



**“J&K Bank  
Q2 FY '23 Earnings Conference Call”  
October 21, 2022**



**MANAGEMENT: MR. BALDEV PRAKASH – MD & CEO – J&K BANK  
ALONGWITH THE MANAGEMENT TEAM**

**MODERATOR: MR. RENISH BHUVA – ICICI SECURITIES LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to J&K Bank Q2 FY 2023 Earnings Conference Call, hosted by ICICI Securities. As a reminder all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask question after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing Star then Zero on your touchstone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Renish Bhuva. Thank you and over to you sir.

**Renish Bhuva:** Yes. Thanks. Thanks, Lizann. Hello and good afternoon, everyone and welcome to the Jammu & Kashmir Bank Q2 FY '23 Earnings Conference Call. From the management team, we have with us today Mr. Baldev Prakash, Managing Director and CEO and along with him there is the entire senior management team is also there. We will start with the opening remarks and then open the call for Q&A. I would like to thank the management team for giving us the opportunity to host the Q2 FY '23 Earnings Conference Call.

I will now hand over the call to Mr. Baldev Sir for the opening remarks. Over to you, sir.

**Baldev Prakash:** A Very Good Afternoon, Greetings for the festival of lights Deepawali and Warm Welcome to all the participants.

As you all know that the global pressures are on play and the growth forecasts are being moderated with some experts even predicting a recessionary period. There seems no immediate end to the Russia-Ukraine conflict and the inflationary pressures are not abating, incessant rate hikes notwithstanding with more being anticipated. We have also seen a lot of volatility in the capital market and exchange rates. But despite the adverse headwinds, there has been good credit demand in the country and the financial services industry is seemingly doing well.

J&K, which gets very little coverage in the national media and that too usually for not so good reasons, generally remains a partially unknown and mysterious territory. However, post the reorganization, the UT is getting a lot of attention from the union government with development of infrastructure especially connectivity to make it more accessible as a favoured destination not only for tourists but also for investments – both domestic as well as international. As a result, an accelerated level of activity is being observed in the UT in every sphere. The UT is witnessing an unprecedented growth phase with over 12 million tourists visiting J&K during the first nine months (Jan – Sep) of the year and the rush hour is continuing late in the autumn season causing revival of tourism & related activities.

In my first interaction with you in the month of February this year, I had shared my preliminary understanding of the Bank with you and in later conversations I presented my vision for the Bank with strategies to realize that vision. Despite the numerous inherent strengths of the Bank, the performance had not been up to the expectations of the stakeholders for a number of years due to a series of challenges faced by it in quick succession since 2014. This had also led to many investors losing faith in the management assurances. So our priorities were cut out – to address the major concerns on an urgent basis while capitalizing on the strengths to reinstall the

past glory of the institution which used to be the cynosure of the Investor fraternity. The major area of concern on the business front, as we perceived, was the asset quality followed by the requirement of growth capital. Likewise, on the operational and business support front, revamp of the IT infrastructure was the key area as the Bank was still using the old version of core banking solution i.e. Finacle-7 which lacked many functionalities critical in the modern digital banking era. So our 'mission resurgence' took these challenges head on simultaneously. We augmented our capital (T1 & T2) by fresh infusion of Rs. 1100 crores and total plough-back of profit (Rs. 500 Crore) during last FY. We also switched over to the latest version of CBS i.e. Finacle-10 in June 2022. In the process we faced some initial glitches and it took some time to acquaint our employees with the new application but now the system has mostly stabilized and we have started reaping benefits of the upgrade.

However, the highlight, I would say is the management of asset quality. The high level of stressed assets - crystallized NPAs and potential NPAs i.e. SMAs and the Restructured loan book were unnecessarily consuming capital, restricting our earnings and eating into our bottom-line. During our guidance for the current FY, we had envisaged a GNPA level of around 6% by the year-end which might have sounded overambitious at that time and also not corroborated by our Q1 numbers. But today I proudly inform you that the GNPA figure has come down well below the 8% mark – a feat achieved after seven (07) years. And we are not done yet, we are on course to deliver what we have assured. The resolution process has gathered more steam with the activation of the Bad Bank (NARCL) – at above Rs. 900 Crore, our bank too has a significant share in the NPA pie being assigned to NARCL in the first phase.

