

IndusInd Bank's net rises 33% in December quarter

ABHIJIT LELE
Mumbai, 14 January

IndusInd Bank's net profit rose 33 per cent to ₹1,309 crore for the quarter ended December 2019, on improvement in interest margins and robust fee income. The figure was ₹985 crore in the same quarter a year before.

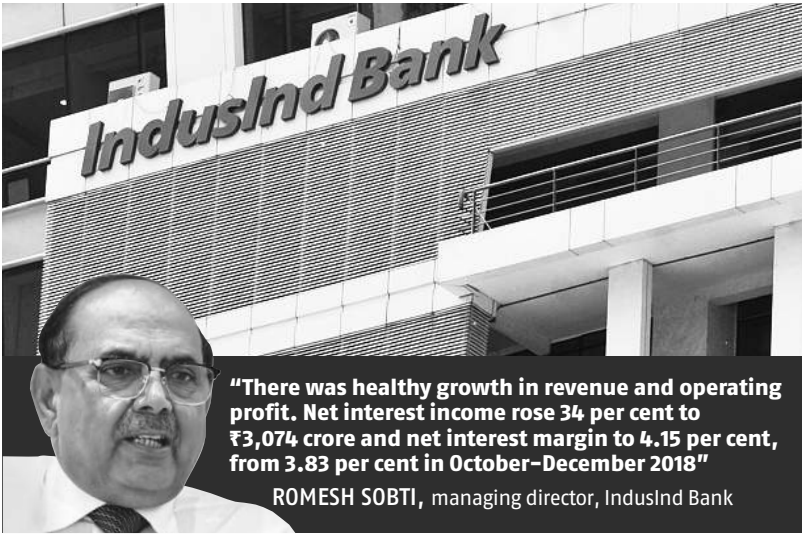
The share price fell on Tuesday by 3.9 per cent on the BSE, to close at ₹1,481.1.

Romesh Sobti, managing director, said there was healthy growth in revenue and operating profit. Net interest income rose 34 per cent to ₹3,074 crore and net interest margin to 4.15 per cent, from 3.83 per cent in October-December 2018.

Non-interest income (fees, commissions) rose 22 per cent to ₹1,790 crore. The balance sheet crossed ₹3 trillion and advances crossed ₹2 trillion. The latter rose 20 per cent by end-December to ₹207,414 crore, from ₹173,169 crore at end-December 2018.

The deposit base expanded 23 per cent to ₹216,713 crore. The share of current and savings accounts in the total was 42.4 per cent, down from 43.16 per cent a year before. Gross non-performing assets

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(NPAs) rose to 2.18 per cent of advances, from 1.13 per cent in end-December 2018. Net NPAs rose to 1.05 per cent, from 0.59 per cent. Credit costs, the amount set aside for stressed assets, rose 70 per cent to ₹576 crore. Sobti said the Provision Coverage Ratio had increased to 53 per cent. The bank made provision of about ₹240 crore for two fraud accounts (one

financial sector entity and another business group). There will be more provisions for such accounts in the coming quarters. The capital adequacy was 13.92 per cent, with tier-I capital at 13.49 per cent at end-December.

On naming his successor, Sobti said this had been sent to the Reserve Bank of India for approval.

Bandhan Bank's profit more than doubles



SUBRATA PANDA
Mumbai, 14 January

Bandhan Bank's net profit more than doubled in the third quarter of financial year 2019-20 (Q3FY20) to ₹731 crore, largely driven by interest income. This was higher than the net profit of ₹331 crore it reported in the year-ago period on a standalone basis.

Q3 PERFORMANCE (in ₹ crore)			
Particulars	Q3 FY20*	Q3 FY19**	Q2 FY20*
PAT	731	331	972
NII	1,541	1,124	1,529
NIM (%)	7.9	10.5	8.2
Gross NPA (%)	1.9	2.4	1.8
Net NPA (%)	0.8	0.7	0.6

*merged, **standalone

Sequentially, net profit declined 24.79 per cent as it registered a profit of ₹972 crore in Q2. To be sure, the Q3 figures are not comparable with the corresponding figures of the previous year after the merger of Gruh Finance, which came into effect on October 17, 2019. The net interest income in Q3FY20 stood at ₹1,541 crore. In the same period last year, the net interest income of the bank

was ₹1,124 crore. Total income increased to ₹3,075.31 crore in the quarter under review as against ₹1,883.65 crore in the year-ago period, the bank said. The gross non-performing assets (GNPA) stood at 1.9 per cent in Q3 as opposed to 2.4 per cent in the same period last year. In Q2, GNPA stood at 1.8 per cent. The increase in GNPA quarter-on-quarter is partly because of increase in Gruh's housing loan portfolio thanks to change in recognition norms as applicable to bank from housing finance firm.

