Bank of Baroda Media Meet for Quarter & Financial Year ended 31st March 2024

10th May 2024

Participating members from the Management Team of the Bank

- *Mr. Debadatta Chand, Managing Director & CEO*
- *Mr. Lalit Tyagi, Executive Director*
- *Mr. Sanjay Vinayak Mudaliar, Executive Director*
- *Mr. Lal Singh, Executive Director*
- *Mr. Ian Desouza, Chief Financial Officer (CFO)*

Moderator: Welcome to Bank of Baroda's financial results for the fourth quarter of FY2024. Thank you all for joining us. We have with us today the MD & CEO of the Bank, Shri Debadatta Chand and he's joined by the Banks, Executive Directors and the CFO. We have a short presentation that, Ian, the CFO, will take you through followed by the opening remarks by Chand Sir and then we'll open it up for Q&A session. Over to you, Sir.

Mr. Debadatta Chand: Yeah. Good afternoon all media friends. So, let me again welcome all of you for this conversation today and with me, as Phiroza said. I have with me Mr. Lalit Tyagi. He's the Executive Director, looking after Corporate Credit, International and Treasury, along with a couple of other departments. Then we also have with us, Mr. Sanjay Mudaliar, he is the Executive Director looking after the digital part, the IT part, and he's also the retail face of the bank looking after the retail assets and liabilities. Then, we have with us Mr. Lal Singh. He's looking after, more importantly, the recovery department and the MSME, the priority sector department and as you know, we have the CFO with us, Mr. Ian Desouza, with whom you are interacting for many years now. So, with this Ian, I hand it over to you to make an initial presentation and then I'll have my comments. Please go ahead.

Mr. Ian Desouza: So, a very good afternoon to my dear media friends. I would be happy to take you through our stellar results. We have touched a total business volume of 24 trillion in this quarter. We have retained our pole position as the second largest public sector bank. In terms of our global advances, we had given a guidance that we would grow our advances 13 to 14%. We are slightly below that guidance, but growing strongly. We continue to grow strongly in the retail where we are growing close to 21%, just stay with the previous slide. Agri, MSME, and Corporate are growing at close to 12%.

Within the retail vertical, we continue to grow our home loan and mortgage business, which is our secured lending and we are also growing education and auto loans respectively. We have muted our growth in personal loans as we had guided earlier. So, we were growing this book in the previous financial year at close to 100%, but we have now moderated down to just about 51% growth year-on-year. Next slide please.

In terms of deposits, we had guided that we would grow at around 12% given the tight liquidity conditions, we're just about a notch below that, but not very much so. You would notice that our domestic CASA is growing at 5.4%, year-on-year, but sequentially it's growing strongly at almost 7.5%. What we did do this quarter is reduce our credit deposit ratio, we reduced it from 84.26% to 82% by managing our growth as well as increasing our deposits. In terms of domestic CASA ratio, you will see that it has improved sequentially by around 64 basis points. Next slide please.

So, in terms of our operating profit, operating profit is up smartly by more than 15%. Our profit after tax for the full year is up by 26%. ROA, we've been delivering ROAs in excess of 1% for seven quarters now and this is the second financial year we've given ROA above 1%. It has smartly improved by 14 basis points. ROE is up by 61 basis points. Next slide please.

In terms of our yield on advances, we've improved yield on advances year-on-year by 100 basis points. Given the tight liquidity conditions, our cost of deposits has also gone up. Our NIM due to seasonal impact on account of strong recoveries in the last quarter has gone up to 3.27%. However, if we normalize for the exceptional recoveries we saw this quarter. The normalized NIM for the quarter would be around 3.15%. The NIM printed for the full year was 3.18%. If you normalize for exceptionally strong recoveries in the last quarter, the NIM for the full year would be around 3.14%, which is within the guidance we had given for NIM for the full year being around 3.15% plus minus 5 basis points. Please go ahead.

In terms of GNPA, we have reduced our GNPA to below 3%. Our NNPA is at 0.68%. Our provision coverage ratio is very strong at 93.3%. Slippage is within the range we had given. We had said slippage would be between 1 to 1.25% and we are below the lower end of that band. Credit cost is a little elevated when compared to the previous year at 0.67%. But I'd like to call out here that in case of one aviation account, we would have been required in the normal pace to make a provision of around 450 crores, but however we have provided for the entire exposure. So, in a sense, we've taken a 1300 crore additional provision in this year. In addition, we had a floating provision at the beginning of the year which we created of around 200 crores. So, all put together, there was 1500 crores of provision, which in the normal course would have come in later years and if you normalize for that credit cost would be the same as the last year at around 0.53%. So, credit cost is holding good along with all the asset quality ratios. In case of the slippage also, the slippage is a little elevated though within our guidance on account of the aviation account of 1700 crores and one international account of 500 crores. So, on a normalized basis our slippage on the remainder of the book is actually much below our guidance.

In terms of the SMA 1 & 2 above 5 crores, this has been continuously trending downward and that demonstrates that in case of our large ticket loans, there is very little incipient stress at this point in time because there's only 0.15% of those loans which are noncurrent. In terms of collection efficiency, collections continue to be strong at 98%. Can we go ahead please?

