



## “Central Bank of India Q4-FY24 Earnings Conference Call”

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**MODERATOR:** MR. RAJU BARNAWAL – ANTIQUE STOCK BROKING

**Moderator:** Ladies and gentlemen, good day and welcome to the Central Bank of India Q4 FY'24 Earnings Conference Call.

As a reminder, all participant lines will be in the listen mode only 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 "\*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Raju Barnawal from Antique Stock Broking. Thank you and over to you, sir.

**Raju Barnawal:** Thank you, Suraj. Good afternoon, everyone and thank you for joining Post-Results Conference Call of Central Bank of India.

From the Management side today, we have with us Shri M.V. Rao – MD and CEO; Shri Vivek Wahi – Executive Director; Shri M V Murali Krishna – Executive Director; Shri Mahendra Dohare – Executive Director and Shri Mukul Dandige - CFO.

Now, without any further delay, I hand over the call to the MD & CEO, sir for his opening remarks, post which we will open the floor for the Q&A. Thank you and over to you, sir.

**Shri M.V. Rao:** Yes. Thank you, Raju and a very good afternoon to all of you.

We are very happy to share with you that now we have recorded the highest ever net profit of Rs.2,549 crores. And just the performance highlights later my CFO will give you the details.

Now, as far as the highlights are concerned:

Our total business has grown by 10.34% to Rs.6.36 lakh crores; earlier, it was Rs.5.77 lakh crores. Total deposits are now at Rs.3.85 lakh crores that is a growth of 7.16% from the previous year. And let me tell you that in our total deposits, our certificate of deposits is zero.

CASA deposits, we have 50.02%, one of the best CASA ratios we are maintaining. And gross advances has grown by 15.60%, now it stands at Rs.2.51 lakh crores. The credit-deposit ratio, now it has improved to 65.59%, in the previous March it was 60.86%.

Gross NPA has improved; in the previous year it was 8.44% now it is at 4.5% Net NPA which was 1.77% now it has come down to 1.23% and provision coverage ratio is improved, now is at 93.58%. And net interest income has grown by 10.34%.

The net interest margin now is at 3.40% in the previous year, it was 3.47% Return on assets has improved to 0.76% Return on equity has improved to 2.92% on quarter-to-quarter and for FY it is 9.53% and CRAR has improved to 15.08%.

So, this is the highlights of our "Financial Results", and for rest details we have our CFO – Mr. Mukul Dandige will explain you. Thank you.

**Shri Mukul Dandige:**

Thank you, sir.

So, the total interest income has grown by 20.28% to Rs.30,722 crores. The total interest expenses have grown to Rs.17,826 crores at 28.66% because of the lag effect of the rate transmission. The net interest income is at Rs.12,896 crores, a growth of 10.34%, and the total income growth has been at 19.60% and the total income stood at Rs.35,434 crores.

The total expenditure has increased to Rs.28,071 crores, a growth of 23.43%. The operating profit showed an improvement of 6.96% and the operating profit was at Rs.7,363 crores. If we take away the provisions of Rs.4,814 crores, which is a dip of 9.20% over the last year.

The net profit has surged by 61.13% to Rs.2,549 crores, which is the highest in the history of the Bank. The fee-based income and total other non-interest income has improved; on a YoY basis if we see it has improved to Rs.4,712 crores from Rs.4,084 crores, an improvement of 15.38%. And the interest expenses have increased by 28.66% overall. Interest paid on deposits, there is an increase of 26.29% to Rs.16,908 crores. The operating expenses have increased by 15.28% to Rs.10,245 crores, out of which the staff cost increase is 12.63% because of the wage revision and other terminal dues payable, and the other operating expenses have increased to Rs.3,933 crores, an increase of 9.80%.

The provision on NPA reduced to Rs.3,391 crores, a reduction of close to 4%. The income tax liability has gone up from Rs.1,063 crores to Rs.1,504 crores, an improvement of 41.49%. Thus, the total provisions have dipped by 9.20% to Rs.4,814 crores compared to Rs.5,302 crores in the last financial year.

