MARKET WATCH

	17-02-2020	% CHANGE
Sensex	41055	-0.49
US Dollar	71.29	0.11
Gold	41565	-0.55
Brent oil	57.25	-0.03

NIFTY 50

	PRICE	CHANGE
Adani Ports	362.80	-4.05
Asian Paints	1881.40	4.35
Axis Bank	738.40	1.90
Bajaj Auto	3075.60	-70.80
Bajaj Finserv	9528.85	-161.65
Bajaj Finance	4776.65	-5.10
Bharti Airtel	564.85	-0.15
BPCL	461.65	-14.80
Britannia Ind	3084.10	-12.55
Cipla	431.90	-15.20
Coal India	167.85	-6.90
Dr Reddys Lab	3295.55	-8.75
Eicher Motors	18535.90	-167.65
GAIL (India)	118.00	-4.55
Grasim Ind	737.40	-5.65
HCL Tech	613.45	-8.20
HDFC	2350.25	-51.50
HDFC Bank	1217.15	-2.20
Hero MotoCorp	2283.35	-73.15
Hindalco	190.25	-3.75
Hind Unilever	2252.60	-2.45
ICICI Bank	541.60	-4.20
IndusInd Bank	1172.95	-3.05
Bharti Infratel	235.00	-0.45
Infosys	789.45	3.00
Indian OilCorp	111.80	-3.30
ITC	204.80	-2.90
JSW Steel	288.15	-1.00
Kotak Bank	1691.10	10.15
L&T	1280.20	-14.95
M&M	522.75	-0.25
Maruti Suzuki	6906.75	-7.05
Nestle India Ltd.	16588.45	232.00
NTPC	110.30	-2.40
ONGC	99.95	-3.35
PowerGrid Corp	183.60	-0.50
Reliance Ind	1478.25	-9.35
State Bank	314.20	-5.20
Sun Pharma	408.40	-10.15
Tata Motors	169.10	0.00
Tata Steel	436.85	2.30
TCS	2203.25	19.05
Tech Mahindra	833.25	-0.90
Titan	1316.05	22.60
UltraTech Cement	4449.85	15.50
UPL	595.00	3.35
Vedanta	142.10	1.00
Wipro	243.80	0.90
YES Bank	37.15	-1.75
Zee Entertainment	239.20	0.45

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on February 17

CURRENCY	TT BUY	TT SELL
US Dollar	71.09	71.41
Euro	77.04	77.42
British Pound	92.52	92.94
Japanese Yen (100)	64.66	64.98
Chinese Yuan	10.18	10.23
Swiss Franc	72.37	72.73
Singapore Dollar	51.18	51.41
Canadian Dollar	53.75	53.99
Malaysian Ringitt	17.13	17.23

Source:Indian Bank

BULLION RATES CHENNAI

February 17 rates in rupees with previous rates in parentheses

Retail Silver (1g)	50.2	(50)
22 ct gold (1 g)	3902	(3924)

SEBI caps fees for investment advisers

Board okays separation of advisory, distribution to minimise conflict of interest

SPECIAL CORRESPONDENT
MUMBAI

The Securities and Exchange Board of India (SEBI) has amended the regulatory framework for investment advisers to introduce a cap on the maximum fee such entities can charge to investors while segregating the advisory and distribution activities to minimise conflict of interest issues.

2.5% of assets

The board of the capital markets watchdog, which met in Mumbai, approved the amendment in the SEBI (Investment Advisers) Regulations 2013, which also stipulated that a person dealing in distribution of securities cannot use the nomenclature 'Independent Financial Adviser ' or 'Wealth Adviser' without registering as an Investment Adviser with the regulator.

SEBI Chairman Ajay Tyagi, right, and Member G. Mahalingam, at a press conference in Mumbai on Monday. • SHASHI ASHIWAL

While the regulator did not specify the upper limit of fees, a consultation paper floated by SEBI in January had proposed capping the fees at 2.5% of the assets under advice or a fixed fee of ₹75,000 per year per family.

