



## “Bank of India Earnings Conference Call”

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**Moderator:** Ladies and Gentlemen, Good Day and Welcome to the Bank of India Earnings Conference Call. 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 ‘\*’ and then ‘0’ on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Shri A.K Das, Managing Director and CEO. Thank you and over to you, Sir.

**A. K Das:** Thank you very much. Good Afternoon all our analyst colleagues. We are happy to present before you the financial highlights of our Q4 standalone and full Financial Year '19-20 numbers. I have with me here my Executive Director Colleagues, Shri. C. G. Chaitanya and Shri. P. R. Rajagopal. We will be engaging with you for maybe next one to one-and-a-half hours responding to your queries. I believe the presentation copy has been shared with you; you must be having the SEBI format with you which has already been uploaded in the Stock Exchange Site. Just before we start our conversation, I would like to share the thought that Bank of India has been undergoing a very interesting phase for the last one-and-a-half years especially since PCA was lifted and we were under evaluation by the regulator and other stakeholders for our performance. Till December quarter, we earned profits for four consecutive quarters although at a moderate level and we also managed well so as not to breach any of the PCA triggers, and like those four quarters, this quarter also and also for the full financial year, our above-the-line position numbers have been quite impressive. Our operating profit for the full year if you see, there is a 42% jump and if one excludes the one-off NCLT account resolution that happened during Q3, still our operating profit growth turns out to 20% that is fairly decent I believe. On top line, our advances grew at about 9% although RAM advances grew at 5% driven majorly by 11% growth in Retail. Our other corporate advances and Government sector PSU and PSU-backed advances were quite robust for the entire financial year. Our sanctions amounted to roughly 87,000 crores out of which about 60,000 crores were to PSU and PSU backed and Government guaranteed segment.

Coming back to operating profit, our NII though, quarter-on-quarter is negative due to a few one off recoveries during the last corresponding period, our yearly NII has gone up by about 12% Net interest margin also is reasonably close. It has come down by 3 basis points only but close to the best practices of 3%. If we continue in the same way, we expect our advances growth to be in the range of 8% to 9% for the remainder of the quarters and NIMs to be around 3%. Regarding asset quality, we had a few concerns and keeping that in mind if you see below the line, we posted loss this time in both standalone quarter and for the full financial year that is predominantly because we have resorted to aggressive provisioning in six major accounts out of which two accounts alone accounted

for about 3700 crores, This we did over and above the IRAC norms. Probably if we had not done it, we would have been in profit and all our figures would have been in Green. But we took a conscious decision so as to make sure that in future we do not have pain points from June quarter onwards. As regards NPA ratio, you would have all seen that because of upfront provisioning, we have brought down the net NPA ratio to 3.88% and gross NPA ratio has declined by more than 100 BPS and provision coverage ratio has gone up to 83% plus. And as regards capital, we have consciously tried to conserve capital as much as possible. Our capital ratio is all right well above the mandate. We have also growth capital, but when looking into the pent-up demand factor maybe post Q2, we thought we will continue our capital conservation strategy. This broadly included going for good-rated accounts, Government-guaranteed accounts, good PSU accounts and churning of the assets and de-risking of our asset book.

As a result, in the AA A, and above category the percentage of accounts we have managed to improve it significantly from about 44% to 59% and concomitantly, we have also brought down number of accounts under BBB and below. In this way it has helped us to conserve capital and show prudent capital ratios. As of now, we do not expect any capital from the Government for reasons best known to all of us. We had plans for raising about 2000 crores capital in February which we could not because of COVID. I think June onwards we are again set for profit path along with concomitant improvement in other major parameters and if after one or two consecutive quarters of profitable growth, towards Q3 end we propose to go to the market and raise 2000 to 2500 crore capital, so that we can fund growth in the right direction, i.e. 8% to 9% growth for the entire year, that is our guidance. This capital I think is adequate. These are broadly the developments and as far as other issues are concerned like moratorium extension and other things and COVID impact, I think we can discuss. You may ask your queries. With these opening remarks, I invite all of you to please ask the questions and we will answer all your questions. Thank you.

