“IDBI Bank Limited
Q4 FY2021 Post Results Conference Call”

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Moderator: Ladies and gentlemen, good day, and welcome to IDBI Bank Limited Q4 FY2021 post results Conference Call hosted by Batlivala and 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. Participation in this conference call is by invitation only. IDBI Bank Limited deserves the right to block the axis to any person to whom an invitation is not sent. Unauthorized dissemination of the contents or the proceeding of the call has been strictly prohibited and prior explicit permission and written approval of IDBI bank Limited is imperative. I now hand the conference over to Mr. Bhavik Shah from B&K Securities. Thank you, and over to you, Sir!

Bhavik Shah: Thanks, Neerav. Good evening everyone and thanks for joining the call. On behalf of Batlivala and Karani Securities, we welcome you all to IDBI Bank Limited FY2021 post results Conference Call. We have with us today, the management of IDBI Bank Limited, represented by Shri Rakesh Sharma, the MD, and CEO; Shri Samuel Joseph Jebaraj, Deputy Managing Director; Shri Suresh Khatanhar, Deputy Managing Director; and Shri Ajay Sharma, Executive Director and CFO. So, I would now request MD and CEO Sir to start the call with his opening remarks on 4Q FY2021 results post which we can start the Q&A session. Over to you, Sir!

Rakesh Sharma: Thank you very much Mr. Bhavik and good evening to all and thanks to all of you for attending this concall the conference. In fact as I have indicated last time though we wish that soon this position will improve and we will be able to meet in person so that we can interact, but now we have to do through the telecom only.

I am happy to present the annual results for IDBI Bank. These results have to be seen in the context that last year the entire full year was affected by COVID situation. We had a very challenging time and if you remember the first lockdown started on March 24, 2020 and the entire first financial year was affected by this.

Initially, RBI had come out with various measures. They had announced moratorium also from March 1, 2020 to August 31, 2020 then there was some Supreme Court case, the decision was given by the honorable Supreme Court and intermittently lots of stress was foreseen. The RBI had also announced the relief measures for onetime restructuring of some of the accounts whosoever wish to and at the same time the another scheme had come for this guaranteed emergency line of credit, so they are also some facilities have been extended by the bank but all these measures which have been announced by the Government of India, they have helped in reducing the stress in various accounts, but still there was lot of uncertainties, in the light of these uncertainties, what I can say is that the situation which we had assessed although like we were never worried too much but at the same time we were quite cautious and we had taken all proactive measures as suggested by Government of India, as suggested by RBI and on our own as suggested and guided by our board members, so based on that we had taken various steps and with those steps I am able to means I am happy to say that the position here in our bank is under control.

We have been able to control the slippages, affect good recoveries and all the expectations which are in fact better than the expected level, we had estimated the restructuring book of around 3% to 3.5% but finally what restructuring will be taking place is around 2%. Similarly we had estimated that the slippages will be less than 2%, so we have been able to curtail it within the 2%. So all these measures basically were kept under control and as a result of that, I am happy to announce that the bank has declared a net profit of 512 Crores during the quarter and which shows Y-o-Y growth of 278% and the profit for the full year was 1359 Crores and the bank has come in profit after a long gap of five years, so this is very good position which has happened and the bank has really turned it around.

Second, the good improvement was that the RBI has taken our bank out of PCA as on March 10, and they have only said that the cost to income ratio should be kept at below 50%, which we are quite hopeful that we will be able to keep below 50%. The other major highlight during this period, we had raised about 1435 Crores and we had also sold 23% stake in IDBI Federal Life Insurance.

Now in this budget if you have seen the results of course one external audited item which you will see is that the income tax refund we have received and which the interest surge is 1300 Crores. This is the orders pertaining to almost more than 20 years back, orders pertaining to the year basically the 1998-1999, 1999-2000 and 2000-2001, so these old orders were there, so that is why the interest amount was large, but this 1300 income which we have got that we have utilized for making COVID provision and as also some SA provisions.

So that way like you know whatever operate profit which has come, has come from the normal operations, in addition to that out of that normal operations profit we have also made some accelerated provision of around 900 Crores. So the profit which we are seeing has come from the normal operations.

