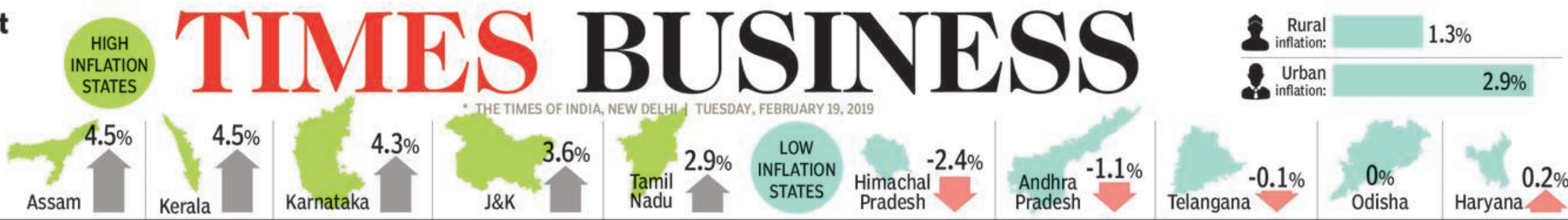


States see divergent inflationary signals

In January, retail inflation plunged to a 19-month low of 2.1%. But the cooling down effect wasn't uniform and this is how retail inflation played out in different states during the month



Cognizant case: DMK seeks CBI probe

L&T Denies Its Execs Paid Bribe | TN Govt Officials Indicted In \$2M Graft Case

TIMES NEWS NETWORK

Chennai: Two marquee names of corporate India are battling charges of bribery with pressure mounting on the Tamil Nadu government to call for a CBI probe into Cognizant's bribe payments to Chennai's construction regulator CMDA, allegedly through Larsen & Toubro (L&T).

Tamil Nadu's principal opposition party, the DMK, on Monday demanded a CBI probe into corruption charges levelled against some state government officials by Cognizant Technology Solutions (CTS) in a US court. DMK president M K Stalin said, "The company has told the US court that it had to pay Rs 26 crore as a bribe during construction of KITS Campus in Chennai to get electricity connection and

environment clearance." KITS Campus, on Old Mahabalipuram Road or IT Corridor, was developed and constructed by L&T.

L&T has said neither the company nor any of its officials ever paid a bribe. In a statement, a spokesperson of L&T said, "We are not aware of any alleged improper payments. We confirm that neither we nor any of our employees are party to the proceedings brought in the US."

On Friday, CTS said it would pay \$28 million to settle the case in the US. TOI found on Monday that US justice department papers have named Chennai Metropolitan Development Authority (CMDA) as the Tamil Nadu agency involved in the project. CMDA records, meanwhile, show L&T as the structural engineer for

WHAT'S THE CASE ABOUT

- 2014** | Cognizant Technology (CTS) execs allegedly bribed TN govt officials to build development centres
- 2016** | CTS voluntarily informs US justice dept & SEC that it has detected improper payments in India
- 2018** | SEC finds top CTS execs guilty of approving the payments
- 2019** | CTS agrees to settle case in US by paying \$28m

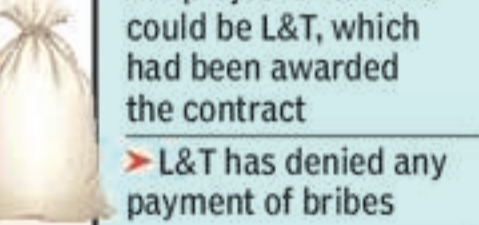
> It now emerges the payments were allegedly made via the projects' contracting firm

> Records related to the project show this could be L&T, which had been awarded the contract

> L&T has denied any payment of bribes

the project — Cognizant KITS — at Sholinganallur in South Chennai in 2014. L&T had applied for a planning permit with CMDA on behalf of CTS.

The US papers refer to a "government official ... in Tamil Nadu with influence over, inter alia, the issuance of planning and building per-



mits by Chennai Metro Development Authority (sic) ... the government official had made a \$2-million bribe demand to contracting firm..."

