

on Monday announced they have entered into a definitive agreement under which Microsoft will acquire LinkedIn for \$196 per share in an all-cash transaction valued at \$26.2 billion, inclusive of LinkedIn's net cash. LinkedIn will retain its distinct brand, culture and independence. Jeff Weiner will remain CEO of LinkedIn, reporting to Satya Nadella, CEO of Microsoft. Reid Hoffman, chairman of the board, co-founder and controlling shareholder of LinkedIn, and Weiner both fully support this transaction. The transaction is expected to close this calendar year.

LinkedIn is the world's largest and most valuable professional network and continues to build a strong and growing business. Over the past year, the company has launched a new version of its mobile app that has led to increased member engagement; enhanced the LinkedIn newsfeed to deliver better business insights; acquired a leading online learning platform called Lynda.com to enter a new market; and rolled out a new version of its Recruiter product to its enterprise customers. These innovations have resulted in increased membership, engagement and financial results, specifically:

- 19 percent growth year over year (YOY) to more than 433 million members worldwide
- 9 percent growth YOY to more than 105 million unique visiting members per month
- 49 percent growth YOY to 60 percent mobile usage
- 34 percent growth YOY to more than 45 billion quarterly member page views
- 101 percent growth YOY to more than 7 million active job listings

"The LinkedIn team has grown a fantastic business centered on connecting the world's professionals," Nadella said. "Together we can accelerate the growth of LinkedIn, as well as Microsoft Office 365 and Dynamics as we seek to empower every person and organization on the planet."

ECONOMY

Britain reacts to Brexit (source PTI news0 June,16)
As United Kingdom voted to leave the European Union in a historic referendum, scenes of celebration and gloom could be seen across the nation. While Leave campaigners celebrated the results, after securing 51.9 per cent of the total votes, Remain supporters wore a look of despair and glum. Concerns further mounted as commentators said Britain's exit, commonly referred to as Brexit, would mean that the EU could slip into recession while Indian companies would also need to rework their strategy to use UK as a gateway for their European operations. Besides, there are fears that the UK operations of several Indian companies might take a hit because of immigration and other restrictions that might come in

because of Brexit.

Seeking to allay concerns over Brexit impact on India, the government on Friday said the economy has enough "firepower" to deal with the situation, even as stocks and the rupee took a massive plunge. India is well prepared to deal with the outcome of Britain's referendum on leaving the European Union, Finance Minister Arun Jaitley said on Friday, highlighting his country's stable economy and strong reserves position. "We respect the referendum's verdict," Jaitley said in a statement. "At the same time we are also aware of its significance in the days ahead and also for the medium term."

Jaitley said that India was strongly committed to macro-economic stability, while its fundamentals were sound with "a very comfortable external position, a rock-solid commitment to fiscal discipline and declining inflation."

Further, he said that India's external firewalls were solid in the form of a healthy reserve position.

Stating that the government and the Reserve Bank of India (RBI) have been "working" on possible eventualities over the last several weeks, Economic Affairs Secretary Shaktikanta Das cited India's domestic fundamentals as the reason the country will not suffer from any long-term impact of Brexit. In a historic development, the UK has voted to leave the European Union after 43 years as the 'Brexit' camp took a seemingly unassailable lead over the 'Remain' camp in a down-to-wire referendum with far reaching implications for the world. Consequently, the benchmark BSE Sensex tanked by over 1,050 points while the valuation of all the listed companies lost almost Rs 4 lakh crore. The rupee also broke below the 68-level after plunging 96 paise against the US dollar. Finance Ministry and RBI "have been working on this and we have discussed all possible eventualities, outcomes of the Brexit over the last several weeks. We are prepared to deal with the situation that is emerging today," he said. With \$360 billion in foreign exchange reserve with RBI, India's position "is very sound and solid."



FINSCAPE

A MONTHLY NEWS BULLETIN

Volume: II
Issue : 07

for internal circulation only

July 2016

From Editorial Desk

Dear Readers,

Welcome to the JULY Edition of FINSCAPE. Brexit hogs the limelight in this edition.

The referendum on BREXIT was in positive causing widespread turmoil in global markets. Indian markets too reacted negatively. Brexit knocks off over Rs. 4 trillion from India's stock markets, in an immediate reaction, but recovered slowly since then. RBI governor kept the key rates unchanged in the monetary policy review reflecting on his growth oriented stance and continuing present liquidity position in the market.

RBI governor has decided not to opt for renewal of his term which expires in September this year.

Happy reading.

