



## **“Punjab & Sind Bank Q3 FY-25 Earnings Conference Call”**

**January 16, 2025**

**MANAGEMENT:** Shri Swarup Kumar Saha, Managing Director, and Chief Executive Officer

Shri Ravi Mehra Executive Director

Shri Rajeeva Executive Director

Shri. Arnab Goswamy, Chief Financial Officer

**MODERATOR:** Ms. Shilpa Abraham

**Moderator:** Good afternoon, ladies and gentlemen. I am Shilpa Abraham, the Moderator for today's Earnings Call. I welcome and thank each one of you for joining us today for the Q3 Fiscal Year '25 Earnings Conference Call of Punjab & Sind Bank. Please note that this conference is being recorded and all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the opening remarks by the management. Should you need any assistance during the conference call, please raise your hand on the Webex panel or press \*3# on your phone.

I would now like to introduce the management of Punjab & Sind Bank. We have with us today Shri Swarup Kumar Saha - Managing Director and Chief Executive Officer, Shri Ravi Mehra - Executive Director, Shri Rajeeva - Executive Director and Shri Arnab Goswamy - Chief Financial Officer.

I would now like to hand over the conference call to Shri Swarup Kumar Saha - MD and CEO of Punjab & Sind Bank for the opening remarks, after which we will have the forum open for the interactive Q&A session. Thank you and over to you, sir.

**Mr. Swarup Kumar Saha:** Thank you, Shilpa. Good evening, everybody. I welcome all the participants in this Q3 Financial Results ConCall of Punjab & Sind Bank. The results were adopted yesterday by the Board of the Bank and it was uploaded in the stock exchange website, along with the presentation and the press release. Many of you may have already gone through the results in detail, but however, to kick off this interaction in this Analyst's Concall, I would like to present some of the highlights of the bank's performance of the Q3.

The overall business grew at 10.58%, Deposits grew at 7.64% and Advances at 14.73%. The total business as of 31st December stood at Rs. 2,23,267 crore. The Retail Term Deposit grew at 10.66%. CASA grew at a muted level of 2.36%. The Net Interest Income has grown by 27.06% in the quarter and 23.70% in the nine-month period. Operating Profit grew by 74.73% during the quarter and 58.36% during the nine months. Net Profit grew by 147.37% in the quarter and 54.17% during the nine months.

The Net Interest Margin stood at 2.78% during the quarter, a rise of 24 bps YoY on the quarter and a nine-month figure of 2.73%, with a rise of 23 bps. The Return on Assets of the quarter was at 0.73%, a rise of 42 bps and for the nine-month was at 0.63%, a rise of 21 bps. The Cost to Income Ratio, we have been monitoring this cost-to-income ratio very closely, has gone down to 62.10% during the quarter, a decrease by 1,274 bps YoY, and the nine-month cost-to-income ratio has gone down by 859 bps to 64.57%.

We have been continuously doing good in asset quality area with a reduction of Gross NPA percentage which is now at below 4% at 3.83%, and also the Net NPA, which has gone down to 1.25% during the quarter. The Provision Coverage Ratio has also improved to 89.53%, a rise of 137 bps YoY.

The recovery and upgradation has been very robust for the bank which also aided the bottom line during Q3. The total recovery upgradation during Q3 was Rs.565 crore, which makes it Rs.944 crore for the nine-month period.

The slippages was again another area where we have been able to succeed in our efforts, whereby the Slippage Ratio was restricted to 0.34% and mind you, this includes one chunky telecom company which got downgraded during the quarter, which was Rs.167 crore. In spite of that, the overall fresh slippages during the quarter was Rs.299 crore, which shows the robustness of our credit collection efficiency and the credit monitoring mechanism that we have developed.

As we continue to de-risk our balance sheet from the Corporate to the RAM segment, the RAM percentage has improved further to 54.20%, the RAM grew at 20.85%. Core fee income increased by 26.09%. Capital Adequacy, without the considering the profits of nine months, stood at 15.95% which shows that we are adequately capitalized. During the quarter, as you all know, we have been able to successfully raise intra-bonds of 3000 crore at a very competitive pricing.

On the digital front, the total transactions that happen digitally in the bank is now 92%. We have carried out many innovations in digital products and the latest one of course was the digital lending in vehicle loan and in the housing loan, wherein we have created STP journeys, straight through processing and digitally assisted journeys. We find that in the November-December period, 60% of our vehicle loan got sanctioned with this assisted journey and 48% in housing loan has gone through these digitally assisted journeys. This shows a landmark development in terms of the innovation that the bank has been talking about over the last few quarters.

