IN BRIEF

Interest rates may need to rise by late '19: BoE

LONDON

The Bank of England said on Thursday that it may need to raise interest rates before the late 2019 date that markets had been expecting, assuming Britain can leave the EU smoothly in two years' time. Bank of England said the short-term squeeze on households from inflation since June's Brexit vote would be more severe than it predicted in February, with price growth peaking at over 2.8% late this year. REUTERS

CCI to probe telcos for attempt to block Jio

NEW DELHI

The Competition Commission has ordered a detailed probe against major telecom players for allegedly trying to block the entry of newcomer Reliance Jio, according to sources. The fair trade regulator's decision comes on a complaint filed against leading incumbent players — Bharti Airtel, Vodafone and Idea Cellular — and industry body COAI. PTI

Paul Dupius appointed as Randstad India CEO

CHENNAI

HR service provider Randstad India on Thursday announced the appointment of Paul Dupuis as the new Chief Executive Officer (CEO). Mr. Dupuis had taken over from Dr. Moorthy K. Uppaluri, who served as the Managing Director (MD) and CEO of Randstad India for the last four years. Paul van de Kerkhof, Chairman, Randstad India, expressed the hope that that Mr. Dupuis will aid the company's growth with his professional expertise.

Liberty House open to acquire residual assets of Tatas in U.K.

Tata completed the sale of its speciality steel business to the firm this month

VIDYA RAM

LONDON

Sanjeev Gupta, the head of the Liberty House Group, which last week acquired Tata Steel's speciality steel operations in the U.K. said he remained open to acquiring the steel giant's remaining assets in the country should the opportunity arise.

Tata Steel is currently in talks with German steelmaker ThyssenKrupp over the merger of its European steel operations — centred around its Port Talbot plant in Wales — though talks have been held up by concerns about pension liabilities on both sides.

Shaping up: Mr. Gupta is optimistic about reviving Britain's flagging steel industry under the firm's approach. •REUTERS

Government support

Liberty House has previously expressed interest in the Tata Steel business and had sought government support in replacing its blast furnaces with electric arc furnaces, to enable the facilities to fit in with its "green steel" strategy, which involves recycling readily available scrap steel in electric arc furnaces, powered by different forms of renewable energy targeted at high value added products for industry.

"We would be interested if it came up...we have our strategy which we are implementing so we are not waiting but it is [the U.K.'s] largest steel producer so it would certainly expedite our plan to get to 5 million tonnes of melting capacity a year," Mr. Gupta told *The Hindu* in a telephone interview.

Following the acquisition of the Speciality Steel division — which produces steel for the aerospace, automobile and oil and gas industries — Liberty House Group (and its sister group SIMEC) employs around 4,500 people in the U.K., and has around 1.3 million of melting capacity.

Mr. Gupta is optimistic about the potential for reviving Britain's flagging steel industry under the company's approach, which he believes will help it withstand volatility in commodity prices, and cost pressures from global competitors, pointing to the fact that Britain, compared to other nations, including the U.S., only gets a fraction of its steel from scrap.

Currently, around 10 million tonnes of scrap steel are produced in the U.K, though this is projected to double over the next few years. "There are over a billion tonnes of steel in our system that will have to be recycled over time," he said.

Steel sector

While more steel sector acquisitions are on the horizon, Mr. Gupta sees potential for further immediate opportunities downstream in its engineering division.

"We are looking at products and where gaps in the supply chain exist in this country and what we can fill," he said adding that the company plans to build an alloy wheels factory in Scotland, using aluminium from a neighbouring smelter that SIMEC acquired last year from Rio Tinto, alongside a hydro-electric power plant.

The company earlier this year also bought CovPress, a metal stamping and assembly business, which serves Britain's auto manufacturers, including Jaguar Land Rover. It has also acquired some of the Caparo group's engineering businesses in the past couple of years.

Overall strategy

Mr. Gupta says the company's overall strategy — which is to focus on sourcing and supplying local markets — fits in with the opportunities likely to arise in post-Brexit Britain (particularly given concerns about the impact of potential tariffs on supplies from the EU).

"We started this strategy in 2013, which was the worst time for the steel market, so it was not motivated by these events but they should be supported by the tide."

The company is now also looking for further opportunities in the financial sector, following last year's acquisition of Tungsten Bank.

Wyelands bank

As with the opportunities identified in steel and engineering, Mr. Gupta is hopeful that the bank — renamed Wyelands — can fill a gap in the market, focusing on supply chain and trade financing for medium-sized businesses. "This is the area that I am most excited by in the U.K. at the moment," he added.

