

CORNER OFFICE

“Our target does not appear as distant as it did 2 yrs ago



**VINEET NAYYAR**  
Chairman, Mahindra Satyam; V-C, MD & CEO, Tech Mahindra  
**Career** | 1961 batch IAS officer; founding CMD of GAIL; two stints with World Bank; founded HCL Perot in '96, was HCL Tech VC till '03; joined the Mahindra group in '05, became MSat CEO in '09  
**Achievements** | Hazira-Bijaipur-Jagdishpur gas pipeline; was instrumental in World Bank refusing to fund Enron's Dabhol project

Yes, all those practices have been done away with. Our accounts are honest and pristine and transparent. Yes, we also have a legacy and a colourful history, but that we can't change

built this big a company to do what he did,” he says, shaking his head in bewilderment. Does he think the mess created by Raju can ever be completely cleaned up? “Yes, all those practices have been done away with. Our accounts are honest and pristine and transparent. Yes, we also have a legacy and a colourful history, but that we can't change,” he admits. Is he worried about Raju's men still being around? “Some are there. I don't believe that people other than a handful knew what was going on.” So will the Satyam brand name, which has been a double-edged sword, be retained? “When we took over we clearly said that we want to keep the name Satyam. This is a decision that will be taken after consulting clients and doing market research.” As talk veers around to Satyam's revival, Nayar, who has always equated it with a patient in the ICU, feels the company has been revived. “This quarter we showed an EBITDA of 15% and, therefore, our target does not appear as distant as it did two years ago. I am now in the race.” What about the timing of the looming recession because the company is just limping back to normalcy, having shown a net profit of Rs 225

crore in the first quarter of 2011-12. “The downturn does not bother me. It will impact everybody equally. If hard times come, they come, that's life.” He does agree that business pressures of the US and Europe are becoming tougher, but feels much would depend on how quickly MSat can change and anticipate new areas of growth and opportunity and contain costs as IT is becoming close to manufacturing. “In many ways, the good days are over and competition is intense. We have to innovate and invent a new mouse trap which will enable us to do what we want to do.” But what about the sword of liabilities hanging over the company? Having settled the US class action suit for \$125 million, Upaid dispute for \$70 million and SEC litigation for \$10 million, Nayar feels most of them have been settled and refuses to acknowledge the legal threat back home of nearly 37 Raju companies demanding Rs 1,230 crore. He also pooh-poohs the possibility of these liabilities posing a threat to the merger, for which they plan to set the ball rolling in a few weeks. According to him, if they don't merge they will miss a lot of cross-selling opportunities. “When you merge there is a fair amount of savings and support. TechM is a leader in telecom and MSat has expertise in enterprise, manufacturing, banking and finance and healthcare,” he says, explaining that the day the Mahindras won the bid in 2009 they had decided to merge the two. He's not too worried about the decision to defer hikes to October or their ability to give the hikes. “The question is what will happen next year because I do believe that a continuous inflation on wages will result in India getting out of the market. Why is Germany the only country in Europe doing well? Basically because they control wages,” he said. After sealing the merger, that will create a \$2.3 billion IT giant, Nayar intends to work for the education of underprivileged children through a charity his wife has set up.

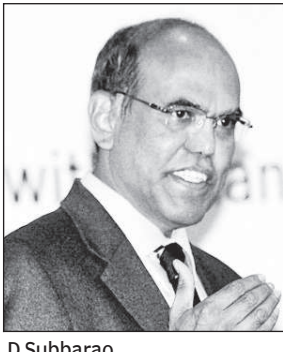
## Apex bank still hawkish on inflation

### Dy Guv Gokarn Sticks To 8% Growth Forecast For Current Financial Year

TIMES NEWS NETWORK

**New Delhi:** The Reserve Bank of India on Friday reiterated its stand that taming inflation remained its top priority to help sustain medium term growth and dashed expectations that it may change its monetary stance in the aftermath of the historic US debt downgrade. RBI governor D Subbarao and deputy governor Subir Gokarn both made it clear that it was critical to keep inflation low as it had the potential to shoot up if it is not tackled head on. In the Nepalese capital Kathmandu, Subbarao said it was too early to predict any

