



# “Indian Bank Q2 FY2022 Results Conference Call”

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**Moderator:** Welcome everyone to Indian Bank Q3 FY22 Earnings Call. We have with us today, Mr. SL Jain, who is the MD and CEO of Indian Bank. Along with him, the top management is also there, including Mr. Shenoy, the Executive Director, Mr. Imran Siddiqui, the Executive Director, Mr. Ashwini Kumar, the Executive Director and Mr. Bansal, CFO. First, I would request MD Sir to brief on the key highlights of the third quarter FY22 results and provide the near-long-term outlook on the bank, post which we can have a Q&A session. Over to MD Sir for opening remarks

**Mr. SL Jain:** Good evening and welcome to all analysts and investors in our Q3FY22 Earnings Call. So, first I will give the highlights of the 3<sup>rd</sup> quarter. First is operating profit has grown by 16% on a Y-O-Y basis to Rs 3,288 crore from Rs 2,846 crore. So growth in operating profit. Our net profit has grown by 34% on a Y-O-Y to Rs 694 crore from Rs 514 crore. Our NII, net interest income, has grown by 2% on Y-O-Y to Rs 4,395 crore. As you know, on December 20, there was a Supreme court stay for declaring any account as NPA. Therefore the income was booked in and the provision was made. Sequentially on a Q-O-Q basis our NII has grown by 8% and our cost of deposit has come down, yield on advances has increased, yield on investment has increased, resulting in improvement in our NIM from 2.89% in September to 3.03% in December. Likewise in addition to increasing NII, there's a growth in known interest income by 36% on a Y-O-Y basis. This is supported by growth in fee income by 11%, growth in forex income by 32%. PSLC by 47%, recovery in bad debt by 111% and operating expenses remain more or less flat with the increase of about a 2%. So our operating profit and net profit growth is based on our growth in NII, as well as growth in other income. As far as business is concerned, our business has grown by 6% to Rs 9.63 lakh crore in December as against Rs 9.10 lakh crore in December 2021. On a sequential basis, we have grown by 3%. So, I realize it is 12%. Total deposits have grown by 8%. This 8% growth is on the back of 10% growth in CASA. So our Saving Deposit has grown by 9% and Current by 15%, as a result our CASA ratio has improved by 80 bps to around 41% to around 42%. Likewise our Advances have grown by 3%, from Rs 389,000 crores to Rs 4,00,000 crores on a Y-O-Y basis. But sequentially it has grown by 4% and our RAM sector is growing 11% and share of RAM has reached to 61%. So RAM, Retail is growing by 13%. Housing has grown by 11%, Personal loan by 36%, Jewel loan by 43%, Auto loan by 6%, other retail by 11%. So. Retail is growing at 13%, our agriculture too is growing at the rate of 14%. The agriculture is grown on the back of Jewel loan, which is growing at 24%. Jewel loan NPA is 0.2% or so. And investment credit has grown by 30%, agri-allied by 72% and major is SHGB growing 16% where the NPAs are less. So MSME is growing at 6%. As far as our GNPA, GNPA has come down from 9.56% to 9.13%. That is a reduction of 43 pips on a Q-O-Q basis. And NNPA has come down from 3.26% to 2.72%. That is a 54 pips. Our PCR has improved from 83.3% to 85.49%. So around 200 bps. Our cash recovery was higher at Rs 1096 crore as against Rs 744 crore in December and AUCA recovery is Rs 278 crore against Rs 129 crore of the previous year. So, both sides, there is good progress. Our capital adequacy is 15.47%. Of course, this has come down from 15.88% mainly because of the growth in credit. If you add a profit of nine months, it has increased by one percentage point or more so. So this is the crux as far as growth is concerned. Our digital transactions are increasing, net banking by 25-26%, mobile bank by 25-26% and even 40% in UPI. So, our overall digital transition has increased by 63% to 76%. And our cost to income ratio has again come down to 43% and we are focusing on more and more digitization. We have recently started our

tablet banking, we plan to open majority of the account through tablet. It will be easier for us to access the customers. We are also working with BCG as our technology partner for digitization of various journeys, our personal loan, housing loans, auto loans, we'll be working on that. And as far as growth for the full financial year is concerned. We are expecting that we will be in the range of 8% to 10% of the growth. And in the last nine months, we have sanctioned around Rs 48,000 crore proposal of which last quarter is around at Rs 22,000 crore of the proposals and majority of the proposals are in term loan. And so what happens that slowly, slowly, the disbursement will start and we will hear good growth in that, in the current quarter and time to come. So these are my initial remarks now. We are open to Q&A

**Moderator:** Before we start, I think people will have questions around, what's a broad outlook on growth because that has been relatively weaker when we compare it with the other banks. I agree that basically there is a corporate drag, but your comments on that would be welcome.

