CHANAKYA
NI POTHI

Ahmedabad 01-06-2018

RCom, Ericsson agree on settlement; green signal for Reliance Jio deal

The National Company Law Appellate Tribunal (NCLAT) stayed the May 15 order of the National Company Law Tribunal (NCLT) in Mumbai, which had admitted Reliance Communications (RCom) and two of its subsidiaries for insolvency proceedings.

The NCLAT asked the Anil Ambani-controlled firm to pay Ericsson Rs 5.5 billion by the end of September.

With the stay on bankruptcy proceedings, RCom can now continue with its asset monetisation scheme involving the sale of towers, optic fibre cable network, spectrum and media convergence nodes to brother Mukesh Ambani-controlled Reliance Jio Infocomm (Jio) for Rs 170 billion.

On Tuesday, NCLAT chairman Justice S J Mukhopadhyaya asked the parties to settle the matter stating that the fate of operational creditors under the corporate resolution process was not ideal, especially if Ericsson wished to recover the majority of its dues.

NCLAT also asked RCom and Ericsson to file an affidavit by June 7 stating that the two companies will abide by the settlement.

Ericsson India, a subsidiary of the Swedish telecom equipment maker and service provider, had filed a case at NCLT, Mumbai last September seeking the liquidation of Reliance Communications (RCom), and its subsidiaries Reliance Infratel and Reliance Telecom, in order to recover Rs 11.5 billion.

RCom,Ericsson The three companies were subsequently admitted under the Insolvency and Bankruptcy Code (IBC), and NCLT appointed a resolution professional (RP) to take over the management of each company. Ericsson had argued that it had entered into a seven-year agreement in 2014 with RCom and its subsidiaries for maintaining, upgrading and developing the latter's telecommunications infrastructure, which was not honoured.

RCom and its subsidiaries owed Ericsson around Rs 9.78 billion for their services which, Ericsson's counsel told the NCLT, had increased to around Rs 16 billion given that there were delays in the payment, despite several notices being issued to the Anil Ambani controlled companies.

RCom filed its appeal with the NCLAT, and was awarded with a stay on the order admitting the three firms under the IBC.

RCom and its subsidiaries now have the permission to go ahead with the debt restructuring plan that was prepared in December 2017. There were fears of the three Reliance group companies undergoing insolvency proceedings, which would have meant that the asset monetisation scheme under the plan would not be allowed.

The restructuring will reduce debt of Rs 460 billion to around Rs 60 billion, as per Anil Ambani's plan stated in December 2017.

The NCLAT allowed the Anil Ambani-led companies to continue with their strategic debt restructuring plans, with the proceeds for the sale of assets to Jio going to the secured financial creditors.

In another case, minority shareholders of the company had filed petitions at the NCLT in Mumbai against the sale of assets to Jio. However, on Tuesday, the NCLAT dismissed the petitions as RCom informed the appellate tribunal and the National Stock Exchange that "an amicable settlement has been arrived at between it and minority investors holding 4.26 per cent equity in the company, and consent terms will be filed shortly".

Angel investors not cheering tax exemption, reluctant to share bank details

The exemption from tax may not boost angel investment in start-ups as investors find the new rules still restrictive.

The new rules require start-ups to get valuation certificate from merchant bankers, instead of a chartered accountants earlier; the deal also needs to be certified by an inter-ministerial board (IMB). These will be time-consuming and expensive for start-ups, say investors.

Last week, the Income Tax Department exempted start-ups from tax on investments they receive from angel investors above their fair valuation. The tax was being levied on companies issuing shares to investors above their fair value, treating them as other income.

VCs and foreign investors are exempted from the tax, and the same is being extended to angel investors now. The relaxation comes with riders and is subject to certifications and angels meeting the eligibility norm.

Angels are not enthused and still have some concerns.

''It is an ill-thought regulation so there's a lot of band-aid treatment. IMB certification, merchant banker valuation is a time consuming and expensive process,'' says an angel investor who has backed over 40 start-ups. ''What they are taxing is not a taxable event, but a fund-raising event. No one is making money here,'' he adds.

"The tax itself was bizarre given many other countries go out of the way to encourage start-ups by allowing tax breaks and incentives for angel investing and not penalise. India should go one step ahead by giving 80G-type tax incentive for investing in qualified start-ups,'' says K Ganesh, an entrepreneur-turned-angel investor.