Further, an Individual Investment Adviser will not be able to provide distribution services, stated a release by the regulator. On a different note, the regulator also said that Karvy Stock Broking, which is under the regulatory scanner for pledging client securities to raise funds for itself, will make good the payout shortfall by March.

The shortfall in payout, after factoring in the available securities and funds of Karvy Group, is estimated at about ₹680 cr.

Karvy Group is in the process of selling stake in a group company and the term sheet has already been signed, said SEBI chairman Ajay Tyagi while addressing the media after the board meeting.

The shortfall in payout, after factoring in the available securities and funds of the group, is estimated at about ₹680 crore.

As per the SEBI chairman, Karvy Stock Broking's outstanding payment obligations are pegged at ₹1,189 crore while the group has available funds amounting to ₹511 crore.

Among other things, the regulator has made it mandatory for sponsors of mutual funds to invest in close ended schemes. Currently, such a requirement is mandatory for all kinds of schemes except close-ended ones.

Circular soon

Mr. Tyagi added that the regulator was examining the issue of categorisation of funds and would soon come out with a circular.

This is on the back of representation from the industry that fund houses were finding it difficult to invest, especially in the small-cap universe.

The regulator has also amended the SEBI (Depositories and Participants) Regulations to include a clause that would state that pledge would include re-pledge of securities for margin and/or settlement obligations of the client.

Response to long-term repo encouraging: RBI

Bids far exceed notified amount

SPECIAL CORRESPONDENT
MUMBAI

The response to the first long-term repo auction, which was conducted on Monday, was highly encouraging, the Reserve Bank of India said. The central bank has received total bids of ₹1.94 lakh crore, for the three year repo, compared with the notified amount of ₹25,000 crore.

"The response to the long term repo operation (LTRO) has been highly encouraging. The total bids that were received amounted to ₹1,94,414 crore, implying a bid-to-cover ratio (i.e., the quantum of bids received relative to the amount announced) of 7.8," RBI said in a statement after the first auction on Monday.

"The total amount of bids has, in fact, exceeded the aggregate amount of ₹1 lakh crore proposed to be offered under the LTRO scheme." RBI will conduct the second issue for ₹25,000 crore on February 24 which will have a 1-year tenor.

In the sixth bimonthly monetary policy review earlier this month, the central bank, while keeping the key interest rate unchanged, had announced that it would conduct term repos of one-year and three-year tenors up to a total amount of ₹1 lakh crore at the policy repo rate, which is 5.15%.

These will allow banks to garner funds cheaper than the prevailing market and in turn, help them to reduce interest rate costs. "This should encourage banks to undertake maturity transformation smoothly and seamlessly so as to augment credit flows to productive sectors," RBI had said while making the announcement.

Moody's cuts India GDP forecast; 'demand, credit growth critical'

Improved indicators indicate economy may have stabilised

SPECIAL CORRESPONDENT
MUMBAI

Moody's has revised its growth forecasts for India downward to 5.4% for 2020 and 5.8% for 2021, from its previous projections of 6.6% and 6.7%, respectively.

It has also revised its global GDP growth forecast down, given the adverse impact of the coronavirus on the world economy.

"We we now expect G-20 economies to collectively grow 2.4% in 2020, a softer rate than last year, followed by a pick-up to 2.8% in 2021," Moody's said in a report.

"We have reduced our growth forecast for China to 5.2% in 2020 and maintain our expectation of 5.7% growth in 2021," it said.

Moody's also lowered growth projections for Mexico and South Africa, as it has for India, as a reflection of domestic challenges in these countries rather than external factors.

On India, it said that the economic recovery would likely be shallow. "India's economy has decelerated rapidly over the last two years. Improvements in the latest high frequency indicators such as PMI data suggest that the economy may have stabilised," it said.