**Moderator:** Thank you very much. Ladies and Gentlemen, we will now begin the question and answer session. The first question is from the line of Jai Mundhra from B&K Securities. Please go ahead.

**Jai Mundhra:** Sir, if you can give the moratorium number in Rupee crore for the Bank and the Agri, retail, corporate, and MSME?

**P. R. Rajagopal:** Agri is around 24,000 crores, corporate is around 98,000 crores, and SME is around 18,000 crores, the amount comes to 46% of the total portfolio.

**Jai Mundhra:** Sir, what is the moratorium policy and this data is of which date?

- P. R. Rajagopal:** This is the current data as of date and another thing is it is universal “opt-in”.
- Jai Mundhra:** Let us say Sir, any customer who has taken moratorium, but he has paid let us say one EMI in April, so would that be included in this number or he would be out of this number?
- P. R. Rajagopal:** It is not included in that. It is not reckoned for the purpose of opt out, but if it is reckoned then it will go down further. The opt out percentages will go down further.
- Jai Mundhra:** Sir, 46% is for entire bank or only for domestic operations?
- P. R. Rajagopal:** Domestic.
- Moderator:** Thank you. The next question is from the line of Ashok Ajmera from Ajcon Global. Please go ahead.
- Ashok Ajmera:** Sir, definitely the overall position of the bank if you look at the balance sheet, overall many ratios have improved. PCR is 83.75, NIM is also reasonably good, risk weighted assets have come down, CASA in absolute terms have gone up. So compliments for all these better achievements, you are in fact one of the larger banks, which did not go for the merger and other things. You are independent and alone. Having said that Sir, what was the need of such a high provisioning for those six companies you are saying that it was not compulsory. Because of this net worth of the Bank eroded and has shown huge loss numbers, which otherwise prima facie, on the face of it, does not go well with the investing community. So my first question is on that, what were the compulsions for that?
- A. K. Das:** I will tell you this compulsion as you are saying is why we thought it prudent now since some of the accounts are in few other banks also. First of all, we have seen certain adverse developments in these accounts and certain stands have been taken by the other banks. Otherwise up till now we were happy with 15%. Now, in fact this can be taken as a positive signal according to me, because we are in a way preempting the pain point of the future. You know that two of those six accounts amounted to as high as 3700 crores. Imagine if we do not do it now and maybe one or two quarters down the line the same thing comes. There is nothing wrong in doing now. I think investors should take it positively; the cleanup has been done so that from June quarter onwards, we will be back on the profit track without much of the pain points.
- Ashok Ajmera:** It is basically to educate the investors and this kind of conversations may help in that direction.

**A. K. Das:** Absolutely.

**Ashok Ajmera:** Now Sir coming to this whole COVID, I mean the loans under the guaranteed MSME of 3 lakh crores, initially you gave 10%. I think your total was 33%, you extended 30%, 20+10, so what is the overall scenario and especially in the context of the repayment capacity of some of these companies or corporate or even small clients. Once this moratorium gets over, because up to August there is a moratorium especially in case of the interest on the working capital loan, in the next seven months they have to pay this six months as well as the current six months. So do you think that it will be possible when the lockdown is not totally released and still the businesses are finding it difficult to carry out their activities, so how much pain do you see out of this moratorium accounts, what is the quantum, how much is the interest on the working capital which may go under the moratorium and other break up about the whole 46% of it?

**C. G. Chaitanya:** We will look at these accounts where we have given the moratorium. These are the accounts which were doing extremely good. Till February 29<sup>th</sup>, these are the accounts in which the viability study was done. They were the good standard accounts wherein the moratorium is kicked in. And then it is lockdown for everyone, the business is not happening, so it takes a little time more. It is everybody's guess that when it will come on track, it will come to the normal cash business. But at the same time for their absolute cash mismatches which are going to come, we have approved emergency COVID line of credit for the coming six months. They are being funded by 10% plus 20% what you are talking about. So having their cash mismatches have been funded properly. Now once the economy is on track, we do not find the stress. It depends only on the way the economy comes in and the way, other metros gets into the normal part. Tier 1 and Tier 2 Cities, I think that normalcy is resuming faster.