In addition of course like this was supported by various facts that we were able to make good recovery both in return of accounts and in normal, so total recovery in return of accounts and other all accounts including interest recovery was 6025 Crores during the year and despite this COVID situation of course and we had good upgradation also around 782 Crores.

As you are aware that our provision coverage ratio is almost 97% so there is provision reversal always there is that is why this good hidden profit is there so as far as the net NPAs as I said the slippage we have been able to control below 2%, net NPA was 1.97%, it is against the 2.75% pro-forma net NPA as on December 31, actual net NPA was 1.94% but that time Supreme Court order was pending so that is why we could not declare some of the accounts as NPA but we had made provisions that pro-forma net NPA was 2.75% as against that now it is 1.97.

Our provision coverage ration continues to be 95.90% which is the highest in the industry. Capital adequacy wise also we are quite comfortable and our Tier-I capital and even in fact the entire Tier-I capital in the form of CET1 that was 13.06 and total capital adequacy is 15.59% which is quite sufficient to take of the current year growth up to 13% to 14% that 13% to 14% growth have seen this buying after keeping cushion of 1.5% to 2% in the capital.

So, this is basically major highlights, you have already have gone through the presentation, so we will take the question and answer but before that I will like to set the tone for the future year, so what we had estimated is that now since we are out of PCA earlier we were not able to grow in corporate advances, how we will also start growing in corporate advances but in a very calibrated manner and in a very calculated manner and the growth which we are estimating in corporate is around 8% to 10% and retail 10% to 12% and our guidance is that the CASA ratio although they have present CASA ratio is 50, we have already crossed 50% but sometimes some government deposits or some extra deposits come although target will be to keep the CASA below 50% but it will never come down below 48%.

Similarly retail to corporate is same but I had earlier indicated we will although the present ratio is retail is 62% but more or less it will continue in the same level but the policy is that it will not go below 55%. NIM we are expecting that we will be able to maintain above 3% and cost to income ratio below 50% we are quite committed to. The slippage ratio we are expecting to be less than 2% and credit cost less than 1.5%.

So that way the guidance is quite clear and whatever guidance we have given in the past during the last three years I am quite happy to tell you that we have been able to rather surpass those estimates and show a better performance and this time also I feel that despite the challenging times of this COVID 2 situations we will be able to adhere to the guideline because in retail basically my portfolio is more or less is quite safe portfolio and the SME level as of now is around 5%. So my exigency ratio is 95% which is more or less almost equal to the pre-COVID level.

So that way the SMA 2 is only 1.29%, so that is why we do not expect much slippages but still we are not complacent, we are quite cautious and we have taken various steps, we have created our monitoring and recovery verticals separately, our recovery vertical is net and

VA management group is already quite robust so that way we are quite cautious and we will ensure that the situation continues to be under control.

So, with this now I will hand over the call to you. Mr. Bhavik, I think we can take the question-answer because it will be better to take the specific questions and answers and so that we can explain the question in a more specific way. 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 Bunty Chawla from IDBI Capital. Please go ahead.

Bunty Chawla: Congrats on a good set of numbers. My first question is as you have rightly said that now you are out of the PCA, now you will be focusing on the corporate growth as well, so if you can share your thought process, under the corporate which industries or which sectors you would like to grow as well and secondly, what changes or what different we are doing now so that in a historical manner, historically we have gone bad in terms of corporate gross NPA now. What different strategy or what different we are trying to do so that after this growth in the corporate which again which should not be impacted or badly impacted through this gross NPA picture? That is my first question.

Ajay Sharma: Thank you. In fact in the previous analyst meet also we had mentioned, in this last two years, we have completely revamped our risk policies, our underwriting standards as well. As we have a very sectoral approach to risk meaning, certain sectors have been put in highly cautious, cautious, normal so on and so forth and this is not a casting stone list**,** it is a dynamic list where the risk management department independent of business reviews and adds deletes sectors from this list every quarter. For instance, as of now we have the infrastructure and EPC sectors which are highly cautious, then we put a sector in highly cautious, the underwriting thresholds become much higher, meaning we will not be able to on-board a client who is less than a AA for instance. Going forward, our cost will be to add granular exposures in the mid corporate segment mainly in manufacturing. I think that should throw some color on where we would like to grow going forward.

