

Record Performance by Indian Bank

Registers an impressive growth in Centenary Year

Total Business Crosses 76000 Crores

MUMBAI: Indian Bank, in its centenary year, registered a record performance in business during the financial year ending 31.03.2007. The Bank also came out with its IPO in February 2007, which was oversubscribed by 32 times. The success of the IPO reflects the phenomenal faith of the investors and customers on the Bank.

Highlighting the performance of the Bank to the press, after the Board meeting held here today, **Dr. K C Chakrabarty, Chairman & Managing Director**, said that the Bank has shown an all-round improvement in the total business, net worth, operating profit, net profit, EPS and other key ratios and declared a dividend of 20% to the equity shareholders and a special dividend of 10% for the centenary year thus making the total dividend to 30%.

Performance Highlights

The Bank recorded a **net profit** of Rs.759.77 crore for 2006-07, registering an impressive growth of 50.60 % over Rs.504.48 crore for 2005-06.

The **operating profit** crossed Rs.1000 crore mark and increased by 52.03% to Rs.1358.59 crore as against Rs.893.65 crore for 2005-06. **Total income** for the year crossed Rs.5000 crore mark and rose to Rs.5017.86 crore registering a growth of 31.09% over Rs.3827.75 crore (2005-06). **Interest income** increased by 27.35%.

Net worth of the Bank has improved by 59.69 % to Rs.3621 Crores during the year.

EPS improved to Rs.20.46 from Rs.14.67 for 2005-06.

Capital adequacy has improved to 14.14 % from 13.19%.

Overall business of the Bank stood at Rs.76149 crore as of 31.03.2007 compared to Rs.63290 crore (31.03.2006) – a growth of 20.32%.

Domestic business of the Bank increased to Rs.73684 crore (Rs.61286 crore in the previous year) registering a growth of 20.23%.

Total Deposits grew by Rs.6286 crore to Rs.47091 crore, with a growth of 15.40% for the year. Domestic Deposits of the Bank increased by Rs.6012 crore to Rs.45953 crore as on 31.03.2007 from Rs.39941 crore as on 31.03.2006 registering a growth of 15.05%.

Gross Advances were at Rs.29502 crore (increased by 28.40%).

Domestic credit increased by Rs.6335 crore (29.02%) to Rs.28163 crore as on 31.3.2007 against Rs.21828 crore as on 31.3.2006.

Gross NPA was 1.85% as against 2.91% for March 2006 and **Net NPA** was lower at 0.35% as against 0.79% for March 2006.

Key ratios:

Return on Assets of the Bank improved to 1.46% from 1.16% for 2005-06

Net interest margin increased to 3.75% from 3.62% for 2005-06.

Cost income ratio declined sharply from 54.72% for 2005-06 to 47.85%

Common Man's Bank and Initiatives taken

Priority Sector Advances: The Bank's gross Priority Sector credit increased by Rs.2797 crore to Rs.13472 crore (grew by 26.20%) as on 31.03.07 and constituted 49.37% of Net Bank Credit as against the 40% norm of RBI.

Agricultural credit crossed the mark of Rs.5000 crore and grew by Rs.1512 crore (37.38%) to Rs.5761 crore and accounted for 21.11% of Net Bank Credit. The Bank has disbursed a total credit of Rs.4651.70 crore to agriculture during 2006-07 registering 29.06% growth. The Bank during 2006-07 disbursed Rs.2174.35 crore as short term agricultural loans at 7% rate of interest. The Bank extended a total credit of Rs.1642.67 crore to 8.04 lakh Small and Marginal Farmers which constituted 48.31% of credit provided to all categories of farmers as against 40% suggested by the Government.

Educational loans: The Bank realising the importance of addressing the financial needs of the student community, disbursed Rs.352.25 crore during the year 2006-07, benefiting 31141 students registering an increase of 35.41% (Rs.260.14 crore to 24809 students in the previous fiscal).

