An Initiative by

PANTOMATH Capital Advisors (P) Ltd

Re-CAP

A weekly mailer encapsulating capital market news

October 23 - October 28, 2015

SKOCH BSE AWARD FOR ASPIRING INDIA ORDER OF MERIT

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

PANTOMATH SMEX-30

25 Most Promising Financial Consultants

VENDORS HIGHLIGHT CHINKS IN SEBI'S SURVEILLANCE SYSTEM

Technology vendors met with market regulator Securities and Exchange Board of India (Sebi) recently to highlight the chinks in the regulator's surveillance system.

"Vendors have suggested that surveillance at Sebi be made more real time instead of the T+1 mechanism that exists today. At present, the regulator checks on the trades that have happened and not the order book, which could give a better clue on any possible manipulation," said a person familiar with the matter, on condition of anonymity.

At present, there is no way to detect if an entity is manipulating the share prices without actually carrying out any trades, added the person. "It's like an auction where an entity can drive up prices, forcing others to bid at higher prices," he said.

This is a problem worldwide including developed markets such as the US and the UK, which also track data on T+1 basis, say experts. The US SEC has recently invested in a new technology called MIDAS to better track real-time data.

The aim of MIDAS is to analyse information on orders placed below the best bid or above the best offer, and not just data on the price and size of the best bid and best offer for each stock on each exchange. Every day MIDAS collects about 1 billion records from the proprietary feeds of each of the 13 national equity exchanges time-stamped to the microsecond. MIDAS analyses thousands of stocks over periods of six months or even a year, involving 100 billion records at a time.

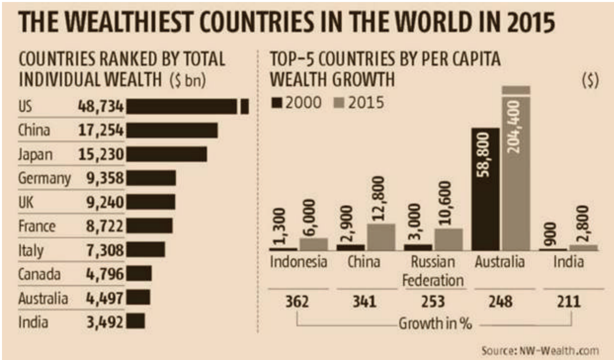
Sebi is currently undertaking a comprehensive review of its surveillance systems with help from independent experts. The aim is to check manipulators, including black money launderers. Sebi has been asked by a Special Investigation Team (SIT) on Black Money appointed by the Supreme Court to take measures to catch those laundering black money through trading in PNotes and illiquid stocks.

An email sent to Sebi regarding plans to beef up its surveillance system went answered. Sebi is also reportedly planning to expand the capacity of its Data Warehousing and Business Intelligence System (DWIBS), used to identify possible violations like insider trading, front running and share price manipulation.

DWIBS went live in December 2011 and has helped Sebi crack a number of fraudulent activities. The system collects transaction and master data from exchanges and depositories daily. The market regulator is particularly concerned about manipulation done through algorithmic trading and plans to impose curbs on the same.

Source: Business Standard
30 October, 2015

INDIA 10TH WEALTHIEST IN THE WORLD: REPORT



India is ranked 10 among the 20 wealthiest countries in the world in terms of private wealth held by individuals, says a report by Johannesburg-based The New World Wealth, a research consultancy that tracks the global wealth sector. The value of total individual wealth in India - which includes property, cash, equities and business interests - is pegged at $3,492 billion in 2015, said the report titled The W20: The 20 Wealthiest Countries in the World.

"Certain countries such as India and Indonesia only make the W20 due to their large populations. On a per capita basis, they are quite poor," the study noted. When it comes to ranking of countries based on per capita wealth, India at $2,800 takes the 20 th place in the list.

Interestingly, India figures among the top five countries on per capita wealth growth between 2000 and 2015. India's per capita wealth grew from $900 in 2000 to $2,800 in 2015, a jump of 211 per cent.

During the same period, four other countries' per capita wealth grew faster than India's. These are Indonesia (362 per cent), China (341 per cent), Russia (253 per cent), and Australia (248 per cent).

