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National Stock Exchange of India Limited Listing Department Exchange Plaza, Plot No.C/1, 'G' Block Bandra-Kurla Complex Bandra (E), Mumbai-400 051 <b>Script Code : CENTRALBK</b>	B S E Ltd. Corporate Relationship Deptt Phiroze Jeejeebhoy Towers Dalal Street, Fort Mumbai 400001 <b>Script Code : 532885</b>
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Dear Sir/Madam,

**Sub : Transcripts of Bank's conference call with the Analysts**

We submit herewith transcripts of conference call held with the Analysts on 28<sup>th</sup> January 2022 on Reviewed Financial Results of the Bank for the third quarter and nine months ended 31<sup>st</sup> December 2021.

Please take the above on your record.

Thanking you,

Yours faithfully,  
For CENTRAL BANK OF INDIA



ANAND KUMAR DAS  
DEPUTY GENERAL MANAGER /  
COMPANY SECRETARY





**Thank You**  
for being with us in our ten-year journey



**Conference Name:** Central Bank of India Earnings Conference Call Hosted by  
Antique Stock Broking Limited

**Time:** Jan 28, 2022 16:30 Hrs India Time

**Main Speaker(s):** Antique Stock Broking Limited  
Mr. Sohail Halai  
Management Of Central Bank of India  
Shri M V Rao, MD & CEO  
Shri Alok Srivastava, ED  
Shri Rajeev Puri, ED  
Shri Mukul N. Dandige, CFO

*Total 30 Participants including the Speakers.*

### Participants List

Sr. No.	Name	Phone	Company
1	Host: Management	022 66387590	Central Bank of India
2	Host: Sohail Halai	9820876839	Antique Stock Broking Limited
3	A M Lele	919987015890	B S Limited
4	Aakarsh Kotriwala	917004210281	Aakarsh Kotriwala & Co.
5	Akash Jain	917977439628	Ajcon Global Services Limited
6	Aman	917977781429	Axis Bank
7	Anirvan Sarkar	9921670989	Max Life Insurance
8	Ankit Jain	917019549365	India Ratings
9	Ashlesh Sonje	919930704725	Kotak Securities
10	Ashoka Ajmera	919930320115	Ajcon Global Services Limited
11	James Jaminal	17323176400	FactSet
12	Jayesh Jagdish	919867664284	Axis Bank
13	Juee	919619290969	Motilal Oswal Financial Services
14	Mahesh Mb	919769474175	Kotak Securities
15	Mahrugh Adajania	919820295886	Individual Investor
16	Manojkumar	0005102269000	AlphaStreet
17	Meet Shah	919870259951	India Ratings
18	Phani Sree	918754828448	Infosys
19	Prabal Gandhi	8109870105	Antique Stock Broking Limited
20	Pravar Mehta	919424531451	Individual Investor
21	Premkumar	0015102269000	AlphaStreet
22	Ranganathan	918779552138	LKP Securities
23	Richa Popli	919968203262	RPD Limited
24	Rupali Zade	919653240106	Research Bytes
25	Sagar Rungta	919867387911	Anand Rathi
26	Samiksha Karnavat	8793221981	ICRA Limited
27	Sneha	919833825108	Subhkam Ventures
28	Sushil C Choksey	2226590163	Indus Equity
29	Veera	15102269000	Individual Investor
30	Yash	918668291124	Rainbow Financial Services



“Central Bank of India  
Q3 FY2022 Earnings Conference Call”

January 28, 2022



**ANALYST:** MR. SOHAIL HALAI - ANTIQUE STOCK BROKING LIMITED

**MANAGEMENT:** MR. M.V. RAO – MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER - CENTRAL BANK OF INDIA  
MR. ALOK SRIVASTAVA - EXECUTIVE DIRECTOR - CENTRAL BANK OF INDIA  
MR. RAJEEV PURI - EXECUTIVE DIRECTOR - CENTRAL BANK OF INDIA  
MR. MUKUL N. DANDIGE - CHIEF FINANCIAL OFFICER - CENTRAL BANK OF INDIA

**Moderator:** Ladies and gentlemen, good day and welcome to the Central Bank of India Earnings Conference Call hosted by Antique Stock Broking. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. If you need assistance during the conference call, please signal an operator by pressing '\*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sohail Halai from Antique Stock Broking. Thank you and over to you Sohail!

