



“Central Bank of India  
Q4 FY '23 Earnings Conference Call”  
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**MODERATOR:** **MR. RAJU BARNAWAL – ANTIQUE STOCK BROKING LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to the Central Bank of India Q4 FY '23 Earnings Conference Call, hosted by Antique Stock Broking 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 the conference call, please signal an operator by pressing star then zero 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 Limited. Thank you, and over to you.

**Raju Barnawal:** Thank you, Rehan. Good afternoon, everyone. On behalf of Antique Stock Broking Limited, I welcome you all to the Central Bank of India Q4 FY '23 Earnings Conference Call. And I thank the management for providing this opportunity to host the call. So, from the senior management side, today, we have with us Mr. M.V. Rao, MD and CEO; Mr. Vivek Wahi, Executive Director; Mr. Rajeev Puri, Executive Director; Mr. M.V. Murali Krishna, Executive Director; and Mr. Mukul Dandige, Chief Financial Officer.

So now without further delay, I hand over the call to MD sir for his opening remarks, post which we will have a Q&A session. Thank you, and over to you, sir.

**M.V. Rao:** Yes. Thank you. A very good afternoon to all of you. And first of all, thank you for investing your time. And let me assure you that ROT, your return on time will be very appreciable. And before giving you the highlights, let me take you back a year in 2021-22 results day, where we have given you the guidance that business growth will be 8% to 10%. We have achieved 8.39%, and deposit growth will be 5% to 7%. We achieved 4.85%. That is 2% lower than the estimate. And advances growth, we have given 13% to 15%, and we have achieved 14.79%. CASA will be more than 50%. Now we are at 50.39%.

And corporate credit book balancing with RAM and corporate, 65%, 35%. So, we are at 66.46% RAM and 33.64% on the corporate. NIM more than 3%. This time, we are 3.64%, gross NPA below 8%, we are at 8.44%. Net NPA below 2%, we are at 1.77%, PCR more than 92%, we are at 92.48%, slippage ratio 2 to 2.25, we're at 1.62%, credit cost, 1% to 1.25%, it is at 0.83%. Return on assets, 0.40% to 0.45%, we're at 0.43% and the cost-to-income ratio of 53% to 55%, we are at 56.35%. So, among all these, on certain parameters, 100% we have surpassed the guidance what we have given in 10 parameters. In 3 parameters, we have achieved almost 96%.

One more thing that I would like to share, we are very happy that this is an excellent year for the bank as it has highest ever recorded net profit. Because in 2010, we have recorded INR1,059 cr. after 2010, this is the figure in 2023, where we have recorded INR1,582 crores of net profit. Having said this, let me come to the business model. This year also, we are not going to change much on the business model. We will continue to focus on the credit book with the balancing of RAM and corporate credit with 65% and 35%, with plus or minus 5%. And co-lending stream, which has picked up well, will continue to be one more stream where we will be focusing to improve upon on our asset side. On our liability side, our CASA will be striving to be above 50%. We will continue to do that. And one more thing I would like to say is that we have not resorted to any issuance of the CD.

So, in this new financial year also, we may not require any CDs to raise as our liquidity is ample. Our LCR stands at 285%. And coming to the investment book with a reasonable return, our principle is to protect the book from the volatilities that we will continue to do. And then as far as the organization structure is concerned, now all the new structures, what we had tweaked in between are doing well and acceleration leverage will be done on those structures.

And coming to the products, lot many new products we have introduced, and which are received well. And one of the most important and very good products that has gone well in the market is the Grah Laxmi, where we have given the lowest ROI for the women beneficiaries

for their housing. So already, we have booked INR6,300 crores in that loan book. And coming to the people, we will continue to invest in our manpower to upgrade and upskill their knowledge and also skill levels.

So, coming to the highlights. Regarding total business, it stands at INR5.77 lakh crores with 8.39% growth, total deposits at INR3.59 lakh crores, that is 4.85% growth. Gross advances stand at INR2.17 lakh crores, which is 14.79% growth, CASA INR1.80 lakh, that is 50.39% of total deposit. RAM at INR1.44 lakh crores, net NPA is below 2%, that is 1.77% and operating profit for the quarter, stands at INR 2,108 crores. For the full year, it is INR6,884 crores.

