Airlines See 28% Surge in Passengers

Our Bureau

New Delhi: Thanks to two long weekends and special fares, airlines saw a 28% surge in passengers in the month of September. According to the Directorate General of Civil Aviation data, released on Friday, air passengers during the month of September grew from 45.5 million in September last year to 58.2 million for the same month, this year. This growth in air passenger number is the highest in the current calendar year. The month of June, this year saw a 16.1% increase in passenger traffic. In the month of August, number of air passengers had grown by 10.9%.

Analysts say that the increase could be a combination of long weekends and lower fares, but do not see same kind of growth in the coming months. "The growth was driven by low fares and extended holiday weekends last month. Though I'm surprised with level of increase, I do not see anything on ground to suggest that it is a recovery and sustainable," said Kapil Kaul, CEO of Centre for Asia Pacific Aviation in India.

IndiGo continued to maintain a strong lead in the domestic market with nearly one out of every three travelers opting to fly with the airline. Indigo recorded a market share of 32.8% for the month, followed by Jet Airways which along with JetLite accounted for 20.8% of the domestic air travel market.

SpiceJet and Air India registered shares of 18.6 and 16.6%, respectively followed 9.3% by GoAir. Air Costa and AirAsia India stood at 1.1% and 0.7%, respectively.

During the month, SpiceJet registered the highest passenger load factor (PLF) at 85.9%. PLF is a measure of how much of an airline's passenger carrying capacity or number of seats is being used. JetLite was second with load factors of 82.7% followed by GoAir with load factors of 82.3%. The market leader IndiGo, however, recorded low load factors of 77.9% during the month. AirAsia India registered lowest load factors of 68.7%.

RBI May Look for Price Cuts by Cos Before Lowering Rates

THE BIG DEBATE The central bank believes cos are not doing enough to alleviate price pressure

Govardhana.Rangan
@timesgroup.com

Mumbai: At one of the customary pre-monetary policy meetings with industry, former Reserve Bank of India governor Duvvuri Subbarao wanted to know how many of those present would benefit from an interest rate cut. Almost all hands went up. The next question was how many would pass on the lower cost to customers. Almost no one raised their hands. Subbarao kept interest rates unchanged.

The voice of industry, which is always seeking a cut in the cost of funds, is getting louder again, thanks to both consumer and wholesale price readings dropping to record lows in September. It's natural that governor Raghuram Rajan, who has made it his mission to bring inflation as measured by the consumer price index permanently under 6%, will be under greater pressure to cut rates. But will he budge at the next monetary policy announcement, scheduled to be made on December 2? It seems unlikely.

Easing price pressures may be a lot more sustainable than in the past given that most commodity prices are in the grip of a bear market. Crude oil is down more than a fourth, while iron ore and coal have nearly halved from recent peaks. Apart from bringing down inflation, this is boosting the profitability of companies. But the central bank believes companies are not doing enough to alleviate price pressure.

"Beyond a point, once the bottom line gets hit, the corporates also price their product in such a way that they prefer cutting down on their production rather than compromising on price," RBI executive director Deepak Mohanty told analysts recently. "So that kind of oligopolistic behaviour also we have seen in the market."

Retail inflation dropped to a low of 6.46% in September, below the 8% target for January 2015, and closer to January 2016's target of 6%. But the catch is that once the base effect fades, the measure is expected to rise again by early next year. In fact, the RBI model forecasts 7% retail inflation by March 2016, which may be revised lower if commodity prices keep falling.

RBI governor Raghuram Rajan

"The case for an RBI cut is building up, but will be stronger not just when input prices are falling, but when that is passed on to customers through final product prices," said Hitendra Dave, managing director and head of global markets for HSBC in India. "It is not that demand can be revived just with lower rates, but also with lower prices for final products."

