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ECONOMY

Companies CSR expenditure rises 47 per cent in 4 years to Fy18:

Companies in India spent Rs 7,536.3 crore on corporate social responsibility (CSR) activities in 2017-18, a 47 per cent rise compared to 2014-15, says a survey. "This is a significant rise, clearly demonstrating higher expenditure towards CSR activities from the mandated year, 2014," said the KPMG India CSR Reporting Survey 2018. The cumulative expenditure by top 100 companies from 2014-15 to 2017-18 is about Rs 26,385 crore, the survey said. The average amount spent per company has gone up to Rs 76.1 crore as compared to Rs 58.8 crore during 2014-15, up 29 per cent, it said. The survey further said that the total unspent amount has reduced by Rs 749 crore to Rs 989 crore during 2017-18 from Rs 1,738 crore in 2014-15. This is the fourth year into the report and also government regulation to spend 2 per cent on CSR. This year, the two outcomes which are showing progress due to the regulation are - governance around CSR and contribution of private sector in the development," said Santhosh Jayaram, Partner and Head, Sustainability and CSR Advisory, KPMG in India. ▪

More than 50% of companies look to step up hiring in 2019

More than 50 per cent of companies intend to increase hiring next year while only 3 per cent firms may reduce the headcount, a senior official of global consulting HR firm Mercer said. "The hiring outlook seems to be positive (in 2019). More than 50 per cent of companies expect to increase the headcount whereas only 3 per cent are likely to reduce the headcount, as per our employers' survey," said Shanthi Naresh, Indiabusiness leader, Mercer. Mercer CEO Anish Sarkaralso noted that the trend for the last couple of years has been good in terms of hiring and next year the outlook seems positive. "Besides the demand for key skills like sales, research and development become predominant," he said. ▪

Draft electronics policy aims $400 billion manufacturing ecosystem turnover by 2025

The government has released the draft of the National Electronics Policy 2018, aiming for a turnover of $400 billion in domestic electronics manufacturing by 2025. The policy targets production of one billion mobile handsets by 2025, valued at $190 billion including export of 600 million mobile handsets valued at $110 billion. The policy aims to also push the startup ecosystem in emerging technology areas such as 5G, Internet of Things, artificial intelligence and machine learning, and their applications in areas such as defence, agriculture, health, smart cities and automation. Some of the measures proposed in the draft include promotion of manufacturing of electronic goods covered under the Information Technology Agreement (ITA-1) of the World Trade Organization and provision of suitable direct tax benefits, including investment-linked deduction under Section 35AD of the Income Tax Act for electronics manufacturing sector, for setting up of a new manufacturing unit or expansion of an existing unit. ▪

With 9% growth, UPI transactions cross 500-million mark

Transactions through the Unified Payments Interface(UPI), the flagship payments platform in the country, crossed 500 million in November. Growth in the number of transactions, however, was only 9 per cent over the previous month. In October, the volume of transactions through the UPIwas 482.36 million. The value of the UPItransactions in November stood at Rs 822.32 billion, against Rs 749.78 billion in October, a rise of 10 per cent. For other modes of transactions, both mobile wallets and cards fell slightly in volume and value in September over August, according to the latest set of data released by the Reserve Bank of India (RBI). At the end of October, the NPCI reduced the number of peer-to-peer transfers allowed through the UPI network in a day to 10, from the earlier limit of 20. The NPCI said this would "encourage genuine transactions in the UPI ecosystem". ▪

RBI maintains status quo on rates; retail inflation dips to 3.3%

The RBIs monetary policy committee, voted unanimously to keep the benchmark interest rate unchanged. The repo rate stands at 6.5 percent. The decision to maintain the status quo comes against the backdrop of retail inflation, as measured by the consumer price index (CPI), coming in below expectations. CPI inflation has declined from 3.7 per cent in September to 3.3 per cent in October. The decline in headline inflation can be traced to the collapse in food inflation, even as core inflation inches upwards. "A large fall in food prices pushed food group into deflation and more than offset the increase in inflation in items excluding food and fuel," noted the MPC ▪

GST continues to pose problems even after 18 months of its roll out

Even a year and a half after its launch, the GST regime continues to pose grave problems for the central government's fiscal maths. While monthly collections have crossed the Rs 1 trillion mark twice in the current year, they remain well below the desired monthly run rate. This is despite the number of returns filed rising to 6.96 million in October, up from 6.75 million in September. On its part, the government had hoped that compliance under the new indirect tax regime would improve with the introduction of the e-way bill. However, data on Integrated GST domestic collections does not suggest a sustained increase in tax collections. For the government to meet the budgeted indirect tax target, collections would have to rise to Rs 1.33 trillion per month for the rest of the current financial year, says a report by Kotak Institutional Equities. ▪

