



“Bank of India Q2 Earnings Conference Call”

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**MANAGEMENT: SHRI A K DAS- MD & CEO, BANK OF INDIA
SHRI P R RAJAGOPAL EXECUTIVE DIRECTOR, BANK
OF INDIA
SHRI K V RAGHAVENDRA- GENERAL MANAGER
(FINANCE), BANK OF INDIA
SHRI SANKAR SEN- CHIEF FINANCIAL OFFICER, BANK
OF INDIA**

Moderator:

Ladies and Gentlemen, Good day and welcome to Bank of India Earnings Conference Call. As a reminder, all participant lines will be in the listen mode only and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. We have with us today Mr. A K Das- MD & CEO, Mr. P R Rajagopal – Executive Director, Mr. K V Raghavendra- General Manager (Finance), Mr. Sankar Sen – Chief Financial Officer and other senior executives of the bank. I now hand over the conference to Mr. A K Das – MD & CEO. Thank you and over to you, sir.

A K Das:

Thank you very much. Good afternoon to all the analyst and investors who have joined this conference call on our Q2 numbers. We extend to all of you a hearty welcome and thanks for taking your time. Most of you, I believe, are aware of the numbers. Necessary financial statements, presentation have already been uploaded on the websites of Bank of India and stock exchanges. You would have seen the movement in the market today which is quite encouraging. Market response was very positive to our Q2 numbers which we believe are predominantly driven by two main reasons. One is improvement in our operative efficiency, which is triggered by reasonably good growth in the top line, especially in the RAM segment and the second one is, improved net interest income both Q-on-Q and on sequential basis. As a result, our operating profit sequentially has gone up by 9% and Q-on-Q it has gone up by 26%. Net profit has grown by almost 100% Q-on-Q though it is less than Q1.

The second major highlight is about the way we have addressed our asset quality issues. Our gross NPA ratios and net NPA ratios have been brought down significantly. In absolute numbers also we find the gross NPA and net NPA numbers are on a progressive decline. PCR is at about 88%. In Q2, we have been able to pull back to some extent and our cash recovery and upgradation which is almost double of that of Q1. With regard to Recovery, there was a dry spell in Q1.

This had to be done in a very strategic way by recovering as much as possible. If you look at the provision numbers also, you will see that we have made a provision of about 2,300 crores out of our operating profits as compared to Rs.1,500 crores in Q1. The major provision is towards ageing. An additional provision of Rs.783 crores has been provided over and above what is mandated. This 783 crores includes certain accounts which are sub-judice, directed by court orders or the 7th June circular and also SMA 0, 1, 2 accounts in which moratorium has been granted. You may recollect that in Q1, when we shared our numbers, we had mentioned that about Rs.1,034 crores i.e provision of 10% of the outstanding of SMA 0, 1, 2 had been made. Now we have done similar provision this quarter also which will give us the benefit of absorbing

future shocks, if any, from any of the accounts. Also this will give us good leeway to write back of provisions, in due course.

So in a way we have endeavored to safeguard Q3 and Q4 from any kind of possible shock. So this is, in a nutshell, is the highlight of our Balance Sheet. But for this additional provisioning, our net profit would have been much higher. But as a prudent measure, we have decided to go for providing for these accounts so that in Q3 and Q4 any kind of adverse impact on our P&L will be minimum. In Q2 numbers, our margins have improved although they are below 3%. But sequentially they have improved despite passing on rate cuts on huge segment of our clientele base. We are sure that we will improve this margin further. Also our business growth has been ahead of the industry curve. We have done much better than the industry in business growth almost in all the segments.

Going forward, I believe we have a target of about 8 to 10% growth in deposits and about 7.5% growth in advances. That is our terminal target for this current financial year and as regards asset quality, we aim to come below 12% in gross NPA ratio and net NPA ratio will be below 2.5%. That is March 21 guidance from our side. With this brief introduction of our numbers, I now invite your questions, your suggestions and guidance pertaining to Q2 numbers. Thank you very much.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Bhavesh Shah from B&K Securities. Please go ahead.

Bhavesh Shah: Firstly Sir can you give us the collection efficiency for the month of September and October. Overall and across segments?

