



## **IndusInd Bank Limited Q4 FY2017 Analyst Meet**

### **MANAGEMENT:**

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**Moderator:**

Ladies and gentlemen, good day and welcome to the IndusInd Bank Q4 FY 2017 Results Conference Call. As a reminder, all participant lines will be in the listen-only mode. 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. We would request all participants to stay connected. The conference will begin in next few minutes.

**Romesh Sobti:**

Good afternoon. Thank you for joining us today. We are going to talk of three things here and not just quarter four. So, our agenda is really this, on 31st March we closed our three-year Planning Cycle 3. We call it PCs, PC3 is closed. So, I am just going to take you through quickly what happened in PC3 and whether we met our ambitions are not. We specifically talk of quarter four results. And then I want to give you a glimpse of what we want to do over the next three years in what we call Planning Cycle 4 (PC4).

Just before that, just headlines for financial year 2017. I think in all definitions FY17 really fits the bill for being called a sort of watershed year. We saw really very difficult reforms being passed. We saw some very difficult legislations being passed in the form of the GST and the enactment of the Bankruptcy Act. And these are going to have far reaching impact on the economy and the banking industry per se as we go forward.

Apart from this, we have had Union Budget in Quarter-4 itself, of course, it was very comforting to see that the government sort of reiterated its commitment to the fiscal deficit and actually brought down the target from 3.4% to 3.2%. The other one of course was the change in tone of the RBI policy on the market policy and that turned a little bit more hawkish than it used to be. And the stand changed from accommodative to neutral. We are trying to figure out what neutral means because the system has been flushed with liquidity. So, I do expect that few measures are going to be taken and we have heard, I am sure you also heard talk of new instrument called the standard deposit facility being set-up and that may be a way of sucking out excess liquidity in the market. Except that, they will give some relief to banks in terms of paying some interest on it. So, you can suck out liquidity through a cash reserve ratio increase and not give you any interest. So, I think, this is some way of reducing their burden because a lot of the liquidity is going into the reverse repo right now and the reverse repo rate is high. So, I think that is also being planned, that is the other part.

Quarter-4 also had one more event which is really the appreciation of the rupee. That in one quarter you have seen appreciation of almost 5.2% in the rupee and that certainly is going to have some impact on businesses and specially, on the banks. Other than that, of course you know the U.S. Fed rate went up. Of course, on the global scenario we are certainly seeing a little bit more comfort on the IMF forecast of the economy growing by almost 3.6%, they revised the estimate from 3.4%.

So, that was Quarter-4. What do we need to watch out in Quarter-1 because that is also thing, I think, the major events here are is really the people are still talking of the impact of demonetization. I would say you should start talking about the impact of remonetization. What

is really going to happen now, that remonetization is really happening. So, our business is reverting back to the old models. What has it done to the economy? Are we going back to the old way? I think that is a very important component and certainly, I think in this quarter we are going to see some measures on managing bank NPAs. We are hearing noises on bank NPAs. We certainly know that the larger banks have emphasized at all forums that all the measures we have so far whether it is S4A or the SDRs have not really worked. So, what more? We did hear the Finance Minister also say some measures are going to come, I think we have to watch out for that. U.S. FED policy we expect May and June, hikes may come in. And of course, on the oil front may be we want to see whether OPEC extends its curb on oil production to keep oil at or above \$50.

Those are some headlines I thought I will reiterate before we go into Planning Cycle 3 closure. So, we closed on 31st March our Planning Cycle 3. This is what we said we will do. We said that we want to work on market share, we want to work on profitability and we want to work on doubling the Bank. And we have defined very clearly doubling the bank means what? Doubling the bank in terms of its client base, in terms of the branch network, and its net profit. So, that was this thing and that is what happened. We said, we will delivery scale and scale has been delivered whether it is in revenue or net worth or deposits or advances, I think the CAGRs speak for themselves, and they clearly has been doubling on all these counts. We have delivered profitability. Interest margin was one of our ambitions that we will touch 4% and for the last three quarters now we are at 4%. ROA, ROE, Cost-to-Income, I think all followed the track we wanted it to follow. And of course, we doubled the bank in terms of branches, in terms of clients, in terms of profits. So, this was the second three-year cycle that we doubled the bank. In Planning Cycle 2, we doubled the bank, 300 to 600 branches. In Planning Cycle 3 we doubled the bank from 600 to 1,200 branches and we will talk about what we want to do in the next three years as well.

