Reliance Jio hints it won't raise tariffs

SPECIAL CORRESPONDENT

Reliance Jio has hinted that it will not raise tariffs even after becoming India's largest telecom company by number of subscribers, and will focus on adding more users, meaning margin stress in the sector for other operators is likely to continue for the coming quarters.

Reliance Jio launched new plans that bundle-in charges for cross-network calls to recover the interconnect usage charges

(IUC) of 6 paisa per minute. The telecom operator will continue with its current pricing despite falling average revenue per user (ARPU) to ₹120 per month, in a bid to add more and more users.

Focus on customers

"Our existing tariff continues as we are focussed on getting more customers. The tariff charge of 6 paisa per minute is not a tariff increase but it's a regulatory charge that we need to pay to other operators. At AR-PU of ₹120, more customers are coming and we ensure that they consume more data. All customers continue to be more active. Our focus is to get more and more customers," said Anshuman Thakur, head of strategy at Reliance Jio.

Jio's all-in-one plan with a pricing of ₹222 per month, ₹333 for two months and ₹444 for three months offers 2 GB of data per day, unlimited free calls on Jio network and 1,000 minutes of free calls on other networks. Jio claims that its call rates are 20%-50% cheaper than competition.

Reliance Jio is the world's second-largest, single-country operator with 350 million users.

Infosys CEO accused of unethical practices

Whistleblower group complains to U.S. SEC, board, says Parekh trying to boost profit via unfair means

BENGALURU

For Infosys, India's secondlargest IT services company, the woes caused by whistleblowers just don't seem to

In its latest missive, Ethical Employees, a whistleblower group, has allegedly complained to the U.S. Securities and Exchange Commission (SEC) and the Infosys' board that CEO Salil Parekh was indulging in "unethical practices" to boost short-term revenue and pro-

The group claimed it had recordings and mails to show Infosys was indulging in such

The e-mail to the board and the SEC is dated September 20, 2019, while another e-mail dated October 3, 2019, had been sent to the U.S. Labour Department's Office of the Whistleblower Protection Program enclosing "doc-



evidence" and voice recordings on several allegations made in the earlier e-mail. "We have not sent to the company as our identity would be revealed," the email to the U.S. Labour Office

The complaint alleges that Mr. Parekh bypassed reviews and approvals for large deals. First reported by a financial newspaper, the complaint alleges that Mr. Parekh directed his key employees to make "assumptions" to show margins.

It also claims that the CFO was complicit in the wrongdoing. It alleged that several billion-dollar deals in the last few quarters had a nil margin and asked the company to get deal proposals, mar-

gins, undisclosed up-front commitments and revenue recognition checked by audi-

Panel to vet complaint "The whistleblower complaint has been placed before the audit committee as per the company's practice and will be dealt with in accordance with its whistle-

blowers' policy."

The whistleblowers' allegations talks about how the complainants were asked to not fully recognise visa costs in the quarter and were pressurised into not immediately recognising \$50 million in reversals in a contract.

It alleged that Mr. Parekh as well as chief financial officer Nilanjan Roy were pressuring the finance team to show more profit in their treasury management by taking risks and making changes to policies.

In 2017 and 2018, a pre-

vious whistleblower had raised questions over corporate governance issues at Infosys.

In an immediate reaction to the whistleblowers' allegations, the American Depository Receipt (ADR) of Infosys slumped 16% on the Nasdaq exchange in opening trade on Monday.

The ADRs were ruling at \$8.90, down 15.84%. On Friday, the ADRs had closed at

The Securities and Exchange Board of India (SEBI) had even set up a probe committee to find out whether the allegations were true or

Previously, in 2017 and 2018, a whistleblower had raised questions about corporate governance issues at the firm.

