

CORPORATE SNAPSHOT-WORLD

February 2014

Facebook's big buy, WhatsApp

WhatsApp, the rapidly expanding mobile messaging app, suffered an outage for more than a couple of hours, frustrating users just days after its acquisition by Facebook for \$19 billion. WhatsApp currently has about 450 million users globally and has been adding a million users daily. WhatsApp tweeted to its more than 1 million Twitter followers. Earlier, the service had said it was "experiencing server issues" without providing further details. Facebook referred questions on the outage to WhatsApp representatives.

Wall Street Slumps to Hit Lowest Level since October 13

U.S. stocks slumped in last week of February with the S&P 500 hitting its lowest level since October after weaker-than-expected data on the factory sector in the world's largest economy provided investors with the latest reason to book profits. U.S. Manufacturing grew at a slower pace in January as new order growth plunged by the most in 33 years, while spending on construction projects barely rose in December. Investor sentiment soured sharply after the factory data, driving the cost of protection against a drop on the S&P to its highest level in nearly four months.

New Cloud-Software Firms Take Off

Salesforce.com Inc. pioneered the cloud-software business and is valued at almost \$40 billion. Since January 2014, a second wave of more specialized online software companies are starting to take off and command rich multibillion-dollar valuations that may be hard to sustain. The companies have hitherto unfamiliar names like Veeva Systems Inc., Cvent Inc., and DocuSign Inc., and are tackling specific industries such as health care and hospitality.

Mobile World Congress

The Mobile World Congress began in Barcelona from 24th to 27th Feb 2014. As the mobile industry continues to diversify, how will the roles of the traditional and emerging members evolve and with what impact? In 2014, the Mobile World Congress Conference programme examined the present and debated the future of the industry with in-depth analysis of the trends that are shaping it. Running across the full length of the Mobile World Congress, the 2014 Conference programme continued to be a central focus for the event, challenging and educating attendees whilst covering the latest technological developments, next-generation services and growth strategies. Keynote speakers included International Business Machines Corp. CEO Ginni Rometty and Facebook Inc. CEO Mark Zuckerberg.

Comcast Empire runs the gamut

Buying Time Warner Cable would add to a Comcast media and cable empire that already runs the gamut from "Saturday Night Live" to Universal Studios theme parks. The division touts itself as the USA's largest provider of video, high-speed Internet and telephone services to residential customers under the XFINITY brand. It also provides similar services to businesses and sells advertising.

As of Feb 20, the company had 53.1 million video, high-speed Internet and phone service customers, representing a 3 percent increase over the same day the year before. The company said that it currently has 22 million pay TV subscribers, but plans to divest 3 million of them once the deal for Time Warner Cable Inc. closes. With the addition of Time Warner Cable's 11.2 million subscribers, the combined entity will end up with about 30 million.

Porsche Founder's Legacy Hits Nazi Past in Czech Hometown

Ferdinand Porsche, the founder of the 911 sports-car maker, created the first hybrid more than 100 years ago and designed the original Volkswagen Beetle. Those achievements haven't counted for much in his hometown. That legacy will once again be tested as a new exhibition prepares to open in the Czech village of Vratislavice nad Nisou, where Porsche was raised and residents resisted municipal efforts to be associated with the auto pioneer. Under communism, Porsche sports cars were unwelcome symbols of capitalist excess. Then, the engineer's connection to the Nazis made him controversial in the region annexed by Adolf Hitler's regime.

A \$2.6 Billion Slap on the Wrist

The settlement of criminal and civil claims against JPMorgan, which for two decades facilitated Bernard Madoff's Ponzi scheme, reflects the attitude of Attorney General Eric Holder, who testified in a Senate hearing that he is afraid to prosecute the big banks for fearing of disrupting the economy. The penalties and restitution come to \$2.6 billion, which at first blush seems like a huge figure. But it comes to two-cents on each dollar of pre-tax profit JPMorgan has earned since Madoff's arrest five years ago.

Tencent Buys into JD.com

Tencent Holdings Ltd. has a powerful new ally in its battle with Alibaba Group Holding Ltd. over China's Internet market, the world's largest by users. Gaming and social-media giant Tencent said that it will pay \$215 million for a 15% stake in China's

second-largest e-commerce player by transactions, JD.com. As part of the agreement, Tencent also gave two of its e-commerce holdings to JD.com.

Car Makers Hold Smartphones at Bay

Apple Inc. and Google Inc. are stepping on the gas to integrate their smartphones with car communications systems, but big car companies insist the dashboard screen belongs to them and the only role for the pair is as app supplier. One reason car makers are reluctant to let Apple and Google get too close to their in-car networks is that no one can say with any certainty how valuable the online services revenue and data are.

