



“IDBI Bank Limited Q4 FY-20 Results Conference Call”

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**Moderator:** Ladies and gentlemen, good day and welcome to the IDBI Bank Limited Q4 FY20 Results Conference Call hosted by Batlivala & Karani Securities India Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing ‘\*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

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I now hand the conference over to Mr. Bhavik Shah from B&K Securities. Thank you and over to you, sir.

**Bhavik Shah:** Good evening everyone and thanks for joining the call. On behalf of Batlivala & Karani Securities, we welcome you all to IDBI Bank Limited’s 4Q FY20 Post-Results conference call. We have with us today, the management of IDBI Bank Limited represented by Shri Rakesh Sharma - Managing Director & CEO; Shri Samuel Joseph Jebaraj – Deputy Managing Director; Shri Suresh Khatanhar – Deputy Managing Director; and Shri Ajay Sharma – Executive Director & CFO.

The bank’s detailed financials and presentation had already been uploaded on bank’s website and I believe most of the audience would have managed to see that. I would now request MD & CEO sir to start the call with his opening remarks on 4Q FY20 results, post which we can start the Q&A session. Over to you, sir.

**Rakesh Sharma:** Thank you very much and thank all the participants here who are attending this web call. So as you rightly said that this presentation has been made available on the website and most of you would have seen it. So I will just cover the main, main points so that after that we can devote more time for the question answer session.

So the profit before tax was Rs. 290 crores and in fact this is the second quarter we have earned profit before tax and the operating profit has improved by 34% and NII has improved by 46% YoY. So bank for the first time after 13 quarters has earned a net profit of Rs. 135 crores. So the profit of course would have been higher but for the recoveries which were affected adversely during March 2020.

Actually up to February we were going very fine although we have still surpassed our targets but since some of the recoveries could not come in March, so some profit was lower. The net NPA has declined from 10.11% as on 31st March 2019 to 4.19% as on 31st March 2020 and one more thing I would like to mention that the net NPA is Rs. 5,439 crores and which is well

spread over the next four years and there will not be any excessive burden in any of these quarters. So the chances of extra provisionings are very less.

A provision of Rs. 2,047 crores has been made towards COVID-19, this actually RBI has asked us to make provision of not less than 5% in March and another 5% in June but we have taken the total SMA number as on 21st May, SMA 0, 1 and 02 and based on than instead of making 5% we have made 10% provision so that we will not be required to make any additional provision in June on this count.

The additional NPA if this Standstill and it was not available then the additional NPA would have been Rs. 465 crores. On this which of course because of the Standstill clause we have been able to save but on this Rs. 465 crores actually we would be required to make Rs. 70 crores of provision as against that we have already made Rs. 247 crores of provision under that COVID-19 head.

And the most prominent feature is the provision coverage ratio which is 93.74% and that means almost 94% of our advances are provided for. NCLT, around 70% of our NPAs have been referred to NCLT and 51% of the NPAs have been admitted also. The CASA deposits of course last time we had discussed I remember some of the members had asked what are you targeting, we said we will be targeting 45% but as against that we have been able to achieve 47.74%.

And there is a YoY growth of 9.8%. Ratio of bulk deposits has also come down from 25% as on 31st March 2019 to 18% as on 31st March 2020. And the RAM portfolio which was 51% to 49% has been improved to 56% to 44%. In fact the most of the parameters whatever we had committed last time and over the period of all these webinars we have been committing we have exceeded all the targets. CASA was estimated at 45%, we are at 47%. We had estimated RAM portfolio 55%, 45% that we have been able to achieve.

Net NPA we said that we will be below 6%, we are at 4.19%. So most of the parameters we have overachieved. Home loan portfolio was 44% of the total RAM portfolio which is quite a positive feature and the home loans NPAs are only 1.12% and home loan we have home loan to SRA ratio that is 72%. So basically our home loan portfolio is mostly given to the salaried persons. Around 70% of the home loans are to salaried person.

So despite this COVID impact of course moratorium has been availed by almost 68% of the persons. But still we feel that there will not be much adverse impact on this portfolio. So one more feature is that RIDF deposits. So this year of course we have complied with all pricey sector lending norms but because of our previous shortcoming in the PSL portfolio the Rs. 23,831 crores is held under RIDF and as you know the return on this is very low at 4.35% which is quite 2% we have to lose.

But now since we have complied with these parameters and every year we will be getting some refund. So in 2020-21 itself we may get around refund of Rs. 6,178 crores. So with these funds

can be deployed profitably and which will help in improving our various efficiency parameters.

