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Dear Sir/Madam,

Sub: Transcript of Bank's Conference/Earnings call with the Analysts/Investors.

Please find herewith the enclosed transcript of Conference/Earnings call held with the Analysts/Investors on 18th July, 2024 regarding the discussion on unaudited standalone and consolidated Financial Results of the Bank for the First Quarter & Three Months ended 30th June, 2024.

The same is also being made available on the Bank's website under the following web link:

<https://www.centralbankofindia.co.in/en/investor-relations>

This information is furnished in terms of Regulation 46(2)(oa) and Regulation 30 read with Schedule III, Part A, Para A, 15(b) of the SEBI (LODR) Regulations, 2015.

Please take the above on your record.

Thanking you.

Yours faithfully,
For **Central Bank of India**

CHANDRAKANT BHAGWAT
Company Secretary & Compliance officer

Encl: As above



“Central Bank of India Discuss Q1 FY25 Earnings Call”

July 18, 2024



MANAGEMENT: **SHRI M. V. RAO –MANAGING DIRECTOR & CEO,
CENTRAL BANK OF INDIA**
**SHRI VIVEK WAHI – EXECUTIVE DIRECTOR, CENTRAL
BANK OF INDIA**
**SHRI M. V. MURALI KRISHNA – EXECUTIVE
DIRECTOR, CENTRAL BANK OF INDIA**
**SHRI MAHENDRA DOHARE – EXECUTIVE DIRECTOR,
CENTRAL BANK OF INDIA**
**SHRI MUKUL DANDIGE – CHIEF FINANCIAL OFFICER,
CENTRAL BANK OF INDIA**

MODERATOR: **MR. RAJU BARNAWAL – ANTIQUE STOCK BROKING**

Moderator: Ladies and Gentlemen, Good day and welcome to Central Bank of India Q1 FY25 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. Should you need any 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. Raju Barnawal from Antique Stock Broking. Thank you and over to you, sir.

Raju Barnawal: Thank you, Shubhangi. Good afternoon, everyone, and thank you for joining post results Conference Call of Central Bank of India.

From the Management side, today we have with us Shri M. V. Rao – MD & CEO, Shri Vivek Wahi – Executive Director, Shri M. V. Murali Krishna – Executive Director, Shri Mahendra Dohare – Executive Director and Mr. Mukul Dandige – Chief Financial Officer.

Now without any further delay, I hand over the call to MD Sir for his opening remarks. Post which we will open the floor for the question-and-answer session. Thank you and over to you, Sir.

M. V. Rao: Yes. Thank you, Raju ji. First of all, very good afternoon to all the participants. Just I am going to give you the performance highlights for this June quarter, and this will be followed by our CFO’s presentation on the details of the financials.

We are very happy to share that this time our net profit has gone up to Rs. 880 crores. That is from Y-to-Y, if you see it is 110%, in the earlier June 2023 it was Rs. 418 crores.

Coming to the total business:

It was grown by 9%, precisely it is 8.97%, now it stands at Rs. 6.35 lakh crore and total deposits stands at Rs. 3.84 lakh crore and CASA is at Rs. 1,88,863, that is 49.19% of the total deposits. Gross advances increased by 13.99%, it stands at Rs. 2,50,615 crores and CD ratio improved to 65.27%. There is an improvement of 452 basis points from the previous June 2023 quarter and the gross NPA is at 4.54%, which was 4.95% a year back.

Net NPA, it is now below one that is 0.73%. There is an improvement of 102 basis points, in the earlier June it was 1.75%. Provision coverage ratio improved to 96.17%. Net interest income has increased to Rs. 3,548 crores, that is 11.71% increase from the previous June and net interest margin now it is at 3.57%, earlier it was 3.43%.

Return on assets has improved to 0.82%. If you see previous June, it was 0.43%. There is an improvement of 39 basis points in return on assets. Return on equity, which is improved to 3.14%, earlier it was 1.63% and CRAR improved to 15.68% of which Tier-1 is 13.36% and there is an improvement of 126 basis points. These are all the highlights.

Now for the details, I request our CFO – Mr. Mukul Dandige to give the details of the financials. Thank you.

Mukul Dandige:

I will share little brief financials as the performance highlights have already been highlighted by our MD sir.

