



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



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The General Manager Department of Corporate Services, BSE Ltd., P.J Towers, Dalal Street, Fort, Mumbai-400 001	The Vice President Listing Department, National Stock Exchange of India Ltd., Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai-400 051
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Sir/ Madam,

Sub: Transcript of Earnings Conference Call with Institutional Investors / Analysts held on 15th October, 2024

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of conference call with Institutional Investors/ Analysts regarding Financial Results of Bank for the quarter and half year ended 30.09.2024 held on Monday, 15th October, 2024.

The transcript of conference call is uploaded on Bank's website and same can be accessed through below link:

https://www.bankofmaharashtra.in/financial_results

Kindly take the same on your record.

Thanking you.

Yours faithfully,

For Bank of Maharashtra

(Nehal Rawat)
Company Secretary & Compliance Officer

Encl: As above

प्रधान कार्यालय / Head Office: "Lokmangal", 1501, Shivajinagar, Pune - 411005

टेली /Tel.: 020 25511360 **ईमेल / Email:** investor_services@mahabank.co.in **वेबसाइट/ Website:** www.bankofmaharashtra.in



Bank of Maharashtra
Q2 & H1-FY25 Earnings Conference Call
October 15, 2024



**MANAGEMENT: MR. NIDHU SAXENA – MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER – BANK OF
MAHARASHTRA
MR. ASHEESH PANDEY – EXECUTIVE DIRECTOR –
BANK OF MAHARASHTRA
MR. ROHIT RISHI – EXECUTIVE DIRECTOR – BANK OF
MAHARASHTRA
MR. VIJAY SRIVASTAVA – CHIEF FINANCIAL OFFICER
– BANK OF MAHARASHTRA**



Moderator: Ladies and gentlemen, good day, and welcome to the Q2 and H1 FY '25 Earnings Conference Call of Bank of Maharashtra. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

We have with us from the management, Shri Nidhu Saxena:, Managing Director and Chief Executive Officer; Shri Asheesh Pandey, Executive Director; Shri Rohit Rishi, Executive Director; and all General Managers of the bank. I now hand the conference over to Shri Nidhu Saxena. Thank you, and over to you, sir.

Nidhu Saxena: Yes. Good afternoon. Thank you so much, and thank you to all the analysts to join this call. And I'm happy to share that we have done our half yearly results today, and the numbers are very encouraging. A lot of strategies were put in place in the beginning of this financial year in areas of concern like deposits, and those all are yielding good results to the bank. And I will very quickly take you through the major achievements.

Our total business has seen a growth Y-o-Y of 17%, and total advances have grown by 19%. The deposits, were continuing as concern in the industry, in the system. In the last quarter, we had seen single-digit growth, but a lot of improvement has happened in Q2, and total deposits have grown by 15% Y-o-Y within which, CASA has also seen traction. CASA has grown Y-o-Y by 12%. In terms of absolute number, we have added INR 15,000 crore of CASA in our book. The ratio stands at our level of guidance, which is to maintain it around 50%, and that's the CASA ratio with the bank.

Coming to the RAM side, in the loan book all the 3 parameters, Retail, Agri, MSME have seen a high double-digit growth of 23% Y-o-Y in Retail. Agriculture, 34%, wherein large part of contribution has come from agricultural gold loans. MSME has also seen a Y-o-Y growth of 25%. Our corporate book has grown at 9% Y-o-Y. As I said, gold has been a focused product for growth this financial year, which has seen a Y-o-Y growth of 60%.

In terms of asset quality and stress SMA position, we are again very comfortable. GNPA has improved and has come down to 1.84% against 2.19% last year. NNPA is at 0.2%. Recovery has also been good in Q2 with cash recovery of INR 120 crore, upgradation around INR 100 crore and write-off recovery of INR 255 crore, we have a total recovery of INR 475 crore. PCR is standing at a healthy level of 98.31%. The CD ratio, is being maintained at the desirable level of 78.72% against our guidance of maintaining it around 79%-80% levels.

Net interest income has also seen a good growth of 15% Y-o-Y, with an addition of INR 375 crore. NIM has also seen improvement and has grown 3.98% from 3.97% and 3.92% in the last 2-3 quarters. There were concerns in the industry, whether banks would be able to maintain the NIM and that there may be a level of deduction in NIMs being reported by banks in Q-o-Q basis at least, but I'm happy to share that we are able to maintain a high NIM of 3.98%.

Operating profit has also grown year-on-year 15% at INR 2,203 crore. Net profit has seen a remarkable improvement of 44% Y-o-Y growth, and we have added INR 406 crore more than



previous year at INR 1,326 crore. ROA year-on-year has improved by 36 basis points, and it stands at 1.74%. ROE at 26.01%. We are adequately capitalized with CET1 of 12% and CRAR of healthy 17.26%.

