

| MARKET WATCH | | |
|--------------|------------|----------|
| | 22-10-2019 | % CHANGE |
| Sensex | 38,964 | -0.85 |
| US Dollar | 70.94 | 0.28 |
| Gold | 38,810 | -0.13 |
| Brent oil | 59.52 | -0.45 |

| NIFTY 50 | | |
|-------------------|----------|---------|
| | PRICE | CHANGE |
| Adani Ports | 420.75 | -0.95 |
| Asian Paints | 1780.20 | -36.55 |
| Axis Bank | 712.75 | 3.20 |
| Bajaj Auto | 3122.30 | 35.25 |
| Bajaj Finserv | 8008.85 | -257.10 |
| Bajaj Finance | 4034.15 | -103.50 |
| Bharti Airtel | 374.10 | -9.40 |
| BPCL | 534.10 | 13.80 |
| Britannia Ind | 3248.05 | -4.30 |
| Cipla | 453.90 | 9.75 |
| Coal India | 208.80 | 2.85 |
| Dr Reddys Lab | 2810.75 | 85.90 |
| Eicher Motors | 19978.85 | -297.05 |
| GAIL (India) | 129.50 | -0.05 |
| Grasim Ind | 756.05 | 9.55 |
| HCL Tech | 1064.45 | -31.05 |
| HDFC | 2114.90 | 20.45 |
| HDFC Bank | 1239.30 | 10.30 |
| Hero MotoCorp | 2674.65 | 28.50 |
| Hindalco | 185.75 | -1.65 |
| Hind Unilever | 2127.35 | 20.50 |
| ICICI Bank | 451.15 | 13.35 |
| IndusInd Bank | 1341.00 | -1.65 |
| Bharti Infratel | 258.80 | -2.80 |
| Infosys | 643.55 | -124.30 |
| Indian OilCorp | 146.45 | 0.85 |
| ITC | 248.90 | 2.40 |
| JSW Steel | 219.70 | -3.65 |
| Kotak Bank | 1628.85 | 13.60 |
| L&T | 1442.55 | -5.25 |
| M&M | 595.80 | 2.50 |
| Maruti Suzuki | 7256.25 | -46.05 |
| Nestle India Ltd. | 15020.00 | 184.55 |
| NTPC | 120.90 | -0.15 |
| ONGC | 144.25 | 0.75 |
| PowerGrid Corp | 205.05 | 2.50 |
| Reliance Ind | 1414.15 | -2.20 |
| State Bank | 270.50 | 0.85 |
| Sun Pharma | 405.45 | 3.80 |
| Tata Motors | 131.75 | -5.10 |
| Tata Steel | 354.50 | -5.10 |
| TCS | 2051.40 | -5.95 |
| Tech Mahindra | 717.65 | -16.55 |
| Titan | 1329.45 | 28.85 |
| Ultra Tech Cement | 4249.30 | -46.00 |
| UPL | 597.00 | -2.00 |
| Vedanta | 149.15 | -1.10 |
| Wipro | 253.55 | 4.65 |
| YES Bank | 51.80 | 0.40 |
| Zee Entertainment | 250.45 | 0.25 |

| EXCHANGE RATES | | |
|---|--------|---------|
| Indicative direct rates in rupees a unit except yen at 4 p.m. on October 22 | | |
| CURRENCY | TT BUY | TT SELL |
| US Dollar | 70.73 | 71.05 |
| Euro | 78.78 | 79.14 |
| British Pound | 91.56 | 91.99 |
| Japanese Yen (100) | 65.11 | 65.42 |
| Chinese Yuan | 9.99 | 10.04 |
| Swiss Franc | 71.51 | 71.87 |
| Singapore Dollar | 51.91 | 52.15 |
| Canadian Dollar | 53.96 | 54.23 |
| Malaysian Ringgit | 16.89 | 16.97 |
| Source:Indian Bank | | |

| BULLION RATES CHENNAI | | |
|---|------|--------|
| October 22 rates in rupees with previous rates in parentheses | | |
| Retail Silver (1g) | 49.3 | (49) |
| 22 ct gold (1 g) | 3652 | (3657) |

Infosys starts probe into CEO’s conduct

Law firm Shardul Amarchand Mangaldas & Co. to investigate ‘unethical practices’ of Parekh, CFO Roy

SPECIAL CORRESPONDENT
MUMBAI

Infosys has started an independent probe into alleged unethical practices by its CEO Salil Parekh and CFO N. nanjan Roy.

