

Indian Bank EGM approves using share premium to set off ₹18,975-cr accumulated losses

FE BUREAU

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THE EXTRAORDINARY GENERAL meeting (EGM) of Chennai-based public sector lender Indian Bank on Monday approved the appropriation of ₹18,975.53-crore accumulated losses from the share premium account of the bank. Indian Bank carried an accumulated loss of ₹18,975.53 crore due to amalgamation of Allahabad Bank.

According to the opening balance sheet of Indian Bank, the amalgamated entity with Allahabad Bank as of April 1, an amount of ₹19,833.15 crore was standing to the credit of share premium account, as a result of earlier share issues, made at premium.

Further, an aggregate amount of ₹18,975.53 crore was outstanding as net accumulated losses under reserves and surplus of the amalgamated entity. Allahabad Bank had merged with the Indian Bank on April 1 and that time Allahabad Bank carried accumulated losses of around ₹19,000 crore.

Indian Bank MD & CEO Padmaja Chunduru told the EGM that therefore, the bank proposed to utilise the amount standing in the share premium account for the purpose of set-off of the accumulated losses.

The bank had, in its Q2 earnings presentation, said after the amalgamation, treasury operations had been integrated while products and service charges had also been harmonised. The CBS integration is on track to complete during FY21.



Padmaja Chunduru, MD & CEO, Indian Bank

Indian Bank had reported a net profit of ₹412 crore for the second quarter of FY21 compared to net loss of ₹1,755 crore in the corresponding quarter of the last fiscal year, mainly on account of increase of non-interest income by 29%. The bank, however, said the corresponding figure for Q2 of FY20 was arrived at taking into account Allahabad Bank's loss last year in the second quarter. However, on a stand-alone basis, Indian Bank has reported a profit of ₹358.56 crore for Q2FY 21.

The bank has recently launched an initiative for funding start-ups under which it will extend loans of up to ₹ 50 crore for lenders' working capital requirements. Christened Ind Spring Board, the initiative, is in collaboration with the IIT Madras Incubation Cell (IITMIC) which will, under an MoU, refer start-ups with proven technology and established cash flows to the bank and also extend advices to the bank on the business model.