"While the economy may well begin to recover in the current quarter, we expect any recovery to be slower than we had previously expected," it added.

A key to stronger economic momentum would be the revival of domestic demand, both rural and urban. But equally important is the resumption of credit growth in the economy, Moody's said.

"As data from the RBI shows, credit impulse in the economy has deteriorated throughout the last year as a result of the drying up of lending from non-bank financial institutions as well as from banks. Banks have been both unwilling to lend and to lower lending rates despite successive interest rate cuts by [RBI]," it said.

SP Group wants presence in Tata board

Cross appeal in SC seeks more incisive and relevant relief from NCLAT order

SPECIAL CORRESPONDENT
MUMBAI

The Shapoorji Pallonji Mistry Group (SP Group), which owns 18.32% in Tata Sons Ltd., has filed a limited cross appeal in the Supreme Court arguing that it deserved a more incisive and relevant relief from the National Company Law Appellate Tribunal (NCLAT) order, including a proportionate representation on the board of Tata Sons.

Representation on Tata Sons' board was sought to help protect SP Group's investments in future. • PRASHANT NAKWE

An SP Group spokesperson confirmed the development, but refused to divulge further details. A copy of the appeals reviewed by *The Hindu* essentially argues that the NCLAT had arrived at a clear and unequivocal finding of prejudicial conduct by the majority shareholders of Tata Sons, but failed to provide certain important reliefs that would have put an end to the oppressive conduct of the majority.

The appeals seek proportionate representation on the Board of Tata Sons to ensure that its interests and investments, now worth over ₹1 lakh crore, were protected in future. The prime driver of the appeals is to secure deletion of certain specific provisions in the Articles of Association of Tata Sons.

The SP Group also prayed 'to delete the necessity of affirmative vote in the hands of select directors under Article 121 that enables them to override the views of the entire board of directors or alternatively the requirement of an affirmative vote conferred on directors nominated under Article 104B should be restricted to matters covered by Article 121A and such rights be extended to the majority directors of the appellants group as appointed under (i) above."

A Tata Sons spokesperson declined to offer any comment. The appellants argued that while the manifest abuse of power and conduct lacking in probity had been explicitly found by the NCLAT in the manner of the removal of Cyrus Mistry, reinstatement in office was not sought.

RIL to consolidate media, distribution businesses

To merge the entities into Network18

SPECIAL CORRESPONDENT
MUMBAI

Reliance Industries Ltd. (RIL) plans to consolidate its media and distribution businesses across multiple entities into Network18, in a move that will make Network18 an integrated media and distribution company with a revenue of ₹8,000 crore.

"Under the Scheme of Arrangement, TV18 Broadcast, Hathway Cable & Datacom and Den Networks will merge into Network18 Media & Investments," the company said in a statement, adding that the appointed date for the merger shall be February 1, 2020.

The board of directors of the respective companies approved the Scheme of Amalgamation and Arrangement at their meetings held on Monday.

Shares ratio

Under the scheme, 92 shares of Network18 will be given for every 100 shares of TV18, 78 shares of Network18 for every 100 shares of Hathway, and 191 shares of Network18 will be given for every 100 shares of Den.

The broadcasting business will be housed in Network18 and the cable and ISP businesses in two separate wholly owned subsidiaries of Network18.

RIL said the restructuring shall create value-chain integration and render substantial economies of scale.

Fiscal deficit target realistic: FM

A lot of consultation preceded 'pragmatic' Budget, she says

SPECIAL CORRESPONDENT
BENGALURU

The fiscal deficit mentioned in the budget proposal 2020-21 was 'absolutely realistic' in terms of the scope of revenue generation, scope of investments and projection for economic growth and consumption, said Finance Minister Nirmala Sitharaman.

Addressing a media conference here on Friday, the Minister said, "We have been absolutely realistic with all the figures, that we can spend or borrow, presented in the budget. A fiscal deficit target of 3.5% for next fiscal is the real picture."