In terms of our capital ratios, during the year, you must be aware that RBI had changed the norms for risk weighted assets for unsecured and NBFC loans. On account of that, our capital adequacy had a hit of 65 basis points. Despite that, our internal accruals have resulted in our capital adequacy at the end of the year coming in at 16.31% which is above the level we had as of previous March end. So, if we did not have the change in RBI regulations, our capital adequacy would be closer to 17%. Our CET 1 is very strong at 12.54%, which is above the threshold we have set for ourselves internally, at around 12%. LCR remains healthy at around close to 121%. With this I come to the end of my remarks. Over to Mr. Chand, our MD & CEO.

Mr. Debadatta Chand: Thanks, Ian. Again, let me make some qualitative comments with regard to the financials presented. I'm happy to announce the strong financial performance along with much better asset quality. So, in the process of the last financial year, we have achieved a couple of milestones that I want to highlight. One is a case where the total business of the bank has crossed 24 trillion, 24 lakh crores of business. That's a significant scale in terms of the space we operate in as a PSU bank and the business has seen a growth of 11.20% YoY. At the same time, the retail advances which we have been talking about for quite a few quarters on retailising the book has crossed 2 lakh crore mark as of March 2024 showing a 20% growth. Rather the growth has been more than 20% for many quarters now as far as the retail book is concerned.

Our net interest income has exceeded 44,000 crore and that's a growth of 8.1% and this is particularly important in the context of the bit of cost pressure coming from the deposit. Our operating profit for the first time has exceeded 30,000 crore which has seen a significant growth of 15.3% vis-à-vis last year. The higher growth of operating profit has come primarily due to our sustained focus in terms of the non-interest income, which has seen a very smart growth of 44%. The non-interest income for the full year was 14,495 crore as compared to 10,026 crore in the last year. The component of non-interest income, which is seeing a significant jump is in terms of the CEB, the Commission Exchange and Brokerage, which has seen a 19.9% growth. At the same time, the treasury income also contributed which has seen a 40.4% growth. So, we had told many times earlier that we are focusing on the fee and flow very strongly and that's showing traction in terms of a higher non-interest income. We also have a net profit for the full year which is at 17,789 crores, which is a growth of 26.1%. For 5 consecutive quarters, we're announcing a net profit in excess of 4000 crore. If I compare this year profit vis-à-vis the last year profit, this year profit is almost at 123% of the last year profit.

So, on the asset quality, more importantly, I would say that we have a very strong performance on the asset quality apart from the reduction in the GNPA, net NPA, and containing the slippages and credit cost. If you talk about like some of the data already available in the analyst presentation, the portfolio at risk, which I talk about that is the SMA 1 & 2 as per the CRILC report and also the restructured standard book, it has gone down as a percentage of standard advances, which were at 2.04% in the last financial year has gone down to 0.92% this year. In that way, the asset quality is much better as compared to the last year. At the same time, as Ian already clarified that as far as the credit cost is concerned barring that one aviation account, the normalized rate would have been almost the same level as the last year.

Couple of guidance that we had given earlier and let me reiterate those guidance's for this year, I mean I'm talking about FY24-25 that the growth in deposit we are expecting at 10% to 12% growth going forward. So, this is on the backdrop of the current market outlook and scenario that we expect the deposit growth to be 10% to 12%. At the same time, the focus on CASA would continue, going forward within the overall growth of the deposit. At the same time, the advances growth we are expecting 12% to 14%. In case you would see the current year performance, the domestic advances grew at 12.9%. We said earlier that we are going to slightly moderate on the international growth. So, the growth in international advances is 10.5% leading to 12.5% for the bank as a whole on the global advances book. So, as we continue to grow a better on the retail side, we are expecting a growth guidance of almost like 12% to 14%. We will try to see on the market going forward how is the outlook pans out and then decide further on that.

The NIM guidance as Ian already said, exactly if you look at the full year NIM it is at 3.18%. If you normalize for couple of exceptional items, it is at 3.14%. So, we said last time that the NIM would be at 3.15% plus minus 5 BPS. We continue to maintain the same NIM guidance for this year also with the caveat that again, we'll map out how the market does and then look at going forward with regard to further guidance on the NIM. The ROA guidance were given last time was more than 1% and if you look at last 7-8 quarters, the ROA has been pretty good in terms of the level. So, we are improving the ROA guidance from 1 to 1.10% this year. The slippage ratio guidance continues to be the same like 1 to 1.25% whereas the credit cost we again would say that we will maintain below 1%. So, these are the couple of what you can say, thoughts I have vis-à-vis the financial that we presented before you.

The focus for the bank is going to be on how to optimize on the CASA side, the retail term deposit side, focusing on the same way like we are seeing traction on the fee side, at the same time a couple of things like we want to push for reduction in cost to income through process automation. So, going forward, we again see the robust growth that the bank is giving for last many quarters, many years would continue to be there and the financial performance is strong at the same time, the asset quality is a key for us to deliver the best to the market. With this, I open the question and answer for all of you. Please go ahead. Over to you. Phiroza.

Moderator: Thank you, Sir. We are now open for question and answer session. I request anybody who has questions to raise their hands. Please stick to two questions at a time and we will come to you if time permits for more questions. With that, I request Joel Rebello to please unmute yourself and ask the question.

Mr. Debadatta Chand: So, Joel, are you there? Phiroza, you can go to the next person.

Moderator: We move the next participant. Mayur, can you please unmute yourself and ask the question?

Mr. Mayur Shetty: Sir, can you hear me?

Mr. Debadatta Chand: Yeah, I can hear you, Mayur. Please go ahead.

