बैंक ऑफ महाराष्ट्र
Bank of Maharashtra
भारत सरकार का उद्यम
एक परिवार एक बैंक

बेटी बचाओ बेटी पढ़ाओ

AX1/ISD/STEX/71/2024-25 **Date: 20.07.2024**

The General Manager **Department of Corporate Services,** **BSE Ltd.,** **P.J Towers,** **Dalal Street, Fort,** **Mumbai-400 001**	**The Vice President** **Listing Department,** **National Stock Exchange of India Ltd.,** **Exchange Plaza,** **Bandra Kurla Complex,** **Bandra (East), Mumbai-400 051**
BSE Scrip Code: 532525	**NSE Scrip Code: MAHABANK**

Sir/ Madam,

Sub: Transcript of Earnings Conference Call with Institutional Investors / Analysts held on 15th July, 2024

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of conference call with Institutional Investors/ Analysts regarding Financial Results of Bank for the quarter ended 30.06.2024 held on Monday, 15th July, 2024.

The transcript of conference call is uploaded on Bank's website and same can be accessed through below link:
https://www.bankofmaharashtra.in/financial_results

Kindly take the same on your record.

Thanking you.

Yours faithfully,
For Bank of Maharashtra

VIJAY PRAKASH SRIVASTAVA
Digitally signed by VIJAY PRAKASH SRIVASTAVA
Date: 2024.07.20 13:56:41 +05'30'

(V P Srivastava)
Chief Financial Officer

Encl: As above

"Bank of Maharashtra

Q1 FY '25 Earnings Conference Call"

July 15, 2024

MANAGEMENT: **MR. NIDHU SAXENA – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – BANK OF MAHARASHTRA**
MR. ASHEESH PANDEY – EXECUTIVE DIRECTOR – BANK OF MAHARASHTRA
MR. ROHIT RISHI – EXECUTIVE DIRECTOR – BANK OF MAHARASHTRA
MR. VIJAY SRIVASTAVA – CHIEF FINANCIAL OFFICER – BANK OF MAHARASHTRA

Moderator: Ladies and gentlemen, good evening, and welcome to the Q1 FY '25 Conference Call. 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

We have with us from the management, Shri. Nidhu Saxena, Managing Director and Chief Executive Officer; Shri. Asheesh Pandey, Executive Director; Shri. Rohit Rishi, Executive Director and all General Managers of the bank.

I now hand the conference over to Shri. Nidhu Saxena. Thank you and over to you, sir.

Nidhu Saxena: Thank you. Good afternoon and thank you everyone, for joining this con call. We are here with the Q1 performance for FY '24, '25, and data by this time has reached, you must have also seen that. So broadly, I will just in my opening statement talk about few parameters and then straightaway, we can go for the queries and your questions and answers.

So our total business has seen a Y-o-Y growth of 13.5% and stood at INR4.76 lakh crore. Advances grew by 19% at INR2.09 lakh crore. Total deposits grew by 9% Y-o-Y, stood at 2.67%. CASA also has seen growth. Current grew by 10%. SD grew by 6%. Term deposits also have Y-o-Y growth of 12%. CASA share is 50%. Coming to the advances, advances witnessed, 19% growth within which RAM segment also experienced a high double-digit growth and retail grew by 25%, agri by 15%, MSME 20%. Corporate book also has grown Y-o-Y 39%.

GNPA and NNPA numbers, we are maintaining at a very healthy level and there is no challenge we are maintaining around that level only. Whatever guidance we have set for ourselves for this FY '24,-'25 on all these parameters I have discussed. So we are in line and in sync with the guidance that we have kept for ourselves. Certain areas of concerns that we have identified and which are, I consider also not specific to our bank, but in the system, we are seeing that the credit growth is outpacing the deposit growth and there is a stiff competition in this segment. And we are also trying to see that we retain our share and get some additional share of deposits, which are my raw material to fund and fuel this growth in the credit where we are seeing a lot of traction in each of our RAM and other segments.

My slippage and the asset quality are well within my comfort zone. Yes we are mindful of these parameters, none of the parameters should be slipping and we are very confident and very happy that this is again a set of another good quarterly results that bank has come up, which is a performance now consistently coming for the last 13, 14, 15 quarters, and we are maintaining that trend without any deviation in any of the outline parameters.

My PCR stands at comfortable 98.36%. CD ratio has improved to 78.17%, which I consider at a healthy level. There are some initiatives we are taking, especially for deposits, maybe I have a quick mention on those. So we enjoy a lot of government departments, ministries and entities banked with us for their current and savings deposits. So we are, as I last time spoke about relating a vertical new business acquisition that vertical headed by a General Manager has been given the complete machinery and they are working and I'm able to see some green shoots out of their efforts. So traction is seen and we are now further going one level ahead to see that we can strengthen this outreach.

