MARKET WATCH 28-12-2017 % CHANGE US Dollar 30,250

| NIFTY 50 | | |
|------------------|---------|-------|
| | PRICE | CHANG |
| Adani Ports | 398.70. | 5.50 |
| Ambuja Cements | 271.60 | 0.30 |
| Asian Paints | 1144.40 | -4.6 |
| Aurobindo Pharma | 683.40. | 7.3 |
| Axis Bank | | |
| Bajaj Auto | | |
| Bajaj Finance | | |
| Bharti Airtel | | |
| Bosch | | |
| BPCL | | |
| Cipla | | |
| Coal India | | |
| | | |
| Dr Reddys Lab | | |
| Eicher Motors | | |
| GAIL (India) | | |
| HCL Tech | | |
| HDFC | | |
| HDFC Bank | | |
| Hero MotoCorp | | |
| Hindalco | | |
| HPCL | | |
| Hind Unilever | 1354.50 | 2.0 |
| Indiabulls HFL | 1197.90 | 5.2 |
| ICICI Bank | 315.30 | 2.5 |
| IndusInd Bank | 1650.45 | -0.6 |
| Bharti Infratel | 368.15. | 0.6 |
| Infosys | 1033.25 | -1.0 |
| Indian OilCorp | 392.00. | -9.5 |
| ITC | 261.85 | 0.3 |
| Kotak Bank | 1004.75 | -9.3 |
| L&T | | |
| Lupin | | |
| M&M | | |
| Maurti Suzuki | | |
| NTPC | | |
| ONGC | | |
| PowerGrid Corp | | |
| Reliance Ind | | |
| | | |
| State Bank | | |
| Sun Pharma | | |
| Tata Motors | | |
| Tata Steel | | |
| TCS | | |
| Tech Mahindra | | |
| UltraTech Cement | | |
| UPL | | |
| Vedanta | | |
| Wipro | 308.00 | 1.4 |
| | 313.50 | |

| EXCHANGE RATES | | | |
|--|--------|---------|--|
| Indicative direct rates in rupees a unit except yen at 4 p.m. on December 28 | | | |
| CURRENCY | TT BUY | TT SELL | |
| US Dollar | 63.88 | 64.20 | |
| Euro | 76.22 | 76.62 | |
| British Pound | 85.82 | 86.26 | |
| Japanese Yen (100) | 56.61 | 56.89 | |
| Chinese Yuan | 9.77 | 9.83 | |
| Swiss Franc | 65.18 | 65.51 | |
| Singapore Dollar | 47.74 | 47.99 | |
| Canadian Dollar | 50.62 | 50.90 | |
| Malaysian Ringitt | 15.70 | 15.80 | |
| Source:Indian Bank | | | |

... 585.85..

Zee Entertainment...

Retail Silver (1g) 41.50 (41.10)

SEBI tightens rating agency, MF norms

Markets' regulator also permits complete integration of stock and commodity exchanges

SPECIAL CORRESPONDENT MUMBAI

The Securities and Exchange Board of India (SEBI) has tightened the norms for credit rating agencies (CRAs) and mutual funds (MFs) to reduce instances of conflict of interest. It also allowed complete integration of stock and commodity exchanges to enable both asset classes to be available for trading on a single platform.

Net worth norms

The SEBI board, which met on Thursday, increased the net worth requirement for rating agencies to ₹25 crore from the current ₹5 crore. It also decided that the promoter entity would have to maintain at least 25% stake in the rating agency for a period of three years.

CRAs have also been barred from holding more

SPECIAL CORRESPONDENT

The financial losses of States

participating in the UDAY

Scheme have reduced from

₹51,589.51 crore in 2015-16 to

₹34,826.87 crore in 2016-17,

R.K.Singh, Power Minister,

informed the Lok Sabha on

States participating in

UDAY saw a reduction of 1%

in their aggregate technical

and commercial (AT&C) loss-

es and a ₹0.17/unit reduction

in the gap between the aver-

age cost of supply and the av-

erage revenue realised in fi-

stated that tariffs are deter-

mined by the respective

"Further, the Minister

nancial year 2017.

Thursday.



Regulatory fillip: BSE believes the decision on exchanges will help participants in various markets, says CEO Chauhan.

