

Economy

WEDNESDAY, JANUARY 30, 2019

Quick View

I-T: Confiscated benami assets worth ₹6,900 cr
THE INCOME tax department has confiscated assets worth ₹6,900 crore till now as part of its action under the anti-benami transactions law, the agency said in a public advertisement Tuesday.

I-T dept raids 74 locations in TN
THE INCOME tax department on Tuesday launched searches at 74 places in Tamil Nadu in connection with a tax evasion probe against some real estate groups and a retail store chain in the state, officials said. A team of 70 tax officials are undertaking the operation with police assistance, they said.

● LEVY ON STEEL & ALUMINIUM

India likely to defer retaliatory tariff against US, yet again

Govt could postpone action by 30-45 days from revised deadline of Jan 31

BANIKINKAR PATTANAYAK
New Delhi, January 29

INDIA WILL LIKELY defer its plan for a fifth time to impose retaliatory tariff worth close to \$235 million on 29 American products, in response to the Trump administration's extra levy on supplies of steel and aluminium. Sources told *FE* that the government could postpone the tit-for-tat action by 30-45 days from the revised deadline of January 31.

Last year, the US had slapped

an additional 25% duty on steel and 10% on aluminium supplies from countries including India. New Delhi had initially planned to impose the retaliatory tariff from August 4 last year. The repeated deadline extension suggests New Delhi is willing to engage Washington further for a meaningful outcome to the ongoing negotiations.

New Delhi's latest move comes at a time when both the countries are engaged in negotiations to firm up a mutually-acceptable trade package. It is expected to keep a tariff war between the two countries from flaring up, at least temporarily. Washington already raised the stake in its trade war against Beijing by announcing extra tariff on around 6,000 Chinese goods



worth \$200 billion in December.

According to sources, as part of the trade package, while a waiver from the extra duties on the metals is still being pushed hard by New Delhi, among others, the US wants India to remove price cap on biore-sorbable stents and remove or substantially prune the import duties on key ICT products, including high-end mobile

phones and smart watches.

India is a large market for stent makers; it imported medical instruments, including stents, worth around \$1.6 billion from the US in the last fiscal, up 10% from a year earlier. Interestingly, given the fact that the US accounts for only 2% of India's annual imports of the seven ICT products on which it is seeking duty waiver/cut, its demand has baffled officials here.

The US is also seeking to use the concessional tariff it offers to India and a number of other countries under its so-called generalised system of preference (GSP) to extract greater market access from New Delhi. In November, the US dropped as many as 50 Indian goods from the list of items, supplies of

which were earlier eligible for concessional tariff under GSP.

The two sides didn't hold the annual trade policy forum meeting last year (it's usually convened around October), in a sign that bilateral relations were far from perfect despite improving trade balance in favour of the US, which the Trump administration has been seeking from New Delhi.

India made up for just 2.8% of US goods trade deficit in 2017 and occupied the ninth spot in the list of nations with which the Trump administration seeks to pursue a trade balance agenda. However, India is the only major country whose goods trade surplus with the US narrowed in both 2017 and 2018 — a fact New Delhi has been highlighting in its talks with Washington.

● **DIGITAL TECHNOLOGIES**
Suresh Prabhu, commerce and industry minister

Some countries will have a natural advantage in offering these services for all the platforms, be it the government services, business to business or any other service

Transparency Intl index	PTI
India improves its ranking on global corruption index in 2018: Study	
India has improved its ranking on a global corruption index in 2018, while its neighbour China lagged far behind, according to the annual index released by an anti-graft watchdog on Tuesday. India rose by three points to 78 in the list of 180 countries in the world, while China ranked 87 and Pakistan 117 in 2018, Transparency International said in its Corruption Perceptions Index (CPI) for 2018. The top countries on the list are Denmark and New Zealand.	
TOP 10	
1 Denmark	
2 New Zealand	
3 Finland	
3 Singapore	
3 Sweden	
3 Switzerland	
7 Norway	
8 Netherlands	
9 Canada	
9 Luxembourg	
BRICS	
73) South Africa	
78) India	
87) China	
105) Brazil	
138) Russia	
SAARC	
25) Bhutan	
78) India	
89) Sri Lanka	
117) Pakistan	
124) Maldives	
124) Nepal	
149) Bangladesh	
172) Afghanistan	