> There's little sign that falling commodity rates are prompting cos to lower product prices

Rate cuts could become a reality in March if fiscal numbers turn better and commodity prices keep sliding. But predicting lower interest rates based on just the current inflation numbers is akin to forecasting the outcome of the footballing derby between Manchester United and Chelsea by looking at past data. Statistics may show that Manchester United would be the likely winner, but the problem with that is it doesn't factor in the absence of Alex Ferguson and the presence of Jose Mourinho at Chelsea.

Similarly, Rajan is in charge at the RBI, and he's shown himself to be resolute about pursuing the goal of permanently low inflation. Meanwhile, Arun Jaitley is finance minister, not P Chidambaram, who was keen to push for lower interest rates as a means of getting growth back up to speed.

Low readings for one or two months won't be enough for Rajan to begin the long-awaited lowering cycle. Commodity prices may turn quickly if the US postpones raising rates due to sputtering economic growth and threats to the financial markets. So external risks remain.

"The medicine (higher rates) seems to be working," the central bank governor has said, elaborating on the need for long-term remedies. "The problem is before the patient has run the full course of the medicine, you want to take the patient off the medicine and say let's take a chance. That is always the danger in Indian policy. We have to have the discipline to stay the course."

Companies are seeking lower interest rates to boost demand. But there's little sign that falling commodity rates are prompting them to lower product prices, choosing to cut output instead.

Mahindra & Mahindra recently declared "no production days" for tractors at its Rudrapur and Jaipur plants "as part of aligning its production with sales requirements". Many other companies have taken similar action.

Industry may eventually have to pass on price cuts given that the RBI is only likely to change course when it sees a sustained downtrend. The central bank is not just looking at 8% and 6% inflation at two points over the next 15 months, but ultimately wants 4% as recommended by the Urjit Patel panel. Though the 4% target may not be discussed publicly, the talks that are currently on between RBI and the government may lead to such a figure being agreed with a band on either side.

"These are not two separate goals," Rajan has said, bolstering his argument. "First we meet the 8%, then we party for a few months, and then we decide what about the 6%. It's part of a continuous process. And of course central banks can't be schizophrenic, or volatile in interest rates. As and when the interest-rate cycle turns, it turns in decisively one direction rather than moving up and down on a monthly basis."

RBI may not give relaxation in rates just as yet

H DAVE
MD, HSBC India

The case for an RBI cut is building up, but will be stronger not just when input prices are falling, but when that is passed on to customers through final product prices. It is not that demand can be revived just with lower rates, but also with lower prices for final products.

D MOHANTY
Exec Director, RBI

Beyond a point, once the bottom line gets hit, the corporates also price their product in such a way that they prefer cutting down on their production rather than compromising on price...So that kind of oligopolistic behaviour also we have seen.

Adecco India MD Balakrishnan Quits After 7 Yrs

Devina.Sengupta@timesgroup.com

Mumbai: Sudhakar Balakrishnan has quit as managing director and chief executive of Adecco India after heading one of the country's largest staffing companies for seven years, a development that comes at a time when business is booming for such firms.

The company has appointed Angelo Lo Vecchio, who had been head of operations for general staffing and managed 40 branches since 2009, as its India head .

"I have quit after being in this HR industry for decades and am looking at options," said Balakrishnan, who worked with the company for 14 years and will remain with the company till his successor settles in.

Under Balakrishnan, Adecco India became the first HR company in the country to cross the 100,000 mark in temporary staffing. Its peers include Randstad India, Teamlease and ABC Consultants, among others.

Vecchio has worked with the company since 2001.

Balakrishnan was the chief operating officer of recruiting firm Peopleone Consulting when founder member Ajith Isaac sold 67% of the stake to Switzerland-based Adecco in 2000. The recruitment company was renamed Adecco Peopleone Consulting, with Isaac as the CEO. Between 2004 and 2007, Adecco acquired the remaining 33% and Adecco India became a wholly-owned subsidiary of the Swiss giant. Isaac left after selling his shares and Balakrishnan was made the CEO.