The action follows complaints from whistle-blowers about unethical practices.

On Monday, the Infosys board’s audit committee retained law firm Shardul Amarchand Mangaldas & Co. to conduct an independent investigation. “The board, in consultation with the audit committee, will take such steps as may be appropriate based on the outcome of the investigation.

“Our statutory auditors, Deloitte India, have also been completely updated on this matter post the board meeting of October 11, 2019.

“Because the investigation is ongoing, there will be no further comment so that investigation may be conducted in a thorough and objec-



Under a cloud: To ensure an independent probe, the CEO and CFO have been recused from the matter. *SOMASHEKAR G. R. N.

tive manner. At the appropriate time, we will provide a summary of the investigations’ results,” said Nandan Nilekani, chairman, Infosys, in a statement.

Mr. Nilekani said to ensure independence in the investigations, the CEO and CFO have been recused from this matter.

It all started with a group, calling itself ‘ethical employees’, filing a whistleblower statement with the Infosys board and the U.S. Securities and Exchange Commission, alleging that the company’s top executives were bending rules with regard to accounting of revenue from large deals to

make them look more profitable. One of Infosys’s board members received two anonymous complaints on September 30, 2019 – one dated September 20 titled ‘Disturbing unethical practices’ and the second undated with the title ‘Whistleblower complaint’, Infosys said in a statement.

Complaints with panel

As per the company’s whistleblower policy, both the complaints were placed before the audit committee on October 10, 2019 and before the non-executive members of the board on October 11, 2019.

Additionally, on October 16, 2019 the company was made aware of a letter dated October 3, 2019 which was purportedly written to the Office of Whistleblower Protection Program, Washington D.C.

“The undated whistleblower complaint largely

deals with allegations relating to the CEO’s international travels to the U.S. and Mumbai.

“Although, we have not been provided any of the emails or voice recordings, we will ensure that the generalised allegations are investigated to the fullest extent,” said Mr. Nilekani.

Post the board meeting of October 11, 2019 the audit committee began consultations with independent internal auditors (Ernst & Young) on terms of reference for their prima facie investigation.

“This calls into severe question board-level processes at the IT major, given that when founder Nandan Nilekani was brought back on the board, his specific focus was to ensure high corporate governance standards post the Vishal Sikka fiasco,” said Harit Shah, research analyst with Reliance Securities.

Shares slump the most in more than six years

Tank 16.21% in biggest single-day fall

SPECIAL CORRESPONDENT
MUMBAI

Shares of Infosys tanked more than 16% on Tuesday, a day after the company said that it received an anonymous whistleblower letter alleging unethical practices by the top brass to boost short-term revenues and profits.

Infosys was the biggest loser among the Sensex pack, shedding 16.21% or ₹124.45 to close at ₹643.30. Earlier in the day, the shares touched a low of ₹638.30.

For the country’s second-largest software services company, this was the biggest single-day fall in over six years. It had lost over 21% on April 12, 2013 after its revenue growth forecast was much below industry guidance.

Incidentally, the huge losses in the index heavyweight weighed on the entire market as well with the

benchmark indices snapping their six-day gaining streak.

The 30-share Sensex lost 334.54 points, or 0.85%, to close at 38,963.84. The broader Nifty ended at 11,588.35, down 73.50 points or 0.63%.

Market participants believe that the stock will be under selling pressure as investors are typically wary of taking positions in companies facing such issues.

“This equates to a corporate governance issue,” said Harit Shah, Research Analyst, Reliance Securities.

“Given that it is so widely held, it is very likely that some investors will vote with their feet and sell at least some of their holdings,” he added. Motilal Oswal Financial Services highlighted the fact that Infosys has found itself at the centre of whistleblower complaints five times in the last 10 years.

