

# ‘Will focus on retail, corporate for credit growth’

*Indian Bank has more than doubled its net profit for the second quarter and said the focus areas would be improving CASA, quality advances, increasing fee-based income, improving collection efficiency, recovery of NPAs and digitisation. Shanti Lal Jain, MD & CEO, says the bank is adequately capitalised and does not need to raise any funds in near future. Excerpts from his virtual interaction with media.*

## How do you review Q2 in terms credit growth?

Gross credit of the bank has increased by 5%, led by the retail, agri and MSME (RAM) segment which constitutes 60% of the loan book. Our retail loan growth was around 14%, agri 16% and MSME 8%. RAM as a sector grew by 13%. There was a marginal decrease in corporate loan which was because of under-utilisation of limits being leveraged by the corporates.

Currently, our business growth is around 5% and we think that going forward, it should be between 8% and 10%. We will be looking for opportunities in both the RAM and corporate sectors for lending. Currently, the bank has RAM-corporate split of 60:40, it may be go up or down 5%.

**What is your views on the trend on the slippages side? What are your targets on**



## recovery this fiscal?

We have had slippages of ₹3,952 crore in the second quarter, out of which around ₹1,800 crore pertains to the NBFC which was recently in the news. If you exclude that, it is a tad above ₹2,000 crore only. Our collection efficiency has been improving, and looking at the overall trend, we don't have much worry about slippages. Recovery in the first half was to the tune of ₹4,800 crore. In the remaining two quarters of FY 22, we are looking at recovering around ₹4,000 crore. Put together, the recovery for FY22 should be around ₹8,800 crore. We have ₹22,000-crore exposure in NCLT and we expect good recovery from the tribunal.

## What are your network expansion plans? Any capital raising in the offing?

The bank has rationalised around 250 branches as part of amalgamation of Allahabad Bank into itself. Currently, it has 5,759 domestic branches. We are planning to open about 100 branches in the current fiscal. Our capital adequacy ratio was at 15.88% in Q2 and we are adequately capitalised. In the current financial year, we don't have any plans to raise capital. The government holding is around 80% and there is headroom for diluting the stake.

## Bank has seen good traction in digital transactions. What are the plans on furthering it?

We have floated an RFP (request for proposal) with an objective of changing our operating models. We will be focusing on more digital transactions on both the liability and assets sides. The bank has seen 10% increase in digital transaction mainly due to mobile banking and UPI.

## How many accounts will you be transferring to NARCL?

We have identified eight accounts to be transferred to the proposed bad bank, having exposure of close to ₹1,900 crore. Indian Bank has invested ₹20 crore in the bad bank.