Modified duration of AFS portfolio that was 5.77% as on 31st March 2018 then we were able to improve it 3.86% as on 31st March 2019 and now as on 31st March 2020 it is 1.93%. So it is quite good now. And the capital adequacy is 13.31% as on 31st March. Here also she had promised that we will be over and above the regulatory requirement of 11.5% but as against that 13.31% is the capital adequacy. Here I would like to mention that we received during the current year we had received Rs. 9,300 crores of equities from government and LIC.

And this equity was received in September 2019. That time after accounting for this equity, the capital adequacy ratio was 11.98%. After that we have not received any equity either from government or LIC. But these two quarters basically it is one number by conserving the capital and by improving the international decorations from 11.98% the capital adequacy has improved to 13.31% which is quite positive trend. That means now we are able to generate our own funds and the earlier when every time the results had declared there used to be laws that the capital deterioration was taking place.

But now we have started generating our own capital fund. So that is the very good sign. And last but not the least that the bank has complied with all the PCA parameters. Only ROA part is there because full year there was a loss but the otherwise for the quarter there is a profit. One more thing like although in profit and loss account last year that is 2019-20 loss appears at Rs. 10,887 crores but I should clarify that out of this Rs. 12,887 crores, this Rs. 6,372 crores was DTA loss which was reversed by us during last December quarter.

If we because that was only just book entry, reversal of DTA. Otherwise if you reduce that portion the last for the year 2019-20 full year was Rs. 6,515 crores although quarter 4 is a profit Rs. 6,515 crores as against the loss of Rs. 15,000 crores in during the previous year 2018-19. So that way I think the performance indicators have improved quite substantially and we look towards overall improvement in the coming days.

Now one more thing this COVID because I am sure you will be asking questions on COVID. So this COVID situation as I said in the beginning also the profit would have been higher but I will like to mention now that COVID situation is there. Now we have to face those circumstances whether we are well prepared to face those situations. That I can say yes, lot of uncertainties are attached because of this COVID. There may be demand slowdown will be there or some other issues will be come, some may be slippages may increase after December quarter because up to 31st August RBI has permitted this Standstill clause and moratorium has been permitted.

But I can say that both the government and RBI have been quite proactive, and bank has also been quite proactive in taking necessary precautions. So various schemes have been announced by government also because we were expecting that there may be some one or two power accounts may face problem, big power accounts because of this slowdown but after the

Government had declared this loan scheme for the discoms Rs. 90,000 crores, so that has given a lot of relief.

So with that I think the position can be saved in those power plants also. And we do not expect that anything wrong will happen to this. So with these because of this proactive measures and with our preparedness although uncertainties are there but we feel that we will be able to control the situation but still we have to wait and watch. I cannot say that totally we are out but that will happen whatever is there it will happen to the entire economy and all the lenders. But we are well prepared to face this situation.

So I think with that I request for the question answer session. 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 Anuj Narula from JM Financial. Please go ahead.

**Anuj Narula:** Can you give some color on moratorium behavior across segments, if not opt out?

**Rakesh Sharma:** Actually we had gone for this, you know we offered this moratorium to all the borrowers in both schemes have been adopted by some of the lenders have gone for that only those who have opt for it, they will give moratorium to those. In our case we had offered moratorium to all our borrowers and we had requested them and have been following up with them, that whosoever wants to opt out, so they can opt out.

So basically based on that so in our retail portfolio, especially structured retail which includes home loan, education loan and personal loans, 68% of the borrowers they have been given moratorium, 32% have opted out. In agriculture and MSME almost 92% have availed moratorium. LCG and large corporate and mid corporate; in the large corporate 69% have availed and mid corporate 51%.

So they have availed moratorium and some of the borrowers in fact we contacted that they say that they have sufficient liquidity but still to be on safe side, they have availed the moratorium. So this is the position.

**Anuj Narula:** And sir, just another question. That is any progress on synergies with LIC?

**Rakesh Sharma:** There is lot of progress not only in fact many areas LIC synergies as you know, we had allowed 109 pointed action so especially during lockdown I can tell you that collection of premium because many banks there were some issues. Can you explain that?

**Management:** One lakh renewal premium from policy holders during this lockdown period has been collected by IDBI Bank specifically for the agents of the LIC and it was mostly by cheque, cheque payments we have accepted during this time.

**Rakesh Sharma:** And apart from that almost in fact March normally we have the maximum number of policies but March was washed away because of this Covid, but otherwise for full year Rs. 800 crores we had done this insurance policy. But other than that this is only one area. Other than that we have many collection accounts, investments accounts, then online premium collection, all facilities have been and these synergies are working well it will improve further with the passage of time.

**Moderator:** Thank you. The next question is from the line of Rahul Nandwani from Centrum Broking. Please go ahead.

**Rahul Nandwani:** Hi sir, two questions. One regarding the government's stake sale and secondly on your there was talks regarding merger with IDBI and LIC Housing. So is there currently under consideration because last quarter there was a buzz that that might happen which you had denied, but this quarter is there currently any talks going on?

