“Punjab & Sind Bank Q4 FY-23 Earnings Conference Call”

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Management: Shri Swarup Kumar Saha, Managing Director and Chief Executive Officer
Shri Kollegal V Raghavendra, Executive Director
Dr Ram Jass Yadav, Executive Director
Ms Mahima Agarwal, Chief Financial Officer

Moderator - Good Evening, Ladies and Gentlemen, I'm Mamta Samat, moderator for today's investor meeting. I welcome and thank each one of you for joining us today for the Punjab & Sind Bank's Q4 and FY23 analysts meeting. Today we have with us the senior management of Punjab & Sind Bank represented by Shri Swarup Kumar Saha - Managing Director & Chief Executive Officer, Shri Kollegal V Raghavendra - Executive Director, Dr Ram Jass Yadav - Executive Director and Smt. Mahima Agarwal - Chief Financial Officer. The management will first give their opening remarks and then share the highlights of financial numbers reported in Q4 FY23 and FY23. I would now like to hand the conference over to Shri Swarup Kumar Saha, MD & CEO of Punjab & Sind Bank for the opening remarks. Over to you sir.

Shri Swarup Kumar Saha - Good evening everybody and welcome to this analyst meet in Mumbai post declaration of the results of Punjab & Sind Bank of March Quarter and Financial Year 2022-23. I'm very grateful to all of you who have spared your valuable time to be present with us today to understand and interact on our results of Q4, the results were declared on 2nd May, and I think post the results the presentation and the stock exchange declarations are all with you.

Just to set the context of today's discussion and the analysts meet. I'd like to just go through a few of the highlights of the results, so that we get into the context of the interaction. So, as you all know, that the March 2021-22, was a turnaround year for the Bank wherein we registered a Net Profit of Rs.1039 crore and we had given a guidance to the market, to all of you that we will try to maintain the overall profitability of 2021-22 and at the end of March 23 we were able to finish with some good numbers. Our Advances grew by 15.05%, Deposits grew by 7.37%. The business mix has shown around 10% growth, the Operating Profit has increased by 69%, Net Profit increases by 32%, Return on Assets for Q4 stood at 1.33% showing an increase of 23 bps, the credit cost was negative, Recovery was robust and Gross NPA and Net NPA were as per the guidance. These are the overall bank numbers for us. Q-o-Q basis also Return on Asset has increased by 22 bps, Gross NPA has shown improvement of 139 bps and core fee income has shown significant improvement of 49.41%. The capital adequacy ratio was at 17.10% so we are well capitalized. On a financial year, as I said, we were able to maintain the profitability. In fact, we grew by 26% in Net Profit, Operating Profit grew at 9%. The return on equity was at 176 bps and one of the pain points of the bank regarding cost to income ratio, we were able to reduce it on a year on a year basis to 62.95% and on the quarter basis also it has significantly improved. The business mix we have already talked about, the CASA deposits increased by 6.68% and the total deposit growth of 7.37%. In the loan book, we feel that our diversification continues and the percentage of RAM increased from 50.71% to 53.20% on a YoY basis, primarily driven by a RAM growth of 20% plus. The corporate lending has also started, now we are 9.24% growth. These are some of the numbers on the retail segments.

The advances break up, in infrastructure we are at 19.14%. You must have all gone through this breakup. The important profile of NBFCs, what we like to highlight here is that total A and above portfolio of NBFCs is that 99.53%, that is nearly a 100% of the portfolio is A and above, with a AAA rated portfolio of about 58.4% of the total portfolio of Rs.13312 crore. The credit profile of the bank has improved significantly here also, both on Q-o-Q and YoY basis. The BBB and above now comprises of 56.72% and if you see the migration of the AAA rated accounts, it has moved from 23.13% to 26.27%. The asset quality, we are all aware of the PCR has improved from 87.89% to 89.06%. On the segmental NPA, we find that the on a YoY basis or retail NPA has significantly moved down, still a bit high. We need to work on that. 2.91% is not a very significantly improved figure, but still, if I look into the progress trajectory, the retail NPA has gone down from 5.09% to 2.91%. Agriculture is at industry standards, MSME is also at 9.70% with the corporate book at 7.13%. The interesting fact is that on a quarter 4 basis, also we had Rs.1153 crore of recovery and upgradation and that is significantly improved sequentially and on a YoY basis. The slippage ratio is at 0.63%, Credit cost is negative, SMA 1 and 2 above Rs.5 crore has moved down from Rs.756 crore to Rs.446 crore. So, our collection efficiency is improved to a large extent, but still we'll continue to hammer whatever residual stress is there. In the asset quality, of course we have a delta slippage in the Q4 over Q3 from Rs.243 crore to Rs.448 crore, primarily for the low segment agriculture advances that we recognized in the quarter. This is in line with what happened in March 22 also when it was Rs.433 crore. We have been able to recognize a large part of it. Going forward, I think this will stabilize and we have a much-improved agriculture portfolio now. The overall slippages for the FY is grossly reduced from Rs.2000 crore plus to Rs.900 crore. The significant number here is the total recovery and upgradation in the last row where last year it was Rs.2143 crore. We were able to maintain that momentum and we have a Rs.2151 crore of recovery and upgradation in the current financial year, as well. If you see the second last row, the recovery in the TWO A/cs has moved also positively from Rs.338 crore to Rs.536 crore. These are my Operating and Net Profit numbers. The Net Interest Income variation for year was a 12.10%, we lost out in the YoY variations for the quarter and that was primarily due to the interest reversal that happened for the agriculture accounts that we recognized. Otherwise, we feel that it is one off matter and going forward we should be able to control things in a much better way.

The core fee income has increased on a YoY basis by 10% and on a yearly basis at 8.9%. The Treasury income, as you all know, was muted last year, but we hope that this year the Treasury income will be in a much better way. The way the yields are moving we can hope that Treasury will be much more contributing to the overall performance of the bank in the current year.

These are the numbers on expenses, our provisions overall, has gone down from Rs.229 crore to Rs.137 crore and that resulted in a net profit of Rs.1313 crore. We are much focused on our tie ups. The core fee income on a QoQ has gone up by 49% and the new partnerships that we are now having of SBI cards for credit card, the Bajaj

Allianz for LIC business, health with Aditya Birla and with the existing partners of SBI life and LIC, we feel that this year 2024 would be a significantly leap frogging in our core fee income.

These are the key financial ratios. The net profit per employee has improved to Rs.20.62 lacs. The return on equity is at 28.43%. The Covid resolution framework, the numbers are Rs.1256 crore. So I think we are on track in terms of the overall stress in the covid resolution accounts.

These are my NCLT accounts where I have 99.94% of PCR. With respect to my Treasury operations, last year we had taken a conscious call to reduce the M- duration. We were able to partially succeed in that, the duration has gone down from 2.92 to 2.68. My capital adequacy still remains healthy at 17.10%, my CET 1 ratio has increased to 14.32%. So, we are adequately capitalized. The growth story of the bank and the risk-weighted assets movement are in much control, so we are trying to move in a capital optimized growth. There are various initiatives on the digital journey that we are taking and these are all going to help me for customer acquisition. Our rating has improved to 4.2 in both Apple play store and the Google play store. The unique feature of our mobile app is that it gives the same UI experience over the web and the mobile app. We are one of the few banks that are proud to have this feature in our mobile operations. We are now going to scale it up and make it up a viable product for the bank, for customer acquisition and giving services to the new Age customers.