So net profit for the quarter, it is INR571 crores. And for the year, it is INR1,582 crores. As far as the NIM for this quarter, it stands at 4.24%, for the entire year, it is 3.64%. ROA for the quarter 0.61%, for the whole year, it stands at 0.44%. ROE, it is 2.27% for this quarter and 6.42% for the whole year. So, for other financial performance, I request my CFO, Mr. Mukul, to apprise you of the details of the financial performance.

**Mukul Dandige:**

Thank you, sir. If you see our total interest income has grown in both on the Q-o-Q and Y-o-Y basis. On a Y-o-Y basis, the total interest income has grown by 12.02% and it has reached a level of INR25,542 crores. The total interest expenses have increased only by 4.06% and stood at INR13,855 crores. And the net interest income stood at INR11,687 crores which is Y-o-Y robust growth of 23.19%.

If we see the operating profit, it stood at INR6,884 crores, registering a growth of 19.89% and the provisions increased by 27.70%. However, if we factor the contingency provisions that we have built up, the provision amount would be lesser than what we had done in the last year. And net profit improved by 51.39% to INR1,582 crores during this financial year. Same goes with the fee-based income where the bank was able to record 25.40% upside on the overall fee-based income from INR1,425 crores to INR1,787 crores, mainly because of the recovery in written off accounts that we received this year because of which we received good fee based income.

As far as the expenses go, total interest expenses, I told it is increased by 4.06%. The interest paid on deposits increased by 4.20%. The operating expenses moved up to INR8,887 crores with a growth of 32.38% and other operating expenses showed a growth of 17.84%. The staff cost increased by 42.70%.

And the provisions, as I said, total provisions for NPAs increased by 44.01%. However, there was a contingency provision that we have built up, into the system. So, if we remove those contingency provisions, the provisions would be substantially lower and the credit cost would be substantially lower. We have also built up some provisions on standard assets where we foresee maybe some issues in some of the accounts. The income tax provision increased from INR672 crores to INR1,063 crores, a growth of 58.18%. Thus, the total provisions increased by 27.7%.

As far as the capital adequacy goes, capital adequacy improved to 14.12%, and the provision coverage ratio increased to 92.38%. So, these are basically the other financial highlights of the bank.

**M.V. Rao:**

Yes. This is from our side. Probably you must have gone through the entire presentation uploaded on the website. And if anything has to be clarified, now you can make it open to all the participants.

**Moderator:**

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. Our first question comes from the line of Ashok Ajmera from Ajcon Global Services Limited.

**Ashok Ajmera:**

Good after noon Rao Saab, Mr. Vivek Wahi, Mr. Rajeev Puri and Mr. Murali Krishna and congratulations and complements to you for the fantastic performance of this quarter. Overall, also for the year, also the performance is excellent. But in this quarter, you have exceeded some of the expected numbers, so complements for that, sir. Having said that, sir, of course, the legacy, we have a very high gross NPA we used to have, brought it down below 10% and now 8.44%. But it's still high the gross NPA front, which is almost I think INR18,386 crores. What is your view going forward, looking at NARCL and other asset sale to other ARC or any plan?

And what is the target of bringing in the whole year, the gross NPA because net NPA is very much under control, and that will also be brought in by increasing the provisions. So that is in your hands. But for the gross NPA, what is our planning, number one.

Number two, we have done very well on the credit front also. So going forward, whether this - the credit growth, which is achieved almost about 15%, 14.79% however we are heading for the financial year now 2023-24. And similarly, on the recovery front, we have done very well. But slippages have been high also in this quarter, have gone up, I think, from INR636 crores to INR1,085 crores.

Then we have been talking about contingency provisions. So, what is the total buffer provision buildup for COVID as well as the overall offer, which we have in our books. So, this is broadly on advanced credit and recovery side and the gross NPA side. If you, please give some light on this. Then I can come for my second question just now.

