

CORPORATE SNAPSHOT-WORLD

April 2014

Energy Future Holdings Files for Bankruptcy

The biggest leveraged buyout ever has become one of the largest bankruptcies, as a Texas Power Company succumbed to a lousy bet on natural-gas prices and more than \$40 billion in debt.

Energy Future Holdings Corp., the former TXU Corp., filed for Chapter 11 Bankruptcy Protection to rework debt that became unsustainable amid hefty losses. Energy Future reached a deal with several of its largest creditors in an effort to shorten the Dallas-based company's time in bankruptcy protection, aiming to emerge within 11 months. The restructuring plan would hand control of the company's unregulated subsidiary to its lenders, while bondholders at another unit would control Energy Future's regulated electricity-delivery business. Energy Future bondholders who are owed about \$1.7 billion are set to take control of the reorganized Energy Future that will be left after the spinoff. That includes the company's regulated Oncor unit, which delivers power to more than 10 million customers across Texas. The bondholders, including Avenue Capital Group, York Capital Management LLC and GSO Capital, also would receive some cash.

Alibaba Flexes Muscles before IPO

Chinese E-Commerce Giant Speeds toward \$15 Billion Deal. Alibaba is China's — and by some measures, the world's biggest online commerce company. Its three main sites — Taobao, Tmall and Alibaba.com — have hundreds of millions of users, and host millions of merchants and businesses. Alibaba handles more business than any other e-commerce company.

Alibaba is the most popular destination for online shopping, in the world's fastest growing e-commerce market. Transactions on its online sites totaled \$240 billion last year, more than those of eBay and Amazon.com combined. After it goes public, Alibaba is expected to be one of the most valuable tech companies in the world. It will also be one of the most valuable Chinese public companies, ranking among some of the country's state-owned enterprises.

BMW Plots Sustainable Supercar with the i8 Project

€2 billion (\$2.77 billion). That is a conservative estimate of how much BMW has spent to create, from scratch, the "i" brand devoted to building sustainable electric and hybrid-electric vehicles. The program has its own carbon-neutral supply chain, starting with the hydroelectrically powered facility in Moses Lake, Wash., that makes the carbon-fiber thread from which lightweight vehicles are built. The i cars are assembled at a Zaha Hadid-designed facility in Leipzig, Germany. They will be available in the U.S. in September 2014.

Delta Keeps Its Edge in Airlines' Quest for a Billion Dollars in Baggage Fees

Delta (DAL) is still leading the incremental charge to that milestone. The carrier collected \$833 million last year just from

slinging bags, more than any other airline, according to the U.S. Department of Transportation. Delta made slightly more by charging passengers for changing or cancelling reservations, another category in which it bested all other airlines. Almost 5 percent of Delta's revenue now comes from these add-on fees. As airlines get craftier, however, so too do travelers. Baggage revenue at Delta and United Continental (UAL) slumped 7.2 percent last year, even though the carriers collectively flew about the same number of passengers as they did in 2012. All told, baggage fees dropped 4 percent in 2013.

Wal-Mart Brings Falling Prices to the Volatile World of Money Transfers

Wal-Mart Stores often relishes the role of price disruptor, and the retail behemoth has now turned its penny-pinching attention to the business of transferring cash. That has caused great distress for MoneyGram a Walmart partner for transfers and now newly minted rival, as well as other incumbents.

When the Walmart-2-Walmart money-transfer service launches at 4,000 U.S. locations on Thursday, it will cost \$2 less than the \$11.50 MoneyGram charges to move \$50 to \$200 between any two stores. The retailer is working with Ria, a provider of money transfers. Amounts under \$200 currently account for more than 75 percent of remittances sent between Walmart stores through MoneyGram. An even bigger discount comes with higher-value transfers. To move \$900, MoneyGram charges a \$76 fee, according to figures cited by Walmart.

Twitter and Amazon Go Hashtag Shopping

Amazon.com's priority is to remove every barrier that might keep someone from buying something online. A particularly minuscule obstacle fell on Monday as Twitter made it possible for users to add items to their Amazon shopping carts with a tweet.

Just enable the service on your Twitter and Amazon accounts, and you can add a product discussed on Twitter by replying to the tweet and adding the hashtag #amazoncart. The next time you visit Amazon, the item will be in your cart, and you can then complete the purchase.

