PNB Q4 FY 20 Earnings Conference Call

- **Moderator**

- Ladies and gentlemen good day and welcome to Punjab National Bank's Q4 FY20 Earnings Conference Call hosted by Prabhudas Lilladher. As a reminder all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing star then 0 on your touch tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Pritesh Bumb from Prabhudas Lilladher. Thank you, and over to you Sir.

- **Mr. Pritesh Bumb – Equity Research Analyst, Prabhudas Lilladher Private Limited**

- Hi, on behalf of Prabhudas Lilladher, it is a pleasure to welcome the CMD, Mr. SS Mallikarjuna Rao, and the top management of PNB. Without further ado I would like to hand over the call to the MD for his remarks on the financial results followed by Q&A. thank you and over to you sir.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Yeah right. Thank you very much and once again thanks to every one of you who are there in the concall. I will give a brief related to what has been our performance year ended March 2020 that is related to PNB standalone. Besides I will also give certain details related to the two banks because merger is effective from 1st April. Though the opening balance sheet is yet to be what you call prepared. So the figures when I am giving combine for PNB 2.0, we can consider them as not what you call audited. The reason is audit individually, all the three banks have been completed. In order to have a better understanding for a future outlook, I will be interspersing the details of the merged identity.

- Now coming back to PNB standalone, the domestic deposits have increased by 4.9%, to Rs. 6,86,493 Cr. Domestic advances have increased by 1.1%, it is as good as flat to Rs. 4,95,045. Overall domestic business has grown by 3.2%. The capital adequacy ratio stood at 14.14% as at the end of March 2020. CASA deposits grew by 6.1%. The composition stands at 44.05%. Retail credit grew by 6.1%. Inter alia within that housing grew by 14.2%. Operating profit grew by 37.4% year on year basis. Net interest income also grew by 33.9% on year on year basis. Net NPA stood at 5.78%. Gross NPAs stood at 14.21%. Provision coverage ratio stood at 77.79%. If you are considering TWO, if you are removing TWO it will be it stood at 62.96%.

- Now other than that if you look at various parameters, like I said gross NPA 14.21%. Similarly as of 31st March if you take the combined entity, gross will be 13.79%. And

net NPA for the standalone is 5.78%, If we take it as a combined entity it is 5.50. PCR 77.79 standalone. If we take combined entity it is 79.40. PCR for other than TWO, it stood for standalone at 62.96 whereas for combined it is 63.56. Now capital adequacy ratio as I have already indicated 14.14 for standalone. In combined entity it is going to be 12.67%. The CD transfer ratio stood at 34.06 % standalone. Combined it will be 42.01 %.

- These are the major items of the presentation. There are various efficiency ratios as well. Other account related information. Quite a few issues related to provisioning deferment in terms of the fraud accounts what we have taken RBI dispensation. That is available in the balance sheet when we have declared the notes on accounts. So for us it stands at Rs.776 crores which is required to be provided in the next few quarters. Then wage revision provisions also we have given the figures there. Then restructuring of advances figures also we have given in the presentation. And the amount of where, asset classification benefit was taken. For example SMA-2 as on 29th of February which otherwise could have become NPA as on 31st of March, but RBI dispensation was given where we were to make 5% provision. We have done the provisioning and the amount roughly comes to what you call Rs. 5600 crores. So that you can say that, that is an amount which is under threat. If recovery is not received by 30th of September this can become NPA. But by June because of the moratorium there is no demand for interest on installment payment. So that will not be there. So these are the basic amounts or the performance indicators related to PNB.

- Now I am open for question and answer session from you all.

- **Moderator**

- Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may please press star and 1 on their touch tone telephone. If you wish to remove yourself from the question queue, you may press star then 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen we will wait for a moment while the question queue assembles.

- The first question is from the line of Jay Mundra from B&K Securities. Please go ahead.

- **Mr. Jay Mundra – B&K Securities**

- Yeah hi sir, good afternoon.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Yeah good afternoon.

- **Mr. Jay Mundra – B&K Securities**

- Yeah sir in your BSE filing you have mentioned that the overdue loans are around Rs. 51000 crores. So this would mean SMA 0, +1/+2 right? So wanted to check that what is the status right now or this number is as of Feb end. Have you seen any material progress in those accounts?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- No, how much you said? Rs. 51000 crores?

- **Mr. Jay Mundra – B&K Securities**

- Yes sir. If you look at the BSE notice.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- So that is related to SMA only. SMA 0, 1 and 2.

- **Mr. Jay Mundra – B&K Securities**

- Correct. That would be as of Feb end right?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- That would remain the same because if you want correct figure, I can give you because recoveries are there in those accounts, but there is no additional demand. So there is no possibility of increase in the amount because demand of interest instalment is not there.

- **Mr. Jay Mundra – B&K Securities**

- Correct. No I am asking if have they reduced.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- So they have reduced but then we will have to take the figure correctly. It remains – one minute – So Mr. Mundra I will give you the figure separately because I will have to verify properly because June figure is not there. That means at the end of June what recovery has come, that is to be considered in that.

- **Mr. Jay Mundra – B&K Securities**

- Sure sir, sure. And secondly sir in terms of moratorium, if you have any sectoral details, so let's say agri and your SME and MSME, by value how much that would have taken moratorium?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- See the total amount of moratorium availed by the combined entity, if you want for all the three banks together it is Rs. 1,51,000 crores. That comprises of agriculture,

retail, MSME, corporate and others, which comes to roughly around 21-22% as on today for the combined entity.

- **Mr. Jay Mundra – B&K Securities**

- Okay.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Out of that if you look at bifurcation, 42000 crores is agriculture, retail segment is Rs. 31000 crores, MSME Rs. 28000 crores, corporate Rs. 47000 crores. So this is the overall composition of Rs.1,51,000 who availed the moratorium facility. Others have made the payment in the accounts. There are recoveries which we are receiving in those accounts.

- **Mr. Jay Mundra – B&K Securities**

- Sir this is as of let's say June right? 15th June or 20th June.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- No, recovery observed up to 15th of June.

- **Mr. Jay Mundra – B&K Securities**

- 15th of June. And sir if you have the figure handy for the combined entity, let's say agri, Rs. 42000 cr is in moratorium, but what is the total figure if you have that readily available…

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Agriculture total amount.

- **Mr. Jay Mundra – B&K Securities**

- For the entire…

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- You want the agriculture total amount no? I will give you. That means in terms of percentage you can look at.

- **Mr. Jay Mundra – B&K Securities**

- Yes sir.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Yeah, yeah one minute. Rs. 1,13,476 Cr.

- **Mr. Jay Mundra – B&K Securities**

- Okay.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- That is the agriculture combined entity as of March.

- **Mr. Jay Mundra – B&K Securities**

- Sure. And if you have also for retail, corporate and MSME, that will give an idea of the percentage.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Retail figure is Rs. 2,74,563 Cr. One minute I will give you. Just one minute. Retail is Rs. 1,32,016 Cr.