**Mr. SL Jain:** So, I told you we will, in the year as a whole, we will grow between 8 to 10%. Of course, you are seeing that it is a 3% growth on a Y-O-Y basis. But you see that growth of Indian Bank in the last year, December '20 to March '21 vis-a-vis this quarter. So there's a good growth here. And we are hopeful that we'll be achieving this number. This is based on the corporate sanctions we are having in hand the way we are growing in the retail sector and agriculture, 13-14%... both are moving so...

**Moderator:** Sure. But if you look at your 10% growth, it's like, you know, you are talking about almost 7 to 8%, kind of a quarter on quarter growth. That looks very high. Is that the right number that we will be looking at?

**Mr. SL Jain:** You see, last quarter, in corporate credit, we have grown in Rs 3000 crores and you see, in bond also, in investment also around Rs 2,000-3,000 crore growth. So considering the proposals in hand and the sanctions we are doing, we are hopeful that we will be able to achieve 8 to 10%.

**Moderator:** Now, I think we can start the Q&A session, Sir. Mr. Ajmera, I think you were first in the line. You can ask the question.

**Mr. Ajmera:** Congratulations to you for a very good set of numbers. The bank is really doing well in the last two to three quarters, especially this quarter has been very, very good on all the fronts. But yes, as Anand said about, there is a little concern about the credit growth side. So, you've broadly said that it is 8 to 10%, but again, and when we have that this pipeline, you see, generally, the, the proposals which are coming are from Infra, NBFC, Metal and Food Processing etc. Can we know that in your bank ?? kind of in other industries, you are seeing green shoots and, how are you going to match these higher credit only in this current quarter from January to March? And are you open in NBFCs A rated + for onwards lending, co-lending, what is the roadmap for that? So my first question is basically on the little more in detail minutely, on the credit side, for the growth of the bank.

**Mr. SL Jain:** So, we are getting proposals from all sectors, road, projects or textile or cement or petrochemical or steel. So all of these sectors, we are getting proposals. So

in addition to that, you talked about the colending, we have had an agreement with the seven companies. So we have started disbursing our credit to colending as well. So we are growing in all and all sectors of proposals are there and we are open for everything.

**Mr. Ajmera:** Okay. Having received your answer on that, we are seeing the pressure on the Treasury Income everywhere. I mean, whether you take it, the Treasury Interest, of course, Interest Rate is going up a little bit. It will be offset by the interest on the investment book, but, uh, the profitability is going down because of the hardening of the interest rates. So to preserve your profit or to grow your profit, are you totally looking at the credit side or even the non-credit, income, like, a recovery from the written off accounts, uh, on the fee front? So, say for example, I mean, how much the operating kind of operating profit, we are expecting, during this quarter or for the full year.

**Mr. SL Jain:** As far as treasury yields are concerned, they are hardening. So, this is basically a balance between your interest income on trading profit, right? So you see in a Q-O-Q basis, Rs 500-odd crore of the trading profit we had in September is against Rs 200, but we have done in 3Q, we have rejigged our churn over another portfolios in investments. So, but we were having around a Rs 22,000 crore Treasury Bill outstanding. Because we were hoping that, interest yield will harden. So recently we have shifted some of these outstanding into SDM and AFS books. And basically these are high earning. So if I see my contribution of treasury of third quarter vis-a-vis second quarter, we are more or less at par, so going forward also, we were having the interest income, more of interest income from the treasury. So with that, we'll take care of any, any MTM losses.

Mr Ajmera: My last question is on the recovery front. Number one is that the national assets reconstruction company NARCL now has already become fully operational. In this quarter they will take some accounts. So out of Rs 50,000 crore in the first trench, how much is yours? And on the NCLT front, how much are already approved recovery cases and what is there in the pipeline which we can see in this quarter and in the coming quarter from the NCLT and some of the OTS and non-NCLT recovery track, if you can give us, Sir?

