

‘We will continue to focus on SMEs’

LN Revathy

No account was restructured during the third quarter, says KVB chief

Despite registering a 34 per cent growth in net profit, Karur Vysya Bank’s income has remained rather flat during the third quarter of the current fiscal. Its Chief Executive K Venkataraman, while conceding that growth in advances was muted, maintains that the bank’s growth has been on track (almost) even with the slow growth in the economy. Edited excerpts from an interview:

Your net has grown, but what are your concerns at this juncture?

That a number of companies are not able to make use of their loan utilisation levels because of the market condition is a cause for concern. Some accounts have been restructured, but cash generation and demand pick-up have been rather slow. Advances growth has been muted. If macros improve, things will look up.

How many accounts were restructured and what is the quantum of unutilised limits?

No account was restructured during the third quarter, only corrective action plan was drawn up. Our restructured book is 5.7 per cent of the total loan outstanding and the un-utilisation level is close to Rs. 3,000 crore. Customers are deferring expansion plans as their anticipation of demand pick-up is muted and newer projects are not coming up.

How do you see the last quarter of the current fiscal panning out?

Maybe slightly better because lot of orders are getting executed. That said, in my view, I think only in the second quarter of next fiscal would things start looking up.

Why do you think it will take so long for growth to return?

Government spending has to increase and this cannot happen overnight.

What is your focus area?

We will continue to focus on small and medium enterprises. Some of our branches have rolled out specialised packages for SMEs. While maintaining the SME drive, we also want to ensure asset quality.

On NPAs and recovery strategy

Gross NPA (non-performing asset) and net NPA during the third quarter of the current fiscal rose to Rs. 721.18 crore and Rs. 359.51 crore from Rs. 680.10 crore and Rs. 256.61 crore, respectively, in the year-ago period. But they have come down on a sequential basis.

Gross NPA in Q3 fell to 1.91 per cent from 1.96 per cent for the quarter ended September 2015, although the net NPA remained unchanged at 0.96 per cent.

We have initiated an aggressive recovery drive, but it is taking time because of market conditions. Not many buyers are available and the legal process is taking time. We have formed a special team.

Any loss incurred in the aftermath of Chennai floods?

Our total exposure was only around Rs. 30 crore and most of the customers have only sought rescheduling. Except one or two, none of them has sought additional funding.

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