



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



AX1/ISD/STEX/116/2023-24

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

Sir/ Madam,

**Sub: Transcript of Earnings Conference Call with Institutional Investors / Analysts held on 16<sup>th</sup> January, 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 nine months ended on 31.12.2023 held on Tuesday, 16<sup>th</sup> January, 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](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 Q3 & 9 M- FY24 Conference Call”

**January 16, 2024**



**MANAGEMENT: SHRI. A. S. RAJEEV – MANAGING DIRECTOR & CHIEF  
EXECUTIVE OFFICER, BANK OF MAHARASHTRA  
SHRI. ASHEESH PANDEY – EXECUTIVE DIRECTOR,  
BANK OF MAHARASHTRA  
SHRI. ROHIT RISHI – EXECUTIVE DIRECTOR, BANK OF  
MAHARASHTRA**

**Moderator:** Ladies and Gentlemen, Good day and welcome to the Q3 & 9 M-FY24 Conference Call of Bank of Maharashtra Limited.

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 this conference, please signal an operator by pressing ‘\*’ then ‘0’ 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 & Chief Executive Officer, Shri. Asheesh Pandey – Executive Director, Shri Rohit Rishi – Executive Director and all General Managers of the Bank.

I now hand the conference over to Shri. A. S. Rajeev. Thank you and over to you, Sir.

**A. S. Rajeev:** Thank you so much. First of all, welcoming all of you to this conference call. Today, our results is approved by the Board of Directors. We would like to brief you on the financial results.

This quarter Bank would be able to reach different milestones in different areas like operating profit,” crossing operating profit of Rs. 2,000 crore per quarter, net profit more than Rs. 1,000 crore per quarter, ROA above 1.50% that is 1.55%, ROE around 25%, cost-to-income ratio lowest of 36%, etc. and in the case of operating margin, it is improved to 34.5% where the net profit margin improved to 18%.

This net profit of the current quarter is up by 33.61% to Rs. 1,036 crore as against Rs. 775 crore corresponding the last quarter, the same is up by 12.58% on sequential basis quarter-to-quarter. Operating profit has shown a growth of 27.32% on a year-on-year basis to Rs. 2,012 crore as against 1,580 crore in Q3 FY23, the same has improved on a quarter-to-quarter basis by 5%.

Net interest income grew by 25% on a year-on-year basis to Rs. 2,466 crore as against Rs. 1,980 crore for Q3FY23. The same is on a quarter-to-quarter basis up by 1.39%.

Net revenues, net interest income plus other income for Q3FY24 improved to 20% from Rs. 2,620 crore to Rs. 3,146 crore as of Q3FY24. The same is up by 1.5% on a quarter-to-quarter basis.

The Cost-to-Income ratio improved to 36.04% as against 39.69% corresponding last quarter, the same was 38.04% quarter ended September 30<sup>th</sup>, 2023.

Return on Asset improved to 1.55% as against 1.3% Q2 FY23 and 1.37% for Q2 FY24. Return of Equity also improved to 24.51% as against 24.4% for Q3 FY23 and 23.25% for Q2 FY24.

The total business grew by 18.89% to Rs. 4,34,000 crore. Total deposits grew by 18% to Rs. 2,46,000 crore, gross advances increased by 20% to Rs. 1,88,670 crore, CD ratio stands at 76.78%, gross NPA declined 2.04% and net NPA reduced to 0.22%.

The Provision Coverage ratio improved to 98.4%. CRAR stood at 16.85% of which Tier-1 is 12.92%. If we add the three-quarter profitability the CRAR stood at above 19%.

For nine months Net Profit up by 61% to Rs. 2,837 crore as against Rs. 1,762 crore for nine months ended December 31<sup>st</sup>, 2022. Operating profit has shown a growth of 37% to Rs. 5,796 crore for nine months as against Rs. 4,244 crore for nine months December 31<sup>st</sup>, 2022.

NII growth was 31% year-on-year basis for nine months to Rs. 7,237 crore from Rs. 5,554 crore. Fee Based Income increased by 13% on year-on-year basis to Rs. 1,048 crore for nine months ended December 31<sup>st</sup>, 2023.

Cost-to-Income ratio for nine months ended is 37% as against 39% corresponding nine months period. ROA for nine months is 1.42% as against 1.02% for nine months. ROE improved to 22.7% as against 18.5% for nine months.

Net Advances grown by 21%, from RAM sector, Retail is grown by 22% MSME advances have grown by 29% and Agriculture grown by 35%.

For the current quarter, we have reduced our corporate exposure which was earlier 41.5% reduced to 39% and thereby increase the RAM sector that much quantum.

During the period ended 31<sup>st</sup> December, the Bank has raised equity capital for the nine months, Rs. 1,000 crore is raised and Tier-2 capital of Rs. 774 crore.