- **Mr. Jay Mundra – B&K Securities**

- Okay.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Hello?

- **Mr. Jay Mundra – B&K Securities**

- Yeah sir.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Yes.

- **Moderator**

- Mr. Jay do you have any more questions?

- **Mr. Jay Mundra – B&K Securities**

- Yeah, okay I will come back…

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Roughly if you look at, 25-26% is the people who have taken the moratorium benefit.

- **Mr. Jay Mundra – B&K Securities**

- Sure sir. Sure sir I will come back in the queue. Thanks sir.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Right.

- **Moderator**

- Mr. Jay any more questions?

- **Mr. Jay Mundra – B&K Securities**

- No, no, I said I will come back in the queue. Thanks.

- **Moderator**

- Thank you. A reminder to all the participants. Anyone who wishes to ask a question may press * and 1 at this time. The next question is from the line of Ashok Ajmera from Ajcon Global. Please go ahead.

- **Mr. Ashok Ajmera – Ajcon Global**

- Good afternoon sir.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Yeah good afternoon.

- **Mr. Ashok Ajmera – Ajcon Global**

- There is great pressure on the entire banking and of course you tried your best to give the performance though the loss has widened. But still now our major focus these days is only to check the effect of the COVID and what is happening. So you just said in your opening remarks that up to June, I mean those who were tendered up to 28th of February then they would have slipped into NPA, they would not have paid up to 31st March.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Correct.

- **Mr. Ashok Ajmera – Ajcon Global**

- Because of this dispensation, now it has gone up to June. But I believe that it has gone up to August. Isn't it? Or…

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- So that is why I said in September it would become NPA, not in June.

- **Mr. Ashok Ajmera – Ajcon Global**

- Yeah so it means in one month after August, if they don't pay up to 30th September, it will become NPA.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Absolutely right.

- **Mr. Ashok Ajmera – Ajcon Global**

- Yeah. And secondly this interest on the working capital dispensation is also say up to August for those who have opted. And from September the arrears of the interest as well as September interest also, September October, November, up to March they have to pay this 6 months' interest also.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Correct.

- **Mr. Ashok Ajmera – Ajcon Global**

- Don't you think that it will be a great pressure and it will amount to a very large amount of NPAs in the month of September, October, November or December going forward? Number one question. What are the approximate figures which you are counting on this?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Okay. The first point in your opening remark you said loss has widened. I did not understand that. There is no increase in loss. Whether you compare with year to year or quarter to quarter, loss has come down. And for the year ended March 2020, overall it was a profit of Rs. 336 crores. So there was no increase in loss. On the contrary there was a decrease in gross NPA as well as net NPA, not only in terms of percentage but also in the value. So coming back to the accounts which are outstanding as on March – sorry 29th February 2020, the combined entity amount comes to around Rs. 5800 crores, where the asset classification advantage has been taken. As I said they should have become NPA by 31st March, but because of dispensation they did not. Now in those Rs.5800 crores, by 30th of September if recovery doesn't come, they will become NPA. These are the dispensation taken accounts. Till there is no additional demand either for installment or interest, there will be no new additions to SMA until 31st August. Now the point comes in the month of September. In case of working capital accounts, September month interest which is expected to be debited by September 30th, is supposed to have been repaid by them. Only the interest not recovered right from 1st of March till 31st of August, will be converted into FITL and that would be given time till March '21 to be paid. Now that is as far as the dispensation is concerned. Now the fundamental point in your question is will it not increase the NPA. It will always be dependent on how the economy is coming back. Now around 22% overall from the amount wise, people who have taken moratorium benefit. Remaining other people are paying the money that means they have paid the money until 15th of June what we have taken the calculation. Now we will continue to monitor to understand whether they are paying the money continuously. So overall I expect that this composition will be there, who

would have taken the moratorium benefit. Out of that composition only we have to predict as to how much will come back to normalcy, how many may go down. So it would be very difficult for us to make an estimate, but definitely stress will be there. Now the stress, how it is going to play out in what quantum we can assess only at the end of September.

- **Mr. Ashok Ajmera – Ajcon Global**

- Okay. Now coming on this NBFC portfolio, one that I think net of HDFC which is around 31-32 thousand crores NBFC. Can you give some color to it as what kind of NBFC they are. Are they – these are all AA, AAA, NBFCs or is there any stake on some of these NBFCs?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Yeah I will give you that. Now NBFCs overall for combined entity, the outstanding is Rs. 94660 crores.

- **Mr. Ashok Ajmera – Ajcon Global**

- Combined, yeah, yeah, yeah.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- So now because we are talking about future, we need to know the combined figure.

- **Mr. Ashok Ajmera – Ajcon Global**

- Yes, yes.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Now in that, BBB and below is Rs. 7030 crores.

- **Mr. Ashok Ajmera – Ajcon Global**

- Okay.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- So the composition if you look at from the stress perspective, it is BBB and below is Rs. 7030 crores. And in that also it includes the NPA advances which have already picked up.

- **Mr. Ashok Ajmera – Ajcon Global**

- Which have already been taken?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- For example if you look at the DHFL

- **Mr. Ashok Ajmera – Ajcon Global**

- Yeah.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- That is around 2200 plus 460, 2660 is there only combined together all the three banks.

- **Mr. Ashok Ajmera – Ajcon Global**

- Okay. What is the status of this aviation advances?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Aviation advances we don't have exposure to many of them. We have only Air India which is standard, that is guaranteed by the Central Government. And Jet Airways we have which is already identified in NPA.

- **Mr. Ashok Ajmera – Ajcon Global**

- Alright. My next question is on the non-SLR I think it is around Rs. 17000 crores. What is the composition of this SLR 17000? Non-SLR?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- One minute. Just one minute. See non-SLR portfolio for the combined entity is Rs. 1,18,058 Crore.

- **Mr. Ashok Ajmera – Ajcon Global**

- Okay.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- And SLR portfolio is 3 lakhs 78 thousands…

- **Mr. Ashok Ajmera – Ajcon Global**

- In this non-SLR what is the composition and it is all highly rated?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Yeah you see non-SLR you also have what you call recapitalization bonds are also there. That is a huge amount.

- **Mr. Ashok Ajmera – Ajcon Global**

- Recapitalization bond. How much is that?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- It should be around Rs. 32000 Crore.

- **Mr. Ashok Ajmera – Ajcon Global**

- Sir just coming on the advances, overall advances number, I think the global advances have increased by some few 5000 something. Whereas the global deposit has receded. So this suddenly this entire business, this local business like overseas business has seen an increase of some Rs 5000-6000 crores. So what kind of business is it now because we had some problem in the past and the overall international books had got a major hit from Rs 42000-43000 crores to Rs 16000-17000 crores. From there it has again come back to Rs 22000 crores if I talk about standalone. So what kind of business now in this global international market we are getting?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- See earlier if you look at, we have global business when we say it is only two branches: one branch in Hong Kong, another branch in Dubai.

