



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



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Date: 04.05.2024

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

Sir/ Madam,

Sub: Transcript of Earnings Conference Call with Institutional Investors / Analysts held on 26th April, 2024

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of conference call with Institutional Investors/ Analysts regarding Financial Results of Bank for the quarter and year ended 31.03.2024 held on Friday, 26th April, 2024.

The transcript of conference call is uploaded on Bank's website and same can be accessed through below link:

https://www.bankofmaharashtra.in/financial_results

Kindly take the same on your record.

Thanking you.

Yours faithfully,

For Bank of Maharashtra

(Nehal Rawat)
Company Secretary & Compliance Officer

Encl: As above



**Bank of Maharashtra
Q4 & FY24 - Investor & Analyst Meet
April 26, 2024**

Management participants

Shri. Nidhu Saxena Managing Director & Chief Executive Officer

Shri. Rohit Rishi - Executive Director

Shri. Asheesh Pandey – Executive Director

Shri. Vijay Srivastava – Chief Financial Officer

- Moderator:** Good evening to all. So, we welcome all of you for this Investor and Analyst Meet. And we heartily welcome all of you for this meet.
- Let me introduce the management team, our top management team here. Our MD & CEO, Shri. Nidhu Saxena here; our ED – Shri. Rohit Rishi, our ED – Shri. Asheesh Pandey. I am CFO – Vijay Srivastava, Bank of Maharashtra, together with me our GMs are there.
- Management:** I think one by one, they'll all introduce.
- Prashant Khatavkar:** I'm Prashant Khatavkar, I'm General Manager, Recovery.
- Arun Kabade:** Yes. Good afternoon, myself Arun Kabade, General Manager, handling DBZ and CIO.
- Dinkar Sankpal:** Yes. Good evening. Dinkar Sankpal, GM Credit Monitoring.
- Suryakant Sawant:** Good evening, one and all present here. I'm Suryakant Sawant, General Manager, Retail Credit.
- Aparna Joglekar:** Good evening, all. I'm Aparna Joglekar, General Manager, Recovery and Legal.
- Devdatta Rokade:** Good evening, all. This is Devdatta Rokade. I'm General Manager, Operations.
- Dinesh Tambat:** A very warm welcome to all of you. My name is Dinesh Tambat. I'm General Manager, Inspection and Audit.
- Chitra Datar:** Good evening, all. I'm Chitra Datar, General Manager, Agri, FL & SLBC.
- Divesh Dinkar:** Good evening, everyone. I am Divesh Dinkar, General Manager and Chief Compliance Officer.
- Manoj Kare:** Good evening, all. I'm Manoj Kare, I'm GM, Mumbai South.
- Rajesh Singh:** Good evening, all. I'm Rajesh Singh, General Manager, Transaction Monitoring Unit.
- Rajesh Kumar:** Good evening, all. I'm K. Rajesh Kumar, I'm General Manager, HR.
- Amit Sharma:** Good evening to all. I'm Amit Sharma, General Manager, Pune City Zone.
- Mukeshchandra Upadhyay:** Good evening to all. I'm Mukeshchandra Upadhyay, General Manager, MSME, Credit.
- Javed Qasim Mohnavi:** Good evening, all. I'm Dr. Javed Q Mohnavi, General Manager, Corporate Credit.
- Pradeep Srivastava:** Good evening, all. I'm Pradeep Srivastava, Chief Technology Officer.
- Subhasish Roy:** Good evening to all. I'm Subhasish Roy, Chief Risk Officer.

Vijay Srivastava:

We have been showing a very good results for the last 15 quarters if you see. And this time that we have shown an excellent performance. So, I request our MD sir to address you, what are the milestones we have achieved.

Nidhu Saxena:

Thank you. So, good evening, ladies and gentlemen. First of all, I really express my sincere thanks for you all to have gathered here in such large number. This is not the first and last engagement, we will definitely be in due course always trying to get connected. We being a Pune headquartered will not be a constraint. We will come down here to talk to you. As and when by quarterly performances we would like to showcase even between that we will be requesting you to come down to listen to us, and to maybe review us and report on Bank of Maharashtra is what our request is going to be. I would have loved to have a one-to-one introduction, but this is such a large group. Maybe we will get those opportunities and we will with more interaction, know each other as well.

So, let me just start now and just present before you the performance, and I'm happy that I'm getting this opportunity indeed my privilege to present this financial performance in-person. So, I'm pleased to announce that our bank has demonstrated its resilience and agility and has delivered once again a strong set of financial numbers. I'm happy to share that we continue to lead in many of the growth parameters, profitability and efficiency ratios. This lead among the scheduled commercial banks includes banks both in the public and the private sector because consistently, you would have seen that Bank of Maharashtra, maybe at a scale is a little bit so this thing but in the industry, we are consistently performing and leading in many of the parameters so this consistent performance is now maintained for more than three years to be precise for the past 15 quarters. Going forward, we are confident that it would not only be continued, but also improved.

