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Re-CAP

A weekly mailer encapsulating capital market news

(Jan 26th-31st Jan, 2015)

BSE Amongst BSE's Top Five Performers in Merchant Bankers 2013-14

PANTOMATH SMEX-30

Amongst 25 Most Promising FINANCIAL CONSULTANTS - Consultants review

FROM THE MANAGING DIRECTOR'S DESK

Dear Readers,

In the midst of political heat at the national Capital, the week ended 31st January has witnessed several positive developments. This could perhaps be the best prelude to the upcoming Union Budget.

Financial services industry experienced revived hopes with Edelweiss stealing the show on the street.

Improved FII inflow, emerging countries equity valuation heating the roof and highest-ever angel inflow in India are some of the heartening developments. SENSEX hitting all-time high appears icing on cake.

Our heartiest complements to the Pantomath Research Team for putting together very useful developments together.

Trust you find this a useful read. Please do share your feedback at mahavir.lunawat@pantomathgroup.com

Cordially,
MahavirLunawat
Pantomath Advisory Services Group

RALLY TO CONTINUE AMID VOLATILITY

Improving macro, higher FII flows and more reforms to provide support, but currency movements the biggest risk

Indian markets have been one of the best performers globally, with its benchmark indices - the BSE Sensex and the National Stock Exchange's Nifty - rallying around 30 per cent this financial year, on expectations the new central government will boost the economy through proactive policy-making. Some global events like a 50 per cent decline in crude oil prices over the past few months, to a six-year low, and liquidity injection by major central banks like the Bank of Japan (BoJ) and European Central Bank (ECB), have helped. Similarly, the policy action by the US Federal Reserve (US Fed), and the Reserve Bank of India's move to lower the interest rate and manage the rupee, have aided sentiment. While the Sensex on Thursday topped the 29,000 mark, for the first time, the Nifty recently breached the 8,850 level. With these indices at record highs, is there room for more upside over the next six to 12 months? If so, which are the sectors likely to lead the next leg of rally

BRIGHT OUTLOOK

Performance of benchmark and sectoral indices in 2014-15 so far

Index	Jan 23,2015	% chg*	% chg**
Nifty	8,836	31.8	22.7
Sensex	29,279	30.8	21.4
BSE Smallcap	11,366	60.7	44.1
BSE Midcap	10,696	51.0	37.7
BSE Bankex	22,984	57.7	35.2
BSE Consumer Durables	10,270	57.4	37.3
BSE Healthcare	15,507	53.8	50.2
BSE Auto	20,107	51.4	41.3
BSE Cap Goods	17,016	41.7	26.2
BSE PSU	8,355	31.5	10.2
BSE IT	11,228	27.7	29.9
BSE Power	2,188	26.9	12.2
BSE FMCG	8,119	16.5	16.6
BSE Realty	1,673	13.9	4.2
BSE Metals	10,510	4.5	-5.2
BSE Oil & Gas	9,901	4.4	-10.0

*Over March 31, **Over May 16, 2014 (the day clarity emerged about the change of guard likely at the Centre)
Source: Exchanges; Compiled by BS Research Bureau

The Road Ahead

Experts believe the Indian markets will continue their upward march but the rally will be marked with volatility. They base their bullish stance on the premise that the improvement in India's macro environment over the past year is durable and will improve further. Besides the global landscape, market participants will also keep an eye out for the progress made by the government on reforms and policy framework Foreign flows into India are likely to remain strong, too, especially after the ECB announced a programme to keep purchasing bonds worth Euro 60 billion ($69 billion) a month, until after September 2016.

The ECB stimulus, a report from Bank of America-Merrill Lynch says, should support portfolio equity inflows to Indian markets, offsetting to some extent the monetary tighetning by the US Federal Reserve. Jyotivardhan Jaipuria, managing director & head of research at this foreign research firm, expects the BSE Sensex to touch 33,000 by December this year and pencil in $25 billion of portfolio inflows in 2015-16. In the near term, however, the Federal Open Market Committee (FOMC) meeting towards the end of this month, and India's Union Budget in February (for the government's blueprint for reforms and plans of maintaining fiscal prudence), will also be keenly watched.

