INDIAN BANK Q4 FY2022 RESULTS CONFERENCE CALL ON 12.05.2022

Transcript

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Moderator - Anand Dama: Good evening everyone and welcome to Indian Bank fourth quarter FY22 results concall. We have with us today Indian Bank's top management including Mr. S.L Jain, MD & CEO, The Executive Directors and CFO to discuss the results and outlook in detail. We would request sir to first talk about the recent results briefly and also provide some outlook for the next year particularly in light of the current macroeconomic scenario, touching upon the points like growth, margins, asset quality. Over to you, Sir.

MD S L Jain: Thank you and welcome all investors and analysts in this post result concall. As far as our business is considered, business has grown by 9%. Deposits have grown by 10% and credit by 6%. Under deposit, our saving deposit has grown by 8%, current deposit by 14%, so CASA has grown by 9% and we are maintaining around 42% CASA ratio.

Our credit is basically grown 11% in RAM, the share of which was earlier at 58% and now is at 61%. The RAM growth is on the back of the retail credit growth around 15%. Here housing loan has grown by 13%, auto loan has grown by 15%, personal loan 42%, jewel loan at 25%, and in agri we have grown by 12%, crop loan has grown by 6%. 65% of the crop loan is jewel loan, which is growing at a rate of 14%.

Investment Credit is grown by 46%, Agri allied is growing 88% and infrastructure and agro processing is growing by 13% so all, segments of agriculture credit is growing. SHG we are growing at 22%. MSME has grown by 6%. Under MSME, Micro 5%, Small 6% and Medium 6%. So this entire RAM, all segments are growing at a healthy rate. Corporate credit if you see, September to December, we have grown by 3000Crore, from Dec to March, of course here it is showing 1600Crore but after adjusting technical write off, it is again 3000Crore. We are expecting that minimum, we should grow 8 to 10% in the next financial year.

Now coming to the profitability part - our net profit has grown by 31% yoy from Rs3005 crore to Rs3945 crore. Our operating profit has grown by 16% and we have made the entire pension provision of Rs. 465 crore in the this financial year only. Our NII has grown 7%. Our loan interest income has grown by 22% and non-interest income has grown on the strength of bad debt recovery from Rs.600 crore to Rs1612 crore in FY22 at 161%. Fee income has grown 8%, forex income has grown 70% yoy from 165crore to 274crore and PSLC Commission by 39%. So whole year or the strength of our Operating profit and Net profit growth is increase in spread and increase in Non interest income and expenditures remain more or less flat. We have provided Rs. 465 crore in last financial year and 403 crore in the last quarter.

If you see the quarterly performance of March 22 vis a vis March 21, our net profit would showing a degrowth of 42% yoy. The main reason is that last year we have made the deferred tax credit at the last quarter of the financial year and from June 21 we have changed our accounting policy and we are now doing on quarterly basis and therefore it is showing as a as negative 42%, but if you see the PBT, it has grown by 3%. But if you exclude this one time provision of Rs403 crore even the PBT has grown at 54% and the operating profit at 15%. Without the hit on family pension, it would have grown by 31% or so.

So from profitability point of view it was a satisfying year. Now we come to the NPAs - our NPAs has come down from 9.13% QoQ to 8.47% in March quarter. Likewise, net NPAs has also come down from 2.72% to 2.27% and PCR improved from 85 to 87%.

The slippage in the last quarter was around 3300 crore of which major 1000 crore is in corporate. But here is 1 big retail account of 851 crore, which is Future Retail. Otherwise our recovery was good at Rs2800 crore. As far as restructuring book is concerned we are having 18,000 crore restructure book which is 4.42%

And the breakup of the slippages - retail is Rs477 crore, agri is Rs417, MSME is Rs1431 and rest is corporate. We are comfortably placed on capital front with 16.53% over CAR against regulatory requirement of 11.5%. As far as SMA numbers are concerned, it was 0.93% for 5Crore and above.

In Dec'21 we were at 0.92%. We are more or less on the same. As far as restructuring book is concerned, we have 18000Crore of restructured book which is 4.42%.