**Mr. SL Jain:** What happens, initially, 34 accounts have been identified to be transferred to any NARCL and in the first phase eight accounts around Rs 1900 crores have been transferred to NARCL. What happened, three accounts the resolution has come. So now the five accounts amounting to Rs 1,200 crores will be transferred to NARCL. And the second tranche around nine accounts of Rs 1300 crores will be transferred. So in all, 34 accounts have been identified amounting to Rs 5,500 crore to be transferred to NARCL. And as per NCLT, NCLT is concerned, last time we had a recovery of Rs 229 crores in the last quarter. So we are hopeful that this quarter also we will be getting more recovery than this.

**Mr Ajmera:** Thank you for giving me this opportunity Anand.

**Mr SL Jain:** Thank you as well.

**Moderator:** Thank you, Mr. Ajmera. Next question we have is from Mona Khetan. Mona, please go ahead.

**Mona Khetan:** Yeah. Hi sir. Good evening. So my first question is on the restructured book. So of this Rs 20,000 crore of restructured book, how much you would have completed their moratorium period, if you could give some sense. And what sort of slippages do you expect over the medium term from this book?

**Mr SL Jain:** In Rs 20,000 crore, Rs 8,000 crore is Retail, around Rs 8,000 is MSME, Rs 3000 crore in Corporate and Rs 1000 crore in Agri. So a little bit stress is seen in only the MSME sector. So of course we are, we are going through ECLGS limits and all, but so far, so far around 3% of the restructured pool has slipped. So we are not having undue worry on account of this at the time.

**Mona Khetan:** Okay. Of this Rs 20,000 crore, how much would have, say, completed moratorium so far?

**Mr. SL Jain:** So, basically Covid 1 & 2 - maximum 24 months moratorium time we have given to these accounts. But we are not monitoring that way, but we are monitoring based on the SMA 0 and 1.

**Mona Khetan:** Okay. So despite the moratorium across these accounts, they're still slipping.

**Mr. SL Jain:** Yeah. Some of them accounts where the moratorium period is over or the interest recovery is not happening will slip.

**Mona Khetan:** Okay. Sure. And, secondly, on this ?? slippage were about Rs 955 crore this quarter. So if you could give some color as to where it came from?

**Mr SL Jain:** So out of Rs 956 crore, two accounts of around Rs 400-385 crore or so is basically the two accounts which were NPA in the previous year, but because of that court order, that they are classified under the standard assets. So which we were disclosing all along in our quarterly results for the two RKM Powergen and Delhi Airport Metro, Since the stay has been vacated, they didn't classify it. One account of the Chhattisgarh government we are expecting to go to recovery very soon. It will come. And fourth account is basically road project from NHAI where the termination payment will be receiving from NHAI.

**Mona Khetan:** And what sort of provisions do we hold against Srei Infra as of now? it was about 50% last quarter

**Mr SL Jain:** Srei we have hundred percent provision.

**Mona Khetan:** Okay. Okay.

**Mr SL Jain:** This quarter we have fully provided this

**Mona Khetan:** Okay. Okay.

**Mona Khetan:** And any exposure we have to the large retail chain?

**Mr SL Jain:** Large retail, we are having some exposure.

**Moha Khetan:** Okay. If you could share the quantum.

**Mr SL Jain:** It may be around Rs 900 crores. But we are having there provisions against also.

**Moha Khetan:** Okay. Okay. And how much have you provided against it?

**Mr SL Jain:** Around 15% or so as per the RBI guidelines.

**Moha Khetan:** . Sure. And just finally on the tax rates, so what sort of tax rates can we expect going forward? Because I think the guidance was around because of the accumulated losses that we continue to see reversals, uh, but this time, uh, I think it was some foreign branch related the expense. So what, what, what sort of tax rate can we expect or texted?

**Mr SL Jain:** Tax rate has continued to remain the same with possibilities. We have provided for certain liabilities. There is no cashout going account for these. These are the liabilities which are disputed, so we thought, let us provide for them.