"He may not start or join a recruitment company for three years because international firms have a no-compete clause," said a staffing company head.

Among hiring companies, a no-compete clause is signed because with shift of companies, the recruitment heads often take away the existing clients as well.

"It is surprising to hear about these exits when markets are at a high and recruitments will boom even for staffing firms, but then again running staffing industry in India is not easy," said MD of another Bangalore-based staffing company.

Supertech to Raise ₹150 cr from Kotak Realty Fund

New Delhi: Noida-based builder Supertech is raising ₹150 crore from Kotak Realty Fund to expedite its projects and deliver a total of 10,000 apartments this fiscal, reports **RaviTeja Sharma**. It has also raised construction finance of about ₹350 crore from Indiabulls Housing Finance for some of its existing projects in Noida.

RK Arora, MD of Supertech, confirmed that the company is at an advanced stage of negotiation to raise funds from Kotak Realty Fund. This money will be used to fast track completion of apartments in Noida, Ghaziabad and Greater Noida. "We will deliver around 10,000 homes during this financial year. Of these, about 2,500 have already been handed over," Arora said.

AXIS BANK LTD.

Regd. Office : 'Trishul', 3rd floor, Opp. Samartheshwar Temple, Law Garden, Ellisbridge, Ahmedabad - 380 006.

UNAUDITED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30TH SEPTEMBER, 2014

(₹ in lacs)

PARTICULARS	FOR THE QUARTER ENDED 30.09.2014	FOR THE QUARTER ENDED 30.06.2014	FOR THE QUARTER ENDED 30.09.2013	FOR THE HALF YEAR ENDED 30.09.2014	FOR THE HALF YEAR ENDED 30.09.2013	FOR THE YEAR ENDED 31.03.2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. Interest earned (a)+(b)+(c)+(d)	8,602,36	8,289,42	7,608,99	16,891,78	14,886,80	30,641,16
(a) Interest/discount on advances/bills	6,255,94	6,085,31	5,394,31	12,341,25	10,583,40	21,950,43
(b) Income on Investments	2,204,82	2,102,30	2,142,53	4,307,12	4,157,81	8,343,13
(c) Interest on balances with Reserve Bank of India and other inter-bank funds	54,45	55,83	34,98	110,28	69,09	166,79
(d) Others	87,15	45,98	37,17	133,13	76,50	180,81
2. Other Income (Refer note 2)	1,947,61	1,691,05	1,766,09	3,638,66	3,547,40	7,405,22
3. TOTAL INCOME (1+2)	10,549,97	9,980,47	9,375,08	20,530,44	18,434,20	38,046,38
4. Interest Expended	5,077,51	4,978,93	4,672,32	10,056,44	9,084,92	18,689,52
5. Operating expenses (i)+(ii)	2,310,16	2,105,88	1,952,96	4,416,04	3,755,93	7,900,77
(i) Employees cost	785,98	751,75	643,92	1,537,73	1,287,00	2,601,35
(ii) Other operating expenses	1,524,18	1,354,13	1,309,04	2,878,31	2,468,93	5,299,42
6. TOTAL EXPENDITURE (4+5) (Excluding Provisions and Contingencies)	7,387,67	7,084,81	6,625,28	14,472,48	12,840,85	26,590,29
7. OPERATING PROFIT (3-6) (Profit before Provisions and Contingencies)	3,162,30	2,895,66	2,749,80	6,057,96	5,593,35	11,456,09
8. Provisions (other than tax) and Contingencies (Net)	725,04	386,60	687,49	1,111,64	1,399,74	2,107,46
9. Exceptional Items	-	-	-	-	-	-
10. Profit/(Loss) from Ordinary Activities before Tax (7-8-9)	2,437,26	2,509,06	2,062,31	4,946,32	4,193,61	9,348,63
11. Tax expense	826,55	842,30	700,00	1,668,85	1,422,37	3,130,96
12. Net Profit/(Loss) from Ordinary Activities after Tax (10-11)	1,610,71	1,666,76	1,362,31	3,277,47	2,771,24	6,217,67
13. Extraordinary Items (net of tax expense)	-	-	-	-	-	-
14. Net Profit/(Loss) for the period (12-13)	1,610,71	1,666,76	1,362,31	3,277,47	2,771,24	6,217,67
15. Paid-up equity share capital (Face value ₹2/- per share)	471,93	471,37	469,19	471,93	469,19	469,84
16. Reserves excluding revaluation reserves						37,750,65
17. Analytical Ratios						
(i) Percentage of Shares held by Government of India	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Capital Adequacy Ratio (Basel III)	14.84%	15.53%	15.85%	14.84%	15.85%	16.07%
(iii) Earnings per Share (EPS) for the period/year (before and after extraordinary items) (₹)						
- Basic	6.83	7.08	5.81	13.91	11.82	26.51
- Diluted	6.78	7.06	5.79	13.82	11.79	26.45
(iv) NPA Ratios						
(a) Amount of Gross Non-Performing Assets	3,613,10	3,463,27	2,734,47	3,613,10	2,734,47	3,146,41
(b) Amount of Net Non-Performing Assets	1,179,80	1,113,54	838,27	1,179,80	838,27	1,024,62
(c) % of Gross NPAs	1.34	1.34	1.19	1.34	1.19	1.22
(d) % of Net NPAs	0.44	0.44	0.37	0.44	0.37	0.40
(v) Return on Assets (annualized)	1.69	1.78	1.58	1.73	1.65	1.78
18. Public Shareholding#						
- Number of shares	1,590,743,163	1,588,698,225	1,443,114,995	1,590,743,163	1,443,114,995	1,578,741,905
- Percentage of shareholding	67.41%	67.41%	61.52%	67.41%	61.52%	67.20%
19. Promoters and promoter group shareholding# Pledged/Encumbered						
- Number of shares	NIL	NIL	NIL	NIL	NIL	NIL
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-	-	-	-	-
- Percentage of shares (as a % of the total share capital)	-	-	-	-	-	-
Non Encumbered						
- Number of shares	681,356,225	687,468,765	796,214,330	681,356,225	796,214,330	693,911,965
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
- Percentage of shares (as a % of the total share capital)	28.88%	29.17%	33.94%	28.88%	33.94%	29.54%