**Rakesh Sharma:** There were no talks at any point of time, now also there are no talks on that. So that is a different institution, we are a different institution, no such discussion has taken place. That is number one. First question was on coverage. Coverage means provision coverage ratio or?

**Rahul Nandwani:** No, sorry I was asking regarding the government stakes sale?

**Rakesh Sharma:** Government stake sales. That also again like last time also I had clarified that this basically for us government is one of the co promoters. So of course in Budget they had announced that they will be divesting the shares but of course this issue will be handled by the government department, the DIPAM Department is there. So there I think at this juncture we will not be able to reply on this point, because this will be handled by DIPAM only. So they may find the appropriate time and they may decide on the appropriate time when it will be taken forward.

**Rahul Nandwani:** Also sir, one more question follow up. So with this extension of moratorium do you see this your moratorium percentage going up or should it stabilize at this level?

**Rakesh Sharma:** I think it will stabilize at this level but still it will be little premature to say this because we have written emails, sent emails to both customers, that you had availed a moratorium whether you will like to avail further for three months also or you will not like to avail. And on the second and who had not availed, them also we have written emails that whether during this period whether you will like to avail the moratorium.

So we are collecting the responses, slowly responses are coming. So at this stage for a second we do not have the concrete position, but still certainly. But my gut feeling is I think more or less it will remain at the same level.

**Rahul Nandwani:** Sir, one more follow up. Say at the end of the moratorium just a hypothetical example, if someone is unable to pay, so there was some relaxation that your working capital interest in the interim may be converted into a term loan, right? RBI came out with that relaxation, so can

this also happen for non working capital loans say if there is a term loan where you are unable to pay the interest or some installment, can that also be converted into like a fresh loan so that probably maybe you know defer or even support the borrower? Can that happen going forward?

**Rakesh Sharma:**

No, I think what I have understood is, one is this there are two types of loans. One is home loan where EMI is fixed. So EMI includes part of the interest also and part of the principal also. So they are basically it is one moment that compound installment is fixed. So in those cases the entire EMI either now we will be giving option to the customers that whether if they want to keep the number of EMIs at the same level in that case amount will be increased. If they want to increase the number of EMIs that will not be considered as restructuring. If they want to keep the amount as same, that is also possible.

So both options will be examined, that is number one. For the cash credit and other term loans where it is not EMI part, separate term loan installment is there and the interest has to be paid on actual basis. That initially RBI had permitted that it will be postponed for 3 months now there was some confusion that after 3 months immediately it will fall due.

So now what RBI had said that it can be converted into FITL which will be paid up to 31<sup>st</sup> March 2021. So entire portion, so till 2021 they have now that means six, seven months time. So accordingly they can pay up to 31<sup>st</sup> March 2021. So that is for other cash credit interest and term loan interest, where it is not part of EMI.

**Rahul Nandwani:**

And sir, also on this moratorium restructuring only, so there is a lot of expectation like even Amitabh Chaudhry Axis Bank's CEO also said that government should allow or RBI should allow onetime restructuring. So do you support that view that restructuring would be necessary going forward, onetime restructuring for say MSME or other corporates?

**Rakesh Sharma:**

Of course it is his personal view but still one thing I would like to say that the RBI has covered CC interest and RBI has covered term loan interest also. But sometimes there are other payment obligations also like Letter of Credit. Now you cannot extend the due date because it has to be paid in any case as per the UCPDC terms, so due date it has to be paid. So if the cash flow is affected, so naturally that will be affected.

So of course bankers can permit inter changeable so many other payments are there. Maybe for that RBI can consider the restructuring, but whether it should be restructuring or permitting time that I think can be considered. It is a question again to be discussed in detail, not that restructuring is possible, but I think RBI is quite proactive.

Whenever situation how long this lockdown will continue and open cash flows will start and they will take appropriate view. So on restructuring, various issues are there, I think it is a very long discussion maybe offline you can discuss with me.

