



“Bank of Maharashtra Q1 FY'23 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the Bank of Maharashtra Q1 FY'23 Earnings Conference Call. We have with us from the management, Shri A S Rajeev, Managing Director, and CEO; Shri A B Vijayakumar, Executive Director; Shri Asheesh Pandey, Executive Director, and all General Managers of the bank. I now hand the conference over to Shri A S Rajeev. Thank you and over to you sir.

Shri A S Rajeev: So, very good afternoon to all Today, our results are approved by the board of directors for the quarter ended June'22. This was one of the best quarter and the number of areas the bank has improved its figures and the number of figures are actually one of the best as compared with the past quarters.

The total business grew by around 18% to reach Rs.3,36,470 crores, total deposits up by 12% with Rs.1,95,909 crores, CASA stood at 56% of the total deposits, gross advances increased by 27% to Rs.1,40,561 crores. CD ratio increased to **72%**. Gross NPA improved to **3.74%**. Net NPA improved to 0.88%. Provision coverage ratio improved to 95%. Net profit up by 117% to Rs.452 crores. Operating profit is Rs.1,202 crores in spite of the bank as per the revised accounting policy depreciation of investments of around Rs.200 crores we have debited to other income accounts. And another one item as corresponding to last year, our profit on sale of investments was around Rs.240 crores. This year because of the market movement real profit was only Rs.75 to Rs.80 crores So, that also reduction has happened. And third point is last year PSLC certificate bank was able to get around Rs.75 to 80 crores in Q1. This year because of the market availability we were able to get only Rs.2 to Rs.3 crores profits. So, around Rs.500 crores reduction. So, this operating profit of Rs.1,200 crores which is slightly not up to the mark. Basically last year Q1, our profit on sale of investment was around Rs.240 crores which has come down to Rs.75 crores for the current year, that means almost around Rs.160 crores reduction in profit on sale of investments. In addition to that around Rs.200 crores depreciation has happened during the Q1 because of the movement in prices.

Second point is that other income is reduced by around Rs.75 crores as compared to Q1. Last year, we could able to sell at around Rs.75 crores PSLC certificate, but the current year we were not able to do that because of the market movement. In spite of that, our operating profit was improved to Rs.1,202 crores, that is basically the main core operating profit and increase in net interest income of 20% this growth rate, bank was able to grow the operating profit. And net interest margin improved to 3.28% and cost-to-income ratio improved to 40%. ROA improved to 0.81% and return of equity improved to 16.75%. CRAR improved to 16.15%, of which tier-1 capital is 12.16%. So, this has been the profitability ratios.

As regards asset quality is concerned, our SMA numbers have improved a lot. In case of SMA-2, those numbers above Rs.1 crore, which only Rs.569 crores, of which SMA-2 is Rs.230 crores and SMA-1 is Rs.339 crores, which constitutes only 0.40%, that means SMA-1 percentage is of the total gross advances is 0.24% and SMA-2 is 0.16% in case of Rs.1 crore deposit. In case of slippage during the current quarter was Rs.697 crores, out of that one single account was around

Rs.280 crores, that is UP-based sugar account. So, 100% provision we have made. Barring that, all the asset quality ratios especially in case of gross and net NPAs are reduced.

As far as recovery is concerned, during the current quarter Rs.400 crores recovery has happened in addition to Rs.120 crores prudential written-off account recovery. So, the net slippage was around Rs.100 crores. As you are aware that during Q1, there were little disturbances regarding transfers and debtor recoveries could able to do that and the current year's recovery targets we have kept at Rs.3,000 crores and we are confident that we will be able to do that. And during the current quarter some of the big accounts like NARCL transfers or IL&FS or like that some of the accounts were in the pipeline and we are expecting around Rs.400 crores recoveries in pipeline in different stages and that will happen during the current quarter.

All the ratios regarding key ratios have improved. And we feel that this is one of the best results as far as the Bank of Maharashtra is concerned and we will continue to do that. Thank you.

