TIMES BUSINESS

THE TIMES OF INDIA, KOCHI | THRISSUR | MONDAY, MARCH 12, 2012

TIM COOK-LED APPLE ACCUSES SAMSUNG OF VIOLATING COURT ORDER BY NOT REVEALING PRODUCT SOURCE CODE

IVAN GLASENBERG-LED GLENCORE MAKES $5.5 BILLION BID FOR CANADA'S BIGGEST GRAIN HANDLER VITERRA

Goldman set for board meet in India

Chairman & CEO Lloyd Blankfein-Led Board's 3-Day Visit Starts On Mar 29

Boby Kurian & Reeba Zachariah | TNN

Mumbai: Wall Street's most storied, and arguably most powerful investment bank, Goldman Sachs will hold its annual board meeting in India in a move that symbolises the country's growth potential despite a slowing economy.

Goldman Sachs Chairman & CEO Lloyd Blankfein and rest of the twelve member board will jet into the country on a three-day visit starting March 29. The 142-year-old bulge-bracket financial powerhouse has scheduled a rare board meeting in an emerging market after it traveled to China sometime ago. The board of directors, which includes India-born steel tycoon LN Mittal, will also meet with top business leaders, policymakers and politicians. "India has had the strongest start to 2012 in terms of currency and equity market performance. Last year was constrained by high interest rates and inflation. With inflation easing and the reversal in monetary tightening, our country is now at the beginning of a new growth stimulus. In that context, the timing of the board's visit bears significance," Sonjoy Chatterjee, chairman & co-CEO of Goldman Sachs India told TOI.

The 142-year-old financial powerhouse's rare board meeting in India is after it traveled to China sometime ago. The board, which includes India-born steel tycoon LN Mittal, will meet top policymakers and politicians here

Goldman Sachs chairman & CEO Lloyd Blankfein

The boards of global corporate giants like General Electric and PepsiCo have held meetings in India in recent years. But Goldman's move assumes significance given its reputation as the world's leading market-maker (broker-dealer firm with a risk appetite for holding shares in a volatile, thin market), and also comes at a time when the last quarter domestic GDP growth slowed to 6.1%, the lowest in the past 36 months.

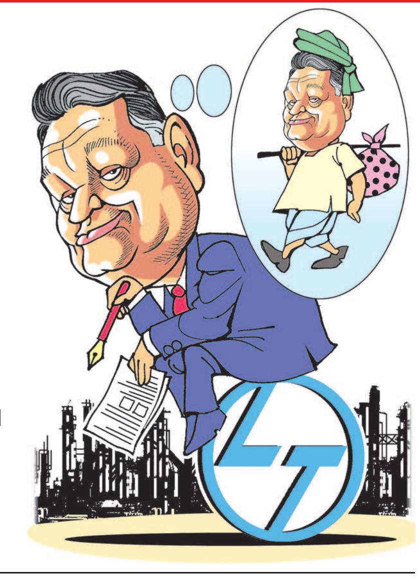
"Hosting the annual strategy and board meeting of Goldman Sachs in our country reflects the firm's focus on and commitment to India. During this visit, the board will closely examine the Indian market and the opportunities it represents for the firm," Chatterjee added. The Indian stock market outperformed emerging market peers vaulting 17% in 2012, and big corporates are opening up to M&A deals after going quiet in the second half of last year.

Goldman Sachs upped its performance dramatically to become the country's second best M&A advisor, behind arch rival Morgan Stanley, in 2011. Globally, Goldman topped its rival with $1.84 billion in M&A advisory fees where investment banks netted about $20 billion last year. Goldman's investment -- proprietary and private equity -- has crossed $2 billion in India. It employs 150 staff in Mumbai and about 4,000 at its technology back office in Bangalore.

Soumitra Dutta, Dean at Cornell University's business school, said: "Many global companies are holding their global board meetings in India and other emerging markets. This is an important step to emphasize the importance of India and other emerging markets in the future success of these companies. The culture and mindset in many global companies are still focused on developed economies. Investment decisions are still orientated towards the West and North. Global companies need to change their mindsets and decisions to focus more on the East and the South."

WHAT'S UP

L&T chief to pen memoir



Now that a new CEO & MD has been named, A M Naik, chairman of Larsen & Toubro, plans to pen a memoir, something which he couldn't do because of lack of time. The book, the working title of which is 'V to W', i.e. from Village to World, would chronicle Naik's journey from a village in Gujarat to the boardroom of one of India's most respected conglomerates. The son of a school teacher, Naik, who is nearing 70, joined the construction major as a trainee engineer in 1965. All that he aspired then was to become a manager. But as fate would have it, Naik raced to the top through hard work, ambition, courage and determination.

