



ASTRAZENECA CEO PASCAL SORIOT SAYS A TAKEOVER BY PFIZER IS NOT INEVITABLE

C P GURNANI-LED TECHM'S Q4 NET SLIPS 3.6% TO 614CR ON FOREX LOSS, PROVISIONS



Plant Goes From Hub To Ruin As Production Almost Comes To Standstill Nokia's Chennai unit may shut down

Rajesh Chandramouli | TNN

Chennai: The Sriperumbudur plant of Nokia—its largest mobile phone manufacturing facility—stares at a possible shutdown.

With more than 5,000 employees or nearly 85% of its total strength opting for a separation scheme, the plant has been tottering with little or no production over the past few days, facing a bleak future.

"Nokia has abandoned the factory. The plant is an orphan. Nobody wants it," A Soundararajan, honorary president of the Nokia India Employees Union told TOI. He is a veteran trade union leader and a sitting MLA from Perumbur in north Chennai. "I have not faced such a situation in 40 years of my trade union life." He said that closure appeared imminent, unless there is some dramatic action from the state government (which seems remote).

Nokia, however, maintains that the plant will not be shut as apprehended by union members.

Union officials said that workers are panic-stricken, awaiting some direction. "They (Nokia) have orders for 2 million phones (from Microsoft). But there is no activity. Clearly, they are projecting lack of business to employees, forcing them to look at alternatives," Soundararajan said.

In a statement, Nokia said, "While we set no target for the VRS (the job separation scheme) in terms of the number of employees, we have about 5,000 employees opting for the scheme. Additionally, to support the employees who have taken up the VRS package, we also introduced the 'Bridge' initiative, under

which we are offering banking consultancy services and employment outlook trainings."

A back-of-the-envelope calculation suggests that an employee who has completed nearly six years with the company will get around Rs 6 lakh as part of the separation package.

Nokia has sweetened the severance package with its

Nokia had announced the sale of its handset business, including its Chennai plant, to Microsoft for \$7.2 billion last September. Tax disputes resulted in the asset freeze of the Chennai plant, keeping it outside the deal with Microsoft. While the income tax department has frozen the sale of the Chennai plant for a Rs 21,000-crore charge over roy-

GROWING HEADACHE

► **Nokia** is the latest to join the list of companies threatening arbitration under bilateral investment agreement

► **Vodafone** served a notice earlier this month related to a Rs 20,000 crore tax dispute and sought international arbitration

► **Russia's Sistema, Telenor Khaitan Holdings (Mauritius)**

Ltd that had invested in Loop Telecom had also served notice after their licences were cancelled following the 2G scam

► **Devas Multimedia** has sought damages in a dispute with ISRO

► **India** has lost a case involving a dispute with Australia's **White Industries**

'Bridge' programme. Under this, Nokia will work with industry experts to identify new employment areas for its employees. It will also develop suitable training packages for the employees based on the areas of interest.

"We expect to conduct awareness sessions to share information and insight into over 30 different skill development modules and employment outlook trainings across industries such as garment, automotive, retail, hospitality and beauty care to name a few. These trainings will be held over a period of time at around 40 locations in Tamil Nadu, including Chennai," Nokia said.

Besides, employees will also be provided 'Bridge' grants to support entrepreneurial or academic ambitions. In a global transaction,

payments made to its parent company in Finland, the case is being pursued by Nokia at the Supreme Court.

Microsoft completed the acquisition of the mobile handset business of Nokia, leaving the Chennai plant out, at end-April this year.

Jobs protection is only till Microsoft patronizes the Chennai plant, union officials said. Hot selling 'Asha' range of feature phone production has already been diverted out of Chennai to Vietnam, union officials allege. Production levels of other phones have reduced to an abysmal 4 million a month from a peak of 16 to 20 million a month. Non-production days have increased and the entire operation, which was round the clock across three shifts, has been reduced to a double-shift.

Co writes to PM, hints at arbitration

Pankaj Doval | TNN

New Delhi: Frustrated with the tax dispute, Nokia has dashed off a letter to Prime Minister Manmohan Singh, seeking an early resolution to the issue, in what is a precursor to the company slapping an arbitration notice on the government as a three-month period is required before doing so.