P R Rajagopal: Bhavesh, the collection efficiency if you know it has got a correlation with the slippage. We have slippage ratio of around 0.08%. But if you factor in the accounts that would have otherwise been marked down, our slippage ratio would be around 0.14%. So the collection efficiency accordingly you can calculate it is more than 90%.

Bhavesh Shah: Sir by collection efficiency I mean demand raised for the month of September?

P R Rajagopal: That is what I am referring to Bhavesh. I understand that. What happens is that post the moratorium, September demand is raised. What happens is that it is also getting reflected. I am just trying to give you numbers such that you are able to verify that. What happened in the case of our bank is that we had around 66% of the loan book under moratorium at a particular point in time in August. Now that has come down to almost 33%. So in September when demand was raised, there were two things. Slippage, actually was technical slippages, to

the extent of 0.08%. So if you calculate even say 10 bps down, the collection efficiency at that point it was 90%. So what I have done is that I have actually added what otherwise would have been our NPA in the absence of a Supreme Court stay. It would add up to another 4, 5 basis points. So our collection efficiency has been around 85% and it continues to be so. Historically it was like this and it continues to be so.

Bhavesh Shah: Sir of your existing moratorium of 33%, what share of customers have not paid any EMI since starting of moratorium?

P.R. Rajagopal: See, the September demand in the account has got postponed. Some of them got converted into FITL. So the demand for September will be raised normally on 10th of every month or so. It will get credited in 31st of October or so. So we did not see much slippages in 31st of October. All that comes to a very small amount, which I have already told you is around 900 crores or so.

Bhavesh Shah: Sir broadly yes I understand that 8 bps would be the technical slippages due to Supreme Court, but can you quantify that in number?

P R Rajagopal: Slippages is what I told you is around 900 crores. So If you calculate backend also, the GNPA levels would go up by another 10 bps. Not beyond that.

Bhavesh Shah: Sir additional provisioning that you have made during the quarter Rs.783 crores I understand those will be mainly specific provisioning again of SMA 1, 2 accounts, 7th June circular and court order. Sir, how much SMA 1 or 2 accounts do you expect they will slip immediately? Some would be the slippages technical slippages, but from the rest any approximate figure?

P R Rajagopal: I did not see much slippages even during the Covid time. I told you we have done extensive study of the stress at the borrower side. What we have actually found out was whatever SMA 2 slippage that we normally have around 8%, 9%, that continues to be so with or without the COVID stress. Our SMA 2 book is around 2,000 crores, then around 8% of that if you calculate right away that is the slippage and it is not more than this. Out of this, 1,600 Crores balance is outstanding in one account.

Bhavesh Shah: Sir any restructuring request that you have received so far and how much restructuring do you expect?

P R Rajagopal: See restructuring, what is happening, is you know a very typical book. You must have already seen our slides. We have got around 46% in A plus rated book and we have got around 27% in Government guaranteed accounts. So that constituted around 73% of the book which does not require moratorium and the remaining book is 14% in small loans and remaining are all BBB and BBB- book. In that, if you see that we have got around 5,000 crores demand

for restructuring from the standard book of say 3 lakh crores that comes to around 6%. So I do not see much restructuring happening in the book as such because of the nature of the loan book we have. So far retail and MSME, I have already told you that it does not require restructuring because most of them have availed re-schedulement or FITL or availed GECL loans. They have not come forward for any restructuring as such.

Bhavesh Shah: Just last question how much has been disbursed as far as under ECLGS scheme?

P.R. Rajagopal: You can take it as around 5,000 crores.

Bhavesh Shah: 5,000 crores has been disbursed.

Moderator: Thank you. The next question is from the line of Sneha Ganatra from Subhkam Ventures. Please go ahead.

Sneha Ganatra: Sir I have two, three questions first wanted to know how the overall recoveries and upgrades for the second half. Are we seeing any recovery update from the NCLT or on the NPA? My second question is what would be the credit cost guidance for this second half and any slippage run rate we can expect for the second half?