Moderator: We will now begin the question-and-answer session. The first question is from the line of Ashok Ajmera from Ajcon Global Service Limited. Please go ahead.

Ashok Ajmera: I have got a couple of few observations and some questions. One is you said about the fresh slippages that one account of Rs.280 crores of sugar account slipped in, you made 100% provision. What is the status of this account and what are the prospects of recovery in this account and the asset coverage NPA of these accounts, can you give some color on that? And then we are having the recovery target you said of Rs.3,000 crores and in the coming quarter that is the July to September quarter you said you lined up NARCL and IL&FS about Rs.400 crores. So, still there is a long gap in the remaining three quarters. So, from where this recovery will come? My other observation is on the credit side comparatively a slower credit growth and that too whatever credit growth has happened is more in the corporate. So, what are our plans and targets of this like our debt being a minimum lower base, we can still achieve higher target, so what are your thinking on that? And my last question is on investment losses which we are hearing now instead of the profits or lesser profits. So, going ahead, what do you see in your AFS portfolio because you've transferred about I think Rs.3,000 crores to HTM, but this AFS what are your views on this? So these are my few questions and observations in this first round of questioning.

Shri A S Rajeev: Your first question regarding the recovery of that sugar account. I think our recovery, GM is here. he can give a color on that.

Shri Prashant Khataavkar: This is UP-based sugar account so that has been slipped this time. So we made 100% provision on this. So in days to come we'll see that any regulation is possible or we'll take the account to NCLT, that plan is to be decided, so consortium will take a call. But we prudently made 100% provision so that we are protected from future losses. As far as this total recovery target was referred to as Rs.3,000 crores, this is a full year target, it's not a one quarter target, and of course, in the next quarter, we expect NARCL to happen, because that is long awaited, everybody knows

that. So, this time that transfer will happen in this quarter. IL&FS already the court order has been given. So that distribution whatever is realized is going to take place. Religare is one big account, where we expect resolution, it is already under pipeline. So, like that, there are certain big accounts and in terms of our retail recovery also we are continuing our efforts. So that way we are confident that we'll achieve this target.

Shri A S Rajeev:

What I was telling is that actually we were able to only recover Rs.400 crores, but this Rs.400 crores what I was telling in the pipeline, it should have been happening in Q1 itself, because that was the plan earlier, because money is in the personal account, only credit has to come or transfer of the account, definitely it will happen. So, this Q1 recovery of Rs.400 crores is postponed to Q2. But Q2 whatever is there that recovery will happen. So Rs.3,000 crores recovery is estimated but, according to me much more than we will be able to recover that, number one. And regarding the credit area, what you are talking about, our credit growth is around 27% to 28%. I think that would trigger. I think further it may be difficult to increase that even our expectation that 20% to 24% only happen, that is the corporate target given only 20% to 22% credit growth only. And so, credit is growing at the right of all segments about 20%. Of course, in case of corporate credit, it has happened; 33%, because the corporate is almost 40% to 41% with a band of 2% as per the board direction. So, 4,000 crores only the corporate has grown because that is why the ratio is slightly high. Out of these Rs.4,000 crores also, around Rs.2,000 crores is added basically, not really a big corporates it is a mid-corporate, Rs.100, 120 crores or something between 100-150 range mid-corporate accounts. And balance is already sanctioned, pipeline was there that we have released during the current quarter. Other growth rates of all segments for example, MSME, retail, housing all are growing at the rate of 22% to 25%. So, that growth rate will continue. Third point is regarding investments of AFS. Modified duration is 1.4. So, for the current quarter, our depreciation was Rs.200 crores when the rates moved around 70 basis points. So, afterwards, we have rebuilt the portfolio and the same modified duration will continue. In Q1, the rate was around 7.52, 7.53 level. As of now again 20 basis point rate has already come down. Now, we are sitting in positive appreciation only. So, even if it is increasing by another 25 basis points by maximum market experts, but market as far as latest RBI reports and inflation, all these things are peaked and expectation is there may not be much increase in the interest rates. So, even if it is increasing at 25 basis points bank is protected from the yield. So we don't have any issue as far as AFS is concerned.

