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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 16th October, 2023.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find the enclosed transcript of conference call with Institutional Investors/ Analysts regarding Financial Results of Bank for quarter and half year ended on 30.09.2023 held on Monday, 16th October, 2023.

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
Q2 & H1- FY24 Conference Call”

October 16, 2023



**MANAGEMENT: MR. A.S. RAJEEV – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER –BANK OF MAHARASHTRA
MR. A.B VIJAYAKUMAR – EXECUTIVE DIRECTOR – BANK OF MAHARASHTRA
MR. ASHEESH PANDEY – EXECUTIVE DIRECTOR – BANK OF MAHARASHTRA**

Moderator: Ladies and gentlemen, good day, and welcome to the Q2 and Half Year Ended 30th September 2023, Conference Call of Bank of Maharashtra. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

We have with us from the management, Shri A.S. Rajeev, Managing Director and Chief Executive Officer; Shri A. B. Vijayakumar, Executive Director, Shri Asheesh Pandey, Executive Director; and all General Managers of the bank. I now hand the conference over to Shri A.S. Rajeev. Thank you, and over to you, sir.

A.S. Rajeev: Thank you so much to all of you for joining this conference call. As you are aware, today, our quarterly financial results for the half year ended as well as the quarter ended 30th September '23, just concluded by around 2 o'clock and we had a press conference also. I will just go through this important financial parameters, though you might have already gone through that. Then, we shall have the one-to-one interaction regarding any queries.

So, the total business of the bank grew by 23% to INR 422,000 crore, and total deposit is increased by 22% to INR 239,000 crore, and gross advances increased by 24% to INR 183,000 crore. CD ratio of the bank is at 77%, while asset quality gross NPA declined 2.19%, and net NPA is reduced to 0.23%. Provision coverage ratio improved to 98.4%. Net profit increased by 72% to INR 920 crore for the quarter, with operating profit growth of 31% reached to INR 1,920 crore.

Net interest income increased by 29% to INR 2,432 crore. Net interest margin improved to 3.89% as on 30/9/2023. Cost-to-income ratio improved to 38%, though it is slightly more than the last quarter, that was basically additional some INR 60 crore to INR 70 crore provision we have made for employee expenses because employees discussion is going on it may be required, otherwise, we can write it back.

ROA has improved to 1.37%, and the Return on Equity improved to 23.25%. CRAR improved to 17.61%, of which Tier 1 is 13.72%. As far as, profitability is concerned, net profit is 72% growth rate to reach INR 920 crore as against INR 535 crore for last Q2 financial year '22. The growth rate for the quarter-to-quarter basis, is 4.27%. Operating profit showed a growth of 31% to INR 1,900 as against INR 1,462 crore Q2 FY '22, the same has improved by 3% on a Q-o-Q basis. NII grew by 29% on a year-on-year basis to INR 2,432 crore as against INR 1,887 crore for Q2 financial year '22. NII growth on quarter-to quarter sequential basis was 4%.

Net revenues for Q2 financial year '23 improved by 29.73% to INR 2,389 crore to INR 3,100 crore. The same is increased by 4.5% on a Q-on-Q basis. Cost-to-income ratio [inaudible 0:04:43] 38.04% while 37.23% was at quarter ended 30/6/2023 and 38.82% for Q2 financial year '22. ROA is 1.37% as against 0.92% for Q2 '22 and 1.33% Q1 financial year '23. ROE also improved to 23.25% as against 18.32% for Q2 financial year '22.

Profitability for the half year, net profit increased by 83% to INR 1,802 crore as against INR 987 crore for half year corresponding 30/9/2022. Operating profit has shown a growth of 42% to INR 3,784 crore on year-on-year basis as against INR 2,664 crore for the half year ended 30/9/2022.

Net interest income grew by 34% on a year-on-year basis to INR 4,772 crore for the half year ended as against INR 3,573 crore for half year ended 30/9/2022. Fee-based income has also grown by 18.77% on a year-on-year basis to INR 723.96 for the half year ended. Return on assets improved to 1.35% for the half year as against 0.87% for half year 30/9/2022. ROE also improved to 23.31% for the half year ended 30/9/2023 as against 16.9% for the half year ended 30/9/2022.

Regarding RAM, advances grew by 24.38% on year-on-year basis. Retail advances have grown by 20%, MSME by 26% and agriculture advances by 30%. Capital adequacy improved to 17.61% with a CET-1 of 12.28%. During the half year ended 30th September, bank has raised equity capital of INR 1,000 crore through QIP and Tier 2 capital of INR 515 crore.