As far as margins are concerned, it improved on yoy basis from 2.85% to 2.91%. In last quarter it has come down slightly because of interest reversal and less number of days. Going forward as, we are having a 42% CASA and have adequate liquidity with LCR is around 169%, but will take a call over interest rate and deposit based on the market and the situation as and so arise. On the asset side, 44% of our asset is linked to repo, and with the increase in repo, naturally the interest income should increase. So liability side we should be able to protect our margin or margin should be in the same range in the next financial year.

Now I will be open for questions from analysts and investors.

Anand Dama: Yeah, thank you Sir for the detailed update

I'll, first ask Mr. Ashok Ajmera to ask the question. But please restrict your questions to 2 or 3 max.

Ashok Ajmera: Good afternoon, Jain Sir. Excellent result. I have a few observations in some data point in question.

Last time you said that the need of the hour is to focus on the consistency and growth of the business and enhance income. You also said that Rs. 84,000 crore of sanctions are in pipeline, Rs. 22000 crore in the last quarter itself you had received. But our corporate growth is largely flat. Only the RAM has grown a bit. So Sir, what are your views for the coming quarter Why only a target of only 8% to 10% credit growth in FY23? Why can't we go to 12 to 14% when you are having a good capital levels? This is my first question.

Second question: In the current quarter banks credit cost was around 2.15%. So our credit cost is not coming under control. This is my another observation. Also if you can throw some light on that and About NARCL transfer, Out of the total 34 accounts, you had stated that 8 accounts were identified, but out of that eight also three were resolved, and now only the five accounts now will go to any NARCL. So where do we stand today when NARCL might be in the current quarter now start, you know, taking this loan from you. So question is what is this number of accounts or the amount which will go to NARCL.

MD S L Jain: Yes, Sir, so one was regarding that credit growth in the corporate side, of course, RAM we are growing. And I told that will grow further.

The fact remain that in the last quarter, there was huge liquidity in the system and the some of the loans where interest rates were not at sustainable level. So we preferred to deploy money somewhere else for more interest income and more spread instead of lending to corporates at such low levels. That was the main reason for slower corporate growth. Otherwise we are having huge sanctions in hand even today. Last quarter we sanctioned Rs. 26000crore new sanctions and also disbursed 8000core.

The guidance for overall credit growth of 8-10% is minimum. So this is the minimum which we should get and now you see with the inflation, rising commodity prices and increasing capacity utilization, we could possibly grow at a faster pace.

The second point is about the credit cost. So last quarter we have provided for a big retail account. We have provided 90% on this a/c and so credit cost was higher. That said, you see the stock of net NPA has come down substantially to Rs. 8800 crore from around Rs. 12,000 crore of the last year, so going forward the provision requirement should be less.

And on NARCL transfer - Out of 8 a/cs, 3 have already been resolved, 5 a/cs should be transferred to NARCL in the current quarter where our exposure is around Rs. 1200 crore, 90% of this has already been written off.

Mr Ajmera: Sir, my last question is on our investment book. Sir, we have got an AFS book of Rs41,931 crore and the interest rates are hardening up. How much hit do you expect?

MD S L Jain: Our Treasury is very active. We have taken advantage of that also, and we are protected up to 7.4% of a yield.

As far as your point on sustaining treasury income of Rs1600 Crore similar to last year - So you see we have diversified our revenue streams. You see how our Forex income has grown last year from Rs2200 cr and has largely compensated for the fall in treasury income last year. This should continue. Also, interest spread will increase and should offset treasury hit.

Mr Ajmera: Just, a parting question in this round 18,000 crore of restructured book? How much is the COVID restructured in this Sir?

MD S L Jain: Rs. 18,000 cr is COVID restructured. This is 4.4% of our book.

Mr Ajmera: Ok Sir, thank you.

MD S L Jain: Thank you Sir for your interest

Anand Dama: If any participant has a question, please raise your hand or type your question in the chat box.

Meanwhile sir, I had one question related to the asset quality. So, this quarter again we have seen across banks, the SME NPA's have been on a higher side. What is the reason for that? And so is also the case for agri NPA's. Secondly, any resolution pipeline that you have going forward.