"How can a merchant banker with no domain knowledge value a start-up, which is disruptive? Most often investors put in money at a pre-revenue stage, based on the potential of a firm,'' says Padmaja Ruparel, co-founder, Indian Angel Network.

"The whole process (certifications, KYC norms) is tedious and start-ups will find it difficult to raise money from angels. This is not going to encourage start-up investments. Which investor will share his KYC, bank accounts details with a firm it has not invested yet? she says.

Investors say there is an inconsistency under Companies Act (registered valuer rules) and the income tax amendment. "The registered valuer under Companies Act should be covered under the IT Act,'' says Apoorv Sharma, co-founder, Venture Capitalists.

The definition of accredited angel investor should be revisited to include experience of the investor as well. Current criteria covers only the financial background and not the experience which is crucial in building early stage start-ups. "The authorities should understand that angel investor is a start-up builder not just an investor,'' he says.

"The vexatious and retrograde angel tax issue does not seem to go away but like a persistent virus keeps nagging the startup ecosystem While well intentioned, it is two steps forward and one step back every time,'' adds Ganesh, who has backed several start-ups.

He feels the government should just cancel it. It's wrong on many counts to levy tax on a fundraise or funding event. It's an investment and not a monetisation or liquidity event where someone is gaining or making profits that can be taxed, he says. Secondly, valuing start-ups is an art, with huge risks and uncertainties, and 90 per cent of the times the Entrepreneurs and investors get it wrong.

"Merchant bankers are ill suited to value early-stage start-ups especially at angel investment stage. Merchant bankers are used at IPO stage, late growth stage when there is more certainty about the business, underlying business models and market scenario in terms of sector attractiveness, growth, competition etc," says Ganesh.

The entrepreneur's life just become tougher now as in addition to convincing investor, convincing customer, he needs to convince a merchant banker too about the valuation.

Elon Musk breaks silence, says challenging laws keeping Tesla out of India

After four days and innumerable questions on why India was missing from Silicon Valley-based Tesla Motor's global plans, founder and CEO Elon Musk broke his silence on social network Twitter saying that the regulations existing in the country were not conducive for the electric carmaker to do business here.

On May 26, Musk had Tweeted a map of the world showing every location where the company either already has or will install its superchargers (charging stations) signifying where it was selling its cars. As not a single location in India got a mention in the list shared by Musk, it caught the attention of several Twitterati who questioned Musk on it.

"Would love to be in India. Some challenging government regulations, unfortunately. Deepak Ahuja, our CFO, is from India. Tesla will be there as soon as he believes we should," Musk tweeted on Wednesday, in response to a question.

Musk, who is a voracious user of Twitter, has on several occasions in the past made hints at the company's willingness to come to India. He even suggested that it would be more beneficial to build a Gigafactory (giant lithium-ion battery factory) in the country than setting up a plant to build Tesla cars here.

However, after heightening interest and even opening orders of the company's most affordable Model 3 sedan in India in April 2016, Musk last year said that the company's local sourcing norms for single brand retail were keeping the company out.

"Maybe I'm misinformed, but I was told that 30 per cent of parts must be locally sourced and the supply doesn't yet exist in India to support that," Musk tweeted in May last year.

Tesla as a company does not just manufacture cars and the batteries that go in them, but also controls the retail and after-sales part of the business.

Even outside its home market the US, it has owned and maintained dealerships by itself, which in India will make it a single brand retailer.

Current norms in the country state that brands have to source at least 30 per cent of their goods (or components) locally in order to open their own stores. This is seen as a way to protect the interests of local brands and promote local manufacturing as well.

It isn't clear how Tesla will service the customers from India from whom it collected the $1,000 booking amount for its Model 3 sedan. Users from India are no longer being allowed to book Tesla cars, pointing to the company going back on its plan to launch in India, which Musk in the past had said could happen sometime in mid-2017.

Franchises shell out big bucks on Day-1 of Pro Kabaddi season-6 auctions

The first day of the Pro Kabaddi season 6 auctions saw some heavy duty bidding by the teams, as records were made and broken within hours. Beating Nitin Tomar's record as the costliest player (Rs 9.3 million last season) in the league ever, Monu Goyat was picked up by the Haryana Steelers for Rs 15.1 million. The second highest bid was for Rahul Chaudhari who was snapped up by Telugu Titans for Rs 12.9 million.

