



“IDBI Bank 1Q FY-20 Post-Result Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to IDBI Bank 1Q FY20 Post Results Conference Call hosted by Batlivala & Karani Securities India Private Limited. Participation in this conference call is by invitation only. IDBI Bank reserves the right to block access to any person to whom an invitation is not sent. Unauthorized dissemination of the contents or the proceedings of the call is strictly prohibited and prior explicit permission and written approval from IDBI Bank is imperative. Please note this call is only for investors or analyst. Any guest from media are requested to disconnect the call now.

As a reminder, all participant lines will be 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 this conference is being recorded. I now hand the conference over to Mr. Amit Singh of Batlivala & Karani Securities. Thank you and over to you sir.

Amit Singh: Thanks operator. Good evening everyone. And thanks for joining the call. On behalf of Batlivala & Karani Securities. We welcome you all to IDBI Bank 1Q FY20 post results conference call. We have with us today the management of IDBI Bank, represented by Shri. Rakesh Sharma – Managing Director & CEO; Shri G M Yadwadkar – Deputy Managing Director; Shri Ajay Sharma – Executive Director and CFO.

The Bank’s detailed financials and presentation have already been uploaded on the Bank’s website. And I believe most of the audience would have managed to see that. I would now request our ED sir, to start the call with his opening remarks on 1Q FY 20 Results. Post which we can start the Q&A session. Over to you sir.

G M Yadwadkar: Good evening friends. I am a G M Yadwadkar – Deputy Managing Director, our MD is likely to join about 4-5 minutes time. But in the meantime, what I would suggest that our CGM from Financial & Accounts department will give a brief overview of the results which are already uploaded and also the presentation has been uploaded. So, I will just hand it over to Madam Smita Kuber, who will run through the briefly the presentation which is uploaded.

Smita Kuber: Good evening, everybody. IDBI Bank has declared the first quarter results for FY20. The highest whatever the major highlight of this result is IDBI Bank has improved the asset quality and PCR is highest at 87.79%. Regarding asset quality, certain ratios to be highlighted. Gross NPA ratio has improved to 29.12% as on June 30th 2019, as against 30.78% as on June 30th 2018. Net NPA ratio has considerably improved to 8.02% as on June 30th 2019, as against 18.76% as on June 30th 2018. The same met NPA ratios stood at 10.11% as on March 31st 2019. In absolute terms the net NPA of the Bank has reduced to 10,963 crores as on June 30th from 29,981 crores as of corresponding quarter of the last year. Provision coverage ratio including technically write off cases has improved to 87.79% one of the highest in the Banking industry from 64.45% as on June 30th, 2018. Recovery from technically write off accounts, Bank has shown a considerable improvement being a focused area and it stood at 79% crores. Recovery from NPAs was at 729 crores. First time NPAs of the Bank has reduced considerably

and stood at 3486 crores vis-à-vis 7800 crores last year. And this 3486 crores also because of some RBI directions at the last moment Bank had to downgrade two major power cases amounting to 2200 crores which was included in this first time NPA.

Coming to the profitability parameters of the Bank. Operating profit stood at 951 crores as against 1081 crores of Q1 FY19. But in Q1 FY19 there was one extraordinary NPA recovery from Bhushan Steel amounting to Rs.229 crores, if that effect has been taken out then all the parameters Bank has performed well vis-à-vis June 18 numbers like NII, operating profit everything would have been, is better. Net interest income of the Bank is around 1458 crores for Q1 20 as against 1639 crores of Q1 19. Net interest margin stood at 2.13% as against what for the entire year of FY19 it was at 2.03%. Bank has reported net loss of 3801 crores. Cost of funds has improved considerably to 5.63% and cost of deposit has improved considerably to 5.29% vis-à-vis 5.41% of FY19. Certain business composition regarding CASA and retail advances. CASA has increased and the CASA ratio has also been increased at 43.15%. Bank has realigned the advances portfolio and corporate versus retail has been realigned at 48:52 as on June 30th 2019. Structured retail asset is showing consistent growth and it is at 8763 crores it has been improved by 20%.

Rakesh Sharma:

Good evening, I am sorry I could not join because I was stuck up with the press. So, she has given the brief, I am Rakesh Sharma – MD and CEO. So, madam has given some numbers. So, I will just like to mention some of the things.