**Sohail Halai:** Thank you Ali. Thank you Rao Sir and the team for giving us this opportunity to host the call. I welcome all of you to Central Bank of India's 3Q FY2022 earnings call. Today, we have with us, Mr. M.V. Rao, MD & CEO; Mr. Alok Srivastava, Executive Director; Mr. Rajeev Puri, Executive Director; and Mr. Mukul Dandige, CFO along with other senior members from the management team. Sir I would propose an opening remark from you post which we can open the floor for Q&A. I would handover to you Sir for your opening comments. Thank you.

**M.V. Rao:** Thank you Sohail and also thank you all the participants for sparing your time. I will give you the highlights. With improved performance bank has earned net profit of Rs. 279 Crores that is 69.09% higher compared to the net profit of December 2020 quarter that is Rs. 165 and NII improved from Rs. 2228 crore to Rs. 2746 crore, there is an increase of 23.25% and CRAR it has improved from 12.39% to 15.87% on Y-O-Y basis and gross NPA it has reduced a little from 16.30% to 15.16% that is on Y-O-Y basis and net NPA which was 4.73% in December 2020 now it stands at 4.39%. PCR which was 84.19% now it stands at 85.77% and net interest margin improved from 2.99% to 3.77%, this number is higher because of one of the incomes that I will explain you later in the later slide.

Coming to the business figures, now our total business stands at Rs. 5.19 lakh Crores which is 2.98% Y-O-Y growth is there when you compare with December 2020 figure that is 5.04 lakh Crores. Total deposit now stands at 3.37 lakh Crores and CASA deposit Rs. 1.68 lakh crore now it is one of the highest now we have recorded 50.01% of the CASA we have and total advances is 1.82 lakh Crores and in this RAM segment is 1.20 lakh Crores and corporate is 61,000, so our CD ratio is at 54.03% and then in the advance mix RAM and corporate now our percentage stands at 66% RAM and 34% corporate. We are on the same track the guidance what we have given earlier and when you come to the RWA that is risk weighted assets which was 82.91% in 2020 now it has come down to 81.63% so to give a fair idea on the disbursements the way things are moving in the bank. When you compare with the previous quarter to this December quarter, now we have picked up in the retail around Rs. 3590 Crores were disbursed that is 61% higher than our September quarter disbursal and MSME around 90% disbursals are more that is Rs. 2175 Crores we have disbursed and agriculture Rs. 2289 Crores were disbursed that is 4% higher than the September quarter disbursal and corporate credit it is Rs. 3422 Crores that was disbursed, which is 6.73% higher than the September quarter. Why we are giving this is when you see the actual growth in the retail agriculture MSME it appears that only single digit growth

is there in the total outstanding figure so the disbursement pace has picked up and going ahead the guidance what we have given that we will be achieving.

Coming to the mandatory targets under the priority sector, bank has not only achieved but surpassed all the mandatory targets for weaker section it is 16.09% against 10% and in the agriculture against 18% it is 19.16% and small and marginal farmers it is 10.05% against target of 8% and total priority against 40% now we are at 42.66%.

Coming to the standard advances rating chart, now our 81.58% of advances are rated and they are all above investment grade and above.

Coming to the retail segment, the single most vertical which is contributing is the home loan that is Rs. 28177 crore and then the retail segment as a whole it is Rs. 49843 crore that is 27% of the total advances and one more new vertical what we have started now it has picked up the pace that is the co-lending where now total outstanding is at 915 Crores and we have sanctioned 1061 Crores during this four-and-a-half months. In this December quarter we have sanctioned 706 Crores, total outstanding is 915 Crores.

Coming to the SMA, in the presentation we have given both the segments, one is above 5 Crores and another is up to 5 Crores. Above 5 Crores it now stands at Rs. 2037 crore that is 0, 1, and 2, if you see the 1 and 2 it is Rs. 135 crore and Rs. 570 crore it is very negligible percentage when you compare with the portfolio of 5 Crores and above in the total credit book, up to 5 Crores we have Rs. 12,960 crore where Rs. 4862 crore is SMA1 and SMA2 is Rs. 3680 crore. So if you see the slippage ratio that I will be giving later, we have controlled the slippages and which is just 0.88% for the December quarter.

Restructured book totally stands at Rs. 9511 crore with COVID restructured book of Rs. 7582 crore and then Rs. 1929 crore is from the standard restructured book.