Mr. Mayur Shetty: Yes, Sir. My question was on the aviation account. You said that you all had made a provision. So, is this loan now fully provided for and what is the scope of recovery from this account?

Mr. Debadatta Chand: Yeah. As we announced last time that we had made provision to the extent of the non-ECLGS component, but this quarter, we have made the provision for the ECLGS component also. Now, the account is fully provided. In terms of recovery, as you know, there are the legal action, the legal process is going on, but as I said earlier also this account is highly collateralized. So, along with the ECLGS cover, I think the recovery would be to the maximum as far as this account goes.

Mr. Mayur Shetty: Right and Sir, would it be possible for you to share the size of the project loans in your portfolio?

Mr. Debadatta Chand: No, I mean this is you are referring to the draft guidelines, right?

Mr. Mayur Shetty: Yes Sir.

Mr. Debadatta Chand: So, as it's a draft guidelines I think it's a consultative process and we will not make any comments as at this point of time as it is a draft guideline. Let the process be over and then we will be in a position to share data with regard to the impact and outcome therein.

Mr. Mayur Shetty: But uh, you won't be able to share the size of the book?

Mr. Debadatta Chand: No, I mean that's linked with the draft. It's a consultative process. So, let us all come to a finality and then possibly we will be in a position to share some data on the impact of that, right.

Mr. Mayur Shetty: Okay.

Moderator: Thank you, Mayur. We now move to Joel Rebello. Joel, I request you to please unmute yourself and ask the question.

Mr. Joel Rebello: Hello. Sir, can you hear me?

Mr. Debadatta Chand: Yeah, I can hear you. Please go ahead.

Mr. Joel Rebello: Hello. Can you hear me, Sir? Yeah. Sorry. Sir, if you look at it year-on-year, your profit growth has been pretty muted, it's a 2% growth. NII has grown also 2% almost. So, what is the reason for this muted growth? Can we say that this is a peak of your profitability? What is the reason for the muted growth? I'm looking at quarter-to-quarter?

Mr. Debadatta Chand: Yeah, you're looking at quarter-to-quarter, but then we look at the year-to-year. If you look at, there is a 26.1% growth on the net profit, right.

Mr. Joel Rebello: No fourth quarter this year versus fourth quarter last year.

Mr. Debadatta Chand: Yeah. If you compare quarter-to-quarter, it is 2.6% and that typically we look at the full year. Like, March quarter is always comparable with the full year I mean, year-to-year. There we have seen a 26.1% growth. Quarter-to-quarter, it depends upon many factors in terms of one thing that we said is, the NII growth has been slightly lower because there is a cost pressure coming therein. Secondly, as already Ian said that couple of accounts where we have taken an escalated provision therein. So, if you go by normal IRAC provisioning norms, the requirement would have been much lower. So, otherwise if you see full year, it is absolutely 26.1% growth is a significant net profit growth. And again, when you are guiding the market, we always say that we are maintaining ROA in excess of one. So, ROA talks about what is the profitability you are going to earn on a higher asset base. So, we are guiding the market rather we have improved the ROA guidance from 1 to 1.10% for the next year, then you can reassess with regard to the profitability trajectory going forward.

Ian Desouza: Sir, I had few remarks. May I?

Mr. Debadatta Chand: Yes.

Ian Desouza: So Joel, two things. If you look at Q4 of FY24 on a standalone basis, there are two things that are probably not apparent to you. One is you're probably aware that the wage settlement crystallized in Q4 of FY24. So, we had guided the market, more the analysts that in the Q4 when the wage settlement crystallizes, we may have additional provision on retirals. So, while we had fully provided for the wage settlement, but we had an impact of retiral provisions of Rs. 400 crores in the employee cost line. Secondly, as alluded earlier, there's a one off accelerated provision on the aviation account of Rs. 550 crores. So, if you take these together, you have a pre-tax profit of Rs. 900 crores, which is not a recurring item.

Mr. Joel Rebello: Okay, okay. I'm sorry, just to reconfirm, the aviation account is now fully provided for.

Mr. Debadatta Chand: It is.

Mr. Joel Rebello: Okay. The other point I want to make is on the other income side. I think you mentioned about it briefly in your comment, sir, commissions I think increased 19%, if I heard it right, treasury grew by 40%. So can you give us some sense of where this has come from? These two are the main components in other income?

Mr. Debadatta Chand: Yeah, these two are the main component. And earlier also I said we are focusing on the fee side, as we articulated earlier to all of you. So that's where we've seen a traction, if you normally compare the book increase that is the advance book has gone up by 12.5% whereas the commission exchange brokerage has gone up almost 19.9%., right? So that's a significant push and it is going to be sustained rather I would say, going forward. At the same time treasury income, it came out of two heads. One is a case where we do have a higher trading profit this year and secondly last year there was a depreciation impact and this year there is a write back. So, these two contributed into a much higher, what you can say non-interest income. These are the main two components.

Ian, anything you want to add further to this?

Mr. Ian Desouza: No sir.

Mr. Joel Rebello: One last thing, sir. You've given your guidance on the NIMs also on the loan growth also. You think this cost of funds, the increase in the cost of funds that we have seen, is it fully repriced or what is your guidance on the cost of funds?