For Microsoft's Xbox One, 'Titanfall' Could Be Game Changer

Videogame fans waited years for a new generation of living-room consoles. Now that the hardware has arrived, Microsoft Corp.'s hopes of keeping pace with the competition may turn on a piece of software. The title is "Titanfall," a combat game for the Xbox One console that goes on sale Tuesday. Microsoft has been promoting the game since last June, hoping to inject new ideas into a familiar genre.

Dell's CIO on the Company's Transition

Adriana Karaboutis the CIO of DELL is embroiled in her biggest task right now: integrating technology assets from roughly eight of the 19 acquisitions Dell has made in the past few years. Culling duplicate technologies and figuring out what new technologies might be needed going forward are among her key responsibilities at the Round Rock, Texas, company, which went private in 2013 as it seeks to pivot from PC maker to provider of enterprise hardware, software and services. Ms. Karaboutis is handling the challenges CIOs face in managing large technology projects, the role of women in technology, and the emerging "Internet of Things," in which sensors automate tasks for humans

PSEG Unveils \$12 Billion Capital-Spending Plan

Power company Public Service Enterprise Group unveiled a \$12 billion five-year capital spending plan in an effort to boost earnings growth at its utility segment.

PSEG, the parent of wholesale-energy provider PSEG Power, public utility Public Service Electric & Gas Co. and solar-energy generator PSEG Energy Holdings, will increase its investments in transmission over the next five years.

Tesla Convertible Debt Electrifies Long-Term Investors

Tesla Motors Inc. is showing that when it comes to Wall Street, it is more than just a plaything for day traders and ardent believers in electric cars.

While the spotlight has focused on the frantic trading driving up Tesla's share price sevenfold in the past year, less visible have been the company's efforts to tap big, sophisticated and long-term investors for cash that it needs to expand.

Alibaba Growth Echoes China Trend

E-commerce leader Alibaba.com Ltd. came out on top of China's company rankings, with high scores in the innovation and vision categories. Employees play table tennis earlier this year inside the Alibaba headquarters on the outskirts of Hangzhou, Zhejiang province, China. Alibaba's strong performance echoes the significant growth in China's online e-commerce market. Deutsche Bank forecasts that online sales will grow to 11.2% of China's total retail market by 2015, from 5% now. Alibaba's consumer-auction site, Taobao, expects to double its gross merchandise volume by the end of 2014. In the first half of this year, Alibaba posted a profit of up about 40% from the year-earlier period.

Malaysia's Petronas to Sell Indian Oil 10% Stake in Canada Gas Project

Petroliam Nasional Bhd, Malaysia's state oil and gas company, said that it has agreed to sell a 10% stake in its Canadian liquefied natural gas project to Indian Oil Corp. Ltd.

As part of the deal, Indian Oil has agreed to offtake 1.2 million tons of LNG a year, or 10% of the output from a proposed export facility in Canada's West Coast, for at least 20 years. No financial details of the deal have been disclosed.

Videogame maker Nintendo Co. ranked the highest among Japan's top companies

Having dethroned longtime leader Toyota Motor Corp. The success of the Wii and Nintendo DS—Nintendo's hot-selling home console and hand-held games—have spurred most of Nintendo's growth. Sales have slowed in the past two quarters, though, due to increased competition and lack of new gaming titles and hardware. Nintendo posted its first first-half loss in seven years. Despite its troubles, it still topped Japan's rankings in a tough year for the country's companies.

Supply Glut Can't Derail Samsung

Fighting an industry-wide global glut of flatscreens and weakening demand, Samsung Electronics Co.—the world's top TV maker by units and revenue—has had to look elsewhere for good news. And memory chips and cellphones have come through, driving earnings to a record in the third quarter and bringing the nine-month total to 12.73 trillion won (\$11.32 billion), more than the company has earned in fy 2013.

Scaroni Sounds Alarm for Cost-Conscious Oil Industry

Paolo Scaroni, the head of Italian oil company Eni SpA, has a scary prediction for the already beleaguered Oil Industry, speaking during the 2014 IHS CERAWEEK conference in Houston, Texas, Mr. Scaroni predicted oil prices to fall around \$90 a barrel.

Mr. Scaroni predicted a coming fall in the oil price just as the industry is grappling to get costs under control. New fields coming onstream in Brazil, the Barents Sea off Norway and onshore in the U.S. will lift supply, he said, while a shift from burning oil to gas will see demand drop. The result: \$90-a-barrel oil, something that hasn't been seen with any consistency since 2011.