**Mona Khetan:** Okay. So, once again, from next quarter, should we continue to see tax reversals on account of that?

**Mr SL Jain:** Yeah, right. This, quarter, bascially we have made a full provision of an a/c and so you don't get benefit on those provisions unless you write off.

**Mona Khetan** Okay. All right. Got it. Thank you.

**Moderator:** Thank you, Mona. Next question we have from Deepak, please. Go ahead.

**Deepak:** Yeah, thank you very much for the opportunity. So I just wanted to understand like in the previous call as well, we have spoken about the credit cost of about 2% this year. And, but already at nine months we are at about 2.6%. So how do you see the outlook? Are we revising the credit cost guidance?

**Mr SL Jain:** See, what is our credit cost? Our credit cost is around at 2.33% right? So if you exclude the one biggest account where we are made at a hundred percent provisions, and these two accounts where we were already having this provision in lying in the range that we had indicated. So if you net up these two items, it is around 1.6% of 1.65%. So barring these two, we are well within that.

**Deepak:** Okay. Now, since you mentioned that one of this large account you have fully provided, so going forward from fourth quarter, do we expect this credit cost to normalize?

**Mr SL Jain:** Yes.

**Deepak:** Normalize means what? Less than 2%, 1.5%?

**Mr SL Jain:** It is very difficult to put numbers, but you say what 2.33% is worth cost. And if you exclude this number, it's 1.65% and we are not having much of SME one and SME two, so credit cost should come down.

**Deepak:** Yeah. And that's it from my side. Thank you.

**Moderator:** Thank you, Deepak. Next question we have from Gaurav. Gaurav, please go ahead.

**Gaurav:** So, what I was asking is, there are three categories of restructured accounts or OTR 1, OTR2 and MSME related restructuring put together it is around Rs 25,600 crore. Sir net of overlap between these three categories--.

**Mr SL Jain:** Yeah, yeah you see, it is Rs 25,000 crore what you have done is you have added COVID 1, COVID 2 and MSME. But in MSME, majority of the accounts we have restructured are already under stress.

**Gaurav:** Air India. Do we have exposure to air India? And if yes, what is its status? Is it part of your SMA air India?

**Mr SL Jain:** Air India we have the exposure of about Rs 225 crore which is fully repaid.

**Gaurav:** Okay. It's only Rs 225 crore.

**Mr SL Jain:** Yeah. amount is already covered,

**Gaurav:** And Sir Future Group?

**Mr SL Jain:** Future Group, exposure of Rs 900 crore we are having. And we are having 15% provision.

**Moderator:** Okay Thank you, Gaurav. Next question is from Rishikesh, please go ahead.

**Rishikesh:** Okay, Sir. My first question is that I need to know like how much your carry forward losses are yet to be reversed.

**Mr SL Jain:** So carry forward losses are still there and we will review our position on 31st, March '22. So it will be available for next quarter as well.

**Rishikesh:** Okay. Okay. And so what loan book growth we are expecting for next year?

**Mr SL Jain:** I told you that we will be expecting an 8 to 10% loan book growth in the current financial year and next year, similar trends will continue.

**Rishikesh:** Okay. Sure. And some fair to say, you know, our credit cost should be like much below 2% for FY23?

**Mr SL Jain:** Yes, Sir.

**Rishikesh:** Thank you, sir.

**Moderator:** Next question. We have Mr. Sushil. Yeah, please go ahead, sir.

**Sushil:** Congratulation, Jain Saab for the stable numbers. I have one or two questions on outlook. Uh, one is post this NARCL movement, how do you see the gross NPA and net NPA numbers resume.

**Mr SL Jain:** Our gross NPA has come down from 9.5% to 9.1 right? And we are not seeing much of a problem in Corporate book and our major part is covered by Jewel Loan. Likewise in the retail also there's no much worry. So our gross NPA should continuously come down, which I think I see.

**Sushil:** How much bad asset are we transferring to the new asset ARC?

**Mr SL Jain:** We are transferring Rs 1,200 bad asset in phase one and in phase two again, Rs 1,300 crores. What you see this really keep on going, because we have identified Rs 5,500 crores.

**Sushil:** Okay. Now on digitalization and human resource, what kind of initiatives have you taken which should benefit the immense talent of South India specifically??

