

CHANNAKYA

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Smartphone shipments dip 8.2% in Jan-Mar

India's smartphone shipments shrank 8.2 per cent during the first three months of 2016 (calendar year) to 23.5 million units compared to the October-December 2015 period.

senior market analyst (client devices) at IDC.

On the other hand, new entrants such as Reliance Jio grew sharply over the previous quarter as they prepare before the official launch.

LeEco made its entry in Indian smartphone market in Q1 2016 with its Le1S contributing to a majority of the vendor's shipments. Also, key Chinese vendors such as Oppo, Xiaomi, Vivo and Coolpad gained traction in the first quarter of the year with new product launches, aggressive marketing spends and expanding their channel presence," adds Karthik.

The "Make in India" campaign continued to promote the local manufacturing in India as around 25 vendors are now manufacturing smartphones locally in India.

Two-thirds of the smartphones shipped in the first quarter of 2016 were assembled within the country. A few vendors who are currently assembling mobile phones in India are likely to start manufacturing components such as batteries, chargers and data cables thanks to the support of central as well as state governments.

Shipments of 4G-based smartphones clocked 15.4 million units in the quarter under review, growing six-fold over the year-ago period.

Jaipal Singh, market analyst (client devices) at IDC, says: "4G-based device shipments accounted for 65.5 per cent of the overall smartphone shipments in Q1 2016 driven primarily by Samsung's J-series models. This sharp rise in the share of 4G smartphone is due to the cohesive move from the entire ecosystem."

Samsung continues to lead the 4G smartphone market followed by Lenovo and Reliance Jio.

"Qualcomm and Samsung are spearheading this growth, while MediaTek along with Chinese and Indian vendors are driving the 4G volume in India. Adding to that, telecom players are playing a pivotal role in setting up the infrastructure and promoting 4G leading to wider awareness of this next-gen technology in India," adds Jaipal Singh.

Vendor ranking Samsung continued to dominate the Indian smartphone market with 26.6 per cent share, despite shipments dipping both year-on-year and quarter-on-quarter.

The contribution of its J-series smartphones was around 75 per cent as they continued to drive volumes for the vendor in both offline and online channels.

Micromax retained the second position in the first quarter of 2016 with 6.9 per cent growth over the year-ago period. However, shipments fell 17.9 per cent sequentially for the second consecutive quarter as volume dipped sharply in the entry-level sub-\$75 segment.

Intex regained its third position. Although its shipments sequentially declined 10 per cent in the Q1 of 2016, it grew marginally over that of 2015. Intex's 4G shipments almost doubled over the previous quarter, strengthening its portfolio with 15 active long-term evolution or LTE models.

Lenovo (including Motorola) slipped to the fourth position as the shipments declined 35.8 per cent coming off from a sharp spike in the previous quarter. Vendors' sub-\$150 segment saw a steep decline in the shipments.

Reliance Jio replaced Lava as the fifth largest smartphone vendor with huge shipments of 4G devices.

Crude oil nears \$50 Risks of current account deficit, inflation increase

After being on a downturn since June 2014, crude oil prices have been on the rise since January 20, 2016. While Brent has declined from the highs of \$115 a barrel to a low of \$26.39 a barrel in January, on Tuesday it surged close to \$50 a barrel - an 83 per cent increase from January lows.

The fall in crude prices has accrued immense benefit to India, its industry and its people. For a country highly dependent on imports for fulfilling its energy requirement, not only has the decline helped government control its current account and fiscal deficits, but also in taming inflation that had been a posing as a serious challenge to the economy.

However, the recent spike has again raised concerns on current account deficit as rising oil prices have the potential to push up inflation besides increasing costs for the Indian industry. Uday Kotak, vice-chairman and chief executive officer of Kotak Mahindra Bank, had tweeted: "As oil touches \$50, India's honeymoon on inflation, current account may be over. Micro needs to improve faster as macro tailwinds slow down."

What's worse, experts feel oil prices will remain volatile with an upward bias. By the end of 2016, analysts expect natural demand-supply balancing to lead to higher crude prices.