Kazakhstan to Fine Kashagan Oil Group \$735M for Burning Gas

Group burned off gas from a leaking pipeline to inspect damage, Kazakhstan's Environment Ministry is fining the consortium developing the giant Kashagan oil field around \$735 million for burning off gas from a pipeline the group was forced to shutter after detecting a leak on the vital link. The consortium developing Kashagan, which includes Eni SpA, Total SA, Royal Dutch Shell PLC and Exxon Mobil Corp., shut down production at the offshore Kashagan oil field

For Bitcoin Sleuths, Things Get Curiouser and Curiouser

Bitcoin is big news this week, but if you don't own the currency why should you care? From coding to crime, governments, banks and the end of money The hunt for the founder of bitcoin turned into a cyberspace cat-and-mouse game, as would-be sleuths competed with pranksters in an effort to identify the mysterious inventor.

Those on the chase encountered what appeared to be decoys that seemed designed to put them off the scent, leading them down virtual rabbit holes and into digital dead ends. Technologists and skeptics of government-backed currencies have flocked to bitcoin as a way to buy and sell goods and services anonymously. The virtual currency remained a niche hobby until 2013, when its price jumped and mainstream companies began accepting it as payment.

It all started with an academic paper written by a person or group known as Satoshi Nakamoto in late 2008 that created the underlying software code running bitcoin.

GM Begins Massive Auto Recall

Auto Maker Says Delphi, Supplier of Faulty Parts, Will Provide Replacements **General Motors** Co. has apologized for a massive ignition-switch recall and said it would be racing to get replacements to dealers, although it couldn't yet say when repairs

would begin. Meanwhile, the company could face a fine of up to \$35 million if the National Highway Traffic Safety Administration determines that GM failed to issue the recall quickly after determining that the switches were faulty. Thirteen deaths have been linked to the problem, in which a switch can suddenly turn off when jarred, shutting down air bags and the engine. The company recently ordered a world-wide recall of 1.6 million cars covering models dating to 2003.

Fannie's and Freddie's Friend the Fed

It's good to have the Federal Reserve as a friend. Fannie Mae and Freddie Mac put in strong financial performances in FY 2013 but national accounts data released this week suggest these were largely built on the Fed's purchases of the securities backed by the two mortgage giants, and while this helped them achieve record profits.

BP Says Asian Regulators Probing Potential Oil-Price Manipulation

European and U.S. Agencies have been investigating possible unfair competition BP PLC said Thursday that regulators in Asia have joined European and U.S. agencies investigating potential manipulation of oil prices. The U.K. oil company said in its annual report that in June 2013, the Japanese Fair Trade Commission sent an "initial request for information" from BP, and that the Korea Fair Trade Commission "initiated an investigation" in December.

London Stock Exchange's MTS to Buy Bonds.com

Unit to Pay \$15 Million for Bonds.com Amid U.S. Bond Trading Push Part of the London Stock Exchange Group has agreed to acquire upstart bond platform operator Bonds.com Group Inc. for \$15 million, according to company officials, as part of its push to enter the U.S. market for bond trading. The all-cash acquisition of Bonds.com by a unit of the London Stock Exchange's MTS Group constitutes the latest exchange, following NYSE Euronext and Deutsche Borse AG, to position itself for the gradual shift.

EBay CEO Reiterates Company Stronger With PayPal

EBay Inc. Chief Executive John Donahoe has battled to revive the online marketplace to take on other giants like Amazon.com Inc. Now, he's facing a very different foe: activist investor Carl Icahn. Mr. Icahn wants to break up eBay by separating PayPal, its payments business, from the namesake shopping website, and he's nominated two business associates to the board of directors to help.

CORPORATE SNAPSHOT-INDIA

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India set to challenge US for election-spending record

Indian politicians are expected to spend around \$5 billion on campaigning for elections next month- a sum second only to the most expensive US presidential campaign of all time - in a splurge that could give India's floundering economy a temporary boost. India's campaign spend, which can include cash stuffed in envelopes as well as multi-million-dollar ad campaigns, has been estimated at Rs 30,000 crore (\$4.9 billion) by the Centre for Media Studies, which tracks spending. That is triple the expenditure the Centre said was spent on electioneering in the last national poll in 2009 - partly a reflection of a high-octane campaign by pro-business BJP candidate for prime minister, Narendra Modi, who started nationwide rallies and advertising last year. The campaign spending for this election could give a boost to the economy, which has been heading for its longest slump since the 1980s. Economists have forecast a second year of growth below 5 per cent in the financial year ending this month. Spending on previous Indian elections has benefited a wide range of businesses, from media groups and advertisers that rake in campaign-ad revenues to consumer-based firms that capitalise indirectly on the overall jump in spending, such as motor-bike manufacturers and brewers like United Spirits. India's advertising industry expects to see an \$800 million injection during the election season, according to an outlook by the country's largest local agency, Madison Media. That should benefit media firms, such as DB Corp, which owns the high-circulation Hindi language daily Dainik Bhaskar.