This is what we had said in terms of plan and this is the outcome that – we will do a loan growth of 25% to 30%, we came at 27%; CASA target was exceeded, it is at above 36%. We said fee growth will exceed loan growth and that has been achieved. Branch network I have talked about and customer base I have also talked about.

So, in terms of key achievements I think, net interest margin, growth capital, responsive innovation, tractor financing, the GIFT City was opened so we now have a Loan Book, 10,000 new people came in, we acquired the diamond business, started the non-vehicle retail businesses, MFI business expansion has happened, and Global Markets revenue crossed half a billion dollars and of course this IndusInd For Sports vertical very-very close to our hearts. So, I think it was a nice rainbow of achievements that happened in Planning Cycle 3.

Quarter-4 results, I think, the results have already been uploaded. I do not recall any quarter in the last two or three years where we had shown operating profit growth of 37% and this quarter we did have operating profit growth of 37% which was fueled by the revenue side also growing

similarly. So, we had a revenue growth of 32% which was fueled by interest income growth of 31% and fee growth at 33%.

Now, even if you take out the trading part of fee, trading part of fee - all banks make good trading profits in quarter four, even if we take out the trading part of fee our growth is at 29% on the fees side of our businesses. Interest margins remained 4%. We had very handsome growth on CASA, CASA grew 43% and SA grew 57% also unprecedented in terms of quarter four performance.

Operating profit grew 37%, net profit grew 21%. So, why this mismatch between the growth of operating profit and the net profit and we will explain. It is already in the notes, so that we have already given out that there was a regulatory prescription which obliged us to make provisions of Rs. 122 crores on a standard account which is not yet due for repayment but is expected to be repaid in Quarter-1. It relates to a large M&A transaction in the cement industry which is all set to happen. But I think the regulatory prescription came because they said that is an industry issue, although ours is a sort of bridge loan against that particular M&A transaction. But we had the money and we provided for it. We expect reversal of this provisioning of Rs. 122 crores to happen sooner or later but certainly we hope that will happen in Quarter-1 itself.

The headline in terms of credit growth is 28% and we will show you that how Corporate and Consumer grew as we go along. Net NPA remains steady at 39 basis points, Gross NPA actually fell slightly by 1 basis point, and we opened 125 branches.

So, these are the headline numbers. I think what is of more interest is the quarter-on-quarter growth. The quarter-on-quarter growth has been pretty handsome 6%, 19%, 11%, 15%, and net profit of course, was flat as a consequence of that extra provisioning that we did on a standard asset. If you were to factor that in, then the net profit growth is similar to the growth in our operating profit. That was Quarter-4. This is the full year. The full year comes up at 25% on net profit and you see all the lines also are in solid double-digits. Loan growth I have already talked about. Corporate grew faster in Quarter-4 compared to retail and what is happening is we saw a little surge on the working capital financing side and that is a consequence of the fact that we certainly have become much more competitive on the pricing and the MCLR regime really allows us to compete on a tenure basis. The Base Rate was a disadvantage for us. So, MCLR actually has come as a nice little boon. So, a 90 day working capital for instance I can match anybody in the market now and still make money that is the more important part of it. So, we saw a longer runway on the corporate side happening because we are more competitive on pricing that is one factor. Certainly, we have got new client base. Certainly, we are deepening our existing client base and certainly, the non-vehicle retail part of our business is still growing in the mid-30's.

I do not think we need to focus on balance sheet and detailing of the P&L. So, the ROA was impacted because of the flat profit quarter-on-quarter. Profits were flat QoQ although the interest margin still remained same. But net NPAs were okay, net interest margin was fine. The loan

book I talked about that. Because Corporate grew faster actually the Loan Book is 60%-40% now and we hope that over the next three-years we have said we will reverse that particular trend. And within retail, it is 70% Vehicle and 30% Non-vehicle which also we want to move to 50%-50%, I will explain that later. There isn't any particular sector which has grown out of turn. Gems and Jewellery still remains our largest sector and the other sectors are I think well diversified, we do not have concentration risks per se.

Rating Distribution - I do not know how much sense you can make out of this abstract chart but this chart is meant to actually indicate the rating profile of our Corporate book. We disclose that every quarter. So, if you compare quarter-on-quarter you will see shifts and then you will be able to make out what is happening to the risk-weighted assets, I think that is the big takeaway out of this.

CASA - I told you SA grew by 57% and CASA grew by 43%, so there is a residual amount of CASA remaining from demonetization. So, it is not that the entire amount has been retained but we have still retained 35% which means that we have grown post demonetization as well. So, even if we exclude the impact of the demonetization outflows, we have still got net inflow which means that there is traction on New-to-Bank customers.