The bribe was paid in 2014 when A Karthik, IAS, was the member secretary of CMDA, and R Vaithilingam was the state housing and urban development minister. Karthik claimed ignorance, while Vaithilingam could not be reached for comment.

The 'government official' demanded a bribe of \$2 million from the contracting firm, which, in turn, informed CTS's real estate officer. The said officer, president Gordon Coburn and chief legal officer Steven E Schwartz participated in a video conference to discuss the bribe deal, documents showed. They decided to make the contracting firm pay the bribe and cover it up as bona fide construction expenses. The firm yielded to CTS's demand and made the bribe payment.

Details of construction approvals at precisely the same time show L&T was awarded the contract to complete the campus construction.

'No cheaper loans without FD rate cut'

There's High Cash In System, RBI Has To Cut Reserve Requirements: HDFC Bank CEO

Mayur.Shetty@timesgroup.com

Aditya Puri (68), the longest-serving bank CEO in India, has managed to build the largest and most valuable private lender in HDFC Bank on the back of technology. Puri himself does not use a smartphone or laptop and uses his tech 'illiteracy' as a strength to challenge his team to come up with digital interfaces that the man on the street can use. In an interview with TOI, he speaks of the road ahead. Excerpts:

Do you expect further rate cuts, and will these result in cheaper loans? What's your view on an external benchmark for loans?

The market is expecting another rate cut in April, given the dip in inflation and the understanding that there is a slowdown in the economy. At the same time, banks are finding it difficult on the funding side. Transmission of RBI's rate cuts will depend on the time frame in which deposit rates go down. As long as there is scarcity of deposits, and banks raise deposit rates, they cannot bring down lending rates. Deposits are scarce because of high currency in circulation, money moving to mutual funds and high interest rate on small savings. If cost of funds have to be brought down without a reduction in deposit rates, the RBI will need to reduce statutory liquidity ratio (SLR)/cash reserve ratio (CRR).

An external benchmark must have relevance to a bank's cost of funds and there must be some depth of funding available there. Without this, transmission will be warped. You can't have a situation where your liabilities are fixed, and your assets are floating on a benchmark that is not dependent upon your cost of funds.

It is 25 years since you launched the bank. Has it achieved all that you set out for?

When we launched, we said we will bring the best of the

nationalised banks and the best of foreign banks together. The idea was to have the distribution reach of nationalised banks and the products and service of foreign banks and bring them to as wide a customer base as we could. We definitely saw ourselves as a major player. We probably are a more major player than we had thought we would be. Valuation reflects growth. Ours is a compounding story where we grew in geography, added products and maintained margins and delinquency ratios. We feel we can even now grow for the next five to seven years the way we had in the last 25 years.

Is there a proposal to list HDB Financial Services (the bank's NBFC arm)?

Yes, definitely. In the next 12-18 months, HDB will get listed. HDB and the bank have no overlap and no business connection. So, it makes sense to list the company. This is unlike HDFC Securities, where our high net worth customers bring business.

What are your views on the February 12 circular? Many lenders feel that it is not practical...

I support it. What they are saying is that if there is a one-day default, you must give a plan in 180 days. It is providing a lot of discipline to banks and companies.

What is the unfinished agenda? Do you think bankers should be allowed to continue until 75 like in the corporate sector (unlike current cap of 70)?

I don't know why a banker has to retire earlier than a corporate CEO. Whatever the age, what I want to do is institutionalise processes, clearly define the plans where we are going and put in place a depth of management. We have completed 80% of this. We are betting on technology, a wider product range and in semi-urban and rural India. We are also betting on reducing costs. Our plans for the next five years are in place.

When will the search (for a successor) begin?

We are looking at an overlap of three months. So one year in advance should be good enough.

In the next 12-18 months, HDB (the bank's NBFC arm) will get listed. HDB and the bank have no overlap and no business connection. So, it makes sense to list the company

ADITYA PURI MD & CEO, HDFC BANK

What is the future for bank branches? You have opened the 5,000th branch (on Monday), how many more will you open?