Bunty Chawla: Secondly, on the retail portfolio completely we are focusing in Q4 we are seeing strongly on the home loan portfolio, so how do you see in FY2022 along with the home loan portfolio which other sectors or which another segments you would like to grow 10% to 12% as you have said in the previous call?

Ajay Sharma: Presently, the composition is tilted towards the housing loan that is true plus the mortgage debt, these are done because of the mitigated efforts, which we have made over the past. Now, we have identified certain two-three growth areas, one is clearly visible in the last year performance is the gold loan where we are growing which is again treated as a most mitigated sector. The other is personal loan, so we have worked out a digital journey for product, so that is the personal loan which we wish to grow in the coming times and third is our accent on the auto loan was little lower which we want to accelerate from here, apart from this, the MSME related advances will continue to grow.

Bunty Chawla: Thirdly on the collection efficiency if you can share what have been the collection efficiency in Q4 and what has been the impact on the collection efficiency specifically in the April month as we have seen there has been a lockdown, different-different states have announced, so there has been some impact, so if you can share both the number that will be helpful?

Ajay Sharma: Collection efficiency has luckily remained pre-COVID levels at 95%. Now this has a reason behind it. One is because of our composition of the portfolio, which as MD said inaugural remarks that because we have composition where 90% of our borrower's salary earners and 70% of the borrowers are having a CIBIL score of above 800, so that kind of composition is there so the slippages are not much. Second, what we have done in the organizational restructuring, have set up a separate dedicated collection vertical and the recovery vertical, so the overall accent is there on the collection, so collection efficiencies have improved that is also one good reason. That is why there is not much change before pre-COVID or post COVID.

Bunty Chawla: So, this 95% is for the April month, right?

Ajay Sharma: This I said about last year.

Rakesh Sharma: Up to March only but April also more or less same position is there. This is 30% plus 21 number, but this is more or less the same number, let us see what happens in the future but we are as I said in the opening remarks, we are cautious and monitoring the position is quite close.

Bunty Chawla: Some data points, on the note to accounts we have shared 8 number on the result part, we have shared the respective amount where asset classification benefit is extended, so we have provided as on September 30, 2020 but other banks have provided for March 31, 2021, if you can share that number if it is possible?

Ajay Sharma: Because September 30, is way going up to which this was visible, so we are given that way.

Bunty Chawla: Okay, so can we say for March 31, 2021 that number will be zero because as moratorium is not their Supreme Court has vacated that, all these things have been clarified?

Ajay Sharma: So, what exactly are you looking at, the March number for this?

Bunty Chawla: Yes, March 31, 2021.

Ajay Sharma: I will help you check it out but as I said the provisions which were kept have been made and we are carrying forward the provisions which has been given in the sector, it will be nil.

Bunty Chawla: Okay, it will be nil. That is, it from my side. For further questions, I will be back in the queue. Thank you.

Bhavik Shah: Meanwhile, I have a question. We have very large technically written off book of around 290 billion, 28000 Crores approximately, so what recovery run rate do we envisage from that book?

Ajay Sharma: This 2020-2021, we have taken a target of total recovery of around 4000 so almost 1000 Crores per quarter, what we are expecting is around 2400 recovery in the normal GNPA around 1600 in the technical written off, so this is the recovery target which we are taking, so roughly around 4000 Crores next year, of course it will depend once we are able to if the COVID situation improves, it will improve further but this minimum 4000 Crores we are recovering, we are expecting during 2021-2022.

Bhavik Shah: Thank you.

Moderator: Thank you very much. The next question is from the line of Anand V from White Oak Capital Management. Please go ahead.

Anand V: Thank you for the opportunity. Just want to understand assuming our plans work out, how do you see our average trajectory and when do you think will be able to have an ROE higher than the cost of capital?

Ajay Sharma: This year if you see our ROE is at 0.46 and as we have indicated if you the last night that we said that we have ROA of 1% by the financial year 2024 so how we are planning to reach around, you have seen our improvement happening, so what was impairing our growth for quarter because we were not able to lend to the cotton sector, we were only lending in the retail segment. Also lot of other funds was dropped in RGA funds, which have started coming from 7000, have come back. We had surplus SRR before of the limited opportunity to deploy fund, so all these things once we will be able to lend as mentioned in the beginning that mid corporate, SME, MSME sector is something we are looking at mostly in the manufacturing sector. So this will give us a good return for technique generally in the range of 9% to 10% and given our cost of funds now coming down below 4% which should give us a good stress and therefore then can improve further and we are looking at and secondly, second contributor to NIM will be a lower capex cost which we are protecting at around 1.5% going forward, so all these I think a combination of these factors are going to give us a decent with profitability as we go forward and therefore ROA of 70 basis points in what we are projecting by the next year and thereafter by plan, so we are looking at two to three year horizon when we should be able our ROA higher than cost of the capital.

