Four of 10 most valued cos lost Rs 21,319cr in mcap

NEW DELHI, DEC 31 /--/ Four of the 10 most valued companies together lost Rs 21,319.22 crore in market valuation last week, with Infosys and SBI emerging as the worst hit.

HDFC Bank and ITC also suffered losses in their market capitalisation (m-cap) for the week ended Friday. The gainers were RIL, TCS, HUL, Maruti Suzuki India, HDFC and ONGC. However, the cumulative gain of these companies (Rs 19,739.62 crore) was less than the total loss suffered by the four firms.Infosys'm-cap slumped Rs 11,541.88 crore to Rs 2,26,977.90 crore. The valuation of SBI tanked Rs 8,934.18 crore to Rs 2,67,162.06 crore and that of HDFC Bank declined Rs 597.61 crore to Rs 4,85,272.61 crore. ITC's m-cap slipped by Rs 245.55 crore to Rs 3,20,730.92 crore. On the other hand, the valuation of TCS soared by Rs 11,600.58 crore to Rs 5,16,934.22 crore. The m-cap of HUL surged Rs 3,560.56 crore to Rs 2,96,122.31 crore and that of RIL jumped Rs 1,615.04 crore to Rs 5,83,347.34 crore. ONGC's valuation rose by Rs 1,604.15 crore to Rs 2,49,798.92 crore and that of Maruti went up by Rs 939.47 crore to Rs 2,93,964.68 crore. The m-cap of HDFC advanced by Rs 419.82 crore to Rs 2,73,252.05 crore. In the ranking of top-10 firms, RIL stood at number one position followed by TCS, HDFC Bank, ITC, HUL, Maruti, HDFC, SBI, ONGC and Infosys. Over the last week the BSE Sensex rose by 116.53 points or 0.34 per cent to end at 34,056.83, its lifetime high. (PTI)

Union Minister for Agriculture and Farmers Welfare Radha Mohan Singh presenting the BCC award of Excellence to Wow Momo founder Sagar Daryani, at inaugural session of the 117th Annual General Meeting of Bharat Chamber of Commerce (BCC), in Kolkata---PIB

GST: E-way bill system to be implemented from Feb 1

NEW DELHI, DEC 31 /--/ The GST provision requiring transporters to carry an electronic way bill or e-way bill when moving goods between states will be implemented from February 1 to check rampant tax evasion and boost revenues by up to 20 per cent. After implementation of the Goods and Services Tax (GST) from July 1, the requirement of carrying e-way bill was postponed pending IT network readiness. This was done even in the 17 states which in the pre-GST era had a well established electronic challan or e-way bill system, a top government official said.

Earlier, tax evasion was rampant as some preferred not to pay tax by resorting to cash dealing. Once the e-way bill system is implemented, tax avoidance will become extremely difficult as the government will have details of all goods above the value of Rs 50,000 moved and can spot the mismatch if either the supplier or the purchaser does not file tax returns, he said. The all-powerful GST Council had on December 16 decided to implement the e-way bill mechanism throughout the country by June 1. The official said e-way bill for inter-state movements will be implemented from February 1 and for intra-state movement from June 1. The official said states have been given the option of choosing when they want to implement the intra-state e-way bill between February 1 and June 1. They have also been given the option to exempt movement of goods within 10-km radius, he said, adding all essential goods have been exempted from the requirement of carrying e-way bill. Besides plugging tax evasion, the e-way bill will boost revenues by 15-20 per cent, he said. "The experience of states which had e-way bill system in pre-GST era showed a 15-20 per cent rise in revenue," he said. The official said a pilot of e-way bill has been successfully run in Karnataka and the IT system is fully geared to meet any requirement. E-way bill is an electronic way bill for movement of goods which can be generated on the GSTN (common portal). Movement of goods of more than Rs 50,000 in value cannot be made by a registered person without an e-way bill. The e-way bill can also be generated or cancelled through SMS, he said. When an e-way bill is generated, a unique e-way bill number (EBN) is allocated and is available to the supplier, recipient, and the transporter, he added. Trade and transporters can start using this system on a voluntary basis from January 16. The rules for implementation of nationwide e-way bill system for inter-state movement of goods on a compulsory basis will be notified with effect from February 1, 2018. This will bring uniformity across the states for seamless inter-state movement of goods. (PTI)

Wipro, TechM among 15 cos shortlisted by Sebi for IT services

NEW DELHI, DEC 31 /--/ Markets regulator Sebi has shortlisted 15 entities, including Tata Communications, Wipro and Tech Mahindra for two separate services -- identify and classify security holes in IT infrastructure, as well as protect against security threats.

