding self-assessment tax**  
► Sometimes, tax may be payable at the time of filing returns  
► This may relate to items not captured in TDS or Form 16  
► This amount can be paid online or at bank branches  
► Several returns are not being processed as dues not cleared

## No e-way bill if GST return not filed for 6 mths

New Delhi: Non-filers of GST returns for six consecutive months will soon be barred from generating e-way bills for movement of goods. The Goods and Services Tax Network is developing such IT system that businesses which have not filed returns for two straight return cycles, which is six months, would be barred from generating e-way bills, an official said. Central tax officers have detected 3,626 cases of GST evasion/violations cases, involving Rs 15,278.18 crore in April-December period. Touted as an anti-evasion measure, the e-way bill system was rolled out on April 1, 2018, for moving goods worth over Rs 50,000 from one state to another. The same for intra or within the state movement was rolled out in a phased manner from April 15. AGENCIES

## Some banks may be out of PCA, says secy

New Delhi: Some of the public sector banks are likely to come out of the Prompt Corrective Action (PCA) framework in next few months on the back of improvement in various parameters, financial services secretary Rajiv Kumar said. Eleven out of the total 21 public sector banks are under the central bank's PCA framework, which imposes lending restrictions and prevents them from expanding, among other curbs. "Some banks are performing well and they are adequately capitalised as per the Basel norms. Hence, capitalisation will facilitate them coming out of PCA," Kumar said. AGENCIES

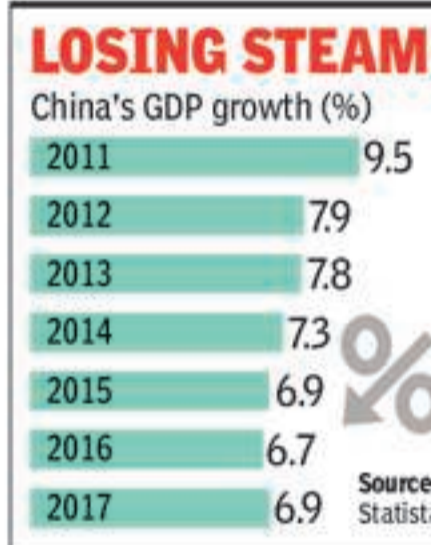
## HDFC Bank Q3 net profit rises 20% to ₹5,586 crore

TIMES NEWS NETWORK

Mumbai: Largest private lender HDFC Bank has reported a net profit of Rs 5,586 crore for the quarter ended December 2018, an increase of 20% over Rs 4,643 crore in the corresponding quarter last year. While both income and profits have improved, the bank has also seen marginal growth in bad loans with ratio of net non-performing assets (NNPAs) to loans rising to 0.42% from 0.4% in the preceding quarter and ratio of gross NPAs was up 1.38% in the third quarter from 1.33% in the second quarter. According to analysts, growth numbers were better than expected and bad loans were not seen as a matter of concern for the private bank which has the lowest ratio of NPAs in the sector. Analysts were also happy that there was no divergence between the bad loans identified by the bank and the RBI in its inspection for the previous fiscal. HDFC Bank's 4,963 offices nationwide are less than 3% of all bank branches in the country. However, its deposit base of Rs 8.52 lakh crore, which is 22% higher than last year, is over 7% of the banking industry and its share of total advances is over 8%. Last year, the bank accounted for bulk of the banking sector's profits given that most public sector banks were in losses. The bank's net interest income rose 22% to Rs 12,576 crore.