Anand V: Sure Sir, thank you. I will come back in the queue.

Moderator: Thank you. The next question is from the line of Sunny Iyer, an individual investor. Please go ahead.

Sunny Iyer: Thank you for the opportunity. Congratulations on a good set of numbers. My first question is on the slippages, so you have roughly 2600 Crores of slippages for FY2021, if you can give a breakup into retail and wholesale and within wholesale, what are the key sectors from this which have come up, if you can give a colour? That is my first question?

Ajay Sharma: It is about 48:52. 48% is from the corporate segment and 51.7% from the retail segment.

Sunny Iyer: So almost equal.

Ajay Sharma: Almost equal.1200 Crores in retail and 1200 in corporate.

Sunny Iyer: Sir, on the restructuring side, you have roughly 2200 Crores of restructuring out of which the corporate restructuring is 1500 Crores, and it seems that as per the BSE disclosure it is from one account, is it from one of the construction conglomerate that this restructuring have come up?

Rakesh Sharma: One has already I do not know which one you are referring but one conglomerate, one batch completed before March 31 itself, and some other two-three retail basically the corporate borrowers but handling in retail that has also been completed, so we have targeted total restructuring of 2500 Crores which I have indicated in my opening remarks which will be around 2% of my standard asset book, so by June, 30 we will be able to complete, retail in fact already it has been completed and corporate three big accounts not that big but three accounts have already been done and remaining two three accounts will be completed by June 30, so all will be completed for which we have made adequate provision also in advance, so whatever 10%, so no additional provision will envisaged for that purpose.

Sunny Iyer: Okay, so you are saying that I mean I am referring the BSE disclosure point number 11 where you have disclosed that one corporate account which amounts to 1500 Crores has been restructured, so there are additional two accounts in pipeline as well what you are saying?

Suresh Khatanhar: March 31, one was already completed, the other account what MD mentioned have been done in April, so March only one was completed.

Sunny Iyer: My third question is on the SMA slide, the SMA one and two book that you have given, so is it the supremacy reporting or is it on the overall portfolio?

Suresh Khatanhar: Can you repeat?

Sunny Iyer: The question is SMA book disclosure that you have mentioned on the slide number 27, is it the supremacy reporting or is it for the overall book, so supremacy reporting I mean whether it is above 50 million accounts only?

Ajay Sharma: No, it is portfolio, overall book.

Sunny Iyer: If you can just give me the details about the ECL one and two I mean what has been the disbursement?

Ajay Sharma: Just to clarify to your earlier question, this 6385 Crores which SMA book we have shown it includes to 5105 Crores in retail book also that is quite evident that it is the entire book because the retail is basically very small accounts only.

Rakesh Sharma: GECL both 1 and 2 we have sanctioned Rs.2190 Crores which is 97% of the addressable amount and we have disbursed Rs.1967 Crores which is 90% of the addressable amount. Now, GECL 1 is Rs.1735 Crores, GECL 2 is Rs.455 Crores these are the sanctions and disbursement GECL 1 is Rs.1622 Crores and GECL 2 Rs.345 Crores.

Sunny Iyer: Sir my last question is on the write off policy, since now we have pretty good coverage on the existing GNPA book but still the GNPA number is pretty high. So, since we already provide 93%-94% what is your write off policy, when can we see this GNPA book coming down? If you can just give me some colour on that?