Micro finance: The Bank disbursed Rs.503 crore as credit assistance to 61469 SHGs during 2006-07 representing 28.09% increase over the previous fiscal. Cumulatively 211305 lakh SHGs were assisted with Rs.1397.23 crore.

e inclusion project: The Bank has a robust technology platform with as many as 146 Rural Branches having brought under the CBS network with ATM support in 21 rural branches. The Bank in association with **FINO** (M/s Financial Information Network and Operations Pvt. Ltd.) Mumbai embarked on a Pilot project issuing Smart Cards, e-cards to enable transactions at the doorstep of rural clientele. This e-inclusion project is piloted in 3 Branches in Cuddalore, Kolkata and Mumbai Circles. The Bank has taken a stake in the Company.

Agriculture Commodity price tickers are provided at Anakapalli and Guntur branches of the Bank on pilot basis in co-ordination with National Commodity Exchange (NCDEX).

Financial Inclusion: The Bank with its new mission "To be a Common Man's Bank providing all products and services under one roof, at affordable cost and in a fair and transparent manner had successfully implemented the Financial Inclusion project in the Union Territory of Puducherry. The Bank extended the project to Cuddalore and to other 12 Lead Districts in Tamilnadu, Andhra Pradesh and Kerala and in other select villages across the country.

The Bank launched the project and also opened an exclusive CBS Branch in Dharavi, Mumbai, which has a large number of migrant workers who were in the unbanked sector for many decades

During 2006-07, the Bank has covered 770 villages under Financial Inclusion project; 320847 accounts were opened under the Financial Inclusion project and overdraft and general credit card facilities were extended to 40133 accounts for Rs.4.96 crore.

Social Security Schemes: The Bank introduced two new micro insurance schemes namely Janashree Bima Yojana (JBY) launched in association with Life Insurance Corporation of India Ltd., intended for SHG members and Universal Health Care Policy (UHCP) launched in

association with United India Insurance Company Ltd (UIIC) targeting BPL families. During the year 2006-07, the Bank has provided insurance cover to 153392 individuals under JBY and 15220 individuals under UHCP.

The bank has focused on SME sector and registered a growth rate of 22.88% with outstanding credit of Rs. 5355.60 crores as of 31.03.2007.

Taking Banking Technology to the Common Man: The Bank has been taking several initiatives to take Banking Technology to the Common Man. As of 31.03.2007 the Bank had brought 1029 of its branches under Core Banking Solution. The Bank had brought 1000 Branches under CBS in a record span of 816 days. The 1000th CBS branch with online Bio-Metric voice guided ATM facility was inaugurated at Kalaiyarkoil in Sivagangai District in Tamilnadu.

Singapore Branch of the Bank is participating in the e-NETS Debit Payment Gateway of NETS Singapore facilitating online transfer of funds form other Banks.

OIC Strategic Alliance:

Under OIC Strategic alliance with Corporation Bank and Oriental Bank of Commerce, many arrangements have been made for the benefit of the customers. Collection of upcountry cheques, DD drawal, Common currency chests and ATM services etc are part of the various arrangements between the OIC alliance Banks.

Human Resources:

The Bank has taken several initiatives to enhance and strengthen its workforce. The Bank introduced sophisticated HR practices and processes and all core HR functions from hiring to retirement and beyond has been brought under SAP. Apart from the other regular training programmes the Bank also sponsored 15 of its employees for overseas training. The Bank has also introduced many incentive related schemes for the welfare of the employees.

The Bank has already gone in for systematic **rebalancing of portfolios** to increase returns and reduce portfolio volatility. Bulk deposits are kept to the minimum. The Bank has introduced several effective changes in the systems and processes to ensure high productivity. The Bank has also implemented various strategic methods for **reengineering of the business processes**. Offering various products and services under one roof, the Bank is heading towards achieving its vision of becoming the 'First Choice of the Common Man'.