So as I said, some initiatives in the area of deposit, so very quick steps that we took to see that there is no flight of deposits from my bank to other players because, as I said, due to intense competition, some banks are giving allurements with higher rates of interest. So we also had worked out some special schemes as per my ALM requirements and gave them some better rates. So there is a retention of my deposit, no flight.

Also, we were trying to focus through this enabler, Can we get more deposits, more customers added to us? So new CIF IDs that added with the scheme is what we are actually focusing on. Then as I said, we have some government relationship, departmental relationships, we are reaching out to them existing both new relationships and trying to understand from them how to deepen the relationship or what is that we can do to solve any issues while they are doing their basic banking needs.

So things like we encounter that there is a requirement for integration, they run some ERP and they have some APIs through which they can connect with us and we can solve their transactional issues, bulk transactions. –So a lot of technology can take care of their basic needs. So keeping that in mind, we have created a cell and whenever there is a reach out from that new business vertical and requirements are coming, so they are being looked at by our head office in a defined time line. And we are able to get the objective of getting this existing relationship, further deepened and new relationships, we are able to see some green shoots are getting established through this vertical.

We are also looking at the very powerful channel in the digital efforts from any lender today which is the mobile banking app. We are upgrading our app for many features and rather there is a process wherein we will be revamping our entire mobile application and we will be a lifestyle banking solution, which we'll be launching as the new version of our existing mobile app.

So all these small initiatives will be ultimately helping the bank in easily on boarding clients, making them active on our digital channels. My video KYC functions even on Sundays and holidays, which probably my sense tells me that it is a differentiator of Bank of Maharashtra that on the liability side, not many banks have taken initiatives. Digital journeys have been on the asset side, but my video KYC is working fine and I'm giving that option 24/7 on Sundays and holidays. So wherever I am maintaining some relationship with some organization entities, I'm seeing that whether I can give this comfort to them of opening the account on a Sunday, holiday at their convenience which is also going to help me.

We are looking at a few more initiatives, which I can quickly talk about. We want to see how that co-lending portfolio that we are holding, can be further strengthened. We have done some tie-ups and we are exploring more tie-ups with the high-rated NBFCs, whereas risk, governance and other things are well managed. The business is properly getting conducted. We would like to join such NBFCs.

For my infra funding also, I'm trying to see the term lending institutions, can I partner with them and where they have the expertise to assess proposals in the renewable sector, in the infra sector and I can participate and I'm getting certain leads that, yes, this is possible and there are projects where they have given the initial term loan CODs achieved now or some operative account is required, some escrow mechanism is required, and that's how we can build our relationship with these term lending institutions in India and on-board our infra book also further.

We have been also talking about verticalization. We have created a lot of verticals to centralize operations, centralize processing of loans and see that we get good underwriting done in the bank and the centralized operations will help us have a clearer oversight on these critical functions of underwriting, monitoring of loans and seeing that my asset quality and the monitoring is done properly.

So these verticals going forward, we are only going to strengthen and then, we have also looked at product level. There are a lot of new products for the segments in the deposit like segmented products for Ultra HNI, HNI, NRI, some trust associations, clubs. We have existing offerings, but we are going to improvise and see that the products are found attractive and then the process of on boarding themselves is also completely happening seamlessly.

We have also looked at our retail loan schemes. We have mostly revamped, most of our schemes made them more market friendly while seeing that the risk that is there is properly addressed. In the recovery, we have been doing consistently quite good, but like for write-off, our recovery for the full last year was around INR1,000 crore but we keep a target of INR1,250 crore to INR1,500 crore this year. In the write-off book, I have a write-off book of INR20,000 crore, and my total write-off plus NPAs is INR24,000 crore. So Board has approved an NDND scheme, where I can on very liberal terms do the OTS with these things.

So up to INR1 crore is what my Board has approved. INR8,000 crore is the portfolio that is eligible under this NDND scheme. Out of my 6.22 lakhs NPAs, I have 6.18 lakhs NPA accounts, which are eligible in this scheme. So there will be a lot of small accounts, which we can clean up through this exercise. We are trying to see how we can ramp it up. We have around 500-plus properties, which are with me through physical possession. We have started the exercise. Maybe by September, we'll come with a mega auction of these properties where my success rate is always better.

So 2025 is the success rate. If it's a physical possession property that I'm selling and trying to dispose of through auction. So we will do all these initiatives also to see that the more traction is coming in our balance sheet and we get overall advantage. I think this is broadly from my side. Since all the information and presentation is there with you, we can open for Q&A, please.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question is from the line of Rohan Mandora from Equirus Securities. Please go ahead.

Rohan Mandora: Congrats on a good set of numbers. Sir, my question is on slide number 24. If you look at the market risk-weighted assets, that's come down to INR426 crore from INR7,500 crore last quarter. Probably this would be on account of the recent change in regulation. Further, if you can help us understand what will happen on the investment work in this? And also because the yields have moved up sharply on yield on investments. If you can explain how the recent circular is impacted on the investment portfolio? That's one

Second, yields on advances have declined by 18 basis points Q-on-Q. So is there any one-off here? Or what explains the decline? And third, if you can just share your observation on the agri portfolio, how is it behaving any delinquencies there?

