MARKET WATCH

	21-08-2017	% CHANGE
Sensex	31,259	-0.84
US Dollar	64.14	0.02
Gold	29,950	0.00
Brent oil	51.85	-0.52

NIFTY 50

	PRICE	CHANGE
ACC	1792.60	-1.70
Adani Ports	375.95	-10.25
Ambuja Cements	274.40	-0.55
Asian Paints	1134.45	-5.55
Aurobindo Pharma	696.10	-8.65
Axis Bank	494.80	4.40
Bajaj Auto	2766.50	-44.85
Bank of Baroda	142.10	-5.10
Bharti Airtel	419.15	-1.85
Bosch	21969.50	-64.50
BPCL	497.75	-5.55
Cipla	561.75	-3.55
Coal India	238.45	-4.90
Dr Reddys Lab	1931.10	-50.90
Eicher Motors	31634.25	122.80
GAIL (India)	374.20	-7.05
HCL Tech	874.05	-2.20
HDFC	1738.15	3.10
HDFC Bank	1743.20	-8.95
Hero MotoCorp	3972.05	-14.65
Hindalco	224.90	-5.15
Hind Unilever	1191.45	-10.75
Indiabulls HFL	1198.70	-3.70
ICICI Bank	293.50	0.35
IndusInd Bank	1616.10	-4.95
Bharti Infratel	386.60	-8.70
Infosys	873.40	-49.85
Indian OilCorp	413.20	-14.15
ITC	281.60	-0.25
Kotak Bank	969.55	-14.00
L&T	1127.10	-3.50
Lupin	923.40	-14.95
M&M	1378.65	8.65
Maurti Suzuki	7501.90	-96.90
NTPC	172.00	-1.40
ONGC	157.15	-3.75
PowerGrid Corp	220.30	-2.65
Reliance Ind	1564.40	-11.00
State Bank	274.65	-4.05
Sun Pharma	460.55	-9.60
Tata Motors	374.35	-6.05
Tata Motors DVR	222.85	-4.10
Tata Power	80.20	-0.10
Tata Steel	621.55	-4.10
TCS	2528.80	15.00
Tech Mahindra	431.10	2.25
UltraTech Cement	4007.90	-6.45
Vedanta	293.80	-4.60
Wipro	287.70	-0.40
YES Bank	1716.70	-4.05
Zee Entertainment	509.30	-2.30

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on August 21

CURRENCY	TT BUY	TT SELL
US Dollar	63.93	64.25
Euro	75.19	75.59
British Pound	82.34	82.76
Japanese Yen (100)	58.63	58.92
Chinese Yuan	9.58	9.63
Swiss Franc	66.16	66.50
Singapore Dollar	46.93	47.17
Canadian Dollar	50.80	51.05
Malaysian Ringitt	14.91	14.99

Source:Indian Bank

BULLION RATES CHENNAI

August 21 rates in rupees with previous rates in parentheses

Retail Silver (1g)	41.90	(41.80)
22 ct gold (1 g)	2,758	(2,759)

Infosys compliance: SEBI seeks data

Regulator asks stock exchanges to examine violation of disclosure and corporate governance norms

ASHISH RUKHAIYAR
MUMBAI

The Securities and Exchange Board of India (SEBI) is examining whether there were any lapses in corporate governance or disclosure requirements by Infosys.

The SEBI move comes reportedly after a few shareholders approached the regulator following the resignation of Vishal Sikka as the chief executive officer amidst allegations by co-founder N.R. Narayana Murthy.

According to persons familiar with the development, the regulator had asked the stock exchanges to look into this matter by seeking clarification from the company. Exchanges, being the first-level regulators, often seek clarification from companies based on regulatory directions or media reports.

Domino effect: If dissatisfied, SEBI could well halt the firm's proposed ₹13,000 crore share buyback. • GETTY IMAGES/ISTOCK

Impact on buyback?

