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# Sensex dips 0.7% on long-term cap gains tax scare

## Traders Fear Govt Move To Make Up For GST Losses

TIMES NEWS NETWORK

**Mumbai:** Rumours about a government move to introduce long-term capital gains (LTCG) tax on stock investments, mainly to compensate for the loss in GST collections, spooked Dalal Street investors in the last hour of trade on Monday. This led to a sharp dip in stock prices in the first session of 2018. As a result, the sensex — after remaining range-bound for most of the session due to low institutional participation during the New Year holidays — lost over 200 points within an hour and closed 244 points lower at 33,813.

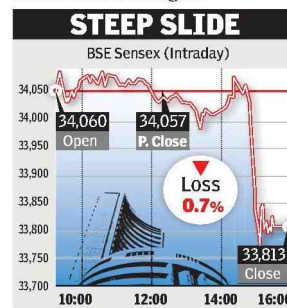
Since December 24, 2016, when Prime Minister Narendra Modi first said in a speech that those who are making profit from the stock market were not paying enough tax, talks have been surfacing at regular intervals about the Modi government's move to actually impose LTCG tax. Of late, even BSE chief Ashishkumar Chauhan had been professing a tax on LTCG.

Among the stocks that pulled the benchmark indices down were HDFC (which closed 1.4% lower), HDFC Bank (down 1.5%) and Reliance Industries (down 1%). The handful of winners included Wipro (which closed 1.4% up) and Coal India (1.3% up).

Of the 30 sensex stocks, 25 closed in the red. Data at the end of the session on the BSE showed that, while domestic funds were net sellers at Rs 1,300 crore, foreign funds were net buyers at Rs 326 crore.

Outside of the blue-chips, the stocks of Anil Ambani-controlled Reliance Group were again in focus in Monday's session, with Reliance Naval closing 32% up and Reliance Power

21%. Reliance Communications, after more than doubling in the previous four sessions, closed 2.3% lower. Since December 23, the day RCom announced it will repay a large chunk of its debt, the group's stocks have been in the limelight.



► **SME indices beat sensex, Nifty by wide margin, P 18**

In the bond market, the benchmark yield on 10-year gilts closed at 7.34%, nearly unchanged from Friday. During the day, the RBI also announced a gilt auction for Friday, in which it would borrow Rs 18,000 crore — Rs 3,000 crore more than scheduled earlier. This is part of the government's plans to borrow an extra Rs 50,000 crore from the market, dealers said.

**Rupee at 5-month high**

The Indian currency strengthened against the dollar to a five-month high as, globally, the greenback showed weakness against most other major currencies. The rupee strengthened 19 paise to close at 63.68 to a dollar, a level not seen since early-August 2017 when it had closed at 63.63. In less than a month, the Indian currency has strengthened by almost a rupee, from closing at 64.57 on December 7.

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# SME indices beat sensex, Nifty by wide margin

TIMES NEWS NETWORK

**Mumbai:** The year 2017 witnessed a record 126 SME IPOs being launched that together mobilised about Rs 1,700 crore, also a new high. The SME indices too had outperformed their larger peers.

According to an analysis by Hem Securities, one of the leading merchant bankers for SMEs, during 2017, the BSE SME index rose by 88.9% while NSE SME index grew by 67%. In comparison, sensex gave a return of 27.9% while Nifty was up 28.7%.

Out of the 126 SMEs that had an IPO, over 80% gave positive returns over their issue price, the report said. Of these IPOs, five were oversubscribed more than 100 times with the most successful being Ice Make Refrigeration that was oversubscribed 259 times and ANI Integrated Services 199 times.

At the end of 2017, the combined market capitalisation of the two SME exchanges, by the BSE and the NSE, stood at Rs 31,886 crore, the report said.

Ashish Chauhan, MD, BSE, said, that over the last few years the Indian SME sector has emerged as a highly vibrant and dynamic sector of the economy, and to enable equity resource mobilisation by these companies, the BSE's SME segment has fast emerged as the preferred platform. So

far, 216 SMEs have raised Rs 1,771 crore through BSE's SME platform which was in "a cost effective manner thus encouraging entrepreneurs, enabling wealth creation and participating in the socio-economic development of the nation", Chauhan said.

**During 2017, the BSE SME index rose by 88.9% while NSE SME index grew by 67%. In comparison, sensex gave a return of 27.9% while Nifty was up 28.7%**

According to NSE MD Vikram Limaye, the exchange was "committed to creating conducive environment and support the unique requirements of SME companies".

Going by the pipeline of SME IPOs, merchant bankers expected over 250 of these companies' listing in 2018. "From anchor investors, qualified institutional buyer (QIBs), large HNIs to blockbuster oversubscriptions and impressive market debuts, we have witnessed all signs of strong confidence in these companies from market players," Gaurav Jain and Prateek Jain, directors, Hem Securities were quoted in the release.