Earlier, whatever the provisions held by the bank is continued to hold the provisions of Rs. 1,200 crore and for the current quarter asset-led provisioning additional contingent provision of around Rs. 300 crore to Rs. 350 crore bank has made consequent upon the prevalent agricultural growth and other issue is concerned and we have revised the guidelines of investments which are applicable from next year so for that purpose also we have contingent provision of around Rs. 100 crore in case of valuation if it affects.

So, these are the main areas which are the glance which were there to share with you.

So, I think that now we can take up a question & answer session. We have already uploaded the presentation. Thank you so much.

**Moderator:**

Thank you. We will now begin the question-and-answer session. The first question is from the line of Suraj Das from Sundaram Mutual Fund. Please go ahead.

- Suraj Das:** Just two questions sir. One on the staff cost I mean QoQ your staff cost has reduced. However, if I see the wage provision I think that has increased earlier you are providing at something like Rs. 55 crore per quarter this quarter I think you have provided something like Rs. 100 crore and also if I see the G-Sec I mean that is broadly stable on a QoQ basis, so just wanted to check what has led to this decline in staff cost?
- A. S. Rajeev:** Staff cost as of now as per RBI guidelines is expecting that around 17% increase in the staff cost for the latest bipartite settlement as against 17% I think we have already provided 20% to 22% provision.
- In addition to regular provisioning, for the current quarter we have made around Rs. 150 crore provision so that is why we have now last quarter it was not stabilized whether what was the rate of increase expected, that was finalized at 17%.
- We have not provided that instead of Rs. 75 crore we have made only Rs. 50 crore for the current quarter that is why the small amount of difference has happened.
- Suraj Das:** But I think sir last quarter you provided Rs. 55 crore on the wage settlement bill. This quarter you have provided something like Rs. 100 crore. So, that is there is increase, but overall staff cost has decreased so that was my question?
- Asheesh Pandey:** I will tell you that if you remember that earlier we provided staff cost at the rate of 15% and for two quarter we have made additional provision of Rs. 145 crore in addition to that 15%. Now the wage bill has settled at 17% so accordingly we have made provision out of Rs. 145 crore some amount when we made the 70% we have taken from the previous quarter. Now over and above 17% amount is roughly Rs. 100 crore additional amount is there that is why you should see in Q3 staff cost has come down.
- Suraj Das:** And the next question and the last question there is increase in the SMA-1 book, I think you have mentioned excluding one account the book behavior is normal. So, just wanted to inquire about that one account, I mean what has happened there is it your sole account or what is the reading there if you can give some idea which sector this account pertains to?
- Asheesh Pandey:** Sir that was the government account. It has already been recovered; it has come out of SMA-1 now.
- Suraj Das:** And is this your sole account?
- Asheesh Pandey:** No, it's not a sole account.
- Moderator:** Thank you. The next question is from the line of Rohan Mandora from Equirus Securities. Please go ahead.

- Rohan Mandora:** Sir, just taking about from that SMA-1 question in one of the slides the number of accounts in SMA-1 has gone up from around 70 out to 700-odd. So, just want to understand like while these are granular accounts, but which sectors are these SMA-1 coming from?
- Asheesh Pandey:** What you are telling again can you repeat again.
- Rohan Mandora:** Sir, if you look at the presentation in one of the slides the number of accounts that are there in SMA-1 that thing has gone up from 70 odd accounts from 700 plus accounts?
- Asheesh Pandey:** That we have given the amount in percentage earlier that was 736 it was the amount not the number.
- Rohan Mandora:** So, that was one account which has recovered and that's why it's declined?
- Asheesh Pandey:** Yes.
- A. S. Rajeev:** Out of that 736 amount one account was there around Rs. 560 crore one account government then this account was there. Now because of the change in the government there was some delay was there now it is clear and now it is not under SMA-1.
- Rohan Mandora:** And sir second was that the increase in yield on investments is largely because of the quarterly averages because the investment book declined towards the fag end of the quarter, would that understanding be right and that's also the reason for increase in NIMs for the quarter?
- V.P. Srivastava, CFO:** Yes, if you see that some of the investments which are carrying low yield, these are matured, or we sold out. It has improved the yield and for the last nine month we have added the high yielding securities. So, overall, it has an impact in increasing the yield on investment that's why it has come up to 6.53% for the quarter and for nine months it is 6.40%.
- Rohan Mandora:** Just to reconfirm the calculation of yield on investment is on the quarterly average or is on the daily average?
- V.P. Srivastava, CFO:** It is on fortnightly average.
- Rohan Mandora:** And sir if we look at the last 12 months the AAA rated corporate accounts that account has almost halved. So, which sectors are we exiting these clients from and what were the reasons for these exits?
- Asheesh Pandey:** Actually, you also know the competition which is there in the market. We are very clear in the Bank like which pocket we have to so that we maximize our returns and be safe as well so, that is why if you see the entire portfolio from AAA to AA and BBB as well. If you see that very cautiously, prudently and thoughtfully it is being invested. So, what happens because the deposit rate has gone up and if you are carrying with the same very competitive terms, then certainly it

will hit. It was a very cautious decision to come out. It is not an exit I would say, but it's an exit on commercial terms.

