

# CHANAKYA

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## Valic marks down Flipkart's value by a quarter in a year

US-based insurance corporation Valic has marked down the value of India's largest e-commerce marketplace, Flipkart, in which it is a minority shareholder, by nearly a fourth in the 12 months that ended May 31.

In a filing with the US Securities and Exchange Commission, Valic valued Flipkart at \$108.04 a share for the quarter that ended in May, down from \$142.24 in the same period last year.

Going by the share price set by Valic, Flipkart's value has dropped from a peak of \$15 billion in May last year to \$11.4 bn this year. The drastic markdown of 24.1 per cent comes despite Valic marking up the value of the company by 10 per cent in its latest filing, from \$98.19 per share in the quarter that ended February 29. Flipkart, whose competitive position has come under attack from US e-commerce giant Amazon, has been subject to mark-downs from multiple investors — Morgan Stanley, T Rowe Price, Vanguard and Fidelity. It's difficult to pinpoint the valuation, as each company sets its own price; it ranges from \$10.5 to \$13 bn.

"Overall, these are financial cycles that happen in the whole world. I think the internet sector itself is going through a down cycle but as the positive cycles

don't last forever, the down cycles also don't last forever," Flipkart chairman Sachin Bansal had said when their valuation was first marked down.

Experts say people shouldn't read too much into the valuations given by mutual funds and other big investors, since these are often calculated keeping in mind the overall performance of a sector. Prices of e-commerce and information technology stocks have taken a beating after the Initial Public Offers of equity in GoPro and Box weren't well received.

In India, while funding in the start-up and especially e-commerce markets is going through a lull, growth of the sector remains healthy. Sector watchers say the growth slowed a little due to a reduction in predatory pricing practices by Flipkart, Snapdeal and Amazon but the fundamentals remain strong.

However, while Flipkart might write off these markdowns as a "theoretical exercise" in co-founder Binny Bansal's words, the drop in value could have adverse effects on the ability to raise money at a valuation higher than its previous round at \$15 bn. With Amazon becoming more aggressive in India, it seems the premium Flipkart once demanded for the lead it held is slowly eroding.

## Infosys builds tool to predict attrition, help in retaining top talent

Infosys, India's second largest software company, has built a predictive tool to identify performers, measure organisational health, and seek and retain talent.

"We have developed an algorithm that can give us a heads-up on people at the risk of attrition. This approach enables managers to make personalised retention solutions for individuals," said Krishnamurthy Shankar, group head for human resources.

Infosys Chief Executive Officer Vishal Sikka is pushing automation in a quest to make the company generate higher revenue per employee. Infosys also faced 21 per cent attrition in the June quarter, the highest rate since Sikka took over.

The company said attrition

of high performers had declined to 11.2 per cent during the quarter. Along with reporting and deep-dive analysis, Infosys has been using big data and predictive analytics to formulate a retention strategy.

"We have used analytics to identify key talent. We have created an algorithm to identify the criticality of each employee from the skills and experience point of view," Shankar said.

"This is helpful to managers in making career plans for their teams and identifying training and development needs," he added.

"We have worked on talent models to understand our current talent mix, inflow and outflow of talent, internal to external hiring mix, and the impact of these on operations," Shankar said.

## India has only 3% share in world mobile revenue

With nearly a billion subscribers, India is the world's second largest mobile market. No wonder, every sixth subscriber of mobile device across the world is an Indian. But when it comes to revenues, India is a pygmy, with average monthly spends of \$4 per user or 2.7 per cent of the world's.

Mobile rates in India are among the lowest in the world. In other Asian markets, average user spends is a little over \$20 a month. At the end of 2015, Indian telecom revenues stood at \$31 billion, compared with global revenues of \$1,093 billion.

Romal Shetty, partner and head of telecom at KPMG, says: "While average user spends remain low, the cost structure for equipment remains the same across the world. As a result, the financial health of the sector will remain under pressure for the next couple of years, as telcos have invested heavily in building data infrastructure and the entry of new players will keep pricing under pressure."

India is a mass market and, therefore, what Indian telecom companies cannot make in terms of value is compensated through volumes.

The sector has invested about Rs 800,000 crore in the past 20 years on infrastructure alone, and

returns have been as low as one per cent, according to Cellular Operators Association of India's presentation to the Supreme Court while challenging the telecom regulator's rules on call drops.

Financials are further pressured because of intense competition. Unlike most markets, which have three or four, India has almost 10 players, leaving little pricing power in the hands of telecom companies.

