IDBI Bank's net loss narrows to ₹3,459 cr...

IDBI Bank's net loss in the September quarter has narrowed to ₹3,459 crore, against a net loss of ₹3,602 crore in the same period last

Net interest income, or the difference between interest earned on loans and that paid on deposits, increased 25 per cent to ₹1,631.48 crore, from ₹1,301 crore in the corresponding period last year.

Other income, which includes core fee income, gained 28 per cent to ₹1,033 crore in the period under review.

Net interest margin improved by 53 basis points to 2.33 per cent, against 1.80 per cent logged in same period

Net NPAs reduced to ₹7,919 crore in September quarter from ₹27,295 crore as on September 30, 2018, and ₹10,963 crore in June

First-time NPAs reduced by 41 per cent to ₹2,059 crore (₹3,489 crore).

CASA deposit has crossed the one trillion mark and stands at ₹1,04,027 crore as on September 30, against ₹90,071 crore recorded in same period last year, an increase of 15 per cent.

Structured Retail Assets portfolio increased by ₹8,180 crore to ₹56,320 crore (₹48,140 crore).

... but how long can LIC and Centre rescue the lender?

Q2 COMMENT

RADHIKA MERWIN

BL Research Bureau LIC-owned IDBI Bank has been dogged by abysmal capital levels, large bad loan

book, and PCA (prompt action) corrective status, throwing up big concerns for investors and its benefactors (LIC and the government). In the latest Septem-

ber quarter, bolstered by the ₹4,743-crore capital infusion from LIC and ₹4.557 crore from the government - totalling ₹9,300 crore capital concerns appear to

have eased for now. The bank has also increased significantly, provisions bringing down its net nonless provisions) sharply.

With higher capital ratios and lower net NPAs, IDBI Bank has now moved out of the RBI's risk threshold levels under PCA on these parameters

(still falls short on the profitab-Scan & Share front ility with though, negative returns). So, is

> the bank? Much of the relief for the beleaguered bank has come due to the tidy capital infusion by LIC and the

worst over for

With a higher capital buffer, the bank was able to set aside higher provisions for its bad loans, taking the provi-



Still on life support IDBI's core performance continues to be weak

sion cover up to 91 per cent. But given that the bank is still consolidating its loan book (6 per cent year-on-year decline in domestic loans), carries a large bad loan and stressed asset book, and continues to report loss (₹3,459 crore in

the September quarter), the issue of capital may surface yet again in the coming quarters.

This, once again, begs the question: How long can LIC and the Centre rescue IDBI bank? In the June quarter, the

bank's CET 1 (Common Equity Tier-1) ratio and Tier I ratio had slipped to a precarious 5.9 per cent (against regulatory requirement of 7.375 per cent) and 6.1 per cent (8.875 per cent), respectively. In the September quarter, thanks to the capital infused by the government and LIC, CET1 ratio has moved up to 9.27 per cent and Tier 1 to 9.52 per cent.

Importantly, ÎDBI Bank's net NPA ratio fell to 5.97 per cent in the September quarter.

Lingering concerns

However, bad loan provisioning in the September quarter remained elevated at ₹3,545 crore. Importantly, the bank's bad loans is still a large ₹52,000 crore (against market cap of just ₹25,000 crore),

tank's loans. The bank's SMA book (special mention accounts where payments are overdue by 1-90 days) has risen, too. From ₹10,272 crore in the

June quarter, the SMA book has gone up to ₹13,465 crore, implying persisting stress in the bank's books, which can continue to keep slippages and bad loan provisioning elevated in the coming quar-

As such, the bank's core performance is weak. IDBI Bank's loans (domestic) shrunk by 6 per cent in the September quarter. While the bank's net interest income grew by 25 per cent, it was on a low base net interest income had fallen by 22 per cent in the September quarter last year).

Bank of Baroda Q2 net soars 73% to ₹737 cr ...

OUR BUREAU

State-owned lender Bank of Baroda posted a 73.2 per cent jump in its July-September quarter net profit at ₹736.68 crore from ₹425.38 crore a year ago. The bank's total income rose to ₹22,097.91 crore for the second quarter of FY20, compared to ₹13,429.95 crore last vear.

The lender's gross non-performing assets (NPAs) reduced to 10.25 per cent (₹69,968.95 crore) of the gross advances by the end of September 2019, compared with 11.78 per cent (₹55,121.37 crore) in the year-ago period.

Net NPAs fell to 3.91 per cent (₹24,894.38 crore) from 4.86 per cent (₹21,059.22 crore) the September during quarter.

