

## IT biggies hand out salary hikes

6-8% raise at Infosys, Wipro

**Our Bureau**  
Bangalore, June 13  
Despite the slowdown in growth, Infosys and Wipro have hiked salaries of their employees.  
Wipro said it would increase salaries by 6-8 per cent across the board from June. Employees working in client locations abroad will get a 2-3 per cent hike, the company said in a statement.

Infosys said it was giving a hike of 8 per cent for its India-based employees and 3 per cent for employees abroad who did not get a raise in February.

The global sales team of Infosys will get a pay hike of 8 per cent from May and other employees, from July.

Addressing employees at the Infosys campus, N. R. Narayana Murthy, who recently returned as the company's executive chairman, said non-performers and people on the bench will have to prove their worth. The company will have new performance-evaluation schemes.

In the last two years, Infosys and Wipro have not been able to grow at the pace at which the Indian IT industry has due

to their clients' hesitance to spend more on outsourcing, according to industry watchers. This, in turn, had led to a spate of senior level exits in both the companies.

TCS, in April, said that its India employees will get a hike of 8-10 per cent and those working in client locations, 2-4 per cent.

### OTHERS FOLLOWING

Other companies are learnt to be following suit. Bangalore-based MindTree is finalising the quantum of hike to be offered to its employees. The company plans to increase salaries as it did in 2012, when staff got a 6 per cent hike, said a senior-level employee.

However, a MindTree spokesperson said that it has not yet decided on the wage hike for its 11,500 employees. After the fourth quarter results, Ravi Shankar, Chief People Officer, had told analysts that it will decide on hikes by July.

Similarly, about 31,000 employees of Mahindra Satyam are expecting a hike next month, a Mahindra Satyam employee said.

>>>More reports on Page 7  
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## Chidambaram's booster pack fails to lift Re, market

Easing FDI limit, kick-starting stalled infra projects head 5-point plan

**Our Bureau**  
New Delhi, June 13

With both the rupee and the stock market on a slide, a worried Finance Ministry on Thursday announced a five-point action plan to boost confidence in the markets and revive sentiment in the economy.

But, unimpressed, both the stock market and the rupee continued to fall. Even as Finance Minister P. Chidambaram's briefing was being broadcast live on television, the benchmark BSE Sensex, after opening lower, shed another 50-60 points, and the rupee slipped further by almost 5 paise to Rs 58.32 against the dollar. Although both recovered slightly mid-session, the Sensex ended at 18,827 points, down 214 points or 1.2 per cent over Wednesday's closing. The rupee closed down 19 paise at 57.98.

Maintaining that the steps already taken during last nine months have yielded "significant" results, Chidambaram said there was no need to panic and that issues spooking the markets would soon get resolved.

Chidambaram's to-do list includes resolving issues related to coal pricing/allocation for power plants, increasing or even axing limits on foreign direct investment (FDI) in many sectors, addressing gas pricing issues, pushing for acceptance of the K. M. Chandrashekar Committee recommendations on categorisation of foreign investors and 'know-your-customer' (KYC) norms applicable for them, and kick-starting stalled infrastructure projects.

"I would think the issues will be resolved before the end



Talking positive: Finance Minister P. Chidambaram is confident that issues spooking the markets will be resolved soon. Alongside are Economic Affairs Secretary Arvind Mayaram (centre) and Chief Economic Adviser Raghuram Rajan (left). — Kamal Narang



of June," Chidambaram asserted. "My preliminary view is that we are broadly in favour of the Chandrashekar committee recommendations, so our representatives on the SEBI board will express this view in the meeting on June 25," Chidambaram said. He also mentioned that the report was "extremely positive" and the recommendations "deserve to be accepted."

### FDI CAP

Chidambaram also hinted at a radical rethink of the FDI policy. A committee under the Chairmanship of Economic Affairs Secretary Arvind Mayaram is looking at revising upward the foreign investment limits for various sectors.

The Committee is expected to give its report early next

week. Then, there will be a meeting between the Finance Minister and the Commerce Minister followed by a final meeting with the Prime Minister.

"We are looking at every sector. The principle is very simple. Does the FDI cap serve any purpose today? If it does, we will keep that cap. If not, the cap should be either relaxed or removed. That's the mandate for the committee. We are looking at all sectors, including Defence," the Minister said.

### PENDING PROJECTS

On the delayed and pending infrastructure projects, Chidambaram said the Government has created a special cell within the Cabinet Secretariat to fast-track all stalled pro-

jects. The aim is to identify projects that need "just a little push" in terms of one or two clearances. "Give the push so that 20-30 projects, what we call low-hanging fruits, among the 250 private sector projects, can quickly get off the ground." This, he said, will be done this month itself.

On skill development, the Finance Minister said the Prime Minister has set up a Cabinet Committee and hoped that the initiatives announced in the Budget will be operational by, say, mid-August.

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Today's issue carries an 8-page supplement of "WEEKEND LIFE"

### RENAULT STRATEGY

To stay focused on core model P. 2



**COMPANIES**  
Gary Toomey is Jet Airways' new CEO

Jet Airways on Thursday appointed Gary Toomey as its new Chief Executive Officer. The appointment follows the resignation of Nikos Kardassis, who left the airline after serving two terms as CEO.

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**ECONOMY**  
Industry growth revised up to 2.3%

In what turned out to be a pleasant shock to many in trade and industry, the Statistics Ministry on Thursday revised upwards the factory output growth for April to 2.3 per cent from two per cent announced on Wednesday.

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**EXIM CREDIT**  
Ethiopia gets \$300 m for rail link P.14

**BANKING**  
Gold glitters for banks, customers

The Government and the RBI may have gone hoarse asking people not to buy gold. But the yellow metal holds a fatal fascination for Indians. Be it coins/bars or jewellery, people continue to invest in gold, say bankers and jewellers.