In the top 20 list for total individual wealth, India bettered Spain, Brazil, South Korea, Switzerland, Mexico, Netherlands, and Belgium, among others. The top five wealthiest countries included the US ($48,734 billion), China ($17,254 billion), Japan ($15,230 billion), Germany ($9,358 billion) and the UK ($9,240 billion).

Switzerland topped the country list ranked by per capita wealth in 2015 ($2,85,100) followed by Australia ($2,04,400), the US ($1,50,600), the UK (1,47,600), and Sweden ($1,46,000).

Source: Business Standard
29 October, 2015

SEBI PLANS NEW RULES FOR RATING AGENCIES

The Securities and Exchange Board of India (Sebi) is planning to issue fresh guidelines for credit rating agencies, amid instances of lack of disclosures and conflict of interest between such agencies and issuers. The regulator might also prescribe rules for fund houses to avoid concentration risks in a single debt security. The move is aimed at avoiding a repeat of recent crises such as the Amtek Auto default, which hit investors of JP Morgan Mutual Fund.

"What we have started looking at is why it is that in certain cases, in which papers were being rated investment grade, the rating was suddenly suspended? Maybe, there was genuine reason. I am not questioning it but that has to be explained to investors and the public at large. We felt that was not being done. We had a meeting with rating agencies and explained our concern to them," Sebi Chairman U K Sinha said on the sidelines of an annual capital market summit organised by the Federation of Indian Chambers of Commerce and Industry.

Sinha said Sebi was also looking at whether there was any conflict of interest in the rating process followed by agencies.

To avoid concentration risks towards a single debt instrument, the regulator is considering tightening investment rules for mutual fund houses. "We have observed that perhaps, the mutual fund sector isn't being very careful about the investments it is making in debt products and the process it is following," Sinha said.

Sebi is also planning to ease norms to make online investing easier. It is planning to do away with the requirement of in-person verification, a know-your-customer requirement under current rules. The move would help increase mutual fund penetration and enable the sale of financial products through e-commerce platforms.

Source: Business Standard
28 October, 2015

An Initiative by
PANTOMATH Capital Advisors (P) Ltd
Re-CAP
A weekly mailer encapsulating capital market news
October 23 - October 28, 2015
SKOCH BSE AWARD FOR ASPIRING INDIA ORDER OF MERIT
BSE Amongst BSE's Top Five Performers in Merchant Bankers 2013-14
PANTOMATH SMEX-30
25 Most Promising FINANCIAL CONSULTANTS

INDIA RESPONSIBLE BUSINESS INDEX

State-run public sector units (PSUs) are ahead of private firms in corporate accountability and business responsibility, reveals the India Responsible Business Index (IRBF) 2015, to be released on Tuesday.

An initiative of not-for-profit organisations such as Oxfam India, Corporate Responsibility Watch and Partners in Change, along with research organisation Praxis, the IRBF Index looks at the 100 largest BSE-listed companies by market capitalisation as on April 1, 2012, and examines corporate inclusiveness and sustainable growth.

The ministry of corporate affairs had drafted in 2011 the National Voluntary Guidelines for Social, Environmental and Economic Responsibilities of Businesses (NVGs) to safeguard sustainable and inclusive business growth.

The index, which was reviewed by Business Standard, measures companies' policy commitments against principles put forth in the NVGs. Keeping disclosure as its basic premise, the index takes into account information on said principles which are disclosed by the companies on the public domain. It, however, does not independently verify actual compliance or performance of the companies vis-à-vis NVGs.

PSUs have scored more than private counterparts in parameters such as non-discrimination at the workplace, community development; respecting employee dignity and human rights and involving the community as stakeholders in the business.

However, in instituting sustainable company policies in their supply chain, private players have a clear edge over PSUs. No PSUs figure in the list of companies which were awarded highest scores in this regard. Capital goods maker Siemens was adjudged the best in this category.

On the issue of non-discrimination in the workplace, three out of the five top scoring companies were PSUs, with heavy machinery manufacturer Bharat Electronics on the top slot. Oil India Limited bagged the highest score in respecting employee dignity and human rights in the workplace.