**M.V. Rao:**

Thank you. See, as far as reducing the gross NPA, we are relying on transferring certain accounts to the NARCL. Even if that is not going to materialize in the first half year, we have a plan to reduce to the extent that gross NPA will come down below 5.5%. That is the plan we have. Even NARCL, if it doesn't materialize also, we have the plans so that if it become below 5.5%, that is for the gross NPA. Because it is very much in our hands how we are going to deal with that because the entire 100% provisions are made. That is one part.

And coming to the second question, provisions where buffer is built up. There is an excellent question because this gives the actual big picture of the future of how a strong balance sheet is built up. If you see the total NPA provision that was made in March 23 is INR3,534. It has a contingent provision to the extent of INR1,533 crores. This, you can call it in any way you can take it, whether we made it for the COVID or non-COVID, but this is the provision we made it to make our balance sheet future proof. So that is a major chunk. And regarding standard assets also, there is a INR575 crores from certain accounts where we feel that it is required to be done because we have enough resources to buffer the provisions. That's why we did it in the standard also to the extent of INR575 crores. Both put together, it is almost INR2,100 crores that we have strengthened this balance sheet through this provision portfolio. Any other questions that were asked?

**Ashok Ajmera:**

Yes, sir, there was a credit and recovery and on the credit front, what is our now target for the future, we have achieved a good credit front.

**M.V. Rao:**

The advances growth at this time guidance we are giving 12% to 14%. That guidance, we will continue to hold it. Earlier also, we promised 13% to 15%, and we ended up with 14.79%. Now this time a range of 12% to 14%, we have given, and we will be achieving that. And overall, our credit book will be balanced with the RAM and corporate in the ratio of 65%, 35%, with plus or minus 5%. That's always a scope where we are giving that leeway. That is on the credit side.

And the recovery. Recovery will continue to be a trust area for us. And now more focus will be shifted on to the recovery in the written off accounts, leeway recovery that has happened in the previous year, a big amount we could be able to realize in written-off accounts that will be

going to add to our bottom line. In this year also, our focus will be recovery in the written-off accounts.

**Ashok Ajmera:** Okay. Sir, my next question is on the treasury operations. I mean, irrespective of all the problems and the rate hike and everything, you have done well on the treasury front also. But if you just look at the segment wise profit. I mean there is a lot of variation. Treasury is okay. But in retail, there against the loss of INR552 crores in this quarter, it has gone to INR1,267 crores. Similarly, for wholesale, as against the profit of INR514 crores, it has gone to INR1,423 crores. So is there any reshuffling between the credit and wholesale portfolio or the - because of the provisioning, it has been affected with the figures.

**Mukul Dandige:** The contingency that we have built up mostly now is in retail that we have done the additional provision. So that is why the retail segment is showing a loss. Whereas in corporate, 2 things. One, lesser provision required. Secondly, the recovery in write-off has happened mostly in the corporate accounts.

**Ashok Ajmera:** Yes. All right, sir. So, on treasury front, sir, any like now the rates are lower I mean, the RBI has also taken a call. So, looking at some of the lag effects is still going to be there. So, what do we see going forward, the treasury profit, MTM as well as the trading profit?

**Vivek Wahi:** See Ajmeraji, this is Vivek Wahi. As far as MTM is concerned, with the recent tone of RBI, we do not really foresee any rising yields or any MTM risk in the ensuing quarter. Rather, we are expecting that in Q4, there should some rate cuts should start. So, we are hoping to get a good amount of profits by way of reduction in yields getting softened to say 6.75 level. In fact, this is a good time for the treasury to build some duration. So, we are looking in that direction.

**Ashok Ajmera:** All right, sir. And my last question in this round is on the capital raise. You got the approval of INR2,500 crores. What are our plans now? Though the share price is always again recovered but it's still on the equity dilution, I mean, by way of issuing the fresh equity, do you think that it is the right time even at this price also, where I think we are near to maybe book value or a little bit about that. You are really interested in going for FPO.

