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Indian Overseas Bank

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UNAUDITED(REVIEWED) FINANCIAL RESULTS FOR THE QUARTER ENDED 30.09.2024

BUSINESS MIX	₹ 5,40,801 Cr.
GROSS ADVANCES	₹ 2,30,149 Cr.
OPERATING PROFIT	₹2,128 Cr.
NET PROFIT	₹777 Cr.
GROSS NPA	₹6,249 Cr. (2.72 %)
NET NPA	₹1,059 Cr. (0.47 %)
PCR	97.06%
CRAR	17.45%

(Rs. in Lakhs)

S No	Particulars	Standalone			Consolidated		
		Quarter Ended 30.09.2024	Quarter Ended 30.09.2023	Year Ended 31.03.2024	Quarter Ended 30.09.2024	Quarter Ended 30.09.2023	Year Ended 31.03.2024
		(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)
1	Total income from operations (Net)	8,48,414	6,93,521	29,70,599	8,48,990	6,94,150	29,73,097
2	Net Profit/(Loss) for the period (before Tax, Exceptional and/or Extraordinary items)	98,189	63,292	3,41,253	98,435	63,550	3,42,274
3	Net Profit/(Loss) for the period before Tax (after Exceptional and/or Extraordinary items)	98,189	63,292	3,41,253	98,435	63,550	3,42,274
4	Net Profit/(Loss) for the period after Tax (after Exceptional and/or Extraordinary items)	77,716	62,458	2,65,561	77,962	62,718	2,66,566
5	Total Comprehensive Income for the period {Comprising Profit/(Loss) for the period (after tax) and Other Comprehensive Income (after tax)}	Not Applicable					
6	Paid up Equity Share Capital	18,90,241	18,90,241	18,90,241	18,90,241	18,90,241	18,90,241
7	Reserves (Excluding Revaluation Reserves)			6,31,725			5,93,064
8	Securities Premium Account	8,55,790	8,55,790	8,55,790	8,55,790	8,55,790	8,55,790
9	Networth	18,97,316	15,78,630	18,06,918			
10	Paid Up Debt Capital / Outstanding Debt						
11	Outstanding Redeemable Preference Shares						
12	Debt Equity Ratio (Exclusing Revaluation Reserve & intangible Assets) (in times)	2.32	1.35	1.46			
13	Earnings Per Share (of Rs.10/- each) (for continuing and discontinued operations)						
	1. Basic:	0.42	0.33	1.40			
	2. Diluted:	0.42	0.33	1.40			
14	Capital Redemption Reserve	Not Applicable					
15	Debenture Redemption Reserve	Not Applicable					
16	Debt Service Coverage Ratio	Not Applicable					
17	Interest Service Coverage Ratio	Not Applicable					

NOTES:

1. The above is an extract of the detailed format of Quarterly Financial Results filed with the Stock Exchanges under Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the Quarterly Financial Results are available on the Stock Exchange websites (BSE: www.bseindia.com and NSE: www.nseindia.com) and Bank website(www.iob.in).
2. Information relation to Total Comprehensive Income and Other Comprehensive Income is not furnished as Ind-AS is not yet made applicable to the Bank.
3. For the other line items referred in regulation 52(4) of the Listing Regulations, pertinent disclosures have been made to the Stock Exchanges (BSE Ltd and National Stock Exchange of India Ltd) and can be assessed on the URL (BSE: www.bseindia.com and NSE: www.nseindia.com)

Date : 17.10.2024
Place : Chennai

Dhanaraj T
Executive Director

Joydeep Dutta Roy
Executive Director

Ajay Kumar Srivastava
Managing Director & CEO

IOB's profit jumps 24% to ₹777 crore, plans to raise ₹2,000 crore via QIP by March

Our Bureau
Chennai

Indian Overseas Bank (IOB) sustained its positive momentum in the second quarter of the current fiscal year, posting strong results across key metrics, including double-digit growth in net profit, improved asset quality, lower slippages, and a stable CASA (Current Account Savings Account) ratio.

The Chennai-based bank plans to raise approximately ₹2,000 crore in 2-3 phases by March 2025, with the first tranche expected via a Qualified Institutional Placement (QIP). For Q2, IOB reported a net profit of ₹777 crore (₹625 crore) driven by higher interest and non-interest income, as well as reduced provisions.