**Rohan Mandora:**

And sir lastly if you can just talk about the new customer acquisition trends in the liability side like especially on the CASA what is the new customer acquisition run rate within last three quarters that number on the absolute basis has been broadly flattish in terms of balances?

**Asheesh Pandey:**

On CASA we will give you three points the first is certainly you must be aware that around 200 branches we have opened. We keep our target with all the last two months before opening a branch a target of Rs. 10 crore to Rs.15 crore business right from the day one that is the first point.

Second is the salary account which we are really targeting very high on a last 1 - 1.5 years. So, I think that is the second point and the third thing is that like CMA and SMA accounts or the corporations so that also with the help of the software integrations because today everybody want ease of doing business.

We integrate, we have a specific solution for various corporates not only I would say the government corporation, but even in the corporates. We give so that their entire, their software is integrated, they need not do anything manually and the collections or the MIS and everything is given to them.

So, actually these are the three, four points which are giving the accretion in the customer base. We have run the campaigns as well almost for the nine months on addition of the CIF the CIF means a new customer coming into the banks hold. It has nicely yielded results that is why you see the customer base has also increased and the CASA I would also say has increased.

**Moderator:**

Thank you. We have the next question from the line of Rakesh Kumar from B&K Securities. Please go ahead.

**Rakesh Kumar:**

Sir, in the opening remark you mentioned that the provisions that we have of Rs. 1,200 crore some portion of it you are holding it to use for this new guideline on the investment valuation classification which came this year and applicable from the April. So, are you anticipating some provisioning requirement for this investment part because of the new guideline RBI guideline?

**V.P. Srivastava, CFO:**

We have made Rs. 100 crore provision in respect of the provision on the standard investment. The new RBI guidelines on investment have come and it is going to be applicable from 1st April 2024 and some of the issues which are considered issues and where that we have sought the clarification of RBI. One of the issues is that the fair valuation of the recapitalization bonds which we got from the government.

As per that it has to be fair valued from the date of allotment. So, funding that clarification we have made prudently we may have made Rs.100 crore provisions and once we get the

clarification accordingly we will treat this provision whether to write back or we whether to use it.

**Rakesh Kumar:** So, is this provision like final or complete amount or going ahead we would require to make additional provision for the same reason or with 100 crore number what we have done is like kind of a complete number?

**V.P Srivastava, CFO:** It is estimated provision. We cannot say it is a complete provision but looking to the investment guidelines we have made the provisions.

**Rakesh Kumar:** So, recapitalization bonds which are sitting in the Banks, PSU Bank both. So, this provision is specifically for that, correct?

**V.P Srivastava, CFO:** Yes sir.

**Rakesh Kumar:** So, what is the calculation if you can slightly elaborate we are not able to understand, so what is the calculation?

**V.P Srivastava, CFO:** As per RBI guidelines that recapitalization has to be fair valued at the date of allotment. So, suppose the government has allotted Rs. 100 at the time of fair market price of such type of bond is Rs. 97, Rs. 98 then Rs. 2 you have to be fair valued and accordingly that value there would be HTM depreciation.

So, in this regard we have sought clarifying the RBI because it is under HTM securities. So, once we get the clarification and there are some other issues ad hoc issues we have made Rs. 100 crore provision.

**Rakesh Kumar:** And there is no other provision that is required for the similar guideline?

**V.P Srivastava, CFO:** No, they have given the classification of investment where they have added new category FTPL. We are assessing these that overall, the security where it will go because you have to do reclassification but based on that roughly we have made Rs. 100 crore of provision.

**Moderator:** Thank you. We will proceed to the next question which will be from the line of Jai Mundhra from ICICI Securities. Please go ahead.

**Jai Mundhra:** Sir I have a few questions and clarifications. So, first on this wage provisions so what you said is that the Bank was providing at higher rates than 15% and right now you are providing at 17%, but over and above you have Rs. 100 crore of extra provision, is that understanding right?

**V.P Srivastava, CFO:** Yes.

**Jai Mundhra:** So, sir when you are providing at the beginning of the quarter, did you say that you are providing at 20%-22% assuming 20%- 22% kind of a hike?