The SEBI move could affect the proposed ₹13,000-crore buyback of Infosys shares as well. The regulator could insist on getting a complete clarity on investor complaints before giving a final go-ahead for the buy-back proposal.

"While it is too early to say that an actual probe in on, the process of getting data and information is on, which, typically, precedes any formal investigation," said a person familiar with the development, who requested anonymity. The regulator had also asked the exchanges to look into the trading pattern and report any unusual activity, he added.

Clearly, the regulatory probe post the feedback received from the stock exchanges could also conclude that the company was fully compliant with the disclosure and listing regulations. Incidentally, Infosys did not attract any adverse action from SEBI when the regulator examined the whistle-blower letter it had received in February.

Mr. Murthy had said that the corporate governance standards in the company were falling after the anonymous complaint alleged that the acquisition of Panaya was made without following proper procedure and obtaining relevant approvals and that the severance payout given to former CFO Rajiv Bansal was in excess of that stated in his contract.

Lawyers specialising in securities market regulations said that the SEBI could investigate a complaint of any contravention of the securities laws received from any investor or intermediary or any other person.

"There are precedents of relief from SEBI where stakeholders have sought quality in financial reporting, transparency and corporate governance," said Sumit Agrawal, founder, Suvan Law Advisors, and a former legal officer at SEBI.

"SEBI can always direct particular disclosures, seek a specific audit, make due diligence reports public or provide conditional approvals. SEBI has wide powers to deal with the issue, if circumstances demand it," he added.

Street turns bearish

Meanwhile, going by stock recommendations, it appears that an increasing number of analysts are turning bearish or at least cautious on the stock of Infosys.

According to data from Bloomberg, there are currently a total of 20 'buy' recommendations along with 18 'hold' and 12 'sell' ratings on Infosys. On Friday, there were 34 'buy' reports on the software major.

Since Friday, brokerages such as Equirus Securities, Edelweiss Capital, Dolat Capital, Emkay Share & Stock Brokers, IDBI Capital, Axis Capital, Elara Securities, ICICI Securities, JP Morgan, IIFL and Prabhudas Lilladher have all downgraded the Infosys stock.

IT major's shares fall 5.37% to three-year low

Nod for buyback fails to excite market

SPECIAL CORRESPONDENT
MUMBAI

Shares of Infosys continued their slide on Monday, shedding 5.37% or ₹49.60 to close at ₹873.50 on the BSE. This is the lowest close in three years for the technology major. It had closed at ₹870.09 on August 8, 2014.

Infosys was also the worst performer in the Sensex pack on Monday as the benchmark index lost 0.84% to close at 31,258.85.

The shares have lost close to 15% in the last two trading sessions since CEO Vishal Sikka resigned citing what he termed as 'baseless, malicious and increasingly personal attacks' by co-founder N.R. Narayana Murthy, that had constrained his ability to bring about change.

Even a buyback announcement at ₹1,150 per share did not stem the slide. On Saturday, the board of the company approved a buyback plan amounting to ₹13,000 crore.

Stable management is key for share to trade at a premium, say analysts.

IIFL said on Monday in a report that while it continued to believe in the company's long-term potential, it had downgraded its rating to 'Add' as a stable management, peace with shareholders and consistent earnings delivery amid this development are the key for Infosys to trade at a premium again.

IDBI Capital has also cut its FY18 and FY19 revenue forecast for the company by 1.1% and 3.6%, respectively, downgrading the stock to 'hold' from a 'buy'.

Sikka blamed Murthy to hide bad performance: Pai

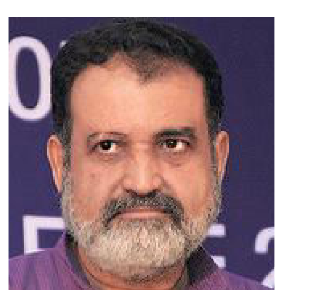
'Executive vice-chairman's appointment created confusion'

PRESS TRUST OF INDIA
BENGALURU

Former Infosys CFO Mohandas Pai on Monday flayed executive vice-chairman Vishal Sikka for blaming co-founder N.R. Narayana Murthy for the crisis in the company to cover up his "bad performance."