The day started with Iran's Fazel Atrachali attracting a massive bid of Rs 10 million by U Mumba. He became the first ever player in the league to touch the Rs 10 million mark in the auction and was at the time of the bid, the costliest player ever. However, less than four hours later, the record was broken yet again as Jaipur Pink Panthers picked Deepak Hooda for Rs 11.5 million.

Hooda shares the top spot with Tomar who beat his own record of Rs 9.3 million when he was picked up by Puneri Paltan for Rs 11.5 million, minutes after Hooda set the record. Rishank Devadiga was also among the sought after players, going for Rs 11.1 million to the UP Yodhas.

Among the overseas players, it was the Iranians who attracted the moolah. While Fazel Atrachali went to U Mumbai for Rs 10 million, the Telugu Titans picked up his fellow countryman Abozar Mighani for Rs 760,000

A total 422 players will are expected to go under the hammer this auction which spans over two days. Of these 58 are overseas players and 87 are players from the Future Kabaddi Heroes Programme (FKH), a nationwide talent scouting programme. Each team can have 18-25 players. This includes up to three players from the FKH, and between two and four overseas players. Each team has a salary purse of Rs 40 million.

The league introduced the concept of "Final Bid Match", whereby the franchises are entitled to match the final bid made by another franchise, for one or at most two players from its Season V squad. This is similar to the Right to match feature in the Indian Premier League player auctions.

The auction is being broadcast on the Star Sports network and Hotstar and has this year introduced a new packaging feature called 'bid-o-meter'. It is a graphical representation, similar to a speed-o-meter with three distinct ranges (Steal| Fair| Ambitious) for television only. While a bid for a player is active, the needle of the "Bid-o-Meter" will move along the range according to the current bid price till it settles on the final bid, this is done through a backend algorithm.

AirAsia case: Venkatramanan says wrongly accused by CBI, slams Cyrus Mistry

Tata Trusts' R Venkataramanan on Wednesday said he had been wrongly named as an accused in the CBI case against AirAsia India as he had "little or no role to play" as non-executive director at the airline, even as he blamed "revenge legal action" by former Tata Sons chairman Cyrus Mistry for the accusations.

The budget carrier is majority-owned by the Tatas, and Venkataramanan has around 1.5 per cent shareholding in the joint venture with AirAsia Berhad.

"In my capacity as non-executive director of Air Asia India Limited, I have been wrongly named as an accused by the CBI on operational matters where I had little or no role to play," he said in a statement.

The CBI has registered a case against AirAsia Group CEO Tony Fernandes, Venkataramanan and others for allegedly trying to manipulate government policies through corrupt means to get international licence.

"It is commonly known that the present accusations qua Air Asia India find their root in baseless allegations made by Cyrus P Mistry and the Shapoor Pallonji Group against Tata Trusts trustees (me included) and Tata Sons in his 'revenge' legal actions," the statement said.

Venkataramanan is also the managing trustee of the Sir Dorabji Tata Trust and is responsible for management and oversight of all the Tata Trusts, according to the Tata Trusts website.

Emphasising that all allegations of wrongdoing or illegality against him were baseless, Venkataramanan said these motivated allegations are part of the smear campaign run to discredit him and the work being done by the Tata Trusts, which contribute Rs 12 billion each year to philanthropic activities.

"Despite Cyrus Mistry and his company's efforts to discredit the Trusts, we resolve to enhance the quality of life of our people," he noted.

After a bitter fallout with Tata Sons and Ratan Tata, Cyrus Mistry was ousted as the group chairman in late 2016. After his ouster, Mistry had flagged various governance issues at the group, including alleged wrongdoings at AirAsia India. Since then, Mistry and the Tatas have been locked in an acrimonious legal battle over various issues.

The CBI has alleged that Venkataramanan was lobbying in the government to secure mandatory approvals, some of them through "non-transparent means", including the then Foreign Investment Promotion Board (FIPB) clearance, no-objection certificate and the attempt for removal or modification of 5/20 rule.

