

इंडियन बैंक



Indian Bank

इलाहाबाद

ALLAHABAD

Speech of MD & CEO



PADMAJA CHUNDURU
MD & CEO

AT THE FOURTEENTH ANNUAL GENERAL MEETING
ON AUGUST 07, 2020
THROUGH VIDEO CONFERENCING (VC) OR
OTHER AUDIO VISUAL MEANS (OAVM)

Dear Shareholders,

Very Good Morning to you all. At the outset, on behalf of the Board of Directors, the Management and Employees of Indian Bank, I welcome you all for the 14th Annual General Meeting of Indian Bank.

Before I present you the performance highlights of your Bank, I would like to briefly comment on the present macroeconomic scenario.

ECONOMIC OVERVIEW:

Global Economy

Global economic growth remained muted at 2.9% in 2019 compared to 3.6% in 2018. While slowing global trade and external demand combined with geopolitical tensions affected developed economies, the developing economies were more hit by the uncertainty over global trade and supply chains.

The COVID-19 pandemic has severely impacted the global economic activity in 2020. There is a high degree of uncertainty on the recovery as economies world over face persistent lockdown and social distancing which has affected the supply potential and productivity. However, bright spots are visible as economies have gradually reopened. Globally, fiscal and financial sector policy measures taken have limited the economic damage.

Indian Economy:

India's GDP growth declined to 4.2% in FY 2020 with the growth momentum that was visible during Q3 and early Q4 dissipating quickly under the shadow of the global pandemic. This had a severe impact on many sectors with supply chain and labour disruptions.

In some parts, the countrywide lockdown from 25th March 2020 is under extension with several restrictions and relaxations.

Government of India has also announced various supportive measures especially for the most needy sectors viz., MSMEs, NBFCs, Agriculture, Migrant labours, unskilled, unemployed etc.

The immediate measures taken by RBI to infuse liquidity, contain volatility and bring down costs for businesses through rate cuts had the desired effect.

RBI estimated that the recovery of economic activity will begin in Q3 FY21 and may gain momentum in Q4FY21.

Given the backdrop of a still unabated pandemic, the hope is that of a vaccine and a cure being found, together with countries learning to live with and manage the pandemic as efficiently as they can to tide through this unprecedented economic and human crisis.

Indian Bank: Major events during 2019-20

i) COVID-19 challenge

As the Covid 19 pandemic panned out, your Bank as a responsible employer took all safeguards to ensure staff security with protective equipment and necessary sanitization protocols are put in place across the Bank. The Business Correspondents who form an extended arm of the Bank have also been taken care of through special allowance, insurance and provision of PPEs. The Bank ensured that 90% of branches and 92% of ATMs remained functioning through the period. Elaborate Business Continuity Plan (BCP) and Work From Home (WFH) were ensured by your Bank during this pandemic situation enabling smooth functioning of Branches and ATMs.

Your Bank was among the first to launch Covid Emergency loans for all customers- Corporates, MSMEs, Agriculturists, SHGs, Pensioners etc. Moratorium has been offered to all borrowers as per RBI norms giving relief mainly to MSME and retail housing loan borrowers.

CSR for COVID-19:

Employees of Indian Bank and Allahabad Bank joined together to contribute Rs.8.10 Cr to PM CARES Fund. Further, Rs.7.24 Cr was contributed to CM Relief fund of various States to aid their efforts in meeting the challenges arising out of Covid.

Across the country, branches were actively involved in extending support in the form of Personal Protective Equipment (PPE) kits and other safety accessories to Police/ Healthcare Workers, Hospitals etc.

ii) Amalgamation of RRBs

Indian Bank is proud sponsor of 'Tamil Nadu Grama Bank' an exclusive Regional Rural Bank for the State of Tamil Nadu. This was formed with the amalgamation of 'Pandya Grama Bank' sponsored by Indian Overseas Bank with Bank's 'Pallava Grama Bank' and commenced operations from 1st April 2019. Merged entity has 630 branches and business of more than Rs. 22,500 Cr as on 01st April 2019 which improved to Rs.24749 Cr as on 31.03.2020.

iii) Amalgamation of Allahabad Bank into Indian Bank

The year 2019-20 was very eventful for Indian Bank as the Bank was identified as the Anchor Bank in consolidation of PSBs. The Government on 30th August 2019 announced Amalgamation of Allahabad Bank- a bank with 155 years' legacy into Indian Bank. Customers of both the banks will now have a banking experience that is "Twice as Good". Post amalgamation, Indian Bank enjoys the benefits of doubled balance sheet size, optimized capital utilization and wider geographic reach leading to deeper penetration.