PSUs also scored high in helping local communities develop, as well as involving them in the business process. Oil and Natural Gas Corporation and Coal India were awarded the highest scores.

Overall, companies that have midlevel market capitalisation fared much better than those which feature among the top 20 in BSE, in that regard. While it is 14 times that a midlevel company came among the top 25 companies across five parameters, companies in the top 20 could manage to do so only eight times.

The Securities and Exchange Board of India had also issued a directive in 2012 requiring the top 100 companies to publish a business responsibility report based on the principles listed in the NVGs.

Source: Business Standard
27 October, 2015

RBI REJECTS PLAN FOR 100% FDI IN BANKS

BLOCKS MOVE BY DIPP | PVT BANKS FAVOUR BLANKET NOD

The Reserve Bank of India (RBI) has turned down a proposal from the government to allow up to 100% foreign direct investment (FDI) in banks, a move that may come as a damper for several private sector lenders such as ICICI Bank and HDFC Bank.

Sources said the RBI has not provided a clear reason to turn down the proposal from the department of industrial policy and promotion (DIPP) that deals with FDI policy. But in the past the regulator has seen banking as a sensitive sector and opposed allowing significant shareholding by foreign institutional investors, who are seen as short term investors and can enter or exit a stock for short durations, largely to book profits.

Private Banks are particularly keen on a higher ceiling and investors are also hoping for a relaxation. In fact, HDFC Bank recently got permission for 74% foreign investment and was also found to be in breach of the norms for a short period.

A few years ago, in the draft norms for new banks, the RBI had suggested limiting FDI to 49%, against the 74% cap. The finance ministry, however, saw it as a retrograde step and got the regulator to stick to the prescribed ceiling. In fact, a few years before that, during UPAI's tenure, there had been a major battle between the finance ministry and the RBI on how the FDI norms should be applied, with North Block finally saying that setting the foreign investment rules was in its domain.

FOREIGN PIE

Foreign holding in pvt banks*	
ICICI Bank	53.9
HDFC Bank	39.9
Axis Bank	43.8
Yes Bank	41.3
Kotak Mahindra	34.7

*In % at end of Sept
Includes FII, foreign banks, individuals. Excludes depository receipts

Currently, the government permits 74% FDI in private banks, with up to 49% allowed under the automatic route. Foreign holdings beyond 49% need to be cleared by the Foreign Investment Promotion Board (FIPB). Portfolio investment in the sector is capped at 49% and banking is one of the segments where the composite caps, which allow fungibility between FDI and FII flows, have not been applied as the government argued that it is a "sensitive sector".

The DIPP has moved the proposal to allow 100% FDI in the sector at a time when several new players are entering the market with the RBI offering payments and small bank licences. Easier rules for overseas investment were seen to have helped some of the new players.

In any case, there are sub-limits on ownership by a group in a bank and even promoters are expected to cut their stake over a period of time to encourage wider public participation and reduce concentration of risk.

Source: The Times of India
26 October, 2015

TAXPAYER-FRIENDLY MEASURES LAUNCHED

FM UNVEILS E-SAHYOG PILOT THAT REDUCES NEED TO APPEAR BEFORE TAXMAN, PAN-AT-DOORSTEP DRIVE

Finance Minister Arun Jaitley on Tuesday unveiled two taxpayer friendly initiatives, aimed at inking the tax department with digital age and reducing harassment of taxpayers.

The FM launched the "e-Sahyog"pilot project, which reduces need for the taxpayer to physically appear before tax authorities. The project launched on a pilot basis s aimed at cutting compliance cost, especially for small taxpayers. The objective of "e-Sahyog" is to provide an online mechanism to resolve mismatches in I-T returns of hose assesses whose returns have been selected for scrutiny , without visiting the I-T office.

Under this initiative, the tax department will provide an end-to-end e-service using SMS, e-mails to inform tax assesses of the mismatch. The taxpayers will simply need to visit the e-filing portal and log in with their user-ID and password to view mismatch related information and submit online response. The responses submitted online by the taxpayers will be processed and if the response and other information are found satisfactory as per automated closure rules, the issue will be treated as closed. The taxpayers can check the updated status by logging in to the e-filing portal, the finance ministry said.

