QUICKLY

Kolkata, October 25

Citi names Jane Fraser as president

Citigroup has promoted Jane Fraser to head of its global consumer bank and president, putting her in a position eventually to become the first female chief executive of the US bank. Fraser is replacing Stephen Bird as head of the consumer business, the bank said, adding that Bird is leaving Citi after more than 20 years to pursue an external opportunity. Citi's current CEO, Michael Corbat, said the move did not suggest an imminent change at the top of the bank. REUTERS

UCO to issue bonds worth ₹500 cr

The board of directors of UCO Bank has approved the issue of Basel-III compliant Tier-2 bonds aggregating ₹500 crore, the bank said in a notification to the bourses. LICO Bank's stock closed at ₹11.63, down by 0.77 per cent at the BSE on Friday. OUR BUREAU

BBB recommends CS Setty as SBI's MD Mumbai, October 25

The Banks Board Bureau has recommended the name of Challa Sreenivasulu Setty for appointment as Managing Director at State Bank of India (SBI), Of the four MD positions at SBI, one fell vacant following the appointment of Anshula Kant as MD and CFO at World Bank. Setty is currently the Deputy MD-in-charge of the Stressed Assets Resolution Group, BBB, in a statement, said it has also recommended Ashwani Bhatia, currently MD and CEO of SBI Mutual Fund, as a candidate on the reserve list for the said MD vacancy. OUR BURFAU

SBI Q2 net zooms to ₹3,012 cr on one-time gain to a mortgage lender, which is

Mumbai, October 25

State Bank of India's stock jumped 7.19 per cent on Friday to close at ₹281.60 apiece on the back of overall improvement in second quarter performance, with operating profit rising 31 per cent, net profit surging more than 200 per cent (albeit supported by one-time exceptional item), lower fresh slippages, and betterment in asset

The standalone net profit of India's largest bank jumped to ₹3,012 crore in second quarter ended September 30, 2019, against ₹945 crore in the year-ago period. The bottomline was buoyed by one-time exceptional item in the form of ₹3,484-crore inflow due to sale of partial investments in subsidiary SBI Life Insurance Com-

In a bid to make the balancesheet more resilient to absorb shocks on the asset quality front, the bank has utilised the entire proceeds of the aforementioned partial divestment to make upfront provision of ₹2,600 crore towards exposure to a power company, whose restructuring failed, and ₹900 crore towards exposure

likely to turn non-performing in the third quarter, said Rajnish Kumar. Chairman.

Operating profit was up 31 per cent to ₹18,199 crore in the reporting quarter, against ₹13,905 crore in the year ago quarter. Net interest income was up 18 per cent to ₹24,600 crore in the reporting quarter, against ₹20,906 crore in the year-ago period.

Other income, comprising fee income, profit/loss on sale of investments, forex income, and miscellaneous income increased 9 per cent to ₹8,538 crore (₹7,815 crore in the year-ago quarter).

Fresh slippages at ₹8,805 crore during the reporting quarter were down 84 per cent vis-a-vis ₹16,212 crore in the preceding quarter. Kumar said the normal average quarterly slippages will be in the ₹8,000-8,500-crore range.

Loan-loss provisions

higher at ₹11,041 crore (₹10,815 crore). The SBI chief said the bank has projected a credit growth of 12-14 per cent in FY20. The bank's domestic credit grew at 8.43 per cent vear-on-vear (v-o-v), mainly driven by retail-personal advances, which grew by 19 per cent y-o-y.

Sustainability will be key in the coming quarters

Q2 COMMENT

RADHIKA MERWIN

At a time when concerns over the stability and risks in the banking system have intensified, SBI - the country's largest bank - checking nearly all boxes on key performance metrics in the latest September quarter is sure to calm ruffled nerves. But whether the performance justifies the exuberance in the market – the stock rallied by a tidy 7 per cent after the results - is an-

other matter. True, SBI has reported a sharp fall in slippages in the September quarter, decrease in SMA (special mention accounts) book, and significant improvement in core net interest in-

But given that the trend in these metrics have been bumpy over the past year, how far the bank is able to sustain the per-

formance in the coming quarters will be critical. Importantly,

even if fresh slippages continue to moderate. the stock of bad loan problem needs to be addressed quickly if SBI has to see significant improvement

earnings.

Despite the reduction in the September quarter, SBI's bad loan book is still large at ₹1.61-lakh crore. Unlocking of capital by way of write-back of provisions will be critical. SBI's slippages had shot up to

₹16,212 crore in the previous June quarter. In the September quarter, slippages have nearly halved to ₹8,805 crore, which is comforting.