The interest income has gone up by 15.36% on Y-o-Y and it has reached a level of Rs. 8,335 crores. The total interest expenses have increased by 18.23% to Rs. 4,787 crores. The net interest income has grown by 11.71% to Rs. 3,548 crores. The total income has seen an upside by 16.08% to Rs. 9,500 crores.

The operating profit has seen an uptick by 8.43% to Rs. 1,993 crores and the provisions have reached a level of Rs. 1,113 crores. They are down by 21.62% and the net profit has surged Rs. 880 crores which is an upside of 110.53%. The further breakup of interest income is interest on advances has gone up by 19.94% to Rs. 5,402 crores. The interest on investment has gone up by 8.03% to Rs. 2,463 crores. Thus, the total interest income has gone up by 15.36% to Rs. 8,335 crores. The non-interest income, the fee-based income has seen an upside of 5.99% to reach the level of Rs. 425 crores. The service charges, there was an upside of 5.80% to Rs. 292 crores. Other miscellaneous income has seen an upside of 43.59% to Rs. 56 crores and treasury income has gone up by 42.55% to Rs. 402 crores. Other receipts like recovery and write off have gone up by 22.46% to Rs. 338 crores.

As far as the interest expenses are concerned, the interest paid on deposit has seen an uptick by 13.05% to Rs. 4,443 crores. The other interest has gone up to Rs. 344 crores. The staff cost has seen an upside of 15.03% to Rs. 1,714 crores and other operating expenses have reached a level of Rs. 1,006 crores and upside of 24.66%. So, total expenses have gone up by 18.29% to Rs. 7,507 crore.

Regarding NPA provisions, the Bank has made Rs. 1322 crores of provision, which is including additional provision made by the Bank on prudence basis. It is up from Rs. 509 crores in March and Rs. 241 crores in June 23. There has been a write back in standard asset provision, the depreciation on investments, the income tax and other restructured accounts also. So, total provision stands at Rs. 1,113 crores. As far as the asset quality goes, the gross NPA has come down to 4.54% and an improvement of 41 bps. The net NPA, as MD sir has said, has reached the level of 0.73% from 1.75%, which is an upside of 102 bps.

Sector wise net NPA, if we see the retail NPA has reached the level of 0.15%, agriculture and allied it is 1.74%, MSME at 1.53% and corporate is at 0.17%. The provision coverage ratio is

96.17%. It is a very healthy ratio. The slippage ratio has reached the level of only 0.34% now. The credit cost if you see, it is appearing as 2.13%. However, if we remove the prudence basis additional provision that the Bank has done, then the credit cost is only 0.63%. The restructured book is at Rs. 6,038 crores. In this Rs. 6,038 crores, accounts worth Rs. 1,678 crores are common in restructured also and they are appearing in the special mention accounts also. If you see the special mention accounts book, it has come down from 7.75% of the total advances in June 23 to now 6.14% and stands at Rs. 15,402 crores. The capital ratio, the CRAR, has improved to 15.68% and the leverage has reached a level of 5.48%. The business across the board, total business has grown by 8.97% and it has reached a level of Rs. 6,35,564 crores. Deposits have shown an improvement by 5.93% and CASA at 4.87%. We are still maintaining 49.19% of CASA, which is one of the premier position in the banking industry. The advances growth was at 13.99% and the RAM segment has seen a very healthy growth of 18.81% and it has reached a level of Rs. 1,71,660 crores. The CD ratio has improved to 65.27%. The credit segment-wise growth is retail has grown at 13.87% to reach Rs. 72,469 crores. Agriculture grew at 15.36% to reach a level of Rs. 47,080 crores. MSME has reached a level of Rs.52,111 crore, clocking a growth of 30.20%.

The credit risk weighted assets, if you see, it still continues to be at 64.82% only. The Bank has got a very good, diversified loan book and the retail segment, which constitutes 28.92% in that segment, the housing loan has seen a growth of 15.50% to reach a level of Rs.45,393 crore. The rated standard advances, we still continue to have very good portfolio as far as the rated standard advances that is AAA, AA, A rated advances are concerned. And out of the total Rs. 74,173 crore, close to 75% is out of this AAA, AA, and A rated advances. The co-lending book where we are the industry leader, we still maintain that number one position and the co-lending book has reached a level of Rs. 12,355.08 crores. The Bank has achieved all the mandated targets under the priority sector lending guidelines of the Reserve Bank of India. These were all the highlights as far as the performance of the Bank is concerned.

Now, we shall be taking up any questions that are there. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Mr. Ashok Ajmera from Ajcon Global. Please go ahead.