"Nokia is keen to work with authorities in India to resolve the tax dispute. As one of our actions, Nokia has sent a letter under Finland India Bilateral Investment Treaty (BIT) to the Prime Minister of India. The letter seeks amicable resolution of the current tax dispute," a spokesperson for Nokia India confirmed.

Sources said the company has decided to take a strong view on the matter as it wants a clarity on the government's thinking. Nokia's officials had met top government functionaries, including communications & IT minister Kapil Sibal, earlier this year.

The tax dispute relates to an alleged violation of withholding tax norms by Nokia India since 2006, while making royalty payments to its parent. The matter had been heard by the High Court as well as the Supreme Court. Since a solution is yet to be worked out, it led to the exclusion of Nokia's Chennai plant from the \$7.5 billion deal with Microsoft, which now faces closure any time now.

Any stand on the matter will now have to be taken by the

new government that takes charge post the May 16 result.

An official said the company has sought a meeting with the Prime Minister over the matter. "Both parties get a time period of three months. In case they are not satisfied, the arbitration route will open," the official said.

Commenting on Nokia's move, Sanjay Sanghvi, partner at law firm Khaitan & Co, said, "While this is a significant development, I believe the government will first examine whether this withholding tax related dispute can be a subject matter of consideration under India-Finland Investment Pro-

TAX DISPUTE

tection Agreement and whether this agreement will override the provisions of Indian Income Tax Law."

The notice from Nokia will be a new headache for the incoming government as telecom giant Vodafone has already served an arbitration notice on the government with no headway in the conciliation talks over its Rs 20,000 crore tax demand related to its 2007 acquisition of Hutchison Whampoa's stake in Hutchison Essar.

Vodafone International Holdings BV (VIHVBV) commenced the international investment arbitration against the Indian government under the Bilateral Investment Treaty (BIT) between India and Netherlands.

'Bank Nationalization Act primitive today'

Lenders Should Come Under Cos Act, Says Chief Of RBI Panel On Corp Governance

Mayur Shetty | TNN

Mumbai: The Bank Nationalisation Act of 1969 is too primitive and irrelevant to cope with the needs of corporate governance, according to P J Nayak, chairman of the panel constituted by the Reserve Bank of India to review governance in bank boards. The new government that takes charge at the Centre in the next few days will have to decide whether to discard the four-decade-old law introduced by Indira Gandhi as recommended by the panel.

Speaking to TOI on the thinking behind the panel's recommendations, Nayak said, "The Bank Nationalisation Act of 1969 was necessary at that time and its enactment was for government ownership of the banks. But 45 years after the Act was promulgated, it is important for us to ask if this is the best legislative structure under which the banks should now function. For a long time, we had an unimproved Companies Act, but in 2013 we got the new Companies Act which creates good governance structure at the level of the board."

According to Nayak, one of the perspectives that guided the panel was that there should be only one kind of bank licence irrespective of ownership and all banks should come under the Companies Act. "The Companies Act provides

"The Bank Nationalisation Act of 1969 was necessary at that time and its enactment... But 45 years after the Act was promulgated, it is important for us to ask if this is the best legislative structure under which the banks should now function"

P J Nayak | CHAIRMAN OF RBI PANEL ON GOVERNANCE AT BANK BOARDS

a much more relevant way of governing banks than the Bank Nationalisation Act as a whole. In fact, in comparison the Bank Nationalisation Act appears irrelevant today, almost primitive. If (Bank Nationalisation Act) was not created to govern banks; it was introduced only to take them over. The time has come to move all the banks under a company law responsibility framework and this is easily done if the legislation that we are proposing is introduced," said Nayak.

For the UPA government, undoing the Bank Nationalisation Act was seen as a taboo. It marked the emergence of Indira Gandhi as a strong leader in the Congress. It was also the early indicator of the left-of-centre ideology that was shaping up under the Congress. In his 2009 Budget speech, former finance minister Pranab Mukherjee had hailed the legislation.