Mr. Debadatta Chand: So, I believe so, the book is fully repriced. So, the repo rate hike, if you look at the entire time period now the book is fully repriced. So, our outlook of the interest rate also going forward is that it is going to be elevated but it would be stable. So, in that scenario I think the further deposit I am going to reprice would be at the same level or slightly at a lower level. So going by the current outlook as of today, it is fully priced in at this point of time. Rather on the loan side if you say, the BRLR which is externally repo linked, that is going to be constant. At the same time there is still scope for MCLR increase because the MCLR again depends upon lag time in terms of the cost of deposit. So I think this fully priced in and will be in a position to maintain the margin as we are guiding.

Mr. Joel Rebello: Okay. Sir, just to clarify MCLR. How much percentage of your loan book is MCLR?

Mr. Debadatta Chand: It is almost 50%.

Mr. Joel Rebello: Okay. All the best, sir.

Mr. Debadatta Chand: Thank you.

Moderator: Thank you Joel. We now move on to Ritu Singh. Ritu, I request you to please unmute yourself and ask the question.

Ms. Ritu Singh: Hi Mr. Chand, this is Ritu Singh from CNBC TV-18.

Mr. Debadatta Chand: Hello madam.

Ms. Ritu Singh: Sir, just a quick overview. If you could provide us about what the impact of RBI's ban on onboarding new customers through your mobile banking channel has been. Because of the ban, if you could quantify what is the impact you saw and at what pace do you expect to make up for this? Now that restriction has been removed, one. Number two, just to confirm, you said you took accelerated provision of Rs. 550 crores for an aviation account. We assume this is for Go First. How should we read into this in terms of what you see in terms of recovery going forward for the account, keeping in mind the Delhi High Court order, keeping in mind the kind offers that have come in for the airline so far?

Mr. Debadatta Chand: Yeah. First, I will come to your second question. As far as the provision in this account is concerned, we have made 100% provision. In terms of the possibility of recovery vis-à-vis the account we think will be in a position to recover full either through the primary or the collateral security because this account is highly collateralized. The legal process is on. One legal judgment has already come. Thus, the NCLT process is on. I'll not be predicting anything with regard to the outcome, but the processes are on. But I can really confirm that the only thing we can expect from this account going forward on the profit and loss is the upside only. So how quickly it would happen all would depend upon the processes and the legal procedure, and that I think it would take its own time. But then we are fully confident to recover our dues because one third of the component is covered by the ECLGS, the guarantee itself. So, we're confident to recover the money, so the upside can accrue in maybe next year or next to next year. But again these are legal timelines and I can't predict on that.

What is your first question? I just forgot that.

Ms. Ritu Singh: Sir, you said one third of your exposure to go first is covered by the government guarantee.

Mr. Debadatta Chand: Yeah, government guarantee.

Ms. Ritu Singh: And you expect to fully recover your exposure towards Go First.

Mr. Debadatta Chand: Our expectation based on the current primary and collateral security I think we are fully covered therein.

Ms. Ritu Singh: Okay. So, the first question was on the impact you've assessed in terms of quantity from the RBI ban.

Mr. Debadatta Chand: See, BoB World, now we should all see future what you can do because the ban has been lifted. So, as I said earlier continuously, that BoB World was only one of the channels out of many channels we had for acquiring customers. Yes, we were unable to provide certain services for the new customers because of that. So, in terms of business impact, you would have seen one impact you can see with regard to the CASA, right, directly savings. But if you see my four quarters growth in the savings vis-à-vis the industry, I am almost aligned or higher than the industry. So, because we upsized the other channels acquisition, we could sustain the business. We could rather mobilize more business in that way.

Yes, there was an impact in terms of the transaction flow through BoB World because of the ban. And the dip was almost like if I take from the day one till date almost like 10%. And I think in a very short period of time, in three to six months' time we will recoup the entire thing. Rather we'll give a growth on the transaction volume. And the impact, I'm talking about the flow of transaction within the BoB World which had seen a 10% drop. But again, in no time we'll be in a position to recoup that.

Ms. Ritu Singh: Okay, thank you very much, sir.

Moderator: Thank you, Ritu. The next question is from Siddhi Nayak from Reuters. Siddhi, please unmute yourself and ask the question.

Ms. Siddhi Nayak: Hi, sir. Chand sir first of all, before I start my questions, one request from the journalist community here. Can you please start the physical press conferences from the next quarter because we would really want to come meet you...

Mr. Debadatta Chand: We will do that.

Ms. Siddhi Nayak: ....and not have these conversations virtually. Thank you, sir.

Mr. Debadatta Chand: We have noted, I'll take it as a request and guidance. We'll do that.

Ms. Siddhi Nayak: Thank you, sir. Much appreciated. So, my first question was an extension from the last question that you just answered. Just so that this fallout of the entire BoB World episode does not happen in the future, what steps has the bank taken to ensure and what has been communicated to the RBI in terms of how would you ensure that such glitches or such issues do not happen in the future?

Mr. Debadatta Chand: That's a very fair point, actually. And this is what the entire premise is when the ban was revoked in terms of ensuring compliance, going forward. So all along, my system has been made very robust. Rather, we had our comprehensive customer onboarding process reviewed by an external consultant. All the gaps have been plugged fully. And the issue was more with regard to a process rather than the platform itself, right? So, in that scenario, our processes are much stronger now. There is a huge audit oversight on the process, going forward. So absolutely, these are all fundamental in terms of how do you run the business and we have ensured that these are fully complied so that there is no process issue going forward, vis-à-vis Bob World or any other channel for the matter. So, be rest assured with regard to other processes of bank in terms of how to, again, when we start onboarding a new customer to ensure that we are fully compliant as directed by the regulator.