Nidhu Saxena: So that yield part, there is a slight decline, but it has no other reasons, but if you recall the regulatory guidelines, that the penal interest, which earlier was part of that is now not charged as the penal interest. It is towards the charges. And that is one of the reason, this change in the regulatory guideline, which has impacted this yield. It's a minor dip and has no specific reasons other than this. I think I'll ask my CFO to take the first question.

Vijay Srivastava: Regarding market, as you know, as per the new investment guidelines in respect of HTM, AFS, there is no market risk, credit risk will be applicable, that's why we could save INR7,500 crore plus and the market risk and there was an increase in credit risk by INR1,600 crore. So this is the impact of changing the guideline.

Talking about yield on investment. You know that as per new investment guidelines, the RBI now, they're not allowing shifting of the securities from HTM to AFS, and earlier the banks used to shift the high-yielding security from HTM to AFS and used to sell to market and the trading property to the higher side. And definitely, when you are selling your high yielding security, your yield on investment will come down.

Now because of new guidelines, all the banks including us, we have not shifted. So this has protected our yields. Of course, you will see that the interest income from treasury has increased, whereas the trading profit has come down.

Nidhu Saxena: As regards to agriculture advances, there is a growth. You would have seen that 35% growth is there. Of course, this is the sector where the stress is high, NPA levels are high, but it is on reducing trend. Now this time, it is 7.88%. And whatever growth we are doing, it is now we are doing away with farm credit, and we are going more into the investment credit like cold storages and food processing units like that. So we are taking the balance view of this and we are controlling the stress also.

Rohan Mandora: Sure. Sir, just on the market risk weighted asset movement. So what you explained was, on the HTM and AFS, credit risk was applicable even earlier and now after the change in regulation that is applicable on HTM and AFS?

Vijay Srivastava: Yes credit risk applicable, but market risk should not be there. So that's why you will find that market risk in March '24, it was INR7,540 crore. It has come down to INR426 crore. It is only applicable in respect of the HFT portfolio.

Rohan Mandora: Got it. And sir, lastly on this...

Vijay Srivastava: Yield is there, we have also accumulated higher-yielding securities. It is also impacting positively on the yield on investment.

Rohan Mandora: Sure, on term deposits, sir, I believe that a good amount of term deposits would be getting auto-renewed for us. So just wanted to understand what is the proportion of such deposits and at what rates do they auto renew vis-a-vis peak rates offered?

Nidhu Saxena: Unlike the saving. TD is a price-sensitive issue. But 20, 25 basis, if market offers more, my client who has been banking with me for years may not. All of them may have exercised the auto renewal option and automatically at the due date, the renewal is happening for them and whatever the applicable rate is for the tenor, it is getting renewed, will apply in the fixed deposit.

We have to also see that our retail customers are getting adequate returns vis-a-vis the market, so my scheme should be competitive. For that reason, what we have done is, looking at my requirements, specific requirements as per my ALM, I have created buckets of 400 days, 666 days, 777 days. And we have offered them something more than which is applicable to the retail investor.

That becomes an incentive for them and they are able to, on maturity, retain. It may mostly get auto renewed or the customer can exercise the option of closing that FDR and then moving it to these special schemes. And then, of course, there's a 20, 25 basis incentive to them, but I'm also fulfilling my ALM as per my need. I created those buckets as per my requirements.

Moderator: Our next question is from the line of Darshil Jhaveri from Crown Capital.

Darshil Jhaveri: Sorry sir, I just joined the call a bit late, so maybe you've already spoken about it, but could you just give me the guidance for our current year, sir?

Nidhu Saxena: Guidance for?

Darshil Jhaveri: For asset growth.

Nidhu Saxena: Okay. Yes, sure. Guidance, it is total business. We are keeping a guidance of 16% for this yearand my advances within which would be growing at the rate of 18% to 20%. Deposit, I know it's very competitive, so guidance we have kept is 12% to 15%. CASA, we will maintain around 50% CASA share. My RAM verticals, RAM to corporate will be 60% to 40% ratio and there'll be plus/minus 2 basis. My interest income growth, 18% to 20%. For the last 2 quarters, we have achieved the NIM of 3.97%, but we are mindful of the impact, which may be created tomorrow if the rate cut is given.

So we should be maintaining NIM guidance of 3.75% to 3.9%. Noninterest income also is growing, and we'll keep a guidance of 15% to 20%. Cost to income, 37%, 38% and I'll keep it below 40%. ROA, we have clocked 1.72%, but we are comfortable to maintain a guidance 1.5% to 1.6%, . GNPA it is 1.85% around and we will maintain it below 2%. NNPA between 0.2% to 0.25%. So these are broadly the guidance I would like to share. My CRAR would be between 16% to 17%.

Darshil Jhaveri: And sir, credit cost, sir?

