



ECONOMY

UIDAI plans passport offices-type Aadhaar Seva Kendra for 'smooth' service

The planned 'AadhaarSevaKendras', conceptualised on the lines of Passport SevaKendras, will offer "hassle-free" enrolment and update facility to ensure ease in Aadhaar-related services to residents, UIDAI CEO Ajay Bhushan Pandey said. The Unique Identification Authority of India (UIDAI) is planning to set up AadhaarSevaKendras, in a mega project that involves opening of facilitation centres for enrolment and update services in 53 cities and towns across India. In the first official confirmation about the mega project in the offing, Pandey said: "With Aadhaar SevaKendras, we are building hassle-free and resident-friendly enrolment and update facility infrastructure to ensure ease in Aadhaar related services to residents". Almost 114 such Kendra (or centres) in 53 cities and towns including all state capitals will be established in the first phase.

Banking on IBC, govt expects NPA recoveries to exceed Rs 1.80 trn in FY19

Enthused by the impact of the new insolvency and bankruptcy law, the government expects bad loan recoveries to exceed the Rs 1.80 trillion target for the current financial year. Some big accounts are in the process of getting resolved while some more are lined up for resolution under the Insolvency and Bankruptcy Code (IBC). Going by the success rate, the recovery is expected to exceed our the target of Rs 1.80 trillion through the IBC and other means. Banks hope to write back more than Rs 1 trillion alone from the resolution of 12 NPA cases referred to insolvency proceedings by the RBI in its first list. Banks recovered Rs 365.51 billion in the first quarter of 2018-19. During 2017-18, banks recovered Rs 745.62 billion.

In first 6 months, fiscal deficit at 95.3% of Rs 6.24-trn full-year target

The central government's fiscal deficit touched 95.3 per cent of its full-year target of Rs 6.24 trillion in the first half the current financial year (April to September), data from the Controller General of Accounts (CGA) showed. The fiscal health over these months is slightly worse than the year-ago period when the deficit stood at 91.3 per cent. Meeting the fiscal deficit target of 3.3 per cent of gross domestic product (GDP) will be challenging as indirect tax collections came in below expectations, disinvestment proceeds were lacklustre and the Centre has released 90 per cent of its full year fuel subsidy in H1, FY19. "The likelihood of meeting the budgeted targets for revenues related to the goods and service tax (GST), dividends and profits, and disinvestment would determine whether a fiscal slippage emerges relative to budgeted level for FY2019," said Aditi Nayar, Principal economist of ICRA.

Govt's oil subsidy bill exceeds Rs 460 billion at end of September

The government's oil subsidy burden has already exceeded Rs 460 billion — almost 84 per cent higher than the budgeted estimate of Rs 250 billion for the whole financial year. "By the end of September, the subsidy burden on cooking gas increased to over Rs 390 billion and that of kerosene to Rs 70 billion," said a senior official. In FY18, the subsidy for cooking gas was Rs 208.8 billion and that for kerosene was Rs 46.72 billion. The government has recently cut Rs 1.5 per litre on excise duty of petrol and diesel, which will lead it to loss of Rs 10.5 billion in revenues for October-March. The government will bear around Rs 61 billion of that hit, with states bearing the rest, since 42 per cent of the proceeds from duties are passed on to them. The big subsidy bill will add to the government's fiscal deficit woes.

India set to replace US as the second-largest steel-consuming country

India is set to pip the United States as the second largest steel-consuming country in the world next year. China, the largest market for steel, will remain on top with an estimated consumption of 781 million tonnes. According to a World Steel Association forecast, the usage of finished steel product in the country is expected to touch 102.3 million tonnes in 2019, up from an estimated 95.4 million tonnes this year, registering a year-on-year growth of 7.3 per cent. The country recorded steel usage of 88.7 million tonnes in 2017. The steel consumption in the US is projected at 101.2 million tonnes next year, up from an estimated 99.9 million tonnes this year.

COMPANIES

From TCS to Infosys, top four IT firms double net staff addition in Q2

Staff addition has jumped this year at Indian information technology (IT) service majors. The financial year's first quarter (April-June or Q1) saw a net addition of 16,500 (after accounting for the number who resigned) at the top four - Tata Consultancy Services (TCS), Infosys, Wipro and HCL. In the September quarter (Q2), this doubled to 32,502. In sum, the first half of 2018-19 has seen these four add twice as many staffers on a net basis than in all of 2017-18. If this rate continues, net addition at these companies in FY19 will be at least three times higher than in FY18. Among the reasons are a revival in demand in key segments such as banking, financial services and insurance (BFSI). Also, an all-time low bench (staffers not assigned to a project) to assign in newer projects, as well as a rise in sub-contracting cost, owing to roping in of third-party resources. All these are leading to more of hiring.