- Moderator:** Thank you. The next question is from the line of Yash Agarwal from JM Financial. Please go ahead.
- Yash Agarwal:** Sir, your margins are shot up quarter-on-quarter and year-on-year. So first of all is there any one off in this net interest margin and secondly what is the outlook for margins for the year ahead?
- Rakesh Sharma:** Now you see of course we had estimated that our net interest margin will be in the range of 2.50% to 2.75% so basically like two reasons. One is that this one extraordinary Rs. 301 crores income tax refund was there but in our presentation we have given both the calculations. Now quarterly some time there will be very big ups and downs will be there like here also you see in that particular quarter only Rs. 301 crores has come.
- So that it is quite jacked up, but if you see the full year also, the full year because it will get neutralized because every year we get some or the other income somewhere in particular. So full year my net interest margin is 2.61% and if we exclude that one off income, it is 2.47%.
- So I feel that I think because since our gross NPA is still at little high level and slowly we are improving the position. In fact about one year before my net interest margin was 1.80%, so slowly we have been able to bring down the cost of deposit which has come down to 5.08% now. And we have been able to improve our CASA deposit which is now 47%. So slowly it will improve but this year I am targeting around in the range of 2.50% to 2.75%.
- Yash Agarwal:** Okay and so what is the outstanding provision that you have taken for COVID, I missed that number?
- Rakesh Sharma:** Rs. 247 crores.
- Yash Agarwal:** And your 60% of the retail book is under moratorium?
- Rakesh Sharma:** Yes, around 68% by number and 66% by value.
- Moderator:** Thank you. The next question is from the line of Sneha Ganatra from Subhkam Ventures. Please go ahead.
- Sneha Ganatra:** How much provision we have done for this Covid related provision?
- Rakesh Sharma:** Yes, as I said Rs. 247 crores, actually as per that RBI instructions, we were required to make 5% in March and 5% in June. Those SMAs numbers which was 29th February and the RBI had given some relaxation that whatever accounts are regularized netting off you can do it as on 31st May.
- But because we have declared the results on 20th May so we have taken the 21st May. After that there is further reduction. So 21st May number we had frozen and based on that instead of



doing 5% we have done 10% straight away. So that June, no additional provision will be required.

**Sneha Ganatra:** Okay so which means this provision is as on date, right?

**Ajay Sharma:** This provision is as on 31st March we have done for both the quarters, 5% each for March quarter and June quarter has been done on 31st of March itself.

**Moderator:** The next question is from the line of M. B. Mahesh from Kotak Securities. Please go ahead.

**M.B. Mahesh:** Just two questions. One, if you look at your gross NPAs there is a reduction from last quarter in the energy portfolio from Rs. 5,000 crores to Rs. 2,500 crores. If you could explain what kind of moved that and secondly for FY '21, if you could give us some color as to what is the kind of where are the major recoveries which is likely to happen, given what has happened on the IBC framework and otherwise?

**Rakesh Sharma:** There is a reduction in NPA. Mainly it is from recovery. If you see during March this Q4 itself my recoveries are Rs. 2,100 crores including recovery under TWA and some upgradation also and for full year actually the cash recovery TWA recovery and partly it goes to interest so total recovery is around Rs. 9,000 crores. Of course we had estimated Rs. 8,000 crores so it is Rs. 9,000 crores, so because of that this NPA reduction is there.

We have not done much technical write offs. In fact if I can add, out of my total Rs. 47,000 crores of gross NPA, this around Rs. 35,000 crores is fully provided. As per RBI rules we can do technical write offs but we have not done it. Otherwise our gross NPA would have been Rs. 8,571 crores. Anyway so now this coming to the next year what we are expecting recovery, we have done exercise account by account.

Of course during the first two months not much recovery has happened but now since this opening up is starting, so because as I told my 51% of the cases are admitted in NCLT, 70% of the total NPAs are referred to NCLT and there are many OTS. In fact out of this Rs. 9,000 crores recovery, during the current year only Rs. 3,000 crores was through NCLT, remaining we had done through OTS and other negotiated settlements. So the same way for the current year I am expecting around Rs. 5,000 crores to Rs. 6,000 crores of recovery, around Rs. 6,000 crores.

**M.B. Mahesh:** Just to clarify this reduction that you saw was in one time settlement as well or was a NCLT led reduction there? In the energy portfolio?

**Ajay Sharma:** Energy portfolio there is one particular case where we had some settlement done so there was a upgradation and it was a fully provided case. So therefore the NPAs have reduced in the power sector, energy sector because it is not a NCLT case.