Kotak Mahindra Bank Q2 profit rises 51%

Savings, current account deposits up

SPECIAL CORRESPONDENT
MUMBAI

Kotak Mahindra Bank posted a 51% increase in standalone net profit for the second quarter of the current financial year to ₹1,724 crore. Net interest income (NII) for the quarter increased 25% to ₹3,350 crore while net interest margin for Q2FY20 at 4.61% was up from 4.19% in Q2FY19.

The bank’s current and savings account deposits, as a proportion of total deposits, stood at 53.6% as at end September compared with 50.2% a year ago. Savings

account deposits grew by 20% while current account deposits grew by 22%, the bank said. “Advances as on September 30, 2019 were up 15% to ₹213,299 crore.”

Gross NPAs as at September 30 was 2.32% compared with 2.15% a year ago and 2.19% at the end of the previous quarter.

“As on September 30, 2019, SMA2 outstanding was ₹431 crore or 0.2% of net advances,” the bank said.

SMA2 are those loans where interest or principal is due for more than 60 days but less than 90 days.

SPECIAL CORRESPONDENT
MUMBAI

Private sector lender Axis Bank has reported a ₹112 crore net loss for the quarter ended September 30 on one-time tax impact.

But for this, profit could have grown 157%, the bank said on Tuesday.

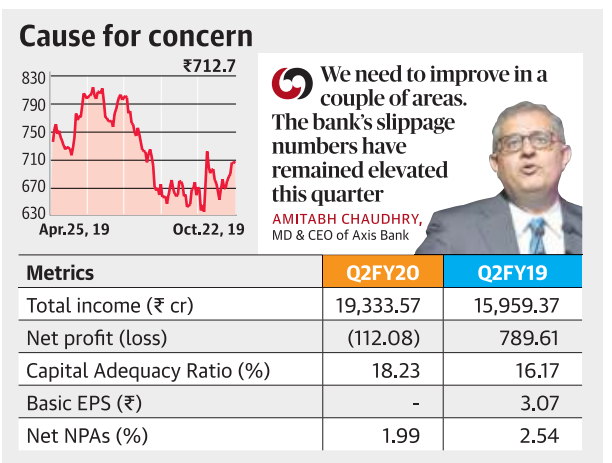
“Over the course of the last multiple years as we have made provisions, we have been accumulating deferred tax asset (DTA). That number was ₹7,770 crore at the end of first quarter of the financial year. So, we have been accumulating that at the rate of 35%. But now, with the tax rate reduced to 25%, that en-

tire DTA part of the balance sheet gets re-stated to 25%. That cuts down the asset size of the DTA book and that is ₹2,138 crore which we have taken through the P&L this time,” said Jairam Sridharan, chief financial officer, Axis Bank during a media interaction.

Operating profit up 45%

Operating profit for the quarter grew 45% year-on-year to ₹5,952 crore. Net interest income grew 17% to ₹6,102 crore while net interest margin was 3.51%, the highest in last nine quarters.

The gross NPAs of the bank was 5.03% compared



with 5.96% a year ago. However, slippages stayed elevated at ₹4,983 crore in the

quarter compared with ₹4,798 crore in Q1FY20 and ₹2,777 crore of the same

quarter of the previous financial year. Corporate slippages were at ₹2,862 crore. Provision for bad loans stood at ₹2,701 crore, compared with ₹2,686 crore in Q2 last year and ₹2,886 crore in Q1FY20.

“Including provisions for standard assets and other provisions, total provisions stood at ₹3,518 crore,” the bank said.

“We need to improve in couple of areas. The bank’s slippage numbers have remained elevated this quarter,” said Amitabh Chaudhry, MD & CEO of Axis Bank.

“Casa [current and savings account] is another area we need to do better,” he said.

Asian Paints net up 67.5% at ₹823.41 cr.

Decorative segment sees high double-digit volume growth

SPECIAL CORRESPONDENT
MUMBAI

Asian Paints reported a 67.5% rise in its second quarter consolidated net profit to ₹823.41 crore.

The profits came on the back of a 9.4% rise in revenues to ₹5,050.66 crore, led by high double digit growth volume in the decorative business segment in India.