AK Das: Credit cost guidance as far as it goes I think we are at 2.33%. It was 1.74% earlier and because of additional provisioning as I mentioned in the beginning it is 2.33%. Our aim is to bring it down below 2% by the year end. Out of our total NPA of 56,200 crores about 39,000, almost 71%, are in NCLT and the proceedings have been very slow or it has been stalled for most part of first half. So we could recover only about 150 crores in the first half. Second half we are expecting resolution resulting in about 700 crores of cash recovery and NPA reduction of about 3,000 to 3,500 crores. This apart, ARC sale which was not happening for various reasons have now started. We have seen some interest in some of the ARCs. We have a kind of estimated sale of roughly Rs.600 crores. So in all, the aim is to effect NPA reduction to the tune of Rs.12,000 crores. Of which we have almost done Rs.5,800 crores and the remaining two quarters this Q3 and Q4 we will try to bring it down by another 6,000 crores.

Sneha Ganatra: This after considering whatever the slippages that is expected from the restructuring book also?

AK Das: No. There is no significant portion from that segment and there are no concerns. In the restructuring book we have already provided upfront 15% so there is no problem. Mr. Rajagopal was just now saying that there is not much

of an interest shown so far as the restructuring part. We have not received many proposals. We are quite cushioned from those kinds of stress.

Sneha Ganatra: And my last question is any plans of capital raising or any plans of sale of any of subsidiary?

AK Das: As for subsidiary, there are no plans as such. But capital raising, yes. We have got Board approval in last August. We have got board approval for about Rs.8,000 crores of capital. We are reasonably capitalized. But we may require capital when the loan growth starts picking up. By the end of December or early January, we are planning to go for it, initially through AT-1 instruments and thereafter QIP adding up to may be around Rs.2,500 crores.

Sneha Ganatra: How much QIP we are planning to reach?

AK Das: Bank is having an approval for an amount of Rs.2,500 crores which will be launched at suitable time.

Sneha Ganatra: Any targets for the margins?

AK Das: Margins will be little above 2.75 or thereabout because margin pressure will continue. I think, slowly the paradigm of margin is changing in India with lot of request and advisory to pass on the rate cuts. So naturally margins uptick will be on a limited scale. It would be great if we can retain the same margin.

Sneha Ganatra: And how are we seeing the overall deposit traction coming in?

AK Das: Deposit traction is very buoyant as in case of many banks and for Bank of India. We have grown much faster than the industry as far as deposit growth is concerned. Our deposit growth - domestic - year-on-year is 22% as against banking system 10.5% as of September 25 till which the data is available. Similarly our deposit YTD from April till September is 10%, banking system is 5.5%. So liquidity wise there is no issue. A strong liability franchise will keep us growing and regarding CASA, we are maintaining at the June level i.e. about 39% plus i.e. Rs.2,07,000 crores.

Sneha Ganatra: And my last question is how are we seeing a treasury income going ahead considering the yield movement very stable at this level?

P. Harikishan: With the yields remaining benign, we expect that the performance could be similar in the next two quarters.

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

- Ashok Ajmera:** Sir Congratulations to you for yet again a good quarter despite the challenges which is being faced by the Banking industry. The net profit is impacted because of the additional provisioning of Rs.783 crores, a prudent measure taken by you. I have a couple of questions and some clarifications. There is a depreciation on investment of Rs.252 crores. Can you throw some light on it that in this good times what is this depreciation? Why the depreciation has come in the investment of 252 crores?
- P. Harikishan:** This depreciation is not on account of diminishing value of G-sec. It is basically the additional provision we were required to make on Security Receipts where the net present value has diminished. That is the major component of that Rs.280 crores.
- Ashok Ajmera:** So it is mainly on the provision for the G-SEC which you are holding?
- P R Rajagopal:** Not just G-SEC this is on security receipt.
- Ashok Ajmera:** Everything was positive whereas this point was looking little negative, so I thought let me clarify that.
- P R Rajagopal:** Actually on the investment side, it is called depreciation and on the asset side we call it as provision.
- Ashok Ajmera:** Can you throw some light on the NCLT future course of action because you have got almost about 39,000 crores on NCLT out of the 56,232 crores of NPA. I mean, amounts are blocked there. What is there for immediate next two quarters? I mean how do you look at it. How much recovery can we expect from these accounts and also in the written off accounts?
- V. Anand:** In NCLT, we are expecting a reduction of around 4,000 crores. Out of which 700 crores will be cash recovery and balance by other modes. It all depends when the things start rolling. Because lot of things are in the advance stage, we are expecting that in the next two quarters of Q3 and Q4 there would be a good recovery in NCLT also.
- Ashok Ajmera:** And the recovery from the written off accounts is only 411 crores. On that some color and also for the future. And on 3,505 crores of written off in last quarter.
- P R Rajagopal:** Last quarter what we have done is to do prudential write off of a few big accounts. These were corporate accounts which were already there in NCLT. Now this time whatever write off you are seeing they are basically a percolated write off due to OTS. Whatever cash recovery that you see on the first column is written off pursuant to OTS taken that is being reflected in write off.