**Rakesh Sharma:** Negotiated, one time settlement.

- M.B. Mahesh:** Again which are major sectors that you are seeing in terms of recovery for this current financial year? Which sectors are you likely to see recoveries in this financial year because you have transportation which is roughly about Rs. 6,000 crores of outstanding stock of bad loans and then you have some of the others does not seem to be too large. So just trying to understand where are you, how are you kind of approaching your reduction for this financial year?
- Ajay Sharma:** Yes MD sir had just told that around Rs. 6,000 crores of recovery we are targeting. There is a substantial amount out of this which would come from the transportation sector. There are lot of cases where there is a sort of arbitration going on or there is a substitution which is going on or a termination which is going on in this transportation sector. So we are expecting.
- So road sectors quite a few cases we are pursuing termination or substitution and also there are some arbitration claims which are coming. So we are expecting maybe in the range of somewhere around Rs. 1,500 crores to Rs. 2,000 crores may be coming from the road sector also. And other will be distributed, it will be all kinds of stuff.
- M.B. Mahesh:** Okay and sorry one final question. On this MSME credit guarantee scheme, any broad thought process? So how are you looking at it, have you made some internal calculations around?
- Ajay Sharma:** Yes, we have made this emergency light on credit that 3 lakhs. We have worked out, in fact we have identified all the accounts. The names of accounts have been given to all the branches and because it is 100% guaranteed by the Guarantee Commission. But as per our assessment maybe it will be around Rs. 1,600 crores to Rs. 1,800 crores is eligible there. So we will be able to give loans about Rs. 1,500 crores to Rs. 1,800 crores maximum.
- Moderator:** Thank you. The next line is from the line of Mahrukh Adajania from Elara Capital. Please go ahead.
- Mahrukh Adajania:** Sir, I had a few questions. Firstly, what is the status of future group with you? Have all the accounts lived and if at all you have exposure to Dish TV?
- Rakesh Sharma:** No, of course we do not discuss about that individual company groups, but all our accounts are standard only.
- Mahrukh Adajania:** Sorry, all accounts are standard only?
- Rakesh Sharma:** Yes.
- Mahrukh Adajania:** Okay and sir the other thing I wanted to check is that quite a few power recoveries is scheduled you have done only one OTS this quarter right, because of the lockdown in the fourth quarter?
- Rakesh Sharma:** Fourth quarter, other than that there was no. Power I think it was one but that was quite substantial around Rs. 700 crores.

- Mahrukh Adajania:** Okay and but that was an OTS and then there was no other recovery in the power sector, right?
- Rakesh Sharma:** Yes, during this quarter.
- Mahrukh Adajania:** Okay and sir, the other question I had is you said Rs. 1,600 crores to Rs. 1,800 crores is eligible under the MSME refunding scheme, correct, is that the right number?
- Rakesh Sharma:** Rs. 1,800 crores is the max number which is our eligibility but all of them may not avail, that is why I am saying that our disbursement will be in the range of Rs. 1,500 crores to Rs. 1,800 crores.
- Mahrukh Adajania:** Okay and the disbursement has to be 20%, right?
- Rakesh Sharma:** No, like whatever our portfolio is there, and only SMA 0 and SMA 1 accounts are eligible and that too 20% if we take that maximum limit works out to Rs. 1,800 crores in our case. So that is why but so everybody may not avail full 20% and some of them may not avail also. So maximum it can go to Rs. 1,800 crores and anything below that is possible.
- Mahrukh Adajania:** Got it and sir just in terms of recovery, under this scheme the first 75% is straightforward, right, you do not have to submit any Sarfaesi filing or any such thing right? If your claim is in order you will get the initial 75% immediately under this scheme right, if at all becomes an NPA?
- Ajay Sharma:** Yes, after it becomes NPA 75% will come and balance 25% will come after all the recovery measures have been taken and any recovery during this time that has to go back to that 75% receipt.
- Mahrukh Adajania:** Sorry is recovery during this time has to be?
- Ajay Sharma:** If any recovery happens during that period, once we have received 75%, if any recovery happens, then it has to go back into that pool.
- Mahrukh Adajania:** Got it. But sir, what I wanted to know is that for getting the initial 75% you do not have to file with the Sarfaesi or you do not have to initiate any legal action, right? That is the first initial claim you will get as it is?
- Ajay Sharma:** Yes madam, once after 90 days account is declared as an NPA, 75% under the credit guarantee scheme will come from the government. Only for the 25% balance we will have to exhaust the various recovery measures.
- Moderator:** Thank you. The next question is from the line of Bunty Chawla from B&K Securities. Please go ahead.
- Bunty Chawla:** Just need to understand we already have accumulated losses in the balance sheet. Although we have provided the tax during this quarter, and also if you can share have we moved to the new

tax rate and what will be the tax implication in FY'21 although we have the estimated losses on our balance sheet?

**Ajay Sharma:** So we have moved to the new tax regime in the December quarter and we had taken the assets of DCAs worth of about Rs. 6,200 crores in the previous quarter. So we had to book loss on that account. We do have large amount of accumulated losses on our books still standing. So we expect that during the current financial year also no tax liability should come to the bank. And that math is no more applicable under the new tax regime, so we expect no new tax liability to come to the bank.

**Bunty Chawla:** Okay. And sir, can you share some thought on the PCA, can we expect we should come out from the PCA now?

**Rakesh Sharma:** PCA is basically like our job is that we have complied with more than complied with all the parameters as against capital you will see as against 11.5% even 12.56% we were in December, now 13.31%. Net NPA it should be less than 6%, we are 4.19% well below the benchmark and other parameters have also been complied with. Only profitability part were there full year, yes, there is a loss but Q4 there is a profit. But of course we have informed RBI and we are writing to RBI but ultimately of course the decision has to be taken by RBI. They will take a decision and advise us.