"Expectations of normalisation by the US Fed and a subdued commodity pricing environment will continue to drive multi-asset differentiation within emerging markets (EMs). India's embrace of long-pending supply-side reforms, together with an investment-driven macroeconomic stabilisation, will allow the country to deepen its relative attractiveness in 2015," Abhay Laijawala, managing director & head of research at Deutsche Equities India, points out in a recent report. "We assign a high likelihood of a sovereign ratings upgrade for India, as most macro indicators have exhibited an improvement in the past two years. We are setting a December 2015 Sensex target at 33,000 (imputed Nifty target of 9,936). Our key overweights are financials, industrials, and materials, while our key underweights are consumer staples, information technology services and telecom," he adds. A rating upgrade is likely to result in higher foreign institutional investor (FII) allocations for the country, say experts. Recently, the International Monetary Fund also pegged India's gross domestic product growth at 6.3 per cent (marginally down from 6.4 per cent projected in October) in 2015-16, and 6.5

per cent in 2016-17. The World Bank, too, projected India to edge past China in 2017, clocking a seven per cent growth rate, against China's 6.9 per cent. Recently, the International Monetary Fund also pegged India's gross domestic product growth at 6.3 per cent (marginally down from 6.4 per cent projected in October) in 2015-16, and 6.5 per cent in 2016-17. The World Bank, too, projected India to edge past China in 2017, clocking a seven per cent growth rate, against China's 6.9 per cent. Prabhat Awasthi, managing director & head of equity research, Nomura Financial Advisory, who expects the BSE Sensex to scale up to the 33,500 level by the end of December, remains overweight on financials, automobiles, industrials and technology. His key under weights are consumer staples, pharmaceuticals, metals and telecom.

Corporate Earnings

Though the Street remains optimistic over the next 12 months, corporate earnings, experts say, will have to remain equally supportive.

"Markets will make steady progress from here on. We have been arguing that if earnings growth picks up to double digits, say between 15 per cent and 20 per cent, markets can see a corresponding rise of about 20 per cent. The Sensex could scale up to 33,000 within the next 12 months," says Taher Badshah, senior vice-president & fund manager, Motilal Oswal Asset Management Company.

"In case of the earnings sustain another year of around 20 per cent growth, the Sensex can even move up to the 35,000 level. In case the government can resolve the issues related to coal mining, companies in this space could see a leg up in earnings," he adds.

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Risks

But there are potential risks as well. Currency movement, analysts say, is one. If countries start looking inwards to protect their respective currencies, the volatility on the forex market can spill over to equities. Any major upset in Chinese economic growth can also impact sentiment.

"We have already seen this in the case of Russia, on the back of a sharp decline in oil prices. While this can create volatility and bring about some correction, it will not puncture the rally. Continuing quantitative easing programme of the past five years, coming out of the US and followed by Japan and the euro zone, can be a medium-term risk, where it can lead to some excesses. But we clearly are not in a bubble zone yet," Badshah says. **Source: Business Standard (Jan 27th , 2015))**

INDIA SCORES HIGH IN ANGEL PARTICIPATION

The year 2014 saw the highest-ever inflow of angel and seed funds in India, after a dip in value terms in 2013

With India's entrepreneurial ecosystem growing steadily, angel investors and investments are increasing rapidly, giving the country the second highest percentage of angel and incubator participation in the world.

