IT major Mindtree joins $1-billion club

Company to dole out anniversary dividends; full fiscal and Q4 performance exceptional: CEO Ravanan

SPECIAL CORRESPONDENT
BENGALURU

Twenty years after it was founded, mid-tier IT firm Mindtree crossed $1 billion in revenue during the fiscal ended March 31, 2019.

Amid a hostile takeover bid from Larsen & Toubro, the board of directors of Mindtree has declared an interim dividend of 30% (₹3 per share that will be paid before May 10).

The board also recommended a final dividend of 40% and special dividend of 200% (₹20 per equity share of face value of ₹10 each) to celebrate the twin achievements of exceeding $1 billion annual revenue milestone and the company turning 20.

For the payout of the final and special dividends, the company will seek shareholders' approval in June-July period, after L&T's open offer closes on May 27.

The company has 16.4 crore shares and the total payout from interim and special dividend will be ₹530 crore, including taxes (per share value of ₹27).

Addressing a press conference on Wednesday, Mindtree CEO and managing director Rostow Ravanan said, "The special dividend is to commemorate and celebrate Mindtree's achievements and will be subject to shareholders' approval at the company's AGM."

"The dividend plans are in line with the firm's capital allocation policy and is not against corporate governance norms," CFO Pradip Menon said.

According to Mr. Ravanan, Mindtree has delivered exceptional performance for both the fourth quarter and the full fiscal.

"Over the course of two decades, our strategy of being expertise-led and backed by a unique culture continues to help us attract world-class people to consistently grow faster than the sector is a reflection of the investments we have made to adapt with technology trends disrupting our industry."

The company's revenue grew at 18.3%, much ahead of the industry average. During the fourth quarter, Mindtree posted revenues of ₹1,840 crore, a 2.9% Q-o-Q and 25.6% Y-o-Y growth. The company's net profit stood at ₹198.4 crore, a growth of 3.8% and 8.9% Q-o-Q and Y-o-Y respectively. Mindtree's FY19 net profit grew 32.2% to ₹754.1 crore, while revenue rose 28.5% to ₹7,021.5 crore from the previous fiscal.

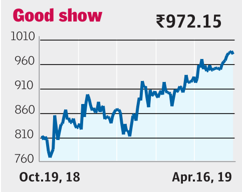
Mindtree said it would hire 2,300 freshers from campuses during the current fiscal.

'No touch with L&T'

Responding to repeated queries on the L&T bid Mr. Ravanan said, "There has been absolutely no touch with them for some time now."

L&T may offer ₹980 a share to buy an additional 31% shares in Mindtree in an open offer scheduled to open on May 14 and close on May 27.

Good show



Our strategy of being expertise-led and backed by a unique culture continues to help us attract world-class people
— ROSTOW RAVANAN, CEO and MD, Mindtree

Metrics	Q4 FY19	Q4 FY18	Growth(%)
Revenue (cr.)	1,840	1,464	25.6
Net profit (₹cr.)	198.4	182.2	8.9
EPS (₹)	12.08	11.12	
Dividend (₹)	27*	2	

*Includes special dividend of ₹20

RIL in talks to buy Hamleys

Reliance Retail already holds licence to sell the toys

PRESS TRUST OF INDIA
NEW DELHI

Reliance Industries is in talks to buy centuries-old British toy retailer Hamleys as the company expands its presence in the consumer space, sources said.

Currently, Reliance Industries' retail arm Reliance Retail has the licence to sell Hamleys' products in India.

Due-diligence

Reliance Industries is said to be aggressively pursuing the deal and due diligence for buy-out is in advanced stages, sources said.

When contacted, Reliance declined to comment.

"As a policy, we do not comment on media speculation and rumours. Our company evaluates various opportunities on an ongoing basis," a Reliance Industries spokesperson said.

Toy story: C.banner International had launched a strategic review of the loss-making Hamleys and was looking to sell it.

In 2015, China's C.banner International had acquired Hamleys in a £100-million deal. In October last year, Sky News reported that C.banner International, which is listed on the Hong Kong Stock Exchange, had launched a strategic review of the loss-making Hamleys and was looking to sell it. Hamleys was founded in 1760. In the past few years, Reliance Industries had been diversifying beyond its core business of refining and petrochemicals and had emerged as a strong player in the telecom and retail businesses.

RIL arm, MOL in pact

To invest in very large ethane carriers

SPECIAL CORRESPONDENT
CHENNAI

Reliance Ethane Holding Pte. Ltd. (REHPL) has entered into a binding definitive agreement with Mitsui O.S.K Lines Ltd. (MOL) of Japan and a minority investor for strategic investment in six special purpose limited liability companies, each owning a very large ethane carrier (VLEC) of Reliance Industries Ltd (RIL).