Similarly, focused attention towards SMAs on an ongoing basis is resulting in significant reduction in these numbers with each passing day and we are converging towards the industry average on this front also.

I know everybody must be looking forward to a long weekend and engaging in festivities on the eve of Deepawali with family and friends. So we will do a just a sneak peek into the numbers for Sep 2022 before taking your queries.

The growth in Deposits and Advances has been 9% apiece on YoY basis while it is 3% and 4% respectively over the quarter. Overall business (Deposits plus Net Advances) has crossed Rs. 1.90 Lakh crore mark and on gross basis it is just shy of Rs. 2 lakh Crore. CASA, though slightly down is still near the 55% mark. The yield on Advances has significantly improved to 9.01% for the quarter while the cost of deposits is contained at 3.67%.

On the operating front, the Net Interest Income is up by 24% for the quarter and 15% for the half year compared to corresponding periods of previous year, while the Operating Profit is up by 56% and 29% for respective periods.

The PAT for the quarter at Rs. 243.49 crore is 119% up from Q2 of last year while PAT for the Half-year at 409.46 crores is 90% up from H-1 last year.

Consequently, NIM has improved to 4.04% for the Q2 and 3.75% for the HY against 3.51% and 3.50% for corresponding periods of last year. Return on Asset has improved to 0.71% for the quarter and 0.62% for the HY.

The cost-to-income ratio is steadily moderating and has come down to 64.19% for the Q2 and 66.57% for the HY from the above 70% levels recorded last year.

Capital Adequacy (CRAR) is at 12.86% and CET-1 at 9.99% without inclusion of the PAT for the HY, inclusion whereof would result in further improvement of 55 basis points in these ratios.

The GNPA ratio as I highlighted earlier has come down to 7.67% against 8.95% in Sep 2021 and 9.09% in the previous quarter. NNPA ratio has moderated to 2.10% from 3.02% recorded a year ago and also in previous quarter. Provision coverage ratio (PCR) has improved to 85.58% from 81.57% a year ago and 81.21% a quarter ago.

During the quarter, two accredited rating agencies, on the basis of Q1 performance, revised the outlook for the Bank from 'Negative' to 'Stable'. With sustained improvements in all parameters, we anticipate a rating upgrade in the near future.

The financial numbers and performance parameters clearly indicate that most of the right boxes have been ticked and the management has demonstrated that it is on course to sustainable delivery on the assurances given to the market. It also corroborates our statements that the concerns and challenges are transient but the fundamental strength and resilience is the perpetuity. We have strived to add some cheer and further brighten the Deepawli celebrations of the stakeholders and expect the investor fraternity to take note of the steadily improving performance of the Bank.

We acknowledge your guidance, support and trust and we expect it to continue in the coming days. I will be glad to have your questions now.....Thank you very much and wishing you a Very Prosperous Deepawli.

**Moderator:**

Thank you. Ladies and gentlemen we will now begin with the question-and-answer-session, anyone wishing to ask the question may please press star and one on your touchstone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking the question. Ladies and gentlemen we will wait for the moment, while the question queue assembles. The first question is from the line of Manish Ostwal from Nirmal Bang Securities Private Limited. Please go ahead.

**Manish Ostwal:**

Thank you for the opportunity and congratulations to the entire team of Jammu & Kashmir Bank for delivering the very strong set of numbers and keeping the faith of investors for the coming quarters. My question on the sustainability of the certain metrics like declining asset quality trend and improving margins and you said in the quarter 4 call that, the loan book growth for the

full year would be 15%. And in this, we have a loan growth of 9%, so do we revise that outlook or we are confident to achieve 15% growth for the year?