As of the asset quality, gross NPA, as I already told, it was 2.19% as against 3.4% as of 30/9/2022. The same was 2.28% as of 30/6/2023. Net NPA declined to 0.23% as against 0.68% as of 30/9/2022. And the same was 0.24% as of 30/6/2023. Provision coverage ratio improved to 98.4% as against 96.06% as of 30/9/2022. The same was 98.37% as on 30/6/2023. The bank holds cumulative COVID-19 provision of INR 1,200 crore as of 30th September 2023.

So, these are the major highlights of the performance. Now, I think we can go ahead with one-to-one question and answers. Our entire team is there to give the figures whatever required and any figure which is not available, please give your e-mail ID, and we will provide all the details to you. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question is from the line of Darshit, Robo Capital. Please go ahead.

Darshit: So, I just have two quick questions. I wanted to understand what is your loan book growth and credit cost outlook for next two years? And also, if you have any capital raising plans?

A.S. Rajeev: As of now, the loan book growth is 23% to 24% and the expected credit growth will be around 20% - 21% during the current year. As regards to capital raising, as of now, 17.61% is the capital adequacy ratio, and INR 1,800 crore of it is already booked and we expect that in the next half year also, profit will be booking.

So, including that profit of the current year, we are expecting the capital adequacy ratio may go to around 19%. There may not be any requirement for raising Tier 1 capital at present. So, if it is required, in Q3, we may go for some Tier 2 or Tier 1 that is a debt instrument, we may think of that. So, equity may not be required yet.

Moderator: We move to the next question. Our next question is from the line of Ashok Ajmera from Ajcon Global. Please go ahead.

Ashok Ajmera:

Good evening, sir. And once again, very rich compliments to you and the entire team for the fantastic performance, continuing the performance of the bank. If you see slide four, out of 15 boxes, 13 are upward only, only two are downward, that is gross NPA and net NPA, which shows the excellent performance of the bank. And even if you look at, year-on-year, it is very good. Even on quarter-on-quarter basis also, net profit is going up, your yield and NIM is going up, ROA is also going up so there is nothing much to comment or to be negatively spoken about it.

I have got only a couple of observations, questions, sir. One is on our credit growth. If you look at the credit growth of the half year, it is just about INR 8,000 crore, if you compare it to the March figure because now let us look at the financial year '23, '24. So, if today is the 21%, 22% growth of INR 38,500 crore, only INR 8,000 crore has been achieved in -- till September.

So, can we say that about INR 30,000 crore will come in only in this next two quarters, the growth in the credit? Similarly on the overall business, a growth of almost about INR 75,000 crore- INR80,000 crore is expected to make it to INR500,000 crore business. So, on both these fronts because deposits are seem to be declining in the last quarter, one question on that, if you can elaborate. And actually, net-net, if the growth is INR 8,000 crore, but what actually is the credit growth in the quarter, the gross credit growth in the quarter?

A.S. Rajeev:

Yes, you have rightly observed that credit growth as of YTD level, I think it is 5% to 6%. We have [inaudible 0:13:06] secure assets, IBPCs during the half year, and that credit has come down basically because of our sale of IBPC during the half year, that is number one. That is in the market. And after the three months, nine months, six months period, these IBPCs will come back. So, normalization will happen and [inaudible 0:13:33] the second half.

And second point is that generally, the growth rate, if including these IBPCs, our growth rate will be now already grown by around 89%. And during second half year, always the major growth rate will be around slightly more than the first half year. So, this year, we are expecting 20%, 21% growth of credit, I think, it is easily possible. That is number one.

So, number two is deposit growth. During Q1, the deposits was the same thing what we have done. The reason was that market interest rate, we have given more importance for bottom line, profitability, NIM and margin protection. When the interest rate has gone up and the CDs, we have not gone to CDs for any kind type of differential deposits. So, when the deposits we have brought down. Around INR 7,000 crore to INR 8,000 crore excess SLR was there that we have deployed for the credit.

So that the existing assets itself, we could be able to get additional 1,000 to 2,000 additional margin through the shifting. We have around INR 12,000 crore to INR 14,000 crore additional excess SLR. If it is possible, it will be possible that INR 4,000 crore to INR 5,000 crore, we can bring it with SLR because though GSEC has improved slightly, but the yield is not up to the mark like, because our average yield advances is around 8.93% that means almost 9%, where the tenure is yielding around 7.3% to 7.4%, so differential is 1.7% to 1.8%.