Another rejig seen at Reliance Retail

Mukesh Ambani's Reliance Retail is witnessing yet another top-level churn, the third since it was launched five years ago. Andrew Campbell, chief brand officer of Reliance Retail, has stepped down to move to RIL. Campbell was hired from the Thailand arm of the British retailer Tesco in early 2010. Gwyn Sundhagul, ex-CEO of Reliance Retail, another official from the Thai team who moved to RIL's consumer businesses comprising insurance and telecom last year, has already left the company. Reliance Trends CEO Arun Sirdeshmukh had resigned to kick-start his own e-commerce venture. Glenn Richardson, former executive of Wal-Mart China and now with Reliance Retail for the past two years, will become the chief brand officer. Reliance Retail had recently roped in former Wal-Mart China executives Rob Cissell and Shwan Grey as the CEO and the COO, respectively.

(Contributed by Reeba Zachariah & Piyush Pandey)

What's Up focuses on putting you on the inside track of the hottest corporate developments. It appears every Monday

Facing protests, govt lifts ban on cotton exports

TIMES NEWS NETWORK

New Delhi: The uncertainty over whether the commerce department would reverse the ban on cotton exports got over on Sunday with Anand Sharma formally deciding to revoke the order issued last week.

Although the commerce department was forced into a rethink following protests, it took a meeting with a Congress delegation from Gujarat led by Ahmed Patel, political secretary to party president and UPA chairperson Sonia Gandhi, for the dilly-dallying to end.

"Keeping in view the facts, the interests of the farmers, interest of the industry, trade, a balanced view has been considered by the group of ministers to roll back the ban and a formal order will be made public tomorrow by the government," Sharma said in a statement e-mailed on Sunday afternoon after his meeting with the delegation led by Patel. Sharma's ministry had to reverse its stand in a less than a week following protests from across the political spectrum – from the likes of NCP chief and agriculture minister Sharad Pawar and Gujarat chief minister Narendra Modi. Incidentally, it was Patel who had first flagged the farmers' concerns to the government soon after the directorate general of foreign trade (DGFT) issued the ban order last Monday.

BALE-ING OUT FARMERS

The commerce and textiles departments, which are under Sharma's charge, had defended the ban last week citing record export of the commodity. This came despite concerns that not just farmers, but even exporters who had tied up with foreign buyers would be hit by the order. The curb also led to a fall in domestic prices.

But Pawar's public outburst against the move—which coincided with Congress's poll debacle in Uttar Pradesh, Punjab and Goa—prompted the government to change its stance and a group of ministers led by finance minister Pranab Mukherjee met on Friday. While Sharma said that the meeting remained inconclusive, commerce secretary Rahul Khullar disclosed that the government was considering lifting the ban.

With Gujarat elections only a few months away, the government did not want to risk being branded "anti-farmer" especially after the poor poll performance in recent months. Already, the Gujarat Congress is claiming credit with Shakti Singh Gohil, leader of opposition in Gujarat assembly. It also used Sunday's decision to project a pro-farmer image and attacked the Modi government for ignoring the sector.

Scrap anti-dumping duty, says AIRIA

TIMES NEWS NETWORK

Kochi: In its pre-Budget submission to the finance ministry, the All-India Rubber Industries Association (AIRIA) has sought removal of anti-dumping duties on the import of raw materials, stating it is making the industry uncompetitive.

The industry body also demanded imports of 100,000 tonnes of natural rubber to bridge the supply-demand gap

The industry body said levy of anti-dumping duties on carbon black and rubber chemicals had made products more expensive in comparison with imported finished ones. High interest costs and energy rates have led many SME units closing their operations, the body said.

Similarly, the levy of anti-dumping duties on high styrene butadine rubber has made Indian footwear products more expensive leading to a surge in imports from Nepal, Sri Lanka and China. These rubber products are being imported into the country with normal rate of duty without facing any anti-dumping provision.

AIRIA also demanded imports of 100,000 tonnes of natural rubber to bridge the supply-demand gap. "Consumption of natural and synthetic rubber is constantly increasing as against production. Availability is an issue even at high prices," AIRIA said. AIRIA president Vinod Simon stated that not only the percentage of rubber consumption but even the absolute consumption by the small-scale non-tyre sector has dwindled over the years. According to him, imports of even those raw materials, which are not indigenously produced, is subjected to high rate of customs duty. AIRIA has, therefore, sought waiver of customs duty on raw materials not manufactured domestically such as butyl rubber, SBR grade 1500/1700 and other hi-tech synthetic rubbers and polyester tyre cord.

The duty on latex continues to be 70% and has been only recently capped at Rs 49 per kg. However, for latex, being a wet form of natural rubber, the duties should be comparable with natural rubber only, it said. AIRIA also asked for raising the exemption limit of SSI rubber units to Rs 10 crore and for excluding the value of exempted goods from the turnover because of unusual price rise in natural and synthetic rubber —from Rs 125 per kg to Rs 250 per kg and $1.50 to $4.2 per kg, respectively over the last two years.