Ajay Sharma: As far as the write off policy what we have is basically that whatever is 100% provided we can write it off also we have in internal debt account not been classified as about and there are some two or three more points to this. So, based on a broad based policy which we have a board approved policy we do in a quarter-to-quarter basis, work on the write off action plan. Again, write off technically has such in reducing GNPA and it can also our debt standing rule. So, combination of both factors we work out. This year also we have done some amount of write offs but then taking off all on the full write off of about Rs.33000 Crores what is done, this is something we will look into it but our paramount important work was that one of that criteria of coming out PCA award the reduction in net NPA which I think the bank had this focus on and we have brought it to a level of 1.97%, GNPA is more optical, I think as an analyst you will appreciate the NPA figures is what would from the RBI angle and analysts will look at but we are having made this point we will look into the GNPA reduction on a optical level as also from a tax earning point of view and having said that once our advances start growing the GNPA numbers will also come down so we will take a balanced position on this in the coming year.

Rajesh Sharma: Now, I would like to add here to explain the technical part but now as you are aware the government has already made announcement for setting up of MARP and some of the assets now of course the policies are being made and may be hopefully within the next three four months that MARP may start its business so, some accounts will be identified and can be transferred we will consider transferring some of the accounts to MARP. So, that will also help us in reducing the GNPA numbers, since our provision coverage ratio is quite high around 97% so that we will be in a position to transfer those, but there of course it will take some two to three months time and it depend how the policies are made, but that is another one tool which will help us in reducing our GNPAs.

Sunny Iyer: One last question if I can squeeze in, the wholesale recovery has it been already reflecting on the Q4 number or it will come up in the next quarter?

Ajay Sharma: We have taken this into account. Bhushan is coming has been taken into in the fourth quarter.

Sunny Iyer: Thank you so much Sir for the opportunity.

Moderator: Thank you. The next question is from the line of Abhinav Chaudhary from Axis Bank Limited. Please go ahead.

Abhinav Chaudhary: Thank you Sir, for the opportunity. While my question was partially answered, if you can through more colour on the SME book, which is around 5% so while we are seeing that majority of that is in the retail. If you can provide some more colour whether it is on the unsecured portion what percentage that it will come out to be and second is if you can give figures on the LCR part, what is the LCR percentage that you are maintaining right now?

Ajay Sharma: On the first question we mortgage and the unsecured, we have largely secured book on the structured retail asset, 93% of book is housing loan or the mortgage book so, those are all secured, on the personal loans front and the education loan the book is very miniscule. So, that is one area which you added we will grow in the coming months. On the SME also most of these are the traders accounts which are collateral backed or CGT MSE backed guarantees are there. So, that way unsecured portion of the book is not large. As far as LCR is concerned the bank has adequate liquidity. It is more than 150% we are maintaining the liquidity. So, liquidity wise we are quite comfortable.

Abhinav Chaudhary: Thank you Sir.

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

Sneha Ganatra: Sir, I joined late so might be repetitive, first question is what the collection efficiency as of now, across all the segments?

Rakesh Sharma: The collection efficiency as indicated that my SME level overall the entire book is 5.08% so, 95% is my collection efficiency and it is same as the pre-COVID level. So, we are not experiencing much difficulty and the reason also we had explained that as far as retail book is concerned our 90% of the loan book is in mortgage book and out of that mainly it is in salaried class, so we are able to recover our installments and in MSME as Mr. Khatanhar was explaining these are 8% of the book is either against CGP MSME or against the collateral security and it is manufacturing all traders also. So, it is secured book only and in structured retail, I said we do not have much assets in personal loans. It is mainly in home loan or mortgage book. Personal loan and education loan portion is quite small. So as far as corporate book is concerned there also now the accounts which are left with this quite one or two accounts we may be having stress that is why this corporate SMA book is around Rs.1339 Crores but still that book is quite reasonably good. So that way the SMA-2 number is only 1.29%, so the collection efficiency just to sum up that we have around 95%.

Sneha Ganatra: Okay, Sir second question would be what is the outlook over the next year on the business front? Third question is how are we seeing overall asset quality to pan out considering the second wave will bring on and any additional provision which we require to make it for the second wave?