**P. R. Rajagopal:** I will supplement what Chaitanya says. This point of yours, it has been agitating our minds also. Very significantly, what we have been doing I will share with you. Normally, we conduct the kind of DPD analysis we do on a weekly basis, (the Days-Past-Due analysis). When we do Days-Past-Due analysis, what we have found very interesting about our numbers, is that last year numbers were very high because of the inherent stress in the book. Deleveraging of the book has been happening for the last two years because of PCA and others and PCA in turn as been a kind of blessing in disguise for us considering that we were already deleveraging the book in a very significant manner. We have been ensuring that RWA improves significantly in the composition of the book, so in that sense what we find now is the SMA book that is DPD book, SMA0, 30 days, 60 days, 90 days book is not that significant.

- Ashok Ajmera:** When we were talking on that breakup, so many accounts were I think Shri. Chaitanya was explaining.
- P. R. Rajagopal:** I will repeat myself, I have started telling you that basically what we have been doing looking at the numbers. So Our DPD 30, 60, and 90 day book is around 20,000 crores of the entire portfolio. We have 4.16 lakh crores in advances portfolio within that is 20,000 is the portfolio. Even within that SMA2, that is, 60 days past due is around 7900 crores. So SMA0, SMA1 is not going to be an issue for us. Of 7900 crores within that 5 crores and above is around 2300 crores and for the remaining 5000 crores of book, there is a lot of dispensation available both for SMA0, SMA1 as well as for SMA2. Therefore, we do not see lot of stress in terms of slippage ratio going up for us and consistently because of the deleveraging. Because of the PCA and other reasons, our slippage ratio that is from SMA book to NPA have been around 8%-8.5%, I do not think there will be any significant uptick or increase in that or incremental accretion to NPA because of the COVID.
- Ashok Ajmera:** Even if otherwise also, if the first NPA if at all it is to be there, it is going to be September-October-November, so at the end of the November if somebody does not pay who was paying regularly up to February 28<sup>th</sup> that will be only in December it will become an NPA?
- P. R. Rajagopal:** That is true, that number will not be very significant for very simple reason, because it is managed. Otherwise our portfolio of 5 crore and above, is not under great stress today because we have done a lot of deleveraging.
- Ashok Ajmera:** Sir, what was the reason of this lower recovery in this quarter of 252 crores as against 1337 crores in the last quarter, the recovery thrust in the last quarter because COVID was only for 10-15 days, so what was the reason for this less recovery?
- A. K. Das:** You are comparing it with the last quarter?
- Ashok Ajmera:** In the written off account, yes Sir.
- A. K. Das:** Basically what happened is, there are a lot of big accounts that were written off and there was a one-off recovery from Essar. So most of these written off accounts are in NCLT around 37,000 crores of written off account are in NCLT and NCLT has been kind of non-functional, they are not many resolution plans that are coming, as the stress had been there even prior to COVID. You are aware that there is already a degrowth in terms of GDP number and other issues and all and that were there, earlier in June quarter of 2019, so that is the reason why in the last quarter COVID uncertainty has added to less recovery.

**Ashok Ajmera:** Sir, any color on our non-SLR portfolio, AFS 14,000-15,000 and HTM 24,000, what is the composition of it and it is very sound investment in the non-SLR?

**A. K. Das:** Non-SLR presently there is no problem, except SR which is around 2300 is the book value. Of course after providing for that extra remaining all, there are no issues. Because if you see the earlier restructured portfolio non-SLR holding, all were all completely provided for and depreciation has been accounted for in all those portfolio. Whatever portfolio today we are holding in non-SLR are all A rated and AA rated portfolio, so there is no problem.

**Ashok Ajmera:** If the loan account is classified as this thing then accordingly the provision is made in the investment of non-SLR portfolio also?

**A. K. Das:** Yes, it is.

**Ashok Ajmera:** Sir, just one last question on this various subsidiaries performance, we have got net worth of about 130-140 crores in all this four-five subsidiaries, but the returns are absolutely nil. So are we doing as a separate focus, something to do with this investment of 130-140 crores in these companies. Somebody should be appointed for monitoring committee or something is there about this to look at the performance of this I think four major subsidiaries, local, domestic, a lot of money is blocked there?