Crude oil nears \$50 Ambareesh Baliga, an independent market expert, feels crude prices can touch \$60 a barrel by year-end.

The comments on rising crude prices come at a time when inflation in already showing up its head. The wholesale price index (WPI) returned to positive territory in April 2016 after being in deflation mode for 17 consecutive months.

WPI inflation rose 0.3 per cent year-on-year in April, compared with -0.9 per cent year-on-year in March, way above consensus expectations of -0.23 per cent.

Sonal Varma, chief India economist at Nomura, says, the uptick in April was driven by three factors: Higher food prices, an uptick in global commodity prices and marginally better domestic

demand in select segments. Varma says that any uptick in crude prices will have an impact on current account deficit and inflation though adding that she would not be too concerned till crude crosses \$55-60 a barrel levels. The rising fuel prices can bring stability in global economy and hence, accrue positives too but Varma feels that rising commodity prices, fuel prices, etc can push up costs, while demand is still not too strong.

A rise in demand is what is crucial now. The last two years of bad monsoon and softer economic growth has been posing challenges on volume growth for consumer companies, automobile makers, etc. Amarjeet S Maurya at Angel Broking says while in the last few quarters the consumer companies may have seen soft three to four per cent revenue growth, the margin growth has been cushioned by softer input prices and hence bottom line growth has still remained in the range of 9-10 per cent.

The rise in crude prices will push up costs of raw material as palm fatty acid distillates (PFAD) used in soaps and detergents, titanium oxide (TiO2) used for making paints to personal products to food colouring, which are all crude derivatives. Further, it can prop up packaging and transportation costs too. Thus, in an environment of soft demand, to what extent costs can be passed through to customers, remains to be seen.

For now, analysts are optimistic hoping that a good monsoon will push up rural demand and hence are not much concerned about possible rise in costs.

Sujan Hazra, chief economist, Anand Rathi Financial Services, too, remains optimistic on the prospects of good monsoon taming food inflation and supporting demand and hence, says he is not overly concerned on the medium-term prospects of the Indian economy.

Baliga also believes that if monsoon as expected is good, the demand recovery will support the economic growth.

Nevertheless, the gains from a good monsoon will only come with a lag. But, if oil prices surge, it will push costs of companies across industries shaving off the benefits seen in recent quarters in the form of high gross margins.

Syndicate Bank reports Q4 loss of Rs 2,158 crore

Syndicate Bank reported fourth quarter losses of Rs 2,158.17 crore after it wrote off Rs 882.64 crore because of a major fraud at three of its branches in Jaipur in the past four years.

State-owned lender Syndicate Bank on Tuesday reported fourth quarter losses of Rs 2,158.17 crore after it wrote off Rs 882.64 crore because of a major fraud at three of its branches in Jaipur in the past four years.

The Manipal-based bank had found that the fraud was committed using fake documents, non-existent cheques, letters of credit and insurance policies. The Rs 882.64-crore write off is net of interest reversal of Rs 72.2 crore and available cash deposits of Rs 45.78 crore, the bank said in its regulatory filing. The bank had raised provisioning towards bad loans and contingencies to

Rs 2,411.83, nearly thrice the Rs 715 crore made in the corresponding period last year.

The bank registered a marginal decline in total income to Rs 6524.6 crore for the quarter.

Syndicate Bank had reported profits of Rs 417 crore on total income of Rs 6,599 crore in the corresponding period last year.

Asset quality deteriorated further as gross non-performing assets (NPAs) rose to 6.7 per cent of gross advances during the quarter, from 3.13 per cent in the year-ago period.

In absolute terms, gross NPAs were Rs 13,832.16 crore in the quarter against Rs 6,442.38 crore last year.

Likewise, net NPAs or bad loans as a percentage of net advances stood at 4.48 per cent (Rs 9,014.87 crore) during the last quarter of 2015-16, from 1.9 per

cent (Rs 3,843.65 crore) in the year-ago period.

