

**MARKET WATCH**

	04-11-2019	% CHANGE
Sensex	40,302	0.34
US Dollar	70.77	0.06
Gold	39,263	0.20
Brent oil	62.65	3.23

**NIFTY 50**

	PRICE	CHANGE
Adani Ports	391.00	1.25
Asian Paints	1785.90	19.55
Axis Bank	742.60	-5.70
Bajaj Auto	3212.05	-20.60
Bajaj Finserv	8706.60	321.85
Bajaj Finance	4113.00	43.15
Bharti Airtel	378.00	4.95
BPL	522.20	2.80
Britannia Ind	3239.85	-28.70
Cipla	468.30	-0.90
Coal India	215.00	7.90
Dr Reddys Lab	2797.80	41.20
Eicher Motors	21740.70	-235.45
GAIL (India)	137.05	1.90
Grasim Ind	783.80	8.10
HCL Tech	1155.90	3.90
HDFC	2181.30	52.70
HDFC Bank	1236.85	-3.20
Hero MotoCorp	2643.50	-63.65
Hindalco	197.95	4.20
Hind Unilever	2158.15	-21.20
ICICI Bank	470.50	8.25
IndusInd Bank	1352.30	-27.55
Bharti Infratel	214.85	12.40
Infosys	709.00	21.10
Indian Oil Corp	138.70	-3.95
ITC	260.75	-0.55
JSW Steel	250.20	12.60
Kotak Bank	1571.05	-8.85
L&T	1452.20	2.80
M&M	586.40	-3.35
Maruti Suzuki	7424.00	-194.65
Nestle India Ltd.	14813.35	-146.45
NTPC	120.55	-0.95
ONGC	147.40	3.25
PowerGrid Corp	194.75	-2.55
Reliance Ind	1457.65	0.75
State Bank	314.30	0.75
Sun Pharma	437.95	0.40
Tata Motors	172.20	-2.85
Tata Steel	409.15	9.65
TCS	2193.95	-6.95
Tech Mahindra	769.50	9.05
Titan	1298.80	-3.10
UltraTech Cement	4238.70	75.95
UPL	594.25	5.70
Vedanta	157.60	4.55
Wipro	256.60	-2.00
YES Bank	66.15	-0.45
Zee Entertainment	296.10	-13.40

**EXCHANGE RATES**

Indicative direct rates in rupees a unit except yen at 4 p.m. on November 04

CURRENCY	TT BUY	TT SELL
US Dollar	70.57	70.89
Euro	78.78	79.14
British Pound	91.20	91.62
Japanese Yen (100)	65.06	65.36
Chinese Yuan	10.04	10.09
Swiss Franc	71.42	71.75
Singapore Dollar	52.00	52.23
Canadian Dollar	53.63	53.88
Malaysian Ringgit	17.00	17.09

Source: Indian Bank

**BULLION RATES CHENNAI**

November 04 rates in rupees with previous rates in parentheses

Retail Silver (1g)	50.5	(50.6)
22 ct gold (1g)	3701	(3713)

# No prima facie evidence in whistle-blower plaint: Infosys

IT major's shares surge up to 6% after it cites absence of supporting proof

**SPECIAL CORRESPONDENT MUMBAI**

Information technology major Infosys on Monday said there was no prima facie evidence in the complaints made by anonymous whistle-blowers against the management. This led Infosys shares to surge up to 6% during Monday's trade before settling for a 3% gain at the end of the day.

"The anonymous complaints make certain allegations. There is no supporting evidence that has been received by the company along with these anonymous complaints to substantiate the allegations," Infosys said in a statement to the NSE.

"With respect to the anonymous complaints, there is no prima facie evidence that



The company said it was not in a position to determine the credibility of the anonymous complaints. • REUTERS

the company has received until date to corroborate any of the allegations made," the statement said, adding that given the circumstances at this stage, where the anonymous complaints were still under investigation, the

company was not in a position to determine the concreteness, credibility and materiality of the anonymous complaints.

The audit committee of the company has retained the services of the law firm,

Shardul Amarchand Mangaldas & Co. to investigate the matter.

Before the appointment of the independent investigator, the audit committee began consultations with internal auditors Ernst & Young.

## Processes reviewed

The internal auditors were given a mandate to review certain processes on the basis of the allegation in the anonymous complaints, the statement said.