"Net profit grew 24.32per cent year-on-year and 22.75per cent quarter-on-quarter from June. We've maintained consistent profitability with q-o-q growth in the 24-30per cent range," said Ajay Kumar Srivastava, IOB's Managing Director and CEO. He also expressed optimism that the bank could achieve a four-digit net profit by Q4 of this fiscal.

Operating profit rose 27per cent to ₹2,128 crore (₹1,677 crore in Q2 24), while net interest income increased by 8per cent to ₹2,537 crore (₹2,346 crore). Interest income grew by 18per cent to ₹6,851 crore (₹5,821 crore), and non-interest income surged by 47per cent to ₹1,633 crore (₹1,114 crore). Provisions for NPAs were lower at ₹71 crore compared to ₹112 crore last year.

Q2 numbers
(in ₹ crore)

	Quarter ended (QE) Sep 2023	Jun 2024	Sep 2024	y-o-y (%) QE Sep 2024 over Sep 2023	q-o-q (%) (Sequentially)
Interest income	5,821	6,535	6,851	17.7	4.8
Interest expenses	3,475	4,094	4,313	24.1	5.4
Net interest income (NII)	2,346	2,441	2,537	8.4	3.9
Other income	1,114	1,033	1,633	46.6	58.1
Operating income	3,460	3,474	4,170	20.5	20.0
Operating expenses	1,783	1,798	2,042	14.5	13.6
Operating profit	1,677	1,676	2,128	26.9	27.0
Net profit	625	633	777	24.3	22.8

SLIPPAGE RATIO

Fresh slippages declined to ₹251 crore (₹321 crore), while total recoveries improved to ₹1,482 crore (₹1,069 crore), with 75per cent of recoveries coming from written-off accounts. "IOB's slippage ratio is among the lowest in the industry, at 0.11per cent this quarter, down from 0.13per cent in Q1 25 and 0.18per cent a year earlier. Credit cost has dramatically reduced from 2.26per cent last year to 0.12per cent this September," Srivastava said

GROSS ADVANCES

Gross advances stood at ₹2,30,149 crore as of September 30, 2024, up from ₹2,08,913 crore in Q2 24. Total deposits increased to ₹3,10,652 crore (₹2,73,093 crore). Retail and agriculture loans grew by 19per cent and 29per cent respectively, while MSME loans saw a 6per cent rise, impacted by the repayment of a large ₹3,000 crore loan.

Srivastava also highlighted the bank's efforts in green financing, with a portfolio currently worth about ₹4,000 crore. "A significant portion of our future credit growth will come from green financing, particularly solar energy projects," he said, noting the launch of a "Green Deposit" product aimed at funding eco-friendly ventures.

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UNAUDITED STANDALONE & CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2024