Basically, the results which we are presenting and the results which the IDBI Bank has declared. So, it has to be seen in some context when last time we had met. So, that time we had given the guidance note, that our net NPA will be below 9% by 30th June and below 6% by 30th September and I maintain that and in accordance we have been able to reduce our net NPA to 8.02%. We had also indicated that our slippages will be less than 1500 crores. So, here one aberration is there of course, the slippages we were able to control below 1500 it was 1260 crores, but because of some two accounts which we had to downgrade as per the RBI instructions this two power accounts which I think the other Banks have also downgraded, it was 2226 crores. So, that is why the slippages have increased to 3486 crores, but this is basically one off. So, such things we will not, are not likely to happen in the subsequent quarters. So, I maintain that in the subsequent quarters we will be able to maintain the restrict our slippage below 1500 crores.

One more thing I would like to mention that the recoveries during this quarter were 1100 crores, including all technical write-off and interest. But, during this first four months in this quarter we did not get major recovery from the NCLT. And now going forward when some amendments have been made in the insolvency code. So, hopefully the big recovery should be coming that will help us in achieving the target which we are set for ourselves for recovery.

So, in this background some of course major parameters she has informed but this profitability part like as of this thing it appears that for our loss has increased to 3801 crores as compared to June 18. But as compared to March 19 it is lower. In March it was 4918 crores. And similarly

net interest income is also showing 11% reduction. But in June 18 there was one off income of 329 crores which was credited to interest account in Bhushan Steels so which we had received if we remove the effect of that income. So, our net interest income excluding that has increased by 11% and the operating profit has increased by 26% because it was 752 crores excluding that 329 crores of amount. So, that way like P&L basically is showing some improvement is being shown. And then of course expenses, other operating expenses were under control except that small increase was seen in staff expenses. So, provisions basically mainly it has been in our NPA cases, it was around 7009 crores in NPA and if we reduce the restructuring provision about 918 because it was available on that account which was downgraded as per RBI guidelines. So, almost 6000 crores we have made provision. So, this has resulted into loss of 3800 crores. But ultimately of course, it has helped us also in improving our net NPA ratio and also provision coverage which stands at around 87.79% which I think is the highest in the Banking industry. So, if we see the yield ratios, NIIM has improved from 2.03 to 2.13%.

Now coming to business:

In fact the last time we had indicated that our target is that the CASA ratio we be should be 45% by 31st March 2020. We are going as per those guidelines only and the CASA has shown 17% Y-o-Y growth during the period and our CASA ratio standards at 43.15 with this we are quite hopeful that we will be able to achieve the CASA ratio 45% by 31st March 2020. If you see the daily average balance and FTM daily average balance also we have seen the saving Bank has shown 9% growth and current account has shown 8.29%. In advances also we had indicated that we will grow by this 18 to 20% in retail advances. So, we are in line with the estimates and our growth during the quarter in the structure detail asset was 19% and disbursements have increased by 25%. So, we are in line, of course the overall total if you see the retail agriculture and MSME advances have shown growth of 4% because this MSME did not show major growth but we are compliant with the prior effects' guidelines.

Now, as far as Treasury is concerned of course, the rates are softening, this has helped us in getting some good income from Treasury and right back of provisions also and going forward we also feel that G-Sec yield will be more or less on the same lines. So, we expect good income from this area also.

Now coming to NPAs, as I have already indicated because of this one of this slippage 2226 two accounts were, there other than that slippages were under control, but net NPA which was 18.76 as on June 18 has been brought down to 8.02% and the provision coverage ratio is 87.79%. So, and if you see our NCLT list one and list two cases, list one basically we have been able to provide 99% of the provision, in list two 91% provision is there. So, the recoveries although we did not get some major recoveries in NCLT, but overall 729 crores was the recovery in this quarter and 78 crores we could recovery in technically return of account. Some 208 crores for recovery was credited to interest account and which name is totally recovery 1015 crores. And in addition to that there were some up-gradations also of 138 crores. So, that way, like despite the fact that no major recovery has come during the quarter, there has been reasonably good recovery but in the coming three quarters, we expect good

recoveries and I am quite sure that the target which we have fixed for ourselves we will be able to achieve it. And now if we see, as far as SMA is concerned of course SMA-2 which was 3355 crores as on June 18th now it was 2865 crores. Of course, it is slightly higher than what was there in March 19, but the major five accounts itself it is 2500 crores and which we have seen these accounts are not likely to slip so, there is no risk in this SMA also.

