We see initial green shoots

in this month with

65,432

71,981

(1,009)

better retails in

25-10-2019 % CHANGE US Dollar. 39,240

NIFTY 50		
		CHANG
Adani Ports		
Asian Paints		
Axis Bank		
Bajaj Auto		
Bajaj Finserv		
Bajaj Finance		
Bharti Airtel		
BPCL		
Britannia Ind	3267.10.	16.70
Cipla		
Coal India		
Dr Reddys Lab		
Eicher Motors		
GAIL (India)	123.05	0.80
Grasim Ind		
HCL Tech	1134.05	15.0
HDFC	2101.55.	43.40
HDFC Bank	1229.00	7.10
Hero MotoCorp	2657.55.	38.4
Hindalco	181.75	0.40
Hind Unilever	2145.10	11.7
ICICI Bank	469.10	14.3
IndusInd Bank	1272.05	-10.9
Bharti Infratel	217.00	-20.5
Infosys	637.45.	2.10
Indian OilCorp	142.10	0.8
ITC	247.70	-1.3
JSW Steel	217.35.	5.50
Kotak Bank	1588.60	24.6
L&T	1425.00	7.2
M&M	577.70.	-3.3
Maruti Suzuki		
Nestle India Ltd.		
NTPC		
ONGC		
PowerGrid Corp		
Reliance Ind		
State Bank		
Sun Pharma		
Tata Motors		
Tata Steel		
TCS		
Tech Mahindra		
Titan		
UltraTech Cement		
UPL		
Vedanta		
Wipro		
YES Bank		
Zee Entertainment		
Zee Entertanninent.	239./0.	2.0

Indicative direct rates in rupees a unit except yen at 4 p.m. on October 25				
CURRENCY	TT BUY	TT SELL		
US Dollar	70.68	71.00		
Euro	78.52	78.88		
British Pound	90.63	91.05		
Japanese Yen (100).	65.10	65.39		
Chinese Yuan	10.00	10.04		
Swiss Franc	71.25	71.57		
Singapore Dollar	51.85	52.08		
Canadian Dollar	54.08	54.33		
Malaysian Ringitt	16.89	16.97		

$_+$ CUMI posts

Revenue from operations slipped to ₹440 crore from ₹442.61 crore.. Revenue from abrasive,

against ₹464.73 crore.

CUMI Middle East.

Credit growth gets festive boost

Banks extend loans worth over ₹1 lakh crore during the last three fortnights

SPECIAL CORRESPONDENT MUMBAI

After being lacklustre for several months amid a slowing economy, credit growth is showing some signs of pickup during the festival season with banks extending loans worth just over ₹1 lakh crore in the last three fortnights.

According to latest data from the Reserve Bank of India (RBI), bank credit growth was in positive territory on year-to-date basis, after several fortnights. For the fortnight ended October 11, loans grew by ₹21,645 crore, on the top of the ₹59,653 crore in the previous fortnight and ₹20,998 crore the fortnight before that. As a result, credit growth was 0.2% till October 11; the figure was

SPECIAL CORRESPONDENT

The second quarter net pro-

fit of State Bank of India (SBI)

has more than trebled to

₹3,012 crore for the quarter

ended September 30 from

the ₹945 crore recorded in

mainly due to one-time gain

from stake sale in its life insu-

There was a gain of

₹3,484.30 crore from sale of

4.5% stake in SBI Life Insu-

rance Company during the

17.7% to ₹24,600 crore while

net interest margin im-

proved 42 basis points (bps)

to 3.22%. Non-interest in-

come increased 28.2% to

₹12,023 crore for the quarter.

round improvement in the

performance," said Rajnish

"The bank has shown all-

Net interest income rose

quarter.

year-earlier period,

Rising offtak	æ		A		
For fortnight ended	₹cr.				
Oct. 11	21,645	- U			
Sept. 27	59,653				
Sept. 13	20,998				
Total	1,02,296		THE OWNER OF		
FINANCIAL YEAR SO FAR					
₹cr	2018-19	2019-20	YoY growth %		
Increase in credit	3,67,681	16,776	8.8		

in the negative zone for several fortnights.

Single digit growth However, on year-on-year basis, credit growth is still in single digit, at 8.8%

The healthy credit off take in the last three fortnights comes on the back of several

Bottom line boost

Net interest income (₹ cr)

Kumar, chairman, SBI dur-

ing the post earnings media

been on improving the core

pre-provision operating pro-

fit. There also, the results are

visible. This creates resi-

lience to absorb any shock in

"[The] bank's focus has

390 h

330

270

240 Apr. 30, 19

Metrics

Net profit (₹ cr)

Gross NPAs (%)

Net NPAs (%)

EPS (basic) (₹)

interaction.

