MARKET WATCH

	22-11-2017	% CHANGE
Sensex	33,562	0.25
US Dollar	64.92	-0.05
Gold	30,400	-0.16
Brent oil	63.08	1

NIFTY 50

	PRICE	CHANGE
Adani Ports	414.50	13.70
Ambuja Cements	265.60	3.95
Asian Paints	1174.30	14.00
Aurobindo Pharma	698.35	-10.50
Axis Bank	540.50	-6.30
Bajaj Auto	3313.20	12.95
Bajaj Finance	1773.95	-35.80
Bharti Airtel	499.10	-4.15
Bosch	19008.80	-228.70
BPCL	507.70	-3.80
Cipla	619.25	3.15
Coal India	271.80	-2.00
Dr Reddys Lab	2360.65	-33.50
Eicher Motors	30178.20	-242.35
GAIL (India)	469.05	9.10
HCL Tech	842.15	4.45
HDFC	1718.15	23.65
HDFC Bank	1855.25	9.00
Hero MotoCorp	3661.30	-17.45
Hindalco	257.75	-3.70
HPCL	419.50	0.80
Hind Unilever	1270.45	-6.90
Indiabulls HFL	1178.60	0.60
ICICI Bank	318.90	-1.00
IndusInd Bank	1627.35	-21.25
Bharti Infratel	376.45	-7.10
Infosys	966.30	0.05
Indian OilCorp	396.00	-0.15
ITC	258.15	2.35
Kotak Bank	1026.25	-3.60
L&T	1222.70	0.05
Lupin	827.40	-10.05
M&M	1429.50	13.50
Maurti Suzuki	8513.15	88.35
NTPC	181.85	-1.10
ONGC	181.30	0.40
PowerGrid Corp	207.05	0.45
Reliance Ind	930.75	-1.80
State Bank	335.30	4.65
Sun Pharma	535.25	-2.80
Tata Motors	428.60	4.35
Tata Steel	711.05	-0.30
TCS	2680.65	7.70
Tech Mahindra	482.60	-11.25
UltraTech Cement	4230.40	67.00
UPL	747.10	-7.40
Vedanta	309.45	-3.45
Wipro	294.30	0.30
YES Bank	309.75	-2.55
Zee Entertainment	562.05	21.80

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on November 22

CURRENCY	TT BUY	TT SELL
US Dollar	64.71	65.03
Euro	76.03	76.43
British Pound	85.66	86.09
Japanese Yen (100)	57.75	58.03
Chinese Yuan	9.78	9.83
Swiss Franc	65.43	65.75
Singapore Dollar	47.88	48.12
Canadian Dollar	50.74	51.00
Malaysian Ringitt	15.74	15.83

Source:Indian Bank

BULLION RATES CHENNAI

November 22 rates in rupees with previous rates in parentheses

Retail Silver (1g)	42.00	(42.60)
22 ct gold (1 g)	2,810	(2,809)

New direct tax law coming

Panel, led by CBDT Member Arbind Modi, given 6 months to review IT Act 1961

SPECIAL CORRESPONDENT
NEW DELHI

With the Goods and Services Tax (GST) in place, the government has now turned its attention towards improving India's direct tax regime by constituting a task force to review the country's 56-year old Income Tax law and suggest a new law to replace it.

On Wednesday, the Finance Ministry formed a task force led by Central Board of Direct Taxes Member Arbind Modi to review the Income Tax Act, 1961 and draft a new direct tax law in consonance with economic needs of the country.

Updating law: The new law is expected to take into account the economic needs of the country. • GETTY IMAGES/ISTOCK

Terms of reference

"The terms of reference of the task force is to draft an appropriate direct tax legislation keeping in view the direct tax system prevalent in various countries, international best practices, the economic needs of the country and any other matter connected thereto," the Ministry said in a statement.

Prime Minister Narendra Modi had sought a redrafting of the archaic Income Tax law to make it simpler and raise India's low direct tax base, at a meeting with tax administrators this September.

The task force had been given six months to submit its report to the Centre. Hence, a decision on the tax law overhaul is unlikely in the 2018-19 Union Budget.

Chief Economic Advisor Arvind Subramanian will be a permanent special invitee in the task force that also includes academics, private sector tax experts and a retired Indian Revenue Service officer.

Incidentally, Mr. Arbind Modi was also instrumental in drafting the direct taxes code which was introduced in 2009 by the then Finance Minister Pranab Mukherjee. The UPA Government subsequently diluted the provisions proposed in the code.

The NDA government had put the code in cold storage after assuming office in May 2014.

'Future-ready'

Rajiv Memani, chairman and regional managing partner, EY, who is one of the members of the tax force, said the government's steadfast focus on undertaking 'bold yet much needed reforms will enhance India's competitiveness and make the country future-ready.'