'Own admission'

"Yes, true. He (Sikka) wanted to leave from February by his own admission. He is covering up his own failure to reach the target by blaming Narayana Murthy," he told PTI in an e-mail interview. Mr. Pai stated this in response to a question if Mr. Sikka put the entire blame on Mr. Murthy to cover up his "bad performance."



T.V. Mohandas Pai

He said that Mr. Sikka's appointment as executive vice-chairman of Infosys was a governance issue and had created a confusing line-up, with the firm already boasting a chairman and a co-chairman.

Former CFO V. Balakrishnan also said chairman R. Seshasayee and co-chair Ravi Venkatesan must step down before the firm begins to search for a CEO. He said that for Infosys to appoint a CEO without fixing its board first would be "suicidal".

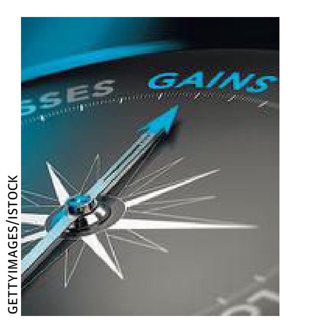
'Fortunes linked to one individual'

Infosys's peers have seen seamless change of CEOs, says research firm

OOMMEN A. NINAN
THIRUVANANTHAPURAM

Vishal Sikka's exit from IT major Infosys evokes mixed responses from research firms such as ICICI Securities (I-Sec), which on Monday said, "no other company within our coverage, barring Infosys, has had its fortunes linked to one individual person."

Tata Consultancy Services, Wipro and HCL Technologies have seen their CEOs change over the past two years with the transitions being seamless, having limited impact on employee morale and customer perception, it said in a report.



GETTYIMAGES/ISTOCK

"Dr. Sikka's exit from Infosys [is expected] to have a definite impact on high-performer employee attrition, pace of next generation capability creation, investments in software and products, and in the organisation's risk-taking ability," it said.

According to I-Sec, high performers at Infosys identified more with Mr. Sikka in recent times rather than with Infosys as an institution, and may now look at avenues outside the company. It added that this wasn't the case with TCS, for example, "where employees have always prided themselves in working for an iconic institution more than anything else."

'Insider likely'

"Since the board desires the next CEO with an innate understanding of the company's culture and the services industry, and given that the friction with founders seems far from over, the likelihood of the next CEO being an outsider becomes that much lesser." However, it said, continuity of strategic direction is a must but may be at peril if someone from the 'old guard' joins back.

In the past year and a half, Infosys had seen more than 10 top-level exits from the company, it said, but "the latest exit of Dr. Sikka is most surprising and concerning... When things were gradually looking up for Infosys, Dr. Sikka's exit pushes it back to the wall," said another research firm Sharekhan.

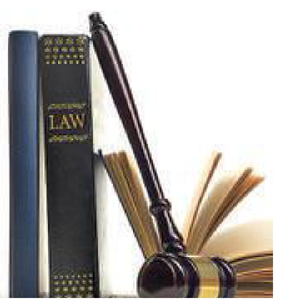
Will Infosys face class action law suits in India?

Section 245 of the Companies Act provides such an option

K.T. JAGANNATHAN
CHENNAI

The Infosys episode seemed to have opened a Pandora's box. With Mr. Vishal Sikka, who quit as CEO and co-founder N.R. Narayana Murthy – going to town virtually with their blame games, stakeholders have moved swiftly to position their strategies. Indications are Infosys may face a class action suit from U.S. investors. Indian law also permits similar action.