According to a report by the professional services firm EY - earlier known as Ernst & Young - the percentage of angel and incubator participation in India rose to 17 per cent in 2013, from three per cent in 2011. This has been bettered in just one other country - Canada, with 20 per cent in 2013 .Data from VCCEdge - a website that provides information on private equity, venture capital, mergers and acquisitions and other aspects of the Indian deal landscape - shows that in 2014, some $115 million was raised by entrepreneurs from angels (wealthy individual investors) and seed funds across 285 deals, compared to $69 million in 2013 across 262 deals.The year 2014 saw the highest-ever inflow of angel and seed funds

in India, after a dip in value terms in 2013. Industry experts said that since later-stage funding is dominated by venture capitalists (VCs), angel and incubators are filling gaps in early-stage funding for entrepreneurs whose traditional source of seed funding has been family and friends. Over 250 angel networks have registered in the country, with top corporate leaders playing the role of angels. Notable among them are Indian Angel Network, Mumbai Angels, Chennai Angels, Harvard Angels and Hyderabad Angels. An angel investor is a wealthy individual who invests his or her personal capital in a company in exchange for equity. Corporate leaders who successfully built large companies and have now turned into angel investors include Ratan Tata, N R Narayana Murthy, Kris Gopalakrishnan, Azim Premji, T V Mohandas Pai, Lakshmi Narayanan, R Ramaraj and Gopal Srinivasan. States such as Kerala, Karnataka, Tamil Nadu and Assam have either launched angel funds or are considering doing so.Most of these investors not only pump in money, but also hand-hold start-ups, helping them to reach out to potential markets and customers.Product development and revenue generation are the only two development stages that are attracting significant interest from angel investors and incubators. Mobile applications, software products, clean technology, hospitality, education, retail, food processing and internet plays have emerged as popular with angels

.Meanwhile, the Centre has recognised angel funding as key to the growth of India's SME sector. The Centre is reported to be working towards a solution to ring-fence angel investments that are currently taxable under the Income Tax Act. The Association of Indian Angel Groups is reported to have held discussions with the Union finance ministry on amending the rule that seeks to exempt investments not exceeding Rs 10 crore from Section 56 (2) of the Income Tax Act, provided that such investments are made through registered angel groups. Currently, according to a rule introduced in the Finance Act 2012, capital raised by an unlisted company from any individual against an issue of shares in excess of the fair market value would be taxable as 'income from other sources' under Sec 56 (2) of the I-T Act. Kayar Raghavan, a member of The Chennai Angels, says that ensuring a successful exit is a constant struggle for angels, with exits on average taking over seven years."A way out of this is for later stage funds to provide for secondary exit, even if only partially, for angel investors. This would enable angel investors to recycle their funds across more early stage firms, de-risk more start-ups and help the entire system sustain itself better," he wrote in a recent column on yourstory.com, a website that promotes India's entrepreneurial ecosystem.-**Source: Business Standard ,(Jan 26th, 2015)**

INVESTORS PLACE 'BUY' CALL ON FINANCIAL SERVICES COS. AFTER EDELWEISS' TOP SHOW

Edelweiss, IIFL & Motilal Oswal stocks surge as investors expect a strong revival in businesses related to capital markets

Shares of financial services firms such as Edelweiss, IIFL and Motilal Oswal surged on Tuesday after Edelweiss' strong performance in the December quarter raised hopes that businesses related to capital markets are reviving. Brokers said buying by some affluent investors in Edelweiss has also sparked interest in these stocks.
Edelweiss shares rose 10.2% to close at . 76.30 on Tuesday after rising as much ` . 82.50. IIFL as 19% to its yearly high of ` . 182.25 and Holding rose 8.4% to close at ` Motilal Oswal gained 4% to ` . 314.65. Geojit BNP Paribas Financial soared 13% . 43.10.to end at ` "With India entering a bull phase, all financial broking and related businesses will do well," said Ramesh Damani. "There is a lot of scope for growth in the financial services sector," he said.

For the quarter ended December 2014, Edelweiss Financial posted a 49.55% growth in net sales at `. 959.18 crore from . 641.38 crore in the corresponding period a year ago. Net profit jumped to 82.86 crore against `. 57.80crore in the corresponding quarter of previous year, an increase of 43.36%. IIFL and Motilal Oswal Financial are due to announce their results soon.

On Tuesday, Fidelity Investment Trust bought 1.3 crore shares in Edelweiss, representing 2% of the company's equity. Foreign Institutional Investors (FIIs) increased their stake from 22.61% in September 2014 to 23.34 in December 2014. Promoter Rashesh Shah recently increased his stake in the company by buying stake from GIC. Investor Rakesh Jhunjhunwala bought close to 1.3% stake in the company last June from GPC Mauritius.