change of monetary policy stance and highlighted the need to tame inflation. “There are lots of uncertainties. We will take all of them into account while we formulate our response in the mid-quarter policy (Sept 16),” he told reporters. “It is too early to say that we will change our stance.” “Possibly we are sacrificing some growth in the short term, but reducing inflation is necessary to sustain medium-term growth,” he said. Subbarao said the impact of the easy money policy in the developed world was visible in rising commodity prices and capital flows. Earlier this week the



D Subbarao

US Federal Reserve said it would keep interest rates at near-zero levels and had signalled it was ready to act if necessary to stem any deterioration in economic conditions. The RBI has raised interest rates 11 times since March 2010 to calm price pressures and has said it is ready to some sacrifice

#### 'NPAs may go up'

**Kolkata:** Higher interest might lead to higher non performing asset, feels RBI deputy governor KC Chakraborty. “If the interest rate is high there is probability that the NPA will go up because the burden has gone up,” Chakraborty said. **TNN**

## Three banks under ED scanner

Pradeep Thakur | TNN

**New Delhi:** Government sleuths have zeroed in on massive cash deposits, running into around Rs 1,000 crore, in the Delhi branches of three large private banks, ICICI Bank, HDFC Bank and Axis Bank. Enforcement Directorate is probing why these banks didn't alert the authorities about huge cash deposits made by an accused who allegedly laundered more than Rs 1,000 crore to a third country in a span of less than a year misusing the banking channel. Working on a specific intelligence tip about the suspect Pankaj Kapoor laundering huge cash on behalf of some top politicians and industrialists, ED in June last week had searched CP Vault Pvt Ltd owned by Kapoor and seized Rs 10 crore cash. His deposits of Rs 8 crore were frozen in bank accounts.

#### HDFC Bank hikes lending, deposit rates

**Mumbai:** HDFC Bank, the second largest private sector bank in India, has raised its lending rates, and has also raised deposit rates for two separate tenures. Effective Saturday, HDFC Bank's base rate will be 10% per annum, from 9.50% now, while its prime lending rate (PLR) has been revised from 18% to 18.5%, sources said. The base rate is the rate which applies to borrowers who have availed loans after July 2010. Following this hike, the new auto loan customers will have to pay a higher rate. **TNN**

Sources said, during his interrogation, Kapoor had told ED officials that he had deposited more than Rs 1,000 crore in the central Delhi branches of these three banks in the last nine months alone, with his average single transaction ex-

ceeding Rs 10 crore.

Kapoor's CP Vault Pvt Ltd offers locker facility to industrialists in Delhi's Connaught Place area. His client list is virtually the who's who of industry. His alleged modus operandi was to collect cash, issue bogus diamonds trading bills, and remit the money to companies located in Dubai and from there to beneficiary accounts in a third country.

An official spokesperson for the Axis Bank said: “CP Vaults doesn't maintain an account with Axis Bank. However, two related firms maintained accounts with us and on their behalf we have handled import remittances in the past. The prescribed procedures for receipt of cash and for imports have been adhered to by the Bank including regulatory reporting.”

An ICICI Bank spokesperson said, “The bank has adhered to all the norms

laid down by RBI with regard to the transactions mentioned.” While HDFC Bank spokesperson said: “We have stringent systems and processes in place that flag off any suspicious transactions. Needless to say these transactions get reported to appropriate authorities from time to time as prescribed under law.”

On his part, Kapoor maintained that he had been buying diamonds from Dubai and selling them to dealers in Surat and Mumbai in cash, an ED investigation revealed all the bills generated by him were bogus and he had actually not done any diamond trade.

All the addresses and names of dealers provided by Kapoor in Surat and Mumbai were verified by ED officials and they claim sources, turned out to be fake and in some cases dealers refused that they had ever done any trading with the accused.

