“South Indian Bank
Q1 FY2022 Earning Conference Call”

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ANALYST: **MS. DIVYA PUROHIT – ICICI SECURITIES LIMITED**

MANAGEMENT: **MR. MURALI RAMAKRISHNAN – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – SOUTH INDIAN BANK**
MR. THOMAS JOSEPH - EXECUTIVE VICE PRESIDENT & GROUP BUSINESS HEAD– SOUTH INDIAN BANK
MR. DORAIVEL S. – CHIEF CREDIT OFFICER, SOUTH INDIAN BANK
MR. LEELANAND K. - HEAD TREASURY, SOUTH INDIAN BANK
BANK
MS. H. CHITHRA – CHIEF FINANCIAL OFFICER – SOUTH INDIAN BANK

Moderator: Ladies and gentlemen, good day, and welcome to the South Indian Bank Limited Conference Call Q1 FY2022 post results conference call hosted by ICICI Securities Limited. 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 "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Divya Purohit from ICICI Securities. Thank you, and over to you, Sir!

Divya Purohit: Thank you, Nirav. It is our pleasure to welcome you all to the South Indian Bank's Q1 FY2022 results call. The management team is being led by Mr. Murali Ramakrishnan, Managing Director and CEO; Welcome and over to you Sir!

Murali Ramakrishnan: Thank you. A very good morning to all of you and thank you for joining us for the South Indian Bank's Q1 FY2022 Earnings Conference Call. We are joined by my colleagues, Mr. Thomas Joseph, Executive Vice President and Group Business Executive, Mr. Doraivel S, Chief Credit Officer, Mr. Leelanand, Head Treasury and Ms. H. Chithra, CFO.

We hope that you and your family are safe and healthy. We continue to appreciate the efforts of our employees for showing strong resilience and the ability to adapt to changing circumstances. For vaccination of our employees, the bank tied up with hospitals and also done vaccination camps in our offices across the country. We are hoping to get most of the employees fully vaccinated by September 2021.

Coming to the macroeconomic factor, the Indian economy had started showing signs of growth in the third quarter of FY2021 following easing of COVID restrictions and resumptions of business activities. The economic activity was limping back to pre-lockdown in the third quarter of FY2021. We were witnessing improvement in business activities till March 2021 which was altered by the second wave of COVID infection across the country.

There were subdued business activities during the month of April and May 2021 following lockdowns in various parts of the country. However, compared to the first wave many states are still under lockdown or partial lockdown which has been affecting the economic activities particularly retail and MSME sectors like construction, tourism, hospitality, food processing, educational institutes, and few others.

Following the second wave, most of the economic institutional bodies and rating agencies have reduced the GDP forecast for FY2022. We are keeping close watch on COVID-19 developments which continue to be highly uncertain including any new information concerned the new variant of COVID virus. Further we are closely assessing the impact of second wave on our borrowers and wherever we feel there is any need we are extending full support with restructuring. We are hoping for meaningful recovery in business activities in the second half of FY2022.

We will give you a quick update on our 6C strategy.

On capital following the COVID uncertainty the bank intends to beef up capital and endeavor to the second tranche of capital by September 2021. This is towards the second tranche of equity of Rs.510 Crores out of the total Rs.750 Crores which we have announced earlier.

CASA, the overall CASA amount has crossed Rs.25000 Crores. Further CASA ratio has crossed 30% for the first time.

Cost-to-income ratio, the bank continues to improve its noninterest income and curtail operating expenses which has led to improvement in cost-to-income ratio to 48.5%.

Competency building, the bank has taken many initiatives in the area of function and soft skilled development across the various levels of employees. We have also launched learning and development as a separate division under HR. We are also investing in a new LMS platform facility training across the entire distribution network of the bank.

Customer focus, the bank continues to leverage its digital capabilities to provide ease and convenience to its loyal customer base. Our share of digital transactions has been constantly growing and had crossed 92% levels for the first quarter.

Compliance, this is given utmost importance and all the products and processes are mandatorily looked through the framework of regulation to ensure total compliance.

As far as our credit strategy is concerned, on corporate side we are churning the portfolio with better rated corporate almost all the new additions to corporate have carried the rating of A and above. On business loans, we are following conservative lending approach given the impact of COVID pandemic on MSME and SME sectors. On retail side, we have completed the revamping the structure to facilitate sourcing from market proactively through vertical asset structures, tweaking of credit process to ensure better underwriting, appropriate writing to risk and a decision structure to ensure fast turnaround time. We believe that when the market becomes the big conducive for quality credit we will be well poised exploit the opportunity. In the meanwhile, we are leveraging our existing customer database to come up with pre-approved offers for personal loan and vehicle loan products. Gold loan is one segment where we are quite positive and are leveraging all opportunities to grow this portfolio in a balanced way.

On liability side, we continue to see robust growth retail term deposit and low-cost CASA deposit. The contribution of resilient NR deposits continues to improve during the quarter.

We expect the challenges of the second wave of COVID will continue during first half of the financial year 2022. However, with easing up restrictions and anticipated limited impact of third wave if any we hope and expect our reasonable uptake in our credit growth in second half of the financial year.

Let me take you through the key highlights of the operation and financial performance for this quarter.

The total business for the bank stands at Rs. 141,153 Crores as of June 30, 2021.

Advances declined to Rs. 58,319 Crores mainly due to limited credit opportunities following second COVID wave in the months of April and May. We have continued to grow our gold loan portfolio registering growth of 15% year on year to Rs.9,364 Crores as at June 30, 2021. The share of large corporate loans has been continuously declining from 27% in FY2015 to 5% in FY2021 in line with our static strategy of calibrating corporate exposure and building granular book.

Retail deposits rose by 10% year-on-year to Rs. 79,975 Crores. CASA deposits had increased by 16% year-on-year to Rs. 25,725 Crores predominantly due to continued implement in our savings account business which grew by 18% year-on-year to Rs. 21,551 Crores. CASA ratio continued to improve and reach 30.4% of the total deposits. Bulk deposits had declined by 52% year-on-year in line with our strategy.

NRI deposits which has been growing steadily rose by 8% year-on-year to Rs. 26,664 Crores and contributes about 31.5% of our total deposits. Low-cost NRI deposits grew by 10.5% year-on-year to Rs. 8,275 Crores. The bank saw a robust growth of 32% year-on-year in our NRI remittance business during the quarter.

Our investment book was at Rs. 21,333 Crores of which HTM category contributed Rs. 15,466 Crores while AFS contributed Rs. 5,852 Crores.