₹281.6

Oct.25, 19

steps taken by the govern-

mented by the banks. The Finance Ministry had asked public sector banks to organise "shamiana meetings" in several districts this month to extend loans to non-banking finance companies and retail borrowers,

State Bank's profit trebles on one-time gain

The bank's focus

has been to

improve the core pre-

provision operating

profit. There also

results are visible

RAJNISH KUMAR, chairman, SBI

24,600

3,012

Bank realises ₹3,484 crore from sale of 4.5% in SBI Life; asset quality improves as slippages decline

02 FY19 Growth (%

18

219

20,906

945

10

5

the asset quality," he said.

With slippages falling to

₹8,805 crore in Q2 compared

with the ₹10,725 crore a year

ago, the bank's asset quality

Gross NPA ratio was at

7.19%, down 276 bps year-on-

year and 34 bps sequentially.

has improved.

ment which were imple-

like home buyers and farmers. Banks have tied up with several non-banking finance companies also for loan coorigination to extend credit facilities to the MSMEs. This helped banks reach last mile customers of NBFCs.

To boost credit flow that could help the economy recover, the RBI has reduced interest rates by 135 bps between February and now, which has allowed banks to lower their lending rates.

So far as deposit growth is concerned, banks have mobilised ₹31,070 crore of deposits during the fortnight ended October 11, RBI data showed. Deposits recorded 9.8% growth on a year-onyear basis and 2.9% in the financial year so far.

In absolute terms also, gross

NPA has declined both on a

year-on-year basis as well as

sequentially. Loan loss provi-

sions increased 8.4% to

Mr. Kumar said the entire

proceeds from the stake sale

in the life insurance arm was

used for provisions in two

areas - one, stressed hous-

ing finance company (HFC)

and two, in the power sector.

crore for the stressed HFC,

of ₹7,000 crore towards the

company. In the previous

quarter, SBI had provided

₹500 crore for the same

Mr. Kumar said the provi-

sion coverage ratio of SBI is

81% and excluding advances

that is not an NPA.

SBI has provided ₹900

The bank has an exposure

₹11,041 crore.

Provisions

ICICI Bank exits GST Network

SPECIAL CORRESPONDENT

ICICI Bank has exited the GST Network, a company which facilitates collection of goods and services tax, by selling its entire 10% stake to 13 State governments for ₹1 crore.

The stake transfer will be completed by the end of March 2020, ICICI Bank said in a filing with the exchanges.

ICICI Bank has exited the company following the government's decision to make GST Network into a public sector entity last year. The Centre will own 50% stake in the GST Network and the rest will be held by States on a pro-rata basis, in the new structure.

under collection accounts, it

is over 62%. Commenting

that the bank had been tak-

ing measures to add

'strength and resilience' to

the balance sheet, Mr. Ku-

mar said, "If I call it the Saf-

est Bank of India, I will not

the performance of the bank

Domestic credit grew

8.43% year-on-year, which

was mainly driven by retail

advances, where the growth

banks that have announced

their earnings so far have ta-

ken a one-time hit on de-

ferred asset tax (DTA) due to

change in corporate tax rate

from 35% to 25%, SBI said the

bank will make the adjust-

ment during the course of

the financial year.

While some of the private

is in the right direction."

"The long-term trend of

be exaggerating.

was 18.9%.

Tata Motors narrows loss on JLR turnaround

Tata Sons to infuse ₹6,500 crore

Oct.25, 19

SPECIAL CORRESPONDENT

Rough terrain

220

196

172

100 Apr.30, 19

Metrics

Revenue (₹ cr)

Profit/(loss) (₹ cr)

Improved performance of Jaguar Land Rover (JLR) in China helped Tata Motors Ltd. to substantially reduce its consolidated second quarter loss to ₹188 crore compared with a net loss of ₹1,009 crore in the year-ear-

The company's revenue during the period under review decreased 9% to ₹65,432 crore against ₹71,981 crore. Volumes were down by 25% to 2,42,000

P.B. Balaji, Group CFO, Tata Motors, said, "We have delivered a good set of numbers under the current circumstances. The turnaround of JLR has helped to offset the drop in sales of medium and heavy commercial vehicles of Tata Motors."

JLR reported revenue of £6 billion, up 8% over the same period last year.

Addressing challenges

"JLR has returned to profitability and revenue growth. This is a testament to the fundamental strength of our business. We are one of the first companies in our sector to address the challenges facing our industry," said Ralf Speth, CEO, JLR.

On a standalone basis, Ta-

ta Motors witnessed a sharp decline in sales of passenger vehicles and commercial vehicles. Revenue at ₹9,913 crore, compared ₹17,644 crore, was down 44%. It reported a pre-tax loss of ₹1,270 crore against a pre-tax loss of ₹150 crore in the same period last year. .