Nidhu Saxena: Credit cost is 1%.

Darshil Jhaveri: Okay. Fair enough. And sir, just wanted to get maybe like an idea from you what kind of roadblock or like a competitive intensity is there in deposits or anything else that you would like to share that on a background of business industry level, that would be problematic to our bank?

Nidhu Saxena: So if it is the deposits you are trying to ask, so this point definitely was discussed, but I can very briefly tell, yes, this is a very intense competitive area. Now every lender and the system is also seeing that credit growth is outpacing the deposit growth in the system and I'm not out of it, and every bank is getting that same impact.

So what we are trying to look at is I enjoy a lot of patronage from my clientele. So I'm trying to reference that first of all and then we are taking a lot of initiatives around to deepen this relationship, taking care of their other banking needs. That relationship is strengthened and we reference ourselves that there is no takeover of this kind of business or my clients.

Then over and above that, we are taking some proactive steps. We're moving to get new clients added, new customers added, whether in the retail segment, whether in the institutional segment, both require a different set of strategies. So my products are getting strengthened, we are improvising our products. We are introducing new products. We are looking at facilitating the onboarding process, making it simpler, easier.

So I spoke about the initiative of video KYC working for me 7 days a week. So even on a Sunday and any holiday, the customer can take this option and onboard himself or herself. By opening the account, we are revamping our mobile banking application, which we know and we consider that is a very powerful medium today. The most used channel among the digital channel is the mobile banking app. That is getting strengthened and we are rather in the process of introducing an entire new lifestyle banking option where I'm targeting by September, December, the first few set of services will be on boarded and where we'll be able to showcase and give to our clients much, much easier and more number of services through that application.

Moderator: The next question is from the line of Bunty Chawla from IDBI. Please go ahead.

Bunty Chawla: Congrats on a good set of numbers. As we have seen historically, there has been a strong improvement in agricultural NPA, which has supported us in terms of credit cost and improvement in the ROE. Now the scenario of around farm loan waiver, which is happening, and specifically, if I talk about the Maharashtra state, there has been announcement from the government that there should not be any CIBIL score for the farm loans. So how one should see the impact of this agri NPA going forward and specifically credit costs and asset quality and ultimately, the ROE impact in next year and next to next year?

Nidhu Saxena: A little bit my general manager recovery had spoken about the agriculture that we have migrated, deviated ourselves from doing KCC loans, farm loans to going forward towards investment credit. So to a certain extent, that takes care of my problems. Yes, these developments does have an impact on our recoveries also at times, but we are also trying to track and the monsoon predictions this year are towards normal or above normal rainfall.

All these things ultimately lead to better crop output, and we don't see major challenges coming out from this segment. And so far, agri NPA is been continuously getting reduced. Things are well within control, and if this monsoon is favorable, I think going forward, we don't see a major challenge building up for any banks for that matter.

Bunty Chawla: From the incremental basis, I agree and you have been focusing on the NPA on the agri side on the investment portfolio. But already, we have done lending to that. So have we taken care in terms of 1% credit cost which you have guided for? Have you taken some bit of increase in NPA, which we are seeing in the agri portfolio?

Vijay Srivastava: Yes. So you see that during this quarter, additional INR300 crore of provision in the standard provisions we have made, that is for the agriculture. As you know agriculture is subject to natural calamities, so we are also mindful of such things. And when your balance sheet is strong, you can create such cushions also. We have already created a cushion and this quarter, we have created cushion of roughly INR300 crore in the balance sheet to take the unforeseen stocks.

Nidhu Saxena: Credit cost is higher today because we are providing almost everything. You would have seen that our PCR is 98.38 and then entire thing is being provided and net NPA is 0.20. So that makes my credit cost more. Regulatory requirement, credit cost is absolutely below 0.40. Conservatively, we said 1 because we are keeping this trend of over providing everything to ring-fence ourselves.

Bunty Chawla: Okay, sir. Lastly, on the infra book if we have seen, as a percentage of advances, there has been an increase from last two years. And now this infrastructure provisioning, which has been the circular from the RBI side. Any rough estimate we have done any calculation on the provisioning part on infrastructure?

Chief Risk Officer: As per the draft guidelines, we have estimated it is coming around INR490 crore. As per the draft guidelines, this provision will also be there if it is implemented starting from 2025 to 2027which is over a period of three years. So if we make it INR490 crore over a period of three years, our impact is very less and alternatively we've also done some analysis whereas these additional provisioning, we can pass on the increasing interest to the customer for maximum to 0.4% to 0.5%, like that.

Bunty Chawla: Sorry to interrupt, sir. Have I heard rightly, INR490 crore, you said?

Chief Risk Officer: Yes, INR490 crore, and roughly our additional provision will be there. And as per the RBI draft guidelines, that provision also we can move on over a period of three years, starting from 2025 to '27 if at all these guidelines is implemented. Currently, it is a draft. So that is why I'm telling this INR490 crore, we can spread over a period of three years.

