Corporate Snapshot: INDIA & GLOBAL

Nirav Modi, the jewellery designer at the centre of Rs 11,300 crore PNB fraud

Billionaire Nirav Modi, is being investigated by the CBI for the mega bank fraud. He is a luxury diamond jewellery designer who figured in Forbes India's Richest People List 2016 with a net worth of $1.74 billion.

The high-profile designer is the founder and creative director of the Nirav Modi chain of diamond jewellery retail outlets. Nirav Modi grew up at Antwerp in Belgium, the diamond capital of the world, and started his own brand by the name of Nirav Modi. He is known for his high-value jewellery that have fetched prices above from Rs 10 crore at auctions conducted by leading houses like Christie's and Sotheby's.

A diamond necklace designed by Modi fetched Rs 13 crore at a Christie's auction in Hong Kong in 2015. The 10.2 carat diamond necklace was previously sold in another sale by the auction house in the year 2011."The Orchid Ainra Necklace appreciated a phenomenal 71 per cent in value since its previous sale by the same auction house in 2011. Earlier in 2010, Modi's Golconda necklace sold for Rs 16.29 crore at a Christie's auction.

According to reports, the Punjab National Bank has lodged a complaint with the CBI against Nirav Modi and a jewellery company over fraudulent transactions worth Rs 11,300 crore. The bank had alleged that a fraudulent issuance of Letters of Undertakings took place for and on behalf of the firms related to Nirav Modi, which approached the bank and presented a set of import documents to the branch with a request to allow buyers credit for making payment to overseas suppliers.

In recent Rs 11,300 crore fraud case, reports suggest that the "letter of undertaking" was issued fraudulently by PNB to Modi and associates and was encashed overseas by them from different banks, both in the private as well as public sector. Union Bank of India, Allahabad Bank and Axis Bank are reported to have offered credit based on letters of undertaking (LOUs) issued by PNB.

WhatsApp Payments beta launch nets NPCI nod, but only for one million users

It is one less hurdle for WhatsApp Payments as it got the green flag from National Payments Corporation of India (NPCI) for preliminary launch. The payments regulator approved the beta testing of WhatsApp's UPI-based payment feature among a portion of its user base with a low transaction limit.

"Currently, the NPCI has given its consent to roll out WhatsApp BHIM UPI beta launch with limited user base of one million and low per transaction limit. Four banks will join the multi-bank BHIM UPI model in phases (in the coming weeks) and full feature product shall be released after the beta test is successful," NPCI said in a statement.

The NPCI is an umbrella organization for all retail payments in India.

SFIO to probe Fortis, Religare for alleged irregularities

Days after Fortis Healthcare promoters - Malvinder Singh and Shivinder Singh - stepped down from the board of Fortis and diversified financial services firm Religare Enterprises, the Serious Fraud Investigation Office (SFIO) under the Ministry of Corporate Affairs said it will initiate a probe into alleged financial irregularities at Fortis Healthcare and Religare Enterprises.

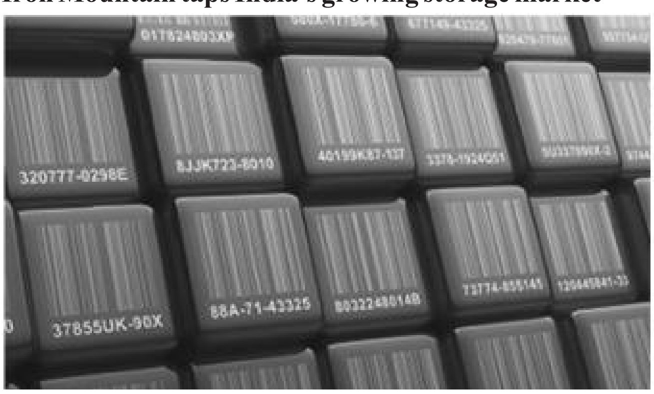
The corporate affairs ministry has been looking into the affairs of Fortis Healthcare and Religare Enterprises after recent reports that financial irregularities have emerged at the two companies.

This comes close on the heels of reports alleging that the Singh brothers took Rs 473 crore from their publically listed company, Fortis Healthcare without the board approval. Fortis had earlier issued a release saying the resignation is "intended to free the organisation from any encumbrances that may be linked to the promoters in light of the recent HC judgement."

According to a report in Bloomberg, the funds were mentioned as cash-and-cash equivalents in the company balance sheets but the money was allegedly routed to the Singh brothers. The report didn't confirm where the money was used, but cites it a reason that the company has not released its second quarter results so far.

Refuting the allegations, Fortis Hospitals said it deployed funds in secured short-term investments with companies in normal course of treasury operations. The company release to BSE says the "loans" are fully "secured", and are being repaid.