As far as capital adequacy is concerned of course, we are below the regulatory guidelines and in PCA we are and in threshold two, but we are in touch talking to various some investors and we are in touch with LIC also. By 30th September we hope that we will be able to raise some capital which will help us in meeting the regulatory guidelines. So, our requirement is around 9000 to 9500 crores for the year we have assessed, apart from that around 1500 crores we are expecting from the monetization of assets also.

Now, if you see PCA of course this temporarily we are in threshold two in capital and similarly in leverage also, but hopefully if we are able to raise this capital by 30th September so we will comply with that and in asset quality we are under T1 now, it has already come to 8.01 threshold one. So, my target is by 30th September we should be below six and then in Q3 or same thing which I told last year Q3 or latest by Q4 we should be in profit and by the end of this financial year we should be out of PCA. Now while we are expecting that there's some good profits and recoveries will come:

1. In NPA we have made 87% of provisioning. So, whenever new recoveries are made so we will not be required to make any additional provision.
2. Some monetization income will come.
3. This LIC synergies we are working out and already we have some 109 action points have been made 57 pointed actions have already been complied with. And we are expecting good recovery. Bancassurance is only one part, apart from that there are various avenues where we are expecting good profitability from the LIC business.

So, with this softening of G-Sec yields, monetization of assets, LIC synergies, now coming out of PCA by the end of the financial year. So, with that, these will be positive factors and I hope the Bank will be back on rails. And similarly, I think we should be able to show profit on quarter-to-quarter. So, thank you very much and I am sorry again for the delay because I was stuck up there. So, I think we can take some questions, whatever questions are there.

Moderator: Thank you very much. Ladies and gentlemen we will now begin the question and answer session. We have our first question from the line of Tushar Sarda from Athena Investments. Please go ahead.

Tushar Sarda: Yes, my question is, with NPA still being 1500 crores per quarter how are we going to return to profitability? Because credit cost will continue to be high on the new NPA?

Rakesh Sharma: No, if you see our credit cost this NPA like this time of course if you exclude these two accounts the credit cost was 2.5%. So, it is like in the going quarter because this credit cost

appears to be high because these two quarters were quite unexpected so such unexpected things will not come number one. Number two, as I told you that we are already like 87% is PCR. So, now this aging provision slowly will be declining. Now mainly why our credit cost is high not because of fresh slippage, because fresh slippage if you see 1260 crores or 1500 crores also it is there. So, 1500 crores the provisioning cost will be with 15% only 225 to 250 crores. So, that credit cost will not be higher. Main thing is coming from the aging, so aging now more or less it is gradually coming down. So, that's why we expect that the credit cost will come down and apart from that that recoveries which we are expecting now, because Q1 there was no recovery Q2,3,4 like in any case we are trying hard not only recovery, but assignment of certain debts also. So, those will also like in most of the cases, since we are holding so much high PCR I think we will be able to write back some provision.

Tushar Sarda: No, I am not on your aging provision sir, your advances are around 160,000 crores and if you have slippage of 6,000 per annum, 1500 per quarter it is 4% NPA. And your NIIM is only 2.1%. So, with 2.1% you cannot sustain 4% of MPA.

Rakesh Sharma: No, this is like initially because some present economy some stress is shown. But ultimately if you see in my retail now this corporate some assets one or two other some slippages are happening, but if you see my retail the slippages per quarters are only 250 to 300 crores. So, rather less than that around 200 crores per quarter. So, with that I think this year I am expecting but the going next year, our slippage will be bringing it below 2.5 to 3%.

Moderator: Thank you sir. The next question is from the line of Praful Kumar from Pin Point Asset Management. Please go ahead.

Praful Kumar: Sir how much is the outstanding restructure book now?

Rakesh Sharma: Outstanding standard restructured book is now very small. Standard restructured is only 1496 crores.

Praful Kumar: Close to 1500 crores. And sir in terms of CET-1 is down to 6% and you mentioned on the last concall also that it might happen that allocation to PSU Banks might not go through IDBI because now it's owned by LIC. And since government and LIC hold 97% of the Bank already, how do you intend to raise 9000 odd crores that you are talking?

Rakesh Sharma: No, like in 9000 out of that 50% will be contributed by LIC only, remaining 50% either we have to raise from market or from government. So, of course government is also having 46% share in our equity. And 51% LIC of course is again 100% owned by government. So, those factors of course we can go but other than that we are also talking to various other investors. So, somewhere some we are quite hopeful that this will materialize you just wait for one and a half months.