From the Front Page

S&P take: 'Credit risks' for PSUs from buybacks

"Extracting cash from SOEs (PSUs) decreases their financial flexibility in a stress scenario, which — at least over the short term -- is credit negative at the firm level," S&P said. "While we await the final acquisition cost, PFC's leveraged buyout of the government's 52% shareholding in REC led us to place the rating on CreditWatch with negative implications. Although we don't expect a change in government support for PFC, if the government were to reduce its shareholding, this would trigger a review our rating on PFC with pressure likely to the downside," S&P said.

It added while extraction of existing excess capital in the form of dividends generally has an impact only on the short-term business of these firms as dividends are discretionary and can be scaled back if future profitability is low. "In contrast, we believe that debt-

funded share buybacks, mergers or acquisitions have longer-term implications. Further, reduced government linkages to divested firms may lower the likelihood of government support in a stress scenario," S&P said.

(With PTI inputs)

US accuses Huawei of stealing trade secrets

Separately, charges filed in Washington state accuse the company of stealing trade secrets from T-Mobile USA and offering bonuses to employees who succeeded in getting technology from rivals.

The cases "expose Huawei's brazen and persistent actions to exploit American companies and financial institutions, and to threaten the free and fair global marketplace," Christopher Wray, director of the Federal Bureau of Investigation, said at a press conference in Washington announcing the charges. Separately, Canada's justice department

confirmed it received a formal request to extradite Meng to the US.

Huawei issued a statement that it had done nothing wrong in either case.

"The company denies that it or its subsidiary or affiliate have committed any of the asserted violations of US law set forth in each of the indictments, is not aware of any wrongdoing by Meng, and believes the US courts will ultimately reach the same conclusion," Huawei said in an email. The company also said it had attempted to open discussions with the US justice department, but the request was rejected.

The Chinese government, which has defended the company and accused the US of trying to curtail the rise of its technology industry, demanded Washington immediately revoke her arrest warrant.

"We strongly urge the US to stop unreasonably targeting Huawei and other Chinese enterprises," the ministry of foreign affairs said in a statement. "We again urge the US to

revoke Meng Wanzhou's arrest warrant and refrain from issuing a formal extradition request, to avoid going further and further down a path of mistakes."

US prosecutors said that Huawei concealed its relationship with Skycom Tech Co, a Hong Kong-registered company with operations in Iran, in violation of US laws. Meng "personally made a presentation in August 2013 to an executive of one of Huawei's major banking partners in which she repeatedly lied about the relationship," prosecutors said in a statement announcing the charges. Skycom was also charged.

Meng, 46, the daughter of the company's founder, was arrested on December 1 in Canada on allegations that she committed fraud to sidestep sanctions against Iran. Meng's next court date is set for February 6 in Vancouver, where she is out on bail following her detainment while in transit at the Vancouver airport. She is fighting extradition to the US to face criminal charges.

In the Brooklyn indictment, the US says Huawei misrepresented its business with Iran to the US government and various financial institutions since 2007. That year, FBI agents interviewed Huawei's founder, identified in the indictment as Individual 1, according to the US. During the interview, Individual 1 falsely stated that Huawei didn't conduct any activity in violation of US export laws, and that it didn't deal directly with any Iranian company, the US said.

Huawei was founded by Ren Zhengfei. Charges in the Brooklyn indictment include bank and wire fraud, conspiracy and violations of the International Emergency Economic Powers Act. In addition, Huawei and Huawei USA are accused of conspiring to obstruct justice. Prosecutors also alleged that Huawei began a "concerted effort" in 2012 to steal information from a phone-testing robot developed by T-Mobile USA and even offered bonuses to employees who could get their hands on the technologies of rivals.

