

Indian Bank posts Rs.526-cr profit

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Chennai, Jan 30: Chennai-based public sector lender Indian Bank on Monday reported a net profit of Rs.526 crore for the third quarter, against Rs.491 crore in the same quarter last fiscal, registering a growth of 7%.

While the total income of the bank went up 32.8% from Rs.2,641 crore to Rs.3,505 crore, the net interest income increased 12.8%, from Rs.1,038 crore to Rs.1,170 crore. Similarly the interest income was up 35%, from Rs.2,392 crore to Rs.3,224 crore.

"Good recovery and low operating costs have contributed to our bottom line. In the last three quarters, the bank had conducted 2,611 re-covey camps, contacting over 55,000 borrowers and recovered Rs.64,50 crore," said TM Bhasin, chairman and managing director, Indian Bank. While its gross NPA was at 1.35%, the net NPA stood at 0.80%.



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The bank's restructured loan stood at Rs.7,859 crore, out of which it had recovered and closed accounts amounting to Rs.2,286 crore. The outstanding as on 31 December, 2011, is Rs.5,573 crore, which is 6.33% of the loan book. Out of this, NPAs account for Rs.340 crore, which is 6.10% of the restructured book. On the overseas front, the total global business of the bank rose to Rs.2,07,014 crore against Rs.1,74,935 crore, a growth of 18.34%.

Bhasin said the deregulation of savings account has

boosted the bank's NRE customer base, with the account clocking a robust 30% growth.

The bank, meanwhile, is planning to raise up to Rs.1,000 crore through innovative perpetual debt instrument (IPDI) to augment its Tier-II capital. The board of directors of the bank has given the nod for offering perpetual bonds or debentures to FIIs. The bank is likely to hit the market with the offering by the end of the current financial year.

Said Bhasin: "We are

waiting for a good rate of interest to evolve. Currently, the rate is 9% and we are expecting it to come down at least to 8.7% by March, by when the bank will be ready with the bonds issue. The fund raised will take care of the bank's Rs.6,000-crore loan disbursement requirement".

The bank has got 'AAA' rating for the bonds from rating agencies, Crisil and Care.

The bank, which postponed its follow-on public offer (FPO) for want of conducive market conditions, had moved the Union government and RBI for perpetual bond as an option at the time of IPO request itself.

"The bank is not hurrying the FPO issue as we are adequately capitalised. Our Tier-I capital is at 9.55% as at end-December 2011, well above the Basel-II requirement of 8%. Moreover, headroom is available in Tier-II for raising Rs.6,195 crore," he said.