S L Jain: Our overall collection efficiency is 95% and QoQ it is increasing. Second is over SMA 1 & 2 is around 0.92 and 3% restructuring. Part of the SMA slippage has come from the restructured book and part of the slippage is other than restructured book. Half of the restructured slippages in SMA is mainly in small & micro accounts.

Of course, they're mostly we are covered under the CGTMSE and somewhere we are covered under the ECLGS so loss given default will be less going forward. And part of the slippage comes from SME.

Anand Dama: Sir any lumpy resolution that we're expecting in next six months? Like ILFS or any of that.

S L Jain: Yeah, 2-3 big accounts we are expecting where we'll get a good money NINL is a big account where we can get a good amount. There are other 3 or 4 accounts where the COC has already approved the resolution. As and when we get the NCLT approval, we will get the money

Anand Dama: OK, sure.

So we have next question from Jai Mundhra. Jai please go ahead.

Jai Mundhra: Yeah hi Sir, good evening. I have couple of questions.

First is Sir again on MSME.

So the general expectation was that we have restructured some of the borderline cases and of course ECLGS money has also been given to those. So just wanted to check then why is that MSME slippages are rising for the last, maybe 2-3 quarters, and this quarter is even bigger. Are they coming from accounts which were restructured earlier or had ECLGS dispensation and now that you know they are supposed to pay from restructuring or ECLGS. Is that causing a bit of a pain there?

MD S L Jain: Yes Sir, this MSME slippage has come mainly restructured and ECLGS book. 600 from Micro and small and 600 from the SMA Book. So you see, there was an omicron issue, then there was a demand issue, then the increase in commodity prices. Of course we are supporting them, but these are three to four major reasons for their slippage. But as far as bank is concerned, we are hopeful that we'll recover major part of this slippage in the current financial year. And where recovery is not possible, we have a CGTSME cover and even the ECLGS cover.

Jai Mundhra: Right, so Sir if you have the quantum that out of this 1400 crores, how much were the loans which were earlier restructured or had ECLGS dispensation just to understand the quality within restructuring or ECLGS book.

MD S L Jain: So out of this 1400 crores maybe around 300 or 400 crores are from the Restructuring / ECLGS book

Jai Mundhra: I want to understand - If you have given 15 -20% under ECLGS. But when it accounts slips then the entire ₹100 will slip right so?

S L Jain: Right, yeah, right 100%. Even if an a/c becomes NPA even then we will do restructuring if they are viable.

Jai Mundhra: Correct, OK and sir we used to share this SMA book for you know every loan account.

I mean below 5 crore also if you have that number, maybe you can read out the retail, Agri, MSME Corporate including the below 5 crore ticket size.

S L Jain: What we've done, we have compared our present disclosure with other banks and accordingly we have given number for above 5 cr only. We will provide other numbers. No issue in that.

Jai Mundhra: OK, understood Sir and the secondly Sir on on a slightly let's say 12 month horizon, if u look at last 2-3 years you know we had loan to deposit ratio which was slightly near about 75% pre COVID and we used to maintain that for a reasonable amount of time. Now that has dropped to 65% roughly, which is around 1000 basis point decline. And clearly you know there is some excess liquidity. What is your thought process on LDR? I mean where do you think it will go?

S L Jain: Our CD ratio is not 65%. Sir it Is 70%. And going forward, it is likely to increase as growth accelerates.

Jai Mundhra: And last two things - One is tax rate for FY23. Now how should one look at FY23 tax rate. It would still be a negative number?

S L Jain: In 21-22 We were having the accumulated losses. For 22-23, we will assess our position as soon as we file the IT Returns. But some of the benefits we should be able to get for part of the next financial year as well.

Jai Mundhra: Right, OK and and just lastly, this earlier this MSME restructuring. Restructuring scheme, right? How much is that, Sir? I mean, if I were to include the adjust for the overlap. Apart from 18,000 crore of COVID restructuring, how much is the earlier CDR and MSME scheme?

S L Jain: Sir, it is very difficult to say. So restructured pool is Rs18,000 crores and it includes Rs4000 crore NPAs as well right. So there is a huge overlap there.

Jai Mundhra: I will come back in the queue. Thank you so much for your response.

