Corporate Snapshot: INDIA & GLOBAL

Facebook data breach: Is Mark Zuckerberg's apology over Cambridge Analytica scandal too little too late?

Facebook CEO Mark Zuckerberg has finally broken his nearly week-long silence after the world's largest social media network landed in controversy over improper harvesting of data belonging to 50 million of its users by political consultancy Cambridge Analytica.

He wrote a detailed post in his Facebook account, where he outlined the steps that the company plans to take to protect user data. Proceeding to defend Facebook, Zuckerberg wrote in his post that they learnt about Kogan sharing data from his app with Cambridge Analytica in 2015 from journalists. "It is against our policies for developers to share data without people's consent, so we immediately banned Kogan's app from our platform, and demanded that Kogan and Cambridge Analytica formally certify that they had deleted all improperly acquired data. They provided these certifications," wrote Zuckerberg.

However, acknowledging that this was a "breach of trust between Facebook and the people who share their data with us and expect us to protect it" and that the company needed to do more, the founder also outlined a three-step action plan:

- Facebook will investigate all apps that had access to large amount of data before the platform was changed in 2014, conduct thorough audits of any apps with suspicious activity and ban any developers found misusing personally identifiable information. Moreover, the company intends to "tell everyone affected by those apps", including people whose data Kogan had misused.
- The social media platform will restrict developers' data access further, like barring access to data of users who don't use an app for 3 months and demanding minimal data - only name, profile photo, and email address - from users when they sign in. Moreover, developers will not only need to take user approval but also sign a contract in order to ask anyone for access to their posts or other data. "And we'll have more changes to share in the next few days," said Zuckerberg.
- Prominently display a tool at the top of the users' News Feed with the apps being used and an easy way to revoke their permissions to access personal data.

Tesla shareholders approve $2.6 billion compensation package for CEO Elon Musk

Shareholders of electric car company Tesla Inc approved a compensation package potentially worth $2.6 billion for Chief Executive Officer Elon Musk.

The compensation award includes no salary or cash bonus for the Silicon Valley billionaire, but sets rewards based on Tesla's market value rising to as much as $650 billion over the next 10 years.

Musk could own as much as $55.8 billion in Tesla stock and more than a quarter of the electric car company in the next decade if he hits all targets of the new plan.

The company has faced pressure on multiple fronts, from a cash crunch and production delays to increasing competition from rivals. Some investors are concerned that Musk is distracted by too many projects including his SpaceX rocket launches.

Tesla was valued at about $53.47 billion, according to Thomson Reuters data. Tesla has been struggling to manufacture its Model 3 sedan - for which it holds about 500,000 advance reservations - and has repeatedly pushed back production timelines.

The company has been burning through cash and expects spending to rise this year, even as a host of upcoming projects demand attention and capital, including the new Tesla Semi and the Model Y crossover.

A wave of electric vehicles on the horizon from rivals are also adding pressure. Global automakers from Ford Motor Co to Volkswagen AG are cumulatively investing $90 billion in electrification over the next five years, with luxury models from Audi and Tata Motors Ltd's Jaguar due this summer.

Walmart in final stages of negotiation to pick up majority stake in Flipkart

The Economic Times said that Walmart might start out with picking up a 20-26% stake in Flipkart and increase it in tranches to 51%. The brick-and-mortar giant could cough up around $10-12 billion for the entire stake purchase. The primary investment will be between $1-2 billion, depending on the final size of the deal. The Bengaluru-based company, Flipkart is values at about $20-22 billion. That's 67% more than the $12 billion figure given when Japan's SoftBank bought a 20% stake in it for $2.5 billion last August.

The report adds that the deal will also include secondary share purchases from existing investors, albeit at a discount to the valuation of primary infusion. A consortium of investors, including SoftBank, Tiger Global, Naspers and Accel Partners, reportedly hold around 68% of Flipkart.

Both Walmart and India's homegrown e-commerce leader stand to gain much if this long-speculated deal goes through. While the former gets to grab a foothold in India's booming e-commerce industry, Flipkart stands to not only add financial muscle but also strengthen supply chain and enhance efficiency in procurement and product assortment. In addition, the deal would enable them to pool resources to compete against Amazon, in online as well as offline retail channels.

Another recent rumour making the rounds is that Walmart's investment deal will include setting up of a retail - offline - chain in India. This would enable the American retail giant to open retail outlets in the country, which it currently cannot do directly because of certain FDI restrictions on overseas investment.

Amazon will put up a stiff fight. Then there is the relatively new entrant Paytm E-commerce Pvt Ltd, not to be taken lightly since it is backed by China's Alibaba Group Holding Ltd. Market research provider Euromonitor expects about half of India's population to be online by 2021, with a majority hailing from rural areas and smaller towns, by which time the Internet retailing market size is likely to balloon to around Rs 4,000 billion.

