

Indian Bank posts ₹412-cr Q2 profit

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Public sector lender Indian Bank reported yet another quarter of strong improvements across parameters, including a net profit of ₹412 crore for the amalgamated entity (Indian Bank+Allahabad Bank) for the quarter ended September 30, 2020

Non-interest income

The net profit for the September 2020 quarter was driven mainly by an increase in non-interest income by 29 per cent.

The amalgamated entity, which came into effect on April 1, has announced a net profit for the second successive quarter.

In the year-ago quarter, the combined entity, as per the calculation of audited numbers, reported a net loss of ₹1,755 crore, though, on a standalone basis, Indian Bank registered a net profit of ₹359 crore.

In Q2 of this fiscal, the operating profit of Indian Bank grew 40 per cent at ₹2,995 crore against ₹2,135 crore in the year-ago quarter.

Total income grew by 9 per cent at ₹11,668 crore (₹10,669 crore in Q2 of the previous



fiscal). Net interest income was higher by 32 per cent to ₹4,144 crore (against ₹3,139 crore), Non-interest income grew by 29 per cent to ₹1,611 crore (₹1,249 crore), driven by growth in treasury profits, fee income and recovery in bad debts.

Wage revision

Staff expenses were higher by 35 per cent at ₹1,750 crore due to wage settlement, and an ad hoc amount of ₹353 crore has been provided during the September 2020 quarter towards wage revision. Cumulative provision held as on September 30, 2020, for wage revision, was ₹1,598.97 crore.

“Indian Bank-Allahabad Bank amalgamation process is on track and is proceeding smoothly, and presently IT integration is undergoing and will be completed before the end of this fiscal. During September quarter, all parameters showed improve-

ments. While collections see month-on-month improvements, non-interest income will drive the profitability of the bank, going forward,” said Padmaja Chundurur MD and CEO, Indian Bank.

While total provisions fell 34 per cent at ₹2,583 crore (₹3,890 crore in Q2 of FY20), loan-loss stood at ₹1,880 crore (₹3,443 crore)

Fresh slippages were lower at ₹249 crore, while cash recovery was at about ₹745 crore.

Gross NPAs (GNPA) stood at 9.89 per cent in Q2 of this fiscal, down from 10.9 per cent in June 2020 quarter and 12.64 from September 2019 quarter. Net NPA was at 2.96 per cent, down from 3.76 per cent in the preceding quarter and 4.59 in the year-ago quarter.

“We are confident of maintaining Gross NPA below 10 per cent and net NPA below 3 per cent,” said Chundurur.

Domestic advances grew 2 per cent ₹356,627 crore. Retail, Agriculture and MSME loans grew by 2 per cent (at ₹59,769 crore), 7 per cent (at ₹71,345 crore) and 5 per cent (at ₹65,176 crore), respectively. The three segments accounted for 55 per cent of advances.