While much of its recent acquisition spree has focused on Britain, Mr. Gupta also plans to continue making inroads into the U.S. market where — within the space of a week — it acquired ArcelorMittal's Georgetown steel works in South Carolina, alongside former Essar assets in Minnesota.

"The U.S. Is a very big market so I would expect us to at least reach our British target' [5 million tonnes of melting capacity], he said, adding that it would also be looking at areas such as financial services, engineering and renewable energy.

Other markets of focus include Canada, and Australia (where the company has bid for assets of the bankrupt steel producer Arrium), and India to a certain extent at least. "We have always been interested but we are also wary of India — it can be quite a difficult environment." As it seeks further expansion the Group is considering listing some of the divisions — most likely engineering, financial services, and energy, to begin with, he said.

"We are looking to have one or more business listed by next year though that is an ambition rather than a clear target for the moment."

TVS Motor partners Masesa to ride into Central America

Enters into pact with Guatemala-based firm for distribution

N. ANAND

CHENNAI

TVS Motor Company has entered into an exclusive strategic arrangement with Guatemala-based Masesa (Mayor Servicios Socieda Anonima) for distribution of its two- and three-wheelers in Central America.

"The pact is in line with our plan to expand and strengthen our presence in Central America, Latin America, South-East Asia and West Asia," said Sudarshan Venu, joint managing director, TVS Motor Company.

Exclusive outlets

TVS Motor currently exports its product to more than 60 countries. The Masesa alliance will help TVS Motor to make a foray into Guatemala, Honduras, El Salvador, Costa Rica and Nicaragua. On its part, Masesa will develop exclusive TVS Motor concessionaires in these markets.

Sudarshan Venu

During the first phase of the pact, five emblematic exhibition and sales rooms will be set up in the region, which will offer the entire range of spare parts and technical service. Over the next 12 months, TVS Motor will open around 500-600 exclusive outlets. Masesa will handle marketing, sales, distribution, service and spare parts.

Bikes with a capacity of up to 200 cc will be shipped to this region, according to Mr. Venu. TVS expects a large volume of the company's sales to come from the 100-125 cc segments.

Motorcycles and scooters manufactured in the existing plants in India will take care of the Central American market. Some of the requirement could be handled from its Indonesian plant at a later date, Mr. Venu said. TVS would customise and exclusively develop motorcycles for these markets, he said.

The company has no plans at the moment for setting up a manufacturing unit in Central America, he said adding that the two-wheeler market in the region was similar to India with the exception of the taxi segment. "TVS Motor will also be targeting the taxi segment. The two-wheeler market size in Central America is nearly 5 lakh units per annum, and the market size is close to $250 million annually."

Kotak Mahindra to raise ₹58 bn.

SPECIAL CORRESPONDENT

MUMBAI

Private sector lender Kotak Mahindra Bank plans to raise ₹5,800 crore to support its growth plans through a qualified institutional placement issue.

That QIP issue, that opened on Thursday, has a floor price of ₹913.24, which is at 2.6% discount to its closing price, according to an exchange filing. The lender, which is offering 62 million shares, has set the price band at ₹930 to ₹936.

At the higher end of the price band, the bank could raise ₹5,800 crore.

'NPA norms to force decision-making'

Lenders have to act: Shikha Sharma

SPECIAL CORRESPONDENT

MUMBAI

The Centre's recent move amending the Banking Regulation Act to give more powers to the RBI to resolve stressed assets will force lenders to take a decision, said Shikha Sharma, MD & CEO, Axis Bank.

Last week, the government amended Section 35A of the Act empowering the RBI to tell banks when to take a haircut or to proceed with insolvency.

"There are layers of process [in resolution]. What the ordinance is doing is that it is cutting that layer off," Ms. Sharma said.

"It is forcing a decision mechanism because it is saying that if 60% agree, rest have to fall in line," she told reporters here on Thursday.

Following the amendment, the RBI had issued a notification lowering the threshold for approval of a resolution proposal at the Joint Lenders' Forum — a body of bankers that decides on a loan recast — to 60% of the lenders by value, from 75%, and to 50%, from 60%, of the lenders by numbers.

SBI Buddy to permit ATM cash withdrawals

Such wallet transactions will cost ₹25

MANOJIT SAHA

MUMBAI

State Bank of India (SBI) has decided to allow cash withdrawals from its wallet — SBI Buddy — through automated teller machines from June 1, subject to a charge of ₹25 per transaction for such withdrawals, irrespective of the amount.