**A. K. Das:** I agree, we have started looking at it very closely, actually the business ramp up has to happen in some of the NBFs we hold. Typically those are the BOI shareholding, STCI and all these. These subsidiaries the business models and revenue models are being looked at very closely, so we have our own CEOs and our nominated GM sitting there on the Boards. We are taking a feedback from them as to how the returns of the subsidiary can be improved. So most probably we will give a clear roadmap as to what we are going to do in the subsidiary in the coming two weeks or so, most probably in the current quarter we will give you the roadmap.

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

**Sushil Choksey:** Sir, your opening statement about capital conservation approach for the first six months. How do you look at your retail book growth and consumer growth along with it, and how do you see your corporate book panning out over a period of one year?

**C.G. Chaitanya:** Let me start with the corporate book. If you look at the corporate book during the last financial year, we have given sanctions to the extent of around 85,000 crores and it has a composition of the Government guaranteed advances and then other types of advances.

The unutilized limits are also to the extent of 20,000-25,000 crores which is already sitting in the corporate book. In addition to that, as I was previously talking about, it depends how the COVID will pan out and how the economy will pick it up. Without that also, there is this type of an emergency financing what we are doing it for the corporate book. Also it grows to the extent of 10%, which takes care of the other things. The same way it happens with the Government guaranteed advances in case of the RAM segment financing done. The other thing is that I think that in the coming quarters we may be talking more about it, the way the situation evolves.

**Sushil Choksey:** So the bank's position would be more dynamic as per the country's behavior and the behavior of each segment on business side?

**A. K. Das:** At the moment all forms of statistical modeling has stopped functioning because nobody is aware as to exactly what is going to happen there.

**Sushil Choksey:** I understand that Sir, you would take inputs as the economy progresses...

**A. K. Das:** Absolutely, that is a strong dependency there only.

**Sushil Choksey:** Sir, what about your loyal customer base which you are really working hard in last two years, as far as retail and CASA were concerned, how is that progressing?

**A. K. Das:** Progress on the CASA front is good, as we continue to have a strong liability franchise. Our CASA grew by about 8% and overall deposits have grown by about 12%. CASA percentage about 41.5%, which is quite good and in fact, that is the helping us to somehow manage pressure on the margin.

**Sushil Choksey:** Sir, we are nearing almost the quarter end as June is concerned, so I would rather request that are you sensing that April-May-June has been in the current environment more positive where CASA is concerned?

**A. K. Das:** Yes, it should be, I sense because when you see the ratios of 7% to 8% growth for the Financial Year '19-20 is a very decent number and we have got good accretion in CASA deposit in the current quarter also. I think we should continue in the same way.

**Sushil Choksey:** In view of COVID and the existing customer base where retail as well as CASA or any other third-party products, how are we changing ourselves where digitization is concerned and functions within the bank and customer touch points with digitization and what kind of expenditure we are envisaging?



**A. K. Das:** Expenditure part I may not be able to throw light off hand now, but I can certainly tell you that whatever the initiatives taken, our retail books are the best. We have used, specific application CAPS what we call it, where it provides end-to-end solution. And if you see our website also, you will find certain areas where you can transact. You can always touch base our branches virtually. We are planning this for MSME within the next two weeks or so and we will come out with this digital based transaction processing especially in the Mudra segment and in other MSME segments also. I think we have made fair amount of progress, we started a little late but now within the next two weeks or so we should be able to reach our customers through a digital platform.

**Sushil Choksey:** Sir, moratorium number indicative every bank has given specific number or percentage of customers or amount wise, retail and wholesale, how are you seeing the behavior moving in the April-May?

