



“Indian Bank  
Q4 FY2021 Conference Call”

May 31, 2021



**ANALYST:**

**MR. ANAND DAMA – EMKAY GLOBAL**

**MANAGEMENT:**

**MS. PADMAJA CHUNDURU – MANAGING DIRECTOR  
& CHIEF EXECUTIVE OFFICER – INDIAN BANK**

**MR. K. RAMACHANDRAN – EXECUTIVE DIRECTOR -  
INDIAN BANK**

**MR. V.V. SHENOY – EXECUTIVE DIRECTOR - INDIAN  
BANK**



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**Moderator:** Ladies and gentlemen, good day and welcome to the Indian Bank Q4 FY2021 conference call hosted by Emkay Global Financial Services Limited. As this call has been restricted, the media people are not allowed. We have with us today, Mrs. Padmaja Chunduru, MD and CEO and the top management team. 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. I now hand the conference call to Mr. Anand Dama of Emkay Global. Thank you, and over to you Sir!

**Anand Dama:** Thank you. Good morning everyone. We are pleased to have Indian Bank MD and CEO, Mrs. Padmaja Chunduru and the entire top management team to discuss the fourth quarter FY2021 result highlights in brief, as well as outlook on the growth and asset quality in view of COVID-induced disruption. Post which we can have a Q&A session. Over to you madam for opening remarks and would request you to keep the opening remarks brief so that we have more time for Q&A. Thank you mam, over to you!

**Padmaja Chunduru:** Thank you Mr. Anand Dama. Welcome to all the analysts for this financial year 2021 analyst conference from Indian Bank. This year has been very challenging for the bank as you all know the first year of amalgamation and also working under the COVID scenario, but it has also been very satisfying, very good year for the bank. I think the bank is placed on a solid footing with good performance.

In the first year if the performance has been stabilized so well, I think the bank is poised to better and improve to get in full potential in the years to come. All the key ratios have met in these expectations I think and exceeded also in many ratios. Good team is in place to take it forward apart from the required operating and net profit, the capital ratio is very strong, the asset quality is under very good control, good visibility about future earnings is there. Now I think the uncertainty around amalgamation has sought of dissipated. The only uncertainty is about the COVID scenario, however, it will pan out but that is common for the industry, so I think among the industry players, Indian Bank is very well positioned to improve business also once the economy opens up fully. So I think we have already put the analyst presentation on the website and you must have all gone through. I think we will just end with saying that we will continue to focus on our core strengths, which are the RAM portfolio, agriculture, MSME, the BC network, priority sector lending, all these are very strong holds of Indian Bank and now after merger across India also and there is a very good eye on cost control and strong credit monitoring and recovery. The corporate lending has been very strongly fortified, the risk appetite is there to take off when the demand picks up and the investments in technology and all the digital initiatives will now start taking off in this year. COVID scenario, we are unable to really comment on how the year would pan out but I think from what we are seeing from last year, we have some control over all those slippages and also working very fast on the restructuring that RBI has given and also government has come out. So I expect better performance in the coming year, I think this year has been very satisfactory for the bank and personally for me too. 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 Rishikesh Ojha from Robo Capital. Please go ahead.
- Rishikesh Ojha:** Hi mam, good morning. My first question is except for the last quarter the yield on advances were around 7.5% or so. So is it fair to assume same yield going forward?
- Padmaja Chundurur:** Yes, I guess so because if at all interest rates are, they will be steady or they will go only go up, I think there is no downside now, I mean there will not be any further reduction in interest rates but the yield on advances, yes, I think we will maintain that. Our focus has also been on the interest expenditure. Bringing down the cost of funds, bringing down the cost of deposits and also improving efficiencies in the system, which is very visible through the reduction we could bring in the interest expenditure.
- Rishikesh Ojha:** And second question is for the next two years FY2022 and 2023 if you could share the credit cost guidance and loan book road guidance please?
- Padmaja Chundurur:** The credit cost, we would like and we think we can keep it below 2, which is what we had anticipated this year also and despite all the challenges that worked out. Going forward given the various initiatives the government and the reserve bank have also come out with and the banks own strength in the monitoring and recovery, we expect that the credit cost will be below 2 for 2022 and 2023 also. As far as business growth is concerned, we had expected and we had strategized for a higher growth say around 14% CAGR up to 2025, but right now the current year up to May has been very dull across the segments for reasons known to everyone. I think in the Q2 it should start improving and maybe we would expect at least 10% growth between 10 to 12%. Last year also RAM was the driver of the growth, this year we expect RAM to keep its pace, but corporate also to pick up because the demand from the corporate sector has to come in and I believe that would happen after either in Q2 it may start but more in Q3 and Q4, so we are having this anticipation now but we will revise the estimates once clarity emerges.
- Rishikesh Ojha:** No problem. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Mona Khetan from Dolat Capital. Please go ahead.
- Mona Khetan:** My first question pertains to this Infra NBFC account, has that been taken as NPA for you this quarter?
- Padmaja Chundurur:** Which one?
- Mona Khetan:** The Kolkata based NBFC?
- Padmaja Chundurur:** Srei Infrastructure, yes, it has not yet been taken as an NPA because NCLT has just come out with their judgment, but we have made already 20% provision on that, so a provision of 20% has