When you come to the NPA movement, the opening balance of gross NPA was Rs. 27252 crore and then our upgradation, recovery, and regular write off amounted to Rs. 950 crore and then slippages with Rs. 1300 Crores. Final figure stands at Rs. 27608 crore which is 15.16% when you compare it with the December 2020 figure it was 16.30% and then you are also aware in this gross NPA maximum is entangled in NCLT and then just today itself we had some news that this bad bank formation approval has received from the RBI and once we come to know the accounts which were identified to be transferred then it will have a larger impact in reducing my gross NPA.

Coming to the net NPA, now it is at 4.39% which in December 2020 it was 4.73% and in absolute terms it is only Rs. 7085 Crores and we are on track to reduce further and our guidance stands below 4% for March 2022 and provision coverage ratio now it is 85.77% and earlier I told you my slippage ratio is 0.88% and NIM stands at 3.77% because there is one off income of Rs.

533 Crores, if I consider that and then recast it will stand at 3.03% well above my guidance of 2.75%.

Coming to the CRAR it is 15.87%, in CET-1 13.84% and Tier-2 is 2.03%. Leverage ratio stands at 5.22%.

Financials at a glance if I tell you total interest income, which was 4.74% growth is there which stands at in absolute term Rs. 6057 crore and total interest expenses was -6.86%, so my expenses have gone down more than the income growth, so altogether the operating profit let me explain you on the operating profit level which was Rs. 1223 crore, it is 2.60% higher than Y-O-Y, if you see quarter-to-quarter there is a dip that is in September there is Rs. 1425 Crores but it has come down to Rs. 1223 crore. I will explain you why this has come this was most deliberated and considered way of putting the figures from our side we will explain you on this and the net profit stands at Rs. 279 crore. As far as the fee based income there is a dip, we are aware that treasury income has come down, but overall performance is on expected line.

Coming to expenses, on the operating expenses side if you see there is an increase of around Rs. 330 Crores in the staff cost where we have front ended of our staff requirement, staff expenses of March 2022 in December itself because of various factors, this is precisely made with an idea of reducing pressures on the provisions for the March quarter and then for the past three years if you see the balance sheet, all the three quarters we used to do well and in March where we used to go down, so in the earlier interactions also I told you that we are making provisions in such a way to even out the spikes in the provision that may come in the March. So in the same spirit we have frontloaded our staff cost of March in December itself so that gives you a fair idea of how March balance sheet will be panning out.

Coming to the financial indicators, cost of deposit is 3.83% and then ROA is at 0.33%. We have improvement from 0.19% in December 2020 to 0.33% now and ROE 0.86% in December 2020 now it stands at 1.21% and credit cost 1.28% which was there in December 2020 now has come down to 0.87%. Because of this staff expenses cost to income ratio has gone up to 63.55%, if I can adjust those entries it will come down to 51.5%. So in this investment portfolio which was almost similar size of my credit book because of our earlier shifting of the securities in the month of April and the way things are moving right now we have saved a lot from that and PV01 which was 14.4% earlier now it has come down to 7.54% and PV01 for the SLR which was 11.46% now it is 5.41%. In the similar way the modified duration which was 2.57% now it is at 1.93% and for SLR also this modified duration is 2.48% in December 2020 now it has come down to 1.66%, so with the shifting of securities and also churning of my AFS book a lot of things we have avoided in terms of end-to-end provision and as such this digital transactions coming to that, it has increased from December 2020 to 2021 and in other such points whether it is payment acceptance search points or a digital search points, in mobile banking, internet banking, IMPS the number is increasing, in the similar way the transactions which are happening at the branch level that is little coming down fraction. On the financial inclusion side on the social security schemes our bank is continuing its performance well and then coming to the last one that is regarding this



PCA and compliance status. I am very happy to share with you all the benchmarks which are there in the PCA framework that we are meeting and capital adequacy ratio the trigger was 11.5%, right now we are at 15.87% and net NPA should be below 6% now we are at 4.39% and the leverage ratio should be more than 3.5% and we are at 5.22%. So in all probability we made already submissions to the RBI, at any point we may hear the good news that is going to give much more motivation not only to the entire bank and also other stakeholders.