Various transformation projects are also going on. We are going to implement the CASA back office during the quarter which will also have the tab banking customer acquisition mechanism. The revamped call centre will improve the overall customer grievance redressal mechanism, collection efficiency, lead management and a very ultra-modern customer relationship management. We are also going to invest in the centralized trade finance which we have been also talking about. The RFP process is about to end and maybe in 3-4 months, we will have the trade finance module also with us. Apart from that, we also have the data warehouse project that we have taken up; fraud monitoring, cyber resolution centre, etc.

We have been collaborating with various agencies and various organizations for our business and the latest success that we are getting is on the defence establishments. We continue to do the MoUs with various defence establishments. During the quarter, we did with the Assam Rifles and the other defence establishments. We will continue to expand our delivery channels. We are now present in 351 districts compared to 316 districts which we were two years ago, and we are opening new branches where we were not present. So, we will be adding 12 more districts during the quarter where we are not present at this point of time.

As far as the delivery channels are concerned, we are going to have further 2,500 BCs, another 50 branches/ATMs. We will be having additional touch points of 2,550 during the quarter, which will make the overall touch points as of 31st March to over 7,000 and we will

continue to increase these touch points and maybe add around 2,000 to 2,500 touch points during the next financial year.

So, this was, in a snapshot, what our Q3 results were. Thank you for giving me this opportunity. We are ready for taking the Question & Answers. Over to you Shilpa.

**Moderator:** Thank you, sir. We will now begin the Question & Answer session.

Our first question is from Mr. Ashok Ajmera. Sir, please go ahead with your question.

**Mr. Ashok Ajmera:** Yes, congratulations Saha sir. Thank you. Finally, many of those things which we used to always expect the bank to do, have been implemented by you and the bank has made very good profit during this quarter. In fact, quarter-on-quarter the bank is making a good profit, whether you talk about Operating Profit or Net Profit. At the same time, taking care of the asset quality also which you are improving quarter after quarter. Your Gross NPA is also coming down, Net NPA also considerably has come down, ROA has increased; very good recovery. Cash recovery also. So, my compliments to you and the entire team sir.

Having said this sir, you have achieved something. Like on the credit front which is generally my concern, a very good progress during this quarter, and overall, during the nine months also. I mean almost about 11.52% during nine months ended December and 5.31% ended this quarter. So, going forward, do we expect the same rate because you have started increasing now your corporate book also. So, your corporate book has also gone up by almost about, I think, Rs.2,000 crore during this quarter and even the MSME book also has gone up substantially; that is also around Rs.1,800-Rs.1,900 crore, while the Agri book has gone down slightly, which is the right thing. So, having said that sir, can you please elaborate little more on this composition of the credit, and going forward in this coming quarter of January-March, so at the end of the year, how are we placed?

Further, as the deposits are going down and your CD Ratio is now going up to 75.25%. So, how the overall mix looks to you sir?

**Mr. Swarup Kumar Saha:** Yeah, thank you Ajmera ji for your kind words. We have been trying to perform to the best of our abilities and we will continue to do so. Whatever feedback we get through these calls, interactions, we take them seriously and we strategize accordingly. So, we thank you once again on behalf of the bank for your assessment of the results this quarter.

Now coming to the question that you have asked, which is the guidance on the credit growth. Yes, we have increased the pace of credit growth in this quarter and we have been increasing over the last 2-3 quarters. So, this quarter we have ended at a 14.73% YoY, with a sequential growth of 5.31%. We expect that this will continue to grow, and we expect that we will be within the range of 14%-15% by the end of the current quarter.

As far as the composition is concerned, yes, you have rightly observed that the corporate credit has also grown by 4.54% during the quarter. We have been now repricing our assets in a better way. So, we will hold that.

In terms of the RAM percentage, Agri, you rightly said that we have gone slow in Agri, and we will observe how the movement happens. Retail and MSME we'll continue to focus on, and this momentum shall be maintained. As I said, the RAM growth has been 20.85% during the quarter, and I think we are very hopeful that the pace will continue to happen in this segment as well.