Other than the fixed payouts and capital expenditure, regulatory levies in India account for nearly 29 per cent of total revenues, according to COAI.

The sector's financials continue to be stretched because of high investments. At the end of June quarter, the sector's net debt stood at Rs 290,000 crore. Despite the high gearing, telcos will have to continue borrowing as technology obsolescence is very high. In view of this, the sector should be kept free from regulatory risks, says Rajan Mathews, director general, COAI.

"It is a matter of concern when Telecom Regulatory Authority of India (Trai) comes out with 23 consultation papers. Risks from lower interconnect charges and OTT players will start upsetting the apple cart as these measures impact profitability and revenues of market," he added.

## Mumbai airport invites bids for lease of five plots

Mumbai International Airport Limited (MIAL) has invited bids to lease five land parcels, as it tries to start a much delayed commercial development plan.

The 11 acres are close to the international terminal. Estate consultants estimate MIAL could earn Rs 1,500 crore in deposits and rent from the transactions.

MIAL plans to convert the area surrounding the airport into GVK Skycity, a destination for hospitality, commerce, retail and leisure. It envisages leasing 20 million square feet of commercial space. The Skycity will also have three metro stations.

The GVK group, which owns MIAL, is developing the airport on 30-year concession from the Airports Authority of India. MIAL took over management of the airport in 2007. MIAL had invited bids in 2014 to lease land for hotels and office complexes around the

airport.

It had come near to finalising a deal to lease 5.5 acres for Rs 580 crore in deposit and rent. According to the original plan for the privatisation of the Mumbai airport, real estate leases were to be used as capital for the project. The airport operator was to raise Rs 1,000 crore from real estate development by 2013.

But commercial development was held up by delays in securing clearances and shifting utilities. Also, the land was being used for airport work. A MIAL spokesperson did not respond to an e-mail query.

Ajay Jain, executive director, investment banking, Centrum Capital, said, "I feel the response (to the lease bids) will be sluggish. The catchment area needs a lot of improvement in infrastructure. Developers also face height restrictions near the airport."

## Textile industry awaits GST rate

The textile industry is watching to see what the final rate of tax under the proposed goods and service tax (GST) regime would be.

This is because of the tax implications the new law will have on major input goods going into the textile production process such as cotton and man-made fibres.

According to a report by financial analysis firm ICRA, a lower 12 per cent rate, as recommended by the Arvind Subramanian committee last year, is likely to have a negative impact on the textile sector, especially affecting cotton value chain. Currently, cotton attracts zero central excise duty under the optional route.

Compared to this, man-made fibre attracts excise duty at the manufacturing stage. Hence there is an incentive for the downstream players in manmade sector to avail



of the input tax credit (ITC).

With an optional duty structure at the cotton yarn stage itself, the downstream sectors — weaving, processing and garments — also operate under the optional route, Anil Gupta, vice-president, corporate sector ratings at ICRA, said. "This is reflected in the less than one per cent effective excise duty rate applicable to 480 spinning and weaving companies rated by ICRA, which accounted for Rs 57,000-crore revenue during FY15."

On the positive side, under GST, textile players oriented towards domestic markets will be able to avail ITC on domestic capital goods but not the import duty as their sales will be subject to GST. Accordingly, this will reduce the cost of capital investments and hence will be positive for the players operating in domestic markets.

## Azim Premji and Shiv Nadar in Forbes list of 100 richest tech tycoons

Wipro chairman Azim Premji and HCL co-founder Shiv Nadar are the only two billionaires from India in Forbes' list of the world's 100 richest people in technology, ranking in the top 20 ahead of Google boss Eric Schmidt and Uber chief executive officer (CEO) Travis Kalanick.

The '100 Richest Tech Billionaires In The World 2016' list has been topped by Microsoft founder Bill Gates with an estimated fortune of \$78 billion. Premji ranks 13th on the list, with a net worth of \$16 billion and Nadar comes on the 17th spot, with \$11.6 billion of net worth. Indian-American technology czars — Symphony Technology Group CEO Romesh Wadhvani and founders of IT (information technology) consulting and outsourcing company Syntel Bharat Desai and his wife Neerja Sethi — are also on the list.

Forbes said Premji, who heads India's third-largest outsourcer, Wipro, has been on a buying spree in the past year to boost growth. Premji's son Rishad, who heads strategy and sits on the board, also

oversees Wipro's \$100-million venture capital fund.

