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27 अक्तूबर 2022

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Dear Sir/Madam,

Transcript of Conference Call with Analyst

Pursuant to Regulation 30 of the SEBI (LODR) Regulations, 2015, please find enclosed the transcript of the conference call with Analysts for Financial Results for Q2 for FY 2022-23 held on October 21, 2022. The Transcript has also been made available on the website of the Bank in the following Link:

https://www.idbibank.in/transcripts-of-analystinvestorsconcall.aspx

You are requested to kindly take the above intimation on record in terms of the aforesaid provisions of SEBI (LODR) Regulations, 2015.

भवदीया,
कृते आईडीबीआई बैंक लिमिटेड

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27/10/22
[ज्योति नायर]
कंपनी सचिव

"IDBI Bank Limited
Q2 FY2023 Earnings Conference Call"

October 21, 2022

ANALYST: **MS. DIVYA PUROHIT – ICICI SECURITIES LIMITED**

MANAGEMENT: **MR. RAKESH SHARMA – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – IDBI BANK LIMITED**
MR. SAMUEL JOSEPH – DEPUTY MANAGING DIRECTOR – IDBI BANK LIMITED
MR. SURESH KHATANHAR – DEPUTY MANAGING DIRECTOR – IDBI BANK LIMITED
MR. P. SITARAM – EXECUTIVE DIRECTOR & CHIEF FINANCIAL OFFICER – IDBI BANK LIMITED

Moderator: Ladies and gentlemen good day and welcome to the IDBI Bank results conference call hosted by ICICI Securities Limited. 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 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 Ms. Divya Purohit. Thank you and over to you Madam!

Divya Purohit: Thank you Seema. Welcome everyone to IDBI Bank results call. Today from the management, we have with us Mr. Rakesh Sharma, Managing Director and CEO, Mr. J Samuel Joseph, Deputy Managing Director, Mr. Suresh Khatanhar, Deputy Managing Director and Mr. P. Sitaram, Executive Director and CFO. Thank you so much for the opportunity Sir and over to you Mr. Sharma.

Rakesh Sharma: Thank you Madam. Good evening ladies and gentlemen. It is a great pleasure to welcome all of you to this analyst meet for our second quarter financial year 2023 result announcement. Thank you so much for attending this conference. I would also like to take a moment to wish everyone a great Diwali, which we will be celebrating soon. Let there be an abundance of light in each one of our lives both professionally and personally.

The Indian economy today is witnessing a significant growth across all sectors despite the inflationary hurdles and global headwinds. We are now the fifth major economy in the world and are performing better than many other major global economy. As you may leave pandemic behind us, the banking system along with our entire economy is looking forward to a sustained growth rate. IDBI bank continues to move on its growth trajectory with yet another strong quarterly performance. While our CFO will present the highlights of our quarterly results to you, let me brief you some of the key highlights of our performance and growth. So first of all, the net profit we have recorded a highest every quarterly net profit in the history of the bank by showing a profit of 828 Crores, which is 46% Y-o-Y growth and 10% Q-o-Q growth. The other parameters also like operating profit, net interest income and net interest margin have shown substantial improvement. CASA ratio, we have been able to maintain at 56.19% and there has been overall growth of 54 basis points Q-o-Q. Similarly ROI which we had indicated that it will above 1%. The ROS for the quarter was 1.09% growth of 30 basis points Y-o-Y and on the asset quality front, net NPA is 1.15%, reduction of 56 basis points Y-o-Y and 10 basis points Q-o-Q. We have the highest PCR of 97.86% in the industry.

As we have been doing in the past this quarter also we have made some proactive and enhanced provisioning, which is not otherwise required by the regulator, that is around total including accelerated provision or NPA some additional provision on non based facility which are there in NPA and some additional provision on the restructured assets aggregated amounts to almost 636 Crores. Other parameters like cost of deposit, cost of fund have also shown improvement and the capital adequacy ratio also is robust at 92.48%. So with this parameters, which are showing overall improvement, I will stop here and I will request our CFO Mr. Sitaram to give the presentation and thereafter we can have question and answers.