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COMPANIES

Tata Motors faces litmus test: Falling sales, losses force JLR to cut jobs

Tata Motorsis facing a significant challenge of turning around its 100 per cent subsidiary Jaguar Land Rover (JLR), which is grappling with declining sales, lower margins, and the recent losses. The company is expected to lay off “thousands of workers” early next year, in its bid to cut costs by at least $3.2 billion in the next two years, according to British media reports. JLR reported net losses during the first half (H1) of 2018-19 (FY19) - the first time in nearly a decade. The last time the luxury carmaker reported losses was in 2008-09, immediately after the 2008 Lehman Brothers crisis.

Ola commits to invest $100 mn in Vogo, to bring scooter sharing

Softbank-backed Ola has made a commitment to invest $100 million in scooter sharing start-up Vogo as part of a deal that will allow customers of the ride-hailing firm to get access to two-wheeler rentals from within its app.The capital that Ola invests will go towards adding 100,000 scooters to Vogo's fleet, and is part of the strategic partnership between the two firms. The investment will be made in tranches, the first of which was received by Vogo as part of its Series-A investment in August. Vogo had raised around $7 million in its first round of institutional funding led by Ola, with participation from Matrix Partners, Stellaris Venture Partners and Hero MotoCorp chairman Pawan Munjal's family office.

Apple provided customer's data on Indian govt requests between Jan-Jun 2018

The Indian government has asked Apple to provide information for 27 devices and 18 accounts in the January-June 2018 period, with the company providing data in most of the cases owing to an iTunes Gift Card fraud investigation. The number of government requests -- in various formats such as subpoenas, court orders, warrants or other valid legal requests -- also included 34 financial identifiers and three emergency requests, Apple said in its Transparency report. For device requests, Apple provided data to the Indian government in 63 per cent of cases and 85 per cent in the cases related to financial identifiers. Globally, the company received 32,342 demands from governments to access 1,63,823 devices, with 80 per cent of the requests granted. In total, the Cupertino-based iPhone maker approved more than 25,000 government requests to access customer data in the first half of 2018 - an almost nine per cent rise in demands in the July-December 2017 period.

DHFL exits mutual fund industry by selling 50% stake in DHFL Pramerica

DHFL announced that it was exiting from the mutual fund(MF) industry by selling its 50 per cent stake in DHFLPramerica MF to its joint venture partner Pramerica. According to the press release, Pramerica Financial, a brand name used by Prudential Financial Inc of the United States, on Tuesday signed a binding term sheet for Pramerica to acquire DHFL's stake in DHFLPramerica MF. The transaction is subject to the signing of definitive documentation, customary closing conditions, regulatory and other approvals.” The transaction will make the AMC a wholly-owned business of PGIM, the global asset management business of Prudential Financial Inc.

KFC is banking heavily on a franchise-heavy model for expansion

KFC, that operates as a subsidiary of Yum! Restaurants in India since 1995, a year before of its biggest rival McDonald’s set foot in the country, seems to be moving in the same direction after years of indifferent growth. However, a franchise-based model can lead to less control of day-to-day operations, and KFC wants to maintain a certain level of standardisation in its stores. While it operated some 70 company-owned outlets till recently, KFC recently handed over 13 existing restaurants in Kerala and Goa to Devyani International, one of its two franchisee partners. The company doesn't have a definitive date to complete the transition but says the move is in line with its global strategy. KFC is also working overtime to keep the taste of its flagship fried chicken close to the original. That said, menu expansion will be part of the journey forward. The brand has posted year-on-year double digit growth in same store sales since mid-2016, except the eight months between October 2016 and June 2017, when the growth rate ranged between 2 and 9 per cent. In total, it has posted nine consecutive quarters of growth after a prolonged lull in the QSR industry, when all major player faced hardships.