Iron Mountain taps India's growing storage market



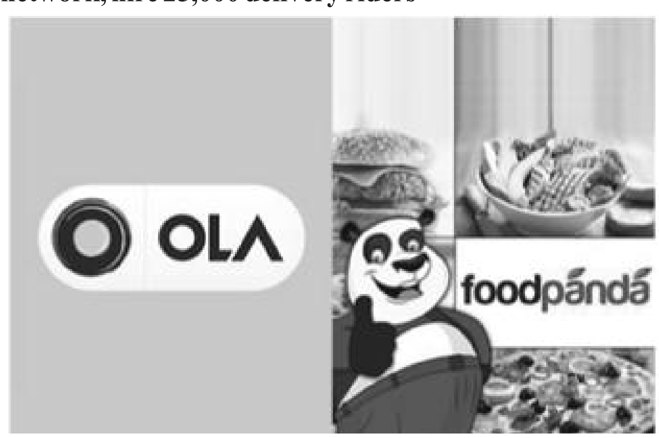
What do the Grammy Museum, Corbis Images and Warner Brothers have in common? Much of the music, images and videos of these organisations are stored and maintained by US-based global information management services company Iron Mountain. The US government too is among the biggest users. Though Iron Mountain has facilities across the world, the main one is located 200 feet below a retired limestone mine across 200 acres on the outskirts of Pittsburgh.

As the world goes digital, the demand for data storage and retrieval of data facilities has shot up. In India too, demand has risen with the government's Digital India initiative. Iron Mountain set shop in India in 2013. Today, it has 2,600 customers in India across banking, insurance, FMCG, telecom and ITeS services. Almost 90 per cent of the India business is currently from the private sector. Hitesh Gupta, Managing Director, Iron Mountain-India says, "The demand for storage services has risen dramatically in emerging markets. Roughly half of the India business is accounted for BFSI, while manufacturing accounts for 30 per cent, telecom and FMCG account for 10 per cent each." Gupta sees demand to keep rising for such services in India.

Iron Mountain already has 18 million cubic feet of storage space in India spread across 75 facilities in 50 locations. This is largely in the big cities and state capitals. Gupta states that in the second half of 2018, India will get the first Iron Mountain data centre.

The gradual digitisation of data has started to have an impact in India. Gupta points out that digitisation has resulted in a sharp reduction in the cost incurred in transporting data from tier 2 cities to the big cities. Apart from record and data management, the company also does secured shredding of information. Though digitisation has increased in the emerging markets, yet 70 per cent of the business comes from the United States. The advantage that Iron Mountain offers is that while rentals are rising, companies can safely store their data without incurring huge costs.

Ola-backed Foodpanda to invest Rs 400 crore to boost network, hire 25,000 delivery riders



Food ordering platform Foodpanda India said it is planning to invest Rs 400 crore to boost its delivery network. The online food delivery portal which was acquired by cab aggregator Ola in December is also looking to hire 25,000 delivery riders in the next 12 to 15 months.

The food tech company said the new investment will help scale up technology to provide seamless experience to customers, partner restaurants and riders across all the metros and other key cities in the country. Foodpanda India CEO Pranay Jivrajka said: "Creating a strong delivery ecosystem backed by technology is one of the most fundamental needs of the Indian food tech industry."

Owing to increasing urbanisation, growth in the internet population, higher disposable incomes and rising preference for online food ordering, the company is gearing itself to significantly grow the percentage of orders that are fulfilled by the depth and expanse of its delivery services, Foodpanda said.

The food tech firm is present in 150 cities and has 15,000 restaurants on its platform. Ride hailing app Ola had committed infusion of funds to the tune of Rs 1,300 crore from parent ANI Technologies Pvt Ltd into Foodpanda India.

Ola has a presence in 110 cities with nearly a million cabs or drivers. Ola's acquisition of the food delivery platform is expected to lead to better synchronization and product experience for both companies. Neither Zomato, nor Swiggy, Foodpanda's primary rivals in India, have the advantage of Ola's scale.

Ola had bought Foodpanda's India business from Berlin-based Delivery Hero Holding GmbH, one of Europe's biggest startups and a global online food ordering and delivery marketplace, in exchange for its stock.

Tata Global Beverages wants to buy out Paper Boat to expand their portfolio

Tata Global Beverages Limited (TGBL) has approached Hector Beverages with a proposal to buy out their firm along with its popular drinks brand, Paper Boat. According to reports, Tatas are keen on Paper Boat to spice up their portfolio and move beyond their tea, coffee and water range. The process is still at a nascent stage with no guarantee on how it will unfold.