Jaitley also inaugurated a drive to provide public

An Initiative by
PANTOMATH
Capital Advisors (P) Ltd

Re-CAP

A weekly mailer encapsulating capital market news

October 23 - October 28, 2015

SKOCH BSE AWARD FOR ASPIRING INDIA ORDER OF MERIT
BSE Amongst BSE's Top Five Performers in Merchant Bankers 2013-14
PANTOMATH SMEX-30
25 Most Promising FINANCIAL CONSULTANTS

service at peoples' doorsteps by holding "special PAN camps in remote areas". Under this campaign, special PAN camps are being held over two days at 43 remote, semi-urban and rural locations across India in the first instance to facilitate obtaining of PAN card. More such camps will be held through the year. The camps will ease the burden of compliance for persons in such areas who wish to enter into transactions of purchase or sale above ₹1 lakh and will be required to quote PAN, as announced by Jaitley in his budget speech of 2015-16.

Jaitley said the objective of the I-T department is to make life as easy as possible for the assesses and difficult only for those who consciously evade taxes.

Source: The Times of India
28 October, 2015

REFORMS TO FURTHER BOOST BIZ RANK: FM

12-SLOT JUMP IN WB REPORT DOES NOT CAPTURE MEASURES AFTER JUNE: JAITLEY

The 12-slot jump in India's ranking in the World Bank's Ease of Doing Business survey has come as a shot in the arm for the Narendra Modi-led government, which is battling to revive growth, attract investment and remove the regulatory and bureaucratic hurdles to business.

Finance minister Aruj Jaitley said the actual improvement in the ease of doing business was even better. "I am grateful that the World Bank has recognized that India is now becoming an easier place to do business... I believe that this 12 point movement does not reflect the full pace of reforms that we have done," he said.

"A large number of steps which we have already taken are going to be reflected in the rankings next year. These ran kings are only up to June 1 and some of those steps, whose impact is not seen on the ground, as yet have not been factored into this. But, I am sure in the years (to come) our ranking will certainly improve."

The report also highlights a number of reforms already underway in India, which were not fully felt by the majority of businesses by June 1, 2015 but will help India further improve its rank in the coming years. In particular, it notes India's efforts to streamline the process of obtaining a construction permit in Mumbai, and new systems for e-filing and e-payment of taxes.

Jaitley, however, said that more work needs to be done to improve the business environment in the country and vowed to push reforms.

World's Bank's Doing Business 2016: Measuring Regulatory Quality and Efficiency, released on Tuesday, captures reforms implemented in 189 countries between June 2, 2014 and June 1, 2015. India ranks 130 (142 in 2015), marking a significant shift in the trend after several years of decline in ranking. Under the new methodology, its rank has moved to 130 from 134 in the previous year. In the global ranking stakes, Singapore retains its top spot. Joining it on the list of the top 10 economies with the most business-friendly regulatory environments are New Zealand, Denmark, Republic of Korea, Hong Kong SAR, China, UK, US, Sweden,

2	1
3	29
4	23
5	4
6	17
7	49
51	41
84	136
116	174
130	**155**

Note: The rankings of economies with populations over 100m as of 2013 (Brazil, China, India, the Russian Federation and the United States) are based on data for 2 cities; ** SAR, China

Norway , and Finland.

Industrial policy and promotion secretary Amitabh Kant said, "A number of things have been done across the 10 parameters. The World Bank has not recognized them because they recognize usage by public. The cut-off date was May 31and many of the things will be recognized in next year's study .In addition, institutional changes such as the National Company Law Tribunal, commercial courts and the bankruptcy law will also kick in by then. So, we expect a quantum jump next year."

Source: The Times of India
29 October, 2015

CHANGES IN UK MIGRATION LAWS MAY RAISE COSTS FOR INDIAN COS

HIKE IN THRESHOLD SALARY FOR TIER-2 VISAS, SKILLS LEVY ON THE ANVIL

Even as the Indian diaspora in the United Kingdom (UK) is readying to give a red-carpet welcome to Prime Minister Narendra Modi during his maiden trip to the UK in mid-November, India Inc is keeping a keen watch over the ongoing developments relating to migration laws.