Kingfisher: SFIO gets nod for filing prosecution cases

Charges to be filed against Vijay Mallya in a special court

PRESS TRUST OF INDIA
NEW DELHI

The Corporate Affairs Ministry has approved filing of prosecution cases by the SFIO against defaulter businessman Vijay Mallya and others in the Kingfisher Airlines matter, a senior government official said on Wednesday.

In its detailed report on the matter submitted to the Ministry recently, the Serious Fraud Investigation Office (SFIO) flagged various violations by individuals and entities in the now-defunct Kingfisher Airlines, which was owned by Mr. Mallya.

The Ministry has given its approval for the SFIO to file prosecution cases in the Kingfisher Airlines matter, the official said.

Vijay Mallya • AP

The charges for prosecution would be filed against Mr. Mallya and others for various violations of provisions under the companies law before a special court here.

Specific details could not be immediately ascertained.

Sources said that a meeting of various probe agencies like the SFIO and the Enforcement Directorate (ED) was recently held to discuss taking "collective action" in this case.

Mr. Mallya, who has been based in the U.K. for a long time, is wanted in India for Kingfisher Airlines' default on loans worth nearly RS. 9,000 crore and some other matters.

The ED and the Central Bureau of Investigation (CBI) have already filed separate charge sheets against the businessman and other accused.

According to sources, the SFIO is believed to have recommended various actions against individuals and entities for violations in the Kingfisher Airlines matter.

Among others, SFIO had recommended examining the role of some banks as well as bank officials in sanctioning credit facilities to the airline apart from action against promoter directors, they said.

Telcos seek 'realistic timeline' to offer Aadhaar linking via OTP

COAI urges UIDAI to push December 1 deadline by a month

YUTHIKA BHARGAVA
NEW DELHI

The Cellular Operators' Association of India (COAI) has sought at least one more month to implement the OTP-based system for linking Aadhaar with mobile numbers, slated to come into effect December 1 onwards.

Technical changes

"Considering the technical changes that the TSPs have to undergo, the timelines for implementation of any such process should be realistic, at least 4-6 weeks from the date of the process being finalised and implementation orders issued by the DoT,"

COAI Director General Rajan Mathews said in a letter to UIDAI CEO Ajay Bhushan Pandey.

The letter dated November 20 also sought the UIDAI to issue the process for OTP based re-verification, consisting of SMS, mobile application and web-based methods. This letter follows another missive to Telecom Secretary Aruna Sundararajan last week, wherein the industry body had said, "Despite various representations by the TSPs to UIDAI... without understanding the technicalities of the implementation process or their own approval process and timelines, UIDAI in an imperious manner, has unilaterally again stated an implementation of November 30."

This will create a lot of confusion as subscribers would expect the process to be live on December 1 and the industry would not be ready, it had added.

Cabinet approves new finance panel

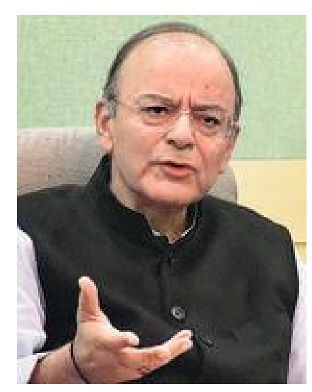
Fifteenth Finance Commission will have its task cut out following GST roll-out

SPECIAL CORRESPONDENT
NEW DELHI

The Cabinet on Wednesday set the ball rolling for the constitution of the Fifteenth Finance Commission, which will decide the devolution formula for revenue-sharing between the Centre and States from the year 2020 till 2025.

The Commission, whose members and terms of reference will be notified soon, will have to grapple with the significant changes in the taxation framework, such as the Goods and Services Tax, which has replaced the earlier indirect taxation system.

Finance Minister Arun Jaitley said that the Cabinet had given an in-principle nod to constitute the Com-



Arun Jaitley

mission and finalise its terms of reference.

"The next step would be to decide on who its members would be and notify the same so that it can begin its work," he said.

The Fourteenth Finance Commission, whose recommendations were accepted by the government and are effective till March 31, 2020, had mooted a ten percentage points jump in States' share of the central pool of taxes from 32% earlier to 42%.

Taxes shared

"India is a Union of States, the Union also has to survive," Mr. Jaitley said in jest, hinting that the Centre hoped the devolution of shareable taxes did not compromise on its own capacity to spend.

"The Fifteenth Finance Commission's recommendations have to be in place before April 1, 2020. The normal experience is that a Finance Comission takes about two years to undertake consultations and finalise its report," said Mr. Jaitley, explaining the timing of the Cabinet decision.

