



## ECONOMY

### Almost a million payroll additions in Sept, highest in 13 months

The number of people effectively subscribing to Employees' Provident Fund Organisation (EPFO), or for PF services, peaked in September 2018 with 973,774 net additions to the payroll count in the formal sector. This is the highest figure since inception of the data in September 2017. The previous peak was achieved in July (at 932,498). Total payroll additions in 13 months add up to 7.9 million as of now. However, the EPFO data is subject to revisions in successive months due to irregularities. The net payroll addition in September 2017 stood at 529,432, as reported in May 2018. In July, it was lowered to 499,677, further to be revised to 482,442 in September. In the latest release of November, it has further dropped to 411,027. ■

### India Inc Q2 earnings growth highest in 7 quarters, combined net up 16.2%

Corporate India reported a good set of numbers during the July-September 2018 quarter, thanks to gains from a low base during the corresponding quarter last fiscal year and a better-than-expected showing by metals and mining firms. The combined net profit of 1,889 companies across sectors was up 16.2 per cent year-on-year (YoY) during the second quarter (Q2) of 2018-19, growing at the fastest pace in the last seven quarters. Earnings were down 10.8 per cent YoY during Q2 of last fiscal year. In rupee terms, the combined net profit grew to Rs 1.15 trillion, a number last seen during the first half of 2015-16. Quarterly corporate profits had fluctuated between Rs 724 billion and Rs 1.12 trillion in the previous 16 quarters. Companies' combined revenues were up 19.6 per cent YoY during Q2, the best in at least three years. ■

## COMPANIES

### Karma Group charts its India growth story, plans 4 new resorts in 2 years

International luxury, travel and lifestyle brand Karma Group is charting its next phase of growth in India after 25 years of doing business in the country. Founded by John Spence, the hospitality firm plans to set up four new resorts in India over the next couple of years. The Australia-based firm is also looking to tap into private equity investment, and raise debt to fund its expansion. "In the early days, we focused very heavily on India. We want to refocus on the country. The plan is to have two resorts a year in the next two years," Spence said. Karma Group currently owns and operates properties in Goa, Kerala, Dharamshala and Jaipur, under brands, including Karma Royal and Karma Royal Residences. ■

### SC rejects Dalmia's plea, allows UltraTech to take over Binani Cement

The Supreme Court (SC) upheld the National Company Law Appellate Tribunal's (NCLAT's) order approving UltraTech Cement's revised bid for stressed asset Binani Cement, and dismissed a plea by the Dalmia Bharat-led consortium. Rajputana Properties — the consortium led by Dalmia Bharat — had moved the SC against the NCLAT order, alleging that UltraTech was ineligible to bid for Binani Cement. It said the bid was late and Rajputana Properties had stuck to the process laid out by the Insolvency and Bankruptcy Code (IBC). The NCLAT had rejected a bid from Dalmia Bharat, stating it was "discriminatory" and approved the monetarily superior offer from UltraTech. ■

### Bharti Airtel signs for over \$2 bn loan as ratings downgrade threat looms

Bharti Airtel Ltd. is raising more than \$2 billion in loans from banks, as India's second-biggest wireless carrier faces increased competition at home and the threat of a ratings downgrade to junk. The company, controlled by billionaire Sunil Bharti Mittal, has agreed to two- and three-year bilateral loans with 10 to 12 lenders. Moody's Investors Service on Nov. 8 put Bharti's Baa3 rating, its lowest investment-grade evaluation, on review for downgrade citing low levels of profitability and higher debt levels to fund capital spending. A price war for Indian customers has worsened since billionaire Mukesh Ambani's Reliance Jio Infocomm Ltd. debuted with free services in 2016. Bharti delayed plans for an initial public offering of its Africa unit due to the turmoil in emerging markets, people with knowledge of the matter said last month. ■