Anand Dama: We have next question from Dikshit, Dikshit Please go ahead.

Dikshit, please unmute yourself and ask your question.

Dikshit: Thanks for the opportunity. So, I have two or three questions. Firstly, you mentioned that we are having a comfortable capital adequacy of 16% and looking at 8 to 10% growth target and you know our gross NPA and net NPA is also coming down. So, what was the requirement for taking enabling resolution raising equity of up to 4000 crore.

S L Jain: You see our credit outstanding is roughly about Rs. 3.90 Trillon and we will grow around 10%, so it will be 40,000 crores and our generally, the RWA comes around a 65%, so around 25000-30,000 crore, right? So at 11% CAR requirement - our capital requirements comes to so 3300 - 4000. Last year, our profit was Rs3900 crore. Keeping this in mind, we have told that our internal generation will be adequate to take care of our growth. Now why these 4000 crores? This is enabling resolution from the board and will take approval from the shareholder as and when the opportunity arises in the next financial year, we will go. So this is only enabling resolution.

Dikshit: OK, OK because you are trading at half a book value and you know raising such large amount will be very detrimental for shareholders.

S L Jain: It is enabling provision. It is difficult to go for EGM again and again. Since we have AGM after this results, we have an opportunity for taking approval from shareholders.

Now second question. What is the guidance for credit cost for FY23? And if you can just again, elaborate on the future retail account. So how much is the outstanding and how much is the provided?

S L Jain: So from the credit cost point of view you see our net NPAs has come down substantially right? So our credit cost should come down. The second point, the future retail- we are having a Rs851 crore of outstanding and we already provided around 89-90%.

Dikshit: OK thanks, that's it from me

Anand Dama: The next question we have Mona, Mona Khaitan

Please ask a question.

Yeah hi Sir, good evening uh.

So my first question is on the restructured book if you could get the breakup between various segments. Agri, SME retail etc.

SL Jain: It is very much clear in my presentation, Madam.

Mona: Sure sir. I will take it from there.

How much cash recovery we have.

SL Jain: We can see the slide #34 or 51.

Mona: Got it and, uh, just again on the restructure book.

So what percentage of the loans today are out of monitorium and have started billing? If you could give some sense there.

S L Jain: Maybe around 50-60%.

Mona: OK, OK, and uh, why you've mentioned about 18000 cr of restructured book under OTR and another 4000 or so under MSME restructuring. If we include all this and.

SL Jain: There's overlapping madam.

Mona: Yeah, yeah, exactly so. You had mentioned the number of 20,000 crore last quarter. How much would this be? Except any overlaps this time?

S L Jain: 4000Cr includes Tranche 1 , Tranche 2 and RP 1 restructuring and NPA. That was a one disclosure and second disclosure is Rs18,000 crore is only under RBI RP 1 and 2. NPA is added at both side. Second point is that and NPAS is also added in the that disclosure. So that is why I told major part is overlapped here.

Mona: OK, so if I have to, you know get some sense on the standard restructured book. It will be fair to take a 18,000 crore kind of number.

SL Jain: Yeah, 18,432.

Mona: OK, this will include large part of the MSME book also that is standard restructure.

Right, right.

Under the release scheme.

Oh, right.

OK sure, I'm the how much where there would be some and in terms of the total ECLGS disbursement so far.

SL Jain: Yeah, total ECLGS disbursement is around again, this is that slide number seven 10,596 crore.

OK.

Yeah, and present outstanding is 8983 crore

Mona: Oh, from your presentation, it looks like, uh, just a broad number in terms of what has slipped from the restructured book, it seems that 8 to 9% of the loans over the year have already slipped from the restructured book. Is that a fair understanding?

S L Jain: No. I will clear this misunderstanding. maybe around 5% of the loan. Except the big loan in retail, it is around 5-6%. I'm just telling you how. You see the slippage is Rs1785 crore. Of this Corporate is Rs851, so remaining is Rs934cr. Our restructured book was around 19,000 crores…so 19000 plus 2000 cr that is 21,000 crore. Out of this 21000cr, 934 is the slippages, so around 4.5%.