The fee income was 33% and there is always this thing how much did you make on trading. That slide shows you what was the trading income and if you net this off this is the core fee income what we call that also grew 29%. So, you see a nice blip on the distribution fees and that you can clearly link to demonetization. Why? Because as the money flew out of the banking system it went into the Mutual Fund industry and the Mutual Fund industry had a bumper quarter four I could imagine. So, we as distributors also shared a little bit in a part of that growth. Nothing happened really on the cost of funds fell equal to the yield on assets. Therefore, net interest margin remained the same.

Yes, cost of credit. Cost of credit, net has come to 59 basis points, quarter-on-quarter it certainly went up and as per the consequence of two accounts that we wrote down and sold to ARC and we have said that the ARC sale was about Rs. 190 crores. We wrote down quite heavily on those two and then sold down and we chose not to amortize. You know that RBI has now allowed banks to amortize for four quarters any losses on the sale to ARC. But we chose this time around not to amortize that. So, we are still sub-60 on a net credit cost and that was our guidance always that we will come around the 60 basis points.

This is the composition of the NPAs. So, there were additions but there were solid deductions as well. So, you see the net slippage was about Rs. 84 crores for this quarter. Gross NPA, net NPA are steady, provision coverage ratio is stable, restructured advances actually have improved, but that does not mean anything. If you move an account from restructure to NPA the restructured book will improve. So, nevertheless, it is still about 37 basis points. This is a product wise NPAs we gave. We do not see any large movements. In fact, we are seeing a slight improvement in the gross NPA of the retail book.

Capital Adequacy - there is a little bit of explanation to do. Quarter-4 guzzles a lot of capital because in quarter-4 it is not only credit and market but operation risk is also taken into account that only happens in quarter four for every bank. Now, in spite of that our CRAR remained flat at 15.31% because we raised Rs. 1,000 crores of Additional Tier-1 in March and yesterday we raised another Rs. 1,000 crores for AT-1. So, we are okay on overall Tier-1 as well at 14.72%, so it lost only 2 basis points. I do not think we need to talk about that.

We will talk about Planning Cycle 4 and what we intend doing over the next three years ending March 2020. Clearly, we are going to do a lot of what we have been doing in the past but we are going to do it differently. I do not know whether you recall that when we did Planning Cycle 3 we had this "3 D" logo that we downloaded to our staff. We said 3 D that is Differentiate, Diversify, and create some Domain Leadership in selected areas. We have added a fourth "D" to it to say, Digitized to Differentiate, Diversify, and create Domain Leadership.

We continue to focus on livelihoods loans, it is a theme that has emerged within the bank and it is not just micro finance. What we do in vehicle financing for instance, I mean whose two-wheeler do we finance? We finance the plumber and the carpenter and the milkman. Why? - it is a livelihoods loan. Why the focus on livelihood? Because livelihood loans have lower delinquency. So, why we do to transport operator with two vehicles and not the fleet? Because the fleet is a corporate loan but the two-vehicle guy or the four vehicle guy loses his food on the table if I repossess his vehicles. And that is why we have seen lower delinquencies in the commercial vehicles for instance. So, this theme of livelihood loans we certainly like that. And the other themes like finding customers from within, re-engineering our businesses, and sustainable banking - all that is encompassed in these seven initiatives that will drive our Planning Cycle 4.

So, these initiatives are 1) the rebalancing of the loan book, 2) Rural Banking, of which micro finance is a subset 3) There is a huge focus on Productivity and I will talk about each one of them 4) The digitization of businesses and digitization does not mean front office and what happens with the customer. There is digitization in the mid-office and digitization in the back office and a lot of the gains of digitization really lie in the back-office and that is focused upon because that is where all the productivity gains really come on. 5) There is a very strong initiative on client experience and this is something absolutely new. It is not client servicing, it is clients experiencing. If you walk into a bank, into a branch and your check is en-cashed in three minutes you are happy with the service. What was the experience? What sort of letter do you get from the bank when you ask the bank why you charge me this Rs. 500? So, the whole concept of service is being redefined. We believe that we should take a lead in this. It is not just servicing, it is an experience and who defines the new experiences? The Uber's and the Amazon's of the world, nobody in banking or financial services. We have got a very large initiative running together with McKinsey. It is a large sum of money that is being invested over the next 12 months. 6) Then of course, the internal collaboration and cross-sell I will talk about it and 7) the last element is sustainability. So let us take each one of them.