Investors are hoping that the revival in sentiment in equities would result in a jump in volumes and boost revenues. In the last three months, Motilal Oswal shares have risen 48%, while Edelweiss and JM Financials have gained 39% and 19%, respectively.

"Because of diversification and improvement in overall business in the capital market and its related segments in the last few months due to increased participation, deals and rising confidence, the sector will do well in the coming quarters," said Dipen Shah, head of research, Kotak Securities.-**Source: The Economic Times (Jan28th, 2015)**

DELISTING BUZZ IS BACK AFTER SEBI RELAXES RULE

Investors looking to play this theme should be cautious: Analysts Market regulator Sebi's recent step to ease delisting norms has rekindled an investment theme that was in vogue in 2012-13. A buzz that listed subsidiaries of multinational companies could consider going private may have driven valuations of several such companies to astronomical levels, but experts reckon that chasing this investment theme in current conditions is fraught with risk. Last week, Sebi said companies will be exempt from earlier requirement of minimum 25% public participation for a successful delisting if they can show all shareholders had been contacted. The news sent shares of MNCs, such as GSK Pharma, AstraZeneca Pharma, P&G, Gillette India, soaring up to 9%, while also increasing traded volumes. This has also taken their valuations to astronomical levels, anywhere between 60 and 200 times earnings. “The valuations of a lot of companies have gone up sharply, reflecting a de-listing possibility. This is also due to the stake hikes done by some MNCs in the past at significant premium to market prices,” said Kunj Bansal, ED and chief investment officer with Centrum Capital.

The mandatory open offer following the change in promoter group was partly responsible for the recent run-up in Hitachi Home & Life Solutions. However, investor interest didn't wane when the open offer price at ` . 821.38 turned out to be substantially lower than its current market price of ` . 1,145.The scrip ended with modest 0.75% gains even as its price-to earnings valuation sustains “Some companies that had put delisting on hold because of the 25% public participation requirement would now be encouraged to go ahead with the process. Sebi's move will improve the success of the reverse-book building process and, hence, enhance the chances of successful delisting,“ said N Arunagiri, MD & CEO of Chennai-based portfolio management firm TrustLine Holdings. But, investors willing to buy into this investment theme should be careful. “Delisting is typically a bear market story . As valuations go up in a bull market, it gets more and more difficult to delist because of heightened exit price expectations,“ said Gautam Gupte, director, Ambit Corporate Finance.

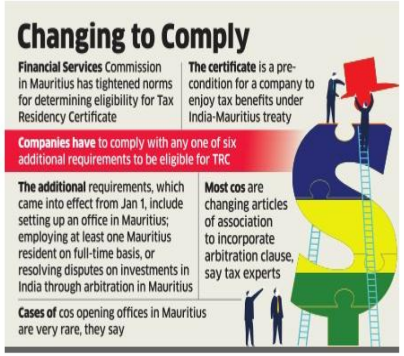
Investing based on fundamentals is the only safe strategy, said Centrum's Bansal. “Delistingbased investments are trigger investments, which at times, might give very good returns, but it could involve a painfully long holding period,“ he said. -**Source: The Economic Times (Jan28th, 2015)**