After several developments, the then Infosys CEO Vishal Sikka had to step down from office.

the board should take note

of it. "Investors expect best

practices from Infosys," he

Another proxy advisory

firm, SES, said that compa-

nies are under extreme pres-

sure to come out with better

results quarter after quarter.

major changes in the board

in spite of several allegations

earlier," J. N. Gupta, a co-

founder and MD, Stakehol-

ders Empowerment Servic-

es, said. "It is important to

know the truth but going by

the allegations made in the

mail, it is quite clear that In-

"Infosys did not make any

In the first 9 months of 2019, India was the biggest buyer of Malaysian palm oil, at 3.9 million tonnes. • GETTYIMAGES/ISTOCI

Avoid oil imports from Malaysia: trade body

Advisory follows its PM's J&K remarks

SPECIAL CORRESPONDENT AHMEDABAD

In line with the Union Government's strong objections to Malaysia's "unprovoked" remarks criticism on India's move to abrogate Article 370 in Jammu and Kashmir, India's apex oil trade body Solvent Extractors' Association of India (SEA) on Monday advised all its members to avoid imports from the southeast Asian nation amid prevailing tensions between the two countries.

The association issued a short advisory asking its members, including importer-crushers and processors, to avoid importing palm oil from Malaysia till clarity emerges.

"Our government has not taken kindly to the unprovoked pronouncements by the Malaysian Prime Minister and is contemplating some retaliatory action. It would be in fitness of things, as a responsible Indian vegetable oil industry, we avoid purchasing of palm oil from Malaysia till such time clarity on the way forward emerges from the Indian

Palm oil imports

government."

India's total annual palm oil import is approximately 9 million tonne out of which around 3-3.5 million tonne is imported from Malaysia and rest from Indonesia, another major palm oil producing country.

Palm oil accounts for almost two-thirds of the country's total edible oil imports.

In the first nine months of 2019, India was the biggest buyer of Malaysian palm oil. taking 3.9 million tonnes, as per the industry data.

"In your own interest as well as a mark of solidarity with our nation, we should avoid purchases from Malaysia for the time being. We trust [you] would heed our advice," Atul Chaturvedi, president, SEA stated in the advisory.

The row was triggered when speaking at the 74th session of the UNGA, Malaysian Prime Minister Mahath ir Bin Mohamad had reportedly remarked that Jammu and Kashmir "has been invaded and occupied," a statement that angered the Union government.

Subsequently, government sources hinted at looking for ways to limit palm oil imports and placing restrictions on other goods being shipped from the country.

The Ministry of Commerce and Industries held several meetings to discuss ways to introduce restrictions.

to move units

SPECIAL CORRESPONDENT

ties at the end of Q3 2019

(July to September quar-

ter), according to a study

by Anarock Property

The overall unsold stock

of ready homes in Q2 2019

was about 77,100 units,

which has now increased

to 81,300 units as on Q3

2019, rising by 5% in a

quarter. As many as 4,200

units have completed in a

period of one quarter and

Among the cities, Pune

saw maximum rise in its

unsold ready stock against

Consultants.

climb 5%'

'Unsold, ready +

'Group encloses mails, voice recordings on wrongdoings'

'CEO, CFO wanted to give misleading numbers'

K. GIRIPRAKASH

'Ethical Employees,' the whistleblower group that claimed Infosys CEO Salil Parekh had indulged in unethical practices, has, in a mail to the U.S.-based Office of the Whistleblower Protection Program, said that it had enclosed mails and voice recordings but that it had not sent them to the company.

"We have not sent them to the company as our identity would be revealed.

"We are providing additional information to you under the Whistleblower Pro-

tection Program," the mail said. A total of 16 enclosures have been mailed to the office of the Whistleblower Protection Program.

Auditors' objections

These include e-mail copies on visa costs, auditors who have noted their objections, voice recordings and another set of e-mails to show how the CEO and CFO wanted "misleading" figures about revenue and profit to be pushed, bypassing auditors.

Another set of e-mails pertain to a deal with an upfront payment and the pressure not take the charge as it would impact profit and stock prices.

The group said voice recordings have instructions from the CEO and the CFO not to present to the board or share important information with the auditors.

Some more enclosures are e-mails on irregularities in revenue recognition in Verizon, ABN, Intel and Japanese joint venture deals and voice recordings by the CFO.

The voice recordings have been enclosed in a pen drive under the subject 'Truth 1' and electronic copies of the mail under the subject

'Whistleblowers' charges need thorough probe'

added.

'Give investors the correct picture'

InGovern, a proxy advisory firm, has said the whistleblowers' allegations against Infosys are specific in nature, and the audit committee needs to investigate and give investors the correct picture.

