

Information Technology and Telecom Sector weekly report (30th Oct- 5th Nov 2017)

IT:

Infosys

- At a meeting of the Group of Ministers on the functioning of GSTN, it was felt that the focus of the portal should now be on invoice matching done through the filing of GSTR-2, for which the last date is October 31. The ministerial panel chaired by Bihar deputy chief minister Sushil Modi flagged issues faced by taxpayers in filing GSTR-2 and asked **Infosys** Ltd and GST Network (GSTN) to streamline the system. So far, nearly 12 lakh businesses have filed GSTR-2 returns. Close to 45 crore invoices were uploaded in GSTR-1 which must be matched.
- Shares of IT-giant Infosys rose nearly 1% on stock exchanges as the company's share buyback programme commenced on 1st November 2017. On October 11, Infosys said, "We wish to inform you that the buyback committee has approved and fixed Wednesday, November 01, 2017 to be the record date for determining the entitlement and the names of equity shareholders to whom the letter of offer will be sent and will be eligible to participate in the buyback. "Total buyback offer consists of 11,30,43,478 equity shares fully paid-up having face value of Rs 5 each at a floor price of Rs 1,150 per piece. Maximum amount of funds required for the buyback will not exceed Rs 13,000 crore. Kotak Mahindra Capital Company and JP Morgan India Private Limited are appointed as the managers of the buyback offer. From the buyback, Infosys will return surplus cash to its shareholders in proportion to their shareholding, thereby enhancing the overall return to shareholders. Also, this will help Infosys to improve Return on Equity and Earnings Per Share by reducing the equity base. Diluted EPS of Infosys stands at Rs 16.29 as of September 30, 2017.

Mphasis

- Mphasis appoints Sundar Subramanian as President - Global Delivery.
- Mphasis appoints Eric Winston as executive VP, general counsel, chief ethics and compliance officer.
- Global ride-hailing company Uber on 31st Oct announced the launch of two new products uberACCESS and uberASSIST in Bengaluru, supported by Mphasis, a leading cloud and cognitive services provider, as a part of their Corporate Social Responsibility (CSR) initiative. Senior citizens and those with accessibility needs, riders can request uberASSIST rides starting 1st Nov and will soon be able to book uberACCESS rides, the forward-facing wheelchair accessible product, on-demand.

Tech Mahindra

- Tech Mahindra on 1st Nov reported a 29.7 per cent rise in its consolidated net profit to Rs 836.2 crore (4.7 percent sequentially) in the quarter ended September 30, 2017 as compared to Rs 644.7 crore in the year-ago period. Earnings beat analyst expectations despite fall in other income and forex gain, backed by operational performance. Its revenue, during the quarter under review, was at Rs 7,606.4 crore, up by 6.1 per cent from Rs 7,167.4 crore in the same period last year.
- Tech Mahindra has withdrawn its insolvency case against Reliance Communications from the National Company Law Tribunal (NCLT) in favour of a mutual, out-of-court settlement.

Wipro

- Wipro Ventures, the \$100-million strategic investment arm of IT services major Wipro Ltd, has invested an undisclosed sum in California-based app testing platform HeadSpin Inc. The investment firm has also picked a minority stake in the company, and has not divulged further details about the investment ticket size.

Zensar Technologies

- Net profit of Zensar Technologies declined 11.80% to Rs 64.19 crore in the quarter ended September 2017 as against Rs 72.78 crore during the previous quarter ended September 2016. Sales declined 1.00% to Rs 762.60 crore in the quarter ended September 2017 as against Rs 770.32 crore during the previous quarter ended September 2016.
- Zensar Technologies announced the appointment of Ben Druskin as an Additional as well as Independent Non-Executive Director on the Board of the Company; and Ketan Dalal as an Additional as well as Independent Non-Executive Director on the Board of the Company

Telecom

Reliance Communications

- Reliance Communications has decided to shut Voice Call Service from next month after it failed to close its wireless business merger deal with Aircel in the beginning of this month. Its customers can move to other networks by the end of the year, as per a direction issued by telecom regulator TRAI (Telecom Regulatory Authority of India).
- Russian telco Sistema has completed the merger of its Indian telecommunications business with Reliance Communications Ltd. as the merger has been approved by all relevant Indian regulators and courts. As part of the transaction, the telecommunications business of Sistema's subsidiary, Sistema Shyam TeleServices Ltd. (SSTL), including its licenses and obligations with respect to the 800-850 MHz frequency range, has been transferred to RCom.
- Reliance Communications (RCom) has agreed a new debt repayment plan with lenders, including a pledge to raise up to Rs. 17,000 crores (\$2.6 billion) by selling assets such as mobile towers. It would repay lenders an additional Rs. 10,000 crores through the sale and commercial development of its real estate near Mumbai and in eight other cities.

Cyient

- Foreign portfolio investor First Carlyle Ventures Mauritius has sold its entire holding, of 1.1 crore shares, in Hyderabad-headquartered IT firm Cyient Ltd. The open market transaction, at the weighted average price of ₹546.63 per Cyient share, is estimated at more than ₹600 crores. Cyient said the transaction happened on October 31.

Bharti Airtel

- Bharti Airtel Q2'18 results: Net profit falls 76.5% Y-o-Y to Rs 343 crore from Rs 1,461 crore in the July- September quarter of 2016-17. Airtel's second quarter net profit is its smallest in 19 quarters and its sixth consecutive drop in quarterly profit. Indian telecom operators have been hit by the entry of Reliance Jio which has been offering free voice calls and data at very cheap prices. Airtel's total revenue fell 11.7 per cent to Rs 21,777 crore during the second quarter of 2017-18, from Rs 24,651.50 crore in the year-ago period. The company's consolidated net debt rose to Rs 91,480 crore against Rs 87,840 crore in the previous quarter. Though Airtel's customer base increased 8.5 per cent y-o-y in the September quarter, its ARPU (Average Revenue Per User) continued to fall - declining 23 per cent y-o-y to Rs. 145. With Airtel looking to launch VoLTE services across India, the company would be able to improve the quality of services and remain competitive.
- India's top telco and Tata recently entered into an agreement to merge Consumer Mobile Businesses (CMB) of TTSL and TTML (Tata Teleservices/Tata Teleservices (Maharashtra) into the Sunil Mittal-led telco. As part of the agreement, Airtel will absorb Tata consumer mobile business operations across the country in nineteen circles — 17 under TTSL and 2 under TTML.

- Bharti Telecom, the promoter and holding company of Bharti Airtel will buy another 4.62% stake in Airtel from a group company in a deal that could be worth up to Rs 9,600 crore. In a filing with the National Stock Exchange, the promoter firm said it would acquire 184,710,183 shares in Airtel from Indian Continent Investment Ltd. The deal value would not be more than 25% of the stock's 60-day weighted average price of Rs 417.35, the filing said.

Tata Teleservices

Tata Sons, the holding company of the \$105-billion Tata group, will pump Rs 30,000 crore more into its money-losing telecom company, Tata Teleservices, by way of quasi-equity and/or inter-corporate loan in the current financial year. The additional funds will be used by Tata Teleservices to repay its Rs 31,000-crore debts and pay spectrum fees. Tata Teleservices had on October 12 agreed to merge its consumer mobile business with Bharti Airtel on a cash-free and debt-free basis. It was also considering merging its enterprise business with Tata Communications and the broadband and fixed-line retail business with Tata Sky, apart from retaining its 32 per cent stake in Viom Networks, a cell phone tower company.