P. Sitaram: Good afternoon. Happy Diwali to all of you and thank you for joining this conversation. The bank has reported a PAT of 828 Crores which is the highest in its quarterly amount recorded in its history. The PBT is at 1437 Crores, operation profit of 2208 Crores. NII of 2738 and the NIM has come at 4.37. Overall, the ROA for the quarter is 1.09 on annualized basis and if you take the half yearly, it is about 1.03%. The ROE is above 15.2%. Cost to income continues to be well under control 42.29 and capital is comfortable at tier one of 17 and total CRAR of about 19.5 without taking the half yearly profit into account. Total RWA has gone up about 4000 Crores, 1,57840 Crores. It is mainly on the back of growth in advance. Cost of deposit stands at 3.44 and cost of funds at 3.72 more or less in line with Q2 and a marginal increase year-on-year. CASA is slightly higher at 56%. The deposits have grown to 2,30,000 Crores. Net NPA stands at 1.15. GNPA has come down due to recovery as well as technical write off that is about 16.5% and PCR has marginally improved to 97.8. Again we have put this PAT growth of 828 Crores is a growth of 46% Y-o-Y and 10% sequentially. PBT is growth of 86% Y-o-Y and 32% Q-o-Q. The gap between PBT and PAT is mainly because of what MD mentioned that we have done so amount of additional provisioning conservatively. Operating profit at 2208 Crores is a growth of 64% Y-o-Y and 8% Q-o-Q sequentially. NII has grown by almost 48% and 10% sequentially. NIM at 4.37% has improved by 1.35% year on year and 35 basis points quarter on quarter. The cost to income as a result is well under control. There is a reduction of 1.15% sequentially. Now the CASA continues to be high at 56%. The retail to corporate as we had guided earlier that it will remain in the range and continues to be in that range. Overall, we can expect that the retail to corporate will remain within a range of plus or minus 62 to 68 for retail and the balance coming from corporate. Net advances growth is 17% year on year and 6% sequentially. The net NPA, MD has already mentioned there is a reduction of 10 basis point from last quarter and GNPA is reduced by 3.39% from last quarter on back of recovery as well as TWA. PCR has improved to 97.86 and capital adequacy as I mentioned is very comfortable. Coming to slide #9, you can see with the component of net interest income, the NII as I said has grown by 48 out of which interest income has grown by 20% year on year and 7% sequentially. Interest expenses have also contributed to NII. There is a marginal reduction of 3% Y-o-Y and there is a small increase of 4% sequentially. If you compare the half year it is about 20% increase in NII mainly on the growth of both interest income and also reduction in the interest cost. Again in the other income included a gain from the sale of our stake in the life insurance joint venture that we had with Ageas that balance stake which we had has also been transferred and we have recorded a gain of 380 Crores, which is included in the other income. In Q1 also we had a similar gain of about 140

Crores from sales of asset so overall the growth in other income is about 11% Y-o-Y and to a marginal reduction of 5% from last quarter mainly because of the non repeat of gains from sale of G-sec, which we had recorded in the first quarter. The opex has increased by about 9% from last year and 3% sequentially mainly due to increase in the employee cost. The employee cost has mainly gone up because one the head count has started increasing now that we are out of PCA we are allowed to recruit and the business is growing and secondly the accumulation of leads for the employees has also gone up and the valuation is now at higher salary rate that we had settled last time. Some amount of variable pay component has also come in this quarter. So overall therefore the opex has grown by about 9% compared to last year and 3% sequentially. Half year to half year about 12% so after all this we are having a net profit growth of 64% to around 2208 Crores and 8% growth sequentially and half year to half year if you compare, it is about 1%. If we exclude the gains from strategic sales, the operation profit has shown a growth of 36% year-on-year and a small reduction of 4% from last quarter mainly because of that capital gain from G-sec, which is not there and overall for the half year if you compare it is about 11% less. So provision continuously are higher by 35% both due to statutory required regulatory provision plus whatever we have voluntarily on a conservative basis made additional provision both for NPAs as well as for restructured at COVID etc. The PBT has shown a growth of 86% year on year and 32% sequentially. PAT has grown by 46% to 828 Crores which is also 10% increase over last quarter. If you come to the next slide, we have shown the breakup of each component which has contributed to the growth of the PAT from 567 to 828 Crores in which you will see that all the components have contributed, however, the increase in the tax requirement has taken away about 401 Crores. Similarly for the half year from 1172 to 1584 again mainly the NII has contributed to the growth in the bottom line, but obviously they increased tax requirement has taken away some of that.

