

Axis Bank turns 'cautious' lender as it sees new risks emerging in system

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Board meeting will bring enabling provision for capital raising

Private sector lender **Axis Bank** has decided to turn cautious while lending, with newer risks emerging in the economy.

“We are cautious given whatever is happening in the economy as some new signs of stress are emerging in the system,” said Amitabh Chaudhry, Managing Director and CEO, Axis Bank, on Thursday, noting that most banks had thought the troubles in the sector were over after recognising the stressed and non-performing assets.

Commenting on the areas of risk, he told reporters that some borrowers are defaulting or there are reports of stress being felt by lenders. He specifically cited real estate and non-banking financial companies as areas of concern, but added that not all such firms are in bad shape.

“We want to be conservative; we want to get our risk management practices right. Anyway, we want to be more conservative than before and there are signs of emerging stress,” he said. “We want to be sure about... It is a good time to be cautious but doesn't mean we will not grow or lend,” he said.

Chaudhry said he does not see issues faced by NBFCs as “systemic risk”. He said it could take time to resolve.

It is evident that a few companies need equity infusion at the earliest, he said, exhorting them to go in for fund-raising immediately and pointed out that it is unfair to expect a bailout by the RBI or the government.

Capital-raising

When asked about the bank's proposed capital-raising plan, he said that the Board meeting for raising funds is just an “enabling provision”.

“We are just taking an enabling resolution to raise capital at the right time..... It can be used for improving the capital ratio, acquisition or growth. Until we raise it what is the point talking about it,” he told reporters.

The board of directors will be meeting on July 20 to explore raising of funds through issue of equity shares, depository receipts or other instruments.

Co-branded credit card

Axis Bank, along with e-commerce marketplace Flipkart, on Thursday also launched an exclusive co-branded credit card, powered by Mastercard.

They are looking to target the new to credit customers especially in smaller towns. The card will be available for select users in July.

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