And as and when it is required, any time we can go, and you may be aware that we have the lowest in the interest rate regarding deposit is concerned, , which is reflected in our NIM as well as NII growth and the cost of deposits and cost of funds also. The strategy which we are following is the bottom line has to be given more important. But the growth, we will continue to drive.

Ashok Ajmera: Sir, my second question is on our digital initiatives. I mean, we are going very strong on that. And in every quarter, we get...

A.S. Rajeev: That's our ED, Mr. Pandey ji will explain you.

Asheesh Pandey: Yes, please ask.

Ashok Ajmera: Sir, I just want to know the digital journey where we have allocated a good amount, by almost INR 1,000 crore a year. So, like how many modules are ready? And how many such products are ready, which has started giving delivery, or which has started -- I mean, put in the use? And how are we going forward to implement the entire digitalization?

Asheesh Pandey: Okay. I think your question is having three, four dimensions. So quickly, I will try to address all those three, four. So, this is correct that the bank is having around INR 700 crore to INR 800 crore of expenditure on the budget, both revenue and capital, on the IT side. And the last -- I think, almost for one year and 1.5 years, a lot of RFPs and other things are in place. Also, the bank is having the digital transformation consultant on board.

And so, the bank is, at present, working on the digital journeys, digital operations and digital compliance, all the three. And if you ask the prior also, some of the analysts have asked some questions on the loan growth and the deposit growth and other things, so I think this is the reply which will supplement to even that also.

So right now, we are actually having the STP journeys on the asset, on the liability and on the services side, all the three, and also on the fourth, which is insurance third-party products. So as of now, almost, I think, 12 to 13 -- 15 journeys, we have STP online, and the video KYC is there, in which almost more than, approximately, 100 accounts we are opening per day.

And coming to the PM SVANidhi, which is also the government initiative, we have made it fully STP right now and we have done the POC and other things on that, it is helping is on the business front, getting the things done very fast.

Second is with credit quality. So, it is when the technology comes and when the data aggregation happens across the lines, what sort of things you want under the BRE. So, both the things are happening on the services front. We have already launched online nomination and for the customer; and second is our debt claim settlement. We are having four, five things which are already on the services side.

And the next is on the insurance of two, three journeys on the non-life and two on the health, already is online. So, if you ask this, the entire package, so one is on the journey side, second is

when it comes to operations. Probably, our Bank of Maharashtra is one of the public sector banks having the 17 robotic process automation journeys, process live.

And at least another 20 are in production, means on the development. And in this quarter, by the time we meet next time, probably we will be crossing almost 40 of them, I think this is one of the highest in the public sector. Now, what is happening with this RPA, the bank is in a position to have a robust reconciliation, very good customer service, cost optimization and the most importantly, which a regulator sees is the reconciliation and the compliances. So, this is the second part.

Coming to the third part, where you see the other things which are moving to back offices. So, the bank is also working on the various back offices, things like the services, which are mostly done by the branches. The things are identified, which are the branches of the repetitive nature, which are not productive and making the branches and the staff free for the servicing of the customer and for the more business terms. These are five and six various key areas in which the bank is working.

And as I explained on the compliance side, the entire audit function, we are now taking it to back offices using AI/ML. So as of now, we have already empaneled with 54. I think another 50 are fintech companies, are getting empaneled. So probably, again, more than 100.

Right now, more than 15 fintechs are already on board with the bank and this quarter, you will see another 15 to 20 getting on boarded, which probably, again, would be the highest as far as the usage of fintech is concerned, which is all under the outsourced policy of the regulator and within the ambit of the guidelines of the bank and the regulation.

So, I believe we could answer you what you wanted to know that what technology piece is going to help on the business side, on the operations side, on the customer convenience side and also on the compliance side.

Moderator: Thank you. Our next question is from the line of Kunal from DSP Mutual Fund. Please go ahead, sir.

Kunal: Yes, hi. This is Kunal from DSP Mutual Fund. So, my question was on the restructured book, which, I assume, all of them would have come out of restructuring as of now. So, if I could look at the numbers in terms of the personal loan specifically, so there was around 5% - 6% of the book, which was written off during the half year. So how has been that book behaving of late?

And also, in terms of your new generation in terms of the personal loans, how that book is behaving, given the concerns sounded by RBI as well as the market participants?

Management: Yes. As far as personal loan book is concerned, it is around INR 1,800 crore to date. And the NPAs under that is 0.33%. As what you are probably thinking that the stress on the personal loan is because, it's not that high because we are very careful in selecting those. It is given to all salaried people who are also seeing the CIBIL so, all risk parameters are placed in.