UDAY States have reduced losses by

Aggregate technical and commercial losses also saw 1% reduction

₹16,762.6 crore in FY17: Power Minister

than 10% in a peer rating agency. SEBI also said that CRAs would have to segregate their non-core activities into a separate legal entity to avoid any conflict of interest. "CRAs shall segregate their activities, other than the rating of financial instruments and economic/ financial re-

search, to a separate legal entity." In the case of MFs, SEBI said a sponsor of a particular MF cannot hold more than 10% in any other MF entity. This assumes significance especially for UTI Mutual Fund, which has State Bank of India, Bank of Baroda, LIC and Punjab National

debt, power purchase costs,

operation and maintenance

costs, capital expenditure

etc," according to an official

"As per information availa-

ble, the States of Andhra Pra-

desh, Assam, Bihar, Chhat-

tisgarh, Haryana, Karnataka,

Kerala, Madhya Pradesh, Ma-

nipur, Meghalaya, Mizoram,

Nagaland, Punjab, Sikkim,

Uttar Pradesh and Uttarak-

hand have increased tariffs

in the year 2017-18," the re-

According to the govern-

ment, States have been regu-

larly inviting bids for procur-

ing renewable energy

press release.

Higher tariffs

lease said.

Bank as shareholders. All the four entities have their own respective asset management companies.

While the SEBI statement said that "any existing nonconformity with the aforesaid requirements may be aligned within a reasonable time", SEBI Chairman Ajay Tyagi said such entities would be given a year to resolve shareholding issues. Among other important

decisions, SEBI gave its nod for existing bourses to introduce equity or commodity trading facilities as they deem fit. In other words, BSE and NSE can now unveil commodity trading while Multi Commodity Exchange (MCX) and National Commodity and Derivatives Exchange (NCDEX) can start offering trading equity facilities.

The integration, however,

meet their renewable pur-

chase obligations (RPOs),

and several SERCs have in-

voked penal provisions to

Monitoring rural feeders

"In a written reply to a sepa-

rate question on measures

taken by government to re-

vamp the monitoring system

of rural feeder system to re-

duce AT&C losses, Shri Singh

informed that recognising

that feeder monitoring is an

important tool for loss re-

duction, the government has

sanctioned an amount of

₹233.03 crore for online

monitoring of rural feeders

in the country," the release

ensure RPO compliance.

would come into effect from October 1, 2018. "... to permit trading of commodity derivatives and other segments of securities market on single exchange, the board approved the proposal to remove the restrictions by making suitable amendments to Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporation) Regulations, 2012. The amendments to the SECC Regulations would be effective from October 1,

2018," said the statement. "BSE believes this decision will help participants in various markets a highly regulated, safer, more transparent trading, clearing and settlement framework when implemented fully. BSE has geared up itself for long to provide these facilities," said Ashishkumar Chauhan, MD and CEO, BSE.

Will defend vigorously at U.S. trial: TCS

PRESS TRUST OF INDIA

Tata Consultancy Services (TCS) on Thursday said it would "vigorously" defend its position at the trial in the U.S., where it faces allegations of discrimination in practices related to termination of employees.

The lawsuit was filed in 2015 by an American worker who alleged that TCS favoured workers of South Asian origin in the U.S.

The District Court in California has denied class certification on the litigation against the information technology major alleging a pattern and practice of discrimination in hiring against people of non-South Asian origin.

Banks stare at MTM hit as bond yields climb 10-year bond yield at a 20-month high

MANOJIT SAHA

Yields on sovereign bonds rose sharply on Thursday after the Centre announced additional borrowing of ₹50,000 crore for the current financial year, spurring concerns that the government may fail to meet its fiscal deficit target of 3.2% of GDP for 2017-18.

The yield on the benchmark 10-year bond jumped 18 basis points (bps) to 7.40%, the highest level since 7.43% on April 7, 2016.

Bankers and economists said bond yields could climb further.

"We expect the 10-year benchmark yield to move to 7.5% levels by June," economists at HDFC Bank wrote in a note to clients.

"The only sigh of relief could be FY19 budget announcement in February in case the government decides to go for fiscal consolidation (fiscal deficit from 3.5% in FY18 to 3.2% in FY19). However, with general elections due in 2019 (which often propagates for populist measures) and amidst an ongoing economic recovery, it seems unlikely that the government would like to withdraw its support and opt for aggressive fiscal consolidation next year," they wrote.

Banks now face the possibility of incurring mark-tomarket (MTM) losses due to the surge in bond yields in the third quarter. Lenders need to set aside capital as provision for losses incurred due to a fall in bond prices. Bond prices and yields move in opposite directions.

'Not much appetite'

"There is not much appetite in the market... volumes are low," said a bond dealer with a large public sector



bank, who did not wish to be named. "Yields could rise further."

The yield on the benchmark government bond has already surged 73 bps so far in the October-December period.

Banks are already struggling to meet the increase in the provisioning requirement for the rise in bad loans. The MTM losses on their bond holdings could add to the pressure on lenders' third-quarter financials. Friday is the last trading day of this quarter.

Upasna Bhardwaj, senior economist at Kotak Mahindra Bank, said the 10-year yield could climb towards 7.5%. Kotak was earlier projecting yields in the range of 6.9%-7.1%. However, the Reserve Bank of India (RBI) was likely to stick with its 'neutral' stance for now, she added.