Rebalancing of Loan Book: So 50-50 between corporate and retail and 50-50 between non-vehicle and vehicle retail in three-years' time. You can work out the arithmetic, what it does to my interest margins? What it does to the yield structure. If I move my balance sheet 7% - 8% in favor of retail at a yield differential of 4% to 5%, the interest differential impact is 35 basis points. On the balance sheet, that would probably come to about 22-23 basis points. Clearly, this move if you can satisfy over a three-year period, so higher yield retail book supports margins and improves the return on risk-weighted assets. And I will talk about this RORWA new concept that is being introduced.

Rural Banking and Microfinance: Rural banking is not just micro finance; it goes well beyond micro finance. 350 of our 1,200 branches are actually in rural areas. Do I have a plan for them? Are they cost centers or are they going to generate some money for you? So, that whole piece with agri, micro finance and the branch banking part should be able to generate 10% of my profits over the next three years.

Digital Strategy: The digital strategy and theme we have presented at different times, what is it going to do to our businesses but the net takeaway is that digital to be 14% of our profits by 2020. That what you do digitally and incrementally should be at least 14% of your profit by 2020 and these are all the vectors. How will you use digitization for innovation, for decision-making, for analytics, all that stuff?

Internal Collaboration & Cross Sell: This is internal collaboration in cross-sell and this is a huge multiplier for us. Today, we have 3 million customers in Vehicle Finance. We have got 5.5 million customers in Retail Consumer bank and we have 1.2 million customers in the Micro-finance. What are we selling to them? So, we sell 3.6 products to every customer in the Consumer bank. But whose products? - Consumer bank products. They do not sell vehicles, they do not sell two wheelers, they do not sell cars, they do not sell commercial vehicles. Likewise, Vehicle Finance does not do the same thing there. A large initiative, it took us 12 months to crack this nut because there is always this question about who shares the dollar? Who gets the money? We hopefully have cracked this and this can, if you work it properly, we want to improve this six times over the next three years and that has got a huge impact on profitability.

Focus on Productivity: The focus on productivity is very simple. Nine years of success have all the makings of sowing the seeds of failure I can tell you this. It happens to all successful organizations. A strong linearity appears between revenues and costs. Five guys do 100 units of work, 10 guys do 200 units of work, 15 guys do 300 units of work. That linearity you ignore, because your revenue side is very bullish. And when the revenue side starts staggering, you find all your costs are fixed costs. I am reminded by what Peter Drucker said 40 years ago. He said that, those whom the Gods wish to destroy; they first give years of success. And that is the linearity. It is all around the cost structures. That linearity has to be disrupted. So, I am giving you two examples: the average branch size, for instance, will come down by half, it will halve and the average branch costs will go down by one-third. That is the measure of productivity. So, their measures of success are also going to be articulated.

Customer Experience: I talked about the initiative we have got with McKinsey. We are spending a lot of money on that. But we believe that if you get it right, it has a solid impact and one of the success outcomes is that CASA should grow by almost Rs. 10,000 crores through deepening of existing relationships.

Sustainable Banking: And the last one is really sustainable banking. It is not about just environment and social impact, it is also about governance and also about regulatory compliance and we have embedded a lot of these themes into our business. For instance, who will you lend to and who will you not lend to? Will you lend to those industries which hire child labor, for instance, right? That is defined now into a policy, which has been approved by the Board.

If we want to sum it all up, this is what it should result in. We will have a loan growth of about 25% to 30%. We will have a CASA ratio of above 40%. Revenue growth will exceed the balance sheet growth and this is a new vector that we will show you every quarter the return on risk-weighted assets. So, the ROA concept is one concept, the return on risk-weighted asset has an embedded concept of how you use your capital, which means, are you taking higher risk to generate the same amount of revenue. So, this is a new vector that has been embedded into our business plans. Every quarter we will show you the return on risk-weighted assets. Branches will go to 2,000 and the customer base will double to more than 20 million.

This is the theme that we will download to our 25,000 people. We call it "4 D to Double Clients, Loans and Profits".

That is it. I am done. If any questions more than happy. Questions are always on a one-on-one basis. Yes.

**Analyst:** Sir, first of all many congratulations on your PC4 strategy rollout. It is excellent, simply excellent.

**Romesh Sobti:** Thank you.

**Analyst:** The targets, the goals, the roadmap are clearly defined. The highlighting feature in this one of them - one of them was the emphasis on rural and micro finance. Sometime back, there was a lot of noise in the market that IndusInd Bank is looking to take the biggest micro finance company in India. How true or false or otherwise?