## Tax mop up grows 27%

**New Delhi:** Sluggish industrial performance in the first few months of the current fiscal has had little impact so far on direct tax collection with corporate tax rising 30% during April-July 2011.

The total corporate tax collection in the first four months was estimated at Rs 85,222 crore, contributing majorly to the overall tax collection which stood at Rs 1.33 lakh crore, an increase of 27%.

The growth is even better than what was seen in the April-June period. The gross direct tax collection during the April-June 2011 quarter had increased by 24%.

The gross direct tax collections last year April-July period was Rs 1.05 crore and the share of corporate taxes in that was Rs 85,222 crore.

Net tax collections, however, decreased 8.13% to Rs 78,679 crore during the first four months of the fiscal. **TNN**

## Deepak Khaitan is MBE exec chairman

TIMES NEWS NETWORK

**Kolkata:** Deepak Khaitan has assumed executive role in Mcnally Bharat Engineering (MBE), the engineering and construction firm of B M Khaitan Group. Khaitan will now be the executive chairman from August 12. So far he was non executive chairman of the company.

Khaitan took up the executive role following the resignation by managing director Shrinivas Singh. “It's a challenging proposition for me,” Khaitan said.

The firm is foraying into civil construction infrastructure as a new vertical for MBE. CFO of MBEL P K Ghosh said that it has already booked order worth Rs 200 crore

#### NEW ROLE

and are eyeing to touch Rs 500-crore mark by the end of this fiscal. “This new venture can add up to 25% of MBE's turnover in the next 3 years. MBE is already doing a fencing project with the BSF near the Bangladesh border. HILCO and IOC are some of the other names we are going to work with,” he added.

Khaitan later said: “We might go for an IPO of Mcnally Sayaji Engineering (MSEL) in the fiscal 2013-14 and in that case my stake which is at 72% now will go down to 67% after the conversion of warrants.”

“Firm's 30-35% order book is coming from the power sector but in general term we can say that the power sector is going slow,” added Ghosh.

The firm has registered a growth of 24% in their Q1 PAT at Rs 7.64 crore against Rs 6.15 crore during the corresponding period of last year. Total order book of the firm stands at Rs 3517 crore as on July 30 2011.

## Partial Cancellation and Regulation of Mail / Express Trains due to Suspension of Night Running over N F Railway

Due to unavoidable circumstances night running of Mail / Express and Passenger trains in entire Assam portion of N F Railway is being suspended from 18.00 hrs. of 13.08.2011 to 05.00 hrs. of 17.08.2011 as directed by Government of Assam. Consequently, the following arrangements have been made in train running on those days:-

#### PARTIAL CANCELLATION / SHORT TERMINATION OF TRAINS

- **14056 Up Delhi-Dibrugarh Brahmaputra Mail** scheduled to leave Delhi on 11/8, 12/8, 13/8 and 14/8/2011 and arriving Guwahati on 13/8, 14/8, 15/8 and 16/8/2011 will be short terminated at Guwahati and will remain partially cancelled between Guwahati and Dibrugarh.
- **15959 Up Howrah-Dibrugarh Kamrup Express** scheduled to leave Howrah on 12/8, 13/8, 14/8 and 15/8/2011 and arriving Guwahati on 13/8, 14/8, 15/8 and 16/8/2011 will be short terminated at Guwahati and will remain partially cancelled between Guwahati and Dibrugarh.
- **14055 Dn Dibrugarh-Delhi Brahmaputra Mail** scheduled to leave Dibrugarh on 13/8, 14/8, 15/8 and 16/8/2011 will remain partially cancelled between Dibrugarh and Guwahati and will be originated from Guwahati at 6.00 hrs. on 15/8, 16/8, 17/8 and 18/8/2011 respectively.
- **15960 Dibrugarh-Howrah Kamrup Express** scheduled to leave Dibrugarh on 13/8, 14/8, 15/8 and 16/8/2011 will remain partially cancelled between Dibrugarh and Guwahati and will be originated from Guwahati on 14/8, 15/8, 16/8 and 17/8/2011 respectively as per time table.
- **15657 Up Sealdah-Guwahati Kanchenjunga Express** scheduled to leave Sealdah on 13/8, 14/8, 15/8 and 16/8/2011 will be short terminated at New Alipurduar and will remain partially cancelled between New Alipurduar and Guwahati.
- **15658 Guwahati-Sealdah Kanchenjunga Express** scheduled to leave Guwahati on 13/8, 14/8, 15/8 and 16/8/2011 will remain partially cancelled between Guwahati and New Alipurduar and will be originated from New Alipurduar at rescheduled time of 08.15 hrs. on 14/8, 15/8, 16/8 and 17/8/2011 respectively.