**Mr SL Jain:** That's right, Sir. So what we have done in digitization in liability side, we already launched our tablet banking and accounts started opening. So presently, we are opening savings bank account shortly, we will open a current account. So this is one part. In a lending side, we are three, four things we have done we have a business intelligence unit. So based on account behaviour, we are generating leads on daily basis in which this leads we are giving to our field team. So this is one aspect we are doing. And based on that, we are, we are capturing these retail accounts, even MSME account. And even the Agri accounts as well. That's one part, second part is our digitizations. We want to do number of journeys on digital. So that is why we came out with RFP and selected BCG as partner. And now our team is working, working from last 15-20 days and we hope that in the first quarter or end of the first quarter, we'll come out with the various products and these all journeys we plan to come out in mobile, Of course, digitization though our numbers are increasing it will further increase with these two initiatives. Liability side will be taken care via tablet. And the lending side will be taken by these journeys. So we hope that there is significant growth after June.

**Sushil:** How much books have we created in colending so far?



**Mr SL Jain:** Not much, we have sanctioned around Rs 500 crore of the loan and the disbursement so far is Rs 350 crores.

**Sushil:** This would be more of Housing and Gold Loans or---

**Mr SL Jain:** Mostly Housing loans. And now we have signed with the seven companies. So this has started picking up.

**Sushil:** Okay. What would you be forecasting over a period of time? What kind of you be numbers you plan to achieve through co-lending?

**Mr SL Jain:** So we have signed with the same seven companies that we are open for other companies, as well, slowly, slowly. So we will be growing this. Momentum has just started. So we have to understand slowly, slowly. Maybe, maybe by the end of this quarter, we'll be able to tell you how we will grow.

**Sushil:** Sir if I have to see CASA number of Indian bank with a one or two year outlook, where would you stand in percentage - 42-43% or more? Where would you figure it out? Where would stand in percentage 42-43% or more?

**Mr SL Jain:** Okay. So you see, in the one year we have moved from 41 to 42%, and that is why we came out with a digital product. So we want to grow it from 42 to 44-45% in 1 - 1/5 years time. We want to grow slowly, may be 2% in the year.

**Sushil:** In your part of Southern India, auto ancillaries and textile and related businesses like forging and others are doing well, are we seeing any traction from the industry, which are predominantly coming from Tamil, Nadu and adjoining.

**Mr SL Jain:** Yes, we are getting proposals from all companies be it textile in Tirupur and all. We are getting steel, cement proposals. We are getting proposals from this part and other parts as well.

**Sushil:** Thank you Sir, I will connect back to you Sir.

**Mr SL Jain:** And you see, we have sanctioned over Rs 44,000 crores.

**Sushil:** So you will have unallied credit of how much?

**Mr SL Jain:** Out of this recently sanctioned around for Rs 46,000 crores, we have Rs 16,000 crores disbursed. Huge amount is lying undisbursed. In addition to that working capital utilization is around 70% or so there also is a scope.

**Sushil:** So you are expecting a double digit growth by March based on the current---

**Mr SL Jain:** We are expecting 8 to 10%.

**Sushil:** That is on an annualized basis? .

**Mr SL Jain:** On Y-O-Y basis

**Sushil:** On quarter on quarter?

**Mr SL Jain:** Quarter on quarter we are at 3%. So naturally we'll be growing more in this quarter, so that way the percentage will be higher.

**Sushil:** Okay. Thank you. So then all the best.

**Moderator:** Thank you. Next question we have again from Gaurav. Gaurav, please unmute yourself and ask your question.

**Gaurav:** Yeah, thank you for the opportunity. again, Sir. I wanted to re-clarify the restructured numbers. So MSME restructured is around Rs 3,200 crores, right? And OTR one is a Rs 4,500 crores and then OTR two is Rs 15,800 crores. Sir, if you could please, you know, in absolute terms, clarify what is the net restructure number, you know, and what is the overlap with the MSME restructure number?

**Mr SL Jain:** I told you the MSME restructuring is close to Rs 8,000 crores, right? Also, in the slide there are Rs 6800 crores + Rs 1300 crores. That works out to be Rs 8100 crores. And as far as overlapping is concerned, major part of our MSME restructured pool in earlier guidelines is a part of COVID one or two restructured book.