Alternately, we have an option that we can give some additional provisioning to increase our interest rate to our customers who are coming under the under construction phase. Based on our analysis, we have seen that we can increase the loan pricing by 0.4% to 0.5%.

Asheesh Pandey: Yes. Chawlaji, actually, if you see mostly though infrastructure and construction-related loan where construction risk is there, there is always two set of rate of interest. One is the pre-COD and post-COD. So generally, the difference between the two somewhere lies between 0.5 approximately. And certainly, when it is a guideline sort of then depending upon the competitiveness, depending upon the rating of the company and depending upon the other participants in the industry. So certainly there is always a chance where you can pass on this. That is the assessment which us in our banks and also the other banks which they have done and discussed.

Bunty Chawla: Thank you very much. That was very helpful. Best of luck for the future.

Moderator: Thank you. The next question is from the line of Ashlesh Sonje from Kotak Securities. Please go ahead.

Ashlesh Sonje: Two questions from my side. Firstly on the recoveries from written off accounts, have you already started using the NDND scheme for your OTS and because your recovery from written off account is fairly high in this quarter at INR470 crore?

Prashant Khatavkar: Yes. This scheme is already there. We focus on the small accounts for recovering written off accounts and this quarter what you referred, this more recovery is also because of one account which was actually previously recovered having some legal causes there. And that is why that is accounted this quarter. But on an average, we envisage our recovery to be around 1,000, 1,500 in written-off accounts.

Ashlesh Sonje: And what was the quantum of this one large recovery?

Prashant Khatavkar: INR200 crore.

Ashlesh Sonje: Okay. Sir, secondly what is the conversation that you are having currently with the RBI around the ECL provisions? Any clarity on the timeline and calculation methodology?

Vijay Srivastava: Though RBI had issued a draft guidelines, but it has to be finalized and we have been submitting the half-yearly pro forma financial statement to RBI where we are crunching the ECL number. So looking at our profitabilities and the time mandate given by the RBI for amortizing that ECL provision, we are quite comfortable.

Ashlesh Sonje: Sir the question is around the timeline for implementation. Any clarity on that?

Vijay Srivastava: Timeline for implementation that it is up to RBI when they come with the final guidance, but at our side we are keeping our self-ready. We have already on boarded or equipped for Ind AS software and E&Y for the implementation and it will take another 9 to 12 months to start the things.

Ashlesh Sonje: Perfect sir. Just one last data keeping question. What is the amount of provisions that you are carrying on the restructured advances on the outstanding provision?

Vijay Srivastava: Roughly it is INR250 crore.

Ashlesh Sonje: Okay sir. Thank you.

Moderator: Thank you. The next question is from the line of Ashok Ajmera from Ajcon Global. Please go ahead.

Ashok Ajmera: Thank you for giving me this opportunity. Congratulations Nidhu sir and the entire team of Bank of Maharashtra for yet another good set of numbers. Sir, I have got some data points and some observations. The data point is sir if you look at our balance sheet the reserves and surplus is INR14,083 crore as compared to the March INR12,593 crore. So INR1,490 crore our net worth has gone up our reserves and surplus whereas the profit is INR1,293 crore. So this INR197 crore which has been added to the reserves and surplus is on what account? Is it because of the change in that investment that the profit of the AFS book goes to mark-to-market goes through the reserve or any other region for this?

Vijay Srivastava: You rightly said this is on account of the appreciation which has gone to the reserves. As per the guidelines whatever the AFS gain/loss that will go to general reserves on 01/04/2024. So it has strengthened the reserve and surplus and second point is that appreciation you cannot take back in P&L account. That's why we will see that trading income is muted in the first quarter of the financial year.

Ashok Ajmera: Is that the entire INR197 crore or it has element of some other items also?

Vijay Srivastava: Mostly it is that appreciation in the investment book.

Ashok Ajmera: Now coming on the credit and the business growth. The Bank of Maharashtra over last almost 3 years, 3.5 years is known for its excellent performance or accelerated growth. The time was there when CASA was 55%, 56% the credit growth was 26%, 28% and equally the deposits were also good, but of course I can understand that the bottom line, I mean the base also has gone up.

So now we are coming slowly a little on the lower side like in this quarter our credit growth is hardly 2.65% or something. So you have given the target of 18% to 20%. So how do we actually intend to grow our credit portfolio from here because if it is only 2.5% now, are we growing by 15.5% in the remaining 3 quarters and how do we achieve that? This is on the credit side.

And on the deposit side we are declining on the overall deposit book as compared to March, I think it has gone down by about INR3,000 crore. So that is also equally a very important point though you have maintained the target of CASA 50%. That's a very welcome move. So on both these deposit and credit growth the overall business growth, what actually are your plans and how do we increase the credit and under what segment because the agri is already too much. And our MSME book is too low as, I mean, especially the medium, if you leave the small and micro your comment, sir?