These are some of my digital numbers, there are various initiatives we are working on in the digital front like WhatsApp banking, the wearable banking, tab banking. I think tab banking will play a significant role in customer acquisition and online current account opening. We are not having a very good base on current account holders. So, the online current account opening will be one of the focus areas for the future digital initiatives.

This is my shareholding pattern. We will be consciously expanding our footprints and have now opened 28 branches so far since April 22. We have now increased the number of branches to 1553. We intend to increase it further, another 40 odd branches for the current year which will take us to about 1,600 branches at the end of the year.

We will be implementing the corporate BC model, around 2,000 BCs we expect to imbibe in our bank in the current financial year, which will increase my network and help my customer acquisition and collection efficiency.

So, these are the various initiatives planned for the current year, branch expansion, onboarding of NBFCs for co-lending. We're already there, we will particularly increase it to the non-priority segment. We are doing it in the priority segment now, RBI permitted us to do the non- priority segment also in co-lending, so that is what we are trying to highlight here.

Capacity building would be a focus area for us, improving the skill and fintech collaboration could be another area. We have taken out our RFP on fintech collaboration. The RFP process is on and we feel that we'll get a lot of insight into how to build our underwriting and customer acquisition through the fintech. We'll be establishing a CASA back office which will take care of my opening of current and savings account, revamp the call center to a profit center, engage business correspondence, addition of value-added services through the PSB Unic app and bring more and more customized product of different segments.

This is my final slide, the guidance for the current year is, for deposits will be 8% to 10%, Advances growth is 13% to 14%, Gross NPA we are at 6.97% now, we will try to reach below 6%, presently Net NPA is 1.84%, we'll try to reach below 1.5%, PCR we will scale it up above 89%. Rs.2151 crore recovery upgradation was achieved last year, we intend to have a recovery upgradation of around Rs.1500 crore for the current year. NIM we expect to be over 2.95%. I think there'll be a lot of quick questions on this front and we'll be happy to answer them. Credit cost should be less than 1%, slippage ratio less than 1.25%. Overall, if we see the achievements of our guidance of last year apart from a few parameters, which we missed off marginally, I think we were able to stick to the guidance that we gave last year.

So, thank you very much for your patient hearing, and I'll be very happy to take your questions one by one. Thank you very much.

Shri Ashlesh: This is Ashlesh from Kotak securities. So my first question is on the yield, on advances that seems to have declined QoQ by about 25 basis points. So, if you can explain what is causing this decline?

Shri Swarup Kumar Saha: That is because the interest reversal that happened due to the incremental additional slippages in quarter 4 which had an impact on my yields and my NIMs. So, the major impact has been due to the reversal of interest which Rs.72 crore in totality and that is what changed the scenario for the yield on advances QoQ. As those on a YoY- basis, we are pretty on track.

Shri Ashlesh: But are you seeing increased competitive intensity in any of the credit segments which could be possibly putting some pressure on the yields?

Shri Swarup Kumar Saha: No, if you see my slippages in the other segments particularly in the MSME and the retail, they are primarily on tracks, and I think they are under control.

Shri Ashlesh: No, I was talking about the competitive intensity on the yield factor.

Shri Swarup Kumar Saha: Yeah, any competition is healthy you know, how you encash that opportunity is important. We cannot be shy away from competition. Competition will be there. We are in a commercial business, the competition is welcome. The point is, how do I overcome that competition and whether I am able to generate alternative sources of high yielding income assets. So, in the current year we'll be focusing on products which are high yielding like gold loans, the personal loans and we are going in a big way with co-lending that gives me high yielding assets. Certain co-lending segments on the non-priority sector gives me lot of traction. So, while competition will be there, I'll try to make it up with some portfolio building in these segments, like, for example, on the co-lending front we are at round Rs.1945 crore and we need to scale it up to Rs.2500 crore to Rs.3000 crore in the current financial year. In Pre-approved personal loan we are at Rs.145 crore, which we intend to increase to around Rs.750 crore to Rs.1000 crore. We will scale up Gold loans. So, these are some of the identified products which we'll be closely working on.

Shri Ashlesh: Thank you, sir. The second question is on the breakup of your loan book. Can you provide a breakup across EBLR linked advances?

Shri Swarup Kumar Saha: The EBLR component is 35% and the MCLR is 52%. We increased EBLR component from 32% to 35%, and MCLR is at 52%. So, 87% is floating.

Shri Ashlesh: So, just one last question, how are you seeing the credit demand across segments? Do you see that loan growth can hold up for us in that 13% to 14% range?

Shri Swarup Kumar Saha: I feel that there's a lot of scope for the credit demand in the country and there can be a slowdown. What I foresee is that the credit growth which was last year around 18% to 19% overall, may stabilize at around 14% to 15% in the current year as a whole. So that much of incremental delta impact will be there. Otherwise within that space also of 15%, I think we have enough sectors to work on. I think Dr. Yadav can give a specific answer to that.

Dr. Ram Jass Yadav: Yes besides this in the growing economy, credit demand is huge and in the terms of segment wise, I will say, as far as this corporate demand is concerned, our focus will be pharmaceuticals, health, hospitality, food processing, besides the existing infrastructure lending.

Shri Ashlesh: Do you see corporate to drive growth in FY 24. You expect that corporate segment will drive growth in FY 24? Which segment will drive growth?

Dr. Ram Jass Yadav: Our focus in this year FY 24 will be on pharmaceuticals, health and hospitality as well as food processing.

Shri Ashlesh: What about retail growth?

Dr. Ram Jass Yadav: In Retail the main driver is home loan, vehicle loan, gold loan and PAPL. So the home loan is a very safe as well as in high demand. Coming to the MSME, our targets will be the mid size MSME and moreover, the best model and the future of the MSME and RAM, I see is the co-lending model. So far RBI has only allowed co-lending in the priority sector but now they have permitted us for the non-priority sectors also. So during this year we could build up the co-lending book of around Rs.950 plus crore and we are expecting Rs.2000 crore plus and this is a very safe in the sense that presently we don't have any SMA 1 in the co-lending portfolio.