Sl. No.	Particulars	Standalone						Consolidated				
		Quarter Ended			Half Year Ended		Year Ended	Quarter ended			Half Year Ended	
		30.09.2024 Unaudited	30.06.2024 Unaudited	30.09.2023 Unaudited	30.09.2024 Unaudited	30.09.2023 Unaudited	31.03.2024 Audited	30.09.2024 Unaudited	30.06.2024 Unaudited	30.09.2023 Unaudited	30.09.2024 Unaudited	30.09.2023 Unaudited
1	Total Income from Operations	9,84,932	9,49,992	8,41,192	19,34,924	16,59,584	35,43,351	9,88,428	9,53,337	8,43,851	19,41,765	16,65,653
2	Net Profit/(Loss) for the period (before Tax, Exceptional and / or Extraordinary items)	1,56,687	80,226	56,310	2,36,913	1,58,809	4,05,338	1,58,090	86,755	58,049	2,44,845	1,68,556
3	Net Profit/(Loss) for the period before Tax (after Exceptional and/ or Extraordinary items)	1,56,687	80,226	56,310	2,36,913	1,58,809	4,05,338	1,58,090	86,755	58,049	2,44,845	1,68,556
4	Net Profit/(Loss) for the period after Tax (after Exceptional and/ or Extraordinary items)	91,284	87,994	60,543	1,79,278	1,02,386	2,54,906	92,383	94,242	62,195	1,86,625	1,11,693
5	Total Comprehensive Income for the Period [Comprising Profit/ (Loss) for the Period (after Tax) and other comprehensive Income (after Tax)]	Refer Note 3	Refer Note 3	Refer Note 3	Refer Note 3	Refer Note 3	Refer Note 3	Refer Note 3	Refer Note 3	Refer Note 3	Refer Note 3	Refer Note 3
6	Paid up Equity Share Capital (Face value of ₹ 10/- per share)	8,68,094	8,68,094	8,68,094	8,68,094	8,68,094	8,68,094	8,68,094	8,68,094	8,68,094	8,68,094	8,68,094
7	Reserves (excluding Revaluation Reserves)	-	-	-	-	-	19,38,231	-	-	-	-	-
8	Securities Premium Account	7,46,663	7,46,663	7,46,663	7,46,663	7,46,663	7,46,663	7,46,663	7,46,663	7,46,663	7,46,663	7,46,663
9	Net Worth	29,19,016	27,95,087	26,50,069	29,19,016	26,50,069	28,05,333	29,48,119	28,23,089	26,69,269	29,48,119	26,69,269
10	Paid up Debt Capital/Outstanding Debt (%)	18.99%	10.96%	23.68%	18.99%	23.68%	15.15%	18.73%	10.86%	23.36%	18.73%	23.36%
11	Outstanding Redeemable Preference Shares	-	-	-	-	-	-	-	-	-	-	-
12	Debt Equity Ratio	0.21	0.24	0.22	0.21	0.22	0.26	0.21	0.24	0.23	0.21	0.23
13	Earning Per Share (for ₹ 10/- each) (Not Annualized) For Continuing and Discontinued operations) — 1. Basic	1.05	1.01	0.70	2.07	1.18	2.94	1.06	1.09	0.72	2.15	1.29
	2. Diluted	1.05	1.01	0.70	2.07	1.18	2.94	1.06	1.09	0.72	2.15	1.29
14	Capital Redemption Reserve	-	-	-	-	-	-	-	-	-	-	-
15	Debenture Redemtion Reserve	-	-	-	-	-	-	-	-	-	-	-
16	Debt Service Coverage Ratio	NOT APPLICABLE						NOT APPLICABLE				
17	Interest Service Coverage Ratio											

Note 1: The above is an extract of the detailed format of Quarterly/Half Yearly Financial Results filed with the Stock Exchange(s) under Regulation 33 & 52 of the SEBI (Listing Obligations and Requirements) Regulations, 2015. The full format of the Quarterly/Half Yearly Financial Results are available on the websites of the Stock Exchange(s) and the Bank. [www.bs www.nseindia.com and www.centralbankofindia.co.in]

Note 2: For the other line items applicable to Bank referred in Regulation 52(4) of the listing regulations, pertinent disclosures have been made to Stock exchanges (BSE Ltd and National Stock India Ltd) and can be accessed on the URL [www.bseindia.com, www.nseindia.com].

Note 3: Information relating to Total Comprehensive Income and Other Comprehensive Income is not furnished as IndAS is not yet made applicable to the Bank.

Note 4: Figures of the previous periods have been regrouped/reclassified wherever considered necessary to conform to current period classification.

Place : Mumbai
Date : October 17, 2024

Mahendra Dohare Executive Director | **M V Murali Krishna** Executive Director | **Vivek Wahi** Executive Director | **M. V. R** Managing Direc

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In the last fortwogh:
Deposit moborration: ₹4,20,217 cores
Crebit off roftake: ₹1,75,336 croros
₹1,75,367
DAN

Bank deposits perk up as mobilisation drive bears fruit, outstrip credit offtake

EFFORTS ON. Scheduled banks mopped up deposits of ₹4,20,217 crore vs credit offtake of ₹1,75,363 crore

Our Bureau
Mumbai

Banks' deposit mobilisation efforts, including by offering higher interest rate on 1-2 years tenor, seem to be bearing fruit, going by the latest RBI data on scheduled banks' statement of position in India.

In the reporting fortnight ended October 4, 2024, banks' deposit mobilisation outstripped credit offtake by a wide margin.

It is after a few quarters that deposit growth has decisively outpaced credit growth. This could also help correct the high credit-deposit ratio in the banking system. All scheduled banks mopped up deposits aggregating ₹4,20,217 crore against a credit offtake of ₹1,75,363 crore in the reporting fortnight.