- Praful Kumar:** Okay. Your SMA-2 is supposed to now 10,000 odd crores given that economic has slowdown materially last one, two months. And your slippages are already running 3,500 crores. So, can you throw some light, what are the negative surprise you expect in terms of slippages?
- Rakesh Sharma:** Actually this negative surprise I don't expect because, whatever this 2800-odd is there SMA, but personally I have seen all the accounts, and it is a temporary phenomenon not the permanent, I think those accounts will be serviced I don't expect any surprise in from those accounts.
- Praful Kumar:** Okay, can you tell us the exposure for NBFC what is your exposure to NBFCs today. Funded and non-funded?
- Rakesh Sharma:** NBFC around 6000 crores exposure is.
- Praful Kumar:** How much is it in SMA sir? How much is SMA-1, 2 if any NBFC?
- Rakesh Sharma:** NBFC there is no SMA only one account is there. Otherwise all our accounts are SMA-0 or 1.
- Praful Kumar:** Okay. And sir what is the status of Dabhol project?
- Rakesh Sharma:** Dabhol I basically Ratnagiri now.
- Praful Kumar:** Yes, that is right.
- Rakesh Sharma:** So, you know that what is the status. I have already indicated something that.
- Moderator:** Thank you. We have a next question from the line of Harsh Shah from ICICI Direct. Please go ahead.
- Harsh Shah:** Sir out of the 6000 crores of NBFC exposure What is your exposure towards DHFL and have we taken any provision on it?
- Rakesh Sharma:** So, far this account is standard only. It's not a RBI.
- Harsh Shah:** And what would be the exposure?
- Rakesh Sharma:** It is not much it is around 1000 crores only.
- Harsh Shah:** Okay. And sir secondly, within the government notification for the credit guarantee scheme for the portfolio buyout, would our Bank be buying any portfolio?
- Rakesh Sharma:** No, even otherwise as far as buying portfolio is concerned so there are no restrictions. Although we are under PCA but buying portfolio there are no restrictions. And depending on how things are working now RBI has also given certain relaxations on classifying these

accounts at priority. So, like whenever a good portfolio is coming then we are examining those things. So, those things in any case, normal case also are happening but not very aggressive.

Harsh Shah: Okay. Sir what would be our focus area within the RAM? If you could throw some light on it because if you are not?

Rakesh Sharma: Focus area is basically that structured retail assets mainly home loan and mortgage loans mainly and of course in MSME because we have to in any case comply with the priority section guidelines. So, MSME also good MSMEs we are consulting those things in fact already we have CPCs where the proposals are processed and they are specialized persons and in agriculture apart from of course, some director credit because here also we have to comply with the regulatory guidelines of 18% otherwise we will have to deposit in RIDF. So, with good reputation those borrowers are there we are considering and agriculture gold loans are also there.

Harsh Shah: Okay. And sir when can we expect the fresh capital rising, because we are well below the RBI threshold.

Rakesh Sharma: Hopefully, by 30th September we should see some positive.

Moderator: Thank you. We have next question from the line of MB Mahesh from Kotak Securities. Please go ahead.

MB Mahesh: Couple of questions. One, if I look at your presentation in March 2019 and I look at the presentation today, there seems to be a material increase in NPAs in sectors like NBFCs and other services. NBFCs last quarter was somewhere about 300 crores this time we reported about 1600 crores. And other services, 180 crores this quarter you reported 5000 crores. Could you just kind of reconcile between what you declared in the March quarter and what you declared in the current quarter? That's question number one. Second one is that, if you could just kind of give us some clarity, there has been some resolutions which one has seen on the power side, if you could kind of give some color. So, what are you hearing right now? And what are you seeing in your power portfolio? And the third is, the increase in SMA accounts. If you could just kind of give us some color on the corporate side what has broadly driven this increase? Thanks.

Rakesh Sharma: Increase in?

MB Mahesh: The SMA accounts.

Rakesh Sharma: Yes, SMA accounts increase is actually it's not that some chronicle accounts so some it was temporary increase. So, that's why I am saying with confidence that these accounts are not likely to slip because I have seen each and every account. So, as far as power is concerned, of course, you know, wherever a stress was there already we have classified these accounts at NPA. Now the remaining accounts are without stress as such, and these two accounts although

these accounts actually these two accounts which we have classified as NPA, were also not showing any sign of stress these were all regular accounts, that's why these are unexpected. So, basically, we were not expecting that these accounts will slip. And further like although these are slip so we are hoping that these accounts will be upgraded. In one case, both the cases we have already started talking to the promoter. So, hopefully, those whatever technical issues were there with other Bank, because of that, these accounts have been downgraded, those things are being rectified, and hopefully these accounts will be upgraded soon. Now, as far as this NBFC is concerned, I think a separately, we will give you the number, I think some mistake. We will come back to you with number, we will email to you.