**Moderator:** Thank you. I now hand the conference over to Mr. Bhavik Shah.

**Bhavik Shah:** Sir, you mentioned your moratorium book in large corporate is around 69%?

**Rakesh Sharma:** Large corporate is around 69% and mid corporate 51%.

**Bhavik Shah:** Okay. Sir, broadly which sectors under the large corporate group has availed moratorium because the number in the industry for other banks has been quite low. They have been ranging between 20% to 30% for large corporates.

**Ajay Sharma:** See this moratorium has as I think, I think you missed that point. It has been given to everybody and it is across the Board who have virtually given the request we have given that moratorium to everybody.

**Bhavik Shah:** And sir, considering we have a reasonable size of power exposure as standard, and the stress that has not been precipitated as of now, so how do you see that going forward, so how will the scheme benefit going forward the Rs. 90,000 crores?

**Rakesh Sharma:** Yes, the scheme will be favorable in fact these accounts which are regular, as of 29<sup>th</sup> February also and these were no due on SMAs any category, not even SMA zero. It was regular in all aspects so far these accounts have been regular only. So as on today, also it does not appear in any category SMA 0, 1.

So in between if there are some because they have permanent tied up PPA arrangement, so certainly they have been getting dues and in case Discoms face problem now since that Rs. 90,000 crores facility has come so that possibility is also in my opinion ruled out. So I do not think they will be facing any issue.

**Moderator:** Thank you. The next question is from the line of Mahrukh Adajania from Elara Capital. Please go ahead.

**Mahrukh Adajania:** Sir, just wanted to check on your moratorium. Now that it is extended, do you expect more people to come and opt for the moratorium or you think those who had to opt for have already opted for, and what the numbers you have given are the peak numbers?

**Rakesh Sharma:** Like you know these numbers which we have given are as per the previous first tranche. Now the second tranche also we have sent emails to all the customers both who have opted out and who have availed moratorium. Giving them separate emails that still if they want to avail, they can avail, and if those who had availed earlier they want to withdraw they can withdraw it. So we are collecting some responses are coming.

We are collecting the responses, so some minor variation here or there it may be there either reduction or minor addition may be there. But as of now we feel like more or less the position will remain slightly solid.

**Mahrukh Adajania:** Got it sir. Sir, in April, May have you disbursed money either through loans or bonds to NBFCs and MFIs and how much in total would you have disbursed?

**Rakesh Sharma:** This TLTRO because we were under PCA, that first TLTRO we did not participate, so once we are out of this that comes it is okay. But as of now we did not participating in that.

**Moderator:** Thank you. The next question is from the line of Bunty Chawla. Please go ahead.

**Bunty Chawla:** This is Bunty Chawla from IDBI Capital. Sorry if I asked it earlier. You said moratorium by value as of at 68%, is it as of 30<sup>th</sup> April or is it as of 25<sup>th</sup> May?

**Rakesh Sharma:** See this moratorium basically that position because the first time RBI instructions came in March last week and almost we had finalized the position by the end of April. So I think the April and that position is there and the same position is continuing because whosoever have availed they are continuing whether it is as on today, it is also continuing like this.

What I said was the provision which we have made for Covid, that was for SMA 0, 1 and 2 account, as per RBI instruction as of 29<sup>th</sup> February whatever SMA 0, 1, 2 were there and after that whatever recoveries have been made we can reduce and finally as of 31<sup>st</sup> May whatever is the position we have to make 5% provision.

But for that we have taken 21<sup>st</sup> May position because we had finalized our results after that there is a further reduction but on 21<sup>st</sup> May whatever position was there we have made provision of 10% Rs. 2,470 crores were there. So that was relating to making Covid provision.

**Bunty Chawla:** Okay so just that clarity, 68% of the total AUF advances booked is at 68% is under moratorium right buy value?

**Rakesh Sharma:** Yes.

**Moderator:** Thank you. The next question is from the line of Bhavik Dave from Nippon India Mutual Fund. Please go ahead.

**Bhavik Dave:** Sir, just to understand the moratorium number on the retail side better, you mentioned 66% of your by value is under moratorium on the retail side, right? And what is the type of customers that we have on the retail side because mostly most of our customers will be salaried and government employees right so is that a fair assumption that 60%, 70% of the customers would have Central or State Government type of employment?

**Ajay Sharma:** Let me clarify you one point. If I have opted for the moratorium but if we see the trend we have the SMA position when the Standstill clause became applicable on 29<sup>th</sup> of February, 31<sup>st</sup> March, 30<sup>th</sup> April also and 21<sup>st</sup> May. Even though we say 68% have opted for moratorium in SRA or non SRA 99%, we do see payments coming. It is not people have opted, but they have a liquidity.