Rakesh Sharma: Of course in second wave again first wave also had uncertainties attached to it and we had made adequate provisions and RBI had in fact that time indicated that how provision we should have only this best make. But I am happy to tell that despite all those uncertainties our slippage book is not very large. We have been able to curtail our fees which are less than 2% which was our estimate also. So, same way and the reason I have already indicated because in retail our book is mostly in the salaried class in corporate also it is reasonably good, so we do not foresee much problems going ahead, but still we are cautious and we are monitoring our accounts quite closely. So that we do not see any surprises. Now, having said that although the RBI has not indicated to make any additional provision for COVID-2 but on our own one that Rs.363 Crores provision which we had made earlier so as per RBI instructions we could have reversed that as on March 31, but we have decided to continue to that and the slippages which happened in March have been provided from the current year's profit so that is why that same Rs.363 Crores we have continued. In addition we have made Rs.500 Crores provision for COVID-2 so this will be available to us up to March 31, 2022 by that time if any surprise comes it will be sufficient. In addition for restructuring book already we have made provision of Rs.251 Crores and the remaining restructuring Rs.175 Crores that also we have provided in March 31, so no additional burden will be kept re-structuring. One more that even interest refund that which as per Supreme Court directions that also we have made sufficient provision. So, that way the bank adequately provided for all those contingences have been provided for so that is why we do not foresee any deterioration in the asset quality going forward but yes, we are still cautious and monitoring the accounts quite good.

Sneha Ganatra: Any plan to sell off any of any of the subsidiaries?

Rakesh Sharma: As of now only that Mutual Fund because in any case that was regulatory requirement as per the SEBI. Last year, we had finalised the deal but somehow some regulatory approval could not be received. So, we have started the process at IDBI Mutual Fund that we have plan to sell, we will try to proceed with that. Other than that all my subsidiaries are making profit and the pro-forma has improved during this current year and we will continue to this.

Sneha Ganatra: Sir, last question is what is the re-structuring status of the Future Group?

Rakesh Sharma: Restructuring book of what?

Sneha Ganatra: Restructuring status of the Future Group if you can elaborate?

Rakesh Sharma: Like as you know already it has been completed, which is a consortium account.

Sneha Ganatra: Just wanted to get Sir, what is the growth target you have given for the next fiscal year?

Rakesh Sharma: Growth target basically now since we are also in PCA earlier we were growing only in retail accounts so of course during this current year 2020-2021 we were quite cautious in retail also although earlier we had grown up to 16%, more than 10% but this year we have grown only by 3%. We were quite cautious and about the penalty of our asset book and at the same time we were busy in monitoring the accounts. But now the current year what we are expecting is 8% to 10% growth in corporate group and around 10% to 12% growth in the retail book so, overall around 10% growth is absolute we will be doing going in a very calibrated manner.

Sneha Ganatra: Thank you and all the best.

Moderator: Thank you very much. The next question is from the line Jay Mundhra. Please go ahead.

Jay Mundhra: Sir, thank you but I have two–three questions, first on SASF this quarter we have done Rs.800 Crores provisioning and outstanding is Rs.1100 and I think the mandate was till 2024. So, is there any shortfall, what is the gross value and what is the net value of that trust?

Ajay Sharma: Ajay this side. So, aware this SASF was formed 20 years back almost in 2004 and that termination is in September 2024. So, as on date the amount outstanding is about Rs.2700

Crores and at the time of termination if there is any shortfall in that one has to take account of that. So, we are expecting a reasonable amount of recovery to happen in the next three years for quite a few assets are there and there we have quite a few accounts where there is a good land bank with them and can suppose to accrue some recoveries from there. But taking into account what will be the likely recovery of that part we have provided Rs.300 Crores earlier in the year 2019-2020 and now we are providing another Rs.800 Crores as you are aware we had income tax refund of Rs.1300 Crores. So, we have used this amount rather than showing it as a profit for two purposes, one for COVID-2 provision of Rs.500 Crores and Rs.800 Crores for SASF, we feel with this Rs.1100 Crores what we have provided and the expected recovery we may not have to put any further or major amount till the termination. But if there is something required in the next three years we will be taking a pause year-on-year basis so that is how we want to put it.

Jay Mundhra: Right, Sir this Rs.2700 Crores is the gross and against this you have Rs.100 Crores of provisioning right, so net amount is Rs.1600 Crores in a way?

Rakesh Sharma: But as of asset are there and it is fully provided assets.

Ajay Sharma: Yes, assets are there with SASF. These are fully provided when they were transferred and at the termination the assets will come back to IDBI.

Jay Mundhra: So, any way you mentioned that there is a very little probability of further provisioning so I think that was my understanding as well?