Ashok Ajmera: Very good set of numbers as regards the profitability of the Bank, especially the operating profit is concerned. It has been maintained almost the same level at which it was in the last previous quarter. And only there are a couple of observations sir and some data points. Now in the provisioning, we have gone for a little higher provisioning on the NPA as compared to the January-March quarter that is Rs. 1322 crores. So, what is the total composition of this and how much is the Go Air out of this, and I believe that it was mostly provided in the last quarter itself. So, because of that, there has been impact because of the higher provisioning and we got some benefit in the tax so that we are in a position to maintain the profit, but had the taxation burden would have been higher, I think our profitability would have got impacted negatively.

So, one is on that, there's the clarification on the tax credit of Rs. 78 crores as compared to the tax provision of Rs. 549 crores and second is on the NPA provisioning?

M. V. Rao: Great. Ajmera.

First of all, as far as the NPA part is concerned, NPA provisioning part, let me make it very clear, if you see our slippage ratio, it is just 0.34%. Based on that slippage ratio, if I calculate my credit cost, it would be 0.63% only for which provision required was only Rs. 523 crore. But we have provided Rs. 1322 crore, that is almost Rs. 710 crores additional provision we made that is a proactive provision. It is nothing to do with the Go Air account, NPA account providing which we have done in entirety in the previous financial year. So, I think that is very clear now. And as far as the tax part is concerned, this write-back, our CFO will explain.

Mukul Dandige: Sir, what happens once, it has had two impacts. One is because of this fair value transfer through P&L, these zero-coupon bonds of Rs. 4,800 crores that the Bank was carrying, we had to take the hit in the reserves. So, the NPV was hit by close to Rs. 2000 crore, NPV loss was Rs. 2000 crore. There was some upside also from the other equity valuation. So, the net impact was roughly around Rs. 1,200 crores. So, out of that, the write back of tax has come to the level of around Rs. 350 crores, sir. Secondly, the additional provision has also helped us in reducing the tax liability so that is why you see that Rs. 78 crores write back of tax is there. But going forward in the next quarter, this one time hit that we have taken through the reserves. That upside will not be available in tax and normal tax will have to be paid by us.

Ashok Ajmera: So, basically you are referring the note #4, the entire explanation given the investment and the changes as per the RBI policy. Sir, all that additional provision of Rs. 710 crore which you're referring, is it because of the ECL you're planning, something to create a buffer and...

Mukul Dandige: See, it is taking care of the ECL requirements also because whatever is coming through ECL, we are trying to be prepared for that well in advance.

Ashok Ajmera: And sir, now coming back to the business growth, overall the credit growth rather I would say and the competition which is there in the deposit side also, how the Bank is prepared and what are our targets this year for FY25 on the credit growth as well as the deposit and if the deposit is not matching with the credit, what are the strategy with the Bank is going to adopt as regards to maintain the capital adequacy?

M. V. Rao: See here since our CD ratio was less that we were aiming to enhance our advanced portfolio. Now the way we have planned earlier and the guidance what we have given in the month of April for '24-25, we are just sticking to that, and we are following, and we are achieving in '24-25 financial year guidance what we have given is 14% to 15% growth was there in advances that we are very much there. Now, it is at 13.99%. And coming to the CD ratio that we are aiming to reach around 69% to 70% CD ratio at the end of this financial year. So, as far as the deposit growth is concerned, yes, there is a lot of competition in the market and one

more thing I would like to tell you that our banks were never in the CD Market, certificate of deposits we are not issuing and our LCR is almost 190 is there, which one time we have crossed 200 also. Now our LCR is also very comfortable and our CRAR is also comfortable, and our growth capital is also available for us the way we are growing. And the deposit growth, we have 3 components. One is the current deposits; another is the saving Bank deposits and third one is the time deposit. Time deposits, we are not aggressive in that just because I am having enough liquidity and also the enough room for further growth. As far as the saving Bank is concerned, yes, we are a force to reckon with and we are growing the way to maintain our leadership position in the CASA that is around 49%. So, that growth also we are we are in line with our planning. So, going forward, what we see is since we are aiming at 70% CD ratio, this advances growth what the guidance we have given 14% to 15% continues to be there and the deposit growth which was just 6% in the first quarter which accelerate further that incremental CD ratio that will be maintained in such a way that we continue to have the deposit growth in minimum 8%, max 10% in this financial year. That is the plan.