Shares of Bank of Baroda closed at ₹93.80 a share on Friday, down 2.39 per cent from the previous close on BSE.

... but weak core performance and higher slippages suggest pain in the coming quarters

Q2 COMMENT

RADHIKA MERWIN

Bank of Baroda, after the merger with Vijaya and Dena Bank, continues to witness pressure on profitability and asset quality. In the latest September quarter, weak growth in core net interest income - on the back of modest loan growth, higher slippages and elevated provisioning has led to a modest profit of ₹737 crore. A still large stressed assets pool, higher addition to bad loans, and significant write-offs suggest that there could be more pain for the merged entity in the coming quarters.

Asset quality woes

Bank of Baroda has a large bad loan book of nearly ₹70,000 crore, as of Septem-



Negative factor BoB's large bad loan book of nearly ₹70,000 crore is likely to keep provisioning high in the coming quarters

ber 2019, which is likely to keep provisioning high in the coming quarters. As such, slippages have moved up during the quarter, which is also a concern. From ₹5,583 crore in the June quarter, fresh slippages have moved to ₹6,001 crore in the latest September quarter. Write-offs, at ₹3,355 crore, is also significant, which implies that unless recoveries on large accounts

happen, earnings could be under pressure in the coming quarters. Bank of Baroda has a total exposure of about ₹49,000 crore to accounts under IBC, against which it has made a provisioning of about 87 per cent.

The bank's stressed assets book needs a close watch. As of September, the watchlist of the merged entity is a large ₹14,500 crore (though down

from the previous June quarter). Ninety per cent of the slippages during the quarter came from the stressed book. In the coming quarters, slippages from the watchlist accounts can lead to higher provisioning. Power, road and NBFC sector are the top exposures for the bank within the watchlist.

On the core performance front, domestic credit growth stood at a modest 6-odd per cent in the September quarter. Further consolidation of loan book and weak credit off-take in the corporate segment may continue to weigh on credit growth. Bank of Baroda's Tier 1 capital inched upto 10.9 per cent in the September quarter (from 9.5 per cent in the June quarter).

The government has infused ₹7,000 crore in the bank during the quarter.

Moody's change in outlook may not have major impact on rupee

OUR BUREAU

Rating agency Moody's decision to change its outlook for India to negative from stable is unlikely to have a major impact on the rupee. Rushabh Maru, Research Analyst, Currency and Commodity, Anand Rathi Shares and Stock Brokers, said that Moody's change in outlook on India is a matter of concern, but is unlikely to have major impact on the rupee in the near term. "There is lot of optimism regarding the trade deal between the US and China. Hence, this may provide relief to the rupee," he said.

In the near term, the rupee may trade in the range of 70.80 and 71.60, Maru added.

The other factors that are in favour of the rupee is that both domestic and global equities remain strong. This may also support the rupee.

RBI's 2015 report had pointed to 'serious' deficiencies at PMC

FORUM GANDHI / SURABHI

Almost five years before the actual fraud was unearthed, the Reserve Bank of India had raised red flags on various aspects of lending by Punjab and Maharashtra Cooperative Bank.

The RBI, in its inspection report for 2014-15, had noted that the bank had last reviewed its credit policy on August 30, 2014. "A serious flaw detected in the credit policy was the fact that the cash credit limits were sanctioned for three years at a stretch and were not subject to an annual review...," it had noted.

The RBI report had also said that PMC Bank's credit appraisal and post disbursement supervision needed improvement. Significantly, the report at that time had observed that the bank did not maintain names of the entities related to the directors.

"The bank had maintained a list of directors and their relatives in the bank's intranet website. However, it did not maintain the names of entities in which the directors and relatives were interested in the system," the report said.

The report was made available to activist Girish Mittal in response to an RTI application filed with him. Business-Line has reviewed the report shared by Mittal.

Much of this seems to be in line with the confession letter of the bank's former MD Joy Thomas and the investigations so far. The EOW of the Mumbai Police has identified Waryam Singh, former chairman of the PMC, as the key entity in keeping the fraud under cover.

The RBI report also highlighted that the audit policy of the bank was deficient and that the audit committee was not constituted as per guidelines of the RBI.

Allahabad Bank loss widens to ₹2,114 cr

Kolkata, November 8 Dragged down by higher provisioning, Allahabad Bank saw its losses widening to ₹2,114 crore for the quarter ended September 30, 2019, when compared to ₹1,823 crore in the same period last vear. Provisions and contingencies during the quarter under review grew 16 per

for NPA spiked to ₹2,722 crore, when compared to ₹1.992 crore.