Coming to the goals for March 2022 deposit growth, the range what we have given 8% to 9% that we will be achieving advances growth will be in the range of 6% to 8% and then our RAM and corporate rate balancing of my credit book which will continue to be 65:35 and then NIM will be more than 2.8%, CASA will be around 49% now we are at 50%, gross NPA would have given 12% to 12.5%. Once this 15 accounts, if we come to know the name of this account then we can work out to what extent my gross NPA will come down if they move to the bad bank and net NPA definitely it will be below 4 and the PCR already we have achieved that 86%, slippage ratio very much controlled and the guidance what we have given will be less than 2%, definitely it will be less than 2% like that in credit cost also and return on asset that is 0.30, yes that we are going to meet above that and cost to income ratio what we have given is below 55%. If we see for the March definitely we will be below 50. This is from my side and then any clarifications anything is required it is welcome. Thank you.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Anirvan Sarkar from Max Life Insurance. Please go ahead.

**Anirvan Sarkar:** Congrats on a good quarter and thank you for the opportunity. So I have a question on your balance sheet. In the secured balance sheet we have unexplained liability side in terms of availabilities of deposits and cost of fund so what I am seeing is that our investment book is quite large almost compared with our loan book and it is hurting our NIM for sure so in an environment where we are seeing credit demand pickup slowly what is the roadblock that we are facing because if we look at our home loan book also has grown 2.5% for example as this is one segment where everybody has shown growth so are there any roadblocks here what should we expect going ahead, if you could give your thoughts in that regard?

**M.V. Rao:** Regarding the loan disbursements we are aware that regarding the credit and investment book almost equal and we have built enough safeguard and took the measures that are yielding as far as the precautions what we have taken on the MTM front that you have seen and witnessed in this quarter. Coming to the disbursements yes there is a lot of things we have built up during these nine months in terms of creating the vertical and also making certain processes easier for the field functionaries to take the credit decision, so in this whatever the little growth that is appearing in the retail it is just because we have not replenished our full buyout portfolio which was repaid in these nine months instead we have embarked on the co-lending portfolio where we are expecting much more fraction going ahead that is one part to increase the retail book. Coming to the branch or field functionary sanction, the enablers what we have created that is why I have given the disbursements what happened in my December quarter which is indication that confidence

that has built up in the field is going to contribute a lot in coming quarters so this is how we will be rebalancing that is why the credit within the credit book, the balancing of corporate and RAM that we are very much aware and the steps we are taking is to balance between 65 to 68 will be our RAM book and 32 to 35 will be my corporate book, so on the corporate side and this retail side moving together the expectations what we have that we will be reaching for March. If any specific thing if you require kindly flag me.

**Anirvan Sarkar:** Sure and Sir regarding our corporate book growth so we have seen some good growth in this quarter so is this private or public capex and which industries would you say are operating at optimum utilization level?

**M.V. Rao:** In this we are very, very choosy because we always goes with the capital conservation, so wherever I am getting a guarantee from the government there we are venturing that too not with a large size on an optimum price around 500 to 800 Crores and in the AAA companies maybe in our Godrej group what we have and then Tata group what we have, these are all the legacy relations what we have in this bank. There we are going for this private otherwise it is mostly for the government or government-related corporation.

**Anirvan Sarkar:** Sure and Sir what would be our sanctions and disbursements made in ECGLS so far?

**M.V. Rao:** ECGLS 1 we have Rs. 3150 crore and ECGLS 2 is Rs. 369 Crores, ECGLS 3 is Rs. 14 Crores and ECGLS 4 is only Rs. 4.82 Crores, total put together it will be around Rs. 3900 Crores.

**Anirvan Sarkar:** Alright these are all disbursement right?

**M.V. Rao:** Yes disbursement.

**Anirvan Sarkar:** Sir structurally where can our NIMs and ROAs move over the next two years maybe?

**M.V. Rao:** Next two years is very difficult to predict at this moment.

**Anirvan Sarkar:** Maybe next one year or so.

**M.V. Rao:** The way we are balancing our book and then one is on the cost of deposit that what we feel that almost we are touching the floor, there is no further reduction maybe possible and going forward if we contain our cost of deposit, cost of funds around 4 that is the best way of managing my liabilities, but as far as profitable lines on my asset side where housing on the RAM side will continue to have its own contribution, but more we are focusing on the agri infra in the warehouses, cold chains, then processing industry where we are moving. On the MSME side we are moving aggressively on the TReDS platform where my delinquency is 0 right now and then on co-lending side we are focusing more on the health infra that too particularly on the equipment side tying up with one specific one NBFC who is already into that business.