Now we come to the next slide which is the breakup of NII. Here you can see that the contribution to the growth in NII has come from a healthy growth of interest on advances that is about 21% growth year-on-year. It is a 15% growth sequentially and income from interest or investment has grown by 15% year-on-year, but sequentially it is at the same level. Other interest income which includes some amount of interest on refund of income tax that has grown by about 30% year-on-year and compared to last year, we did not have so much of interest on refund of income tax so that reduced by about 31%. Overall if you compare half year to half year there has been a growth of 53%. The interest expenses they have degrown by about 3% from last year-on-year and grown by about 4% sequentially mainly because of the lag effect of the increase in interest rates that we have been effecting. NIM if we exclude this interest on IT refund, the NII stands at about Rs.2644 Crores which is a 43% increase Y-o-Y and 14% increase sequentially and NIM stands at 4.22%, which is an improvement of 1.2% compared to last year and 50 basis points sequentially.

Coming to the next slide this is the breakup of other income. As I mentioned that there is a gain of Rs.380 Crores coming from the sale of our stake in Ageas Federal and last quarter also we had a gain of about Rs.140 Crores from sales. These are included under the profit and loss from the sale of investment otherwise the commission exchange brokerage that income has more or less remained the same compared to the last quarter and grown by about 10% year-on-year and after reevaluation is subject to the movement and quarter and interest rate. We had a total reduction in the reevaluation hit as compared to September 1, 2022 we have only Rs.7 Crores this time and compared to Rs.66 Crores of June 2022 quarter it is 89% reduction. The forex income has also slightly declined. It has come down by about 17% Y-o-Y sequentially also 21%. Dividend income which is all the three subsidiaries have contributed to this and recoveries from written off cases this is the principle component that we have here and here it is about Rs.26 Crores for the quarter as compared to Rs.137 Crores in the last year that is 81% reduction and 35% reduction from the last quarter. The miscellaneous income also has come down by about 63% from last year and 82% sequentially to 18%. Overall the other income has shown a growth of 11% year-on-year and 5% reduction sequentially.

Provisions and contingencies, here you can see that we have a provision for standard asset component, which we have made about Rs.339 Crores on net and last quarter also we had done about Rs.411 Crores. Similarly for the provisions for NPAs we have made as I said even additional provisions. The slippages have been on a net basis, hardly about Rs.20 Crores but as I said we have made additional provision for NPA. The figure here is showing net mainly because one NPA has been converted to equity shares therefore the amount of provision that was held for that NPA has got transferred to depreciation on investment that provision for investment so therefore it is not a net reduction. This is a movement from one head to other. Otherwise we have continued to make anticipatory and conservative provision for NPAs also. So net, net the provision total have gone up by Rs.601 Crores compared to year-on-year comprising both of regulatory requirements as well as the additional voluntary provisions that we have made. This has also increased by about 85% if you compare serial.

The next slide shows the movement. Yield and advances have improved mainly because of again the impact of the changes in RLLR that we are doing and also the lag effect coming from MCLR revision. NIM has improved to as I said this 4.22 is without taking into account the interest on refund of income tax. The cost to the net income remains steady more or less at 43%.