**Mukul Dandige:** The first and foremost thing is that we intend to go with the tier 2 bond issue. So with that last time, we had obtained the board approval for raising up to INR1,500 crores. Now, because the rates moved in an unfavorable way in the last few days of March, we did not go to the market. As it is if you see, we are comfortably, I mean, capitalized at 14.12%. So, within this INR1,500 crores or INR2,000 crores of Tier 2 capital, we should be somewhere in the range of 15.6% to 15.75%. Thereafter, we'll take a call on in which way we want to raise the further capital, if required.

**Ashok Ajmera:** All right sir, thank you very much sir. I'll come back again if time permits sir. Thank you very much sir and all the best sir.

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

**Sushil Choksey:** Congratulations to management and team Centralites. Sir, my first question is you've given a credit guidance of 12% to 14%, and you've also highlighted between corporate book and retail book. First is, you've also focused on gross NPA and net NPA numbers reduction. Where do you see margins on a stable note for the next whole year, sir?

**Mukul Dandige:** Chokseyji NIM, we are very much sure that our NIM will be in excess of 3.5%, and there should not be any issue because we have a very good (more than) 50% CASA base. So that continues to be our focus area. And with the interest rates at a comparatively elevated level, our margins would continue to be better.

- Sushil Choksey:** Okay. Now any great initiative not to cross sell as we have got the best sustainable CASA in banking industry over the last 5 -6 years period. Any new trends which can emerge for increasing the number to 54%, 55% over a period of 2 - 3 years?
- M.V. Rao:** See, apart from our traditional stronghold, we are venturing into the new areas where we are eyeing for low-cost deposits, right at this moment, I do not want to divulge because it is in a nascent stage. But in this financial year, it will take full shape and we are going to reap the benefits. But our guidance will continue that our CASA will be more than 50%.
- Sushil Choksey:** Sir, based on the CASA and the strength which you have built over a period of last couple of years and the team has done a lot of efforts, how do you see our retail business growing, including the women housing scheme and many other products that we can launch or maybe gold loan or any other kind of products or development which would lead to retail forte, which Centralites would be known for.
- M.V. Rao:** Yes. In this, we will continue to hold our position as far as retail is concerned, wherever any changes that are required in the products, we are going to make it, and it will be a market competitive product that we will bring. And whatever the growth that we are envisaging on the retail side that we are confident of achieving. There is no issue because of the franchise, what we have and another stream what we have opened up through co-lending, both are doing well, and it will continue to do perform well now.
- Sushil Choksey:** Sir, why is our income tax effective rate so high this year? And what is the likely rate we should assume for next year?
- Mukul Dandige:** See, for income tax, there are so many things because we had brought forward losses of the previous years. Now that our business losses, we have started making profits. So, our business losses have started to go down. And that is why probably the effective tax rate is appearing higher because earlier, if you see due to the creation of DTA and other things, the effective tax rate was comparatively lesser going forward, effective tax rate, we can assume in the range of 26% - 27%.
- Sushil Choksey:** Sir, my next question is we are leading the pack, specifically in the public sector where the numbers are shared in co-lending. The initiative has worked well. The Ministry and RBI are also encouraging that. Can you highlight some points on the outstanding book? Any new products which we have launched in co-lending or what can be done over a period of next 1 or 2 years where retail engine would work along with the co-lending book and the retail products well?
- M.V. Rao:** On the co - lending side, we have created a separate vertical, where GM is heading. That is totally focusing on the co-lending partnership, collaboration, all these things that particular vertical is focusing. So, coming to the co-lending already, we have tied up with 14 - 15 NBFCs for different products. And now this year, we will be focusing more on the niche products where we see that good margins are available and safety is also insured. Such type of products we will be focusing where any NBFC has strength in that niche area we will be ready to collaborate with them. This is how our plan will be for the co-lending.
- Sushil Choksey:** Sir, is it right that the number of advances, currently, we have almost INR5,500 crores, INR6,000 crores of advances under co-lending.
- Mukul Dandige:** Yes.
- M.V. Rao:** Yes. INR6,303 crores, precisely.
- Sushil Choksey:** How much, sir?