Overall, we have seen that the guidance we have kept for this financial year on various growth and profitability parameters and other efficiency ratios, have been achieved in the half year. At many of the parameters, we have surpassed the guidance. Going forward, we are confident that this trend will continue and we will see improvement in the Q3 and Q4 of this financial year. Now over to you, Mr. Srivastava, our CFO, who will take you through the presentation

- Vijay Srivastava:** We will start questions, since we have already uploaded the PPT and our results.
- Nidhu Saxena:** Okay this is broadly from our side, and we'll be open to your questions on any of the issues that you would like to get additional information on. Thank you.
- Moderator:** Thank you very much. Our first question is from the line of Darshil Jhaveri from Crown Capital. Please go ahead.
- Darshil Jhaveri:** Sir firstly, congratulations on a great set of results. I think whatever guidance we've given, we've actually surpassed most of them. Just wanted to ask, like, would you want to revise the guidance? I think, in terms of ROA as well as NIM, we've been outperforming what we said. How do we look at it going ahead? Like would we expect it to be more robust? Like could we go to a 2% ROA and a 4% NIM?
- Nidhu Saxena:** Both these parameters are important and we have been performing consistently on the ROA and the NIM, which you mentioned, over the past couple of quarters. Although going forward, we are also mindful that if you talk of NIM, there is a likely rate cut that is being discussed. We really don't know when it will happen. But if that has to happen, I have a loan book of 37%, which is linked to repo. And with rate cut, that loan book will get immediately repriced.
- While I have been maintaining a NIM of 3.92% to 3.98% level, and we have grown NIM Y-o-Y almost 9 bps, but we are keeping a conservative guidance for our sales of 3.75% to 3.85% because of this factor that when the rate cut is to happen, for some time when the repricing or the deposit repricing will happen only with a lag. For that reason, I'm keeping a conservative NIM. My ROA stands at 1.74%, There is a guidance of 1.6% to 1.65% that we would be maintaining for this financial year.
- Darshil Jhaveri:** Fair enough, sir. That makes sense. I also just wanted to know in terms of our gold loan, we said that Agri loan has also been boosted by gold loan and in general, gold loans have grown a lot. Could you just describe what's happening on ground? Is it like the price of gold has risen that is why that's helping us or just somewhat how that's been?
- Nidhu Saxena:** If you talk of these gold loans, there is a huge market out there, and it is only banks which have grown this portfolio, commercial banks over the last 2-4 years. In fact, after the COVID years, gold loan has seen a lot of traction in all the banks. Still, I feel there is a huge scope and we have also reoriented ourselves because gold loan there are 2 basic requirements. One is the safekeeping of the pledged gold ornaments, and the other is the appraisal infrastructure that is



required to appraise the gold jewellery when you are coming for a request from the client for extending the gold loan. So with these 2 infrastructure, once they are provided, there is still a huge scope for all the banks to grow. It is a very beneficial product, and is able to easily be on boarded by branches.

It is quite a stable advance. It is also giving us that good pricing, and plus the risk weight is 0. With all these incentives around this product, we have also grown this portfolio and going forward, we remain bullish on gold. The pricing, which has gone up is only creating a lot of comforts around this scheme since over and above the RBI prescribed LTV, we are only getting more traction there. In terms of gold also, we are mostly able to take it in the Agri gold loan as per the RBI permissible scheme. My portfolio has already touched INR 13,000 crore. By end of the year, we plan to take it to minimum INR 15,000 crore, which I see is quite achievable. We have also done some co-lending partnerships with leading gold loan NBFCs. We are also building a sizable co-lending loan book in this segment of gold loans.

Darshil Jhaveri: Great. Sir, that's good to know. Sir, just like last question on my part, sir.

Moderator: Mr. Jhaveri, may I request you to return to the question queue for a follow up question? The next question is from the line of Pinaki Banerjee from AUM Capital Private Limited.

Pinaki Banerjee: Congratulations for a good set of numbers. Sir, actually then coming to the Page 7 of your investor presentation, the agricultural sector has shown the maximum growth of 34%. And sir, if I recall, in the last con-call, you had mentioned that you are in the process of doing away with farm credit and moving more towards this investment credit, like cold storages and food processing. So sir, can you give me an update on this, please?

Nidhu Saxena: Yes, Pinaki, actually, if I give you the YTD growth number and if you see my agriculture gold loans in the investment credit and these gold loans, they have grown YTD at 29%. Whereas the others, which is the working capital KCC, has seen a growth of 6%. We have also experienced certain concerns in the area of the KCC loans, we have also tried to see that we are not growing the Agri book in that segment where concerns are lying.

We have made a lot of changes in our underwriting with regards to who is actually sanctioning, since the sanctioning in KCC is not allowed now in branches, and there is a centralized cell housed in the respective zonal office, where the underwriting for Agri loans takes place. We are comfortable growing this portfolio. The large contribution, is from gold loans. Agriculture portfolio has grown to INR 8,000 crore, out of which INR 5,000 crore have come from gold loan alone.

Pinaki Banerjee: Okay, sir. The, next question is like your corporate loan portfolio for the last 5 quarters, we've seen that as a percentage your gross advantages have remained static at 38% to 39%. And year-on-year growth is 9%. So sir, have you taken any strategic decision to lower your exposure to the corporate sector?