Ashok Ajmera:

Sir, our CASA overall has come down in this quarter from Rs.1,17,000 crores to Rs.1,09,000 crores. Is it a conscious decision or only because in March it has increased because of certain regions of the government deposits or something.

Shri A S Rajeev:

It was not a conscious decision because the CASA mainly has come down in case of current account and as you know that there was little instability in the government during that last quarter afterwards, some of the transfers from other funds and other things has not happened during the last week, because of the change in the government of Maharashtra some of the funds was there, it was held up. Average CASA of the bank we are keeping 56% to 57%. So, average CASA is more important than the terminal figure. So, our average CASA is above 56% as of now also.

So, today also, CASA is around 56.5%. So, as far as CASA is concerned, we are very comfortable and there maybe small shifts from SB accounts because of the rising interest rates scenario, small amount Rs.1,500-2,000 crores is shifted from SB accounts to other term deposits area it has happened in some of the rural areas. This percentage is continuing at the same level and that will happen during the current year.

Ashok Ajmera: Compliments to you for having one of the largest amount of the CASA among the public sector banks. Only in one quarter I observed some fall, that is why is the question.

Shri A S Rajeev: One thing is very clear, we are also very cautious that any bank keeping at 50%, 60% CASA is slightly difficult. So, what we wanted is something above 55%, that is sufficient because we also know that once if you reach to 58%, 59%, it may be slightly difficult. So, the average CASA, we are keeping at above 55%, but we will strive hard to improving that.

Ashok Ajmera: My last question is around NBFC exposure. I think your NBFC exposure is only 6.23 which is very low as compared to other peer banks. So, what are your views on NBFC direct credit for onward lending and also on the co-lending front sir?

Shri A S Rajeev: So, direct lending, that is a cautious decisions taken by the board. Last year one of the NBFCs having difficulties. So, that time board has taken a decision to exposure. Bank is more concentrating on mid-corporate and MSME sector. Of course, this is a major area we are looking after some sectors. Board has given some kind of directions, some hospital sector, pharma sector , manufacturing sector and infrastructure, some of the areas. So, on NBFC, we will continue to lend but in a cautious way on a selective basis based upon the full rating because as per the internal policy A and above only and pricing also we may have to see for NBFC lending is concerned. Otherwise there is no problem in NBFC lending is concerned. Our all assets are very good. There will not be any problem. Other areas are growing. So we have not got very aggressively in the sector.

Moderator: The next question is from the line of Mahrukh Adajania from Edelweiss Securities. Please go ahead.

Mahrukh Adajania: One question on your loan growth. Basically, your corporate loan growth has been strong like Mr. Ajmera also mentioned. QoQ sequential loan growth is 8%. So, what are the segments of the sector that has seen this pickup in growth?

Shri Sanjay Rudra: In this corporate growth, mainly some of the airport assets we have taken, in addition to that, some infrastructure also we have taken and NBFCs small exposure is there. Since the industries are doing well, some small exposure to steel, petrochemicals, metal industry, we have taken the exposure and textiles also we are keen on taking exposure and we have taken some exposure. So, overall exposure in the corporate is a mixed bag, not only on one sector we have got, we have a diversified portfolio. And one more thing which I would like to inform is that our overall investment grade rating exposure has also improved, earlier it was 43,519, which has improved

to 44,242. And similarly also, the government guaranteed advances which was 10,857 has increased to 11,446. So, our book is granular as well rated book and well guaranteed book. This is the composition of our corporate book.