MB Mahesh: But you seem to be showing very sharp increase in NPAs in the numbers that you have reported between March quarter and June quarter.

Rakesh Sharma: We will come back to that.

MB Mahesh: As of power, sorry power resolutions outside these two cases if you could just give us some color as to has there been any other accounts where you have seen some progress on resolutions? Because there was one GMR had kind of completed one of it's accounts s we are just trying to see if are you hearing, are you seeing any further clarity on resolutions out there?

Rakesh Sharma: No, in fact some of the accounts are there n NCLT. So, there resolution, individual account of course, I may not be able to discuss with you, but this accounts under NCLT these are at various stages, advance stage some stages are as admitted cases done, this being put to voting and all these things. So, these are all various stages and each and every account is being monitored by our NPA management group separately and then I think that's why I am expecting total recovery which we have given is around all inclusive technical return off, then interest, assignment of that all 13,000 we are expecting during the current year. This will include some power accounts also and of course various all other accounts.

Moderator: Thank you. We have next question from line of Harsh Shah from ICICI Direct. Please go ahead.

Harsh Shah: Sir, if it is possible can you name the two power account which has slipped this quarter?

Rakesh Sharma: Its one of the Maharatna accounts only I think you would have seen in some other Banks also it has been it will not be proper for me to name the accounts, but you can make some guess.

Moderator: Sir, do you have any further questions? Thank you. We have a next question from the line of Jayraj Singh, Individual Investor Please go ahead.

Jayraj Singh: So, this was regarding additional provisions during the quarter with respect to specific accounts. So, which accounts or from which sectors do they belong too?

Rakesh Sharma: Additional provision in?

- Jayraj Singh:** Sir the BSC filing states there has been additional provisioning this quarter?
- Rakesh Sharma:** These are not actually, some power is also there, some infrastructure is also there and some auto is also there these are mix of accounts not that infrastructure and some power account are there? And one power, a mix of two or four, five accounts are there.
- Jayraj Singh:** Okay. And sir your additional slippages of 1200 so 3500 was total out of which 2200 was from two power accounts. Rest of the slippages were they lumpy, were they granular, from which sectors were they?
- Rakesh Sharma:** After that if you see if you exclude those two accounts of course one was another some power account which was 300 crores and one hotel account in 100 crores and all other accounts are less than 100 crores. So, not only two accounts one is 300 that is power account again and one hotel account around 100 crores and remaining all are below 100.
- Jayraj Singh:** Okay. And sir recovery has been not keeping up the traction for the next quarter, how do we see the recovery panning so far?
- Rakesh Sharma:** I agree with you because in first quarter in fact rather four months. So, not even a single major account has been resolved under NCLT. But we are expecting that after that amendments which have been made in the IBC. So, with that the NCLT resolution process will speed up and then we are expecting some better recoveries in this coming quarters.
- Jayraj Singh:** Okay. And sir any color on the DHFL Meet that happened today between committee?
- Rakesh Sharma:** We are also here busy with board results but that officer is there separately we can give you the details.
- Jayraj Singh:** Okay. And the hotel accounts is it the approved hotel?
- Rakesh Sharma:** No. It's a small hotel.
- Moderator:** Thank you sir. We have a next question from the lineup Ankit Jain, Individual Investor. Please go ahead.
- Ankit Jain:** Sir in your comments you have mentioned that going ahead the slippages will be below 1500 crores. Now over year are we sectoring in the slippages which could come up from the residual resolution. So, let's say that the DHFL resolution doesn't take place by September and it slips into NPA or there are exposures to RADG Group or other exposures which are under stress. So, are we considering that accounts while we are giving the guidance of the slippages?
- Rakesh Sharma:** In fact even if that's finished we are quite hopeful that the resolution plan will be worked out. When I say 1500 that is a big outer limit. Now this whenever I said 1500 last quarter also. So, we were able to restrict it within 1260. So, even if that slips worst come worst case, I think still will be able to maintain within that, 1500 crores level that's I am quite sure. So, it's like 1500

is the outer limit because if I tell you then we should not be able breaking that limit. But number one, I am sure this resolution will be provided, worst come worst even resolution is not provided it will not increase much that much I can say.