Domestic air travel to become more expensive

Chinmayi Shalya | TNN

Mumbai: Get ready to pay more when you fly. A steep hike in airport charges, carbon emission tax and a predicted jump in jet fuel prices are likely to drive fares up and make air tickets expensive. Industry experts believe that passengers would have to pay at least 20-30% more on air travel in the coming months.

Officials at Mumbai airport said that a hike in airport charges for both Delhi and Mumbai airports was imminent. The proposal to hike the charges is pending with the Airport Economic Regulatory Authority (AERA) and will be cleared in the next couple of months. "While Mumbai wants a hike of 500%, the proposed charges for Delhi airport are 800% more than the prevailing rates," a senior airport official said. "Though airlines are vociferous in their protest (many have threatened to withdraw operations if such a steep hike comes into effect), they are not likely to get any respite. Hence, the increased cost of operations will have to be borne by the flyers," he added.

Officials said that prices of jet fuel are also likely to skyrocket in the next two months. "Jet fuel is a component that has been escalating fares for a while now. Another hike, though predicted, will only add to the increasing fares," a Fort-based travel agent said. Rajesh Rateria, managing director of Cirrus Travels, said that south-east Asian carriers have already hiked their fares by 10% owing to a jump in fuel prices.

Travel to Europe may also get dearer if the carbon emission tax is implemented by the European Union. Although, India had refused to comply with the move to impose a 'green' tax, the situation may change in tune with the growing global concern for the environment. "If India accepts the carbon tax, flyers will have to pay more for tickets on Europe-based carriers. The exact rates will be known once the policy is implemented," Rateria said.

'Govts need to put in serious quality control'

Mkting Mgmt Expert Advises Pvt Sector To Become A Brand With A Distinct Meaning

Surojit Gupta | TNN

A whole generation of management students has grown up reading Philip Kotler's best selling book on marketing. The corporate guru spoke to TOI about the future of marketing on the sidelines of the inaugural edition of the World Marketing Summit, an annual gathering of professionals, which he launched in Dhaka recently to find solutions to various global challenges. Excerpts:

ONE-ON-ONE
Philip Kotler
MARKETING GURU

How has marketing changed since the time you started in this field?

In the beginning, marketing was very product centric and the companies were wishing to sell their products to anyone who could buy it. In the second stage, marketing became customer-centric. In the third stage, they said, we are going to be successful if we build a brand.

The latest is called the value marketing stage, where we want to succeed by creating superior value for the group whose brand we are respected for. We think that value is the major idea.

So what is the future of marketing?

I don't know about the next stage. It doesn't mean that every process moves into another one later. Maybe ultimately we are at the value creation process. But if someone comes up with a sign where we are going, we would all be happy to listen to.

How do you think emerging economies like India and China build brands?

Let's say that in an emerging country, many of the companies are in the first stage of marketing, which is product-driven. India also... Not all. In the second stage, there are some companies that have now recognized the importance of customers and becoming more customer-driven even if they don't know much about building a brand. But also there are some companies in the third stage already — they are building a brand. Well, you remember the Tatas came out with a car for $2,000, doing the work of branding. It got the world excited. Other companies, for example Wipro and Infosys, are very well-known brands in the IT community globally.

What about the small and medium enterprises (SMEs) here who are aspiring to build brands?

I think if you are a product-driven company and you jump into a being a branded company with a strong brand, then it would be a mistake. Because to go from stage one to stage three is very hard. So, I would advise these SMEs that are product-driven to move to being customer-driven. Do a good job for the customers and then you justify the brand being talked about favourablyand then you have a brand. But if you stop there, you are not satisfying anyone, you are only satisfying the owners.

And then you could be vulnerable. So, it's very important to ultimately move to the fourth stage. Now if some company says I am at the first stage and I want to move to the fourth stage, I would say that is suicide.

What would your advice be to the governments and the private sector in emerging countries about building brands and satisfying customers?

My advice to the private sector is to try and become a brand that has a distinct meaning. It is not enough for people to know that you are a maker of athletic shoes. For me, it means much more if you are a Nike. It's a lot of work. The role of governments is to appreciate the best companies around and to assist them in becoming the best companies in the country, and then in the region and then in the world. Put in serious quality control, that's where the governments come in.

V K Mathews new CII Kerala chairman

TIMES NEWS NETWORK

Kochi: IBS Software Services executive chairman **V K Mathews** has been elected chairman of CII (Confederation of Indian Industry) Kerala State Council for 2012-13. Geojit Financial Management Services managing director C J George will be vice-chairman.