Ashok Ajmera: Sir, my last question in this round, Sir, about that selling of the collateral security of Go Air. What is the status, sir? Where do we stand? And when do we expect to get some money out of it sir, which is a major part of our outstanding?

M. V. Rao: It is a legal process, already SARFAESI notices are issued and 13 (4) is also issued now and it is in the process. And if everything goes well, I think by March we have to recover large chunk from the collaterals.

Moderator: Thank you. The next question is from the line of Mr. Rohan from Equirus Securities. Please go ahead, sir.

Rohan: Sir, just coming back to that investment thing on Slide #14, we are seeing profit on revaluation of investment of Rs. 250 crores this quarter. So, I just want to understand why this coming because as per my understanding from 1st of April whatever MTM happens on an instant, that goes into AFS reserve. So, what is this Rs. 250 crores relating to?

Mukul Dandige: See the profit or the loss has to park through the P&L account. The initial transition, the impact had to be carried through the reserves. So, whatever the portfolio...

M. V. Rao: Majority of this profit comes from our equity portfolio, which was from 1st April has to be kept in the HFT one and with the rise in the equity scenario and the way our stock markets are moving, so majority of the profit comes from that part.

Rohan: Sure. So, this is HFT MTM that we are getting here?

M. V. Rao: Yes, it goes through our P&L.

Rohan: So, the HTM and AFS is not there, only the HFT MTM is here.

- M. V. Rao:** This will go to reserves only and will be accounted for in the P&L.
- Rohan:** Got it. And secondly, just on the Note 4 on the exchange filings. Now when we are seeing that the income on investment has increased by Rs. 312 crores, see, I don't see a restatement happening for the 1Q of last year. So, what exactly are we meaning by this that it's not comparable because investment income has gone up by Rs. 312 crores?
- Mukul Dandige:** No, see, because this was taken for this quarter. Now, it is very difficult to reclassify the income and expenditure part of the previous March quarter also and June 23 quarter also that is what we are saying.
- Rohan:** So, you are saying if this same accounting would have been followed, then this would have an impact?
- Mukul Dandige:** Yes.
- Rohan:** And sir, lastly on the cost of deposit, this quarter has gone down by around 7 basis points. So, how should one look at cost of deposits incrementally and what was the component that helped reduction in the cost of deposit this quarter?
- Mukul Dandige:** No. If you see the cost of deposit on quarter-on-quarter basis if we see.
- Rohan:** It improved by 7 basis points.
- M. V. Rao:** It has gone up from 4.61% from March, it has gone up to 4.66% in June.
- Rohan:** The 4.61% is for full year. If you look at the quarterly presentation, it was 4.73%
- Mukul Dandige:** March 24, it was 4.73%, Now it has become 4.66% for this quarter, right. So, because in the last March quarter, what had happened is close to Rs. 4,000 crores to Rs. 4,500 crores of bulk deposits that we are allowed to be paid on maturity. We did not give rates for its renewal. So, that impact has come and that is that is why the cost of deposits has come down to 4.66% during this quarter.
- Rohan:** And incrementally, how should one look at this number?
- Mukul Dandige:** I think the cost of deposit has almost plateaued. Now, none of the banks are increasing it because we were already higher now comparatively. I mean other banks have come to the rate that we were already offering.
- Moderator:** Thank you. The next question is from the line of Mr. Omkar from Vasuki India Fund. Please go-ahead sir.

Omkar: I would like to know your view on the interest rates going ahead and how are you strategizing to take benefit of it in your investment book. So, if I could just have your view on that?

Mukul Dandige: See presently, the 10-year yield is hovering around 7% and as early as in September, Fed is also expected to have a rate cut. So, in line with the other markets, we are also expecting at least a couple of rate cuts in the current financial year. So, with that going, we are seeing the yield maybe at around 675 level. So, with this 25 business points, we have a very decent amount of portfolio with us, and it is in line with other banks also and we will be adding a good amount to our bottom line. So, this is the normal scenario we are expecting as far as rates are concerned.

Omkar: And my second question is on your guidance. So, you have mentioned the split of RAM corporate book that you like to have 65:35 against current 68:31. So, are you expecting growth picking up and coming from the corporate side during this year? And if so, then, which sectors or what kind of current account are getting in large corporate or mid corporate? So, the strategy around that?

