



**DAIMLER CEO DIETER ZETSCHKE SEES NO US MARKET DISRUPTIONS ONCE DONALD TRUMP TAKES OFFICE**

**US FED CHIEF JANET YELLEN HINTS FED COULD RAISE INTEREST RATES NEXT MONTH | 24**



## Mistry avoids face-off, skips two Tata board meetings

**TCS Calls EGM On Dec 13 To Remove Cyrus As Director**

Reeba.Zachariah  
@timesgroup.com

**Mumbai:** Cyrus Mistry on Thursday skipped two crucial board meetings, of Tata Sons and Tata Consultancy Services (TCS), his first such absence since he was ousted as chairman from both companies.

The board of directors of Tata Sons did not discuss issues linked to Mistry, Tata executives said. However, at the TCS meeting, which was chaired by Ishaat Hussain, it was decided that the company will convene an extraordinary meeting (EGM) on December 13 to remove Mistry as a director from its board. On November 10, Tata Sons had said Hussain will replace Mistry as TCS chairman. TCS is the first company from the Tata Group to fix the EGM date. In the next few weeks, boards of Tata Steel, Tata Motors, Indian Hotels and Tata Chemicals will also consider convening similar EGMs. Despite opposition from parent company Tata Sons, Mistry remains chairman in these four group firms. To remove Mistry from boards of listed Tata companies, a majority of shareholders have to agree. In Tata Motors, Indian Hotels and Tata Chemicals, independent directors have supported



Ratan Tata (left) outside Bombay House, and TCS chairman Ishaat Hussain at the company's headquarters in Mumbai on Thursday



Mistry's continuance as chairman while in Tata Steel, the six independent directors were divided for and against him. It remains to be seen how shareholders factor in the views of these directors.

Mistry's dismissal as Tata Sons chairman and attempts to remove him from other group companies has raised questions about governance practices at the Tata Group. "It's (the TCS EGM) the most regrettable step by the Tatas and murder of corporate governance as till date they have not spelt out why Cyrus was replaced as chairman," said Anil Singhvi, chair-

man, ICan Advisors. Singhvi wondered how directors who had come on board recently and were yet to acquaint themselves with the group's businesses, had agreed to go along with the decision to replace Mistry.

Singhvi's reference was to Venu Srinivasan, Ajay Piramal and Amit Chandra who had joined Tata Sons months before Mistry's removal.

Barring Mistry, Thursday's board meeting, which was Hussain's first as chairman of TCS, was attended by all the directors with Ron Sommer and Clayton Christensen joining in via videoconference.

After the TCS board meeting, Hussain and the company's MD & CEO N Chandrasekaran attended the Tata Sons board meet chaired by Ratan Tata that lasted for nearly two hours. This was Chandrasekaran's first board meet as a Tata Sons director.

Mistry had informed Tata Sons and TCS that he begranted 'leave of absence', sources said. Before the formal board meeting, Ratan Tata had called an informal board meeting of Tata Sons directors where Mistry was not invited. This, sources said, prompted Mistry to skip the crucial board meeting in the afternoon. Vijay Singh, a Tata Sons director, denied to PTI any such meeting, jokingly saying that all board meets are themselves "informal".

Besides Mistry, two other directors, Farida Khambata and Ralf Speth, too skipped the Tata Sons board meet.

A Tata executive said the Tata Sons board meeting was a routine meet "with discussions revolving around company's accounts, administrative matters, assessment of business and the way ahead." The executive also added that there was a revamp of the audit committee. Earlier, the audit committee, during Mistry's chairmanship, was headed by Ronen Sen, with Farida Khambata and Vijay Singh as other members.

## Rajat Gupta assumes role as chairman of non-profit

**New York:** India-born former Goldman Sachs director Rajat Gupta has assumed a new role as chairman of a US-based non-profit organisation, a gradual return to a normal life after completing a two-year prison term on insider trading charges.

Gupta, 67, is chairman of the WHEELS Global Foundation (WGF), a nonprofit organisation focused on applying technology to uplift rural communities and provide technological solutions to global challenges in six areas; water, health, education, energy, lifestyles, and sustainability.

The non-profit was founded in 2013 by a group of alumni

**The non-profit, WHEELS Global Foundation, was founded in 2013 by a group of alumni from IIT, all prominent entrepreneurs and financial executives**

from IIT, all prominent entrepreneurs and financial executives. A source said Gupta assumed the role of chairman in October this year. Gupta's name appears among WGF's board of directors with the title of chairman on WGF's web page. According to his profile on the website, he "serves on its board as a key strategist in defining direction and focus of the non-profit organisation". It said Gupta brings his "considerable skills to WGF, along with his leadership associations and advisory roles to many other non-profits such as the Bill & Melinda Gates Foundation and The Global Fund to Fight AIDS, Tuberculosis and Malaria".

