

Business Standard



THE MARKETS ON TUESDAY

		Chg#
Sensex	36,616.8	▲ 34.1
Nifty	10,934.3	▲ 22.1
Nifty Futures*	10,951.7	▲ 17.4
Dollar	₹71.6	₹71.8**
Euro	₹81.7	₹82.2**
Brent crude (\$/bbl)**	61.9**	62.6**
Gold (10 gm)**	₹33,215.0	▼ 35.0

* (February) Premium on Nifty Spot; ** Previous close; # Over previous close; ## At 9 pm IST; ### Market rates are exclusive of VAT Sourced from IBIJA



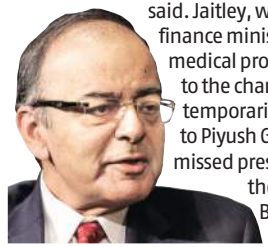
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FACEBOOK STEPS UP THE BRAND PITCH

COMPANIES P2
CHALLENGE IS TO CREATE MORE ORGANISED JOBS: CHANDRA

PUBLISHED SIMULTANEOUSLY FROM AHMEDABAD, BENGALURU, BHUBANESWAR, CHANDIGARH, CHENNAI, HYDERABAD, KOCHI, KOLKATA, LUCKNOW, MUMBAI (ALSO PRINTED IN BHOPAL), NEW DELHI AND PUNE

JAITLEY LIKELY TO RETURN FROM US THIS WEEKEND

Union minister Arun Jaitley is likely to return from the US, where he has been undergoing medical treatment, this weekend, a source said. Jaitley, who was finance minister before a medical procedure led to the charge being temporarily given to Piyush Goyal, missed presenting the interim Budget on February 1.



ECONOMY & PUBLIC AFFAIRS P4

PNB back in black, first time after fraud

In the December quarter, Punjab National Bank (PNB) bounced back in the black for the first time since it was hit by the country's biggest banking fraud a year ago. The lender posted a net profit of ₹246 crore in the third quarter of 2018-19, 7 per cent higher than the profit of ₹230 crore in the corresponding period of the previous year.

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SC: Kolkata top cop can be questioned, not arrested

The Supreme Court on Tuesday directed Kolkata Police chief Rajeev Kumar to appear before the CBI and "faithfully" cooperate in the probe into the Saradha chit fund scam. The court, however, said he must not be arrested — an order over which both West Bengal Chief Minister Mamata Banerjee and the Centre claimed 'moral victory'.

BS SPECIAL P11

INDIA'S EMPLOYMENT: THE TRUE PICTURE

Results from the Periodic Labour Force Survey are not comparable with the previous Employment-Unemployment Surveys, writes NITI Aayog CEO AMITABH KANT

THE SMART INVESTOR P13

Suzlon's stock plunges on debt default rumours

Tuesday's trade saw renewable power solutions provider Suzlon Energy's stock price plunge over 24 per cent, forcing its management to issue a statement denying any debt default or invocation of pledged promoter shares.

RESULTS RECKONER

Quarter ended Dec 31, 2018; common sample of 729 companies (results available of 859)

SALES		
Dec 31, '17	11.5%	9.24 trillion
Dec 31, '18	20.7%	11.16 trillion
NET PROFIT		
Dec 31, '17	9.6%	87,108 crore
Dec 31, '18	1.8%	88,666 crore

Companies that have reported zero sales are excluded
Data compiled by BS Research Bureau Source: Capitaline

Tax relief for Dorabji Tata Trust withdrawn

The move is linked to managing trustee's 'significant' compensation

SHRIMI CHOUDHARY & NIVEDITA MOOKERJI
New Delhi, 5 February

The income-tax department has withdrawn the exemption granted to Sir Dorabji Tata Trust, one of the oldest and biggest philanthropic organisations in the country, in a move that could adversely hit the \$103-billion salt-to-software Tata group. The withdrawal order was issued on December 31, 2018, after the authorities found violation of certain conditions required for claiming tax exemptions.

Confirming the development, an I-T official said, "The exemption claimed under Section 11 has been denied for violation of condition under Section 13 of the I-T Act." The alleged violation relates to "significant compensation paid to the Trust's managing trustee R Venkataramanan", he pointed out. The compensation of Venkataramanan (referred to as Venkat) is beyond the permissible limit under the I-T Act, according to sources in the tax department.

An e-mail sent to Tata Trusts, chaired by Ratan Tata, did not elicit any comment. Sources in the know said the I-T order was being contested. The last date to file an appeal was January 31.

The Sir Dorabji Tata Trust, along with the Sir Ratan Tata Trust, is the biggest under the umbrella of Tata Trusts, a cluster of charitable organisations controlling 66 per cent of Tata Sons, the holding company of the group.

Section 11 of the I-T Act deals with the exemption of income derived from property held in a trust or other organisations linked to religious or charitable purposes.

Explaining the process, a source in the I-T department said an assessing officer would verify the 'exempt' on the basis of what one has filed for. In this case, a compensation amount of ₹2.5 crore has been reflected in the Trust's audited books for assessment year 2015-16. The tax department had issued notices last year, seeking explanation on the amount paid. However, submissions made by the Trust were not satisfactory, he said. "So, accordingly, the order has been issued."

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I-T HEAT ON TATAS THE ALLEGATIONS

- Sir Dorabji Tata Trust violated conditions for tax exemption
- Compensation paid to managing trustee beyond permissible limit
- Excessive payment reflects in assessment of FY16 books
- Notices sent to Trusts after review of the books

WHAT TATA INSIDERS SAY

- The Trust deeds have the compensation clause
- Board decides the terms of compensation to trustee
- Will contest the denial of tax exemption



R Venkataramanan, Managing Trustee of Sir Dorabji Tata Trust

Jubilant promoters do a U-turn on royalty

VIVEAT SUSAN PINTO
Mumbai, 5 February

The promoters of food service major Jubilant FoodWorks and pharmaceutical company Jubilant Life Sciences decided not to charge royalty from the two firms within hours of announcing that they would. On a day of high drama that saw the Jubilant FoodWorks stock price fall 6.45 per cent on the BSE, the late-night announcement came as a huge surprise.