When asked about the terms of reference for the Commission, the Minister said: "Many changes have taken place (since the previous Commission's tenure). Both the Centre and States' expenditure patterns need to be retained and the impact of the new distribution of taxes system on States and the Centre has to be considered by the Commission."

"It is natural that compared to the previous Finance Commissions, the exercise will be different this time. Because, after the GST, it's no longer the same pattern," Mr. Jaitley pointed out.

'India Inc. to see improved credit profiles in 2018'

Disruptions from GST implementation to diminish: Moody's

SPECIAL CORRESPONDENT
MUMBAI

Indian corporates will see improved credit profiles in 2018 on solid economic and EBITDA growth, while their cross-border bond maturities for the next three years are manageable, said Moody's Investors Service in it's "Non-financial corporates – India, 2018 Outlook".

'Higher sales volume'

"Disruptions from GST implementation will diminish and economic activity will recover, and we expect that domestic GDP growth of around 7.6% will result in higher sales volumes, which – along with new production capacity and benign commodity prices – will support EBITDA growth of 5%-6% over the next 12 to 18 months," said Kaustubh Chaubal, vice president and senior analyst, Moody's.

Downside risks include GDP growth falling below 6% and/or a weakening of commodity prices, resulting in lower EBITDA growth; slowdown in the pace of reform and political uncertainty; higher interest rates brought on by rising inflation and/or exchange-rate volatility, resulting in a tight funding environment, Moody's said.

"Moreover, refinancing needs in 2018 will be manageable for most companies, given their improving access to the capital markets and their large cash balances, and – as indicated – their lower-border bond maturities will also be manageable for the next three years," said Saranga Ranasinghe, assistant vice president and analyst, Moody's.

Upside risks include a further simplification of GST and other structural reforms, or an improvement in commodity prices, resulting in higher EBITDA growth; or an improvement in asset valuations, providing a means of deleveraging for some corporates.

For key sectors, the outlook for energy exploration and production is stable.

Telecom sector

Only the telecom sector has negative outlook as intensifying competition will continue to pressure revenues and margins over the next 12 months while industry consolidation will result in the emergence of three big players.

Dharmendra Pradhan

'Diesel use may rise by two-thirds'

REUTERS
NEW DELHI

India's annual diesel consumption could rise to 150 billion litres by 2030 from 90 billion litres now, Oil Minister Dharmendra Pradhan said on Wednesday.

Annual gasoline consumption in the world's third-biggest oil consuming nation could rise to 50 billion litres by 2030 from 30 billion litres now, he said.

India currently imports about 80% of its oil needs.

Japan's JFE, JSW plan Bhushan bid

With unpaid debt of almost ₹450 bn, steelmaker is under insolvency proceedings

REUTERS
MUMBAI/TOKYO

Japan's JFE Holdings Inc. and India's JSW Steel Ltd. are lining up a joint bid with a private equity firm for the assets of India's insolvent Bhushan Steel Ltd., two industry sources familiar with the matter said.

Special purpose vehicle

Under the plans, JFE would set up a special purpose vehicle with the two partners to manage the assets. JFE would hold a majority stake in the vehicle, while JSW Steel would operate Bhushan Steel's plants, said the sources who did not want to be named as the details are not public.

JFE already owns a 15% stake in JSW.

The bid, if successful, will give JFE a bigger foothold in the fast-growing Indian market where it has had a presence since 2010 in partnership with JSW Steel.

Steely resolve: The bid, if successful, would give the Japanese firm a bigger foothold in the Indian market. • REUTERS

It will also help JSW Steel expand in northern and eastern India without overstretching its balance sheet.

With unpaid debt of almost ₹450 billion, Bhushan Steel was pushed into bankruptcy proceedings a few months ago after India's central bank steered 12 of the country's biggest loan defaulters to insolvency proceedings. The final bids for Bhushan Steel are due in late December.

JSW joint managing director and group CFO Seshagiri Rao would neither confirm nor deny the planned acquisition vehicle with JFE as the majority partner, but told Reuters: "It is not necessary that everything has to be built on the balance sheet of JSW."

Mr. Rao said JSW Steel was interested in five steelmakers that were in bankruptcy proceedings, including Bhushan Steel, but had not taken a final decision on whether to bid for all of them. He also said JSW was examining several models for possible bids.

Deal structure

JSW Steel would look to create a structure that does not increase its debt to earnings before interest, tax, depreciation and amortisation (EBITDA) ratio beyond 3.75 and its debt-equity ratio beyond 1.75, Mr. Rao said.

In response to a query from Reuters, a JFE spokesman said the Japanese group was considering all possible business opportunities as part of an agreement with JSW.

"But there is no concrete deal that has been firmed up," the spokesman said.