already been made in March for that, 400 Crores has been made against the 2000 Crores exposure that we have for Srei.

**Mona Khetan:** Sure and what would be the recovery pipeline for next year?

**Padmaja Chunduru:** We expect not less than 5000 Crores recovery during the financial year 2022 driven both by NCLT and non-NCLT account, also the smaller accounts less than 1 Crore account, this year also there was a good recovery through OTS and other mechanisms, so next year also we expect, we are giving a guidance of about 5000 Crores overall recovery.

**Mona Khetan:** This will include DHFL as well?

**Padmaja Chunduru:** Yes.

**Mona Khetan:** And other than DHFL what would be large account that maybe under pipeline for you.

**Padmaja Chunduru:** Other than DHFL I think Chanani is already done and it will come in the June quarter that recovery has already come. I will ask Mr. Ramchandran to respond.

**Ramchandran:** You are talking of the recovery?

**Mona Khetan:** Right.

**Ramchandran:** Recovery we have DHFL and then we have Chanani Steels, Appu Hotels, Cell Manufacturing, Transfers.

**Mona Khetan:** All these are small?

**Ramchandran:** Settlement there we expect that we get around 1000 Crores and out of that the NPA reduction will be around 5000 Crores roughly. Non-NPA, again we have a quite a few of them, Kharagpur main stuff already we have received it and then we have GPR Power, Coastal Energen which can get upgraded.

**Mona Khetan:** Okay and synonymously what is the kind of recovery if you could just say that?

**Ramchandran:** Actually because of the court stay is there, the amount is being collected and it is kept in an escrow with State Bank of India. Once the court stay is lifted, we will be upgrading that account, we will getting the recovery and the upgrade also will happen because collections are still happening in that account.

**Mona Khetan:** What is the exposure and what is the extent of recovery?

**Ramchandran:** Exposure is around Chanani is 151 Crores and we expect around 70 to 75 Crores recovery.



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**Mona Khetan:** When I look at your current account deposits, there has been a sharp year-on-year growth this quarter anything to read into it?

**Padmaja Chunduru:** The amalgamation one of the bigger advantages or the synergies that kicked in was the current account growth and as you know the last quarter opened up in the sense of that because after the pandemic's first wave this was the small window that was available for people to go meet institutions, meet customers and then get deposits up, so we are very happy with the kind of growth in current account, a 32% overall year-on-year. I think one issue I would like to flag is that this year I think we need to see the last year amalgamated entity vis-à-vis I mean the first year financial year full figures because in between the quarters have been very volatile in a sense.