Ankit Jain: Okay. And second thing sir in order to understand on this LIC. So, how are the things panning out there in terms of the opportunities apart from CASA and all those things?

Rakesh Sharma: There are various issues are there. As, I said one is of course like, the Bank assurance is only one thing then apart from that maintaining salary accounts of the LIC employees, then similarly booking some assets, we have given certain concessions to LIC employees and LIC agents and even premium policy holders. For in our home loan then there are cash management services like collection of premiums from the policyholders' online premium can be collected then cross sell LIC and there is some office accounts zonal office accounts also. So, these are all issues are there and then apart from that, in some cases wherever LIC premises is available, we can use their premises wherever our premises is extra space we are having they can use our premises and you know, rental will be available. So, like this various basically synergies are being worked out, there is a task force on that. And various we are working on those things. So, it's like overall some sort of package is there where we will be able to realize the benefits of the synergy, so that it's a win-win situation for both of us.

Ankit Jain: Okay. So, basically all these employees of the LIC, so they already will be having some accounts on the other Bank. So, what steps are we taking to become a primary Bank and not being only the secondary Bank for holder.

Rakesh Sharma: That is our priority actually, that is our priority Yes, you are right, they are having accounts and naturally they will be happing accounts with other Banks. So, slowly, that's why it is taking some time, but slowly-slowly we are talking to the top management and then we are working out a, we have worked out to various packages, salary packages for them, which have been offered with certain some additional facilities, those things are being worked out. And many accounts are being opened have been opened also. So, it will take some two to three months, three, four months' time also, but these are being worked out.

G M Yadwadkar: Actually presently about 11,000 employees of LIC have already opened their salary accounts with us which is roughly around 10% of their total staff strength. So, gradually this number will increase and that's what as you said that we will be the first preferred Banker for LIC employees.

Ankit Jain: Sure. And lastly sir on this, so post we becoming a private Bank has there been any employee unrest because the Bank has been declared a private Bank so some issues within the employees or something of that sort?

Rakesh Sharma: Now all these issues have been settled initially there were when these issues were going on that time some issues were there, but now everything has been sorted out it's good amicable

relationship, but of course we are in the transition phase some of the issues are being worked out but such there is no issue with the employees.

Ankit Jain: Okay. And lastly sir in this SMA, apart from SMA-2 which has seen the increase on a Q-on-Q basis SMA-0 has increase, so is it a seasonal increase because of the agri and all those things or is there something else?

Rakesh Sharma: No, it is basically like as I said out of 2865 around 2300, so almost 2200 is in those cases only which are not basically likely to slip, but the smaller accounts are only not much.

Ankit Jain: No, sir I was asking from the SMA-0 perspective.

Rakesh Sharma: SMA-0 one account itself is 1900 crores, but that again is basically not like a temporary basing, I think it has been corrected also by that time. So, this SMA-0 out of 33, one account itself was 1900, which has been corrected already.

Moderator: Thank you sir. We have next question from the line of Tushar Sarda from Athena Investments. Please go ahead.

Tushar Sarda: I just wanted to understand where is the incremental stress coming from because your gross NPA 30% is already very high so one would have assumed that all the stress has been recognized?

Rakesh Sharma: No, I think I'll have to correct it, if you see the fresh stress will be seen from the slippage not from the gross NPA. Now gross NPA is a little bit technical I can share with, now this earlier one of the analysts had asked how much like this DA3 cases. Now there are almost 12,000 crores of NPA which are basically 100% provided for. So, normally most of the Banks will technically written off, wherever 100% provision is there that is technically written off. We can also do that, but we have not done it for some reason. So, if we reduce it automatically our gross NPA will come down quite substantially.

Tushar Sarda: No, my question is different sir, that you already have 30% of your assets advances as gross NPA and you are still getting 4-5% new NPA? So, on top of this 30% another 4-5% new NPA in high number. So, where is this additional 4-5% coming from?

Rakesh Sharma: That is 1500 which when I am saying so, some surprises keep on coming sir which is built up in this like earlier our friend was asking the DHFL so, if that happens but if it does not happen then in fact we will be quite less than that. So, that is why we were saying we will restrict in any case to 1500. We are quite sure that surprise will not come it will be resolved.