Gupta was one of the highest-profile defendants convicted in crackdown on insider trading and was sentenced to two years in prison. AGENCIES

## Jeep plans mini SUV for under ₹10L

**May Rope In Tata Motors For Engines, Transmissions**

Pankaj.Doyal  
@timesgroup.com

**Los Angeles:** Iconic American SUV brand Jeep is planning a sub Rs 10-lakh global off-roader for India to take on the likes of Ford Eco Sport and Renault Duster. It is also looking at a partnership with Tata Motors for engines, transmissions and possibly new products.

Mike Manley, head of the Jeep brand, which is part of the Fiat-Chrysler Automobiles' (FCA) stable, said India is one of the "most critical" markets for the company as it looks at a greater and stronger push into emerging countries, including Brazil and China.

The mini SUV, which is still in the drawing stage, will be the smallest in the company's line-up and India could be a global manufacturing hub for right-hand drive markets. The country is expected to take a lead as Jeep is targeting a sub four-metre version, which attracts lower excise tax and thus can be priced more aggressively.

Manley said at the Los Angeles Motor Show that the vehicle will be positioned "on top of the Eco Sport" and will be "very close" to the Ford vehicle. Manley said that a partnership with Tata Motors could be explored, but did not answer queries on whether he was eyeing a tie-up with the Indian company's British SUV brand Land Rover.

He said he is open to "discussions" on exploring "opportunities" with

Tata Motors beyond the Ranjangaon joint venture (signed by parent Fiat-Chrysler) that produces vehicles for both the companies. "Our relationship with Tata Motors is good... I would be very open to discussions with Tata about opportunities where collectively we could win," Manley told TOI when asked about possible joint product-development and vehicle platform strategies.

### FUELLING COMPETITION



- Jeep plans to take on Ford Eco Sport and Renault Duster with mini SUV
- Iconic American SUV brand will also launch Compass SUV
- Jeep made India debut in August this year through Wrangler and Grand Cherokee, priced upwards of ₹70 lakh

Jeep will be launching a new SUV Compass in a few months and this will be the first vehicle manufactured from its factory at Ranjangaon. While Compass is likely to be positioned at Rs 15-20 lakh, Manley said the company may launch a locally-built Renegade off-roader below Compass.

(The writer is in Los Angeles at the invitation of Fiat-Chrysler Automobiles)

## Scout eyes long-haul flights from India

Saurabh.Sinha  
@timesgroup.com

**New Delhi:** With budget airlines controlling almost 65% of domestic skies, it is now the turn of foreign low-cost carriers (LCC) with wide-body planes to eye the lucrative long-haul traffic to-and-from India. Singapore Airlines' (SIA) long-haul LCC Scout wants to operate its Boeing 787 Dreamliners on Singapore-India-Europe/Gulf routes under something known as "fifth freedom" of aviation. Under this freedom, an airline can fly from its home country to a second nation and take passengers from there to a third country and same on return.

**SIA's long-haul LCC Scout wants to operate its Boeing 787s on Singapore-India-Europe/Gulf routes**

"There is a market for long-haul LCCs to come into India or be based here. If allowed, our fare (basic, with everything else like baggage check-in, meals, beverages and Wi-Fi costing extra) could be Rs5,000 and Rs10,000 on Delhi-London and Delhi-New York, respectively, one-way," said Bharath Mahadevan, India head of Scout. The LCC flies from Amritsar, Jaipur and Chennai to Singapore. It will soon merge SIA's short-haul LCC Tiger into it and then fly from eight Indian cities to Singapore.

However, airlines from Singapore have used up the bilateral (flying rights) with India, while Indian carriers are still using about half of their share. So, an increase in bilateral that could enable Scout to have low-cost flights to Europe may not happen in a hurry. Lufthansa is also planning for some time to have its long-haul LCC flights to India.

## Banks cut FD rates by up to 100 bps

**New Delhi:** Taking advantage of the surge in deposits following demonetisation, several banks including ICICI Bank, HDFC Bank and Canara Bank have slashed their fixed deposit rates by up to 1 percentage point.

Lower fixed deposit rates may herald reduction in lending rates as well in the next few days. For fixed deposits between 390 days and 2 years, biggest private lender ICICI Bank has lowered the interest rate by 15 basis points effective Wednesday (100 basis points = 1 percentage point). ICICI Bank will pay 7.10% as against 7.25% earlier.

HDFC Bank has reduced interest rates by 25 basis points across all tenures on bulk deposits ranging between Rs 1 crore and Rs 5 crore. The new rates are effective Thursday. HDFC Bank's one-year fixed deposit will attract an interest rate of 6.75% as against the 7% earlier. For fixed deposits between 3 years, 1 day and 5 years, the rate has been lowered to 6.5% from 6.75%.

Kolkata-based state-run United Bank of India reduced its rate by 1 percentage point for short-term deposits. Its public sector peer Canara Bank has lowered deposit rates in the range of 5-25 basis points. AGENCIES

## Cash flow woes to raise dues in microfin sector

TIMES NEWS NETWORK

**Mumbai:** Microfinance institutions (MFIs) would be hit if money flow does not normalise by the first quarter of 2017 and borrowers find it difficult to repay loans. According to a report by India Ratings, demonetisation will inculcate banking habits once the immediate pressure eases. But in this short term, borrowers will reprioritise their expenses due to cash shortages, resulting in an increase in one-month overdues.