**Baldev Prakash:** Yes. Thank you, Manish. The first question is relating to NPA and the sustainability of the trend. After Finacle 10, we are leveraging the technology now. So every week, we are following-up the SMAs very effectively at all levels and similarly, the NPAs also, since all the old NPAs are fully provided, so now all type of actions including the SARFAESI and all recovery actions are on. So we are getting a good amount of recovery in the old accounts also and in the new accounts, we are containing them at SMA levels only. And since there is a good amount of response from the customers also, we are expecting that the trend of reduction of NPAs as we targeted below 6% by year-end, we should be able to match that.

The second is about growth. Yes, so since the recovery of NPA is also one of the factors contributing to little, lesser growth in advances, but we are confident that based on the -- even 9% in the first half year, generally, we have seen that the next half year, the coming half year is generally good, as far as the growth of advances is concerned. So as of now, we are confident that we should be able to post, the growth of 15% in advances.

**Manish Ostwal:** Secondly, Sir, recovery from written-off accounts, what is the second half target? And how much we achieved in the first half?

**Shujaat Andrabi:** Yes. Written-off accounts, this is Shujaat Andrabi, from written-off accounts there was INR 326 crores as of now during the Q2, but we're seeing the response to our recovery actions then assignment of assets to ARCs and the NARCL thing is coming up and shaping in many accounts. So we don't expect there will be a need to go for write-offs in Q2.

**Baldev Prakash:** So Manish, total written-off book is around INR 4,700 crores. It was there around INR 4,700 crores. And we have recovered more than INR 400 crores in that during the year. But this year, one account of AIRCEL has been written off, that is INR 328 crores. So this will be around the same range only INR4,700 crores.

**Manish Ostwal:** And last on the raising equity capital for our growth in our business. So what is your plan for raising equity and what could be the size of the raising equity?

**Baldev Prakash:** So as we have indicated in the last call also, so Board has already given the approval for raising of Tier 1 capital of INR 500 crores and Tier 2 capital of INR 1,500 crores, and we are on course of raising both Tier 1 as well as Tier 2 capital. And given the results, we have now posted, we are hopeful that our rating will also improve, which will give further boost to our efforts for raising capital.

**Manish Ostwal:** So when will we be able to raise the equity capital, Sir? That is the question.

- Baldev Prakash:** So in the third quarter, we are going for Tier 2. In the last quarter, we are going for Tier 1. That was the plan in the initial phase also.
- Manish Ostwal:** Sure, thanks a lot and all the best for the coming quarters and wishing all of you a happy Diwali.
- Moderator:** Thank you. The next question is from the line of Sonaal from Bowhead. Please go ahead.
- Sonaal Kohli:** Thanking you for this opportunity. Sir my first query, what is it while trying to review the presentation we couldn't find any in the last at least 15 minutes ago.
- Baldev Prakash:** Can you repeat Sonaal, we are not able to hear you clearly.
- Sonaal Kohli:** This is Sonaal Kohli, I wanted to check, would you be releasing the presentation this quarter. You normally come with a presentation, but we couldn't find any here on IR section on the company website so far?
- Mohammad Ishaq Bhat :** Sonaal, actually, the Board meeting was held this day only. And usually what we used to do, we used to hold the Board meeting and then the call was actually held after that, the next day or a couple of days after the board meeting. So we had the board meeting today itself and being Friday also, the presentation will be on the website by evening today.
- Sonaal Kohli:** Okay, sir. Secondly sir, since we don't have the data, can you only share some basic metrics like what were the gross slippages? What are the recoveries this quarter? And how much slippage happened from the restructured book?
- Baldev Prakash:** Yes. So restructured book, we had around INR 3,100 crores. So out of that INR 1,500 crores or INR 1,600 crores already now slipped to NPA. The rest of around 50% of the restructure book is holding up and we are confident that this book will hold. So, no further slippage are expected. So as far as the...
- Sonaal Kohli:** So there was zero slippage in this quarter from the restructured book, is that what you are saying?
- Shujaat Andrabi:** Only INR 5 crores during the last quarter.
- Baldev Prakash:** And as far as the total slippages are concerned, you have a number?
- Shujaat Andrabi:** Yes, Sir. There has been addition of around INR 1,700 crores. And there has been total recovery of INR 2,443 crores.
- Sonaal Kohli:** Sir, you had a gross slippage INR 1,700 crores during the half year this quarter?
- Baldev Prakash:** That was a gross, you said INR 1,700 crores during the quarter.
- Sonaal Kohli:** Sir, you're referring to the quarter, the half year, sorry, I couldn't hear you.