The other key concern in the June quarter was the sharp rise in SBI's SMA1 (where payments are overdue by 31-60 days) and SMA2 (overdue by 61-90 days) book to ₹10,289 crore in the June quarter from ₹7,762 crore in the

March quarter. The SMA1 and SMA 2 book declined to ₹9,312 crore in the latest

September quarter, Scan & Share which is also a positive 回線回

trend. SBI's core performance has also picked up significantly in the September quarter,

beating most expectations. After a subdued 5 per cent growth in core net interest income (NII), the bank delivered a strong 17.7 per cent growth in NII in the September quarter, cheering the market.

What needs to be watched?

While the sharp fall in slippages is a key positive, it needs to be seen if the trend will continue. In the past 4-6 quarters, slippages have fallen and risen sharply, making it difficult to gauge the broad trend.

Also, much of the reduction in bad loans has come from writeoffs in the past few quarters. In write-offs stood at a substantial ₹12,000 crore.

While SBI's SMA book has reduced in the September quarter, at a little over ₹9,300 crore, it is still a significant amount. On the core business front, while the notable rise in NII in the September quarter is a positive, how far the bank is able to maintain its net interest margin (NIM) after the launch of repo-linked loans needs to be seen.

While increase in yields and fall in cost of deposits has helped, the notable pick up in NII has also been due to lower interest reversal in the September quarter.

Finally, SBI's provisions will have to moderate substantially. Provisioning for bad loans remained elevated at ₹11,000 crore in the September quarter. Unless there is a sharp decline in bad loans, led by recoveries (rather than write-offs), earnings may not see a sustainable revival.

Customers will get 'seamless' banking services from April 1

New Delhi, October 25 Come April 1, customers of Punjab National Bank, Oriental Bank of Commerce and United Bank of India will be able to walk into each other's branches to avail any of the 14 specified banking services from the first day itself.

The three banks, which are expected to be amalgamated from April 1, have come to an understanding on the 14 interbank services that could be provided from different branches from Day 1 of the proposed amalgamation till the complete technical merger of the centralised banking solution (CBS), said Mukesh Kumar Jain, Managing Director and CEO of Oriental Bank of Commerce.

"This is being finalised in discussion with Infosys (which is the technology solutions provider for CBS),' said Jain. For providing these services, a provision of signature verification from three different CBS sources is also provided, which is a significant customisation, sources

The 14 identified banking services include cash deposit, cash withdrawal, fund transfer. NEFT outward, stop payment of cheque, fixed deposit opening, recurring deposit opening, account statement, balance enquiry, and passbook updation, it is learnt.

The three banks are also learnt to have appointed committees to discuss the modalities of amalgamation on CBS, network, ATM switch, internet/mobile banking services, data centre infrastructure information security, and MIS and payments systems/ remittances, besides a few more areas of information technology, sources said.

'IDFC First Bank enters profit zone despite impact of corporate tax cut'

SURABHI

Mumbai, October 25

Shrugging off the impact of the merger, IDFC First Bank finally entered into profitability in the second quarter of the fiscal, despite the onetime impact of deferred tax assets that led to a reported net loss of ₹679.50 crore.

"The bank has entered the profit zone and hopes to continue this trend. A key highlight of this quarter is growth of retail CASA deposit of ₹6,000 crore. The bank is also highly liquid with LCR of 125 per cent," V Vaidyanthan, MD and CEO,

IDFC First Bank, told BusinessLine.

For the quarter ended September 30, 2019, the bank reported a profit before tax of ₹100 crore, when compared to a loss of ₹583 crore in the corresponding period last year and loss of ₹963 crore last quarter.

Shares up 4.76%

IDFC Bank and Capital First had completed the merger in December last year to form IDFC First Bank. The lender's scrip closed 4.76 per cent higher at ₹40.70 apiece on the BSE on Friday.

Analysts said that the bank has a healthy coverage on stressed accounts.

"IDFC First Bank, under new leadership, aims to retain its ability to grow retail asset base at healthy pace with an eye on quality.

"Building a sustainable liability franchise would act as catalyst to support valuation. Higher capital adequacy rules out any near term dilution.

"Recent recognition of stress, coupled with adequate provisions, gives comfort," said ICICI Securities in a research note.

Govt's record debt sales to put pressure on bonds

BLOOMBERG

The Indian government's record debt sales this year are part of a new normal for the country, and that's going to keep long-tenor bonds under pressure despite Asia's most aggressive easing cycle, says a market veteran.

"One possibility is that the size of borrowings year-onyear will remain high and there is unlikely to be a reduction in supply," said Ashish Parthasarthy, treasurer at HDFC Bank.

"You will continue to see a reasonably steep government bond curve.

Last month's surprisetax break for companies, and the sluggish growth in tax revenue, have sparked concerns about the government missing Budget deficit tar-

Bonds have struggled in recent weeks, despite the central bank cutting interest rates for the fifth time this year in early October. "Investors are scared of higher borrowings and are staying away," said Parthasarthy, who has been in the markets for more than two decades. "Till that clarity comes, market sentiment will remain edgy and fragile.'

