Indian Bank posts net profit of ₹514 cr in Q3

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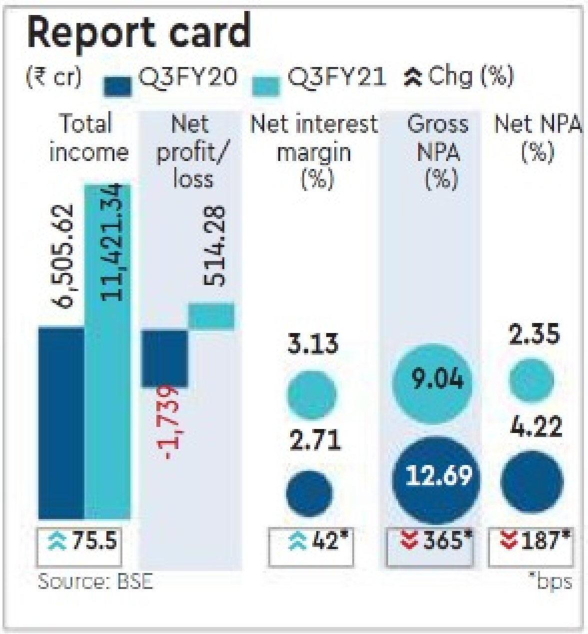

CHENNAI-HEADQUARTERED PUBLIC sector lender Indian Bank on Friday reported a net profit of ₹514.28 crore for Q3FY21, on the back of asset quality improvement and cost management measures. It had incurred net loss of ₹1,739 crore in the same quarter last fiscal. On the sequential basis, too, its net profit has increased by 25%.

Speaking to media persons through virtual mode, after releasing the earning performance, Indian Bank MD & CEO Padmaja Chunduru said the bank has continued its steady growth in both business and profit combined with good control over asset quality. Post the merger of Allahabad into Indian Bank, the gains in terms of CASA, larger geographic footprint, ability to take higher exposures, economies of scale, are all tangible now.

"Our relentless focus on credit monitoring has yielded results in restricting slippages. Even taking into account unflagged NPAs the position is very much in control. Process changes that the bank has implemented in first two quarters, centralising the processing on both liability and asset side are now yielding results. The bank is investing heavily in IT and digital infra and security controls to ensure a seamless, pleasant banking experience to our customers," she said.

The bank made drastic improvement in its asset quality with gross NPA decreasing 365 bps to 9.04% of gross advances, from 12.69%, y-o-y. On a sequential basis it decreased by 85 bps. Similarly, net NPA came down to 2.35 % from 4.22% with a reduction of 187 bps. On a sequential basis it decreased by 61bps. "Our aim is to keep gross NPA and net NPA below 9% and 3% respectively, going forward," she said.

Provisions and contingencies for Q3FY21 were at ₹2, 585 crore as against ₹4,555 crore in the corresponding quarter of previous year. Specific loan loss provisions for Q3FY21 were at ₹738 crore, compared to ₹4, 705 crore in Q3FY20.

Chunduru said bank will have to only restructure 1.6% to 2% of the loan book post-lifting of the moratorium and the collection efficiency during December stood at above 90%.

The bank's total capital adequacy ratio (CRAR) improved by 42 bps to 14.06% as on Q3FY21 in comparison to 13.64 % as of Q2FY21 as against regulatory requirement of 10.875%. Tier-I CRAR was at 11.18 % as on Q3FY21 versus 10.74% as on Q2FY21 on sequential basis.

Chunduru said the board of the bank has approved raising of ₹4, 000-crore capital and this will be done to bring down government's shareholding to 75% from the current 88.06%. The board has also approved raising of tier 2 capital aggregating up to ₹3,000 crore through issuance of Basel III-compliant AT1 / tier 2 bonds in one or more tranches during the current or subsequent financial years based on the requirement. "We don't need to immediately raise capital, but we are ready with the enabling resolution so that we can do it as and when the market situation is conducive," she said.

The net interest income of the bank rose by 31% to ₹4, 313 crore from ₹3,293 crore while net interest margin (NIM) increased by 42 basis points and stood at 3.13% for Q3FY21 as against2.71 % for Q3FY20. However, non-interest income was lower at ₹1,397 crore as against ₹1,673 crore on account of lower profit on sale of investment and slowdown in recovery in bad debts.

Lender gets nod to raise ₹4k cr from share sale

STATE-OWNED INDIAN BANK on Friday said the board has approved a proposal to raise up to ₹4,000 crore from share sale to enhance capital base.

The board has approved "raising equity capital aggregating up to ₹4,000 crore through Qualified Institutions Placements (QIPs)/Follow on Public Offer (FPO)/ Rights Issue or in combination thereof subject to approval of government of India, Reserve Bank of India," the bank said in a regulatory filing. —PTI