FINANCE

RBI to inject Rs 600 bn more liquidity by Jan via open market operations

The Reserve Bank of India(RBI) announced a massive bond buyback programme for the current fiscal year to address the liquidity deficit , a move that's expected to raise bond prices and boost bank treasury profits when lenders need capital. The announcement came after the markets closed. In a notification on its website, the central bank said it would be injecting Rs 500 billion of liquidity in December through its open market operations (OMO), in which it buys bonds from the secondary market, against Rs 400 billion planned earlier. This will be done by increasing the remaining two OMO auctions to Rs 150 billion each against Rs 100 billion planned. In addition, it would buy another Rs 500 billion of bonds in January through five auctions of Rs 100 billion each. The central bank said it would “consider a similar quantum of OMO purchases until the end of March 2019”.

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ICICI Securities to deposit up to Rs 50k share sale amount in 30 minutes

To help retail investors tide over their liquidity requirements, brokerage ICICI Securities Said money for share sales of up to Rs 50,000 per day would be deposited within 30 minutes. At present, it takes two days or more after the sell transaction for investors to receive the money into their accounts. The facility will be available on 600 select stocks on the BSE representing 99 per cent of market capitalisation. It is offering it on BSE initially because the systems at Asia's oldest bourse were best suited to start such a facility. MD and chief executive Shilpa Kumar said the firm would broaden the reach of the facility, hinting it will also eventually offer a similar facility for sales on NSE.

NBFCs raise interest rate between 50 and 200 bps amidst liquidity squeeze

Non-banking financial companies (NBFCs) have raised interest rates ranging between 50 basis points (bps) and 200 bps across sectors, as their cost of funds rises amidst liquidity squeeze. This includes NBFCsin housing finance, gold loans, micro finance, small and medium-sized enterprises, and farm finance, among other segments. For one of the worst-hit segments by the Infrastructure Leasing & Financial Services crisis in the NBFC space - housing finance companies - the liquidity situation has not eased yet. "The liquidity situation has not eased in the housing finance segment, and we have raised interest rates between 100-150 bps," said C V Rao, managing director (MD) and chief executive officer (CEO), Nivara Home Finance, a recent entrant in the micro home loan market.

Centre looks to discipline CA, company secretary bodies

The government is looking to step up its oversight over three professional institutes, including the Institute of Chartered Accountants of India (ICAI), for their failure to discipline errant auditors, despite being ticked off by Prime Minister Narendra Modi 15 months ago. The government has pulled out a report of the high-level committee headed by retired bureaucrat Meenakshi Datta Ghos , that has suggested a massive overhaul of the disciplinary actions taken by the three professional bodies — ICAI, Institute of Company of India and Institute of Costs and Works Accountants of India and Institute of Costs and Works Accountants of India – although the focus is largely on the auditors. The committee, whose report has not been made public, had recommended that the ministry of corporate affairs should appoint directors of discipline and secretaries in all the three professional institutes. These functionaries are proposed to be government officers and may be appointed in the same way as those in autonomous bodies.

RBI monetary policy: The Indian central bank signals a prolonged pause

In an unanimous decision, the Reserve Bank of India(RBI) kept the repo rate unchanged in the 5 December policy, while continuing with the "calibrated tightening" monetary stance. The central bank decided to lower the statutory liquidity ratio (SLR) by 25 basis points over six quarters to 18 per cent starting January 2019. The RBI lowered its inflation projection further to 2.7-3.2 per cent (from 3.9-4.5 per cent earlier) and to 3.8-4.2 per cent for the first half (H1) 2019-20 (versus earlier forecast of 4.8 per cent for April-June 2018-19, or FY19), while maintaining the growth projection for FY19 at 7.4 per cent. According to our current projection, the consumer price index (CPI)-based inflation rate should be about 4.2-4.3 per cent by end-September 2019, in line with the RBI's forecast and then head toward 4.6-4.7 per cent by November-December 2019 because of a negative base effect.

PSBs are among least capitalised banks in the world, say experts

The public sector banks(PSBs) across the world have one of the lowest tier-I capital ratios. In FY18, the PSBs, on average, reported a tier-I capital ratio of 8.4 per cent, against the global average of 14.1 per cent. Analysts say this makes the PSBsvulnerable in case of an economic downturn. In all, Indian listed banks reported a tier-1 capital ratio of 10.65 per cent in the last financial year — the lowest among the key emerging markets(EMs). Only banks in China and Brazil had a lower ratio than their Indian counterparts, according to data from Bloomberg. Among major EMs, the banks in Russia are best capitalised with a ratio of 19.3 per cent, followed by those in Indonesia at 18.8 per cent. Experts agree and blame it on the continued losses from bad loans. "It's true that capital ratio of the PSBsis on the lower side. It reflects poorly on their financial strength. Banks need to be well capitalised to absorb unforeseen losses, and fund their growth," sais Karthik Srinivasan, senior vice-president, Icra.