"We will update the stock exchanges on the basis of key findings of the investigation reports once these are concluded," said the company.

Infosys shares rose 3.05% to ₹709 apiece on the BSE.

# Ashok Leyland showcases BS VI trucks and buses

Vehicles to be rolled out from January 1, 2020

**SPECIAL CORRESPONDENT CHENNAI**

Commercial vehicle maker Ashok Leyland Ltd. (ALL) showcased its range of BS-VI trucks and buses built on modular platform.

ALL is the first original equipment manufacturer to meet the BS VI emission norms across the full range of heavy duty trucks, said Anuj Kathuria, COO, ALL.

The firm had started seeding the market and the vehicles would be rolled out from January 1, 2020. It was too early to talk about the production numbers or the pricing details, he said.

Stating that a slowdown was the time to incur capital expenditure, ALL chairman Dheeraj G. Hinduja said during the last slowdown in 2013, the firm had invested



Anuj Kathuria

₹1,500-₹2,000 crore.

"This financial year, our capex will be close to ₹2,000 crore but predominantly in core business, BS VI and the modular platform. Going forward, it will come down to ₹500-₹600 crore per year, which is the normal investment," he said.

Drawing a parallel to the 2013 slowdown, he said the firm had gained market share in the bus and medi-

um and heavy commercial vehicle segment. ALL's share now stands at 31%.

Mr. Hinduja said the firm would enter new markets such as Russia, Indonesia and Malaysia as large distributors had evinced interest.

Currently, it was exporting products to Sri Lanka, Bangladesh, Nepal, West Asia, Bhutan, the east and west African markets.

"We will be entering Russia in the next 12 months and have identified a local assembler to take our franchise," he said.

Mr. Hinduja said the firm's vision was to be ranked among the top 10 global firms from the present 24th position. It calls for producing about four lakh vehicles a year. Last year, ALL sold two lakh units.

# Sensex closes at new high, Nifty nears 12,000-mark

HDFC, ICICI Bank lead BSE pack

**SPECIAL CORRESPONDENT MUMBAI**

The benchmark equity indices rose for the seventh straight session on Monday, with the 30-share Sensex closing at a new all-time high even as the broader Nifty again came close to breaching the 12,000-mark in intraday trading.

The benchmark Sensex gained 136.93 points or 0.34% to close at 40,301.96, surpassing the earlier closing high of 40,267.62 touched on June 3. In the last 7 trading sessions, the index has surged 1,300 points. The 50-share Nifty rose 50.7 points, or 0.43%, to 11,941.3.

"Positive factors like decent earnings season so far,

better-than-expected festive sales, hopes of stimulus from the government and continued FII inflows helped improve sentiment," said Siddhartha Khemka, head, Retail Research, Motilal Oswal Financial Services. Foreign portfolio investors (FPIs) were net sellers on Monday at ₹138.53 crore.

However, FPIs were net buyers at ₹12,368 crore in October, the highest monthly net purchases since April. Gains in Sensex were led by HDFC, Infosys and ICICI Bank. Investor sentiment was also lifted by the positive trend in global markets on the back of optimism over an interim deal in the on-going U.S.-China trade talks.

## INTERVIEW | DHEERAJ HINDUJA

# Pre-buy may buoy industry, says ALL chairman

'Seeing some improvement in LCV sales; prospective buyers making enquiries, there's some positivity'

**RAGHUVIR SRINIVASAN N. ANAND**

*The fourth quarter is always very strong in this industry and with the transition to BS VI happening, the pre-buy expected in Q2/Q3, might happen in the next few months, says Dheeraj Hinduja, chairman, Ashok Leyland, in a chat. Excerpts:*

**Are we seeing a structural shift in the industry with ICVs growing faster than heavy vehicles?**

■ There is definitely change in heavy vehicles demand with efficiency gains from GST and with higher axle load norms. As a result, we are seeing decline in this segment.

The fall in ICVs (intermediate commercial vehicles) has not been as drastic as in the heavier segment. Our

market share in ICV is 21%. So we have quite a lot of headroom for growth.

**How is the industry right now and when do you see a turnaround?**

■ It is difficult to say because everyone had planned for this year to be a very strong pre-buy year.

But, due to a number of events, the markets have become negative, something which none of the original

equipment manufacturers expected.

But one issue was the availability of finance in the system. We have met quite a number of financiers and they are giving us the feeling that the worst is behind us and that they are willing to finance vehicles once again.