Ola expands in Australia, begins service in Sydney

Indian cab hailing firm Ola said it has started operations in Sydney, expanding its services in the Australian market.

In January, the SoftBank-backed company had announced its plans to foray into the Australian market.

Ads by ZINC

Ola is now officially operating in Sydney and has hired a local team to build partnerships and support driver-partners, it said in a statement.

"Ola's focus is on investing in driver-partners and supporting them with new technology, training, and ways to increase earnings," it added.

Uber is Ola's main competitor in the Australian market. Interestingly, SoftBank is also an investor in Uber.

Uber launched its operations in Australia in 2012 and currently operates in 19 Australian cities including the major cities of Sydney, Melbourne, Brisbane, Adelaide, Perth and Canberra.

The companies are already locked in an intense battle for leadership in the Indian market. They compete not only in the ride-sharing space in India but also food delivery, with Ola acquiring Foodpanda's India business. US-based Uber, which is one of the world's most valued startups, runs on-demand food delivery app UberEATs in select Indian cities.

Ola said, since the launch in Perth, the service has received over 7,000 registrations from driver-partners.

We are excited to officially start operating on the east coast with the launch in Sydney. We've been very pleased with how the service has been received by customers, driver-partners and the community in Perth, and can't wait to continue building on these experiences and learnings for our second city launch," Ola Vice President, Head of International Chandra Nath said.

The Bengaluru-based company said in the coming weeks, it will continue to roll out a number of new initiatives for both customers and driver-partners in Sydney, including promotions, earnings programme and feedback sharing.

GlaxoSmithKline may sell Horlicks brand to fund its $13 billion Novartis deal

Britain's biggest drugs company GlaxoSmithKline (GSK) announced that it will buy the 36.5 per cent stake that Novartis AG owns in their Consumer Healthcare Joint Venture for $13 billion. This will give Glaxo complete control over a product portfolio that includes best-sellers like Sensodyne toothpaste and Panadol tablets for pain relief. But to fund this buyout, GSK is considering putting up its iconic 145-year-old malted drink for sale.

"GSK is initiating a strategic review of Horlicks and its other consumer healthcare nutrition products to support funding of the transaction, and to drive increased focus on OTC and Oral Health categories. Combined sales of these products were approximately 550 million pounds [Rs 5,070 crore] in 2017," the company said in a statement. The outcome of the review is expected to be concluded by the end of this year. "There can be no assurance that the review process will result in any transaction," it added.

The majority of the sales of Horlicks and other nutrition products are generated in India, where these products are sold by GlaxoSmithKline Consumer Healthcare Ltd (GSKCH). In fact, according to the latter's annual report for 2016-17, malt-based foods contributed a whopping 95% to its total turnover.

GSK owns a 72.5 per cent stake in this public-listed company, which is the category leader in Indian health food drinks industry. Incidentally, this shareholding is a part of the strategic review, too.

Behemoths like Nestle, Kraft Heinz and Unilever are expected to bid for the consumer health nutrition business, which also has smaller operations in Bangladesh and Nigeria, and the deal size could exceed $4 billion [over Rs 26,100 crore]. Other potential suitors include Coca-Cola and PepsiCo.

Horlicks was invented by British-born brothers, James and William Horlick, back in 1883. They had immigrated to the US about decade earlier and had eventually set up a company to manufacture their patented malt drink. The drink made its way to Indian shores during World War 1, thanks to Indian soldiers in the British army.

Fortis Healthcare says merger with Manipal Hospitals to be completed in 1 year

The hospital business of Fortis along with a 20 per cent stake in diagnostics chain SRL will be acquired by Manipal Hospitals and private equity investment firm TPG Capital.

"The merger will take time. The merging of Fortis into Manipal will take between 10 to 12 months," FHL CEO Bhavdeep Singh said.

Only last month, the promoters - Malvinder Singh and Shivinder Singh - stepped down from the board of Fortis and diversified financial services firm Religare Enterprises. The Singh brothers quit following reports that the duo had allegedly taken Rs 473 crore from their publically listed company without the board approval.

Fortis said, "As part of the proposed transaction, Dr Ranjan Pai and TPG will invest Rs 3,900 crore into Manipal Hospitals. The funds will be utilised by Manipal Hospitals to finance the acquisition of 50.9 per cent stake in SRL (20.0 per cent from FHL and 30.9 per cent from other investors for which discussions are currently underway)."

"The Board has also approved sale of its 20 per cent stake in SRL Ltd. to Manipal Hospitals. The resultant entity Manipal Hospitals will be a publicly traded company listed on NSE and BSE. The remaining FHL will be an investment holding company with 36.6 per cent stake in SRL," it added.