In the indictment filed in Seattle, the government alleged Huawei violated confidentiality agreements with T-Mobile in an effort to build their own robot to test phones. A Huawei engineer secretly took photos of T-Mobile's robot, called Tappy, took measurements of parts of the robot and, in one instance, stole a piece of the robot, prosecutors said.

Huawei then blamed "rogue actors" within the company when T-Mobile threatened to sue, the US said.

T-Mobile sued Huawei and its US-based unit, Huawei Device USA Inc, in 2014. Three years later, a federal jury in Seattle found Huawei liable for both breach of contract and misappropriation of trade secrets. First Assistant US Attorney Annette Hayes of the Western District of Washington, whose office is handling the trade-secrets case, said Huawei's actions showed a pattern by the company.

"Huawei wanted to build its own robot, and rather than engineer its own device, it decided to steal T-Mobile's technology," Hayes said.

The Chinese company also obstructed justice by preparing a report claiming to be an investigation of rogue employees, even though "Huawei clearly knew that the thefts were part of an organised effort by the company," Hayes said. "During the time period of the alleged crime, Huawei announced a bonus for stealing confidential information from competitors."

Bloomberg

period of time, has caused us to divert significant resources," Krishnamurthy wrote in the letter.

The new curbs were only announced on December 26. He also said the regulations could cause "significant customer disruption" if the deadline for compliance wasn't extended. He asked for a six-month delay. Flipkart declined to comment.

Indian officials have said the government is unlikely to change the policy's implementation date. The industries department declined to comment for this article.

The policy move has jolted Walmart, which last year invested \$16 billion in Flipkart in its biggest ever deal, and Amazon, which has committed \$5.5 billion in India investments.

Industry sources have said the new policy would raise compliance costs and force Amazon and Flipkart to review their business arrangements in the country.

Flipkart and Amazon have both started working on approaching thousands of sellers on their platforms to ensure the companies comply with the regulations, three sources aware of the matters said, even as they seek a deadline extension.

For Flipkart, the process would take five-to-six months, said one of the sources, who told Reuters: "the company is right now focusing on working with sellers (for compliance), all rest is on the back burner".

India's small traders had complained that large e-commerce companies used their control over inventory from their affiliates to create an unfair marketplace that allowed them to offer deep discounts on some products. Such arrangements would be barred under the new policy.

Amazon told Reuters last week it had written to the Indian government to seek an extension of four months. With more than 400,000 sellers and "hundreds of thousands of transactions" daily, Amazon said it needed the time to understand the policy.

Flipkart, in its letter, said the group has more than 80,000 employees and contractors and the number of shipments and packages which move daily were between 500,000 and 600,000.

The new policy "imposes several new conditions, which we believe could potentially have undesirable impacts on the continued growth of e-commerce in India", Krishnamurthy wrote.

The company added that it wanted to work with the federal government to promote "pro-growth policies" which can help develop the e-commerce sector. Before the policy change, Morgan Stanley estimated India's e-commerce market would grow 30% a year to \$200 billion in the 10 years up to 2027.

The US government has been concerned and earlier this month told Indian officials to protect Walmart and Amazon's investments in the country, cit-

ing "good relations" between the two countries, Reuters reported on Thursday. *Reuters*

SBI may get 15% in Jet on loan-to-equity conversion

Jet Airways has called an extraordinary general meeting on February 21 in Mumbai, to seek shareholders approval to increase its authorised share capital by issuing equity and preferred shares.

The company's shares have fallen 68% in the past year making it the worst performing share in the BI Asia Pacific Airlines index. They dropped 0.7% on Tuesday.

The carrier is working on "various options on the debt-equity mix, proportion of equity infusion," the airline said in a statement on January 16, adding the restructuring may lead to a change in the board of the company.