**Mona Khetan:** So it is more structural in nature, the kind of growth that you are seeing in the current account?

**Padmaja Chunduru:** Yes, there is a very steady growth, steady efforts been made and there is a very good government relationship in many states where the bank is present, so all that and we are also digitally tying up with them so that the stickiness is there. There have been lot of MOUs that have been signed and lot of the digital platforms that have been provided for the government department so that their transactions are routed through us. It happened in Delhi, it is happening in Chennai and also in Mumbai. Those details I think are there in the presentation, we have been able to really garner good relationships that way.

**Mona Khetan:** Does it also have anything to do with the RBI circular on current account, has that helped in anyways?

**Padmaja Chunduru:** That is happening in a way that wherever we are lending more than 10%, we are insisting that the collection account should be with us and also following up with other banks for closure where there is no real reason to have that account but that I think would more pan out in the current year because it has just started happening in September, October, it will pick up during the current year.

**Mona Khetan:** And the SMA 1, 2 data that you shared in slide 32 does that pertain to the entire book including accounts less than 5 Crores?

**Padmaja Chunduru:** It is the entire book.

**Mona Khetan:** How much would be your SMA 0 also if you have the data with you?

**Padmaja Chunduru:** SMA 0 is generally I mean higher in terms of, I think it would move from 9%, it might move to around 18 to 20% if we include SMA 0.

**Mona Khetan:** And lastly on the capital raising plan, you have taken board approval for about 2000 Crores so this is CET1 of 11.3%, I just want to understand what is it that is resulting in a plan for capital raise because this will lead to an equity dilution.

**Padmaja Chunduru:** So, there was this COVID scenario planning and stress testing that we had done of our portfolio and in anticipation of this kind of a scenario playing out the worst case scenario, we had taken board approval for 4000 Crores of equity infusion but given the way the year has panned out, the slippages have been lesser than what we expected, I think the performance has been better and also various initiatives again as I mentioned which helped. I think we will take it as it comes when the market is good and when we can get a good price, so that is when we will do the QIP but we have all necessary approvals in place.

**Mona Khetan:** Okay, so your stock prices currently trading below book, is it fair say that you many not end up raising equity if the prices continue to be below book?

**Padmaja Chunduru:** Below book is 250, the book value, so what we want to do is two things, one is again make a balance sheet strong, which is already there with 15.7 capital adequacy, the second thing is that we need to bring down the government stake below 75% so that was also one of the triggers for this approval from the board just to keep the things ready, but we are in discussion with the ministry, we will take it if that works, then there may not be any immediate requirement for capital infusion so we will observe the market trend and take a call.

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

**Ashok Ajmera:** Thank you mam for giving this opportunity. I am Ashok Ajmera from Ajcon Global. Madam on the outset, congratulations for showing good numbers, the book has improved because of these kind of profitability but you know the major profit had come from the tax credit of 930 Crores I mean which again this quarter. So having 930 Crores added in the profit and this quarter 500 or 600 Crores whichever would have been the profit, 150 Crores, 200 Crores would have been the tax, so looking at this I think this quarter net performance is not that very encouraging as it looks. My second point is that your interest income and expense for the quarter while your income from interest is reduced, your interest expenditure has increased that is one of the major reason I think for little lackluster performance. So what you have to comment on that ma'am?

**Padmaja Chunduru:** Thank you Mr. Ajmera. First thing is about the DTA benefit to the net profit. What we have done is the DTA benefit, we have taken only in the last quarter whereas if you observe the first three quarters, we have already taken a hit of 800 Crores on account of reversal of DTA so instead of smoothening and equalizing over the four quarters, it happened that 800 Crores was already taken in the first three quarters that was the hit and 900 Crores credit came in the fourth quarter, so it is only net-net 100 Crores benefit to the bank for the full financial year on account of DTA.

Second is this DTA is something that is going to happen, I think all the banks are doing it and the tax advantage came from the accumulated losses that are there on the books. After amalgamation there is no tax payment requirement from the bank and so that actually also boosted the profit. I do not think this is any, one off this accumulated losses are there on the books and as the bank makes higher operating profits in the coming year, at least for the next two, three years we do not

foresee any tax on the books and so this should continue. The second part is if you want more details, our team will give it to you, about DTA, we have it.