“The decorative business segment in India registered a high, double-digit volume growth, though lower than that witnessed in the first quarter. Automotive coatings JV (PPG-AP) business continued to be impacted by the slowdown in the automobile industry and even the Industrial Coatings JV (AP-PPG) business was impacted by demand slowdown.

The entire coatings business, however, benefited



The firm’s international operations did better than in the previous quarter with improvement in Nepal and Egypt.

from the benign raw material price environment,” said K.B.S. Anand, managing director and CEO, Asian Paints Limited.

The company’s profit before depreciation, interest, tax and other income (PBITD) for the quarter jumped 13% to ₹954.82 crore.

“International operations performed better than the previous quarter with improvement in the key units of Nepal and Egypt.

“Both the segments in the Home Improvement category viz. The Kitchen (Sleek) and Bath (Ess Ess) business, were impacted by the slowdown in the real estate con-

struction space,” Mr. Anand added.

The company’s board has approved the payment of an interim dividend of ₹3.35 per share.

The company distributed an interim dividend of ₹2.85 per share for FY2018-19. Total dividend of ₹10.50 per share was distributed for FY2018-19. The dividend payout ratio was 56.8% for FY 2018-19.

The firm’s shares on BSE closed down 2.03% at ₹1,779.80 in a weak Mumbai market on Tuesday. The results were announced after closure of market hours.

IRDAI imposes ₹1.01 crore fine on insurer

SPECIAL CORRESPONDENT
HYDERABAD

The Insurance Regulatory and Development Authority of India (IRDAI) has imposed penalties totalling ₹1.01 crore on Cholamandalam MS GIC.

One of them, for ₹1 crore, is for violation of norms related to payment of commission.

“The authority imposes a penalty of ₹1 crore for violation of Clause 15 of schedule I of IRDA (Health Insurance) Regulations, 2013 which clearly specifies that no commission shall be payable to any intermediary on the acceptance of a ported policy,” the order issued by IRDAI chairman Subhash C. Khuntia said. The other penalty of ₹1 lakh pertained to motor insurance.

Bajaj Finance Q2 profit highest ever, rises 63%

Board okays raising ₹8,500 cr. capital

SPECIAL CORRESPONDENT
MUMBAI

Non-banking financial services company Bajaj Finance reported 63% increase in the consolidated profit after tax for the second quarter of the financial year to ₹1,506 crore as compared to ₹923 crore reported in the same period of the previous year, the company said. This is the highest quarterly profit made by the company.

“This includes the impact of a lower corporate tax rate. BFL intends to exercise the option to compute corporate tax at lower rate (25.17%),” Bajaj Finance said.

The assets under management (AUM) increased 38% to ₹135,533 crore as on September 30, which includes AUM of ₹25,714 crore of its housing finance subsidiary,

Gross non-performing asset (NPAs) and net NPA ratios were at 1.61% and 0.65%

BHFL, which recorded a growth of 141% over the AUM as on September 30, 2018.

Gross non-performing assets (NPA) and Net NPA ratios were at 1.61% and 0.65% respectively, as at end September.

The board of Bajaj Finance has approved raising capital of ₹8,500 crore through a qualified institutional placement.

The capital to be raised during the quarter is meant to support the growth of the business over the next few years, Bajaj Finance Limited said.

Two-wheelers boost profit of Rane Brake

SPECIAL CORRESPONDENT
CHENNAI

Rane Brake Lining Ltd., (RBL), a leading manufacturer of brake linings, disc pads and clutch facings, posted a 40.5% increase in its net profit to ₹7.46 crore for the second quarter ended September 2019, aided by higher sales from the two-wheeler segment.

During the period, total net revenue declined 7.6% to ₹112 crore.

“The volume drop in Q2 was more pronounced than Q1. RBL managed to control major cost elements and post good margin. In the near term, maximising sales opportunities and controlling cost remain top priorities to navigate the tough market environment,” said L. Ganesh, chairman, Rane Group.

Shanthi Gears Q2 net drops on higher cost

SPECIAL CORRESPONDENT
CHENNAI

The standalone net profit of Shanthi Gears Ltd., (SGL) a subsidiary of Tube Investments of India Ltd. (TII), for the second quarter ended September 2019 fell to ₹8.36 crore from the ₹9 crore registered during the corresponding period last year due to an increase in material cost.