**P. R. Rajagopal:** My point is the three months or six months period is too short a period to actually bring a real behavioral change and we do not see great amount of stress that is unbearable stress is not seen any of this. So whatever stress was there already that got aggravated because of this COVID-19. That is what we see in our portfolio. I have already answered another question I was referring to that, so DPD wherever it is 30, 60. It is not a very considerable proportion of the total advances. Apart from that, the micro-loans, the retail, and the RAM portfolio, are getting lot of support in terms of the enablers from Government initiatives of "Atmanirbhar." So most of the problems will get over the once everything reopens. So we do not think the portfolio will be impacted by major behavioral change in the borrowers, because behavioral change will happen over longer period of time. If it continues, if nothing happens over a period of one year or so then there may be some behavioral changes, if everything comes back to normalcy by September or by December then things will not be that bad.

**Sushil Choksey:** Last question, what would be our indicative performance where Treasury is concerned for current year and what kind of numbers did we do in TLTRO 1, 2, and current Fed guarantee scheme?

**C. G. Chaitanya:** TLTRO-1 we have done to the extent of around 2019 crores in and TLTRO-2 We have done 1500 crores and that is in the process and then we will be concluding it now. In addition to that, we are looking at a partial credit guarantee also that is being given for the NBFCs, that is also being looked into.

**Sushil Choksey:** How much amount are we likely to do that?

**C. G. Chaitanya:** We do it to the extent of around 2500 crores.

- Sushil Choksey:** What kind of yield are we achieving in TLTRO-1, 2, and 3?
- C. G. Chaitanya:** It is a spread of 4 to 5 that is what it is.
- Sushil Choksey:** 8.5 on average?
- P. R. Rajagopal:** Overall, 8 to 9. It will not be below the yield on investments that we have today.
- Sushil Choksey:** It is a reasonable spread for the efforts which are being made so I just trying to gaze and how the treasury performance for the quarter?
- C. G. Chaitanya:** Treasury performance for this quarter for Q4 was better than the Q4 comparatively of previous year because yields are coming down, so we had around 100 crores additional on sale of investments and going forward in Q1 of this year also we have sufficient stock because of shifting. We have made decent profit on sale of investment, so we will be giving very good number in the June quarter.
- Sushil Choksey:** Seeing the interest rate scenario, do you think the treasury will have a bumper profit for the year?
- C. G. Chaitanya:** Yes, this whole year should be very good for the Treasury, since we do not expect the yields to harden now and definitely there is more scope on yields going by 5.5 levels from the present level.
- Sushil Choksey:** How is your focus on international book now?
- P. R. Rajagopal:** In International book, the focus is more, but internationally also the COVID scenario is hovering around, otherwise the International should contribute the way it contributes to us.
- Moderator:** Thank you. The next question is from the line of Anand Laddha from HDFC Mutual Fund. Please go ahead.
- Anand Laddha:** Sir, on this provisioning on some NPA exposure which we have made additional this quarter. Just wanted to understand if you can give some, was it this account where we made additional provisioning, what could be the exposure for the industry to these accounts?
- A. K. Das:** These accounts are known Anand, most of these accounts wherever we have made provisions, are in the public domain also. It is one NBFC account; another is basically an

infrastructure account where we have made huge provisions. These are all in the public domain already.

**Anand Laddha:** We have made 100% provisioning Sir on these accounts?

**A. K. Das:** Yes, 100% we have made.

**Anand Laddha:** Also this year our recovery from return of assets were almost like 1700 odd crores for the full year, for the next year Sir if you can give any color on the pipeline where we expect recovery?

**A. K. Das:** We have been looking at it. That will be a function of how NCLT comes back and how the other industries resolutions happens. So as of now, we are not in a position to exactly estimate how much we can make out of these written off accounts. I have already clarified most of these written off accounts are actually locked up in NCLT to the tune of around 37,000 crores. So it all will depend up on how the resolutions pan out in NCLT and NCLT getting back on feet and then the resolution happening in these accounts. So we will be able to get a clear picture only when NCLT starts and becomes fully functional then we will be able to come back and tell you, say by July-August or so.

**Anand Laddha:** There was one large deal account which everyone was expecting that solution should happen, how much is our exposure to that account, Sir?