- Mahrukh Adajania:** What would be your incremental loans to airports in this quarter?
- Shri Sanjay Rudra:** Sanctioned amount is around Rs.1,300 crores.
- Mahrukh Adajania:** To airports during this quarter?
- Shri Sanjay Rudra:** Yes.
- Mahrukh Adajania:** In infrastructure, would it be roads or in general?
- Shri Sanjay Rudra:** It's a mixed bag, in infrastructure, road also is there, other infra also is there, some of the water projects are there, then effluent treatment plants are there, Namami Gange project is there. It's not concentrated to any one infra, all mixed infra projects we are taking.
- Mahrukh Adajania:** My question was that there's a lot of media reports on state-owned banks stakes likely to be sold to private players. So any feedback on these articles?
- Shri A S Rajeev:** There is no feedback. What we have also seen is only media reports.
- Moderator:** The next question is from the line of Ashfaque Ahmed from A-Square Financial Services. Please go ahead.
- Ashfaque Ahmed:** Just a small question I have, especially on the digital initiative we are taking actually, because still I believe some teething problems, or some fine-tuning is needed to be an enabler for the user. So just wanted to understand what digital initiative our esteemed bank is taking on that front sir?
- Shri Asheesh Pandey:** Yes, on the digital initiatives bank is working on the two pillars; one is on the customer journeys, where the digital footprints are there. So if you see particularly our analyst presentation as well, so at least four to five parameters, like the QR code and the transactions in the QR code, even if you see on WhatsApp the increase in the onboarding of the customers on WhatsApp as well as on the mobile banking. Particularly if you see the transactions, which has happened from quarter-to-quarter on the mobile platform, it indicates two important things. One is it is reducing my operational cost. The second is the bank is building the STP journeys, total end-to-end. No bank is having the STP till in-principle and furthermore. But secondly, the bank is also looking to strengthening the internal processes and systems. So, this is the second journey which the bank is looking into. Now the third part which bank is looking on both the sides which will help the bank to strengthen its own internal system efficiencies, as well as customer journeys onboarding fintechs. So almost many of the fintechs are evaluated as per the policy adopted by the bank. And there are few areas like artificial intelligence or the voice AI or maybe bringing AI into the

underwriting STP part. So, bank is working upon that. The purpose of intervening the technology into the bank processes only is first is to give a more convenience to customer and at the same time reduce operational cost, the third very importantly to build in the compliance during the journey itself. So, these are the three priorities which bank is looking forward in the current FY also.

Ashfaque Ahmed: So STP will be primarily for the renewal of the existing accounts as well as it will get implemented in trade finance as well. Because one of our peer banks is already at a very advanced stage of implementing or they have implemented also.

Shri A S Rajeev: See, the building of the STP involves two, three factors one is your own integration of internal and external database. The second is bringing into your appraisal process. Now, the third thing the policies which has to be built in with a bank on PD and LGD. So, with these three pillars, any bank would first like to do the beta testing with the review renewal. So, our strategy is also the same; we will deploy and do the back testing with the review renewal case within the existing portfolio. Now, because account aggregator is going to be very, very soon, your JanSamarth is going to be very, very placed very soon and certainly the low-ticket size is also increasing in the market if you see. So, going forward this digital lending platform has to be STP end-to-end is going to be the key area and focus and the backbone of the bank.

Moderator: The next question is from the line of JK Jain from JK Jain & Co. Please go ahead.

JK Jain: Congratulation on the very good set of numbers. Actually, this is the first time I've seen your number. In fact, the numbers for the year ending March '22 was also very fantastic, because on the ratios if I see that your net NPA was just less than 1%, this time it is hardly 0.88% and your provisioning is also Rs.600 crores and the net NPA right now is only Rs.1,200 crores. So, it means if you carry on this provisioning in this same system, your net NPA will be zero by the year-end. If I am correct or not, as a layman, please clarify me. The other thing you said is that there will be recovery of Rs.3,000 crores. So that Rs.3,000 crores means that is the gross recovery. Out of that Rs.3,000 crores, what amount will come to your kitty? So that as a layman if you can clarify this it will be a good thing. Other thing is there is a good amount of tax provision of about Rs.200 crores in this quarter itself. Bank must have brought forward losses. So how this Rs.200 crores tax provision for the quarter as well as Rs.800 crores for the year ending March '22 was made, kindly clarify?