The next slide we have shown this cost of funds and cost of deposits there is a lag effect here. We have increased deposits rates, slightly behind the market mainly because we do not want not play a leader function here, but the revision in the deposit rate will gradually have an impact on the portfolio. We would see some amount of increase in the cost of deposits, but we expect that we will also see a corresponding improvement in the advances side so that we will be able to maintain our NIM at the healthy levels that we have currently.

On slide 17, this is the balance sheet. You can see that we have grown to Rs.309000 Crores approximately.

Going to slide 18, as I said total deposits have also improved to Rs.230000 Crores. CASA has improved. The composition of deposits more or less remains the same. We are looking at where need additional requirement. We are strategizing to increase the deposit rate to respond to the market moves made by other banks. Along with that, we will also be pursuing now to mobilize more bulk deposit. In the previous few interactions we had indicated that there is some scope to increase the composition of bulk deposits because we are at quite a low place here, so we will look wherever we find it competitive we will be raising bulk despoils and we can see that 5.5% even going up to say 8% or 10% or slightly beyond that also.

On the business performance, again the net rate that is the saving deposits has shown a growth of 5% Y-o-Y but more or less level with last quarter. Retail deposits also have grown by about 2%. Current deposits has grown by 7%, but this is slightly volatile. Bulk deposit as I said Q-o-Q we have grown by 11%. This is the strategy so I think Q-o-Q sequential over the current year you will see a little growth on this side. On the business performance and advances more or less as far as in terms of composition of the component of the advances it has remained steady sequentially as compared to last quarter. Our strategy remains the same. That we will continue to pursue a differentiated granular approach to build up more retail business and we will follow a calibrated approach towards the corporate book. We are extending all types of revenue that we can exploit in terms of enhancing our relationships with both the existing mid corporate, all the mid corporates that were there in our book earlier but had to exit during PCA regime as well as also to generate business from erstwhile mid corporates with whom we did not have relationships earlier. Large corporate also we will be looking at, but that will be on with a lesser emphasis.

Now coming to business performance the gross advances have grown. Out of that the standard component has also grown you can see. On the back of mainly the growth in retail, which has registered about Rs.4800 Crores increase. On the corporate retail, as I mentioned that this will also now remain within range that has been our strategy and the net advances have grown to Rs.146752 Crores. Coming to the next slide this is the priority sector. We have achieved all the targets. The amount of PSL deposit that we have are gradually coming down with the debt repayment on the scheduled maturity.

Coming to slide 24, this is the investment breakup, the AFS breakup. Again this has not been much of a movement from the last quarter. We will to the extent that we have booked gains from transfer of securities or direct sales from HTM we will look to build back that thing to such an extent so you will see some build up on that portfolio otherwise modified duration of the AFS portfolio is quite under control at 1.27%.

Next if you come to slide 26 this is the provisioning we have for the COVID portfolio. Last June itself we have taken it down to two components. One was the Rs.116 Crores as required by RBI regulation as well as Rs.360 Crores as required by RBI regulations for the FITL and other mandatory provisions arising from COVID restructuring. That is total Rs.476 Crores. That has marginally gone up Rs.486 Crores mainly because RBI has clarified in August that the percolation of these accounts also should be provided for. This came in mid of August and that provision also we have done. The contingency provision which is something which we have done anticipating that some stress may emerge out of this portfolio, that we have taken it a little higher this time not because of there is an increase in SMA one or two, but we want to see the year play out fully. We would like to wait till March 2023 before we feel that okay that most of the part has been negotiated. The experience in the first half has been encouraging. The slippages have not at all been to the extent that it was apprehended during the beginning of the year, yet we would continue our conservative stand as far as provisioning is concerned. We enhanced that amount of provisioning to Rs.980 Crores therefore about Rs.1000 Crores additional we are keeping on a voluntary basis.