Our net profit has shown significant growth and is surpassing our projections and reflecting the dedication and hard work of our entire team. Our commitment to prudent risk management and strategic decision making has enabled us to navigate through challenging times, while capitalizing on the opportunities for growth. We have maintained a robust balance sheet and healthy capital adequacy ratios, which positions us well for sustainable expansion and innovation in the years to come. While by this time, I trust you would have seen the detailed presentation and the various parameters, which are of your interest, you would have seen how the bank has done. But let me just quickly share the few highlights of these financial results. So, our total business has grown by 15.94% and we closed March at Rs. 4.74 lakh crore. Total deposits increased by 15.66% and we closed at Rs.2.7 lakh crore. Gross advances increased by 16.3% to Rs.2,03,000 crore. CD ratio has reached to a comfortable level of 75%, there is always a scope for another four, five basis points. Gross NPA has actually declined sharply, and we are happy to share, it is now below that number 2%, we are at 1.88%. Net NPA has reduced to 0.2%. Our provision coverage ratio has improved to 98.34%. The the operating profit has grown by 31% to Rs.8,005 crore for the full year. The net profit has grown by 56% Y-o-Y, and we have clocked the figure of Rs.4,055 crore. The net interest income has increased by 27% to Rs.9,822

crore for the full year. The NIM has improved to 3.92% as against 3.56% for the previous year. The cost-to-income ratio has also improved to 37.55% as against 39.14% for the previous year. ROA has improved to 1.5% as against 1.1% for the previous year. ROE has improved to 24% as against 20.38% for the previous year. CRAR as on 31st March stands at 17.38%, of which tier one is 13.72%.

Our bank has taken several initiatives to build the quality loan portfolio through improved underwriting, we have stipulated minimum benchmark, credit scores below which we do not underwrite it alone and many such criteria have been put in place with an aim to build a healthy loan book. We are also taking steps to manage the stress in the loan book through a robust collection, recovery and follow-up mechanism. For the accounts that would slip to delinquent category despite my close monitoring, we are moving our upgradation efforts the recovery efforts are initiated immediately. For the underwriting fees to improve the credit underwriting happening in the bank for the large and the mid-corporate category, we have set up a cell in head office, which is assessing all greenfield and brownfield projects. We are also ensuring a quick turnaround time for all such proposals that are in the mid and the large corporate category.

Likewise, for the RAM segment, there are CPSs, Central Processing Sales at each of our zonal offices for all the three verticals, the retail, the MSME and the agriculture segment loans are getting underwritten in the centralized sales and although we have set up the 100% coverage is yet to be achieved, but bank is steadily expanding this coverage to ensure that our share of sanctions in the RAM segment from these centralized verticals go on improving as we go forward so, more and more branches are getting mapped to these centralized verticals for this purpose. Through the centralized processing, what we have seen, and we are able to maintain a standardized processing across the bank. We are able to also ensure a quick turnaround. We are also able to improve our underwriting through better due diligence that happens in these centralized verticals, vis-à-vis by general branch.

Further, we have also a setup of specialized branches, like housing finance branches, mid-corporate branches, corporate finance branches so, to say about them, the specialized branches in the mid-corporate segment cater to proposals ranging from Rs.25 crore to Rs.100 crore, which typically are the MSME borrowers, whereas the corporate finance branches deals proposals of Rs.100 crore and above. These centralized verticals, these focus branches I have talked about have the required number of manpower and the required skill sets provided to them and so they are ensuring me, better monitoring, improved turnaround time and better customer experience for our mid and large corporate customers.

Likewise, for the important task of recovery of our bad assets, so we have specialized recovery branches, the asset recovery branches, which are 13 in number, deal with NPAs ranging from Rs.20 lakhs to Rs.5 crore o, there is a clear SOP in place, according to which if the account has slipped and if within some set time, it is not upgraded, the account moves to the asset recovery

branches, where we have, again put specialized skill sets, law officers, which are effective tool, whatever effective tools for recovery, the step for recovery are initiated without any delay.

So, likewise, we have the semi branches, which take care of NPAs above Rs.5 crore and all the NCLT cases are dealt by the semi branches. Out of our total NPA around 70% of our bad assets are housed in these just 17 branches of the bank. So, I'm able to give the required skill sets, manpower, legal expertise in these 17 branches, and that's how my recovery also, you would see that we are doing well in recovery. The focused approach is giving me the desired results. The bank is well poised for growth in size and significance and move forward to become an important player in the industry. For this purpose, we are opening new branches to improve our presence across the country. Our current network has now reached to 46 zonal offices, 2,500 branches and 2,300 ATMs, currently, our VC network is low we have 3,300 VCs, but we understand the importance of the VC channel so we are in the process of putting in place and by September 2024, this 3,300 will be ramped up to almost touching 10,000 VCs working for us.

The bank is also implementing several digital initiatives such as the CRM platform and lifestyle banking application. This will enable personalized service to our customers across all channels. Launch of the AI-based video assistant will provide instant personalized assistance around the clock. Further, the launch of digital insurance platform and integration with the online share trading platform will offer a one-stop solution to help customers manage their finances. The bank is implementing several Straight. Through Process journeys, STP journeys, such as the Maha GST scheme, digital vehicle loan, digital education loan, renewing the KCC loans, Kisan Tatkal loan and so on. We are also shortly implementing the EBG module, which will help provide faster processing and convenience will be there for the customer to do that part of banking anytime and anywhere.

