

BLOCKBUSTER Q2

Indian Bank has doubled its net profit and has maintained asset quality; it has also reported growth in RAM sectors **p3**

Indian Bank more than doubles net profit in Q2, maintains asset quality

OUR BUREAU

Chennai, October 28

Public sector lender Indian Bank reported a notable performance across parameters — double-digit growth in operating profit, more than two-fold increase net profit, reduction in net NPA, growth in CASA (current account savings account) and rise in businesses of RAM (retail, agriculture and MSME) sector — for the quarter ended September 30.

The Chennai-headquartered bank, which is now an amalgamated entity of Indian Bank and Allahabad Bank, reported net profit of ₹1,089 crore for the second quarter of this fiscal compared to ₹412 crore in Q2 of the last fiscal, helped by higher operating profit, growth in non-interest income and lower provisions.

Across parameters

Operating profit of the company grew 11 per cent to ₹3,276 crore (₹2,942 crore), on the back of 26 per cent rise in non-interest income at ₹1,966 crore (₹1,558 crore), aided by higher recovery of bad debts and forex



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SHANTI LAL JAIN,
Managing Director & CEO of
Indian Bank



income. Its net interest income (NII) fell marginally to ₹4,084 crore (against ₹4,144 crore).

“The bank’s net and operating profits have increased, asset quality is under control, growth is happening in RAM sectors, CASA continues to increase and improvements across functions such as digital banking,” said Shanti Lal Jain, Managing Director & CEO of Indian Bank.

Strong recovery

Total provisions were lower by 14 per cent at ₹2,187 crore (₹2,530 crore in Q2FY21). Loan

loss provisions were at ₹2,216 crore (₹1,880 crore).

Fresh slippages were higher at ₹3,952 crore (₹249 crore), mainly due to an NBFC account that accounted for ₹1,821 crore.

“Barring this, slippages of about ₹2,000 crore is just 0.5 per cent of the book. But, higher recovery helped us to maintain the asset quality,” Jain said.

Cash recovery was higher at ₹831 (₹795 crore) and total recovery stood at ₹3,426 crore against ₹1,168 crore. Domestic advances grew 5 per cent to ₹374,508 crore (₹356,627 crore). Retail, Agriculture and MSME

loans grew by 14 per cent (₹73,376 crore), 16 per cent (₹82,857 crore) and 8 per cent (₹70,268 crore). The three segments accounted for 60 per cent of advances.

Total deposits grew 10 per cent to ₹551,472 crore (₹501,956 crore). CASA was maintained at 41 per cent.

Lower NPAs

Gross NPAs was at 9.56 per cent compared to 9.89 per cent in the year-ago quarter and 9.69 per cent in the previous quarter. Net NPA was higher at 3.26 per cent when compared with 2.96 per cent a year ago, but down from 3.47 per cent in the preceding quarter.

“Our SMA1 and SMA2 are decreasing and collection efficiencies are improving. With this trend, we don’t have worries on the asset quality side. Our NII has grown sequentially and we have brought the cost of deposits to below 4 per cent. Therefore, when the economy gradually hits the growth path, our credit growth will also happen. As a result, our interest income will increase,” said Jain.