Your second point was on the deposit side. Deposit, we were not negative as such. Of course, the pace of the deposit growth was not aligned with the advance growth, but our total deposit still grew at 7.64%. I agree with you that there is a lag between the deposit and the credit growth, but we all understand that in the current context, there are challenges of deposit mobilization. We are focusing on this segment, a lot of innovations, both on the CASA front and on the Retail Term Deposit front. We will continue to focus on garnering more and more deposits so that we can have a comfortable CD Ratio. We are estimating that in the deposit side, we will be around 8 to 9% in the deposit growth and between 14 to 15% on the credit side.

**Mr. Ashok Ajmera:** Very good and encouraging sir. Sir, my second question is on the total restructured book. Now, today, we are very comfortable that way but what is the total restructured book, including the COVID book of around Rs.662 crore and do we have any buffer other than the IRAC norms in the provisioning? If you can elaborate a little more on that, and that telecom account also, something on that.

**Mr. Rajeeva:** Ajmera saab, the total restructuring book as of date, we have Rs.1974 crore, out of which the standard restructured is Rs.1,512 crore and of course Rs.462 crore continue to be NPA. Now, if we look at the stress asset ratio, which is basically a combination of NPA and standard restructured assets, there also the bank has done significantly good. In December '23, the ratio was 8.02%, in March, it was 7.56%, and as of December, it is 5%. So, the combination of both restructured as well as the NPA, that is coming down on year-on-year basis as well as sequentially.

**Mr. Ashok Ajmera:** Okay. Sir, a small question on this debit in existing NPA account, which has shot up to Rs.36 crore, from generally Rs.8 crore - Rs.10 crore. So, is there any specific account on that? I mean, this debit of Rs.36 crore, is there any major account involved in this?

**Mr. Swarup Kumar Saha:** Yeah, debit in the existing NPA account was in September. So, in this quarter, it has been only Rs.1 crore and last quarter it was Rs.36 crore. This was because of accounting change. You know that we have implemented a change in the accounting policy on the appropriation of the recovery in September.

**Mr. Ashok Ajmera:** Yes, sir.

**Mr. Swarup Kumar Saha:** So, that was only an accounting change

**Mr. Ashok Ajmera:** So, it is only because of the accounting change, it has been shown in this quarter?

**Mr. Swarup Kumar Saha:** Not actual. Rs.1 crore is actual, for the current quarter.

**Mr. Ashok Ajmera:** On the cash recovery front, you recovered Rs.275 crore and income booked is Rs.134 crore, which has fallen to the bottom line, out of Rs.275 crore. Is that it?

**Mr. Swarup Kumar Saha:** That is because we were able to crack two mid-corporate segment accounts. One road project got upgraded where the amount was Rs.58 crore, so we recognize the interest now and it is now on standard. We've had a good recovery through a settlement mechanism of another mid-corporate account on the hospitality sector. So, there also we earned a lot through the recovery mechanism.

**Mr. Ashok Ajmera:** Sir, when I am here, one more small thing. There is an old account, that insolvency account as per RBI, that around Rs.400 crore, on which we are 100% provided for. So, any chance of any recovery from that account, Rs.435 crore?

**Mr. Swarup Kumar Saha:** Which one? The one which is now under process, you are talking of that?

**Mr. Ashok Ajmera:** Yes.

**Mr. Swarup Kumar Saha:** Yes, we expect substantial recovery in that segment. Yes, we expect in Q4.

**Mr. Ashok Ajmera:** Oh, that is very good. Okay. Thank you very much, sir, in this round, and if time permits, I will come back again. Thank you. And all the best to you, sir.

**Mr. Swarup Kumar Saha:** Thank you, Ajmera ji.

**Moderator:** Our next question is from Mr. Saket. Sir, request you to please introduce yourself.

**Mr. Saket:** Firstly, sir, if you could give us some more further understanding on the state of the economy as, as per the understanding of the current advances. If you could give us some colour. What we are seeing in terms of what the export-import data, the fiscal deficit numbers, the government CapEx, all are pointing towards some somberness in the economy. So, firstly, if you could just highlight to us, although we are a midsize bank, but we have a good book. So, give us some understanding.

When you mentioned about our corporate loan book growing, if you could give us some more colour, how the bid pipeline currently is with respect to corporates and also, which are the major industries which we are already catering to and we are looking to cater going ahead?