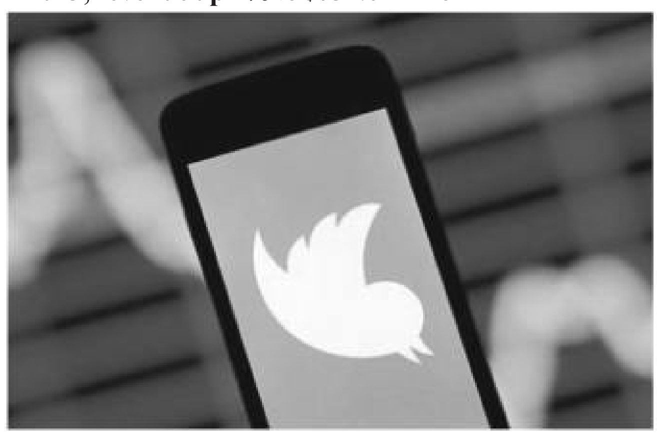
Hector Beverages was founded in 2010 by Coca Cola executives, Neeraj Kakkar and Neeraj Biyani. Their efforts to commercialise Indian drinks such as aam panna and jal jeera and promote them instead of fizzy drinks that are widely available, along with the unique packaging led to the popularity and distinct identity of Paper Boat. According to a report in The Economic Times, "Paper Boat is one brand that they are keen on as it already has created a significant brand equity."

Kakkar, however told the newspaper that there have been no discussion with TGBL or anybody else and they are, in fact, dedicated to building a long-term, sustainable and independent business.

The FMCG company has as many as 5 early stage investors including NR Narayana Murthy's Catamaran Investment, who along with Sequoia Capital and China's Hill House Capital put Rs 300 crore into the company.

As of now, 85 per cent of the company's business comes from the top six cities but the company has now tied up with Indo Nissan to take the beverage across to smaller cities. The company is still making losses and is hoping to rake in Rs 120 crore in.

Twitter posts its first quarterly profit since going public in 2013; revenue up 2% to $731.6 million



Twitter's overall revenue not only rose 2% to $731.6 million in the fiscal quarter ending December 2017 from a year earlier, but this is also the first time it has posted a quarterly profit since it went public in 2013. Twitter reported a net profit of $91.1 million, or 12 cents per share, compared to a loss of $167.1 million, or 23 cents per share, a year earlier.

Adjusted EBITDA stood at $308 million "or 42% of total revenue, reaching our long-term target range of 40-45% for the first time", said the company. This turnaround in its fortunes is all the more impressive because it hasn't been easy for new age consumer internet companies to make profits.

In response Chief Executive Jack Dorsey tweeted, "I'm so proud of the @Twitter team. We did what we said we were going to do. Our focus and self-discipline continues to improve. Thank you team! And thanks to all of our shareholders for the patience and support. 2018 is going to be a great year."

Twitter's previous inability to turn a profit or log consistent revenue growth has long confounded investors given its ubiquitous media presence and popularity among celebrities, athletes and politicians, including Prime Minister Narendra Modi.

Apart from higher video ad sales and redesigned ad formats, Twitter said that revenue was further helped by using data to make the targeting of ads more individualized, a process known as machine learning. That raised click through rates, or the ratio of users who click on a specific ad to the number that view it. In the latest quarterly results, advertising revenue is up 1% to $644 million from $638 million a year ago.

The platform has seen the number of daily active users go up 12%-thanks to changes like doubling the number of characters allowed per tweet-but monthly active users grew more slowly, up 4% from a year earlier to 330 million. That was flat from the third quarter, which the company blamed in part on seasonal weakness and its purge of fake and spam accounts. In comparison, Facebook Inc has 2.1 billion monthly users, while Snapchat owner Snap Inc, which does not report a monthly figure, has 187 million daily users.

CSR: Cos spend Rs 4,719 crore in first 8 months of this fiscal

Companies shelled out Rs 4,719 crore towards CSR activities in the first eight months of the current fiscal, with private sector entities accounting for major chunk of the expenditure, according to the government.

Under the Companies Act, 2013, certain classes of profitable entities are required to spend at least two per cent of their three-year average annual net profit towards CSR activities.

Based on filings made by companies in the MCA21 registry, the total CSR spending stood at Rs 4,719 crore till November 30 of current financial year, according to a written reply given in the Lok Sabha by Minister of State for Corporate Affairs P P Chaudhary.

Out of that amount, Rs 3,393.17 crore was spent by private sector companies while Rs 1,325.83 crore came from public sector undertakings.

In 2015-16, the Corporate Social Responsibility (CSR) expenditure was Rs 13,827.86 crore, higher than Rs 9,564.77 crore recorded in 2014-15.

Responding to a query, the minister said the board of the company is empowered to select programmes, projects, activities to be undertaken under CSR.

"Ministry of Corporate Affairs has no role to play in this regard," he added.