The gross and net NPA as sir has said gross NPA has improved from 8.44% to 4.50% and net NPA has improved from 1.77% to 1.23% in the current financial year. The net NPA if we see sector wise, we are now comparable with almost all the other public sector banks we are in line. The provision coverage ratio has improved to 93.58% and the slippage ratio on a quarter-on-quarter basis has come down to 0.57% in March '24 quarter. The credit cost also has come down to 0.85% in the March '24 quarter.

Total restructured book and special mention accounts we have given details on our slides 21 and 22. The total restructured book stands at Rs.6,455 crores and the total special mention accounts including all up to 5 crores and above 5 crores account stand at Rs.15,919 crores, 6.32% of our total advance book.

The capital adequacy ratio has improved from 14.12% in March '23 to 15.08% in March 2024 and the leverage ratio has also improved from 4.73% to 5.13% during this financial year.

Business details already MD sir has informed you that how the business growth has happened.

I would like to touch upon the treasury performance also. The aggregate investment has increased from Rs.1,42,653 crores to Rs.1,49,538 crores. The interest on investment has improved from Rs.8,715 crores to Rs.9,510 crores, and the yield has improved from 6.26% to 6.57%. The yield, including the trading profit has improved to 6.91% an improvement of 50 bps. And despite all this, we have been able to contain the M-duration and the PV01 of our portfolio.

These all were the major highlights of the performance for this current financial year.

**Shri M.V. Rao:**

Adding to this, just let me highlight you some of the initiatives what we have taken during the year gone by:

1. We have established our integrated customer care, that is the one-stop solution for all the grievance handling and also for outward outbound marketing, with a state-of-the-art technology like Gen-AI. So, for the past 1.5 months it is working fine, and it is stabilized and going forward that integrated customer care service will be utilized fully.
2. Next initiative what we have rolled out is the Collection Management System. With the integration with our war room for the recovery that collection management system works with our outsourced vendors where the feet-on-street people are also employed. That is the second initiative.
3. Third is our Cent NEO. What we explained in our earlier briefing that our technology platform with lot of investment that we started, now products are being rolled out within 15 days, some four products we are rolling out through our Cent NEO, that is the transformation of our digital platform and then omni-channel that is on the mobile, that also is slated for rolling out in the month of July.

So, these are all the new initiatives what we have taken. And earlier initiative of co-lending that part we will continue to focus with much more thrust this year because this time we have reached a total outstanding figure of Rs.11,000 crores. We have tie-ups with 27 NBFCs. And in this financial year, we have a target of having tie-up with the 50 NBFCs to reach the portfolio of Rs.25,000 crores. These are all the new initiative parts.

Thank you and it is open for our analysts or whoever logged in for any questions.

**Moderator:**

We will now begin the question-and-answer session. Our first question is from the line of Ashok Ajmera from Ajcon Global. Please go ahead.

**Ashok Ajmera:**

Sir, going forward, since the Central Bank has now again have almost reached to or reaching to its past glories, how do we see the coming year now going forward -- are we still going to be a little conservative in our targets and estimate or we want to open up? And a bank of our size, where lot of scope is there to grow rapidly as compared to some of the other large peer banks,

so I want to hear, sir about your plans or your ideas for the next whole year for the Bank, sir, where are we heading, sir?

**Shri M.V. Rao:** Let me give you the big picture so that you can work out the details. We would like to grow the business at the rate of 12% to 14%. In that, CD ratio, we want to improve it from 65% to 70%. That will be 70% to 72% is our band for the next March '25. So, once we are ramping up our CD ratio, definitely, our credit book is also going to grow, and at the same time now there is a slight shift what we would like to make in our credit book balancing it. We are sticking to RAM and corporate at 65% and 35%, with (+/-5%). Now slightly, we are revising that our RAM will be around 63% and corporate will be at 37% with (+/-1%). This is how we are working out this time. Slight shift will be there from the RAM to corporate, two percentage basis points will be shifted to the corporate side from the retail.

**Ashok Ajmera:** And sir, now where do we see the ROA which has come up to now 0.76% for this quarter and with this kind of mix increasing RAM 63% and corporate 37%

**Shri M.V. Rao:** Our target for ROA is 1% for the March '25.

**Ashok Ajmera:** You also said that the NBFC participating with them and increasing, but the way the RBI is going a little tough on the existing financial sector especially on the NBFC, then how do you see going forward, don't you see that there will be some pressure even on the NBFCs also and on the bank as a whole also for this entire RAM category and especially in the areas of personal loans and retail loans, don't you see that there will be some pressure on that or the margin might also come little bit down because of that?