- Baldev Prakash:** Quarter.
- Sonaal Kohli:** So, gross slippage INR 1,700, recovery of INR 2400 crores, you refer a net slippages 700 crores. Minus 700 crores, okay.
- Baldev Prakash:** Recovery is INR 2,400 crores
- Sonaal Kohli:** Minus INR 700 crores, okay. And Sir, what would be your SMA-1? And what will the SMA-2 on 30th September?
- Shujaat Andrabi:** So the SMA is being monitored and watched on a daily basis. So the latest figure with me as on -- this is as of 18<sup>th</sup> of October, so the total SMA is INR 9,800 crores, out of which SMA-1 and SMA-2 is just INR 3,800 crores, which is 5.3% of the standard advances.
- Sonaal Kohli:** Sir, do you know the SMA of the banks historically has varied very widely on a monthly basis. So if you help us because you are talking about 30<sup>th</sup> September ending period because month ending, month periods very-very early.
- Shujaat Andrabi:** It was -- month ending was also in the same range, it was around INR 5,000 crores with the potential. So we are monitoring it on daily basis, we have a team at Corporate Headquarters...
- Baldev Prakash:** So potential NPA as on month end...
- Shujaat Andrabi:** Potential NPA as on month end was INR 3,300.
- Baldev Prakash:** Yes. Sonaal, our potential NPA as on 30<sup>th</sup> September was INR 3,300 crores.
- Sonaal Kohli:** Out of which how much was SMA-1 and SMA-2?
- Shujaat Andrabi:** SMA-1 was INR 3,180 crores and SMA-2 was just INR 79 crores.
- Sonaal Kohli:** SMA-2 was INR 79 crores?
- Baldev Prakash:** INR 79 crores.
- Sonaal Kohli:** Sir, just repeat because your line wasn't clear. SMA-1 was INR 3,100 crores, SMA-2 just INR 79 crores.
- Shujaat Andrabi:** Yes. SMA-1, you can take it was INR 3,200 crores, INR 3,180 crores to be precise.
- Sonaal Kohli:** And on this October 18<sup>th</sup> , what is the number you said for SMA-1 and SMA-2?
- Shujaat Andrabi:** It is INR 3,830 crores. There has been some increase, but we are working on it, and it will be -- within a couple of days, it will be at the level of month-end.

- Sonaal Kohli:** And sir, what was the SMA-1 on 18<sup>th</sup> October and SMA-2 on 18<sup>th</sup> October?
- Baldev Prakash:** Can you repeat again?
- Sonaal Kohli:** Sir, what was the -- on 18<sup>th</sup> October, what is the breakup of the INR 3,830?
- Baldev Prakash:** On 18<sup>th</sup> of this month, October the SMA-1 was INR 2,891 and SMA-2 was INR 922. This is a figure of 18<sup>th</sup> of October.
- Sonaal Kohli:** Understood, Sir. And sir, how is your ECLGS book behaving? When would the repayments start in this? And what are your expectations from this book? Has it already a lot of repayments started? And are you seeing an impact of it or when will you start seeing an impact of this book when the repayment cycle start?
- Baldev Prakash:** Yes, GECL you are talking.
- Shujaat Andrabi:** Yes. So there are 90 accounts in which repayments start in the next 3 months. Then there are 38 accounts where the repayment is 4 to 6 months, there is still a moratorium of 4 to 6 months. Then we have around 8 accounts where the moratorium is 7 to 9 months and the amount is just INR 3 crores. Then we have 39 accounts where the amount is INR 11 cores and the moratorium is 10 to 12 months still. And then we have 1160 accounts amounting to INR 334 crores where the moratorium 13 to 24 months.
- Sonaal Kohli:** Can you share the amount rather than number of accounts -- amounts for the 3 months, 6 months?
- Shujaat Andrabi:** Amount is -- total amount is INR 334 crores.
- Sonaal Kohli:** In 3 months.
- Shujaat Andrabi:** Yes. No, no. In 3 months, it's only INR 20 crores.
- Sonaal Kohli:** And in 6 months, sir?
- Shujaat Andrabi:** 4 to 6 months, it's again, INR 21 crores.
- Sonaal Kohli:** That's it. Okay.
- Sonaal Kohli:** And sir, how -- when you start -- do you expect any hits there when the repayment cycle starts or you're not concerned about ECLGS book in a bit.
- Shujaat Andrabi:** We don't foresee any problem at the end. We don't foresee any problem. As our MD Sir has rightly pointed out in his address, we had a record breaking tourist season and collection efficiency has increased.



