

Andhra Bank plans to raise ₹ 800 crore Tier-I capital

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Coimbatore, February 15:

Coimbatore, February 15 Andhra Bank's tier-I capital raising announcement can be expected in a day or two, a top official of the bank told *BusinessLine* here.

The state-run bank had in August 2015 indicated plans to raise ₹ 3,000 crore through various routes, including a qualified institutional placement (QIP), in FY16.

Executive Director SK Kalra said the bank had already raised ₹ 1,000 crore tier-II capital. "We are now planning to raise ₹ 800 crore tier-I capital. The fund raising effort is aimed at strengthening our capital requirement," he added.

Besides this, the Centre had provided ₹ 378 crore to the bank.

According to Kalra, this (fund infusion) should suffice till the end of the current fiscal. Voicing concern over the industry's rising non-performing asset (NPA) levels, he said, "We have taken steps by making adequate provisions. Our provision coverage ratio is 63 per cent and we are now in the process of cleaning up our balance sheet."

He added, "We have given deadlines; so changes are taking place drastically. While the percentage of bad loans will not be as bad as that of other banks, it will remain high, for every bank is part of consortium lending and has exposure to infrastructure projects. Until and unless the problems of infrastructure projects are sorted out, NPAs will not reduce."

Answering a query, he said, "Recoveries will not be immediate. In a majority of cases, steps are being taken for resolving the issue, but there is a lag effect. There is no visible sign of recovery at present but positive signals are there." On the focus during the current fiscal, the ED said, "We will continue to target the retail loan portfolio and the MSMEs. The retail lending portfolio, though small, is growing 20 per cent year-on-year."

Kalra was in the city to take part in the inauguration of the 79th branch of the bank in Coimbatore zone.

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