- V.P. Srivastava, CFO:** At the time we were not knowing what the hike would be. So, on those estimations we provided. 15% over and above Rs. 145 crore we provided because there were uncertainties whether it will be 15% or more. Now it is clear that wage revision would be settled around 17%. That's why we're saying 17% we have provided. Overall, if you see taking into account additional provision it is 22%.
- A. S. Rajeev:** It is like we are keeping 20% to 22% on higher commission and if it is finalized to 17% to 18% we will take it and the remaining we will write back.
- Jai Mundhra:** So, sir when we say 17% wage hike, does it also mean that you are providing as per 17%, but have you also provided adequately on the pension provisions, or this is only for the non-pension part of the wage bill?
- A. S. Rajeev:** No, this is actually total load actually. So, the amount we have already provided includes pension if any kind of arrears it is already provided.
- Jai Mundhra:** The load for pension can be different right from 17%, 17% is the median number?
- A. S. Rajeev:** Sir 17% even if 20% comes out we don't have any issue because we kept it 22%.
- Jai Mundhra:** Sir, this we will take care of your pension provisions also the entire retirement liability which will go up because of this hike?
- A. S. Rajeev:** Entire pension provision because of arrears if any other retirement benefits like gratuity or leave encashment all this we have considered.
- Jai Mundhra:** And have you taken actuarial ball park numbers also or this is on ad hoc basis?
- A. S. Rajeev:** Every quarter we are taking actuarial valuation and based upon the actuarial valuation only making the provision not on estimated basis.
- Jai Mundhra:** And sir out of your total staff how many would be on let us say old pension and new pension I mean if you had joined before I think 2003 or something?
- Jai Mundhra:** 6,000 people are eligible for old pension, right?
- Asheesh Pandey:** 3,800 is the correct figure who are eligible for the old pension.
- Jai Mundhra:** And out of total staff cost if you if you roughly?
- A. S. Rajeev:** 13,400.
- Jai Mundhra:** So, your proportion of old staff is actually relatively low, much lower than industry, is that understanding right sir and 33% kind of a number?

- A. S. Rajeev:** But some impact will come for existing pensioners around the 13,000 to 14,000 pensioners are there, there also some growth will come corresponding to the existing employees.
- Jai Mundhra:** But these Rs. 311 crore which is the cumulative provisions that we have this will take care of all this retirement liabilities, is that understanding right?
- A. S. Rajeev:** Yes, it will take care and we expect that some amount will come back as write back.
- Jai Mundhra:** The second thing is sir on this investment book and what you mentioned that Rs. 100 crore provisioning that we are carrying on contingent kind of a basis on this zero coupon bond I thought that during divergences last-to-last year when we had made this instrument as a part of our capital the discounted value was already we had knocked down our CET 1 by that amount, so we would have taken that amount into P&L, so why again the provision?
- V.P. Srivastava, CFO:** We have not received any zero-coupon bond. So, whatever that bond we received from government it is carrying coupon. In our case it is not applicable.
- Jai Mundhra:** And sir then in this quarter also we see that out of total loan loss provisions of Rs. 977 crore or Rs. 943 crore we still have Rs.250 crore of standard assets provisioning what is that and what is the thought process behind creating these standard assets provisioning or restructured provisioning I mean what is the PCR that we have on restructured and could this be a recurring thing because we still have PCR we have to be standard restructured loans?
- A. S. Rajeev:** Restructured provision is already Rs. 400 crore to Rs. 450 crore restructured provision is already in our books and in addition to that Rs.100 crore additional provision we have kept for agriculture loans. If anything happens in agriculture drought and other areas if it happens and rest everything is okay we can write back the provision otherwise we have kept as a cushion for agriculture loans.
- Jai Mundhra:** Your restructured standard advance is Rs. 2,750 crore how much is the restructured provisions that we have standard asset restructured provisions?
- V.P. Srivastava, CFO:** It is roughly Rs. 450 crore and if you see where we can see slippage that is the MSME the figure is roughly Rs. 378 crore. We are expecting is maybe a 5% slip so Rs. 15 crore to Rs. 20 crore means slip against that the balance sheet have more than adequate cushion since we are holding restructuring provision Rs.450 crore plus.
- Jai Mundhra:** So, sir this Rs. 450 crore this provision on a loan book of let's say Rs. 2,750 crore this is roughly about 20% so 16%, how high can it go I mean over the next two, three, four quarters, would you aspire for a 40%, 50% kind of a provisioning or 15% is where you think you are decently provided?