PERSONS-IN-NEWS

Uday Shankar to head Disney Asia Pacific post merger

Uday Shankar, currently chairman of Star India and president of 21st Century Fox, Asia, will lead the India and Asia Pacific business of The Walt Disney Company once it completes the acquisition of 21st Century Fox's assets. Disney, the world's largest entertainment company, a new organisational structure of the direct-to-consumer and international (DTCI) business, keeping executives of both companies in key leadership roles. In his new role as chairman, Star and Disney India, and president, The Walt Disney Company Asia Pacific, Shankar will report to Mayer, while Luke Kang, EVP, Greater China, Japan and Korea; Kylie Watson-Wheeler, MD of Australia and New Zealand; and Chafic Najia, SVP and MD of Middle East will report to Shankar.

BP Singh Appointed as FTII New Chairman

Ministry of Information and Broadcasting has appointed Brijendra Pal Singh as the new chairman and President of Film and Television Institute of India. He succeeded Anupam Kher, who had resigned from the post in October because of some international commitments. He is an alumnus of FTII of 1970-73 batch and done specialization in film cinematography. He is producer of the famous crime drama CID and completed a record of 21 years of continuous telecast on Sony TV. He also made his name in Limca book of world record for taking continuous shot of 111 minutes .marking the completion of six years of crime drama CID. He served as chairman of FTII academic council and vice chairman of governing

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Coca-Cola CEO James Quincey to take on chairman role in April

Coca-ColaCo. Chief Executive Officer James Quincey would take over the additional role of chairman, succeeding Muhtar Kentwho will retire in April next year. Kent, 65, who joined the beverage company in 1978, served as chief executive and chairman from 2009 until 2017 and continued as chairman after Quincey became the chief executive. The company also said the board had elected Maria Lagomasino as lead independent director to succeed Sam Nunn, who would step down from board after 22 years as a director. Coca-Colaannounced in October company veteran Brain Smith would to take over the role of president and chief operating officer beginning next year.

INTERNATIONAL

Shanghai, the city where rich Asians pay the most for a luxury lifestyle

If you're a high-net-worth individual in Asia into fine dining, wine, jewelry and luxury skin cream, best not to live in Shanghai. The Chinese city overtook Hong Kong as the most expensive for a basket of luxury goods and services on a price-weighted basis. Shanghai has also grown pricier on a relative basis to buy property hire a lawyer or purchase watches and handbags, the report found. Kuala Lumpur retained its claim as the least-expensive city in Asia -- Malaysia's capital is the best place to pick up a piano, indulge in cigars or book a hotel suite. This is largely owing to an excise tax of up to 20 per cent on certain imports. At the other end of the spectrum, Jakarta is the cheapest overall for men's luxury items while Mumbai is where you want to be shopping if you're a lady. The former British colony remains the most-expensive city in Asia to buy residential property or take a business-class flight.

UK govt loses vote giving parliament more power over Brexit process

The government lost by 321 votes to 299 on an amendment put forward by a member of May's own Conservative Party. The British government lost a vote in parliament that could force it to give parliament an increased say over the Brexit process if Prime Minister Theresa May's current exit deal is rejected by lawmakers. The defeat could neuter the threat May has been using to persuade lawmakers to back her deal: that if they don't, Britain could leave the block without any deal.

China to roll back tariffs on US-made cars in trade war truce

China will roll back tariffs on US-made cars, US President Donald Trump said, unveiling another potential breakthrough in a trade war truce that cheered stock markets. Trump's surprise announcement came a day after he and Chinese President Xi Jinping agreed to suspend any new tariffs and give negotiators 90 days to strike a deal. Both sides gained from hitting the pause button, with Trump securing a Chinese pledge to import more US goods and Xi staving off the further pressure that higher tariffs would place on his country's slowing economy.

Huawei CFO arrest sparks Chinese backlash that could hurt US talks

The arrest of Meng Wanzhou has grabbed global attention amid concerns her detention could derail talks between the US and China to hammer out a trade deal. Calls to boycott Canadian goods, throw away iPhones and load up on Huaweihandsets are among signs of budding public anger in China over the arrest of the Chinese technology giant's chief financial officer in Vancouver. A number of Chinese companies have posted notices to their social media accounts proclaiming support for Huawei, while offering employees subsidies and other incentives to purchase the firm's products. Shenzhen-based Menpad also threatened to fine employees if they bought Apple's phones, while some social media users offered ideas on how to get rid of iPhones.