- **Mr. Ashok Ajmera – Ajcon Global**

- Yes.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- And earlier even for all the Indian banks who are having branches abroad, if you looked at the position couple of years back, it was the inter-bank business in the majority. Second one was the Indian corporates were taken loans from abroad. These are the major two components. And some of the branches are not permitted to do the business in the retail as well. So if you look at it from the perspective, we have reduced our dependency on inter-bank lending either deposits or advances and wherever the advances are given directly they are only left. Wherever you find that overseas deposits there will be degrowth of Rs 4144 crores and advances level they have gone by Rs.5500 crores.

- **Mr. Ashok Ajmera – Ajcon Global**

- Yes okay. So they are…

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Wherever they are moderating that means it is strictly in terms of what kind of business we can do, that is only being done. Not for the sake of increasing the business.

- **Mr. Ashok Ajmera – Ajcon Global**

- Well sir this, of course you are all busy in this COVID and the government schemes and dispensations and various this thing. But is there any – I mean what is your basic policy or planning on the advances growth? Domestic advances growth I am talking about. Are you open to the fresh accounts, corporate accounts, book credit accounts? Because I have just heard and seen also in some cases, that there has been a reduction in the limits of some of the clients. Maybe it is because of the, of course their own papers and merits. But overall as the policy maker, where the bank is heading? I mean if you look at the total advances scenario. Just for assessment of future.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Yeah. Let me make it clear, as per policy, credit delivery is the basic tenet of banking. Now having said that, because of COVID the businesses have been impacted there is no doubt. And if you look at majority of the credit from the commercial banking in the country, apart from RAM segment it is the NBFCs. Almost every bank must be having a composition of anything between 10-15%. Then other corporates, in other corporates also again the infrastructure segment, manufacturing segment is to a certain extent. Now if you look at all these things, RAM segment has been impacted. NBFCs are also impacted because internally their collections are impacted. And then leaving infrastructure, manufacturing industry also to a certain extent are impacted. Now we are expecting that the economy should come back. Now what we are involved in terms of lending at this point of time, is that emergency credit lines we are extending which is guaranteed by Government of India, to all the MSME borrowers so that they will be having a cushion of sanction that was available to them. And once the economies coming back to normalcy, they will be able to utilize the money for immediately starting their businesses. Considering the current status, our estimate is slowly it will start from July onwards, but in a better way from 1st October, in a more effective way from 1st of January. There are some industries which will have an impact of long term, like tourism industry, hospitality industry. They may not come back as immediately as we envisage. Some of the industries which are very labor intensive may take longer time. Less labor intensive may come back. Now regarding the targets which are fixed as far as the banks are concerned, originally before COVID we envisaged a credit growth of 12%. Now we have moderated that. It will not be less than 6%. We are very open. If the opportunities arise, lending will be done by the banks. The only difference is considering the tax reforms what government has introduced in September is effective from 1st of October 2019, we have not seen much of an investment and COVID also has impacted. If the private investment or otherwise comes into the infrastructure or larger industries, banks will always be there to participate. PNB will not hesitate because it is the second largest public sector bank.

- **Mr. Ashok Ajmera – Ajcon Global**

- Great sir. So last question sir. This under this dispensation I mean for this MSME out of that 3 lakhs crores, how much was the – I mean you calculated your share of the

companies who are entitled and eligible for it. How much has actually been sanctioned and discussed?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Right. We have identified accounts around 5 lakh accounts, and the amount is Rs. 17000 crores. Rs. 17000 crores is 20% of the outstanding as on 29th of February 2020. Now out of Rs. 17000 crores and 5 lakh accounts, we have already sanctioned in case of 1,62,000 accounts, and the amount sanctioned is Rs. 4800 crores. As far as the disbursement is concerned, it will happen only when the customer requires. As of today the disbursement has crossed Rs. 1200 crores. However we expect the disbursements to pick up only when the units are coming back, mostly from mid of July onwards. We would like to complete the targeted sanctioning on priority in the next fortnight time from our side.

- **Mr. Ashok Ajmera – Ajcon Global**

- Great sir. Thank you. Thank you very much Mallika. Thank you.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Welcome, welcome.

- **Moderator**

- Thank you. A reminder to the participants. Anyone who wishes to ask a question may press * and 1. The next question is form the line of MB Mahesh from Kotak. Please go ahead.

- **Mr. MB Mahesh – Kotak**

- Good afternoon sir. Just three broad questions from my side. One, if you could just kind of clarify what was the moratorium at the end of May and what was the moratorium at the end of June.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- What is the moratorium means? What do you mean by that?

- **Mr. MB Mahesh – Kotak**

- The end of May. Because the first moratorium ended in May right? So just wanted to…

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Correct, correct. No, what is that? You are talking about cr?

- **Mr. MB Mahesh – Kotak**

- Yeah what was that amount.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- So that is what I have indicated no. Out of the entire portfolio Rs. 1,51,000 crores, is the one currently who has used the moratorium.

- **Mr. MB Mahesh – Kotak**

- And what is the – in terms of the moratorium second one has started, what has been the experience in second?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- No, the people who are paying, continue to pay. If you ask me, the SMA 2 as on the end of 29th February, that is around Rs. 5800 crores. We have not received any recovery combined entity as on today. But all other accounts there is a recovery. And recovery not received and moratorium used is to the extent of Rs. 1,51,000 crores for the combined entity including the 5800 as against the overall advances position of Rs.7,40,000 crores.

- **Mr. MB Mahesh – Kotak**

- So you just rolled over the moratorium into the – all the existing borrowers have again taken the moratorium into the second option as well. The June, July, August.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- More accurately we will get this figure in few days' time because we will be collating for 30th June.

- **Mr. MB Mahesh – Kotak**

- Okay. Sir second question is if you can give us some color on what has happened this quarter with respect to slippages as well as recovery and upgrades for this quarter.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Okay, just one minute.

- **Mr. MB Mahesh – Kotak**

- We had roughly about close to about Rs.5000 crores of slippages.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Yeah correct.

- **Mr. MB Mahesh – Kotak**

- And roughly about 4000.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Slippage for PNB standalone, and overall for the three banks the slippage is Rs. 5923 Crore. Now out of that, now let us talk about PNB standalone Rs. 3850 Crore. Retail also contributed Rs. 428 crores, agriculture Rs. 376 crores, MSME Rs. 1982, and corporate and others Rs. 1064.

- **Mr. MB Mahesh – Kotak**

- Okay. And on the upgrades and recoveries you had about Rs. 4000 crores?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Upgrade is around Rs.4000 crores for PNB standalone. Whatever upgrade has taken place it has taken place in the first two months: January and February.

