

## Corporate Snapshot: INDIA & GLOBAL

### Flipkart's main investors agree to sell stake to Walmart; Softbank wants better deal



Four of Flipkart's investors have reportedly agreed to sell their stakes to Walmart, but the newest and biggest investor, SoftBank, is holding out for a better deal.

The Economic Times said that the US retail behemoth has reached an agreement on buying the stakes of New York-based investment firm Tiger Global Management, South African media conglomerate Naspers, venture capital firm Accel and China's Tencent Holdings. The report added that Sachin Bansal and Binny Bansal, the co-founders of the Bangalore-based company, may also sell a part of their stake. These six shareholders collectively hold more than 55 per cent of Flipkart. Walmart would reportedly grab close to 50% ownership if it acquires the stakes of the investors it has reached agreement with.

Last August, Japan's SoftBank bought a 20 per cent stake in the country's leading e-tailer for \$2.5 billion through its \$100 billion technology-focused Vision Fund. It was the biggest ever private investment in an Indian tech firm at the time.

Walmart is believed to have offered a \$10-12 billion valuation to purchase the shares held by the Tokyo-headquartered investor. However, the latter is seeking a better price, estimated at \$15-17 billion, through the secondary sale of shares.

The deal offered by Walmart - which includes a primary investment apart from the secondary share purchase - values Flipkart at about \$20-22 billion. That's 67 per cent more than the \$12 billion figure given when SoftBank came on board, and truly impressive for the company.

Walmart tried to enter India for years but has remained confined to a 'cash-and-carry' wholesale business - it currently operates 21 such stores - amid tough restrictions on foreign investment.

According to the report, its push into e-commerce comes as Amazon has embraced offline retail, with an affiliate of the Seattle-based company picking up a \$27.6 million stake in Indian retailer Shopper's Stop Ltd.

If Walmart succeeds in its negotiations with Flipkart's existing investors, this will be one of the biggest - not to mention pretty rare - exits in the Indian startup ecosystem.

### Infosys board appoints Kiran Mazumdar-Shaw as Lead Independent Director



Infosys announced a significant move towards reforming its governance structure. Following the Uday Kotak Committee recommendations on corporate governance, the IT major has appointed Kiran Mazumdar-Shaw as the Lead Independent Director of the Board. This means she will represent all independent directors on the Infosys Board.

Shaw presently holds the office of chairman and managing director at biopharmaceutical major Biocon. She will also continue to chair the NRC (Nomination and Remuneration Committee) and CSR (Corporate Social Responsibility) committees at Infosys.

Shaw said: "I think Infosys is entering a new phase with new leadership and like the CEO Salil Parekh has said there is a strong focus on new growth areas with the four pillars that he has talked about." The newly appointed Infosys CEO talked about scaling the Agile Digital business, energizing the client's core technology landscape, re-skilling the employees, and expanding the localization efforts in markets abroad such as in the US, Europe, and Australia. She felt the company being able to showcase a continued growth momentum in the last quarter was also noteworthy.

The office of lead independent director is a relatively new one in India but has been present abroad under different names for quite some time now - for instance, senior independent director in the UK. A lead independent director

acts as a sounding board for the chairman, and an intermediary for the other directors whenever required.

**DoT awaits FDI clearance for Idea to approve merger with Vodafone**



DoT is waiting for DIPP to give clearance for raising the foreign direct investment (FDI) limit in Idea Cellular to 100 per cent before approving the merger of Vodafone India with the Aditya Birla group firm.

Idea Cellular has sought to raise FDI limit in the company to 100 per cent.

The Department of Telecom (DoT) had approached the Department of Industrial Policy and Promotion (DIPP) for its remarks around two weeks back and waiting to hear from it.

"Both the companies (Idea and Vodafone) will be asked to clear their dues before merger is taken on record. According to the standard operating procedure (SOP) for processing FDI proposals, all the ministries concerned are required to submit their comments within 4 weeks of the proposal. In absence of comments, it is presumed that ministries or departments have no comments to offer.

However, FDI clearance in telecom sector also requires approval from the Home Ministry which should be granted within six weeks. In case it is unable to provide its comment within six weeks, it needs to indicate time frame within which it will provide the comments.

The merged Idea-Vodafone entity will have highest subscriber base of 41 crore accounting for over 35 per cent market share and second largest spectrum holding of 1,850 megahertz in the country.

The merger is expected replace Bharti Airtel from its numero uno position which it has maintained in Indian telecom market with highest number of subscriber base at least since last one decade as per reports of the Telecom Regulatory Authority of India.

The debt of resultant entity is expected to be around 1.1 lakh crore as per debt situation of Idea and Vodafone India at the end of September 2017.

The amalgamation will result in cap-ex synergies, since it will eliminate the duplication of spectrum capacity and infrastructure related requirements.

Idea and Vodafone are separately paying rental for 6,300 mobile sites which will be synced for merged entity within two years.