A class action suit allows a number of claimants, who have a common grouse, to pool their resources and file a suit against a company. Such option for company law cases is a well-established principle in foreign jurisdictions, especially in the U.S. The Satyam episode forced company law formulators to incorporate a rule providing for such action in India. Section 245 of the Companies Act, 2013 provides for such an option for Indian investors. Such a suit can be filed before the National Company Law Tribunal (NCLT). Sec. 245 also gives the option to claim damages or compensation or demand any other suitable action against "the company or its directors for any fraudulent, unlawful or wrongful act or omission or conduct or any likely act or omission or conduct on its or their part."



Public notice

One can sue the firm, its directors, auditors and technical advisers who are party to alleged fraud.

Once the suit is admitted, NCLT will issue a public notice to allow those not having enough qualifying shares to join. Similar applications in other jurisdictions will be consolidated into a single application.

Essar seals $12.9 bn deal with Rosneft

SPECIAL CORRESPONDENT
MUMBAI

Ruias-led Essar Group has concluded a $12.9 billion deal to sell its cash-rich Essar Oil to Rosneft and the consortium of Trafigura and UCP, but Indian lenders can get only ₹4,000 crore out of the ₹86,000 crore deal.

"Indian lenders, including LIC, with other insurance companies and banks, will get ₹4,000 crore from this deal," said Essar Capital director Prashant Ruia. According to Mr. Ruia, this is the single largest ever de-leveraging exercise undertaken in Indian corporate history as the deal will bring down Essar Group's debt by 50%.

Lenders of Essar Steel and Essar Power are unlikely to get anything from this deal.

Rosneft to double Essar refining capacity

Move to place oil company in direct competition with RIL-BP consortium

PIYUSH PANDEY
MUMBAI

Rosneft, along with the consortium of Trafigura and UCP, the new promoters of Essar Oil, plans to double the refining capacity of Essar Oil to 40 million tonnes per annum (mtpa) in phases and almost double the retail outlets to 6,000, said a source in the know of the development.

The move will place Essar Oil yet again in direct competition with Mukesh Ambani-led Reliance Industries (RIL), as RIL along with its partner BP Plc., is planning to scale up its retail presence to take up the opportunity of de-regulation of petroleum retail market in India.

Retail outlets

"The plan is to take the retail outlets to 6,000. This a rapidly growing market. Given this growth, we can compete in any market," said Tony Fountain, the newly-appointed chairman of Essar Oil.

Double barrel: Essar Oil chairman Tony Fountain, right, and Jonathan Kollek, non-executive director. • SHASHI ASHIWAL

Mr. Fountain was the chief executive for refining and marketing at Indian conglomerate Reliance Industries Ltd. from January 2012 to February 2016. He is the UCP nominee on the board of Essar Oil.

Talking about expansion of Vadinar refinery, Mr. Fountain said, "Clearly, we think there are opportunities for investment. But, we want to start from scratch as we plan to bring some more people with expertise. That's why we pass on the action to a new committee to provide us the strategy for action plan."

RIL operates the world's largest refining complex with a capacity of 60 mtpa near Essar's 20 mtpa Vadinar refinery.

"Essar Oil already has government licence to increase its capacity to 40 mtpa. So, the new promoters do not need government approval to increase the capacity," the source told *The Hindu*.

While announcing a joint investment of ₹40,000 crore in June, RIL chairman Mukesh Ambani and BP Plc. chief Bob Dudley expressed desire to jointly tap the fuel retail market.

RIL and BP Plc. are partners in oil and gas exploration, but no such tie-up exists in the petroleum fuel retailing business. Interestingly, BP Plc. also owns about 20% stake in Rosneft.

RIL, with 1,253 operational retail outlets covering all key highways, has seen 82% year -on-year growth in diesel and 51% growth in petrol with four-fold increase in its customer base in the last one year.

RIL had garnered a 12% market share in fuel retailing in 2005 within one year of starting operations, but saw its share slip to less than 0.5% in 2014, by when it had shut most of its fuel retail outlets due to spiralling crude oil prices.