Shri Ashok Ajmera: First of all, compliments for continued good performance quarter after quarter and achieving very good profit levels, net profit even after the tax and everything. Tax is of course, either considered, it may be notional only because we have DTA debit's there. Having said that our NIM is still a concern. You also said in your presentation and I would like to have a little more discussion and elaboration on that. One main area is that our CASA, you know traditionally is very low and in the range of the 33%-34% and because of that the NIM is at the present level. Another is that, it was prudent earlier to go very safe on the credit book having seen the past problems but now, when the market opened up, the credit growth is very good and if we compare some of the near peer banks, you know the credit growth is as high as 29% but still we are seen to be very conservative. So that is one area where if you can grow little bit in the corporate book, MSME, where you can have a higher yield, your NIM can go a little higher. Secondly, our reliance is too much only on retail and this makes us competitive in the rates and the NIM again gets affected because of that. So, my question is that why don't we think outside the box and rework the whole credit targets and you know the strategy where we seem to be very conservative. It is good to be conservative but at the same time you ought to be in the market. So that is one thing where I would like to have your comments. My second question is on the FY24 target of recovery and upgradation. We had a very big account of SREI with about Rs.1200 crore to Rs.1300 crore exposure and the SREI solution is now soon coming forward and is on the verge of finalization. You got 2 good bidders also. So if that is included in the target in the recovery and upgradation, will your target still be the same or it may go little higher on this.

And my third question in this round is on the treasury front. Now the rates are easing out. I think the 10-year treasury is now almost around 7%. So can you give some color? You said generally that treasury will do well but some idea to arrive at some future profitability and some numbers on this. So, these are my few observations and questions.

Shri Swarup Kumar Saha: Thank you for your question. So, if I summarize that you have 3 questions for me, for my team. One, is, why are we not giving a guidance so much more than what we have given in credit. Number two, whether my recovery upgradation of Rs.1500 crore would include SREI, and third is of course, on the Treasury, so let me take them one by one.

If you really look into the business growth of the Peer group and particularly the bank that you are mentioning for the last 5 years, if you have made a study of that and you must have done it also. The advantage of banks of the names that you were saying is the great advantage they have on the low-cost resources. The bank that you mentioned has a CASA ratio of 55% at this point of time.

So for a bank of my size, which has been traditionally at a low CASA ratio to lend qualitatively and also be simultaneously remunerative for my balance sheet is somewhere which needs to balance out. If I need to do corporate lending in the aggressive way and grow at 30%, I cannot mobilize CASA at that rate at this point of time. So, if I have to do that, I have to really go into bulk resources, which again, is a double whammy for me. So, what we are trying to tell you is that that we are moving step by step. We are qualitatively moving in the market and we are conscious that we can do more but while we are conscious that we can do more, we cannot also ignore the fact that my low-cost resources are a challenge at this point of time. In spite of all the efforts that we put in, if you see in the current quarter also some of the private banks and some public sector banks have lost out on the CASA ratio. So there is a shift from the SA and CA, particularly the SA to the retail term deposits because of the incremental additional rates that everyone was offering. So, till we have a really good marketing avenue for generating low-cost resources, just to go into the market and lend aggressively will not work out. The pressure on the NIM will be there and you will ask me what the purpose was of going aggressively when you cannot generate resources, so I have to maintain a balance. So, to make the answer short, the point is that as I generate those resources, I can lend more and that is exactly what we are doing this year. We'll try to generate more and more institutional CASA, more and more salary accounts. Those SOPs have now been placed and we are trying to generate them. Let us also recognize one fact that the system will also moderate itself. What we had last year, I think your analysis will also reflect that this year it will not be as high as last year. There will be a moderation there, so we need to be a balance out of it. That's number one. Number two question is on the recovery upgradation. Yes, in SREI we have exposure of Rs.1200 crore and we have kept a guidance of around Rs.1500 crore of recovery upgradation. To answer your question, it includes that but the reason why we have kept it at Rs.1200 crore is that the recovery won't be full Rs.1200 crore. So, whatever comes, will be part of that kitty. What has happened is that our inventory is coming down in the Gross NPA. Earlier it was Rs.8000 crore plus now it is Rs.5600 crore. So, my inventory on my gross NPA is coming down. So certain hard accounts will be there which will face a normal hurdle for recovery. So that's why we have kept a guidance of Rs.1500 crore. So that is what it is. The third point was on the treasury. Yes, till March 23 we have given a MTM of Rs.116 crore. So, with the yields, now at least at this point of time, is getting a bit favorable, we are expecting a lot of write back on that. I cannot share the number at this point of time but the write back is there. HFT is hardly any and my HFT + AFS book is Rs.11530 crore. My trading profit will increase and I have started booking them also at this current juncture. My MTM reversal will also be there and because I was a negative there, I'll have a double impact in my positive balance sheet. So overall, I think things will be much better. Hopefully, let us hope that the yields improve further and remains stable. That's the hope that we all have.

Dr. Ram Jass Yadav: Just that I'm very happy that this market is watching us very closely and this kind of moment is observed by you all but just to supplement what as Ajmera Saab has told and what my MD has told, you might have observed that last year the credit growth was merely 3% now it is 15%. You should not be told that we are so conservative, we are very proactive but we are prudent to grow at the speed which is adequate and in the future we are also planning. We are catering and grabbing in almost in every sector. See, when we are only 3%, we are not able to come before you. Now we are heading 15% plus and we are eager to come to you and actually know your expectations.

Shri Swarup Kumar Saha: Yes and thank you for pushing us further. Continue to please push us.

Shri Manoj Alimchandani: At the outset, let me compliment you on two points, one is the operating profit growth 69%, it's quite good in this environment. Second thing is a return on equity of over 28%. We had discussed it at the last meet also now it is quite good. You have sustained it, in fact, you have increased it and this compares very well with the top tier banks which have 16% to 18%-19% and other second tier banks are struggling at 8% - 10% range. So, this is really outstanding for the whole team. I hope you'll strengthen your return on equity. Now looking at operating profit growth of 69%, one is how sustainable it is? Second thing is, if you see the slide number 20. It gives an analysis of the income part of it. Other income here, what we see, the growth in operating profit is due to high other income. Your fee income has gone up. That is excellent and we have this recovery in written of accounts. I think Rs.404 crore is the main key point of your Q4 performance. Now we discussed in your answer to the previous question our recovery targets for next year are also quite stringent and quite stiff which you are likely to achieve. Now point is how sustainable it is. Operating profit growth, looking at this number apparently you will do well in the few quarters due to some particular softer accounts where recovery is almost coming. So operating profit growth is very important, if you can elaborate in detail on that.

Second thing is, we are suffering on deposit growth. YoY some sense is there but if you see QoQ deposit growth, there is no deposit growth QoQ and last time you had mentioned about lot of efforts to open salary account, payroll accounts with lots of PSU companies, some had given commitments. A lot of efforts is going through because that's a way forward actually. So, what progress being done there and you're also scaling down your annual deposit growth target which is actually quite a concern. You should have better than the system growth in deposit. We look at a system growth, you match that or you have one or 2% above that will be quite good and in fact never come down below the system growth. So, if you can elaborate on that.

Next is on the lending front, you mentioned about in your opening remarks about the co-lending, some Fintechs where I think you have higher yield and last time also we had discussed the groundwork you had done in that, if you can elaborate on the progress which is happening. Also MSME lending is quite a good opportunity where you get higher yields and current environment of low credit cost, apparently that cycle is going to continue for the next 2, 3 years. So, how you are trying to take advantage of that. Then one area of concern is this agricultural slippage and you had given a deep dive into it, apparently, it is more because of agricultural slippages, if you can highlight, what is there? Is it something which has happened in March and you will be recovering in the April or to what extent? Or there is a high concern because of that.