We will also have proper risk mitigation and better customer service cost reduction from the bank through this simple EBG module. These measures will raise overall customer experience, make the interactions these customers have with our bank more efficient. The bank is also going to implement an end-to-end credit monitoring platform, which will enable to track credit performance across the entire life cycle of a loan, and thus strengthened my collection mechanism, and I will be able to monitor my assets more efficiently. As far as my capital is concerned, currently we feel we are well capitalized, but we shall raise capital as and when required and whenever the time is opportune for us to do that.

This year 2024, we have a milestone. We will be celebrating our 90th foundation day of our bank on the 16th September. We will definitely keep some aspirational objectives for ourselves. Some newer products, some newer services, some newer initiatives will be all lined up for launch during this milestone when we touch 90 years. We feel that after displaying a good financial performance and that too consistently, we now aspire to become a bank of greater significance, but while we grow, we will remain mindful that growth in our top line

should be commensurate with our bottom line growth. Recently, as a strategic move, bank has gone for creation of a new vertical, and we are calling it as the new business and customer acquisition vertical. This has been established with a view to increase customer engagement, deepening of existing relationships and to acquire new businesses beyond the simple credit and deposit relationship that branches are typically known off, this initiative will drive the bank into newer areas of payment and collection services that we can offer to our clients, channel finance, both dealer and vendor finance, payroll business and so on. This vertical, giving it the due importance will be headed by a general manager ranked executive at the corporate office, and there will be a support of two DGMs at the corporate office. They will have an extended arm in the each of the zonal offices where there are business development officers already existing up to the level of Chief Manager. We will align this structure is already decided, and this structure will start functioning very shortly.

We also have a subsidiary, which specializes in offering trusteeship services to both individual and corporate clients. Our analysis tells us that there is an inherent need for this product, and there shall be many takers from among the institutional and individual category of clients. , No other PSB or even any private bank currently offers this service. This is also one of the services that differentiates us from any other bank and our newly created vertical, which I just spoke about, would reach out to all clients, corporates and individuals in the government sector, PSU or the private sector and they will ensure a complete offerings made to our clients. this will create as a differentiation for the bank and it will help us acquire more and more clients to grow, improve the BPC and also improve the customers' stickiness with us so, when my vertical will approach for new business, so while we will improve the product for customer, we will also improve the profitability for customers, and we also will ensure a better customer retention with us.

I'm happy to inform that Board has proposed to declare a dividend of 14%, which is higher than what we did for our shareholders in the previous year. Few parameters I will just share my guidance, the main ones. Advances, we grew by 16%. We have a guidance of 16% to 20% for the FY24-25. Deposits, we grew 16%, we are keeping our guidance for ourselves 12% to 15%. CASA, anything above 50% is the guidance we are keeping. For RAM, we are currently 61:39 RAM versus corporate, in the favor of RAM so, this will be maintained at 60:40, one, two basis points here there. And the NII is 27%, we are going to keep around 20%. NIM, we have already clocked 3.92% near to the 4% mark, but knowing the concerns around in the system, when the interest rate cycle may see a reversal in the second half, that's what is talked about. If that happens, so we are keeping a conservative guidance of 3.7% to 3.9%. Cost to income, we already have achieved less than 38%. We will keep our cost to income below 40%. ROA is already achieved at 1.5%. My guidance for the next year would be 1.5% to 1.6%.

GNPA already we have come down below 2%, we will maintain that level. We will remain below 2%. NNPA between 0.2% to 0.25%, and slippage ratio anything around 0.75% to 1%. My credit cost currently we achieved 1.07%, we will keep at 1%. PCR already achieved 98% we will

maintain around that level. CRAR, 17.38% is my March number, I will be having a guidance of 16% to 17%. So, these are the broad numbers. I understand you would have already gone through my detailed presentation and aware of what the various highlights, other than the highlights of the bank's performance, we will take your questions. I have my EDs, my entire general managers, top executives are here in front of you. We will take your questions. Some part of it, if we are not able to immediately come back to you with data, we will definitely come back to you. So, I think Srivastava, we can.

Vijay Srivastava: Thank you, sir. Now, I request that my analysts' friends or investors they may ask questions about the bank's performance.

Analyst: Sir, you announced a Rs.7,500 crore of some fundraising. So, can you elaborate when it's, going and how it's going to happen?

Management: Yes, for the ensuing year and year next to that, we have a capital raise plan in mind for one very simple reason. Currently, we stand at 86.46%, that's the Government of India holding with us. And we would like to bring it down below the 75% mark, and so comply with the SEBI regulation of minimum public shareholding of 25%. I'm also aware that this kind of capital raise required that number that you just quoted, sir, may not be possible to be done definitely in one tranche and maybe requiring two to three tranches for us to comply with that guideline and yes, the kind of growth objectives that we are keeping in mind, as I mentioned earlier, not in a pressing need to raise money for funding by credit growth immediately, but when we wish to maintain a CRAR of 16% to 17%, that's the guidance, we will raise some money for our credit growth, for our growth as well as to meet this criteria.

Ramesh Bhojwani: Sir, Ramesh Bhojwani from Mehta and Vakil. Sir, your performance for this year has been outstanding, not only for this year, over the past four years, it has been improving year-on-year. And I believe it is at the absolute peak ending FY24. Fortunately, the situation economically, business-wise, manufacturing as well as services overall has been very good. But going forward, do you think and do you see any stress, any weakness in any segment of the economy or of the industry or business from your bank?