+ Men getting separated from boys in the NBFC sector: Piramal Enterprises chief

The ₹5,400-crore capital-raise by Piramal Enterprises shows that even in the current environment there are people who are willing to invest in the NBFC space, said its Chairman Ajay Piramal. In an interview with BusinessLine, he said the capital raised would be used to diversify the book and invest more in consumer lending and housing finance. Noting that there is a lot of consolidation taking place in the NBFC sector, Piramal said more confidencebuilding measure are required. In the pharma space, he said the company is looking at acquisitions. Excerpts:

What's your take on what is happening in the NBFC sector?

There is consolidation taking place in NBFCs, and the men are getting separated from the boys. Only a few NBFCs are doing well. There are very few NBFCs that are getting capital today, and there are others who are struggling. For instance, one of the reasons why we raised capital now is to demonstrate that even in this environment there are people who are willing to invest in the NBFC space.

All existing shareholders are investing. CDPQ is an existing shareholder. They have many relationships with us. They came in equity in 2017, now they are again coming in equity. Promoters who have the largest share with 46 per cent we don't want to dilute. So, we have said. whatever is the amount, even if it is in the event that the issue is

ASIAN NEWS INTERNATIONAL

Several women depositors of

crisis-hit PMC Bank staged a

protest in West Mumbai's

Andheri on Friday. The

Mumbai, October 25

not fully subscribed, we will underwrite it. Informed investors believe in the model of the business; they believe in the management and are coming in.

in 2017. Our underlying belief is that the Indian economy will continue to grow. We want to be a \$5-trillion economy. For that the financial services sector has to grow, and in this space NBFCs do play an important role. Then the next co-

rollary is that be-

market available. You need capital to take advantage of a situation like this.

What will you do with

We want to diversify our

per cent in retail housing.

You are raising capital after long. Is it only to send out a signal that there is money out there? We raised capital two years ago

cause there is consolidation taking place, fewer NBFCs are there. There is a large

the capital raised?

book. People think our whole book used to be wholesale real estate. Only 48 per cent of our book is in residential real estate; the balance is in some commercial

real estate, some of it is in other corporate loans, and about 13

in housing but also in consumer. Going forward, we want to invest more in consumer lending and housing finance. Ultimately, in two to three years, we will do a 50:50; half will be in wholesale, which in-

are willing to invest in the NBFC space AJAY PIRAMAL Piramal Enterprises

One of the reasons why

we raised capital now is

in this environment

there are people who

to demonstrate that even

cludes residential real estate, commercial real estate and other corporate loans. And 50 per cent would be in this (consumer lending and housing fin-

Scan & Share

We want to go retail not only

wholesale book doing? It is doing well. If

How is your

you look at our second quarter numbers, our gross NPAs is 0.9 per cent; our provisioning is double of that, so we are being conservat-

If I look at the last 12 months, during this period, we got in terms of repayments of our principle, interest and re-financing; we have collected ₹19,000

The book is good, we are keeping it at this level, and by

not able to conduct audits in

the past 11 years," said one of

March we may bring down the wholesale book to some extent.

A lot of NBFCs are talking about lowering wholesale and bringing an alternative investment fund model to get into the commercial lending space. Are you also planning on these lines?

We are also thinking of that. One is we could do co-lending with other banks and share the risks and give us a fee for underwriting. We are looking at a fund structure to see how we can fund. For some of the loans in corporate, including nonreal estate, the tenure is long. So, how do you match the asset and liability is by going through a fund structure.

There were reports of SoftBank being in talks with you?

Yes, it was true. They wanted to enter India in the financial services. They had approached us, we were in talks with them, but as you know they had their own issues. Those talks are not there.

Would it have made a bigger difference if a larger, external investor like SoftBank had come in?

An existing investor is a bigger sign because the existing investor knows what we have done, they have seen our working, and they believe the management and story.

I look at it the other way. CDPQ is a long-term investor; they are not even private equity which needs a finite period. They are a pension fund so they are long term.

REGULATORY SANDBOX

IRDAI forms panel to review applications

OUR BUREAU

Hvderabad. October 25 The Insurance Regulatory and Development Authority of India (IRDAI) has formed an ate applications received under the regulatory sandbox.

S Sadagopan, Director, International Institute of Information Technology (Bengaluru), is the chairperson of the panel, the regulator said in a notification. The insurance regulator stated receiving applications

from September 15under its 'Regulatory Sandbox Approach' to foster innovation and growth in the insurance sector. With fintechs taking an eight-member panel to evalu- active part in providing customised and out-of-the-box solutions, insurance products are likely to get more innovative, and regulatory sandbox

hopes to promote innovation

by allowing live testing of new

products/services by relaxing

regulatory norms for a limited

period of time. As per the

terms of reference, the panel, with a tenure of one year, will screen applications received for the regulatory sandbox and evaluate the proposed hypothesis.