**A. K. Das:** I think we do not have any exposure to Bhushan Power.

**Anand Laddha:** Lastly Sir on the wage revision, how much wage hike we are assuming, Sir?

**A. K. Das:** 10% provision we have made so far

**Anand Laddha:** But most of the PSU banks are at closer to 12% provisioning?

**P. R. Rajagopal:** We will make in due course.

**Anand Laddha:** Sir, how much could be the impact for us if you have to increase the provisioning by 2%, Sir?

**P. R. Rajagopal:** Not much, we have a wage bill of 5000 crores, 1% is 50 crores, 2% is 100 crores.

**Anand Laddha:** For three years?

**P. R. Rajagopal:** No, 10% for all the three years we have done, so additional 2% only we have to take.

**Moderator:** Thank you. The next question is from the line of Jayant Kharote from Credit Suisse. Please go ahead.

**Jayant Kharote:** Sir, one question on the moratorium number of 46%, can you just tell this number what was it in April and May and then now basically just how it has trended?

**A. K. Das:** Basically, it is like this, the trending has not been happening month-on-month basis. Most of them who have been extended, I have already told you saying that there is universally the claims have been extended moratorium in a method called opt-in method. Automatic opt-in has been happening on a consistent basis, number one. Number two, most of these accounts they have overflow that is the payments have already come and they are lying over there, so only thing is we will have to get their consent and appropriate them. So from that perspective it is not happening month-on-month basis, the payments have been coming regularly since even before the startup of the COVID moratorium.

**Jayant Kharote:** Basically you are saying some of the accounts would have received payments, but they are still classified as under moratorium?

**A. K. Das:** Yes, appropriation has to take place because the appropriation will take place only when the borrowers give consent, actively he has to opt out because in terms of the regulatory norm, the active opt out has to be obtained by the bank.

**Jayant Kharote:** But because of mandates that you have already, the payments have been coming in?

**A. K. Das:** Yes.

**Jayant Kharote:** So then in accounts where the payments are also not coming in, what would be the size of that book for us on overall loan book basis?

**A. K. Das:** That we have already told you, that is what we have actually disclosed is around 41% in terms of the numbers and 46% in terms of value, this 46% also we are actively pursuing them and most of them are holding cash as of now.

**Moderator:** Thank you. The next question is from the line of Lalitabh Srivastava from Sharekhan. Please go ahead.

**Lalitabh Srivastava:** Sir, one thing, regarding your capital raising plan if you can give some color as to what is the quantum or what is the size of the capital raised that you will do. And secondly Sir, any target ROE or ROA multiple that you are looking to end for FY '21 or maybe before you will go for a capital raise Because you already indicated that, you would like to have a book back in black before you go for that, so some clarity on that will be appreciated?

**K. V. Raghavendra - CFO :** Actually we have a Board approval for 6500 crores capital raising plan that we will be doing in two or three tranches. You are aware we had started the process of QIP in Q4 only, but we had to postpone it due to the COVID situation. Probably in Q2 or Q3 we will again re-launch it and maybe in two or three tranches we will do it and our ROA and ROE were negative for the last few years. We will be looking for positive ROA from Q1 onwards itself because clearing of books has already been done and ROA we will begin with at least 1% p.a. ROA positive from this quarter onwards.

**Lalitabh Srivastava:** 1% ROA for the year, right?

**A. K. Das:** Yes, year end.

**Moderator:** Thank you. The next question is from the line of Ashok Ajmera from Ajcon Global. Please go ahead.

**Ashok Ajmera:** Sir, this provision for standard asset which has gone up in this quarter of 632 crores, I believe it is because of that 5% which you have to provide on the COVID is it that correct?

**A. K. Das:** It is not COVID, moratorium. We have already provided 10%. Apart from that, there are some restructured accounts where we have actually frontloaded the provision.

**Ashok Ajmera:** This is the provision on the standard asset which has gone up because of this condition?

**A. K. Das:** We have done frontloading wherever we can.

**Ashok Ajmera:** I see this time some major exercise has been done to clean up things and to bring the, it may make the balance sheet little more stronger in the other sense, I mean as you rightly said earlier that if you look at it properly, I mean all these measures are for the good of bank in the future.