**Romesh Sobti:** Will you get a yes or no answer to that? So, I think I will only repeat the answer we gave to the Stock Exchanges when they asked us the same question. They said, you tell us. And we said, Yes, we are looking at many options, one of them is this. But we have not reached any stage that we have taken it to the Board. None of these have gone to the Board and I can only tell you a few things about our philosophy on acquisitions. We are not going to acquire anything to make news in the market, right, number one. Number two, any acquisition, whether it is portfolio or not must fulfill two criteria that it must bring more value to my existing shareholders not to the shareholders of the company I buy. You understand? Our existing shareholders, I have a duty

towards the existing shareholders. Therefore, it must be ROA, ROE, and earnings accretive on day one; not presumptive on 18 months down the road I will do synergies and all that sort of stuff, right? So that is one criteria. The other criteria it should either bring domain leadership to me or specialization, two very clear criteria. We acquired diamond finance businesses, made us number one financier of diamond manufacturers in the country and specialized. We acquired, which is the latest acquisition while all of you were talking about micro finance, we acquired the professional clearing membership from IL&FS, right. ISSL is the acquisition we have done. It is still going through regulatory approval. What does it give me? 20% market share in the clearing and settlement business of professional clearing membership. Fantastic deal, small, but really fruitful and really fruity that is the sort of thing that has to go through. So, acquiring big is not necessarily a driver; acquiring good is the driver.

**Analyst:** Sir, couple of questions here. Sir, going by the recent guidelines wherein banks have to up their provisioning to the stress sectors, for instance, Telecom by June. So, going by your Basel-III disclosures by 31st December, the funded plus non-funded comes to 4.7% to Telecom. So, what is your view there?

**Romesh Sobti:** We have no project financing to the Telecom sector. First of all, the rationale of asking for standard provisioning. The standard provisioning you do today is 0.4%, right. That is standard across the sectors. That you have accumulated over a long-long time and that is not even counted for the purposes of provision coverage ratio, right. So, on top of that they are saying that some sectors are stressed. Should you be making more than the 0.4%? You decide. They are not prescribing. They say you decide, you go to your Board and say okay, this is the quality of my exposure, right? I am project financier, am I doing this? Is the company so indebted all that sort of stuff. Should I make 1%, right? That is the sort of call that we will have to make and the provisioning will not be made on the funded and non-funded, it is always made on the funded part and the funded part for us is less than 2.5%.

**Analyst:** I also remember last time you were mentioning 10% of the deposit accretion will be channelized into Mutual Fund business because you see lot of potential out there. So, anything that has happened on that front?

**Romesh Sobti:** Yes. Let me go back. Did I show you that number? I will show you the number. The distribution fee grew by 74% and Sumant is here, how much was that Mutual Fund?

**Sumant Kathpalia:** Yes. Our assets under management as well as the mutual fund fee actually grew very handsomely during the quarter. We have seen a lot of money from savings accounts also moving into alternate assets.

**Romesh Sobti:** Yes. That book has grown very-very handsomely, so that blip that you see, the surge that you see in distribution fee, a lot of that distribution fee is coming out of the flows that are happening into the fund industry.