In theory, this will keep users from forgetting to purchase something seen in their Twitter timeline. Did this obstacle ever actually exist? Who knows? At one point this morning, only about 10 percent of the tweets that used #amazoncart even included a link to an Amazon product page, according to iTrendTV, a Twitter analytics firm. Many of the hashtag's early adopters seemed to be misunderstanding the service.

Deal Done, Microsoft and Nokia Have to Do Together What They Couldn't Accomplish Alone

Microsoft has finally brought Nokia's device unit on board, about seven months after announcing it was planning to acquire the operation that once dominated the cell phone market. It is now up to Microsoft's new chief executive, Satya Nadella, to make use of

the business, which Microsoft ended up paying more than \$7.5 billion for.

Nokia's mobile devices will become the hardware arm of Microsoft's "mobile first and cloud first" approach that is the cornerstone of Nadella's strategy. This basically means building services and devices that keep people immersed in Microsoft's products wherever they are.

With the market for personal computers steadily shrinking, Microsoft is relying more and more on mobile phones. "The vast majority of people do not have, [nor] will they ever have, a personal computer," said Stephen Elop, the former Nokia chief executive who is now executive vice president of Microsoft's devices group, in a statement. Mobile devices are the way to drive adoption of such services as Skype and Bing. "There are literally billions of people who can be exposed to Microsoft for the very first time," he said.

Pfizer Needs Something New for Its Profit Pain

Pfizer has a whole cabinet full of drugs, but none can do much to dull the pain caused by generics. Lipitor and Celebrex certainly aren't doing the trick, and even Viagra can't stand up to cheap knock-offs stealing Pfizer's sales.

Revenue at the pharmaceutical giant declined 9 percent, to \$11.4 billion, in the first quarter. Profit proved sicklier, dropping 15 percent, to \$2.3 billion. Analysts had expected better. Pfizer's moneymaker at the moment is Lyrica, which treats nerve and muscle pain brought on by diabetes, shingles, and fibromyalgia. Plevnar, a vaccine for strep infections, is also helping. But the big brand names that kept the company healthy for so long are falling apart.

Facebook Gets Comfortable With Anonymity

Facebook's company line is that the Internet works better when people use their real names at all times. In an acknowledgement that not everyone agrees, the company has built a way for people to sign into other mobile applications anonymously.

Mobile apps that require a Facebook log-in have consistently bothered some users. Facebook's approach to privacy has been uneven at best, and it can be unclear exactly what you're agreeing to when logging into a mobile application using a Facebook account. "We don't ever want anyone to be surprised with how they're sharing on Facebook," said Mark Zuckerberg, the founder and chief executive of the giant social network, at Facebook's developer conference on Wednesday. The anonymity feature is one of several new tools designed to give user more control over what they're allowing app developers to do with their data.

Microsoft's Xbox Will Face Fresh Challenges in China

Microsoft will begin selling the Xbox One in China later this year. The move presents a sort of mirror image of the challenge Microsoft faces in the U.S., where it has been working to convince gamers not to abandon consoles. In China, where the devices have been banned for over a decade, Microsoft will have to convince people to start buying them in the first place. To do so, the Chinese Xbox will have to be significantly different than the American model.

Microsoft has been eyeing China since the country lifted its ban on

gaming consoles late last year. In September the Xbox maker formed a \$79 million partnership with BesTV, a local entertainment company. It's clear why Microsoft is interested: About 500 million Chinese people play video games, and the industry produced about \$13 billion in revenue.

Samsung Starts to Feel the Squeeze

Samsung Electronics reported disappointing results for its smartphone business; the Korean giant's Galaxy handsets received an endorsement from an unlikely source: the lawyer for archrival Apple. In his closing argument for Apple's \$2 billion lawsuit against Samsung for allegedly copying the iPhone, attorney Harold McElhinny told jurors the Suwon (Korea) company had made other Android handset makers irrelevant. Samsung announced its mobile division's revenue dropped 2.5 percent in the first quarter compared with a year earlier, in part because of a surge from new competitors.

Snapchat's Redesign Brings Self-Destruction into the Mobile Messaging Wars

Snapchat is the undisputed people's champ of smartphone peep shows, but the app with the self-destructing images wants to be so much more.

On Thursday the Los Angeles-based startup unveiled a major redesign that reflects its growing ambitions in the increasingly competitive world of mobile messaging. The details came out in a "snap" sent to its users: Now, in addition to those infamous photos timed to vanish seconds after viewing, Snapchat communications will include similarly ephemeral instant messages and real-time video chat.