The company has reduced stock in the system worth ₹3,400 crore both from its inventory and from the dealers' end.

Guenter Butschek, CEO and MD, Tata Motors said, "The sharp market decline over the last few months has impacted our Q2 performance, which is disappointing. We are better prepared to tide over the current market challenges with proactive stock reductions. The focus is on retail acceleration and deep commitment to the turnaround journey. Now, we see initial green shoots in this month with better retails in passenger vehicles."

The board of Tata Motors Ltd. has also approved a preferential allotment of ordinary shares and warrants to the promoters, Tata Sons, for ₹6,500 crore.

This equity infusion by the promoters will reduce the company's debt which is currently pegged ₹20,000 crore.

marginal Q2 profit growth

October 25 rates in rupees with pre-

SPECIAL CORRESPONDENT

Carborundum Universal Ltd. (CUMI), a Murugappa Group firm, has posted a marginal increase of 2.13% in its standalone net profit for the second quarter ended September 2019 to ₹43.51 crore.

ceramic and electromineral segments remained almost flat at ₹464.57 crore

The domestic abrasive segment posted a degrowth as it was hit by slowdown in key user industries. Ceramics division posted strong performance in due to higher volumes and better product mix of standalone business of CU-MI Australia Ptv. Ltd. and

In a flip-flop, Odisha govt. retracts advisory on deposits

Move comes after RBI advises it against giving such direction

SPECIAL CORRESPONDENT

The Odisha State government retracted its advisory to various departments, cautioning them about depositing funds in banks, after the Reserve Bank of India (RBI). in a strongly worded letter, advised it against giving such directions.

The finance department of the Odisha government, in a communication to various departments on October 21, had cautioned them about depositing government funds in empanelled banks.

Citing media reports about the 'health' of banks and reminding that deposits are insured only up to ₹1 lakh, the State government said, "government departments, PSUs, or agencies have to be very careful while



keeping deposits in any banks and proper enquiry about the financial health of the concerned bank for making any deposit must be made. It shall be the personal responsibility of the concerned authority for such deposit." The advisory had not gone down well with the RBI, which had given assurance about the safety of the Indian banking system.

In a strongly worded note, the RBI warned that such advisories coming from public authority may create unnecessary misgivings among public and could have unintended consequences for the financial system stability.

This prompted the State government to issue a clarification saying it does not have any view on the health of any particular bank. comes under the domain of RBI. There is no reason for anyone to get apprehensive about the financial health of banks in general," it said.

However, the latter also said the October 21 advisory was only meant to avoid opening of new accounts and shifting of government funds meant for welfare and developmental activities of government without any reason from one bank to

M&M arm to increase stake in Peugeot

SPECIAL CORRESPONDENT

Mahindra Two Wheelers Europe, a subsidiary of Mahindra & Mahindra Ltd. (M&M), has entered into a share purchase agreement with Groupe PSA, to increase its stake in Peugeot Motocycles (PMTC) from 51% to 100% for an unspecified amount.

Peugeot Motocycles is headquartered in Mandeure, France.

Earlier in January 2015, Mahindra Two Wheelers Europe had acquired a 51% equity stake in PMTC from Groupe PSA with the aim of growing the business in Eu-

Under M&M, the PMTC will drive its future growth in core markets such as the G7 (Europe), while expanding into new geographies, including select Asian markets.

'Overall stressed assets

INTERVIEW | AMITABH CHAUDHRY

have grown, unexpectedly'

Promoters giving up is fuelling trend, says Axis Bank chief

MANOJIT SAHA

Amitabh Chaudhry, MD & CEO of Axis Bank, explains why slippages to bad loans are expected to remain elevated and also discusses the strategy to increase the lowcost deposit share, in an exclusive interview. Excerpts:

Slippages in the second quarter have staved elevated. What was the reason?

■ We had a certain stock of stressed assets. What has happened in the economy and the fact that certain promoters are giving up saying 'we don't have enough money to fund our company', has led to a situation where overall stressed assets in the economy have grown, unexpectedly. The economy not doing well has further added

As the ageing of the assets increases in a stressed book, if they are not coming out, chances are they are going to drop further.

We are tying to clarify that we are in the lending business, things will continue to come in the stressed book. but firstly, as a percentage of the overall advances, our stressed book is now coming down to historical lows. Overall stock is also coming down. In the last nine months, we have become more conservative. So, it is a conservative outlook of the stressed book.

■ We have said slippages are expected to remain elevated for a couple of quarters. We have not defined what that elevation means, we have just said they will remain

Is there any particular sector from where the slippages are

look at the break-up, you will see it is more specific promoter-driven rather than a sector driven issue. We earlier used to have power and construction, roads as a big thing, but now most of them are behind us. Now, it is a promoter-driven issue.