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Sony Pictures Networks flashes over 30% operating revenue surge in FY18

Sony Pictures Networks India, the owner of popular television channels such as SET and ESPN, has closed in on Zee Entertainment in terms of revenue in 2017-18 financial year, but remains much behind arch-rival Star India. The broadcasting company's operating revenue surged more than 30 per cent to Rs 64.72 billion, compared with Zee's Rs 66.86 billion and Star India's 2016-17 revenue of Rs 85.25 billion, regulatory filings at Registrar of Companies show. Star's 2017-18 numbers are not available yet. While Sony's growth in revenue surpassed the previous two years, its net profit in India dipped marginally to Rs 4.62 billion in 2017-18 from Rs 4.65 billion a year ago. Star India had registered Rs 5.58 billion in profit in 2016-17, after posting net losses in the previous two years. Despite a drop, Zee's bottom line remained healthier at Rs 14.78 billion during the past financial year.

SpiceJet to be the first airline in India to offer free on-board wifi

Step aboard a low-cost airline and the amenities can be jarringly basic. To keep costs low, free snacks don't exist and in-flight entertainment is no more than a magazine, half of which is full of advertisements. How do you distract passengers from this painful minimalism? Well Wi-Fi, of course, a lesson learned by a small but growing group of no-frills carriers. For SpiceJet, it's part of a bigger strategy to now grab market share from full-service airlines. The low-cost carrier will be the first in India to offer onboard wifi when it is cleared by the government. And it will not charge its flyers for it. Instead, it will charge the advertisers whose will brand their companies through pop-up ads. "We think there is a business model in providing wifi services free to passengers and earn money from advertisers instead of that, this will be one differentiating feature of the airline," SpiceJet CMD Ajay Singh said. SpiceJet will join the club of a handful of carriers providing inflight wifi for free. Among global carriers, JetBlue, Qatar Airways, Turkish Airlines provide wifi as free. Normally, airlines charge a fee for providing the service.

OYO checks into UAE, targets 12,000 rooms across 7 Emirates in two years

SoftBank-backed Indian budget hospitality brand OYO has found its sixth international market, the United Arab Emirates (UAE). The company has made about 1,100 rooms operational in three of the seven Emirates, including Dubai and Sharjah. The five-year old start-up, which recently raised \$1 billion from investors including SoftBank, plans to have 12,000 rooms in the UAE by 2020, which also coincides with the World Expo 2020 being held in Dubai. OYO has been doing pilots in the UAE for the last few months, and officially launched the brand recently. Besides India, its biggest market, OYO now operates in China, the UK, Malaysia, Indonesia, Nepal and the UAE. India and China happen to be its biggest markets in terms of presence.

Amazon bids \$400 mn for stake in Spencer's; deal stuck at valuation stage

RP-SG's food and grocery retail chain, Spencer's Retail, which is in talks with multiple players including Alibaba, has been offered more than \$400 million by Amazon for a minority stake. People familiar with the development said it is likely that Amazon was eyeing a 30 per cent stake. The deal with Amazon was believed to be in the penultimate stage but was held up due to valuation, the sources indicated. Amazon, which has been on an overdrive to acquire stakes in offline retail firms and has been holding talks with multiple players recently acquired a 49 percent stake in Aditya Birla Group's Aditya Birla Retail, the balance was picked up by home-grown private equity fund Samara Capital for around Rs 42 billion roughly around \$580 million. The buyers also said that they would take Rs 40 billion debt in ABRL, which runs stores under the 'More' brand. According to sources, Spencer's wants a better valuation than what More got as it was a profitable chain and the return on investment would be more.

After years of global success, Mukesh Ambani's RIL faces oil shock at home

Reliance Industries, currently India's second most valuable listed company, got rich by trading fuel across Asia, Africa and Europe while effectively ignoring its home market. Reliance's refineries processed crude from the nearby Middle East and sold fuel to fast-growing markets in North Asia including China, Japan, South Korea and Taiwan. That began to change when India's oil demand surged, overtaking Japan as the world's third-biggest consumer. Reliance took more interest in the country's retail fuel sector and has opened more than 1,300 service stations. This push into the domestic fuel market may stumble after India's government imposed cost controls on October 4 on gasoline and diesel prices to rein in recent record highs. Reliance's shares plunged 6.9 per cent on the day of the announcement and are down about 20 per cent since their record close on August 28.