Shriram Subramanian, MD, InGovern, said the last time, there was not much depth to the whistleblower's complaint. But this time, there are specific complaints. "No two ways about it. It calls for urgent and express action," he said.

He said if there are accounting irregularities, then

fosys should conduct a thorough probe," he said. UltraTech Q2 net up 63%;

firm's capex at ₹940 crore Sales growth muted on poor demand

SPECIAL CORRESPONDENT

Cement major UltraTech Cement reported a 62.64% increase in its second quarter consolidated net profits to

The profits were reported on a 4.43% increase in net sales to ₹9,491 crore during the quarter, due to depressed cement demand stemming from an extended monsoon season and as a result of floods in various parts of the country.

Acquisition completed

The consolidated results also include the cement business of Century Textiles, whose acquisition process was completed by UltraTech Cement on October 1, 2019.

"UltraTech completed the acquisition of Century Textile's cement business, with the scheme of demerger becoming effective from October 1, 2019.

"With this acquisition, Ul-

mented at 117.4 mtpa, including its overseas capacity," said a company statement adding that this makes UltraTech the third-largest cement company in the world, outside of China.

It is also noted that it was the only company in the world to have a capacity of over 100 million tonnes in a single country, outside of China.

"This will further streng-

traTech's cement manufac-An estimated 81,300 readyto-move-in homes. counting for 12% of the total inventory of 6.56 lakh homes, remained unsold across India's top seven ci-

The company's board approved a capital expenditure of ₹940 crore for making premium products, with an increase in its grinding capacities in Bihar and West Bengal by 0.6 mtpa each and a new grinding unit of 2.2 million tonnes in Odisha.

then the company's position in the eastern markets. All the plants will be commissioned by January-March 2021," the company said in the statement.

the preceding quarter from 12,060 ready units in Q2 2019, the unsold inventory of ready homes has risen to 14,260 units. However, MMR saw its

total unsold stock of ready units decline by 6% in a quarter implying that there were decent sales of ready unsold properties. The region saw its unsold stock of ready units decline from 22,400 units in Q2 2019 to 21,000 units as on Q3 2019.

"We have seen market sentiment improving a bit in the last one month. People are buying cautiously as compared to ritualistic buying during festive period," said Manju Yajnik, vice-chairman, Nahar Developers & vice president, NAREDCO, Maharashtra.

Last year, during the same period, 85,000 unsold units were ready across the top 7 cities, this year there has been a reduction of 4.5% year-onyear. An analysis of data of ready unsold inventory reveals that the maximum ready stock is in the affordable segment priced below ₹40 lakh, followed by mid-segment homes.

⁺ Rane (Madras) profit dips 80% on lower volumes

Rising finance costs also proves a drag

SPECIAL CORRESPONDENT

Standalone net profit of Rane (Madras) Ltd. for the second quarter ended September 2019 dropped to ₹2.7 crore from ₹13.8-crore recorded in the year-earlier period on lower volumes and rise in finance costs.

Total income of the company, which is a leading manufacturer of steering and suspension products, slipped to ₹282.35 crore from ₹355.55 crore in the second quarter, the company said in a regulatory filing. "The volume drop in

domestic market resulted in significant challenges to the India operations. We expect the sluggish demand environment in India to continue for few quarters," said L. Ganesh, chairman.

He also said the management was working on various cost reduction projects to partially mitigate the impact of the drop in vol-



umes. The U.S. subsidiary is stabilising the volumes on new businesses and working on several systemic operational improvement projects. According to him, sales to original equipment manufacturers declined by 31%, international customers by 14% and Indian aftermarket 16%. Lower volume and unfavourable mix resulted in a 282 basis-point drop in EBITDA margin.

The company named B. Gnanasambandam as chief

NBFCs raise ₹2.36 lakh cr. in one year via loan sale

Reflects choking up of traditional finance channels: ICRA

SPECIAL CORRESPONDEN

The non-banking finance companies sector (NBFC), which is witnessing a crisis of confidence with some players defaulting on repayment, has raised a whopping ₹2.36 lakh crore in the last 12 months by selling loans.

NBFCs and housing finance companies (HFCs) were forced to sell loans to mobilise resources as banks had almost stopped lending to the sector.