And lastly, on the point of last quarter when you spoke, we talked about some efforts you are going to do on digital transformation & app and if you can give further details on what progress you have done on the number of transactions done through digital, downloads, etc. and the way forward.

Shri Swarup Kumar Saha: Thank you for all your questions. I'll try to answer them one by one. First of all, let us start with a slide that you refer to on terms of the operating profit. Yes, you are absolutely right. In observing that my Q4 numbers of operating profit growth was primarily driven by the recovery in written off accounts of Rs.404 crore, and my 49% QoQ growth in the core fee income and your question on whether this is sustainable or not. So in terms of my operating profit. Yes, we had a good number here. See, there'll be a multi-pronged approach when I talk about my operating profit numbers, we had finished at Rs.1450 crore and we had a net profit of Rs.1313 crore. So what are the multiple factors which we'll be looking into while setting the tone for FY 2023-24. What are the factors that will come in, while recovery in written off accounts, we feel that for the year as a whole we can. The last year we built a recovery in written off accounts at Rs.536 crore. We still feel that this is sustainable for the current year. So we have set a target of fresh recovery upgradation of Rs.1500 crore and our internal target of Rs.500 crore recovery in write off accounts. We had a recovery in written off accounts of Rs.512 crore, that is, at least for the current year we feel it is sustainable. Number 2 is the core fee income that you see, we had a 8.89% growth from Rs.371 crore to Rs.404 crore. What we will be working on is that, as I showed increase in my slide here, that yes, the overall figure that we look into is that we should increase our core fee income overall, which is internally within this core income is very minuscule at around Rs.26 crore out of this overall Rs.404 crore. We intend to increase it three fold means make it Rs.100 crore there. So we try to increase there. The other part, which I think we are missing out is the Treasury income, which is negative Rs.14 crore. As I mentioned in my opening remarks, my Treasury income will also increase to that level. Trading profit is expected to increase and my MTM Provisions which was Rs.116 crore last year, because of which my Treasury Income is negative Rs.14 crore, we'll get a write back. So, whatever we miss out on my recovery we are going to compensate that through my increase in core fee income, increase in my treasury income. I think that is one part of the story. The deposit growth, yes, you are right, we are at 7.73% deposit growth. See, why has it been muted? We are also rebalancing, like we have rebalanced our advance mix between RAM and Corporate, which is predominantly the corporate segment, we are now rebalancing our liability franchise also and much of our bulk deposit component was pretty high. We were having a nearly 27% - 28% of bulk deposit in our books. The answer to your first part of this question is that while it is only 7.73%, partially it is answered by this logic, we are trying to reduce that part. So now we are reduced it to below 25%, the 2% we have knocked off. We required a stable retail liability base because by legacy we are not having a very big liability. Our customer base is very skewed. It is in a geographically oriented area, so we need to balance it well and if there is a difference in the system of around 6% to 7% between the credit growth and the deposit growth, it is not fair for me to understand that I'll do something different with the legacy that I have. So that difference will continue to remain for another 1 or 2 years, till we build up this portfolio in a big way. Our main target as I said in my opening remarks is that I build my institutional CASA base to a large extent and that will help my base. Reduce my bulk deposit component. In my average peer group, the retail book deposit is nearly in the range from 10% to 15%. That's the average of the PSB's. Some banks are below 10 also, some banks are 1% also. So, at that point I have to think of my balance sheet and how do I move it along with other banks. That is where we are looking into. In terms of your co-lending, we are at Rs.945 crore now and we intend to increase it to Rs.2500 crore to Rs.3000 crore. That is the range we are looking to build our co-lending book. My co-lending yield is around average 10%. So that is where my yields will also be positive in the sense that I am doing more of Gold loan, personal loan. These are the things which we will have. On agriculture slippages, primarily the Q4 slippages were in the agriculture segment. If you see Rs.231 crore against Rs.36 crore last quarter. That is the difference it has made to my book, and partially we felt that it is better to recognize and move on, because we all understand the complexities of our agriculture portfolio on the various external environment and we are in a belt where the agriculture is a predominant economy. So whatever challenges are there, we have now recognized them. There will be new challenges coming, as you move ahead, but we feel that much of it has been recognized at this point of time.

We don't foresee such challenges in the coming year at least. Digital initiatives, we are working on various digital initiatives. See, these are all multi-pronged approach for increasing CASA and the stickiness of the customer has to be improved. The services quality has to improve. The super app concept has to be implemented. What are the value-added services that we can provide in a digital app so more and more customer acquisition happens at one point of time. One year back or two years back, we were only opening accounts at a net run rate of 1.5 per branch per day. Now we have come to a situation where it is now 2.75 per branch per day. This is in terms of the savings account. That is a traction of mobilizing customer acquisition and as my app becomes better, as my services become better, as my salary account mobilization become better, I think my CASA portfolio becomes much more healthier, which gives me some room for further lending. What are the things that we are bringing in? We are one of the few banks who have this app. The second bullet that you see the same UI experience over a web and mobile app. Is it so? This is the app which we are now trying to market. We could not do that. People do not know this product that we are having, that omni-channel experience. So now the app has been stabilized. That's why we have shown that it is at 4.2(rating) at both play store and apple store. It is unique. Here also, it matches with my name in the apple. So it is unique that normally to get this rating the private sector banks, if you go into a play store, will range between 4.3 to 4.4. So my app as a public sector bank and that too Punjab & Sind Bank getting in this range itself shows that we are very serious on this aspect. My digital transactions have grown by 78%, UPI has grown by 124%, PSB UnIC users have increased by 182.51%. In our bank, the customer base is round 1.35 crore if I look into that way and the non BSBD customer base is around 60 lakhs. So when we brought this mobile app last year, we have set a target of 10 lakh downloads for the current year over last year for 2022-23 and I'm happy to tell you we have nearly achieved it. The downloads have gone up to 9.52 lakhs. Now the next target is to not only increase my downloads but also to increase my activation. That's why we are bringing those services which will help my activation of my digital app. WhatsApp banking is very near, it'll be available very shortly. Wearable Banking is another new dimension for new age customers. Tab Banking, that's very important for customer acquisition. Today customers will not come to the branch. People have to outreach and go open their accounts. So go with the TAB and open the account online. It gets activated at the backend. That is a trajectory we are looking on. So Tab banking will be there very shortly. Online current account opening, we have savings now, current account opening we have only Rs.4000 crore of current deposits.

The prime problem is our digital apps were not conversant in today's environment to handle current account holders. So we are working on that now and other areas on which we will be working. So overall we have lot of initiatives on the digital front and I think the way we are we are going strongly on the digital way the customer acquisition, the product per customer, that we are going to sell will be qualitatively much approved.

Analyst:- You gave the percentage growth on the low base, but on a total percentage of transaction, how many are digital out of 100?

Sh Swarup Kumar Saha:- It will around 84% now. That is excluding ATMs, Core Digital, of course, that is driven by UPI, that every bank has that. But overall, technically it is 84%.