Mona: Got it OK so thanks a lot that was useful.

SL Jain: Thank you.

Anand Dama: Yeah, thank you Mona. Next question we have from Mahrukh, Mahrukh go ahead

Mahrukh: Hello Sir. Hi so my question, sorry to be repetitive but what was your ECLGS slippage during the quarter?

So ECLGS slippage in the total slippage was 350 crore

Mahrukh: OK, So what you mentioned as restructuring that was the ECLGS slippage OK.

SL Jain: But Madam Point is that in MSME we have given 10% - 20% also. So if the account slip the ECLGS will also slip automatically, so the point is it that whatever slippage we are showing it includes ECLGS is slippage and 350 crore is that component. 350 crore that 20% of the ECLGS that way. Yeah yeah somewhere 20 somewhere 18

Mahrukh: OK OK got it, got it and so the other question is how much incremental yields?

SL Jain: We are not calculating because madam how much incremental yield as money is tangible. No, but you see our yield has increased quarter on quarter our investment yield has increased, right?

Mahrukh: OK.

Anand Dama: Mahrukh you are not audible

Mahrukh: Uh, I just wanted your clarification on what is the fresh provision on retail this quarter. So on future retail.

SL Jain: So this account we are having a balance of 851 crores and we are having a provision of around 89% or so.

Mahrukh: OK, sir thank you.

SL Jain: So this account was restructured earlier per the restructuring guideline, and so were carrying 10% provision on the same.

Mahrukh: OK, so thank you, thank you.

Anand Dama: Yeah yeah, sure Sir, we have one question which is from chat box and that is related to your accumulated losses. So can you provide the figure of like what's the amount of accumulated losses that you have on the balance sheet now?

SL Jain: No, we are not having accumulated losses sir. Bank is in continuously in profit.

Anand Dama: No so basically the past losses coming in from Allahabad Bank.

SL Jain: So that that that we have already adjusted, I think that one and half year back by debiting to the Share premium account.

Anand Dama: OK, so the tax benefit that we continue to get it is primarily because related to this DTA right which was created on the back of accumulated losses.

SL Jain: Yeah, that is a tax benefit on the provisions of Allahabad Bank.

Anand Dama: So what is a DTA figure on the balance sheet.

SL Jain: Today we have around 3400 crore or so.

Anand Dama: OK, so that means that we will have lower tax rate even in FY23.

Anand Dama: OK, sure, so second question which has come in the chat box is related to your SME book. So a broader industry question is that how is the competitive intensity shaping up into the MSME space? With most banks now talking about getting into this space aggressively, so if you can just talk about on the competition side in the MSME space. And what kind of yields are you generating in in that space.

SL Jain: Actually, in MSME space we are aggressive in some front but it is a cluster financing.. We are having 59 clusters and there we are growing, growing in double digits and the NPA level is less. We are planning to create 24 more clusters. And we came out with a cluster specific scheme. That is one area. Second area we are aggressive is in the rice field or a dal field that is in agro processing, which are making continuous profits right, And having a relationship with us only and who have left us in the past we are trying to bring them back based on our best schemes. Third one is that retail trade and all, which is a part of no MSME we are also aggressive in that.

Anand Dama: OK Sir, the another question which come in the chat box is related to your staff cost during the current quarter, which seems to be very high.

SL Jain: So yeah, I told you the first thing that we have provided the total Family pension. So that was around 403 crore. Infact 465 crore in December quarter we provided and remaining 403 crores we provided in the last quarter.

Anand Dama: So we're done with this family pension thing?

SL Jain: Yeah, that is. So we are not carrying any thing forward. Yeah, balance sheet is ready for future again.

Anand Dama: Sure, next question we have from Ashok Ajmera. Yeah, please go ahead.

Ashok Ajmera: Thanks for giving me this opportunity again.

One small data point. The Advanced credit figure as per the presentation is 4,15,625 crores, whereas the balance sheet it is 3,89,186 crore so the difference of 26,439 crore, whereas our net NPA is only 8848 crore so what is the difference figure can the CFO tell us?