"If money flow does not fully normalise by Q4FY17, tier-1 capital (equity capital) of a few MFIs could near regulatory minimum levels. Ind-Ra's analysis indicates that most MFIs have liquidity in the form of unencumbered cash and unutilised bank lines to meet debt obligations for 30-60 days in the event of business disruption," said the agency.

Demonetisation comes at a time when the MFI industry was seeing a surge in lending. According to the rating agency, a section of joint borrowers could be over-leveraged. Also, overcrowding of MFIs in some states may adversely affect the

### Growth may fall 1 percentage pt: HSBC

**Mumbai:** HSBC has said in a report that over a year, economic growth can fall by 0.7-1.0 percentage point, with the maximum impact in the immediate two quarters, which will see a large contraction in 'effective' money supply due to demonetisation. The report also said that inflation would be around 20 basis points (bps, where 100bps = 1 percentage point) lower over a year due to fall in aggregate demand.

"In the short run, India's drive to withdraw and replace high-denomination currency notes will bring some benefits, some losses," said Pranjudi Bhandari, chief economist, HSBC, India. According to the report, the government's decision to abolish pre-existing stock of high-denomination currency will have a mixed impact on the macro economy over a year. "Long-term gains will be realised if this bold move is followed up by other reforms like incentivising digital adoption and tackling other centres for unaccounted money." On the current account side, the impact is expected to be mixed. "While we expect imports of consumer goods to fall, this could be easily offset by higher gold demand." TNN

ir asset quality, especially with growth in new-to-microfinance borrowers.

**► New ₹500 notes to ease currency shortage, P 24**

According to the report, growth in the gross loan portfolio (GLP) of MFIs in nine of the top 10 states was driven more by an increase in loan size to existing borrowers rather than

new customers coming in. "Wage rate-based annual income to annual EMI ratio stands at 1.8-2.0x for the highest leverage states such as Karnataka, Madhya Pradesh and Odisha and at 5x for the lowest leverage states such as Kerala," the report said. India Ratings has pointed out that nine of the top 12 MFIs need high capital to account for low-quality geographical mix.

## WOW: Artificial intelligence is coming soon, to a device near you

Vikas.Singh@timesgroup.com

**Las Vegas:** Marvin is just a few inches tall, but he has a big mouth. "What do you think of that, human?" he sneers as he ties the scores 1-1. "Is that the best you can do?" he jeers as he takes a 2-1 lead. Moments later, his tone switches to pleading. "Oh no, IBM will fire me if I lose," he says, as the score is tied 2-2. The decisive move comes up, and Marvin is beaten. "My robot mind is officially blown," he intones, making a fizzing sound as the audience laughs and claps.

The game the cute little robot was playing — Rock, Paper, Scissors — has been played by children for generations. But when this seemingly simple game is played hundreds of times, it throws up a wealth of data that can be crunched to come up with complex strategies. Marvin has played it over 600 times, with human rivals already, and every time he plays, he learns. "You won't beat me again," he tells one of the humans who is walking away triumphantly. It's meant as a joke, but one suspects that there may be an element of



IBM CEO Ginni Rometty (left) with GM CEO Mary Barra at the IBM World of Watson conference in Las Vegas

truth to it.

Marvin is one of several devices, including Pepper, a robotic concierge, Olli, an interactive, self-driving minibus made of 3D printed parts, and Rita, an intuitive whiteboard that provides transcripts of meetings taking place in the room, and also offers translations on request, that were on display at IBM World of Watson (WOW).

The three-day conference,

attended by over 17,000 people, was essentially a showcase for Watson, IBM's ambitious, multi-billion dollar bet on artificial intelligence, the new frontier that every major tech giant — from Amazon to Google to Microsoft — is racing to explore.

IBM, though, insists that Watson is more than just AI, and prefers to use the term 'cognitive' when referring to Watson's capabilities. Unlike

conventional computers, which have to be programmed, Watson understands the world in the way that humans do: through senses, learning and experience, but at a speed no human can match — it can read more than 800 million pages per second.

Unsurprisingly, India plays a key part in IBM's plans, both as potential market and talent pool. "The biggest developer conference that happened (for the company) this year was in Bengaluru. We're planning another one there soon. There is just amazing talent that we see, so I am very excited about it (India)," said IBM Watson GM David Kenney. "We see a lot of innovation coming out of India... There isn't much legacy that needs to be adopted, so people are immediately deciding cognitive systems," he added.

Watson first shot to fame in 2011 when it beat two human champions in the quiz show, Jeopardy! More recently, it assisted Grammy-winning music producer Alex Da Kid in creating a song called "It's Not Easy", which was released last month.

► Continued on P 24

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