**Mr. Swarup Kumar Saha:** Yeah. See, as far as the economy is concerned, I think lots are being written in the various media and of course, the stakeholders are all talking on it but at the end of it, what we still find is that we are still a growing economy and the opportunities to grow are considerable in an emerging economy like India. So, I will restrict my answer to how it impacts our bank's overall growth strategy. See, the bank's market share in the entire system of the scheduled commercial banks is not very significant. So, the pie that is available for growth, I think that's a huge pie that is still available for us and, as we expand our business, as we expand our geographies, as we expand our technological upgradations, as we expand our sectoral growth stories in the corporate segment, we don't feel that there will be major impact on a bank of our size of Rs.2,23,000 crore. So, we'll keep that topic of discussion for maybe a later stage. We will continue to grow in spite of whatever things that are building around us but, of course, we will grow very qualitatively. That's the trajectory we will maintain, along with our due diligence, as we are making lot of efforts to improve our asset quality, our collection efficiency. We will continue to be vigilant in this good times also in the overall. We still feel it's a good time in the country and we will continue to remain vigilant.

As far as the corporate loan book impact, we have around Rs.6,000 crore in the pipeline, in the corporate loan book segment, which will continue to help us to reach our goalposts for March, and then subsequently again. The major industries which will come is, of course, the infrastructure, hospitality sector, renewable energies, some real estate also. So, these are some of the areas which we are looking at.

**Moderator:** Thank you, sir. Our next question is from the line of Mr. Sushil Choksey. Sir, please go ahead with your question.

**Mr. Sushil Choksey:** Yeah. Congratulations to the team and management of Punjab & Sind Bank for excellent result. Looking at your current performance and specifically going to current quarter, along with your infrastructure bond raise, would you elaborate how Q4 is going to shape up in terms of Provision Coverage Ratio, credit cost, SMA 1 & 2? Any snippets for guidance? How is loan book looking? Where is the CD Ratio headed? How is CASA going to look? ROI, ROE? So, I think the picture is emerging that there is an elaborate and a positive change towards betterment. So, I am sure from the guidance which you have given so far, seems to be under transformation for betterment. So, if you could elaborate something on that?

**Mr. Swarup Kumar Saha:** Yeah. Thank you, Mr. Choksey for that assessment. Yes, we have embarked into a transformation journey of the bank on various fronts. Last year, we started with a lot of measures. We consolidated ourselves in terms of structural changes, technology upgradation, innovations, digital processes, and improving our underwriting standards. So, that was the consolidation we did last year. Having done that, now we are well placed to grow qualitatively. We expect that, as I said earlier, that the growth story will continue to happen on multiple fronts. On the credit side, as I said, the 14 to 15% growth is a very strong reality. On the CD Ratio front, we have still room. Though the CD ratio is increasing, a quarter and quarter, but at 75% plus, we still have sufficient room to increase

the CD Ratio. So, we are conscious of the fact that the deposits are important. We'll continue to do a lot of door-to-door campaigns, innovate our products and on the digital front, on the brick & mortar front, all sorts of innovations will continue to happen. I think the overall growth story continues to be robust for the bank.

The asset quality, as I said, the guidance that we had given and the performance that we have achieved so far, we have mapped our performance of December and you will observe that in most of the parameters, we are in line with the guidance. In fact, we have overachieved in some of the parameters. Going ahead, in some of the areas like on asset quality, the Gross NPA should be below 3.5%, Net NPA should be below 1%, the PCR should be above 90%, it should range between 90 to 91%, our NIMs should be between 2.75% to 2.80%, the ROA should be between 0.65% to 0.70%. I think that is the overall thing that we are heading towards and we will continue to show our results in a very positive manner.

**Mr. Sushil Choksey:** Sir, how would you outlook on treasury and loan book, which is unavailed, outstanding today and how do you see the volatility supporting us from a perspective because now that you've raised money, there is ability to lend for longer term and even your retail tractions seems better. So, if you could throw some lights on which area of business are you emphasizing?

**Mr. Swarup Kumar Saha:** Yeah. See, as you have rightly observed, that we now have the stronghold of having some additional liquidity in terms of the bonds that we have raised. So now what we intend to do is select our borrowers, select our customers in an appropriate way, taking into consideration of the asset-liability mismatches that happen in many terms of big gestation lending. So, we are more flexible now and we are looking for opportunities to lend in various infrastructure projects. We are also looking into some of the strong real estate groups that are in the country and we will open there. The co-lending is another area which is giving us a good traction in our bank. So, the co-lending partnership model is working very well. We are around Rs.3,100 crore in co-lending at this point of time. We have sufficient room to increase it further.

