

2016

# Business Acutities



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## **National Stock Exchange may announce re-balancing of Nifty index**

National Stock Exchange (NSE) may announce re-balancing of Nifty index in its semi-annual review later this month. Analysts expect possible exclusion of Punjab National Bank, Vedanta, Hindalco and Cairn India from Nifty, as these stocks have underperformed the benchmark index by a large margin over last one year.

Shares such as IndiaBulls Housing Finance, Aurobindo Pharma, Indian Oil Corporation, Eicher Motors and Bharti Infratel are among the top contenders to replace at least two outbound stocks from the index. The rebalancing will be effective from April 2016, while funds that track Nifty index may purchase some of the stocks that are probable candidates to enter the index.

"About 42% of Nifty weightage is constituted by banks, metal, and oil & gas stocks, which have underperformed the benchmark index by a wide margin. We expect better sectoral representations and reduction of commodity heavy stocks from the index," said Pankaj Pandey head of research at ICICI Direct. "We believe select pharma and auto stock will enter the index which will make Nifty more diversified, broad based and less volatile.

Shares of Vedanta and Hindalco have already moved out from Sensex, since December 21, these stocks were replaced by Adani Ports & SEZ and Asian Paints. Hence, bets are high that Vedanta and Hindalco may also come out from Nifty index.

"There is very high probability that Punjab National Bank and Vedanta will move out from Nifty Index, and shares such as Indian Oil Corporation and IndiaBulls Housing Finance may enter the index," said AK Prabhakar, head of research, IDBI Capital.

Shares of Vedanta has dropped 65% over past one year, while Hindalco and Punjab National Bank has declined over 52%, all these stocks has underperformed Nifty, which has fallen 14% over the same period. On the other hand shares which are top contenders to enter the index such as IndiaBulls Housing Finance has risen about 23%, Aurobindo Pharma has gained 21%, and Indian Oil Corporation has increased 20% over last one year and has outperformed the markets.

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## Union Budget 2016 – 17

On 29th February 2016, Finance Minister Arun Jaitley presented his third Union Budget for 2016-17 citing the acceleration of GDP growth to 7.6%. CPI inflation has come down to 5.4%.

Under the Article 112 of the Constitution of India, Union Budget is aka Annual financial statement. Every year it is presented on the last working day of February by the Finance Minister of India in Parliament. The budget is presented by means of the Financial bill and Appropriation bill which has to be passed by the houses.

### Highlights of Union budget

#### Tax relief

- Taxpayers with income below Rs. 5 Lakh per year – Relief of 3000 p.a. under section 87A.
- Taxpayers living in rented houses – HRA deduction up from Rs. 24, 000 to 60,000 p.a. under section 80 GG.

#### Corporate tax

- Corporate IT rate for companies not exceeding Rs. 5 crore turnover has been decreased to 25% plus surcharge.
- New manufacturing companies incorporated on or after 3.2016 to be taxed at 25% plus cess plus surcharge.

#### Start up

- 100% deduction of profits for 3 out of 5 years for startups setup during

April, 2016 to March, 2019 except MAT.

#### Affordable Housing

- 100% deduction for profits to an undertaking in housing project for flats upto 30 sq. metres in four metro cities and 60 sq. metres in other cities approved during June 2016 to March 2019 and completed in three years. MAT will apply.
- First time home buyers get additional Rs 50,000 deduction for housing loans up to 35 lakh, provided cost of house is not above Rs. 50 lakh.

#### Service Tax Exemption

- For houses built less than 60 square metres.
- Services provided under Deen Dayal Upadhyay Grameen Kaushalya Yojana and by Assessing Bodies empanelled by Ministry of Skill Development & Entrepreneurship.
- On general insurance services provided under Niramaya Health Insurance Scheme launched by National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disability.
- Exemption from service tax for Annuity services provided by NPS and Services provided by EPFO to employees.

## National Pension Scheme

- 40% of withdrawal at the time of retirement under NPS to be tax exempt.

## Tax on rich

- Surcharge on income tax for those with incomes exceeding 1 crore per annum increased from 12% to 15%.

## Tax on Car

- 1 % infra cess on small cars, 2.5 % on diesel and 4% high capacity tax for SUVs.
- 1% service charge on purchase of luxury cars over 10 lakh and in cash purchase of goods and services over Rs. 2 lakh.

## MSME Category

- Increase the turnover limit under Presumptive taxation scheme under section 44AD of the Income Tax Act to 2 crores to bring big relief to a large number of assessee in the MSME category.

## Others

- Rs 1,000 crore allocated for new EPF (Employees' Provident Fund) scheme.
- Krishi Kalyan Cess @ 0.5% on all taxable services, w.e.f. 1 June 2016.
- Clean Energy Cess levied on coal, lignite and peat renamed to Clean Environment Cess and rate increased from 200 per tonne to 400 per tonne.