SL Jain: I can tell you. Yeah, so we are remaining part is basically for Banking Regulation Act provision is to be deducted from the gross advances that Is why it is not showing in balance the balance sheet we are showing it is the net number.

Ashok Ajmera: Yes, Sir, but it does not reconcile fully.

SL Jain: Yeah, remainder is FITL.

Ashok Ajmera: Well, my next question was that we have acquired from loan account of co-lending. So, what is the credit quality of this these accounts, and secondly, what is the cost of acquisition of these accounts?

SL Jain: Yeah, so basically. RBI has allowed co-lending, right? So, in co-lending some percentages remained with the originator and 80 or 90% comes to the bank. So here we are doing cherry picking based on the CBIL score, based on the customers behavior and we select the account we will take.

Ashok Ajmera: Sir, is it under account acquisition, or it is under co-lending arrangement, I mean. Uh, generally in co-lending, it is 20 /80 and these are for the fresh loans which are given by those companies under the co-lending.

SL Jain: OK, so this is one arrangement, second one is a pool purchase, we do pool purchase also. And in pool purchase also we do cherry picking, based on the CBIL score and all.

Ashok Ajmera: And generally, what is the cost of acquisition for this? You know, I just want to compare that with another bank.

SL Jain: Yeah, yeah, so you see it depends on customer to customer. What kind of loan we are taking and what is the current market rate and suppose in a housing loan right, our interest rate is between 725 to 750 cibil score at 6.8% - 6.9% and in the same CIBIL score will be able to take from other originator for us, whether we do direct or we do indirect we have been making the same margin.

Ashok Ajmera: Alright, so I'll take it offline. We have outstanding SR of Rs3210 crore fully provided for what is the expectation of recovery from the SRs in next coming year.

SL Jain: I think last year also Rs644 crore of SR's have been redeemed so account to account SR to SR we take a call.

Ashok Ajmera: Ok sir, on the non-SLR front we have corporate bond of Rs10,402 crore I believe they're all AA or AA- rated corporate Bond?

SL Jain: Yeah, generally we take AAA, or AA bonds right. So, some banks bonds, some institutional bonds. This is a Treasury operation and we keep on buying wherever we are getting a better rate.

Ashok Ajmera: Any Provision made on that?

SL Jain: No sir

Ashok Ajmera: Except the tender and there is one other non SLR of Rs509 crore what it could be sir in other SLR investments.

SL Jain: Just this can be a CP or Just a minute, let me check.

Ashok Ajmera: So, CP also must be A-plus rated

SL Jain: We will provide you separately, maybe CP and all. It was Rs2080 crores in March and now come down to Rs500cr.

Ashok Ajmera: It should be CP only. And this ARC sale of 90 crore benefit which we got. I think we have reducing it from the provision as per the note. Any plans for the further sell to ARC?

SL Jain: Yes Sir, we have identified some of the accounts, right? And so, we will come out with everything. This year also we will be selling maybe around 300-400 crore.

Ashok Ajmera: That will be a better proposition than to give to any NARCL?

SL Jain: So, whatever is better we will go with that. In the NARCL we first identified these accounts so in our case also this 9+9 =18 accounts will go then; it will be decided about the New level of account. So, this is one part, second part is smaller account. Smaller account if we get an opportunity we will recover.

Ashok Ajmera: Some approximate idea of how much gross NPA is going out from this ARC sale in the coming year?

SL Jain: 87% of our book is provided for so we are having 13% and some of these accounts are even technically written off. So how much will be for technical return of account and how much will be from the gross NPA at the time of getting bid only we'll be able to tell.

Anand Dama: So, we have one question in the chat box related to our SME slippages. What percentage of slippages in absolute terms or in percentage terms came from ECLGS and how much from restructured book?

SL Jain: OK. Our MSME slippage are 1431 crore, right? So, 364 crore comes from the restructured books. That may be around 15% or so. From the ECLGS it was 20% also we have given for ECLGS. So, remaining were fresh slippages.

Anand Dama: OK, and so what are the reasons for these slippages being so high somewhere about, I think 1000 odd crores or maybe 900-1000 crores.

SL Jain: Yeah, that I told you that the slippages has come from the micro, less than ten lac segments, around 600 odd crores. This is mainly because of omicron or increase in prices or less demand. There are number of factors.

