

MARKET WATCH

	27-11-2019	% CHANGE
Sensex	41,021	0.49
US Dollar	71.35	0.21
Gold	38,503	-0.09
Brent oil	64.28	0.56

NIFTY 50

	PRICE	CHANGE
Adani Ports	372.95	2.55
Asian Paints	1715.35	5.05
Axis Bank	752.90	0.65
Bajaj Auto	3212.05	33.90
Bajaj Finserv	9228.45	107.15
Bajaj Finance	4118.35	20.00
Bharti Airtel	433.35	1.00
BPCL	505.90	9.25
Britannia Ind	3091.10	35.85
Cipla	468.00	-10.55
Coal India	201.00	3.25
Dr Reddys Lab	2972.00	6.15
Eicher Motors	23021.65	215.95
GAIL (India)	124.45	-0.55
Grasim Ind	788.10	-2.95
HCL Tech	1128.25	20.20
HDFC	2336.30	31.65
HDFC Bank	1278.40	3.35
Hero MotoCorp	2523.25	28.65
Hindalco	203.00	4.30
Hind Unilever	2093.25	34.90
ICICI Bank	505.50	-5.20
IndusInd Bank	1526.35	10.45
Bharti Infratel	225.30	-7.35
Infosys	695.75	5.15
IndianOilCorp	131.10	1.80
ITC	246.95	-2.20
JSW Steel	252.95	-0.30
Kotak Bank	1617.90	13.50
L&T	1335.50	-27.50
M&M	539.95	1.35
Maruti Suzuki	7294.40	169.40
Nestle India Ltd.	14562.70	38.30
NTPC	115.75	-0.90
ONGC	132.65	2.40
PowerGrid Corp	195.10	0.70
Reliance Ind	1569.85	9.60
State Bank	343.55	8.05
Sun Pharma	458.75	8.00
Tata Motors	165.90	2.50
Tata Steel	421.35	-2.80
TCS	2054.30	7.65
Tech Mahindra	767.55	3.95
Titan	1167.15	1.05
UltraTech Cement	4234.65	121.80
UPL	551.85	10.15
Vedanta	146.95	1.85
Wipro	240.05	2.50
YES Bank	68.25	5.10
Zee Entertainment	319.50	-0.20

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on November 27

CURRENCY	TT BUY	TT SELL
US Dollar	71.15	71.47
Euro	78.34	78.69
British Pound	91.67	92.09
Japanese Yen (100)	65.19	65.48
Chinese Yuan	10.13	10.18
Swiss Franc	71.31	71.63
Singapore Dollar	52.09	52.33
Canadian Dollar	53.62	53.89
Malaysian Ringgit	17.05	17.14

Source: Indian Bank

BULLION RATES CHENNAI

November 27 rates in rupees with previous rates in parentheses

Retail Silver (1g)	47.9	(47.7)
22 ct gold (1 g)	3612	(3618)

Govt. extends 15th finance panel term

Commission to submit two reports; recommendations will be applicable for six years

SPECIAL CORRESPONDENT
NEW DELHI

The Union Cabinet on Wednesday approved the extension of the term of the 15th Finance Commission, which will now submit two reports. The term had been extended till October 30. The first report, for financial year 2020-21, will be submitted in the coming months before the Union Budget, and the second report for the period 2021-26 will be presented by October 30, 2020.

This will effectively mean the 15th Finance Commission's recommendations will be applicable for six years and not the conventional five-year period. "The extension of the term will enable the Commission to examine various comparable estimates for financial projections in view



The extension will help the N.K. Singh-led panel to examine comparable estimates for financial projections. •R. V. MOORTHY

of reforms and the new realities to finalise its recommendations for the period 2020-2026," the government said in a release.

"The Commission, on account of the restrictions imposed by the model code of conduct, completed its visit

to States only recently," the release added. "This has had a bearing on the detailed assessments of States' requirements."

According to a former chairman of a previous Finance Commission, it is not unprecedented for the term

of a Commission to be extended when there is a restructuring of States, or if the terms of reference for the Commission have been significantly expanded.

"This Commission has seen its terms of reference expanded and the reorganisation of J&K, and so, an extension of the term is not unusual," the former chairman said. "It happened before in the 14th Finance Commission when Andhra Pradesh and Telangana were split."

In a situation where the number of States has changed, the former chairman explained, the Commission then has to alter its calculations for every State and this takes time.