- Excise on readymade garments with retail price of 1000 or more rose to 2% without input tax credit or 12.5% with input tax credit.
- Excise duty of 1% without input tax credit or 12.5% with input tax credit on articles of jewellery.
- 10% rate of tax on income from worldwide exploitation of patents developed and registered in India by a resident.
- Non-banking financial companies shall be eligible for deduction to the extent of 5% of its income in respect of provision for bad and doubtful.
- Infrastructure and agriculture cess to be levied.
- Commitment to implement General Anti Avoidance Rules (GAAR) from 4.2017.
- Excise duty on tobacco increased by 10-15% except beedi.
- Basic custom and excise duty on refrigerated containers reduced to 5% and 6%.
- Agriculture and Farmers Welfare – Rs 35,984 crore
- Rural Economy – Rs 87,765 crore.
- Investments and Infrastructure – Rs. 2, 21,246 crore.
- Banking – Rs 25,000 crore towards recapitalization of PSBs.
- Nuclear Power Sector – Rs 3000 crore.

Collected and compiled from various magazines and internet sources by *R.Rasi. MBA (International Business), rasi.raaji123@gmail.com*

## BUSINESS

### Aurobindo Pharma gets US FDA nod for anti-HIV tablets

Hyderabad based Aurobindo Pharmacy Company gets US FDA nod for ritonavir tablets used for treatment of Human Immunodeficiency virus (HIV) infection. United States Food and Drug Administration has given approval for Ritonavir Tablets made by Aurobindo in the strength of 100mg.

#### Aurobindo Pharma Company:

The pharmacy company founded in 1986 in Hyderabad has sales revenue over \$ 1.8 billion. The Company is among the top 10 Companies in India in terms of consolidated revenues, the company products have presence over 125 countries.

### Jaypee Sells Cement Biz to UltraTech for Rs 16,500 crore

Debt-laden Jayaprakash Associates Cementgroup signed a binding agreement to sell its Cement Business to India's Largest Cement maker Ultra Tech Cement. The cement factories in six states for an enterprise value of Rs. 16, 500 crore , once the deal is completed Ultra Tech's cement capacity will increase up to 90.7 mtpa from the current 68.3 mtpa( Million Tons Per Annum). Japee Associates has already sold two Hydropower plants in Himachal Pradesh, Cement assets in Gujarat ,Jharkhand and Haryana, also wind power assets in Gujarat and Maharashtra in past.

- Facts about Ultra Tech Cement -  
Inception: 1983, Headquarters: Mumbai, Director: Puranmalka

### Apple to set up first technology centre in India

Apple will be going to set up its first technology development centre in Hyderabad India. Hyderabad is considered as the hub of technology. The center will be set up with an amount of \$25 million (Rs 150 crore) in 250000 square feet. The Apple center will provide new job opportunities to the youth and help in Indian Economy. Sale of Apple's product in India had crossed nearly \$ 1billion.

## SCIENCE & TECHNOLOGY

### 'Nidar' India's Lightest Revolver weighing 250gm



Ishapore Rifle factory in west Bengal had designed India's lightest revolver' Nidar' weighing 250gm. The revolver was launched by the short arm manufacturer. Nidar is .22 calibre with weighing 250gm. It is capable of firing eight rounds loaded in a revolving chamber. It can fire up to seven meters and as 40.3mm barrel length with accuracy. It can be easily carried out in

small purse, handbag, pockets of trousers and jackets.

### **RailYatri.in launches medical emergency app**



RailYatri.in had launched a medical emergency app. It will enable train travelers to check for vital information regarding medical facilities in the surrounding area of their location. It aims to overcome the medical emergencies arise during the journey. The app will check the location of the user and provides list of healthcare facilities at the upcoming stations. The app will provide direction from station, contact numbers of hospitals and ambulance services to the passengers.

## **SPORTS**

### **Sania-Hingis win St. Petersburg Ladies Trophy**

Sania Mirza the Indian tennis star and Martina Hingis from Swiss won the St. Petersburg Ladies Trophy in St. Petersburg, Russia. She top-seeded Indo-Swiss pair

conquered the Russian-Czech team by 6-3 6-1 Vera Dushevina and Barbora Krejckova in the women's doubles final. The victory in the final was ensuing 40 match win.

### **West Indies wins ICC U-19 Cricket World Cup 2016**

West Indies had won the ICC Under-19 World Cup 2016 in Mirpur against India. The Man of the Match were Keacy Carty hits 52 not out off 125 ball and Keemo Paul hits 40 not out off 68 balls. The West Indies' most successful batsman of the tournament is Shamar Springer with 282 runs. Player of the tournament was Mehidy Hasan Miraz from Bangladesh.

### **India-Sri Lanka T20 Final: India wins the series 2-1**

India has won the three matches Twenty20 series against Sri Lanka after racing to a 9 wicket win in the third and last T20 played at Visakapatnam cricket ground. Ravi Ashwin was declared man of the match after his 4 wickets in 4 over's which pretty much killed the game inside first 10 over's of Sri Lanka inning. Sri Lanka lost 5 wickets for just 21 runs and bundled out for 82 runs in total.

### **McCullum plays record 100th consecutive Test**

Brendon McCullum skipper of New Zealand cricket team had played recode 100th consecutive Test before him the record was named to the South African player de Villiers. Before the McCullum last match the record was holed by the South Africa's AB de Villiers who had played 98 successive tests from debut.