Branches will only go down as the cash dealings in the economy drop. Branches will not be eliminated, but the rate of growth will slow down. We will add 300-350 branches every year. But when you take our distribution reach, each branch will be connecting 200 villages.

The recent outage in mobile banking caused a lot of disruption...

I would once again like to apologise to the customer for any inconvenience caused. When we launched the new app, we anticipated double the downloads of what we saw previously. It was actually 6x. What has changed in digital is our business model, which has brought down cost-to-revenue by almost 5%. We want to deliver service to the custo-

Gaurs make last bid for Jaypee Infra

Lenders Unlikely To Accept Loan Settlement Offer

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New Delhi: The Gaurs, the promoters of Jaypee Infra-tec, on Monday made a last-ditch effort to regain control of the debt-laden company that is facing insolvency by offering to settle the dues to lenders led by IDBI Bank.

Jaypee Infra-tec, with debt of close to Rs 10,000 crore, had been referred for insolvency action in August 2018 and the lenders had earlier rejected the promoters' bid to acquire the company under the resolution process. The offer was spurned as Section 29A of the

Insolvency and Bankruptcy Code (IBC) explicitly bars the promoters from being considered for the resolution process.

This time, the Gaurs have suggested that they will settle the dues of lenders under Sec-

REGAINING CONTROL?

tion 12A of the IBC, banking sources said. But the details of the offer were not immediately available. The sources said that Manoj Gaur made a presentation before the committee of creditors on Monday. When contacted by TOI, Gaur did not

disclose details of his offer.

While the committee comprising bankers and home buyers heard out Gaur, it is unlikely to consider the offer as NBCC and Suraksha Asset Reconstruction Company have moved ahead with the financial bids that have already been opened, a banker said. The Ruia of Essar Steel had recently made a similar offer even though lenders had backed ArcelorMittal's bid for the company. The offer had been rejected by the banks, which cited a court ruling to back their argument.

Along with Essar Steel, Jaypee Infra-tec is one of the

most closely-watched insolvency resolution cases given that it was among the dozen high-profile cases. The Gaurs have maintained that unlike several other promoters, they had been proactive in selling their assets to repay lenders and had agreed against opposing the lenders' plea in the National Company Law Tribunal on an assurance from IDBI Bank.

Both bids were cleared by the committee, which will now proceed with negotiations with the two suitors, a process that is expected to take three-four weeks.

Emami's promoters sell 10% in flagship co

TIMES NEWS NETWORK

Kolkata: Emami Group promoters have divested 10% in flagship Emami Limited for Rs 1,600 crore to reduce debt at the owners' level. PremjiInvest, the investment fund of Azim Premji, has picked up 3% in the deal, while SBI MF bought 5%. The total debt of the Emami Group promoters was at Rs 4,000 crore. The latest move values the promoters' remaining stake in Emami Limited at Rs 11,700 crore.

The other purchasers include Amundi, IDFC and L&T Mutual Fund. The transaction was executed on the stock exchange on Monday. A company official said that the stake sale's proceeds will reduce promoters' debt (used in creation of assets like cement, solar power, etc). Pur-

₹1,600 CR DEAL

suant to the stake sale, the promoter holding in Emami Limited will stand at 62.74%, down from 72.44%.

"The debt burden was an area of concern at the promoters' level, which we tried to reduce," said Emami director Mohan Goenka. According to him, it will also help to increase liquidity. "We have concluded a stake sale that will ease the liquidity position of the promoter group and reduce the debt. We are committed to maintaining our significant majority stake in the company and do not anticipate any further dilution of stake in the foreseeable future," Goenka added.

Emami Limited has a turnover of over Rs 2,400 crore, whereas the group's turnover is around Rs 16,000 crore.