Nidhu Saxena: So Pinaki, I would like to say that the bank will not be missing any emerging opportunities which are available in the market. Today, we have kept the guidance of RAM versus Corporate at 60-40, and plus/minus 2%. Currently, we are looking at the sector's proposals, which are coming



from the upcoming sectors, the infra, the renewable energy and the like. There is absolutely no such thought process to not grow the corporate book. Wherever we see opportunities emerging, like the PLI sector where the government emphasis is increasing, we would definitely want to be present there.

Pinaki Banerjee: Okay sir. Just one last question. Regarding your term deposits, which have grown by about 19% at INR 1,40,000 crore, so actually, can you give a breakup of what is the amount of new deposit and what is the renewal deposit percentage?

Nidhu Saxena: We just noted this Pinaki, and we will share the number with you. We can go to the next question. We will work on this data and let you know.

Moderator: The next question is from the line of Deepak Gupta from SBI Pension Funds.

Deepak Gupta: Sir, my question is on asset quality, if you could give us some perspective on your SMA book which has increased, especially SMA-2 book, which has grown by almost about 100% for the quarter on a quarter-on-quarter basis? And your perspective on credit cost and slippages, which remains at similar levels as per last quarter.

Nidhu Saxena: I think the stress in the loan book is well managed. If you see year-on-year, it was 7.54%, and now we are at 5.8%. I'm talking about the total. Not SMA-2, but the SMA and the total position for the bank within which 5.8%, what I've said, it is a few of the state entity accounts, 4-5 accounts, which has actually moved to the SMA category, and INR 1,542 crore are in these 5 accounts. So while I'm talking to you, one account, the major one, INR 717 crore from that state entity has already moved to the standard category. If I'm discounting, removing all this, my stress in the overall loan book is 5.09% only. As regards the SMA-2, I think Sankpal, would you like to add?

Dinkar Sankpal: Yes. In SMA-2, there are only 2 accounts and nothing major. All the accounts are below INR 60 crore. In this space, one account is around INR 58 crore and one is INR 32 crore. There is no major account there in the SMA-2 book.

Deepak Gupta: And sir, any thoughts on your slippages and credit cost, which are at about 1.1%

Vijay Srivastava: If you see the credit cost, we are maintaining a net NPA of 0.20%. So almost everything we have to provide in respect of the credit costs and slippages. If you talk about IRAC, credit cost and IRAC per month then it would be below 0.40%. Regarding slippage ratio, you can see that we are able to maintain slippage in quantum term roughly around INR 600 crore which will continue in future also. The slippage will be within the range of INR 500 crore to INR 600 crore.

Moderator: The next question is from Samraat Jadhav from Prosperity Wealth Adviser.

Samraat Jadhav: Firstly, congratulations on a good set of numbers. I have 2 questions. One is on the co-lending book, which you have. So what was it for the last quarter and how much is it for this quarter?

Nidhu Saxena: See, from among the various segments, we have looked at growing the co-lending book. This co-lending has gone up to almost INR 2,000 crore we are reaching. For this, we have identified



NBFCs rated AA and above, and we have seen how the processes and how the audit system, how the compliance levels are getting maintained. Wherever we have seen our comfort, we have joined hands with them.

Our experience is that we are able to negotiate a good NIM. The entire product is technology driven in our bank. For example, for one of the NBFC in the gold loan segment, I'm able to underwrite and take the share in my books the next day all the loans that are being done by the NBFC today from 10 a.m. till 5 p.m. in their branches. The entire flow of accounts, the disbursements, the collection, the reconciliation is entirely digitized, and we have developed this in-house, along with the IT of the concerned NBFC.

That's how we are seeing that not only are we comfortable to grow this portfolio, but we are also able to manage this well and see that the issues around reconciliation are well taken care of. I have been able to find a very good pricing which we have been able to negotiate in terms of service. Through this technology, we are able to give good services, add value in the partnership and I'm able to, in return, get good pricing. My NIM typically in some arrangements is 5% plus. These are all, frankly, classified business that I'm able to do.

If it is a MSME, it is impacting my micro segment. There, again, I'm able to meet my PSL targets and we have the opportunity to, do a PSLC sale and earn additional 1.5% to 2% wherever we surpass, going forward. That's the co-lending we are looking at, and we are diversifying. Today, we have around 6 to 7 partnerships and another 3 to 4 partnerships are under discussion at various stages which we will be on boarding very soon.

Samraat Jadhav:

Okay. So do you have any number that how much this co-lending book would be there at the year-end?

Nidhu Saxena:

Currently, we have not kept any number as such, but, for the last 4 to 5 months, just in discussions, we had experienced this with 1 or 2 good-rated NBFCs. We have watched how the portfolio is moving, how the recon, disbursements, collections, everything is working now having drawn a lot of satisfaction. We are actually scaling up now. There have been 6 tie-ups already and another 3 are under discussions. Hence we have not put any number as such but, we want to grow this co-lending book in a major way this financial year. We will see that this entire portfolio is a high-yielding portfolio for us, and it is well managed through the technology part of it.