- Baldev Prakash:** So now that the economy is improving. So we don't foresee any stress in the GECL accounts.
- Mohammad Ishaq Bhat** And Sonaal, the total amount that was under moratorium is in the range of INR 367 to INR 370 crores. For the rest of the amount, the moratorium is broadly over and collection efficiency is good. We haven't experienced any short coming over there, and there has been no slippages from that portfolio, where the moratorium is already over.
- Sonaal Kohli:** So Sir, you're saying out of total GECL book, you have only 360 crores in the moratorium as of now?
- Ishaq Bhat :** Yes, the remaining moratorium in the books is only INR 413 crores.
- Shujaat Andrabi:** INR 413 crores is the total amount under moratorium.
- Sonaal Kohli:** INR 434 crores is under moratorium.
- Ashutosh Sareen :** INR 413, yes, 4-1-3, only and out of INR 41 crores are due for starting of the repayment in the next 6 month collectively.
- Sonaal Kohli:** And sir, what is your total risk weighted assets as on 30<sup>th</sup> September?
- Altaf Kira :** Total risk weighted assets are INR 74,115.
- Sonaal Kohli:** Sir, you had extreme recovery, but considering the kind of tourist season you are seeing, what is leading to a high gross slippage run rate. It's still a reasonably high run rate of gross slippages. What is leading to this?
- Altaf Kira:** Pardon?
- Mohammad Ishaq Bhat:** As we told you Sonaal, about that CC account, especially the CC government employees accounts. These accounts do slip because there is a low turnover in the account, we don't recover the principal, only the interest is recovered. And when this 90 days barrier block is basically for a single day only, the next day they are getting upgraded, actually this is not the slippage at all. Now we are addressing this issue in the new system, where the leads are actually being generated. We have customized low turnover report also, which is made available to the call center, so SMSs are sent and it is made available to the operating levels also. So these slippage actually are coming from that portfolio and with the percolation, Say one account, it takes along with it 5 accounts. So a simple INR 1 lakh account, it may take with it INR 1 crore.
- So the slippage is mostly on account of that. There is no slippage -- very minimum slippages is on the term loans and other accounts, it is all coming from the low turnover government employee, on account of percolated accounts. But it is now being addressed to a large extent and the SMA figure are also coming down because the SMA is also coming from the portfolio, 50% of the SMA portfolio is actually attributed to the consumption loans of the government

employees. Now with this technology in place, it is being addresses and this gross slippages shall also definitely come down.

**Sonaal Kohli:** Sir, actually, I could not fully understand what you are trying to say, but what I'm trying to ask you is slippage happened after 90 days of delays. It is not like there is a delay of one day this gross slippage happens. And the bank must be having a system of calling SMA1, SMA2 Therefore, I'm actually not able to understand -- had a single day delay.

**Baldev Prakash:** Yes. Sonaal, let me try and explain it. So, these accounts are like a running account, like overdraft accounts. So these accounts are slipping because of the technical reason, some of the accounts of these on this portfolio, sometimes if you used to slip because of the technical reason of low turnover because within that account, the repayments, the credit should be more than the interest applied. So this was not part of SMA portfolio. So now with the technology in place, we have this report of low turnover report. And with the support of that low turnover report, we have started addressing this concern. This is actually working well, and we are quite hopeful that this issue will be resolved very shortly.