**Shri M.V. Rao:** What RBI is doing, there is no comments from our side. It is the regulator. As far as our approach in the co-lending with the NBFCs, it is as a business model we have adopted this. And wherever weak links that were there in our traditional structure is being complemented by the strength what NBFCs were having. So, with that concept, we have moved, and it is working well and going ahead also we don't foresee any type of issues in our co-lending model because 80:20 is there and our shortcomings, or some gaps in the collection and monitoring mechanism is taken care by the NBFCs. These two things are working well for us, and we don't foresee any problem for the coming period.

**Ashok Ajmera:** Sir, my last question in this round is on our recovery front. Covering all the areas of the recovery from NCLT, NARCL, selling to the ARCs and also the recovery from the return of account, so how optimistic you are and where do we stand as far as now FY 24-25 is concerned?

**Shri M.V. Rao:** Our GM, Recovery will be sharing with you the details.

**Shri Bharat Mutreja:** In the current financial year, sir, we are aiming to have cash recovery of Rs.4,000 crores. Possibly 10 to 15 accounts are due for settlement in NCLT. The amount is Rs.2,500 crores, out of which Rs.1,000 crores will be cash recovery. Last year, we assigned five accounts to

NARCL. And this year also we have received a request, and we are assigning six accounts to NARCL, and amount is Rs.500 crores.

**Ashok Ajmera:** What is the average realization we expect?

**Management:** Average realization from NARCL is 30% to 40%.

**Ashok Ajmera:** Of which 85% is SRs and 15% is cash payment?

**Management:** Correct.

**Ashok Ajmera:** So, overall recovery target?

**Management:** We'll be reaching our gross NPA target which we have envisaged is 3.67%, definitely will be achievable.

**Management:** Besides this as well, sir, we have a sizable pool of written off account. So, this year also I mean we have been able to recover close to Rs.1,433 crores out of those written off accounts. We intend to further step up recovery efforts in these written off accounts and maybe in the range of Rs.1,500 to Rs.1,800 crores if we are able to recover in the next financial year, that is going to give us some boost in our operating income because that will move directly into the bottom line.

**Ashok Ajmera:** Any color on that recovery on that aviation account? Are we selling the collaterals and realizing something out of the Rs.1,700 to Rs.1,800 crores which is there? Of course that is not a written-off account, what are the recovery process?

**Shri M.V. Rao:** In our books, we have provided 100% for that, number one. Number two is now we are taking all the actions which are required. And as far as the land parcel which is there already we have published the public notice under SARFAESI and we are proceeding on that.

**Moderator:** The next question is from the line of Piran Engineer from CLSA. Please go ahead.

**Piran Engineer:** I just wanted to understand what is our NIM expectation for next year? And what will be our driver for ROA improvement from 0.63% to 1%?

**Shri M.V. Rao:** See, the NIM, we are at 3.40% as far as this financial year is concerned. For March quarter, we were at 3.58%. So, we expect that we will be above 3% as far as the NIM is concerned. Secondly, you are saying ROA 1% drivers, right? So, if you see my net profit surged by almost 61% from Rs.1,582 crores to Rs.2,549 crores this year. So, we expect that this will continue. Further, because the ROA will have assets thing also. So, if we are able to recover more from the return of assets and other fee-based income, that can support our operating profit. So, in that case the ROA will be definitely where we intend to reach in the range of 1%.