Nadar co-founded HCL, which is reportedly mulling a US listing, Forbes said, adding Nadar also owns HCL TalentCare, a skills-development firm. His latest venture is a \$500-million fund to invest in startups and US health care technology firms. — PTI, New York

Wadhvani comes in on the 67th position with a \$3 billion net worth. A recipient of the 2013 Forbes India Non-Resident Philanthropist Award, Wadhvani announced in 2015 that he plans to commit up to \$1 billion to fund entrepreneurship initiatives in India.

Forbes said despite a tumultuous year for the stock market, "it was a good time to be a tech billionaire".

The titans on Forbes' second annual list of the world's richest in technology are worth a combined USD 892 billion, six per cent more than a year ago. Just over half of the 100 richest in tech are from the

US, including eight of the top 10 richest on the list.

China has the second highest number of tech tycoons, with 19 people worth a combined USD 132.7 billion. The richest Chinese member is Alibaba founder Jack Ma, who is on the 8th spot and has an estimated net worth of USD 25.8 billion. Canada has five tech billionaires and Germany has four.

Forbes said the second richest person in tech Amazon founder and CEO Jeff Bezos is also the biggest gainer on the list this year and has an estimated USD 66.2 billion fortune, an increase of USD 18.4 billion since this list was released last year. That puts him ahead of Oracle chairman Larry Ellison, who comes in on the 4th spot.

Ellison was also beaten by Facebook founder and CEO Mark Zuckerberg, who climbed from fourth to third place thanks to a 30 per cent jump in the value of Facebook's stock; he is now also California's richest person, another title that previously belonged to Ellison.

## RBL Bank Limited Public Issue to open on August 19, 2016

### Price Band fixed from Rs. 224 to Rs. 225 per Equity Share

RBL Bank Limited (the "Bank" or "Issuer") proposes to open on August 19, 2016, a public issue of equity shares of face value Rs. 10 each ("Equity Shares") at a Price Band from Rs. 224 to Rs. 225 per Equity Share including a share premium (the "Issue"), comprising a fresh issue of Equity Shares by the Bank aggregating up to Rs. 8,325 million (the "Fresh Issue") and an offer for sale up to 16,909,628 Equity Shares by certain selling shareholders (the "Offer For Sale"). The Issue closes on August 23, 2016. The bids can be made for a minimum of 65 equity shares and in multiples of 65 equity shares thereafter.



The Bank has made a pre-IPO placement of 25,000,000 Equity Shares to the following investors at a price of Rs. 195 per equity shares: CDC Group PLC (1,600,000 equity shares), DVI Fund (Mauritius) Limited (3,690,231 equity shares) and Rimco (Mauritius) Limited (3,301,521 equity shares) on October 31, 2015; and to Asian Development Bank (14,350,000 equity shares), CDC Group PLC (680,682 equity shares) and DVI Fund (Mauritius) Limited (1,377,566 equity shares) on December 16, 2015.

The Issue is being made through the Book Building Process in accordance with Regulation 26(1) of the SEBI Regulations, wherein 50% of the Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs"). Our Bank may, in consultation with the GCBLMs and the BRLMs, allocate upto 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue shall

be available for allocation to Retail Individual Bidders in accordance with the SEBI Regulations, subject to valid bids being received from them at or above the Issue Price such that, subject to availability of Equity Shares, each Retail Individual Bidder shall be Allotted not less than the minimum Bid Lot, and the remaining Equity Shares, if available, shall be allotted to all Retail Individual Bidders on a proportionate basis. All prospective Bidders, other than Anchor Investors are required to submit their Bids through the Applications Supported by Blocked Amount ("ASBA") process only, by providing the details of their respective bank accounts in which the corresponding Bid Amount will be blocked by the SCSBs.

The Equity Shares in the issue are proposed to be listed on the BSE and the NSE.

The Global Co-ordinators and Book Running Lead Managers ("GCBLMs") to the Issue are Kotak Mahindra Capital Company Limited, Axis Capital Limited, Citigroup Global Markets India Private Limited and Morgan Stanley India Company Private Limited. The Book Running Lead Managers ("BRLMs") to the Issue are HDFC Bank Limited, ICICI Securities Limited, IDFC Securities Limited, IIFL Holdings Limited and SBI Capital Markets

## SHRI JAGDAMBA POLYMERS LIMITED

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Unaudited Financial Results for the Quarter Ended on 30.06.2016

