

# 15<sup>th</sup> Annual General Meeting

held on July 16, 2021 at 11.00 am through  
Video conferencing / Other Audio Visual Means  
Speech delivered by Ms. Padmaja Chunduru, MD & CEO

114 years  
of dedicated  
Service to  
the Nation

## Dear Shareholders,

On my personal behalf and on behalf of Board of Directors, it is my privilege to place the highlights of your Bank's performance for FY21. The Annual Report for the Financial Year ended 31<sup>st</sup> March 2021 details the progress made and initiatives taken by your Bank during the year.

At the outset, I sincerely pay my homage to those employees who have lost their lives to the Covid pandemic while serving the Bank. I would also like to thank all the employees for their relentless efforts and all stakeholders for their unstinted support during these testing times.

Before I proceed to present the performance highlights of your Bank, let me briefly dwell upon the macro-economic scenario.

## Economic & Banking Overview

FY21 started with the COVID pandemic causing concern over the lives & livelihoods leading to nationwide lockdowns and slowdown of economies. To a great extent the global economy weathered the setback of COVID-19 pandemic which caused great human misery and unprecedented economic loss. Governments, Central Banks and financial regulators across the world came up with several policy measures to overcome the crisis, which helped to contain the severity of the pandemic's toll on financial markets and institutions. Improved health infrastructure and large scale vaccination led to gradual opening up of the economies.

Second wave of the pandemic woefully impacted India. Economic recovery which started in the second half of FY21 decelerated in Apr-May'21. However, with the Government's vision of vaccinating all residents getting a larger response, signs of recovery are visible in late May and early Jun'21. On the Banking front, banking system in India remains resilient due to the continuous focus from both Government and Regulator on strengthening the Balance Sheets and Capital of Banks.

In response to Covid related disruptions, RBI and Govt. of India announced many relief measures to the stressed sectors. The facilities of moratorium on repayment of loans, restructuring, guaranteed emergency loans (GECLS) provided succour to the needy sectors.

The economy is expected to register good recovery during this financial year.

## Bonding Together – The Amalgamation success story

Your Bank has doubled in size as Allahabad bank got amalgamated with Indian Bank as on 01/04/2020.

The amalgamation exercise was both challenging and full of opportunities. With the teams getting together, the emphasis was on executing a smooth, seamless merger together with all the organisational and technology changes required to position the Bank well for the future.

All the products, processes and policies were harmonized on the lines of best practices in the industry. CBS Integration between the two core banking systems was completed on 14th February 2021. All the 3000+ branches of the e-ALB were seamlessly integrated on the Indian Bank's CBS platform in one go using "Big Bang" approach.

Continuous communication with employees and customers was maintained throughout the process of amalgamation.

## Synergies of Amalgamation

This amalgamation helped the bank to realize synergies in various areas which are reflected in the financial results presented here:

- Economies of scale** leading to cost reduction, better profitability, wide product offerings and adoption of state-of-the-art technology to drive the growth process.
- Increased CASA Mix** leading to better product pricing and lower cost of deposits resulting in increased profits.
- Increased network of branches, ATMs and Business Correspondents** resulted in larger reach and penetration. The complementary branch presence and BC network has given Indian Bank a strong pan India presence.
- IT Cost Synergy:** Amalgamation led to considerable saving on investments in IT hardware, Licenses and AMCs.
- Rationalisation of branches/offices:** The Bank has rationalised 225 Branches, 25 Zonal offices, 12 Currency Chests, 3 Large Corporate Branches, 4 FGMOs, 5 Service branches, 6 Staff Training centers and 6 Stressed Asset Management branches, all this during covid time.
- Organisational structure has been revamped to centralize loan processing in retail and MSME segments which has helped in reducing the TAT, thereby enriching the customer experience. Focused monitoring by two teams of Credit Monitoring and Recovery one each from Kolkata and Chennai has contributed in strengthening of control functions.
- Strategic Investments have been made in Technology and HR areas to ensure Bank has a strong technology platform and necessary skill sets to compete with the best.

The Bank is now able to cater to a wider clientele base with a diversified credit portfolio. It can now leverage on a larger balance sheet to take large exposures and grow across verticals.

The Bank is now poised to take off on a growth trajectory and would reap the synergies out of amalgamation, in both balance sheet strength and profitability.

## Your Bank's Performance during FY21

Against this backdrop, let me share with you some of the key performance highlights of your Bank.

### Business:

- Bank's global business reached to the level of ₹9.3 lakh Cr. Deposits were at ₹5.38 lakh Cr and Advances at ₹3.90 lakh Cr.
- CASA deposits were at ₹2.28 lakh Cr, while CASA share to Total Deposits stood at a healthy 42%.
- Loan Book is well diversified with RAM Sector constituting 58% (₹218942 Cr) and Corporate sector 42% (₹160595 Cr). The growth in advances was driven mainly by the growth in RAM Sector (12%). Noteworthy to mention that MSME segment registered a growth of 15%.
- Priority Sector Advances as on 31.03.2021 were 43.38% as against the mandatory target of 40%.

## Earnings and profitability

- Operating Profit touched ₹11396 Cr for FY 21 with YoY growth of 19%
- Net Profit for FY 21 was at ₹3005 Cr, a record for the Bank.
- Return on Assets (ROA) consistently improved during the quarters and stood at 0.50% for FY21.
- Return on Average Net worth (ROE) for the year was 10.63%
- Earnings per Share (EPS) for FY21 was ₹26.61.

## Asset Quality and Capital

- Gross NPAs and Net NPAs were at 9.85% and 3.37% respectively as on 31<sup>st</sup> March 2021. The Provision Coverage Ratio (PCR) was at 82.12%
- Total Capital Adequacy Ratio and Tier-1 Capital Adequacy Ratio in FY21 stood at 15.71% and 11.94% respectively.