**Gaurav:** Okay. So MSME restructuring is Rs 8,000 crores or Rs 5,200 crores? In your filing. it is Rs 5,284 crores.

**Mr SL Jain:** Yeah, yeah. This is basically a restructuring disclosure as per the guidelines. Point is Rs 5,000 crores of restructuring we have done. So this is based on those guidelines, but out of this 5,000 majority will be part of the COVID 2 pool

**Gaurav:** But Sir, you said Rs 8,000 crore, where is that?

**Mr SL Jain:** So, and this 8000 includes 5000 major part of it

**Gaurav:** But Sir I'm not, what am I not getting is this Rs 8,000 crore number from, you know, because OTR one is Rs 4,500 crore project, OTR two is Rs 15,800 crore. And then, the number which I just mentioned MSME restructuring. It is around Rs 5,200 crores. So I am not, you know--

**Mr SL Jain:** Just a minute, there's a number of accountings, there is amount, right? So MSME restructuring at COVID one is Rs 1,313 crores, and MSME restructuring COVID to Rs 6,800 crores. So, Rs 1300 crores + Rs 6800 crores is Rs 8100 crores

**Gaurav:** Rs 7,300 crores

**Mr SL Jain:** Rs 8100 crores, Sir, Rs 6,800 crores + Rs 1300 crores.

**Gaurav:** Okay. So you are saying the Rs 8,100 crores includes Rs 51---

**Mr SL Jain:** Right, you are.

**Gaurav:** Okay. And, Sir just one more clarification on data, you disclosed, you know, very nicely SMA1 and SMA 2 on the entire book.

**Mr SL Jain:** So yeah, we have. Corporate is only 0.44%.

**Gaurav:** That's very good. Very commendable. Sir what would be below five crore SMA and what will be over five crores because most of the banks don't give above five crores.

**Mr SL Jain:** I agree with you so far. So most of the banks are giving about five crores. Above five crores is mostly corporate, right? So my corporate is 0.44%.

**Gaurav:** So, so is it fair to assume this Retail, MSME and Agriculture, all of this could be, you know, below five crores exposure wise, they will be no counter from these three RAM categories--

**Mr SL Jain:** Just a minute. we will give you the exact number. So it cannot be major difference from this. Maybe slight bit it will be added, because you're right, some of that MSME maybe there for more than five crore. But they cannot be materially different.

**Gaurav:** And Sir what would be the overlap between your SMA number, which is Rs 18000 crores and the restructure number of Rs 20,300 crores, which is OTR 1 and OTR 2?

**Mr SL Jain:** Again, there is an overlap because SMA 1 and SMA 2 will remain majority from the restructure book only.

**Gaurav:** So what would be that overlap?

**Mr SL Jain:** That number Mr Bansal will give you.

**Gaurav:** Thank you.

**Moderator;** Next question we'll take it from Mona.

**Mona Khetan:** Yeah. Hi, Sir. Just one additional clarification, on the ECLGS book, what is our current outstanding and how much were the disbursements in this quarter?

**Mr SL Jain:** Yeah ECLGS book what happened we have via sanctioned around Rs 9,885 crores and we have disbursed Rs 9,165 crores. And the balance outstanding is Rs 8,768 crores. So disbursement is Rs 9,165 crores and outstanding Rs 8,768 crores. And last year, this was Rs 2,630 crores.

**Mona Khetan:** Okay, thank you. Sir and what is the difference between total cumulative disbursements versus the outstanding

**Mr SL Jain:** Some of the money has come back and some of the accounts have been closed.

**Moderator:** Yeah, thank you, Mona. So before we take our next question, we have one question which has come in the chat and that is, if you can highlight, your overall loan book, what percentage of loans will be on EBLR which is basically the external benchmark. And, if you can break it down into the into MCLR linked loans, repo rate linked loans, that'd be great to have that.

**Mr SL Jain:** We'll provide you. Till that time let's take the second question.

**Moderator:** Yeah, sure. So, basically another question which was there is that if you look at, during the current quarter also, we had very high Retail slippages of about more than Rs 600 crores. Why is that so?