Analyst:- Lastly, what is a deposit and advances per branch.

Shri Swarup Kumar Saha – Business per branch is Rs.124 crore.

Shri Choksey: I'm assuming some of the answers about your outlook on markets that rates have peaked, whether G-Sec or global benchmark, that is a fed indicated last night and may be MPC. You have already answered that we'll have a G-Sec reversal this year. The second assumption i'm going by is that your MCLR is at peak. So, in such a scenario, where our CD ratio is stable but we have a long gap to capture the business. So, in such a view would you increase your advances in the first half on a more aggressive basis, to capture higher rates which are offered by the corporates or would you wait for the rates to decline and continue the business?

Shri Swarup Kumar Saha: That's a very interesting question that you have asked. How do I plan myself? Planning should be over a yearly basis on a medium to a short term but the planning should also be flexible in the sense with the dynamics of the interested scenario also need to be looked into. In the current situation, the way the things are moving it seems that the yields are at a stable pace and we are going to get some benefit out of that but to answer a question very specifically that whether we'll do aggressive in the upfront or we'll wait. That's a area which will leave to the market dynamics to play its role and we'll not be very conscious of the fact that what we should do upfront and what should happen. My main challenge of my deploying resources is my garnering of low-cost resources. So, if that thing happens that takes some traction, yes, we can really go into that and we are already working on that. But till we do that it is not advisable from our perspective what we understand from the book is that to grow very aggressively without having the backup of a stable retail base or a stable CASA base.

Shri Choksey: PSB can take a one year or two year instrument instead of 5 or 10 years term loans, as it’s not necessary.

Shri Swarup Kumar Saha: It’s very difficult to say what I’ll do strategically in a portfolio basis, if a case comes up we’ll deal with it on merit basis.

Shri Choksey: Considering that between yourself and Doctor, the treasury and advances both combination is well-versed between your previous bank and current bank. So your experience speaks for itself from the past, I think we are well positioned to capture that.

Shri Swarup Kumar Saha: We have a Treasury team, I take it very strongly everyday morning. What happens in the dealing room and I try to understand what best we can do in the present context. So you are absolutely right in your observation that the times have come where we can take leap frogging up, as you rightly said, but we will leave some of it to the merits of each case. Skill development also needs to happen, you know, side by side, Banks which are growing in quantum and leap frogging are also very conscious of the skills that they have a backup. So, I need to take a very strong position on that per se. So, my skill is the dynamics of today's financial environment is such that so many new things are happening, the context is changing every day. So, may be people management and the people resources have to be skilled, re-skilled, whatever has to happen. So that has to go parallelly to that. So, we need to be a bit circumspect into how we move ahead and not really try to emulate the system as others are doing. It better to be circumspect, create a strong stable base, as the base has to be stable, and we are actually looking into that. If you see the last 2 years performance, the stability is coming into the system and to have a back-to-back profit of above Rs.1200 crore and Rs.1300 crore itself shows that the base is getting stabilized. So once the base becomes much healthier, stability is there. I think leap frogging can happen anytime and we can press the button at any point of time.

Shri Choksey: Skilling and hiring both seems to be a priority from your management team. Now, what kind of budget are you doing between digital and hiring and what is the average age today so you will be able to blend the vision of the bank. What you are taking a lesson is from your history, but your future is not dependent on what is your past?

Shri Kollegal V Raghavendra: Actually, human resources, you know that in the bank is very important thing. So last year in a detailed exercise we have profiled, each one of the staff members and we have grouped them into different skills. We have organized them into job families. Regarding HR initiatives that we have taken. So another thing that we have done is that from the market, where you must have seen our recruitment drive, we are making lateral recruitments and you can see one of our CRO also is from the market, who is from State Bank of India and similarly we are taking other CXOs. The third thing is that now we have already started putting our staff members to various top level institutes for training like IIMs, etc and also the erstwhile BBB had also devised a program for leadership development program for the top executives and each of the way we have been deputing 3 to 4 officers at the level of DGMs and GMs to groom them for the higher level. So this is a continuous program and we will continue with this upscaling program.

Shri Choksey: You know the story which I heard in some of the answers which you have given is feet on the street seems to be a very important part of your journey, because you're looking at CASA, retailed, co-lending, MSME. So, the top management can drive the bank but feet on the street seems to be important and I'm sure IIM and all these top management schools will not train this staff. So for that process, what kind of spend are we doing in digital in terms of reskilling the entire bank? Maybe new age staff, new staff, new recruits whatever but that seems to be the important part of your journey for the next leg.

Shri Swarup Kumar Saha: Yeah, I appreciate your question, Mr. Choksey. See we are not focusing entirely on reskilling our top management or the higher end of our executives. That is a parallel exercise that's going on in the bank to reskill the middle level and the junior level and of course, we are very conscious of the middle level also, the Scale IV and Scale V which are a very important link between the lower executive to the higher executive. So even if I do co-lending, back office structure, MSME lending etc. it is not that no skill is required there. So we have given a very focused priority on our staff training college, other staff training colleges to create batches and only to educate and reskill this level of employees who will be as you rightly said, feet on the street, who will be on the ground to help us out on the assessment and turnaround time. So it's very important that while we will be sending the top layer to the executive programs which is required for their level and parallelly required efforts will continue to happen at the lower level also. So now we are creating separate batches for branch managers at the 3, 4, 5 level and put them into cohorts and build them up for the future leadership. Also, we have now internally revamped our training advisory Committee and have taken external experts for that. We'll be doing lot of groundwork on that. In terms of the quantum of investments that is going to be made on the digital front at this point of time our technological upgradation of 7x to 10x is happening and we had Rs.250 crore of investment there which is now likely to be completed by September entirely. Once that is completed and we understand the Finacle 10 working and understand how it has stabilized and then post September what we will be doing is looking into the 10x in full form, where we move on in terms of the rising digital transactions that are happening. Whether my 10x will be itself enough for the next 3 years or 5 years. So we have to make a plan out of that. Why, I cannot quote a figure at this point of time is because unless until I come to that basic level of 10, I really don't understand how to make the next step forward. So we'll have a technology upgradation platform, upgraded version and keep the concept paper for that post implementation of the Finacle 10. So, we'll leave it, another 2 quarters down the line, I think the answer to that question really much more specific.

Dr Ram Jass Yadav: Let me supplement. I heard you asking about hiring and this feet to street. See, there are 3 aspects which your bank has started in this process. Firstly, for feet to street we are already in the process for robust call center, for which we are having a large number of feet on street. Secondly, for sourcing the new business, we are also having a DSA channel. Thirdly, for inclusive growth, so far we were having a very limited 357 BCs, now we already onboarded and things has been started for corporate BCs and in the first half we will be on boarding around 2000+ BCs which will be reaching last mile of the people. So these are the way that our even the large force will be available on the ground and for the other kind of top leaderships, I think my MD and my ED colleagues has already explain.