#### REGULATION OF TRAINS

- **15929 Chennai Egmore-Dibrugarh Express** scheduled to leave Chennai Egmore on 11/8/2011 and arriving New Coochbehar on 13/8/2011 will be regulated at New Coochbehar upto 04.00 hrs. on 14/8/2011.
- **12509 Bangalore City-Guwahati Express** scheduled to leave Bangalore City on 11/8 and 12/8/2011 and arriving New Jalpaiguri on 13/8 and 14/8/2011 will be regulated at New Jalpaiguri upto 02.15 hrs. on 14/8 and 15/8/2011 respectively.
- **12513 Secunderabad-Guwahati Express** scheduled to leave Secunderabad on 14/8/2011 and arriving New Jalpaiguri on 15/8/2011 will be regulated at New Jalpaiguri upto 02.15 hrs. on 16/8/2011.
- **12515 Thiruvananthapuram-Guwahati Express** scheduled to leave Thiruvananthapuram on 14/8/2011 and arriving New Jalpaiguri on 16/8/2011 will be regulated at New Jalpaiguri upto 02.15 hrs. on 17/8/2011.
- **15643 Puri-Kamakhya Express** scheduled to leave Puri on 13/8/2011 and arriving Alipurduar Jn. on 14/8/2011 will be regulated at Alipurduar Jn. upto 04.00 hrs. on 15/8/2011.
- **15661 Ranchi-Guwahati Express** scheduled to leave Ranchi on 14/8/2011 and arriving Alipurduar Jn. on 15/8/2011 will be regulated at Alipurduar Jn. upto 04.20 hrs. on 16/8/2011.
- **15941 Jhajha-Dibrugarh Express** scheduled to leave Jhajha on 12/8/2011 and arriving Alipurduar Jn. on 13/8/2011 will be regulated at Alipurduar Jn. upto 04.00 hrs. on 14/8/2011.
- **14055 Dibrugarh-Delhi Brahmaputra Mail** scheduled to leave Dibrugarh on 12/8/2011 will be regulated at Guwahati on 13/8/2011 and will leave Guwahati at 05.00 hrs. on 14/8/2011.

#### RESCHEDULING OF TRAINS

- **15930 Dibrugarh-Chennai Egmore Express** scheduled to leave Dibrugarh on 14/8/2011 is rescheduled to leave Dibrugarh at 05.00 hrs. on 15/8/2011 and will be regulated at Laming upto 05.00 hrs. on 16/8/2011.
- **12518 Guwahati-Kolkata Garib Rath Express** scheduled to leave Guwahati on 13/8/2011 is rescheduled to leave Guwahati at 05.15 hrs. on 14/8/2011.
- **15662 Kamakhya-Ranchi Express** scheduled to leave Kamakhya on 16/8/2011 is rescheduled to leave Kamakhya at 05.00 hrs. on 17/8/2011.
- **15648 Guwahati-Lokmanya Tilak Express** scheduled to leave Guwahati on 16/8/2011 is rescheduled to leave Guwahati at 05.15 hrs. on 17/8/2011.
- **15640 Guwahati-Puri Express** scheduled to leave Guwahati at 18.45 hrs. on 14/8/2011 is rescheduled to leave Guwahati at 05.15 hrs. on 15/8/2011.
- **12346 Guwahati-Howrah Saraighat Express** scheduled to leave Guwahati at 12.45 hrs. on 13/8, 14/8, 15/8 and 16/8/2011 is rescheduled to leave Guwahati at 05.30 hrs. on 14/8, 15/8, 16/8, and 17/8/2011.
- **15612 Dn Kamakhya-Lokmanya Tilak Karmabhumii Express** scheduled to leave Kamakhya on 13/8/2011 at 18.45 hrs. is rescheduled to leave Kamakhya at 05.00 hrs. on 14/8/2011.