Fitch Ratings' officials, in a report, opined that a widening of the depositor base from the top 15 urban centres could augment inflows and support banks' deposit retention.

REPO RATE

In response to the cumulative policy repo rate hike of 250 basis points (bps) since May 2022, the weighted average domestic term deposit rate (WADTDR) on fresh and outstanding deposits of Scheduled Commercial Banks (SCBs) increased by 243 bps and 190 bps, respectively, during May 2022 to August 2024. Simultaneously, the weighted average lending rates (WALRs) on fresh and outstanding rupee loans of SCBs have increased by 190 bps and 119 bps, respectively.

GOOD SHOW. It is after a few quarters that deposit growth has decisively outpaced credit growth REUTERS

LAGGING DEPOSITS

CareEdge Ratings' officials, including Sanjay Agarwal, Senior Director, and Saurabh Bhalerao, Associate Director, in a report said banks are taking further efforts to shore up their liability franchise and ensure that lagging deposit growth does not constrain the credit offtake.

Further, with rate cuts anticipated in the later part of FY25, some amounts might flow back into the banking system thereby improving the CASA (current account, savings account) ratios to a certain extent.

livemint

Axis Bank's provisions jump

Elevated retail loan slippages led to overall provisions nearly trebling YoY to ₹2,204 crore in September quarter

Anshika Kayastha
anshika.kayastha@livemint.com
MUMBAI

Elevated retail loan slippages and higher contingent provisions led to Axis Bank's overall provisions nearly trebling to ₹2,204 crore in the September quarter (Q2FY25), from ₹815 crore a year ago.

In the April-June quarter, the Mumbai-based private lender's overall provisions had stood at ₹2,039 crore, it said in an exchange filing.

Slippages for the quarter were ₹4,443 crore, of which ₹4,073 crore was from the retail loan segment, ₹264 crore from commercial banking loans and another ₹106 crore from wholesale loans, the bank's chief financial officer Puneet Sharma said in an earnings call. Sequentially, loan loss provisions fell from ₹2,551 crore to ₹1,441 crore in the reporting quarter.

Sharma said that incrementally bulk of the retail slippages have been from unsecured loans. Even so, 71% of the bank's retail portfolio is secured.

Axis Bank's slippages for the quarter were ₹4,443 crore. MINT

Overall gross slippage ratio for the bank improved to 1.76% from 1.97% in the June quarter and the net slippage ratio to 0.96% from 1.37%.

Axis Bank also made contingent provisions of ₹520 crore during the quarter for non-NPA (non-performing assets) loans, with the bank saying that these should not be "construed in any manner as the bank's assessment of its expected asset quality".

The lender held cumulative provisions of ₹11,815 crore as at the end of 30 September 2024, constituting standard asset coverage of 1.2%. Provision coverage stood at 77% compared with 79% a year ago and 78% a quarter ago.

Axis Bank's gross NPA ratio improved to 1.44% as of September 30, from 1.54% in the previous quarter. Net NPA ratio at 0.34% was unchanged from a quarter ago. Gross credit cost (annualized) for the quarter was 0.90% against 1.19% in Q1FY25 and net credit cost was at 0.54% compared with 0.97%.

The private sector lender's net interest income grew 9% year-on-year and 0.3% from the previous quarter to ₹13,483 crore. The bank posted a net profit of ₹6,918 crore for Q2FY25, growing 18% year-on-year and 15% sequentially.

₹815 cr
Overall provisions in September quarter last fiscal

Domestic net interest margin for the bank declined 6 basis points (bps) on quarter and 12 bps on year to 3.99%. Sharma said that the bank's cost of funds has only moved up by 1 bps on quarter to 5.45% and the residual impact on margins is due to a one-time tax-related gain of over ₹220 crore in the previous quarter. As such, the bank's core business margins "have remained intact".

He added that growth in both advances and deposits for Axis Bank has been higher than the industry average, with deposits growing by almost 200 bps higher.

"Current conditions do present variables which are tough. We say we have excess liquidity but on the other side, deposit rates are not coming down, we have clear guidelines on CD ratio, we are seeing some asset quality worsening in unsecured and some of the other asset classes. Further, rates being demanded by good borrowers are also not increasing," MD and CEO Amitabh Chaudhry said, adding that the bank's ability to report steady NIMs and better asset quality should be seen in the context of this environment.