Current account deficit to be less than \$40 bn, says Chidambaram

India's current account deficit (CAD) will be contained at less than \$40 billion this financial year, well below the record level in 2012-13, said Finance Minister P Chidambaram. Both the government and the Reserve Bank of India had taken steps to restrict gold imports, one of the main causes for the widening CAD in 2012-13. The government increased customs duty on gold thrice in 2013 to 10 per cent and the RBI imposed a series of curbs on inward shipments of the metal. Chidambaram also expressed confidence the government would achieve the revised fiscal deficit target of 4.6 per cent in 2013-14. "We will achieve the fiscal deficit target for the current year. The revised estimate says 4.6 per cent and I am absolutely confident that we will achieve the target," he said. The gap between expenditure and revenue was 4.9 per cent of GDP in the previous financial year. After taking over as Finance Minister in August 2012, Chidambaram had drawn up a financial consolidation road map to lower the fiscal deficit to 4.8 per cent of

GDP in 2013-14, 4.2 per cent in 2014-15 and 3.6 per cent in 2015-16.

PSU banks need 19,813 more ATMs by March-end to meet target

State-run banks could set up only 14,855 ATMs by December, leaving an uphill task of installing close to 20,000 more cash dispensing machines by March-end to achieve the target of at least one onsite ATM in every branch. Pursuant to Budget 2013-14 announcements, PSU banks were required to ensure an onsite ATM in all 72,340 branches by the end of the current financial year. In March 2013, only 37,672 branches had onsite ATMs, and thus 34,668 more were to be installed. Till December 2013, the state-owned banks could set up only 14,855 ATMs, leaving 19,813 more ATMs that need to be installed in the remaining period. As per the roll-out schedule of ATM installations, the state-owned banks should have set up 25,950 cash dispensing machines by December 2013 or about 75 per cent of the target.

Tax expert's hail cut in excise duty in Interim Budget 2014-15

Experts have hailed Finance Minister P Chidambaram's decision to slash excise duty, saying the move will give the much-needed boost to auto, capital goods and white goods sectors which have borne the brunt of slowdown. It should give impetus to capital spends, and white goods that should give impetus to consumer spends. The auto sector has a lot to cheer for. Clearly, with the elections round the corner, the current proposals will be viewed as interim ones and their true impact will be felt when these are incorporated in the final budget.

Nokia X Android Smartphone launched at Rs 8,599

Finnish mobile firm Nokia has launched first of three smartphones in its 'X' series in India. Priced at Rs 8,599, the Nokia X runs on Android Open Source Project but is nowhere close to the traditional Android phones as it doesn't support Google services such as Gmail, Play Store or Google Maps. Instead, Android apps will be accessible from Nokia's own App Store. Users will be able to download more apps from third party app stores too. The Nokia X also comes loaded with Microsoft services such as Outlook, Skype, Here Maps, etc. Its design is similar to that of the Lumia smart phones. It has got a 4-inch WVGA capacitive display, is powered by 1 GHz Qualcomm Snapdragon dual core processor and is coupled with 512 MB RAM. It has got 4 GB internal storage and can support up to 32 GB expandable memory.

IRDA permits insurers to invest in equity ETFs

Insurance regulator IRDA on Monday allowed insurance companies to invest in equity Exchange Traded Funds (ETFs) with certain conditions, a move which would help boost inflows into the country's stock market. Only passively managed schemes of the mutual funds which are registered with SEBI and governed by SEBI are eligible, IRDA said in a notification. ETF is a security that tracks an index, a commodity or a basket of assets like an index fund, but trades like a stock on an exchange. "These schemes are benchmarked and tracked to publicly available index," it said, adding, these instruments would be listed on at least one exchange which is having connectivity with nationwide terminals. Investments ETFs may mitigate the concentration risk and ETFs also offer management of funds with operational convenience, they said. Exposure to stocks through ETF would not be reckoned for the overall exposure norms prescribed for individual stocks, it

added. The valuation of ETFs shall be in line with the equity shares.

Domestic car sales rise 1.39 per cent in February

Domestic passenger car sales rose 1.39 per cent to 1,60,718 units in February from 1,58,512 units in the year-ago month. Motorcycle sales last month climbed 5.39 per cent to 8,43,307 units from 8,00,165 units a year earlier, according to data released by the Society of Indian Automobile Manufacturers (SIAM). Total two-wheeler sales in February rose 9.69 per cent to 12,20,012 units. Sales of commercial vehicles were down 29.84 per cent to 47,982 units in February, SIAM said. Vehicle sales across categories registered an increase of 4.99 per cent to 15,23,693 units from 14,51,263 units in February 2013, it added.