The transaction is subject to regulatory approvals. Post deal closure, the special purpose vehicles shall be jointly controlled by REHPL and MOL.

"Given MOL is currently the operator of all the six VLECs, investment by MOL will deepen our relationship with them and ensure continued safe and efficient operations of the VLECs. We welcome MOL as a strategic partner into the SPVs as they move beyond the current operator role to joint owner and operator role in the SPVs," said P.M.S. Prasad, ED, RIL.

Fleet owners

"This investment will enable MOL to add six unique VLECs, which we have been operating for some time now, as owners to its existing fleet of over 850 vessels.

" We look forward to use this opportunity to be a joint owner and significantly strengthen our existing relationship with Reliance," said Takeshi Hashimoto, member of the board and executive VP, MOL.

ICICI Bank to offer instant auto loans

SPECIAL CORRESPONDENT
MUMBAI

ICICI Bank will offer loans to its customers who are planning to buy two and four-wheelers up to ₹2 lakh and ₹20 lakh, by providing the final sanction letter instantly. The bank will offer 100% of the on-road price of vehicle.

Customers can visit the vehicle dealer along with the sanction letter, which is valid for 15 days, and submit final documents and get the loan disbursed in a few working hours, the bank said. "This is a marked improvement over the current average of few days that a customer needs to complete the entire process," it added.

Dull year likely for FMCG sector: report

Slowing rural demand dampening industry growth, says Nielsen

SPECIAL CORRESPONDENT
MUMBAI

The fast moving consumer goods (FMCG) segment is expected to see a lower growth this year compared with 2018 on account of a slowdown in both rural and urban demand, said a report.

This comes amid inflation showing signs of inching up and the overall economic growth likely to be lower than projected.

According to Nielsen, a global market research firm, the current year is expected to see the FMCG sector grow at 11-12% or about 200 basis points (bps) lower than that of 2018.

"The FMCG industry growth outlook will be in the range of 11-12% in 2019, i.e., about two percentage points lower than that in 2018. The volume growth, which peaked in 2018 to 11%, is expected to be healthy but lower at 8.5% – 9.5% in FY 2019," stated the report released by the market research firm.

Incidentally, the lower growth projections come on the back of another double-digit value growth of 13.6% in the first quarter of 2019, though it was lower when compared with the last quarter of the calendar year 2018.

The report further stated that while a slight drop was witnessed in urban growth, there was a significant softening of growth trends in rural demand, which was dampening the overall FMCG industry growth in the first quarter.

The overall drop witnessed in rural growth was majorly driven by a slow down in the packaged food category, as per Nielson.

While there was a slow down across various food categories in rural, the extent of drop was larger in essentials and impulse food categories that included products like packaged atta.

The firm, however, highlighted the fact that the slowdown was witnessed amid a lower GDP growth of 6.6% – lower than the earlier projection of 6.8% – and rising inflationary pressure of 2.9% in March from 2% in January.

While the outlook for the second quarter is pegged at 12-13%, factors like rural consumption and inflationary pressures would influence the growth trajectory in the year.

Also, rising input and crude prices, exchange rate, reduction in repo rate leading to further liquidity, policy dynamics, especially related to e-commerce, and sustained benefits from the Goods and Services Tax regime would have an effect on the demand during the year, according to Nielsen.

NCLAT fiat to Anil Ambani on HSBC Daisy

PRESS TRUST OF INDIA
NEW DELHI

The NCLAT has sought a response from Reliance Group chairman Anil Ambani within 10 days over a contempt plea filed against him and officials by the minority shareholders of group firm Reliance Infratel alleging non-payment of dues.

An NCLAT bench, headed by Chairman Justice S. J. Mukhopadhaya, said he would like to hear Mr. Ambani and other respondents over the contempt petition filed by HSBC Daisy Investments (Mauritius) and other minority shareholders over alleged breach of undertaking for payment by R Infra.

Saudi Aramco eyes stake in RIL's refinery

PRESS TRUST OF INDIA
NEW DELHI

Saudi Aramco, the world's largest oil exporter, is in talks to buy a stake in Reliance Industries' oil refineries and petrochemical complex, sources said.

Aramco opened talks with Reliance as the $44-billion mega refinery-cum-petrochemical complex, where it was taking a 50% stake along with UAE's ADNOC, got delayed after the government scrapped plans to acquire land for the project in coastal Maharashtra.

The sources said the talks had been going on for a few months now. A 25% stake would translate into $15 billion without even considering any premium of giving the firm a foothold in a well-established business in the world's third largest energy consuming nation, they said.