In an interview with the *New York Times*, Snapchat co-founder Evan Spiegel explained that the changes are intended to deepen the interactions between users. "Messaging apps are focused on the number of types of content that you can send," he said. "We are focused on what you are sending and how. ... This is really what we think mobile conversations should be."

A Punishing Month for U.S. Luxury Stocks

April is the cruelest month" jag, even on the second day of May. Let's look back at last month's harsh treatment of luxury brands: Every U.S. stock in the category declined in April, with an average loss of 5.8 percent, even while the broader market was basically flat.

Movado which makes watches and jewelry fell the most in the group, at 15.3 percent, followed by leather goods seller Coach at 11.4 percent. Other big luxury losers included Tumi Fossil Ralph Lauren Tiffany and PVH. The declines come after a big March that saw the biggest increase in consumer spending since August 2009. The underperformance is unusual because the higher end of the market has typically been outpacing the rest of the economy, in areas from cars to real estate, as inequality increases.

Apple Sells More iPhones than Expected, Fewer iPads

Apple's earnings showed a tale of two mobile devices: The iPhone is doing better than expected, and the iPad is doing worse. Apple was bound to see a drop in iPhone sales from the previous quarter, when it moved many of its just-released 5S model, but the 43 million iPhones sold last quarter easily beat analysts' forecast of 37

million. The strong sales seem to have been driven by China, where the company recently penned a deal with China Mobile, the world's largest mobile operator. Apple said it increased iPhone sales in China 28 percent, gaining market share and earning almost \$10 billion in the country, its best quarter ever.

Tim Cook, Apple's chief executive, crowed about dominance in the tablet market. Ninety-five percent of the tablets sold to schools in the U.S. are iPads, he noted, and more than 90 percent of the tablets activated by American businesses and institutions are iPads. The company also has almost half of the consumer market in the U.S., but Cook thinks that would be even higher if you removed some simple devices that aren't true competitors to Apple's tablet.

Buffett Pressures Coca-Cola over Executive Pay

Coca-Cola Co. likely will revise its executive-compensation plan before it goes into effect next year, bowing to pressure from billionaire investor Warren Buffett, according to people familiar with the matter. The potential changes come as a surprise after

voting shareholders approved Coke's plan —and Mr. Buffett declined to vote against it. Mr. Buffett aired his reservations about the plan privately in recent weeks...

Yum! Brands CEO-to-Be Greg Creed Will Confront Some Tough Challenges

Yum! Brands, owner of KFC, Taco Bell, and Pizza Hut, announced on Thursday that current Taco Bell Chief Executive Officer Greg Creed will become CEO of the parent group next January, succeeding David Novak.

Taco Bell became an industry leader under Creed, who introduced day parts such as Fourth Meal and breakfast. He understands Yum's culture, according to Novak, who has served as CEO for 15 years. Meanwhile, a report from Deutsche Bank says "it will be hard to replace the leadership and continuity that Mr. Novak has brought to the company," but Creed is well respected within the industry and investment community and "exudes a similar energy and passion for the business" as the current CEO.

CORPORATE SNAPSHOT-INDIA

April 2014

Maruti Suzuki India reports production & sales figures for April 2014

Production in compact segment higher in April 2014. Maruti Suzuki India reported production of 103,440 units in April 2014 compared to 105,416 units in April 2013. The production of compact segment (comprising of Ritz, Swift, Estilo and Celerio) was high at 27,023 units in April 2014 compared to 25,793 in April 2014. The Company reported domestic sales of 79,119 units compared to 90,523 in April 2013. Exports for April 2014 stood at 7077 units compared to 6779 units in April 2013.

NDA's economic policy will be pro-people, in India's interests: Modi

In an attempt to reach out to the electorate, Bharatiya Janata Party prime ministerial pick and Gujarat Chief Minister Narendra Modi on Friday said that if the BJP-led government is formed at the Centre, its economic policy will be pro-people and in favour of India's business interest. "I am committed to the poor and their upliftment," he said in an exclusive interview to Network18.

The BJP leader also put a huge emphasis on protecting the manufacturing sector. "We have to protect the manufacturing sector of India. If we are unable to protect manufacturing sector and small scale industries then our youth's future will be destroyed," Modi added.

Speaking on FDI, Modi said that not just retail logic, but manufacturing logic must also be kept in mind. "We have to protect small scale industries and have a holistic approach towards FDI," he said.