The feature, currently unavailable at ATMs, will be introduced shortly by the country's largest lender.

According to a new list of service charges, put up on the bank's website, cash withdrawals from the wallet via business correspondents will attract a charge of 0.25% of the transaction, with a minimum charge of ₹2 and maximum of ₹8. From business correspondents, a wallet user can withdraw a maximum of ₹10,000.

One need not insert a debit card in the ATM for withdrawal from the wallet.

"We are integrating the wallet with interbank money transfer (IMT) interface," a top SBI official said.

"There is an option in the wallet which allows to transfer money from the wallet to a suspense account. For cash withdrawal, the customer will get a code which they need to key into the ATM. So the debit card is not needed for such a transaction," the official said.

ATM menu

About 60% of SBI's 59,000 ATMs will be enabled to disburse money from the SBI wallet in the initial phase. "There will be a menu in the ATM for IMT that the customer needs to opt for withdrawing money from the wallet," the official added.

SBI also said there would be a service charge if a customer wanted to exchange soiled banknotes, if the number exceeded 20 pieces and ₹5,000 by value.

HCL Technologies' net profit rises 27%

Revenue grows 20% to ₹13,183 crore

SPECIAL CORRESPONDENT

NEW DELHI

HCL Technologies' net profit rose 27% to ₹2,475 crore for the fourth quarter ended March 2017 from ₹1,938.66 crore in the year ago quarter.

The Noida-based firm has provided a revenue growth outlook of between 10.5% and 12.5% in constant currency terms for FY2017-18. The firm's total income grew over 20% to ₹13,183 crore in the quarter under review as per Indian accounting standards.

"We have posted a robust set of numbers," HCL Technologies President and CEO C Vijayakumar said. "We are definitely doing very well in the next generation services, which includes digital, analytics, IOT, cyber security and cloud as well as products and platform... These registered a very impressive 31% growth in FY17. We continue to do well in traditional IT services... but now we are being accepted as next generation services partner by our clients. That is what will help in the next level of growth."

Eight major deals

The company said it signed eight transformational deals during the quarter across service lines, verticals and geographies.

Asked about increasing global protectionism, particularly in the U.S., Mr. Vijayakumar said, "Right now we don't see any thing concrete that has been formalised...But as such we are better prepared because we have invested in delivery centres, our dependence of visas is very low." He added that for HCL Technologies more than 55% of about 12,500 workforce in the U.S. were locals. The U.S. market accounted for the largest chunk of the company's revenue at 62.6%.

Tatas to raise R&D outlay: Group CTO

Due to a focus on innovation, the group plans to increase spending in the future

SPECIAL CORRESPONDENT

MUMBAI

New innovations by Tata Group companies are contributing about $1 billion to the group's revenue every year, Dr. Gopichand Khatragadda, Group Chief Technology Officer, Tata Sons on Thursday.

He said the Tata Group will increase its spending on innovations and R&D in the coming years. In 2015-16 the Tatas had spent ₹18,409 crore ($2.7 billion) on R&D which was 2.8% of the Group's turnover for that year. Dr. Khatragadda said that this ratio is likely go up in the future due to increased focus on innovations by every Tata company.

"Spending will increase. The global number is 4% for successful technological companies. Going forward we expect that all our companies will be technological companies and they will reach that level of excellence," Dr. Khatragadda said.

New ideas: For the 2017 edition, Tata firms had showcased more than 3,300 innovations, representing a growth of 110%.

In India, the R&D spend is very low which is estimated at 1% of the GDP. Out of that the government spends half of it while companies on an average spend 0.5% of their revenue on R&D.

"Compared to the domestic industry we are doing fairly well. For running a viable company one needs to have long-term sustainable profit. It comes from positioning yourself for the future and significant positioning comes from technology. That is why the focus on technology and innovation," Dr. Khatragadda added.

Speaking at a press conference to brief on the latest innovations and about the annual Tata Innovista programme, he said that Tata companies for the 2017 edition showcased over 3,300 implemented innovations which represented a growth of 110% in two years.

Digital technologies

A significant number of these innovations have incorporated digital technologies, particularly in the areas of industrial automation, among others. Dr. Katragadda said, "The Tata group has continued to lead in intellectual property generation from artificial intelligence to microbiomics and from driver assist technologies to new 2D materials."