**Ashok Ajmera:** Yeah that will give a major because this is the analysis what we do?

**Padmaja Chunduru:** And even that 930 is only 1/3<sup>rd</sup> of the overall profit, if you see in the last quarter the profit was 1700 Crores I mean including the DTA, so it would be at least 800 Crores which is much above the last quarter also but I do not think DTA is something that came only in the last quarter, it appears that the credit came in the last quarter whereas all the debits came in the first three quarters, so we will send you the calculation so that equalization is understood.

Secondly on the interest income part, as I mentioned already, the three quarters have been quite volatile and everything played out in the Q4 because the Supreme Court judgment that came saying NPAs can be recognized, these were recognized in Q4. If you see the notional NPAs of 5100 Crores was there up to December and all that was recognized in the Q4 and interest had to be reversed. So 700 Crores interest was reversed in the fourth quarter, this happened I think across the bank, overall again out of the 700 Crores also we had earlier provided 400 Crores interest reversal but that provision comes below the operating profit, so the interest income that way muted for the fourth quarter other than that we had also reversed 230 Crores that was the penalty and penal interest, interest on interest, judgment again of Supreme Court, so that and this and others all put together about 1000 Crores was the interest reversal in Q4 that I think explains the interest part.

As I again mentioned you should also focus on the interest expenditure control that was made during the year, this have been a very strong performance from the bank. Right from the day one, the focus was also on cost control, so there is no high cost deposit or borrowing on the bank book, from 15000 Crores it has come down to 1000 Crores. So that has come because of CASA increase, also it results in a lower interest expenditure, cost of deposits everything, gives a lot of support.

**Ashok Ajmera:** This clarified lot of issues and mam if you look at the segment wise results, you know the profit from as compared to Q3-Q4, 350 Crores additional has come from the treasury income whereas it has gone down tremendously by almost about 700 Crores in the corporate wholesale book may be because of the excess provisioning, which has been done but in retail banking also, the profit came down to 317 Crores from 584 Crores, almost you know half or 40% deduction so there is a lot of provisioning has been done in retail banking?

**Padmaja Chunduru:** I will ask our ED, Mr. Shenoy to respond.

**Shenoy:** See Mr. Ajmera regarding the DTA and just what madam has said, I will add some few points. See DTA as record we created as per AS 22 norm and secondly whatever the excess provisions which the bank is making over and above section 170 of the income tax act.

**Ashok Ajmera:** No, that point has been clarified, only thing I have got a message from mam's answer is that in the future also you are going to get lot of benefit of tax, which will help us in calculating and making the future prediction but what I am asking here in the segment wise.

**Shenoy:** In case we are not making excess provision, there will not be any need to create the DTA so it will not affect the profit as such so that is only a book entry which we are taking the benefit now and we are adding it on interest rate whenever we are reversing the provision required for the books. With regard with headwind wise, we will make a little bit more study and we will come back to you separately, I will tell my CFO give the clarification to you.

**Ashok Ajmera:** You have verified on the SMA 0 it has gone up but what is the collection efficiency?

**Padmaja Chunduru:** The collection efficiency has been quite good 90% above 92% till about March, but in April the collection efficiency is down to about 86 to 87% and May also will be low. Last year it was okay despite the COVID situation but this year again we have to see when the lockdowns will be lifted across the country.

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

**M.B. Mahesh:** Good morning mam. Three questions from my side. One is of the total corporate NCL book of 18000, which is sitting there, could you just tell us what have you thought about in terms of transfer of assets into the NARCL?