ISLAND NATION STIPULATES ADDITIONAL REQUIREMENTS FOR COS. TO BENEFIT FROM TAX TREATY

Island country to satisfy the “substance requirement. The Financial Services Commission in Mauritius recently tightened the criteria for determining whether an entity is properly managed and controlled in the island country to receive a Tax Residency Certificate (TRC). The certificate is an important legal pre-condition for a company to enjoy tax benefits under the India-Mauritius treaty. The government has asked companies registered in Mauritius to comply with the additional requirements if they want to avail of the tax treaty benefits. Companies have the option of following any of the six rules, such as setting up an office, or employing at least one person who is a resident of Mauritius on a fulltime basis, or resolving disputes arising out of investments in India through arbitration in Mauritius, among other things. These additional requirements have come into effect from January 1, and companies seeking renewal of TRC would have to satisfy them. According to tax experts, most companies are changing their articles of association to incorporate the arbitration clause. “We have seen that most of the foreign investors coming through the Mauritius route are amending the articles of association and including the clause relating to arbitration in Mauritius if they are not fulfilling any of the other tests. New constitutions are drawn up by the investors to satisfy the test, which appear to be undertaken in majority of the cases,“ said Pranay Bhatia, partner, direct tax and business advisory at BDO India. “In some cases, we have seen some companies are opening offices in Mauritius, but that's very rare.“Mauritius-based entities involved in investment activities generally prefer Category 1 Global Business Companies (GBC1) that are entitled to treaty benefits. Industry trackers say most GBC1 companies have preferred inserting an arbitration clause in their constitution documents. Few companies already have an office in Mauritius and some have decided to include one full-time employee. There have been questions on whether the arbitration clause would cover commercial disputes as well, but the better view is that the arbitration clause would only need to cover shareholder disputes.

“Many Mauritius companies are opting for arbitration in Mauritius as it is easy to implement an order to satisfy the substance requirement, especially in case of strategic investments or master-feeder structures where they do not need the approval of their investors. Also, it does not entail any additional investment or expenditure in Mauritius for the time being,“ Shefali Goradia, partner, BMR Advisors, said. Besides, if a group has more than one entity registered as GBC 1 company in Mauritius, then if one company satisfies any such condition all the companies would be deemed to have satisfied it. However, this is not as simple as it looks due to difficulties faced by private equity funds and foreign institutional investors. “The problem is private equity funds prefer to resolve arbitration in their home country, like London, or in a market like Singapore. While many players have added the arbitration clause for future disputes, there is a worry that this could land them in trouble as the framework of arbitration in Mauritius is still not tested like in Singapore or other developed markets, though Mauritius seems to have a good arbitration system which is based on the Supreme Court,“ said Rajesh H Gandhi, partner, tax, Deloitte Haskins & Sells.Foreign portfolio investors and private equity funds have approached tax consultants to advise them on one of the requirements, which says the entity “has, or is expected to have, a yearly expenditure in Mauritius that can be reasonably expected from any similar company controlled and managed from Mauritius“.

“The definition of `reasonable yearly expenditure' is ambiguous. Hence, most GBC1 companies have not used this option,“ Gandhi said. Also, for bigger players holding assets worth $1,00,000, that may not be a problem and they are contemplating that, but this is a concern for many smaller investors.“The challenge from the Indian perspective is that once GAAR (General Anti-Avoidance Rule) is implemented in India, merely having an arbitration clause in the constitution documents might not protect these GBC1



companies. However, having a full-time employee or an office in Mauritius, or incurring expenditure within Mauritius might provide them better protection against GAAR. Foreign investors route their investments to India through Mauritius to avail of tax benefits or exit under the treaty between the two countries. According to the treaty, capital gains of a resident of Mauritius are not taxed in India and exempt from tax in Mauritius as well. - **Source: The Economic Times (Jan 26th , 2015)**

GOVT PLANS FINANCIAL CENTRES WITHIN SEZS

WORK IN PROGRESS Centres will offer services such as offshore banking, derivatives, currency trading as well as insurance and reinsurance

The government will soon put in place a framework for setting up of international financial centres (IFC) in the country, in an effort to capture some of the market for high-end financial services to Indian companies, an area in which the likes Singapore and Dubai tends to dominate.These centres would be set up within special economic zones (SEZ). "We are working on the framework. Rules and regulations are in the works. An announcement is expected shortly," said a senior government official. Essentially, international financial centres will offer services such as offshore banking, derivatives, currency trading as well as insurance and reinsurance. "The RBI, Sebi and IRDA are working on rules required for international finance centres. These rules should be issued in a couple of months," said Ramakant Jha, managing director and group CEO, Gujarat International finance TecCity (GIFT), an upcoming finance hub. The commerce department and the finance ministry are also working on the framework that could be unveiled soon.