Shri A S Rajeev: First question is regarding the recovery. Recovery this current year also we are expecting at least Rs.2,000-2,400 on slippages. On an average, we are expecting around Rs.500-600 crores new slippages for the current year and the recovery will be around Rs.3,000 crores. Kitty will come to maximum Rs.500 to Rs.600 crores, so the reduction will come. Second point is that regarding taxation. Rs.200 crores what we have made is we have enough because the last March, we have switched over to new tax regime with 25% and the next two to three years we may not be requiring any taxation provision and this is where profit is more. So we have given Rs.200 crores for DTA reversals because the bank was earlier around Rs.600 to Rs.700 crores, DTA is created,

out of that last March, we have already released around Rs.150 crores, so, Rs.200 crores, we have released for the current quarter. So, this is the position. For the coming quarter, this taxation provision is there and another Rs.300-350 crores deferred tax assets is there, we will release that. One point is when we are able to release the deferred tax asset, it will improve our capital adequacy ratio without raising for any capital. So you can see that in last quarter 16.45% was after declaring dividend. And in spite of Rs.5,000 to Rs.6,000 crores addition of these advances, we could able to keep the capital adequacy ratio of 16.15. So for keeping the capital adequacy ratio, these deferred tax assets we may have to write up. Rs.1,206 crores is the net NPA figure. We need to wait for next year for write up because we have already Rs.1,200 crores COVID position is kept for that. There is a floating position we have kept and we have not written-back. At any point of time, we may be able to utilize Rs.1,200 crores. In fact, as of now, we don't have any NPA at all because if you consider that Rs.1,200 crores.

- JK Jain:** You mean to say Rs.1,000 crores is the excess provision ?
- A S Rajeev:** Rs.1,200 crores last year we have provided for COVID provision, that is continuing, that is not captured.
- JK Jain:** That means whatever the result is being shown, the bank has a very rosy picture if I am not wrong. My feeling is because I have not seen any PSU bank or HDFC their net NPA is something like 0.4 or 0.5 and the CASA ratio, I think you have the highest, HDFC is near about 50%. You can give a reply. The price is just two times of the face value. That's a little perplexing. It looks as if there is something beneath it or we are not able to understand or things like that.
- Shri A S Rajeev:** Share price and book value, all these things and generally investors will look into the consistency and other areas. I think we are also of the same opinion like you that in future I think things will improve.
- Moderator:** The next question is from the line of Sri Shankar from InCred. Please go ahead.
- Sri Shankar:** I've got a couple of questions. The first question is your cost of deposits has a sharp decrease during an environment wherein things have been moving up. What is it leading to, is it because of your sharp jump in your current asset?
- Shri A S Rajeev:** One of the main reasons is that CASA ratio and up to last year it was reducing interest rate and so on deposit cost has increased. So there is a large effect in case of deposit is concerned
- Sri Shankar:** Sorry sir, I'm not referring to last year. If I look at December '21 onward which used to be 3.69 has sharply decreased to 3.42 the last 6 months
- Shri A S Rajeev:** Yes, on cost of deposit, the share of CASA has increased, you see that it has gone up from 46% to 58%, around 10% to 12% CASA ratio has increased, out of that the main increases happen in case of current account. So current account if we are able to raise funds and other current

accounts, good corporates also. The current account growth for the past two years it was around Rs.15,000 crores. So that is zero interest rate and around Rs.15,000 crores, SB also our interest rate is 2.75, one of the lowest. And we don't have any differential deposit and only Rs.4,000 to 5,000 crores deposits are retail deposits above Rs.2 crores, differential bulk deposits we are having. But bulk deposits also interest rate is much below the CAR rate. That is the reason for keeping the cost of deposits.