M. V. Rao: Yes, as far as this corporate retail RAM is concerned, we still hold the 65:35 with plus or minus 5. So, right now at the end of the June quarter, we are at 68.50% for the RAM and 31.50% for the corporate, yes. Corporate, we are looking at the good assets trading off with the good, rated accounts because of the pricing power what we have because of the CASA, we will be only aiming at the assets which are having very good ratings. So, that we can conserve the capital there. And then some of the things which we have offloaded in this quarter from the corporate book is of the very low yielding advances. So, we are trading off in between. So, our guidance still will be same as we have given for this Financial Year 65:35 with plus or minus 5% that we use to maintain.

Omkar: And sir, is the pricing better now in corporate because during the last year there was a lot of pressure in the corporate side. So, is that situation improving now?

M. V. Rao: See, we are we are very choosy as far as the corporate assets are concerned. We are going with the pedigree, and we are going with the prospects of the activity which these corporates are taking up and then how the economy is opening. So, since we have a very small quantum which we can allocate to the corporate that's what I was saying we are trading off between the quality and pricing. We are not that much accelerating aggressively nor we are not so conservative, in between balancing we are making.

Moderator: Thank you. The next question is from the line of Mr. Prashant Galphade from ISJ Securities. Please go-ahead Sir.

Prashant Galphade: Sir, I have few question on Telangana farm loan waiver. So, my first question, when such policies announced, do Bank first show the loan as NPA before receiving the money or do they receive the money first and then they show loan as NPA. And my second question is in some

article there was mentioned that Telangana government will transfer the money directly to the farmer's Bank account. So, my question is, is it right? If it is, then the Bank will get the amount directly from farmers Bank account or what?

M. V. Rao: See, as far as the Telangana is concerned, the two from the crop loan perspective, we have a very small portfolio of up to 2,00,000 cities then what is the quantum of portfolio Rs. 280 crores? We have very small portfolio that offline we will be giving you the details, very small portfolio we have that is number one, but per se on principle basis whatever the first question you have asked, we may not be in a position to give the answer which you want. So, that is that. And as far as the direct account, it is going to the farmers, it's okay because always all the banks will maintain the right of set of procedure whether it goes to the loan account or to his saving Bank account, no matter that will get be absorbed in the loan account. If anything, specific you have, please ask me if I am not clarifying you enough.

Moderator: The next question is from the line of Mr. Ashlesh Sonje from Kotak Securities. Please go-ahead Sir.

Ashlesh Sonje: Couple of questions from my side. Firstly sir, there was some change in accounting with the RBI suggested from April 24 on penal charges. Can you quantify what is the amount of penal charges which were classified now under non-interest income but earlier it would have been classified under interest income?

Mukul Dandige: To give you exact number, it was Rs. 48 crores roughly, which was part of interest earlier. Now it has come as penal charges.

Ashlesh Sonje: Understood. Secondly, sir, you gave out a number on recovery from return of accounts. Just can you please confirm that amount is Rs. 338 crores?

Mukul Dandige: See that is inclusive of other things recovery from write off is Rs. 211 crores.

Ashlesh Sonje: And so what is the outlook on the recovery from return of accounts for FY25?

Mukul Dandige: We have got a decent portfolio of close to Rs. 35,000 crores as far as the return of accounts are concerned, maybe technical, maybe prudential, and last year if I want to give an indication to you, we were able to recover Rs. 1,433 crores. So, we estimate that our recoveries during this financial year also should be in line with the last year's figures.

Moderator: Thank you. The next question is from the line of Mr. Sushil Choksey from Indus Equity Advisors. Please go-ahead sir.

Sushil Choksey: Congratulations to the team and management of Central Bank of India on excellent performance. Sir, my first question is we have spent, and we have replied in the previous calls a lot of money on technology. How are we seeing it shaping up in the current year and specifically with balance sheet perspective, where we'll have the benefit of that?