"Never before has Indira Gandhi's bold decision to nationalize our banking system

exactly 40 years ago - on July 14, 1969 - appeared as wise and visionary as it has over the past few months. Her approach continues to be our inspiration even as we introduce competition and new technology in this sector."

His successor P Chidambaram also categorically denied any plans to reduce government stake in public sector banks.

Nayak said that the panel's recommendation was aimed at full empowerment of the boards of public sector banks. Besides recommending a free hand to bank boards, it also seeks to bring in accountability by suggesting that there should be rollback of bonuses if banks are found to be hiding bad loans through "evergreening".

"In theory, there is an incentive for banks to evergreen and it is important that they do not do so and if they are caught doing so, the people who benefit from this should effectively not be permitted to benefit," said Nayak.

'US looks forward to new govt'

Kolkata: The US government is looking forward to work with the new government formed in the country, stated Helen LaFave, US consul general in Kolkata. "We have been working in the past and will continue to have dialogues and conversations with the new government," said LaFave during a session organized by the Bengal National Chamber of Commerce and Industry (BNCCI).

She mentioned that the US government will closely work with whatever government India will elect. "We see a lot of confidence and assurance generated by the people of the country in terms of the elections," added the consul general. Earlier in a statement issued by the US government, the state department also said it looks forward "to working with the leaders chosen by the Indian people to advance this important partnership and to set an ambitious agenda."

in this fiscal. "These are all high-end products and doing extremely well in the marketplace," Roy added. The Berger MD pointed out that in order to consolidate its position as No. 2 in the industry, the company is improving its network rapidly. "We were distant No. 3 earlier but now Berger is well placed No. 2 player nationally. We need to have a strong brand, distribution and product quality to maintain this," he added. Berger has planned to improve its network. Now, the company has near 12,000 colour bank franchisees.

MARKET WATCH

INDICES	BULLION
SENSEX: 23,815 ▲ 56	GOLD/10 GM: 29,900
NIFTY: 7,109 ▲ 3	SILVER/1 KG: 43,500
TOP GAINERS	EXCHANGE
TVIS BCAST: 28 ▲ 3	₹: -
CANARA BANK: 334 ▲ 32	₹: 568: 47.78

Tata Steel Q4 net at ₹1,036 cr

Mumbai: Steel major Tata Steel on Wednesday reported a consolidated net profit of Rs 1,036 crore for the fourth quarter ended March on the back of higher sales and margin improvement in domestic operations, coupled with an uptick in its European operations.

The company had reported a loss of Rs 6,529 crore in the same period of previous fiscal due to impairment charges. Revenues during the January-March quarter stood at Rs 42,428 crore, up 22.5% over the corresponding period a year ago. Similarly, group's operating profit improved to Rs 4,917 crore against Rs 4,368 crore reported a year ago. "Despite weak market conditions in India, we have achieved higher sales and generated higher ebitda margin of 32% for the year. Our European operations also showed a strong recovery in FY14 with ebitda margin improving by 257 basis points over the year," group executive director (finance and corporate) of Tata Steel, Koushik Chatterjee told reporters here.

Berger to expand luxe paint pallet

Udit Prasanna Mukherji & Soham Chatterjee | TNN

Kolkata: Berger Paints India, one of the leading paints manufacturers and a front-runner in decorative segment, is making inroads into the luxury space in a big way. The city-based paints major known for value for money products is slowly changing its image with more and more luxury offerings.

Berger Paints MD Abhijit Roy said moving from mid-end to luxury-end will also improve the profitability. Roy pointed out that the premium decorative brands — Silk, Easy Clean and Weather Coat — are likely to cross Rs 100 crore mark each

erations, MD of Tata Steel-India and South East Asia, T V Narendran, said, "We have performed better with significant increase in sales volume. Our brownfield expansion of 2.9 million tonne in Jamshedpur was fully ramped up in the second half of the last fiscal which resulted in higher production of steel." He added that focus on auto segment has yielded high margins for the company. AGENCIES



Berger MD Abhijit Roy

pur near Bangalore will start production from this year. The Jejuri plant for industrial paints too is likely to commence operation this fiscal. Berger currently has 11 manufacturing units in Bengal, Goa, Pondicherry, Andhra Pradesh, Gujarat, Jammu and Delhi. Berger is the only paints company in India which has its own manufacturing base across

all the regions — north, south, west and east.