- P R Khatavkar, GM:** Going forward we will see the trend actually it is sufficient provision what we feel like, but if we see the trend accordingly we can make the provisions.
- V.P Srivastava, CFO:** Initially we made a 10% provision when the restructuring was roughly Rs. 4,000 crore plus and we did not reverse even though the restructuring quantum has come down.
- Jai Mundhra:** Sir my only confusion is that we have a net NPA at 22 basis points and we have the credit cost which is. 120 basis point. So, I don't know I mean this looks very, very weird that last quarter we had 23 basis points net NPA and this quarter we have 120 basis point credit cost. So, what I'm saying sir what is the outer limit so part of this is, of course you are maintaining PCR and whatever is slipping you are providing as much as 85%-90%, but on the restructuring what would be your comfortable provisioning level right now we are under say 15%-16%?
- P R Khatavkar, GM:** We are actually at the lowest level of net NPA now. Going forward, we don't find that will improve the same. The challenge is to maintain that level from 0.20 to 0.25, so not much provision will be required subject to we are controlling our slippages also and the standard positions we are keeping as a cushion if something happens especially in agriculture sector, sir told you about that so accordingly we are going.
- Jai Mundhra:** Sir the total contingent provisions that we have is Rs. 1,200 crore COVID provisions plus Rs. 450 crore of restructured standard assets provisioning is that right or this is a part of that only?
- V.P Srivastava, CFO:** It is right.
- Jai Mundhra:** So, the total provision is Rs.1,200 crore plus Rs. 450 crore, right?
- V.P Srivastava, CFO:** Yes.
- Jai Mundhra:** So, Rs. 1,650 crore is the total standard asset provisioning that we have?
- V.P Srivastava, CFO:** And if you see that you are talking about credit cost, if you see as far I know we are making provisions we require only the credit cost would be below 0.5 since we maintain a net NPA below 1%, 0.22 whatever slippage 100% you have to provide. So, that's why the credit cost is. This is not because of that as per our norm we require higher provisioning.
- Jai Mundhra:** No, that is clear you need not provide too much, but that is still coming and last question sir, the tax rate which we pay is very, miniscule this quarter as well as last quarter, so any details there?
- V.P Srivastava, CFO:** This is not the actual income tax liability because we have been carrying the income tax losses roughly Rs. 8,000 crore so, whatever that taxable profit is going it is netted against that, there is no actual income tax liability, it is simply the reversal of the DTA so, small portion has come in the form of DTA reversal. So, actual income tax liability is nil.

- Jai Mundhra:** For a full year what would be your tax liability tax rate?
- V.P Srivastava, CFO:** If you see the actual income tax liability for this year would be 0 because of the carrying forward losses.
- Jai Mundhra:** And next year sir would that be normal, or you still have some benefit which is still left?
- V.P Srivastava, CFO:** It will continue next year.
- A. S.Rajeev:** I think it will continue for another two years sir because of carry forward loss is around Rs. 5,000 crore to Rs. 8000 crore carry forward loss is there, another two years tax liability will be 0.
- Jai Mundhra:** And last question sir our loan-to-deposit ratio right is around 75%- 76%. Are there any informal guidelines from RBI to keep LDR within a certain threshold or do you think that is only I mean right now you are 73% - 75% range, but is there any guideline from RBI to keep the tab on the LDR ratio across Bank?
- A. S. Rajeev:** There are no guidelines we have not received any guidelines.
- Moderator:** Thank you. Please go ahead. The next question is from the line of Ashok Ajmera from Ajcon Global. Please go ahead.
- Ashok Ajmera:** And I start with your award slide you have been receiving several awards best public sector Bank award, nation MSME award, technology award, best nationalized Bank in agriculture, retail Bank, so compliments to the entire team.
- I got some broad in fact macro questions and some observation and why we seek your comment that our growth in terms of you take a business or advances has been I think over the period has been slowed down if you don't compare the corresponding year last year, but if you look at only 9 months of this year and only one quarter is left now.
- So, when we were expecting the total business of this Bank crossing almost the landmark of these Rs. 5,00,000 crore I think we are lagging behind a lot on that. Even credit growth in the entire nine months is only 7.7% and just 3% in the last quarter.
- Of course, you have achieved good results, good net profit, operating profit, good NIM this is one that what is your plan to continue to grow at the pace at which you are growing over last 1.5 to 2.5 years which is keeping Bank of Maharashtra standalone amongst the entire Banking fraternity. So, this is one.
- The second one is our CASA also which used to be 55% - 56% is sliding from March 53.38% to 50.71% to now 50.19%. So, there also what is our strategy I mean are we going to keep some

lesser targets of the CASA also, so these are the my first question, these are the broad kind of observations I can get the answer of that?

**A. S. Rajeev:**

Yes, what have observed is correct. Earlier the Bank was growing at the level of 24% - 25%. Mainly one was that one of the reasons was the low base was one of the reason the growth rate was very high.

And the second point is that where the sectoral growth, if you see that now the base has come to almost Rs. 2,00,000 crore and slightly basis increased. So, it may be difficult for the Banks at the level of 24% - 25% growth rate and even if it is growing the quality credit has to be considered.

The second point is the pricing, when the growth rate is coming we are giving more importance to the bottom line than the top line as far as growth is concerned. So, if you see the current quarter also our RAM sector last quarter, our RAM sector was 58% and the corporate sector was almost 42% within one quarter we have changed the strategy to that 62% RAM and balance 38% corporate sector.

So, 3% to 4% corporate sector we have reduced mainly because of the pricing but our Mr. Pandeyji has told that correctly why we have not gone for AAA rated accounts, because when it is coming for pricing AAA rated and corporate loans the pricing is very sensitive when the deposit rates are increasing.