- Piran Engineer:** So, sir, what I understand that NIM might be lower next year, but our credit cost will also be lower?
- Management:** NIM will not come down drastically. In the earlier calls also we used to tell that we will be above 3% that is sacrosanct for us. And whatever the upside that comes, we will always be striving hard on that.
- Moderator:** The next question is from the line of Manish Suvarna from Moneycontrol. Please go ahead.
- Manish Suvarna:** I just wanted to understand how much slippages you've got in this quarter, and this is from which segment?
- Management:** See, the total slippages during this current quarter were at Rs.1,175 crores and the slippages majorly were in MSME, around Rs.292 crores, agriculture Rs.200 crores, retail around Rs.134 crores, and in corporate there was one account, around Rs.170 crores. There's no one particular sector which is a cause of concern.
- Manish Suvarna:** Which is that one account of the corporate?
- Management:** Small accounts, not large accounts in a corporate, in the range of Rs.50 Crore to Rs.100 Crore, not of any big account has been slipped to corporate.
- Manish Suvarna:** Basically, the majority of the slippages came from MSME, retail and the corporate segment and the rest is from the -
- Shri M.V. Rao:** The sectors basically, agriculture around Rs.200 crores, MSME Rs.292 crores, Retail Rs.135 crores and around Rs.170 crores for the corporate and others.
- Manish Suvarna:** My second question is on the cost of funds. It has gone up by 76 basis points on a yearly basis, that's what I guess in your investor presentation. So, what are the projections for FY'25 considering the geopolitical tension?
- Management:** Now, you see the repo rates started increasing from the month of May '22. So, our yield on advances started increasing immediately because the repo-based rates constitute almost 51%, 52% of our total advances. However, we increased the deposit rates from December '22 months. So, in March '23, if we see there was only a three-month impact. Now the full impact has already happened. So, we do not expect any substantial increase in the cost of deposits and cost of funds going forward. If you see our yield on advances has also started to improve further and it stands at 8.91% now.
- Manish Suvarna:** It will remain at the same level that's what can I expect?
- Management:** I mean, there will not be any disproportionate increase in the cost of deposit vis-à-vis the yield on advances.

- Moderator:** Our next question is from the line of Franklin Moraes from Equentis Wealth Advisory. Please go ahead.
- Franklin Moraes:** Sir, you mentioned ROA target of 1%, but in the presentation, I see your ROA target is 0.75% to 0.85%. So, where exactly is the discrepancy?
- Shri M.V. Rao:** That one has to be revised. Our target is to reach 1% and I think in the last slide, which is uploaded, that range they have given, I think that will get corrected now.
- Franklin Moraes:** Secondly, presently we are at 0.6% and we are targeting to reach 1%. Our NIM is already higher at 3.4% vis-à-vis our guidance where we are expecting NIM to be above 3%. So, where is the improvement going to come from?
- Management:** See, even though the financial year wise, our ROA might be 0.6% but for the current quarter it is 0.76%. So, naturally you must have seen my profitability. It has already had a consistency. So, going by the past years projections, the same consistency is expected in this financial year also. So, we'll start with an ROA of 0.76% from this quarter. So, going forward by March '25, we'll be able to touch 1%. And NIM also if you see, we are saying it will be above 3%. But as Rao sir has said, we don't expect any sizeable reduction in the NIM in the current financial year also.
- Franklin Moraes:** Presently, we have the Government stake at 93%, but we need to bring it down to 75% and there are other public sector banks who have also done or being able to reduce it. So, what is our glide path and the timeline in terms of bringing down the stake?
- Shri M.V. Rao:** Sir, for this already we have engaged with the Government of India. We are seeking for the OFS part. Once the government clears that, then this OFS part will come into play. That may be a single reduction or maybe in tranches, that will give us the room further. Once we unlock our value, then we will be going for our QIP or any other mode of raising the equity Capital.
- Franklin Moraes:** But, any bifurcation in terms of your plans, will it largely be OFS or will this largely be a QIP, how exactly are we going to reach this and how much time are we likely to take to reach to 75%, any indication will also help?
- Shri M.V. Rao:** No, actually this is the call to be taken by the Government of India . But our request is always there, whether if they are going to offload it through OFS, what will be the percentage that we will be coming to know in the next two months, then we will plan accordingly, then how much percentage that will be offloaded through OFS and what is that we have to take up through the QIP. So, that combination will work out only after two months.
- Moderator:** The next question is from the line of Anil Pande from The Front Page. Please go ahead.
- Anil Pande:** What I observe that in numerator we filed 15.6% growth and in denominator that is deposits of 7.16% growth. Now, as you know that this CASA speaking in general in all the banks, so will



we still consider further scaling down the bulk deposits or you are forming some other strategy to increase the deposits to maintain this 60.59% LDR or further increase to 75% or something?