**Mr SL Jain:** Yeah, out of the Rs 600 crores, Rs 250 crores, is basically education loan. Where the slippages come from the education loan and our education loan is for the engineering colleges, as in south a number of engineering colleges are there. So because of the unemployment or underemployment or placement is not taking place. Maybe these are the reasons that is why slippages is coming up. But, you see a our chart for slippages and recovery, if you see our nine months slippages put together with quarterly slippage, Rs 8000 crore of slippage is there. If you put together Q-o-Q, Rs 10,000 crores month, and in nine months Rs 8,000 crores. This shows that Rs 2000 crores amount will be covered. So if you see the first two quarters, slippages Rs 8,000 crores, out of Rs 8,000 crores, we will be able to recover Rs 2000 crores. So, 35% of the recovery takes place in the next quarter. These are small loans. So when the 90 days over the slip, it is recovered because it is small loans.

**Mr SL Jain:** So automatically EBLR, repo rate increases, it increases. So all Retail and will automatically reprice.

**Moderator:** What will be the non EBLR book? Non repo book.

**Mr SL Jain:** That is MCLR book

**Mr SL Jain:** Yeah, 42% is basically EBLR and 48% is MCLR.

**Moderator:** Okay. And T Bill will be part of the MCLR?

**Mr SL Jain:** We don't have that.

**Moderator:** Sir, why is that? Because a lot of banks are now moving towards T-Bill rate because that is a rate which has been moving faster.

**Mr SL Jain:** Yeah. This is an optional benchmark, you can link it to the TBill or you can link it with the repo also

**Moderator:** Yeah. But if you look at repo has not increased but TBLR has increased by almost 40 basis point.

**Mr SL Jain:** We thinking on those lines.

**Moderator:** Yeah, sure. Next question, Sir, we'll take it from Jai. Jai, please unmute yourself.

**Jai:** Yeah. Hi sir. Good evening. And thanks for the opportunity. So first question is if I look at our restructured book, and now that the scheme has mostly ended, and if I compare versus other banks, our restructuring number is, as a percentage of loans at around 6% is way, way higher than any other bank. Most of the other banks are at around 3%. Can you comment on what has led to such a high number of restructuring at our bank? What has led to such high number of restructuring at our bank?

**Mr SL Jain:** So you see Rs 20000 lakh crore and Rs 4 lakh crore book which is around 5% please. Ours is high because of Rs 8000 crore MSME and Rs 8,000 for Retail. Retail we are not seeing much issue, but MSME book is an issue there where we are giving ECLGS and this. Otherwise, our corporate Rs 3000 crore of restructuring ?? only four-five account which everybody has done. So ours is higher because of Retail book.

**Jai:** Yeah. So, but within retail, have you come across any anecdotal, you know, commentary or evidence to suggest that why retail restructuring in Indian bank is higher? Because that is not the trend that we have seen at other banks.

**Mr SL Jain:** we have done restructuring, we are getting money. Ours is higher in Retail because of Housing Loan and all. So the slippage, if you are seeing slippages in restructuring books it is basically in MSME books.

**Jai:** what kind of recovery upgrade one can expect for FY23 as a whole?

**Mr SL Jain:** FY22-23. What happens, you see as against Rs 2,600 crores recovery happened in nine months FY20-21. We have Rs 6,500 crore recovery in the last year. So we are expecting the similar trend of recovery in that next year too.

**Jai:** Because this year, of course, there was Dewan recovery, there was one other, you know, lumpy cases. Is there any ---

**Mr SL Jain:** Dewan is a lumpy case but all we are Rs 23,000 crore in books. So one or the other always comes. So one of the other account always comes and we are giving a hundred percent provision against them. When you have Rs 34,000 PWO book you are always able to put recovery.

**Jai:** Okay. And on this large retail chain, which is under stress, what is the total exposure? I think you had mentioned Rs 900 crores, but does that include bond or may be NFB because if that were to slip probably---

**Mr SL Jain:** Total is Rs 900 crores and we are having 15% growth.

**Jai:** That is the total exposure, right? Including bond, NFP, everything.

**Mr SL Jain:** Yeah.

**Jai:** Okay. Sure. And lastly, on our slide 16, just a question to see our CFO Sir also, I mean, what are we following in terms of RBI that MTM depreciation Is that now a negative line item in other income? Or, where is it going? So slide 16 of the presentation.