Ashok Ajmera: Going forward I mean you have given the target of 7% growth in advances which I think has reduced from 8% to 7%. Also reduction of gross NPA to 12% and net NPA to around 2%. With this you mean to say that the final amount of the gross NPA will come down from about like 56,000 crores to almost about 52,000 crores in the end of March?

AK Das: That is what we are aiming at. It depends on so many other things, but given a particular assumption we are aiming at this. It again depends. It is a dynamic situation, but this is our ultimate objective.

Ashok Ajmera: If you add 7% growth then the advances become 4,36,000 crores and on that if you take the ratio, this comes down to 52,300 crores and the net NPA comes down to 8,738 crores. I mean this could be a very good situation?

AK Das: That is what we are aiming at actually. We hope we will see good NCLT recovery which is the key now. We have about 39,000 crores in NCLT and we are leader in about 6,000 crores and about 4,000 crores remaining from RBI list 1 and 2. Rest are all by other banks. We are actively engaging with them. So as far as possible we are trying to resolve those issues.

Ashok Ajmera: My last question is that what is the situation on restructuring front, the new window which has been allowed to restructure? What kind of inquiries are you getting and what kind of message that you are getting from your borrowers. In the moratorium period the whole amount was 1,56,000 crores and the people opted for moratorium in those days. Now similarly for restructuring any idea, how much, the number of accounts, atleast amount-wise?

AK Das: One thing is very sure that only small and medium segment accounts would show interest. You would have heard in other banks also similar trend continues. We had initially drawn up eligible list of about 3,10,000 accounts of which is about 70% which are in the retail and MSME segments involving an amount of about 24,000 crores. Now since the process began, as on date, we have got request from only about 500 accounts that too corporates involving 5,000 crores and from non corporate of about 62 crores. I believe one reason could be people are in the wait and watch mode, number one. Number two, since lot of emergency credit lines and other options were given to the customers, probably they don't see a need for showing interest in restructuring of the accounts. This appears to be the case. But again we have to watch it.

Ashok Ajmera: So considering that majority of them are non MSME, as you say, 5,000 crores, we can take 500 crores additional. So still time is there till 31st of December and then finally to implement up to March. So can we take it something around 10,000 to 12,000 total restructuring?

P R Rajagopal: I do not think that much will come.

- Ashok Ajmera:** I am trying to judge the performance as on 31st March, basically, so that we can arrive at a very good number, to advice the people.
- P R Rajagopal:** I agree. Only one thing I would like to tell you is, the manner in which this particular scheme from RBI has come. It is not very attractive in terms of people coming forward for restructuring. They have already availed rescheduling in many cases. Now you have the situation in the mid corporate and MSME advances where margin relaxations are permitted, cover period relaxations are permitted etc. So all those things are permitted under the old circular also and they are not treated as restructuring. So many of them have availed that dispensation under the old circular that is of April 27 and May circular. So this 6th August circular as such is not going to really gain traction in so far as my view is concerned. So, as on date, the enquiry is around 1.6% which I already told you is of the total standard advances. So I do not think it will reach any numbers that you are suggesting because you are talking in terms of almost doubling the size in the restructuring portfolio. Restructuring portfolio what we have will continue to be there and of course MSME restructuring will continue.
- Ashok Ajmera:** And Sir in this restructuring, are you strictly following the Kamath committee guideline about the ratio those five important ratios?
- AK Das:** Yes.
- Moderator:** Thank you. The next question is from the line of Sushil Choksi from Indus Equity. Please go ahead.
- Sushil Choksi:** Sir it is very clear that Bank of India has done a lot of conservation, consolidation and now the clarity is emerging, where the roadmap is for future with a perspective for 12 to 24 months. In view of all the proactive actions, you have already indicated growth path in terms of advances and deposits. What would be your outlook on treasury, credit cost, domestic banking and international banking?
- AK Das:** Credit cost, as I told, it would be softening actually because we have done lot of provisions. Our PCR being 88%, credit cost can go only one way that is downward. Our aim is to keep it below 2%.
- Sushil Choksi:** Sir but we are already at 1.67% right now?
- AK Das:** We are at 2.33%.
- Sushil Choksi:** So based on first half result and second half credit cost maybe much lower. Do you think that you will outsmart the 2% guidance ?