Sri Shankar: Your sharp increase in CASA part, how much you think is going to be maintainable and how much will not start to deplete, that was my first question? Second, your yield on advances also have moved very sharply. But the NIM if I actually look at it, it has not seen a significant increase in line with the kind of increase in your yield on advances and the decrease in your cost of deposits. I'm trying to figure out where exactly that has gone. Second part is we have also seen a sharp growth in your credit outlook and advances. How much is the growth that is sustainable for you as a bank over the next few quarters?

Shri A S Rajeev: CASA sustainability will be around 55% to 56% and credit outlook sustainability will be at any cost, we may be able to grow at the rate of 20% to 22%. And regarding the NIM what you have referred, NIM is a combination of not only the yield on advances, it is investments also, because our 40% to 45% if you see that, yield on investments have come down by around 60 basis points as corresponding to last year though the yield on advances has increased by 50 to 60 basis points, correspondingly around 45 to 50 basis points yield on investments has come down. That is why slightly this has affected the NIM. So going forward these investments may continue like this or it may increase by 10 to 15 basis points, but we will be able to continue this yield on advances same way and we will continue the NIM above 3.25 range, that is our plan.

Sri Shankar: You think the advances should grow around 20%-plus?

Shri A S Rajeev: 20% to 22% is our target because as of now our growth rate is very good, there is no doubt in that case, but the conservative approach is 20% to 22%, it may go up to 25%.

Sri Shankar: The next question is on your SMA sir. You have given the SMA numbers that is extremely low SMA numbers that you have at Rs.569 crores SMA-1 plus 2. These are accounts which is Rs.1 crore and above. Can we get some color on the SMA figures of less than Rs.1 crore?

Shri Dinkar Sankpal: Our SMA-1 and 2 in absolute terms for June 2021 was Rs.4,637 crores. Though in absolute term it is increased at 7.16 on quarter-on-quarter basis, but YoY it has improved to 8.16. The YoY figure for June '22 it is Rs.4,166 crores. So improvement is there.

Sri Shankar: That is SMA-1 and 2 put together. Can you give me the breakup sir?

Shri Sanjay Rudra: You are asking for below Rs.1 crore. This is including the SMA-2 also. So below Rs.1 crore, at present figure we don't have, but we will give you.

Moderator: The next question is from the line of Dixit Doshi from Whitestone Financial Advisors Private Limited. Please go ahead.

Dixit Doshi: I have three questions. Firstly, can you give any guidance for the credit cost going forward? My second question is if I see your other operating expenses that has come off very sharply, I mean, almost Rs.950 crores was the average per quarter last year and in this quarter it is only Rs.800 crores. So what was the reason and is this Rs.800 crores sustainable or will come back to over Rs.950 crores?

Shri A S Rajeev: On operating expenses of Rs.950 crores last year, this quarter Rs.800 crores and will slightly coming down because of AS15 valuation for the current year because of increase in bond rates. Yields on investments of the AS15 has slightly improved. So this is reduced by Rs.50 to Rs.60 crores. So it is not going to have much impact, maximum around Rs.75 crores difference may come. So otherwise there will not have any impact. Going forward the credit cost will come down further because reducing that net NPA this year additionally of Rs.250 crores provision we have made. So the coming quarters that may not be there, but remaining credit costs will continue.

Dixit Doshi: My last question is regarding the capital requirement. So looking at a strong profitability and capital adequacy at almost 16%-plus, are we looking for any raising of capital this year?