Tushar Sarda: No, what I want to understand is which all, is this manufacturing, is this retail, is this agri, where is the stress coming from what kind of tomorrow or which are slipping in still into NPA? I am just trying to understand.

- Rakesh Sharma:** Basically, like those two accounts if you see from that, this smaller accounts – the agriculture and retail, retail will be around 150-200 crores, agriculture again will be 150-200 crores, not a major stress is coming SME yes around 200-300 crores will be coming from SAB. So, all taken together it will become around 500-600 crores. Some of course are coming some, other restructured account was there or some power accounts one or two marginal cases were there but now in the coming quarters I don't think such things will come in future.
- G M Yadwadkar:** Detail accounts upgraded also become a NPA and it will be upgraded or standard in the next quarter also.
- Moderator:** Thank you. We have a next question from the line of Amit Singh from B&K Securities. Please go ahead.
- Amit Singh:** Sir, firstly on our power exposure of around 27,000 crores if you can quantify what is the private power exposure in that?
- Rakesh Sharma:** Outstanding in power is 19,000. Mostly power is private only.
- Amit Singh:** Okay sir. If you can share the rating profile of the same if you have with you, private power rating profile?
- Rakesh Sharma:** So, this I can give you separately.
- Amit Singh:** Okay, not an issue sir. And sir secondly, also on the NBFC exposure of around 4500 crores. Sir how is the mix between PSU and private NBFCs? How is the mixer there?
- Rakesh Sharma:** It's again private only except for housing a bit but rest all is private.
- Amit Singh:** Okay, so majority of this is only private. And sir thirdly sir if you can also quantify the cases where we have signed the ICA post the 7th June circular and what would be our exposure to those cases? If you can just quantify that amount?
- Rakesh Sharma:** After 7th June circular ICA we have signed?
- Amit Singh:** Yes, sir which are still standard in our books?
- Rakesh Sharma:** We will get back to you separately on this.
- G M Yadwadkar:** Amit we will come back to you, I will mail it to you tomorrow.
- Amit Singh:** Sure sir, not an issue sir.
- G M Yadwadkar:** Just tell me your mail and I will send it across to you.

- Moderator:** Thank you sir. We have next question from the line of Arjun Tandon from Matsya Capital. Please go ahead.
- Arjun Tandon:** Sir, I just wanted to know if you have any exposure to Sintex and Cox & Kings?
- Rakesh Sharma:** Sintex very small exposure, Cox & Kings nil.
- Arjun Tandon:** Okay. And sir what about Vodafone, Idea?
- Rakesh Sharma:** We have some exposure not very big exposure in Vodafone. But this individually okay those things whatever is there it's all non-fund based.
- Arjun Tandon:** It's all non-fund?
- Rakesh Sharma:** Yes.
- Arjun Tandon:** And how much might that be? How much would the amount be for the non-fund?
- Rakesh Sharma:** 1000 odd.
- Arjun Tandon:** Okay. And sir what's the view on the NCLT account recoveries like what's the timeline you think for NCLT-1 and 2?
- Rakesh Sharma:** We were expecting major recovery from NCLT-1 by last year itself quarter of the last year.
- Arjun Tandon:** No, absolutely sir, I am just talking in light.
- Rakesh Sharma:** Now they are looking at this part of it in the second quarter. And maybe some of them in the third quarter.
- Arjun Tandon:** For both the list NCLT-1 and 2?
- Management:** NCLT-2 whatever is there which may get resolved, it should get resolved by the fourth quarter itself. NCLT-1 cases definitely by third quarter and within this year we are expecting the once which would get resolved should be resolved within this year.
- Arjun Tandon:** Okay. And sir you had mentioned that even though you are in PCA there is no restriction to buy out asset. So, how much have you done in this quarter and the last quarter how many buy outs?
- G M Yadwadkar:** We have not done actually we have not done. We have only some under 100-200 crores we have done in private sector agriculture portfolio, but other than that we have not done. So, maybe some -48:43 route from RRB or something good RRB but other than that, we have not done as such.