Mr. Mudaliar, anything you want to supplement to this?

Mr. Sanjay Vinayak Mudaliar: No, sir. That's fine.

Ms. Siddhi Nayak: Okay. Sir, my second question is on your technology spends. Right now, we've seen RBI kind of being really concerned about the kind of technology most banks are using. And you've also seen an action against a big private lender. What portion is Bank of Baroda's expense allotted to technology? What's the percentage of OpEx? And would you be looking to increase it going forward given the kind of digital transaction volumes that the banks are seeing now?

Mr. Debadatta Chand: Absolutely. This is a very important point at this point of time. And as far as the banks, platform, infrastructure, architecture, governance is concerned, absolutely we have the best in class in terms of all those. But at the same point of time, we are also mindful that there are evolving areas of the technology where we need to onboard. So, in terms of spends, we almost have a significant amount of spend currently happening, a couple of thousands of crores now we are spending on the IT side on an ongoing basis. We need to again spend much higher in terms of making the system much more robust than what it is now. The areas of cyber security also we are very mindful which again we are getting all guidances from everywhere. So as far as governance, architecture, infrastructure, or rather I would believe that we'll try to be ahead of the curve in terms of the industry, as far as the IT spend on digital infrastructure, the robustness, everything is concerned.

Mr. Mudaliar, anything further you want to add?

Mr. Sanjay Vinayak Mudaliar: So, good afternoon, madam. My only additional supplement to what Chand saab has told is one thing. The infrastructure is directly dependent on the growth path which we have decided, and accordingly, all the necessary infrastructure will be created. And these infrastructure, once we are creating it, it will be in-line or ahead of the industry requirement. So that's all at this point in time we can say. There are plans out there which will get unfolded in the coming days.

Mr. Debadatta Chand: I would add further that not only on the spends part, actually on the human resources side also, we are thinking of something completely different to augment our human resources on the IT side and both in terms of spend and the hiring, both would continue and we need to see a much, what you can say, stronger framework in terms of digital architecture.

Ms. Siddhi Nayak: Sure. Sir, my last question is on your capital raising front. Two of your large competitors, both SBI and PNB, have indicated that they're going to look to raise equity capital to support growth if needed. SBI has said that. PNB is looking for a QIP. Any plans to raise equity capital in this current year?

Mr. Debadatta Chand: As Ian said, already my CRAR is at 16.31%, in spite of the fact that there is a decent growth around 12.5-13% growth on the book size. At the same time, we had a 68 bps impact because of the RBI norms of NBFC. So, if you look as on today, I think my internal accruals is quite strong and there is not need for me to raise any capital at least for the short term. But again, two things we are mindful of. One is that we are again putting a strategy for a five year plan and also thinking of ECL framework. So, we plan for that and any requirement for that we will inform the market through the exchange. So as of today, I mean I don't think we require any capital other than maybe replacing my maturing AT-1, Tier II bonds. But then again everything we will outline once we have a complete planning on that. As of today, we are not planning that but future we will announce that.

Ms. Siddhi Nayak: Sure sir. Thank you and good luck.

Mr. Debadatta Chand: Thank you Siddhi.

Moderator: The next question is from Ram Kumar from Hindu Business Line. Can you please give us an update on Nainital divestment process? How many bidders have put in bids and when will you take a call on the final bidder? And the next question is, your personal loan portfolio is growing very fast. Isn't there a danger of defaults due to this? Thank you.

Mr. Debadatta Chand: So Ram Kumar ji, I will come on the first point, as far as Nainital Bank is concerned, the process is on. So as the process is on, I will not be in a position to make any speculation here. But let me tell you, we are actively pursuing on the process to complete, right? So, I can only say that process is on and we are pursuing actively to complete the process.

The second, with regard to personal loan as already Ian clarified. Actually, earlier the book increase was very substantial, almost 100% Y-o-Y. And since the last two quarters we started saying that we're going to moderate on the personal loan. So, if you look at the quarter like December and March, the sequential growth is almost 8.5-9% leading to an annualized Y-o-Y of almost 51%. So, growth is already moderated. But I think at this level we can operate fairly okay at the current growth level. Couple of things that we have strengthened in the process with regard to the underwriting capacity, the due diligence and also on our scoring model. So, we took also six months' time to address and strengthen our underwriting model. So, we are fairly placed now. We do not see any stress book building because of the personal loan. There are incremental bit of slippage. But again you say that it's a personal loan where you charge a much higher pricing as compared to any other loan. So, it's a trade-off between the margin and also bit of incipient sickness. But as of today, we do not see any stress in the book. It's a normalized thing as of today and we intend to grow at the same level we are growing as of today in terms of like 51% or maybe in the range of around 35% to 50%. Nothing beyond that.

Moderator: Thank you sir. The next question is from Ashish Agashe of PTI. Please ask your question Ashish.

Mr. Ashish Agashe: So, can you give any details on the Rs. 500 crore slippage in the international account, sir? Which sector is it from? Is it probably like...typically there would be some India linkage of the entity as well. That way sir.

Mr. Debadatta Chand: Mr. Tyagi, can you take this question?

Mr. Lalit Tyagi: Yes sir. So Mr. Ashish, yes the business group has the India operations also. However, we have multiple engagements with the said borrower in UAE and the slippage is only one of the exposures with them. The other exposures are doing good. They are facing some liquidity challenges in that business and because of that delinquency has arrived. However, they are trying to cure it in time to come.