To provide these services, Sebi in September had issued separate notices, inviting expression of interest (EoI) from the interested parties. The service is related to identify and classify security holes in its entire information technology infrastructure and suggest measures to mitigate such risks. The second service pertains to set up a network and security operation centre, which will enable it to detect and protect against security threats, including from ransomware. Now, Sebi has shortlisted seven bidders -- Wipro, Ernst & Young LLP, Pricewaterhouse, Sumeru Software Solutions, Digital Age Strategies, AAA Technologies, Auditime Information Systems (India) Ltd -- to identify and classify

security holes in its entire information technology infrastructure and suggest measures to mitigate such risks. Besides, Tata Communications, Wipro, Tech Mahindra, IBM India, Sify Technologies, Pricewaterhouse, Dimension Data India Pvt Ltd and Netmagic Solutions are among the eight companies that have been shortlisted to set-up a network and security operation centre.

With regard to information technology infrastructure, Securities and Exchange Board of India (Sebi) said that selected bidder will be responsible for carrying out an assessment of threat and vulnerabilities and assess the risks in its IT infrastructure. This will include identifying existing threats and suggest remedial solutions and recommendations on the same to mitigate all identified risks and enhance the security of information systems. Information system infrastructure includes networking systems, security devices, servers and databases. Besides, the agency will be responsible for carrying out enterprise-wide system audit focused on configuration, security aspects, risk assessment, deployment, administration, access control, back up and business continuity.

The audit will also cover review of standard operating procedures, automation and monitoring of all IT assets. With respect to network and security operation centre, Sebi said that selected company will be responsible for all the activities related to information security, including anti-phishing, anti-malware, anti-trojan, anti-ransom and implementation of security solutions such as content filter and virtual browsing solutions at the regulator. (PTI)

DoT to issue notice to five telcos to recover Rs 2,578cr

NEW DELHI, DEC 31 /--/ The Department of Telecom (DoT) will issue notice to five telecom operators, including Tata Teleservices, Telenor and Reliance Jio, to recover Rs 2,578 crore, in the wake of the CAG red-flagging understatement of revenues by the firms.

"The DoT will raise demand of Rs 2,578 crore from the five telecom operators as was mentioned by the CAG in its report this month. The demand will be raised after reconciling the accounts," an official source told PTI. As per the report of the Comptroller and Auditor General of India (CAG) tabled in Parliament on December 19, Tata Teleservices, Telenor, Videocon Telecom, Qaudrant (a Videocon Group firm) and Reliance Jio have understated revenues by over Rs 14,800 crore, resulting in a shortfall of nearly Rs 2,578 crore to the exchequer. The CAG report said the government was paid Rs 1,015.17 crore less in licence fee, Rs 511.53 crore less in spectrum usage charge, and Rs 1,052.13 crore less as interest applicable on delay in payment. The government collection from Tata Teleservices is short by Rs 1,893.6 crore, Telenor - Rs 603.75 crore, Videocon - Rs 48.08 crore, Quadrant - Rs 26.62 crore and Jio - Rs 6.78 crore for licence fee, spectrum usage charge (SUC) and applicable interest charges. "The notices are expected to be sent to telecom operators in January," the source added. The CAG findings are based on the audit of Tata Teleservices and Tata Teleservices (Maharashtra) Ltd from 2010-11 to 2014-15; Quadrant Televentures (2006-07 to 2014- 15); Videocon Telecom (2009-10 to 2014-15); Telenor (2009-10 to 2014-15) and Reliance Jio Infocomm from 2012-13 to 2014-15. Videocon Telecom, Telenor (Telewings) and Tata Teleservices have sold their mobile businesses to Bharti Airtel, while Quadrant has shut down its mobile services. CAG observed that telecom operators deducted discounts offered to dealers and customers; free talktime; interest earned from investments and some asset sales from their gross revenue.

Macro data, auto sales numbers to guide mkts in first week of '18: Experts

NEW DELHI, DEC 31 /--/ The stock markets would be guided by macroeconomic data and auto sales numbers during the first week of the new year, say experts. Investors will also be tracking companies' third quarter results, they added.