SR.	PARTICULARS	Quarter Ending on	Year Ended on	Corresponding
		30.06.2016	31.03.2016	3 months ended in the previous year 30.06.2015
		(Unaudited)	(Audited)	(Unaudited)
1	Total income from operations (net)	4218.47	12262.71	3500.93
2	Net Profit for the period (before Tax, Exceptional and/or Extraordinary items)	174.43	742.02	128.88
3	Net Profit for the period (before Tax, Exceptional and/or Extraordinary items)	174.43	742.02	128.88
4	Net Profit for the period after tax (after Exceptional and/or Extraordinary items)	104.43	502.38	88.88
5	Total Comprehensive income for the period (Comprising Profit for the period (after Tax) and other Comprehensive income (after Tax))	104.43	502.38	88.88
6	Equity Share Capital	88.13	88.13	88.13
7	Reserves (excluding Revaluation Reserve) as shown in the Balance Sheet of the previous year	-	2098.16	-
	Earnings Per Share (before and after extraordinary items) (of Rs. 10/- each)	11.92	57.36	10.15
	Basic / Diluted:	11.92	57.36	10.15

Note: The above is an extract of the detailed format of Quarterly Financial Results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015. The full format of the Quarterly Financial Results are available on the Stock Exchange website i.e. www.bseindia.com and company website www.shrijagdamba.com

For Shri Jagdamba Polymers Ltd.  
Sd/-  
Krushang Shah  
(Company Secretary)

Date : 12.08.2016  
Place : Ahmedabad

## Vision 2020: India to grow at 7.7%, China at 6.4%

Notwithstanding the scepticism over the new gross domestic product (GDP) numbers, India is likely to be the fastest-growing emerging economy till at least the end of the current decade.

McKinsey, in a new report, projects India to grow at 7.7 per cent between 2016 and 2020, significantly outpacing other emerging economies. China is expected to grow at 6.4 per cent over the period, while other emerging economies like Brazil and Turkey are likely to grow at 2.2 per cent and 3.3 per cent, respectively.

Rapid urbanisation - as McKinsey estimates India to be 41 per cent urbanised by 2030, up from 31 per cent in 2011 - means growth will be driven primarily by cities and satellite towns. According to estimates presented in the report, roughly 77 per cent of India's economic growth between 2012 and 2025 will come from 49 clusters of districts with

metropolitan cities at their nucleus.

Achieving these growth rates over a long stretch of time will radically change the size of the economy with some Indian cities reaching the size of the current middle-income countries. Mumbai, for example, will become equivalent to Malaysia of today, representing a massive market opportunity worth \$245 billion. Delhi's economy will be equal to that of the Philippines. In fact, Delhi, Ahmedabad, Hyderabad and Bengaluru together will have an annual consumption of \$80-\$175 billion each by 2030.

But as has been pointed out, the report also mentions that sustaining this growth is largely predicated on the degree to which rising urbanisation creates non-farm employment for the ever-growing pool of workers. McKinsey estimates that India needs to create roughly 115 million non-farm jobs over the coming years.

## DYNAMIC INDUSTRIES LIMITED

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EXTRACT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED ON 30TH JUNE, 2016 (Rs. In Lakhs except earning per share)

PARTICULARS	Quarter Ended	Quarter Ended
	30.06.2016	30.06.2015
Total Income from the operations (net)	1271.23	764.91
Net Profit/(Loss) from ordinary activities after tax	50.61	36.40
Net Profit/(Loss) for the period after Tax (after Extraordinary items)	50.61	36.40
Equity Share Capital	302.85	302.85
Reserves (excluding Revaluation Reserve as per Balance Sheet of previous year)	1652.89	1464.40
Earning per share (before extraordinary items) (of Rs.10 each)		
Basic	1.67	1.20
Diluted	1.67	1.20
Earning per share (after extraordinary items) (of Rs.10 each)		
Basic	1.67	1.20
Diluted	1.67	1.20

**Notes:**  
1. The above is an extract of the detailed format of Quarterly Financial Results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015. The full format of the Quarterly Financial Results as on 30th June, 2016 are available on the Stock Exchange website (<http://www.bseindia.com/stock-share-price/dynamic-industries-ltd/dynaind/524818/>) and on website of the company at ([http://dynaind.com/investors\\_zone.html](http://dynaind.com/investors_zone.html)).  
2. The above results were reviewed by the Audit Committee and approved by the Board at their meeting held on 11th August, 2016.

For, Dynamic Industries Ltd.  
Sd/-

Deepak N. Chokshi  
Managing Director  
DIN : 00536345

Date : 11th August, 2016  
Place : Ahmedabad