Mr. Ashish Agashe: Okay. So which sectors and how confident are you of an upgrade possibly going forward on this?

Mr. Lalit Tyagi: So, they are into the hospitality sector and we have robust collateral to cover our exposure. And borrower is cooperative and also supplementing with whatever cash flows they are having. As I said, they are facing the cash flow challenges and mismatch will be managed going forward with the other resources as well as some resolution on our part also. So, we are engaging with the borrower.

Mr. Ashish Agashe: Okay, sir, thank you. And sir the second question. The way the project finance norms, the proposals stand right now, how does the bank look at it? There has been a lot of investor concern around it as well. So, suppose these were possibly like there is an engagement on but possibly they were going to be implemented going ahead. What would be the impact on the bank, sir?

Mr. Debadatta Chand: Mr. Tyagi, please take it.

Mr. Lalit Tyagi: MD saab has said already, that as of now, these are the draft guidelines made available by RBI in the domain for the deliberations and consultations. It will be very premature for us to comment on the likely implications. So, we are evaluating. In fact not only us, at the industry level these draft guidelines are getting evaluated and probably, some more consultations will be there before the guidelines are emerging.

Mr. Ashish Agashe: Okay, Sir. Thank you so much.

Mr. Lalit Tyagi: Thank you.

Moderator: The next question is from Shipra Petkar, from The Economist. What are your guidance on GNPAs and net NPAs ratio? Branch expansion plans for FY 25? These are her two questions, sir.

Mr. Debadatta Chand: Yes, there are two, GNPA, as you said, that we almost had a decrease of almost 87 bps. It was 3.79%, we have gone down to 2.92% now and net NPA has also reduced. We normally do not give a guidance with regard to GNPA, NNPA because we normally provide a guidance on the slippage ratio and the credit cost. But obviously if you look at last eight quarters, the trending has been clearly downward. And aspiration will be once we actually have achieved a below 3 level, we'd like to go towards 2.5 level for GNPA and 0.5 towards NPA. But these are typically not a guidance for the matter but this is our aspiration to make the trending more I mean, what you can say sustainable as far as the future quarters are concerned.

Moderator: And sir, branch expansion plans?

Mr. Debadatta Chand: So, on the branch expansion plan, we do have actually a mandate to open 600 odd branches in couple of years from now as far as the bank goes. But we'll be opening these branches in a graded way, and particularly in areas where upcoming areas where there is a business potential. So, there is clearly a plan maybe in this quarter itself, we are planning to almost like 100 odd branches to open, going forward. So, there's a clear plan to expand laterally with regard to branch expansion. But we'll be going in a very graded manner keeping the HR aspect in terms of the HR resources, mapping to the branch expansion and then go in a gradual manner.

Moderator: The next question is from Ben Jose of New Indian Express. Please ask your question.

Mr. Ben Jose: Well Mr. Chand, this is Ben. So, what makes you not share your project loan book? Okay. You don't comment, but you can tell us, what is your book, know? And what is your loan pipeline now, Sanction pipeline now?

Mr. Debadatta Chand: See, sharing project loan outstanding is no issue, we can share offline to you. The aspect that we are talking about a draft guideline at this stage and then figuring out that...

Mr. Ben Jose: But before you said you have no comments. That's fine, that's fine. But how big is your project? How big is your project?

Mr. Debadatta Chand: Will share you offline in case you make a query, we'll share you. But then we do not want to comment in a consultative process. So, there are stakeholder consultations going on and once there is a certainty will share you all details but otherwise we'll share offline.

The second aspect you talked about what on the.....Mr. Ben.....

Mr. Ben Jose: Yeah.

Mr. Debadatta Chand: You also raise another point.

Mr. Ben Jose: Yeah, I can hear.

Mr. Debadatta Chand: You also raised another point beyond the project loan. What is that?

Mr. Ben Jose: Your loan pipeline.

Mr. Debadatta Chand: Loan pipeline is quite strong. If you look at my, corporate loan in particular, if you talk about, I mean, the growth almost 12% and I'm at a book of almost three lakh eighty thousand crore on the corporate book. Right. So, that may be you are referring on the corporate pipe. We again intend to grow at the same. That means we'll be adding up another 40 - 50,000 crore in this financial year. So, in that way, the pipelines are quite strong. My delivery in terms of sanction, not disbursed also, there is also a question over there. So, we will be in a position to deliver around 12 to 13% growth going forward also that is what we have already said. Right.

Mr. Ben Jose: Okay. What about the net profit. It is up around 2% apart from the Go Air book. And what was the incremental provision that you made for Go Air, and what was the impact? Has it been whittled down by the provision for the wage increase, especially pensions? What was the impact on the bank?

Mr. Debadatta Chand: Okay Ian, can you take this question?

Mr. Ian Desouza: Can you just repeat the last question, Ben?

Mr. Ben Jose: One is, what was the incremental provision you made for Go Air in the quarter?

Mr. Ian Desouza: Yes.

Mr. Ben Jose: Is it a 1300 crore upfront this quarter. No. You made some provisions last quarter also.

Mr. Ian Desouza: No, no.

Mr. Ben Jose: And what makes you confident that okay, you are fully confident of recovering the money because there is no asset with the company. All the planes have been taken back released. And what is the collateral that makes you sure that okay, you will get the money back?