"We have proposed the RBI to change some guidelines around allowing offshore banking and currency convertibility at the GIFT city. This would require separate regulations as well as exemptions from the regulator inside GIFT ," said Jha.
"We hope a new set of guidelines by April 1 this year from the RBI as well as SEBI, If this happens we will see international exchange being operated from GIFT as well," he added. The government is also looking at changes to the taxation structure to facilitate creation of such centres that would provide listing platforms, banking and other financial services. These centres are expected to bring down cost of services on the back of tax benefits available to zones.The government is keen to attract foreign investment back into the country and also prevent export of Indian securities market by changing rules and regulations. Nifty futures, for instance, are traded largely in Singapore.

In his first budget, finance minister Arun Jaitley had raised concerns over fund managers shifting base to other countries and made changes in the tax regime to encourage them to shift base to India.Bombay Stock Exchange (BSE) has already signed an agreement with GIFT to set up shop there. In 2007 a report by Percy Mistry, had recommended far reaching changes in India's legal and regulatory architecture to make Mumbai an international financial centre.

The report called for India to capture a chuck of the market for highend financial services. In the first stage, as per the report, Mumbai could connect India to global IFCs.Later it could even aspire to compete with the likes of London by attempting to capture financial services beyond those required by Indian companies.

The government feels locating these financial hubs within SEZs will also give a leg up to these enclaves that were envisaged as zones akin to China's famous special economic zones such as Shenzen, which are central to that country's export boom.- **Source: The Economic Times (Jan 26th, 2015)**

SENSEX HITS NEW PEAK, 429 PTS AWAY FROM 30K

Extending their winning run to the eighth straight session, the benchmark sensex on Tuesday jumped 292 points to end at a new closing high of 29,571, while the nifty surpassed the 8,900-mark for the first time on optimism over Indo-US nuclear deal amid sustained foreign fund inflows.

The BSE sensex resumed higher at 29,452 and then touched an all-time high of 29,619, before settling at fresh closing peak of 29,571 -gain of 292 points.In eight successive sessions, the sensex has zoomed by 2,224 points, or 8%. In five of those days, it has hit new highs. Sentiments remained buoyant as foreign flows continued into domestic equities. On Friday , foreign investors bought shares worth Rs 2,020 crore in the cash market. In the past one week, foreign investors have pumped in almost Rs 6,550 crore.The NSE nifty on Tuesday opened at 8,871 and breached the 8,900-mark for the first time as it touched an all-time high of 8,925. It ended with a gain of 75 points at a new closing peak of 8,911.Capital goods sector stocks hogged the limelight after US President Barack Obama and Prime Minister Narendra Modi unveiled a deal aimed at unlocking billions of dollars in nuclear trade and deepening defence ties. In key earnings, stocks of Maruti

Suzuki India rose by 2.1% after the country's largest carmaker reported 18% growth in net profits for the third quarter.A mixed trend in global markets amid optimism that the actions of Greece's new government would not force the nation to leave the euro currency bloc, also influenced sentiment **Source: The Times of India,(Jan28th, 2015)**

EMERGING MARKETS STOCK VALUATIONS JUMP TO HIGHEST LEVEL IN 4 YEARS

The rouble strengthened and Russian shares pared losses

Equity valuations in emerging markets rose to a four-year high as optimism that the US will step up investments in India boosted Mumbai-listed shares to a record. The rouble strengthened and Russian shares pared losses.

A gauge of developing-nation stocks traded at 11.6 times the projected earnings of its members, still almost a fourth cheaper than developed markets. ICICI Bank Ltd climbed to an all-time high, helping the S&P BSE Sensex rise for an eighth day. The rouble gained 1.7 per cent and the dollar-denominated RTS Index pared a loss of as much as 4.9 per cent as investors bet that the Standard & Poor's downgrade of Russia to junk is already reflected in the prices.