Samraat Jadhav:

Great. Okay. My second question is on the number of branches. So we added around 9 branches last quarter, and majorly was into metro, urban and I think 2 branches in semi urban, but we had closed some branches in rural also, I think 2 branches in rural. So like you said majorly the income is from the gold loan side book, which is again from the rural. So do we have any strategy like closing the nonperforming branches or increasing it in a rural or majorly it is from metro or urban side?

Nidhu Saxena:

If you see, we have a robust branch expansion plan. We have, in fact, gone to our Board with a 5-year roadmap, 1,000 branches is what we have envisaged. The Board has approved this plan of ours, which is 1,000 branches in the next 5 years. Around 600 branches were opened in the



last 3 years. Before going into this new branch opening in a major way, we are also taking stock of how these 600 branches that were opened are performing and whether there is any learning for us going forward. So, we are trying to identify the centre basis the growth as to where the growth potential lies, we would like to be present there, and present there in a meaningful manner.

Maybe one centre if we decide, we feel that it should not be a representation of one, it could be between 4 – 5. So we have been following some set of branch opening strategy. We are just in the process of relooking that. But ideally, for the next 12 months, we have planned for 200 to 220 branches to be opened. This first quarter has been more to take stock, take review of what the performance or that desired outcome of the branches opened so far have been to us, and going forward, if required, we will modify our way of identifying the branches. Otherwise, this is the plan we have in the next 12 months which is to open around 200 to 220 branches.

Samraat Jadhav: Great. Any plan for international branches, expansion of international branches?

Nidhu Saxena: Currently, we are mindful of the fact that there is a GIFT City opportunity with us. We have already gone to the Board,—and the Board has approved our proposal post which we have submitted our request to the regulator, and we will be in discussions with the regulator and pursuing our case with them to give us the GIFT City license as early as possible. I think with that, there will be a lot of opportunities opening for doing some ECBs or participating in some global syndications, which are there in our thought process. I think with that GIFT City formal application already lodged with the regulators, as soon as this approval is granted for opening the outlet, we would be ready with our plan in terms of manpower, and going forward, the strategy to grow business through GIFT City.

Moderator: Our next question is from the line of Jai Mundhra from ICICI Securities.

Jai Mundhra: A couple of questions. First is, sir, in your retail loans, you have around INR 17,700 crore as others. If you can share a few ranges, I mean, which all products are there? And do you have any unsecured personal loan book on this?

Suryakant Sawant: Yes, as far as these others retails, it includes the loan against properties, top-up loans, our personal loans and Aadhar loans which we are granting to our customers. In addition to that, are the gold loans which are classified under retail gold loans. All these constitute nearly INR 17,000 crore.

Jai Mundhra: And how much is the personal loan, sir, unsecured personal loan out of this?

Suryakant Sawant: Gold loan is around INR 3,500 crore. Personal loan is around INR 2,500 crore. And loan against properties are around INR 2,000 crore. So almost in all the segments, it is more than INR 2,000 crore.

Jai Mundhra: Right. And sir, if you can highlight any asset quality trends in unsecured personal loan book of INR 2,500 crore, how has been the slippages or GNPA? Is there any change in the last 1- 2 quarters?



Nidhu Saxena: So if you look at my unsecured personal loans book, it is entirely to ETB customers, especially wherever we have salary tie-ups. So typically, government department or a corporate whose entire employees are banking and drawing salaries through me, I have done this personal loans and with the salary disbursement, we are able to recover our monthly EMIs and then the remaining portion is made available to the customer to draw from this savings account. Likewise, in the unsecured with the pensioners also, we have some portfolio built.

Wherever we have pension is where we have actually done this unsecured lending. So, to say that this personal loan segment put together this pension and other things, it is INR 3,350 crore, and only INR 15 crore is NPA out of that. So it's a high-yielding product for me, and it is very much in focus. The concern, I think where you are coming from, Reserve Bank regulator also highlighted this. So I am completely comfortable with this part, and we are having this unsecured loans only where the salary tie-ups or pension payments are through my branches.

Jai Mundhra: Understood, sir. So, you have the GNPA at only INR 15 crore, but the slippage is, let us say, out of this INR 3,300 crore portfolio. Slippages would also be quarterly slippages. I mean, in Q1 or Q2. Would it be safe to say that the slippages would be around INR 30 crore, INR 40 crore on a quarterly basis? Or would it be even lower than that?

Vijay Srivastava: It would be on the lower side because, as sir told, it is backed by the salaries. We take the instalment from the first salary being credited in account. So we have seen the individual part in such portfolio, and we have not given unsecured loans to the non-salaried class. So in our case, it is almost secured portfolio.

