20 years after driving in, Ford turns the corner in India

FROM PAGE 1

entry-level cars are built. Little wonder that Maruti makes about ₹8,000 crore in profit every year and corners more than half in domestic market share.

Nevertheless, the EMOM programme has helped Ford reduce its structural costs by 40%, through a sharper focus on localization, sourcing and commonality, a classic feat when juxtaposed with the exit strategy that its oldest rival, General Motors Co., chose for India.

Ford's global chief executive, Jim Hackett, and promoter Bill Ford have approved a so-called "single-window clearance" for India at its Asia Pacific Approval Authority in Singapore.

This means the local operations won't have to seek a nod from Detroit on any of the strategic decisions it wants to take—a move dynamically opposite of the Dearborn-based company's "One Ford" plan originally conceived by its famed chief executive, Alan Mulally.

A spokesperson for Ford India confirmed the piloting of the EMOM strategy in India. The spokesperson declined to comment on future products in response to emailed queries sent on Friday.

According to *Automotive News*, Ford has initiated an $11 billion global restructuring of operations that will stretch into the next decade. EMOM could just be one such step in that direction.

The company is struggling in markets such as Europe, China and South America, which has necessitated the restructuring.

The recently concluded agreements between Mahindra and Mahindra Ltd and Ford's local subsidiary is only a cog in the wheel for Ford. If Ford can scale this model up, India could just be its new torchbearer for emerging markets.

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CVC analysis lifts lid on tactics borrowers use to defraud banks

Central Vigilance Commission shares report on top 100 bank frauds

Shayan Ghosh & Maulik Vyas
MUMBAI

From creating fictional debtors and inflating invoices to hiring chartered accountants to access the core banking systems (CBS) during audits, delinquent borrowers have deployed a slew of tactics to defraud banks.

The Central Vigilance Commission (CVC) analysed top 100 bank frauds as on 31 March, 2017. It focused on the modus-operandi, the amount involved and type of lending such as consortium, multiple-banking and individual, and the loopholes that facilitated the frauds. Sectors involved in such frauds include gems and jewellery, manufacturing, agro, media, aviation and services.

Analysis of frauds by companies in the manufacturing of drugs, textile, ferrous metals, and steel products showed several inconsistencies in their books, the CVC said.

In one case, a company deposited invoices worth ₹6,740 crore, including ₹1,679.45 crore for the purchase of "fancy shirting". The CVC report said that on review of the invoices and stock records, it could not confirm physical movement of the material. "Mismatches were found in products mentioned in letter of credit invoice documents and products mentioned as per books of the company." In another case, involving a logistics company, banks were tricked into disbursing loans for 2,804 vehicles on the basis of forged vehicle registration documents. CVC highlighted that these loans were wilfully diverted by the company's directors and the trucks were never purchased. "In most instances, even the registration documents were not submitted to the bank whereas in several other instances old vehicles were passed off as new," CVC said.

Experts believe that lenders, especially banks, need to invest more in forensic due diligence infrastructure to monitor accounts where they have large exposures, and it needs to be proactive and not reactive.

"In most cases, the initial due-diligence is more like a tick-box exercise. The lenders need to rope in lawyers for due-diligence and then experts for forensic audits," Priyanka Sinha, co-founder, A&P Partners, said. She added that in many cases, once money flows out of the Indian jurisdiction, it becomes very difficult to trace it or bring it back. "However, if banks implement a system that can check the money trail, as and when it happens, such as the case in several developed countries, the issue can be tackled."

The number of frauds of ₹1 lakh and above reported by public sector banks stood at 2,833 in FY18

According to the Reserve Bank of India (RBI) data, the number of frauds of ₹1 lakh and above reported by public sector banks stood at 2,833 in FY18, 2,709 in FY17 and 2,789 in FY16. The data, however, is by the year of reporting and not the year of occurrence of fraud or sanction of loan.

"The report clearly indicates that several frauds happened because there was a concentration of power at a certain level, which was deciding on disbursements. If there were a committee rather than a person to decide on such loans then many frauds could have been avoided," said Anupam Prasad, partner of law firm IndusLaw.

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RAMESH PATHANIA/MINT

Watchdog flags loopholes

Borrowers deployed tactics such as creating fictional debtors and inflating invoices to hiring CAs to access the CBS during audit

CVC focused on the modus-operandi, the amount involved and type of lending and the loopholes that facilitated the frauds

Experts believe banks need to invest more in forensic due diligence infrastructure to monitor accounts where they have large exposures

Tata Steel moves NCLAT against finalization of JSW's bid for BPSL

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BLOOMBERG

Lenders to Bhushan Power and Steel allowed JSW Steel to tweak basic parameters of bids after declaring Tata Steel's bid as the highest, says plea in National Company Law Appellate Tribunal.