### Tata Sons may seek a strict non-compete agreement with Jet Airways

Tata Sons is likely to seek a strict non-compete agreement with Jet Airways' promoter Naresh Goyal as the conglomerate explores buying out his stake in the airline. The non-compete agreement would prohibit Goyal from not only running an airline but even staying out of the travel and trade business for at least five years. This would mean that the 69-year-old industry veteran, who started his career from being an India agent for foreign airlines, will have to step away from the business. However, such a clause may become a deal breaker as sources say Goyal will not want to be shunned out of the travel business. Non-compete agreements are frequently used in merger or acquisition transactions. These pacts are usually made a part of the deal to ensure attainment of the desired results from the merger or acquisition transaction. ■



## Listed companies' CSR spend tops Rs 100 billion in FY18

Indian companies' charitable spends rose for the third year in a row in 2017-18 to around Rs 100 billion in 2017-18. The 10.71 per cent growth rate in Corporate Social Responsibility(CSR) spends is higher than the previous year (7.63 per cent). An analysis of figures from PRIME Data base showed education topped the list of spends by category, which intermediaries are playing an important role in dispersal of funds, and that the biggest recipients of funds ironically were relatively rich states. The analysis is based on an examination of 1,627 National Stock Exchange companies who have filed their annual reports. There were 1,080 firms left after eliminating ineligible companies and ones where data was not available. The total amount spent is up more than 50 per cent over the Rs 64.61 billion in 2014-15, the earliest year for which data is available (see chart 1 below).

## Thomas Cook to invest Rs 300 mn by 2020 to expand footprint in India

Travel and travel financial services company Thomas Cook is looking to invest almost Rs 300 million by 2020 to expand its footprint in India. From the current network of about 175 branches, it plans to take up the number of outlets to around 225 by 2020, including franchisee-owned centres. "We are looking at opening 50-60 new outlets over the next two years, which would entail total investment in the region of Rs 250-300 million," Thomas Cook senior vice-president (leisure travel) Romil Pant. He further informed that Uttar Pradesh was likely to get six-eight new outlets to add to its current tally of 10 company-owned and franchisee centres across seven major cities. Thomas Cook India's internal data had highlighted the Lucknow region as a high potential source market for holiday business.

## FINANCE

### New safety rules may close 50% of ATMs by March 2019: Industry Association

New compliance costs and the low interchange fee of Rs 15 a transaction could force closure of approximately 100,000 off-site and a little over 15,000 white-label automated teller machines(ATMs), or 50 per cent of the installed base of 238,000 units, the Confederation of ATM Industry (CATMi) has warned. The industry lobby group said this was the fallout of additional costs brought about by the recent regulatory guidelines for hardware and software upgrades, mandates on cash management standards, and the cassette-swap method of loading cash, which the industry could not afford. It said a large number of ATMs in non-urban locations might be shut down, affecting beneficiaries under the Pradhan Mantri Jan Dhan Yojana who withdraw subsidies in the form of cash through ATMs.

### RBI meeting ends with truce on govt demand for transferring surplus funds

The government and the Reserve Bank of India (RBI) seemed to have ironed out their differences for now, as both camps showed flexibility on a number of issues that were considered to be flashpoints between the two. The board decided to set up a panel for transfer of the RBI's surplus funds to Centre, review the prompt corrective action (PCA) framework, frame a restructuring scheme for stressed micro-, small- and medium enterprises (MSMEs) loans and relax a component of capital adequacy norms by one year. In a nine-hour meeting at the RBI headquarters, the central bank's board decided to constitute an expert committee to examine the economic capital framework (ECF) of the central bank. The membership and terms of reference of this committee would be jointly decided by the government and the RBI.

## PERSONS-IN-NEWS

### Former IndiGo president Aditya Ghosh checks into OYO as India CEO

He has built the country's most efficient, affordable and profitable airline and now he will build the world's top budget hospitality firm. Aditya Ghosh, former president of Indigo Airlines, has joined five-and-half-year old hospitality start-up OYO Hotels as its chief executive officer (CEO) in charge of India and South Asia. Ghosh, 43, quit Indigo in April 2018 after a decade-long stint during which the airline went on to become the largest and most profitable player in the domestic aviation industry. Reporting to the 25-year old Ritesh Agarwal, who founded OYO in 2013, Ghosh will oversee and grow OYO's business in South Asia, which will include, India, Nepal, and the other upcoming markets in the region.