**Shri M.V. Rao:** See, as far as the CD ratio is concerned, that's what the guidance we have given; we will be targeting for 70% to 72%. With this background, the what the combination of our deposits we have that we would like to maintain our CASA ratio minimum 50%. Coming to the term deposits or the bulk or the high cost, we do not have any high cost deposits nor we raise any certificate of deposit from the market. It is a pure core deposit what we maintain. So, as far as the term deposits are concerned, for maintaining the CD ratio where we have to reach that is worked out now with 50% of CASA.

**Anil Pande:** Next question is regarding the corporate credit. You have mentioned Rs.84,619 Crore with the 59% growth perhaps. So, can you give the components how much is infra out of that and particularly this power sector government is focusing on this renewable energy and solar power? I do not find the bifurcation of those sectors in corporate coverage.

**Shri M.V. Rao:** In the presentation, it is not there. We will send you offline because right now it is not available readily.

**Moderator:** The next question is from the line of Kartik Solanki from Elara Securities. Please go ahead.

**Kartik Solanki:** I had a couple of questions from my end. So, the first one is, can I get the overall return of pool amount and what will be the component of NCLT and the non-NCLT bifurcation for the same?

**Management:** Total return of pool is close to Rs.35,000 crores right now. NCLT constitute 215 accounts, amounting to Rs.26,191 crores.

**Kartik Solanki:** Second question is in the line of the interest income from recovery of NPA accounts which forms a part of your interest income?

**Management:** This year the recovery from written-off accounts has been at Rs.1,433 crores. So, if I want to quantify it in terms of percentage it is close to 4% of my written off accounts that we have been able to recover during this financial year.

**Kartik Solanki:** The recovery of NPA, what would be the component of interest income which are recorded in NII?

**Management:** That we'll have to take out the data, but this is pure recovery, Rs.1,433 crores is recovery out of my written off accounts. You want to know the total interest income book from the NPA accounts?

**Kartik Solanki:** Yes.

**Management:** That we will provide you offline, sir.

- Moderator:** Our next follow up question is from the line of Ashok Ajmera from Ajcon Global. Please go ahead.
- Ashok Ajmera:** Sir, my first question in the second round is on the total overall treasury operation, sir. The treasury income in this quarter has been very good; if you look at the segment wise result, Rs.611.75 crores as against Rs.396.73 crores. So, I would like to know the total structure of modified duration of AFS. And what are we expecting? I mean the RBI to little bit lower down the rates in the coming quarters, so what kind of treasury profits or the treasury income we are looking at?
- Management:** Treasury income is Rs.965 crores we booked. It is mainly we capitalized on the equity book. We invested in many of the IPOs and make good profit from the IPO and also on the bonds side also we made good profit. But accordingly, we could able to record a good profit of Rs.965 crores. And we maintain a M-duration of 1.88 as on March '24 on AFS book. Coming to my AFS book, Rs.41,733 was the AFS book as on 31<sup>st</sup> March.
- Ashok Ajmera:** And with a modified duration of 1.88%, isn't it?
- Management:** At 1.88%, yes. We have been now maintaining below 2 all through. At least till 31st March, we are below that and it is 1.88%.
- Ashok Ajmera:** Sir, my second question is when are we going for the new tax regime, like we have a deferred tax asset of Rs.4,294 crores, so when are we planning for going to the new tax regime? Maybe in '25-26?
- Management:** Around Rs.1,500 crores, we were able to reduce the DTA for this financial year. So, going as per our expectation, we should be able to switch to the new tax regime by '26-27.
- Ashok Ajmera:** Two more years for this Rs.4,294 crores? Alright. My next is sir on note 17, that eight borrowers. At the time of implementation of the resolution plan, it was Rs.3,723 crores and now it has come down to Rs.1,978 crores. So, as per the resolution plan, when this eight borrowers account overall amount is to be received or regularized?
- Management:** These will have different resolution plans, sir. There may be somewhere purely regulation of the account will be there, in some cases there may be a restructuring which will be warranted, in some of the accounts may be the recall maybe the alternative. So, for all these eight accounts, details can be provided to you what is the RP in each of these accounts?
- Ashok Ajmera:** Yes, sir, please. Whether post implementation of the resolution plan, can we also go for OTS with some of these accounts?
- Management:** If any such accounts where recall is marked and these are already NPA, and if the party comes out with an OTS offer which is acceptable to the bank, we can go in for OTS.