Tata Steel Ltd on Monday objected to lenders of debt-laden Bhushan Power & Ltd (BPSL) finalizing a bid of its rival JSW Steel Ltd.

The lenders allowed JSW Steel to change the basic parameters of its bid after having previously declared Tata Steel as the highest bidder, according to a plea filed by Tata Steel at the National Company Law Appellate Tribunal (NCLAT).

On Monday, NCLAT heard the arguments made by the counsel appearing for Tata Steel and adjourned the hearing of the matter to 1 November.

Last week, more than two-thirds of lenders to BPSL voted in favour of a revised offer by JSW Steel, turning on the heat in a contest for an asset that is also being pursued by Tata Steel and UK's Liberty House.

In the initial round of bidding, BPSL received bids of ₹11,000 crore from JSW Steel, ₹17,000 crore from Tata Steel and ₹18,500 crore from Liberty House.

Sajjan Jindal-promoted JSW Steel had subsequently revised its bid to ₹19,700 crore, which has now won the lenders' approval. BPSL operates a 3.5 million tonne (mt) steel plant in Odisha. A two-member NCLAT bench headed by Chairperson Justice S.J. Mukhopadhaya directed the counsel appearing for Tata Steel to complete arguments on the matter in the next hearing.

"Either complete the arguments or we'll ask them (committee of creditors) to consider the revised plan (of JSW Steel)," said the NCLAT bench.

"Because it's the committee of creditors (CoC), it cannot allow changes after changes.... Six bids have been allowed by the CoC to JSW Steel," said senior advocate Abhishek Manu Singhvi, appearing on behalf of Tata Steel.

The NCLAT had, in an interim order on 6 August, allowed all three contenders—Tata Steel, Liberty House and JSW—to file additional unconditional 'resolution plans' by 13 August 2018, improving their financial offer without compromising the basic parameters of the 'resolution plans' already submitted by them.

However, the committee of creditors allowed JSW to change basic parameters of its resolution plans.

On 17 July, the NCLAT had stayed the meeting of CoC when they were going to vote for finalising the highest bidder for BPSL.

BPSL, which owes more than ₹48,500 crore to a consortium of lenders led by Punjab National Bank, is one of the 12 large companies identified by the Reserve Bank of India for early insolvency resolution.

CAN GOOGLE GET PAST THE INTERNET WALL OF CHINA?

IT MATTERS
SIDDHARTH PAI

Respond to this column at
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At the outset, let me make clear that I am not a proponent of barriers to trade. Neither am I supportive of muzzling free speech. With that said, I would like to dwell today on how China's government has been successful in giving its home-grown internet giants a stranglehold on the domestic market by using censorship as a trade barrier.

Last week, Google CEO Sundar Pichai told the Wired 25 conference that his company had been testing a version of its search engine named "Project Dragonfly" that would pass muster with China's censors. Pichai said he was excited about the result of the tests; he reported that the censored version would still serve over 99% of queries. Pichai made quite clear that the internet giant intended to go after the Chinese market.

Earlier statements from Google executives, in response to leaks to the press, were that the work on Project Dragonfly had been "exploratory", "in early stages" and that Google was "not close to launching a search product in China". Pichai's presentation last week confirmed otherwise.

The leaks had led to protests, even within Google. Fourteen hundred Google employees signed a petition demanding more transparency about the project and employee input into the decision. Human rights groups including Amnesty International sent an open letter to Google's management seeking clarification.

In early October, US vice-president Mike Pence warned that Dragonfly, if released, would both strengthen censorship in China as well as compromise the privacy of Chinese customers. Pence should probably also have dwelled on the privacy of customers from the US, but that's a discussion for a different day.

On a side note, during the second quarter of this year, Google's famed motto "don't be evil" was removed from the preface of its code of conduct and relegated to the last line.

During his presentation, Pichai made it clear that Google could not afford to ignore China, which has over 20% of the world's population. I wonder where that 20% figured in Google's calculations eight years ago. On January 2010, Google announced that in response to a hacking attack from China, it was no longer willing to censor searches in China and would pull out of the country completely if necessary—which is essentially what happened.

This would seem fair enough. Internet firms walk a tight rope when it comes to balancing local laws on hate speech and free speech, and routinely need to adjust what their users see in various countries around the world. In Thailand, for instance, there are strict laws about lèse-majesté (or talking ill about the King), and in Germany, distributing Nazi era propaganda is illegal. As a result, companies such as Google and Facebook publish a detailed annual transparency report. These reports show the number and type of content takedown or user-information requests received, and the number complied with from each country. Sometimes, the decision to quit a country is made for them.