The bank, which had come out of the prompt corrective action (PCA) framework of the Reserve Bank of India in February this year, had reported a net profit of ₹128 crore for the first quarter of this fiscal. Net interest income grew by 11 per cent to ₹1,276

crore). Operating profit increased by around 19 per cent to ₹633 crore. The bank's net interest margin stood at 2.61 per cent as on September 2019. The bank's asset quality saw some deterioration during the quarter under review.

Gross non-performing assets (NPA), as a percentage of total assets, increased to cent to ₹2,741 crore, against crore (₹1,150 crore). Other in- 19.05 per cent (17.53 per cent), ₹2,356 crore in the same come increased by 24 per while net NPAs increased to

TTK Prestige

Corporate Office: 11th Floor, Brigade Towers, 135, Brigade Road, Bangalore - 560 025, Ph; 91-80-22217438/39

Registered Office: Plot No.38, SIPCOT Industrial Complex, Hosur - 635 126, TamilNadu Website: www.ttkprestige.com E-mail: investorhelp@ttkprestige.com

CIN No.L85110TZ1955PLC015049

Q2 STANDALONE 1st Half STANDALONE Sales EBITD/ PAT Sales **EBIT**DA Value Growth Value Growth Grow Growth Growth Growth Growth Q2 1st Half Q2 1st Half 1st Half Q2 Q2 4.17% 49.30% 3.86% 6.04% 3.71% 30.19% 3.70% 5.27

Extract of Consolidated Financial Results of TTK Prestige Limited for the Quarter/Half Year ended September 30, 2019

(Rs. in Crores)

PAT

1st Halt

SI. No		Quarter ended			Half Year ended		Year ended
		30th September 2019 Unaudited	30th June 2019 Unaudited	30th September 2018 Unaudited	30th September 2019 Unaudited	30th September 2018 Unaudited	31st March 2019 Audited
1.	Net Sales/Income from Operations (Net of Discounts)	606.30	461.20	583.42	1,067.49	1,031.20	2,106.91
2.	Net Profit / (Loss) for the period (before Tax, Exceptional and/ or Extraordinary items)	83.65	54.39	80.00	138.04	133.38	286.30
3.	Net Profit / (Loss) for the period before tax (after Exceptional and/ or Extraordinary items)	83.65	54.39	80.00	138.04	133.38	286.30
4.	Net Profit / (Loss) for the period after tax (after Exceptional and/ or Extraordinary items)	80.34	35.81	53.50	116.15	39.32	192.35
5.	Total Comprehensive Income for the period [Comprising Profit (Loss) for the period (after tax) and Other Comprehensive Income (after tax)]	79.69	29,97	55,01	109,66	92,11	188.39
6.	Equity Share Capital	13.88	13.88	11,56	13,88	11,56	11,56
7.	Reserves (excluding Revaluation Reserve) as shown in the Audited Balance Sheet of the previous year						1152.58
8.	Earnings Per Share (of Rs. 10/- each) (for continuing operations) Basic and Diluted	57.96	25.84	38.60	83.79	64.44	138.76

Key Numbers of Standalone Financial Results for the Quarter/Half Year ended September 30, 2019

Į,	SI. PARTICULARS	Quarter ended		Year ended	Half Year ended		Year ended
	5	30th September 2019 Unaudited	30th June 2019 Unaudited	30th September 2018 Unaudited	30th September 2019 Unaudited	30th September 2018 Unaudited	31st March 2019 Audited
r	Net Sales/Income from Operations (Net of Discounts)	573.59	433.60	552.27	1,007.19	971.14	1,968.02
Γ	2. Net Profit / (Loss) for the period before Tax	83.60	55.20	80.25	138.80	133.84	283.57
	3. Net Profit / (Loss) for the period after tax	80.28	36.47	53.77	116.75	39.67	190.31

1 The above is an extract of the detailed format of Quarterly/Half Yearly Financial Results for the Quarter/Half Year ended 30th September, 2019 filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The full format of the Financial Results are available on the websites of the Stock Exchange's at www.bseindia.com and www.nseindia.com and the Company's website viz. www.ttkprestige.com

2 The above results have been reviewed by the Audit Committee of the Board and were approved by the Board of Directors at its meeting held on 8th November 2019. The Statutory Auditors have expressed an Unqualified Report on the above Results.