Shri Choksey: You have a rich experience in MSME, Punjab and Haryana being the agriculture are your region. You have large pockets and relationship, maybe 5-10 decades old, with your bank. Now, how are we capitalizing on that because value addition and today's food habits are very clear that people cook less and eat more of, ready to eat and the supply chain is very good in the region where you are capitalized. Does your competition penetrate your area or you will garner a larger share. Secondly, you have a rich experience from UP which every bank is looking at because of the kind of expenditure in infrastructure and growth is likely to happen. In fact, somebody highlighted last week on media that reverse migration may happen and in the manufacturing we will not have people coming from the North and we may have to look back to relocate to UP. Those kind of fears are happening in state of Tamil Nadu and some other States. So you may be well capitalized from the knowledge which you have but how is this bank going to emerge a winner? Maybe current management team may not get the benefit but the future of the bank will definitely get the benefit.

Dr Ram Jass Yadav: Well, I think definitely your observations and your guidance is very correct. Now, the time is of having the total finance planning of the people and for that we require specialized relationship managers. That process is already on. For MSME, we are having the special relationship manager at our back office called CENMARG and in some bank, it's called SME Loan Factory like concepts. So it is there.

Shri Swarup Kumar Saha: See I'll just supplement. I think you have put the big picture in mind. Okay, talking on a big picture in mind, certain areas where we were shy of learning. So we are not in the trade finance area, so we need to move on that. We are not in the CRM concept, we need to move on that. We are not in the in the area of customer acquisition drive per se. So we created a separate vertical for only customer acquisition. The fee income growth story needs to come back, needs to grow exponentially. So we created a separate vertical for that. The organization restructuring has been done. We have created the back office for the small value segments, so specialization happens there. So these are fundamental structures which are getting into place and of which I'm very sure, if implemented one by one, can really make the foundation's very strong. The foundations need to be very strong whether it's on the HR side, whether it's on the technology side, whether it's on the product side, whether it is on my processes side, all the areas need to be looked into separately. One is complementary to the other, it cannot go in one direction. So parallelly we need to bring lot of things together and collate them and create a base structure and that is why we are now in a stage of taking initiatives. Last year we took a host of initiatives, it is all culminated to large extent in whatever we plan, we got it through. Next, the journeys will continue to happen and one thing, I think, what you are hitting at, particularly the MSME segment, today this segment particularly, agriculture and MSME will require great speed, and collaboration would be the main area where we look into. So the Fintech collaboration, as I said in my presentation, that is there, and we have floated the RFP. The RFP is on and is going to culminate very shortly. So the vendor process will be completed we'll have a host of Fintechs on board on the various issues. It is not only one single dimension, it can be anything and a lot of, I think cross functional issues are there. So once the fintechs are there, we get the best underwriting standards happening, our LOS gets improved. So the automatic lead generation management becomes a core area. The CRM can be implemented. That gives a lot of revenue and customer relationship. So the fundamentals need to be put in place. We are here to showcase that that we are going slowly but steadily to first address the structural issues of the bank and then parallelly as much as possible to qualitatively grow and give a good return on assets, to have a good operating margin and a good net profit margin. Once we have those things in place, I think leap frogging is a matter of time for this.

Shri Choksey: We have deep roots in Punjab. How much of NRI deposits we garner, and how much of a Forex business we manage?

Shri Swarup Kumar Saha: So see, Forex is another area. Forex business for me is again a small kitty. We didn't have this appetite to do Forex business. So what we are doing is now we are now bringing NRI outreach programs. We are instrumental in going to places where to do outreach on NRIs, to garner deposits. Our forex turnover is very small and many customers are having credit lines with us, but doing forex business with some other bank because we don't have that structure in place. So again, forex needs a good investment in terms of time and resources. So once we develop that all these things can automatically will happen in the in the back.

Shri Choksey: Thank you for answering all my questions and good luck. Thank you.

Shri Rohit: Sir, I would like to ask you regarding your co-lending space. You’re expecting the business to go from Rs.950 crore to Rs.2500 crore? So who are these co-lending partners basically and what is the kind of lending being done with them and secondly I would like to know regarding your new to credit customers, how much you have added year on year.

Dr Ram Jass yadav: Let me respond to that, in co lending partners, we started co-lending last half year with the only one co lending partner but now we have extended to more than 6 and as I explained earlier, that initially, RBI has allowed open co lending for priority sector segments. Now because the co lending is a best model to reach out and having a good underwriting systems, now we are also going for the non-priority sectors. So as on date we have 6 plus coordinating partners having across the country outreach, so we may be having only the entire portfolio at one place in Delhi but my co lending, underlying assets and borrower is spread out across the country. Secondly, coming to the new to credit, whatsoever credit has been happened this year, around our 50% total acquisition during the year is new to credit and in the retail if I say, home loan and vehicle loan the new to credit customer is more than 70%.

Shri Rohit: Thank you.

Analyst: Sir, my question relates to basically more of on the financial performance with respect to credit cost. So this year again we saw a marginal negative credit cost. So your thoughts in terms of how long this can carry and probably from your guidance perspective, you have given that you'll like to maintain a PCR above 89%. So is that indicative that probably in terms of the net slippages would continue to be very low and that is driving your PCR to be above 89% but in that context 1% kind of a credit cost is it too conservative?

Shri Swarup Kumar Saha: Yeah, see, it is a matter of interpretation of whether it is conservative or not but yes, let me specify the answer. Credit cost for March 23 was at a negative. Yes, of course, because of the provision right back that we had. It's a mathematical calculation, nothing to talk on that part. Why have we kept that less than 1%? You know, it is better to be conscious of the dynamics of the ecosystem that happens. It is while we can be very aggressive in giving a guidance but you know, suddenly some news happens, as it happened one airline news came into the picture suddenly and there was a ruffle in the market. So these sort of things will always be there and we don't know that globally how things are panning out. There are still some sort of uncertainties in the global platform, while the yields may stabilize but the uncertainty is still there and it can have an impact on the Indian eco system which can come to us as a surprise. So keeping those things in mind, we think that it's better to watch because if we give a very aggressive guidance on credit cost, it may seem that we are very complacent about the things, it can be interpreted that way.

You too can ask me if I give 0.5 or a 0.25 credit cost, whether you are too complacent about your situation? To keep a balance we say that- Yes, we are still at less than 1%. Things happen, agriculture, though we have recognized well, it is a story that will come on or off, because it's an environment that we are in. These sectors are very vulnerable sectors, agriculture, MSMEs. If you see, my SMA portfolio has gone down above 5 crore and even the 1 cr above data, it's a significant improvement. So, in fact, if you look at, I think there is a data on this. So my SMA 2, if you see about 5 crore has gone down to Rs.107 crore from sequential top. So it's a good number that we are working on. A lot of activity goes to achieve these numbers. So while we will, we are conscious that things are improving, but we still feel that the war is still on in terms of collection efficiency. So we'll continue to have our war rooms active and not dismantle them. We will continue to work closely and as my call center vibrancy comes in, my recovery and my monitoring, I think we will be in a much better position to give a better guidance and a much more as you like it. So it's a matter of interpretation how we look into. It's better to be conservative and achieve something better.