**Analyst:** Sir, lastly, can you comment on car loan, GNPA's, they were a tad higher if I am correct in Q3?

- Romesh Sobti:** GNPA?
- Analyst:** Yes.
- Romesh Sobti:** 1 basis point lower.
- Analyst:** Sir, if I compare sequentially?
- Romesh Sobti:** Sequentially, quarter three was 1 basis point higher than quarter four. Quarter four GNPA is lower by 1 basis point.
- Analyst:** My question on the Planning Cycle 4 strategy. You have indicated 2000 branches and we are working on digital side also and you indicated focus on productivity in terms of lower size and I believe it will result into improved productivity per branch also. So, will it result into a reduction in the employee base in a meaningful way?
- Romesh Sobti:** No, incrementally the hiring maybe lower because you are shrinking the branch size for instance, right? So, branch size becomes half of what it was. A typical metro branch was 2,500 square feet. It is already 1,600 square feet going to 1,200 square feet. But I still need the brick and mortar. That is why we are still growing the 1,200 to 2,000 because we still believe that we have not yet got full coverage. What you do inside the branch is changing. For instance, there is no operations left in the branches now, right? So, the number of people in a metro branch coming down from 23 to 12, so incrementally, I do not think we will be needing as many people. We hired 10,000 new people in the Planning Cycle 3. Certainly, it is not going to be the same number in Planning Cycle 4 even if we double our branch network.
- Analyst:** Secondly, sir, on the near-term question on especially investment banking fees now the base of the investment banking fee on a yearly basis is quite large. So, given the environment how do you see the investment banking fee sustainable growth at least in one - two years?
- Romesh Sobti:** So, the percentage will fall absolutes will grow. That is the standard way when the denominator keeps growing. So, the percentage growth may not be the same but certainly, I think investment banking now contributes about say 13% of our fee or something like that. And we hope that it will continue to contribute well over 10% of the fee. Percentages may fall, because this is chunky business. But certainly, I think over the last three or four years we have consolidated our positioning. We saw the latest Bloomberg numbers, which actually place us Number 1 on number of deals on the debt side not in terms of value but in number of deals on debt side and I think, we have sort of migrated from just a small mid-market stuff to the higher than mid-market stuff. So, there are some transactions happening with the larger groups as well. So, this business will continue to attract full management attention. We will provide all the resources that they need to sustain our position. We want to be a top three debt player in the investment banking field. So, full attention but may be percentage share will fall.

**Analyst:** Yes. Last question on the rural banking piece, one is, how is the growth environment there? And secondly, overall behavior in terms of paying on dues on those things after the demonization thing many things impacted that side, so how is the things on that side? And secondly, the old CV portfolio how that portfolio is behaving? Thank you.

**Romesh Sobti:** Yes. So, the rural banking part is being driven by few new drivers. So, essentially what this whole this thing of JAM has done is to make millions of people who were considered unbankable now are certainly bankable and now you are certainly working on three elements to go into rural banking. One was of course, the lending part, which is the micro finance and things like that. The other is payment products and payment products are going to get a huge uplift as a consequence of what is happening on this demonetization and the third element is the savings product, right? Saving bank means how much money do they keep, they have very small amount on this thing. But I think, that the flow of subsidies and things like that which is now happening and the direct benefit transfers that are now happening slowly we will see balances growing up. Now, of course, Jan-Dhan Accounts we see some mind-boggling numbers in terms of the deposit base but even if you are going to discount that at least people are starting to keep money there. So I think the unbankable are becoming bankable. There is a regulatory obligation that you have to put at least 25% of your branches in unbanked areas. Now, certainly, I discover that out of my 1,200 branches over 300 branches are rural branches. Do I have a business plan for that or do I consider them a cost center? That is why this whole plan has been worked out. Payment products, lending products and saving products, all three over time we are going to become viable. You have to be there. Viability today for us is coming through the micro finance route because microfinance is viable on day one. So, our ability to sustain the losses that we may have on some of those branches is higher because we are already making money on this thing but we have converged all parts of the bank into our rural banking vertical. So, there is the agri-finance part, agri finance coming in from the corporate side of the agri businesses. There is a vehicle finance part. Vehicle finance does a lot of stuff in the rural areas and we will quantify and show you this thing and the third element is the micro finance and the fourth element is branch banking. All are now converged into a plan which we presented to our Board 12 months ago and that is why we believe that 10% of our profit in three years' time will come from rural banking.

**Analyst:** You said, RBI has not mandated it just asked for the additional provisioning on your said sectors. So, this Rs. 122 crores set aside by you on one particular deal that you are talking about on the cement sector. So this amount has been decided by you, or has it been mandated by RBI to do it from?

**Romesh Sobti:** Mandated by RBI.

**Analyst:** Okay, that has been mandated.

**Romesh Sobti:** Yes. The circular came yesterday but this happened in the last 10 days of March. They looked at this particular industry this particular name where this large cement M&A transaction is happening. You can figure out what it is, it was in the news yesterday only and they said, oh! it

is an industry issue and things like that and though, our account is standard and is due for repayment in May and we hope that it will get repaid in May. But in the meantime, we make some provisioning for standard asset. How do you argue with that?

**Analyst:** So this is separate and this yesterday's circular is a separate one.

**Romesh Sobti:** This is yet to, this is going to be debated by the banking industry as a whole, what is the level and things like that? That is more futuristic. Provisioning was prescribed for us on 31<sup>st</sup> March. We took it, we did not fight. We had the money we said, we will take it, it is just a quarter. It goes over the 31<sup>st</sup> March and hopefully very strong chance is it recovers it reverses in the month of May. So it is a provision. Now, what do you do with that extra provision? Do you show much higher profit next quarter or do you increase your provision coverage ratio? We are going to debate that. It is not that we want to put that whole money back into profit. If possible, we want to create a higher provision and keep the money for future use.