Fortis demerger comes at a time when Serious Fraud Investigation Office (SFIO) is reportedly initiating a probe into alleged financial irregularities at Fortis Healthcare and Religare Enterprises. When asked about the investigations by Serious Fraud Investigation Office (SFIO) in the company over alleged financial irregularities in the company involving its promoters, Singh brothers, Bhavdeep Singh said: "We are cooperating with the ongoing SFIO investigations."

DTDC to invest $15 million to set up six more fulfillment centers

Logistics service provider DTDC has committed to invest $15 million by next year to set up six more fulfillment centers in India.

This is in line with DTDC's transition from a courier company to an e-commerce related logistics firm. The process started two years back in 2016 when it launched its e-fulfillment business. Currently the company has nine fulfillment centers of which five are in Delhi NCR, and one each in Chennai, Hyderabad, Bangalore and Mumbai.

Often retailers, online and offline, don't have the wherewithal to manage the logistics of fulfilling orders and delivery. This is then outsourced to third-party logistics providers such as DTDC who then stock the inventory and manage their last mile delivery and returns, says Suresh Bansal, board member and head of e-fulfillment at DTDC Express. They have over 1,000 such sellers onboard.

"By registering with us, sellers then don't have to enroll individually and stock inventory for each marketplace. Through our partnership with top 25 e-tailers they get easy access to all at once," says Bansal.

These sellers are not just small SMEs and retailers, but also big brands such as Nike and Videocon or marketplaces like Paytm that have partnered with DTDC to manage their online orders.

For DTDC, e-fulfillment is still a small part of their overall business. Currently less than five per cent of their revenue comes from it but it is also their fastest growing segment. Bansal says that last year their e-fulfillment logistics business saw a growth of 163% and this year they are expecting it to cross 200% as it is still a nascent market.

During the last one year, DTDC has been on an expansion drive setting up hubs and warehouses across the country. In February 2018, the company opened a Rs 1.5 crore hub and office facility spread over 18,000 sq ft in Chennai and another facility in Samalkha region in Delhi.

Deepak Kochhar, the man at the centre of ICICI-Videocon controversy

Deepak Virendra Kochhar, husband of current MD and CEO of ICICI Bank, Chanda Kochhar is the co-founder and Chief Executive Officer of NuPower Renewables which was set up in December 2008. NuPower Renewables was originally founded as a 50-50 JV between Videocon Group's Venugopal Dhoot family and Kochhar and Advani families (Chanda Kochhar's brother, Mahesh Advani). Around that time Chanda Kochhar was the CFO and Joint MD at ICICI Bank.

Kochhar was a financial services entrepreneur before he co-founded NuPower. He has been a Director of NuPower Renewables Pvt. Ltd. since December 24, 2008. He studied Masters in Finance from the Jamnalal Bajaj Institute of Management Studies, Bombay University. That's where he met Chanda Advani(Chanda Kochhar's original name). He is also an Alumnus of Harvard Business School - Graduate of the Advanced Management Program (AMP).

Very little is known about him before 2008 except his company Pacific Capital Services Private Limited. The

Pacific Capital Services Private Limited then was owned 90% by Mrs. Neelam Advani (wife of Mrs. Chanda Kochhar's brother Mahesh Advani) and 10 per cent by Mr. Virendra Kochhar (Father-in-law of Mrs. Chanda Kochhar).

NuPower says it has 700 MW of renewable energy assets operating (including in pipeline) located in Tamil Nadu, Karnataka, Rajasthan, Maharashtra, Andhra Pradesh and Madhya Pradesh. In 2016, NuPower was looking to raise $300 million in two equal portions to develop 1 gigawatt (GW) of capacity over next six years. Original Directors of NuPower were Venugopal Dhoot, Deepak Kochhar and Saurabh Dhoot.

It raised about Rs 300 crore from a renewable energy fund of Singapore-based private equity firm Accion Capital Management Pte Ltd in return for an undisclosed equity stake in 2012. NuPower also borrowed Rs.750 crore from Punjab National Bank in the same year, and subsequently, borrowed funds from Axis Bank Ltd and Central Bank of India.

Deepak Kochhar is also the managing trustee of Pinnacle Energy. According to ICICI shareholder Arvind Gupta, Deepak Kochhar amassed wrongful personal gains when ICICI Bank sanctioned loans worth Rs 3,250 crore to various private companies belonging to the Videocon Industries Limited.

Gupta had alleged that despite Supreme Energy - owned by Videocon Group's Venugopal Dhoot - funding a sum Rs 64 crore in NuPower Renewables, its shareholding in NuPower got reduced to just 2.32 per cent, whereas with the investments of only Rs 1.89 crore Deepak Kochhar acquired 92.67 per cent stake in NuPower Renewable Private Limited.