The Bank has access to larger talent pool, better products and opportunities to cross sell / upsell. It would also leverage upon the increased operational and process efficiencies.

The amalgamation has been a smooth transition both in terms of people and processes. The Bank is well poised to reap the synergies from the amalgamation.

Bank's performance - YE March 2020

Against this backdrop, I would like to present a snapshot of the Bank's performance in key parameters. It gives me immense pleasure to share that Indian Bank stands in the top 3 positions in respect of key parameters like Business growth, Capital adequacy, Asset Quality, Profitability and Productivity. The year under review has been fulfilling with your Bank witnessing an increase in business size to Rs.4.66 lakh Cr from Rs.4.30 lakh Cr as of Mar'19. Deposits grew by 7.5% and Credit witnessed 10 % growth.

Your Bank recorded an Operating Profit of Rs.6498 Cr registering a growth of 33% Y-o-Y and Net Profit of Rs.753 Cr with a growth of 134% Y-o-Y. Net Interest Income grew by 8.38% and the Cost to income ratio was contained at 40.49% (from 45.17% FY'19). Return on Assets (RoA) was 0.26 % and Domestic Net Interest Margin was at 2.92 %.

RAM sector constituted 61 % of the domestic credit portfolio with growth in Retail at 16%, Agriculture at 14% and MSME at 13%.

Robust capital structure:

Capital Adequacy Ratio as per Basel III guidelines was at 14.12% (FY 19: 13.21%) as against regulatory requirement of 10.875%.

Tier-I CAR was at 12.08% (FY 19: 11.29%).

Sustained CASA:

The share of low-cost Current Account and Savings Account (CASA-Domestic) deposits in total deposits was maintained at 35% enabling the Bank to record a growth of 7% (y-o-y)

Improved Asset Quality:

Intensive recovery efforts and proactive credit monitoring yielded results with both Gross NPA and Net NPA reducing during the year. Gross NPAs and Net NPAs reduced to 6.87% and 3.13% respectively from 7.11% and 3.75% respectively as on 31st March 2019. Stressed Assets Ratio too reduced from 8.50% as on 31.03.2019 to 8.25% as on 31.03.2020.

The provision coverage ratio improved to 73.05% from 65.72% in the previous year.

Priority Sector:

Priority Sector Advances as a percentage Adjusted Net Bank Credit (ANBC) was 46.57% as against regulatory target of 40% with Agriculture lending at 20.38% as against the target of 18%.

Digital Footprint:

Bank has already been forerunner in delivering technology products in a safe and secured manner from the comfort of personal or official spaces. Digital transactions increased from 29% in FY19 to 45% in FY20, with both the number of users of Internet and Mobile Banking increasing Y-o-Y and number of transactions in Mobile Banking registering a commendable Y-o-Y growth of 186%.

Going forward, keeping pace with the growing rapid digitalization, Bank will provide effective and sophisticated customer service, through enhanced use of digital technology.

Path Ahead:

The amalgamation of Allahabad Bank into Indian Bank has placed your Bank as the 7th largest Bank with more than Rs.8.50 lakh Cr business, 43,000 strong work force and over 6000 branch network with a strong CASA base. The way ahead for the Bank will be consolidation of business with focus on profitability.

The prime focus this year would be on increasing CASA, curtailing cost, increasing revenue with focus on fee income, accelerating recovery from impaired assets and containing the level of NPA. In the new set up the control functions have been strengthened.

Acknowledgment

I would like to thank all members of the Board for their valuable support, guidance and inputs to the Management during the course of this year's journey. I would also like to acknowledge the unstinted support of our loyal customers and express my sincere appreciation for the untiring efforts of the dedicated and devoted work force of the Bank who performed exceedingly well in a turbulent environment placing duty above self.

I also wish to sincerely thank each one of our valuable shareholders and other stakeholders for their continued confidence and support to the bank in all its endeavors.

With best wishes,
Yours sincerely,

Padmaja Chundururu
MD & CEO