"As supply begins to hit the market, the 10-year yield could head towards 7.5%. Meanwhile the fiscal slippage is expected to keep RBI more wary even though we do not expect them to change its policy stance, at least in the February policy, because the fiscal slippage is due to revenue shortfall and not rise in expenditure," Ms. Bhardwaj said.

The central bank has been cautioning that any fiscal slippage could push up borrowing costs.

+ Amendment Bill on IBC tabled in LS

SPECIAL CORRESPONDENT

The government has introaucea the insolvency and Bankruptcy Code (Amendment) Bill, 2017 in Lok Sabha. The Bill, introduced by Finance Minister Arun Jaitley, aims, among other things, to prohibit wilful defaulters and those associated with non-performing assets (NPAs) from regaining control of the defaulting company / stressed assets through the backdoor in the garb of a 'resolution applicant'.

The Bill seeks to repeal and replace the IBC (Amendment) Ordinance, 2017 as well as proposes to make certain modifications to the Ordinance (that was promulgated by the President Ram Nath Kovind last

Jio to buy RCom wireless assets

The gap between per unit

cost and revenue realised

also reduced, says Singh

State Electricity Regulatory

Commission (SERC)/Joint

Electricity Regulatory Com-

mission (JERC), taking into

consideration several pa-

rameters including cost of

Anil Ambani-led firm's debt to reduce by ₹39,000 crore

REUTERS

Anil Ambani's debt-laden Reliance Communications Ltd. has signed an agreement to sell its wireless assets to Reliance Jio Infocomm Ltd., the telecom arm of elder brother Mukesh Ambani's oil conglomerate Reliance Industries Ltd., both the companies said in separate statements Thursday.

The sale comprises of all spectrum, tower, fibre optic and other telecom infrastructure assets of Reliance Communications and is subject to government and other regulatory approvals, the statements said.

The sale marks the return of the telecom company back to the fold of Reliance Industries, which forayed into telecom in 2002, spearheaded by elder Ambani,



under the name of Reliance Infocomm Ltd.

and power.

However, with the launch of Reliance Jio, Mr. Mukesh Ambani's re-entry into the telecom space in September,

2016, coupled with cut-price data and free voice service rattled the telecom industry, pushing RCom, as it is commonly called, into a debt spi ral. On Tuesday, Mr. Anil Ambani announced the company had received nonbinding offers from 15 firms for the sale of its wireless assets.

"These assets are strategic in nature and are expected to contribute significantly to the large scale roll-out of wireless and Fiber to Home and Enterprise services by RJIL [Reliance Jio]," Reliance Jio said in its statement. Through the deal, Reliance gets access to four bands of spectrum and 43,000 telecom towers and a country-

Siblings feud

A feud between the two brothers in 2005 led to the split of Reliance Industries when Mr. Mukesh Ambani kept the cash cow oil and gas business and Mr. Anil Ambani walked away with telecom

The sale would slash its debt pile by ₹39,000 crore without any haircut by the

wide fibre optic network.

Apple, Amazon in talks to invest in Saudi

Part of Saudi Crown Prince's push to give conservative kingdom a high-tech look

REUTERS

Apple and Amazon are in licensing discussions with Riyadh on investing in Saudi Arabia, two sources told Reuters, part of Crown Prince Mohammed bin Salman's push to give the conservative kingdom a hightech look

A third source confirmed that Apple was in talks with SAGIA, Saudi Arabia's foreign investment authority.

Direct presence

Both companies already sell products in Saudi Arabia via third parties but they and other global tech giants have yet to establish a direct presence. Amazon's discussions are being led by cloud computing division Amazon Web Services (AWS), which would introduce stiff competition in a market currently dominated by smaller local pro-



in profile in a young and affluent market. • REUTERS

viders like STC and Mobily.

Riyadh has been easing regulatory impediments for the past two years, including limits on foreign ownership which had long kept investors away, since falling crude prices highlighted the need to diversify its oil-dependent

Luring Apple and Amazon

would further Prince Mohammed's reform plans and raise the companies' profile in a young and relatively affluent market, which already boasts some of the highest Internet and smartphone use in the world.

A licensing agreement for Apple stores with SAGIA is expected by February, with an initial retail store targeted for 2019, said two sources familiar with the discussions. Amazon's talks are in ear-

lier stages and no specific date has been set for investment plans, they said. Apple already holds se-

cond place in the Saudi mobile phone market behind Samsung, according to market researcher Euromonitor. Amazon acquired Dubai-

based online retailer Souq-.com earlier in 2017, opening access for Amazon retail goods to be sold in the kingdom. Both firms declined to comment, while SAGIA was not immediately available to answer questions.

While Saudi reform plans call for luring foreign investment broadly across sectors, officials have courted Silicon Valley players especially strongly over the past two years to complement their high-tech ambitions.