Management: Okay. Let me answer you in this manner. If you look at our country, the economy is poised for the next level. The international market and the world sees that the next decade belongs to India is what the statements we read about and when the economy progresses, when the economy flourishes, banks are the biggest winner or there's a direct relationship directly proportional in terms of what the GDP growth is, I plan a thumb rule of twice growing my bank, twice the GDP growth. So, yes, there will be some headwinds in this. When we look at the global position, the geopolitical tension is there, the oil crisis because as a result of that, as an outcome of that and yes, the Western world slowing down the demand, but at least domestic, we don't see those kind of challenges. And India definitely is poised for going to the next level. There are a lot of, support systems working and the newer initiatives from the Government of

India when we heard about that Viksit Bharat 2047. So, there are 100 days, three years, five years agendas that are being chalked out, and all of those initiatives, there will be a lot of underlying initiatives under these broader objectives. So, I don't see any major challenges. Now coming to my bank, my loan book is a healthy loan book. We are mindful that whatever 2014, 15 era and how the banks have entered into one sector, one segment and how the experience has been and how we have come out so, not only as every institutional lender is mindful of that and how things also have changed, how these processes, systems, underwriting, those have changed newer ways are there so, there is no challenge. Currently, we are very, very sensitive about how the loan book we are building. Going forward, when we are thinking of becoming a bank of greater significance, I cannot think of building a loan book which is not a strong loan book so, we have for that matter, rather made these underwriting norms more stringent for us to grow, by keeping certain benchmarks below which we don't go, there is no deviation in that, our systems to monitor those accounts which are on-boarded are also robust our collection mechanism and a lot of technology is getting used in all these areas, whether underwriting, whether monitoring and even recovery is getting digitized. Many banks are doing at various levels, a lot of initiatives towards that. If we are growing in such a manner, I don't see much challenges also, these are the good times. World over, you would see regulators nudging banks when the times are good, to make extra provisions. And we lead somehow, we have some extra cushions, buffers, COVID provisions. Something more than what the regulator prescribes is what we have been doing. And those will be, these are the good times, the times are still continuing and that is my family silver, I'm not touching. I'm only building on that. So, that's the theme with which overall we are working. So, I don't see if this is the way we move, there should not be a challenge.

Ramesh Bhojwani:

You have put a contingency quotient in your PCR of 98%. It could have been very, you could have maintained it easily at 78% and 80%, but you have intentionally brought it to 98%. So, you have securitized your entire portfolio?

Management:

Sir, actually if you see very well said, you can build up to 70% or so. But what happens let us see analyze the capital conservation buffer is also there from the Basel III norms. Now there are various ways still that there is not a very big recommendations for that but yes, so all the banks are putting up but coming to the Bank of Maharashtra if you see. It is really a good gesture when you are covering that site. And apart from that, even Rs.1,200 crore, you have put into so, what happens, the economy moves towards the IFRS or towards the Basel III, maybe the capital requirement or maybe the more better ones. You need to keep a cushion in your treasury, so that you can anyway without losing your strength, you can build upon that.

Ramesh Bhojwani:

There is an excellent thing to preempt what is expected to come.

Management:

Very true. Because IFRS and both Basel III and ECL norms if you are going to see in the future. So, certainly, and Bank of Maharashtra being an analyst, you would have seen the bank has for many quarters have tried to build provision many times it has been asked as well. So, we before

even for the wage revision and all we kept almost Rs.50 crore to Rs.100 crore aside. So, we keep that.

Ramesh Bhojwani:

Sir, two more things. CMD sir referred to 14, 15 onwards, the improvisation, improvement innovative and inventive journey. Are we today at a stage in banking because if you are lending to a customer or to a client or to a borrower, it is the borrower or doesn't take only money from one bank. He has two or three banks in the kind of a consortium. So, wherever there is consortium lending, are the banks exchanging with each other, the performance of that client like it may perform with one and default with two, that was the thought we had when we were discussing banking management and banking procedures in the years of 14, 15 onwards. So, is today an improvisation or improvement of interaction between banks who are lending to the same borrower. Is it happening, is it possible or going forward is it on the agenda?

Management:

See today, the data is so much available. Let me share with you, certainly CICs are there and pertaining to your earlier question as well. The regulations are becoming, I would not say stringent better. So, because when you do good, if you are in discipline, certainly you don't meet up an accident, that is point number one. Now point number two, when you asked about the consortium lending, I would say consortium is a far better an arrangement where you are in continuous touch with each other even the drawing power, which is the told by the lead bank. But I would go beyond it, even at an individual level. Now today, there are three modes, the one is the credit platform if it is a Rs.5 crore and above, that is available to you any point of time. The second one is the CICs there you have all the default even the willful default and everything. Third, probably I'm not very sure about many of the people you will be knowing, there is NeSL which is an IU, Information Utility company, they are even operational critical data you are getting into as well as the default, the first default. Now with these three, if you take the data aggregators which are in the market today, the one like many players are there, you know very well. Now you are in a position to know not even that even a customer, if they are losing a bigger debtor or a customer maybe 30% to whom they are supplying, with in the era when you have a data very well with you and you know where to use it, probably I believe that 2014, 15 or whatsoever period you are saying, we are better placed today.