"The underlying positive fundamentals in domestic market will continue to support the valuations while investors are also looking for the unveiling of Q3 results to see any upgradation in earnings growth. On the global front investors will look forward to the movement of oil price and Fed's forecast of three additional rate hikes in 2018. "Focus on upcoming union budget and government's reforms will direct investors to turn sector/ stock specific. Additionally, any pick up in capacity utilisation and recovery in capex cycle will add impetus to the market," said Vinod Nair, Head of Research, Geojit Financial Services. PMI data for the manufacturing and services sectors which are due this week would play a key role in setting the market trend. "Automobile sales data will be out and markets will be critically examining the same since it can further lead the momentum," said Mustafa Nadeem, CEO, Epic Research. For 2018, one of the most important aspects will be the quarterly results, Nadeem added. "Post state elections, all eyes are on Budget 2018. The next budget is expected to be focused on improving rural economy and would be an ideal opportunity for the government to set its roadmap for alleviating rural distress," said Arun Thukral, MD and CEO, Axis Securities.

The Sensex clocked its best performance in recent years in 2017, rising by 7,430.37 points, or 27.91 per cent. (PTI)

Corruption a pain point for foreign investors in India: Kroll

NEW DELHI, DEC 31 /--/ Foreign investors are still looking at corruption as a major challenge when it comes to making investment decision in India and also see 'evolving' corporate governance and risks to security of assets as other pain points, says US risk management firm Kroll.

After a stable government came to power in 2014, global investors were expecting significant changes in the way businesses used to happen in India but things have not turned out as expected, the New York-based risk consultancy noted. The factors that affected investment decisions of foreign investors include the likelihood of retrospective actions by the government -- especially related to tax, potential social unrest due to high unemployment and state-level politics and struggling and under-capitalised banking system. Asked whether there has been a decline in terms of risks associated with India after the Narendra Modi government took charge of office, Kroll managing director Tarun Bhatia answered in the affirmative but added a word of caution that more could have been done.

"As the current government got voted in and based on the promises made, global investors were expecting a material change in how business is done in India. Unfortunately that hasn't happened to the extent anticipated. Multiple reforms have been introduced which signal strong intent of the government.

However, they haven't been tested yet," Bhatia told PTI. According to a World Bank report on combating corruption, some of the country's largest social welfare programmes suffered because of "ineligible beneficiaries receiving payments and officials taking a cut of or delaying payments meant for the poor".

Bhatia further noted that the government seems very determined to address issues related to ease of doing business in India and steps like demonetisation, introduction of GST, etc are expected to influence the supply chain, push digitisation and make businesses easy to operate.

According to Kroll's global fraud report released earlier this year, almost 20 per cent of investors/companies were dissuaded from doing business in India due to corruption, 'evolving' corporate governance environment and risks to security of assets risks. According to a Transparency International survey released earlier this year, India had the the highest bribery rate in the Asia Pacific, as more than two-thirds of Indians had to pay 'tea money' or fork out other forms of bribe to get public services. The survey found 69 per cent in India as saying they had to pay a bribe, followed by 65 per cent in Vietnam. China was much lower at 26 per cent while the same for Pakistan was 40 per cent.

Meanwhile, India has jumped 30 places to rank 100th in the World Bank's 'ease of doing business' ranking and global credit rating company Moody's Investors Service also upgraded India's sovereign rating by a notch and changed the outlook from stable to positive. (PTI)

Small stocks give big returns, rise up to 60% in 2017

NEW DELHI, DEC 31 /--/ Small has turned out to be big with minnows ruling the stock markets in 2017, giving handsome returns of up to 60 per cent for investors and outpacing their bigger peers. While the BSE smallcap index gained 7,184.59 points or 59.64 per cent this year, the midcap index zoomed 5,791.06 points or 48.13 per cent, an analysis of their performance showed. On the other hand, the 30-share bluechip Sensex surged 7,430.37 points, or 27.91 per cent, in 2017.

"The smallcap and midcap indices have done exceptionally well as compared to the Sensex, mainly led by domestic inflows into mutual funds," said Rusmik Oza, Head-midcaps, Kotak Securities. The midcap index hit its lifetime peak of 17,851.03 on December 29, while smallcap index scaled its record high of 19,262.44 on the same day -- also the last trading day of the year. The 30-shares benchmark index touched its all-time high of 34,137.97 on December 27 this year. "In the 5 years preceding 2013, the global economy was fighting recession, with midcap index losing 6 per cent in 2013. During this period, the companies of scale and proven record of management held nerves, which is why benchmark indices like Nifty outperformed the smaller companies," said Anand James, Chief Market Strategist, Geojit Financial Services. "From 2014 onwards, with a stable government in the centre, business optimism improved drastically. The boost to infrastructural projects and allied reforms, loosened several debt burdened areas. This has had a multiplier effect on the economy, which meant that not only did, realty, infrastructure housing, construction ancillaries went up, it also shored up overall expectation of better days.