- **Mr. MB Mahesh – Kotak**

- Okay. And if I look at the breakup of gross NPAs, your gross NPA thing in MSME group is down from 20000 crores to about 14000 crores on a sequential basis from December to March. into this? Is that essentially write-offs or….

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- No, no, no, no. There is major amount is due to classification problem.

- **Mr. MB Mahesh – Kotak**

- Sorry I…

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- The MSME classification was wrong so we had to remove it. That is why you must have seen degrowth in a big number MSME year on year basis.

- **Mr. MB Mahesh – Kotak**

- I am just taking December. December the gross NPAs in the MSME book was about Rs. 20356 Crore. The same number in the month of March 2020 is about Rs.13978 Crore.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Just one minute.

- **Mr. MB Mahesh – Kotak**

- Though the MSME book is down from Rs. 79329 Crore to about Rs. 70541 Crore. These are numbers from December 2019 and March 2020.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- That is what. December 2019 you are comparing na?

- **Mr. MB Mahesh – Kotak**

- Yeah third quarter and fourth quarter.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- December is third quarter. Okay, okay.

- **Mr. MB Mahesh – Kotak**

- Just trying to understand the differences because the gross NPAs have declined quite significantly. Because in March if you look at slide number 40 of the presentation, and you compare that with the latest quarter's presentation that you have reported, it is not there in this update. Just making a comparison on like to like basis.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- No I have the figure of Rs. 79000 Crore was there in March 2019, MSME. And now it is Rs. 70541 Crore.

- **Mr. MB Mahesh – Kotak**

- Correct. And if you look at the corresponding gross NPAs, it was Rs. 20366 Crore, that the same number this quarter is about Rs. 13798 Crore.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Gross NPA was – no, Rs. 13878 crore only. 20000 figure where from you got?

- **Mr. MB Mahesh – Kotak**

- This is for the last quarter, December 2019.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- December '19.

- **Mr. MB Mahesh – Kotak**

- Yeah.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- That I will check and confirm that to you, because it is not appearing to be a correct figure for me. Let me check and come back to you. December quarter that is you are having December quarter presentation with you.

- **Mr. MB Mahesh – Kotak**

- Yes I am having the December quarter in front of me. I am just comparing that with that.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Okay. One reason is this classification problem was there which we have done in the month of January. But that figure I can share with you. That means in December which was appearing under MSME category, one MSME had to be shifted to other corporate segment in the categorization. But I will share with you the figure.

- **Mr. MB Mahesh – Kotak**

- Okay. There was this account where we had one major about 2 years back. Has there been any progress because there are some new categories around it?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- No, the progress if you see there are two parts. One is the prosecution proceedings which are being undertaken in London. Second is domestic properties which were confiscated but going through the legal process before they are handed over to the bank for auction. Now domestic properties valuing around Rs. 1080 crores have already been cleared by the respective courts. CBI has advised what you call that we can go for selling of the properties. So those processes are on currently.

- **Mr. MB Mahesh – Kotak**

- And how much have you covered sir in terms of what have you been able to recover at this point of time either by regulatory authorities from this account by value?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- So far there has not been a significant recovery there.

- **Mr. MB Mahesh – Kotak**

- Sorry one final question. What will be the – you just mentioned it in the starting of the talk, what is the combined gross and net NPA on an absolute basis. And second, the other balance sheet which typically happened, with respect to the retirement related costs, have you been able to ascertain that one as well?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Yeah, yeah. Now coming back to gross NPA percentage, standalone 14.21% and combined 13.79%. In terms of the amount, Rs. 73479 crore for standalone. Combined Rs. 105165 crore, that is gross NPA. Net NPA standalone 5.78%. Together 5.5%. In figures, standalone Rs. 27219 Crore. And combined it is Rs. 38319 crore. Now coming back to the AS15, you are talking about the staff related pension provisioning. Correct?

- **Mr. MB Mahesh – Kotak**

- Yeah, yeah.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- We have done, in terms of the policy of Punjab National Bank, not only for PNB but also for all the two banks. Now the policy has two dimensions. One is salary escalation ratio, in terms of the guidance given by IBA, which ranges between 5.5 to 6. Second one is discount rate what we apply which will be required to be aligned to prices. And the third dimension is table latest of LIC for mortality to be used. So we have taken the latest positon, taken the approval of the board in the month of March, and implemented in PNB. Similar things we got implemented from both UTI – sorry UBI and Oriental Bank of Commerce. And whatever provision as required it was done. In fact this was done, this was computed when we were doing the shares of ratio as well in the month of January.

- **Mr. MB Mahesh – Kotak**

- I am sorry, do you know the closing net worth of the combined entity?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- No I have given you the capital adequacy ratio. Standalone stands at 14.14. Combined it is 12.67 as of March.

- **Mr. MB Mahesh – Kotak**

- But you are not going to disclose the closing ?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Closing what did you say? Not required. That entity is not there so it is not required to disclose. Capital is there so capital equity is taken care of by combine of the feedbacks.

- **Mr. MB Mahesh – Kotak**

- Sorry can we please get to know what is the capital – you had one capital at the end of the March quarter?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- For combined or individual?

- **Mr. MB Mahesh – Kotak**

- Combined, combined.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- 9.55 G81. 81 is 0.81. Tier 2 is 2.31. Total 12.67,

- **Mr. MB Mahesh – Kotak**

- And what will be the required rate sir?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Requirement is much above that. Requirement in G-81 is only 8. That too 8 effective from 30th of September. Because the target reservation for last instalment 0.625 is required at that time.

- **Mr. MB Mahesh – Kotak**

- What is the risk rated asset for the combined entity?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Risk rated assets of the combined entity. Just one minute. 6,19,567.

- **Mr. MB Mahesh – Kotak**

- This will be it. Thanks a lot.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Welcome.

- **Moderator**

- Thank you. The next question is from the line of Nitesh Jain from InvesTech Capital. Please go ahead.

- **Mr. Nitesh Jain – InvesTech Capital**

- Thanks for the opportunity sir. My question is regarding your associate company PNB Housing. The company may require capital. So any plans from your side to infuse capital because they are alluding to a right issue and you are the largest shareholder. So whether you will be supporting that company. And if yes, what would be the quantum of capital you may infuse in that company?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Okay. See, I will tell you the status. The reason being without declaring of the balance sheet of PNB as of the end of March, there would not be any opportunity for me to think on those lines because 2018 March PNB booked loss, 2019 March PNB booked loss. In any investment if the company wishes to have a joint venture, the bank should be in profit, besides we need to take approval from Government of India and Reserve Bank of India. So the fundamental requirement was I should have declared the results for March, which we have done only couple of days back. So we will be discussing internally in the board meeting which will be coming up in the next 15 days' time, regarding this. Now coming back to PNB Housing Finance on their own, they have also done good job in declaring the results by March 2020. Quarterly loss they have booked because they have increased the provisioning in terms of real estate assets where though projects have been completed the cash flow was not coming. However for the entire year they have booked a profit. Now they need capital but the capital requirement is not required that tomorrow only they need. If you have seen their capital adequacy, it is well above their regulatory requirement roughly around between 16-17 it is there at their end. Now there is also change in the management. We have put an interim CEO there and finally the permanent CEO is expected to come in the next one month or one and half months' time. So all these things are in proper reckoning at our end, as a parent as well as a Managing Chairman of PNB Housing Finance I am aware of that. But it takes time for formalizing our position. But our commitment remains that we don't want PNB brand to get impacted in PNB Housing Finance. That is the reason why in January when we had taken the approval of the board, we mentioned that we will not go below 26%. Currently we hold 32.64% in the stake with PNB Housing Finance. So that is the status as on today. With respect to future, we will have a detailed discussion with the board when it is coming up next.