Ramesh Bhojwani:

And that period will never come back again?

Management:

And just to supplement what Asheesh has just now told. Lenders have also learned their lessons. Some of them have learned it hard way. As far as their underwriting skills are concerned, as far as development of expertise are concerned. In our bank for example, we have got industry-wise project appraisal cell. And then there are guidelines from IBA for monitoring by way of ASM. That is an agency for specialized monitoring and high-value accounts. On the appraisal side as well as on the monitoring side, there is a lot more wisdom that has gone into the system. So, those days are not going to come back again.

Abhijeet Purohit:

Myself, Abhijeet Purohit. Firstly, congratulations on a really good set of numbers. I'm from Kaviraj Securities. I just wanted to know the kind of run rate that we have achieved in this quarter and the previous quarters. What is the mode that we are going to focus on, because from the commentary and from what it appears to be is that we are trying to put in a lot of effort to create a lot of competitive advantage and a lot of modes. So, what is that one driving force or a couple of driving force that will help us sustain this run rate?

Management:

So, if you look at, you rightly said there cannot be one, there are combination of issues, combination of initiatives that is giving this kind of performance. So, maybe when we talk of the business mix, asset side, liability side, when we talk of our processes, so how we are monitoring is happening and also very important when we are growing, the compliances part of it nowadays regulator has no forbearance and there is no concessions. Sometimes, we have seen that they are coming very hard on entities. We are very mindful of that, that whatever is being done, whatever new initiative business, they should be all seeing compliant with what regulator expectation is going to be and so coming to this broad thing that we have in mind, beyond this, see what is helping us is actually the kind of branch expansion that we have gone into. Last three years, around 750 branches, around 1,800 was the level when we started the branch expansion mode. Today, we are almost touching 2,500 branches and we have for the coming year also another 220 to 250 odd centers where we will identify and open branches, this is helping me a lot. We are also monitoring what is my expectation from this new branch, our SOPs in place to see how we have identified these new branches and once the branch is opened, how they are functioning, we are monitoring and what is the minimum expectation. We are seeing on an average in the various segments, urban, metro, it's an average Rs.30 crore of business that has got added by one single branch that is opened in a one year's time, that gives us a good start and then that should be continued and yes, we still are going for a new branch opening that also will allow me to be present in areas where there are a lot of banking activities, a lot of maybe not only existing potential, but growth potential is also. And still we have to, country is having 700 odd districts +700, we haven't covered the entire area. We feel that we can still go ahead and identify more. So, for this year as I said, we will be doing it and all this will be adding to our growth.

Management:

Abhijeet, just to supplement. There are actually four pillars: people, process, technology and data. So, people wise in our bank, AGM and above, with their IDP, Internal Development Plans. We have gone with the IIMs, XLRI and ISBs that is one part. And even at the very, very top-level executives almost 67 people are sent to various universities across the world so, rescaling is very important when it comes to people. Second one is the process. So, your bank, Bank of Maharashtra is today having 35 RPA implemented, probably the first public sector bank to implement RPA right now and further 25 under development that is the way the process you can think of redesigning. The third is technology, certainly we have given all the inputs in our earnings presentation. Now coming to the data, we need a clean data so, if you want to go from a big data or AI. On that fourth front, we are having a lot of many projects running in the

bank to have a data cleanliness and data shampooing and all those sort of things. We are also going to run a project on the data. These four are the important pillars in which your bank is working upon.

Palak: I'm Palak from Elara Securities. I had a few data keeping questions. Can you quantify the write off pool. And how much off it would be NCLT?

Management: NCLT is Rs.8500 crore. And in pool, we have around only Rs.321 crore of NPA.

Management: No, the question is asking what is the amount we have written off, right?

Palak: Yes, total pool.

Management: Return on assets or total?

Palak: Total.

Management: The current year, we written off Rs.1600 crore.

Palak: And I want the total cumulative pool add on?

Management: That is Rs.19,555 crore.

Palak: And how much recoveries are you expecting in this current year?

Management: This financial, at least Rs.1500 crore we are expecting there.

Management: And whatever NCLT + Rs. 8000 crore, it is also written-off account, technically written-off. So, whatever recovery will come, it will directly go to your P&L account.

Management: And see, if you talk about the IBC cases, NCLT, we have seen there has been a delay in system, but there is a broad feeling that all these cases may be at whatever haircut, but would find resolution by 2025 because there is a lot of push and reviewing of the way NCLTs are functioning nowadays. So, we may see resolution of most of the cases. So, this Rs. 9000 crore, Rs. 8500 crore odd NCLT portfolio, where I have 100% provision and they have written-off maybe whatever haircut, but we can expect a large part of it maybe next 2 years to come to the bank as a complete resolution.

Sushil Choksey: Sir Sushil Choksey, Indus equity. Sir, you have done fantastically well over a number of years for CASA. And the future of Indian banks is dependent on CASA for many enablers. How are you seeing the road map of sustainable CASA over the next three, five years?