The bank reported a net loss of Rs 1,643.49 crore for the full financial year 2015-16. It had earned a net profit of Rs 1,522.93 crore in 2014-15.

However, total income of the bank increased to Rs 25,706.51 crore in 2015-16, from Rs 23,724.75 crore in 2014-15.

In a separate filing, Syndicate Bank said the board of directors at its meeting held on Tuesday has not recommended payment of dividend for 2015-16.

Several public sector banks, including Bank of Baroda, UCO Bank, Central Bank of India, Allahabad Bank and Dena Bank, have reported losses due to bad loans.

The results and the cleaning up of the balance sheet was taken as a positive sign by investors.

India may become Lenovo's largest market in 2017

India may become the largest market for Lenovo by 2017. The world's fastest growing major market for smartphones is already the second biggest market for Lenovo after Brazil.

Lenovo's increasing focus on localisation, market-oriented products and expansion of offline distribution may provide its local subsidiary an edge over its peers. The smartphone maker was working on a number of new handsets based on consumer insights its research team had collected earlier this year, Dillion Ye, vice-president, Lenovo MBG Asia Pacific, told.

During 2015 Lenovo became the third largest player in the smartphone market in India. "Our devices sales surged 90 per cent last year," Ye said. According to Ye, Lenovo's recent models had many

features that Indian consumers wanted. "That helped in 2015," he added.

Lenovo has 23 per cent share of the smartphone market in Brazil with annual sales of close to 12 million. In India, it sold over 6 million handsets in 2015 but this could surpass 12 million by the end of 2016-17, analysts predicted.

In its home market China players like Vivo, Huawei and Xiaomi have moved ahead of the pack. In the first quarter of 2016, Lenovo lost the fifth position that it used to hold globally in early 2015. While the company remains confident of regaining lost ground in China, the world's largest smartphone market, Ye admitted that would not happen overnight.

Lenovo is trying to strengthen its position in India by offering devices in every price range. Market leader Samsung is the only player

that has handsets in all price segments.

Lenovo has segregated its devices under Lenovo Vibe and Moto. "Nowhere else in the world have we adopted a dual brand strategy," said Ye.

According to Faisal Kawoosa, general manager, CyberMedia Research, Lenovo's full-range strategy has paid off well. "It is one of the few trustworthy brands and the dual brand strategy makes it a full-range player," he said.

A recent study by CyberMedia Research reported that Lenovo had the highest uptake in category 'A' telecom circles in India. "Lenovo will offer stiff competition to Samsung if it strengthens its presence in Punjab, Haryana, Rajasthan and Uttar Pradesh," the study said.

Banks pick up 75% of UDAY bonds issued by 8 states

Of the Rs 1.11 lakh crore of bonds issued by the states and their power distribution utilities as part of debt restructuring, close to 75 per cent has been picked by banks, followed by the Life Insurance Corporation of India (LIC) and the Employees Provident Fund Organisation (EPFO). Private sector entities like mutual funds and banks have picked up eight per cent of the bonds amounting to Rs 9,030 crore.

The Union government expects a large chunk, amounting to around Rs 3 lakh crore liability accumulated by state power distribution utilities, to be issued as bonds during the current financial year.

The bonds were picked up at interest rates ranging 8.58-8.21 per cent, varying according to states, till March 31, 2016. "Interest rates have started to come down in line with the G-Sec rate. They will further come down," said a power ministry official who did not want to be named.

The interest rates on earlier debt were above 10 per cent. He said the participation of private sector showed its confidence in the issuance. Bonds have been issued by eight states that have accumulated liabilities of Rs 2,05,010 crore as on September 30, 2015.

Petronet LNG net profit slides 20% in Q4

Petronet LNG (PLL), India's largest state-owned natural gas importer, posted a 20 per cent decline in net profit in the quarter ended March (Q4), on account of reversal of tax expenses that had jacked up profit in the corresponding quarter in financial year 2014-15.