Analyst: So the question also pertained to, because 1% plus ROA that we are delivering, a large part of the gain is actually flowing from the credit cost and we have seen the 2005/7 cycle, where probably the credit costs was very low and negligible. Your thoughts in terms of, even if some pressure in terms of asset quality does build up 6 months or one year down the line would you be reducing your PCR or probably you'll keep your PCR healthy or strong?

Shri Swarup Kumar Saha: Okay. There are 2 parts to your question. In terms of your question on the ROA that whether it is driven by primarily by write back, I think to be fair, if you see that my net profit has been Rs.1313 crore, the loan loss, reversal and standard assets is Rs.530 crore is a factor but my operating profits has come due to some good recoveries in my write off accounts. So it is not totally that I am in terms of ratio, yes, you can mathematically say that. Yes, the impact is there but if I can increase my other income, if I can increase my net interest income as I elaborated earlier, achieving ROA above 1 is quite possible in the context. We are moving in that direction, we are very confident that the ROA can be improved further, for me, for my cycle. In terms of PCR, today we are at 89.06%. Ideally, we would like to have it 90% plus. We watch this one-year performance. Let some of the big-ticket resolutions happen. As SREI was already discussed. One or 2 more accounts will get resolved, but till now, let us strengthen our PCR above 90% for one year down the line and move on to that. Next year we will take a call how to utilize that PCR in a different context. So for the time being we feel that instead of working too much on my ROA, we'd like to give a positive guidance of that but to go overboard and increase my ROA and not increasing my PCR, will also not be fair at this point of time, so we'll keep a combo approach on this.

Analyst: Sir, final question from my side, in terms of MSME lending, if we actually locate it, then probably public sector Bank, as well as for us the Gross NPA ratio has been high in the past, which has come up significantly in the last one year. Now your thoughts in terms of what are the changes that you have brought up in terms of the risk management, that even if the economy slows down, probably we'll not see an NPA rise in MSME sector? Also because you have actually grown around 6% on a Q on Q basis in terms of MSME, is that sustainable? So are you seeing a structural change in the way you are operating the MSME sector?

Shri Swarup Kumar Saha: I think you are absolutely right. See, this is what I was saying also that once I keep my structures well, if I keep a structure positively done, I think we can move very safely. Coming to your question specifically on MSMEs- Yes, we have strengthened our LOS or underwriting systems, we have got into the back office structure for segregating the sourcing and sanction and the observation so far are very positive. The trajectory, though it is not even one year old, it is around 8 months old, but still we get an early warning in every account. So, the trajectory is very, very positive on that front. The structures are working there. Third, we'll be looking into much more robust monitoring of credit life cycle of a borrower. Okay, so that is where, again, we are working very strongly, while my risk management practices are getting strengthen in terms of my appetite, fixing my appetite to what level of exposure I should go, whether there'll be concentration risk etc, all that is a risk management perspective. I am trying to get into a mode where my everything is automated on a credit life cycle process, right from sourcing to the default and post default. If my underwriting engine becomes much more robust, that is possible and we are working on that. I think we can really much more work on a much more greater pace to increase all this, whether it is MSME or some part of retail or agriculture and that is this thing it can happen. On the MSME front, we are growing at around 14% now, so yeah, we have a lot of room to improve there. I think we can improve it further, with the co-lending space in place, I think we anything about is 16% to 18% is possible in the MSME space. So, we are working on that.

Analyst: Sir similar question in terms of the retail lending as well. We have seen that probably the vehicle finance and personal loan, though those are very small proportion of the book right now but the clear intent is to actually grow those books significantly. Are we tapping our internal liability customers or basically in terms of how should we judge in terms of the performance of this book? One-year, two-year, three-year down the line.

Shri Swarup Kumar Saha: Yeah, again here we have now, not only first part is existing customer, but we have also created products for existing customers, particularly the Pre-approved personal Loan. We are now on digital in that front, that 3 click model on a mobile app for personal loan. We are already there. Yes, but that is only for the existing salary accounts that we have, all the pension accounts that we have. We are now going to increase the funnel to the other segments based on the data analytics that we have not only to our customers but to our non-customers also that to some segmental customer where we can have a high CIBIL score or a central government employee or state government employee. So that is where we are coming in, though, because of the small base, the percentage looks very high but we have a lot of potential in the personal growth story and the home-loan, of course, is a vanilla product for everybody which we need to improve upon and vehicle loan, we are also getting into the second-hand vehicle loan now and that's about a big market that is coming up. We are not present there. We're not anywhere visible in that area. So very recently, we have revamped our products on the second-hand vehicle loan category and market trends are there that we can enter very strongly, yields are also better there. So, we'll get into that space. The gold loans space, we are working on that, whether our increasing trajectory is not here, but it is growing very exponentially there also on the gold-loan front. Again, a high-yielding return asset that we can create. So, all in all overall, within the retail, this will be my specific areas of going ahead, the co-lending on the NPS segment also gives me lot of high yielding assets. So, I think overall we should build up a good base there also.

Analyst: Sir, not basically in terms from the near-term perspective, but your margin of around 2.9. When you are talking about the mix change in terms of some of these products as service MSME and improving the CASA mix. So, what is your basically ideal margin or basically a sustainable margin that you want to reach probably two, three years down the line.

Shri Swarup Kumar Saha: For a bank of my size, I have to be very grounded on my assessment, my legacy and the nature of lending that we have done. The loan book, growth story that has happened over the past years and the level of customer base that I have. The level of technology that I have and the level of digital methods of lending I have. Keeping all that in mind and the low CASA ratio that I talked about earlier is also something we need to be working on. So, while we all try to get some benefit out of the high yielding assets here, I also need to do some corporate lending, we need to increase the book where my margins may be a bit squeezed. So, it's a double whammy for me, a very low CASA historically and corporate lending not being done. While I've increased my portfolio in my AAA rated assets that you must have seen but the margins are very low there. So I need to have a balance, to keep it in, that in totality and be grounded to the situation. Anything beyond 3-3.10 would be my optimum level, which I look into in 1 or 2 years. That is a practical assessment of the things that I have. Once, as I said earlier, my lending improves, my income generating starts and I have a good base. I think anything beyond that is possible maybe at least the average of the public sector banks can be achieved which is around 3.4 to 3.5. I think that will be your assessment. I think you must be having data for that. So that would be a public sector average, but as of now, you know, one year, 2-years horizon, I think we can look into around 3.10 sort of a thing annually and we are pretty close to that, you know. If you have observed my last 4 quarters, my Q3 was 3.12, my 9 months was 3.04. So, I was pretty in line with that. We got this agriculture stuff and the incremental interest reversal that happened in Q4, brought it down a bit more than we expected it to be and if I discount that my yearly NIM would have been around 2.97, so pretty in line with my guidance. It would happen and hopefully, if I can plug that point of agriculture slippages, which I'm very sure we will, 3 is any way possible in the current year and maybe another 10 bps next year.