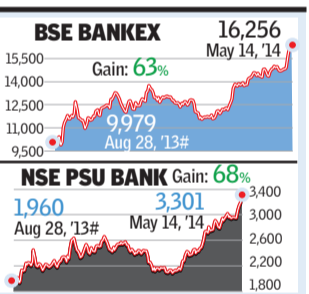
Decorative paints constitute 80% of the Berger's revenue and the rest is industrial. Roy said that last three years it had a CAGR of 18%. "In 2013-14 too, the decorative paints segment maintained a double-digit growth. However, in industrial it was lower," he added.

The company also has an international presence in four countries — Russia, Poland, Nepal and Bangladesh. Commenting on further overseas acquisition, Roy added that East Asia, East Europe and Africa still is in the radar of Berger for acquisition opportunities. "We shall buy if it suits us," he added.

Revival hopes: bank stocks rise

ON A ROLL

Stock	Close (₹)*	%chg
Canara Bank	334	10.7
BoB	959	9.2
BoI	273	8.2
PNB	836	4.5
SBI	2,283	0.3



*BSE close on May 14, 2014; #When rupee touched a record low of 68.83

Partha Sinha | TNN

Mumbai: For the past two months, banking stocks have been on a roll, led mainly by private sector lenders. But lately, public sector banks (PSBs) too have joined the party.

Strong hopes of an economic revival, from which banks stand to gain majorly and which could also help lower their stressed and non-performing assets/loans (NPAs/NPLs), are driving these stocks higher. A faster economic growth could also turn the capital expenditure cycle, leading to higher demand for loans. This is also luring investors to buy PSB stocks, analysts said.

Consider this: In Wednesday's relatively weak market that witnessed profit-taking after four consecutive sessions of strong gains, Canara Bank closed with a 10.7% gain, while Bank of Baroda closed 9.2%

higher and Bank of India closed 8.2% higher. Compared to these banks, their private sector peers had a mixed day: ICICI Bank closed a marginal 0.5% up, while HDFC Bank was down 1.5% and Axis Bank closed a marginal 0.7% lower. The combined impact was a 0.3% rise in BSE's banking for the day, compared to a 0.24% drop in sensex.

Banking stocks have been showing signs of a revival since August 28, 2013, the day the Indian rupee fell to a life low of 68.83 to the dollar and the RBI and the government stepped in with a series of measures to stabilize the rupee and the economy. Since that day, BSE's banking has gained nearly 63% while NSE's PSU banking index has gained 68%.

According to Abhay Lajwala, MD & head of research, Deutsche Equities India, in case of an economic recovery banks are best leveraged to gain.

Bad loans: Rei Agro under UBI scanner

Kolkata: United Bank of India (UBI) has filed winding up petition in the Calcutta high court against REI Agro, one of the largest agro-processing companies in India. Rei is one of the leaders in packaged Basmati rice market with its brand Raindrops. The city-based state-run bank is now going tough on its NPA borrowers since the last quarter of the last financial year following huge losses in the third quarter of 2013-14.

A UBI spokesperson said that it has filed a winding-up petition under sections 433/434 and 439 of the Companies Act 1956 against the Kolkata-based borrower REI Agro Ltd for non-payments of its outstanding amount of Rs 224 crore against the limit of Rs 215 crore in its cash credit account. UBI executive director D Narang said, "The bank has confirmed that it has followed all other recourses for recovery of the amount and regularization of the account before filing the winding up petition, but the company is not in position to honour its commitment."

A UBI release said, "The viability of the company is in question." It is also having a consortium for working capital limit of Rs 4,250 crore with UCO Bank as the leader. REI Agro posted a turnover of Rs 9,514 crore in 2013-14.

From Discounted Pizzas To Office Get-Togethers, Citizens Will See It All On Results Day Amid Ads That Cost ₹2L/10 Secs

Cos line up offers, events for D-Day...