Bulk deposit rates are increasing at the level of 7.5% to 7.80 level with the present pricing of the deposit with the AAA rated with the lowest cost nothing will contribute to the bottom line of the Bank.

The board also advised that instead of going for AAA rated of course it is required secondary, but the growth rate of advances we will continue to be around the 18% to 20% that is possible because we have already sold some of the IBPCs in the market it is there that will come back for the fourth quarter and the deposit will grow at the 13% to 14% growth rate that is number one.

And regarding CASA you are well aware that when the market interest rate is increasing and this industry practice that industry all the industrial constituents, the CASA rate has come to 3% to 4% reduction has observed.

So, the same thing is happening in the case of Bank of Maharashtra also, but we could be able to sustain at the level of 50% that we will try to continue with the 50% level. So, for that 50% to 51% CASA level one of the reasons is that we have not grown much in high-cost bulk deposits.

So, when the bulk deposit is increasing it will impact the bottom line. Our strategy is to keep the bottom line intact and the profitability margin NIM. You can see that last quarter most of the

Banks are affecting the NIM and NII growth. We could be able to increase the NIM by 5 to 6 basis points.

So, at least even if in future we may not be able to increase too much, but we have to be in the level of 3.8% to 4.0% range we have to continue with this NIM that is the strategy adopted by the board. I think my answer is clear.

**Ashok Ajmera:**

Yes sir definitely. My second question is on the new initiative on the information technology the slide you have given and also the digital footprint of the Bank I would just like to know I mean real business wise like if you look at the entire delivery of the business whether the credit or collections or credit card in this thing, how much actually has become operational and in terms of some value number, some figures that rate will be same today on the digital front?

**A. S. Rajeev:**

Mr. Pandey will briefly explain the digital initiative as usual we used to do that.

**Asheesh Pandey:**

Actually, related to the digital products and STPs. See we will tell you that it is not only and only business. It is something very directly to business and something very indirectly to business. In our Bank all the digital initiatives are actually having the three pillars.

One is the direct business which are STP like now we have done STP in the Mudra. We have done PM SVANidhi, PAPL so around 15 to 17 STPs we have launched, one is in the business second which we have done is in the operation side and I would say like video KYC which is also on the business both on asset and liability.

The second is on the operational side and the third is based on the services side. So, like nomination which we have done which is totally STP. Now even the third party we have done with the 5 products in the health insurance, non-life insurance and life insurance.

Whenever we talk about a digital initiative, we talk about the three areas, one is the business, second is the operations, and third is the compliance side. So, like robotic process automation.

As of now we have already implemented 27 which are live in Bank of Maharashtra and another 10 which we are going to make live in another 10 days, around 35-36 will be live in this and we aspire to cross 50 by 15th of March.

So, what we mean to say on a direct business impact yes we have launched very recently PAPL on a very risk mitigation basis on the POC basis as well, within 10 days we could do almost I think Rs. 10 crore of a business within the POC level I am saying not on the public level.

The second one is certainly you know which is also on the talk that on the asset quality side. So, what we observed when PM SVANidhi we launched which is totally on the real good algorithm and back testing with the other parameters. Our SMA book on the vis-a-vis comparison is very less.

This is the second outcome of that and where the people are not involved. In the video KYC we have crossed almost 125 to 150 accounts per day and the quality the average balance is very good so what I just wanted to give you a color is that the business is coming we are actually monitoring and now the things are implemented.

So, another down the line in six months you will see and our digital business zone which is created for only digital journeys has the internal aspiration of around Rs. 3,000 crore to Rs. 4,000 crore in a year.

**Moderator:** Thank you. The next question is from the line of Gaurav Sharma from HSBC. Please go ahead.

**Gaurav Sharma:** Just a small question on fee-based income so we're just observing a decline in the fee-based income sequentially by 10%. So, just wanted to understand the reason in this quarter you have taken some conscious call, or you have received some directives from our regulator to go slow on insurance or mutual fund-based income because I think in insurance recently the EOM guidelines have revised and insurance has said that they have increased the commission, just wanted to understand the reason for this declining sir?

**A. S. Rajeev:** A decline in the fee-based income its three aspects were there. One is regarding fee income connected with advances. So, some one area where during the quarter we have reduced the corporate advances by 3% of the total advances and thereby slight impact is happened regarding processing charges, processing fees all these things.

And some of the sanctions we have given already there that is yet to happen that will happen during the current quarter. So, this current quarter whatever shortage is there will come next quarter.

The second point is that regarding profit on sale of investment that is the one area where slightly has come down because of the benchmark rates are for stand and we have not much profit on sale is not happened.

The third one is our prudential written-off accounts recovery so there is a scope is there so that some of the one or two accounts are there that is in the final stage and thereby the fee-based income will improve. There is no such regulatory guideline regarding commission or like that nothing is come to us so that fee-based income is the point-to-point basis now it is 6% to 7% growth is there. So, at least double-digit growth we are expecting in the next quarter.