**A. K. Das:** Yes.

**Ashok Ajmera:** Sir, now coming to this restructured advances slide, for this if you look at cement, the March 2019 also it was 192 crores and March 2020 also it is 192 crores, so is there any coincidence, I mean there were six accounts, now there are 12 accounts, so they are small this thing or one or two larger accounts in this? similarly for the hotel also this 91 crores which is there, just is it one or two big accounts of 50 crores or 40 crores or they are the many number of accounts?

**A. K. Das:** The number are many but we do not have big accounts (exposure) in hospitality.

- Ashok Ajmera:** Because there are 13 accounts.
- A. K. Das:** Yes, we do not have big accounts; most of them are medium-sized.
- Ashok Ajmera:** Sir, what is your guidance on the overall operating profits for 2021 because provisioning we do not know what will happen, but at least the operating profit for 2021 and my base is that your overall business may go up to 11 lakh crores if you look at the business size and the way you are growing advances which is reasonably well in the circumstances of 8%-9%, so what kind of guidance you can give for the operating profit for 2021?
- P. R. Rajagopal:** Based on sustained 9% growth in loan book we expect to target at least 12% to 15% growth in operating profits which we will be aiming at based on the guidance of 9% growth in loan book, and of course helped by cost-cutting measures.
- Ashok Ajmera:** Yes, that is very, very important because accordingly only unless you take care of that.
- P. R. Rajagopal:** This has to be looked at also during the year. If good number of NCLT resolutions start happening and recoveries improve, even this could have an upside.
- Ashok Ajmera:** For this advances growth apart from that retail and little bit of corporate, are you looking for some bigger projects like infra which is opening up after the COVID. After this lockdown and other thing, are you open for some good account, A plus rated accounts for the larger advances?
- C. G. Chaitanya:** Which type of bigger infra you are looking at Ashok. Actually there are couple of expressways that is coming and then the Government guarantee advances. We are there for that.
- Ashok Ajmera:** Only for the Government guaranteed?
- C. G. Chaitanya:** Presently, the visibility is that. Any other you have it in mind ?
- Ashok Ajmera:** No, because I keep hearing lot of these big infra projects which are opening up for the tunnels, bridges, and roads and other things. For last three-four months there was not much work on that. So there may be need for the guarantees and other things, so would you like to have that and increase the portfolio?
- C. G. Chaitanya:** You are right Ashok, we have seen those, so we are at an advanced stage of the expressways. There are couple, one, two, three of the Government guaranteed work there and then we were participating in that, so other infra we are always there in that but it is to be seen that which type of an infra and who is the promoter and how strong it is going.

- Moderator:** Thank you. The next question is a follow up question from the line of Jai Mundhra from B&K Securities. Please go ahead.
- Jai Mundhra:** Sir, for MSME moratorium, did I hear the numbers correct at 18,000?
- A. K. Das:** Yes.
- Jai Mundhra:** Because the loan book is 56,000, so it looks like MSME opting for moratorium is even lower than large corporates?
- A. K. Das:** Yes, that is correct that is because of, many of the MSME are not SMA book, they are standard book and so DPD 30, 60 in MSME book is very less. Even otherwise and many of them they are enjoying good amount of working capital, so they are able to manage. And reassessment of working capital has taken place in terms of holding period extension and as well as the margin reductions all have taken place. So it is only whatever cash they had they are conserving it only for the purpose of payment of salaries and keeping the MSME running. So once they are back they will not have any problem. Dispensation also they are getting because of the Government guarantee.
- Jai Mundhra:** Sir, how much have we disbursed on this 100% credit guarantee scheme?
- P. R. Rajagopal:** 2400 crores have been sanctioned and 1500 crores have been disbursed spreading over 2,20,000.
- A. K. Das:** We wish to inform that 1500 is basically 20%, so you have to extrapolate it to 100 then you will know how much of the account gets covered.
- Jai Mundhra:** 2400 crores is 20%, right?
- A. K. Das:** Yes.
- Jai Mundhra:** Sir, in notes to accounts 17 wherein we have said that we have a dispute with other PSU bank in terms of some fraud recovery. Is it the same that we had last year as SBI standby letter of credit with the drilling/shipping company or this is something else?
- P. R. Rajagopal:** Varron aluminum where there was 300 crore of fraud which happened in one of our branches in Pune where it was a fraudulent LC which our branch had discounted. Both the banks were providing 300 crores but then both the banks referred it to RBI, so they have allowed both the banks to reverse 50%, So out of that 300 we got 150 crores reversed.