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**INFO-TECH**  
Wipro gets tax demand of Rs 816 cr

Software firm Wipro has been slapped with an over Rs 816 crore claim by tax department, becoming the latest IT company to have got such a notice after Infosys, WNS and iGATE.

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### TRUANT WEATHER

Second flush tea crop may be hit P. 15



## Food Bill: Ordinance deferred; Govt may call special session

**Our Bureau**  
New Delhi, June 13

The Government plans to call a special session of Parliament to pass the Food Security Bill after the Cabinet on Thursday deferred a proposal for an Ordinance.

Home Minister Sushil Kumar Shinde, Parliamentary Affairs Minister Kamal Nath and Food Minister K.V. Thomas will hold talks with political

parties on convening a special session of Parliament. The Congress indicated that apart from its allies and supporters, the Opposition Bharatiya Janata Party and the Left parties had also opposed the ordinance route.

A senior Congress leader said some Opposition leaders had contacted Congress President Sonia Gandhi and said the idea for an Ordinance should be dropped.

## Apollo Tyres stock plummets 25% on fears Cooper deal will drive up debt

**S. Renendra Singh**  
K. S. Badrinarayanan

New Delhi/Chennai, June 13  
A day after Apollo Tyres announced the Cooper Tire buy for Rs 14,500 crore, the scrip of India's No 2 tyre-maker plunged 25 per cent to Rs 68.60 on the BSE mainly on fears of the huge debt the company will have to take on.

To fund the acquisition, Apollo plans to raise \$2.5 billion through a consortium of Morgan Stanley, Deutsche Bank, Goldman Sachs and Standard Chartered Bank.

"The size of the deal is bigger

than the company's market cap of \$800 million right now and it is entirely funded through debt as well. All investors are worried and it will take at least 2-3 years for the company to perform well," Yareesh Kothari, analyst at Angel Broking, said.

Analysts also said the outlook will depend on the prices of raw materials such as natural rubber, nylon fabric and, more importantly, the rupee's value against the dollar.

"Though Cooper seems a good strategic fit, Apollo is paying a huge price for it and,

hence, gaining synergies and the timeline of achieving it is important. We also await more visibility on the complex funding structure and approval process in the next few months," Ashwin Patil of LKP Research said.

He said Apollo's take over of Vredestein's operations in 2009 paid off, as it was from a loss-making company and, therefore, at a reasonable price.

Cooper stockholders will receive \$35/share in cash, which is at a 40 per cent premium to Cooper's 30-day volume-weighted average price.

According to Kotak Institutional Equities, as the size of the transaction is very large vis-a-vis the current operations, it could swing either way for Apollo. "We will review our rating and target price after a detailed discussion with the management," the research firm said in its report.

Apollo, according to Credit Suisse, will now put on hold plans of greenfield expansion in Eastern Europe and South-East Asia (since Cooper is already present in these regions).

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### SEBI bars Zylog chief, 5 others

**Mumbai:** SEBI on Thursday barred the Chairman and five others of outsourcing firm Zylog Systems from the securities market on charges of fraudulent trading activities. The company Chairman and CEO Sudarshan Venkatraman, its MD and Chief Operating Officer Ramanujam Sesharathnam, CFO S.P. Srihari, whole-time director Parthasarathy Srikanth, his wife Srikanth Sripriya and Sthithi Insurance Services have been barred, until further orders.

—PTI

## IITians seek pre-school admission

Yograj Patel, Akshay Gupta eye Rs 4,460-cr biz

**Nivedita Ganguly**  
Deepa Nair

Mumbai, June 13  
While higher education is a billion-dollar business, pre-school education (kindergarten) is well on its way to getting there.

The rise in nuclear families and increase in disposable incomes have led to greater demand for quality pre-schools even in small towns and non-metros. Indore alone requires over 2,000 such centres, according to industry estimates.

Six months ago, Yograj Patel and Akshay Gupta, two young IITians, decided to tap the potential of this segment and set up a chain of pre-schools in Central India.

"Schools are supposed to be non-profit organisations by law and we couldn't find any investor. That's when the idea of starting a pre-school came as it requires far less investment and is a lucrative business opportunity," says Patel. As part of their due diligence, he and Gupta visited schools in Mumbai, Surat, Ahmedabad, Indore and Bhopal. "Countryside", the first pre-school in their chain, is set to open in Indore this month.

According to industry estimates, the pre-school market in India is pegged at



\$770 million (about Rs 4,460 crore). It is expected to be worth Rs 13,300 crore by 2015-16, according to a Crisil research report.

Moreover, this segment currently comprises just 2.5 per cent of India's urban school-going population, says a report by Religare Institutional Research.

### HIGH MARGINS

With a seed capital of Rs 6 crore raised through the private equity route, Patel and Gupta plan to open five pre-schools in the next academic session, focusing on Central India, where they hail from.

The annual fee at 'Countryside' is Rs 15,000 (playgroup and nursery) and Rs 18,000 (KG1 and KG2). "Admissions happen mostly

in July, so we hope to break-even this year," says Patel.

The fee may seem steep, but industry experts say parents are ready to spend even up to Rs 50,000 a year on the education of their two- or three-year-olds. Not surprisingly, some pre-schools have margins as high as 30 per cent.

The pre-school venture has many challenges to overcome, including a limited reach and competition from bigger players such as Eurokids, Treehouse and Kidzee.

"We are developing a clearly articulated curriculum and programme to prepare kids for school," says Patel.

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**Wealth Creation Thought**  
The most expensive lessons in investing are typically a result of making too many investment decisions; not too few

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