OYO to invest \$1.2 bn for expansion, bulk of spending to be in India, China

Soft Bank-backed Indian budget hospitality chain OYO, which operates in multiple markets including India and China, will invest over a billion dollars (about Rs 87 billion) over the next three years to add several 100,000 rooms to its brand. The bulk of the spend from the outlay of \$1.2 billion will be towards expansion in India and China. "We have earmarked \$600 million for China and India is a very important market... and we will invest \$300-400 million in India. We had a strong balance sheet before the recent capital raise of \$1 billion. We will put strong resources behind both the India and China markets because both are our home markets and offer sizeable opportunity," Ritesh Agarwal (pictured), the 24-year-old founder and chief executive officer of OYO said. Agarwal said the five-year-old firm had \$200 million on its balance sheet before it raised \$1 billion a month ago from investors, including Soft Bank, taking the capital to \$1.2 billion. "We will invest roughly \$900 million to \$1 billion between India and China and approximately \$300 million in other international markets," he added.

FINANCE

RBI plans to move from wholesale cash cycle to a retail-based model

The Reserve Bank of India (RBI) is in discussions with Cash Logistics Companies (CLCs) on a road map for changing the cash management cycle of the economy, in the coming years. The plan to move from a wholesale cash cycle, in place at present, to a retail-based model will

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increase the velocity of cash circulation, which will boost economic activity, industry sources said. After the cash is deposited in ATMs or branches, it is withdrawn by consumers who spend their money at retail outlets. CLCs therefore pick up this cash from their retail clients and process the cash at their facilities, where quality checks are conducted, after which the cash is once again deposited back with the banks' currency chest. According to the RBI's Annual Report for 2017-18, there are 3,975 currency chests across the country. The State Bank of India operates 2,575 of these, while private banks operate 172 currency chests.

MERGERS AND ACQUISITIONS

RP Sanjiv Goenka's CESC alters demerger plans as WBERC plays spoilsport

The RP Sanjiv Goenka Group announced partial demerger of flagship CESC Ltd as it failed to convince the state power regulator - West Bengal Electricity Regulatory Commission (WBERC) - to get its power purchase agreement (PPA) approved. The power utility announced demerger of non-power businesses of CESC and its subsidiaries which have now been transferred to two new entities - RP-SG Retail Ltd and RP-SG Business Process Services Ltd. CESC will now retain only the power business. Under the original scheme, the group's power business was supposed to have been divided into two generation and distribution, while its retail arm, led by Spencers Retail, will become the third company. The rest of the company's business verticals will form the fourth entity. If things go as per plan, two more companies would be created - one for power distribution and the other for generation.

Infosys acquires Finnish sales force consulting firm Fluidio for Rs 5.45 bn

India's second largest IT services firm Infosys said it has completed the acquisition of Finland-based company Fluidio. In September, Infosys had said it will acquire Fluidio in a deal worth up to 65 million euros (over Rs 5.45 billion), including earn-out, management incentives and bonuses. Through this acquisition, Infosys strengthens its position as a leading Sales force enterprise cloud services provider, and enhances its ability to provide clients with 'cloud-first' transformation. "With offices in Finland, Denmark, Sweden, Norway and Slovakia, Fluidio elevates Infosys' presence across the Nordics region with developed assets and deep client relationships, a great team and an effective local culture."

INTERNATIONAL

Facebook gets 'symbolic' \$645,000 fine for Cambridge Analytica scandal

Facebook was slapped with a 'symbolic' £500,000 (\$645,000) fine by the UK's privacy regulator for "serious" violations of data protection rules that paved the way for the Cambridge Analytica scandal. The fine is the highest possible for the Information

Fintech firms feel heat of IL&FS default with lower funds for disbursements

The Infrastructure Leasing & Financial Services (IL&FS) crisis is likely to impact fresh disbursements by financial technology (fintech) companies heavily dependent on non-banking financial companies (NBFCs) for sourcing of funds. In the aftermath of the IL&FS crisis, NBFCs and banks are tightening the underwriting norms for sanction of advances to fintech companies. "It is now evident that the ripples of the NBFC crisis are hitting India's lending ecosystem. Many NBFCs have re-evaluated or are in the process of re-evaluating their lending course of action. It is reflecting through slower pace of disbursement across segments such as retail lending, car loans, and home loans. Fintech lenders who directly lend from their books or have higher dependency on NBFC-led funds will see a slower disbursement pipeline. Further, banks have tightened their funding funnel to NBFCs. Therefore, NBFCs are now focusing on capital conservation, so that a liquidity buffer is created. NBFCs may face higher cost of borrowing that will further impact their growth projections and net interest margins," said Manav Jeet, managing director and chief executive officer, Rubique, a Mumbai-based online financial matchmaking platform.

PERSONS-IN-NEWS

Arun Kumar Rath replaces M Ravi, takes charge as Bhilai Steel Plant CEO

Arun Kumar Rath, CEO of SAIL's Durgapur Steel Plant took charge as the new CEO of Bhilai Steel plant, two days after a major fire accident at the SAIL unit which has so far claimed 13 lives. Rath has replaced M Ravi who was removed following the accident. An explosion took place at the state-owned steel maker Steel Authority of India Limited's (SAIL) Bhilai plant in Durg district of Chhattisgarh. "Operations have resumed and A K Rath has taken over as the new CEO of our plant in Bhilai," M C Agarwal, Executive Director (Corporate Affairs), Steel Authority of India Limited (SAIL) said.