- M.V. Rao:** INR6,303 crores.
- Sushil Choksey:** Congratulations on the numbers. Sir, Central Bank, human resources. You've taken a lot of initiatives in the last 24 months. Anything further, which we are doing to strengthen the bank's position?
- M.V. Rao:** The Bank's position now, already our consultants and our entire dedicated team are working on the transformation. It is transformation. It is not just on the digital front or also on the delivery channels. So, a lot of work is being done now. And probably in this financial year, by the third quarter, we will be realizing certain benefits out of this transformation project. So that is totally creating a bank within the bank the concept what I told you earlier, that entirely digital bank will be catering to the needs of our digital native and also catering to the people who are tech-savvy.
- Sushil Choksey:** So, what is the budget on digital this year?
- M.V. Rao:** This year, it is almost INR1,200 crores.
- Sushil Choksey:** Okay. Sir, my last question in the current round. Mr. Wahi highlighted on treasury, sir, congratulations on a stable number from treasury. And you, I think, gave an insight that you may see 6.75% on 10-year bonds by the year-end. Am I right, did I hear right, sir? And what's your view on the treasury profit?
- Vivek Wahi:** Yes, because we expect a rate cut in Q4. So definitely, yields are going to soften. And it can be even lower than 6.75%. As a result, AFS book will be profit as well as a part of some MTM book can also be in a big profit. So overall, this year, will be good for treasuries of all public-sector banks.
- Sushil Choksey:** Thank you and congratulations. Best wishes for year to come.
- Moderator:** Thank you. Our next question comes from the line of Jyoti Singh from Arihant Capital Markets Limited. Please go ahead.
- Jyoti Singh:** Yes, thank you for the opportunities and sir, congratulations on the good set of numbers. My question is on the demand side, how is the demand seen in the corporate segment? And how are the inquiries in corporate and the growth is coming from capex related or still working capital-led demand? And has been there and also sectors which are seeing good demand within corporates?
- M.V. Rao:** Madam, let me tell you the way we have planned the growth in our credit book, that is 35% is on the corporate side. Now, we have reached the stage where we are in a position to pick up the assets of our own choice. So, our choice will always be towards the capital light assets. So, in that front, if you see my CRW, that is credit risk-weighted assets on this one, it is 63%. So, the main contributor is from the corporate side. So, our focus on the corporate side will be on the lower risk-weighted assets, trading off with our lower rate of interest because we have that pricing forward due to the CASA.
- Having said this, whatever the gap that's eminent because of the repayment or the targets what we have set in, we were very, very choosy in picking up the AAA rated companies. So, it's not that I will be waiting for any new company to come and ask our share in our working capital requirements, there may be more for the industry. My position is entirely different if you compare it with the other players in the industry as far as corporate finance is concerned.
- And as far as the demand that is what is coming in just as inquiries, yes, there is from the infra side, there is a little bit demand that is coming, but we are that's what we say we are very choosy what type of assets we have to build up in our book. Focus will be on the credit risk

weight. So, all the new infra, definitely, their risk weight will not be 20% or 30%. So that is the second priority for us to pick up such type of assets.

**Jyoti Singh:** Thank you sir for the explanation. Okay. And my next question is on the home loan traction side portfolio. Like how is the traction over the home loan portfolio? And like a rate transmission in that portfolio, like how much rate hike you have been able to pass on and demand scenario over tail?

**M.V. Rao:** One point my housing loan portfolio is INR38,790 crores, that is almost INR39,000 crores. And as far as the growth is concerned, it is almost Y-o-Y growth is 28%. So as far as your specific question of passing on the rates 1.75%, we have passed down, though there is an increase of 2.50%.

**Jyoti Singh:** Okay. And sir, a demand scenario over there?

**M.V. Rao:** Yes. That's why we have grown almost 28%.

**Jyoti Singh:** Okay. And what are the expectations going forward, sir, on that?

**M.V. Rao:** It will continue to be there. Demand will continue nothing adverse we are not seeing any flatness in the demand as far as the housing loan product in our bank is concerned.