Apple, Qualcomm end litigations, enter pact on global patent licence, chip supply

To settle royalty dispute; tech major to make unspecified payment to chipmaker

REUTERS

Apple Inc. and Qualcomm Inc. have decided to drop all ongoing litigations and settle their royalty dispute, reaching an agreement on global patent license and chipset supply.

The settlement also includes a payment from Apple to Qualcomm, whose size the two companies did not disclose.

Shares of Qualcomm jumped 22% in late afternoon trading, while Apple share were up marginally.

Apple filed a $1 billion lawsuit against Qualcomm in January of 2017, accusing the chipmaker of overcharging for chips and refusing to pay some $1 billion in promised rebates. Later, Qualcomm hit back with its own lawsuit, alleging that Apple used its heft in the electronics business to wrongly order contract factories such as Hon Hai Precision Co. Ltd.'s Foxconn to withhold royalty payments from Qualcomm that Apple had historically reimbursed to the factories.

As part of the settlement, Qualcomm will also end litigation with Apple's contract manufacturers.

Apple had alleged that Qualcomm's patent practices were an illegal move to maintain monopoly in the market for premium modem chips that connect smart phones to wireless data networks. Apple's iPhones earlier used to sport only Qualcomm's modem chips, which help a device connect to wireless data networks. With the launch of iPhone 7 in 2016, Apple started using Intel modem chips in some models instead.

'Intel inside'

Qualcomm told investors in July it believed its modem chips were completely removed from the newest generation of iPhones released in September, leaving Intel as the sole supplier.

Teardowns of the new devices have confirmed that Intel is supplying the modem chips. Shares of Intel, Qualcomm's main competitor for supplying modem chips to Apple, trimmed gains to be up marginally at $56.42.

Intel did not immediately respond to *Reuters*' request for comment.

Clash of the titans: Apple filed a $1 bn suit against Qualcomm in 2017, accusing it of overcharging for chips. • AFP

Crisil board clears transfer of rating business to subsidiary

Segregating rating, non-rating businesses as per SEBI rules

SPECIAL CORRESPONDENT
MUMBAI

The board of directors of Crisil has approved the transfer of the ratings business to a 100% subsidiary of Crisil. This has been done to comply with the rules laid down by the Securities and Exchange Board of India (SEBI), which state that rating and non-rating businesses of credit rating agencies have to be segregated.

"This segregation will have no impact on Crisil's businesses and the financial value to Crisil's shareholders will remain unchanged," Crisil said in a statement.

Seamless process

"The segregation process will be seamless and on completion, ratings of all financial instruments under respective guidelines of the financial sector regulators and authorities will move into the wholly owned subsidiary. During the interim period, the ratings business will continue uninterrupted," it added.

Meanwhile, the transfer would be undertaken through a scheme of arrangement under the Companies Act and will have to be approved by the stock exchanges and the National Company Law Tribunal.

Panasonic India to integrate divisions

Eyes ₹1,000 cr. from manufacturing

YUTHIKA BHARGAVA
NEW DELHI

Panasonic is integrating its various business divisions in India that provide solutions for manufacturing sector, including industrial robots, as part of efforts to achieve ₹1,000 crore revenue from the segment in the next three years, a top company official said.

"Globally, companies are increasingly focused on automating processes in their manufacturing plants and bringing in solutions, which are more digitally-enabled. India is also adopting new age technologies such as 5G, IoT and, AI...to cater to this demand, having the right and smart capabilities in manufacturing will be key, and this is what we are addressing today," Hiroyuki Aota, president and CEO, Global Panasonic Smart Factory Solutions, told *The Hindu*. Under the 'Smart Factory Solutions,' the company would offer three products – basic welding equipment used mainly in the infrastructure sector for example for building ships, bridges, rail coaches; industrial robots used mainly by automotive sector and surface mount technology (SMT) equipment used by mobile manufactures to assemble and populate their PCBs.

One-stop solution

With 'Smart Factory Solutions,' Panasonic aims to be the one-stop solution for all SMT, welding and digital manufacturing needs.

ArcelorMittal allowed to sell steel assets to Liberty House

PRESS TRUST OF INDIA
NEW DELHI

Global steel giant ArcelorMittal on Wednesday said it had received approval from the European Commission to sell steel-making assets in Europe to Liberty House Group.

The assets included within the divestment package are ArcelorMittal Ostrava in Czech Republic, ArcelorMittal Galati in Romania, ArcelorMittal Skopje (Macedonia), ArcelorMittal Piombino (Italy), ArcelorMittal Dudelange (Luxembourg) and several finishing lines at ArcelorMittal Liège (Belgium), the Luxembourg-based company said in a statement.