"The report for the year 2020-21 will be submitted soon, before the presentation of the Budget," the office

of 15th Finance Commission Chairman N.K. Singh told *The Hindu*. "The formula for the first year (2020-21) will not be carried forward for the next five years in a mechanical way, but will be subject to any changes that the Finance Commission may consider appropriate based on the circumstances at that time."

The 9th Finance Commission under the chairmanship of N.K.P. Salve also saw its recommendation period extended to six years from the conventional five.

"The proposed increase in coverage of the period for which the Commission's recommendations are applicable will help medium-term resource planning for the State governments and the Central government," the government release said.

Brokers cannot misuse client securities, says Tyagi

Karvy wasn't allowed to do what it did

SPECIAL CORRESPONDENT
MUMBAI

The Securities and Exchange Board of India (SEBI) has taken a serious view of the Karvy issue and said that the stock broking arm of the Hyderabad-based financial services entity indulged in activities that it was 'never allowed' to do.

"The regulations are very clear on what brokers can do with client securities," Ajay Tyagi, Chairman, SEBI said while addressing the media on the sidelines of Organisation for Economic Co-operation and Development (OECD) Asian Round Table on Corporate Governance here.

"The regulations were made further clear in June 2019. So, if brokers continue to misuse client securities, it cannot be allowed," he said.

The latest salvo from the SEBI Chairman comes close on the heels of the regulatory directive last week that barred Karvy Stock Broking from signing new clients for alleged offences related to misuse of client funds.

"What is basically never allowed was being done," he added, while referring to the circular issued in June that stipulated that a brokerage cannot transfer or pledge client securities with banks or financial institutions to raise funds for itself.

"It cannot be anyone's case even if these instructions were not so explicit that they can use clients' securities for doing something (of) their own... This is a very basic thing that cannot be allowed," he said. Apart from barring Karvy Stock Broking from signing new clients, the capital markets



Ajay Tyagi

regulator also directed depositories not to act upon instructions by the broking outfit to transfer any client securities even if there exists a power of attorney in favour of the brokerage.

On a different note, the SEBI chief said that while India had one of the strongest definitions of 'independence' in terms of independent directors in its listing regulations, their conduct and decisions were quite often questioned.

"... the concerns of independent directors not being truly independent, especially in promoter-dominated companies continue and for the right reasons. While such directors meet the regulatory requirements on paper, their independence in conduct and decisions are often under a cloud," said Mr. Tyagi in his speech.

He added that the capital market regulator was also looking at "improving the existing norms on related party transactions."

Separately, rating agency ICRA downgraded the rating of long-term fund-based securities issued by Karvy Data Management Services, while withdrawing the rating of its non-fund based securities.

SBI Cards files papers for ₹9,600 crore IPO

130 million shares on offer for sale

SPECIAL CORRESPONDENT
MUMBAI

SBI Cards and Payment Services Ltd., the credit card joint venture of State Bank of India, has filed a draft red herring prospectus with market regulator SEBI for an initial public offer (IPO) of ₹9,600 crore.

Most of the shares on offer for sale will come from SBI, which has 74% stake in SBI Cards, and CA Rover Holdings, which has 26%.

There will be fresh issue of shares of around ₹500 crore and offer for sale of 130 million shares. According to the offer document, SBI and CA Rover will offer 37.3 million, or 4%, and 93.2 million, or 10% shares,



through the IPO.

Up to 1,864,669 shares have been reserved for SBI shareholders. SBI Cards is the second-largest credit card issuer in the country after HDFC Bank with 9.5 million cards. It will be the second company among SBI's arms to go public, after SBI Life Insurance Company.

ZEEL board members flagged many issues while stepping down

Concerns over ₹2,200 crore of advances extended in FY19

SPECIAL CORRESPONDENT
MUMBAI

Of the three board members of Zee Entertainment Enterprises Ltd. (ZEEL) who resigned recently, two had raised several concerns but the company said all those issues were discussed and acted upon.

While Sunil Sharma, an independent director, resigned on November 24, Subodh Kumar, a non-independent director and Neharika Vohra, an independent director, resigned on November 22. In his resignation letter, Mr. Sharma had said that subsequent to sale of shares by the promoter group and reconstitution of

ZEEL said matters raised by these directors were acted upon from time to time

the board, he had tendered his resignation. "The company, while accepting the resignations and intimating the exchanges about the same, discussed the same in detail in the board meeting held on November 25, 2019," ZEEL said.

"The board of directors noted that all of the issues raised by the resigning directors have been duly discussed, deliberated and acted upon... in the previous committee / board meetings

in which the said directors were also present," it added.