Vietnam is a hot spot for foreign investments, and has its women to thank

Women hold up half of the sky, or so Communist China's founding father Mao Zedong liked to say. These days, that's certainly the case in Vietnam. Throughout the country, many well-known businesses are run by women. At 73 per cent, Vietnam's female labor-participation rate is among the highest in the world. The country's women are also avid business pioneers: For every male early-stage entrepreneur, there are 1.4 female ones, estimates Global Entrepreneurship Monitor. Women contribute 40 per cent of the nation's wealth, nearly on par with China. There's a historical reason for this. With so many men killed during the Vietnam War, women had to fill the void. In 1976, there were only 95 men for every 100 women between the ages of 25 and 64. By 1986, when Doi Moi reform launched, women still comprised the majority of society and got a nice ride out of the move toward capitalism

MERGER & ACQUISTIONS

NCLT Mumbai clears Airtel-Tata Teleservices deal

The Mumbai bench of the National Company Law Tribunal (NCLT) has cleared Bharti Airtel's acquisition of Tata Teleservices' consumer mobility business, a deal which will help the Sunil Mittal-owned telco close the market share gap with leader Vodafone Idea besides strengthening its 4G spectrum portfolio to take on Reliance Jio more effectively. NCLT's Mumbai bench “has sanctioned the scheme of arrangement amongst Tata Teleservices and Bharti Airtel and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013. Closure of the merger deal will also reportedly provide Bharti Airtel with an indefeasible right to use (IRU) - or the first right to use - for part of the existing fibre network of the Tatas.

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The merger of India's No.3 and No.4 telecom players finally gets approved

Vodafone's Indian subsidiary and Idea Cellular received the final approval for their merger from the National Company Law Tribunal (NCLT). The deal, which has been in the works since last year, will create India's largest telecom operator by subscribers (430 million) and revenue market share (37%) and help the two struggling companies fend off competition from market leaders Airtel and Reliance Jio. Vodafone will own a 45% stake in the combined entity. Meanwhile Idea's shareholders will take a 29% stake and Aditya Birla Group, Idea's parent, will own 26%. The merged entity, which is highly leveraged, will try and capitalise on lower network costs, the promotion of value pricing packages and a joint push into data 5G services.

Hindustan Unilever to buy GSK's consumer nutrition brands in one of India's largest consumer goods deals

Hindustan Unilever Ltd (HUL), the Indian subsidiary of consumer good giant Unilever, would purchase Glaxo smithkline (GSK) key consumer nutrition brands like Horlicks and Boost, thereby putting an end to months of speculation and discussions. The all-stock deal, which also includes a majority stake in GSK's Bangladesh unit and distribution rights to medical brands, is valued at 317 billion ($4.5 billion) and will see HUL take over GSK's consumer healthcare operations and merge them with itself. The deal is slated for completion at the end of 2019, by which time HUL is expected to become India's largest publicly-listed food and refreshments Company.

REGULATORY

Companies Act: Proposals to improve governance rules

Following the recent Companies Amendment Ordinance, 2018, put into effect from 2 November 2018, the Government of India now plans to bring further amendments to the Companies Act, 2013. The proposed changes considered to be urgent in nature and needed to strengthen the corporate governance and enforcement framework in India, are as follows:

Removal of independent directors:

In February 2018, the government had amended section 169 of the act to provide that in the case of removal of independent directors, who are reappointed under section 149(10), a company would need to pass a special resolution in addition to giving him an opportunity to be heard.

Resignation of independent directors:

It proposes to increase the oversight by the Registrar of Companies around the circumstances and the reasons for resignations of independent directors by requiring them to forward a copy of their resignation letters to the registrar within seven days, and also giving detailed reasons for it. Further, the resignation would only become effective after 30 days from the date of receipt of the notice or any other later date as mentioned in the notice.

Compromise and arrangements:

Section 233(12) of the Companies Act extends the same fast track process applicable in case of merger or amalgamation involving group companies to compromises and arrangements involving such companies under sections 230 and 232 of the act. It now proposes to remove sub-section 12 and instead authorize the central government to make rules for allowing compromise and arrangement involving companies with their creditors, members or any other companies. ■