Some expected changes, such as an increase in overall minimum threshold salary for Tier-2 visas (meant for skilled workers, including those on inter-company transfers) and a skills levy, are likely to add to the cost of India companies which have business operations in the UK. The Tier-2 route largely consists of non-EU work migration.

Cutting down on net migration is a key focus area of the UK government. The Migration Advisory Committee (MAC), which has been set up to examine the mechanics of Tier-2 immigration system, is expected to deliver the bulk of its proposals by year-end.

In its July report, MAC has concluded that there is a case for increasing the overall minimum threshold for Tier 2 (General) category of visas. Following this report, a newsletter issued by Fragomen, a global immigration consultancy firm, had stated: "The MAC's reasoning for this conclusion is that the current amount, £20,800 (or nearly ₹20.5 lakh at current exchange rate), was calculated in 2009 when the skill requirement for migrant workers was much lower. This could mean a substantial increase in the salary threshold to £31,000 (₹30.5 lakh) or £39,000 (₹38.4 lakh). However, the MAC has urged the UK Home Office to be cautious over any decision to raise the minimum salary for skilled foreign workers pending the completion of the MAC's review of the Tier 2 category later this year." The MAC found the £41,500 threshold for long-term intra-company transfers to be appropriate, but added in its report: "There may be a rationale for increasing this threshold if the government's aim is to reduce economic migration."

TOP 5 INDIAN EMPLOYERS IN UK

Indian Parent	No. Of Employees In UK Subsidiary
Tata Steel	31,413
Tata Motors	28,761
Bombay Burmah Trading Corp	4,752
Cox & Kings	3,831
CESC	3,602

Source: CII-Grant Thornton Report

According to a CII-Grant Thorton report, "India meets Britain: Tracking the UK's top Indian companies", about 800 Indian companies operate, invest and sustain 110,000 jobs in the UK. The top fastest growing Indian companies (36 in all) in the UK generated £22 billion of turnover during 2014.The sectors represented are wide ranging and include pharmaceuticals, chemical, technology , telecom, automotive and manufacturing.

MAC has also over the past months also held consultations with various Indian companies and associations such as Infosys, TCS, Nasscom and CII.

Source: The Times of India
29 October, 2015

WORLD BANK SEES INDIA GROWING AT 7.5% IN FY16

The World Bank has maintained its growth forecast for the Indian economy for the current fiscal year and expects it to expand by 7.5% in 201516. It has backed implementation of three key reforms, including the Goods & Services Tax (GST), to sustain the momentum.

In its development update, a twice a year report on the Indian economy and its prospects, the bank expects growth to accelerate to 7.8% in 2016-2017 and 7.9% in 2017-2018. But it said acceleration in growth is conditional on the growth rate of investment picking up to 8.8% during 2016-2018.The Reserve Bank of India expects the economy to grow by 7.4% in the current fiscal year, while the government pegs it at over 7.5%. The International Monetary Fund expects growth to be 7.5%.

The update noted that while public investments have helped kick-start the investment cycle, increased participation of the private sector will be required going forward.

"There are good reasons for confidence in India's near term prospects. To lay the foundation for sustainable growth and accelerate job creation, implementing the government's reform programme is key," said Onno Ruhl, World Bank country director in India. "Some key reforms, most notably the implementation of the GST can be a potential game changer for India," he said.

Source: The Times of India
30 October, 2015

RBI ALLOWS NRIS TO SUBSCRIBE TO NPS SCHEME

To enable Indians living abroad to access old age income security, the RBI on Thursday allowed non-resident Indians (NRIs) to subscribe to the National Pension System (NPS).

NRIs may subscribe to the NPS, governed and administered by the PFRDA, provided such subscriptions are made through normal banking channels and the person is eligible to invest as per the provisions of the PFRDA Act, the RBI said.

Source: The Times of India
30 October, 2015