Essar Steel revival: NCLT rejects promoter Ruias' settlement bid

The ArcelorMittal bid promises ₹39,500 crore by way of cash upfront but was publicly challenged when Essar Steel promoters offered to pay ₹54,389 crore towards a full settlement of the entire admitted claims of the financial creditors, operational creditors and workmen and employees of Essar Steel.

The Essar Steel insolvency proceedings have been mired in a legal wrangling after over 90% of the committee of creditors (CoC) accepted an offer by ArcelorMittal which was subsequently submitted by the resolution professional for Essar Steel to NCLT for approval. Subsequently, Essar Steel Asia Holdings, which is a holding company of Essar Steel, filed a caveat in the NCLT that it be allowed to plead its case before any orders are passed in the matter.

As many as 31 operational creditors of Essar Steel moved the NCLT in five separate petitions urging that it direct the CoC to ensure full payment to them and take necessary steps to modify ArcelorMittal's resolution plan for that. Alternatively, they urged the tribunal to direct the CoC to also consider the last-minute offer of the Essar Steel promoters which promises to pay all creditors in full.

Remembering George Fernandes: The minister who threw Coca-Cola out, stalled HPCL privatisation

He even put it in writing that the sell-off policy was "making the rich richer and creating a private monopoly".

Fernandes, who was also the NDA convener, was often

used by others in the ruling alliance to train guns on the then disinvestment minister Arun Shourie.

After weeks of a political tug of war, Vajpayee reached a compromise that HPCL will be sold off while disinvestment of BPCL was put off to a later date. But Fernandes insisted that state-owned firms be allowed to bid alongside Shell, Saudi Aramco, Reliance, Petronas of Malaysia, Kuwait Petroleum and Essar Oil for HPCL.

Shourie was opposed to the idea of allowing firms like state-owned Oil and Natural Gas Corp (ONGC) to bid for government stake in HPCL, particularly after Indian Oil Corp (IOC) snapped fuel retailer IBP.

Those opposed to privatisation of HPCL and BPCL also took refuge under the Nationalisation Act saying the Parliament alone had the powers to privatise firms that were nationalised through a law passed by it.

The Supreme Court on September 16, 2003, also ruled that the government should seek Parliament's approval before proceeding with the sale of HPCL and BPCL. With general elections only a few months away, the NDA did not risk going to the Parliament.

It is another matter that the NDA in its second stint, last year, sold the government's entire 51.11% stake in HPCL to ONGC for ₹36,915 crore.

Fernandes, who had been suffering from Alzheimer's disease for several years, died peacefully at his home and his body was taken to All India Institute of Medical Sciences for embalming, his wife, Leila Kabir Fernandes, said in a statement.

She said the last rites will be conducted soon "after our son Sean Fernandes arrives in India (from the US). As soon as Sean arrives we will finalise the timing of the last rites and will inform all".

Jaya Jaitly, a long-time associate of Fernandes, said Fernandes had recently contracted swine flu. "I used to meet him regularly and I was to meet him tomorrow as well. But, such is life," she said.

A call was received at a private hospital from his home and an ambulance was dispatched although doctors had declared him dead at his home already, hospital sources said.

"Fernandes was attended to at his home by a Max Healthcare team, which found him unresponsive and declared him dead at 06:42 am today (Tuesday)," the hospital said in a statement.

Fernandes, who was born to a Christian family in Mangalore, Karnataka, burst into national limelight when as a firebrand trade unionist in Mumbai he organised a Railways strike in 1974 that brought the country to a standstill. Ironically, he became the railways minister in 1989 under VP Singh's National Front coalition government, comprising mostly Left leaning parties.