M. V. Rao: See, we are spending lot of amount. First visible outcome what you are seeing is on the slippage ratio, the collection management system what we have established with the separate call center and feet on street people Pan India that has given a good stock for us, that's why our slippage ratio is 0.34%. If you see the previous quarter, it was never below 0.60% or 0.75%. That was the most visible result what we are seeing from the slippage ratio. Since slippage ratio is so low that you can just imagine the cascading effect what the credit cost reduction are happening because of the low slippage ratio and how extra provisioning is not required. So, all those things are concurrent, benefits are also being seen now and coming on the customer experience part where already we have started certain digital lending products, that is the gold loans and also Shishu MUDRA and Tarun loans of the MUDRA loans and end to end for the KCC loans. These type of journeys that already we have gone through live on our new platform. That is the new lending platform and now again we have started onboarding the FB accounts through the digital means through VKYC, that is video KYC. Let me share the figures, almost we have opened 28,000 accounts and average balance which is being maintained is almost Rs. 20,000 in these accounts which are opened through digital channels and video KYC. So, there is a good traction that we are getting in this digital channel and coming to the products which we will be rolling out in coming days is a business loan, housing loan that will be rolling out in the next month. So, lot of traction that is coming and then we are going to reap the benefits in the near future. In this financial year itself, we will be reaping much of the benefit of this new platform.

Sushil Choksey: Between our digital spend co-lending, which we have one of the largest banks and the partnership, how is it having an impact on home loans and other products? Second thing is, Mr. Wahi, if he could give his outlook on the treasury market?

M. V. Rao: Regarding home loans, co-lending is also one of our channel to improve the housing loan portfolio. And as far as the co-lending part is concerned, out of Rs. 12,000 crores, it is a decent book. And as far as the SMA and NPA part is almost negligible in that. And housing loans, it is adding to my housing loan portfolio, it is a good number. This is a ballpark figure I am saying.

Sushil Choksey: Are we seeing a big traction because we are one of the best and attractive on rates and we also have schemes for women housing loans?

M. V. Rao: Yes. See, whatever the targets we have, we are reaching. It's not that we are falling short of our planned targets.

Sushil Choksey: I was made to believe, rather, I understand that our market share will increase. That's the reason I am asking this question.

M. V. Rao: Yes, definitely. The way we have planned our target, our market share is going to improve on that. That is going to happen.

Sushil Choksey: And as far as your treasury part is concerned, our Mr. Wahi sir give the brief what is going to happen.

Vivek Wahi: See, the outlook remains the same, but with the war continuing and other geo-economic factors in the bigger continents, election year being in US and also very conflicting that are coming there from the US side, but more or less now it is crystallized that the Fed will be going for a rate cut in the month of September. So, if this happens, we are also not like lagging behind. And our scenario, of course inflation remains a sticky thing and it is above our comfort level of 4%. So, going forward, we are expecting at least a couple of rate cuts in this financial year. So, I would say that the yields with these two rate cuts, the yield should come back to 675 and overall it will be a good year for the treasury. It is expected that it will be a good year for the treasury. Also, equity continues to rise and gives the comforting factor and as already in one of the previous answers, we have said that equity remains in now a part of HFT portfolio, so that also gives us some good P&L numbers on a regular basis. This is whole and as far as FX is concerned, dollar rupee continues to be around 8350 to 8360 levels and rupee showed a little weakness when it went from 30 levels to 55 levels. But overall, we do not see our currency is still one of the best emerging markets performing currencies, so we do not foresee much weakness further in the level of dollar rupee and it is being a stable part. So, that is now the reason we are expecting good foreign inflows also. That is all.

Sushil Choksey: Then my next question is, I saw the advertisement in the leading newspaper about the airline account recovery by selling the assets. Any update which you can share because that would dramatically impact our balance sheet in the current quarter or the quarter to come back?

M. V. Rao: See, it's all a legal process. The way we are moving ahead, if everything goes well, that's what I was saying earlier. We may recover major chunk by March.

Sushil Choksey: That's good to know, sir. Second thing, because of our CASA, our potential to be a large consumer Bank seems very visible because our CASA comes from areas which other banks are finding difficult to tap and on a consistent year we may be one of the best performing PSU banks in last 5-6 years since I've been tracking Central Bank on the CASA side. Our deposits can attract many consumer loans, cross selling and other things and you have taken great effort to establish some products. So, can I have some kind of a color where we can get the substantial benefit visible? I am not saying immediate but over number of years.

M. V. Rao: See, it is a continuous process, that innovation and technology and then marketing that goes hand in hand. As far as our Bank is concerned rightly, you have pointed out the hinterland what we have, there is a lot of scope for the cross selling and upselling and because of the new technology, what we are bringing in, whether on the insurance side or wealth management side on other products of the liabilities, exactly we are going to reap good harvest in this that is going to happen.

Moderator: Thank you. The next question is from Mr. Priyesh Jain from HSBC. Please go ahead, sir.