Ajay Sharma: Mostly so something we will definitely monitor the recovery performance and if there is a need we will take care of it I think the balance sheet and our P&L number should be able to absorb that easily.

Jay Mundhra: Right, now coming to your guidance part Sir, I find something a bit of mismatch right, that let us say we are estimating slippages of around less than 2% which would roughly be Rs.3000 Crores to Rs.4000 Crores roughly and we are estimating similar recovery of even at least Rs.4000 Crores and on the back book which you are carrying gross NPA you are 95% provided so there is no legacy provisioning, there is no SASF provisioning so why would you still have 1.5% credit cost?

Rakesh Sharma: You are right I fully agree with you. If you ask me there will be a net reversal only. But still what we are saying is that 2% slippages which are there against that 1.5% cost is there. Whatever provision reversal is there that of course will be separate so that is how like Rs.2500 Crores you are right because we have also given this policy guidelines that we will continue to have provision coverage ratio above 90%. So, that is why if you see just by rule 15% on that 2% it will be 0.3% should be there and plus ageing provision, so it should not be more than 0.6%, 60 basis point or 70, because ageing provision will also be there. But some additional provision we may continue to make so that my provision coverage ratio continues to be above 90% that is how we have indicated 1.5%. So it takes care ageing provision as well some accelerated provision and in any case that provision we were some TWO in any case that will go directly to profits, provision reversal will certainly help us in further strengthening the back that works value. That is how we have been doing now this year also we have seen lot of provision reversals and we have done although my slippages were only Rs.2382 Crores if you see 15% but we have done some higher provisioning there also in addition I have done Rs.900 Crores accelerated provision so this has helped us in further strengthening my provision coverage ratio and reducing the net NPA levels. So, like this we will do but you are right I agree with you arithmetically it will be only 60 basis points or 70 basis points only.

Jay Mundhra: Right Sir, but in the second thing. Sorry Sir.

Ajay Sharma: I think MD has made a point that is what, what we said we will definitely act or stand at while to be there, the numbers can be lower than this.

Rakesh Sharma: Like you would have seen in the past whatever number three years before I had given the guidance number that how my net NPA movement will be there. I am very happy to say that we have been able to adhere to those numbers so that way like one thing I have learnt that even if you effort less but try achieving more.

Jay Mundhra: Right, and at the same time Sir, your net NPA is now 1.97% and you are saying that net NPA will be maintained below 3% so in a way you are hinting that your net NPA will go up despite miniscule slippages and healthy recovery, so I am not able to understand?

Rakesh Sharma: Basically 2.5% we are saying but if you ask me internally my net NPA will continue to be less than 2% and rather there will be further reduction. This we are seeing in the extreme circumstances because of this COVID uncertainty. If this COVID uncertainty would not have been there, I would have written my net NPA will be less than 1.75%. So, because certain things still bothering although we are cautious, we are monitoring, we are quite confident but we are not complacent but still uncertainties are there that is why last time also I had mentioned my net NPA will be less than 3% but it is actually less than 2% internally I know that it will be less than 2%. So, that way I agree you have gone very deep into my projection. You are right but still just to care of any uncertainty if it comes due to COVID.

Jay Mundhra: Second thing is on restructuring now this construction company and Future whenever, I think one is already done Rs.1500 Crores, did it downgraded first and then it has been upgraded or do you think it can be upgraded in the following quarters?

Rakesh Sharma: Specific accounts I will not say like this but that also you are right that from that some accounts we are having, one or two accounts were downgraded and it will be in fact rather we will be seeing upgradation, but only thing is provision we will not be able to reverse whatever provision has been made that will continue as a restructuring provision. So, we will not be required to make extra provision but that provision we cannot as per the RBI guidelines if the account slips in between on implementation of restructuring it will be upgraded but the restructuring provision will continue. So, the provision will continue but you are right we will be able to upgrade that account or one or two accounts at the most we will give you at time of June 30 numbers.

Jay Mundhra: Right Sir, what is the total restructuring number which is implemented plus proposal, so I think the number that you have given is implemented?

Rakesh Sharma: It is basically as you have seen the total number is around Rs.2500 Crores we have given. Retail has fully not been implemented but this corporate account because the date is 30^{th}Juneand these are all consortium accounts. Before March only one account was implemented remaining will be done in the June quarter. So, the total amount will be Rs.2500 Crores which is around 2% of my standard asset book.