**Padmaja Chunduru:** So, NARCL had identified about 100 accounts, 22 accounts with 82000 Crores was identified for the phase 1 of which we have exposure only in 8 accounts and that is about 1900 Crores, so that is what is the visibility right now. About the phase 2, again we have to see how much, we have overall 33 accounts, so another 25 accounts are there for the phase 2, but again there we will have to really take a call on how much is recovery possible outside without going to NARCL, because there the recovery might be a bit muted. We will take a call of in the COC or the consortium and then that will happen. For the phase 1, eight accounts 1900 Crores is what is identified.

**M.B. Mahesh:** Mam what are the timelines in terms of the transform and how does the accounting work for this.

**Padmaja Chunduru:** The timelines I think would be quite aggressive because NARCL is going to be formed in this month of June that is the expectation and then maybe by September, this first phase should be over, I expect so because all the consortium meetings have been held, the ascent to descent decisions have been given. As far as the reversal, I mean the impact on the book is all these accounts are fully provided for. So, depending on how much recovery we can make by transferring it to the NARCL that much of the provision can be returned back but we have not factored it into the projections for the next year because that would be a cushion if it comes. It might be only say between 18, they were mentioning between 20 to 30%, so on an account by account basis depending on the valuation those figures would come in.

- M.B. Mahesh:** Mam just one clarification you had seen exposure NPS of 3600 Crores and then you have power about 2000 Crores whereas you do not seem to be very excited in terms of recovery from this year on these names, just trying to understand what have we missed in here because the names that you had indicated earlier did not seem to be anything from these two sectors.
- Padmaja Chunduru:** Steel and power you are asking about our recovery prospects in steel and power sectors?
- M.B. Mahesh:** Because in slide 30, you have 3598 Crores of NPS in steel and another 2000 Crores in power and about 1300 in textiles, there is no demand for these assets.
- Padmaja Chunduru:** You are referring to which slide?
- M.B. Mahesh:** Slide 30 ma'am.
- Padmaja Chunduru:** This year we had a good recovery in steel with Bhushan steel coming in.
- Shenoy:** The power now we have about 32 accounts amounting to around 4199 Crores, 4200 Crores roughly is our exposure to the power sector and with regard to other one, steel also because now that the prices of steel have picked up and then we find some traction, so we hope that either it will be through NCLT or through other options we will be in a position to offload some of these assets whichever is there. The other one is that NINL we revamped this quarter and L&T is there which hope that there is a move by the government itself, for divestment and if that happens also we will feel good recovery in that account.
- M.B. Mahesh:** Perfect and my last question mam, ECLGS disbursements, in fact you have the quantum and also just to understand you have an SMA book of about little over 20% in MSME book, why is the restructuring in this segment low and if I can have the ECLGS disbursement, it will be great?
- Padmaja Chunduru:** You are asking about the MSME restructuring?
- M.B. Mahesh:** Yes.
- Padmaja Chunduru:** Because your question is not very clear, we could not hear properly.
- M.B. Mahesh:** You have approximately little over 20% which is sitting is SMA 1 and 2 in the MSME book?
- Padmaja Chunduru:** Right.
- M.B. Mahesh:** Yet, restructured loans from the MSME book is just about 2%? What is preventing you from restructuring much larger proportion of the MSME book that is the question?
- Padmaja Chunduru:** So, MSME book restructuring was happening, even last year, as you mentioned, yes. Out of the eligible accounts, more than 85% have been restructured, not every MSME account is eligible for restructuring given the RBI norms. This year the norms have been a bit, they said all the standard

assents such can be restructured and even on the earlier restructuring they have given us a window to extend repayment moratorium by another 12 months, so we expect that this year the MSME restructuring will pick up much better and also again impact of the lock downs, people not being available both at the banks side and borrower side, so MSMEs have a lot of vulnerabilities that way. This time in the new dispensation, all the banks have templatised the less than 10 lakhs loan and that would make it much more with the portal and we also have come out with that portal, we have direct connect with the MSME. So, this year we expect the restructuring to be better in terms of take-off, but last year also in terms of that, whatever could be restructured except where the unit was closed or the borrower was not available or some such reason, otherwise they were restructured, and these things will be vulnerable even in the current year, if there is one segment of the bank that we are continuously focusing on that is MSME, both in terms of growth and also in terms of the new loans or whatever release we can give and the restructuring also, so that we keep on, it's both in the interests of the industry and the bank.