- Ashok Ajmera:** Because nowadays that trend is going on. So, please provide me that. My last question is a little bit on the note on acquiring the standard assets, sir. Of course, the number of accounts are many, 95,000 small accounts. But if you look at the coverage of the tangible security, it is going down from 100% in '22 to 87% in March '23 to 51% in March '24. So, is it because of the nature of accounts which we are acquiring where we don't need higher tangible security?
- Management:** These are all related to co-lending book, sir. There what is happening is primarily if there are any MSME accounts, the primary security itself would be more than 100% and the additional collateral security is 50%, because in retail, as you know, sir, mostly it will be housing loans where the security will be at least 110% to 125% of the book.
- Ashok Ajmera:** So, you mean to say that this coverage of tangible security doesn't include primary security?
- Management:** Right, sir.
- Moderator:** Our next follow up question is from the line of Manish Suvarna from Moneycontrol. Please go ahead.
- Manish Suvarna:** In the last question, you mentioned that the total treasury gain of Rs.965 crores you have got some gains from your investment in the IPOs. So, can you tell me the figure which profits you got that IPO out of total Rs.965 crores?
- Management:** IPO will be around Rs.50 to Rs.52 crores. Exact figure I will tell you. But overall, from the equity book now we got around Rs.125 crores.
- Manish Suvarna:** Rs.125 crores from the equity book. And from the IPO?
- Shri M.V. Rao:** It is trading and IPO both.
- Management:** From IPO it will be around Rs.50-Rs.55 crores.
- Manish Suvarna:** Can you name the companies in which IPOs you have subscribed?
- Shri M.V. Rao:** It was Tata and lot of MSME IPO.
- Management:** Tata Technologies, we got the bigger.
- Moderator:** The next question is from the line of Sushil Choksey from Indus Equity Advisors. Please go ahead.
- Sushil Choksey:** Sir, I would like to know more about our transformation journey, whether it's NEO or digital-led initiatives, which would transform the bank from where we are because across players or any comparable banks, our CASA and our advances we can transform the bank into a superior

margin bank. These initiatives will lead to us where and what kind of expenditure we will incur?

**Shri Ratan Kumar:**

This is Ratan Kumar here, GM, IT Digital, leading the Digital Transformation Department. A year back we have started our digital transformation in our bank and we have initiated various process, starting with the tech upgradation and API, middle layer formation and so many other activities. Along with that, we have also taken up four major projects, which is one is Super App, there is Omni-Channel, the second is our Digital Lending Platform, the third is Integrated Customer Care, and the fourth is the Digital Collection Management Systems. So, these four major process are going to drive our digital transformation journey. We have already rolled out two major projects which are live now. One is Integrated Customer Care, the second is the Collection Management Systems. They are live now. We have started the operations. The collections management is operating from Mumbai and Kolkatta and Integrated Customer Care we have done from Mumbai and Hyderabad. So, very shortly around six digital journeys in lending we have initiated, that is going to come in another week. And the Super App and CUG, we are going to launch somewhere in July.

**Sushil Choksey:**

What about the digital expenditure and what are the initiatives are we taking along with it? So, this is only about customer and call center and back office where digital driving credit because our customer touch points what Central Bank enjoys for last five, ten years because of CASA, how are we mapping them on our digital trend?

**Shri M.V. Rao:**

See, this is the technology part what we are doing. As far as your specific ask is for the mapping of our CASA customers, already we are doing because we have two more modules which maybe in a two or two and half months' time rolling out. One is for the wealth management that where we have segmented our customers on different profiles. That is one thing. Another is the insurtech what we are adopting. So, as a one-stop shop from the mobile and internet banking these services will be offered. This is the technology enablers what we are creating. And as far as to garner the actual business, for liability customers, liability products that we are having how to reach out them through the relationship function. And then on the asset side, we are working out for the bigger corporates end-to-end digitization of their operations so that entire ecosystem in which they operate will be captured so that our business will also grow. And for the corporates also, there is an ease of doing the transactions in the bank. This is the overall path where we are working now.