During the quarter, due to unexpected second COVID wave the bank witnessed higher slippages of Rs. 879 Crores. Most of the slippages happened due to severe impact on personal and business loans. Overall, the bank had restructured Rs. 691 Crores worth of loans during the quarter. The bank has restructured loans of Rs.548 Crores under COVID OTR 1 and Rs.71 Crores under OTR 2 framework during the quarter.

Following the second COVID wave, we saw a dip in the collection efficiency for the month of April and May 2021; however, with unlocking and lifting up the restriction this ratio started to improve from June onwards. The overall collection efficiency for the month of April, May, June was 96.6%, 89.8% and 85.1% respectively. The ratio takes into account the collections done till July 15, 2021.

Gross NPA ratio was 8.02% as of June 30, 2021. During the quarter the bank was able to recover or upgrade Rs. 349 Crores of NPAs. Two specific corporate accounts with exposure of Rs. 207 Crores which slipped into NPA in Q4 2021 has now been restructured and upgraded during the quarter. The net NPA ratio was 5.05% as of June 30, 2021.

Net interest income for the quarter was Rs.542 Crores. Net interest margin was 2.55% for Q1 2022 compared to 2.61% for Q4 2021. The decline in the margin was predominantly due to decrease in yield on investments and reversal of interest on account of NPA slippages.

Non-interest income had increased by 59% year-on-year to Rs.453 Crores. This was mainly due to increase in treasury and forex income Rs. 251 Crores registering 72% year-on-year growth and other income to Rs. 101 Crores registering growth of 83% year-on-year and core fee income of Rs. 92 Crores which has increased by 16% year-on-year.

PPOP for the quarter increased by 27% year-on-year to Rs. 512 Crores as against Rs. 404 Crores for Q1 FY2021. This was the highest Q1 PPOP in the history of the bank. As far as profitability is concerned, the company reported net profit of Rs. 10 Crores for Q1 FY2022. The cost income ratio for Q1 FY2022 improved to 48.5% compared to 53.7% for Q1 FY2021.

Overall provisions increased by 70% year-on-year to Rs. 498 Crores in Q1 FY2022. These provisions included Rs. 430 Crores towards the NPA and NPI and standard asset provisions of Rs. 56 Crores. The provision coverage ratio stood at 60.1% at June 2021 as against 58.7% in March 2021. PCR excluding write off improved to 39% as at June 30, 2021, compared to 34% as at March 31, 2021.

Our overall capital adequacy ratio improved to 15.5% as of June 30, 2021, compared to 13.5% as of June 30, 2020. While the tier I ratio stands at 12.8% as of June 30, 2021, compared to 10.8% in the previous year of June 30, 2020.

We believe that our strong and diversified franchise large distribution network, structural changes to bring about growth, infusion of talent and technology capabilities with improved tools will provide us ability to leverage opportunities for profitable growth in the coming quarters, with the headwinds in the economy tapering.

With this, we open the floor for questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Sanjeev Agarwal, an individual investor. Please go ahead.

Sanjeev Agarwal: Thank you for the opportunity. I had a couple of questions. Murali in one of the media interviews towards the end of May you indicated that the bank plans to increase the loan book to about Rs.10,000 Crores this year and that you expect slippages to be between 3.3% and 3.4% even the first quarter results experienced in the COVID second wave, you still expect some guidance to hold assuming the most severe third wave?

Murali Ramakrishnan: Good question. Yes, you are right because when we were coming up with the results for the March ended that time the COVID 2 impact it had just started and none of us could feel the intensity of COVID 2 and how it would actually affect the retail and MSME sectors in particular, so Rs.10,000 Crores definitely looks tall order given the fact that almost April May is the complete washout and June we just have started seeing some revival and I believe with the multiple lockdowns happening even as we are talking across various states, the opportunity for good quality assets continues to be a very scarce. I am sure you must have also read the fact that

COVID has actually affected the SME in a very, very significant way. Almost 70-80% of the SMEs have registered losses for the last year. Given that I certainly would like to chase the number which I had communicated but we will take it as it comes because as I am talking to you, we are still uncertain about how much of impact it will have on the second quarter and if COVID 3 happens. Off course the consensus is that the COVID 3 impact will be far lower but then nobody really knows because the new variants etc., seem to be behaving very differently from whatever we could envisage but if H2 is supportive then we would definitely work for reaching the kind of numbers which you talked about but my own estimate would be even if we end up doing let us say Rs. 5,000 - Rs.6000 Crores of addition to our portfolio I think we should consider ourselves lucky because of the fact that good quality assets are not available and also the impact of this COVID on the retail and SME which is the growth area which we wanted to actually focus on, will definitely be suffering due to this impact. I would certainly feel that Rs. 10,000 definitely looks much tall order now, but our aim and endeavor is to beef up the total loan book with quality assets. The criteria being quality and definitely subject to quality being then we will be able to see as much addition which we can do in the coming quarters.

Sanjeev Agarwal: Okay and any thoughts from the expected slippages in FY2022?

Murali Ramakrishnan: We expect it to be anywhere between 2.5% and 2.7% is what we are envisaging.

Sanjeev Agarwal: Just one last question, with regard to the new book that you have billed, more granular book what steady state credit costs would model in our projections and overall portfolio levels credit cost for FY2022 if you could elaborate on that?

Murali Ramakrishnan: Actually, the new book which we started building especially in the area of corporate etc., we are looking at adding only A rated and above, most of the addition which we have done are A rated and above. As far as the retail and SME growth is concerned, we have just completed the restructuring of the business setup so we have created the verticals and the team has just started positions and we have started using our existing database to come out with the preapproved offers. Definitely in the unsecured loan we will be aiming to work anywhere between 2% and 2.5% kind of delinquency. As far as SME is concerned given the fact that market is terrible I think 1% to 1.5% is what we should be aiming to work within. In the normal situation I would have preferred to have a delinquency of 0.9% plus or less than 1% but given that to the market is very, very uncertain I think 1.5% is what probably we can aim to, our quality credit should ensure that we should not go beyond that as per my estimate.

Sanjeev Agarwal: Any thoughts on loss given defaults, delinquency, what the credit cost?

Murali Ramakrishnan: Loss given default as you know is the completely dependent on the secondary market available for property sale, in fact it had a huge impact in the last year as well, as we are witnessing to anywhere from I mean what we are saying is of course the trend continues to hold, wherever is residential property or a commercial property, the loss given default is definitely is much lower than an industrial property or land or any of those so we would be able to guessing, see we have not done too many sales are anyway happening in terms of secondary sales of the properties etc. but wherever we have done we are seeing LGDs of 45-50% on an average.