Axis Bank's advances grew 11% y-o-y to ₹10 trillion as on 30 September. Retail loans rose 15% to ₹6 trillion, accounting for 60% of net advances.

To read an extended version of this story, go to livemint.com.

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WHAT'S THE FOREX RATE?

Whether you are planning overseas travel or want to send money abroad, it is always a good idea to shop around for the best forex exchange rate. From banks, travel aggregators to money changers, various small and big players sell foreign exchange. To simplify your work, here is a list of INR to USD forex rates offered by some of the major banks and travel aggregators. We recommend that you also check the commission being charged by these players to ensure that you are getting the best deal.

mint

FOREX RATES (₹/$)

Bank/travel aggregator	Wire transfer*		Buy forex	
	inward	Outward	Forex/travel card	Cash
SBI	83.65	84.50	84.67	84.95
Bank of Baroda	83.61	84.46	84.90	85.30
Canara Bank	83.72	84.44	84.65	NA
IndusInd Bank	82.56	85.56	86.35	86.65
Kotak Bank	82.61	85.52	85.92	86.49
HDFC	82.75	85.41	85.66	86.24
ICICI	82.18	85.64	85.66	87.25
Axis Bank	82.41	85.96	NA	86.22
Yes Bank	82.60	85.51	86.43	86.43
Thomas Cook	82.21	85.67	84.50	85.89

Note: Data collected from website of respective entities as on 16 Oct 2024; Rate mentioned in the table denotes INR/USD. The rate is as mentioned on the website of the Bank/FI and it may vary according to different amount slab; *Wire Transfer/TT Buying is Inward Rem to receive Forex & Wire Transfer/TT Selling is Outward Rem to send forex

Compiled by BankBazaar.com

ON NUDGE FROM FINANCE MINISTER

State lenders may go slow on infra loans

SACHIN KUMAR
Mumbai, October 17

TREADING WITH CAUTION

■ Funding high-risk, long-term infra projects could create asset-liability mismatch for banks, the **finance minister** recently said

■ She said such projects should be financed by specialised infra finance institutions like the NaBFID

■ FM's nudge may make all PSBs averse to funding long-term infra projects, said a senior bank official

■ A banker said the FM's comments will help temper banks' enthusiasm for financing long-term projects

■ Banks may not completely stop lending to infra projects, but funding of fresh ones is likely to come down significantly

PUBLIC SECTOR BANKS (PSBs) are likely to go slow on extending infrastructure loans. This comes after finance minister Nirmala Sitharaman recently said that banks should be concentrating on their core business of deposit mobilisation and medium-term lending.

"While the finance minister's statement seems to be aimed at banks which may face asset-liability mismatch due to high exposure to large infra projects, it will make all the public sector banks averse to funding long-term infra projects," a senior official at a state-run bank told *FE*. While the official does not expect banks to completely stop lending to infrastructure projects, he sees the funding of fresh projects coming down significantly.

"Interest rate cuts are on the horizon, and for large infra projects, even a 25-40 basis point cut can have a significant impact. As rates decline, credit offtake is set to increase. The FM's statement has come at a crucial moment as it will temper banks' enthusiasm for financing long-term projects," a senior banker said.

At the recently held FE Best Banks awards, the finance minister said that funding high-risk, long-term infrastructure projects could create asset-liability mismatch for banks. Instead, such projects should be financed by specialised infrastructure finance institutions like the National Bank for Financing Infrastructure and Development (NaBFID), Sitharaman said.

While she may be referring to the massive asset-liability mismatch that banks faced a decade ago, most PSBs see it as a nudge to refrain from lending to such projects in the current scenario. Lending to infrastructure by banks has grown significantly. It rose by ₹46,359 crore to ₹13.06 lakh crore by August 2024 from ₹12.59 lakh crore a year earlier, according to Reserve Bank of India (RBI) data.

The funding of project loans became a worry for banks after RBI, in a consultation paper, proposed to set aside 5% of their total exposure to a project while construction is underway. The proposal sparked concerns about the potential impact on profitability, prompting calls for a reassessment. Bankers argued that the probability of default, or the PD, has been falling consistently and stands at just 2% today.