excludes shares held by custodian against which Global Depositary Receipts have been issued.

Notes:

1. Statement of Assets and Liabilities of the Bank as on 30th September, 2014 is given below.
2. 'Other income' includes gains from securities' transactions, commission earned from guarantees/letters of credit, fees earned from providing services to customers, selling of third party products, ATM sharing fees.
3. During the quarter ended 30th September, 2014, the Bank allotted 28,05,973 equity shares pursuant to the exercise of options under its Employee Stock Option Scheme.
4. The shareholders of the Bank at the 20th Annual General Meeting held on 27th June 2014, approved the sub-division (split) of one equity share of the Bank from nominal value of ₹10/- each into five equity shares of nominal value of ₹2/- each. The record date for the sub-division was 30th July, 2014. All shares and per share information in the financial results reflect the effect of sub-division (split) retrospectively for the earlier reporting periods.
5. Disclosure about investor complaints:

Complaints at the beginning of the quarter	Received during the quarter	Disposed off during the quarter	Unresolved as on 30.09.2014
NIL	53	53	NIL

6. In accordance with RBI circular DBOD.No.BP.BC.2/21.06.201/2013 -14 dated 1st July, 2013, banks are required to make Pillar 3 disclosures under Basel III capital requirements. The Bank has made these disclosures which are available on its website at the following link: http://www.axisbank.com/investor-corner/baselIII-disclosures.aspx. The disclosures have not been subjected to audit or limited review by the statutory auditors of the Bank.
7. The above results have been approved by the Board of Directors of the Bank at its meeting held at Mumbai today.
8. These results for the half year ended 30th September, 2014 have been subjected to a "Limited Review" by the statutory auditors of the Bank.
9. Previous period figures have been regrouped and reclassified, where necessary, to make them comparable with current period figures.