Sanjeev Agarwal: Thank you.

Moderator: Thank you. The next question is from the line of Prabal Gandhi from Antique Stock broking. Please go ahead.

Prabal Gandhi: Thank you for the opportunity. Sir just a clarification first so in this particular quarter, we restructured Rs. 207 Crores of corporate NCD and which were also upgraded is that right?

Murali Ramakrishnan: Yes.

Prabal Gandhi: On the corporate side in FY2021 we saw slippage rate of 5%, in this quarter also we had slippage of around 1% which are also exclude the restructuring schemes then the restructuring was around 3%, so the 4% stress was still there so when are we expecting normalization in these stress results in corporate side?

Murali Ramakrishnan: Corporate side, if you look at the overall slippages happened in this quarter of Rs. 879 Crores, corporate is the only Rs.168 Crores so the overall impact of slippages now we are witnessing more in the business loan and retail and given the fact that our corporate book overall book size is also only Rs. 14,227 Crores which is actually lower than even personal segment as well as a business segment book size, so and what we are witnessing is more and more of contribution of slippages happening from business loans and personal segment. I am not too much worried about slippages happening from corporate, off course there are few corporate accounts which are still worrying but relatively the worry seems to more on business loans and personal segment.

Prabal Gandhi: Sir would you like to share the corporate NPL levels and the PCR network holding on the book?

Murali Ramakrishnan: You are asking about how much is the corporate NPA alone?

Prabal Gandhi: Correct Sir.

Murali Ramakrishnan: Overall, the corporate book as we said is about Rs. 14,227 Crores in my current advances book of Rs. 58,319 Crores of which currently we are carrying an NPA of Rs. 1,505 Crores is the NPA which we have.

Prabal Gandhi: And the corresponding provisions that we have on the corporate side?

Murali Ramakrishnan: Overall, that I would not be able to immediately take it out but what I can tell you is that overall as you know the provision coverage ratio as I mentioned it is about 60%, PCR has been improved from 58%-60% and even excluding write off it is about 39% now, considering the entire book.

Prabal Gandhi: This is typically 10%-11% of the NPA level and on the overall level we are at 8% so I am assuming MSME NPAs are also now on related place 6-8% around?

Murali Ramakrishnan: Correct that is exactly, that is what my earlier point also what we are seeing is that even in the data if you look at for the quarter 879, the MSME business segment has contributed Rs.420 Crores almost half of that is coming from MSME.

Prabal Gandhi: On the interest side the investment is I am sure declined in this quarter so any reasons behind that?

Murali Ramakrishnan: Leelanand you want to answer that? Leelanand is Head of Treasury, yes, please?

Leelanand K: See basically we have taken a view that interest rates are likely to go up, only so we have sold some of the securities with the longer tenures, so overall we have reduced the duration. Given the increase in the inflation and all we are expecting interest rates are likely to go up and which is also started showing also, even if you see the 10-year G-SEC and all moved from 6% levels in April currently trading at 6.20% levels so in first beginning of the year itself we have taken that call so we have reduced our duration considerably so that our interest risk going forward will be very limited.

Murali Ramakrishnan: We have actually substitute long duration month with the short duration months.

Leelanand K: Correct Sir.

Prabal Gandhi: Sir it is because of the selling of the process which we were able to book the other incomes or treasury incomes in this quarter, is that correct?

Murali Ramakrishnan: Correct Sir.

Prabal Gandhi: Sir what would be the interest reversal impact in this quarter?

Leelanand K: You are talking about NPA interest reversal is that, what you are saying?

Prabal Gandhi: Interest on advances how much was the reversal?

Leelanand K: Rs.41 Crores.

Prabal Gandhi: Thank you so much.

Moderator: Thank you. The next question is from the line of Rishikesh Oza from RoboCapital. Please go ahead.

Rishikesh Oza: Good morning. Sir my first question is that in your non-interest income side what constitutes this Rs. 110 Crores of other income?

Murali Ramakrishnan: I will just read out, which is sizeable, one is income from sale of PSLC that is about Rs.80 Crores which has increased from Rs.15 Crores for March and which has increased from Rs.34 Crores for the June ended 2020 so that is one sizeable contribution and the other one which is sizeable. Apart from other non-interest income, the technology related income have also gone up, it is about Rs.35 Crores for this quarter compared to Rs.33 Crores for last year June similarly all transaction related income is Rs.57 Crores for this quarter as against Rs.49 Crores for last year June Overall, we have seen traction in almost all the line items if you ask me.

Rishikesh Oza: Okay Sir and my second question if you could provide credit cost guidance for FY2022 and FY2023?

Murali Ramakrishnan: FY2022 as you said earlier it is about 2.5-2.7% and I am expecting the year to be as bad as last year so overall we are looking at about Rs. 2,500 Crores of slippages for the year. FY2023 we do not want to double guess now because we need to see the impact of second half and how COVID situation pans out.

Rishikesh Oza: In case if it normalized credit cost what is yours normalize credit cost Sir?

Murali Ramakrishnan: No frankly nobody knows what is normal now. Normal credit cost what is my wish list of credit cost I want it to be in the range of not more than 1% that is my wish.

Rishikesh Oza: Okay, thank you very much.

Moderator: Thank you. The next question is from the line of Umesh Shah from Hanumant Holdings. Please go ahead.

Umesh Shah: Good morning Sir, thanks for give me the opportunity to have a questions with you, yesterday I have also talked with your Investor Head, Mr. Chetan in Mumbai, Sir what I see the slippage in this quarter and provisions on slippage is Rs. 497 Crores and also I did ask you in more than full insights or something and as he has explained with the COVID and you also been saying about COVID 2 impact and no one knows what is going forward so how much more provisions you foresee for the coming quarters as on now and my second question is we had already taken a view and approval for, see and then we had earlier said that Rs. 750 Crores of equity and Rs. 500 Crores debt now we have revised it probably to Rs. 1,000 Crores so Rs. 500 debt proportionally still continue for the coming quarters may be 2022 which we explained earlier and this Rs. 2000 Crores how and what are the rough planning for the future provisions? That is my two questions Sir.