Is the pace of resolutions through the bankruptcy process as per expectation?

■ If you look at some larger resolutions, Essar has still not happened. And now, what is happening is some of them who had won the bids are going back for further clarifications. First, reaching the stage of resolution is taking time. Then passing of the order is taking time. Then people are going back for clarification. Once every clarification is given, the execution by the winner is taking time. As a result, in many cases, I am seeing the winning bidder is losing interest you thought a price is good enough. Now that the econo-

my is not doing good, you are now thinking whether the bid was too high.

Axis Bank's loan growth was healthy, with domestic loans growing 19% on year, despite the slowdown. Can you

my is growing, though at a lower rate. So, if you combine all these, for us to grow at 6-7 percentage points higher than the banking system, is something we should be able to deliver.

We should be able to

grow at 6-7

percentage

system

points higher

than the banking

You've said the bank wants to improve its share of low cost deposits, the current and savings account deposits. What is the strategy?

■ A couple of things. One is that we have revamped the structure both on the wholesale and retail side. We broke up our branch banking into acquisition and deepening of existing clients. This structure will give us a platform to focus on the two segments. Second, we are continuing to grow our branch infrastructure. We added 190 branches last quarter. We will add 400 branches this year. Our growth in CASA has been falling and we hope we can start turning the engine in the second half of the fiscal.

Axis Bank's net interest margin in Q2 was 3.51%, the highest in 9 quarters. Is that sustainable?

■ We have guided for the next quarter that our margins should remain healthy. We have raised capital, so, for that much money, we do not have to pay anyone. So, it does help margins. But on a sustainable basis, the only way to improve NIMs would be that – one, you increase the Casa ratio and second, get into businesses that give you higher headline rate.

RIL to set up subsidiary for digital platform initiatives

To invest ₹1.08 lakh cr. in firm; Jio to become net debt-free

PRESS TRUST OF INDIA

Reliance Industries Ltd. on Friday said its board had approved the formation of a wholly owned subsidiary for digital platform initiatives and investment of ₹1.08 lakh crore in the unit.

The subsidiary will also acquire RIL's equity investment of ₹65,000 crore in Reliance Jio Infocomm Ltd. (RJIL), it said in a regulatory filing. RIL said that the RJIL board had approved a scheme of arrangement between the company and certain classes of its creditors, including debenture holders, for transfer of identified liabilities of up to ₹1.08 lakh crore to RIL.

"Rights Issue of Optionally Convertible Preference



Shares (OCPS) aggregating up to ₹1,08,000 crore for the purpose of payment of consideration for transfer of identified liabilities - WOS (wholly owned subsidiary) to subscribe to this issue," it added.

As a result, RJIL will become virtually a net debtfree company by March 31, 2020, with exception of spectrum-related liabilities, it noted. "This new company will be a truly transformational and disruptive digital services platform. It will bring together India's No. 1 connectivity platform, leading digital app ecosystem and world's best tech capabilities globally, to create a truly Digital Society for each Indian," RIL chairman and MD Mukesh Ambani said. He added that given the

reach and scale of its digital ecosystem, the company has received strong interest from potential strategic partners. "We will induct the right partners in our platform company, creating and unlocking meaningful value for RIL shareholders," he added.

3 law firms in U.S. file class action suit against Infosys

They represent tech major's investors

MINI TEJASWI BENGALURU

Three law firms in the U.S. – Bragar Eagel & Squire, The Rosen Law Firm and Howard G. Smith - have filed class action lawsuits against

A class action lawsuit is one in which a group of people with the same or similar injuries caused by the same product or action sue the defendant as a group. Bragar Eagel & Squire has

filed a class action lawsuit in the United States District Court for the Eastern District of New York on behalf of investors that purchased Infosys Limited securities between July 7, 2018 and October 20, 2019. Investors have time till December 23, 2019, to apply

to the Court to be appointed

as lead plaintiff in the lawsuit. The complaint, filed on

October 23, 2019, alleges that throughout the class period, defendants made false or misleading statements and failed to disclose that: the company improperly recognised revenues to inflate short-term profits; that the company's CEO, Salil Parekh, bypassed reviews and approvals for large deals to avoid accounting scrutiny; and the management pressured the company's finance team to hide information from auditors and the company's board of directors.

The lawsuit filed by Rosen Law Firm seeks to recover damages for Infosys' investors under the federal securities laws.

Do you expect slippages to remain elevated?

elevated.

■ No, it is all across. If you

through some light on this? Axis Bank's market share is still at 4-4.5%. So, at that le-

vel of market share, we can easily grow at a faster pace than the industry. Second. PSU banks are continuing to lose some market share to

private banks. Third, econo-