- **Mr. Nitesh Jain – InvesTech Capital**

- Sure. So sir because what is happening is that because of your 26% requirement, the company has the violation of the stock, if they want to raise capital without you participating in that capital raise, your stake is likely to decline materially below 26%.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- No, otherwise the amount which they can access market will get reduced.

- **Mr. Nitesh Jain – InvesTech Capital**

- Okay, okay.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- So that's how it goes. You see they can't go below 26%. Now that is why I said capital there is no high pressure on them that they should get tomorrow only. It is capital support is required for the sake of better understanding with rating agency and confidence in the investor. These are more importantly the factors required. Otherwise for running the business for next 6 months to 9 months or even up to

March 2021, the company can run with the existing capital. Because we are looking at other opportunities or other avenues also in order to provide the liquidity to them. So that is not an issue. But the issue arises from the expectation of the rating agencies, expectation of the investors as to how the company will have the capability to gather.

- **Mr. Nitesh Jain – InvesTech Capital**

- Correct, correct. Sure sir, sure. That's it from my side. Thank you sir.

- **Moderator**

- Thank you. The question is from the line of Mahrukh Adajania from Elara. Please go ahead.

- **Ms. Mahrukh Adajania – Elara Capital**

- Yeah hello sir. Sir my first question is on the moratorium again. So your moratorium at 22% is much lower than other banks, private and state owned. So would you know the reasons for that?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- No, see, you can't attribute specific reasons because generally typically in public sector banks retail lending happens to salaried class. If you look at the retail lending, majority of the lending is skewed in favor of the salaried class. Very few people who are having either business income or from the unorganized sector, they are given the retail lending. As a result, wherever standing instructions are given, the standing instructions are honored, and people who are salaried income people they are paying the money. Having said that, 22% in retail also have utilized the moratorium. Now this position is there upto 15th of June what we have collated. We will again collate the position by 30th June to understand -- what happens is recoveries are coming, we have to also properly understand if the moratorium is not given when the demand is raised, the recovery is equivalent or more than the demand or not. So that is also a critical mathematical calculation. As on today what we have done the calculation is the people who have started paying the money since April as per the installments. Now this should continue till 31st of August, and by which time all the installments and interest due by them if they have paid, we can conclude that they have not taken the moratorium. So it is an intermediary phase. First phase of moratorium is over. Second phase of moratorium is currently in progress. We are monitoring very closely. Though it appears to be 22-23% at that point of time, it oscillates. Actually 31st of May, the position was 30%. Now by 15th of June it has come down. So we need to look at how it plays out.

- **Ms. Mahrukh Adajania – Elara Capital**

- Sir the figure given in the notes to account of 517 billion, that's what on moratorium?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- 517?

- **Ms. Mahrukh Adajania – Elara Capital**

- Billion.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- That is Rs.51000 crores na. That is standalone PNB that who have availed the moratorium.

- **Ms. Mahrukh Adajania – Elara Capital**

- Sorry in retail and SME only.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- That's correct.

- **Ms. Mahrukh Adajania – Elara Capital**

- Retail and MSME as on May – May right or on June 15th?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- That is SMA. SMA category we have mentioned of the PNB standalone.

- **Ms. Mahrukh Adajania – Elara Capital**

- Right, no, no. Not SMA. I am talking about the Rs. 51000 crore only, moratorium of PNB of retail and MSME. That is as of end May or 15th June?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- That is end May.

- **Ms. Mahrukh Adajania – Elara Capital**

- That is end May.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Correct.

- **Ms. Mahrukh Adajania – Elara Capital**

- And the figure of 22% that you gave for the combined entity is for 15th June.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- 15th June.

- **Ms. Mahrukh Adajania – Elara Capital**

- Okay. And the 22% is only retail SMA?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- No, no, overall, overall.

- **Ms. Mahrukh Adajania – Elara Capital**

- Overall. Yes. Okay and sir anything in the interest income one off? Was there any one off in the interest income this time in the fourth quarter?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- No. fourth quarter nothing. Only third quarter we had Essar Steel. Fourth quarter is normal income only.

- **Ms. Mahrukh Adajania – Elara Capital**

- And which accounts would have got upgraded in the fourth quarter? Upgraded or recovered if any in the fourth quarter in the first two months?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Yeah, yeah, just one minute. See Jay Prakash Ventures we have recovered. Alok Industries we have recovered. Ratan India we have recovered.

- **Ms. Mahrukh Adajania – Elara Capital**

- Sir what is the third one? What is the third one sir?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Which one? Ratan India, Ratan India.

- **Ms. Mahrukh Adajania – Elara Capital**

- Okay.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- There are 10 accounts amounting to Rs. 800 crores where cash recovery has happened in their accounts.

- **Ms. Mahrukh Adajania – Elara Capital**

- Okay. Sir Jay Prakash is upgraded or recovered?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Recovered.

- **Ms. Mahrukh Adajania – Elara Capital**

- Okay so all these three are recovered. Okay.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Not only three. There are 10 accounts overall amounting to Rs.800 crores.

- **Ms. Mahrukh Adajania – Elara Capital**

- 10? Sorry?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- 10 accounts amounting to Rs.800 crores. Bigger accounts.

- **Ms. Mahrukh Adajania – Elara Capital**

- Okay, okay sir. Thank you so much.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Thank you.

- **Moderator**

- Thank you. The next question is from the line of Bhavik Shah from B&K Securities. Please go ahead.

- **Mr. Bhavik Shah – B&K Securities**

- Hi sir. Thanks for the opportunity. Sir I missed the breakup of slippages. Sir can you just tell me again? I took MSME as Rs. 1982 crores, corporate as Rs. 1064 Crore and retail will be…

- **Moderator**

- Mr. Bhavik can you speak closer to the handset please?

- **Mr. Bhavik Shah – B&K Securities**

- Oh yes!

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Slippages I have told PNB standalone slippage for Q4 is Rs. 3850 Crore. Out of that Rs.428 Crore retail, Rs. 376 Crore agriculture, Rs. 1982 Crore MSME, and Rs. 1064

Crore corporate. Now if you look at for the combined entity it is Rs. 5923 Crore for Q4, Rs. 611 Crore retail, Rs. 722 crore agriculture, Rs. 2604 Crore MSME, Rs 1985 Crore corporate.