Murali Ramakrishnan: Right to answer your first question, what we are envisaging as a slippage to happen for this year I am expecting subject of projects to which is an uncertain period for any of us as of now, considering that I am expecting the year end slippages to be close to what we experienced last year so I am putting number of Rs.2,500 Crores for the year which probably given the fact that HI Q2 is going to be more or less reflective of what is happening now I am expecting this quarter we had Rs. 879 Crores, Q1 we have Rs. 879, I am expecting Q2 also in the range of Rs. 600 to

Rs. 700 kind of thing and if H2 COVID 3 does not happen and if things become better we expect the balance out of the total Rs. 2,500 to happen within the balance two quarters. We also hope that know if the COVID situation becomes better the recoverability and collection efforts will also be heightened because right now the mobility of the team is restricted and with the courts etc., not functioning and in fact in Kerala almost during the full quarter we are working only on alternate days etc., so and we have a very sizeable presence in Kerala market so given all that H1 definitely is very badly impacted so I am expecting out of Rs. 2,500 Crores anywhere between Rs. 1,500 Crores is what is expected in H1 and balance probably would happen in H2 but believe that this is ascertaining that the present collection and require efforts will continue if there is a possibility for it to be heightened then hopefully the slippages will be lower than that. So this is as far as provision is concerned. As far as capital is concerned, we continue to hold the same belief that we would want to raise the second tranche of Rs. 750 Crores after the Rs. 240 Crores which you raised in March, we would want to go ahead and raise Rs. 510 Crores capital for this quarter and the reason why we have taken approval for Rs. 2,000 Crores is basically to see if things pan out the way we are envisaging and if things become in the coming year, may be in the last quarter of this year or may be in the first quarter of next year we see an opportunity for additional raise of equity. Hopefully by then our strategy everything will also be fully in place and we would have seen the impact of COVID, so with that we believe that if there is a scope for us to raise further equity we will probably try and do that. So right now we are not fixed any timeline for the balance amount, right now what we are thinking of doing is only the balance of Rs. 510 Crores up to the Rs. 750 Crores which you took approval earlier that we want to complete preferably before Q2 end it might slip into the Q3 so that is the plan as of now. As far as bond is concerned right now we have taken a resolution approval but we will be closely monitoring watching the interest rates, and if we believe that equity raising is not going to be in the same, I mean if we see that opportunity for equity raise is going to be constraint in anyway then probably we might look at using those options otherwise our preference would be trade in equity.

Umesh Shah: And these bonds may be after the latter part of 2022, first two quarter of next year?

Murali Ramakrishnan: Right now we are not even thought of raising and therefore when we will raise is definitely dependent on how things pan out.

Umesh Shah: Thank you very much for giving an opportunity to interact one to one with you. I thank Chetan also to help me out to talk to you and sometimes we will meet in Mumbai if possible when the COVID situation settles out.

Murali Ramakrishnan: Thanks a lot. Thank you so much.

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

Bhavik Shah: Thanks for the opportunity. Sir I just wanted to clarify the reductions during the quarter of Rs.349 Crores here mainly recovery and upgrades nothing has been written off it?

Murali Ramakrishnan: No write off, recovery and upgrade only. As we said Rs. 209 Crores of restructuring which we did for two corporate cases which were tagged as NPA for the Q4 now they have been upgraded as restructure and also we have done cash recovery.

Bhavik Shah: Okay and Sir the corporate slippage in this quarter around Rs. 168 Crores Sir can you qualitatively give a flavour and from which sector what is the ticket size and we anticipate these kinds of slippages to come and go following quarters? we have seen it from different industries basically one is reality, one is hypermarket and the other one is into data management services, so these are the three big accounts. rest all are very small ones. Actually, there is no pattern as I could see there is no pattern in this. It is just that cutting across various industries and because of the continued COVID impact the financials have been worsening and it has led to becoming NPA now, but frankly if you ask me the worry is more on the SMEs and retail because that is the one which has been very, very hugely impacted by the COVID situation.

Bhavik Shah: Sir based on your assessment the ballpark expected restructuring from MSME from here on, so we already have like Rs.1,900 Crores of restructuring book?

Murali Ramakrishnan: You are asking how much more will be restructured?

Bhavik Shah: Yes Sir.

Murali Ramakrishnan: That we will have to assess.. See anyway this COVID 2 framework provision has been given is will hold till December of this year so what we have restructured is Rs.71 Crores under Covid 2 framework as of this quarter end, we are expecting other Rs.700 Crores to be restructured in the September and December quarter so by December it will get bit over so in all about Rs.800 Crores is what we are envisaging to be restructured under COVID-2 framework of which MSME is about Rs. 600 Crores, retail and others will be about Rs. 200 Crores.

Bhavik Shah: Okay. This will be over and above the Rs. 2,500 slippages guidance for a full year.

Murali Ramakrishnan: Yes, that is slippages.

Bhavik Shah: Sir what will be the ECLGS disbursement, have we done any?

Murali Ramakrishnan: Yes, we have done. ECLGS one what we have done is for about 9300 accounts amounting to Rs. 2,610 Crores and ECLGS two as of now we have done about Rs. 112 Crores and which is ECLGS three is about additional 20% loans to accounts under travel, tourism etc. that is about Rs. 7 Crores. ECLGS four, we have not done anything, hospital to set up oxygen generation. So just to reiterate ECLGS one which is basically for all business account up to Rs. 50 Crores exposure, it is about Rs. 2,610 Crores, ECLGS two which is for exposure between Rs. 50 to Rs. 500 Crores that is about Rs. 112 Crores and in three which is for 20% loans to accounts falling under specific sectors that is about Rs.7 Crores.

Bhavik Shah: Sir little clarification, as on date our outstanding total restructured book including COVID is 19 billion and over and above that we are expecting 8 billion on the 2.0 of which?

Murali Ramakrishnan: Which includes Rs.71 Crores which we have already shown for this quarter.

Bhavik Shah: Sir considering LGD is approximately 40%, 50% would we see our PCR going up so as and by the end of the year considering you are also going to raise capital, we envisage to buffer up the PCR because it is very low?

Murali Ramakrishnan: Let me put it this way, if you are looking at PCR excluding write off which is the currently at about 39% which used to be 34% earlier by March quarter, which is now at 39% so see what I would like to place is that, we would also be incrementally adding our new book so definitely this quarter we have not factored too much of new book growth because of COVID 2 impact, but with the business which we start sort of growing from this quarter onwards, we will definitely endeavor to work on improving the PCR. I am not expecting it to dramatically go up, we will probably including write off it will be in the range of 60%-65% is what we envisage to keep during this various quarters of this year and excluding write off we would prefer to be in the range of 40%. As and when things become better and market starts showing signs of revival etc., I am sure our advances book with start growing and given the fact we have spread due to our efficiency in sourcing liabilities etc., we believe that we will have more funds to set aside for PCR. So right now what we are envisaging is if we can retain at about 40% level I think that is the reasonable estimate which I can give.