And as far as the restructured book is concerned, you said, that restructure, there are certain retail accounts which are restructured, which are those accounts, which were restructured during the RBI framework, regulation framework during the COVID period, which are continued because we have given that benefit to all of them. And that -- gradually, those are now reducing from there.

The repayment in most of the accounts is regular, so we do not foresee in such accounts any material slippages. Of course, with the inflation is lingering, some rate of interest is definitely high, so that we are keeping watched closely those.

I think you are asking about probably the COVID loan book on personal loans. So, because that was – one of the thing which came at that point of time and actually, it is behaving well and if you see the last quarter also, there is quite a good amount of reduction in the book so that is one of the things which you can always see from the RP 2.0 side.

Now, when you came for a regulatory guidelines on the personal loans that is unsecured ones, so let me tell you that, if you see the journey of the last one year, 1.5 years, two years in the industry, put together both public, private and NBFCs, so there is a good amount of business generation that took through the digital journeys on personal loans. Actually, that is the key area of concern from the regulator side of the group.

But as far as the Bank of Maharashtra is concerned or any bank is concerned, there are four things we are very particular on a loan book: One is the underwriting, second is the target group, third is the collection mechanism, and the fourth is risk mitigation.

Now, as far as the Bank of Maharashtra is concerned, you will not see that our loan book rising very like NTB and ETB. So certainly, right now, we have moved to ETB, number one, where we have time tested people for the car loans and housing loans. So that is risk mitigated, point number one.

Point number two, we have tie-ups actually, with some esteemed organizations, which are AAA, and which are government. We have given a very lucrative terms. And on that basis, we have actually done a good business on personal loans.

So STP, yes, we are coming, then we have regulatory tested. Going forward, we will be bidding, we are very much concerned on the risk mitigation side on the underwriting target growth, as I said, even the correction mechanism and the risk mitigation on the floor. So, it is well under control as far as the RBI regulation is concerned, the bank is very much concerned about that.

Kunal: Thanks a lot for the answer given.

Moderator: Thank you. Our next question is from the line of Hatim Broachwala from JM Mutual Funds. Please go ahead.

Hatim Broachwala: Yes. Hello, sir. Thank you for the opportunity. Sir, my question is on provisions. So, I see that the provision number is on the higher side for the non-NPA part. If you can explain the reason

for it? And also mention, what is the accumulated extra provision, which we are holding in the balance sheet.

Management: So, during this quarter, the overall standard provision is INR 362 crore out of that, INR 325 crore we have had additional provisions, this is not required as per the IRAC norm, but you know that to present current economic scenario and while we are in a situation where that there is a crisis is going to start in Gulf countries, and it may impact on the crude oil and the effected the other industries, for that, on the safer side, we have created INR 325 crore provision and that's just a provision due to increase in advances.

And you know that last quarter, we have created INR 250 crore ECL provisioning. And maybe that after two years, RBI will come with the guidelines, RBI will seek the bank will implement this in Ind AS. At the time these provisions were created, it will give us comfort while we think the provision under Ind AS guidelines.

Hatim Broachwala: And sir, how much is the accumulated extra provisioning on balance sheet?

Management: So besides that, we are holding INR 1,200 crore COVID provisioning. So that, we have not factored for the purpose of CRAR

Hatim Broachwala: How much you mentioned?

Management: INR 1,200 crore.

Hatim Broachwala: INR 1,200 crore. And this including the INR325 crore you made this quarter?

Management: No. This is apart from INR 1,200 crore. So INR 1,200 crore is COVID provision. ECL provisioning, we created INR 250 crore. Now, its INR 325 crore is additional provision.

Hatim Broachwala: So, total is like INR 1,775 crore?

Management: Yes.

Hatim Broachwala: Okay. Yes. Thank you. That's it from side.

Management: Thank you.

Moderator: Thank you. Our next question is from the line of Himanshu Taluja from Aditya Birla Mutual Fund. Please go ahead.

Himanshu Taluja: Yes. Hi, sir. Congratulations for a healthy set of the numbers. Just a few questions at my end. Sir, probably, if I do recollect, as you mentioned in the past one or two calls -- in the past call that your total ECL provisions might -- requirement could be around INR 2,500 crore. And possibly, if I do agree that you hold excess provisions of INR 1,725 crore. Is that right way look at?

Management: Yes.

Himanshu Taluja: Fair. Second is, sir, on your margins. We have seen -- because our general expectation is that, we may do see a margin decline in this quarter, but your yield on advances has actually been raised by 31 basis points. Can you just explain what triggered this rise in yield on advances by a 31-basis point in this quarter?