**Sonaal Kohli:** Sir, just one question on this. I've been tracking a banking for about 8 years now. We never just witness something like this in the pre-COVID period, there are more technology than also. So why are these gross slippages happening? Was there any change in the technology in the interim? We used to get this data before, and we don't get this data now because even the pre-COVID period, we didn't see these kind of accounts getting into gross slippages in the past.

**Baldev Prakash:** No, I think these slippages were happening. These account slippages are happening, but now that portfolio is becoming big because we have started this new scheme from the month of June only. The June, earlier, it was only to a one department that was the police department of the State. But now this team is applicable to all the employees of the State.

**Mohammad Ishaq Bhat** Sonaal, let me explain one reason. The SLAC, that is the system level asset classification previously, it was being run on a quarterly basis. Then it was shifted to the monthly basis. Now it is being done on daily basis. So for the INR 1,700 crores that you are actually taking is the slippage of 90 days. It is not a slippage on a single day. So what happened is you may get a slippage of INR 20 crores, INR 25 crores per day. So that accumulate reached to the INR 1,700 crores. This is not a slippage of the quarter or the quarter end date. Today also we get a slippage, daily slippage report, everyday we're going to get slippage report INR 4 crores, 5 crores and INR 10 - 20 crores, and then immediately its being corrected. That is why the recoveries are also there, and recoveries are outnumbering the slippages. Slippages actually are happening on daily basis because this system level asset classification is being run on daily basis.

**Sonaal Kohli:** [indiscernible].

**Ishaq Bhat:** We are not taking incremental. You see if we take only the incremental slippage that is what the NPA accounts that were not here at the end of the previous quarter and the NPA accounts that

have come to the portfolio, the NPA portfolio, it will be miniscule. We are actually taking the gross slippage that is everyday slippage. So INR 20 crores downgrade today, tomorrow its upgraded, we take it as a INR 20 crore above this downgrade for the quarter. So we add up, these daily slippages will be add up.

**Sonaal Kohli:** I understand from you offline, but the point here is that every bank in this country follows the same rules, but I'm not heard that from any other bank. So there must be something different that must be happening. I'll try to understand technically why it happens from you. But every bank follows the same regulation you're talking about. So anyway, I am going to understand offline. Thank you.

**Shujaat Andrabi:** We can send him a detailed reply.

**Baldev Prakash:** Yes, we can send you detailed reply by mail.

**Sonaal Kohli:** Thank you, Sir.

**Moderator:** Thank you. Reminder to the participants, anyone wishing to ask a question, may please press star and one. The next question is from the line of Nathmal Modi, an Investor. Please go ahead.

**Nathmal Modi:** Good Afternoon Sir, in Note No. 25, you have mentioned other assets of the bank includes INR 4,339.23 crores as pension dues from government of J&K and Ladakh, what is this Sir? I'm not sure from where you're are getting this money?

**Baldev Prakash:** You see the Bank is actually designated as an Agency Bank by Reserve Bank of India for the UT of Ladakh and UT of J&K. And under that assignment, we handle the government business of the 2 UTs. And this pension is also a part of the government business only that we have to make the disbursements and then the reimbursement is sought from them. So this amount remains there for some time, when the reimbursement come and it get off-set, but this a monthly phenomenon. Every month, we disburse the pension and the reimbursements are received from the government because of this arrangements, because we are the Agency Bank designated by Reserve Bank of India to conduct the government business of the 2 UTs.

**Nathmal Modi:** Do you get any interest on it and what was the amount last year received on these accounts?

**Baldev Prakash:** No. We don't get any interest on that. But it is only the disbursement -- for every disbursement, there is a commission of INR 65. Go ahead.

**Nathmal Modi:** Pension only.

**Baldev Prakash:** Yes, exactly. And during the year, it can be 14 disbursement, that is 12 for the principal pension and two for any arrears. So there will be 14 payments of commission by the government at INR 65 per pension payment irrespective of the amount of payment.