So, in the overall scheme of things, the sectoral part, the RAM would play a predominant role. But we will continue to fund our corporate segment. Of course, we will be very conscious of the pricing competition that we are in, in the market, while increasing the corporate loan book, because we have to protect our NIMs, we have to protect our ROAs. So, the corporate lending will be vis-a-vis the pricing that we get, but we will look into all sorts of opportunities that we have to lend in this segment.

**Mr. Sushil Choksey:** Sir, what is treasury outlook and what is the CapEx guidance for digital transformation?

**Mr. Swarup Kumar Saha:** Okay. So, on the first part is the treasury. I think, the treasury performance of the bank for the last two quarters has been robust. Of course, there are market dynamics which play in a treasury performance but we are confident that the run rate that has been set for the last two quarters, will be kept going, unless and until of



course, there is some significant global and geopolitical situation that erupts. So, the treasury will continue, performance will be robust. On the front of the CapEx investments that we are looking into on the various transformation digital, altogether, we have approvals and we have the necessary things to do of at least Rs.400 crore to Rs.450 crore of investments over the next five years. That investment, I repeat, is over a period of five years. So, Rs.400 crore to Rs.450 crore of investments are on various fronts. Not only digital, it is innovation, it is call centre, it is back office structure, the centralization, all correlated. So, the overall package that we look into is, as of now, we are at around Rs.400 crore to Rs.450 crore for the next five years.

**Moderator:** Thank you, sir. Sir, we have an additional question from Mr. Saket. Please provide granular details of other income and outlook ahead.

**Mr. Swarup Kumar Saha:** As far as the granular details are concerned, I think it is very clearly elaborated in our slide number 15. The core fee income has grown by 26% YoY. Sequentially it has come down marginally. That is a part of our day-to-day business. This will also be an important factor in terms of generating revenue for the bank, whether it is commissions, whether it is third party business, whether it is processing fee collections, penal charges, bancassurance business. So, all this will continue to play a very important role.

**Moderator:** Thank you, sir. Our next question is from Mr. Rahul Sinha. Sir, please introduce yourself and go ahead with your question.

**Mr. Rahul Sinha:** Hi, sir. Good evening. My question is, the banks GNPA and NNPA ratios have been declining steadily. How many quarters do you anticipate this trend will continue and what is your medium-term forecast for asset quality?

**Mr. Swarup Kumar Saha:** Yeah. So, I think if you see our trends, it continues to be on the downward trend, as I already gave you a guidance. So, by the end of March 25, we should be below 3.5 in Gross NPA, and Net NPA we should be below 1. In the next 3-4 quarters, I think, we will be below 3% and bring the Net NPA level down as much as possible. That's because our credit growth is now robust, slippages are coming down significantly. We don't have too many bothering accounts as of now. Of course, two accounts which are already declared to the notes, that one is a court-related account which is not classified as NPA but can be NPA anytime, depending on the court. We are adequately provided for in that account. Another standard restructured account of around Rs.15 crore to Rs.16 crore that account has also been fully provided for. So, apart from these two accounts, we don't foresee too many slippages in the overall loan book. The Corporate book has been stabilized quite strongly.

What we find a bit of a stress still there in the MSME segments. We will continue to monitor the collection efficiency of our MSMEs and Retail. We will continue to keep focus. The overall collection efficiency of the bank has now moved, on a sequential basis, from 92.87% to 94.77%. That's the way we are working on in the granularity. In fact, in the Agriculture

segment also our collection efficiency, which is the most difficult area, there again also the collection efficiency is improved on a quarter-on-quarter basis. So, this downward trend will continue to happen. Where it will reach is too early to say at this point of time.

**Moderator:** Thank you, sir. Our next question is from the line of Mr. Ashlesh. Sir, please go ahead with your question.

**Mr. Ashlesh:** Sir, few questions from my side. Firstly, the corporate slippages in this quarter have increased a bit to Rs.167 crore. Can you share some details of which account has slipped?

**Mr. Swarup Kumar Saha:** Yeah, this is that industry telecom company you all know about.

**Mr. Ashlesh:** Okay. Sir, I was under the impression that this one had slipped in the previous quarter.

**Mr. Swarup Kumar Saha:** No, for our bank it did not slip. We did provide adequately in September but the actual slippage happened in 8th October of this quarter.