Management: You see that, the yield has improved because that we have also improved our MCLR. So, one of the reasons that -- and you know that overall figures, other than agriculture, it has not increased. So overall interest income has increased, and we have taken various steps to contain the -- our cost of fund and cost of deposits.

You know that we have not gone for the deposit, higher cost. On one side that our yield on advances have improved. And other side, we are able to contain the cost. That's why you see that NIM has also improved.

Himanshu Taluja: Okay. Sir, now your earlier guidance of 3.5 sort of NIM guidance for FY '24, and in the last call that you expected that, that was a peak of 3.86; and may possibly from 2Q onwards, you may see a decline. Now will you revise your guidance now on the margin? And what sort of a sustainable margins do you think we should -- one should assume?

Management: See, if you see that, there is a stance from the RBI on the repo side. And then the -- here and there, normalization is happening between the deposit rates and the lending rates across the industry. Now the...

Himanshu Taluja: Sorry, I can't hear you. Can you be a little bit louder, sorry?

Management: Now is it okay?

Himanshu Taluja: Yes.

Management: If you see, there is a normalization happening across the industry on deposit rates as well as from the lending rates though there is a pause from the stance from the Reserve Bank of India. Now, almost if we see the NIM, which is in -- particularly which you asked for the Bank of Maharashtra, we still maintain, on a conservative side, 3.5% to 3.6%, plus/minus 0.02. It is a very good observation from your side that there is an increase in the NIM, what we said.

See, what happens now, that for our side of balance sheet, we know the business. So, in the last also, when we were talking about some person or something, so the basis again goes to the credit underwriting, which is how you're underwriting, what is the target group and what is the risk mitigation. So, if you see, we are very clear on the business side that which portfolio we are going to underwrite and how we are going to underwrite.

So if we get an opportunity, so switch from the lower yielding to better yielding within the range because the one is on the NIM side, the another is, if you see our presentation, where the AA, AAA and the other assets which we have given and shown, you will see a good chunk that the quality of asset is good. So, in that chunk, say, moving from BBB to A side.

And if we are in a position to maintain from a lower version of ROI to a better margin, that is what we have looked into from account to account, and we have moved. Probably, that is one of the point the avenues which are used, so it has given a yield.

And certainly, there were certain accounts, which we're yet to reset in the last quarter. So, when they are resetting, so you see around 2% to 2.5% repo was changed. So, if you see the transmission, it was not to that extent. But then when reset has happened, that has also given a good.

So, I would say, if you take a June quarter, the impact will come in the September quarter. And the early September quarter, which was reset, has given the impact in the last two months. Probably, this is the one more thing which has helped in improving the NIM. We continue to maintain, I would not say, guidance but then we continue to expect a range of 3.5% to 3.6%, plus/minus 2%, going forward.

Himanshu Taluja: Got it. Sir, last question. When we are going to see, according to you, a normalized tax rate? How much DTA benefit, we are still yet to accrue? And when you think -- from which year onwards, you believe you're going to see a normalized tax rate? That's the last question.

Management: Yes. So, since we are holding the carry forward losses of INR 8,000 crore -- income tax losses...

Himanshu Taluja: Sorry?

Management: That losses carry forward is roughly INR 8,000 crore. So that benefit going to approve for another two years '24 and '25. We do not expect any actual income tax liability and the tax provision is, either it is DTR, reversal of DTA. We are having DTA of roughly INR 4,000 crore, DTSS. We will continue to do that for the carry forward of losses.

Himanshu Taluja: Okay. Thanks a lot.

Moderator: Thank you. Our next question is from line of Darshil from Crown Capital. Please go ahead.

Darshil: Congratulations on a great set of results. Sir, I just want to know, maybe on a longer-term basis, what kind of ROA can we expect? And the guidance that we have given for over 23%, 24% of growth, can that sustain for the next 3, 4 years?

Management: Yes, ROA, if you see for the last 4 or 5 quarters, it is above 1%. We have given the guidance of moving between 1.20% to 1.40% and you can see that our current ROA, it is within that range. ROA will continue to be above 1.20%.

Darshil: And sir with loan growth, will that also continue in this range only for the next 2, 3 years? What kind of guidance -- can you have an overall guidance for the next 2, 3 years that we see?

Management: Regarding ROA?

Darshil: No, no, sir, regarding our loan book and credit growth, sir. Will it sustain of above 20%?