Regards,

Venugopal Rajamanuri
Co-ordinator- CFS

Prof. Srinivas R Gangidi
Director

Head lines:

BANKING & FINANCE

- RBI Governor keeps the key policy rates unchanged
- Cabinet Okays mergers of Associates with SBI.
- RBI governor to quit
- SKS Microfinance Renamed Bharat Financial Inclusion

INSURANCE

- Web aggregators get IRDA approval
- Lloyd's eyes 8-10% annual growth in India business
- Panel set up on risk-based capital norms in insurance
- Listing of PSU insurers to happen one-by-one

CAPITAL MARKETS

- MICROSOFT ACQUIRES LINKEDIN FOR \$26.2Billion.
- Share price fixed at \$196

ECONOMY

- BREXIT ...51.9% VOTE FOR EXIT FROM EU, Causing widespread turmoil in international markets

BANKING & FINANCE

RBI GOVERNOR KEEPS THE KEY POLICY RATES UNCHANGED

The Reserve Bank of India (RBI) kept its policy interest rate unchanged at a five-year low of 6.50 per cent on Tuesday, while signalling the prospect of another cut later this year if monsoon rains dampen upward pressure on food prices. Experts opined that current stance of monetary policy is already accommodative and the best thing they can do is to continue with improving liquidity which will allow banks to lend at lower rates.

Cabinet Okays merger of associates with SBI (Business line – 16th June)

The cabinet on 15th June has given its in principal approval for State Bank of India's proposal to bring its five associates and also Bharatiya Mahila Bank .into its fold. SBIs network and reach is expected to increase substantially. Rationalisation of branches pooling of resources and treasury operations is expected. With this merger the assets of SBI is expected to touch \$550 billion taking it to into top 50 banks of the world. Currently SBI ranks 58th in the world in terms of Asset size. Industrial and Commercial Bank of china with asset size of \$3452 billion is topping the list. The top3 banks of the world are Chinese banks. HSBC holdings is in the 4th position with \$2670 billion asset base.

RBI governor to quit.RBI Governor Raghuram Rajan Says Not Seeking Second Term (Source-Thomson Reuters | June 18, 2016)

Reserve Bank of India (RBI) Governor Raghuram Rajan said on 17th June, he will leave the central bank when his term ends on September 4 and plans to return to academia. Dr Rajan, a former chief economist at the International Monetary Fund (IMF), has been popular with foreign investors who cheered his efforts to lower Indian inflation and clean up Indian state-run banks' massive bad loans. "I am an academic and I have always made it clear that my ultimate home is in the realm of ideas," Dr Rajan said in a message to central bank staff, which the RBI posted on its website.

Dr Rajan, who is on leave from the University of Chicago, has also faced opposition from some politicians for not lowering interest rates enough, raising concerns about his future. "While all of what we laid out on that first day is done, two subsequent developments are yet to be completed," Dr Rajan, who took office in September

SKS Microfinance Renamed Bharat Financial Inclusion

Press Trust of India | Last Updated: June 13, 2016 23:21 (IST)

SKS Microfinance on Monday said the name of the company has been changed to Bharat Financial Inclusion Ltd.

"Pursuant to approval of Government, Ministry of

Corporate Affairs, Registrar of Companies, the name of the company has been changed from 'SKS Microfinance Limited' to 'Bharat Financial Inclusion Limited' with effect from today (June 13, 2016)," it said in a regulatory filing.

It is the only listed company in the microfinance space in the country.

Earlier in May, the company had said the decision to change the name was taken as its core had undergone a transformation, equipping it to play a major role in fulfilling the national priority of financial inclusion. The company is among the largest microfinance players in India. It has presence across 18 states covering 1,00,000 villages, catering to its 63.65 lakh women members.

INSURANCE

Web aggregators get IRDAI approval - Financial Chronicle – 8th June 2016

Insurance regulator IRDAI has recognised web aggregators as insurance intermediary, and amended the regulations overning them. Limit of premium per risk/ per life of products sold on the web aggregator has been revised from Rs 50,000 to Rs 1.5 lakh. Besides the price of the product, web aggregator is required to display its important features, terms and conditions, exclusions, benefits and a comparison of prices of different products. "IRDAI's new norms for web aggregators are progressive and aligned with prime minister Narendra Modi's vision for both digital India as well as promotion of life insurance, health cover, accidental cover and critical illness cover. It takes into account the high retention rates online and positive consumer feedback on the channel. Allowing web aggregators to sell insurance policies for cost up to Rs 1.5 lacs is a testimonial to the consumers' growing confidence in the do-it-yourself approach," said Yashish Dahiya, CEO & co-founder, Policybazaar.com. Web aggregator also has been allowed to charge a flat fee of Rs 50,000 per product. Further, Irdai has raised the paid-up capital requirements and net-worth from Rs 10 lakh to Rs 25 lakh. The foreign investment limit has been increased

from 26 per cent to 49 per cent. Manner of calculating the equity capital held by a foreign investor in the web aggregator has been defined on lines with insurance companies.