**M.B. Mahesh:** And ECLGS number that is the last question.

**Padmaja Chunduru:** What is that ECLGS number?

**M.B. Mahesh:** ECLGS, what has been your total disbursements and sanctions

**Padmaja Chunduru:** ECLGS 1 scheme, our sanction was 5894 Crores and disbursement was 5200 Crores and in ECLGS 2, though the sanction was high, the disbursement was 926 Crores sanctioned and 561 Crores disbursement, then there is an ECLGS 3 that is introduced during the current financial year, so there I think it is still about less than a crore, but it will happen, this is the hospitality travel tourism leisure.

**M.B. Mahesh:** Perfect, done. Thanks a lot.

**Moderator:** Thank you. The next question is from the line of Ayushi Garodia from ITI. Please go ahead.

**Ayushi Garodia:** Good morning. So, basically what I wanted do understand is your slippage in corporate segment is around 2.3%, can you give some colour on what are the basic sectors or some companies that you are seeing these slippages from?

**Padmaja Chunduru:** So, there was a slippage of Future Group, the 1000 Crores overall was exposure on Future, but it is expected to be implemented and it will come back. It is already implemented, so in the June quarter, we have this future retail due for upgradation, so that was one of them, then (inaudible) 34:57 and MMTC, we already discussed, these are government accounts, others are all small accounts in textiles and in infrastructure.

**Ayushi Garodia:** Sure ma'am and of the restructure invoked 2.42%, how much you think will get implemented going forward because as of now it is just 0.33% in corporate.

- Padmaja Chunduru:** Yes, in corporate again I think wherever we had the exposure, the implementation is in our control where we have the concussion leadership or it is a bilateral arrangement, I will just give you the figure, what is expected, so 0.72%, which is implemented will go up to 1%. I am against the invocation of 1.64, we will be able to implement 1% only.
- Ayushi Garodia:** And this rise of around 28 books will come from corporate only, it will be not be a retail or MSME lead.
- Padmaja Chunduru:** Which one?
- Ayushi Garodia:** The rise which you are telling from 0.72% to 1%, the rise will be from the corporate itself.
- Padmaja Chunduru:** Yes, corporate.
- Ayushi Garodia:** And ma'am if I look at your retail performance, the slippages of 1.06% is very low as compared to the private sector banks, so is it that in FY2022 will continue with this performance or some slippages from retails can be seen there.
- Padmaja Chunduru:** I think again it is the book and the mix of the book that makes the slippages lower than private sector, we do not have unsecured loans on our book, that is a very small part of the credit card and more than 68% is housing loan, so again that also gives a lot of comfort, that is the reason why the retail slippages could be lower, but in the current year, we expect it to go up a bit, it would not probably be at the same level, given the kind of stress that is there in the economy and so expected that there would be restructuring or there would be the fresh COVID loan support that we would be giving to the retail sector in terms of this emergency loans that RBI has also put it under the COVID portfolio, but apart from that we expect that to go up a bit.
- Ayushi Garodia:** Sure and mam what will be your guidance for slippages for FY2022?
- Padmaja Chunduru:** This year it was 2.8% slippage ratio, but we expect to keep it below 3%, but as far as possible not go beyond 2.8%, so that is the way we are looking at it because agri is quite okay, retail only a small notch up, MSME is where again the issue would be, but that is also under control and this restructuring and additional loans will help, so we expect that this slippage will be below 3%.
- Ayushi Garodia:** Sure and ma'am, like you mentioned previously also MSME book, your slippage is 4.3% and 40% of the customers, if I do the back calculation, have availed benefit of ECLGS, so are you seeing more incremental pain that even in the ECLGS book and can you give some more colour on the MSME book?
- Padmaja Chunduru:** Yes, in the restructuring we have done on MSME, we had restructured about 5400 Crores, that was restructured and out of that 4400 Crores is outstanding as of March 2021, so the slippages in those accounts about 5400 Crores was about 800 Crores, so the restructured book already restructured, again this year there has been a slight facility provided that the moratorium can be extended, so we expect that that would help these units. In terms of ECLGS, I think that