Internet firms walk a tight-rope when it comes to balancing local laws on speech

Meanwhile, in the eight years since Google quit, the Chinese market has exploded, growing to over 800 million users, most of them on mobile—paradoxically via Google's Android—from just over 300 million in early 2010. If Google were to re-enter China, it would run up against Baidu, which has the lion's share of the market, as well as other home-grown search engines.

Pichai hopes Google will win Chinese users by providing more reliable information. Search engines are sticky, however, and it is difficult for upstarts to upend dominant players. The Chinese firms have also had enough time to create a network effect with other services such as WeChat, a messaging service and with other services such as home-grown e-commerce sites, online banking, and taxi booking apps.

Speaking of taxi booking, remember that Uber also recently quit China. I wonder if it would bump into the internet wall of China if it sought to return.

Siddharth Pai is founder of Siana Capital, a venture fund management company focused on deep science and tech in India.

JUBILANT LIFESCIENCES

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Extract of Consolidated Unaudited Results for the Quarter and Half year ended 30 September 2018

(₹ in Lakhs)

Particulars	Quarter Ended			Half Year Ended		Year Ended
	30 September (Unaudited) 2018	30 June (Unaudited) 2018	30 September (Unaudited) 2017	30 September (Unaudited) 2018	30 September (Unaudited) 2017	31 March (Audited) 2018
Total revenue from operations	226949	207865	164204	434814	323809	755781
Net Profit before tax, exceptional and extraordinary items	30181	28637	16813	58818	37134	85908
Net Profit before tax (after exceptional and extraordinary items)	30181	28637	16813	58818	37134	85908
Net Profit after tax, exceptional and extraordinary items	20977	20037	12547	41014	26918	63442
Total comprehensive income after tax (comprising profit/(loss) for the period after tax and other comprehensive income after tax)	35071	21402	20563	56473	38881	69981
Earnings per share of ₹ 1 each before and after extraordinary items (Not annualized)						
Basic (₹)	13.50	13.00	8.23	26.50	17.67	41.25
Diluted (₹)	13.50	13.00	8.23	26.50	17.67	41.25
Equity share capital	1558	1558	1557	1558	1557	1558
Reserves (excluding revaluation reserve)				458349	376087	407095
Net Worth				454477	373091	403501
Paid-up debt capital				301970	245340	245010
Capital Redemption Reserve				3984	3984	3984
Debenture Redemption Reserve				7492	3746	7492
Debt Equity Ratio				0.76	0.99	0.81
Debt Service Coverage Ratio				6.65	4.43	3.61
Interest Service Coverage Ratio				6.65	4.88	5.48

1. The Company has opted to publish consolidated results for the year ending 31 March 2019. The standalone unaudited results are available under Investors section of our website at www.jubl.com and under Financial Results at Corporates section of www.nseindia.com and www.bseindia.com. Key standalone financial information of the Company is as under:

(₹ in Lakhs)

Particulars	Quarter Ended			Half Year Ended		Year Ended
	30 September (Unaudited) 2018	30 June (Unaudited) 2018	30 September (Unaudited) 2017	30 September (Unaudited) 2018	30 September (Unaudited) 2017	31 March (Audited) 2018
Total revenue from operations	88727	82664	73448	171391	144475	334301
Profit before tax	9121	3345	7827	12466	10568	36769
Net profit after tax	7961	2388	5688	10349	7917	26344

2. Sales/Income from operations (included in total revenue from operations) for the half year ended 30 September 2018 is not comparable with corresponding previous period since the same is net of Goods and Services Tax (GST) whereas excise duty formed part of expenses till 30 June 2017.
3. Items referred in sub clauses (a), (b), (d) and (e) of the regulation 52(4) of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015, have been disclosed in detailed format of the consolidated unaudited results for the quarter and half year ended 30 September 2018 filed with BSE and National Stock Exchange and can be accessed under Financial Results at Corporates section of www.nseindia.com and www.bseindia.com.
4. The above consolidated unaudited results were, subjected to limited review by the Statutory Auditors of the Company, reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 22 October 2018.
5. The above is an extract of the detailed format of the consolidated unaudited results for the quarter and half year ended 30 September 2018 filed with the Stock Exchanges under Regulation 33 & 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format for the consolidated unaudited results for the quarter and half year ended 30 September 2018 is available under Investors section of our website at www.jubl.com and under Financial Results at Corporates section of www.nseindia.com and www.bseindia.com.

For **Jubilant Life Sciences Limited**
Hari S. Bhartia
Co-Chairman & Managing Director

Place : Noida
Date : 22 October, 2018

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