Nidhu Saxena: So Ajmeraji absolutely there is no cause of concern. What we are looking at is because maybe Q1 is always a muted quarter which is in the industry scene and we've muted a lot of activities, audit, this movement of the staff, annual transfer exercise. All these have some bearing and impact. We also had the general elections and these things actually a little bit disruption gets created in the normal functioning. So Q1 performance is no worry for me. If I look at the Y-o-Y, the Y-o-Y growth that has been achieved in advances is 19%.

So this quarter, June '23 also had similar challenges, June '24 at the same set of challenges. And we have done a Y-o-Y growth of 19% in credit. So it's not a major cause of worry for us. But yes going forward we have to look, see you rightly pointed out that for some 2.5, 3 years is what you said I think on 3 years, 3.5 years. We have been performing at certain level and we have been generating those numbers.

We also, going forward, want to now become a bank of greater significance. So maybe if we have to grow in size we will have to also open up to new opportunities, new areas. Currently maybe we were doing selective basis, we'll have to open up and maybe the kind of NIMs that we command, what we do with that, whether we enter into new areas to grow in significance.

So those kind of challenges will be there on which we will keep debating and working out, but I don't foresee this Q1 muted performance where Q-on-Q YTD growth is what you pointed out is not a worry point for me. Replying to your RAM corporate we have a guidance for ourselves 60-40 and this Q1, it was 61-39. So we are within that guidance, and we will see a lot of traction coming for retail advances.

We are growing there under each of the segments of RAM. There is no problem yes the private capex cycle which we all have been discussing at several forums those things are yet to be seen. And I think couple of quarters ahead that also will come, and then we'll get more and more opportunities. Currently we are trying to look at infra, renewable portfolios within Infra, LRD.

These are areas where the government PLI is there, those sectors are our preferred sectors. So we are focusing on them and as and when demand is coming from these sectors we are there to participate as per our appetite and see that what we are able to gain for the bank. So going forward growth will not be a challenge and specifically a lot of initiatives around products, the processes, and our turnaround time in communicating decisions. If we are improving on those using as much as possible technology I see there will not be a challenge to become a bank of greater significance and we are also mindful that today we want to see that when we grow, this growth is sustainable one and we should have a strengthening of our risk, governance and ensure that technology structure is strengthened to let me take care of the technology risk and the cyber risk. So keeping all these things in mind, we have recently gone for a specialist recruitment, where 195 officers will be on boarded in the risk management the treasury, the forex, the risk and the technology.

So this will all help me strengthen my risk and governance culture, compliance culture also strengthen my technology structure that is there and properly guard myself on the technology risk that we are seeing in this thing. So with all this, we are properly, I think, moving in the right direction and growth and the sustainable growth is what we are targeting.

Ashok Ajmera: Sir, one point is we have a COVID reserve for I think, for last almost 2 years, 1.5 years of INR1,200 crore, and even auditor also has pointed out in the measure in the emphasis that we have a COVID-related provision of INR1,200 crore. Although our provisioning is within control but in order to show a better profitability as compared to other banks, do you have any plan to use a part of this COVID provision, which is no more required and no chances of as such of any contingency on account of COVID is there now, of this INR1,200 crore, any plan for that?

And my second thing, needed a little more information. We have been talking about digital and tech front, but like earlier there used to be a report in our quarterly results also that how many cycles have we completed? What is the kind of budget, which was there? How much have we consumed, how much budget do we have? And where are we heading finally on the technology front. So these are the 2 things, sir.

Nidhu Saxena: So 2 parts. I think, sir, the part one is my silver jewellery, family silver or whatever we call which we'll keep. See, if you look at broadly the guidance, which is coming the advisers, which are coming from the regulators not only in India world over that when the good times are there you may create extra provisions for itself. And so if you plan for bad times that may hit you later on.

So we have been just following that strategy. Good times are there, so we are keeping extra provisions on that. We don't intend to touch on those things because my operations and my intention is that every quarter we can just add up to that. So we live with that same philosophy that good times you should plan and make the extra provisions more than regulatory prescriptions for times when they change, when the times move towards the hard times. I think for the technology, I will ask my ED to respond budget and other things. Anything you want to add Srivastavaji on the provisioning part.

Vijay Srivastava: To supplement MD sir, he rightly said, see these are our silver. In this quarter, we have also added INR300 crore in that silver. So, when good days are there you try to accumulate the things, so that it can be consumed in bad days. Though we are not seeing bad days for longer terms also, we'll continue to accumulate such provisions in our books to strengthen the balance sheet.

Asheesh Pandey: Yes. Ajmera sir, coming to the second one on the digital front, maybe we always share that what is our budget and utilization. So last 3 years, this year, it is almost INR1,000 crore approximately, which we are having. And if you see on the technology front last 2.5, 3 years, if I take then all over has 3 switches which is one is the [EF2 switch] we have already migrated. The second one is Fi switch we have already migrated. Now we will be in the position to onboard almost 9,000 bcs in a phased manner in next 6 month to 1-year period with more than 100 services. So that Fi switch recently only, I think some 15 places we have migrated.