The CSR norms came into force from April 1, 2014.

Mobile advertising to be a $1.2 billion market by 2020: Report

Mobile advertising will be a $1.2 billion market by 2020, says a recent research report by Singapore-based global mobile advertising and discovery platform In Mobi.

The report, which highlights the shift in Internet usage pattern in the country from desktop to mobile, says that 80 per cent of all web traffic emanates from mobile.

"As a media vehicle, the engagement levels provided by smartphones are unparalleled. An average user spends approximately 4.5 hours daily accessing the Internet on their smartphone. This is 37 per cent higher than the time spent on TV," says the report.

It also reveals that apps account for 88 per cent of India's mobile time and in 2017, India ranked third and continued to surpass the US as the leading app download capital of the world -- it had a 12 per cent share of the world's app downloads.

"Encouraged by the in-app offers and discounts, Travel and Retail apps have become the most downloaded apps by Indians. Additionally, offers on first time app use are drawing in the late adopters," the report claimed.

Video content, too, is growing rapidly in the country, the report said and by 2021, 75 per cent of India's mobile data traffic will be from videos.

"India is the 6th largest market for mobile video ads in terms of user consumption. Cheaper smartphones, and better connectivity is driving a 124 per cent increase in video ad consumption. The most preferred genre of video ad content consumed by Indians is retail, entertainment and tech," it revealed.

The report says that the arrival of new mobile network operators has driven the cost of mobile internet prices lower, making it affordable for people across income brackets to access high-speed internet. Only 39 per cent of mobile video ads are viewed on Wi-Fi, it added.

Paytm valuation reaches USD 10 billion; 200 former and current staff become millionaires

Paytm and founder, entrepreneur Vijay Shekhar Sharma's meteoric rise is what perhaps, dreams are made of. Continuing that commendable rise, the company has recently reached a valuation of USD 10 billion. This recent valuation has come after a secondary sale where some current and former employees were given an opportunity to sale their ESOPs. Two hundred employees liquidated their ESOPs for USD 50 million.

ESOPs are employee stock ownership plan, a kind of employee benefit plan that encourages staffers to acquire stocks or ownership of the company.

Last year, Paytm raised USD 1.4 billion from Japanese investor, SoftBank taking its valuation to USD 7 billion. The new valuation is, however, a significant jump from last year. In the latest round, hedge fund, Discovery Capital bought shares from One97 Communications, Paytm's parent company.

According to reports Paytm calculates the eligibility for ESOPs based on the employee's contribution to the firm, long-term potential and duration of employment. "These employees, most of who have been with the company since inception, have benefitted," the company said.

In December last year, e-commerce giant Flipkart had also completed a buyback of ESOPs worth Rs 6.5 billion. Paytm is currently the second most valuable internet firm in India after Flipkart, which has a valuation of USD 12 billion.

SoftBank is a an investor for both Paytm and Flipkart.

Future Group buys Snapdeal's logistics arm Vulcan Express for Rs 35 crore

Kishore Biyani's Future Supply Chain Solutions said it will fully acquire Snapdeal's logistics service provider Vulcan Express Pvt Ltd in an all- cash deal valued at Rs 35 crore.

Future Group Founder and Chairman Kishore Biyani said in a statement that through Vulcan, the company plans to boost its last mile capabilities and also offer state-of-the-art solutions to its e-commerce and retail clients.

Snapdeal Chief Strategy and Investment Officer Jason Kothari said: "Similar to our recent sale of FreeCharge, we believe Snapdeal’s sale of Vulcan Express to Future Group is a successful deal for all three parties."

The statement also quoted Kothari as saying that the company "divests off an asset that is non-strategic in nature for Snapdeal 2.0, allowing it to focus its capital and management on its core e-commerce business; Future Group gains high-quality pan-India end-to-end e-commerce logistics capabilities, and Vulcan secures a great new home for its business, including its team".

Future Group has been on an acquisition spree in the recent past. In October last year, Future Retail executed share purchase agreement (SPA) with Shoppers Stop for its Rs 655-crore acquisition of Hypercity Retail in stock-and-cash deal.

Last week, Future Retail said it will fully acquire Travel News Services India (TNSI) in a Rs 100 crore deal, a move which would help the company to further consolidate its retail business.

Metta Capital Advisors acted as the financial advisor to Future Supply Chain for the transaction.

Future Supply Chain is present pan-India, with 44 warehouses, 14 logistics hubs, 106 branches, and over 4.2m square feet of warehousing space.

In July last year, Snapdeal had sold its payment wallet Freecharge to Axis Bank for Rs 385 crore, almost 90 per cent lower than what it had paid for the firm in 2015.

Vulcan provides end-to-end logistics services pan-India and services 2,000 pin codes in 100 cities.