**Jyoti Singh:** Great sir, thank you sir for the explanation.

**Moderator:** Thank you. Our next question comes from the line of Sohail Halai from Antique Stock Broking Limited. Please go ahead.

**Sohail Halai:** Sir, a couple of questions. One, in terms of contingency provisions you said that you have made contingent provision. Can you actually quantify that contingent provision made during the quarter and during the year?

**M.V. Rao:** Yes.

**Mukul Dandige:** During the year, I can tell you, INR1,530 crores roughly, we have built up. On a quarter-on-quarter basis, it will vary. However, I mean, you can easily take around INR350 crores to INR400 crores is built up over this quarter also.

**Sohail Halai:** Okay. So, this actually pertains to in terms of corporates you also said that probably you are looking at some amount of corporate stress, if I'm not wrong MSME or some of the mid-corporates?

**M.V. Rao:** It is likely possible to have mismatches in that cash flow, maybe because of various reasons. And also, we have to have a safe parking place for our amounts for parking. So, we thought it is better to park in these segments so that at least people, investors, analysts will appreciate the strength of our balance sheet.

**Sohail Halai:** Sure. So, I was just looking at the SMA-2 numbers, SMA numbers as well that you actually shared. So in terms of above INR5 crores, I see a very low number that is still. So probably in terms of stress are you in seeing that probably in terms of there is no corporate stress and you are talking more about from the SMA segment point of view?

**M.V. Rao:** As such corporate book, we are not seeing any such type of stress in general. That's why the SMA numbers are also very low on the corporate, that is above INR5 crores. It is miniscule that SMA 2, you have SMA-1, okay, that will get upgraded that's why our slippage ratio when you see quarter-to-quarter, it is substantially coming down.

- Sohail Halai:** Right, And sir, a couple of comments in terms of the pricing of the corporate, we have probably in terms of one of the low cost of points and very adequate liquidity. The bond market was actually relatively low, but now how are you pricing the loans and whether that benefit is visible in the margins, sir?
- M.V. Rao:** See, our pricing is always reasonable as we take all the factors and how to raise these through the money market. Accordingly, we will price. And our price, definitely, will make the corporates feel comfortable in taking with us because of the lower rate that we always trade off.
- Sohail Halai:** Okay. And sir, final outlook in terms of the ROAs. So, we existingly have the ROA at 0.6%, and for the full year, it's closer to 0.4% and 0.45%. So probably, in terms of your expectation, what is the kind of an ROA that we can expect in FY '24 and beyond? So, any broad range?
- M.V. Rao:** Yes, For the 2023-24, we have given the guidance of 0.75%, more than 0.75%, that is our guidance.
- Sohail Halai:** And in this guidance, sir, are you building in that next year too, you will continue to create some kind of a contingency buffer in your balance sheet? Or this is excluding that?
- M.V. Rao:** That call, we will decide only in Q3 because the way we've gone regarding our operating profit based on that, we will decide in what where we have to move. See, if things move well, the way we have planned, probably by Q2 next financial year, we may not find ways to park anywhere entire amount we have to show.
- Sohail Halai:** And sir, final question from my side. From the margin perspective, you had given a guidance of around 3% margin, you are ending up at somewhere around 4.25%. For next year, you have given a range of 3.25% to 3.5% where you mentioned that 3.5% is something that probably in terms of you are looking at, but is this number very conservative given the liquidity that we still have on the balance sheet? Or is it factoring in that possible rate cuts that would lead to margin compression. So, if you could just...
- M.V. Rao:** On both fronts, you are right. Because ample liquidity is there. And also, we are thinking that we are also expecting some rate cuts. And at the same time, earlier I told you we are going to trade off between the rate of interest and the quality of the assets. And then, that's why we are not giving beyond that. But this is a floor whatever we have mentioned in the guidance.
- Sohail Halai:** And sir, your focus is probably more in terms of the quality of assets. So probably in terms of excluding the contingent provisions, the credit cost you are running at around 40, 50 basis points, can one assume that number to be basically in terms of a steady state or a sustainable number? Because I think in your presentation, again, you have mentioned less than one, but with focus on strong asset quality or strong corporate, can the credit cost be much lower in FY '24?
- M.V. Rao:** Exactly. It will be below 1, because whatever the factors you have mentioned, yes, because of that only, we are projecting it will be less than 1.
- Sohail Halai:** Okay, sir thanks a lot and best of luck sir.
- Moderator:** Thank you. Our next question comes from the line of Akash Jain from Ajcon Global Services Limited. Please go ahead.
- Akash Jain:** Congratulations on a very good set of numbers. My question pertains to the subdued growth in the fee-based income, your outlook on it? And the second one is on NCLT regulation front?
- M.V. Rao:** First one is fee-based.