**ICICI-Videocon loan case: Income Tax Dept asks Deepak Kochhar to explain flow of Rs 325 crore from Mauritius-based firms**



The Income Tax Department sent notice to Deepak Kochhar, husband of ICICI bank MD and CEO Chanda Kochhar, after it received part reply from him in connection with its tax evasion probe in the Videocon bank loan case. The I-T dept had asked Deepak Kochhar to furnish all the details regarding personal finances, income tax returns for the past many years, and business transactions with NuPower Renewables. However, Kochhar submitted incomplete information through a representative.

The tax authority has asked Kochhar to share full information including the flow of about Rs 325 crore from two Mauritius-based firms to his company NuPower Renewables Private Ltd. The two foreign-based firms have been identified as First Land Holding Limited and DH Renewables Holding Limited.

The department has also sought the share valuation report for investment in NuPower Renewables apart from copy of balance sheets and profits. The probe agency has also sought the nature of activities of NuPower Renewables between 2010-11 to 2015-16.

The probe began after a whistleblower Arvind Gupta alleged that the husband of ICICI Bank CEO had made huge money through some shady deals with Videocon Group's Venugopal Dhoot who in turn got Rs 2810 crore outstanding loans -by ICICI Bank to his Group - declared as NPAs. The

loan was - issued by ICICI Bank in 2012 - linked to a possible quid pro quo that Dhoot allegedly had with Deepak Kochhar' NuPower Renewables.

### **Cambridge Analytica scandal: Mark Zuckerberg testifies before US Congress, says working hard to fix Facebook**



Under fire for the worst privacy debacle in his company's history, Facebook CEO Mark Zuckerberg batted away often-aggressive questioning from lawmakers who accused him of failing to protect the personal information of millions of Americans from Russians intent on upsetting the US election.

During some five hours of Senate questioning, Zuckerberg apologized several times for Facebook failures, disclosed that his company was "working with" special counsel Robert Mueller in the federal probe of Russian election interference and said it was working hard to change its own operations after the harvesting of users' private data by a data-mining company affiliated with Donald Trump's campaign.

Seemingly unimpressed, Republican Sen. John Thune of South Dakota said Zuckerberg's company had a 14-year history of apologizing for "ill-advised decisions" related to user privacy.

The controversy has brought a flood of bad publicity and sent the company's stock value plunging, but Zuckerberg seemed to achieve a measure of success in countering that: Facebook shares surged 4.5 per cent for the day, the biggest gain in two years.

Facebook has been reeling from its worst-ever privacy failure following revelations last month that the political data-mining firm Cambridge Analytica, which was affiliated with Trump's 2016 campaign, improperly scooped up data on some 87 million users.

Zuckerberg said Facebook had been led to believe Cambridge Analytica had deleted the user data it had harvested and that had been "clearly a mistake." Separately,

the company began alerting some of its users that their data was gathered by Cambridge Analytica.

### **Kirloskar expands its farmer offerings, forays into power tiller segment**



Kirloskar Oil Engines Ltd. (KOEL), an engineering conglomerate known for its diesel engines, gensets and pumpsets, has made a major foray into the low horse power (HP) tillers to provide cost effective solutions to small and marginal farmers.

The company launched three sub-15 HP tillers, with a host of segment-first features for the comfort and safety of the farmer, three years after it launched its first "Mega T" tiller in India. "The reliability, low operating costs and high return on investment of 'Mega T' made Kirloskar the most preferred brand (in that segment). It's a Rs 120 crore business now, with full range of products (from 3 HP to 15 HP) targeting the small and marginal farmers. This includes power tillers, seeder, sprayer, potato digger, etc.", says Antony Cherukara, VP Corporate Strategy & Business Head Agriculture, KOEL.

The company has already invested over Rs 100 crores in developing these smart farm technology solutions for the small farmer, he said. "Continuous and proactive planning and strategic measures have made KOEL one of the biggest and most sought after engineering solution providers globally. The introduction of the entire KMW range of the Power Tiller & power weeder shows our commitment to the farmers and our support to the government of India's "Make in India" initiative. The overwhelming acceptance of our products and services, particularly amongst the farmers in all the regions, reinforces our belief that we are on the right track in the larger perspective", adds R. R. Deshpande, Joint Managing Director, KOEL.

The size of the Indian tiller market with power up to 15 HP is estimated to be around 52,000 units. On an average, tiller costs Rs 1.8 lakh, much lower than Rs 7 lakh, the cost of a

tractor. Tiller industry is one-tenth the size of tractor. The anomaly is that majority of Indian farmers (85%) are small and marginal and cannot afford a tractor.

Nearly 57.8 percent of India's rural households are engaged in agriculture. Around 60-70% of the Indian population (directly or indirectly) depends upon the agriculture sector which currently contributes to 17-18% of GDP. Of them, over 69 percent possess or work on marginal land holdings, and 17.1 percent, on small landholdings.