- A.S. Rajeev:** Yes, yes. 20% can sustain. Maybe 1% or 2% here and there, depends upon the situation. But otherwise, definitely, is possible.
- Moderator:** Our next question is from the line of Samrat Jadhav from Prosperity Wealth Advisers. Please go ahead.
- Samrat Jadhav:** Congratulations for a good set of numbers. I just wanted to understand that what number of branches we did last quarter? And what's the target for this quarter and overall, in the year?
- A.S. Rajeev:** Last two quarters, we have opened 78 branches we have opened last quarter and '21 we have opened around 60 branches.
- Samrat Jadhav:** Total, till date, 60 branches?
- A.S. Rajeev:** 60 branches, yes, yes.
- Samrat Jadhav:** And what is your target for the year?
- A.S. Rajeev:** Target of the year, another 125 branches.
- Samrat Jadhav:** Sorry, the voice was not clear. What's the number?
- Management:** 125 branches.
- Samrat Jadhav:** And this would be across India, as you said in the last quarter.
- A.S. Rajeev:** Yes, yes.
- Moderator:** Our next question is from the line of Gurvinder Singh from Fortuna Investment Advisors. Please go ahead.
- Gurvinder Singh:** I wanted to understand your SMA-2 for accounts which are smaller in size, less than INR 5 crore accounts?
- Management:** So, regarding that less than INR 5 crore, earlier we were giving the INR 1 crore and above. And if you compare with the deals to date, it has come down. So total SMA was INR 1,272 crore in June. Now, it was brought down to INR 1,238 crore.
- Moderator:** Our next question is from the line of Akash Jain from Ajcon Global Services Limited. Please go ahead.
- Akash Jain:** Congratulations, sir, for a very good set of numbers. I have a few questions. One is, what is the guidance for credit cost? I think it is around 1.23% at the moment. So, going forward, for the whole year, what kind of credit cost we are expecting?
- Management:** So, if you see the credit cost, so at present our net NPA 0.23% and almost every slip-in we are providing for, the one point is because of that, almost 100% provision is made. But if you talk about the IRAC norms as per IRAC norm that credit cost is below 0.5%. So -- and what we are

expecting? Though these times, the slippages are on the higher side, in the coming quarters, it will come down. So definitely, the credit cost will automatically come down.

But having said that, since the bank has provided almost 100% of the slippages. On books, you will find that credit costs higher side but definitely, as per otherwise, it is on the very low side.

A.S. Rajeev: I think like you know the keeping in view the circumstances which is very, very low. I think you may consider on a safer side, 1%, plus/minus 10 to 15 basis points. I think that is a quite good expectation on that.

Akash Jain: So, 0.55% is per IRAC norms, correct?

Management: Yes, yes.

Akash Jain: Okay. And sir, one more question. In the past discussion, we had said that we will be focusing on mid-corporates and the growth will come from mid-corporates and in sectors like pharma, textile, engineering, goods, auto ancillaries, airports, effluent treatment plant like projects of Namami Gange. So, are we sticking to these sectors, or we are going beyond these sectors?

Asheesh Pandey: No, it is very good and really good to see that you are remembering that. So, thanks for that. But then the bank, as a strategic point, is continuing that. And in the last quarter also, if you see, around INR 800 crore, the textile, we have gone; around, I think, INR 500 crore to INR 600 crore pharma we have gone.

And one more thing we said when we talked about mid-corporate, particularly, that export is our focus. So, I think since last quarter also, I am very sure that our export also, we have increased for, I think, more than INR 600 crore to INR 700 crore. So, what we are now looking at is not only the sector, sector, as you said, is correct, the water treatments and other things.

The second one also on the auto EV side. The third is that, as you said, textile and pharma. And these sectors, we are looking, but the -- more so we are looking to the -- if it is an export-oriented side, that is also our focus.

Akash Jain: And sir, my third question is on the gold loan book. So, what is the size of the gold loan book as on Q2? And what kind of yield on advances we are enjoying on gold loans?

Management: INR 8,000 crore of gold loan book is there and yield stood at 9%. The year-on-year growth of gold loan witnessed about INR 2,358 crore and YTD is 27% growth. We are going with a robust growth. Earlier, Bank of Maharashtra was not down in the gold loan business, whereas many banks are there for decades, which we have started very late, about a few years before, but it's quite steadily picking up.

And we could see that not only the numbers growing, the statutory NPAs also have come down. Our NPA, as of today, is only 0.18%. The reason is that almost every month, we go for an auction in a time/date. As soon as it became slippage, we release the funds.