- Mukul Dandige:** Fee-based income. If you see the overall fee-based income, we have registered a Y-o-Y growth of 25.40%.
- Akash Jain:** On Q-on-Q basis, it looks subdued. So, I just wanted to understand if corporate-related work is going down or what is happening on that front? Because our credit book is going strongly, but fee-based income is subdued on Q-on-Q basis.
- Mukul Dandige:** So actually if you see our overall fee-based income has gone up from INR1,425 to INR1,787. If you see quarter-on-quarter, you are saying December 2022, we were INR464 and INR463. So those numbers may appear as, I mean, comparable. But other factors, I mean, in fee-based income, I do have PSLC sale other receipts my recovery in write-off all these areas are there. So, if you consider all these, I mean, factors, the overall growth is substantial. And we do not foresee any, I mean, reduction in these, in fee-based income or any of other service charges and other miscellaneous income.
- Akash Jain:** Thanks for clarification and also on the disbursement pipeline and underutilized limit as on day.
- Vivek Wahi:** We don't have any major numbers under this category.
- M.V. Rao:** Because of our focus on capital conservation, we ensured that whatever the line of credit we have given people have picked up. Wherever it is not used, we have canceled their limits, so that to save the capital on that. So, we do not have undrawn, except in term loans where partial drawdown that happens as per the stages. That will continue to be there.
- Akash Jain:** Okay. And your outlook for on the standard restructured advances, any slippages that we are expecting going forward as in the opening remarks, you have mentioned that we are providing for same provision for standard assets. So, any stress we are forcing in a restructured book also?
- M.V. Rao:** Not much. In the restructured book, it is quite stable now.
- Akash Jain:** And any problems in the MSME book?
- M.V. Rao:** Problem in?
- Akash Jain:** MSME book?
- M.V. Rao:** MSME book, I don't say it is 24 carats. It continues to be under 18 carats only, but we have enough grip on the collections. And also, wherever any stress is there, we are really going into the issue. If some help is required that we are providing. Otherwise, we are leaving the account to become NPA.
- Akash Jain:** Yes. And secondly, sir, on the cost-to-income ratio. So, in the most optimistic scenario, what can be the cost-to-income ratio going forward in the next 2 years' time.
- Mukul Dandige:** See, in the immediate future I mean, this current financial year, we estimate that the cost-to-income ratio will be in the range of around 53% to 55%. Going forward next financial year, it will come down below 50%.
- Akash Jain:** See. And sir, my final question is on NCLT resolution, your outlook on the same?
- M.V. Rao:** NCLT resolution, we are also receiving end only. If it happens it's okay. If it is not happening also, we have given you the guidance that we will be bringing down the gross NPA, the way we are planning.