7th Pay Commission: Tax-free gratuity ceiling for private sector doubled to Rs 20 lakh

The private sector employees have something to rejoice before the current fiscal comes to a close as government has notified doubling the limit of tax-free gratuity for them to Rs 20 lakh to Rs 10 lakh. The notification has come in the wake of amendment in the Payment of Gratuity Act which had empowered the government to fix the limit of the through an executive order. The ceiling of tax-free gratuity for central government employees had already been revised to Rs 20 lakh with the implementation of the 7th Pay Commission. The employee unions have been demanding for inclusion of the change in accordance to the pay panel recommendations in the Payment of Gratuity Act.

The Payment of Gratuity Act, 1972, was enacted to provide for gratuity payment to employees engaged in factories, mines, oilfields, plantations, ports, railway companies, shops or other establishments. Till now, private sector workers with five or more years of service were eligible for Rs 10 lakh tax-free gratuity after leaving job or at time of superannuation. The Act encompassed employees who have completed at least five years of continuous service in an establishment that employs 10 or more persons.

By virtue of the amendment bill approved by Parliament earlier this month, government could also fix the period of maternity leave. The change with respect to maternity leaves comes against the backdrop of the Maternity Benefit (Amendment) Act, 2017, enhancing the maximum maternity leave period to 26 weeks.

Railway staff gets LTC for first time

As per a Department of Personnel and Training (DoPT) order, railway employees could now avail Leave Travel Concession (LTC) for the first time ever. The 7th Pay Commission had recommended that they be awarded the benefits of travel concession awarded to other government servants. The existing LTC instructions stated that Indian Railway staff and their spouses are not entitled to LTC as they already have the facility of free pass available to them.

If the railway employee has already availed of a Privilege Pass, then LTC will not be allowed in that year. The railway employees on deputation to any other organisation, including railway PSUs, would also continue to be eligible for optional LTC in lieu of Privilege Pass entitlement.

Toyota to sell Baleno, Brezza and Maruti Suzuki to sell Corolla from next year

Japanese auto majors Suzuki Motor Corp and Toyota Motor Corp have concluded a basic agreement for supply of hybrid and other vehicles to each other, which would see Toyota sell Suzuki's India subsidiary Maruti's premium hatchback Baleno and compact SUV Vitara Brezza through its own subsidiary in India, while Maruti would get Toyota's global best selling model Corolla. Though the companies have not specified when they would start selling each other's cars, it is believed it would begin in early 2019.

Further, the companies also have not clarified whether only the hybrid or possible electric versions of the cars would be shared and sold; but the two companies have been in talks since November last year for a business cooperation in the Indian market with focus on electrification and hybridization of their portfolio in the country.

A Nikkei report from Japan, where the announcement was made said Maruti will supply 50,000 units of the Baleno and Brezza to Toyota, while Toyota will supply around 10,000 units of the Corolla annually to Maruti in both hybrid and petrol versions.

Toyota is one of the pioneers in alternate vehicle technologies worldwide and has the best selling hybrid model in the world in the Prius. It is an area that is a weakling for Suzuki. At the same time, Toyota's position is considerably weak in emerging markets like India where it has less than 5 per cent share. Last year, India pipped Germany to become the fourth largest car market in the world and is expected to become the second largest behind only China in the next 10 years. Emerging markets account for only 40 per cent of Toyota's global sales. Suzuki's India subsidiary Maruti, is the leader in the domestic market with an over 50 percent share.

"Details on each model, such as the schedule of the start of supply, number of supplied units, vehicle specifications, and supply pricing, will be considered at a later stage," Toyota said in a press release.

"The vehicles will be sold by respective subsidiaries of Toyota and Suzuki based in India through their sales networks. By challenging and competing with each other with the goal of mutual improvement, Toyota and Suzuki aim to invigorate the Indian automotive market to further enhance their respective products and services to be offered to customers."

Currently, all the three models are sold only in conventional petrol and diesel power trains in India. However, Suzuki does sell a mild hybrid version of the Baleno in Japan, which is made and exported from Maruti's Gujarat factory in India. Similarly, Toyota also has a hybrid version of the Corolla in other markets around the world. The compact SUV Brezza is sold only with a diesel engine for now.

The collaboration between the two firms go beyond just these three models. As per the MoU concluded on February 6, 2017, the companies have been exploring concrete projects for collaboration in areas including environmental technology, safety technology, information technology, and the mutual supply of products and components. It also includes introducing battery electric vehicles in the Indian market around 2020 as one outcome of the joint exploration into the partnership.