## China's GDP growth may slip to 28-year low in '18

Saibal Dasgupta | @timesgroup.com



Beijing: China's gross domestic product (GDP) growth in 2018 is expected to moderate to its slowest pace in 28 years due to weak domestic demand and the adverse impact of trade war with the US. Experts believe that even official agencies have been working on a target of 6.5% for 2018 after government statisticians reported a growth of 6.5% for the third quarter. The third quarter performance was the worst since the financial crisis. Official statisticians are expected to come out with the performance report for

2018 and economic numbers for the last quarter of the year on Monday. Economic slowdown in the world's second largest economy is bound to hit the global economy and affect several countries, including the US and India, ac-

ording to experts. World's top carmakers and American giants like Apple have already been hit by slowing demand in China. Several economists estimate that China's growth rate for 2018 may dip below 6.5%. In fact, the government had internally cut down its target to 6.5% for 2018, according to sources. The last two quarters have seen growth of 6.5% and 6.4%, respectively. Aware of the worsening situation, the government recently announced a stimulus package of \$218 billion. But economists do not expect the effect of the stimulus to kick in soon enough to influence the report for 2018 or the first quarter of 2019.

## RIL seeks partner Niko's exit from KG-D6 over default

New Delhi: Reliance Industries has asked its partner Niko Resources to withdraw from eastern offshore KG-D6 gas block over default in payments for field development cost, but the Canadian firm has sought to stall the move by invoking arbitration, the companies said. Niko, which defaulted on payment of loans to its lenders, has been unsuccessful in seeking a possible buyer for its 10% stake in Bay of Bengal block KG-D6 or secu-

ring financing for its share of the \$5.6 billion R-Cluster, Satellite Cluster and MJ development projects in the block. In its third quarter earnings statement last week, RIL stated that Niko "defaulted on cash calls and accordingly default notice was issued as per the provision of joint operating agreement (JOA)".

Reliance is the operator of KG-D6 block with 60% stake and UK's BP has 30% interest. Niko said that it has on Dec. 17, 2018 "received a notice from the non-defaulting parties requiring the subsidiary to withdraw from the KG-D6 PSC and JOA". The company said it was evaluating its legal options regarding the notice. Niko decided not to pay a KG-D6 Block cash call that was due in early October, 2018. This led to RIL slapping a default notice. AGENCIES

### 'EXPLORING LEGAL OPTION'

## Removing volatile parts of biz: Wipro

Avik Das & Shilpa Phadnis | TNN

Bengaluru: Wipro's third quarter results suggest things are improving for the company. But its growth rate remains well below that of its peers. Both TCS and Infosys had double-digit constant currency revenue growth rates in the quarter. Wipro was at 7%. In an interaction with TOI, Wipro CEO Abidali Neemuchwala, who completes three years in office in February, talks about the changes the company is effecting. **You will complete three years as CEO in February. What do you see as your high and low points?** Our investments in digital and cloud have played out very well. Cloud has grown in double-digits on a sequential basis. Our acquisitions like Apprio have played out very

### On when Wipro might match avg industry growth



"I won't give out that timeline and you will see it for yourself. We have work to do in India, in the healthcare and manufacturing businesses. In manufacturing, we need to build in areas like aero, defence, automobiles and process manufacturing"

—Abidali Neemuchwala | CEO, WIPRO

well. Our US localisation (those hired locally) rose to 62.6%, from 60.3% previously, and our contractor (those who supply people) cost hasn't gone up. Investments into platforms have worked well for us. Some acquisitions like HealthPlan Services (Trump's lack of support for Obamacare) adversely affected the business haven't done well. Our Middle East business has done well, but India will take a couple of quarters (to pick up). Manufacturing needs some work to be done. **Analysts say Wipro faces a challenge of building predictability into its business. There's been much volatility in the business—customer bankruptcies, sudden changes in the healthcare business, the restructuring of the India business.** We are taking away the volatile/unpredictable parts of our business. We are very di-

sciplined about what new businesses we are acquiring and what we want to let go off. **The number of active customers dropped by 70, to 1,132, in the December quarter. Are you just trimming your tail accounts, or is it something more than that?** We have taken a strategic, long-term view of the business. Last time, we told you that we have divested the data centre business. This time, we took the India government accounts out of the IT services segment. We are doing very well in customers that are strategic to us. Our top five and top ten accounts are robust. I don't think the number of accounts added is a good measure. A better measure would be the average revenue per account. In the long run, that's strategic.

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