3 These Financial Results have been prepared in accordance with the recognition and measurement principles of Indian Accounting Standards (Ind AS) prescribed under Sec 133 of the Companies Act, 2013. 4 The Company has chosen to exercise the Option permitted under Sec. 115BAA of the Income Tax Act 1961. Accordingly, the Company has recognised Provision for Current Tax and Deferred Tax at the rates prescribed in this section. The full impact of the same has been recognised in the Statement of Profit and Loss in Q2.

5 Towards the end of the quarter under report, the company's wholly owned stepdown subsidiary, Horwood Homewares Limited, UK (HHL), has invested funds to the "une of Rs.7.72 Crores in Horwood Life Limited, UK (HL) in which HHL holds 51%.HL has acquired the business of Ecosoul Life, Australia. Pending commencement of commercial operations in HL and finalization of acquisition accounting, the financials of HL have not been consolidated in this quarter and the same will be considered in the consolidated financial statements of the succeeding quarters. The impact on account of HL's operations are not considered material.

6 The Company had issued and allotted 23,10,233 Nos of Bonus shares during the previous quarter, which has been considered for calculation of EPS retrospectively across all the periods presented in terms of Ind As 33.

much easier than it had been in Place : Bengaluru

Date: 8th November, 2019



On behalf of the Board T. T. Jagannathan Chairman



conversation with BusinessLine Marshan shares his vision and approach at Kotak Mahindra Group. Excerpts: How has Kotak Mahindra Bank's advertising and marketing strategy evolved with the merger

Bengaluru, November 8

Karthi Marshan, Chief Marketing

Officer, Kotak Mahindra Group.

insurance, banking, brokerage,

and asset management, among

helmed the marketing function

oversees marketing efforts across all verticals, including

others. An alumnus of IIM

Bangalore, Karthi previously

at IDBI Bank. He is also a co-

founder of Sharekhan. In a

of ING Vysya Bank? The merger of ING Vysya with Kotak Mahindra Bank couldn't have been better timed. We started the Kona Kona Kotak campaign with the merger of ING Vysya. The nation was

bursting with enthusiasm, fresh ideas and youthful energy. We acknowledged it, saluted it, BL INTERVIEW and chose to play our

role in transforming

the mood of the nation. Kona Kona Kotak was an expression of our commitment to support the dreams of an ambitious nation and its people in every corner of India. We stayed with that expression for a few seasons, adding on the tadka of our marquee product promise of up to 6 per cent in-

terest on savings deposits. When demonetisation happened, we instantly saw in it an opportunity to partner India's journey to go cash-free. We



We used the chance like a judo player would, leveraging the most significant financial event in the history of India to catapult our product into the brains and hearts of Indians, practically overnight KARTHI MARSHAN Chief Marketing Officer Kotak Mahindra Group

launched a radical social experiment just weeks after November 8. We sent a documentary film maker on a 3,000-km solo adventure across India for 30 days, with zero cash in his pocket; he had to survive using Kotak's card products, mobile

banking app and his wits. We dubbed this campaign, digital Kona Kona Cash Free. Every day he made

videos of the most interesting incidents. For instance, he ran into a problem with a chaiwala, who didn't have the means to accept payments in any other way except cash. So, the film maker told him to top up his mobile bal-

ance in lieu of the tea served. Thus, the filmmaker used barter and other creative methods to survive those days without cash.

The bank launched Kotak 811

period last year. Provisioning cent to ₹511 crore (₹411 5.98 per cent (7.96 per cent). 'Demonetisation provided us

in March 2017, pledging to

the next 18 months. What

role did marketing play

double its customer base in

in achieving this goal? We saw an opportunity in demonetisation to go disruptively digital with our product suite. We launched 811. India's first and most successful downloadable bank account. While the first campaign that announced the birth of 811 necessarily focussed on educating the consumer, we followed it up with the platform of 'India

Invited'. Also, we saw in 811 the opportunity to live up to the promise set in Kona Kona Kotak, of being accessible to every Indian, in every corner of India. 811 didn't just break the shackles of geography, it also cut through barriers of class, gender and every other divisive force that has kept large swathes of disenfranchised Indians outside the financial ecosystem.

By all accounts, launching a product that has not only derived its origin, but also its name, from the historical date of demonetisation was not without considerable risk. But that is precisely the job of a courageous marketer. We used the chance like a judo player would, leveraging the most significant financial event in the history of India to catapult our product into the brains and hearts of Indians, practically overnight.

As marketing guru Peter Drucker has said, marketing's job is to make selling superfluous. While I won't go that far, I daresay we made the selling the past.