"Following the unrest in Assam, the collection efficiency of Assam was recorded at 93.64 per cent as opposed to a national average of 98.01 per cent. In Assam, the efficiency had gone down to 78 per cent for a span of three weeks in the quarter during the unrest but it soon recovered to 93 per cent," Chandra Shekhar Ghosh, managing director and chief executive, said.

Wipro net profit dips 3.2% on low interest income

Numbers mostly as market expected

DEBASIS MOHAPATRA
Bengaluru, 14 January

Information technology major Wipro's financial results for the December quarter (the third one or Q3 of this financial year) largely met Street estimates on growth in revenue and operating margin.

However, net profit at ₹2,463 crore was below analysts' expectation, a decline of 3.2 per cent when compared with the same period a year ago (and down 2.3 per cent from the September quarter. The Bengaluru-based company attributed this to lesser interest income, owing to cash outgo as part of its share buyback programme.

Consolidated revenue rose 2.7 per cent year-on-year (YoY), at ₹15,470 crore (\$2.2 billion).

In the IT services segment, around 95 per cent of gross revenue, the company reported a 3.3 per cent rise YoY in revenue at \$2.09 billion in constant currency terms. Sequentially (compared with the earlier quarter), this revenue grew 1.8 per cent.

Despite tepid growth in the banking, financial services and insurance (BFSI) and technology verticals, deal wins from ICI-CI Bank and acquisition of US-based computer design firm ITI supported the revenue. The ICI-CI deal is worth \$300 million.

Wipro's constant currency revenue growth was higher than larger peer Infosys, which recorded one per cent rise on a sequential basis. Wipro expects revenue in the March quarter from IT services to be in the range of \$2.095 to \$2.137 billion, sequential growth of 0-2 per cent.

"We have delivered a good quarter, with secular growth across all business

Q&A

Despite a marked improvement in margins during the last one year, Wipro's revenue growth still lags its peers. Company Chief Financial Officer **JATIN DALAL** told **Debasis Mohapatra** that though margin improvement remained a key objective, growth is of absolute priority for the Bengaluru-headquartered firm. Edited excerpts:

Taking into account the Q4 guidance, Wipro is likely to end FY20 with a growth rate of around 6 per cent. When will Wipro match its peers in terms of growth?

In the first nine months, the company has grown close to 4.3 per cent, in constant currency terms. So, the number may be in that range. But that is not an insignificant growth on a base of around \$8.3 billion revenue. Though certain part of our business was not performing, we have seen improvement of late. For example, our health care business has grown more than 3 per cent, sequentially, this quarter. So, our portfolio strength is improving.

Most global IT firms are now following cost optimisation to overcome pricing pressure. Do you have any such plan?

Though we may not

tom-tom about cost control, we remain very focussed on this count. That is the reason why our margins remain more than 18 per cent despite revenues not growing at industry levels. We have not let the cost impact us materially. So, cost optimisation is a habit, it is not a project.

Wipro's operating margin has improved. Is this sustainable? What is your outlook on the margin?

Our priority remains growth. While we are able to maintain our margins in a

You added four new \$100 million-plus clients in the last nine months and bagged some large deals. Was there any change in strategy after Rishad Premji took over as chairman?

Premji played a very active role as the chief strategy officer in his previous stint. I would not say we are more aggressive when he became chairman. I would say these are the strategies which Abidali (Neemuchwala) and Rishad had laid when he (Rishad) was the chief strategy officer.

units. Though growth in BFSI remained subdued due to a higher number of furloughs (the term for temporary leave

"Growth in the BFSI segment remained subdued in Q3 due to higher number of furloughs. We see an uptick in Q4"

ABIDALI NEEMUCHWALA
CEO & MD, Wipro



in the coming quarter," said Abidali Neemuchwala, managing director and chief executive. "The overall demand environment has neither improved nor deteriorated but we see some level of uncertainty due to various geopolitical risks at play."

The operating margin improved 30 basis points (bps) to 18.4 per cent with favourable cross-currency movement, especially of

the rupee. However, this was 140 bps lower YoY. "We generated strong operating cash flows, led by disciplined execution at 124 per cent of our net income," said Jatin Dalal, chief financial officer.

Digital revenues grew 22.8 per cent from a year before, close to 40 per cent of the total.

Among the business verticals, BFSI (31 per cent of revenues), grew one per cent YoY on a constant currency basis. Sequentially, the growth was 0.4 per cent. The management says there will be growth recovery here during the March quarter.