As soon as that changes and the people have the availability of funds to buy, things should start picking up. The fourth quarter is always a very strong quarter in this industry and with the transition to BS VI happening, the pre-buy that we were expecting in Q2/Q3 might happen in the next few months.

There's been some im-



Dheeraj G. Hinduja

**■ We may not be able to liquidate the entire inventory. Today, the inventory is back to the normal level we keep**

provement in LCV sales. A lot of people are making more enquiries with finance firms and that's increasing. If that's anything to go by, then

there is some element of positivity, but it will take some time. It will not happen in November.

**What's your inventory like right now and how do you plan to liquidate it?**

■ It is very difficult for any one to predict how many vehicles are needed by the end of this year. Undoubtedly, there will be a certain level of inventory left over. I don't think we'll be able to liquidate the entire inventory. But, we have created a separate project team that would focus on transition from BS IV to BS VI and the inventory. Today, the inventory is back to the normal level we keep.

# IOB Q2 loss widens on higher bad loans provision

Net NPAs dip to 9.84% in Sept. quarter

**SPECIAL CORRESPONDENT CHENNAI**

State-owned Indian Overseas Bank's (IOB) second-quarter net loss widened to ₹2,253.64 crore from ₹487.26 crore last year, due to higher provisions for bad loans.

The Chennai-headquartered bank had made a provision of ₹2,600 crore for bad debts in the second quarter.

Overall provisions increased to ₹2,996.04 crore in the second quarter from ₹2,016.6 crore in the same quarter last year.

IOB, which is under RBI's Prompt Corrective Action (PCA) measure, said its gross non-performing assets (NPAs) stood at ₹28,673.95 crore at the end of the September quarter, compared to ₹37,109.96 crore in the

same period last year.

"The percentage of net NPAs came down to 9.84% in the second quarter from 11.04% in the June quarter," Karnam Sekar, Managing Director and Chief Executive Officer CEO, Indian Overseas Bank, said in a press conference.

## PCA framework

He pointed out that the bank had to bring new NPAs down to 6% to meet one of the criteria to come out of PCA. This means the bank has to reduce the net NPA by ₹4,500 crore, which Mr. Sekar was confident of achieving in the next quarter through a slew of recovery measures.

He also said the other criterion of being profitable, to come out of PCA, would be achieved by March 2020.

# RBI tightens norms for NBFC liquidity

**SPECIAL CORRESPONDENT MUMBAI**

The Reserve Bank of India (RBI) has tightened the liquidity management framework for non-banking financial firms to strengthen their asset-liability management following the liquidity crisis faced by these firms in the past year.

As per the new norms - applicable to all non-deposit taking NBFCs with an asset size of ₹100 crore and above, systemically important Core Investment Companies and all deposit taking NBFCs irrespective of asset size - the net cumulative mismatches for 1-7 days, 8-14 days, and 15-30 days shall not exceed 10%, 10% and 20% of the cumulative cash outflows in the respective time buckets. The RBI also mandated liquidity coverage ratios.

# HDFC profit rises 61% on one-off gains

Gruh stake sale spurs bottomline

**SPECIAL CORRESPONDENT MUMBAI**

HDFC Ltd. reported a 61% increase in its standalone net profit to ₹3,961.53 crore for the second quarter of the current financial year, compared with the ₹2,467.08 crore reported during the year-earlier period.

The profit was boosted by a one-time pre-tax gain of ₹1,627 crore from sale of stake in Gruh Finance and also dividend income of ₹1,070 crore. However, the impact of gain was partially offset by the ₹320-crore mark-to-market loss for RBL Bank stake and deferred tax asset mark-down of ₹240 crore.

"Our total loan approvals increased 14% for individual loans and disbursement growth was 12%. Total loan growth on AUM basis was 13% during this period," said



Keki Mistry

Keki Mistry, vice-chairman and CEO, HDFC Ltd.

Mr. Mistry said the lender had been cautious and selective on non-individual loans.

"Our focus continues to be on affordable housing. This segment continues to do well. [As much as] 36% of the loans that we gave, in numbers, during this period were to economically weaker sections or lower income groups," he said.