- AK Das:** Yes.
- Sushil Choksi:** What is the thought process on Treasury?
- AK Das:** Treasury, the accommodative stance continues and softening is expected because a lot of RBI intervention is there. We believe at least till March 21 the rate cycle will continue in the same direction and it will augment the banks performance.
- Sushil Choksi:** Seeing the yield as on today which is around 5.85% how are we positioned in the treasury gain? Replicating first half in second half of the year 2020.
- P Harikishan:** The yields are expected to remain in the same band say 570 to 620 bands depending upon various figures in the market. As of now there are no major mark-to-market losses and if the yield softens further we will have opportunity to book capital gain. In fact we have done well in the third quarter also and our numbers in the third quarter would be in line with the performance we have shown in the first two quarters.
- Sushil Choksi:** I thought we should be sitting on a huge sum of unrealized gain. Where is the question of indicating a band when no provisions are required?
- P. Harikishan:** As regards HTM book, provision is not required. In respect of AFL, it depends upon the construct of the book.
- Sushil Choksi:** Duration and activity on treasury sir on the corporate book as well as in the government securities?
- P. Harikishan:** See our total investment book is close to 1.8 lakh crores of which 45,000 is in non SLR and the remaining in SLR. Of SLR of 1,37,200 crores, we have close to 1 lakh crores in HTM. So only 37,000 crores is susceptible to any kind of market risk. There we manage our duration and we do it in such a manner that even if there is a move by say, 100 basis points, there would not be any major mark-to-mark hit to our balance sheet. This is what I was trying to clarify.
- Sushil Choksi:** Sir my next question on digitization. This, I have been asking you for the last two quarters. Any roadmap or guidance on digitalization in Bank of India. How this has progressed post COVID ? I think digitization is a bigger growth driver of business with work from home as well as customers demand?
- P R Rajagopal:** This is a great question. Of course a favorite question for all of us. What we have done is that we have just floated a RFP for end-to-end digitalization including both credit as well as for customer acquisition. The process will be completed by month end and then the rollout will start happening from January onwards. 9 month is the lead time, for end-to-end role off. So you will find

completely digitized with advanced AI tools and other facilities. We would be completely revamping digital model in the bank by the second or third quarter of 2021-2022.

Sushil Choksi: And second overall general question. I am not asking for numbers. Your experience with your customer base. From your customers on retail and wholesale banking, where are you finding more comfort not from the lending point of view, but behavioral pattern level?

P R Rajagopal: The comfort I find is that we have a good base of micro loan customers, bottom of pyramid customers. We have to actually look at how we design products for them and make them work for the bank and that will actually have to ride on the digital model, that we are building today. If we are able to have a good digital model for the micro loans, the margins can be wonderful over there. We have almost quite a substantial portfolio there. If we can get good margins over there, our NIMs and everything will change. So refocusing is happening towards that kind of small ticket, good margin loans. We are also looking at typically some of the micro NBFC, micro loan customers where we can do co-lending and co-origination with them and then acquire more customers at that levels. Because two things are required with respect to that universe of customers i.e, we should be able to offer a good service and then we should be able to give them the turnaround time that are world class. So both things will happen simultaneously. We will have a digital play in place by the second quarter of next year and then we will try to target that segment of customers who are in the ticket size of 5 to 10 lakhs and 10 lakhs and below. We will have volumes and we will have margins also.

Sushil Choksi: So does it mean that co-lending policy which got announced by RBI yesterday will be done only after pure digitalization is ready at our end or we would initiate it?

P R Rajagopal: See today what is happening is we have got only one end of the model digitized. Typically we have the credit underwriting digitized at our end. We do not have the lead generation and then the customer interaction digitized fully.

Sushil Choksi: As per the policy of RBI, I thought this would be left to the NBFC and the bank will become a co-lending partner?

P R Rajagopal: Once co-lending starts, it will pick up at great speed with end-to-end digitalization in place.