Nidhu Saxena: See, INR 15 crore also, out of that INR 3,300 crore book, is maybe due to the demise of some employee, and there's a processes of getting the money from the terminal benefits, and terminal benefits are in the process of settlement. So that kind of tie-up arrangements are existing with the organizations who are disbursing salary through our branches and only against that salary disbursement, this kind of loan product is built for them. And we have mostly grown this portfolio in the government PSUs and central and state PSUs. There's hardly any personal loan segment in the non-salaried segment. In fact, there is no product for the non-salaried person to avail an unsecured loan from the bank.

Jai Mundhra: Right, understood.

Rohit Rishi: It is hardly 0.05%, gross NPA.

Moderator: The next question is from the line of Rohan Mandora from Equirus Securities.

Rohan Mandora: Sir, I had a question on the provision that we have taken in the P&L. So we have almost INR 585 crore, INR 590 crore of NPA provision. And if I look at the net slippages adjusted for recovery and upgrade, that comes to around INR 400 crore, and the PCR has not improved. So just wanted to understand the consumption of this provision that have happened.

Vijay Srivastava: As you know that whatever slippages are happening, we are almost taking 100% provision.

Rohan Mandora: The net was around INR 400 crore. So at 90% provision it would be?



Vijay Srivastava: I'm coming to that. There are aging provisioning as well that you have to take care in the sort of some assets. Overall, if you see we have made the provisions accordingly.

Rohan Mandora: Right. But sir, absolute slippage was around INR 600-odd crore. If you adjust for the recoveries and upgrades, INR 220 crore, so you come to around INR 400-odd crore of net slippage this quarter, right? On that, if we were to build in 90% PCR that we are maintaining or 98%, including technical write-off, then that would be around a similar number, INR 400 crore. So we are still left with around INR 200 crore. So just trying to understand where is that getting added, because the technical just about technical write off the PCR has not improved?

Vijay Srivastava: We will provide you the details in this regard.

Rohan Mandora: Sure. That's it, sir.

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

Ashok Ajmera: Sir, compliments to you and to the entire team of Bank of Maharashtra. Not only for the good set of numbers, but also recently celebrating your 90th Foundation Day, where the Chief Guest was the Finance Minister, Nirmala Sitharaman-ji. She spoke very nice words about the bank. The second compliment is for you recently successfully raising INR 3,500 crore of equity, which is, I think, the fourth largest, I mean, the largest in the fourth QIPs, which you have done in last 5-6 years. So my compliments to you sir.

Having said that, sir, most of the questions have already been answered in this long discussion by various colleagues. I have little concern or maybe I need your feedback on the overall business growth, because if you see at a credit growth also if you don't annualize it, just look at the current financial year 6 months, our advances have gone up by only 6.80% and our deposits have gone up by only 2%, and 6 months have passed.

Even though you are comfortable on capital adequacy and you raised the capital also, but ultimately, the bank needs to grow its business. And as for the past glory of the bank, where you used to be 25-plus, 20-plus percentage, what is the strategy now going forward? What do you think your target's going to be for the credit and deposit, sir, for the bank?

Nidhu Saxena: So Ajmera-ji, first of all, thank you for acknowledging whatever you just mentioned about. And if you look at my total business, our guidance for this year is to grow the business at 16%. The advances would grow at 18% to 20%, and deposits will be growing at 12% to 15%. The first quarter was not very encouraging, and that ought to be, but I think a lot of things have started to look up when we entered Q2. Today, none of my growth performance is lower than the guidance we have kept for ourselves. So I think we are on the right path of growth. And going forward, the Q3 and Q4 are only going to be better quarters in terms of banking business.

You all know about that. So the overall guidance that we have kept for the full financial year, I see absolutely no concern, no challenge in achieving or even surpassing those. We also just discussed about the aggressive branch opening strategy. Since these 600-odd branches that have been opened in last 3 years are also helping in a lot of fresh business generation in the bank. Going forward, the 12-month plan of 200 to 220 branches, I'm sure that the pace of growth of



business in the bank will only rise with this new branch expansion, with bank being present in more and more geographies.

Ashok Ajmera:

Sir, I mean, with this kind of maintaining of targets for the credit also and deposit also. For credit, if you look at it in order to meet the target of, whatever, 18%, 20% or 17%, 18%, you need to disburse the credit of almost about, I think, INR 25,000 crore just in the coming in 5, 6 months, which is left in this financial year. So what is our pipeline of the sanctioned amount as well as the advanced stage of sanctioning so that we can be sure of this INR 25,000 crore, INR 26,000 crore credit dispersion in the remaining 5-6 months?

Rohit Rishi:

Ajmera-ji as far as the pensions are concerned, so far in the first half year itself, we have made sanctions of around INR 39,000 crore, of which around INR 30,000 crore pertains to corporate credit segment. So disbursement in such projects is based on the various milestones. So they will get disbursed over a period of time. There are certain takeover cases also. We have that visibility to achieve that growth of around 18%, plus minus 2%, in advances going forward.

Ashok Ajmera:

Yes, sir. Point well taken. My last point is, on the digitization, on the IT front. Where do we stand, after having spent a good amount on IT? I think we are doing it aggressively for the last 1.5-2 years. What is the status today? At what stage we are in our IT total digitization implementation end-to-end products, whether on retail or SME credit?