The third one UPL, we are in line in that. Now coming to the DC, DR and near DR all the 3 are not upgraded, even shifted to the best in class. So that is the second point. The third is that most of our cloud and what we say NAKSHATRA 2.0 and for cybersecurity covers 2.0. So we have now invested huge on all these RFPs are on the closure side and moving to implementation side is still because as our MD has said that we have plans to deepen the relationship and also to give a good on boarding convenience to the customers.

So on that, 3-4 things are very much required. One is the CRM solution. The other is the Life Style banking covering mobile and the third is the Microsoft entire suite. So Microsoft we are on the verge of my implementation. The entire audit because when we talk about growth totally when we are asking about 28% to 29% growth and the other things then we need to have a good the GRC mechanism.

So our entire audit package is now launched almost 6 modules and now another 6 months' time. So we are going with the 19 modules in that target package. So coming to 4- 5 things, which are the major ones. This RFDs are almost closed and we are in a process for the issuance of the purchase order and implementation as well. So I think the upgradation of the entire infrastructure not only software but even hardware has been refreshed and it is all on the implementation side. This is the position latest as of now.

Moderator: Thank you. The next question is from the line of Yuvraj Choudhary from Anand Rathi. Please go ahead.

Yuvraj Choudhary: Congratulations on a good set of numbers. Sir, can I get some colour on the Agri book like how much would be the share of KCC loans? And how much of the Agri book would be based out of the state of Maharashtra?

Prashant Khatavkar: Agri book, as I already explained that we are now concentrating more on investment credit rather than farm credits. But still the percentage of growth is there. It is almost 35% and we are growing in Agri ancillaries at highest 38%.

Asheesh Pandey: And as far as KCC is concerned concentration in Maharashtra is almost 60% and other than Maharashtra it is 40%. But broadly, we are moving from production credit to investment credit. So focus is towards that.

Yuvraj Choudhary: Sure, sir. Thank you.

Moderator: Thank you. The next question is from the line of Bhumika Jain from Desvelado Advisory. Please go ahead.

Bhumika Jain: Congratulations sir for a good set of numbers. My question was firstly, the cost of deposits increased by 10.3%. So what can be the reason for this?

Vijay Srivastava: Cost of deposit increased. If you see the cost of deposit has come down from 4.56 to 4.48 it has come up. So as it is on account of that, we are having the higher average CASA. Whatever CASA, we got in March. So the larger portion was with us up to 15 June and it has helped in keeping our cost of deposit on the lower side.

Bhumika Jain: Okay. My next question was also the capital adequacy ratio has also fallen. So what can be the factors contributing to that also the market cap. Firstly, the credit and operational risk has been increased. So that can be included in that but market risk fell from 7,500 to 426 that's a lot like more than 100%. So can you give the breakdown of that?

Vijay Srivastava: This quarter, we have not raised any capital fund. And in July, we have raised the fund because of which there is a dip in CRAR ratio and yes, there is an increase in credit operational risk because you know that in operational risk, we have added new year. So your profit for 2024, will be added while completing the operation risk. So it has increased the operation risk.

Regarding market risk, as per the new investment guidelines in the script of the HTM and AFS market is not be applicable, but the credits has increased. Since our advances has also increased some credit risk has come from the advances side. So overall, if you see, despite not raising the capital, we are able to maintain CRAR above 17%.

Nidhu Saxena: Capital adequacy, I'll just add to what my colleague told, is not a concern at all because we are much above the regulatory prescribed, and my guidance is 16% to 17%, we are standing at 17.04% what we just mentioned on July 4, we did a raise of INR1,000 crore. That takes my CRAR to 17.7%. So we are comfortable madam in that.

Bhumika Jain: Also, I wanted to ask how you plan to navigate and stay competitive given the rising competition in your industry, like you told me something like a few minutes ago, you told the video KYC thing. Video KYC thing is also available on Sunday. So what other that point out that your company is makes you different from others?

Nidhu Saxena: Right. So see, there are 2 broad components. One is the asset side, one is the liability side. What we are looking at is the product that we offer in both the segments, asset and liability. So we are looking individually at the products and which is the segment in the market where we want to reach out and whether my existing product is making some value propositions for them or not. So we are looking at, first and foremost, the product improvisations.

We also in the process are finding that there is a new sector, new segment, which is growing or there is there is a segment which is not well taken care of currently by the bank and can we introduce new products for them to reach out to them. So, that also effort ultra HNI, HNI clients we are trying to look at segments of NRI.

So we will come up very quickly with new products. Products are there, but can we have some more tailor-made schemes that will appeal to them, and then second part with products. So products on the liability side. Similarly, on the asset in the RAM, we have done a review of all our existing products in the retail, agri and MSME segments.

