



e- Inauguration of 12 SME branches by MD (R & DB), Shri C.S.Setty

4. Stressed Assets Management

1. The movement of NPAs in the Bank and recovery in Written-off accounts during the last Four Financial years are furnished below:

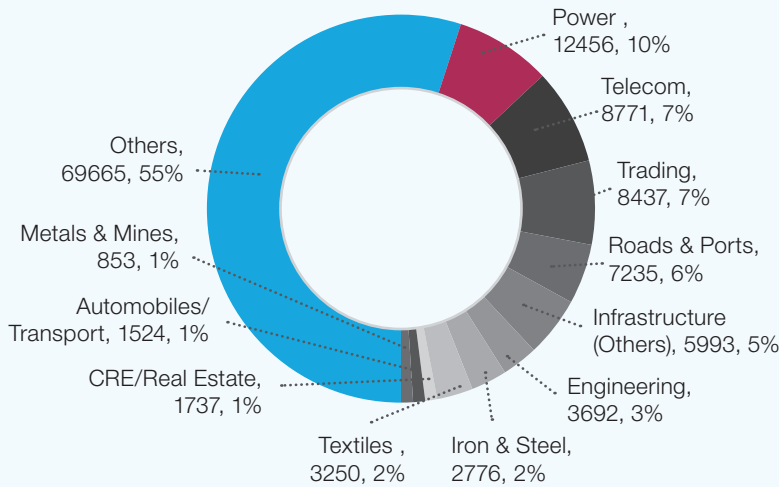
Levels	₹ in crore				
	FY2017*	FY2018	FY2019	FY 2020	FY2021
Gross NPA	1,77,866	2,23,427	1,72,750	1,49,092	1,26,389
Gross NPA%	9.11%	10.91%	7.53%	6.15%	4.98%
Net NPA%	5.19%	5.73%	3.01%	2.23%	1.50%
Fresh Slippages + Increase in O/s	1,15,932	1,00,287	39,740	54,510	29,332
Cash Recoveries / Up- gradations	32,283	14,530	31,512	25,781	17,632
Write-Offs	27,757	40,196	58,905	52,387	34,403
Recoveries in AUCA	3,963	5,333	8,345	9,250	10,297
PCR	61.53%	66.17%	78.73%	83.62%	87.75%

* Post merger

2. In the backdrop of COVID-19, though it is anticipated to have a large spurt in NPA Level during FY 2020-2021, your Bank is taking all pre-emptive measures by extending assistance to its borrowers to face the new challenges and continue as performing assets. However, the current level of NPA has significantly come down due to the following:
- RBI's 7th June 2019 circular on prudential framework for resolution of high value distressed assets has provided a new avenue for timebound resolution of these accounts (out of NCLT process). Your Bank is actively exploring resolution under this mode.
 - Insolvency and Bankruptcy Code (IBC) 2016 for resolution of Stressed assets has provided Bank with a time bound, transparent, and effective mechanism to tackle stressed assets. Resolution has been achieved in some of high value NPA accounts referred to NCLT under the Code. The cases referred to NCLT for resolution are monitored at a specialized NCLT cell at SARG. A total of 900 cases (whole bank) were referred to NCLT as on 31st March 2021, out of which 707 cases have been admitted. Furthermore, 112 cases have been resolved including some high value accounts from RBI's 1st & 2nd reference lists.
 - OTS/Compromise route is also explored for recovery of sticky loans from eligible cases. Bank's Board approved OTS Scheme for various products, non-discretionary and non-discriminatory, is also offered to all eligible borrowers for maximizing resolutions.
 - In non-NCLT cases, recovery is explored through action under SARFAESI Act, filing of suit in DRTs and Courts. The sale of mortgaged properties is explored through common e-Auction Platform <https://ibapi.in> ("e-Krya" - Indian Banks Auction Properties Information) under the aegis of IBA.
3. Stressed Assets Resolution Group (SARG) for providing focus on resolution of NPAs with sector specific approach. At present, the vertical is headed by Managing Director, supported by Deputy Managing Director and three Chief General Managers overseeing the sector-wise portfolio and a CGM (Operations) monitoring the credit portfolio of accounts with an outstanding upto ₹50 Cr. and accounts under liquidation. The Account Management Teams functioning under the guidance of Six General Managers. As on March 2021, SARG has 17 Stressed Assets Management Branches (SAMBs) and 48 Stressed Assets Recovery Branches (SARBs) across the country, covering 49% and 88% of your Bank's NPAs and AUCA, respectively.

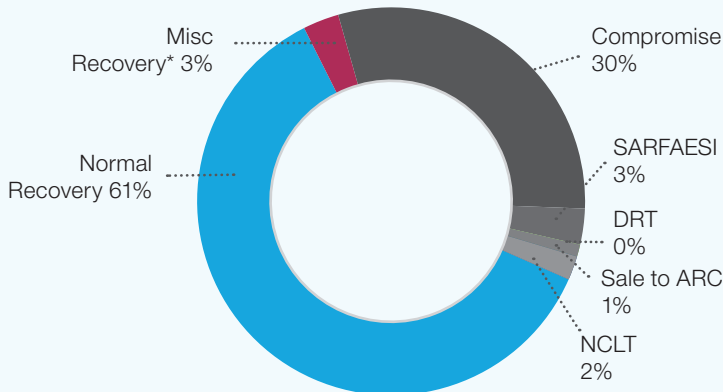
Industry wise distribution of the NPA portfolio (as on 31st March, 2021) is represented as under:

Industry wise NPA



4. Apart from normal recovery, a significant portion of the recovery at SARG comes from Compromise and NCLT. The vertical also introduces special OTS schemes (Non-discretionary and Non-discriminatory) from time to time. A team has been set up to look after the sale of Assets to Asset Reconstruction Companies (ARCs) on Cash and/or Security Receipts (SR) basis.

Mode Of Recovery - Whole Bank- FY21



5. Today, SARG stands as one of the most important verticals of your Bank and the GNPA of your Bank is on course of a downward journey. Resolution of stressed assets by SARG presents the following latent income generating avenues for your Bank:

- Cash recovery in NPAs and AUCA
- Reduction in loan loss provisions
- contribute to your Bank's bottom-line.
- Unlocking the capital for credit extension.

6. SARG introduced certain innovative methods and gave first mover advantage to your Bank in areas such as arranging Mega e-Auction of large number of properties on Pan-India basis. For this purpose, the Bank is also making extensive use of common landing platform for PSBs (<https://ibapi.in> "e-Krya" - Indian Banks Auction Properties Information).

7. Various new IT initiatives have been rolled out including LITMAS (Litigation Management System) for better monitoring of legal recourses undertaken in the stressed account for expediting recovery. Bank has also rolled out Property Portal to showcase the assets to prospective buyers with an intention to enhance marketing and better realization of value of available assets. It will further strengthen the transparency and efficiency in the process. Going forward, SARG is looking towards complete digitalization of the vertical, with end-to-end process automation, starting from Premigration of the account to Resolution of the account, through a menu driven dashboard solution encompassing all activities of SARG at one place, giving the desired output at the right time, resulting in enhanced productivity, efficient use of manpower and optimum results.