- Nathmal Modi:** Okay, sir. And sir, in Note No. 17, you have used about this technical write-off, what is this technical write-off, Sir?
- Baldev Prakash:** Technical write-off is those account just like AIRCEL, these accounts where the recoveries are not forthcoming despite the best effort. So these accounts are technically written-out, but are followed-up for the recovery in future also.
- Mohammad Ishaq Bhat** These accounts remain in the books of the bank and at the branch level, these are actually like open accounts. The technical write-off is an accounting term that is actually used at head office level. It is actually because there is no intrinsic value of these accounts because these are 100% provided. And like the AIRCEL account which we technically wrote-off this quarter, there's no recovery coming from this account. There are no asset in that company. And it has been NPA for the last 5 years without a single penny being recovered. So it is and you get the benefit of this technical write-off to get the tax benefit, and when you do it – or do a technical write off you'll get the full benefit of the amount that we have provided for this, for the tax benefit.
- Baldev Prakash:** Thank you, Mr. Modi.
- Nathmal Modi:** Thank you.
- Moderator:** Reminder to the participants, anyone wishing to ask a question, may please press star and one Participants in the conference, if you wish to ask a question, may please press star and one. The next question is from the line of Shivam from VG Brothers. Please go ahead.
- Shivam:** So can you just tell me that from which all sectors are you seeing a good credit growth coming during the quarter?
- Baldev Prakash:** Yes. So Shivam, we have a growth of –
- Ashutosh Sareen** Shivam, I'm Ashutosh, I'm Credit Head. So we are seeing good credit growth coming in the retail advances segments, particularly MSME and housing loan segments, where we have grown in in housing loan, you would be happy to know that we have grown by 18% in the last six months. And also, we have strategy to going forward from the migration to the digital lending platform from manual mode..
- Baldev Prakash:** So the growth is coming basically from retail sector.
- Shivam:** And anything on the corporate side?
- Baldev Prakash:** Yes. Corporate, we -- as we started working on it, and there is a sanctions of around INR 4,500 crores during the 6-month period. And these are basically to the PSUs and AAA rated companies. These sanctions -- actuallythe disbursement has started, but this will take some time. But as of now, it is not much, yes, with the passage of time, this number also will increase.

- Shivam:** So which sector PSUs demand – the enquiries are coming up from like in corporate?
- Baldev Prakash:** Yes. So corporate, it is mainly in the NBFC. AAA, NBFCs and public sectors, Maharatna and Navratnas.
- Shivam:** So you see this part of credit growth likely to continue, can you give any guidance on how much credit growth are you expecting for the coming years?
- Baldev Prakash:** So actually, we are confident that retail growth will continue happening, the way it is acting now. Yes, with increase of interest rate review, now maybe corporate growth may not happen as we were expecting, maybe a little bit muted growth in corporate will also continue happening.
- Shivam:** Okay. And sir, I missed your numbers on ROE. Can you just repeat that number during the call, I missed that? Can you just repeat the number of ROE?
- Baldev Prakash:** The return on equity, you are saying?
- Shivam:** Yes.
- Baldev Prakash:** So my CFO is going to take that question.
- Pratik Punjabi:** So our -- this particular quarter end, profit has been very good. It is one of the best profit that we have reported in the last 6 quarters. And as such our return on network on an annualized basis has been 13.07%. Ok.
- Shivam:** Ok Sir, thank you.
- Moderator:** Thank you. The next question is from the line of Abhishek Tandon from Bowhead India. Please go ahead.
- Abhishek Tandon:** Sir, what is the outstanding number on our ECLGS book as on 30<sup>th</sup> September?
- Baldev Prakash:** Abhishek, you have to speak a little louder, please.
- Abhishek Tandon:** Sir, what would be the outstanding number on our ECLGS book as on 30<sup>th</sup> September?
- Baldev Prakash:** Which book?
- Abhishek Tandon:** ECLGS.
- Baldev Prakash:** Yes, you are talking about GECL. Yes. Okay. So I think...INR 1,700 crores.
- Abhishek Tandon:** INR 1,700 crores on ECLGS book?