"Given the squeeze in liquidity since September 2018, NBFCs and HFCs together have raised the much-needed funding to the tune of ₹2.36 lakh crore over the last 12-month period (i.e. October 2018 to September 2019) through sell down of their loan assets under either the securitisation or direct assignment route," rating agency ICRA said.



NBFCs and housing finance firms had to sell loans as banks had almost stopped lending to the sector. • GETTYIMAGES/ISTOCK

The agency said the unprecedented increase in selldown volumes reflects the choking of traditional on-balance sheet borrowing channels such as loans, bonds and commercial paper issuances. "NBFCs and HFCs continue to rely heavily on securitisation as a tool for raising funds, manage liquidity and to correct any asset-liability mismatch," said Abhishek Dafria, head,

structured finance ratings, ICRA. He added the Centre's partial credit guarantee scheme (PCG) will add to overall market volumes. "With public sector banks directed to disburse funding of ₹1 lakh crore under the PCG scheme by February 2020, we believe that the size of the securitisation market would be at an all-time high, in excess of ₹2 lakh crore for FY2020," he added.

'Total wealth in India touches \$12.6 trillion'

Country now fifth globally in terms of number of ultra-high net-worth individuals

SPECIAL CORRESPONDENT

Total wealth in India increased fourfold between 2000 and 2019, reaching \$12.6 trillion in 2019, making India the fifth globally in terms of the number of ultrahigh net-worth individuals,

as per a Credit Suisse study. According to the study, the wealth per adult in India grew by an average of 11% annually over the period 2000-2019 and the wealth per adult is estimated at \$14,569 in mid-2019 after a year of moderate growth.

"Prior to 2008, wealth rose strongly, from \$2,127 in 2000 to \$6,378 in 2007. After falling 29% in 2008, it rebounded and grew at an average rate of 12% up to 2019,"



property and other real assets, the report said. • PAUL NORONHA

said the report while adding that personal wealth in India is dominated by property and other real assets, which make up the bulk of household assets.

Incidentally, while India has 8.27 lakh adults in the

top 1% of global wealth holders - 1.6% share of the global pool – it is estimated that India has 4,460 adults with wealth of over \$50 million and 1,790 that have more than \$100 million.

However, the study also

found that while the number of wealthy people in India has been on the rise, a larger section of the population has still not been part of the growth in overall wealth. "While wealth has been

rising in India, not everyone has shared in this growth. There is still considerable wealth poverty, reflected in the fact that 78% of the adult population has wealth below \$10,000," stated the report, while highlighting the fact that a small fraction of the population - 1.8% of adults has a net worth of more than \$100,000. Meanwhile, as per the financial major, India is expected to grow its wealth very rapidly and add \$4.4 trillion in just five years, reflecting an increase of 43%.

Ministers highlight stronger relationship with the U.S.

India likely to increase oil and gas imports to \$10 bn: Goyal

SPECIAL CORRESPONDENT NEW DELH

Indian Ministers sought to highlight a strong relationship with the U.S., with Petroleum Minister Dharmendra Pradhan on Monday saying that India is likely to increase its oil and gas imports from the U.S. to \$10 billion in the current year. Commerce Minister Piyush Goyal said India and the U.S. had settled the broad contours of a trade deal, which would likely be announced soon.

The Ministers were speaking at separate sessions of the Second Annual India Leadership Summit by the U.S. India Strategic Partnership Forum. "India has already in-

creased its engagement with the U.S. on oil and gas," Mr. Pradhan said. "Before 2014, we did not import any oil and gas from the U.S. By 2018-19, we started importing about \$6 billion worth from the U.S., and this may go up to \$10 billion in 2019-20. This is due to the gasbased economy this government is setting up in India." Later in the day, Mr. Goyal

said that Indo-U.S. relations were "better than ever" on a country level as well as leadership level. He further said that a trade deal would

to U.S. trade discussions with other countries. "By now, we would have been in a position to an-

have been announced by

now if not for the delays due

nounce something, but counterpart in the U.S. was first caught up with talks with Japan, and then with China," Mr. Goyal said. "The broad contours have been settled and we can hopefully come out with the first set of agreements soon." The Commerce Minister added that India and the U.S. had the potential to work out a bilateral agreement that went beyond the "mere tinkering" they were doing today.