**Mr SL Jain:** It is a negative line,

**Jai:** And in the next quarter, if I see, this is actually a positive line, item 31,

**Mr SL Jain:** That is right

**Jai:** And the last question that we have done accelerated provisions in this quarter and hence our PCR has also moved up. If you have a ballpark number that what was the IRAC mandated provisions and what was the accelerated provisions that we did? I mean, that will help us understand, you know, whatever proportion is from accelerated provisioning based.

**Mr SL Jain:** We are not doing accelerated provision under all accounts. We are basically doing process based on the IRAC and always take a conservative stand.

**Jai:** Okay. Thank you, Sir. All the best.

**Moderator:** Yeah. Thank you, Jai. Any other participant, you have any question. you can raise your hand. So before that we have one question in the chat box - what is our securities book and how much is the provision that we're getting on that book?

**Mr SL Jain:** SR, you are talking about SR?

**Moderator:** Yes, Sir.

**Mr SL Jain:** Around Rs 3,396 crores was there and close to 96% provision.

**Moderator:** Okay. And we have done some additional provision during the current quarter.

**Mr SL Jain:** No

**Moderator:** Okay. Participants. If you have a question you can ask them, I think one more question has come in the chat box. We have credit cost outlook for next fiscal year and any easing related provision we need to provide possibly next year? So I think we have already talked about the credit cost outlooks which is going to be less than 2%. I think that is the answer to the question.

**Mr SL Jain:** Yes

**Moderator:** And any ageing related provisions that you expect, uh, to be made next year?

**Mr SL Jain:** No, you see our net NPA is only Rs 10,000 crores. So how much will be the provision?

**Moderator:** Okay. Sure. So lastly from my side, basically just want to understand what is our margin outlook particularly in light of rising rate cycle..., so how do we see our margins going forward? Because I understand that we will grow faster possibly next year. That is the hope, even the cost is tend to go up. So how we are looking at the margins going forward,

**Mr SL Jain:** So, our margin you see, of course this, this quarter it has is increased, but it, it was almost 2.75 to 3%. So we will be in this range the next year as well.

**Moderator:** Okay. And beyond Future Retail, which might possibly might slip next quarter. Any other lumpy corporate account where you expect, possibly it might slip in next one or two quarters?

**Mr SL Jain:** So not a big worry that way.

**Moderator:** Sir, I mean, it might just take, you know, one quarter for the SME book to just blow up. Also that there are some state government accounts, which are under stress.

**Mr SL Jain:** In corporate we are not having any lumpy accounts.

**Moderator:** Okay. Sure. So, any other participant, if you have a question you can ask right now, you can raise your hand. I think Gaurav has a follow-up question. Yeah, please go ahead.

**Gaurav:** Credit course has been running at Rs 2,500 crore for two-three quarters. Can you guide a bit to, you know, how do you see this all based on your ageing

**Mr SL Jain:** Yeah, that, that is why I'm telling you it is 2.33%. Right? So if you exclude additional provisioning or three accounts, which were NPA because of court order or not NPA but provision must lie in standard assets and it must move from standard assets to a NPA provision resulting in an increase in credit course. So if you exclude this, it is just 1.65%.

**Gaurav:** It is not Rs 800 crore for this quarter.

**Mr SL Jain:** Yeah, it is around Rs 900 crores.

**Gaurav:** Sir, can we assume from Q4 given provision will be like Rs15-1600 crores.

**Mr SL Jain:** It should come down, should come though.

**Gaurav:** Sir pre-provision profit?

**Mr SL Jain:** You see our NII growth, right? And the way we are growing in the last quarter versus this quarter. And now we are, we are growing for this quarter so NII will

grow. And you see in investment also my spread has increased because. I shifted a part of the securities from the SDL...So it is giving me a more interest income. So my spread will increase, expenditures are under control, right? And other income is increasing and with the further recovery, because we are expecting a recovery in NCLT and other cases, and also the compromises which we have made. So going forward number should be good.

**Moderator:** Yeah. So we do not have any further questions. I think we can wind up the call. I would like to thank you on behalf of providing us the opportunity to host the call. You have any closing remarks?

**Mr SL Jain:** Thanks all the investors and analyst for their faith in Indian Bank performance.