The gear and gear-product maker reported a 12.77% increase in its revenue from operations to ₹70.9 crore.

The company made good strides in the replacement market. Growth-led strategies of enhancing efficiencies, exploring new markets and enlarging customer base has helped the company to remain focussed on a path to steady growth, said the company in a regulatory filing.

BoM Q2 profit jumps over fourfold to ₹115 cr.

Bad loans provision falls to ₹404 crore

SPECIAL CORRESPONDENT
MUMBAI

State-owned Bank of Maharashtra reported a net profit of ₹114.66 crore for the second quarter, mainly due to fall in provisioning, as compared to ₹27 crore reported during the same period of the previous year.

Provision for bad loans fell sharply to ₹404 crore for the quarter, as compared to ₹942 crore reported in the same period the previous year.

Asset quality of the bank improved, with gross non-performing assets (NPAs) coming down to 16.86% of the gross advances from 18.64% a year ago.

The bank said that during the quarter ended September 30, 2019, loans and advances amounting to ₹2,224.49 crore had been classified as fraud, in terms



of RBI guidelines, and the bank held 100% provision in respect of such advances.

“In respect of certain loan accounts, there is significant erosion of securities and/or chances of recovery are bleak. Therefore, bank has made 100% provision in respect of 17 accounts for the half year ended September 30, 2019. Total provision against these accounts is ₹1,606.15 crore,” it said.

Grasim to form JV with German company to produce insulators

Composite hollow core insulators are used in power industry

SPECIAL CORRESPONDENT
MUMBAI

Grasim Industries Limited (Grasim) has signed a definitive agreement to form a joint venture company (JVC) in India with Maschinenfabrik Reinhausen GmbH (MR) of Germany for manufacture and sale of Composite Hollow Core Insulators (CHCI) to serve the power transmission and distribution (T&D) industry globally.

The JVC, Aditya Birla Power Composites Limited (ABPCL), in which Grasim will hold 51% stake, will set up a CHCI manufacturing plant at Halol in Gujarat, at a cost of ₹100 crore.

“This joint venture brings together Aditya Birla Insulators (a unit of Grasim), the third largest global porcelain insulator player and Reinhausen Power Composites (a



Kumar Mangalam Birla

unit of MR), the second largest hollow composite insulator player globally, with over five decades of combined experience in the insulator industry,” Grasim said in a statement.

ABPCL will build a fully integrated CHCI plant at Halol, bringing the latest technology for composite hollow insulators from Europe. It will serve the insulator re-

quirements of Indian and global OEMs in the power equipment industry, helping them to enhance their product proposition for the T&D utilities worldwide.

Composite hollow core insulators is the fastest growing segment of insulators, and improves the performance as well as safety of power equipment.

Kalyan Ram Madabhushi, CEO - Global Chemicals and Group Business Head - Fertilisers and Insulators, Aditya Birla Group said, “As an insulating solutions provider to the power industry for over 50 years, this venture is a natural next step for Grasim to expand into the composite hollow insulator segment and we are happy to partner with the global quality leader in this segment, MR.”

Coromandel International net up 38%

Profit rises due to lower tax provision

SPECIAL CORRESPONDENT
HYDERABAD

Fertiliser-maker Coromandel International has reported a consolidated net profit of ₹503.90 crore for the quarter ended September, an almost 38% increase compared to the ₹365.57 crore it had posted in the year-earlier period.

Net profit rose even as the consolidated total income declined by 3% to ₹4,867.48 crore. The rise in profit is largely due to a significantly lower tax provision of ₹110.99 crore compared to ₹194.42 crore in the same period last year.

Describing the performance as strong, MD Sameer Goel said it was driven by superior sales mix, efficient manufacturing, improved marketing capabilities and effective sourcing. “This was well supported by



An above normal monsoon in most markets, helped improved crop sowing and agri-input consumption.

an above normal south west monsoon in most of the addressable markets, which improved crop sowing and agri-input consumption,” he said. The second phosphoric acid plant at Visakhapatnam was commissioned during the quarter, in line with the plan and commercial production had started.