Any train running out of schedule will be regulated suitably during or after the block period depending on the train running on the section.

Chief Passenger Transportation Manager

EASTERN RAILWAY

TCP

Surojit Gupta & Sidhartha | TNN

**New Delhi:** In June, the capital goods segment shot up 37.7%, led by mining equipment, printing machinery, dead burnt magnesite, rubber insulated cable and driers, each of these growing at least 79%.

Although basic goods comprising items such as coal, bagasse and molasses registered a 7.5% increase, the other four segments that make up manufacturing — intermediate, durables, consumer goods and non-durables — grew anywhere between 1% and 2.1%.

“Excluding this volatile segment (capital goods), however, the remaining 90% or so of output is estimated to have fallen for a fourth straight month. Combined with indicators ranging from domestic vehicle sales to PMI surveys, this adds to the impression that the domestic demand destruction required to bring cyclical inflation pressures to heel is likely in sight,” a research note from BNP Paribas said.

Economists also said the data seemed to suggest that fears of a tight monetary policy regime affecting industry were misplaced. “The strong June IIP numbers do partially dispel the notion that RBI's rate hikes have significantly crimped overall growth

MARKET WATCH			
INDICES		BULLION	
SENSEX: 16,840	▲ 220	GOLD/10 GM: 25,815	
NIFTY: 5,073	▲ 65	SILVER/1 KG: 59,025	
TOP GAINERS		EXCHANGE	
JUBLANT FOOD: 852.465	\$: 45.34	₹: 64.68	
LANCO INFRA: 19	▲ 1	₹: 73.76	\$G\$: 37.39

though consumer goods numbers suggest that domestic consumption is being impacted. However, the monthly IIP numbers have been volatile, and are only one input into the RBI's decision making data,” Royal Bank of Scotland's Parul J Saini said.

But those like Ficci secretary general Rajiv Kumar said the rebound in manufacturing sector should not be mistaken to be the beginning of recovery in industrial sector as growth was still not broad-based.

“The industrial production growth numbers suggest that, while a pickup in investments pushed up the overall growth, this trend may not continue in Q3 (July-September), as suggested by the moderation in manufacturing PMI (purchasing managers' index) from a peak of 58 in April to 53.6 in July. Moreover, exports demand, which is a strong demand driver of industrial production, is also showing signs of a sharp slowdown.

The combined effect of weak consumption and dwindling exports will also likely start to affect upstream capital investment, which should cause an overall slowdown,” added Nomura India economists Sonal Varma and Aman Mohunta.

Although there were murmurs in the economist community of the quality of data dished out by the commerce & industry ministry — something that even the Reserve Bank of India had recently mentioned — the government did not seem to be bothered. “There is no change in the system of data collection. If you believe our older numbers, then you also have to believe the newer set of numbers,” said an official.

Some good economic data — ranging from exports, IIP to tax collections — over the past few days is only going to add to RBI's plan to increase interest rates further to tame inflation, which remains high.

“With another six months of uncomfortable inflation readings to negotiate, however, on balance we still expect the RBI to hike once more this year,” BNP Paribas said.

Varma and Mohunta predicted a 25 basis point increase when RBI reviews the monetary policy on September 16.