Lloyd's eyes 8-10% annual growth in India business - The Financial Express – 9th June 2016

UK-based reinsurer Lloyd's of London is looking at 8-10 per cent annual growth in its India business, a senior executive said today. At present, the Lloyd's annual premium income from within the country stands at USD 200 million (around Rs 1,334 crore). Lloyd's currently underwrites business in the country on an off-shore basis. It has applied for licence before the insurance regulator IRDAI and the company is likely to kick off its operations in the country by early next year. "We are looking at a growth in our business from India operations in future at 8-10 per cent which is slightly more than the country's GDP growth," Lloyd's of London chairman John Nelson told reporters here. In 2013, the non-life penetration rate in the country was 0.6 per cent, compared with an average of 1.4 per cent in Asia Pacific and a 6.1 per cent global average, he said.

Panel set up on risk-based capital norms in insurance - Business Standard – 14th June 2016

Norms on risk-based capital in insurance are expected to take more time to be implemented. The regulator has set up a committee on an approach to this and on and liability valuation. In 2013, the Insurance Regulatory and Development Authority of India (IRDAI) had proposed a lower solvency margin for insurers, at 145 per cent against 150 per cent currently, including a risk charge. Earlier, in a proposal on a risk-based solvency approach, the regulator had constituted a committee to suggest a roadmap to move to Solvency-II norms. Solvency-II is a European Union (EU) legislative programme, to be implemented in all 28 member-states. These are to insurers what Basel-III norms are to banks and introduces a harmonised and EU-wide insurance regulatory regime. The objective is uniform policyholder protection across countries. Insurance executives say India is not ready from an accounting perspective for these new norms. At present, India uses factor-based processes to arrive at the solvency marg

India: Regulator to study introduction of title insurance – Asia Insurance Review India's.

Listing of PSU insurers to happen one-by-one: DEA Secretary Shaktikanta Das - The Economic Times – 16th June 2016 The process of listing of four public sector general insurance companies will begin one by one and "lot of action" is expected on the front in next few months, a top official said today.

"In the last Budget, government has announced listing of various public sector insurance companies and that is work in progress. "We expect that the process of listing of the insurance companies will begin one-by-one. Modalities are being worked out and I think we should see lot of action on that front in the next few months," Economic Affairs Secretary Shaktikanta Das said at the Economic Times 'BFSI Best Brands' Summit. In his Budget speech, Finance Minister Arun Jaitley had proposed listing of four wholly-owned PSU general insurance companies. The four companies are New India Assurance Company, National Insurance Company, Oriental Insurance Company, United India Insurance Company.

Insurance sector regulator IRDAI yesterday released draft guidelines for Indian listed insurance companies. As of now, no insurer, either private or state-owned are listed. However, several of them shown intent to tap the IPO route and get listed.

CAPITAL MARKET NEWS

Brexit knocks off over Rs 4 trillion from India's stock markets

(SOURCE PTI NEWS): June 24, 2016

All the 30 Sensex stocks were trading in the red with some blue-chips like Tata Motors and Tata Steel plunging by over 10 per cent. Playing havoc, UK's vote to exit European Union knocked off nearly Rs 4 lakh crore (Rs 4 trillion) from the investors' wealth in Indian stock markets within minutes they opened for trading this morning.

The total investor wealth, measured in terms of cumulative value of all listed stocks, including that of promoters, fell below Rs 98 lakh crore (Rs 98 trillion) level early morning as reports from the UK showed Britain voting against remaining with the EU block.

This marked a plunge of nearly Rs 4 lakh crore (Rs 4 trillion) from Rs 101.4 lakh crore (Rs 101.4 trillion) at the end of yesterday's trade.

The benchmark Sensex could recoup only a small portion of its early morning loss of nearly 1,058 points despite the government seeking to allay concerns, RBI intervening in forex market with liquidity infusion and some buying by domestic institutions at lower levels.

MICROSOFT ACQUIRES LINKEDIN FOR \$26.2Billion.

Share price fixed at \$196:(Posted June 13, 2016 By Microsoft News Center)

REDMOND, Wash., and MOUNTAIN VIEW, Calif. — June 13, 2016 — Microsoft Corp. (Nasdaq: MSFT) and LinkedIn Corporation (NYSE: LNKD)