Mr. Ian Desouza: So, let me take it in two parts. In terms of provisioning, we had made a provision in the first quarter in the NPA, not the first quarter, the second quarter. So, in the second quarter, we had made provisions, taking it close to around 1,200 crores and then we made further provision in the last quarter of the year for around 550 crores, taking the total provision to around 1700 crores.

Mr. Ben Jose: Okay. So, 550 crore is the incremental provision?

Mr. Ian Desouza: In quarter four.

Mr. Ben Jose: Quarter four, okay. And what was the provision. How do you have an additional provision been made for wages or for pensions or any other liabilities because of the wage impact?

Mr. Ian Desouza: Yes. So, we had....

Mr. Ben Jose: What whittles down your profit?

Mr. Ian De Souza: So, if you let me speak, I will give you guidance. Essentially, for wage settlement, we had provided fully for the wage arrears. But for the retirals, we had said once the wage settlement details are fully known, we may have to make a 3 - 4 hundred crore provision additionally, and that is precisely what has happened, on account of wage settlement, we had to make a 400-crore additional provision in quarter four for the retirals.

Secondly, due to the decrease in bond yields in the quarter, we had to reduce the discount rate and add a further one-off provision of 400 crores. So, totally there was an additional provision on retirals for around 800 crores as well as we had taken additional provision for the aviation account of around 550 crores in the quarter.

Mr. Ben Jose: Okay, now coming to the point, what makes you confident that you will get your money back? What is the asset, what is the collateral that you have except the government guarantee?

Mr. Debadatta Chand: Mr. Lal Singh, would you take this question?

Mr. Lal Singh: Yeah. So, in case of this aviation account, we have sufficient collaterals available, so we'll be able to recover our dues fully.

Mr. Ben Jose: The biggest asset of an airline is the planes. They were on wet list.... dry list and they have been the DGCA has set out their companies, the lessors to take it back. So, what is the asset that you have in collateral?

Mr. Debadatta Chand: So, that is what Mr. Ben, actually the point that we are driving is that one third of the exposure is covered by ECLGS, that's a government guaranteed thing. Right. The balance two third if you look at even if you exclude primary security, which you are talking about planes and all, there is an adequate coverage because of the collateral available in this, collateral is not the planes and all, these are all lands and all. So, as far as our estimate is concerned, we are in a position to say that our recovery will be quite high out of this account, even if we have made a 100% provision. That means there is a huge upside going forward on the profit and loss in case we are in a position to recover money. Right. That is the sense. Anything Lal Singh Saab, anything further you want to add?

Mr. Lal Singh: That's it, that's it.

Mr. Debadatta Chand: Okay, fine.

Moderator: Thank you. Moving to Gayatri Nayak from Economic times. Please unmute yourself and ask the question.

Ms. Gayatri Nayak: Yeah. Am I audible, sir?

Mr. Debadatta Chand: You are audible Gayatri. Please go ahead.

Ms. Gayatri Nayak: See, my question was your retail loan growth and home loan growth are not the same page. In fact, the home loan growth and mortgage growth have slowed compared to the overall retail portfolio. So, could you throw some light on why it is happening?

Mr. Debadatta Chand: Now, if you look at the retail growth, it is in excess of 20% rather, it was 26% earlier, where the home loan growth is high. This quarter because of the base effect, the number looks slightly lower, but we are clearly focused to increase the home loan also

Ms. Gayatri Nayak: True. What has been your sanctions and disbursal, is it going or is it because of repayments that you are seeing a slowdown in growth?

Mr. Debadatta Chand: No, no, the outstanding takes care of sanction and then the repayment. Right. So, in that way 14% increase that you are looking at, that's after netting of the repayment. That is what the growth. Right.

Ms. Gayatri Nayak: Right. Yeah. So, what is the sanction growth or disbursal growth for the year?

Mr. Debadatta Chand: That data I don't have, I can provide you offline. But then we are clearly mindful that we need to increase this because we talked about a concept of retailising the book. Right. So, earlier we talked about that. So, as far as the retail book is concerned, the focus equally is on the home loan also to augment that growth. And we have a couple of things that I would announce why we are expecting a higher growth. Earlier we had a centralized system of sanctioning. Now we have decentralized system made available at geographies where there is a potential to grow, we made the sanctioning, the underwriting team available over there, and these are all monitored centrally. So, we have initiated a lot of steps to improve the retail growth and more particularly the home loan growth.

Ms. Gayatri Nayak: What has been your unsecured loan growth after the RBI measures?

Mr. Debadatta Chand: Yeah, there is no measure that was guidance. So, as far as if you look at the.....

Ms. Gayatri Nayak: RBI, risk weights I mean, sorry.

Mr. Debadatta Chand: Okay, fine. So, the Q1 and Q2, if you look at the personal loan growth, it was almost going at sequentially also almost at a very high rate of 20% odd, 20-25%. If you look at Q3 and Q4, the growth has moderated almost to something around 8-9-10%. So, we started moderating on the personal loan after September, that is in the December quarter and March quarter. If I run another two quarters, that is June and September 2024, then my normalized growth annualized growth would come almost at around 30-35%. That is the guidance we had given earlier. If you look at March' 24, which takes only two quarters impact the growth is 51%, which is almost a reduction from 100% to 50%. So, we have moderated quite a lot. But there are two things again, I am going to say that as far as the unsecured personal loan are concerned, very large percentage of customers are our existing customers who are availing another loan from us and the conduct of account is very good. So, in terms of the quality of the book is fairly high. We in the meantime, also slightly strengthened our modeling part of it. So, maybe we'll announce to the market whether we can further upsize beyond the growth that I'm talking about. But currently, if you ask for guidance, we'll be growing around 30 to 35%.