- Jai Mundhra:** Sir, in this Dewan, other banks they have provided 25% and the rest 75% has been taken care by reserve. We also had that option or there is something because of some other circumstances we had to debit in P&L itself in this quarter?
- P. R. Rajagopal:** Basically, that has been touted as one of the innovations. But, it is not going to make any difference in terms of accounting principle whether you appropriate out of P&L or appropriate out of reserves, now if you appropriate out of reserves then you will have issues because it is only netting effect in terms of CRR calculation. So appropriation out of P&L is a better method of basically taking care of the provision. For example, Bank of Baroda they have almost 9000 crores exposure and SBI has 12,000 crores exposure, so their P&L go for a six, we did not have that kind of exposure, we said that okay we will take it here.
- Jai Mundhra:** Sir, what is our DTA number as of March because if you were to move to new tax regime, you would have to take a knock on this number?
- P. R. Rajagopal:** Actually if we go to the new tax regime, we may have to take a hit of around 3400 crores P&L. Rest will continue as DTA, but we will take a conscious call because there is no time limit as to when we can opt it. So we will take it whenever we are comfortable.
- Jai Mundhra:** Sir, have you calculated what could be the aging provision assuming let us say not to great recovery this year because it looks like every fourth quarter you have slightly higher aging provision, so what would be that number for the full year?
- P. R. Rajagopal:** Roughly, it is around 5000 crores for the entire year of aging provision.
- Jai Mundhra:** Sir, I would need if you have the details for moratorium for industry wise because 98,000 crores for industry breakup of 2,25,000 crores, would it be more or less similar let us say 40%-50% in each industry or someone like NBFCs or commercial real estate would have pledged a higher share of moratorium?
- C. G. Chaitanya:** I can give a little thought on that. NBFCs if you take the large NBFCs we have an exposure of around 35 of NBFCs wherein eight NBFCs opted for a moratorium. That gives a clarity of it that how much is the moratorium that is being opted in NBFCs. If you are looking at hotel side of it, our total exposure to the hotels it is not more than 350 crores, it is the small ones. We do not have more than 100. It is like that so it is a very small sector where you are looking at sensitivity side or higher risk side.



**Jai Mundhra:** So 98,000 is the moratorium for corporate, right?

**P. R. Rajagopal:** Yes, the corporate it is basically a regulatory definition of corporate. So 5 crores and above regulatory definition. In that sense, the industry and services are covered and predominantly many of these accounts are services account. So we will have to see industry. Typically you will not have that kind of in commercial banks. These days, you go to any commercial bank for that matter, they will not have any exposure because of COVID-affected industry. We have only 1.5% in terms of the percentage exposure to the total exposure. The remaining are other sectors. What we find the trend is that they are holding cash and they are just waiting for everything to reopen. Once it reopens it starts kicking off and the repayments will start coming. So most of these are all basically cash held and cash conserved by these industries. We can give a full breakup, we will work it out and give you.

**Moderator:** Thank you. Ladies and Gentlemen, that was the last question for today. I now hand the conference over to Shri A. K. Das for closing comments. Thank you and over to you, Sir.

**A. K. Das:** I think we had interaction with 25 analysts today. There were good number of interactions and from Bank of India's side, from all of us here, we extend our sincere thanks for joining this analyst meet. If there are any questions which have not been given response on the spot, I request all of you to kindly get in touch with our contact person and also let me know. We will ensure that our department responds to it by email, And once again thank you very much and hope to join you soon maybe by next month end.

**Moderator:** Thank you very much, Sir. Ladies and Gentlemen, on behalf of Bank of India, that concludes today's call. Thank you all for joining us and you may now disconnect your lines.