Bhavik Shah: Sir any slippages we have seen from the gold loan book, I understand there is a change in LTV direction from March onwards?

Murali Ramakrishnan: We were cautious all through so though we have grown our portfolio by 15% in gold, our NPA levels are very, very low. It is about 0.3% and there again I do not think we will lose any money but for some very small amounts of frauds which happened in the real areas we really do not foresee a problem. There has been of course, this 0.3% is also happened due to delays in auctioning because of COVID restriction etc. So we believe that we will be able to recover the money, NPA levels are very, very low for us.

Bhavik Shah: Sir I understand the credit cost guidance is 2.5%-2.7% so around absolute value as how much it would be?

Murali Ramakrishnan: I said Rs. 2,500 Crores.

Bhavik Shah: Sir that is slippages?

Murali Ramakrishnan: What about provision?

Bhavik Shah: Provisions for the year?

Murali Ramakrishnan: It will be to the tune with the NPA provisioning impact and whenever we see our yield going up and our NIM going up we will be able to provide more than what is the regulatory requirement.

Bhavik Shah: Sir then our loan book is around Rs. 58,000 to Rs. 60,000 Crores and 2.5%-2.7% does it work out to be like Rs. 1,600 Crores approximately provisions for the full year?

Murali Ramakrishnan: Yes, we are looking at provisioning of Rs. 1,600 Crores that is exactly what I think you also said it was Rs. 1,550 Crores is that we are projecting.

Bhavik Shah: Sir last question, the movement of SME book would be very helpful as in 0, 1 and 2 over March and this quarter and Sir any ballpark guidance on profitability ratios as in do we expect the loss this year FY2022 and how would we pan out?

Murali Ramakrishnan: We do not want to guess on how it will pan out because clearly it is very uncertain as I am talking to you so we will take it as it comes and whatever is required to be done we will do that., but whatever we need to handle we will handle it and do the right thing so because today as we are talking, we are only seeing the negatives of COVID 2 impact, what we have not still seen is the positives of economy reviving which we hope that it will become better in H2, second half of this year so with that I am sure the recovery from even SMA etc. will be definitely much more than what we were seeing as slippages in the past between the various buckets also, so I do not want to really guess how it will pan out but I can tell the numbers as we have right now that way that I can share it with you.

Moderator: Thank you. The next question is from the line of Bajrang Bafna from Sunidhi Securities & Finance. Please go ahead.

Bajrang Bafna: Sir I am just trying to say that whatever profit that we are generating post you have joined probably everything is going for the provisions and despite that the PCR is not inching up so the dilemma of this high provisions will continue at least for PCR and may be for next year also, so which will not give any hope that the ROEs are going to expand and the business is going to expand normally so we have seen in larger private banks, the burden has been taken in one of the quarter, the PCRs have been beefed up and then going ahead there is a crystal clarity that the provisions are going to be lower and the ROEs will be on the natural side, so I know this is the chicken and egg situation but at some point of time we have to bite the bullet and at least provide some sort of clarity that going ahead, the provisions are going to be pretty much in that range, which is your wish of 1%, but still that we do not bite the bullet we have already diluted at 25% of our book value so what is the use of keeping that Rs.30 book value and if we are diluting it at Rs.8 or may be Rs.10, may be Rs.12 or Rs.13, so in our parlance it does not give any importance and impact unless and otherwise we bite the bullet and there is precedence in the history that once we have taken the PCR on the higher side then only the valuation improves so my only suggestion would be that probably we should bite the bullet and show some amount of losses in maybe one of the quarter and beef up the PCRs and with the funds coming in that is the humble request that once we have the clarity of future that the provisions are going to be low then only it will be appreciated in terms of higher valuation for us. So that is the only request from our side and if you could provide some clarity on that it will be really helpful. That is it from my side.

Murali Ramakrishnan: We are not doing things which is going to give any miracle in the next one year because we should remember that the bank had certain quality of book and the bank had a certain business model and when I took charge we needed to take a call on how do we want to transform this bank into creating a structure which is going to help the bank in sourcing good quality proposals and profitably price the transaction so that we sit on a trajectory of growth in the coming years that is going to take time and one needs our patience for that because no transformation is going to happen in few quarters. It is going to take at least three to four years if not earlier. The point is therefore what we have done till now is there over last six to nine months we have completely transformed the way our liability structure is put in place and our asset structures now puts in place. Now while we were doing all this obviously the market also has gone through huge, unprecedented situation of COVID impacting it is definitely once in a 100-year kind of situation where the business models of SMEs and retail have gone through completely RE and many of the retail consumers have lost their jobs or their salaries have been cut off, etc., many of the SME business models have gone into a loss with almost 70%-80% of the small business incurring loss today. So given the situation I think we need to in order to ensure that the banks fundamentals are kept impact we need to ensure that quality credit is what will happen and therefore as and when we are able to improve our overall income either through regular income both advances growing or through the treasury or other income, we are looking for opportunities to set aside, as much as possible towards provisioning so that the provision coverage ratio improves. That is the reason why we have also showed even this quarter, we have shown an improvement from whatever we were. I am not saying it is anywhere near healthy. I am only saying that it is a journey which has to be undertaken and it will happen over a period of time. Whether the market is recognizing this, whether market is appreciating this, I can only talk about the period when I took charge. I feel the market is slowly recognizing that and we are quite happy about it and the way we are going about is to completely look for opportunities to do business in a healthy way so that we do not incrementally add any poor quality assets or we do not want to incur any additional NPAs etc., that is the reason why we have completely restructured our credit processes, we have created products which are safe, we have created process which are proper, we have also been hit in the past with fraud losses, etc., so we have put up a proper checks and balances to ensure that the bank does not lose and we have also granulate our exposures so that we do not get hit with lumpy exposures. So, these are the measures taken to ensure that incremental book which gets added to the advances portfolio, meets with certain quality expectation. Only with that we can endeavor to get income over a sustaining long period of time. If we go for anything, which is short-term it is not going to hit the bank, but in the short-term definitely we need to manage these NPA percentages and situations of PCR etc., that is exactly, what we are carefully doing as you might have heard me talking every quarter how we are maneuvering this. So, therefore, in my mind, I am doing all the structural changes, which in my opinion is actually biting the bullet. Obviously if the economy situation improves, if we make more money, definitely we will be wanting to improve our PCRs etc., because that is exactly, what is in my mind too. And I know that is the one which is ratio which is closely looked at by all of you analysts. So, I am quite clued on that.