Banks report dip in business in first fortnight of April

Reflecting the trend witnessed over the last many years, loans and deposits in the banking system declined in the first fortnight of the

new financial year.

According to Reserve Bank of India's Scheduled Bank's Statement of Position in India as on April 18, 2014, all scheduled banks saw their deposits cumulatively decline by 61,315 crore in the reporting fortnight against a fall of 65,575 crore in the year-ago period. As on April 18, scheduled banks collectively held deposits aggregating to 80,90,179 crore.

All scheduled banks saw their loans cumulatively dip by 52,907 crore in the reporting fortnight, against a decline of 48,030 crore in the year ago period. As on April 18, scheduled banks collectively had loans aggregating to 62,21,217 crore.

Banks, especially from the public sector, typically bulk up their balance sheets towards the year-end. They do this by contracting short-term deposits and giving short-duration loans.

The reason for increasing the size of the balance sheet is that the performance-linked incentives of bank's whole-time directors depends, inter alia, on achieving the targets (set out in their statement of intent to the finance ministry) on business growth (deposits and advances), reduction in bad loans, and profitability parameters.

Chinese smartphone brand Xiaomi is coming to India in 2014

It's official! Xiaomi, the China based handset maker known for its aggressive pricing, is coming to India in 2014. Xiaomi's official Twitter handle posted a tweet saying, "Xiaomi is coming to 10 countries in 2014! Malaysia, Philippines, India, Indonesia, Thailand, Vietnam, Russia, Turkey, Brazil and Mexico.

The company has not shared any specifics related to the launch time frame. The announcement comes a day after the company renamed its official website from Xiaomi.com to Mi.com, signalling global expansion. The company sells its flagship

smartphones under the 'Mi' sub-brand. Xiaomi's Android-based mobile operating system is also known as MIUI.

Chidambaram pitches for more investments to attain higher growth

Finance Minister P. Chidambaram on Thursday made a strong case for encouraging foreign and domestic investment to boost growth and said PSUs alone are expected to pump in Rs 1.33 lakh crore in the current financial year.

“Investment must revive in this country...the economy has stabilised. The investment cycle has to start again. Both domestic investment and foreign investment must be encouraged. That will lead us to high growth,” he said while addressing the media at the AICC headquarters.

The minister said the capital expenditure plan of 23 public sector undertakings, including Oil & Natural Gas Corp, Oil India Ltd, Indian Oil Corp and NTPC, will go up to Rs 1.33 lakh crore from Rs 1.25 lakh crore in 2013-14.

He said the capital requirement of banks in 2014-15 is estimated at Rs 45,528 crore, as against Rs 14,000 crore in the previous financial year. In the interim budget, the government proposed to infuse Rs 11,200 crore in public sector banks.

Power sector urges govt not to allow procurement of sub-standard Chinese equipments

At a time when 30% of the recent capacity addition in Indian power generation sector has been made through use of Chinese equipments, the inefficiency of the installed equipments has become a major cause of concern. If projection made by one of the leading players in the Indian power sector is anything to go by, 1%

inefficiency in the operations of these equipment, with collective capacity of 18,000 MW, for their entire life span of 30 years, can cost the country Rs 1 lakh crore.

At a press conference organized by Indian Electrical & Electronics Manufacturers Association (IEEMA) in city on Monday, the stakeholders of the power equipment manufacturing industry urged the government to take some major initiatives to spur the growth of the industry and the power generation sector as well, which is very crucial for the economic growth.

About 4-5 lakh job opportunities in big cities in 2 years: CBRE

About 4-5 lakhs job opportunities are expected to be generated within the next two years in the major cities taking into account likely absorption of upcoming office space, according to global property consultant .

Bangalore and the national capital region are expected to contribute more than half of this total expected employment opportunity by the end of 2015.

“Employment opportunities to the tune of approximately 4-5 lakh are expected to be generated within the next two years across the country's leading cities. In case India's economic growth accelerates to above 6 per cent in 2015, more such opportunities may be expected,” CBRE South Asia Chairman and Managing Director Anshuman Magazine said.

Quoting CBRE Research, he said over 70-80 million sq ft of new office space is anticipated to be ready for possession by 2015 in the top seven cities – Delhi-NCR, Mumbai, Bangalore, Hyderabad, Chennai, Pune and Kolkata.