

Have a wider pan-India presence after merger, says Indian Bank MD & CEO

Loan restructuring requests coming in a trickle, says Padmaja Chunduru

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Padmaja Chunduru, managing director and CEO, Indian Bank.

With effect from April 1, 2020, Allahabad Bank was amalgamated with the Chennai-based Indian Bank. Padmaja Chunduru, managing director and CEO, Indian Bank spoke to T E Narasimhan on how the combined entity is looking at increasing the book to over Rs 11 lakh crore and enhancing profitability,

Q. It's been over five months, how is the amalgamation process going?

Treasury operations have been fully integrated. Harmonised Products, Interest rates and Service charges have been made available to the customers of the amalgamated entity. A Common Gateway Software (Co-Ex) is being used to provide interfaces to the two CBS systems to carry out basic financial and non-financial transactions from either bank branch. Integration of data of HR in SAP is completed. Work for CBS Integration is in full swing.

Out of the 100 branches planned for merger this financial year, 75 branches have already been merged. Besides this, rationalisation of 25 Zonal Offices, 6 Stressed Asset Management Branches, 2 Service Branches, 3 Large

All the Executives and Officials who have been transferred assumed responsibilities at their new place of posting.

Q. How challenging was it, in the backdrop of pandemic?

Bank faced some teething challenges in the form of travel restrictions post lockdown. The pandemic has opened the path for enhanced digitalisation, including internal and external meetings. We are able to see tangible benefits in the form of savings in time, travel and other administrative costs.

Q. Post the amalgamation how has the market coverage increased? Has there been any impact on the performance?

Performance of the Bank in the first quarter was very satisfactory despite pandemic challenges. All the key parameters -- business, profitability, asset quality and capital adequacy are good.

With the merger, the network of the amalgamated entity has a wider pan India presence with potential for further deepening the presence, especially in the Northern and Western region, where already Indian Bank's penetration and business doubled after the amalgamation.

Q. What next for the amalgamated entity? What is the target for the next 3-5 years for Indian Bank?

Focus would be to consolidate on the amalgamation by merging overlapping branches and opening branches in centres where the Bank is not having major presence. This will lead to cost rationalisation, besides redeployment of staff. Bank also expects to stabilise the various initiatives taken for centralisation of the various processes, which will help frontline staff to focus on deepening the existing relationship and bringing in new business to improve/gain market share. The bank's focus would be on quality growth with focus on earnings.

By 2022, our business should be around Rs 11 trillion from the current around Rs 8.5-9 trillion. While we are number 7 now in terms of size, we are number 2 or 3 in terms of asset quality and profitability.

Bank's Capital Adequacy ratio is 13.45% now as against required 10.875%. With the existing capital there is no constraint for Bank's growth for the next two years.

Q. How many loan restructuring proposals has the bank received in the retail loans, MSMEs and corporate debt verticals?

The restructuring requests are coming in a trickle. Right now we have received requests for about Rs 3,800 crore of debt spread across various verticals. where borrower exposure is more than Rs 1500 crore, we have 2 accounts only and we are co-ordinating with other lenders in this regard.