- **Mr. Bhavik Shah – B&K Securities**

- Okay sir. And sir moratorium for the combined book is 21-22%. Sir what would be the combined book of MSME and corporate by absolute value?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Yeah, yeah one minute. MSME book is Rs 1,17,605 crore for the combined.

- **Mr. Bhavik Shah – B&K Securities**

- Okay.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- And the corporate you can say Rs 3,74,671 crore Now here the definition of corporate is also very important. State Bank of India defines corporate as above Rs. 500 crores. And most of our other banks, in our bank we take it as Rs. 100 crore and above.

- **Mr. Bhavik Shah – B&K Securities**

- Okay, okay. Sir that's it from my side. Thank you sir.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Right.

- **Moderator**

- Thank you. The next question is from the line of Deepak Kumar, an individual investor. Please go ahead.

- **Mr. Deepak Kumar – Individual Investor**

- Sir can you please tell the book value of the combined entity?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Book value of the combined entity. One minute. Book value will be arrived at only once we finalize the opening balance sheet. Whatever I will be sharing maybe only rough estimate.

- **Mr. Deepak Kumar – Individual Investor**

- Yeah, yeah.

- **Moderator**

- Mr. Deepak, do you have any more questions?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Yeah one minute.

- **Mr. Deepak Kumar – Individual Investor**

- And Ratan India…

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Book value is 52.63.

- **Mr. Deepak Kumar – Individual Investor**

- 52.63.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- But you need to take it as 52 only because I am not supposed to say unless opening balance sheet is finalized.

- **Mr. Deepak Kumar – Individual Investor**

- Okay approximate 52. Sir Ratan India is out of NPA sir?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- It is already closed.

- **Mr. Deepak Kumar – Individual Investor**

- Okay it's recovered.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Yeah.

- **Mr. Deepak Kumar – Individual Investor**

- So you have recovered the money.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Correct, correct.

- **Mr. Deepak Kumar – Individual Investor**

- Okay. Thank you sir, thank you.

- **Moderator**

- Thank you. A reminder to the participants, anyone who wishes to ask a question may press * and 1 at this time. The next question is from the line of Manish Shukla from Citigroup. Please go ahead.

- **Mr. Manish Shukla – Citigroup**

- Good afternoon sir, and thank you for the opportunity. Sorry for repeating but could you give the numbers for loans, deposits and net worth for the combined entity?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Yeah. Our total deposits stand at Rs. 10,71,569 crores for the combined entity. Rs. 10.71 lakh crores. And advances Rs. 7,62,722. 7.62 lakh crores. Or Rs. 7.63 lakh crores.

- **Mr. Manish Shukla – Citigroup**

- Okay. And net worth?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Which one? Net worth?

- **Mr. Manish Shukla – Citigroup**

- Yeah.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- One minute. We have to do the opening for net worth. That is why I have given the capital adequacy ratio.

- **Mr. Manish Shukla – Citigroup**

- So that was my question, that the capital adequacy number that you have given, do you think it will change once you have made the opening balance sheet?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- No it will not change.

- **Mr. Manish Shukla – Citigroup**

- That number will not. There are no adjustments pending in that net worth.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Why I am not able to calculate the net worth is because it is subject to audit.

- **Mr. Manish Shukla – Citigroup**

- Which is fine sir. But I am saying that…

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- There are only figures available.

- **Mr. Manish Shukla – Citigroup**

- No the CET one that you have given, you are not expecting any further adjustments to that CET one, any material.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- I am not expecting, I am not expecting.

- **Mr. Manish Shukla – Citigroup**

- Okay, fair enough. Fair enough.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Organization was required to be done as per RBI requirements that we have done. AL 15 we have done. These are all taken care in the share ratio. All those things have been adjusted as at the end of 31st March for all the three banks.

- **Mr. Manish Shukla – Citigroup**

- Okay, understood sir. This is clear. Those were my questions. Thank you.

- **Moderator**

- Thank you. The next question is from the line of Puneet Balani from HDFC Securities. Please go ahead.

- **Mr. Puneet Balani – HDFC Securities**

- Hello?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Yes.

- **Mr. Puneet Balani – HDFC Securities**

- Sir thanks for the opportunity. I just wanted to confirm one thing. The 5% provision that you've mentioned for the combined entity as per RBI guidelines is Rs. 5600 crores right?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Yeah combined entity only. Little more than 5% it is actually. But minimum requirement is 5% from the RBI.

- **Mr. Puneet Balani – HDFC Securities**

- Okay, right. Sir you – like PNB for standalone has made Rs. 142.57 crores.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Correct. Because Rs. 2800 crores was the amount where asset classification advantage has been declared.

- **Mr. Puneet Balani – HDFC Securities**

- Yeah, yeah. And the balance is for

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Yeah.

- **Mr. Puneet Balani – HDFC Securities**

- Okay. Okay. Just that. Thank you sir.

- **Moderator**

- Thank you. The next question is from the line of Mahrukh Adajania from Elara. Please go ahead.

- **Ms. Mahrukh Adajania – Elara Capital**

- Sir as a follow up, standalone book, what is the corporate moratorium? The retail and MSME you have given in the notes to account. So would you have the number for the corporate separately?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Corporate standalone I don't have. I have the combined figure Rs.47,460 Crore

- **Ms. Mahrukh Adajania – Elara Capital**

- Okay. And the Rs. 1,51,000 crores that you gave for…

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- That includes in this.

- **Ms. Mahrukh Adajania – Elara Capital**

- Yeah that's total moratorium.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Correct. Rs. 42000 crore agriculture, Rs. 31000 Crore retail, MSME 28, 47 corporate.

- **Ms. Mahrukh Adajania – Elara Capital**

- Got it, got it, got it. Okay sir. Sir no, because if you just put it against the advances, it works out to only 20%. That is why I was asking. The 1.51…

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Correct. So then you should do it only with domestic advances. Out of that the lower advances we have to take out.

- **Ms. Mahrukh Adajania – Elara Capital**

- Okay. So 22% is domestic advances basically.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Correct, correct. 22% it is coming. That also that is only because some recoveries have come in the month of June. It was earlier 30% roughly. 29-30%. That is at the end of 31st May.

- **Ms. Mahrukh Adajania – Elara Capital**

- The total moratorium?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- No, no, no. Yeah. That is people who have taken the moratorium.

- **Ms. Mahrukh Adajania – Elara Capital**

- Okay.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- In terms of the value I am giving the figures.

- **Ms. Mahrukh Adajania – Elara Capital**

- Yes. So it was 30% in May and 22% now.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Yes 22% correct.

- **Ms. Mahrukh Adajania – Elara Capital**

- Of the domestic book.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Correct.