Shri A S Rajeev: So Hon'ble board and the AGM has already permitted up to Rs.5,000 crores umbrella for raising capital, all the kind of equity, tier-1, tier-2, all these things. So at present, our position is comfortable. And additional Rs.1,200 crores COVID provision also we have not computed for the capital adequacy purpose, that also is eligible and the current year profit also comparatively in future also we are of the opinion it will be good. Above 15% capital continuance is board direction. But however, looking at the situation for the current year, if there is a requirement, we may be able to raise some tier-2 capital or tier-1 capital during Q3 or Q4. So equity also if the situation is good means maybe Rs.500 to Rs.600 crores we may be able to raise capital because tier-1, common equity if it is coming down, because our advances rate is growing from 20% to 25%. For the current year, we may not be required any capital, but in future 23%, 24%, 25% we may require some common equity even if good profitability comes also.

Dixit Doshi: My last question is so as you have pointed out that we may not require the capital in the near future... pure equity capital I am saying, so our President of India holding is almost 91% in our company and as per SEBI the promoter holding requires to be below 75%, so do we have any exemption or maybe government looking for OFS at some point of time, any idea you can give?

Shri A S Rajeev: That is already accepted. I think up to '23 October was given the permission. You are also aware that one year, one year extension they keep on giving that. So we expect that will continue.

Moderator: The next question is from the line of Ashok Ajmera from Ajcon Global Services Limited. Please go ahead.

- Ashok Ajmera:** Again, I've got some couple of questions. Sir, this NARCL now these things are getting now clearer, and I think we had worked out those numbers about nine months back that how much will go, can you give a fresh color on what is our status in NARCL accounts like total how many accounts are identified and how many are going in the first tranche out of that Rs.50,000 crores of this thing, can somebody give little more color on this NARCL.
- Shri A S Rajeev:** Our GM, Recovery will respond to that.
- Shri Prashant Khatavkar:** Yes, in the first list of Rs.50,000 crores, we have three accounts shortlisted, around Rs.660 crores, so that will be going in the first list.
- Ashok Ajmera:** Earlier assessment was made for the first tranche of Rs.2 lakh crores figure which was given. In that what is our status or we are still standing on the same old number only?
- Shri Prashant Khatavkar:** Discussions are going on. They have finalized only the first list of Rs.50,000 crores. So as and when this is over, then the next tranche will come. Then again the discussion will take place.
- Ashok Ajmera:** Even if suppose say 20%, Rs.120 crores and out of that 15% cash, so we will get about Rs.18-20 crores something when this Rs.660 crores materializes, isn't it which will come directly in the income?
- Shri Prashant Khatavkar:** The cash will be that and another SR component that is government guaranteed SR, that is as good as cash for me.
- Ashok Ajmera:** Just one small observation, when we are looking at the expenses this slide 8 that you made a provision of audit fees for Rs.8 crores only in this quarter. So out of the total Rs.17 crores of audit fees in the last entire year Rs.8 crores is made only in June '22 in one quarter only now, so is it going to be like almost 50% increase in the overall audit expenses or it is one-off some provision has been made?
- Shri A S Rajeev:** It is some kind of provisions only. Sometimes you see some figures they will give provision. So when the profit is good, then some provisions may happen in some of the assets.
- Ashok Ajmera:** Because Rs.8 crores looks to be in one quarter, a little higher number. Generally it used to be Rs.4-5 crores per quarter and overall in last year is around Rs.17 crores.
- Shri A S Rajeev:** Some position will take care of the audit fee may be taken in the current quarter.
- Ashok Ajmera:** This provisioning of Rs.637 crores, Rs.280 crores you said is the 100% on the sugar account, that entire Rs.280 crores has come in this quarter only or already the provisions made earlier on that?
- Shri A S Rajeev:** That was an earlier restructured account of Rs.40 crores there, in standard that is reversed, so net of around Rs.240 crores additional has come.

