INTERVIEW: PADMAJA CHUNDURU, MD & CEO, INDIAN BANK

'Preparing bank for growth stage once economy opens up'

Indian Bank has continued its steady growth in both business and earnings despite the pandemic situation. The capital adequacy ratio at 15.71% is giving good strength to the balance sheet and this will help the bank to lend aggressively when the pandemic-induced lockdown ends and economy opens up. **Padmaja Chunduru**, *MD & CEO, says that this year her focus will be on leveraging the larger balance sheet size, higher CRAR, wider geographical presence, larger talent pool and enhanced technology. Excerpts from a post-result virtual press:*

Having completed the amalgamation process with Allahabad Bank, going forward, what would be the strategy for India Bank?

We will be leveraging the large balance sheet strength achieved by the amalgamation. While the focus will be on capital conservation, there will be potential for increase in corporate exposure. We can take large exposure in corporate sector, we have now much more expertise in due-diligence. We are poised to improve our corporate business as there will be pent-up demand from corporates for loans once the economy opens up. We will be diversifying our asset base. Revenue maximisation and cost optimisation will be another important areas which will be taken up by the bank.

How has been the FY 21 for the bank?

The bank has continued its steady growth in both business and earnings despite the pandemic situation. The capital adequacy ratio was at 15.71% giving good strength to the balance sheet. FY21 has been a special year wherein the bank has successfully completed the amalgamation with Allahabad Bank, including CBS integration of both the banks, with seamless continuity in customer operations. The bank as on date has rationalised 217 branches, 25 zonal offices, 12 currency chests, three large corporate branches, five service branches, six staff training centres and six stressed asset management branches.

What is your recovery target this fiscal? Do you foresee any increased provisioning for the expected slippages due to Covid second wave?

We expect a recovery of ₹5,000 crore from both NCLT and non-NCLT this year, but that will also be revised after reviewing the evolving situation. Too early to predict on the likely provision requirement for the coming quarters, whatever will be the situation, we will be able to manage the slippages on the strength of the balance sheet. It is very difficult to project what would be the situation as far as slippages are concerned, given that the RBI has given the dispensation for restructuring. SMEs are the most vulnerable segment and we are offering them restructuring window and a lot of outreach is happening. We expect to keep the slippage ratio below 2%.

Any plans on digital front?

Improving digital penetration, with focus on new age digital products and end-to-end solution for digital lending will also be our focus areas. The investments made by the bank in IT, digital infrastructure security controls during the year are paying dividends. We have implemented strong data analytics models to boost digital business. We are making migration to digital channels in a big way. There has been a 13% shift to digital transactions in FY21. We are bringing in more products on app and net banking.

Any plans to raise capital in FY 22? The growth target for FY22?

We are adequately capitalised, we had raised a total of ₹4,000 crore during the second and third quarters of the last financial year. We have a board approval to raise around ₹4,000 crore this financial year. We are not in a hurry, but definitely will look at raising the equity funds. If the market is conducive, we will raise the funds this year itself. As far as growth target is concerned, we could not achieve the target last year as advances did not pick up due to lack of corporate appetite. In the current year, the situation appears to be still uncertain and giving a target would be adventurous. But still, we would expect to have a 10% growth, but of course, we will review it as and when we get some more clarity.