- **Ms. Mahrukh Adajania – Elara Capital**

- Okay. And sir just one more thing. You – what is the reason for the sharp increase in overseas loans?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- No, it was normal lending only. There was nothing – only comparison to last year because some of the limits were not utilized, now they have used.

- **Ms. Mahrukh Adajania – Elara Capital**

- Okay. Okay sir, thank you. Thanks.

- **Moderator**

- Thank you. The next question is from the line of Anil Kumar, an individual investor. Please go ahead. Mr. Kumar your line is in talk mode. Kindly go ahead with your question. As there is no reply from the current participant, we move to the next question from the line of Deepak Kumar, an individual investor. Please go ahead.

- **Mr. Deepak Kumar – Individual Investor**

- Sir regarding the Ratan India account, what is the percentage of amount you recovered out of total loans including interest? What is the percentage you recovered?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Right now I cannot tell you. What amount we have received I am aware of that. We will have to check because resolution plan percentage and the interest income in interest including the amount what we have put up I need to take.

- **Mr. Deepak Kumar – Individual Investor**

- Approximate it should be 50-60%?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- It should be 54-55% but I should not guess without knowing the things.

- **Mr. Deepak Kumar – Individual Investor**

- Okay approximate 55.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Yeah.

- **Mr. Deepak Kumar – Individual Investor**

- Thank you sir, thank you.

- **Moderator**

- Thank you. The next question is from the line of Jay Mundra from B&K Securities. Please go ahead.

- **Mr. Jay Mundra – B&K Securities**

- Yeah hi sir. Sir do you also have this DTA number for the combined entity? Because I think you have not moved to the new tech regime.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Which one? DTA?

- **Mr. Jay Mundra – B&K Securities**

- Yes sir.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- No DTA I don't have for the combined entity at this point of time. Our balance sheet gives the figure. Those two I can share with you.

- **Mr. Jay Mundra – B&K Securities**

- Sure sir. And second sir if you can talk about any recovery that you expect even in these tough times in let's say 6 months kind of a window?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- See, NCLT cases which were in final stages where we were expecting recovery before March got impacted because of COVID. And some cases related to litigation. So we are definitely expecting the recovery in those accounts. It would range anything between up to Q4 around Rs. 6000-8000 crores.

- **Mr. Jay Mundra – B&K Securities**

- This is the NPA recovery and not the entire . This is the requisition of the NPA.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- No, that is recoveries I am talking about.

- **Mr. Jay Mundra – B&K Securities**

- Okay. And sir last thing on moratorium…

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Bhushan itself is there. Bhushan account our outstanding is Rs. 4000 crores combined entity.

- **Mr. Jay Mundra – B&K Securities**

- Sir anything in Aircel? I mean is the thing moving? Is there any money that is coming from that?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- No, no, no. So far no, Aircel. Resolution plan has already been submitted by COC. So we are expecting the resolution judgment in that. In Aircel.

- **Mr. Jay Mundra – B&K Securities**

- Sure sir. And last thing on moratorium sir, just once again. So a lot of banks have defined the moratorium that by May end it was 30%. Now it has come down to 21-22. So…

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- No, our bank or other banks?

- **Mr. Jay Mundra – B&K Securities**

- So I will tell you. Some banks have excluded agri because that is not even due in this time. So they have exclude in numerator, denominator both. So but it looks like we have included agri wherever in all our calculations.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Yes we have included agri, correct, correct.

- **Mr. Jay Mundra – B&K Securities**

- And second thing is that wherever – so let's say if a person is amount due is 25th June, so in the initial 15 days of June he may not have paid anything.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Correct.

- **Mr. Jay Mundra – B&K Securities**

- So has he taken moratorium or has he not taken moratorium in your calculation?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- No, in our calculation we should look at only at the end of the month. Because 15th should not be the criteria. Now here, in our case because many repayments have come, in the first 15 days, that is why the percentage has gone down. See as of 31st May even we had 30%.

- **Mr. Jay Mundra – B&K Securities**

- Correct.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Our figure by 30th June we have not taken. That we have to calculate. Here the question is not of receiving of the amount but the amount being equivalent or more than the installment which are due if the moratorium is not given.

- **Mr. Jay Mundra – B&K Securities**

- Okay.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- So that also will come into picture. Just because one installment is received we can say that he has not taken the moratorium but one installment may not be sufficient. Three months are there. So like that you have to calculate everything. The only comfort what we will get is the intent of the borrower to make the payment even during March only.

- **Mr. Jay Mundra – B&K Securities**

- Correct. And this 30% sir, at the peak what was this number, just to understand.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- No, it was not more than 30%.

- **Mr. Jay Mundra – B&K Securities**

- Okay understood.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Even if you look at State Bank of India also, if I remember Rajesh Kumar was telling 28% something like that.

- **Mr. Jay Mundra – B&K Securities**

- Yeah, 23 by value.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Yeah 23 by value something. Correct.

- **Mr. Jay Mundra – B&K Securities**

- Great sir, yeah. Thank you.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Thank you.

- **Moderator**

- Thank you. The next question is from the line of Sushil Choksi from Indus Equity Advisors. Please go ahead.

- **Mr. Sushil Choksi – Indus Equity Advisors**

- Sir what is our targeted CASA for the combined balance sheet over a period of one or two quarters?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- See currently the composition is 42%. And the amount is roughly 4,42,000 crores is the current figure. CASA has increased after even April by roughly 13-14 thousand crores as on today. That is a good growth. The major growth has come in savings. So we are expecting that in the current year in spite of all these COVID and other related matters, CASA will have a healthy growth, anything between 6-8%.

- **Mr. Sushil Choksi – Indus Equity Advisors**

- My next question, what is your envisaged number on domestic and international book? And in the domestic book how much will be your corporate book and how much will be retail book?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- No, we are expecting an overall credit growth of 6%. And we expect in 6% major contribution will be there from retail, MSME and mid-corporate segment.

- **Mr. Sushil Choksi – Indus Equity Advisors**

- And the combined balance is what? Can you highlight a breakup what is envisaged on the corporate and retail?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- No, I can give you the advances outstanding figure which is Rs.7,62,000 crores combined book as on the end of March.

- **Mr. Sushil Choksi – Indus Equity Advisors**

- Okay. Are you likely to degrow…

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Corporate book is Rs. 3,74,000 crores.

- **Mr. Sushil Choksi – Indus Equity Advisors**

- Are you likely to degrow your international book or you think you will be able to…

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- No, no, no. There won't be any degrowth in international book. International book also will grow.

- **Mr. Sushil Choksi – Indus Equity Advisors**

- Sir and the major interaction you mentioned about some rationalization of selling some property this year, some next year. So what is your plan on that sir?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- No, that is real estate properties we are already having. Because of combined amalgamation we got more properties. We have identified properties worth anything between Rs. 300-400 crores to be sold before March.