The next slide is on the PCR, therefore it has crept up to Rs.97.86 Crores with the additional provisioning that we have made on the doubtful two category so now if you look at doubtful two almost 50% is now fully provided and the remaining 60% is provided to about 64%. Now overall therefore, we have in doubtful-1, we have about 1/3 of the portfolio provided at 100%. doubtful-2, we have about 100%, and probably we have the highest PCR in the industry now for us at 97.86%.

On the NPA movement, slippages sustain and the increase in existing NPA have come to about 663 Crores. Settlements and upgradation aggregate to about 640 Crores, and therefore, the net increase is only about 23 slippage this time, and we are proposing a write-off of about 5200 Crores. So overall, the closing balance is lower by about 5200 Crores. That is 28722 Crore. The slippage ratio after taking this into account, this slippage coming to about 1.31%.

The credit cost for the quarter has come to about 0.18 %. This, of course, is because, as I mentioned, this also takes into account that the movement of the NPA provision it is not likely to remain at this subdued level of 0.18%. But definitely, we are expecting that it will remain at about 1% or lower than that for the current year.

Next slide is the NCLT, is a summary of the position. I will not go much into detail on this. On the next slide, on the SMA position, again, I will not dwell much on this. It is quite well under control as compared to last quarter, it has marginally improved.

The last slide on the capital adequacy, again, I mean I just mentioned that the increase in RWA, which I said earlier, has come due to increase in credit risk weight, slight increase in market and overall capital adequacy, all our figures are comfortable. Leverage ratio is 7.5%, which is quite comfortable, and the last slide is on the shareholding pattern. Again, here, there is nothing much to say. There is not much any big change in the shareholding pattern compared to last quarter.

So we come to the slide 35. These are the customer included financial transactions on the digital basis. We have not yet set up any DBU to anticipate a person but we do have plans eventually to do that. As of now, this entire digital footprint is through the existing digital offerings that we have by way of both ATM, online, the banking, mobile app and all other alternate channels. So, you can see that there is about 95% of the customers into transactions are now going through the digital channel, out of which UPI has taken the lion’s share.

So next is just giving a breakup of the digital footprint. I will not take up your time on this nor will I take you through for the next slide. This is a report on where we stand as far as the financial inclusion is concerned. The next 2 slides are on the financial inclusion. When you come to the subsidiary slide, all the subsidiaries have reported gain for this quarter.

Rakesh Sharma: Now the guidance part, of course, we had at the beginning of the year, we had given certain numbers. So as you will see from the presentation which our CFO has made, we have over performed on almost all the parameters. As regards the business growth, advances as against 10% to 12% target, we have grown by 17% in net advances, but the ROA is also above 1%, and the slippage ratio is well within control. Against our estimate of 2.5%, it is 1.31%, and the credit cost also is lower than that. ROA and ROE also we have been able to improve, and the NPA level we had indicated that net NPA at 1.25%. So we have already reached 1.15%. As far as gross NPA is concerned, we had indicated that we will be below 15% by March 31, 2023. Now we have reached almost 16%. So that way with the transfer of some assets to NARCL, which are identified for transfer, and now NARCL has already started giving some offers. So with that, we expect that some assets will be transferred to NARCL by 31st March, we will be much below the 15% because the number, which we had indicated earlier.

NIM I think it is 3.2%, it is 4.37%. Even if we exclude income tax refund interest, then also it is 4.22%, and we are quite comfortable here, and the digital footprint also, a lot of initiatives have been taken. We have done a tie-up arrangement for supply chain finance also, and the cost-to-income ratio also is much, much below the expected level.

So as we had indicated, so we have over performed in all the parameters, and we are quite hopeful that this type of performance, we will be able to sustain it. Rather, we will be able to improve working performance. Now we can take questions, if any questions are there, and we can go ahead. Thank you very much.