WELSPUN ENTERPRISES LIMITED							
CIN: L45201GJ1994PLC023920							
Regd. Office : Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat 370110.							
Corp. Office : Welspun House, Kamala City, Senapati Bapat Marg, Lower Parel (West) Mumbai - 400013.							
Website: www.welspunenterprises.com Email Id : companysecretary_wel@welspun.com							
Extract of Statement of Unaudited Consolidated Financial Results for the Quarter / Nine months ended 31 December 2018							
Rupees in lakhs							
Sr. No.	PARTICULARS	Quarter ended			Period ended		Year ended
		31 Dec, 2018	30 Sept, 2018	31 Dec, 2017	31 Dec, 2018	31 Dec, 2017	31 March, 2018
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Total income	45,947	29,039	32,428	1,12,990	75,008	1,18,195
2	Net Profit for the period (before tax and exceptional items)	4,350	4,297	2,053	12,588	8,122	13,536
3	Exceptional items (net) (Refer note 2)	1,844	116	453	1,980	(969)	(1,961)
4	Net Profit for the period before tax (after exceptional items)	6,194	4,413	2,506	14,568	7,153	11,574
5	Net Profit for the period after tax (after exceptional items and after non-controlling interest)	4,339	3,097	1,554	9,714	4,413	6,944
6	Total Comprehensive Income for the period (Comprising profit for the period (after tax) and Other Comprehensive Income (after tax)	4,338	3,202	1,553	9,796	4,409	6,851
7	Paid-up equity share capital (Face Value Rs. 10/- each)	14,808	14,753	14,753	14,808	14,753	14,753
8	Earnings per share (EPS)						
	* Not Annualised						
	(a) Basic EPS	2.93*	2.10*	1.05*	6.58*	2.99*	4.71
	(b) Diluted EPS	2.91*	2.08*	1.03*	6.53*	2.98*	4.66
Notes :-							
The above is an extract of detailed format of quarterly financial results filed with the stock exchanges under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. The full format of the quarterly financial results are available on the Stock Exchanges website www.nseindia.com and www.bseindia.com and also on company's website www.welspunenterprises.com							
Exceptional items - Gain/(loss) for the period includes.							
Rupees in lakhs		Quarter ended			Period ended		Year ended
Sr. No.	PARTICULARS	31 Dec, 2018	30 Sept, 2018	31 Dec, 2017	31 Dec, 2018	31 Dec, 2017	31 March, 2018
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
i)	Realisation of contingent asset on account of income tax refund from Welspun Maxsteel Limited (now renamed as JSW Steel (Salav) Limited).	-	-	-	-	43	43
ii)	Additional amortisation charge on account of reassessment of useful life of water pipe line project (on public-private partnership basis) due to economic and policy developments and revised the remaining useful life to 2.5 years in respect of the said asset w.e.f 1 April 2015.	-	-	-	-	(2,246)	(2,246)
iii)	Gain on sale of stake in Welspun Energy Private Limited - additional consideration	-	116	453	136	1,234	1,394
iv)	Impairment loss recognised on remeasurement of intangible asset	-	-	-	-	-	(1,183)
v)	Profit on sale of undertaking - Welspun Financial Services Limited	-	-	-	-	-	30
vi)	Gain on sale of stake in Dewas Bhopal Corridor Private Limited	1,844	-	-	1,844	-	-
		1,844	116	453	1,980	(969)	(1,961)
Additional information on standalone financial results is as follows :-							
Rupees in lakhs		Quarter ended			Period ended		Year ended
Sr. No.	PARTICULARS	31 Dec, 2018	30 Sept, 2018	31 Dec, 2017	31 Dec, 2018	31 Dec, 2017	31 March, 2018
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Total Income	43,994	27,466	29,813	1,07,945	68,875	1,09,276
2	Net profit for the period (before tax and exceptional items)	4,476	4,208	3,923	12,749	9,542	13,849
3	Net profit for the period before tax (after exceptional items)	6,320	4,324	4,376	14,729	10,818	15,266
4	Net profit for the period after tax	4,734	3,307	3,444	10,738	8,149	10,974
5	Total Comprehensive Income for the period (after tax)	4,722	3,422	3,443	10,819	8,145	10,886
For Welspun Enterprises Limited							
Sd/-							
Sandeep Garg							
Managing Director							
DIN: 00036419							
Place: Mumbai							
Date: 29 January, 2019							