**Sushil Choksey:**

Let's assume that the first part of the journey and the second leg starts well, can our retail products, whether it's housing loan, car loan, education loan, MSME loan be a total part of our digital transformation?

**Shri Ratan Kumar:**

Definitely, yes. These are going to be part of our digital journeys. We are creating both digital as well as assisted journeys with a very smooth flow. So, this will definitely going to be very beneficial and customer convenience is addressed there.

**Sushil Choksey:** Sir, if I'm not mistaken, I have heard in the past Q&A that we have created some kind of a strength of technology product drivers as well as designers within our own capabilities and domain within the bank. Can you elaborate something whereby we can support our own performance led by our own team?

**Shri Ratan Kumar:** We have created a very focused special department for this which we fondly call it, as "Cent NEO." Under this, we have inducted both the functional and technocrats into that department. We have inducted around 60 people fresh hands for this from the market and we are going to further recruit some more specialized skill for this. And we are creating a kind of garages for each project which is running on Cent to get whatever we wanted to design and deliver.

**Sushil Choksey:** This digital transformation, can it be connected to our co-lending business which we have aspiration to be Rs.25,000 crores book?

**Shri Ratan Kumar:** Yes, the co-lending, the first leg that is lending LOS part we have already done it and probably in another 15-days it will go live. We are automating the co-lending LOS part.

**Sushil Choksey:** What is the outlook on our housing loan book as our CASA enables us to be the most aggressive bank in the housing market? Currently, we stand at Rs.44,057 Crore. How do we see over a period of next one or two years?

**Management:** See, in housing loan normally we have grown at the level of 15% and at least this level we want to maintain, NPA stress is very low, and as you rightly said we get a lot of good cross-selling through our housing loan products and we have very competitive housing loan product for our female borrowers which has also gained a lot of good attraction in last two years. So, we want to continue to grow at least 15% to 20% in housing.

**Shri Ratan Kumar:** Now, our digital enablers we essentially target higher ticket price loans once we enable this into the digital journey. We expect there would be more of frontiers for marketing and garnering high end ticket size loans. That will definitely get a bigger chunk of the housing loan portfolio.

**Sushil Choksey:** My next question is to Mr. Wahi sir. As usual, I would like to hear your outlook on the money market and the G-Sec?.

**Shri Vivek Wahi:** See, G-Sec, as you know, based upon certain rebound in recovery of US, so the rate cut scenario has little bit shifted towards the end of the year. Rather, there is also a view that this year there may not be a rate cut. So, that is the reason that the yields are still hovering at around 7.20 levels. So, we also feel that little bit of more economic activity if tampered in the US, then rate cut can happen anywhere near September. As far as Indian context is concerned, definitely, rate cut is not going to happen before September or even it may happen in November. So, with this global index of bond market also, euro bond market also get included, we expect around Rs.20 billion coming into India. So, with this, yields can soften a bit, but

ultimately the real softening will happen only when the stance of the central bank changes and the rate cut happens in the later part of the year. That is the only way.

**Sushil Choksey:** Based on money market and the current situation where RBI stance is concerned, do you see MCLR further going up or will remain stable at this current level?

**Shri Vivek Wahi:** No, sir. MCLR rates are already picked up. I do not see any rise in the lending rates as well as the repo rates or as well as lending rates of banks, even retail banking rates also, I do not foresee any rise at all at this junction.

**Moderator:** As there are no further questions from the participants, I would now like to hand the conference over to Mr. Raju Barnawal for closing comments.

**Raju Barnawal:** Thank you, MD sir, for giving the opportunity to host the call. Over to you, sir, for your closing remarks.

**Shri M.V. Rao:** Yes. Thank you for all the participants for taking out the time and attending to this conference. And going forward, whatever the guidance what we have given that bank will be reaching those targets and let me assure you and also tell you with confidence that our Bank will be reaching the new heights in this financial year, that is '24-25. Thank you.

**Moderator:** On behalf of Antique Stock Broking, that concludes this conference. Thank you for joining us.