Moderator: Thank you very much. We will now begin with the question and answer session. We take the first question from the line of Sanjeev Kumar Damani from SKD Consulting. Please go ahead.

Sanjeev Kumar Damani: Hello Mr. Sharma and Mr. Sitaram, am I audible.

Rakesh Sharma: Yes we can hear you.

Sanjeev Kumar Damani: I have some questions for my learning and some for explanation. My first question is gross and net advance what is the problem.

P. Sitaram: Gross advances, advances deducted are the provisions that we have made for nonperforming assets that is net advances.

Sanjeev Kumar Damani: Gross advance is bigger and net advances are lower, am I right sir.

P. Sitaram: Yes, gross advances minus provision for nonperforming advances is net advances.

Sanjeev Kumar Damani: When I was seeing in the slide, the gross advances figure was bigger.

P. Sitaram: Yes, gross advances minus provision for NPA is equal to net advances, so gross advances will be higher.

Sanjeev Kumar Damani: Second my question is regarding investment in the shares of National Stock Exchange. Are we still holding them or they are also disposed?

P. Sitaram: We have no holding in NSE.

Sanjeev Kumar Damani: You do not have any, okay. Secondly, you know that the company is going for divestment by government of India. So in the process, I mean, have we identified certain assets which have very big value in the sense that some of the building, plants, etc., that IDBI is holding or having offices at various places all over India. So I mean, have we thought of this while recommending our divestment that these assets should be either taken out or realized before giving it to any third party?

P. Sitaram: First of all, that transaction is from the owner side that they want to sell shares to someone else. So the bank by itself will not do anything because of that, and secondly, we are following the accounting policy as per our Indian GAAP, which is presently there, which requires the revaluation of fixed assets on a periodic basis. So for the last revaluation that we have done once in three years we keep doing, and so for the impact of the current valuation is already reflected in the balance sheet. Investments are also as per RBI norms mark-to-market. Therefore there would also be market valuation.

Sanjeev Kumar Damani: We have shown certain investment of debenture 3166 Crores and some total 93148 Crores worth of investment has been there apart from deposits with RBI. So this 93 Crore investment is at book value or it is realizable value in the presentation?

P. Sitaram: No, as I said that, see, the RBI, we classify the investment into 2 categories broadly. One is called held to maturity stage and that is held at the value at which we have invested, and the other is comparison of either available for SALES or the help of trading. Together, these are the mark-to-market constantly, and whenever we declare results, it is at the latest values we report.

Sanjeev Kumar Damani: Regarding NPA, when you refer to NCLT and matters are under obligation of NCLT settlement, so they are already written off from the books of account as it is?

P. Sitaram: No, no. Not Necessary. They are nonperforming. But how much provision we made and whether we write off all those are the voluntary additional value.

Sanjeev Kumar Damani: I am very sorry. Actually, I should have said that whatever matters are disputed, referred to NCLT or are under negotiations for that much value provision is already made as NPA in the books of account.

P. Sitaram: The provision for NPA is determined by the rates at which RBI has mandated. There the calendar rate of provisioning, we make that, plus there are other rules. As per RBI, we make additional provision, and the third, over and above that the bank can make an assessment and make even higher provision as per the management. So these are the 3 components of NPA approval.

Sanjeev Kumar Damani: You very much talked about this that you have made higher provisioning of 1000 Crores extra over and above the required one. Am I right, sir, you said this.

Rakesh Sharma: You have already seen our NPA it is 97% is our gross NPA, we have already provided for that.

Sanjeev Kumar Damani: I have another request in the next presentation if this data that you have given, if this is not repeated, then it will save time for us. So the data is already given. Thank you very much from my side. You have not commented on any disinvestments so I was just eager to know what will happen to these investments, any comments you can make on that.

Rakesh Sharma: No, we will not be able to make any comment on the divestment.

Sanjeev Kumar Damani: Okay. Thank you very much Sir.

Moderator: Thank you. We take the next question from the line of Pranav from Rare Enterprise. Please go ahead.