On inflation, she said the government was hopeful. She cited the case of seasonal, perishable commodities which make up a significant size in the basket; except for seasonal fluctuation, prices of most goods, particularly food products, have been kept well within acceptable norms, she said.

Nirmala Sitharaman

Responding to a query on relief for telecom companies, Ms Sitharaman said the Telecom Ministry would decide on the payment of adjusted gross revenue (AGR) arrears by defaulting telecom firms, as recently directed by the Supreme Court. "The concerned Ministry has been engaging with telecom players since the court's ruling. I will wait to hear the Telecom Ministry's decision."

It may be recalled that Justice Arun Mishra-led bench on February 14 ordered Airtel and Vodafone Idea to pay their AGR dues immediately to avoid contempt of court.

'Congenial environment'

Speaking at the fifth post-Budget interactive session, she said a lot of preparation and consultation had gone into drafting a pragmatic, forward-looking Budget, which was also designed to ensure a congenial environment for taxpayers.

Domestic air traffic rose 2.2% in Jan., says DGCA

'Airlines ferried 1.27 crore passengers'

SPECIAL CORRESPONDENT
NEW DELHI

Domestic aviation traffic grew at 2.2% last month as compared to the same period last year, according to the DGCA's monthly report.

Indian airlines ferried a total of 1.27 crore passengers in January 2020 as compared to 1.25 crore in January 2019.

Gurgaon-based SpiceJet maintained its lead in capacity utilisation with 91.5% of seats sold, followed by Go Air (88.7%), IndiGo (87.8%) and Vistara (83.5%).

Air Asia was the most punctual airline in the month, with 75.7% of its flight departing and arriving on time. It was followed by IndiGo (74%), Vistara (70.2%), GoAir (69.4%) and SpiceJet (65.3%).

IndiGo cornered 47.9% of the market share, while SpiceJet, at the second place, enjoyed 16.6% of the share. Air India had 11.6% of the total market share.

Air India saw the highest rate of cancellations, with 4.12% of its total flights being cancelled, according to government data.

More than 2.8 lakh passengers were affected by delays and cancellations and received a total of ₹2.26 crore in compensation from different airlines. Poor weather was responsible for as many 52% of cancellations, followed by technical glitches, which led to 24.1% of flights being affected.

IOB mulling follow-on offer next fiscal

SPECIAL CORRESPONDENT
HYDERABAD

State-owned Indian Overseas Bank is exploring options to raise funds through a follow-on public offer (FPO) during the next financial year.

The bank was comfortable after the recent capital infusion of ₹4,360 crore, but raising money through FPO is on the cards. "We plan to raise funds through FPO probably during the second quarter of the next fiscal," IOB's executive director Ajay Kumar Srivastava said.

In an informal chat with reporters here on Monday, he said the bank was in the process of improving performance in terms of controlling net non-performing assets. It had successfully brought down net NPAs during the last quarter ended December 31 as compared to the year earlier period.

In quantitative terms, the net NPAs, which were around ₹17,000 crore in December 2018, had been brought down to ₹7,000 crore by the end of third quarter this fiscal. The net NPA was at 5.8%, below the 6% stipulated by the RBI. "We expect to clock net profit by the end of the fourth quarter and request the regulator to bring us out of the prompt corrective action framework which intends to help financially weak banks back to health before going for the FPO," he said.

IOB's net interest margin was currently about 1.94% and it was expected to touch the 2% level by the end of the current quarter. He, however, said it would take another three to four quarters for reaching 3% NIM. He said the Centre held nearly 95% of the stake in the bank and LIC had another 2%.

Godrej arm buys ₹1,359 cr. land in Delhi

SPECIAL CORRESPONDENT
MUMBAI

Godrej Properties Ltd. (GPL), in one of the largest land transactions in the country, has announced the purchase of 26 acres land in Ashok Vihar, Delhi, for ₹1,359 crore. The company will build a residential project on the land.