### Abhijit Bose appointed head of Whatsapp India, to join early 2019

Messenger app Whatsapp announced the appointment of Abhijit Bose as Head of WhatsApp India. Bose will build WhatsApp's first full country team outside of California and will be based in Gurgaon. Bose and his team will focus on helping businesses, both large and small connect with their customers. Earlier this year, WhatsApp released the WhatsApp Business app for small business owners and the WhatsApp Business API to serve larger businesses that engage with customers at scale. Today, there are over one million users of these WhatsApp business products in India.



## AirAsia India names ex-IndiGo COO Sanjay Kumar as Chief Operating Officer

Aviation industry veteran and ex-IndiGo Chief Commercial officer Sanjay Kumar has been appointed as Air Asia India's new Chief Operating Officer, effective from December 3. According to the airline, Kumar will be responsible for commercial operations of the airline and will be reporting to the newly appointed CEO and MD Sunil Bhaskaran. "He comes with valuable experience in the low-cost airline business model and scaling-up start-up airlines to market leadership positions," the airline said in a statement. In the past, he has worked with Air Sahara, Royal Airlines and its low-cost carrier, SpiceJet and IndiGo.

## INTERNATIONAL

### Nissan Motor chairman Carlos Ghosn arrested for financial misconduct

Nissan Motor will remove Carlos Ghosn as chairman after he was arrested in Tokyo for violating financial law, throwing the auto industry's largest global alliance into turmoil. Ghosn, a towering figure who saved Nissan from collapse and brought it together with Renault SA and Mitsubishi Motors Corp., was detained in Tokyo over the suspected breach of Japanese financial laws, Nissan Chief Executive Officer Hiroto Saikawa told reporters in Yokohama, Japan. Ghosn and Director Greg Kelly have been under investigation at Nissan for several months. Both Ghosn and Kelly were reporting compensation to securities regulators in Tokyo that was less than the actual amount, Nissan said, adding that they did this to reduce Ghosn's disclosed compensation. Royal Airlines and its low-cost carrier, SpiceJet and IndiGo.

### US accuses China of continuing IP theft ahead of Trump-Jinping meeting

The US has accused China of continuing a state-backed campaign of intellectual property and technology theft as the World Trade Organization said it would establish a dispute panel to rule on the complaint. The new accusations came in a detailed 53-page report released by US Trade Representative Robert Lighthizer's office just 10 days before President Donald Trump is due to meet Chinese President Xi Jinping on the sidelines of a Nov. 30-Dec. 1 Group of 20 summit in Buenos Aires.

## REGULATORY

### Companies (Amendment) Ordinance, 2018

In order to amend the Companies Act, 2013 ("the Act") and to streamline it with the demands of changing corporate environment, the Companies (Amendment) Ordinance, 2018 ("the Ordinance") was promulgated and brought into effect from the 2nd of November 2018. The key area of the amendments focuses on the decriminalisation of numerous offences as had been recommended in the Report of the Committee to review Offences under the Companies Act, 2013. The amendment also facilitates ease of doing business by giving relief to the corporates and professionals associated in terms of re-categorising the offences from being punishable as "compoundable offences" to "acts carrying civil liabilities". Enhancing better corporate governance compliance is also one of the objectives behind these amendments.

The reforms brought in *vide* the Ordinance include:

1. Re-categorising of offences which are in the category of compoundable offences to an in-house adjudication framework. However, no change has been made in respect of any of the non-compoundable offences.
2. Ensuring compliance of the default and prescribing stiffer penalties in case of repeated defaults.
3. De-clogging the NCLT
4. Governance related reforms include re-introduction of declaration of commencement of business provision;
5. Greater accountability with respect to filing documents related to creation, modification and satisfaction of charges;
6. Non-maintenance of registered office to trigger de-registration process; holding of directorships beyond permissible limits to trigger disqualification of such directors.