Pranav: Sir, from the publicly disclosed document of EOI, so they are saying that 22500 Crores is the minimum net worth required. So I am saying I do not want any data that is private, but they have publicly said that in the document, divestment document. So can you just spend some time on like explaining this 22500 Crores net worth at NOFHC level, that is non-operative financial holding company. At that level, this networth could be contributed by consortium or a single player? And also, is there a leeway to contribute that by debt. So for example, 22500 Crores is required to be the net worth, and whatever is say today, there was a news that $7.7 billion is expected out of your value and 61% of that would be held by NOHFC or the bidder. So can this be contributed at a NOHFC level by debt?

Rakesh Sharma: Thank you very much for asking. But please forgive me for saying this, that one, in that EOI itself they have clarified that if any questions, written questions, you require any queries are there on the offer document, so by 28th October, you can raise the queries to, one, Mr. Hitesh Sachdeva in KPMG. So I will request you to please direct these questions because this entire process is being held by the transaction advisory.

Pranav: Prefect Sir. I will come back in the queue after sometime.

Moderator: Thank you very much Sir. We take the next question from the line of Nitin Bhalla, Individual Investor. Please go ahead.

Nitin Bhalla: On your results you have mentioned 608 Crores has tax, So Sir, why the tax is so higher this time?

Rakesh Sharma: There are two reasons. One is the deferred tax that we have provided earlier, above provision some provisions the income tax has actually allowed. So what has been allowed, the corresponding deferred tax we had to write off so that is one component. The second is due to business loss and whatever income we cannot do any further carry forward loss so there is a tax effect on that and we have made a provision and rest is the normal course of provision.

Nitin Bhalla: So in the coming quarters we will be paying higher tax.

Rakesh Sharma: As we had said, the adjustment we made on the deferred tax, that will not repeat again, so going forward there will be normal rate.

Nitin Bhalla: IDBI bank after all these years of losses, has come to profit and profit is increasing every quarter-to-quarter, but what I am seeing is our deposits, they are not growing at that speed.

P. Sitaram: There are two components, all these years we had surplus liquidity and the growth has just started, so at the beginning whatever excess liquidity we had we had to use it and we are seeing in the market where the interest rates are going, what the other banks are doing and based on that we increase our interest rates. So going forward as the deposits increase we will also adjust the interest rate accordingly and increase the deposit rate. If you see the CASA component mainly, it is quite high in the industry. What has reduced for us is the bulk deposit which we can recover easily when required. So we are also looking at the situation on a day to day basis and how it goes we will change our deposit rates accordingly.

Nitin Bhalla: On loans how aggressive are you in giving them, corporate loans, big loans. You have done well in housing, but there is no big growth in corporate loans, so what is the plan over there.

Rakesh Sharma: Initial there was no growth, because of PCS the advances level have come down. Once we exited from March from PCS, we took some time to adjust, we did not **43:09 hindi**. But if you look at this quarter, Y-o-Y meaning September 2021 our advances to corporate and now the net advances, because one as to look at net advances for growth, there total **43:22 hindi** because corporates before limits were not utilized and for good groups we have sanctioned addition limit, so once we are out of PCS, initially it was slow, now it is normal and going forward we are confident that this will grow.

Nitin Bhalla: 10-15% growth in coming quarters.

Rakesh Sharma: The growth that we estimated at the beginning of the quarter we have thought 10-15% but since there is good growth and looking at market scenario we will also look at mid term review after September results and then decide how the market scenario and what is the demand in the market and we will adjust the growth accordingly but he normal growth we do not want less growth or high growth, we want normal growth where the quality of our advances we will maintain that and have a good growth.

Nitin Bhalla: On the bad loans, how much has been recovered.

Rakesh Sharma: This quarter we have recovered 4000 Crores **44:47 hindi**.

Nitin Bhalla: For the coming quarter and financial year can we make more than 1000 Crores profit.