additional funding was given only where the units were running and there were some kind for the liquidity or for whatever immediate expenditure, in the interim 3 months or 4 months, there was an activity picking up, we saw that those units were quite coming back to normal, again now last 2 to 3 months, last 2 months at least there is a lull, but we need to observe this portfolio, we cannot really comment on it or give very confident assertion that yes we will control, but even if it goes up a notch, I think the bank is well positioned to take it in its stride, it would not go much beyond, we have a continuous monitoring of these units.

**Ayushi Garodia:** Thank you, sure mam. That was comforting and last question, if you have any unallocated COVID provisioning, which you are carrying in your balance sheet.

**Padmaja Chunduru:** No, there is no more unallocated COVID provision, whatever we had made was adjusted against actual provisions in the Q4.

**Ayushi Garodia:** Sure, thank you so much mam.

**Moderator:** Thank you. The next question is from the line of Venkat Datla an Individual Investor. Please go ahead.

**Venkat Datla:** Congratulations for good set of numbers. So first of all I would like to thank the leadership team and all the employees of Indian Bank for the fantastic work you have been doing. Two things, I am very happy by going through newspapers and going through your interviews, I think number one is, to do not raise capital until the bank reaches stock wise in the book value adding this is lot of confidence it brings the investors because other banks are raising capital, Punjab National Bank, Union Bank of India at a very low rate and the other thing is even I think with postponed AT-1 bonds because of high interest rates, I think that is what I would like to congratulate for the good work, leadership team and the employees of Indian Bank and even I think now government has something like pay for better performance, I think these employees and management, I think even monetary benefits also should reach them, I think fantastic work, thank you very much, that is all I do not have any question, just I want to congratulate leadership team and employees of bank.

**Padmaja Chunduru:** Thank you very much, Sir. Yes, as you mentioned the AT-1 not only, there is probably no immediate requirement, but also we had redeemed the bonds that were earlier raised at higher rates, so that also brought down the cost of equity for us, this is all I think going in the right direction, the focus is on the cost control apart from earnings. The other part is I thank you for complimenting the management team and the staff, this has been a very, very difficult year and also with the amalgamation going on simultaneously, I think you said it when you said that it is a fantastic job from the staff, we have already announced productivity linked incentive of 15 days salary as a bonus to all the staff members, so I think that will go down well, that would be a good morale booster for them. The other part is that the board has recommended a dividend of 20%, Rs.2 per share and that would also I hope you know reverse the trend of no dividends from the bank, I think this could set off a trend of higher and higher profits and dividends. I expect that

operating profit and net profit what was recorded this year will only go up in the next year, this is all based on a very steady performance and a very solid platform, so I think that good days are ahead once COVID releases its astronomic clutches, thank you.

**Venkat Datla:** Thank you very much.

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

**Ashok Ajmera:** Thanks for giving the opportunity once again. Ma'am, you have really done the excellent job and I think now when you will be parting now, it will go definitely in the history that the way you have managed this bank in spite of after this even amalgamation, the whole process and brought it on the mainstream of the bank, congratulations for that and all the best for future, having said that ma'am, you said now that the advance opportunities for future, the credit growth from the corporate sector also looks brighter, so as per your study I mean which are the segments or the areas, because most of the banks have suffered in the past by lending to the corporates heavily, so where you see this green shoots or where do you see this opportunity for growing your business?