People have opted for moratorium thinking that suppose tomorrow they have liquidity constraints; they have this window available with them. Just opting for moratorium does not mean that the borrowers have altogether stopped making payment. Why moratorium has been exercised because this was offered to all as per RBI guidelines. We have seen and even numbers are speaking for itself that the payments are coming in these accounts. So I think not too much may be read from an absolute number here.

**Bhavik Dave:** Okay so what kind of so like if you have to receive Rs. 100 how much are we receiving on a monthly basis like even after taking moratorium the customers would be paying, right?

**Ajay Sharma:** Exact percentage I cannot mention.

**Bhavik Dave:** But broadly?

**Ajay Sharma:** Broadly I would put it that about 30% to 40% payments even people who have opted for moratorium if I have to just do a calculation here, I can see it is coming to that extent.

**Bhavik Dave:** Okay so even after moratorium 30%, 40% of the people are paying?

**Ajay Sharma:** Yes, they might not have paid all the two installments, maybe one installment but some payments are happening because ultimately it is only time given. There is no waiver of amount

so ultimately they have to pay, so wherever the liquidity is available, they are making the payment.

**Moderator:** Thank you. The next question is from the line of Jai Mundhra. Please go ahead.

**Jai Mundhra:** Sir, first if you can clarify the total loans under moratorium by value for the total bank? How much is that number sir in rupees, crores for the total bank?

**Ajay Sharma:** I can give you, Jay, separately but if you want these numbers for the bank I have to give you separately but if you have to ask for home loans and PSD maybe I can throw some light.

**Jai Mundhra:** Sure sir, no issues. And sir, the second thing is to MD sir, sir, what is your view on buying loan portfolio from LIC Housing Finance? I mean what are your thoughts there?

**Rakesh Sharma:** Like you know LIC for us is just like other, of course it is subsidiary of LIC but it is just like other NBFC. So sometimes depending on our funds position, we buy some home loan portfolio. we do proper assessment, the rating portfolio rating is obtained, so when we buy from other NBFCs we can also think of buying from LIC Housing Finance also. But so far we have not done it.

But it is open, anytime like if we have funds and but in our own, I think our own portfolio of course because it is major disbursement takes place in March and this time March was totally almost washed away. But still we could show 13% growth in our home loan portfolio. And in structured retail asset the growth was 9%. So on our own I think we are able to grow our portfolio so that is why home loans generally we are not buying.

**Jai Mundhra:** And sir, you mentioned that if you actually remove that 100% provided GNPA your headline GNPA number would come down to single digit right, 8%?

**Rakesh Sharma:** 8.7% to be precise.

**Jai Mundhra:** Yes, so sir, what is stopping you from let us say removing all those loans and just bring your headline GNPA number to single digit, is this the tax implication or there is something else also?

**Rakesh Sharma:** See nothing like here. One is for optics purpose of course it looks nice you have been able to bring. But actually in my opinion more important is net NPA. We have provided 94% and the net NPA is 4.19%. So that is there, so we can do it but it is like we want to reduce the NPA by making recoveries more and more recoveries. So once actual recovery happens, it may be slow but some of course tax implication also there also when technical write off is done, some DTA has to be created.

So why to have some other DTA. So we make recoveries and reduce the NPAs that are there. But not that we do not do technical write off. Such a big amount write off is not required, but small, small in any quarter, further quarters we can do, not that we are averse of doing that.

Such a big write off we may not do it, but little bit amount every quarter we can do also. That is not a problem.

**Jai Mundhra:** And sir, what would be your as we speak today, what would be your broad range for slippages for FY '21, you can give your range also as a percentage of loan or maybe as an absolute amount?

**Rakesh Sharma:** Now you see that one good thing if you see, that earlier our slippages were quite high, but in Q4 if you see my slippages have come down to Rs. 721 crores. And even if we include that Standstill clause were not there, although that Rs. 465 crores which would have slipped to NPA which I said at the beginning in my open remarks. So then also it would have been Rs. 1,100 crores but that Rs. 465 crores actually was higher due to Covid circumstances. Otherwise every quarter Rs. 100 crores to Rs. 200 crores is there, and one more thing I would like to mention here. During March month, there was not even a single slippage in large corporate or mid corporate group account.

This Rs. 465 crores entire thing comes from little home loan and because these collections could not happen, and specially this non-priority sector. So now in any case as you are aware, RBI has given this Standstill clause so June or September these slippages in any case will be low. But after that also because now most of our accounts are in a good position the SMA 2s are coming down, SMAs are coming down.