Speculation was rife through Tuesday that Jubilant FoodWorks would pay a royalty of 0.5 per cent of net sales to the Bhartiya family, which holds 45 per cent in the firm, for the use of the Jubilant name. This was clarified in the evening by the company to be half of that, at 0.25 per cent of net sales, effective FY20. Sister concern Jubilant Life Sciences, too, announced that it would pay a 0.25 per cent royalty to Jubilant Enpro, a promoter group entity, which owns the Jubilant brand name.

REAPING WINDFALL in ₹ cr

Royalty paid by Jubilant FoodWorks over the last seven years

	Net sales (A)	Franchise fees (B)	B as % of A
FY12	1,019	33.83	3.32
FY13	1,414	47.84	3.38
FY14	1,736	56.34	3.24
FY15	2,093	68.05	3.25
FY16	2,438	80.12	3.29
FY17	2,583	85.50	3.31
FY18	3,018	99.87	3.31

Source: Capitaline; net sales figures are consolidated
Compiled by BS Research Bureau

A statement to the BSE had said the royalty payment would enable the group to help protect, nurture and enhance the Jubilant brand name and the group's image globally. But proxy advisory firms were hardly impressed with the move, who said it was a corporate governance issue.

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RBI to conduct its first half-yearly audit

Board meeting on February 18 to approve interim dividend



BOOST TO EXCHEQUER

Surplus paid by RBI to the Centre (₹ cr)

2014-15	52,679
2015-16	65,896
2016-17	65,876
2017-18	40,659*
2018-19	40,000

*Includes interim dividend of ₹10,000 crore; Note: These are the financial years in which the government received dividends from the RBI, which follows a July-June calendar Source: Rajya Sabha

SOMESH JHA
New Delhi, 5 February

The Reserve Bank of India (RBI) is getting its half-yearly balance sheet audited to determine the amount of interim dividend it can give the central government.

Though a concurrent audit of its accounts is done on a quarterly basis, this is the first time a board-level statutory audit of the RBI is being conducted.

The audit of the central bank's accounts for the period

July-December 2018 is underway and the audit committee of its board of directors will meet shortly to approve it, RBI sources told *Business Standard*.

An e-mail query to an RBI spokesperson didn't elicit any response.

This is a departure from its practice of conducting an annual audit of accounts based on the profit numbers available for the July-June period, which is the RBI's financial year.

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South faces power pangs from Feb 9

NTPC may cut supply to K'taka, Telangana, AP over unpaid dues

SHREYA JAI
New Delhi, 5 February

Electricity shortages loom over five states at a time when the respective governments would like to ensure a round-the-clock supply in the election season.

NTPC has issued notices to Telangana, Karnataka and Andhra Pradesh for "regulating power supply" from February 9 owing to non-payment of outstanding dues for more than two months. All these states are governed by non-BJP parties.



POWER EQUATION

	Contracted supply from NTPC (in Mw)	Outstanding dues (in ₹ cr)
Andhra Pradesh	1,422 (8,190)	2,972
Telangana	1,688 (9,012)	2,152
Karnataka	358 (11,194)	713

Note: Figures in brackets show peak demand Source: NTPC

NTPC has outstanding dues of ₹7,859 crore, of which Jammu and Kashmir (J&K), Uttar Pradesh, Telangana, Karnataka, and Andhra Pradesh account for the most, said executives of the state-run power company. The three Southern states, which together owe ₹5,837 crore to NTPC, have not made any payment for over two months now — the maximum period of default.

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Ambition is to help 10,000 start-ups, not 10: Bansal



SARITHA RAI
Bengaluru, 5 February

It's been less than three months since Binny Bansal's shock ouster from Flipkart, the e-commerce giant he founded over a decade ago. The entrepreneur once celebrated for jumpstarting India's internet retail industry is now dedicating himself to helping other founders get their start-ups off the ground.

Bansal, who departed after Flipkart's new owner Walmart Inc. investigated alleged personal misconduct, is now focused on xto10x Technologies, a start-up he co-founded with former colleague Saikiran Krishnamurthy. It's aimed at helping entrepreneurs navigate the often-tricky Indian start-up scene. Bansal's already put together an early team, set up an office at a co-working space and even snagged several "leading" startup customers.

"I'm looking forward to the next chapter of my life," the 37-year-old said in his first interview since the episode.

"Person to person, I can help 10 start-ups but the ambition is to help 10,000 early and mid-stage entrepreneurs, not 10," he said, seated across a table at a restaurant in a Bengaluru neighborhood, not far from where he and Sachin Bansal (no relation) set up Flipkart in a two-room apartment to sell books.

While Binny Bansal was his usual loquacious self, he mostly clammed up when the topic of his 2018 departure came up. That followed Walmart's \$16 billion acquisition of the company, a deal that stunned the domestic tech industry and made him and Sachin billionaires.

Barely had the ink dried on the deal when all hell broke loose. The US retail titan initiated an investigation into an allegation of "serious personal misconduct". Walmart was said to have begun an inquiry into a consensual relationship Bansal had with a woman. The probe looked into claims that the woman had been paid off, possibly in return for her silence, *Bloomberg* reported at the time.

BLOOMBERG

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Flipkart CEO refutes report, says Walmart here to stay

Binny Bansal, co-founder, Flipkart