**Anirvan Sarkar:** Alright and what is the AFS portion of our investment book?



**M.V. Rao:** 32%.

**Anirvan Sarkar:** Alright. Thank you Sir.

**Moderator:** The next question is from the line of Aakarsh Kotriwala from Aakarsh Kotriwala & Co. Please go ahead.

**Aakarsh Kotriwala:** Thanks for the opportunity. I have two questions basically. Do we have any partnerships with NBFCs under co-lending which can aid faster loan growth and secondly structurally where do we expect the ROA of the bank to move?

**M.V. Rao:** As far as the co-lending part is concerned already I explained that we have partnership with five NBFCs, Rs. 915 Crores is outstanding that is how we are riding on this co-lending partner finance rate so whatever the plus they have we recognized their potential and then we have tie up with the five NBFCs and then their sanction and disbursement I think in the entire public sector banking scenario we will be the number one in terms of sanctions and disbursements and going forward as far as ROA is concerned our guidance was above 0.30% already we have crossed that figure and we will continue to be above our guidance.

**Aakarsh Kotriwala:** Okay Sir thank you.

**Moderator:** The next question is from the line of Yash from Rainbow Financial Services. Please go ahead.

**Yash:** Thank you for the opportunity. My question is on PCA. When are we coming out of PCA and can you provide a few details and timelines from that, also can you throw some light on slippage and credit cost guidance for your fourth quarter?

**M.V. Rao:** Regarding the PCA now with the revived framework there are only three indicators, this is CRAR, net NPA and leverage ratio. The benchmark fixed by the RBI is CRAR should be more than 11.5% and we are at 15.87% well above the requirement and the trigger. Net NPA should be below 6% we are right now at 4.39% and going forward for March definitely we will be below 4 and leverage ratio should be more than 3.5% we are at 5.22%, so practically we are meeting all the benchmarks in the PCA framework. Already we have submitted our request to the RBI saying that we are meeting all the requirements and we may hear at anytime, we are hopeful of hearing the positive news at earlier date that is on the PCA front. Coming to the slippages, the way the SMA movement is there and the slippages till now we had around Rs. 4000 Crores in the nine month and we have given the guidance up to Rs. 5000 Crores, probably one account bigger one which was not factored at any point of time which is also restructured under OTR in all probability it should not slip, if at all even if that slips our total slippages may not cross Rs. 5500.

**Yash:** Thank you Sir.

- Moderator:** The next question is from the line of Mahrukh Adajania, an Individual Investor. Please go ahead.
- Mahrukh Adajania:** I just wanted to check any comments on privatization by the government?
- M.V. Rao:** Madam the sources what you have similar sources we are also having nothing more than that. We are also watching the TVs and press that is all.
- Mahrukh Adajania:** Okay Sir and what would be the outlook on credit growth?
- M.V. Rao:** Credit growth Madam that 6% to 8% the guidance what we have given that we will be striving on that front and we will be reaching also because right at this moment if you see it is only 0.69% growth because of the Rs. 4800 Crores which we have written off in the March balance sheet that is why that Y-O-Y growth appears to be very low and muted, but going forward the way we have planned for the co-lending and also the assets which we are going to pick up on the corporate side coupled with our growth on the retail, agriculture and MSME, that is to be around 6% to 8% in between the growth we will be ensuring for March.
- Mahrukh Adajania:** Thank you.
- Moderator:** Thank you. The next question is from the line of Sushil C Choksey from Indus Equity. Please go ahead.
- Sushil Choksey:** I think most of the questions have been asked by the other members. I would rather ask a question the other way round the new management team has already been in place in the bank for nine to 10 months including yourself from the time you started if I wanted to take a broader picture the Central Bank CASA at 50%, brand image being one of the best in the industry, so I am not taking any comparison with any peer bank or anything what would be your vision, where would the bank look like in 24 to 36 months from now?
- M.V. Rao:** Actually Sir I do not want to make a big one but let me tell you very recently we had a separate dedicated Board meet on the digital transformation of the entire business and lot of action points were drawn on that and we are going ahead and you must have seen our EOIs and RFPs in that also and we will be focusing more on moving onto the digital front moving our businesses on the digital side. Along with that one more new area what we are venturing here no other public sector bank till try is to bring our assurance functions on the technology platform that is the REDtech companies, already we have floated the EOI and two, three companies already pitched in for that, so lot of resources, manpower, and energy which hitherto we were spending on the inspection or in the compliance or in the risk management we will be moving on to the technology platform where we will be deriving real time benefits rather than doing the postmortem after the event occurs, so these are all the things going parallelly. The way things pan out I see a very bright future and also the glory what we had earlier that we will come back to this back.
- Sushil Choksey:** In most of the answers which you have raised in the Q&A you have embarked in co-lending model where Rs. 900 Crores number is far better than what I have heard in other competitive