Keeping in view the robust performance, the Board of directors of the Bank has recommended a dividend of ₹2.00 per equity shares i.e. 20% of paid up equity capital of the Bank for FY21.

## Capital Raising

We thank the shareholders for the overwhelming response to capital raised through QIP. Your Bank has raised ₹1650 Cr through this route. With this the Bank's CRAR is expected to go up by 50 bps approx.

## Awards & Recognition

Bank received several awards and accolades for its performance under SHG lending

- Stood First among PSBs for Excellence in performance under "SHG Bank Linkage Programme in Tamil Nadu" for FY 2019-20 from NABARD.
- Performance of Bank in SHG lending in the State of West Bengal for FY 2019-20 was recognized by West Bengal State Rural Livelihood Mission.

## Technology & Digital Initiatives

The Bank is adapting to new ways of functioning post Covid-19, Technology that is both secure and simple is the need of the hour.

Your Bank has taken various IT and digital initiatives to ensure continuous services to customers during covid lockdowns and improve efficiency in operations.

Bank has launched an integrated Mobile app IndOASIS having various functionalities with Biometric/Face ID login, Loan requests, Bill pay, Wealth Management, e-NPS etc.

## ADYA Chat bot

As a part of enhancing customer experience, Bank launched "ADYA" (Automated Dost for Your Assistance) Chatbot. It is a web based Chatbot that is integrated in the Indian Bank's website as an additional mobile-friendly customer interface for answering customer queries.

## Enhanced IT Security

The Bank also kept the security features in mind while adopting new technologies. Bank has put in place a Cyber Security Operation Centre (C-SOC) which consists of various leading security solutions and is monitored 24\*7. Bank has implemented advanced solutions/ technologies in order to create various lines of defence at different levels in the security architecture, to prevent any unauthorized access/entry into bank network.

Bank has developed and put in place a Business Continuity Plan during the time of COVID pandemic and as part of the plan, Bank has provided a secured remote connectivity to its employees/vendors to enable them to work from home and provide uninterrupted service to the customers.

The investments made by the Bank in IT, Digital Infra and Security Controls during the year are paying good dividends.

## Customer Convenience

Leveraging both the branch and digital banking channels, especially after the pandemic has been the focus. To provide seamless banking facilities to customers, the Bank is having 20593 touch points Pan India in terms of 6004 branches, 9161 BCs and 5428 ATM/BNAs. Bank also has three overseas branches.

The BC force, played a pivotal role in supporting rural poor in hard to reach areas especially during the delivery of Direct Benefit Transfer (DBT) funds from Government at their doorsteps. The branch staff and Banking Correspondents displayed their utmost commitment in delivering the essential banking services/relief measures announced by Government of India/ RBI despite strict lockdown / tough travel restrictions and surge in the outbreak of pandemic.

## Strategic Initiatives

Indian Bank launched an out of the box initiative – MSME Prerana, an online business mentoring programme for MSME entrepreneurs in coordination with M/s Poornatha, an Entrepreneurial Development Organization. It is a Pan India Programme in vernacular languages (in all States / UTs). The programme was launched on 06<sup>th</sup> Oct'20 by Hon'ble Minister of Finance, Ms. Nirmala Sitharaman from the Corporate Office of the Bank. This has already been extended to TN, UP, Maharashtra and Telangana. 'Ind Springboard' is another initiative for funding of startups in collaboration with IITs and PE funds.

Bank has signed MOU with Ministry of Housing and Urban Affairs (MoHUA) and SIDBI for distribution of Interest Subsidy under PMSVANIDHI scheme through "Paisa Portal" (managed by Indian Bank) to all lenders.

Bank is having 39 Exclusive SHG Financing Branches serving as 'One Stop Shop', providing credit as well as credit plus services for the development of SHGs in urban locations.

## Environmental, Social & Governance (ESG) Practices

As a strong responsible Corporate, Bank is taking up various initiatives for the benefit of the society with the commitment to serve the people of India and working to reach out to the needy and marginalized population through its pillars of CSR.

Employees of the Bank contributed an amount of ₹8.10 Cr to PM CARES Fund. Further, ₹7.24 Cr was contributed to CM Relief fund of various States as a humble attempt to fight Covid pandemic.

Bank also conducted a series of webinars on wellness for its customers & staff by reputed doctors to create an awareness on the precautionary measures to be taken during Covid.

Bank extended help to the covid frontline workers by way of distribution of safety accessories, PPE kits, face masks, sanitizers to various hospitals and provided food to needy people / orphanages.

## Way Forward

Under Digital Transformation, your Bank is focussing on Digital lending (Straight through Processing) in Retail, MSME and Agri products. The Bank is also developing new channels and applications and upgrading existing channels for easy customer on-boarding process and ease of doing digital transactions through various channels.

I am sure that your Bank has repositioned itself to continue to perform to your satisfaction in current Financial Year too.

## Acknowledgement

I would like to take this opportunity to thank all members of the Board for their valuable support, guidance and inputs during the course of this journey. I would also like to acknowledge the unstinted support of our loyal customers. I would like to express my sincere appreciation for the untiring efforts of the dedicated and devoted work force of the Bank who performed exceedingly well in a challenging time.

I also wish to sincerely thank the Govt. of India, RBI and all our valuable shareholders and other stakeholders for their continued confidence and support to the Bank in all its endeavours.

We would continue to look forward for your support, goodwill and patronage.

With best wishes,

Yours sincerely,

Padmaja Chunduru  
MD & CEO

