

Going from strength to strength, says IDFC FIRST Bank chief

CONSISTENT PROGRESS. 'Will focus on maintaining high asset quality, growing loan book, deposits'

KR Srivats
New Delhi

IDFC FIRST Bank will clock a much stronger profit growth over the next five years on the back of a good show in its core operating performance, its MD and CEO V Vaidyanathan has said. "Next few years we will be on a very strong wicket. We believe the profitability will be much higher than today by an order of magnitude. Since you said five years, I can only say that profitability will look much stronger because two things will happen. There is a power of compounding that will come into play and the second thing that will happen is that the power of operating leverage will come into play," Vaidyanathan told *businessline* in an interview post the announcement of the bank's Q2 performance.

LONG-TERM GUIDANCE
Without giving a specific profit growth guidance, Vaidyanathan said he wanted to stick to only long-term guidance as the bank does not guide



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V VAIDYANATHAN
MD & CEO, IDFC FIRST Bank



by the quarter. "We feel very confident that FY24 as a whole will be much better than FY23, and FY25 will be much stronger than FY24. And FY26, we feel will be much stronger in profitability than FY25," he said. This trend line of strong growth of profitability year-on-year will be sustained, Vaidyanathan said.

His remarks are significant as IDFC FIRST Bank had in 2022-23 recorded its highest ever net profit of ₹2,437 crore, significantly higher than ₹145 crore in the previous fiscal. For the just concluded second

quarter ended September 30, the bank's net profit rose 35.2 per cent year-on-year to ₹751.3 crore. Currently, deposits of the bank are growing at 44 per cent, while the loan book is growing at 25 per cent. "If you see the performance of the bank over the last many quarters, you will find that it's very consistent in terms of its approach. The approach is very simple, that we continue to grow, you know, the loan book in a steady manner. Our deposits should grow faster than our assets, that is our fundamental requirement," he said.

IDFC FIRST Bank would also continue to keep a laser-sharp focus on maintaining high asset quality all the time, he added. He highlighted that the operating profits of the bank have grown by 35 per cent as against loan book growth of 24 per cent. "So long as operating profit grows further than the growth of the loan book, then the bank is becoming increasingly profitable," he added.

For IDFC FIRST Bank, deposits have been growing by over 40 per cent for the last many years. "We feel that it can sustain like this for a while. We need deposits for two reasons — one is growth and the other is to fund the repayment of the ₹15,000-crore of the legacy infrastructure bonds the bank is holding (since pre-merger days of Capital First and IDFC merger of 2018). Now those bonds are coming for maturity," he said.

Vaidyanathan said the net interest margin would continue to hover around 6 per cent and there will be no conscious effort to expand it. "We are not looking at expanding it. We are quite happy. This is a good number," he said.

Vedanta posts Q2 net loss of ₹915 cr on tax outgo; revenues, EBITDA remain strong

Our Bureau
Mumbai



Arun Misra, ED, Vedanta Ltd

Vedanta reported a net loss of ₹915 crore in the September quarter against a net profit of ₹2,687 crore in the same period last year. Income increased 6 per cent to ₹39,585 crore (₹37,351 crore).

Overall expenses were down at ₹32,631 crore (₹33,221 crore). EBITDA during the quarter was up 47 per cent at ₹11,834 crore (₹8,038 crore) driven by reduced operational cost, softening of input commodity prices, foreign exchange gains, and favourable arbitrage award partially offset by strategic hedging gain.

The company has recognised a tax outgo of ₹9,092 crore, including a net tax expense of ₹6,128 crore on account of adopting the

new tax regime from FY23 due to expected corporate actions and other considerations. The first tax return under the new regime will be filed for FY23 before the due date of November 30, it said.

GROSS DEBT
To become the largest producer of ferrochrome in India, the company plans to invest ₹2,650 crore to en-

hance the capacity from 1.50 lakh tonnes per annum to 4.50 lakh tonnes.

The company will fund the project by raising 70 per cent of the cost via debt and remaining from internal accruals.

Gross debt was higher at ₹74,473 crore as of September-end against ₹73,484 crore in the June quarter. Cash and cash equivalents were at ₹16,702 crore as of September-end.

Arun Misra, Executive Director, said the company has registered the highest-ever EBITDA in the quarter of ₹11,834 crore on the back of strong operational volume and cost reduction across businesses. The company expects the planned investment of \$8.4 billion across the business will enhance the revenue by \$4 billion and EBITDA by \$1 billion.

TN plans to develop hi-tech knowledge hub

TE Raja Simhan
Chennai

The Tamil Nadu government is moving to develop a global knowledge hub on the outskirts of Chennai, by bringing together universities, knowledge-based industries and sustainable social living.

The Tamil Nadu Knowledge City (TKC) will come up on 1,424 acres in Uthukottai taluk and Vengal village in Tiruvallur district. Tamil Nadu Industrial Development Corporation Limited (Tidco), the nodal agency to establish the TKC, has issued a Request for Proposal (RFP) to select a consultant to prepare a Techno-Economic Feasibility Report. The State government had announced the TKC in the Budget An-

The TKC is targeted to become one of India's largest parks, attracting top universities as also technologically advanced organisations across sectors

ouncement for 2022-23. The TKC is targeted to become one of India's largest parks, attracting top universities and institutions, both national and international, as also technologically advanced organisations across sectors. It will offer an open and conducive environment, fostering the acquisition and exchange of knowledge between Tamil Nadu/In-

dia and the rest of the world and vice versa. The vision of TKC is to fuel next-generation innovations in a self-sustainable green environment, thereby catalysing Tamil Nadu's transformation into a world-class knowledge powerhouse.