Some issues raised by Mr. Kumar and Ms. Vohra pertained to ₹2,200-crore of film advances extended in 2018-19, a scheduled bank appropriating ₹200 crore of the company's fixed deposits towards promoter loans and the management not initiating legal action (on it), and non-implementation of certain decisions of the board meeting held on October 17, 2019 relating to treasury operations.

After Essel Group, sold 16% stake, ZEEL chairman Subash Chandra stepped down but remained as non-executive director.

No plan to cut 5G price: Centre

Industry has been seeking revision of 'exorbitant' base price

YUTHIKA BHARGAVA
NEW DELHI

Communications Minister Ravi Shankar Prasad on Wednesday informed Parliament that the government does not plan to reduce the reserve price for 5G spectrum even as the telecom industry has been demanding revision of 'exorbitant' and 'unaffordable' prices.

Replying to a separate query, the Minister, however, admitted the ability of telecom operators to pay for spectrum may be constrained given that their balance sheets are already overstretched, even as he pointed out the telcos' decision to raise tariffs for voice and data, and the Centre's recent decision to provide a two-year moratorium on spectrum payment dues.

Asked if the government was aware of the industry's concerns about the high 5G spectrum base price, the Mi-



Ravi Shankar Prasad

nister replied in the affirmative, stating that various industry associations, including Assocham, CII and BIF had written to the government about high spectrum auction prices.

On the question "whether the government is planning to reduce the base-price for 5G spectrum," Mr Prasad said, "No, sir."

Further, on the telecom industry's representation that the quantum of 5G spectrum that has been allocated for the upcoming auction

was not enough for a country of India's size and density, Mr. Prasad said, "In DoT's view, the present available spectrum is enough to start the 5G services."

Alive to problems

In October this year, the Minister had announced that the government was alive to the industry's problems, hinting that spectrum prices may be reviewed, while adding that the auctions, including for 5G airwaves, will be held in the current financial year. In July, the Digital Communications Commission had asked the Telecom Regulatory Authority of India (TRAI) to reconsider its recommendations on spectrum auctions to ensure competition and greater participation in auctions. However, TRAI had stuck to its recommendation, including on the base price of spectrum to be put on sale.

ZEEL comes under SEBI scanner

SPECIAL CORRESPONDENT
MUMBAI

Zee Entertainment Enterprises Ltd. (ZEEL) has come under the scanner of the Securities and Exchange Board of India (SEBI) after it emerged that two directors - independent director Neharika Vohra and non-independent director Subodh Kumar - had raised concerns relating to corporate governance and related party transactions in their resignation letters.

The capital market regulator is believed to be looking into some of the allegations, including non-implementation of certain board decisions taken in October relating to treasury operations and issues raised regarding build up of related party balances and advances for content acquisition.

Ujjivan SFB to reverse-merge holding firm

Price band for the bank's ₹750-crore initial public offering is ₹36-₹37 per share

MANOJIT SAHA
MUMBAI

Ujjivan Small Finance Bank, which is coming out with an initial public offer on December 2, will reverse-merge the listed holding company after two years.

In an interaction with *The Hindu*, Samit Ghosh, MD and CEO of the bank, said that the Reserve Bank of India (RBI) had asked the bank to apply for the reverse merger after it completed five years of operations. The bank started operations in February 2017. The holding company, Ujjivan Financial Services, is also listed.

On Wednesday, the small finance bank announced its initial public offering to raise ₹750 crore. The bank has raised ₹250 crore through pre-IPO placement.

The IPO, with a price band of ₹36 to ₹37 per equity share, will open on December 2 and close on December



Samit Ghosh, MD & CEO, Ujjivan SFB, right, with Nitin Chugh, president, at a press conference in Mumbai. •PAUL NORONHA

4, 2019. Ujjivan SFB has appointed Kotak Mahindra Capital Company, IIFL Securities and JM Financial as the book running lead managers to the issue. While the IPO will primarily help meet regulatory requirements, the bank will utilise the funds in two years.

"IPO is primarily for regulatory requirement to list the bank, but given the growth of our business, we will be

review the norm.

According to RBI norms, small finance banks need to list the entity within three years of having ₹500 crore capital.

"Our deadline was January 31," Mr. Ghosh, who is retiring by the end of the month, said. The new MD & CEO Nitin Chugh, a former HDFC Bank executive heading digital banking, will take charge on December 1.

On whether the lender had any plans to convert itself into a universal bank, Mr. Ghosh said they would look at it after completing five years as a small finance bank.