banks where people are yet to start on co-lending or generated a volume of your size if we have to make this capability of larger pie compared to NBFC lending which is a traditional model which the bank had what enablers are you putting in place to get this co-lending number maybe 10, 20,000 Crores book in 2022?

**M.V. Rao:** May not be 20,000 Crores definitely we are eying for the five digit number only. Where we will be increasing our number of partners and that partner selection will be specific to any particular activity or particular geographical location. We will be gauging into their strength and then how synergies can we built if we feel that it is the fixed case then we will be having the arrangements with them, so that now we started scouting in selecting our partner.

**Sushil Choksey:** Sir the partnership we have so far announced is housing finance and MSME?

**M.V. Rao:** Exactly only two.

**Sushil Choksey:** Any other areas?

**M.V. Rao:** Gold also we have tie-up in Madhya Pradesh that is exclusive to that state.

**Sushil Choksey:** Sir anything on specific which you would like to do in the digitization map where let us say we were lacking compared to some of these banks in the past, but because the technology is moving ahead how would you catch up with what kind of specific initiative which would make consumer bank kind of situation because we have 50% CASA and if you can elaborate where is our CASA coming because I understand it is not from metros which kind of geography of India is providing you this kind of CASA?

**M.V. Rao:** Sir your observation is right. My CASA is coming more from my semi urban and my rural background and this is particularly from our hinterlands in Madhya Pradesh and eastern Bihar, eastern West Bengal and our Maharashtra rural areas this is where we are getting this CASA.

**Sushil Choksey:** The digital initiative would even reach these pockets where the CASA is supporting the bank in a big way?

**M.V. Rao:** Yes definitely because the way our competitors and then the environment is evolving there is not only need, it is a necessity for us to reach out them on the digital front because there will be lot of saving on the cost front if you compare with my brick and mortar branch way of doing the business and with the digital I can save a lot.

**Sushil Choksey:** Sir what would be our unutilized credit limits in the bank today?

**M.V. Rao:** As on December it is around Rs. 9000 Crores.

**Sushil Choksey:** On investment bank you have taken preemptive steps in the current year anticipating the yield hardening how do you see the situation going forward on that income side?

**M.V. Rao:** See our planning for March is we have already factored up to 7% so with that also we are in a good position right now, so beyond that it is very difficult for us to predict the money market, so as far as the investment book is concerned MTM issues are concerned we have planned up to 7%. Today I think it is 6.77% something and that much worry is not there for us as far as the investment book is concerned right now.

**Sushil Choksey:** No you are not carrying the consent that is why I am asking how are we going to benefit in the scenario where we stand today I remember the Q1 call itself you had indicated that we have protected ourselves in anticipation of this yield movement, so it has been a great move from our treasury team well supported by the top management to get to the direction which was desired. Sir my last question in broader scheme of things how are we utilizing the rationalization of branch with digitization and distribution capability getting better over a period of time?

**M.V. Rao:** Right now we have around 4600 physical branches and we are ramping up of my BC footprint, earlier it was 5600. Now we have planned for 15,000 already 9800 were now working on the ground level. So going forward up to March we want to see that it should reach the 12,000 level. So wherever the branches are not growing the way we are expecting or the loss whatever the formula we have to gauge the viability, if they are not meeting our standard then the BC will take over that place of operation and then brick and mortar that will be closed. Having said this we are not on the spree of closing the physical branches till we feel that customers they want to visit the branch that only lends a lot of credibility to the bank, the legacy, and the loyalty factors what the customers are having for this bank, so even if we are thinking on the metro we will be closing down in the CBD areas and then moving these branches to the outskirts where lot of development is taking place. Overall we want to have around 4200 to 4500 physical branches in the near term.