Rakesh Sharma: In March 2020 when we started to do profit, 1500 Crores, you can see in each quarter we are seeing growth so our target is to grow business, reduce the NPA, slippages and do the recovery and whatever profit we get from hereon let us see.

Nitin Bhalla: **45:44 hindi**.

Rakesh Sharma: (hindi).

Nitin Bhalla: (hindi).

Rakesh Sharma: (hindi). Thank you so much.

Moderator: Thank you very much. We have another follow-up question from the line of Mr. Pranav from Rare Enterprise.

Pranav: Sir, could you spend some time on explaining where the credit demand is coming up? Also, will this credit demand increase or decrease going forward for 2, 3 quarters? That is first question. Also second question is that, do you think that short-term rates will even spike from here? Because I think after a lot of time, banking liquidity that is left has become negative in deficit. So can short-term rates spike even higher from here? And in that case, will it be more prudent to improved deposit rates before everybody else so that you can get incremental volume of deposits?

P. Sitaram: Yes. Credit growth is driven by different factors in the different segments. First, on the retail side, though there was a lot of fear that credit growth will be very tempered because of the increase in interest rates, I think we are all being proven wrong that despite increase in interest rates, a lot of pent-up demand in consumer financing, home loan financing is showing up, and there is no letup in the demand for retail credit growth as well.

Now coming to corporates, again, the drivers investment cycle seems to be picking up. But even before that, those projects are still in the drawing board. Drawdowns are to happen, sanctions are happening, but drawdowns are yet to happen. But the utilization of credit by corporates is going up mainly because of the inflationary impact, the commodity price is going up. There is an uptick in the capacity utilization levels also across all industries. Hence, there is a higher utilization of working capital limits already sanctioned. Also, some demand has come from the bond market to the loan markets now because of the rates in the bond market having acted more sharper than the loan market. So there is a host of factors which is driving up the credit growth you would have seen almost all the banks. In fact, RBI's latest published data sales, about 17% has been the credit growth in the last month's reporting Friday, and we are also, if you look at our credit growth is also, we are also almost there. Going forward, the outlook, I think the credit demand should hold up because, as I said earlier, the investment cycle is, again, the private sector investment, which was very low in the last 3 years is back on the table. So fresh Capex and also both brownfield and greenfield investments are happening. So that should push up credit demand. So from the demand side, I think credit growth should be quite robust in the next 2 years going forward.

Now coming to the second part of your question on growth in deposits or the liquidity. I think we are already seeing some actions from all the banks. Banks are increasing deposit rates. There is some chase for liability relationship deposits as well. But specifically about IDBI Bank, as CFO in his presentation said. To begin with, we started with a huge liquidity. Our LCR was about 140%. So to some extent, we have used up that excess liquidity. Even now, our liquidity is quite comfortable. So if need be, we can tamper the rate, we can increase the rate on the bulk deposits because the headroom to increase our absolute bulk deposit is much higher today.

Three years back when our bulk deposits were about 7000, 7500 Crores, we have brought it to about 10000 Crores now. So there is a lot of scope. We can increase. As you know, bulk deposits are a factor of the interest rate. We can play on the interest rate for bulk deposits and increase our deposit size also. So there is no concern as far as our bank is concerned.

Pranav: Okay Sir, thank you.

Moderator: Thank you very much. Ladies and gentlemen, that was the last question for the day. I would now like to hand the conference over to the management for closing comments. Thank you, and over to you, Sir.

Rakesh Sharma: Thank you, Madam. Let me conclude by stating that as we move forward, there will be a lot of pleasant surprises. Overall, IDBI Bank is posting good performance every quarter, and we are committed to enhance it further, sometimes bettering our projected number on select parameter as we did in the previous quarter. I again express my gratitude to all of you for your presence here and wish you a very happy Deepawali. Thank you very much.

Moderator: Thank you. On behalf of ICIC Securities, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.