**Analyst:** So, this Rs. 122 crores is a certain percentage of the total large deal that RBI mandated that told you to set aside?

**Romesh Sobti:** Correct.

**Analyst:** And this could be varying from case-to-case basis from bank-to-bank RBI would have mandated to some other banks also? I am just asking, that is probability?

**Romesh Sobti:** No, see, ours is a specific case. Ours is a bridge loan, not a project financing. Ours is a bridge loan against that transaction. I have an undertaking from the buyer that he is going to pay me. It simply is different. Therefore, it is being treated differently. That is why it is being allowed to be kept standard. For others they will say you make it an NPA, period. But this was a specific deal which said look I got a letter to saying, I am going to pay you off.

**Analyst:** But sir, such instances has never have occurred in past. This was the first time.

**Romesh Sobti:** You will see more of them happening now.

**Analyst:** Now it would be happening but it never happened earlier.

**Romesh Sobti:** No, no. Food Corporation of India. Standard asset with the whole industry. Food Corporation of India, they asked us to make provisions on the standard asset. So, the regulator has the rights, you do not fight those rights.

**Analyst:** Okay. And secondly, just on your IL&FS deal, that custodian business, can you specify the quantum or anything further, how you want to go further into that particular business or what is the goal behind it? And are you seeing any such other businesses or acquisitions in your books that is the second question?

- Romesh Sobti:** Yes, who is going to take, Roopa?
- Roopa Satish:** So, on the clearing and custody business of IL&FS, so we already have a very small capital markets business in the bank actually it basically caters to brokers and security companies providing them facilities for their trading with exchanges. But the offering was not complete what we have had and there were pockets which were totally absent in terms of solutions for example, we were not providing this clearing, we did not have a PCM business there called Professional Clearing Membership business, we did not have a custody business, and the DP business was very small with us. So, this acquisition kind of fitted in very well comprehensively completing the product suite and making a very strong product offering. It also fitted in very well in terms of a strategy by giving us domain leadership because they have a very strong market position with 20%+ market share in these businesses and then of course, it has got synergies with the rest of the bank. We can lend to the brokers, clients, it is a very low capital consuming business, transactional fee-oriented business so high on return on capital there, and providing good amount of CA, deposits, and fees. So, it kind of fits in extremely well with our overall strategy and today the contribution of this business is insignificant in the overall business but going forward over the next three years, it will play a significant role if it really shapes out the way we have planned it. It is still subject to regulatory approval we are awaiting that, but if it pans out the way we have planned it out, it will contribute to a sizable portion within the entire wholesale banking space.
- Romesh Sobti:** After we get regulatory approvals.
- Analyst:** I just wanted to know the total exposure to the cement company for which we have made a provision of Rs. 122 crores?
- Romesh Sobti:** We have told you the provision number; you can work out the exposure.
- Analyst:** But suppose sir if the deal is not happening before May then we need to make additional provisions going forward?
- Romesh Sobti:** No, provisions are enough for the next 12 months. Provisions are higher than IRAC Norms, I can tell you this.
- Analyst:** Okay. And sir, I just also wanted to know the impact of this BS-4 implementation on our overall vehicle financing business?
- Romesh Sobti:** Yes, Parthasarathy?
- S. V. Parthasarathy:** See, till March, whatever vehicles which have been sold is BS-3 vehicles only. As far as cars are concerned, our cars have already met the BS-4 Norms. There are gaps in commercial vehicle and two-wheeler industry. Some of the manufacturers are ready and some of the manufacturers are still in progress. Not been substantial volume which has been done in April to start commenting on what is going to happen in terms of BS-4. But we do expect this to also lead to

a subdued quarter for the first quarter not because of pent-up demand more out of manufacturers' preparedness.

**Analyst:** But will it also lead to your used vehicle financing business growth in that case?

**S. V. Parthasarathy:** Yes, see the traction in the ground is fairly good, in the sense that there are infrastructure projects starting big way. We do expect that industry to be robust in the medium-term, it is only a small blip in the first couple of quarters. And year as a whole we do believe that it should be better than in the current year.

**Analyst:** Sir, in terms of our acquisition strategy you have mentioned about particular portfolios or the value accretive acquisitions going ahead. So any plans to go for mutual funds or let's say broking businesses in near-term?