**Sushil Choksey:** Sir this answer leads me to a question. What are we doing to empower our human resource to get it better with the kind of progress and thinking which the bank is moving towards digitization and cross selling or co-lending what kind of human empowerment are we doing within the bank that our staff resources perform much better than where we stand today?

**M.V. Rao:** Correct. As far as the HR part is concerned first and foremost what we did is to give them the mental comfort who are in a position to take the decisions that we have already provided in terms of policy, in terms of approval centers what we brought in all my 90 regional offices where after approval only disbursement happens and then whatever the deficiencies that are there in that loan underwriting that will be taken care at the approval center and then clearly communicated to the field that even if account turns into NPA accountability will not be devoured on the sanctioning authority except on the fraud part okay that we made it very clear that is why disbursements have picked up that is number one. Number two the capacity building is a continuous process. We are now equipping our learning center that is asset learning center with higher executive where we are expecting to train and also to give this e-module so that people need not visit the physical centers they can go through on the e-learning app so that type of learning and also capacity

building happens. Number three most important what we did is for all the people who are being promoted to the executive cadre we are putting them for a sufficiently long tenure that means more than 3 weeks exposure in the premier institutes, so they will get that knowledge and exposure. Definitely all this put together is going to help the bank in moving forward and also to meet the customer expectation.

**Sushil Choksey:** Sir any plans for reduction of government holding from 93.1% to 75% which is SEBI regulated over a period of next 18 months which we need to and government is also direct?

**M.V. Rao:** Sir right now we have no information on that and still once we come out of the PCA we may think of reaching to the market for raising the capital where this particular issue may be addressed to some extent.

**Sushil Choksey:** Sir I have some discussion on that paper I will seek your office meeting and discuss that.

**M.V. Rao:** Definitely Sir. Thank you.

**Sushil Choksey:** Thank you Sir. All the best.

**Moderator:** The next question is from the line of Ashoka Ajmera from Ajcon Global Services. Please go ahead.

**Ashoka Ajmera:** Thank you for giving me this opportunity Sir and thank you Rao Sahab for postponing the meeting from 4 clock to 4:30 so that I could participate in it after the PNB analyst meet and I could hear your comments and also all the questions. Most of the questions they have already been covered and you have explained them very well so I will once again dwell upon post PCA scenario likelihood you might get very soon be out of this preventive corrective measures of RBI, Sir is there any separate roadmaps or any thought process has gone into that post PCA scenario that the bank outlook is going to change, bank strategy is also going to change because on the capital adequacy also now we are very comfortable so ours being very conservative in last I think a couple of years and conservative does not mean that it is always a good policy because it affects your profitability and potential like Sushil was also saying that this bank has a great potential and you said yes where we can reach a very, very high level Sir first is on this what is the strategy going to be now post when you are free totally?

**M.V. Rao:** Once we move out then I will definitely share with you but on the broader front let me tell you earlier we were saying 70:30 combination of my RAM and corporate credit book now we are making 65-68 and 32-35 so I think this gives you the fair idea the path what we are working.

**Ashoka Ajmera:** Anyway Sir I will also personally discuss with you. You are doing really excellent job, all your EDs and the entire top management team along with the staff is doing fantastic job and how much money we have in the bank?