**Mr. Ashlesh:** Okay, got it. Is there any reason for the sharp jump in yield on advances in this quarter?

**Mr. Swarup Kumar Saha:** Yes, some of it has been impacted by the strong recovery that we have had in one or two mid-size accounts, which increased my yield on advances. Interest income has been booked in those two accounts.

**Mr. Ashlesh:** Okay. Is it possible for you to quantify the interest recovery?

**Mr. Swarup Kumar Saha:** Yeah, that is mentioned in the movement of NPA. So, it is Rs.134 crore as mentioned in slide number 22 of our presentation.

**Mr. Ashlesh:** Can you break out the interest part of this recovery? Is that possible?

**Mr. Swarup Kumar Saha:** Yeah, more or less the entire amount is interest income.

**Mr. Ashlesh:** Sir, there was a good traction on the recovery income as well this quarter. It sits in your non-interest income. Can you share some details on which are the accounts where you saw recoveries?

**Mr. Swarup Kumar Saha:** We cannot share with you the name of the accounts but these are all mid-sized accounts. There was a hospitality sector account in which we earned that was a TWO.

**Mr. Ashlesh:** Understood, sir and just last one. How do you look at the outlook for bad loan recoveries for the next year or two?

**Mr. Swarup Kumar Saha:** For our bank?

**Mr. Ashlesh:** Yeah.

**Mr. Swarup Kumar Saha:** As I told you, yes, the recovery will continue to remain robust. In the guidance, you must have seen that for the financial year 2024-25, we had given that Rs.1,000 crore is our guidance. We have already achieved Rs.944 crore in nine months. So, we will surpass that and in the next year, we expect that this run rate of Rs.1,000 crore is achievable.

**Mr. Ashlesh:** Perfect, sir. Thanks a lot. Those were all the questions I had.

**Moderator:** Thank you, sir. Our next question is from the line of Mr. Chandra Prakash. Sir, please go ahead with your question.

**Mr. Chandra Prakash:** Sir, I am a small investor, so I just wanted some information from your end.

**Mr. Swarup Kumar Saha:** It's okay. You might be asking from a shareholder's perspective. Your bank is now strong and has sufficient capital. The profitability of the bank is on a sound track. The asset quality, NPA is at a reduced level and the business is growing. So, we hope to continue this trend.

**Mr. Chandra Prakash:** Thank you, sir. Sir, is the bank merging?

**Mr. Swarup Kumar Saha:** No, there's no news of that as of now.

**Moderator:** Thank you, sir. We have a question from Ms. Sakshi, an individual investor. She wants to know how are you balancing growth between rural and urban markets and what measures are in place to deepen penetration in semi-urban and rural areas? Second question, are there specific partnership or initiatives planned to expand your digital lending and other innovative offerings? Third, could you provide details on the adoption and performance of your newly launched digital loan products PSB-E Apna Vahan and Ghar Loans?

**Mr. Ravi Mehra:** Good afternoon. As far as the penetration in rural and semi-urban areas are concerned, we are growing equally in all the segments. You can see that our MSME growth is almost on the same lines. If you go for agriculture as well, the food processing industry is doing well. For our growth, that's quite substantial; the numbers are there. Similarly, as far as semi-urban is concerned, we have developed some products and curated some specialized products as well.

Going forward for the digital lending, we have partnered with some of the FinTechs and specialized developers who are developing softwares for us and we are taking the journey forward. The response to our digital lending, particularly the car loan and home loan, is quite good. The journey doesn't take more than 15-20 minutes to get a loan sanctioned. With regard to this, going forward, we are also coming up with this MSME loan up to Rs. 25 lakh for this digital front. Once it is launched and stabilized, we will be taking it up to maybe somewhere around Rs. 1 crore or so.

**Moderator:** Thank you, sir. Our next question is from Mr. Rohan. There are three questions. First, we have seen a decline in AAA rated exposure. Is it because of downgrade or repayments? Second question, gold loan is very small in our portfolio. Any plans to scale it up? Third, we still have an elevated Cost to Income Ratio at 62% as compared to peers. What is the ratio outlook for next two years?

**Mr. Swarup Kumar Saha:** Yeah, I think the first question is related to the exposure. It's a conscious call that we are rebalancing, churning our corporate credit portfolio within the top-rated accounts. Whenever it comes to pricing, we are very concerned about our pricing. While the external rating is very important and AAAs are very sound and resilient in terms of repayment, but the pricing is also very demanding. So, we are churning our books and we have got repaid some low-yielding assets in the AAA category. It is not due to the downgrade, but it is due to the repayment that has happened in a big AAA rated account as the pricing was not adequate for our bank. So, that is the number one question.