Place: Mumbai
Date: 17th October, 2014

www.axisbank.com

Statement of Assets and Liabilities

(₹ in lacs)

PARTICULARS	As on 30.09.2014	As on 30.09.2013
	(Unaudited)	(Unaudited)
CAPITAL AND LIABILITIES		
Capital	471,93	469,19
Reserves and Surplus	41,292,04	35,755,02
Deposits	2,83,727,57	2,55,365,10
Borrowings	55,715,96	47,944,65
Other Liabilities and Provisions	13,764,07	11,828,98
TOTAL	**3,94,971,57**	**3,51,362,94**
ASSETS		
Cash and Balances with Reserve Bank of India	15,111,03	14,361,76
Balances with Banks and Money at Call and Short Notice	10,418,17	6,088,99
Investments	1,14,283,75	1,18,410,83
Advances	2,42,198,06	2,01,303,16
Fixed Assets	2,398,80	2,321,64
Other Assets	10,561,76	8,876,56
TOTAL	**3,94,971,57**	**3,51,362,94**

Segmental Results

(₹ in lacs)

	FOR THE QUARTER ENDED 30.09.2014	FOR THE QUARTER ENDED 30.06.2014	FOR THE QUARTER ENDED 30.09.2013	FOR THE HALF YEAR ENDED 30.09.2014	FOR THE HALF YEAR ENDED 30.09.2013	FOR THE YEAR ENDED 31.03.2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1 Segment Revenue						
a Treasury	12,393,85	12,116,91	11,645,07	24,510,76	22,698,01	46,399,98
b Corporate/Wholesale Banking	5,071,98	4,927,91	4,807,59	9,999,89	9,567,03	19,424,44
c Retail Banking	6,973,08	6,586,34	5,370,59	13,559,42	10,283,73	22,259,00
d Other Banking Business	193,46	130,22	167,28	323,68	262,12	666,89
Total	**24,632,37**	**23,761,38**	**21,990,53**	**48,393,75**	**42,810,89**	**88,750,31**
Less: Inter segment revenue	14,082,40	13,780,91	12,615,45	27,863,31	24,376,69	50,703,93
Income from Operations	**10,549,97**	**9,980,47**	**9,375,08**	**20,530,44**	**18,434,20**	**38,046,38**
2 Segment Results After Provisions & Before Tax						
a Treasury	711,71	648,24	405,67	1,359,95	904,95	2,335,74
b Corporate/Wholesale Banking	1,346,35	1,502,58	1,390,78	2,848,93	2,796,75	5,892,60
c Retail Banking	212,21	255,66	121,45	467,87	275,97	551,27
d Other Banking Business	166,99	102,58	144,41	269,57	215,94	569,02
Total Profit Before Tax	**2,437,26**	**2,509,06**	**2,062,31**	**4,946,32**	**4,193,61**	**9,348,63**
3 Capital Employed						
a Treasury	24,790,43	19,572,96	12,747,33	24,790,43	12,747,33	19,510,61
b Corporate/Wholesale Banking	72,600,49	72,039,99	63,799,58	72,600,49	63,799,58	62,406,09
c Retail Banking	(57,797,50)	(53,138,30)	(42,116,51)	(57,797,50)	(42,116,51)	(44,687,33)
d Other Banking Business	318,20	292,39	295,22	318,20	295,22	357,68
e Unallocated	1,852,35	1,282,19	1,498,59	1,852,35	1,498,59	633,44
Total	**41,763,97**	**40,049,23**	**36,224,21**	**41,763,97**	**36,224,21**	**38,220,49**

Note: Previous period figures have been regrouped and reclassified, where necessary, to make them comparable with current period figures.

For and on behalf of the Board

SHIKHA SHARMA
MD & CEO