So all the schematic products have been reviewed, and we have for the ease and convenience of our field functionaries and also helping them to explain these products to our clients who come in with it or we reach out to them to explain, so master guidelines are given, and this guideline for whatever circulars that were issued on that particular scheme, they are all consolidated and just like RBI comes with a master guideline, and every July, they've reproduced whatever circulars, even no changes there, they will give.

So one guideline comes in one place. So that has been done. So small things, and there's a long list of these kind of initiatives. Ultimately, all aim to see that the client gets a good experience, get a value. And it's easy to on-board to our system. My field functionaries are properly empowered. They are able to easily market and spend their energies in new customer acquisition.

Those kind of initiatives are there around products, around processes, so processes which are easy to on-board, and is not cumbersome. So that one small thought came that why this video KYC cannot work on a Sunday and holiday in cities where most of us are having no time in Mumbai, where we can get so if we give him/her the option that on a Sunday, you can come and you can do the video KYC functioning and between 10 to 6, my video KYC officer is available, and they'll help the entire process of on boarding.

Suppose one organization we have reached where there are -- in the payroll business is allotted to me, and I get 500 employees to be on boarded. So that's how we can use technology, we will make a link and send to them and they can simply click the link as per their convenience, do the entire account opening process at their ease. And there is no manual intervention, branches not to reach out. The account completely starts functioning and we are able to send an account opening kit.

So as granular things as the account essentials, our passbook, how does it look like, how our debit card, does it give a smart look and the way the clients of today would want it. If we are reaching a particular segment. So we are even looking granularly to that levels that my account essentials, card, check book, paying slip and these things, whether they are all updated and customer on boarding is totally frictionless and seamless.

So these kind of initiatives, both on liability and the asset side, using a lot of technology for all these things wherever possible. So while my ED has spoken about broadly the structure, the technology structure we are having DC-DR, near DR and all those. We are also looking at every spend on technology, how it is making life of my client easier. So with that, I'm sure the technology and the returns on my investment through technology is going to start coming in, in a better fashion.

Asheesh Pandey: Yes. Just to supplement, like you say, video KYC, we have already launched some 4-5 digital journeys in the earlier quarters. And now we are again tested and now POC is also that we are about to launch another 4 or 5. So what happens, when you come to a digital journey, so like video KYC. So compliance is done basically within the journey itself, point 1. Point 2, my staff gets free because it is digitally done. So see KYC and all, it will be done. Third will be customer convenience.

Similarly, I think in public sector space, Bank of Maharashtra is one where the robotic process automation, we have implemented 46. So 46 are live, in which 8 to 10 are straight away customer facing. So within minutes, their resolution, reconciliation is done, and around 15 are under development. Probably by September we'll be close to 15, so that is second.

And third, we are reading the cluster approach growth for a targeted market approach, whether MSME or whether on the retail side. So these are the few and we have one digital business to which is having a target of INR5,000 crore. Already, they have achieved INR2,500 crore, they only do business digitally. So they don't involve the people in the field function.

Bhumika Jain: Also, the last question is that I want to know your company's mode like what is Bank of Maharashtra providing that your peers aren't?

Nidhu Saxena: So differentiator for the, so yes, I think, see, it's a tricky question. I would take it because most of us look alike, but we are trying to still find differences. And yes, we have differences within, and this video KYC is a small thing. We have a list of items that differentiate me from the 12 PSBs.

We are even looking at how we can differentiate what any new generation private bank would do, can we not do it better than that. Not to replicate, not to just go ahead and see what they are doing and try to copy that, no. We can always better that and do that. So a lot of differentiators, we are working on it to , when we go out and we talk for new business, my new business acquisition vertical does not just go and say that these are my products, these are services.

We go in a very structured manner, well research that this appointment and this meeting with their prospective client we understand who are they currently banking with. So for what all their banking needs, which are the banks they are dealing with, and what is the problem points, pain points for them and whether I can simply go in that meeting and tell to the client that this is something which I understand is your pain point and this is the solution I can give you.

So we see that success rate, our hit rate to convert these calls into real business sitting in my balance sheet has also increased, and that's what they are very systematically working on and doing it. So we are definitely continuously working on creating differentiators for ourselves and then going to the market.

Moderator: Due to time constraints, we would be taking this as a last question. I would now like to hand the conference over to the management for closing comments.

Nidhu Saxena: There was a good interaction, and we'll be keep coming and trying to see that we keep communicating with the strong fraternity at large and because we have our plans to showcase how the bank has been performing. We have our plans in place to go for some capital raising, we have our plans to become a bank of greater significance, and we would always need and request positive indications coming from this powerful community when you write for us, you write on us, it impacts.

So that's my closing comment. That's my request, and we will keep our engagements with you and not only necessarily that with every quarterly, in between, also, we will try to plan out and keep engaging with you all. Thank you for joining the call today.

Moderator: Thank you. On behalf of Bank of Maharashtra, that concludes this conference. Thank you for joining us. You may now disconnect your lines.

*****