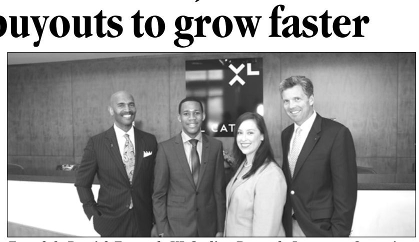
"So, naturally, the stocks in these sectors, especially the smaller and medium ones, which were hitherto underowned, because of lack of visibility of future prospects, found lot of buyers," James added. Market players say smaller stocks are generally bought by local investors, while overseas investors focus on blue-chips. "The global equity market is going through a bull run and we also did well despite some bottlenecks on domestic front where domestic liquidity is a key driver of Indian equity market bull run especially the midcap and smallcap space which witnessed eye-popping returns to investors," said Santosh Meena, Sr Research Analyst, Swastika Investmart Ltd. The midcap index tracks companies with a market value that is on an average one-fifth of blue-chips or large firms. Smallcap firms are almost a tenth of that.

"The clear outperformance that has been persistent for the last three years is a reflection of optimism that the structural bottlenecks are on the mend. It also depicts a matured risk appetite towards discovering quality companies at relatively cheaper prices," James added. "Undoubtedly, the year belonged to mighty bulls as we saw massive wealth creation right from the word go. There were couple of hiccups during the year, but they eventually turned out to be whipsaws as the index kept on enjoying its bull run to eventually conclude the year at record highs," said Sameet Chavan, Chief Analyst-Technical and Derivatives, Angel Broking. On the strong show of the stock market Oza said, "Domestic flows have been the primary reason for the strong performance of markets this year. Stronger rupee has also helped FIIs report better returns in dollar terms.

Global reinsurance major XL Catlin keen on buyouts to grow faster

MUMBAI, DEC 31 /--/ To ramp up its one-year-old India operations, the Bermuda-based American reinsurer XL Catlin, which is amongst the top ten globally, is open to tap the inorganic route, says its global chief executive. Describing themselves as a slow and steady player with long-term plans, Charles Cooper, chief executive at XL Catlin's global reinsurance business group, said this means that they will not grow for the sake of having a bloated balance-sheet but will be focusing only on sustainable and profitable growth. The company formally began its operations early last year by opening a Mumbai office which now offers reinsurance solutions, along treaty and facultative reinsurance.

"We want to be part of and support the growth of Indian market. We are a long-term player and so we recognise the part we need to play in making sure the market is sustainable by making sure that we get a fair price for the risks we take onto our balance sheet," Cooper told PTI in a recent interaction without offering a timeline or the quantum of money they will be pumping in here, citing confidentiality clauses. In fact, XL Catlin was operating in the country since 2004 through its shared services unit, which employs around 1,800, while the typical reinsurance business was being handled from its Singapore office. Its shared services teams deliver a range of critical business support services on a global scale in areas such as underwriting, actuarial, claims, finance and marketing. XL Catlin began its servicing operations here way back in 2004, when it opened



From left: Patrick Tannock, XL Catlin _ Bermuda Insurance Operations Leader and President of the XL Foundation Board of Directors, 2015 XL Catlin Scholar Shamar Morris, Vanessa Robinson, XL Catlin Scholarship Committee Chairperson and Charles Cooper, XL Catlin _ Bermuda Reinsurance Operations Leader---File Pix

its first offices in Gurgaon, and later in Bangalore. On the India operations, Cooper said, "thanks to the few hundred million dollars of the Singapore book they had a head-start in the country", but refused to share any specific numbers citing confidentiality clauses. However, he sounded very bullish about cashing in on this advantage. On his expectations from here, he said, "We are committed to growing our participation in this market. A fast growing economy means companies will have increased need for risk transfers and local insurers need more reinsurance support". XL Catlin India writes property, various types of other liability, and aviation and marine segment, he added.

"There is an insurance gap globally and we are focusing on closing the gap, especially in areas prone to natural catastrophes (like earthquakes, flooding, cyclones, tsunamis)," he said. According to the Insurance Development Forum, about 70 per cent of economic losses from natural disasters are uninsured globally while in the mid and low income countries the uninsured proportion of economic losses often exceeds 90 per cent.

Noting that low insurance penetration, which is tad above one per cent in the country today, is the biggest challenge, Cooper expressed hope that if the economy maintains its present growth rate, a decade down the line, this should treble and reach the global average. Following the December 2016 Irdai (Insurance Regulatory and Development Authority) approval to global reinsurers, over a dozen global players applied for licences.