Petronet LNG net profit slides 20% in Q4 The company reported a net profit of Rs 239 crore for Q4 compared to Rs 300 crore in the year-ago period. "The net profit figure of the quarter is not comparable with the previous year. However, profit before tax (PBT) figures are comparable," R K Garg, director-finance at PLL, said during a conference call.

The company's PBT jumped two-and-a-half times to Rs 351 crore in Q4 FY16 against Rs 130 crore a year ago. However, the slide in net profit came despite a 19 per cent reduction in expenses to Rs 5,698 crore compared to Rs 7,021 crore in FY15.

PLL's total income in Q4 also dipped 15 per cent to Rs 6,065 crore as compared to Rs 7,161 crore a year ago. "Results were broadly in line with estimates with earnings before interest, tax, depreciation and amortisation (Ebitda) at Rs 440 crore, a growth of 44 per cent quarter-on-quarter, while profit after tax came in at Rs 240 crore, growing 34 per cent quarter-on-quarter," equity research firm Emkay Global said.

For the whole of FY16,

PLL's net profit rose 3.6 per cent to Rs 914 crore, compared to Rs 882 crore in FY15. Total income dipped 31 per cent to Rs 27,303 crore from Rs 39,655 crore in FY15.

PLL is jointly promoted by state-owned firms GAIL (India), Oil and Natural Gas Corp (ONGC), Indian Oil Corp (IOC) and Bharat Petroleum Corp (BPCL). The firm operates a 10 million tonne per annum (mtpa) LNG terminal at Dahej in Gujarat and a five mtpa terminal at Kochi in Kerala with IOC, BPCL, GAIL and GSPC as key customers.

PLL had earlier this year renegotiated its long-term contract with RasGas of Qatar for purchase of 7.5 million tonne LNG for 25 years, bringing down the price to less than \$5 per million British thermal units (mbtu) from \$12 per mbtu.

Petronet is currently working on a project to expand the Dahej terminal's capacity by five mtpa at a cost of Rs 2,400 crore. The company said it has already spent around Rs 1,600 crore on the project and plans an additional spend of Rs 600 crore this financial year to ensure the project is completed by year-end.

The Dahej terminal processed highest-ever quantity of LNG in Q4 at 149 trillion British thermal units (btu) as compared to 138 tbtu a year ago. In FY16, the terminal processed 566 tbtu translating to capacity utilisation of 111 per cent. However, lack of pipeline connectivity impacted volumes at the Kochi terminal, which handled only 14 tbtu of LNG

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NOTICE
Pursuant to Regulation 47(1)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Notice is hereby given that meeting of Board of Directors of the Company is scheduled on Monday, 30th May, 2016 at 5:30 P.M. at the registered office of the Company, inter-alia to consider and approve Audited Standalone Financial Statements and Consolidated Financial Statements for the quarter/year ended on 31st March, 2016. Further Details will be available at company's website: http://www.bseindia.com/investors_zone.html and on BSE's website <http://www.bseindia.com/stock-share-price/dynamic-industries-td/dynamind/524818/>

By Order of the Board
Sd/-
Harsh Rameshbhai Hirpara
Company Secretary

Date : 19 May 2016
Place : Ahmedabad

POLYMECHPLAST MACHINES LIMITED
(AN ISO 9001:2008 CERTIFIED COMPANY)
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TIN NO. 24191600307 DATED 13/09/2005
CST NO. 24691600307 DATED 13/09/2005

NOTICE
Notice is hereby given pursuant to Regulation 29 read with Regulation 47 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 that a meeting of the Board of Directors of the Company will be held on Saturday, the 28th May, 2016 at Vadodara , interalia to approve the Audited Financial Results of the Company for the Quarter and Year ended 31st March, 2016.

Details are also available at the website of the COmpany at www.polymechplast.com and also on the website of the Stock Exhcange, at www.bseindia.com.