**Gaurav Sharma:** Sir, on this revision of expense of management guidelines by insurance, have you seen an increase in your commission cost from the insurance company?

**Asheesh Pandey:** See the commission on insurance is actually increasing because of the two calls because there is an earlier there was some cap sort of things and the Bank has also now taken as you would have

seen the earlier press release. So, one more we have taken in life, one more we have taken in non-life, and one in the health sector.

So, I think the business is increasing and secondly as you mature in the life insurance business so if persistency is good in our Bank which is good so, persistency the renewal commission which accrues to you as well as the new commission first year premium, I think both put together and not only this the Bank is also doing various other tie ups and other things. So, on the third party I would say the posture and the color is good.

**Moderator:** Thank you. We have the next question from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

**Deepak Poddar:** Sir, just wanted to understand on your credit cost, I mean you did mention that we are providing majority of the slippage during the quarter in that particular quarter itself, but I think in the past we did spoke about maybe normalized credit cost of 1% plus minus somewhere 10 basis points whereas current credit cost is much higher than that. So, how do we see the credit cost going forward?

**P R Khatavkar, GM:** Credit cost we want to keep it up to 1% only if you see the additional provisions which we are doing that is why the credit cost is going up otherwise it is below 1% only that we are keeping as a cushion as and when required.

**Deepak Poddar:** So, going forward we expect credit cost to be around 1% rate?

**P R Khatavkar, GM:** Yes.

**Deepak Poddar:** And that factors into this the policy of I mean providing majority of in the provision bucket the one that would have slipped during the quarter?

**V.P Srivastava, CFO:** If you see that net NPA is 0.22 almost 0, so, such slippage you have to provide almost 100% if you want to keep ratio and net NPA within that band. Going forward with our credit monitoring and slippage will come down and some of the recovery will take care of some of the slippages. Even if we provide 100% of that slippages credit cost will further come down.

**Deepak Poddar:** But we do intend to I mean provide about 95% to 100%?

**V.P Srivastava, CFO:** Yes, if you want to maintain ratio between 0.20 to 0.25 almost you have to provide everything.

**Deepak Poddar:** And in terms of ROA how do we see that I mean currently this quarter ROA of 1.55% is that sustainable and going forward what sort of ROA range we might be looking at?

**A. S. Rajeev:** Yes, we are expecting that it should be around 1.50% level now.

**Deepak Poddar:** 1.5%.



- A. S. Rajeev:** Yes.
- Deepak Poddar:** FY25 as well I mean next year?
- A. S. Rajeev:** Yes.
- Moderator:** Thank you. The next question is from the line of M B Mahesh from Kotak Securities. Please go ahead.
- M B Mahesh:** Just three questions on slide number 19 with respect to cost of deposits, if you could just kind of tell us when this ratio would probably peak at current levels of interest rates?
- A. S. Rajeev:** I think the market expects that these interest rate peak it may continue for up to this year and by next second quarter of next year I think it starts declining. The same level of cost of deposits or slightly it may increase by 5 to 10 basis points next one or two quarter and then chances of that it may come down.
- M B Mahesh:** So, you're saying that the next quarter we can see a print of around 4.5% is it?
- A. S. Rajeev:** Yes another 5 to 10 basis point cost of deposit may go up quarterly basis.
- M B Mahesh:** And sir what have you done on the changes with respect to the NBFC guidelines sorry risk weighted assets for NBFC on unsecured loans what have you done to your borrowers?
- A. S. Rajeev:** So, that pricing part we have taken care because risk adjusted capital-based pricing we have done and in case of NBFC the pricing is passed on to NBFC and one or two NBFC could not able to take up so that we have not sanctioned that. So, the pricing we have passed on to that.
- M B Mahesh:** If I were to go to slide 20 currently your yields are at about 9.01% on the yield on advances side, where do you see this kind of going after making these adjustments?
- A. S. Rajeev:** That will come around 9.10% level quarterly basis.
- M B Mahesh:** And sir on second question with respect to what is the impact on account of the recent guidelines on the CET-1 side?
- A. S. Rajeev:** Regarding the increase in the splits of NBFCs as well as personal loans.
- M B Mahesh:** Yes.
- A. S. Rajeev:** Yes, it was around 46 basis points.
- M B Mahesh:** My final question there has been some conversation in the media that the government has been asking you to step up recovery on the stickier corporate loans which has been there from the last

cycle, do you see any kind of strong visibility of that happening through? Do you see any more recovery pending on that previous NPL cycle or are we largely done with it?

**A S Rajeev:** Large corporate more or less as far as our Bank is concerned are mostly very less remained, but 12 accounts are now poised in NARCL, they are large accounts of Rs. 1,600 crore. We expect that some sale to NARCL will acquire those in the current quarter and that reduction will happen in large corporates.