And we see a lot of scope for improvement in this particular area, particularly if you see the banks like now Canara Bank and Indian Overseas Bank even so-called the world generation

bank, they're all driving on the gold loan, where Bank of Maharashtra has just now started focusing, considering we were asked from, previously, somebody has also questioning how our advanced book is sustainable. These are the areas that were not in the focus but we can build up this portfolio, going forward.

Akash Jain: So, what is the aspiration in our gold loan book? What kind of book we see in future?

Management: We are expecting 25% growth year-to-year on our gold loan.

Akash Jain: And my last question is on NARCL. So, I think in the past discussion, you had said that we had identified around INR 2,000 crore to INR 2,500 crore worth of assets, I think, as on Q4 FY '23. So, what is the status as of now?

Management: NARCL, you know that is a dynamic list. Today, 11 accounts are shortlisted, amounting to INR 1,600 crore. Two are realized during this Q1 and Q2, and a few more will be realized in the coming two quarters.

Moderator: Thank you. Our next question is from the line of Ashwani Maheshwari from Sky High Ventures. Please go ahead.

Ashwani Maheshwari: Congratulations on a great set of numbers, sir. My question is that out of total provisions of INR 984 crore during the quarter, INR 597 crore pertains to loan book, and what is the nature of the remaining balance of INR 237 crore? And what are the reasons for the increase from INR 237 crore during the quarter 2 of last year?

Management: Out of INR 985 crore, if you see the provision for NPA INR 597 crore, and standard, we have made INR 362 crore. As I told that out of INR 360 crore, INR 325 crore, we have made provision over and above, required as per the IRAC norm. As we know that current economic scenario and war-like situation, and it may impact the crude oil and definitely there will be impact not only on the international but also on domestic side as well due to which we are keeping additional provision of INR 325 crore.

Moderator: Mr. Ashwani, you are not audible. May I request you to unmute your line, please? Our next question is from the line Ashok Ajmera from Ajcon Global. Please go ahead sir.

Ashok Ajmera: I've got a couple of data points, sir, and some discussion on the just now the reprice given. So, sir, Asheesh just now said, I think, that in the growing list of the sectors for the credit growth, EV, electric vehicles, is also in focus.

So, I would just like to know that this EV loan scheme is for the individual vehicles? Or are we going to form a policy for dealing credit, the bulk number of the vehicles to be bought for the commercial use ought to be rented out to the corporate as a business? Is that any such thing there for the EV credit growth?

Management: Yes. See in EV there are two things. One is the manufacturer OEM level. So actually, that is what the focus was. We have given a few sanctions on that, which are projects underway, which are of very good growth which is one thing and the second is certainly, when it comes to

corporate governance or ESG point of view, so being it is very prudent to be a part of the society on the environmental side. The bank is also extending the home loans on the EV for individual.

As you said, on the commercial side, so that actually, right now, we have not formed any as such thing. But then the exploration is on that for good proposal, there were certain proposals where the electric buses for the transport system as a whole, where it was well balanced for a certain metro level, some certain very good groups. We can see that as you said, a smaller vehicles and all that, we have not yet explored as such on a commercial side. It is prudent to be part of society, and the bank is very good in extending. EV is at a concessional rate, on this EV side. So, I think that is the reply on your ask.

Ashok Ajmera:

Sir, now just continuing the discussion on the extra provision made, like INR 325 crore, now the reply was given. When we already have the almost -- I think that INR 1,200 crore extra provision on COVID, we already have that much buffer with us. Is there any need for continuously provide, making higher provisions and restricting the profit growth? So, what is your mindset? Like how much buffer you want to build up in a bank, I mean, comparatively a bank of INR 400,000 crore bank, how much buffer or a bank of the credit of INR 183,000 crore or something?

You already have INR 1,200 crore. Now you build another INR 325 crore, so INR 1,525 crore. So, is there any target or something that you will go on providing or extra provisions, making extra provisions and limiting the profits for some more time?

A.S. Rajeev:

Yes, it is not restricting the profit. For example, what our CFO was telling, and the Board are of the opinion, a little difficult situation. Wherever it is there, you know that. The petrol prices or crude prices increased by \$10 to \$12 per barrel and like kind of situations, always having more provisions. Something which is not required, we can utilize for that otherwise, we can take it to capital. Especially during the half year, we have seen that little, small stress. We have seen in case of agriculture advance as well, especially in Marathwada region, where drought conditions are happening.

