

NEWS ALERT

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COS IN A BIND OVER SOARING INPUT COSTS

Six months ago, top executives at Parle Products began debating how to deal with a major crisis the company was facing. Sugar prices had increased three-fold within a year to Rs 45 a kg and wheat flour prices were rising, putting enormous strain on profitability for the biscuits and confectionery maker.

After three months agonizing over the problem, they decided in February to raise the price of their flagship brand and the world's largest-selling biscuit, Parle-G, to Rs 5 from Rs 4. Parle also increased the weight of its packs to 88 gram from 82.5 gram.

Like Parle, most companies across sectors are struggling to grapple with the problem of soaring input costs. If they increase prices, demand may suffer. If they don't, profitability will be hurt.

Wholesale price inflation hit a 17-month high of 9.9% in March, pushed higher by an all-round increase in prices, forcing the central bank to raise key policy rates in its monetary policy review on April 20. But Jahangir Aziz, chief economist at JPMorgan, is of the view that because of the time lag between policy action and its impact on inflation, prices can be expected to come down only between November and March.



Defying recession, Britain's super-rich continued to see their wealth rise with Indian-origin steel magnate Lakshmi Mittal topping the Sunday Times Rich List for 2010 for sixth consecutive year with a fortune of £22.45 billion. India-born mining magnate Anil Agarwal moved 60 places up to 10th position, thanks to rising share prices of mining group Vedanta Resources. His wealth jumped from 600 million pounds to £4.1 billion. Leading NRI industrialist Lord Swraj Paul, with a fortune of £550 million in 2010 is the sixth richest Asian Millionaire and 115th richest in the UK.



ICAI JOINS INDIAN PROBE LEAGUE

India's accounting regulator has sought the financial statements of the eight Indian Premier League franchises to study if their auditors complied with accounting standards and best practices, joining other government agencies combining through the T20 cricket tournament for a stack of sins.

IPL is three seasons old, but the names of auditors who have certified the financial results of the teams are still in the dark. A host of government agencies have waded into a wide-ranging probe on possible tax evasions and other offenses by IPL teams, emboldened by the controversies surrounding the tournament.

ICAI too is a part of the IPL probe on the ground that all teams are owned by private limited companies. The ICAI inquiry is independent of the scrutiny into IPL's affairs by its parent, the corporate affairs ministry, though it will assist the probe by providing its expertise in matters of financial reporting.

Flyers would soon be entitled for cash and care in case their flights are cancelled, delayed or they are denied boarding even when they are holding a confirmed ticket.

The aviation industry regulator Directorate General of Civil Aviation (DGCA) has come out with the draft guidelines on obligations of airlines towards passengers if they inconvenienced. Once finalised, the obligations on airlines would be incorporated in the existing civil aviation requirements (CAR), the aviation industry rule book for operation. The DGCA head Nasim Zaidi said that the economic regulation is in the purview of the government and the regulator is developing a system for compensation.