"Emerging-market valuation is not an issue as long as we see some improvement in profitability," Martial Godet, the head of emerging-market equity and derivatives strategy at BNP Paribas SA in Paris, wrote in an e-mail. "The decline in oil prices and EM currencies is a game changer and can trigger a turnaround in profitability." The MSCI Emerging Markets Index added less than 0.1 per cent to 988.95 at 12:03 pm in London. The measure is heading for the best start to a year since 2012 as central banks in India to Turkey cut interest rates and the European Central Bank unveiled a ^1.1 trillion ($1.25 billion) plan to support economic recovery in the euro area

Gandhi said. Also, for bigger players holding assets worth $1,00,000, that may not be a problem and they are contemplating that, but this is a concern for many smaller investors."The challenge from the Indian perspective is that once GAAR (General Anti-Avoidance Rule) is implemented in India, merely having an arbitration clause in the constitution documents might not protect these GBC1 companies. However, having a full-time employee or an office in Mauritius, or incurring expenditure within Mauritius might provide them better protection against GAAR.Foreign investors route their investments to India through Mauritius to avail of tax benefits or exit under the treaty between the two countries. According to the treaty, capital gains of a resident of Mauritius are not taxed in India and exempt from tax in Mauritius as well.**-Source: Bloomberg London (Jan28th, 2015)**

ADANIS TO DEMERGE PORT, POWER BUSINESS

In an attempt to simplify its corporate structure, Adani Enterprises (AEL), the flagship company of diversified business conglomerate Adani Group, on Friday announced the transfer of its entire port business to Adani Port and SEZ (APSEZ) and power business to Adani Power (APL).APSEZ will issue 14,123 equity shares for every 10,000 equity shares held in AEL, while APL will issue 18,596 new equity shares for every 10,000 equity shares in AEL. In the case of Adani Transmission (ATL), the company will allot one new equity share in ATL for every equity share held by the shareholder in AEL.

Adani Mining (AMPL), a wholly-owned subsidiary of AEL, will merge into AEL. The company has further approved the demerger of its transmission company into ATL, which will subsequently be listed on the stock exchanges.The scheme is subject to the approval of stock exchanges, public shareholders, Sebi and Gujarat high court as well as other regulatory and statutory entities. "The scheme of arrangement will simplify the corporate struc ture and is a decisive step towards unlocking the potential value of Adani Group companies," said Gautam Adani, , chairman, Adani Group. No equity shares are proposed to be issued pursuant to the merger of AMPL with AEL as the former is a wholly-owned subsidiary of AEL.

"The shareholders will get shares in one of the largest private sector transmission companies with over 5,000 circuit km of transmission lines across western, northern and central regions of India," added Ameet Desai, CFO, Adani Group, and executive director, Adani Enterprises.

On the news of corporate restructuring, the share price of AEL on BSE surged 7.8% to close at Rs 630. The share of the company hit a 52-week high of Rs 646 in intraday trading. Adani Ent net up six-fold at Rs 444cr

Adani Enterprises , has reported an over six-fold increase in its consolidated net profit at Rs 444 crore for the quarter ended December 31, 2014. AGENCIES Sebi and Gujarat high court as Jan 31 2015.-**Source : The Times of India, Mumbai, (Jan 31st, 2015)**

TOP 10 CONGLOMORATES BY MARKET CAPITALIZATION

In absolute terms, Tata Group with 28 listed entities has gained the most and accounts for 1.22 trillion of this market cap increase.

The top 10 Indian conglomerates (by revenue) have gained nearly Rs3 trillion in market capitalization since 16 May 2014, when the results of the general elections came out. Photo: The top 10 Indian conglomerates (by revenue) have gained nearly Rs.3 trillion in market capitalization since 16 May 2014—when the results of the general elections came out—as the market rally has pushed up share prices of most group companies. In absolute terms, the Tata group with 28 listed entities has gained the most and accounts for Rs.1.22 trillion of this market cap increase.

The Hinduja group, with four listed companies, has seen the highest jump in market cap since May, an increase of almost 73%. The only exception is Mukesh Ambani-owned Reliance group, which has not benefited from the rally. The group lost Rs.52,538 crore in market value, primarily because of the underperformance of Reliance Industries Ltd. **Source: MINT, (Jan29th, 2015**

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