Asheesh Pandey:

Yes. Thank you, Ajmera-ji, actually, you have seen last almost 3 years we have continued with around INR 2,700 crore budget, in which the utilization was around INR 1,900 crore since major of the things required the overhaul. So in total, if I'm not wrong, around 138 RFPs are floated in last 3 years period. Now it is across the board, like in the retail side, in the corporate side, in the operations side, in the customer service side, in the efficiency enhancement side and even on the compliance regulation side.

So, in all the areas, we have done, actually, right now, still this year, we are having a budget of around INR 1,000 crore. But the pace of that RFPs will not continue to that extent because in all the areas we have floated the RFPs and all the projects are going on, most of them are completed, and it will take 6 months to 9 months' time to get the result. So you may remember that we created a digital business zone, which is headed by a general manager.

Now that zone is nearing INR 5,000 crore approximately as of today. So, it is between INR 4,500 crore to INR 4,700 crore. So here, no employee is actually involved in the business, and through only digital they have an entire setup like a physical zone. So they have their marketing team, they have done strategic digital marketing course from IIM Rohtak and Bangalore. And they have a risk management team.

So they have an entire team. Now coming to the point, there are certain very big projects which the bank is running right now. The one is the CRM module, which the bank is running. Second is the Life Style Banking which the bank is running. Now somewhere it is 30%, 40%, 50%, all those are completed. The next is that entire hardware and software overhaul of the bank. So with this, I think by next 6 months' time, the entire hardware, all the servers, will be a refreshed one in the bank.



Now with that, we are actually, to that extent, confident that next 2 to 3 years, it will be not more so on the capital side, but there will be a recurring expenditure on the IT. So, with this INR 1,000 crore which we have taken approval, and last Board also our MD sir told. So that is going on. Coming to the RPA side, earlier we used to tell around 35-36. Today, I think we, we have implemented around 60. And from the Board, we have taken approval of 150. So you can think of that 90 still it is there.

Now coming to STP's journey, we have already launched around 12 to 15. Around 5 are there, which are in the CUG state because see, the technology pertaining to the customer side should not be straight away put to production. So what we have done in our bank, you have seen earlier also is the risk mitigation, that whenever journeys are moved to production, we first move to some 2 or 3 branches. Then we move to 1 or 2 zones. And then we take stock of the situation for a month or so and then we move to pan India base.

So right now, I think 3-4 journeys are there, which are under CUG state for last 15-20 days. So you will be seeing all these things which are going to be rolled out in the present quarter. And then RPA also is around 10 to 15-20, which the team has planned and they are working upon that. And the hardware, where refreshment is taking place, the entire DC, infra and our servers, so all those are getting refreshed.

I think that will be completed by February '25. So this is where we stand right now. With regards to journeys, I think, next 5 to 6 journeys will be launched in this quarter. And similarly, 2-3 journeys will be launched in the next quarter. We don't keep anything for March, because it is a quarter end. It is also very important that we build a very good audit software, which is having almost 18 modules, which is going to be rolled out, I think, Phase 1 in this quarter and Phase 2 by the February '25. So this is the status as on date on the entire IT infra in the bank.

Ashok Ajmera: Sir, thanks, for such an elaborate information on the IT front. Definitely, I have been watching you at that centre also, I think, which is created here in Mumbai. That IT -- you call it, what?

Asheesh Pandey: Digital business zone.

Ashok Ajmera: Very impressive.

Asheesh Pandey: I think like what you asked about the business growth, they will also be a good contributor going along when more and more journeys are launched, so they will be a good contributor in this total growth.

Ashok Ajmera: Yes, I'm sure that would definitely yield the results there. Only because we compare only quarter-to-quarter and especially in this year, even up to September quarter, our credit and deposit figures. It's there in the entire industry, it's not just only your bank. But I keep Bank of Maharashtra separate in a very, very high esteem, and I'm sure that you will definitely meet the targets whatever has been given here. Thank you.

Moderator: The next question is from the line of Bhumika Jain from Desvelado Advisory. Please go ahead.