"After completion of five years, we can apply for universal bank licence. We will look at it at that time. Since the capital requirement of a universal bank is much lower, our ability to leverage is much better in [a] universal bank," Mr. Ghosh said.

Auto slowdown may bottom out in Q3: ATMA

Steady revival will mark FY21, says DG

SPECIAL CORRESPONDENT
CHENNAI

The contraction in the automotive sector due to economic slowdown will bottom out in the third quarter of the current fiscal, according to the Automotive Tyre Manufacturers' Association (ATMA).

"The growth in sales of passenger vehicles and two-wheelers in the month of October has brought much-needed respite to the sector after months of de-growth which had dampened the sentiment," said Rajiv Budhraj, director general (DG), ATMA in the latest newsletter. "It is expected that economic de-growth will bottom out in Q3 and a slow and steady revival will mark FY21," he said.

Mr. Budhraj hopes the



new reform measures announced by the Centre, especially the cut in corporate tax rates, would help revive sentiment.

In the first six months of FY20, overall tyre production dropped by 11% to 148 lakh units. Truck and bus tyre production witnessed a sharp fall of 31% while that of passenger cars and motorcycle tyres contracted by 11% and 8% respectively.

JSW Cement puts off IPO plan as slowdown impacts target

Aiming for 20 mtpa by 2021, public offer only after that: MD

SPECIAL CORRESPONDENT
MUMBAI

JSW Cement has postponed its initial public offering (IPO) by a year to 2021, as the economic slowdown had taken a toll on firm's free cash flows and its target of achieving 20 million tonnes per annum (mtpa) by 2020.

The company now plans to become a 20 mtpa player by 2021 and would call for an IPO only after that.

Parth Jindal, MD, JSW Cement told *The Hindu*, "We will do our IPO only after reaching the capacity of 20 mtpa. Now, we are targeting a capacity of 20 mtpa by 2021 and 25 mtpa by 2023. The slowing economy had impacted the cement demand and prices. The prices



Parth Jindal

are at rock bottom now." The company has lined up capital expenditure of ₹2,900 crore to add 11 mtpa of new capacity to its existing capacity of 14 mtpa, to take the total capacity to 25 mtpa by 2023.

This will make JSW Cement, the fifth largest player in market from ninth now. Out of ₹2,900 crore, debt

will help fund ₹1,500 crore and the rest will come from internal accruals.

"We have debt of ₹2,600 crore and at peak, it will go to ₹3,500 crore in 2022," said Mr. Jindal.

The firm will look to raise ₹2,500 crore from the IPO to fuel the next phase of expansion to 35 mtpa of capacity.

"We have acquired limestone mines in Gujarat, Rajasthan and central India. The IPO proceeds will be used to expand our cement capacities in these locations."

When asked about acquisitions, Mr. Jindal said, "We are in talks with some of the players who want to exit due to various reasons. These discussions are outside the IBC process."

TRAI releases paper on telecom tariffs

SPECIAL CORRESPONDENT
NEW DELHI

The Telecom Regulatory Authority of India (TRAI) on Wednesday released a consultation paper on steps to bring in more transparency in communication of tariffs offered by service providers to the subscribers.

The issues raised for consultation include whether a specific format should be prescribed for publishing tariff, how the published tariff would be communicated to users and whether a tariff calculator tool should be introduced to allow users to select the most optimal plan.

TRAI has given a timeline for stakeholder comments on the issue till December 26, and January 9 for counter comments.

Sensex at new peak on U.S.-China trade deal hope

FPIs net buyers at ₹25,000 cr. in Nov.

SPECIAL CORRESPONDENT
MUMBAI

The benchmark Sensex closed above the psychological 41,000-mark for the first time ever on Wednesday that also saw the broader Nifty closing at a new high.

The 30-share Sensex gained 199.31 points, or 0.49%, to close at 41,020.61 with banking and automobile stocks being the main contributors to the day's rise.

The 50-share Nifty settled the day at 12,100.70, up 63 points or 0.52%. The previous closing high for the Nifty was 12,088.55 recorded on June 3. Market participants attribute the current upswing to a firm trend in the global markets on the back of optimism related to the U.S.-China trade nego-



tiations and the strong foreign inflows.

"Market sentiments remain positive on the global front with the likely settlement of the first phase of a deal between the U.S. and China," said Siddhartha Khemka, head, retail research, Motilal Oswal Financial Services.

Foreign portfolio investors (FPIs) have been net buyers at nearly ₹25,000 crore in the current month.