DYNAMIC INDUSTRIES LIMITED

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EXTRACT OF STANDALONE & CONSOLIDATED AUDITED/UNAUDITED FINANCIAL RESULTS FOR THE QUARTER/YEAR ENDED ON 31ST MARCH, 2018. (Rs. In Lakhs except earning per share)

PARTICULARS	Standalone			Consolidated	
	Quarter Ended 31/03/2018	Quarter Ended 31/03/2017	Year Ended 31/03/2018	Year Ended 31/03/2018	Year Ended 31/03/2017
Total income from operations (net)	1807.02	1210.98	5906.02	5916.18	4885.04
Net Profit / (Loss) from ordinary activities after tax	99.26	48.96	300.26	305.13	176.96
Net Profit / (Loss) for the period after tax (after Extraordinary items)	99.26	48.96	300.26	305.13	176.96
Equity Share Capital (Face Value Rs.10 Each)	302.85	302.85	302.85	302.85	302.85
Reserves (excluding Revaluation Reserve as shown in the Balance Sheet of previous year)	-	-	4131.13	4136.04	3830.07
Earnings Per Share (before extraordinary items) (of Rs.10 each)					
Basic	3.28	1.62	9.91	10.08	5.84
Diluted	3.28	1.62	9.91	10.08	5.84
Earnings Per Share (after extraordinary items) (of Rs.10 each)					
Basic	3.28	1.62	9.91	10.08	5.84
Diluted	3.28	1.62	9.91	10.08	5.84

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/Yearly Financial Results are available on the Stock Exchange website(http://www.bseindia.com/corporates/ann.aspx?scrip=524818%20&dur=A) and on website of the company at (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 30th May, 2018.
3. Segment Reporting as defined in Ind AS 108 is not applicable, since the Company does not have any operating-Income.
4. Comparative figures have been rearranged/regrouped wherever necessary.
5. The figures for the quarter ended 31.03.2018 and 31.03.2017 are the balancing figures between Audited Figures for theyear ended 31.03.2018 and published year to date figures upto the third quarter ended 31.12.2017.

For, Dynamic Industries Ltd.
Sd/-
Dipakkumar Choksi
Chairman
DIN : 00536345

Date : 30th May, 2018
Place : Ahmedabad

PRATIKSHA CHEMICALS LIMITED

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EXTRACT FROM THE STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED ON 31.03.2018 (Rs. In Lacs)

Sr. No	PARTICULARS	Quarter ended on 31st March, 2018	For the year ended on 31st March, 2018	Corresponding 3 Months Ended on 31st March, 2017	For the previous year ended on 31st March, 2017
		01.01.2018 to 31.03.2018	01.04.2017 to 31.03.2018	01.01.2017 to 31.03.2017	01.04.2016 to 31.03.2017
1	Total income from operations	195.55	1124.87	374.76	1417.75
2	Net Profit / (Loss) for the period (before Tax, Exceptional and/or Extraordinary items)	-14.02	13.85	-6.47	5.69
3	Net Profit / (Loss) for the period before Tax (after Exceptional and/or Extraordinary items)	-14.02	13.85	-6.47	5.69
4	Net Profit / (Loss) for the period after Tax (after Exceptional and/or Extraordinary items)	-10.67	2.86	-0.68	15.22
5	Total Comprehensive Income for the period [Comprising Profit/ (loss) for the period (after tax) and other Comprehensive Income (after tax)]	-10.67	2.86	-0.68	15.22
6	Equity Share Capital	557.03	557.03	557.03	557.03
7	Reserves (excluding Revaluation Reserve as shown in the Audited Balance Sheet of Previous Year	0.00	-263.80	0.00	-266.66
8	Earnings Per Share (of Rs. / - each) (for continuing and discontinued operations)				
	Basic :	-0.19	0.05	-0.01	0.27
	Diluted :	-0.19	0.05	-0.01	0.27

Notes:
1. The above is an extract of the detailed format of Quarterly Financial Results filed with the Stock Exchange under Regulation 33 of SEBI (Listing and Other Disclosure Requirements) Regulation, 2015. The full Format of the financial Results are available on the Stock Exchange website (www.bseindia.com) and on the Company website (www.pratikshachemicals.in)
2. The result of the Quarter ended on 31st March, 2018 were reviewed by the Audit Committee and approved by the Board of Director at its meeting held on 30th May 2018.

BY ORDER OF THE BOARD OF DIRECTORS ,
FOR, PRATIKSHA CHEMICALS LIMITED
SD/-
MR. UPENDRA ADHVARYU
DIRECTOR
(DIN: 00483857)

Place : Ahmedabad
Date : 30-05-2018