Jay Mundhra: Last question from my side is, this interest-on-interest number side waiver so there are two components one is above Rs.2 Crores and one is below Rs.2 Crores, above Rs.2 Crores I think we have made the provision in this quarter but have you got the reimbursement for below Rs.2 Crores amount what is the point on that?

Ajay Sharma: The first was Rs.53 Crores was the amount involved and we have got the reimbursement from the government.

Jay Mundhra: Second Sir, what is the amount for the second above Rs.2 Crores?

Ajay Sharma: Above Rs.2 Crores we have provided in the books Rs.184.89 Crores. This is subject to a final cheque because we had come through these numbers.

Rakesh Sharma: It is slightly on the higher side only because we are not sure about the numbers but certainly it will not exceed this. Second thing I may also like to clarify that earlier below Rs.2 Crores also some additional provision we had to make because Rs.2 Crores was from the banking system as a whole whereas if you look at the Honourable Supreme Court said that even from the bank suppose f they are having Rs.1.9 Crores from IDBI Bank and say Rs.1 Crores from other bank earlier they were not eligible now they will be eligible from all banks for their respective amounts. So, that is why in that area also some additional amount, that is how this amount has come to around Rs.190 Crores.

Jay Mundhra: Thank you so much and all the best Sir.

Moderator: Thank you very much. The next question is from the line of Bunty Chawla from IDBI Capital. Please go ahead.

Bunty Chawla: Thank you Sir, for giving me the opportunity again. Sir, in the February month you have intimated the board meeting there was a proposal of setting up of accumulated losses of the bank. So, what will be the impact for that on the balance sheet in FY2022? Is it any positivity due from with respect to taxation point of view? So, you can share on that Sir?

Ajay Sharma: Not from taxation optically the accumulated losses will be written off against share premium amount of course we have approached SEBI for the approval. Once the SEBI approval comes we have to follow the NCLT rules for approval. So, this should come it will take some time but yes, of course by FY2022 this will happen. So this will wipe off the accumulated losses which are there because our shared premium is higher than the accumulated losses. So, entire accumulated losses will be wiped off and in a way it will be helpful for declaring dividend in the future and now the bank is in profit so we can look at that option also going forward.

Rakesh Sharma: Just to clarify one more thing with the tax point of view that will not have any impact on either adversely or favourably on our tax point. So that carried forward losses from income tax there will be no impact either positive or negative.

Ajay Sharma: That book's benefit will available

Bunty Chawla: Okay, we can say it is a balance sheet neutral, but the positivity is there we can declare the dividend because we are in the profit side?

Rakesh Sharma: Which is on the liability side of the balance sheet both the entries will come.

Bunty Chawla: Sir one just clarification, in the presentation we have given the book value which is around Rs.28 but in the press release we are giving the book value as Rs.14.8, what is the difference and if you can bifurcate the difference?

Smita Kuber: In the press release we have given the book value after taking evaluation result and DCA also whereas when it is higher the DCA, so the difference of DTA is for retail.

Bunty Chawla: So, what will be that total DCA difference in terms of per share?

Smita Kuber: I give that DCA as on March 31 is around Rs.14000 Crores.

Bunty Chawla: Okay, Rs.14000 Crores and net interest margin has already been shared that because it is that we have got the interest from the income tax, right.

Ajay Sharma: My questions have been answered. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, that was the last question for today. I will now hand the conference over to Mr. Bhavik Shah, for closing comments.

Bhavik shah: On behalf of Batlivala & Karani Securities, we thank IDBI Bank 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 comments on this quarter? So, over to you Sir!

Rakesh Sharma: Thanks to Mr. Bhavik Shah. Again I would like to thank all ladies and gentlemen, all the participants who are attending this conference and sharing the valuable time and in addition if any other clarification is there we are always there to clarify so you can either contact our CFO Mr. Ajay Sharma or Deputy General Manager Madam, Smita Kuber. So, we will be happy to provide any further clarification if you need. Thank you very much again. Thanks a lot. We also thank Batlivala and Karani and the coordinator. Thank you.

Moderator: Thank you very much. On behalf of Batlivala & Karani Securities India Private Limited, that concludes this conference. Thank you for joining us you may now disconnect your lines.