- Akash Jain:** So, sir, as you said, it would be around 5.5%. So will there be any write-off significant write-offs.
- M.V. Rao:** That is also one of the options that is there.
- Akash Jain:** Okay, thank you sir and all the best.
- Moderator:** Thank you. Our next question comes from the line of Ashok Ajmera from Ajcon Global Services Limited. Please go ahead.
- Ashok Ajmera:** Thank you for giving me the opportunity again. Sir, I have some small micro questions. We talked about PSLC sales, and we are getting a very handsome amount on that. So, is it our going to be the normal feature, like such a big amount can we consider continuously for the next year?
- M.V. Rao:** No, now definition of priority sector is being enhanced. So going forward, we don't expect much income from sales of PSLC.
- Ashok Ajmera:** So, any other income will replace this or there will be a fall?
- M.V. Rao:** Yes, there will be a basket of streams are there that we will explore because now a days new stream, what we are exploring almost it is coming to is providing some services to the cooperative banks through our treasury.
- Ashok Ajmera:** Okay. All right, sir. Now sir, this now PLI, your performance based, now it is becoming on accrual basis now earlier, it used to be very small last time. But now because of the accrual basis adoption, it has gone to INR104 crores, I think. And the way the bank is performing, how much do you approximately project this PLI for the 23, '24?
- M.V. Rao:** Wages will increase only to the extent of 10% to 11%. If I provided INR104 crores this year, I may do it INR115 crores next year.
- Ashok Ajmera:** Okay. And sir, some couple of small questions on like prudential framework resolution and stress assets, total outstanding of INR1,602 crores additional provision you have done up of INR251 crores, total provision now is INR1,117 crores. So, about INR600 crores, INR500 crores of gap is still there between outstanding and this. Do you think there is any need for this remaining amount to be provided or we expect to get much higher than the provision, I mean, the gap which we have.
- M.V. Rao:** We expect a reversal there, actually. But there is one avenue for parking the amounts.
- Ashok Ajmera:** Sir, similarly, on the implementation resolution plan of 10 accounts, there are also I think between export and outstanding about INR450 crores, this outstanding is now INR4349 crores, so there how much are we provided for?
- Mukul Dandige:** This is you are talking about RBI List 1.
- Ashok Ajmera:** Yes. That is 100%, I believe, isn't it?
- Mukul Dandige:** Yes, it is 100%. The remaining amount is only our FITL position which is also 100% provided for.
- Ashok Ajmera:** 1 and 2 are 100%, yes.
- Mukul Dandige:** Yes. So, it is 100%.

- Ashok Ajmera:** All right, sir. So, one last thing on growth again, I'm sorry for repetition. Sir, this, our bank has deep penetrations it's a Pan-India bank and a bank which is a household name, Central Bank of India. But looking at our base, overall business base, it is comparatively still smaller than many of the peer public sector banks. So, there's a loud thinking that why can't we also think beyond the boundaries of just this 14%, 15% or can we not do something like Bank of Maharashtra, which has gone to 29% and now also they're projecting about 22.5%, 23%. And because of that, all the other numbers have become very, very attractive. I'm not exactly comparing the bank to bank. But is there any thought that we can go a little beyond this normal range?
- M.V. Rao:** Let me tell you, okay whatever the perception we have comparisons must be made with comparable ones. But having said this, let me tell you my customer base is INR8.1 crores, active customer basis INR5.89 crores. And to leverage my customer base for the higher business, what I require at this moment is the transformation on the technology front. Because of the legacy issues, we could not embark on the transformational journey. But for the past 1.5 years, a lot of work we are doing and probably that's what I am sharing with you, from the third quarter onwards, our technology initiatives will start yielding the results.
- Once I am strong on the technology, then I will go and connect with my whole customers and bring back the business as what we lost earlier. So, we are not focusing on the end numbers. We are only focusing more on the efforts what we are going to do with the leveraged technology, what we have already started. So, this is a nutshell what I'm saying as a cut.
- Ashok Ajmera:** No, definitely, sir, you have done wonders sir, in the last 2 years, you've really done wonders all of you on all the fronts. And even on the technology when you are creating a bank within the bank and the kind of infrastructure which you are building, definitely will bring great results, and we have full faith in the bank. I'm just saying that, yes, we can leverage on this entire big customer base.
- Thank you very much sir and all the best.
- Moderator:** Thank you.
- M.V. Rao:** I think we have come to an end.
- Moderator:** Yes. So, management members, there are no further questions. I now hand the conference over to the management for closing remarks.
- M.V. Rao:** Yes. As far as the closing remarks all the road map, what we have given, the way we have delivered our commitments for the previous year, this year also, whatever the guidance we have given, we'll continue to deliver. And going forward, definitely, you will see this bank as a force in the industry. Thank you.
- Moderator:** Thank you. On behalf of Antique Stock Broking Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.