We will definitely endeavor to do that as we see traction happening in our overall income in the bank. Thanks.

Moderator: Thank you. Mr. Sohail you may go ahead with your question.

Sohail Halai: Good morning Sir. Thanks for the opportunity. Sir, just wanted to understand a little more like both on the SME side, so around 20,000 Crores of exposure. There has been a significant amount of assistance given by the government as well in terms of ECGLS is one then probably in terms of opening up the restructured window, in terms of if you could just spell out that probably the NPAs that we are looking at right now, and even in terms of the restructuring is there an overlap between ECGLS 1 and basically this stress that is flowing?

Murali Ramakrishnan: Actually ECGLS 1 if you look at the repayment has just started. If you remember, it was a one-year moratorium and that repayment has just started and in fact as per COVID-2 we are allowed to even extend the one more year as moratorium as a period for repayment therefore it has a very insignificant impact of ECLGS on the slippages, but what you are certainly seeing is that on a broader note wherever we have done restructuring in the past we have seen slippages happening from restructuring into NPA. We generally feel it is anywhere between 25% and 30% of the restructured book become NPA. We have seen this number is coming out of the fact that this bank has done restructuring even for floods, for two consecutive years and then there was the MSME restructuring which is allowed and this COVID 1 and COVID 2 restructuring. After COVID 1 and COVID 2 restructuring, they are all getting done now, therefore their slippages are clearly not something which has not happened therefore we cannot really comment about that, but one thing, which I just want to mention is that whenever we have done restructuring now, especially in the COVID second phase of COVID 1 and COVID 2 restructuring, we are looking at restructuring only those cases where we see there is a possibility of cash flows continuing and there is a possibility of the company reviving. Wherever we feel that there is no possibility of the company reviving because the business model has taken a huge impact, we are going ahead and declaring them as NPA and we are taking the relevant requisite provisioning needed for that. So that is the approach we have had. So, in nutshell we would say that 25% to 30%, is what we are seeing as the slippages generally, which had happened in the past from restructuring to NPA.

Sohail Halai: If I actually look at in terms of the ECGLS 1 that we had given probably around 2,000 Crores odd that would cover a 10,000 Crores book where you are saying that still now the payment has not started, hence basically the stress is low. So, whatever the stress we are looking at from the rest of the 10,000 Crores which actually is a very significant number, so any qualitative comments on the behavior of the ECGLS-1 book in terms of whenever you are interacting with the consumers, whether there is a scope of revival or how will that pan out probably next financial year?

Murali Ramakrishnan: See, how they will be behaving is purely dependent on how the market is going to revive because see SMEs have been impacted by the COVID because their business models have gone through the roof and their supplies have been cut and many of the traders, etc., they were not able to move around in the market, so when ECLGS 1 was given, clearly nobody knew exactly how things will pan out, even as I am talking to you, I do not know, any one of us would know how it will pan out in the second half of this year, so therefore we clearly, I cannot give you a guidance on how they will behave, what I can tell you is what we have done, and what was the assumption made when we did this. The assumption which we made when we did was that if there was this we saw an opportunity for the cash flows etc., to revive, when the situation becomes normal. Yes, we have done restructuring on them. So, how they will indeed affect going forward will be dependent on how the market is going to come back in the next few quarters, so we will definitely share with you as and when it happens. So please be rest assured.

Sohail Halai: Sir, just in terms of basically the loss given default that you mentioned, so in terms of you actually indicated that recently whenever you are actually selling off an asset or something like that you are looking at a normalized 40%, 45% kind of a recovery rate from that. Is that fair in terms of SME? This was pertaining to SME, right?

Murali Ramakrishnan: No. The number which I gave you is a mix of wherever we have done, again this is a very really unique situation. I think, all of you should appreciate that secondary sales of properties are not happening, very, very few deals are happening. So, definitely it is unfair to keep projecting that number to be for the entire portfolio because wherever we do SME deals, we definitely take a good amount of collateral. Most of the cases, we get 80%, 100% collateral and these collaterals also we take a mix of preferential share, commercial, land, all kinds of even industrial property etc. Frankly, there is no pattern to it. In some cases, we have recovered more, in some cases, we have recovered less, depending on how that particular geography is opened up for secondary sales. Some of the states have had their situation much better than few other states, some states have been under severe lockdown where secondary sales were not happening and you must also know that many of the courts were not functioning also in almost full last year and the COVID 2 has finally made it worse in the first quarter of this year. So, I think it is too speculative to talk about what will be the likely trend on LGD going forward, but what I can tell you is that we have got a good collateral covering all over the advances, because that is how we do business in SMEs.

Sohail Halai: But at least as of now you have not seen the collateral value deteriorating? There are sales difficult to happen.

Murali Ramakrishnan: That obviously wherever we need a periodic valuation and our provisioning also is done accordingly and auditors are clearly verifying and even regular inspection of our own internal audit as well as regulators audit all that it ensures that wherever we see deterioration, we accept the deterioration and we provide accordingly.

Sohail Halai: Sir, secondly in terms of basically, if you could just speak about in terms of SME, is this basically a geographic specific where the lockdown would have been more severe and some of the other parts where you have the SMEs where the lockdown has been lifted are performing better? Just to understand whether…

Murali Ramakrishnan: There is not much of a big pattern. When I look at the industry to which they belong to it is cutting across all industries and it is cutting across all geographies. Of course geographically, if you look at my advances book, geographically we are predominantly present in South, to that extent, it is spread between south being predominant and north being little lesser than that, but in terms of impact of it, I think it is across industries and across the country.

Sohail Halai: Sir, I was just trying to understand because south has seen a more severe lockdown so probably as the lockdown gets lifted, do you see the size of recovery as well?

Murali Ramakrishnan: Basically, we see signs of recovery because our ability to collect and ability to recover, definitely will get better if the lockdown situation becomes better. See, just to give you some flavour of this, in all, we have had, about 420 Crores in the SME which became a fresh slippage for the year and if you look at the kind of industries where we have had this, trade, professional services, textiles, construction, engineering, basic metals, tourism, food processing, all of them are there, and trade of course since our portfolio composition has got a lot of traders as a proportion even in slippages, the traders are a little more compared to others, but it is cut across industries and this pattern is very similar even in the corporate slippages. Corporate slippages if you look at it, even in the NPA book which when we say we find infrastructure, food processing, commercial real estate, textile, engineering, agriculture, financial services, gems, and jewelry so it is cutting across industries. See, the good and bad of COVID is that it is uniform to everybody. It is impacting everybody but depending on the segment to which they belong to the severity of the impact is very high for retail and SMEs.