Management:

So, yes, one of the strengths for us is the CASA share that we have to our command. Yes, there are certain relationships that patronize us and we are mindful of that. We are taking care of these relationships and what I've just mentioned in my opening remarks about the new initiative in terms of a new vertical that we have established. The main task of this vertical is also to visit our top clients, both on the asset side and the liability side and explore what is that other things that can be done for them. Typically, if it's a government department, which maintains their operative accounts with us, I'm sure if we go and sit down and talk to them, they have some financial needs towards their regular payments that flow from their salary accounts, payroll to vendors, they also have some collection requirements. So, that must be done by somebody else, or they may be struggling to meet those kind of requirements. We will go as a complete bouquet of offering to these clients, which, I enjoy a good CASA. We will offer these products, we will do whatever customization in my CBS is required to help them streamline things and the advantage I look at it that I will deepen my relationship. I will also ring fence that business definitely under no circumstances, it stays with me because it's a competitive ear. and maybe when we get other lines, other ancillary businesses from that one account, we will be adding to our incomes also. CASA is one thing we will definitely, , 48-49 is my average, but I have kept the guidance to keep it above 50 so that will require a lot of challenge on me to see so these existing relationships have to be ring fenced, also I will have to explore new areas so, that same vertical in a very structured manner, is going to look at these, we will also identify and find out which are some areas for improvement. From my SB, what is my salary share of business, typically we have data with us that what a private sector typically does, what is the best PSB that is there in that. If my salary share is low, I will then put in place the required strategies to see that there they improve. All put together, we will see that the CASA is maintained, the strength that we have because through this, we are able to give a lot of enablers. I can price my products very competitively, and I have good takers and when I'm entering new markets, I can ensure that my branches are a very competitive field, they are able to scout business.

Sushil Choksey:

Sir, during my last visit, I was explained by executive with Asheesh Pandey that we are enabling a lot of products whereby the current CASA holders, we will be able to sell multiple products. And if so, how many products are we able to sell or mine today from the data that he is your customer, but taking a loan from some other banks and you are able to convert because he is already giving you CASA account, but not taking a loan. So, if we are selling two products, can we get to three, four do we have some data to speak up on that?

Management:

So, very well said, this is a very important metric, and it's a measurable metric also that in one customer ID, how many products we have sold so, we are mindful of that. We are seeing that what is my current PPC. Going forward, what is that PPC say, one year down the line, six months down the line, how much PPC we would wish to improve. We will take use a lot of technology in helping us do it. And definitely, we would like to do the other businesses with the same client. So, we have a higher share of wallet share, is what we are mindful, we are aware of that.

We will work on those lines that if this is the potential one client gives then if I'm taking part of it, why not I should get the whole. See at some places, we have a very distinct advantage. If it's a credit relationship, we are sole bankers, but we would find that for some of these things, some of the ancillary business is gone to some other banks so where we have the sole relationships, I'm sure we will be easily able to convert. Even in case where multiple banking is there, our consortium is there, at least we will go with the ask that what is my share in the consortium that much share in the ancillary business I must have. With these kind of things and approach, I am sure when the efforts are made we will get some value around this initiative.

Sushil Choksey:

Sir, to take all the initiatives, digitization and digital expenditures would be going to be a big thing. So, you may be doing CAPEX as well as on an operating basis. Last two years, you have given some numbers and guidance. What is the future outlook and what kind of spend are we going to do in current year and maybe next two, three years in technology?

Management:

Every year, we are seeing a heightened budget towards the IT spending. This year, it is Rs.1200 crore. I'll ask Asheesh to just add to any more things that.

Management:

As you are aware, like last two, three years budget on the IT and digital so, we were at Rs.800 crore and Rs.900 crore and this year we are Rs.1,000 crore plus. At the same time, there are two important things, the one is that the spend which you are doing how it is getting into the conversion into the business. As we said earlier that we are looking from starting with the 5% share coming from the alternate channels and increasing to 20% in say two to three years' time that is point number one. Second, we are also mindful that when you talk about the IT budget. So, the thing is that the first is on the software side, the depreciation is 1/3 straightaway. And on the hardware side, which is ATM and all, it is almost a say five year, I'm just taking the ballpark duration. Now with these two things, and now certainly when we have given various press releases like last one, one and a half year, so that's around +350 initiatives we have done, and we have lost. So, what happens that how it is getting into that is why the digital business zone has been created in the bank. And further, as we have told, this last year, all the three data centers, one is the DC, near DR and DR. All those three are upgraded in the top class, which is the first grade. The second one is that there are three important switches. One is the EFT switch and other is the UPI and third is the FI gateway, FI switch. So, all the three, the two are upgraded now third one, we are doing. So, what I feel, that the majority of the things the expenditures are made just to strengthen the way in which economy is behaving towards the progress in the same way as our MD sir has said that the bank is also aspiring to progress in the same way. These three years certainly, we are going to continue and not only on the IT business side but then yes, on the cyber security side also in this pie we are also sharing a lot so that we strengthened a lot going forward in the cyber security as well.

Sushil Choksey:

My last question is you are very successful to QIP because the performance was rewarding the shareholder whoever bought. Today, there's a lot of public noise that the government wants to reduce stake in some of the banks and Bank of Maharashtra is the one of the top performing

among that. I don't see, it's a question and answer, which I would see that you don't need capital at all. At the same time you have to get to 75% as per the newspaper reports, I understand ministry might have not spoken, but the papers are speculating. Will you raise the equity further or you will just be reluctant and asked government to sell in the market?