- Bhumika Jain:** Congratulations on a good set of numbers. My first question was the cash flow from operating activities shows a relative movement around the INR 14,000 crore in this first quarter, sorry, in the first half of this year compared to the positive INR 14,000 crore in the first half of FY'24, which was basically driven by the advances in provision. So my question is how does management plan to manage the liquidity in the coming quarter, especially considering the ongoing bond issuances and rising interest rate environment?
- Vijay Srivastava:** You are talking about liquidity management. LCR?
- Bhumika Jain:** Yes, sir, liquidity.
- Nidhu Saxena:** Bhumika, if we talk about the LCR is liquidity what you were looking?
- Bhumika Jain:** So my question is on the liquidity part, yes, sir.
- Vijay Srivastava:** Yes, so in respect of the liquidity, that we are quite comfortable. If you see that we are having the sizable investment portfolio and most of them are related to SLR securities. Also recently we have raised INR 3,500 crore equity capital as well as the infrastructure bond at INR 811 crore. We have also raised Tier 2 bond of INR 1,000 crore. Apart from that, there is a deposit growth to fund the advances. So from the liquidity plan to fund the growth, there would not be any problem.
- Asheesh Pandey:** I think what she is asking that from our statement. Bhumika, if I'm correct, please correct me.
- Bhumika Jain:** Yes, sir.
- Asheesh Pandey:** CRR, we are having, SLR we are having, so around I think INR 20,000 crore, INR 25,000 crore, total INR 40,000 crore is existing liquidity. So I think your question is on that?
- Bhumika Jain:** Sir, my question refers to is our operating expenses more than that the return that we are getting.
- Asheesh Pandey:** Actually, it will convert into 2 things, madam. So there is no excess, LCR, we are carrying second. Neither are we having a surplus which we are deploying as a repo. Or maybe we are borrowing, number two. Number three, is that if you take because it will straight away converge into CD ratio. So when CD ratio is around 78% level so that also shows that it is very well managed, not the aggressive side and not the lower side.
- Bhumika Jain:** Okay, sir. Also, sir, there is one more question that bank has comparatively smaller national market share, and that is 1.2% as compared to other state banks, since it is mainly concentrated mostly in the western India. So do you think that there is less pricing power as compared with other banks because it can apparently make bank to increase its risk appetite to protect its margins and profits?
- Nidhu Saxena:** So if you have mentioned about the market share that we are commanding, is that what you wanted to know about? And in terms of growth, how we want to go forward, is that your question?



Bhumika Jain: No, sir, I want to know the risk appetite for the company, because it has a lower market share in the market as compared to the other state banks because it is mostly concentrated in Maharashtra?

Nidhu Saxena: Okay. Got it. So I will try to answer that. First of all, there is some misconception around that. We are not predominantly in Maharashtra. I think more than 50% of our presence is outside Maharashtra. If you ask me last 3 years, the new branch opening has been outside Maharashtra. And going forward, we have planned, 1,000 branches. So I think the entire expansion is outside Maharashtra. Not because Maharashtra is not important, Maharashtra is the state which contributes almost 27% to the nation's GDP. But I'm more than adequately represented here. If at all, there is a new upcoming centre, I will definitely want to open my outlet within Maharashtra also.

But currently, as the situation is we have our adequate presence within this state, and we are trying to identify and explore in areas where more emphasis is coming from the central government in terms of outlets to those states going forward, or new growth centers that are coming up or potential centres where we are not present currently. So broadly around these 2, 3 areas, we are deciding to expand our reach.

This geographical expansion, is currently being envisaged outside Maharashtra. We are not averse to looking at growth opportunities in any sector, whether it is a RAM, which currently is seeing a robust growth in the industry. Whenever we see an uptick, in the corporate cycle, we will definitely want to participate in any of those upcoming opportunities.

Vijay Srivastava: Regarding your question, cash flow, On March 31, there was a cash surplus in the cash in the form of the RBI balances. And that we have given to operating assets, so mainly to advances to increase our interest income. So that's why there was a decrease in the overall cash surplus as compared to 31st March.

Moderator: The next follow-up question is from the line of Jai Mundhra from ICICI Securities.

Jai Mundhra: In your opening remarks, sir, I think you mentioned that you have managed to upgrade or resolve INR 700 crore stress. What was that, sir, if you can elaborate?

Nidhu Saxena: Okay. So see, there are exposures to some state entities. And one of the accounts may move from standard to SMA-0, and that is why the SMA was 5.8%. But if I exclude those 1 or 2 accounts, which are state entities and for some technical reasons, moved to standard to SMA-0, that was the number I just mentioned. That INR 717 crore, I may not like to name the account, but it has moved to the standard category. So otherwise my overall stress in the loan book stands at 5.09%.

Jai Mundhra: Yes. So sir, 5.09% is excluding the INR 700 crore exposure? Or this is including INR 700 crore?

Nidhu Saxena: No. This is excluding. Today when we are talking, this account has already moved back to the standard category. It is only that as of 30th September, this account appeared in the SMA-0 category.



Rohit Rishi: And this is the entire SMA book, SMA-0, -1 and -2 but if you look at SMA above INR 5 crore, SMA-1 and -2 above INR 5 crore, then that figure is 0.19%.

Jai Mundhra: Understood. So this was because this must have been large corporate exposure only, right? I mean that is fair to assume, but which has now become SMA-0 or standard only. It has become perfectly standard?

Dinkar Sankpal: It is standard only, but it is out of SMA

Jai Mundhra: Right. And sir, there were media reports, of course, it looks like we don't have exposure to MTNL and RINL. But there have been media reports suggesting that these 2 accounts may be downgraded or would have been downgraded, but we don't have any exposure to those 2, right? Is it fair to conclude that?

Nidhu Saxena: You're right. We have no exposure to the 2 accounts.