- Ashok Ajmera:** In this Rs.637 crores?
- Shri A S Rajeev:** Yes.
- Ashok Ajmera:** Sir, this additional buffer provision which we are having you said of Rs.1,000 crores, what are our plans for the next three quarters, do you see that it will be required looking at the current situation or you will start taking the benefit of that by reducing the provisions in the future quarters?
- Shri A S Rajeev:** Restructured book is there for that purpose only we have kept it. You maybe knowing that 10% provision is already made in the books by a restructured account as per regulatory. So last two years, there was some confusion in the market about this restructured book. So this COVID provision for two years where we have given because around 3,900 crores is the totally restructured portfolio, so it is a cushion provided for this restructured portfolio for this Rs.1,200 crores. As and when this restructuring portfolio is coming down, then we will be able to utilize that provision. It's a conscious decision taken by the management.
- Ashok Ajmera:** On this entire NCLT list 1, 2 okay, almost 100%, but overall the NCLT referred accounts and the admitted accounts how much provisions are you having with the other banks and consortium also altogether NCLT?
- Shri Prashant Khatavkar:** 100% provision has already been done in in all NCLT cases.
- Ashok Ajmera:** We have improved our CD ratio to 71.75% I think from 66.85% in the last quarter. So how far you can go, I mean, as per your plan, if your credit growth remains the same
- Shri A S Rajeev:** In March end, we can go up to 75% and our aim is to reach minimum 80%.
- Moderator:** The next question is from the line of Sri Shankar from InCred. Please go ahead.
- Sri Shankar:** You mentioned about Rs.4,100 crores of SMA-1 and 2 accounts of less than Rs.1 crore. How much is the slippage that you expect from those accounts?
- Shri A S Rajeev:** SMA-2 figure as of today is around totally Rs.872 crores is there including all figures and SMA-1 is around Rs.1,700 crores as of now. So this figure Rs.872 crores is not even coming even below 1% actually. So what we wanted to tell is that this is a comfortable position for the bank as far as the SMA is concerned.
- Sri Shankar:** Point taken. I'm not disputing the fact that it is not comfortable for you, it's comfortable, it's quite enviable to be in that position. But what I'm asking you is from your estimate, what is the expected slippages and what is the credit cost? I think somebody asked that question earlier. I missed it. What do you expect overall from this overdue account?
- Shri A S Rajeev:** Expected slippages is Rs.500 to Rs.600 crores per quarter.



- Sri Shankar:** Credit cost?
- Shri A S Rajeev:** Credit cost will be around 1.2% to 1.3% annualized.
- Moderator:** As there are no further questions, I would now like to hand the conference over to Shri A S Rajeev for closing comments.
- Shri A S Rajeev:** Our Executive Director, Shri Vijayakumar ji will do the closing comments.
- Shri A B Vijayakumar:** Thank you, M.D. and CEO, Rajeev sir and E.D., Asheesh Pandey ji and my general managers. Thank you very much all for sparing your valuable time. Quarter-after-quarter we used to have precise whenever we make writing off funds. You all always supported. On behalf of Maharashtra, I would like to say a few words. If you look at our last eight quarters or nine quarters, consistently on top line growth as well as all the ratios in terms of quality of assets and in efficiency, profitability and every parameter, Bank of Maharashtra has been posting healthy ratios which has come from the support definitely from the customers, workforce and of course the media and analysts. On behalf of the Bank of Maharashtra, I convey my sincere thanks to each one of you. Some of the questions you posed on the ratios and business growth, is very fine, how the market is not taking into account and your share ratios. Not only the overall growth is coming everywhere and as a public sector bank, we are very much conscious about the nation building and the priority sector lending. Otherwise, there was no question anything about our priority sector lending by the analysts, but in those areas also we have done extremely well and we have been conscious about the government of India schemes which this current year also we are focusing it. Perhaps, a very few banks in the public sector are continuously getting awarded from all the state governments and central government. Recently, we got a committed award from none other than the Hon'ble Prime Minister for MSME growth for the last year and SSG growth from the Maharashtra state government through the NABARD. So on behalf of Bank of Maharashtra, once again I convey my sincere thanks to all the analysts for participating and your support. Thank you very much.
- Moderator:** On behalf of Bank of Maharashtra, that concludes this conference. Thank you for joining us and you may now disconnect your lines.