- Baldev Prakash:** Yes. We call it the GECL.
- Abhishek Tandon:** So I'm asking about ECLGS, Emergency Credit Line Guarantee Scheme.
- Baldev Prakash:** Yes.
- Abhishek Tandon:** And Sir, what would be the overlap between SMA-1 and 2 in a restructured book?
- Shujaat Andrabi:** The restructured book, our restructure book is INR 3,100 crores as on 30<sup>th</sup> September.
- Abhishek Tandon:** Overlap between SMA-1 and 2 and restructure book.
- Baldev Prakash:** SMA-1 and 2 and restructured book?
- Shujaat Andrabi:** Not more than INR 200 crores.
- Abhishek Tandon:** Not more than INR 200 crores. Okay. So just repeating from the same topic. So, ECLGS has outstanding as on September was INR 1700 crores, right?
- Baldev Prakash:** Yes, INR 1,700 crores.
- Moderator:** Thank you. The next question is from the line of Sonaal from Bowhead. Please go ahead.
- Sonaal Kohli:** Sir, what kind of hiring plans do we have this year? And what kind of aging provisions do you meant to have this year and next year?
- Baldev Prakash:** Sonaal, can you repeat the question, please?
- Sonaal Kohli:** Sir, what kind of hiring plans do we have this year and next year?
- Baldev Prakash:** Yes. So as of now, we are going for only the specialized hiring. No general hiring because we had a good number of people inducted two years before, one and a half-year before. So as of now, for the general routine functioning, we don't need further people. We need only for specialized sectors like our IT or other thing, we'll always plan for small-small hiring, not much.
- Sonaal Kohli:** Sir, the wage revision, which has been planned in all other banks, we would also be implementing this year and would we -- have you already started providing in our Q1, Q2 numbers?
- Baldev Prakash:** You're talking about provision for wage revision?
- Sonaal Kohli:** Yes, Sir. All government banks for that so some of them have started providing, some of them have not started providing.

- Pratik Punjabi :** Sonaal, our employee amalgamate expenses are INR 637 crores for this particular quarter. And in the previous quarter, it was INR 626 crores. So far, it has been INR 1,264 crores. As far as the wage revision is concerned, it is expected in November, if we hear it from IBA, then we will provide.
- Sonaal Kohli:** And sir, that will be back dated for Q1, Q2 or from which quarter you'll have to provide it?
- Baldev Prakash:** No, it is applicable from November '22 onwards.
- Sonaal Kohli:** Okay. And Sir, what kind of aging provisions would we have for this year and for next year? In case you have?]
- Baldev Prakash:** Okay. Sonaal, aging provisions will be INR 110 crores for the next six months, INR 50 crores in the coming -- this quarter, Q3 and INR 60 crores in Quarter 4.
- Sonaal Kohli:** And next financial year?
- Baldev Prakash:** Next financial year. We will share it with you.
- Sonaal Kohli:** And Sir, is there any big loan from which you expect a recovery in next six months or so in large corporate loans?
- Baldev Prakash:** Yes. So we are expecting a resolution of around INR 900 crores from NARCL and sale to other ARCs. Around INR 1,000 crores from both NARCL as well as sale to other ARC's
- Sonaal Kohli:** And how much can you provided already for this, so?
- Shujaat Andrabi:** Almost 100%.
- Baldev Prakash:** Almost 100%. Yes. These are old accounts.
- Moderator:** Thank you. Reminder to the participants, anyone wishing to ask a question, may please press star and one. As there are no further questions, I now hand the conference over to the management for the closing comments.
- Baldev Prakash:** Thank you very much and all the best blessings and greeting for the festival of Diwali. Thank you so much.
- Moderator:** Thank you. Ladies and gentlemen, on behalf of ICICI Securities, that concludes this conference call. We thank you for joining us, and you may now disconnect your lines. Thank you.