The TKC will foster entrepreneurship through Startup hubs, Incubators, Accelerators, venture capital and private equity firms to support the acquisition of niche skills and competencies such as Artificial Intelligence, Machine Learning, Virtual Reality, Internet of Things and Blockchain. It will also help in branding and promoting Tamil Nadu as an attractive destination in Asia for high quality higher education to draw domestic and international students, the RFP document says.

Delhivery narrows Q2 losses by 59% on rise in shipments

Our Bureau
New Delhi

Delhivery Ltd brought down net losses by 59 per cent on a y-o-y basis to ₹103 crore for the quarter ending September 30, 2023. Losses in the year-ago period was ₹254 crore.

Revenue from services stood at ₹1,942 crore (₹1,796 crore). Adjusted EBITDA loss reduced by 90 per cent y-o-y to ₹13 crore (₹125 crore).

According to the company statement, express parcel shipment revenues grew 8 per cent to ₹1,210 crore, while part truckload services grew 28 per cent y-o-y to ₹373 crore.

Beware the 'lethal humidity', says Australian climate evangelist

M Ramesh
Chennai

Andrew Forrest, Australia's second richest man and Chairman of the Fortescue group of companies, has been going around the world flagging an under-realised consequence of climate change — lethal humidity.

'Lethal humidity' — a term that Forrest coined — refers to a very bad situation of rising humidity because of hot air scooping more ocean waters. "With high humidity, your sweat cannot cool you," Forrest told a gathering in Chennai on Friday. "Your body heat can't escape, so your core temperature rises quickly; your DNA is wired for heat and not heat-and-humidity," he said, adding that such high humidity could be lethal. Rising body temperatures result in endotoxins released from gut flora, poisoning the bloodstream — the first to die are babies and the elderly. No country or city is free from the risk of 'lethal humidity', Forrest said, adding that any city — be it New York, Sydney or Chennai — could be hit.

Fortescue is a large mining company now getting into renewable energy and green hydrogen. Forrest, whose net worth has been assessed at \$21.6 billion, repeatedly stressed that the main culprit for global warming was the industrial sector, which still refuses to decarbonise enough. Fortescue, on its part, is doing everything to completely decarbonise its operations — running mining equipment on green fuel or buying green power for its operations.

One of its tricks is a freight train that runs downhill one way and uphill the other — batter-



Andrew Forrest

ies on the train charge themselves while going downhill; the stored energy is used to run the train uphill.

INDUSTRY TO BLAME
Forrest wants people to hold industrialists "like me" to account. People are at fault only because they do not hold the industry accountable for burning fossil fuels. "It lets off people like me," he said.

Later, in a conversation with *businessline*, he disagreed that the carbon-centric lifestyle of the developed world was chiefly responsible for climate change; instead, the culprit is the industry, which refuses to stop burning fossil fuels. He also disagreed that industrial decarbonisation would lead to higher costs and stressed that the truth was the opposite.

India, with its huge "positive power", has the "historic opportunity to be the green energy manufacturer for the world." Fortescue has tie-ups with JSW Energy and Thermax for green hydrogen.

For COP28, will PM Modi be on Fortescue's green ammonia ship?

M Ramesh
Chennai

Is Prime Minister Narendra Modi going to be on the Dubai-bound, green ammonia-fuelled ship of the Australian mining giant Fortescue?

Hints to that effect have been dropped by Fortescue's Executive Chairman, Andrew Forrest.

"That is what he (Modi) is saying," Forrest said when asked if the Prime Minister would be on the ship that will call at the Dubai port during the upcoming COP28 climate negotiations.

COP28 is to be held in Dubai between November 30 and December 12.

Fortescue, which claims to be in the vanguard of industrial decarbonisation — with battery-powered mining equipment, green hydrogen and all that — is getting the Green Pioneer refurbished for a green ammonia engine in Singapore. Forrest has called for a 2040 net-zero target for the entire shipping industry.

India was hit by 1.6 billion cyberattacks in Q2: Report

KV Kurmanath
Hyderabad

India was hit by over 1.6 billion cyberattacks in the second quarter ended September 30, 2023, an increase of 70 per cent over the previous quarter, according to Indusface, an app security solutions firm. "All of the healthcare sites and over 90 per cent of banking and insurance sites witnessed a bot attack," it said.

There was a surge in Distributed Denial of Service (DDoS) attacks too. The report found that DDoS attacks were carried out from 8 million unique IPs for 14 days. The DDoS attack traffic was 3,000-14,000 times more than the usual daily traffic on the target sites," he said.

The top victims of the DDoS attack were India (135 million attacks), the United States (111 million), Germany (1 million) and the UK (1.5 million). India, the US, the UK, Russia and Singapore were the top victims of bot attacks.

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