# Sundram Fasteners profit dips 36% on lower sales

Lower production dents revenue

**SPECIAL CORRESPONDENT CHENNAI**

Sundram Fasteners Ltd. (SFL), part of the \$8.5-billion TVS Group, reported a 35.8% drop in its standalone net profit for the second quarter ended September 2019 to ₹71.07 crore, following a drop in sales due to slowdown in commercial and passenger vehicles segments.

During the period under review, the company's revenue from operations declined to ₹766.82 crore from ₹998.62 crore on account of lower production.

Domestic sales were lower at ₹450 crore against ₹631.59 crore recorded during the corresponding year-ago period.

Export sales also slipped



to ₹290.88 crore from ₹334.76 crore, said the company in a statement.

Standalone revenue from operations for the half year ended September 2019 included exports of ₹639 crore (₹656 crore). Other income included net foreign exchange gain of ₹3.47 crore against ₹20.16 crore.

The board declared an interim dividend of ₹1.35 per share for the year 2019-20.

# Tata Trusts' tax liability may surge

I-T Dept., which cancelled trusts' registration, says reports of demand notice untrue

**PIYUSH PANDEY SHARAD VYAS MUMBAI**

Tata Trusts, the dominant shareholders of Tata Sons, will see their tax liability shooting up significantly after the Income Tax (I-T) Department cancelled their registration.

The department has invoked Section 115 (TD) of the I-T Act, a special provision introduced in 2016 with respect to certain category of trusts.

**Additional income tax** Under Section 115 (TD), a trust whose registration is cancelled is required to pay tax on its "accrued" or past exempted income.

The section deals with additional income tax if the trust converts or merges into

a non-charitable trust, or if it gets dissolved and fails to transfer its assets/liabilities.

**Surrendered registration** Tata Trusts' contention is that they had in 2015 surrendered, on their own volition, their registration under the I-T Act and decided not to claim the associated tax exemptions.

A Tata Trusts' spokesperson in an e-mail response said, "The trusts have not received any demand notice from the Income Tax Department pursuant to the cancellation."

"We have already stated that the trusts are examining the order and will take necessary next steps in accordance with the law. The trusts have effective legal options to vindicate their grie-

vances against the order both factually and legally."

Anil Singhi, chairman, I-Can Investment Advisors, felt that the big question was why the Tata Trusts, being a public charitable trust, would give up exemptions when it was doing public good. "I don't understand why a public charitable trust will give up its exemptions when people seek exemptions for doing charity."

"The Charity Commissioner should be asking why the Trust is giving up exemptions that it enjoyed for over 30-40 years as they are not discretionary or private trusts. "What is the point of paying the highest rate of taxation of over 42% to the government by giving up the exemptions, when they are doing a good job," Mr. Singh-

vi told *The Hindu*.

According to I-T officials, reports of sending a demand notice, amounting to several thousand crores, to the Tata Trusts are not true. The provision of a demand for tax on accumulated income is done only in the case of an assessment and not in the case of a cancellation of registration.

"There is no question of sending a demand notice and reports to this effect are untrue."

"We are awaiting their response to the order, which could be in the nature of an appeal against what the trust thinks is contentious, whether it is to do with the freezing of assets or date from which the cancellation may take effect," said a person in the I-T Department.

# Tata Global Beverages to change nomenclature

Firm eyes ₹10,000-crore in turnover

**INDRANI DUTTA KOLKATA**

By March 2020, Tata Global Beverages Ltd. (TGBL) expects to become Tata Consumer Products Ltd., emerging as an FMCG company with a portfolio of food products and marking a significant expansion beyond its present play in the beverage segment only.

It is now undergoing the process of a scheme of arrangement with Tata Chemicals Ltd. (TCL).

"We expect an expeditious closure (of the scheme)...before March 2020, but not everything is in our hands," Ajoy Misra, managing director and CEO, TGBL, told *The Hindu* after addressing shareholders at a meeting convened by the

(NCLT). Under the proposed arrangement, TCL's consumer products business will be demerged in favour of TGBL. This will enable TGBL, which now has major brands such as Tata Tea and Tetley, to add to its portfolio, the foods brands of TCL like Tata Salt and Tata Sampann. TGBL is a global company and there is an export market for all these products, he told shareholders. The results of the merger are expected to flow to the new company within 18 months post regulatory approvals. Efforts will be made to hit the ₹10,000-crore mark in turnover [from about ₹7,251 crore for TGBL in 2018-19], executive director and group CFO L. Krishnakumar told *The Hindu*.