Anand Dama: OK, and so now we should not see so high slippages from SME books?

SL Jain: No sir, we are in the business of taking risk and so slippages would happen. Our endeavor will be to control this slippage.

Anand Dama: So basically, the way we have seen there is 1000 crore of fresh slippage and that's very high amount, right? So, the number will come down.

SL Jain: Yeah, so that is why I told you part of the amount we will recover in this current quarter.

Anand Dama: And so basically, we're going to recover is it going to be some legal recourse? How much is recoverable?

SL Jain: No, for recovery we can follow up or we will sell the asset, or suppose because of liquidity they could not pay in March they get paid in April, May or June that can be the reasons and upgrades, takes place Upgrades are already taking place to see the performance. 25 -30% upgrade takes place always.

Anand Dama: OK, sure, our next question we have from Jai, please go ahead.

Jai Mundhra: Yeah, I said I had a couple of questions. One is on yield if I see quarter on quarter the yields have dropped by 19 basis point. So, if you can throw some light that you know why would the yields drop so much?

SL Jain: So, there are two reasons one is in the March quarter the number of days is less than the December quarter, like 2 days. The one factor is that. Second is the interest reversal of around 58 crores. On account of the NPA these are two reason, and that is why the yield has come down.

Jai Mundhra: OK understood and secondly Sir, if you can show the PV 01 for our AFS book and where are we I mean, as of March when we had reported 165 cross of MTM when I mean what was the benchmark at which we did the valuation was it like the March end or this was something?

SL Jain: So, the valuation has been done on the March end. In April we have done the churning of the portfolio as we do from HTM to AFS or AFS to HTM right. And then that will come in your AFS book. So as on date we are not having any depreciation.

Jai Mundhra: Sir, in case, what is your PV 01 if you have that number for AFS book.

SL Jain: Maybe it is just that it is less than 9 -10 lacs, 9 lacs plus something.

Jai Mundhra: OK. And Sir hypothetically, if, let's say, yields were to go down, go up by 50 basis point and you have IFR, I think you are fully compliant on IFR 2%. Could you draw down from that or that would need explicit RBI approval?

SL Jain: Well, we can draw down, but we have not drawn down last year, so we are having the 2%. So full amount we are having in that time.

Jai Mundhra: No, so going forward Sir, would draw down need explicit RBI approval or you can do it without approval.

SL Jain: No as per guidelines you can.

Jai Mundhra: Yes, Sir, if you can refresh the guidance on slippages and credit cost, I think I had missed out in your opening remarks.

SL Jain: Our credit cost projection is at 2.25 right, but credit cost depends on your existing NPAs and the fresh slippages, these are two major factors I told you our existing net NPAs has come down 30% from the March 21 level. Because of that there was an increased credit cost last year because of these two NBFC's account and this one big account that we have two NBFC where we have made 100% provision on in this. Retail account we have 89% of our provision so there is a higher credit cost but going forward it should come down but exactly number will depend how this current year will pan out.

Jai Mundhra: Understood Sir, yeah, that is itself very helpful, thank you.

Anand Dama: Yeah, thank you Jay, Mona do you have any question? OK, sir, so we do not have any further questions.

Anand Dama: So yeah, I think one question which is coming in the chat box is related to your AFS portfolio. So, what is the duration of AFS portfolio?

SL Jain: Currently, the duration is around 2.1.

Anand Dama: Sure, and sir other question is about your security receipts. So in fact, in some of the banks we had seen that banks had taken a big hit on the security receipts in the in the current quarter. So can you provide some sense over there?

SL Jain: Our overall exposure in security receipts are fully provided

Anand Dama: OK, so our net SRS are at this point will be zero?

SL Jain: Right

Anand Dama: OK, sure Sir. Uh, I think we do not have any further questions. Maybe if you have any closing remarks.

SL Jain: Thank you, thank you. All analyst and investor for interest in Indian Bank and we require your continuous support. Thank you.

Anand Dama: Yeah, thanks all participants for being on the call. Have a nice evening. That's it from our side. Thanks a lot, Sir.