- Priyesh Jain:** With respect to the RBI's draft circular on project finance provisions or PAT, could you just quantify what is the percentage of your portfolio that is impacted by it?
- M. V. Rao:** Sir, it's a very small portion. What we have calculated from the existing portfolio, it will be around Rs. 247 crores.
- Priyesh Jain:** And sir as per your estimate, what is the quantum of provisions you would be required to make on this portfolio?
- M. V. Rao:** This Rs.247 crores is the provision only.
- Priyesh Jain:** This is a provision, right, Sir? So, then could you also tell me like, what is the amount of your portfolio.
- M. V. Rao:** Which may attract this?
- Priyesh Jain:** Yes.
- M. V. Rao:** Rs. 4800 crores or something.
- Moderator:** Thank you. The next question is from the line of Mr. Manish from Moneycontrol. Please go-ahead sir.
- Manish:** I just want the clarity on the project financing impact you have just recently just now answered. So, just correct me if I am wrong. You said Rs. 4800 odd crores is your project financing book as of 30th June, correct?
- M. V. Rao:** Which attracts the 5% provision.
- Manish:** Which attracts the 5% provision. Then what is the total size of the book?
- M. V. Rao:** Total infrastructure project or project?
- Manish:** Infrastructure project.
- M. V. Rao:** We will be informing you offline because it's not available right now.
- Manish:** So, out of the total portfolio, Rs. 4800 odd crores will get impacted and of that, Rs. 247 crores will be provisioning you are going to, you have already made it?
- M. V. Rao:** We have not made it, but we have enough pockets that we have kept it. Not for the provisioning, for the infrastructure. Once that guideline comes, we will implement it without affecting any of my P&L figures.

- Moderator:** Thank you. The next question is from Mr. Sushil Choksey from Indus Equity Advisors.
- Sushil Choksey:** Sir, as you wear a dual hat of Central Bank and IBA, do you estimate this ECL provision, infrastructure provision on loans will come this year?
- M. V. Rao:** No, I am not going to say anything from the IBA's perspective. I can only tell you from Bank's perspective.
- Sushil Choksey:** Yes. But whatever you are seeing it will be incremented or it will get diluted. That's what I am asking.
- M. V. Rao:** From the Bank's perspective, whatever the measures that is being taken to strengthen the balance sheet in the long run is always welcome.
- Sushil Choksey:** And I think the cost can be passed on, it would be 10-20 bps at max, am I right to assume that?
- M. V. Rao:** See if it is a corollary to that, that is going to happen.
- Sushil Choksey:** I appreciate your answer. And second thing, sir, as the Bank is progressing well on the retail and cross selling and co-lending and other things, do we have plans based on the current business outlook. If you're going to add some new products or new initiatives in current year or next year, which the market should like to know about?
- M. V. Rao:** Number one is what we are planning right now is we have almost identified 438 pin codes where our Bank branch is not there, but banking business is growing at a very decent pace. So, now without going into the brick-and-mortar branches, now we will be piloting with our BC max branches outlets, which is the hybrid between the BC point and the brick-and-mortar branch that BC Max concept we are bringing in and probably next month we may roll out some pilot branches. That is for honoring the additional businesses where economy is doing well and our presence is not there.
- Sushil Choksey:** Second thing, sir, on the equity front, how are you seeing the picture on the dilution side, government offices likely or will you raise because we don't need equity based on the current profitability and our liquidity ratio. So, how are we seeing this move from government or government may not dilute because a lot of people are saying government is reluctant to dilute?
- M. V. Rao:** Let us wait and see. There is nothing more I can say at this moment.
- Moderator:** Thank you. The next follow-up question is from the line of Mr. Ashok from Ajcon Global. Please go ahead, Sir.
- Ashok Ajmera:** Sir, Mr. Wahi sir has just explained about the treasury side of it, and he has given some emphasis on the equity earnings from the even equity and equity not being HFT portfolio. So,

can I know exactly I mean what is our basically the equity book in the treasury which is the active book on the on the treasury side and the kind of profitability which we are having from the IPO pool, the money which we are putting in the recent public issues and going forward what will be our strength?

M. V. Rao: See, as far as our treasury operations and the equity is, we are not the main player number one. #2 portfolio, what we are holding is more of converted from the equity book during the restructuring period and wherever that upside is coming up in many of the scripts that we are just offloading in the market and as a player in the equity is on the IPO side where our people takes the call on the first day, first minute itself. That's how the things are moving right now. We are not holding any equity from the secondary market that with the hope of getting appreciation in the future and then offloading it.