Sohail Halai: Last question on the SME side, suppose, there is a slippage of x amount, right now, are those customers still paying the EMIs so they would have missed the EMIs and slipped into NPA. Are those customers coming back and paying the EMIs or still now there is time to wait?

Murali Ramakrishnan: Yes. We are seeing a pull back from NPA into SMAs also, SMA-II also. As we see at any point in time, we are finding that people are, and one good thing is that as and when the situation becomes better the customers are also today given the situation, their travel, etc., is so restricted, they are indeed coming and paying whatever is due, because they are also concerned about the bureau record, etc. You know that CMR and credit score etc., is now very well known to everybody that everybody looks at this for on-boarding customers. So, definitely bureaus have helped the entire lenders to sensitize the customers about the potential impact on them if their credit behavior worsens. So we are seeing that also happening.

Sohail Halai: Sir, any percentages that you can guess that once that it has turned NPA we are still paying off the customers, any ballpark numbers?

Murali Ramakrishnan: We have not calculated that as a percentage, but I do weekly review of my collection and NPA and I can tell you that it is fairly a common thing to happen, NPA coming back into SMA and SMA-II also slipping into NPAs. We have this weekly estimation of how much is likely to be in various SMA books and how much is likely to be recovered. That I track weekly and I can tell you that there is a huge movement happening from both sides.

Moderator: Thank you. The next question is from the line of Mahesh M.B. from Kotak Securities. Please go ahead.

Mahesh M.B.: Good afternoon. Sir, just one or two questions here; if you look at the slippages that has been casted in your book, have you been able to do any form of vintage analysis as to the selection issues, where borrowers came in quite recently in your books because bank has been trying to make some changes away from corporate in recent years, if you could just comment on it?

Murali Ramakrishnan: When we look at the vintage of the accounts which are slipping, the fact that we are seeing slippages happening in SME and retail which is anyway retail has been a phenomenon in the bank from 2015 onwards, when the bank actually started focusing on retail. So the entire book of retail got built up in the recent years of last five years, so as such SME is concerned, anyway that has been the strong hold of the bank.

Mahesh M.B.: In the sense, were these accounts, originated in these even in the MSME side?

Murali Ramakrishnan: Not recently, these were all the books which were done in the last several years. In fact, I tool another statistic whether any NPAs happened since October of last year, hardly anything. Of course it is too early for us to say with any certainty because it was nine months since October and also this is a period when COVID was actually in full swing. So, either ways I am saying the number of deals which had got booked also is relatively smaller, and therefore we had also had the advantage of looking at only those who were experiencing COVID when we were on-boarding so therefore to that extent, obviously extra caution we have taken, but if you look at people who have on-boarded, even two, three years back, it is not a normal year for them because they have had flood situation hitting them for two consecutive years, so Kerala that way has not had a normal year for some years now.

Mahesh M.B.: Second question Sir, these SME borrowers do they have multiple banking relationships where they are serving on the slippages book?

Murali Ramakrishnan: SMEs of course do have, but considering that our average ticket size is anywhere from 50 lakhs to 60 lakhs many of our customers are sole banking because they are all typically companies where the average lending will be let us say not more than a Crores or something like that, but we do have of course like 20%, 30% of the book will be multiple or consortium banking, because we will be able to as the SME proportion is quite low for us, but as a new strategy we will definitely be focusing on both the segments, we will be focusing on segments up to 100 Crores of turnover where the average ticket size will be 1 Crores and we will be focusing on the SMEs with 100 Crores to 250 Crores turnover as our average ticket size will be Rs. 8 Crores to 9 Crores.

Mahesh M.B.: This CMR 1 to 10 rating scale that is commonly used by all banks are you seeing extremely sharp deterioration amongst the rating scales in recent quarters which explains the bullet phenomenon?

Murali Ramakrishnan: What we are seeing as a trend is that wherever the fastest deterioration happens, like if somebody has been a CMR, let us say for example CMR 3 when you on-boarded them and let us say when you query them let us say may be three or four months down the line and if you are finding them having slipped into CMR 4 or CMR 5 you find they have a tendency to move into NPA faster because CMR definitely takes into account also the utilization, how much of the churning is happening, are they credit hungry, are there enquiries in their name, are they receivables stretched, so there are many things, which gets factored in CIBIL's CMR score and what we are on-boarding we would prefer to on-board anybody with CMR 1, 2, 3, but them we do find that the people even with CMR 4 or 5 they have decent behavior. Generally, it is believed that CMR 6-10 has higher potential for turning into NPA, but we have got vintage customers who are appearing as CMR 8, 9, but then they have been doing quite well for years where they have never had a default also. So I would not say it has reached a stage where we can say with 100% certainty that CMR is indeed very, very, very good representation of the quality of the portfolio but reasonably it mimics the quality of the book.

Mahesh M.B.: Thanks.

Moderator: Thank you. The next question is from the line of Sushil from Indus Equity. Please go ahead.

Sushil: I was just going through the presentation basically we are doing between gold loan and personal loan around 24,000 Crores and our corporate book is at 12,000 Crores and I think our clear direction is that our personal loans and gold loans would increase and corporate loans may remain static or degrown despite our growth in the value chain size. So, can you give me some outlook on how this personal loan and gold loan margins are there and what kind of growth can we estimate over a period of one or two years in the bank?