For Polymechplast Machines Limited
Sd/-
M. R. BHUVA
(EXECUTIVE DIRECTOR)
DIN : 00054562

Date : 18-05-2016
Place : Vadodara

Tata Metaliks-Tata Metaliks DI Pipes merger plan called off

Tata Steel, the country's largest steel producer, has recalled its plan sent to the Bombay High Court for a merger of Tata Metaliks and Tata Metaliks DI Pipes with itself.

In a notification to the stock exchanges, Tata Steel today said the merger scheme was not effective because the petition filed by Tata Metaliks in the Calcutta High Court for approval was pending.

Accordingly, Tata Metaliks had been advised to consider withdrawing the scheme with a leave to re-file a fresh one for merger of Tata Metaliks DI Pipes with itself, said Tata Steel.

Tata Metaliks would continue to be a subsidiary of Tata Steel, the company said.

"The decision is based on careful consideration of various

factors, including inordinate delay in obtaining the requisite regulatory and statutory approvals along with significant dilution in the intended synergies that were envisaged in April 2013. With today's decision, Tata Metaliks will continue to operate as a subsidiary of Tata Steel," said Koushik Chatterjee, group executive director, finance and corporate, Tata Steel.

According to the scheme, for every 29 shares of Tata Metaliks, shareholders would receive 4 shares of Tata Steel.

The share price of Tata Steel is hovering around Rs 326 while Tata Metaliks is at Rs 140 on the Bombay Stock Exchange.

"From the swap ratio it is clear the deal was extremely raw for shareholders of Tata Metaliks," said Pritesh Jani, analyst with Religare Securities.

Tata Metaliks with a consolidated net debt of Rs 279 crore had a debt-equity ratio of 9.35 at the end of 2014-15.

Tata Metaliks' parent Tata Steel is also currently engaged in selling its loss-making business in the UK. Last week, Tata Steel accepted seven expressions of interest for the sale of its UK business and in the next phase of the sales process the progressing interested parties will be given access to further business information and management team presentations in order for them to rapidly progress their interest to a binding stage.

Tata Steel, the country's oldest steel making company, has been grappling to do-away with its loss-making business in Europe as the company has been facing severe financial drain-out due to longer-than-stipulated hostile business cycle.

Srei plans stake sale in BRNL

Srei Infrastructure is looking to raise Rs 750-1,200 crore by diluting stake in Bharat Road Network Limited (BRNL), as part of the lender's strategic investment portfolio.

Srei is looking to dilute between 25 and 30 per cent stake in BRNL. According to Hemant Kanoria, chairman and managing director, Srei Infrastructure Finance, the company would look at options like initial public offering, private equity investment and infrastructure investment trusts for stake dilution.

"The stake dilution is a part of Srei's business model. Wherever we make investments, we dilute through primary or secondary transactions. Moreover, road projects have started looking up, and hence we see good opportunities in the

sector," Kanoria said.

Srei manages road projects, through BRNL, mostly under the BOT (build-operate-transfer) model. So far, it has executed 14 road projects, translating close to 5,400 lane km of road projects.

At present, the company's portfolio includes nine road projects, comprising approximately 3,776 km worth Rs 9,918 crore. Of these nine projects, five are under construction and four are operational.

As part of Srei's long-term strategy to periodically rejig its investment portfolio, the lender had in October 2015 said it would be selling its 18.26 per cent stake in Viom Networks to American Tower Corporation for Rs 2,952 crore. Notably, Srei's investment

in Viom was Rs 1,598 crore.

In December 2015, Srei announced that BNP Paribas Lease Group, a 100 per cent subsidiary of the BNP Paribas Group, had decided to sell its 50 per cent stake in Srei Equipment Finance Limited (SEFL) to Srei Infrastructure Finance. In exchange, BNP Paribas acquired five per cent stake in Srei Infrastructure Finance, which will now be the parent company of SEFL. "For 2016-17, our focus will be on road projects. After that we will look into other verticals like Srei Sahaj," Kanoria said.

Thus after road projects, Srei's next stake dilution could be in Sahaj e-Village Limited, which has rural e-kiosks providing services such as micro-insurance, education and utility bill payments, said Kanoria.