MARKET WATCH

	09-07-2019	% CHANGE
Sensex	38,731	0.03
US Dollar	68.51	0.21
Gold	34,870	-1.69
Brent oil	64.19	-0.81

NIFTY 50

	PRICE	CHANGE
Adani Ports	405.00	7.20
Asian Paints	1321.00	-19.25
Axis Bank	786.20	3.30
Bajaj Auto	2786.40	8.60
Bajaj Finserv	7855.40	262.35
Bajaj Finance	3603.10	189.80
Bharti Airtel	362.30	5.90
BPCL	360.10	-0.75
Britannia Ind	2762.65	-18.50
Cipla	548.80	10.35
Coal India	229.60	-2.80
Dr Reddys Lab	2598.85	3.15
Eicher Motors	19038.60	5.70
GAIL (India)	147.10	-3.95
Grasim Ind	910.95	22.40
HCL Tech	1020.75	-18.30
HDFC	2232.80	-27.15
HDFC Bank	2379.15	-30.45
Hero MotoCorp	2444.10	63.95
Hindalco	197.90	0.30
Hind Unilever	1740.25	-13.30
Indiabulls HFL	687.10	-1.90
ICICI Bank	428.50	2.60
IndusInd Bank	1492.10	15.60
Bharti Infratel	260.70	-1.80
Infosys	715.50	-2.10
Indian OilCorp	151.40	7.35
ITC	273.10	-4.35
JSW Steel	262.35	0.10
Kotak Bank	1462.85	-12.45
L&T	1526.60	36.25
M&M	632.70	-3.15
Maruti Suzuki	5945.45	-93.25
NTPC	129.55	-0.05
ONGC	153.40	1.00
PowerGrid Corp	204.75	3.50
Reliance Ind	1280.10	28.05
State Bank	359.50	4.20
Sun Pharma	386.40	19.60
Tata Motors	155.80	1.25
Tata Steel	468.45	0.40
TCS	2133.35	-42.05
Tech Mahindra	675.90	-4.45
Titan	1098.95	-153.50
UltraTech Cement	4498.70	106.35
UPL	640.05	-22.05
Vedanta	161.50	-0.45
Wipro	265.50	-1.40
YES Bank	91.35	-1.80
Zee Entertainment	331.75	-2.90

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on July 09

CURRENCY	TT BUY	TT SELL
US Dollar	68.34	68.66
Euro	76.59	76.97
British Pound	85.16	85.56
Japanese Yen (100)	62.82	63.12
Chinese Yuan	9.92	9.97
Swiss Franc	68.82	69.15
Singapore Dollar	50.21	50.45
Canadian Dollar	52.05	52.29
Malaysian Ringitt	16.49	16.58

Source:Indian Bank

BULLION RATES CHENNAI

July 09 rates in rupees with previous rates in parentheses

Retail Silver (1g)	40.8	(41)
22 ct gold (1 g)	3264	(3303)

IndiGo promoter feud out in the open

Rakesh Gangwal writes to markets regulator SEBI, flags 'unusual rights' available to Rahul Bhatia

SPECIAL CORRESPONDENT
NEW DELHI

The war between IndiGo's two promoters Rahul Bhatia and Rakesh Gangwal is now public with the latter approaching markets regulator SEBI against "unusual rights" available to the former due to paucity of independent directors on the Board. This, according to him, led to governance matters being overlooked worse than in a *'paan ki dukaan'*.

Mr. Bhatia, through his Interglobe Enterprises (IGE), has 38% shareholding in InterGlobe Aviation Limited, IndiGo's parent company, while Mr. Gangwal holds 37% share in the company. The airline enjoys nearly 50% market share among all airlines in the country.

No fair play, this: Absence of a woman independent director on the Board is a violation, says Rakesh Gangwal. • REUTERS

"The unusual rights available to the IGE Group in conjunction with the lack of diversity and paucity of independent directors in the Board may very well be the root of why governance matters have taken such a back seat at IndiGo. I request SEBI to look into and, if thought fit, ask the company to make necessary changes to the unusual controlling rights available to the IGE Group," Mr. Gangwal urged in his letter dated July 8 to SEBI Chairman Ajay Tyagi.

The 'unusual rights' detailed included the right to appoint three out of six directors of IndiGo, the managing director, the CEO, the president and chairman of the board, and a voting arrangement that requires Mr. Gangwal and his affiliates to

I request SEBI to ask the firm to make changes to the unusual rights that IGE Group has

vote alongside of the IGE Group on the appointment of directors.

Mr. Gangwal underlined that while the shareholding agreement was due to expire in November, as per the articles of association, these terms would continue to survive. Therefore, he was approaching the SEBI to intervene.

He also raised the absence of a woman independent director on the Board as a violation of the regulations.

At the heart of the conflict is also the businesses carried out between IndiGo's parent company and Mr. Bhatia's IGE, such as in provision of hotel accommodation for crew at Novotel hotels, in which IGE has a share.