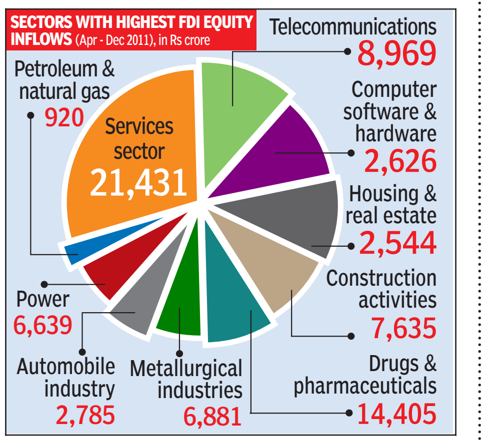
Mathews has guided the IBS group from a modest beginning in 1997 into a multinational organization with over 2,000 employees operating from 10 locations worldwide. Equipped with a master's degree in Aeronautical Engineering from IIT Kanpur, Mathews holds several important positions in government agencies, academic institutions and trade bodies in India.

IBS is a provider of IT solutions to the Travel, Transportation and Logistics (TTL) industry. It offers solutions that manage mission-critical operations of major airlines, airports, oil and gas companies, seaports, cruise lines and tour operators world-wide.

George, a certified financial planner, has been closely associated with CII at the state level. He founded Geojit Financial Management Services in 1987, and currently holds the directorship of Geojit BNP Paribas and other companies in the group which spreads across India and Middle East.

FDI climbs 31% in 2011

New Delhi: Foreign direct investment (FDI) in India went up by 31% to $27.5 billion (Rs 127,362 crore) in 2011, notwithstanding uncertain economic environment globally. In 2010, FDI inflows totalled $21 billion.



The sectors that attracted maximum FDI last year include services (financial and non-financial), telecom, housing and real estate, and construction and power, according to the industry ministry's latest data. Mauritius, Singapore, the US, the UK, the Netherlands, Japan, Germany and the UAE are the major investors in India. "The government should allow 100% FDI in sectors like domestic airlines and insurance sector to boost inflows and generate employment," Ficci secretary general Rajiv Kumar said.

During April-December 2011, FDI moved up by 51% to $24.18 billion from $16.03 billion in the same period of the previous year. FDI inflows were $19.42 billion in the 2010-11 financial year.

To boost FDI inflows, the government has liberalized the FDI regime, allowing overseas investment in bee-keeping and share-pledging for raising external debt. Besides, 100% foreign investment has been allowed in single-brand retail sector. Besides, the conditions for FDI in construction of old-age homes and educational institutions have been eased. AGENCIES

SBI to consider FPO, QIP next fiscal: Chairman

Gurgaon: The country's largest lender, State Bank of India (SBI), said on Sunday it would explore the possibility of raising capital through a public offer or from institutional investors next fiscal even as it is getting Rs 7,900-crore support from the government by the end of this month.

"In the next fiscal beginning April 2012, we would discuss with the government for dilution of its stake through FPO (follow-on-public offer) or QIP (qualified institutional placement)," SBI chairman Pratip Chaudhuri said here. "We should understand that the government cannot keep on pumping in capital (for public sector banks) without any limit. So, we would explore the possibility of FPO or QIP next fiscal after due consultation with the government," he said.

For raising Tier I capital of the bank, the government has agreed to infuse capital to the tune of Rs 7,900 crore by March 31, 2012. Post capital infusion, the government holding in the bank would rise to 62%, from about 59% at present. As per the existing regulation the government holding cannot come down below 51%.

Terming 0.75 percentage cut in Cash Reserve Ratio (CRR) a week ahead of the mid-quarterly review of monetary policy on March 15 as a "surprise," he said this would help easing liquidity pressure on the system. AGENCIES

Apollo Tyres to invest ₹2.5K cr in Europe, Brazil

Geneva: India's Apollo Tyres plans to invest around 400 million euro (over Rs 2,500 crore) to set up two new facilities in East Europe and Brazil in the next 3-4 years as it aims to expand its global footprint.

The company, which currently has a European subsidiary -- Apollo Vredestein, is also keeping its options open to acquire a tyre firm in the Latin American market to commence its operations there.

"We will set up a greenfield plant in Eastern Europe and currently we are scouting for locations in 4-5 countries. The plant will be ready in the next 2-3 years," Apollo Tyres Chairman Onkar S Kanwar said at the ongoing Geneva Motor Show here.

The company is looking to start the plant with passenger car radial tyres with an initial capacity of 7-10 million units per year, he added.

"We have not finalized the location and capacity yet, but any such facility will require an investment of at least 150-200 million euro," he said.

Earlier in 2008, Apollo Tyres had planned to set up a plant in Hungary with an investment of 200 million euro and having a capacity of 25,000 units a month. However, the company had to abort its plans due to local political issues there.

Talking about the plan for Latin America, Kanwar said the company is studying the market to start operations there. AGENCIES