Management:

So, the option number one that you give is one option, which is actively under consideration. In fact, we are going to shortly take our internal approvals. We will go to the Board and get this idea approved and go to all stakeholders, RBI permission is already there and from shareholders in the next AGM and DFS, we will be definitely doing this and at the opportune time, we will take a view on this and yes, what you rightly said there is no emergent proceed on me but the way we wish to grow our size, definitely and also keep our CRAR of guidance of 15% to 16%. So, I require capital raise for both the objectives to bring down my government stake in Bank of Maharashtra number one. Number two, even for my growth down the year, the next three to four quarters next year, I will want that I should raise money and so I maintain this healthy CRAR what currently we are seeing or maybe around the guidance that we are having for us.

Sushil Choksey:

So, what is likely effective tax rate for the years to come back?

Management:

Yes. We have switched over to new regime where the tax rate is 25%, and if you talk about the financial result, the tax liability we have shown, we are not having a tax liability because we are having carry forward losses of roughly Rs.8000 crore, which are giving us the benefit even though there is a taxable income because of that carry forward losses, that actual tax liability is nil, and that benefit will accrue for another one or two years.

Sushil Choksey:

So, the next two years, your tax liability will be negligible?

Management:

Yes.

Sushil Choksey:

Sir, in your asset column print out, there is a component, you have kept balances with banks and money at call and short notice. In FY23, it was Rs.21 crore, but in FY24, it is Rs.9150 crore?

Management:

Yes. So, in March month, we were having excess fund, which we have invested in the SDL that's why you have seen the balance sheet bank is on a higher side.

Prasad:

Sir, my name is Prasad So, my question was on yield on advances. So, we have been seeing improvement in yield on advances. So, if we take, it's given in the presentation. So, from March of 22, it has risen all the way from 7% to 9.14%. So, sir, can you give some granularity on what are the levers behind this improvement and since we have seen the increase in RAM share, so that has been largely the driver or there are some other factors, let's say majority of branches that you were saying or are there any more factors. And can we see peaking of these rates post

interest rate cut announced by the government maybe in this year or the next year. So, this is my first question.

Management:

So, RAM is yes, definitely a major contributor and our share of 61%, which was 57% last year March 23, is definitely one of the component that has contributed in this. Our slippages are very much restricted and maybe it's an outcome of the underwriting, the quality of underwriting and our good monitoring on these accounts. So, there are if less slippages, I have the higher ability to earn interest and continue to earn interest. So, anything else you want to add?

Management:

Yes, actually, slippages have as low as 1.24%. And in fact, we have shared some of the low-yielding advances. We are very much conscious about the bottom line when we are underwriting or when we are onboarding any credit customer so, these are the reasons and NPAs across all the sectors if you see in this presentation. Across all the sectors, you will find a substantial reduction in NPA numbers so these are the contributors.

Prasad:

And sir, my second question was on cost to income. So, in your initial remarks you were talking about continue your geographical expansion even this year also there were nearly 300 branches added. Despite that, we have seen improvement in the cost-to-income ratio down to 37%. So, this year, in FY25 though you have given guidance of maintaining below 40% of cost to income ratio, do you see headroom further fall in?

Management:

We see digitization as a significant lever as far as the curtailment of cost to income ratio is concerned. Asheesh sometime back told what type of ambitious plans we have as far as digitization is concerned. Right now our digital business is around Rs.2000 crore slightly short of that. But going forward, we are going to increase it at a rapid pace, and that is going to reduce our operational cost. And other than that routine cost saving measures of reduction in routine expenses, use of LED lights, other cost curtailment measures. They are part of the culture they are going to stay. So, that's why we are confident that with the growth in volumes, this ratio is going to be well below 40.

Management:

And if you compare with the denominator effect. So, the cost in fact, absolute term cost is increasing because when you are opening new branches definitely that you have to incur the cost. But the benefit accruing from that cost is higher side, that's why we are able to maintain our cost to income ratio as likely said by Rohit sir and Pandey sir that digitalization this is also, we are getting benefit of that. For reconciliation, a lot of persons employed in digital that reconciliation, and once you reconsider those person will be free and that can be used for the productive program, maybe for increasing the business of marketing, but that will also add additional benefit to the bank.

Management:

So, actually, if you see some level of centralization, verticalization that we are doing also is helping us because imagine a situation in the center there at 20-25 branches and each one of

them has a credit officer to underwrite the RAM segment loans versus we put centralized processing sale and say a team of four to five officers. So, actually, from every branch, there's a credit officer who can be redeployed and used elsewhere. So, this is kind of the redeployment through the centralization which has happened. Also is able to help us grow also and not have that kind of impact we would have seen if every branch is doing everything. So, that's how centralization is also helping in many ways including the cost part.

Hatim: I'm Hatim from JM Mutual Fund. Sir, one question is, how much is the contingency and floating provision we are holding on the balance sheet?

Management: We are not having any floating provision.

Hatim: And contingency?