On the gold loan front, yes, the portfolio is small. In fact, actually, we have shown in the portfolio of retail lending. If we add the agriculture gold loan, the total gold loan portfolio is Rs.1,600 crore. Yes, in spite of that, the base is small. We have now taken a view that we should expand in this segment and we'll continue to expand at the rate of 25% to 30% on the overall gold loan portfolio, because it is still a safe way of lending.

Yes, I appreciate the point that the cost-to-income ratio is still high compared to our peers. We are at 64.5% on a nine-month period. We expect to be around 63% to 64% by the end of the year and bring it below 60% by another one year and at least 2%-3% down. So, in another two years down the line, we should be around 56% to 58%.

**Moderator:** Thank you, sir. One additional question from Mr. Rohan. Can you please also give some colour on the co-lending book that we have built?

**Mr. Ravi Mehra:** Yeah, as of now, we have a portfolio of Rs 3,100 crore in co-lending and 10 partners are there. Going forward, maybe somewhere around by March, Rs.3,500 crore will be the volume of co-lending.

**Mr. Swarup Kumar Saha:** The portfolio is behaving very well. We have absolutely no issue as of now.

**Moderator:** Thank you, sir. Our next question is from Mr. Sushil Choksey. Sir, please go ahead with your question.

**Mr. Sushil Choksey:** You were successful in raising your first infrastructure bond. As I can sense from your commentary, that credit pipeline seems healthy. Will we look in the current deposit market situation, another infrastructure bond possibly in the current quarter?

**Mr. Swarup Kumar Saha:** Yeah, it is a relevant question because we were successful in raising the bond and now we have followed it up with a good performance, so there is always scope to garner some more. I will cover this question in two ways - on the capital

raising plan that we also have and this. So, the first endeavour of a bank of this quarter is, of course, for the QIP. We will be going at some time during the quarter. The merchant bankers and the legal consultants are on board. We'll be starting the kick-off very soon. Our feet will be on the ground very soon on the QIP. So, at an appropriate time in the quarter, we will like to make an effort to garner Rs.2,000 crore by way of QIP. Notwithstanding this effort, we will also keep the options open for raising another round of Rs.2,000 crore depending on the market conditions but primarily keeping in mind our requirement on the credit growth. So, if we feel that we are getting a better pricing, we will of course look for it. To be categorical in our answer, the first option will be QIP and the second option will be the infra bond of Rs.2,000 crore.

**Mr. Sushil Choksey:** Sir, is your QIP more related to that of SEBI holding norms which you have to dilute to 75%, or it is that you need capital growth?

**Mr. Swarup Kumar Saha:** Yeah, it's primarily of course the SEBI requirement, because we know that we five banks are in that category which are required to bring it down. So, of course, Rs.2,000 crore will bring that percentage to around 8%. It will bring around 8% down. So, therefore, we will explore that option.

As far as the capital requirement, if you ask me, see the capital adequacy as of 31st December, though has shown a sequential decline, but if you add the nine-month profit, the capital adequacy is at 16.97% i.e. close to 17%. So, therefore, as far as the capital adequacy requirement is concerned, we are very comfortable. It is always good to explore. One, of course, is the compliance issue of SEBI, but also it is good to have more capital in your books because we will be not only growing quickly, we will also be investing quite substantially in technology upgradations and various processes. So, it will be a combo of all those 2-3 factors for which we will be in the market for QIP.

**Moderator:** Thank you, sir. Our last question is from the liner Ms. Myra. She has messaged me asking what is your expectations for the upcoming budget?

**Mr. Rajeeva:** As far as banks are concerned, I think some suggestion goes from the IBA side but informally, of course, as banks, we would like to have measures whereby the economy grows, so that we also have room to grow. Of course, government and both the regulators, must be looking at the current scenario of the inflation also. So, overall, some measures whereby the growth is boosted, there is a CapEx in the market, the inflation is under control, so that the environment is conducive for the growth of financial sector banks like us.

**Moderator:** Thank you, sir. On behalf of Punjab & Sind Bank, I thank each one of you for joining the conference call today. You may now disconnect your lines. Thank you. Have a good day ahead.

**Mr. Swarup Kumar Saha:** Thank you all. Thank you, Shilpa.