"I hadn't contemplated over that over the years, Mr. Bhatia would start building an ecosystem of other companies that would enter into dozens of related party transactions with IndiGo. We are not against RPTs as long as proper checks and balances exist and such RPTs are in the best interest of the company," Mr. Gangwal wrote.

The letter said that while these terms were agreed to by both parties at the time of the company being listed, however, times, circumstances and behaviour of promoters had changed since 2015.

Mr. Gangwal also rubbished remarks made by the airline's CEO Ronojoy Dutta in a television interview that there were administrative issues, and said these were in fact "troubling credibility issues".

IRDAI for changes to TPA health norms

Policyholders may get the option to choose third-party administrators

N. RAVI KUMAR
HYDERABAD

From providing health insurance policyholders an option to choose third-party administrators (TPAs) to proposing a hike in the fees it levied on such firms, insurance regulator IRDAI has mooted multiple changes in the regulations governing TPA-Health Services.

For greater competition, it is proposed to allow the policyholders to choose the TPA of their choice from those engaged by the insurer. Suitable regulatory provisions are proposed, IRDAI said while inviting comments on an exposure draft on changes to the regulations.

However, TPAs would not be allowed to canvass the business of rendering health services directly from the policyholders or prospects.

On their part, insurers need to explicitly provide names of the TPAs from whom the policyholder may choose, at the point of sale.

Changing times: An increase in various fees that TPAs are charged by the IRDAI is on the cards. • GETTY IMAGES/ISTOCK

The policyholder would be allowed to change the TPA only at the point of renewal. Where only one TPA is engaged by the insurer, no option need be provided to the policyholder, IRDAI said.

The first set of regulations governing the TPAs, which also marked the introduction of the concept of TPAs in the health insurance space, came in 2001.

New provisions

They were revisited in 2016 and the present exposure draft intended to issue clarifications as well as introduce certain new provisions and carry out some modifications. Sources in the industry said that while the role and services of TPAs were important, there were a few companies who preferred to do the work in-house.

Figuring in the list of changes sought to be made is an increase in various fees charged by the authority from the TPAs, which has remained unchanged since 2001. The proposal is to revise the non-refundable processing fee from ₹20,000 to ₹1 lakh; registration fee for new applicants from ₹30,000 to ₹2 lakh; and renewal application fee from ₹15,000 to ₹1.50 lakh.

The IRDAI has also proposed a set of qualifying norms for TPA promoters, including those pertaining to their shareholding.

Further, it has suggested a change in the wordings to increase the scope of health services provided by TPAs to policyholders of foreign insurers visiting India.

India has stricter regulatory norms: Basel

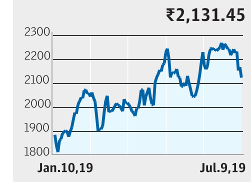
SPECIAL CORRESPONDENT
MUMBAI

The Basel Committee on Banking Supervision has said that India is compliant regarding regulation on large exposures though, in some some respects, regulations are stricter than the Basel large-exposures framework.

"Overall, as of 7 June 2019, the large exposures regulations in India are assessed as compliant with the Basel large exposures framework. This is highest possible grade," a Basel panel report said.

"In some other respects, the Indian regulations are stricter than the Basel large exposures framework. For example, banks' exposures to global systemically important banks are subject to stricter limits," the report said.

Strong wicket



Customers continue to spend on their growth and transformation initiatives, and that is showing in our strong order book

RAJESH GOPINATHAN, MD & CEO, TCS

Tata Consultancy Servics	Q1 FY20	Q1 FY19	Growth %
Revenue from operations (₹cr.)	38,172	34,261	11.4
Net profit (₹cr.)	8,131	7,340	10.8
EPS (₹)	21.7	19.2	
Dividend (₹)	5	4	

TCS Q1 profit rises 10.8% to ₹8,131 crore

BFSI segment puts up a strong show

SPECIAL CORRESPONDENT
MUMBAI

Information technology major Tata Consultancy Services (TCS) kicked-off the earnings season by reporting a 10.8% growth in its first quarter net profit to ₹8,131 crore for the June quarter on the back of a strong performance in its banking, financial services and insurance (BFSI) segment.

The rise in profit came in on a 11.4% growth in revenue to ₹38,172 crore.

Rajesh Gopinathan, chief executive officer and managing director, TCS, said: "We have had a steady start to the new fiscal year. We see customers continuing to spend on their growth and transformation initiatives, and that is showing in our strong order book and deal pipeline this quarter."

India's second-most valued firm by market capitalisation saw a 7.5% growth in its operating income to ₹9,220 crore.

However, the company's margins contracted 90 basis points (bps) to 24.2% in a seasonally strong quarter for the IT industry, thereby raising investors' concerns on margins.