- M.V. Rao:** That is not yet clear Sir today only we heard that all the approvals they have received and then they were saying around 15 accounts they want to short list. Once that name comes out then I can make real assumption how much gross NPA will come down.
- Ashoka Ajmera:** Now Sir coming back to this co-lending where you have taken a very right decision according to me also and you have gone ahead aggressively so as I understand and as per RBI norms it is mostly 80:20 model is not it Sir, so in that case when you say that your sanctions are Rs. 1062 Crores so if your standalone your sanction or that 20% is also included in this?
- M.V. Rao:** This is 80% of the pool.
- Ashoka Ajmera:** So it means the sanction maybe around Rs. 1250 Crores overall on this and 20% has gone from your partner NBFC and 80% has gone from you. What kind of average yield to us after distributing the balance part of the interest to the partner what finally we are left with?
- M.V. Rao:** See for September quarter my book was very less that is Rs. 355 crore that is also we started in the last week of August okay so that is not covered for the entire quarter. In December also Rs. 706 Crores we have disbursed that is also not uniform throughout the quarter. If I take Rs. 365 Crores which was outstanding as on September 2021 for the same portfolio if I am working out for the December quarter my profitability on that line stands around 7.08% in that range. This is besides whatever we have agreed upon to book as upfront fee on some other line items.
- Ashoka Ajmera:** Yes that is correct so that also adds up to this and if you look at our treasury it has been observed earlier also that we got a huge investment, amount as compared to generally our type of banks where the yield as compared to the credit, the advances yield is lower on the treasury and now with this pressure coming in of the interest rate getting hardened and even the trading profit also has come down from Rs. 402 Crores to Rs. 70 Crores in this quarter how do you want to take it forward are we going to remain in this range with this kind of investment into the investment portfolio or where we have the income from treasury operations, trading and the interest, altogether combined I think we are getting around 6 point something as per the slide so going forward do you have any kind of reduction in the investment amount and taking it to the credit?
- M.V. Rao:** See the way our credit book is increasing even if you see from December 2020 to 2021 the amount which was there in my total investment book has come down by around Rs. 6000 Crores so definitely this amount has moved to the credit book. The way we have planned right now around this much Rs. 4500 crore to Rs. 5000 Crores will also move to the credit book. This is one part as far as the reduce in the size of my entire investment book, but coming to the yield on investment, right now we have closed at 6.28% and the way we have planned for the churning in AFS portfolio and also whatever the opportunity that may arise at no point we may not go below the level of 6.20%.

- Ashoka Ajmera:** Yes, so that will not give any kind of contribution in profitability and slippage is already as per you is under control we had any exposure on the SREI?
- M.V. Rao:** Exactly Sir that we have already made provisions in September itself.
- Ashoka Ajmera:** Yes, I think you have done 50%.
- M.V. Rao:** Now we have gone for 60%.
- Ashoka Ajmera:** 10% more has been added on that. Yes correct I remember you had done 50% straight as against 25% or so whatever 50%. So what is the total amount of SREI?
- M.V. Rao:** SREI group as a whole it is Rs. 1280 Crores.
- Ashoka Ajmera:** Okay so only about Rs. 720 Crores is unprovided and that in any case recovery also will be I think better than that?
- M.V. Rao:** Recovery must be better than that.
- Ashoka Ajmera:** So that will come back as a profit or reversal of the provision. Again coming on the capital front do you have any plans to still augment from this 14.5% also or whatever is there?
- M.V. Rao:** Now it is 15.87%, I have lendable resources around Rs. 41,000 Crores now.
- Ashoka Ajmera:** Alright so there is no need for you to..
- M.V. Rao:** Only when we will move out of the PCA definitely if good times are there we would like to raise the capital.
- Ashoka Ajmera:** Okay Sir thank you very much Sir and just one point on your cost to income you have already clarified but for this I think staff provision which is one time done for this in this quarter it will again come back to if I have heard you correctly around 51.5% or something is not it?
- M.V. Rao:** Correct.
- Ashoka Ajmera:** Okay Sir thank you very much and all the best to you.
- Moderator:** The next question is from the line of Richa Popli from RPD Limited. Please go ahead.
- Richa Popli:** First of all congratulations for the good profit bank has achieved. Sir as the figures are increasing and NPAs are declining can you please confirm that bank is going to privatize in the upcoming budget is there any possibilities or any chances?
- M.V. Rao:** Madam this is beyond our capacity to answer this.



- Richa Popli:** Because we heard certain rumors that in the upcoming budget.
- M.V. Rao:** That is what earlier I was saying we are also hearing the news and also watching the TV.
- Richa Popli:** Okay Sir. Thank you Sir.
- Moderator:** Thank you. As there are no further questions I now hand the conference over to Mr. Sohail Halai for Antique Stock Broking for closing comments.
- Sohail Halai:** Thanks a lot Sir for giving Antique Stock Broking this opportunity to host the call. Wish you all the best and stay safe to you and your team and Sir before we close this call would you like to give any closing remarks?
- M.V. Rao:** Only I would like to extend my thanks for all the time and energy our participants have given to us and then the guidance what we have given for March we are going to get our goal. This is only the last one I would like to assure.
- Sohail Halai:** Thanks Sir and wish you all the best.
- M.V. Rao:** Thank you very much.
- Moderator:** Thank you. Ladies and gentlemen on behalf of Antique Stock Broking that concludes this conference call for today. Thank you for joining us and you may now disconnect your lines.