Mukul Dandige: Ajmeraji and in addition, we have equity as far as kind of our long-restructured accounts. So, that equity is slowly when the moment those accounts are getting resolved, that equity is giving us a decent amount of upside. So, that is the reason. And in addition, our IPOs, we exist in the listing games. That is the major thing. Overall equity trading per se in our Bank is very, very minimal. Only IPOs plus equity gains on the restructured accounts.

Ashok Ajmera: At least it is giving you some color of the equity market and the power of compounding in the equity along with your banking business also. And I feel the time is there when now the way the overall growth story of the country, some portion of the investment must be put in in the equity anyway. That's the point well taken. Just a point of information. RBI has levied a penalty of Rs. 1.45 crores. Is it the normal industry kind of default or violation penalty or it is specific to our Bank or some violation, sir?

M. V. Rao: No, reason is not specific to the Bank. It is the same reason for which other banks are also penalized.

Ashok Ajmera: And it's a one-off kind of a thing, isn't it?

M. V. Rao: Yes, it is same for all the banks.

Ashok Ajmera: And sir, on this ROA target of 1%. We stand on that for FY25, now '24-25?

M. V. Rao: Guidance, what we have given is 0.75% to 0.85% for the financial year '24-25. We are already at 0.82%, definitely our endeavor is to reach 1.

Ashok Ajmera: So, I must be remembering that endeavor may not be the target. Because you see, our Bank has great potential still to grow the profitability and the books have been cleaned so much, so there is not much pressure on the future provision point of view also. So, I think overall we can definitely try and grow ROA to 1%?

M. V. Rao: Yes, there is opportunity.

- Ashok Ajmera:** And sir we were talking about this equity dilution and when our government share of equity is so high 93.08%. So, but you must have got at least some feeler that how the government is going to comply with the reduction or as per the guidelines to bring down the equity share of the government in the Bank, though you replied on the earlier question?
- M. V. Rao:** Yes, that's what I told earlier, wait and watch. I have to maintain the same thing now also. I cannot change within 5 to 6 minutes.
- Ashok Ajmera:** And Sir, the last question in this last round is that with this change in the RBI policy on the investment book, I mean the treatment of the investment book on all HFS, HFT etc., is there any change in our treasury planning or the policy of duration of the holding in various books. Is there any change?
- M. V. Rao:** The duration is dependent more on the interest rate scenario rather than the accounting practice and we do not foresee any change in that policy. However, now all are expecting that there will be softening of interest rates, so naturally duration will increase, and every Bank would like to encash on that scenario. So, duration is bound to increase a little bit.
- Ashok Ajmera:** Alright, sir. Then whatever the profitability will go back to our capital adequacy straight away rather than in profit.
- M. V. Rao:** Right.
- Moderator:** Thank you. The next question is from the line of Mr. Ashlesh Sonje from Kotak Securities. Please go ahead.
- Ashlesh Sonje:** Just a couple of data keeping questions. Can you give a segmental breakup of your slippages of Rs. 650 crores for the quarter?
- Mukul Dandige:** So, you had asked about the sector wise slippages at least?
- Ashlesh Sonje:** Yes, sir.
- Mukul Dandige:** So, slippage of agri was Rs. 106 crores. Corporate, it was Rs. 66 crores. MSME, it was Rs. 297 crores and retail it is Rs. 180 crores. So, that is the breakup of this Rs. 650 crores.
- Ashlesh Sonje:** Perfect, sir. Secondly, sir, earlier, a few quarters ago, you used to provide a breakup of your NPA provision on the P&L in 2-3 categories. One was aging provision, second was increase in slippages and third was provision write back due to recoveries and up-gradations, do you have a similar breakup handy for this quarter?
- Mukul Dandige:** I will be able to send it to you offline.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Raju Barnawal for closing comments.

Raju Barnawal: Thank you MD sir for giving us the opportunity to host the call and over to you, sir, for your closing remarks. Thank you.

M. V. Rao: Yes, nothing more, just to thank all the participants for their time. And let me assure you the way we have given the guidance in the initial start of this year, we will continue to be our North Star and we will be making all endeavors to reach that. That is the testimony of the June quarter that we are on the right direction. Thank you.

Moderator: Thank you. On behalf of Antique Stock Broking Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.