**Moderator:** Thank you. The next question is from the line of Omkar from Vasuki India funds. Please go ahead.

**Omkar:** Last two weeks back we saw that we reduced the interest rate on home loans and auto loans by around 15 basis points while other Banks have been increasing their MCLR in last few months, so some light can you throw on this?

**A S Rajeev:** Yes last week we have reduced that is only for specific bucket of CIBIL score of 800 and above, the aim of the Bank is to increase at present we have almost 10% under this bucket CIBIL score of 800 and above. Our aim is to increase under this bucket to 10% to 20% if possible so that it was without risk free assets we have to create under this housing loan portfolio that is the purpose there.

**Moderator:** Thank you. The next question is from the line of Sushil Choksey from Indus Equity Advisors. Please go ahead.

**Sushil Choksey:** So, what's your view on outlook on Bank of Maharashtra and Banking in view of the current deposit scramble, which is happening the CD ratio, there is a talk about RBI monitoring the Banks CD ratios are high and what's your outlook on the treasury market?

**Rohit Rishi:** As far as CD ratio is concerned we have not received any guidance from RBI at what level we have to maintain and going forward we look to maintain it around 76% to 78% and resources also will be mobilized.

As far as CASA is concerned we have told in the beginning that when interest rates rise there is a tendency for fixed deposits to grow and CASA percentage has to come down. I think we have stabilized around 50%. We'll continue to have that level going forward.

**Sushil Choksey:** And where do you see your CASA coming from existing catchment or some new initiatives?

**Rohit Rishi:** We have opened around 200 new branches that also is a source of CASA then we have SNA accounts, CNA accounts, we have government deposits, we have high network individuals. There is steady growth from all the sources of CASA.

**Sushil Choksey:** And your outlook on treasury?

- V.P Srivastava, CFO:** If you see the treasury the yield has improved. So, earlier the yield has gone down below 6% now we are hovering around 6.50% to 6.53% and that increasing trend will continue you can expect that further increase in yield in the March quarter.
- Sushil Choksey:** Any focus on where 10 year would be at March end?
- V.P Srivastava, CFO:** My view is that it will hover around between 7.10% to 7.25%.
- Sushil Choksey:** So, in view of that how are you seeing the credit market and your treasury performance?
- V.P Srivastava, CFO:** We will continue to see the opportunity in lending market because as our ED sir told we want to keep our CDs up to we are comfortable at 78%. So, since that yield on treasury comparatively on lower side and we are having SLR securities so you may see some switchover from investment to lending in order to have a better yield.
- Sushil Choksey:** You are not expecting major treasury profits in the current quarter as well as in Q4?
- V.P Srivastava, CFO:** You know the treasury profit it will depend on the market, once the opportunity comes we definitely we will earn it, we will try to keep tradeoff between the yield as well as trading profit, but as I told that since the treasury is not having yield as compared to lending and there is excess investment there that excess we'll try to switchover to lending in order to have a better NIM.
- Sushil Choksey:** Rajeev sir one question to you Bank has done exceedingly well in your tenure in your management team. What is one thing which you would like to do in the Bank in 24?
- A. S. Rajeev:** 2024 our immediate aim is to cross the Rs. 5 lakh crore business that it will happen during the 2024. Second thing is high level of digitization that is already more than Rs. 1,000 crore CAPEX is already provided and BCG we have already appointed a consultant which is already there in the Bank for the past 6 months and most of the areas where digitization is happening end-to-end and STP is already done. By 2024, I think this will be fully digitized Bank that is the expectation.
- Sushil Choksey:** And to achieve all the goals, digital expenditure, all that is possible what have we done towards human resource and transformation of the Bank's entire top level and the middle level?
- A. S. Rajeev:** Human resource as of now 13,400 and this year we have opened and every year we used to open more than 200 branches and we are recruiting almost 1,500 to 1,600 employees per year. Our offices as well as clerical cadre we are recruiting which are sufficient to take care.
- Human resources also we are doing well and the formal process under scale 2, scale 3 level or lateral recruitments. HR area is fully taken care and as regards trainings also we are giving good number of trainings, and all the chief managers and above employees this year have been trained in top three IIM Institute of top three management institute so such kind of trainings we are bringing down up to scale 1 level that's also parallelly we are doing.

HR area we will improve further and in the productivity area Bank is the number one in case of total business per employee is concerned which we will continue to do.

**Sushil Choksey:** So, the Bank is future ready for digital and future ready with human resource both on integration basis that is what I should conclude?

**A. S. Rajeev:** Yes.

**Moderator:** Thank you. Ladies and gentlemen, we will take that as a last question. I would now like to hand the conference over to Shri. A. S. Rajeev for closing comments. Over to you, sir.

**A. S. Rajeev:** Thank you so much for having given an opportunity to share with you all of you, and please continue to support the Bank and I am sure that this Bank is having a bright future like this quarter and next quarter again this kind of results will continue I assure you that. Thank you.

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

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