### **Interested in keeping Air India in Indian hands, says Suresh Prabhu**



Civil Aviation minister Suresh Prabhu said, "Air India disinvestment has not been handled at the ministry so far. We will definitely be interested in making sure that Air India remains in Indian hands only. Not more than 49 per cent will go to foreigners."

The government has bundled a 76 per cent stake in Air India (international operations) and Air India Express (low cost carrier) with 50 per cent of its stake in Air India Sats Airport Services (AISATS). There is hardly any Indian company interested in taking this deal. Foreign players such as International Airlines Group or IAG (owners of British Airways), Singapore Airlines, Lufthansa, Etihad, along with a few funds including IFC, Warburg Pincus and GIC, had shown interest. They would require local partners to clinch the deal. Some foreign players are already backing out. The IAG denied any interest, calling it a risk at this stage.

Domestic players are wary too. The country's largest airline Indigo recently pulled out as it was not keen to take over the domestic operations of Air India. Indigo, already has a 40 per cent share in the domestic market. Acquiring Air India would give it an additional 14 per cent share but the deal could come under the lens of the Competition Commission of India or CCI.

The compulsion of taking over 50 per cent of AISATS is keeping Jet Airways away. Meanwhile, players like Spicejet or GoAir might not have the balance sheet to support the purchase. The Tata Group, which has interests in Vistara and

Air Asia's India operations, opted out because of three conditions --merger with existing airline, job security of existing staff and ownership of debt. In a recent report, SBI Caps valued Air India at \$2.5 billion.

The government has stipulated that bidders must have a minimum net worth of Rs 5,000 crore and should have positive profit after tax in at least three of the immediately preceding five financial years. Along with these, there are two other key riders: the successful bidder would be required to stay invested in the airline for at least three years and there will be a government nominee on the board. The last day for expression of interest, or EoI, is May 14.

### **India now fastest growing market for mobile apps; Netflix, Tinder top the list**



India is one of the biggest markets for mobile as well as app companies. With over 281 million people using mobile internet every day (as per 2017 data), the world's youngest country is a hot market for tech companies. The country has recently been named as the world's fastest market in terms of maximum mobile app downloads on popular mobile operating systems, Apple iOS and Google Android Play Store, according to App Annie, an online mobile app data market company.

Ever since Mukesh Ambani-led Reliance Jio disrupted the Indian telecom industry in 2016 by offering cheaper data plans, there's been an upsurge in the video streaming content and related apps. Three of top 10 mobile apps downloaded in the country were video streaming apps that offer wide variety of content - from movies to TV shows and web content, reported The Economic Times. The world's two biggest markets for app companies, China and the US, have only one video streaming app in the top 10 category.

India, with its Q1YoY growth of 41 per cent, was ranked number one, while Indonesia, with 24 per cent growth, was the next. In terms of maximum number of downloads, the US and China were ranked second and third, respectively.

India's obsession with popular TV shows, movies and online dating has made Netflix and Tinder the top two mobile apps, stated the Annie app. Other applications named in the top-10 list include UC Browser, SHAREit, Vigo Video, social network Facebook, Facebook Messenger and WhatsApp.

The report says there was a 25-fold rise in the average internet data usage by a subscriber in India between 2014 and 2017. However, the country has not done well in terms of absolute revenue incurred from the sale of these apps. Ranked 29, India generated the revenue worth \$47 million in the Q1 2018, while the US, Japan, and China generated the revenue worth \$3.2 billion, \$2.7 billion and \$2.4 billion, respectively. In 2017, India was ranked second in terms of the number of mobile app downloads, while China was ranked number one; the US was ranked third.

### **3.60 crore LPG connections given under Ujjwala scheme in 2 years, says Dharmendra Pradhan WE RECOMMEND**



Union Petroleum and Natural Gas Minister Dharmendra Pradhan and Chief Minister Nitish Kumar launched the "extended Pradhan Mantri Ujjwala Yojana" in Bihar under which 8 crore LPG connections would be given to beneficiaries across the country.

Earlier, the target under the Centre's flagship scheme was to give 5 crore LPG connections across the country which was raised to 8 crore with additional allocation of fund in the current fiscal 2018-19.

Prime Minister Narendra Modi, who launched the scheme on May 1, 2016, from Ballia in Uttar Pradesh, has made the provision in this financial year's budget to increase the target from 5 crore to 8 crore under Ujjwala yojana.

Buoyed by the success of the scheme in past two years, Pradhan said that 3.60 crore out of 5 crore LPG connections have been given in past two years in the country under the scheme.

Apart from those included under Socio-economic caste census (SECC) to avail the scheme, Pradhan said that "extended Pradhan Mantri Ujjwala Yojana" would now cover all SC/ST households, Most Backward Classes, beneficiaries of Pradhan Mantri Awas Yojana (Gramin), Antyoday Anna Yojana, forest dwellers, people residing in river and river islands.

Stating that around five lakh people lose their lives every year due to preparing food through traditional methods of wood, coal etc, he said that seven cylinders are used by the general households in a year whereas beneficiaries of Ujjwala scheme use 4.3 cylinders every year.