While RBI is yet to come out with the final guidelines for project finance, the FM has made it clear that the banking sector should not be dabbling in long-term lending.

Industry experts see merit in the FM's statement because banks are currently struggling with raising deposits, and they have been, for long, following the template of using short-term borrowing to fund long-term projects — a high-risk strategy.

"Commercial banks have a liquidity profile that is best suited to fund credit for short-term to medium-term with some exposure to long-term. Infrastructure lending may not necessarily fit into the asset liability profile for commercial banks, given that the banks would always face a liquidity mismatch due to the short-term nature of liabilities and long-term nature of assets," said Vivek Iyer, partner, Grant Thornton Bharat.

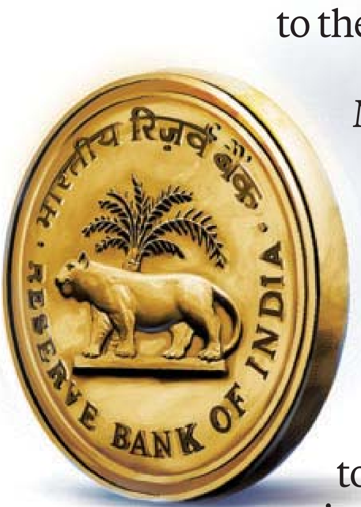
Experts also believe specialised infra finance institutions, backed by the government, are more suited to finance long-term projects.

"NaBFID's long-term liabilities equip it to offer longer-term loans, even at fixed rates, as liabilities are priced similarly in fixed terms, which helps address asset-liability mismatch concerns. It also offers longer reset periods on loans, helping borrowers navigate an interest rate cycle effectively," said Sujit Kumar, chief economist at NaBFID.

RBI bars Navi Finserv, 3 other NBFCs from extending loans

MANOJIT SAHA
Mumbai, 17 October

The Reserve Bank of India (RBI) has barred four non-banking finance companies (NBFCs), including two microfinance institutions (MFIs), from sanctioning and disbursing loans for charging exorbitant interest rates to the borrowers.



These four entities are Asirvad Microfinance, Arohan Financial Services (also an MFI), DMI Finance, which provides personal, consumption, and micro, small and medium enterprises loans, and Flipkart co-founder Sachin Bansal's Navi Finserv, which offers home and personal loans.

The ban will take effect on October 21 to "facilitate closure of transactions in the pipeline", the regulator said in a statement.

In the monetary policy statement on October 8, RBI Governor Shaktikanta Das cautioned NBFCs, including MFIs, about prioritising excessive equity returns. He expressed concern over exorbitant interest rates coupled with high processing fees and frivolous penalties.

Turn to Page 6 ▶

REASONS FOR BAN

- Excessive rate of interest and interest spread
- Non-compliance with assessment of household income, consideration of existing/proposed monthly repayment obligations for microfinance loans
- Not adhering with income and asset classification norms
- Non-compliance with respect to conduct of gold loans

Committed to highest standards of compliance: Navi Finserv

"This action is based on material supervisory concerns observed in the pricing policy of these companies in terms of their weighted average lending rate (WALR) and the interest spread charged over their cost of funds, which are found to be excessive and not in adherence with the regulations," the RBI said while citing reason for its action on Thursday.

According to microfinance industry sources, the regulator carried out detailed inspections of all NBFC-MFIs in the first quarter of the current financial year. "They specifically wanted to know about the pricing policy and rates of interest charged to customers during the inspection," said a senior official from the industry.

A Navi Finserv spokesperson said the company was "committed to conducting its business operations with the highest standards of compliance, customer service, and transparency". "The company is reviewing the directions received from the RBI and will work with them, and address all the concerns raised with promptness and completeness," the spokesperson said.

In a late night statement issued on Thursday, Asirvad Microfinance said, "This matter has been immediately brought to the notice of our board and a meeting has been convened urgently to take immediate action. The Board has reiterated its unwavering commitment to implement RBI's direction in letter and spirit and monitor the corrective action in a time bound plan. Additionally, the Board is committed towards ensuring continued and robust customer service support to our existing customers and we are sure that our actions will demonstrate our alignment to a 'compliance first' culture."