**Padmaja Chunduru:** Thank you, Mr. Ajmera. Thank you, again. So I think when I said the corporate, in this current year also we brought in a lot of money well rated and strong track record corporates into the book. Indian Bank earlier was a bit, we did not have so much exposure on many cooperates, there was a gap available, with the large exposure of framework and all of RBI, many bigger banks have actually run out of exposure, I have almost breached the exposure ceiling for many corporate so that turned out to be an advantage for us. We have brought in good corporates and also interesting that wherever we do the term loans, we get a share in the working capital and non-fund base business, in fact as much business has been done in the last year on corporate, it was also on the non-fund based book, so that reflects more in the earnings not in the figures. We are looking at a good growth across the board, we are also looking at government, PSUs, wherever those guarantees or there is some kind of a comfort, HAM projects, then LRDs, because our exposure on commercial real estate is very, very low and we are picking and choosing the right groups and the right cities to actually go in, once this clarity emerges after the COVID, I think we would be in a better position, as of now we have more than 30,000 Crores to be disbursed in this first or second quarter.

**Ashok Ajmera:** That is great. On this COVID loan scheme of RBI of 50,000 Crores, taking at a repo rate and also getting at the same time the 40 basis point benefit when you put the money back in this thing, on that front, is there any scheme which has been already circulated by the bank and how much business have you already sanctioned out of that and what is your target out of that 50,000 Crores of medical loans or so called COVID loan and would you be comfortable for through the NBFC for onward lending?

**Padmaja Chunduru:** Yes, 50,000 Crores RBI has announced, this is again for the hospitals, for oxygen manufacturers, and healthcare ecosystem, so this will pan out across the sectors, it is also for retail people, for

individuals who would like to use it for their hospital expenditure, etc., so there is a retail book involved, there is MSME, oxygen manufacturers or those plants and there is testing labs, there are hospitals, so across the vertical we have already identified many of our own customers to lend to, also new customers. I think we have taken a target of about 4000 Crores, which we should be able to do, I think they have already seen in the bank and that we have already sanctioned about 600 Crores or so to be disbursed, it is getting disbursed as we speak like maybe about 20 Crores or so much have got disbursed across, this has come only in the last one week or 10 days, board approval came one week back, so we have launched all three products, one is for the personal loan which is the unsecured loan, that is in the Kavach, then there is Sanjivani, which is for the oxygen plant and there is another scheme Aarogyam for the hospitals and the nursing homes, so there is good traction and there is good interest, I am glad that this portfolio is going to give us another opportunity at earnings more, so there is lot of enthusiasm in the bank to do this business.

**Ashok Ajmera:** Will also be doing through the NBFCs for onward lending to the sector?

**Padmaja Chunduru:** Yes, we will and we are in talks with them depending on the portfolio, we will be interested in lending to NBFCs also.

**Ashok Ajmera:** Thanks a lot. Thank you very much.

**Moderator:** Thank you. Ladies and gentlemen, as this was the last question and I would like to hand over the conference to you for closing comments.

**Padmaja Chunduru:** Thank you. Also one more point, we have to mention it, we have created the investment fluctuation reserve fully, this year 290 Crores was fully complied with that 2% requirement and this quarter 465 Crores was provided and overall 1100 Crores, so this is a cushion against a future MPM. All the fraud accounts have been fully provided for, there is nothing that is left there. So as closing comments, I would again thank the investors, analysts for tracking the bank and I think we are coming up to your expectations and your estimates. I keep tracking what is the analysts estimate and whether we are there, so I think it is a good synergy that is building up and I would also like to assure that the bank is on a very strong footing now, the systems, the controls everything is in place, reorganization has already happened, there is transformation management office which we have put in place to track all the digital and physical initiatives that we have launched, so there is a weekly tracking happening. I think all this will further take the bank into the future and any management changes also will not result in any kind of disturbance, in fact it would be only towards the better, the MD and CEO has been identified by BBB, he was earlier with Allahabad Bank, so his knowledge of Allahabad Bank is good and I am sure he comes with very good experience and expertise in BOB also for the last 3 years, so if once the government clears, he or whoever comes here, I think the platform is very strong and it would all go for the better. Thank you.



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**Moderator:** Thank you. On behalf of Emkay Global Financial Services Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.