Murali Ramakrishnan: As far as corporate is concerned, we went in for granulation of corporate book, which is where we brought it down from some 44% of the contribution to the total advances to close to 24%, 25%. Right now as I am talking to corporate is about 14,000 Crores and a book size of 58,000 Crores, but now what we are doing in corporate is we are churning the portfolio with better rated corporates and wherever we are seeing the corporate, see actually what is happening in the COVID situation is many of the corporates are also flushed with funds. So, they payback the loan which they have taken and they also start using much lesser working capital, their CC and WCD etc., they have started paying back so that the utilization is much less. So, that is actually bringing down the corporate book but we are finding that on-board, we are adding lot more new corporates into our book, new meaning existing customers who are coming in for fresh facility, etc., and where we are very consciously adding them and they are better rated corporates with 100 Crores with A rating and above, wherever they are in deed of 25 Crores or 50 Crores, etc., we are continuing to fund them, so as such corporates are concerned, there will be a lot of churning happening, but we will not degrow so much more from the current levels, maybe 14000 Crores I would probably say, anywhere 12000 Crores to 14000 Crores to 15000 Crores is what we will be seen in the corporate book. As far as the strategy for growing the overall advances book, we will definitely be focusing on personal segment, and the business segment, business segment right now we are cautious because of the COVID impact, but as per the personal segment is concerned, products like personal loan, etc., we were almost nonexistent earlier. We definitely will be focusing to grow there, because there we can actually leverage our existing 6 million customer base to come out with pre-washed good leads for giving them personal loans, we have already done two three rounds of pre-approved personal loan offer where we are seeing that customers are indeed coming and taking and these are all pre-washed with a good credit history. So, that, and as you know that personal loans are generally offered at a rate of 10%, 11% plus and we are some of the pre-approved offers we were able to even get 12%, 13% kind of rates and with 1%, or 0.5% fee over and above that, but that portfolio is too small as I am talking to you. When we do more and more of that we will also be sourcing new to bank customers etc., with that and with the kind of rates which will be prevailing for a personal loan, we expect the margins to become better in personal loan segment. As far as the home loan is concerned, you know that there are prime home loan customers are getting much better rates from the competition today. Large banks offer rates at 6.5%, 6.25% etc., for home loan customer. Clearly that segment is something which we cannot afford, so we are looking at customers who are availing home loan whose credit history is also checked and who are credit worthy, we are able to get rates anywhere between 8% and 8.5% kind of a thing and we are looking at not a very large, very prime segment, we are looking at average ticket size of 30 lakhs, 40 lakhs, kind of people who are assessing home loans and particularly in southern states if you look at it, many of the borrowers also go in for standalone independent house construction where the land is also given as a collateral and on that they will be seeking loans for building their homes unlike Mumbai, Delhi and other Pune, etc., where lot of flat purchases happen. Here it is more of individual homes which gets built. So, naturally they cover the collateral cover is also far, far higher. Those are the kind of leads which we are getting and we are closing now. So, going forward what I look at is, the focus areas will definitely be retail. In retail, we will be definitely continuing to grow vehicle loans where we have had much lesser delinquency traditionally, personal loans which is anyway much, much smaller book as of now, we will be growing that, home loan and mortgages definitely will give a lot of stability to the overall asset book. So as the tenure of these loans are generally 10 years and 15 years, though the rates though the rates will be 8%, 8.5%, but then it will be giving a sustainable income over a period of time. As far as the business segment is concerned, we will be looking at how COVID situation pans out and once the situation becomes better we will be sourcing more and more of SME customers.

Sushil: Sir, your growth area segment, which you described very well, basically we are competing with large NBFC or private banks, so we maybe in a sweet spot between both mainly against the NBFC to affordable housing or self constructive houses, gold loan is concerned some of the segments. Now to stay in competition, what are we doing in kind of measures in digitization, turnaround time, to withstand the competition are we or does our cost of funds go down that we can support our margins by increasing our market share in this segment?

Murali Ramakrishnan: Very good question. Actually to answer both we have done and we will be continuing to do. One is first let me talk about the turnaround time and digitization. Digital actually as I said, earlier in one of my earlier calls also that we have actually gone in for a retail platform which will be commissioned hopefully by September 2021 end in which we can on-board all the retail loans and where it has got a digital capability also and the technology for the bank is a strong area and more than 90% of our transactions also happen through digital and we are using technology in very many areas, we are using ChatBot, we are using credit models for underwriting, so with the platform coming in we will be able to incorporate the credit models and develop for retail and as well as SME also we have hired reputed world class agency to do and that obviously will be on-boarded into an SME platform which will help us to digitally on-board customers and digitally process. So, turnaround time, is definitely an important criteria and we have also streamlined our products and processes to ensure that our turnaround time matches with any good bank in the system. So, in that respect any good customers irrespective of where they belong to we can give run for money for large banks. As far as PL is concerned, anyway we are not only digitization, even disbursement etc., we have the capability to do online disbursement and even documentation can be done digitally all the capabilities we have, so we will definitely be leveraging our technology capabilities to do lot more digital, but this will definitely get accelerated when the platform becomes ready and when the scorecards which are developed by consultants will also be operational. We have hired experienced to develop our credit models, which is almost ready now and we have also used an external international consultant for developing our MSME credit model, so this will ensure that the credit quality is off a good quality. As far as the margin to compete with the large banks is concerned, you must have seen that our liability franchise has done exceedingly well, our CASA has grown, our deposit base is growing, our cost of funds is continuously coming down, despite the market rates being low as we see, our overall income level is comparable despite there is a degrowth in our total assets that only goes to prove that our margins are, with more and more high yield products, which will be growing like PL or vehicle loan or gold loan etc., we expect the income levels to go up as we go forward. We are actually not really considering ourselves to be competing with NBFC, we in fact, just to share with you an example, recently, we bid for a very large bill discounting facility in competition with all the large banks and we were able to bag the contract also, because our ability to price is definitely there because our cost of funds is comparable to any other large banks' cost of funds. We are seeing good traction happening in our NR franchise, we are seeing good traction happening in CASA and as more and more new to bank customers come in, our traction on CASA will continue to only grow and we are pretty hopeful that with that our ability to price will be definitely better, our ability to source good quality customers will be better with a good streamlining of process, etc., our turnaround time also will be comparable to any of the banks.

Moderator: Thank you very much. The next question is from the line of Srishankar from Incred Capital. Please go ahead.

Srishankar: Good afternoon Mr. Murali. I got a simple question. See, you mentioned the slippages that has been across the sector and specifically you mentioned where we see hypermarket, better management services, all these are from Kerala or it is spread across pan India?

Murali Ramakrishnan: All these are from different, different places.

Srishankar: Different, different places. Not necessarily from Kerala alone, correct?

Murali Ramakrishnan: In fact, all the three which we talked. One of them is from Kerala, the Hypermarket is from Kerala. Other two are not.

Srishankar: I think we lost Sir. That was my question. That is it. Thank you.

Moderator: Thank you very much. Ladies and gentlemen that was the last question for today. I will now hand the conference over to the management for closing comments.

Murali Ramakrishnan: Sorry for this, again we went offline. I wish to thank all the participants, all the analysts who participated in this call and all the people took the time out and to seek clarification. I thank each one of you and I wish to reiterate that we will continue to share with you the developments as and when it happens and the kind of initiatives which we and my management team are taking to steer the bank in the right direction and I once again assure you that we will give as detailed explanation as detailed answers as possible for giving clarification to any of your queries. We will continue to seek your support. I, once again thank all of you. Please take care of your health because we are going through tough times. Thanks so much.

Moderator: Thank you very much. On behalf of ICICI Securities Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.