China's SAIC to ride MG into India

To Drive In 4 Off-Roaders In 2 Years

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New Delhi: China's top car-maker SAIC wants to get a slice of the Indian market, and will be banking on a strong SUV strategy to make the cut. Morris Garages (MG), the British car brand revived by the Chinese auto major around 2014, will drive in this charge as four SUVs — manufactured out of the Gujarat plant that was acquired from General Motors — will enter India over the next two years.

The company, which has already spent Rs 2,000 crore of the planned Rs 5,000-crore investment, will debut with a premium SUV (called Hector) that will be launched in



"The India foray is surely a challenging one, and will not be easy. We intend to be the dark horse in the market"

— RAJEEV CHABA MD AND PRESIDENT, MG MOTORS INDIA

the April-June quarter.

Expected to be priced around Rs 15 lakh, this will compete with the Jeep Compass, Tata Harrier and Mahindra XUV500.

The second vehicle will be an electric SUV (e-ZS) and will hit the road around October, likely to be priced near the Rs 20-lakh mark.

The next two products that will be introduced will include a seven-seater version of the Hector (it could have a different name), followed up by a mini SUV, which could be priced under Rs 10 lakh and compete with models such as Maruti's Brezza and Hyundai Creta.

Rajeev Chaba, president and MD of MG Motors India, says the company has carried out an extensive groundwork, and this includes work on having a high degree of localisation, hiring experienced talent, and setting up a sizeable retail and service network. "We are a serious player, and would make sure that a customer not only gets the right product but also enjoys a healthy post-sales experience," Chaba — the former head of General Motors' India operations — told TOI.

At the time of the launch of the first product, the company will have over 100 sales and service points across 65

cities. Chaba says that he understands the "daunting challenge" of the Indian market, where the majority of sales are accounted for by Maruti Suzuki and Hyundai. "There is a pattern of failure that some of the other brands have ended up adopting. While they have had good products, they have been found lacking in areas of retail, service, logistics, spare parts and customer experience. We do not intend to commit the same mistakes."

Chaba has hired professionals from rival companies to manage key functions, and these include executives from Hyundai, General Motors, Harley-Davidson, Honda and Bridgestone.

On the products side, the Hector will have a localisation of nearly 75%. The company is expected to be aggressive on the pricing front, enabled by the high degree of localisation.

Remote-access apps used to steal money from a/c

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Mumbai: A new fraud has emerged where the customer is led to install a third-party app, which provides access to the bank account.

A Bengaluru-based former bank official lost Rs 1 lakh after fraudsters gained access to his phone by getting him to download an app that allows for malicious access.

MALICIOUS USE OF UPI

Narayan Hegde, a retired Syndicate Bank officer, was swindled after he installed the AnyDesk app. Hegde was an e-wallet user and needed help in restoring the app on his new phone. He called one of the numbers that showed up after an online search for the mobile wallet's helpline.

The party at the other end directed Hegde to download the AnyDesk app and asked him to forward a hashed string text that he received. Soon after he did this, money was withdrawn from his account in a series of debits.

When he contacted his bank's branch, he was informed that the money was transferred to an Aditya Birla Payments Bank account using the Unified Payments Interface (UPI) platform. While five transactions were made to withdraw Rs 1.24 lakh, the fraudsters were successful in debiting only Rs 1 lakh. However, Hegde received alerts for just two of the five transactions.

"Banks shouldn't make their clients run around and should follow the RBI guidelines to pay up customers when they fall prey to such frauds. Even former bank employees are not spared," said Prashant Mali, a cyber-law expert and a Bombay high court lawyer. He added that the finance ministry should follow up with banks' management teams for compliance with the RBI guidelines to compensate victims of such frauds.

Incidentally, two days after this incident, the RBI cautioned banks on the "new modus operandi to commit fraud in digital payments". Syndicate Bank did not respond to queries.

12:00 PM 100%

< Message The President of India Contact

Sir,

I request you to direct the Government of India to make the necessary change in law to enable me to exercise my right to vote from any place in India that I am located in.

Sincerely yours

Name:

City:

Support the cause and sign the petition on WWW.LOSTVOTES.COM

An initiative of The Times of India

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CHANGE Begins Here

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