The committee will meet as often as required and may invite experts on a specific topic and submit its recommendations to the IRDAI. It will recommend applications for taking up for experimentation and evaluate the outcome of the experiments undertaken.

TMB fined ₹35 lakh

OUR BUREAU

Mumbai, October 25

The RBI has imposed a penalty of ₹35 lakh on Tamilnad Mercantile Bank (TMB) for non-compliance with certain provisions of directions issued by it on 'frauds classification and reporting by commercial banks and select FIs'.

"The penalty has been imposed in exercise of powers vested in RBI under the provisions of the Banking Regulation Act. This action is based on the deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any deal entered into by the bank with its customers."

Basic & Diluted Earning per Share (Rs. per Share) [*]

TATA COFFEE LIMITED

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EXTRACT OF STANDALONE FINANCIAL RESULTS FOR THE G	UARTER AND	SIX MONTH	S ENDED SE	PTEMBER 30	2019	
						(₹ Lakh)
Particulars	Quarter ended	Quarter ended	Quarter ended	Six Months ended		Year Ended
	September 30,	June 30,	September 30,	September 30,		March 31,
	2019	2019	2018	2019	2018	2019
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Total Income	20465	20515	19750	40980	36065	75683
Net Profit / (Loss) Before Tax and Exceptional items	2832	1965	2764	4797	4505	8179
Net Profit / (Loss) Before Tax after Exceptional items	2832	1965	4215	4797	5956	9790
Net Profit / (Loss) attributable to Shareholders of the Company	3050	1435	3042	4485	4348	7158
Total Comprehensive Income for the period (comprising Profit / (Loss) for						
the period after tax and Other Comprehensive Income after tax)	2856	1417	2755	4273	3730	7186
Paid-up Equity Share Capital (Face Value Re.1/- each)	1868	1868	1868	1868	1868	1868
Reserves excluding Revaluation Reserve						95199

EXTRACT OF CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2019

						(₹ Lakh)
Particulars	Quarter ended	Quarter ended	Quarter ended	Six Months ended		Year Ended
	September 30,	June 30,	September 30,	September 30,		March 31,
	2019	2019	2018	2019	2018	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Total Income	48605	47152	46148	95757	88770	182241
Net Profit / (Loss) Before Tax and Exceptional items	4693	4787	3910	9480	8556	15882
Net Profit / (Loss) Before Tax after Exceptional items	4693	4787	5378	9480	9523	17009
Net Profit / (Loss) attributable to Shareholders of the Company	2550	2214	2542	4764	4705	6877
Total Comprehensive Income for the period (comprising Profit / (Loss) for						
the period after tax and Other Comprehensive Income after tax)	4864	4917	6916	9781	13608	12984
Paid-up Equity Share Capital (Face Value Re.1/- each)	1868	1868	1868	1868	1868	1868
Reserves excluding Revaluation Reserve						116160
Basic & Diluted Farning per Share (Bs. per Share) [*]	1 37	1 10	1 36	2 55	2 52	3 68

[*] Not Annualised for the Quarter and Year to date

Place: Bengaluru

Date: October 25, 2019

The above results were reviewed by the Audit Committee of the Board and subsequently taken on record by the Board of Directors at its Meeting held on October 25, 2019.

The above is an extract of the detailed format of Financial Results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015. The full format of the Financial Results are available on the BSE Limited website (URL: www.bseindia.com), the National Stock Exchange of India Limited website (URL: www.nseindia.com) and on the Company's website (URL: www.tatacoffee.com).

> For and on behalf of the Board of Directors R. HARISH BHAT





protesting women raised slogans carrying placards that said 'Where is the money on Dhanteras?' and 'Black Diwali, Thank you RBI'.

"Today is Dhanteras. We are

gether here for a symbolic protest before Diwali. "As much as Housing Development and Infrastructure Limited is at fault, the RBI is

on the roads today as the RBI

has put restrictions on bank-

ing transactions for us. We

have had many protests, and

today the women depositors of PMC Bank have gathered toalso at fault because they were

A black Divali for PMC Bank's woman depositors

the protesters. "We women (will) fight for our money. We cannot take our legitimate money from the bank. It was said that after the elections a decision would be taken, but no action has been taken by the government." Laxmi Puri. another protester, said. Echoing similar sentiments, an-

on the occasion of Diwali. I have invested in fixed deposits in the bank, but there is no one to hear our pleas." Allwyn, another protester, said: "The government talks about financial inclusion, but is my money safe? I need money for my mother's medicine, but all my deposits are stuck.'

other protester, Sangeeta,

said: "Today, we are protesting