

Lakshmi Vilas Bank to lend more to retail, SME, farm sectors

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Chennai, January 11: Lakshmi Vilas Bank (LVB) will revamp its loan policy to increase the share of its core business segments to three-fourth of the loan book by 2019.

Its key segments — retail, SME and agriculture — had a combined share of about 55 per cent in its loan book of Rs. 20,069 crore (as of September 30, 2016), while corporate segment accounted for the rest.

Since segments such as retail and SMEs offer better yields and lower delinquencies, LVB aims to increase the share of the same. It is expecting a compounded annual growth rate (CAGR) of about 23 per cent in its credit book over the next three years.

“We have decided to reduce the corporate concentration and as a consequence the exposure will be limited to 25 per cent over the next three years. So, we will put all our efforts towards boosting our credit in retail, SME and farm sector, going forward,” NS Venkatesh, Executive Director and Chief Financial Officer of LVB, told *BusinessLine*.

LVB has hired top level people to head the retail and consumer banking segments, along with the formation of a separate retail lending group. In retail, the bank intends to grow in mortgage and will gradually get into two- and four-wheeler loans.

“On the SME side, we are putting relationship managers, while centralising the entire credit processes. SME credits will be processed at 11 regional offices and head office intervention will be there only if it’s a higher amount. These will result in faster turnaround time,” said Venkatesh.

In agriculture, the emphasis will continue to be on both direct and indirect activities connected to the sector.

While LVB will continue to offer corporate loans, it will focus mostly on those with ratings of A+ and above. To support this, the bank has now a Chief Risk Officer. “Our emphasis will be on good quality credit for the corporate segment,” he added.

On the growth outlook, he said LVB would record a credit growth of 12-13 per cent for the current fiscal as against projected banking industry credit growth of 8-9 per cent. “Our higher growth will be driven by retail and agriculture segments,” he added.

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