So, climate conditions are always, nowadays, making changes. So, if it is not required, we will utilize for our ECL provisioning, and we are created for that. That is the purpose. Only thing is last year, we have given ECL-specific name we have given. But then, no specific name is not given. So otherwise, a cumulative provision can be utilized. Since COVID why we are not fully utilized? During the COVID time, some of the assets we have restructured, including some retail assets and MSME account; some small portfolio, 1% to 1.5% of portfolio 1,500 [inaudible 0:51:36] still convincing as a restructured book.

Though restructured book, we have given on an average provision of 20% - 25%, but it is an additional cushion available, even with incomes, any changes, anything in our interest rate scenario. One, of course, still we thought of interest rate scenario, coming down, but it is still continuing. Once the interest rate scenario is favorable, these provisions can be returned back. That was the reason, that's it.

- Ashok Ajmera:** That's definitely a very prudent measure. So, a few data points. Sir, note number 14, the NPA loan transferred outstanding amount of INR 443 crore in consideration, the amount realized is INR 208 crore. Can I know how much was the provision made on this INR 443 crore?
- A.S. Rajeev:** So, this is 100% provision that has been made. This is a written-off account. Whatever recovery happens that will be in P&L only.
- Ashok Ajmera:** So entire INR 208 crore has come into P&L only. Isn't it?
- Management:** No, no. This, we are not accounted for. The recovery has come because there is some legal issue in this account and that is why we have kept it in advance. The recovery has been received, that is a return of account. So, we'll watch in the next quarter. And accordingly, we will account for.
- Ashok Ajmera:** So, this entire INR 200 crore is the additional profit, is going to come in next one or two quarter?
- Management:** That will come in future. There are some legal opinions we have taken. And once the clear-cut opinion get it, and we will book it.
- Ashok Ajmera:** Sir, the second note on note number 14 is that loans of INR 2,906 crore, where the tangible security is only 17.03%. These are all small. What is the nature of this loan of INR 2,906 crore, which we have acquired?
- Management:** This is a DA transaction, including MFI.
- Ashok Ajmera:** Okay. So, security coverage is only 17%?
- Management:** Yes. That is. But the average duration also is only to 14 -15 months.
- Ashok Ajmera:** So, my next, sir, is on the restructured assets. I mean, outstanding is now INR 3,169 crore. And as you said, that 25%, so 25% you count only on that INR 1,200 crore or you count entire INR 3,169 crore?
- Management:** Yes, sir. Entire amount.
- Ashok Ajmera:** On the entire amount you expect...
- Management:** Expectation means entire -- we have kept it for extreme situation comes.
- Ashok Ajmera:** Point taken. Now only on the last like observation or question you may consider, is that on taxation, just now the reply was given on the DTA and INR 8,000 crore and INR 4,000 crore, and the benefit is going to be accrued over a period of next two years because even if we make a profit of INR 4,000 crore a year, still it will take two years, but the provision in the books, which affects our final net profit PAT in the books, is very erratic. In the last quarter, it was INR 205 crore, and in this quarter, it is only INR 16 crore, So, can I understand what is the logic of having so erratic provisions where nothing is changing and actually, no liability is accruing?
- Management:** It is not erratic. You see that deferred tax asset creation is two counts: One is based upon the asset depreciation, the other one is losses, and the third one is provisioning. Wherever

provisioning, whatever it is there earlier we have done, that deferred asset is already cleared and there is no room for the deferred tax assets reversal. Now, deferred tax asset kept in our books is only regarding depreciation of future assets and other area only, that is as far as 22, we have to continue. Regarding this income tax loss, it is actually the loss booked by the bank, is not an INR 8,000 crore, another two to three years this will continue. Now here afterwards, deferred tax asset, reversal will not be there. Last time, it was INR 200 crore, the last component of the defer tax assets reversed during the last quarter. I think it is very clear.

Ashok Ajmera:

I think I'll get in touch offline.

A.S. Rajeev:

Yes, you can get in touch with our CFO, he will clear that.

Moderator:

Thank you. Ladies and gentlemen, that brings us to the end of our question-and-answer session. I would now like to hand the conference over to Shri A.S. Rajeev for closing remarks.

A.B. Vijayakumar:

This is Vijayakumar. On behalf of our MD and, CEO A.S Rajeev and Executive Director, Shri Asheesh; and top management considering all of General Managers, including CFO, Mr. Vijay Srivastava, on behalf of Bank of Maharashtra, Mahabank parivar, thanks to all the analysts who have participated, we appreciate the questions, appreciate your quality questions. And if anything is left out, you can write for further clarification. Please free to send us an email, we will replay to you. Thank you very much once again.

Moderator:

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

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