- **Mr. Sushil Choksi – Indus Equity Advisors**

- That is in current year.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Current year.

- **Mr. Sushil Choksi – Indus Equity Advisors**

- Any plans…

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Current financial year.

- **Mr. Sushil Choksi – Indus Equity Advisors**

- Any further plans in how much – have you identified what is the total asset value on approx. basis which you are likely to sell over a period of one or two years?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- One or two years it could be around Rs.600 crores.

- **Mr. Sushil Choksi – Indus Equity Advisors**

- Okay.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Because some of the properties we will not be able to sell before March. But we are working on that.

- **Mr. Sushil Choksi – Indus Equity Advisors**

- Sir due to COVID situation and lockdown which happened before the integration of all the three banks, what kind of initiative you may have to further take with technology integration and human resource is concerned? Because your plans would have got disrupted in the last month of March and early April or mid-April despite certain percentage of employees working.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- No, I won't say disrupted. They have got delayed. Already from 1st of July, entire organizational restructuring is implemented. We have posted the leadership roles for combined entity. So from 1st of July it will be the new restructured entity which will be operational. So we have only seen – we wanted to implement from 1st of May which got delayed by 2 months. So we don't foresee any difficulty though we will be definitely controlling the number of transfers to be undertaken in a year in general for such a large bank, good number of transfers are undertaken but this year we will be restricting that. For leadership roles there is no compromise. We have already posted them. They have already taken charge.

- **Mr. Sushil Choksi – Indus Equity Advisors**

- Your promotions have already been done and people have taken their respective places.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Correct.

- **Mr. Sushil Choksi – Indus Equity Advisors**

- Sir what is your general assumption on retirement based on the current structure after merger, in a normal retirement.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- It will be normal retirement only. The reason is if you are talking about people premature exit if you are talking about, nothing will be there. And even we will not offer any opportunity for VRS or otherwise because we require the employees. Today our ratio is per branch it stands at 8.9 which is required for taking forward because we are looking for good number of plans for the bank to increase its business in the days to come. Normal course if you look at as far as retirement is concerned, it runs around 1-2%. Only sometimes the number will be very high. Currently our employee strength is around 1,02,000.

- **Mr. Sushil Choksi – Indus Equity Advisors**

- Okay. Sir what is, in view of COVID what kind of technology enablers mainly decide integrating technology? New processes on digitization are we likely to do to be more equipped with the situation which is led by social distancing and COVID.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Correct. There are two challenges for us. One challenge is because of amalgamation, technology integration we have to undertake. That is on course even though people have been working from different domains, not exactly by sitting in one place including Infosys and other technology vendors. So that will be online which we are planning to complete the surrounding technologies by September. Core banking software integration by December and March. December one bank and March another bank. So that plan will continue. Now because of COVID impact the social distancing and the inability of the people to freely visit the branches which they were doing earlier, we are enhancing the opportunity to go for digitalization. Already once a customer is on-boarded, digital channels are available for them to operate which has been successfully being used in the COVID arena. We are also now working to introduce new mechanisms whereby customer can be on boarded without visiting the branch. That will be operational very shortly. Some of the branches have already done that is through an app which can be downloaded to anybody. Directly if you want to open the account you can open the account. Credentials will be verified through electronic mode after getting the details from them. Besides we are also looking at, banking for the corporate customer, so that they need not come to the branch. Even their people who generally visit the branches for completion of banking transactions are also eliminated. But these are all in incubation status. We will be able to implement one by one more effectively from 1st of October onwards. The reason being by which time we want to complete the integration of surrounding applications.

- **Mr. Sushil Choksi – Indus Equity Advisors**

- Okay. So what kind of digital or technology spends are we envisaging in the current financial year to take all the integration and new processes?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- It will be anything around Rs.300 crores.

- **Mr. Sushil Choksi – Indus Equity Advisors**

- Rs. 300 crores. Sir you had a great initiative when lockdown started of cash vans in some cities in north as I see it. And you were distributing cash almost at each one's homes in the areas. Is this your permanent feature or is it more a temporary mix?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- No, it will continue for some time. In fact it will be even a good feature if you are having customers in the areas where we don't have a branch. We don't mind putting a DC or a cash van continuously. But as on today it will continue until the lockdown problems are resolved.

- **Mr. Sushil Choksi – Indus Equity Advisors**

- Sir what retail products are added to the feature?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- We can add. We are working on that. Actually one concept was there which we wanted to introduce by April. Because of COVID we could not do that. That also we are working whereby it is called as ease banking with only one facilitator. Customers can go there and transact not only the operational activity, but they can also request for the loans and other requirements.

- **Mr. Sushil Choksi – Indus Equity Advisors**

- Okay. Thanks a lot.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Thank you.

- **Moderator**

- Thank you. Next question is from the line of Mahrukh Adajania from Elara. Please go ahead.

- **Ms. Mahrukh Adajania – Elara Capital**

- Sir thank you. Sir sorry to harp on this again. But when you say that your moratorium was 30% in end May, does it mean that 70% of the customers or 70% of customer by value has paid all installments or just one installment? Is it one on one…

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- As of 31st May it was all installments.

- **Ms. Mahrukh Adajania – Elara Capital**

- End May all installments. And likewise in end June you assessed. So those who have not paid all installments, they will be under moratorium.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Yeah. Because 15th June figure is coming at 22% is that is very deceptive. We need to calculate properly by 30th June to understand whether they have paid all installments or not.

- **Ms. Mahrukh Adajania – Elara Capital**

- Okay. But only on all installments they will be considered to not have taken the moratorium. Not one…

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- No I can't see. There is no mathematical or theoretical definition for that. The only difference is in normal course also you find people in SMA 0, 1 and 2 category. The question is if they have not become NPA as of 30th September, I would consider them they have not taken the moratorium.

- **Ms. Mahrukh Adajania – Elara Capital**

- Got it, got it, got it. Okay sir thank you so much.

- **Moderator**

- Thank you. Ladies and gentlemen due to time constraints that was the last question. I now hand the conference over to the management for closing comments.

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Hello?

- **Moderator**

- Hello, yes sir. Any closing comments from your side?

- **Mr. SS Mallikarjuna Rao – MD & CEO, Punjab National Bank**

- Yeah thank you very much for the opportunity given. We are open for getting the feedback from people even if not through the conference call, otherwise as well. We would like to see that, there are two dimensions. One is we are able to convey to the investors and analysts, the kind of work bank how it is performed and how it is going

to perform in the days to come. Next, by putting our presentations in the website, we have tried this time to show more disclosures as much as possible. Because on 7th of February we had an investors' conference in Mumbai. Based on the feedback we have done this. So we are open for that even in future as well. Thank you for the opportunity given Prabhudas Lilladher.

- **Moderator**

- Thank you. Ladies and gentlemen, on behalf of Prabhudas Lilladher that concludes this conference. Thank you all for joining.

END OF TRANSCRIPT