The RBI has been sensitising these entities through various channels to use their regulatory freedom responsibly and ensure fair, reasonable, and transparent pricing, especially for small value loans. "However, unfair and usurious practices continued to be seen during the course of onsite examinations as well as from the data collected and analysed offsite," it said.

Besides usurious pricing, the RBI found these NBFCs non-compliant with regulatory guidelines on assessing household income and considering borrowers' existing and proposed monthly repayment obligations. "Deviations were also observed in respect of Income Recognition & Asset Classification norms, resulting in evergreening of loans, conduct of gold loan portfolio, mandated disclosure requirements on interest rates and fees, outsourcing of core financial services, etc," it said. The RBI has clarified that these NBFCs can continue servicing existing customers and manage collections and recoveries. The business restrictions will be reviewed once the firms confirm that they have taken suitable remedial measures to comply with pricing policies, risk management, customer service, and grievance redressal guidelines.

In February, RBI Deputy Governor M Rajeshwar Rao came down heavily on MFIs for charging higher rates to borrowers and unjustifiably increasing their margins.

Following regulatory warnings, the MFI self-regulatory organisations took corrective steps. Earlier this month, the Microfinance Industry Network announced it would review compliance with norms limiting the number of lenders per borrower to four and capping total microfinance indebtedness at ₹2 lakh. Another SRO, Sa-Dhan, had advised MFIs to refrain from lending to households already exposed to microfinance loans exceeding ₹2 lakh to prevent overleveraging.

Axis Bank Q2 profit rises 18%, NII up 9%

SUBRATA PANDA
Mumbai, 17 October

Axis Bank on Thursday reported an 18 per cent year-on-year (Y-o-Y) jump in its net profit in the second quarter of financial year 2025 (Q2FY25), aided by robust increase in other income, including fee and trading income. Net profit for the quarter stood at ₹6,918 crore against ₹5,864 crore in the corresponding quarter a year ago.

Its net interest income (NII) stood at ₹13,483 crore, up 9 per cent Y-o-Y, aided by healthy growth in advances.

Meanwhile, net interest margin — a measure of profitability for banks — came in at 3.99 per cent compared to 4.05 per cent in the previous quarter, and 4.11 per cent in Q2FY24.

Loan loss provisions stood at ₹1,441 crore, than ₹2,551 crore in Q1FY25, and ₹1,010 crore in Q2FY24. However, the bank has prudently increased its provision on non-NPA assets resulting in the overall provisions going up to ₹2,204 crore in Q2FY25, compared to ₹2,039 crore in Q1FY25, and ₹815 crore in Q2FY24.

Fresh slippages stood at ₹4,443 crore in Q2FY25 compared to ₹4,793 crore in Q1FY25, and ₹3,254 crore in Q2FY24. Asset quality of the lender improved over last year and sequentially. Gross non-performing assets (NPAs) ratio of the lender stood at 1.44 per cent, down 29 basis points (bps) and 10 bps sequentially. Similarly, net NPAs declined to 0.34 per cent.

Amitabh Chaudhry, MD&CEO, Axis Bank on the media call said, “I think we do need to understand that the current conditions do present a lot of variables which are tough. We have liquidity on the other side the deposit rates are not coming down. There are clear guidelines in place in terms of what credit-deposit ratio we can have”.

We are seeing some worsening of asset quality and on some of the unsecured bands of other asset classes. In such an environment, we have delivered a steady NIM and an improvement in asset quality, Chauhdhry added.

The bank’s advances rose 11 per cent Y-o-Y and 2 per cent sequentially to ₹9.99 trillion, with retail loans growing by 15 per cent Y-o-Y and 2 per cent sequentially to ₹5.98 trillion and accounting for 60 per cent of the net advances. While home loans grew 5 per cent Y-o-Y, personal loans grew 23 per cent Y-o-Y, corporate loan book grew 6 per cent Y-o-Y.

OTHER INCOME SOARS Axis Bank financials (in ₹ cr)

	Q2FY25	% change Y-o-Y
NII	13,483	9
PAT	6,918	18
Other income	6,722	34
Advances	999,979	11
Deposits	1,086,744	14

Asset quality GNPA 1.44% (29 bps*) | NNPA 0.34% (2 bps*)

*Y-o-Y change; Source: Investor presentation