Angela Merkel to quit as German chancellor in 2021 to begin 'new' chapter

Angela Merkel announced she will quit as German chancellor when her mandate ends in 2021, as she sought to draw a line under a series of political crises that have rocked her fragile coalition. Taking a decisive step towards the end of her political career, the veteran leader who has led Germany for 13 years said she hoped her planned departure would end bitter fighting in her coalition and finally focus it on its task of governing Europe's biggest economy. "Today, it is time to begin a new chapter," she told reporters at her party headquarters. Referring to the quibbling within her coalition that has sent it from crisis, Merkel noted that "the picture that the government is sending out is unacceptable".

Commissioner's Office (ICO) under old rules that predated this year's European Union revamp of privacy penalties. The ICO said that between 2007 and 2014, "Facebook processed the personal information of users unfairly by allowing application developers access to their information without sufficiently clear and informed consent." The revelations that data belonging to millions of Facebook users and their friends may have been misused triggered a global backlash from investors and regulators. The ICO has led the European investigations into how such an amount of data - most belonging to US and UK residents - could have ended up in the hands of Cambridge Analytica, a consulting firm that worked on Donald Trump's US presidential campaign.

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USFDA drug approvals at all-time high; Indian firms get 35-40% of nods

The US Food and Drug Administration (USFDA) has granted the highest number of drug approvals in its history this year. The regulator has bettered last year's numbers with 971 approval actions this year. This includes 781 final nods and 190 tentative go-aheads. Indian firms account for 35-40 per cent of the global nods. Analysts feel that rising rate of approvals would on one hand increase competition in the US generic market, and on the other allow new players to enter. However, analysts expect the growth in approvals to flatten as the number of filings has seen a dip in FY18. This is not expected to rise substantially in the coming years. ■

Alibaba's Jack Ma to open institute for tech entrepreneurs in Indonesia

Jack Ma, executive chairman of China's Alibaba Group Holding said he plans to open an institute to train thousands of tech entrepreneurs in Indonesia, where he is already an adviser to the government on e-commerce. Ma did not say when the Jack Ma Institute of Entrepreneurs would launch, but said the aim was to train 1,000 tech leaders a year over the next 10 years. "We're giving a lot of opportunities for young Indonesian people to learn," Ma told reporters after meeting Indonesian ministers on the sidelines of the International Monetary Fund and World Bank meetings being hosted by Indonesia.

China leads the way as billionaires' wealth sees record increase in 2017

China produced two new billionaires a week last year as the fortunes of the world's ultra-rich soared by a record amount, Swiss banking giant UBS and auditors PwC said. Billionaires' wealth enjoyed its greatest-ever increase in 2017, rising 19 per cent to \$8.9 trillion (\$7.8 billion euros) shared among 2,158 individuals, said the report. But Chinese billionaires expanded their wealth at nearly double that pace, growing by 39 per cent to \$1.12 trillion. "Over the last decade, Chinese billionaires have created some of the world's largest and most successful companies, raised living standards," said Josef Stadler, head of Ultra High Net Worth at UBS Global Wealth Management.

REGULATORY

NFRA notified

MCA vide notification dated October 1, 2018 has appointed October 1, 2018 as the date of constitution of National Financial Reporting Authority (NFRA). As per the Companies Act, 2013 the National Financial Reporting Authority shall— (a) make recommendations to the Central Government on the formulation and laying down of accounting and auditing policies and standards for adoption by companies or class of companies or their auditors, as the case may be; (b) monitor and enforce the compliance with accounting standards and auditing standards in such manner as may be prescribed; (c) oversee the quality of service of the professions associated with ensuring compliance with such standards, and suggest measures required for improvement in quality of service and such other related matters as may be prescribed; and (d) perform such other functions relating to clauses (a), (b) and (c) as may be prescribed

Companies (Registered Valuers & Valuation) Amendment Rules

Any person who may be rendering valuation services under the Act, on the date of commencement of these rules, may continue to render valuation services without a certificate of registration under these rules up to 31st January 2019.

Provided that if a company has appointed any valuer before such date and the valuation or any part of it has not been completed before 31st January, 2019, the valuer shall complete such valuation or such part within three months thereafter.

Extension of Annual Filing Due date

Keeping in view the requests received from various stakeholders seeking extension of time for filing of financial statements for the financial year ended 31/03/2018 on account of various factors, it has been decided to relax the additional fees payable by companies on e-forms AOC-4, AOC (CFS), AOC -4 (XBRL) and E-FORM MGT 7 up to 31/12/2018, wherever additional fee is applicable.

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