Ms. Gayatri Nayak: Thank you, sir. And what about your excess SLR portfolio for the year as of now, excess SLR?

Mr. Debadatta Chand: It will not run. You can update this around 5 to 6% excess over and above the statutory Mr. Tyagi, is that okay?

Mr. Lalit Tyagi: Slightly higher than that, sir.

Mr. Debadatta Chand: Okay, fine.

Ms. Gayatri Nayak: Okay, okay. And what about your HTM portfolio? How much percentage is held to maturity?

Mr. Lalit Tyagi: It's around 72 - 73%.

Ms. Gayatri Nayak: Okay. Thank you.

Mr. Debadatta Chand: The data also we have given in analyst presentation here.

Ms. Gayatri Nayak: Okay. Thank you.

Moderator: Thank you so much Gayatri. Our last question for the evening is from Jinit Parmar of Money Control. Please unmute yourself and ask the question.

Mr. Jinit Parmar: Hi, I hope I'm audible.

Mr. Debadatta Chand: You are audible Jinit.

Mr. Jinit Parmar: Yes, good evening, everyone. Firstly, just wanted to get an understanding on your recovery from your NCLT accounts. So, you have an exposure of 46,000 crores. So, you've made provision, but just wanted to get an understanding. If you could give an outlook for this year, like what's the recovery you're expecting?

Mr. Debadatta Chand: See on a guidance basis, full year recovery last year we said 12,000 and we overachieved 12,000 and this year we are giving 10,000 crores as a recovery. Overall, I'm talking about. As far as NCLT is concerned now the book is a bit sticky as compared to earlier, but still there are a couple of accounts where the movements are going on and we are hopeful that there would be recovery out of NCLT also but may not be to the extent that we recovered earlier. But if a couple of accounts materialize then it would be a significant recovery. So, Mr. Lal Singh, anything you want to update on this, further to this?

Mr. Lal Singh: So, this year we expect around 2500 crore recovery from the NCLT accounts, out of 46,000 crores of the book in NCLT.

Mr. Jinit Parmar: Okay. Noted. One more question on the deposit growth. So, you had given an outlook of around deposit growth of 10 to 12% in FY 25. So, you had 7 to 8% in FY 24, but earlier you had a growth of 13% in FY 23. So, I just wanted to get a sense, okay, how are you looking at a deposit growth like getting to 10 to 12% because he had seen a reduction Y-o-Y. So, what's the strategy like? Are you facing challenges as such. Some highlights on this.

Mr. Debadatta Chand: Yeah, that's a fair question. Like till September our growth in deposit used to be 13%. But at that time there was a bit of dependency also on the wholesale deposit. In the quarter ending December, when we announced that we reduced the bulk almost to the extent of 25,000 crore. So, giving a very clear signaling that we need to again slightly reduce the dependency of the bulk. So, currently, if you look at my bulk outstanding or the wholesale deposit, it is almost at a static level as compared to a significant growth happening earlier. Because of that, the growth has been lower. But if you look at the last quarter, the CASA growth, actually the focus is more on the CASA and also on the retail term deposit. The sequential growth has been higher than the annual growth. Like the CASA sequential is 7.4% as compared to 5.4% for the full year. So, we initiated a lot of measures like we're one bank offering differentiated products on current and savings. We are the one of the bank along with another bank to offer the green deposit. So, we have innovated, differentiated products like the recurring deposit scheme, we make it a systematically deposit plan in line with the SIP deposit, which the mutual funds do have. So, we are seeing traction on that. So, and I also think on the liquidity front this year is going to be slightly definitely better than the last year. In both the scenario, I think I can be in a position to raise deposit growth to the extent of 10 to 12%.

Mr. Jinit Parmar: Okay, okay. And just one follow up question on your tech business here. So, just wanted to get some numbers. If you could give on the number of employees that you plan to hire, because now the restrictions on BOB world are lifted by RBI. So, any numbers you could give?

Mr. Debadatta Chand: I can't give you a number. Actually, we started with regard to reassessing the manpower by a team of people to look for future five-years plan. And rather, I would say that maybe we'll announce sometime later, we do have a company called Baroda Sun Technology. That's an IT company. So, there is a plan to revive that and also work on both talent management and also, at the same time, capacity creation and all those things. So, maybe we will be in a better position to answer this question in the next quarter, but clearly we are going to hire more people, no doubt about it.

Secondly, the IT spends we are going to upsize that significantly, considering that there is a requirement now. So, as the ED- IT also talked about, we intend to be whatever market development happening, we will be at the top or slightly ahead of that. So, clearly the intention is to strengthen both in terms of resources, HR resources and also on IT spends. Some of the numbers will be crystallizing, maybe in the next quarter we will answer all this.

Mr. Jinit Parmar: Sure, sure. Thanks a lot.

Moderator: Thank you everyone. That's the last question we'll be able to take today. Thank you all for joining us. Have a good evening.

Mr. Debadatta Chand: Thank you, thank you, thank you all good evening to all of you. Thanks, media friends, for joining us.

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