Our SMA number you have seen it is like you know already if you see, SMA 2 as on 31<sup>st</sup> March was only Rs. 1,229 crores. So these are coming down. So going forward our target will be to contain these slippages to around 2%. So of course 2% will be there earlier it used to be very high but it will not be more than 2% that is my target.

**Jai Mundhra:** Okay, 2% would mean for?

**Rakesh Sharma:** Towards advances.

**Jai Mundhra:** Yes Rs. 3,000 crores, less than Rs. 3,000 crores, right?

**Rakesh Sharma:** Less than Rs. 3,000 crores for the full year.

**Jai Mundhra:** Yes, for the full year. And sir, this is the last thing. On wage revision provisions sir what is the threshold that you are carrying the wage revision provisions?

**Rakesh Sharma:** We have made enough provision 14% we have done so that is what was the last offer which was made by IDBI but after that because of this Covid circumstances, the meetings have not happened. So we are having I think whatever is the last offer, 14% we are carrying.

**Jai Mundhra:** And any thought process around IDBI Federal or NSC stake sale or any other noncore stake that you can monetize?



**Rakesh Sharma:** No, already this IDBI mutual fund already this has been finalized, we are waiting for SEBI approval. So once the SEBI approval comes, immediately the money will also come to us. The second IDBI Federal negotiations are there going on so but since now we are already in June, so I do not think it will happen in June but by 30<sup>th</sup> September sure I think we will be able to finalize the deal. It will be over and the other NSC and NSCL earlier last year we had sold some stakes.

Now also we have got approvals but whenever we get good prices we can sell those shares because now the position our position is quite you have seen it is quite reasonably comfortable, 13.31% is the capital adequacy and other things are also improving, my PCR is at 94% also improvement is there. But yes if we get good price we will be open to sell that also and monetize it.

**Moderator:** Thank you. The next question is from the line of Mona Khetan from Dolat Capital. Please go ahead.

**Mona Khetan:** I just wanted to check on your experience with cogeneration as a model to on length? What has been your experience there and any major positives that you have come across in pursuing this tool or any major discomforts that you have had while going for it?

**Rakesh Sharma:** See cogeneration model of course the Board has approved this, but so far we have not done it actually. So I cannot share you like it is okay, I think we are open to it, we had started it also, but in between by the time when we were going to start it, these situations have started. So far I do not think we have not done any deal, so we will see once this position stabilize.

**Mona Khetan:** Sorry, you said the other banks have also not really disbursed using these tools?

**Ajay Sharma:** Significantly in this arrangement one or two banks started but these deals are not taking off much.

**Rakesh Sharma:** I do not know. Let us restrict to our bank. So far although there is a Board approved policy but we have not maybe going forward after this position stabilizes we will be able to comment on it.

**Moderator:** Thank you. As there are no further questions, I now hand the conference over to Mr. Bhavik Shah for closing comments.

**Bhavik Shah:** On behalf of Batlivala & Karani Securities, we thank IDBI Bank Limited management for giving us the opportunity to host the call. Thank you everyone and have a good day. May I now request the MD sir to kindly give the closing remarks on this quarter. Over to you, sir.

**Rakesh Sharma:** So thank you very much for the active participation and as I said initially that the last year my previous just I would like to share that previous experience was that most of the questions were asked on quarterly performance. But this year this quarter the performance wise there were less

questions. More questions were on moratorium and all these things. But I may be like the analysts are worried that if some moratorium has been availed by more persons, what will be the situation.

I can assure everybody here all the participants that this moratorium like as my CFO also said, that some of the persons would have availed the moratorium just to have cash flow like personal I do not know about others but personally we also do sometimes. We take the limit and get the overdraft limits sanctioned and do not avail it. So we know that this much in any case of need this overdraft limit is available.

Many good customers also they have cash credit limits sanctioned then they may not avail it. But they want to have for any unforeseen circumstances they want to have this so that that time they should not run for the limits. So that is why many customers would have availed and have availed in fact we have spoken to many customers.

So this does not indicate that so much issue regarding fund constraint is there and one thing again I would like to emphasize that we are keeping a watch on the situation of totally ongoing basis. More the regulator today also Government of India has come out with various announcements, RBI is coming out with various announcements. The issues are there, uncertainties are there because of this COVID issue.

But proactive steps are being taken and we are also quite proactive and we will not like to permit this situation to slip from our side now with after 13 quarters we have come in profit. So things are under control and especially the best part is that 93.74% is our provision coverage ratio. Now slippages have come under control and the recoveries have started coming very good more than Rs. 9,000 crores recovery had taken place. Yes, for two, three months there was some lull period but again recoveries are expected to rise.

So things are looking positive and let us have faith and let us be optimistic. So thank you very much.

**Moderator:**

Thank you. On behalf of B&K Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.