Sushil Choksi: Sorry to interrupt, but my question was are we ready now to do it or we will do it only later?

- P R Rajagopal:** We are ready to do the partnerships now and the full scale mobilization of the business will happen in the second quarter of 2021-2022.
- Sushil Choksi:** Second is that Bank of India has a huge strength. Lot of activities like capital market can be done. Trading community was the base earlier in the western region of India and specifically Bombay. How are we trying to bring back that position?
- P R Rajagopal:** That is precisely what I am looking at. We have lost huge amount of our business especially to private banks. They offer most of the settlement facilities and clearing member facility which we could not offer because of lack of latest technology. So once we bring in the entire digital technologies and put it in place, automatically the customers will start flowing back. Today very curious case that we have is, most of these capital market customers have exposures with us and have settlement accounts with private banks. Unfortunately I am not able to give them the required service because of lack of digital play. They are asset customers for us but they are the liability customer of private banks, which I would like to change. So anyway, asset customers will continue to be our customers. However they will also become a liability customers once we have the digital technology in place.
- Sushil Choksi:** We would be reversing our position. Bank of India was the lead player till some time back.
- P R Rajagopal:** This commitment you can have from us.
- Moderator:** Thank you. The next question is from the line of Jay Mundra from B&K Securities. Please go ahead.
- Jay Mundra:** Sir, I have a couple of questions. One is on your notes to account number 7 that is you have given the disclosure on SME/overview category where the moratorium deferment was extended and there the amount is 64,598 crores, so is this the balance as of September 30th or this is the balance as of August end?
- P R Rajagopal:** Mundra, it is as of September. What is relevant there is the serial number two. If you see in most of these moratoriums, they got really benefitted since there is extension of EMIs and FITLs and interest capitalization accounts.
- Jay Mundra:** Now the line number 2 is that these accounts are already 90 DPD?
- P R Rajagopal:** They are not 90 DPD. What is happening is the RBI circular came much later even though the relevant data for implementation of this moratorium was 1st March. By that time the 28th February accounts had already slipped and had become NPA at that point in time. So whatever accounts that were there in 60-day DPD and 30 day DPD were reckoned and the asset classification benefit

was given to 60 day DPD accounts as of 28th February 2020 which would have otherwise become NPA as of 31st March 2020. So which was otherwise NPA as on the date that is 90 day past due as of 28th February 2020, were already marked down before moratorium was extended.

Jay Mundra: Then now sir if I were to look at the collection efficiency, I mean now every loan account is supposed to pay for the month of September and for the month of October. Now within this what was the quantum of loan that was raised I mean let us say 10,000 crores was supposed to pay for the month of September and also October and how many actually did pay?

P R Rajagopal: In most of these cases the demand gets raised after 31st of October. You know there is time available till 10th of November for payment because in most of these accounts moratorium was extended. Standard accounts will continue to have the overflow when we gave the moratorium at that point in time it was around 66%. I know it has come down over a period of time to 33%. So when we actually ran the notional run on NPA classification we got around some figure of around 5,600 crores or so where we looked at and then when we actually got into each of those accounts. Most of the payments have come to us and now it is getting reflected in the slippage ratio that we have actually shown in the September results. If you see the slippage ratio it is around 0.08%.

Jay Mundra: What I am asking is that the customers who have missed 30 days will not be reflected in your standstill slippages?

P R Rajagopal: I am talking of a notional running of an account where 30 day DPD payments has been missed. When we calculated, it is coming to around 5,600 crores. We have found that most of them are falling in 30 day DPD and 60 day DPD bucket. So if you see the numbers, we have around 9,200 crores to whom asset classification benefit is given is. So out of that 5,600 crores, number that we have got 30 days 60 day DPD where follow up has to happen. So within that also you can see out of 5,600 crores we have already recovered 3,000 crores plus these payments is getting reflected automatically in the numbers that we have given you. So in 5,600, I don't see great collection issue in terms of payments because two things have happened in these accounts. One is basically we have given FITL where the payment due dates have been postponed. Another we have given the EMI extension. So the actual EMI for this remaining 5,600 crores would start only in October. The installment payment would start from October only so the demand get raised now and the payment would start coming.