Management: The contingency provision that we have created and as our MD sir told that Rs.1200 crore provision we are holding and if you see that this year, 1st Quarter we made an ECL provision Rs.250 crore and next quarter agri provision Rs.325 crore and the third quarter Rs.100 crore provision for investment. And again, for this quarter we have created Rs.355 crore. So, put together Rs.1080 crore provision we have created in the profit and loss account, this is a type of contingency provision we can say. So, though this we have not factored while competing CRAR and profit. Yes, so sir this is the exercise of strengthening the balance sheet. And balance sheet measure will continue further also.

Hatim: Sir second question is operating expense Q-o-Q there is a very sharp increase. So, what is the reason for that?

Management: One of the reason is that because of that wage revision, our supervision benefit cost has gone up in the March quarter. So, because of that, there is an increase in overall operating expenditure. Apart from staff expenditure if you see that there is reasonable increase in other operating expenditure.

Hatim: Okay. Sir, last question is that you have guided for a NIM compression going ahead. So, I wanted to understand a detailed response because you said that more repricing of deposit is left, or we are shifting more towards lower yielding loans or is it completely because of the decrease in interest rate which is likely to happen in H2. So, yes, your response on that?

Management: So, currently, it is rather to remain conservative, perform and showcase a better performance is our feeling and yes, there are some headwinds for the system as a whole, not anything specific to our bank. But we are mindful of the fact that with tomorrow, interest rate cycle is seen reversing, then how does it impact us. We want to actually keep a conservative performance come with you again, come to you with a better performance. And that I feel is

the better way to do things. Not that we plan to scale down for any of the reasons that you stated.

Management: It is in anticipation of macroeconomic dynamics rather than anything else. If the same macroeconomic factors continue, we are going to maintain this NIM, and it will may improve on it.

Hatim: If there is no decrease in interest rates then there's a likelihood of maintaining NIMs?

Management: Yes. We may rather improve it.

Management: So, if you see, we have given a wide band it is 3.7% to 3.9% is the guidance, and we closed this year with 3.92%. So, that's one of the reasons such a wide band is there.

Somair Choksey: Somair Choksey from Indus Equity Advisors. So, just looking at your presentation, there's a particular slide on the external rating wise split of advances to corporates. Sir, so just wanted some clarity on one aspect. Our number of AAA rated borrowers in FY23, in both absolute numbers and in outstanding exposure. So, it's reduced from 26 to 11 and the exposures also come down from around Rs.7800 odd crore to Rs.5500 odd crore. So, any particular rationale for this or were we looking to lend on higher yields to lower rated say AA kind of category more?

Management: It has to do with the migration of rating. But broadly, if you see the number of borrowers which are above investment grade, that ratio in the total portfolio that is showing improving trend it may be either due to shift migration and rating from AAA to either upward or downward category. But the way to look at this slide is percentage of portfolio that is, in or above investment rates. So, the trust of the issue here is that, BBB and above category as on March 24, we are at 74% and that is a significantly good number.

Somair Choksey: So, broadly, could one takeaway that you would like to reorient or re-strategize towards a set of customers who can earn better yields for you, but still have a pretty good credit risk quality?

Management: Yes, that's right. Above the investment grade most of the, in fact almost 3/4 of the borrowers but at the same time we are going to get significantly that's the issue.

Somair Choksey: And so if one were to see your AA category has shown quite healthy growth, so just out of curiosity, these incremental advances in the AA side of things, are they to a certain sector or it's more broad-based?

Management: No, it's all broad based, it's spread across all the sectors.

Somair Choksey: Okay. And sir one last question if we see, MD sir also alluded to this your orientation has shifted more from the corporate side towards the RAM side. And although corporate credit from high

base have grown pretty well. So, how are we poised to grow for this year, MD sir alluded to the fact that seeds of the NPA cycle are sold during the good times. So, how are you viewing that from an FY25 perspective?

Management: Focus is mainly on bottom line. So, wherever we get bottom line, and we are able to spread our risk, that's the area we prefer to and with that logic, RAM is the ideal place to go. So, corporates, we are not averse to lending to corporates, but we should get our significant yield on that portfolio. That's our criteria and viability of the proposal, diversification of risk. These are the things we are looking for. There are sunrise sectors in corporate, for example, PLI related sectors, there are green finance related sectors are there, then infrastructure is there. So, wherever we get viability, and we are in the sweet spot as far as ticket size is concerned and yield is concerned, we will go there.

Management: Some of the so called AAA sectors where we are not getting the good return we have said also.

Management: Yes, that's right. Some of.

Management: Actually, since beginning 40 plus, minus 1%, we are just sharing that it is, last four quarters, we are sharing this information that around 40% plus, minus 1%, 1.5% is our level of RAM and corporate.

Management: Just to add to that, we all are aware of, we all know of it that the private sector CAPEX cycle in big way still to come. So, once that is happening, then automatically the demand from that sector is going to go up. And yes, we will always remain mindful of how the business that we are doing is going to impact the bottom line and then take our call keeping in mind the risk and the exposure and other things.

Management: Any more questions. So, friends, thank you. And we require your presence also, here also as well as we will continue to interact with you because you are the people, you tell us where we are going. And you are also the great guiding factor a number of times when we met you personally, you have also guided. So, with this, I again thank you all of you for coming here, giving your precious time. Thanks.

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