Jai Mundhra: Right. And sir, on recovery pipeline, right, sir, I mean, this quarter, your recovery remains more or less similar. Recovery from TWO is episodic. But how do you see recovery pipeline? I mean are there any large cases where you have an exposure and which are seeing higher chances of recovery over the next 6 months?

Nidhu Saxena: So typically, we are doing fairly well in the recovery. In fact, in the last quarter, we did a mega-auction drive, E-auction drive wherein we could resolve almost 1,000 accounts and these are the smaller category accounts. Around INR 300 crore were recovered in a drive, which was for 45 days. So there is a complete focus on recovery. I can tell you that around INR 4,000 crore is my gross NPA book. And we have also with us INR 21,000 crore of write-off book, within which the NCLT is almost INR 8,800 crore.

Out of INR 8,800 crore, INR 5,100 crore is already where the resolution has come, whether liquidation order has come to me or the RA has been declared under NCLT as a successful bidder. So this INR 5,000 crore of NCLT which have resolved, I sense that whatever be the rate of recovery, maybe if it is 30%, 35% is what we typically see as a recovery. So, this INR 1,500 crore from the NCLT book itself is somewhat recoverable within this financial year itself.

Moderator: The next question is from the line of Sneha Ganatra from Star Union.

Sneha Ganatra: On the corporate side, are we seeing any capex driven loan book growth which we are expecting?

Nidhu Saxena: Okay. So if you are asking about the private capex cycle, that issue, which has been discussed quite often, and only estimated to be happening. Yet I think that private capex cycle in real term is not yet visible. But we are seeing some green shoots are there. In some sectors, things are only moving up. Traction is visible.

Even in our limits, the sanction limits, we are seeing that utilizations have gone up and which probably are indicators that, going forward, there will be some project funding requirements emerging when the private sector is able to look at new demand, and then they would like to go



for expansion. I think, in my view, another 1 or 2 quarters, we'll have to actually wait and see that complete traction coming from the private capex.

Vijay Srivastava: Large capex is not happening. But if you see, there is a good growth in MSME advances. What is happening is that the large corporate are not increasing the capex. Capex is being increased through MSME customers. A lot of outsourcing activities are happening in the large corporate. And we are taking benefit that's why you can see that our MSME growth is above 20%.

Sneha Ganatra: Second question is on the treasury income. Just wanted to know your thoughts going ahead, we are seeing that interest rate cut cycle would be panning out for the upcoming quarters. So how do you envisage the treasury income to be panning out for our bank?

Vijay Srivastava: If the interest are softening further, we are still at appreciation. And if the interest rate soften further, then we'll be able to encash that opportunity. Having said that, we would have to make trade-off between trading income as well as yield. So we will continue to protect yield. We will also eye the trading profit at the time of softening of yield.

Sneha Ganatra: Okay. You mentioned that you're planning to expand to an additional 1,000 branches over the next few years. So any additional opex requirement would be there? And how do you see your overall cost-to-income ratio to be panning out?

Nidhu Saxena: If you see my guidance for cost to income is to be maintaining it below 40%. Currently, we have a cost to income of 38.8%. So yes, we do realize that with new branch openings, there will be some operational costs, which will go up. But our sense is when we are going to be operating in the growth centre, very soon we can see that, the particular branch is actually contributing to the top line and bottom line of the bank also.

Any cost increase and, correspondingly, if we are able to generate more revenues and as a resultant, more income for the bank is something desirable. We don't want to limit ourselves in increasing that extra cost. But currently it is at 38.8%, and that's why my guidance is to maintain it below 40%.

Sneha Ganatra: Okay. And sir, last question regarding you have already mentioned on the asset quality which is running at the similar level, any early signs or anything we would be watchful on the asset quality area of the sector or the segment?

Nidhu Saxena: As we just shared currently, our stress in the loan book is well managed. We have proper systems in place to closely monitor the various portfolios. I don't see any issue in corporate book or other loan books, they are behaving fine. There is no incipient or stress that we are able to look at. I think, overall, there is no immediate sign of concern. We have also been looking at our underwriting benchmark, underwriting standards.

For some time, we have strengthened our standards. And we are seeing that we are on boarding the quality assets, and the loan book that is getting created is also of higher quality. So with this high growth rate, I'm also able to maintain that kind of strict underwriting benchmarks, that we don't underwrite a loan below certain threshold in terms of the quality of the asset.



Moderator: Due time constraint, we won't be able to take any further questions. So ladies and gentlemen, I would now like to hand the conference over to the management for closing comments.

Nidhu Saxena: So thank you so much. You have been supporting us. You have seen that the banks performance, has been consistent for last 15 to 16 quarters. We keep tracking our performance vis-à-vis the other players within the PSB space and also in the industry, and we find that we do lead in many of the parameters.

Going forward, while we will be looking at growing our top line, but we'll always remain mindful of how that growth in the top line is going to impact, and whether it is going to impact the bottom line favourably. All these parameters where we currently are leading in the industry, we would like to see that we do not dip in any single parameter in terms of our future performance. Thank you for joining this conference.

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

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