Jay Mundra: I am asking for the entire bank, you are saying that for the entire bank someone would have payment due on 1st, someone would have on 5th, on 10th, 15th whatever. So for the month of September and October how many people are paying on time or may be let us say with the grace of 7 days?

P R Rajagopal: That aspect what we call in our bank as overflow. When standstill is operative, we call it overflow.

Jay Mundra: And second question is Sir on restructuring. I think MD Sir said that around 5,000 crores has come for restructuring request so far, so if you can tell us sir I mean how many accounts are there in that 5,000 crores mainly corporate side and does this include future Shapoorji Pallonji, MMTC?

P R Rajagopal: Do not speculate like that. MD sir has already told you that in terms of numbers it is around 34 accounts for corporate. When we say corporate, it is 25 crores plus it is basically the regulatory definition of corporate. So 25 crores plus we have got 34 accounts. In these accounts we do not have the accounts that you have just named because most of them have not given OTR because they had to pass the muster of OTR in the consortium.

Jay Mundra: So these are mainly your sole banking accounts?

P R Rajagopal: Mostly small accounts of 25 crores and below. But for Big Accounts, I do not know whether they are interested or not interested. We are not very clear.

Jay Mundra: And in this, there may be retail also that should be small?

P R Rajagopal: Yes of course retail is very small number it is around 60 crores.

Jay Mundra: And sir what is your rough stance for these 5,000 crores ? Would it be say 1.5% of your loan book?

P R Rajagopal: Yes that is correct 1.6 which I have already told you.

Jay Mundra: There may be many who are in wait and watch mode. What could be this number I mean if you were to provide a range let us say this 5,000 crores as of December end and based on your expectation of people the corporate wanted to get restructuring, how big can this number be?

P R Rajagopal: I have actually been looking at these numbers and how the people will react going forward also. My view is something different. My view is that most of them will not be willing to come for restructuring under this 6th August circular. Because it is possible that we may get them restructured in the potential framework of 7th June circular of RBI. They may request a repayment plan or re-schedulement. I don't think that there will be any uptick in the number that we have provided. I do not know whether they have really understood the downside of restructuring under 6th August circular. Once the borrowers start understanding the downside of the circular, they may not prefer at all. There are lot of issues in terms of how there is no concept of sustainable debt, there is no concept of long term moratorium. Moratorium is very limited to only two

years so there are lot of issues in terms of 6th August circular that RBI has given. So mostly people would like to go to the prudential framework circular and may get restructured. At that point in time down gradation will happen. So I do not know there will be huge uptick in this number because the asset classification benefit one gets under 6th August circular is very stringent. So many accounts may not fulfill that criteria at all in the first place and apart from that you have Kamath Committee numbers which is much more stringent than our Tandon Committee and Chore Committee. So it will be very difficult.

Jay Mundra: And Sir, what about future group and what is our exposure?

P R Rajagopal: We have exposure on both asset side and liability side.

Jay Mundra: And Sir on the notes to accounts number 12. I think these are the accounts which are already NPA 10,000 crores. You cannot refer them to NCLT, is that the way this 10,443?

P R Rajagopal: Most of them are power assets. So These power assets you remember was under Samadhan scheme. Under that scheme these accounts are being reckoned and that they are being given extension of 180 day reckoning period because of the COVID. So within that period if they do not get resolved automatically they will go to NCLT. Otherwise I will have to provide that 35% which is much more stringent under the potential framework circular of 7th June.

Jay Mundra: And last question from my side is that you have restructured standard accounts. Within that infra is around let us say 1,600 crores of which power is 1,400 crores. Again these accounts will be eligible for onetime restructuring?

P R Rajagopal: I do not think they will come for restructuring. An amount of Rs.1,400 crores is balance outstanding in respect of one account. This account automatically continued and is a performing account as of now. So it will get upgraded going forward.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Mr. AK Das MD & CEO for closing comments.

AK Das: Thank you very much to all the analyst friends for interacting in detail about various aspects with minor details. So it was a pleasure. If there is anything else required we will be happy to share that with you. Our department and I will be in touch with you. Any further information required we will be happy to share that with you. Once again thank you very much. Please keep guiding us. Keep supporting us and wish you all a Happy Diwali in advance. Thank you.



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Moderator: Thank you on behalf of Bank of India. We conclude this conference. Thank you for joining us and you may now disconnect your lines.