Analyst: Thank you, sir. And best of luck

Analyst: So, my question is with respect to the previous question, although our retail is only 17% of the book we are growing this personal loan at 75% growth rate. Although the quantum is very, very less, but, are you in the camp that retail is just starting to grow and we may have 3 to 4 years of runway for this growth to continue or are you in the camp of saying that because there was a problem in the wholesale book over so many years, last 4-5 years, people are now focusing on retail and now retail has reached a peak and we may see some kind of a NPA cycle in the retail loan also. Thank you.

Dr. Ram Jass Yadav: See, this all depends how resilient you are. Resiliency is, now a days measured in 3 ways. Am I financial resilient, operationally resilient and organizationally resilient? Now, as far as this financial resiliency is concerned, this is not the only driving force that corporate is having high NPA that is why we are moving to retail. No, it is a matter of the fact that demand is more in the segment. Moreover, the risk is diversified and third one is, I am having competitively more yield and my customer base is growing more, that is a more sustainable model. Even nowadays it depends which business model you are functioning in. So, this is not only the driver that corporate was having the high NPA and that's why we moved on. No, we moved on because of a number of large customer base that is sustainability. Number 2, high yield, of course and risk diversification. Now coming to whether it will be sustainable or not, definitely for the bank like us, which has started now, growing after 3, 4, 5 years, some kind of legacy issues, it is more sustainable and strategically the Board has also decided that we should increase our percentage of the retail more in the total advances. So last year it was 50% - 51%. Now we are at 53%. Then FY 2024, we may be 55%. It doesn't mean we will not be growing in corporate. We will be growing in corporate too, but on the segment and area and industry which I have already mentioned, I hope I have responded.

Analyst: Thank you, sir,

Shri Ashok Ajmera: Madam, something on the DTA, tax, and the carry forward losses. Like DTA is about Rs.1550 crore how much carry forward losses you have from the income tax point of view and how are you planning to write off, you know the DTA again debiting to the P&L in the coming period.

Smt. Mahima Agarwal: Sir, our major DTA is on Provision on Advances and as of now in the books we are having loss as per the income tax and we are coming in the MAT provisions as far we are paying taxes as per the MAT provisions.

Shri Ashok Ajmera: How much is the quantum of the carry forward losses this per income tax

Smt. Mahima Agarwal: In this current year, we have Rs.214 crore of carry forward losses.

Shri Ashok Ajmera: So it means from the next year coming year now you will pay actual tax?

Smt. Mahima Agarwal: That would depend on the profitability figures of the Bank.

Shri Ashok Ajmera: So now we were talking about that our PCR. So here, I would like to know that how much buffer we have in our provisioning Covid Buffer, as well as overall buffer, which is not allocated to any particular thing. What is the amount of the buffer which we have in our provisioning which can take care of some eventuality in future like you said GoAir, or something like that, of course we don't have it, but yeah.

Shri Swarup Kumar Saha: We don't have much of a stress there, but still we have one of few. We have one account, where our State government, small value of Rs.300 crore exposure, where we have some issues. It is state government guaranteed and standard but we are provided 15% for that. So about Rs.40 crore – Rs.45 crore have been provided. So, we are ok with that.

Shri Ashok Ajmera: Other than that any buffer which you have built up?

Shri Kollegal V Raghavendra: So overall. We have only this Rs.80 crore to Rs.100 crore buffer.

Shri Swarup Kumar Saha: If you have seen our last 3 quarter results, we have been providing additional for each quarter which will takes care of my future ageing provisions also. In the Q1, we did around almost Rs.300 crore, and then Q2 we did around Rs.270 crore. I don't remember the exact numbers but we created those buffers which are getting utilized also as we move along forward.

Shri Ashok Ajmera: So at least that much, we are already covered. Sir, some color on our overall, I mean restructured book Covid and Non Covid.

Shri Nilendra K Prabhat: The total restructured portfolio of the bank, as of now, is Rs.2500 crore.

Shri Ashok Ajmera: Out of that how much is Covid?

Shri Nilendra K Prabhat:- Yeah. It's Covid, only

Shri Swarup Kumar Saha: Nearly Rs.2200 crore. The good part is that the delinquency of the Covid component is very less, it's around 1.4%.

Shri Ashok Ajmera: Okay. So, not something very significant.

Shri Swarup Kumar Saha: But the trajectory is working fine. That's why see, the question was regarding our credit costs and all that. But these are the things we keep in mind. You know, anything can happen.

Shri Ashok Ajmera: But if all these things are there, then I feel that the credit cost will be much lesser than what you are actually anticipating.

Shri Swarup Kumar Saha: The external factors we have in built in that guidance, you know.

Shri Ashok Ajmera: And the ROA may continue to be sustained 1.33 or whatever

Shri Swarup Kumar Saha: We will be above one, that is, for sure.

Analyst: Dividend?

Shri Swarup Kumar Saha: We gave 4.8%. We did more than last year. We are taking care of that also.

Analyst: Our Government of India holds 98%. So will it go down below 75%. We are in the 75th year?

Shri Swarup Kumar Saha: That's the answer you know it, practically it is really difficult. So, what we are doing in these circumstances, I think there are some banks where above 90% shareholding is still there. What we are trying to do is, send a signal of trying to mop up some small Rs.250 crore of maybe equity dilution, by raising capital for the current year. I already declared that the internal approvals are in place and we are waiting as the Government gives us the nod, we go to the market and think about it. The timing we'll see. So, of course, as you see, we like to convey to every stakeholder that though small, after a lot of capital infusion for the last 2 years, the bank is now in a position to garner some capital on its own and that is a perception which needs to be sent to all stakeholders. Though small, we are beautiful, so we are thinking like that. So, we will try to once we get the approvals in place and the processes goes on. We have the approvals are for Combo whether equity or AT1 bonds, but primarily we are looking to dilute equity. So, whatever small percentage we can shed from here. The exemption for achieving Minimum Public Shareholding is upto August '24. So, we'll wait for the time. Whatever call is taken by the majority stake holder.

Analyst: Thank you and all the best. Thank you.

Analyst: Hello, sir, on this shareholding. Only here, sir, on the shareholding I can see only one percent is outstanding in the market. Yeah, so that Rs.200 crore – Rs.230 crore of pool deciding the market cap of the company, is it? What is the history behind? I was not aware about such a high shareholding earlier.

Shri Swarup Kumar Saha: When things were getting tough for the banks, everyone got share of their capital, so we were not an outlier there. Yes, we got 2 years of back-to-back Rs.10,100 crore. That is what has made it 98.25%.

Analyst: Ok Sir, Thank you.

Analyst: This 10,100 crore infusion came in which year?

Shri Swarup Kumar Saha: It was in 2021 and 2022. It was Rs.5500 crore and Rs.4600 crore that was the breakup.

Analyst: And prior to that, what was the capital of government of India?

Speaker: The Government shareholding was 83.06% with shareholding of 58.23 crore shares.

Smt. Mahima Agarwal: As presented by MD Sir and discussed with you all the year 2022-23 has been a great year for the bank. The bank has taken many new initiatives which will continue to transformative journey of the bank. I extend our sincere thanks to this elite gathering to come to this place and interact with us. I am sure that the guidance given by the bank will certainly be met, and the current financial year FY 23-24, we will show better results. Thank you.