- Arjun Tandon:** Okay, got it. And sir what's the progress on the non-core assets sales can you give some timeline and some cases where we can expect some traction?
- Rakesh Sharma:** Now this mutual fund IDBI mutual fund, already we are at advanced stage. Non-binding bids have been received and binding bid also, when is the date? 23rd. So, hopefully we are expecting if not by this quarter end, by 31st December certainly we will get the money in our account. In IDBI Federal Life Insurance also the process is on and in that of course, it may take some time because there are three partners are there and it is some time consuming process but latest by this financially year end we will expect that also. Apart from that we have some investments. And those investments also partly of course we will receive during this quarter only, some around 100 odd amount. And some for again process is on, so by this December end we should be able to target some of the further investments. So, total, we are expecting around 1500 crores from total monetization by this year end, financial year end.
- Arjun Tandon:** Okay, got it sir. And sir you mentioned Treasury has been good this quarter. But were you managed to recognize a big chunk of the Treasury gains due to the yield movement or do you think there's a lot more to come in the coming quarter?
- Rakesh Sharma:** It's like they have been doing it gradually they have not realized full gain. So, they are doing it gradually spread over. So, I think more will come during the next quarter also. Some something will come during the next quarter also the entire thing has not been realized.
- Moderator:** Thank you sir. We have next question from the line of Tushar Sarda from Athena Investments. Please go ahead.
- Tushar Sarda:** My question is on a different line, you mentioned that you have synergies with LIC and around 11,000 employees have opened the Bank account. What about being Banker to LIC itself because that can give you a lot of float in terms of current account balances.
- Rakesh Sharma:** That is what in fact their investment account, zonal offices account and all this, then collection of premium account. So, all this are we are expecting good float from LIC. So, that will help us in building up good current account balances.
- G M Yadwadkar:** Roughly 500 current account have already been opened. And current account float in those accounts is increasing. About 13
- Tushar Sarda:** How much would that be approximately?
- G M Yadwadkar:** Float is about 280 odd crores.
- Rakesh Sharma:** But the major accounts have to come in.
- G M Yadwadkar:** Investment accounts as the major accounts. The accounts have been opened, their the basically the float will start coming in going forward.

- Tushar Sarda:** Okay, so that is all working progress. Right?
- Rakesh Sharma:** Yes, that is right. Major float will come from the investment accounts only which have already been opened but the operations have to start maybe will start within a week or within 15 days.
- Moderator:** Thank you sir. We have next question from the line of Jairaj Singh, Individual Investors. Please go ahead.
- Jairaj Singh:** Sir can you just broadly give us a color on what are the accounts or which sectors ICA has been signed recently either they are NPA or not?
- Rakesh Sharma:** ICA has been signed in, there is no fixed on one sector the ICA have been signed it has been very effective.
- Jairaj Singh:** Like some accounts with big sectors, like Dewan example, I guess ICA has been signed, so any other corporates where ICA has been signed?
- Rakesh Sharma:** Any other?
- Jairaj Singh:** Any other corporates where ICA has been signed recently?
- Rakesh Sharma:** Yes we have signed around 10 to 12 cases where we have signed the ICAs. And these are in the various sectors, different companies.
- Jairaj Singh:** Okay, and all these 12 cases are NPA or SMA-2 how is it, or in the SMA buckets?
- Rakesh Sharma:** These are mainly NPAs.
- Moderator:** Thank you. As there are no further questions from the participants. I now hand the conference over to Mr. Amit Singh from Batlivala and Karani Securities for closing comments. Sir over to you.
- Amit Singh:** Thank you operator. On behalf of Batlivala and 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 request the MD sir to kindly give the closing comments on this quarter.
- Rakesh Sharma:** Thank you very much. Thanks for arranging this seminar, but only one thing I can say just to conclude that, our target to come out of PCA by the financial year and I think we stand by the same target and that net NPA also to bring below 6%. Yes, in fact the slippages which I had indicated 1500 crores which of course, it is the most outer limit. So, basically like you know so because one or two surprises come it will take care, but actually we should be able to target below 1000 crores. So, this quarter as it was 1260 crores. Of course, then two surprises came similarly that growth had this business strategy plan which we had prepared and which I had shared with you last time that SRA we want to grow by 18 to 20% and MSME and agriculture 8 to 10%, CASA ratio 45%. So, those things we maintain the same thing and I feel we are on

line and in the future when the recovery start coming because so far this first four months there was no recovery. When the recovery start coming, so the partly recoveries will take care of the aging provision, because now even otherwise the net NPAs are not much. So, aging provision will be taken care of, so once the Bank comes in profit, I hopefully we should not look back. So, thank you very much.

Moderator:

Thank you very much sir. Ladies and gentlemen, on behalf of Batlivala & Karani Securities that concludes this conference. Thank you for joining with us and you may now disconnect your lines.