The payment will be made in instalments over several years as stipulated in the tender documents. Pirojsha Godrej, executive chairman, Godrej Properties said, "We believe this project is one of the most exciting projects in our development portfolio and will contribute significantly to the growth of our business in NCR. We will seek to ensure a landmark project that delivers an outstanding lifestyle for its residents."

JSW Energy to buy GMR Odisha unit for ₹5,321 cr.

Plans to reach 10,000 MW by 2025

SPECIAL CORRESPONDENT
MUMBAI

JSW Energy has entered into exclusive discussions with GMR Energy Limited (GEL) for potential acquisition of its subsidiary, GMR Kamalanga Energy Limited (GKEL), which owns and operates a 1,050 MW (3x350 MW) thermal power plant in Odisha, for an enterprise value of ₹5,321 crore.

Prashant Jain, joint managing director and CEO JSW Energy said, "With GMR's Kamalanga and Hind Bharat acquisition, our total installed capacity will be 6,350 MW of which 1,640 MW will be renewable. Going forward, we are planning to add 3,500 MW of renewable capacity to reach a total capacity of 10,000 MW by 2020."

JSW Energy has signed a Share Purchase Agreement (SPA) with GEL to acquire 100% stake in GKEL for ₹5,321 crore subject to working capital and other adjustments.

This acquisition will expand the company's presence in the eastern region of the country and further diversify its fuel mix and offtake arrangements, besides taking the overall installed capacity of the company to 5,609 MW.

When asked about funding the acquisition, Mr. Jain said, "We will take existing debt of ₹3,951 crore in our books and will pay ₹1,370 crore on closing of the deal and another ₹755 crore on completion of certain milestones. We have strong balance sheet with debt equity ratio of 0.76:1. So, funding will not be problem."

CARE Ratings downgrades Vodafone Idea

SPECIAL CORRESPONDENT
MUMBAI

Care Ratings Limited (CARE), has downgraded its rating on long-term bank facilities and non-convertible debentures (NCDs) of Vodafone Idea to CARE BB- (under credit watch with negative implications).

The ratings were downgraded on account of a significant erosion in the overall risk profile of the company while taking cognisance of the financial impact after not being granted relief on the modification plea of February 14, 2020 in which telecom companies sought a new schedule of adjusted gross revenue dues by the Supreme Court, and significant losses to the tune of ₹6,453 crore in Q3FY20, Care said.

NCLAT allows JSW Steel to acquire Bhushan Power

Tribunal provides immunity from prosecution by ED

PRESS TRUST OF INDIA
NEW DELHI

The National Company Law Appellate Tribunal on Monday allowed JSW Steel to acquire of Bhushan Power & Steel Ltd. for ₹19,700 crore by providing it immunity from prosecution by Enforcement Directorate.

A two-member bench headed by Chairman Justice S.J. Mukhopadhaya, said that JSW Steel would be immune from the acts done by the former promoters of Bhushan Power & Steel Ltd. (BPSL). However, it said that prosecution against the former promoters under the Money Laundering Act by the Enforcement Directorate could continue. It has also rejected the petitions filed by operational creditors, seeking higher claims.

BPSL's Ebitda earned during its insolvency resolution period will be given to JSW Steel. • B. M. SIDDALINGASWAMY

The Bench said that the Ebitda (earnings before interest, tax, depreciation and amortization) earned by BPSL during its Corporate Insolvency resolution period will be given to JSW Steel.

On October 10, the ED had attached assets worth over ₹4,025 crore of debt-ridden BPSL in connection with its money laundering probe linked to an alleged bank loan fraud by its former promoters.

JSW Steel, which emerged as the successful resolution applicant with its ₹19,700 crore bid for BPSL, filed an appeal against the ED's move before the National Company Law Appellate Tribunal (NCLAT).