V. Ramakrishnan, chief financial officer, said: "Our margins this quarter fully reflect the annual increments that we effected across the board in April. Sustained rigour in operations helped deliver strong cash conversion and EPS [earning per share] expansion. We continue to invest in deepening our capabilities to help our customers in their transformation journeys." The board has recommended a dividend of ₹5 per share.

N. Ganapathy Subramaniam, chief operating officer and executive director, said: "We continue to execute well and delivered some significant transformation programmes to our customers during the quarter. Our platforms for the financial industry are doing well."

Digital services, which accounted for 32.2% of the revenue, grew at 42.1%. The Life Sciences and Healthcare vertical grew 18.1%, BFSI 9.2%, retail, 7.9%, technology and services, 7.8% and manufacturing, 5.5% during the quarter.

"TCS reported a weak set of Q1 numbers with revenue coming in line with consensus estimate and EBIT margin below estimates. Net profitability came marginally above the consensus estimate," Paras Bothra, president equities, Ashika Stock Broking, told *The Hindu*.

Strong hiring trends

Strong hiring in Q1 resulted in a net addition of 12,356 employees, the highest in the last five years.

The company has issued joining letters to over 30,000 fresh graduates, said a company statement, adding that the consolidated headcount stood at 436,641 as of June 30, 2019.

IOB to focus on recovery, improving margins

Lender seeks ₹6,000 crore as capital from the Union government

SPECIAL CORRESPONDENT
CHENNAI

Public sector lender Indian Overseas Bank's (IOB) current focus would be on reducing its net non-performing assets (NPAs) and coming out of the Prompt Corrective Action (PCA) framework of the Reserve Bank of India during the current fiscal, said a top official.

"The current year's focus will be on improving net interest margin, net interest income, bringing down net NPAs from the present 11% to 6%, improving capital adequacy and growing the assets," said Karnam Sekar, managing director and chief executive officer, IOB.

At a media conference on Tuesday, IOB MD & CEO Karnam Sekar dwelt on the steps taken to exit the PCA. • BIJOY GHOSH

Recovering money

Admitting that IOB was relatively slower in coming out of the RBI's watchlist as compared with its peers, he elaborated on measures taken by the bank for recovering monies, such as appointing a special task force to monitor big one-time settlement cases, selling assets to asset restructuring companies and recovering educational loans.

He said all these would enable the bank to improve profitability and "enable us to come out of the PCA framework of the Reserve Bank during the current year. We will turn to profit during the second quarter," he added.

Mr. Sekar said the bank had sought ₹6,000 crore from the central government as capital.

When pointed out that his predecessor had said that IOB would return to black during the first quarter of 2020, he said it would get shifted by one or two quarters. However, the bank was on its way to recovery, he added.

Interacting with the media, Mr. Sekar said that over the last few days, he had had the first the round of interaction with senior officials, to gauge the mood.

He said while some automated teller machines would be relocated, none of the branches would be closed down. Over the last few months, the number of loss-making branches was reduced to 45, he added.

"The recovery in the last few quarters was not up to the desired level. But, it has been more than the slippages. Slippages have been contained," he added.

ICICI Sec diversifies into retail loan distribution

To sell ICICI Bank products online

SPECIAL CORRESPONDENT
MUMBAI

ICICI Securities has diversified its business model to enter the retail loan distribution business in the form of home, auto and personal loans and loans against property.

The financial services entity is eyeing commission income by selling products of ICICI Bank through its online – ICICI Direct – and offline channels. "This service is inclusive of products such as personal loans, home loans, loans against property, auto loans, and credit cards offered by ICICI Bank. I-Sec will earn a distribution commission for selling these products," stated a company statement.

Shares of ICICI Securities, which is a subsidiary of ICICI Bank, have lost nearly 60% since listing in April last year.

"This is a new revenue stream for us and we are confident that given the robustness of our platform and strength of our distribution, we will provide a lot of value to both our customers as well as the principal," said the statement quoting Vijay Chandok, MD & CEO, ICICI Securities.

Banks reported 44,016 frauds in last 11 years

FinMin data puts value at ₹1.85 lakh cr.

SPECIAL CORRESPONDENT
NEW DELHI

Banks have reported 44,016 frauds amounting to ₹1.85 lakh crore in the last 11 years since 2008-09, according to data provided by the Finance Ministry.

According to a written reply by Minister of State for Finance Anurag Thakur, 2016-17 was the worst year in terms of the amounts involved in bank frauds, with ₹25,883.99 crore involved across 3,927 frauds. This works out to an average of ₹6.6 crore per fraud that year, higher than the average amount of ₹4.21 crore across the 11 years. The frauds being considered in the list are those involving ₹1 lakh or more. Mr. Thakur said that the government had issued a 'framework for the timely detection, reporting, investigation relating to large value banks frauds' which mandates, among other things, that all bank accounts exceeding ₹50 crore, if classified as NPAs, be examined by banks from the angle of a possible fraud.

"The heads of PSBs have also been empowered to issue requests for issue of Look Out Circulars (LOCs)," Mr. Thakur added.