Namrata Singh & Reeba Zachariah | TNN

Mumbai: For a cricket-crazy nation, May 16 will be no less riveting than a match between India and Pakistan. The election result of the world's largest democracy is expected to generate as much buzz or even higher given the kind of eyeballs the day would attract in terms of people being glued to their television screens. Organizations are already planning to use this opportunity to either make a quick buck by targeting the captive audience, or rolling out employee-engagement initiatives on office.



CASHING IN ON THE EXCITEMENT

What's certain is that the D-Day, which follows hectic debates and deliberations over various political issues, would be counted among the most-watched broadcasts this year. Like in the US and some other developed markets, in India too an election result day event is moving towards the matu-

ity of becoming a much celebrated event. Making the most of the situation are several e-commerce firms that are doling out attractive offers to generate more revenues. On the other hand, some innovative companies have gone a step ahead to utilize the event in

furthering their employee engagement programmes.

Foodpanda, an online restaurant aggregator, is offering "Buy one get one free" on Pizza Hut orders for the whole of Friday. What's more, if BJP wins the election, the company will offer 50% discounts in Gujarat and in case the Congress or AAP emerge winners, it will offer a similar sop in Delhi.

Myntra, a lifestyle products online platform, too is offering a three-hour sale on Friday. Another portal, Printvenue, will slash the prices of t-shirts, mugs and accessories by 30% on the result day.

The day will also mean highly-captivating conversations among employees around water coolers and coffee machines as against the usual monotonous boardroom presentations. To keep up the poll result tempo in offices, managements are ensuring that their employees do not miss out on any update. Market research firm Ipsos has organized "Coffee n Conver-

sation" across its offices in India this Friday. "We plan to broadcast election results on large screens on the office floors. We have also arranged coffee tables in recreation rooms for discussions," said Biswarup Banerjee, head (marketing communication), Ipsos.

GHCL, a Gujarat-based chemicals company, too will stream the results on large TV screens at its offices. "We want to encourage our employees to stay updated with the Lok Sabha results," said Rajesh Tripathi, vice-president (HR), GHCL.

However, for some companies, Friday would be like any other day. Google India, which hosts TGIF get-togethers across all its offices, during which it screens any important development, does not have any special plans for the 16th. Some like Godrej Group have live-streaming of news through the day even on the most ordinary days. It would be no different on May 16.

...while news channels rake in moolah for poll verdict

John Sarkar | TNN

New Delhi: Anticipating record viewership on May 16, the day the 2014 Lok Sabha poll results are to be declared, popular news channels have jacked up their advertising rates. For a 10-second slot, rates have shot up from around Rs 10,000 to up to Rs 2 lakh.

So far this year, when it comes to ad rates, IPL 7 has hogged the limelight with advertisers coughing up nearly Rs 5 lakh for a 10-second slot on television. The judgment day of Indian politics comes a close second. "I am not surprised," says Navin Khemka, managing partner of Zenith Optimedia, a Gurgaon-based media-buying agency.

"Ad rates for May 16 have shot

through the roof as news channels are expecting the whole country to tune in for poll results."

Brands from segments such as insurance, plywood, vendors, two-wheelers and male innerwear will be looking to make the most of the excitement that poll results will bring to the table on D-day, says Khemka. Despite popular celebrities like Gul Panag hopping onto the political bandwagon, it seems most Indian women like staying away from politics. Or at least that's what advertisers believe.

Various media buyers said that mostly male-centric brands are expected to rule the airwaves during the period. "Historically, it has been noticed that brands that cater to men are the biggest advertisers dur-

ing elections. For poll results too, it's not a very different story," says Hema Malik, VP at Lodestar UM.

Says Khemka, "Whether it's the public sector or private, the Indian workforce is still predominantly male. Election results are huge conversation starters for them since they feel it will affect them more than women. As more and more women enter the workforce, we will see a gradual shift in advertising patterns."

Interestingly, when it comes to ad rates during elections this time, media buyers say English news channels have made a lot of headway when compared with their regional counterparts. "There is less clutter in the English news channel space," says Khemka. "And we have seen the emergence of a few big personalities."



GRAND OPENING

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