**Romesh Sobti:** The conglomerate approach?

**Analyst:** Right.

**Romesh Sobti:** I think we are very happy with core banking, we love being in the core banking. And we are not driven by this whole ambition to be a conglomerate because there is a belief that there is a conglomerate premium always. We do not really believe in that, so mutual funds were never on our radar screen. Brokerage has been considered because the Consumer bank has a lot of throughput now going through a brokerage that we have a tie-up with, so it makes sense for us to look at it, we are not saying that we are doing it. Life insurance we have zero interest, clearly. General insurance, we generate a Rs. 1,000 crores of premium as a distributor. So should we become a general insurer ourselves? Now we looked at the economics of that and we find that are you going to wait for four years for getting some gains out of the business, does it really make sense to do that. So one by one we have looked at all these things and mostly they have been discarded.

**Analyst:** Just coming into corporate slippage for the quarter, it looks a bit elevated even looking at past trends.

**Romesh Sobti:** Yes, there were two things, one we talked about the standard provisioning that happened, the other one was there were two accounts which were troublesome accounts, we wrote down the value of those two accounts, took a Rs. 125 crores provision on that, did not amortize that provision and sold it to the ARC for a value of Rs. 190 crores, that is the disclosure that we have already given. So that is a little blip that happened on the credit cost, but the overall credit cost is coming at 59 basis points.

**Analyst:** Do you think even before IFRS that we may have to go up to 80 or whatever that number could be a higher normalized provisioning?

**Romesh Sobti:** See, there is one more element to that. They also looked at one stage, they looked at the loss giving default. So if you have a history of loss given default on a retail portfolio, if we look at our vehicle finance portfolio we have a loss given default of 30%, but 70% is lying there as well. You are not allowing standard provisioning to be classified as provision coverage, then you have a loss given default thing. So do you want 110% provision coverage? That is the cover I am talking about, the loss given default, the rest is asset cover, right. So how much do you want? 100%, 110%. But the theme is that they want higher standard provisioning. Now instead of saying across the board they are coming through sectoral routes instead of across the board, I would say across the board 60 basis points, right now it is 40 basis points. But it seems that there is a thinking now that let's look ahead on stressed sectors and make banks provide, but they will not prescribe, they have left it to each bank to work on it. I think this will devolve into prescription also at some stage, certainly, this is where it all starts. So at one stage they will make it more prescriptive, but the theme seems to be higher provisioning.

**Analyst:** And just quickly on the IFRS part, how IFRS impacts our financials, maybe from top-line and also on credit cost

**Romesh Sobti:** We have done a simulation and maybe Shirish you should mention that. So, RBI asked banks to simulate as of 30th of September their results as per IndAS.

**Analyst:** IndAS.

**S. V. Zaregonkar:** No, we have been interacting with the regulators, we have submitted our six monthly results to RBI. The point here is the ECL, the exact model and how it works for different banks is a big challenge, we are awaiting some guidelines and clarity from The Reserve Bank of India. We have not heard anything so far from RBI on this. So we do not have much issue.

**Romesh Sobti:** See, what is happening, our sensing is this, they are testing the waters that if IndAS has not changed then what is the impact on the bottom-line of the banks. Our impact we saw it, it was about 4% on the PAT, so it does move because we have lots of benefits coming out of the retail portfolios, where provisioning norms actually allow us to release provisioning compared to this thing, so the impact was 4% or 5% as far as we are concerned. But I think they are looking at impact across the whole industry and if the impact is very large there may be modifications to the IndAS, which the regulator is allowed to do. So some sort of dispensation they were allowed, they do not want the whole industry suddenly which is already facing a lot of issues now being hit by IndAS and profits going down dramatically. So they are testing the waters.

**S. V. Zaregonkar:** What we have done is we have engaged one of the Big Fours to study our models of credit losses and on the basis of this they will do analysis of our vehicle finance book because we have been doing that for last 25 years so we have got very reliable data available with us. And on the basis of that data we found that our provisioning requirement under this IndAS will be lesser than which otherwise we are providing for. So that will help us in enabling to shore up the credit losses in corporate segment and will be beneficial for us going forward.

**Analyst:** That is good news. Last question from my side, on the microfinance business and obviously we are clearly excited about it both organically and inorganically. We keep seeing every three, four years there is a cycle there, either lead by a politician or by something else, there is a cycle in the microfinance lending. And currently what we hear is that 25% kind of delinquencies or overdues which is for the sector need not be for one particular company. So you really think you want to do such a volatile business?

**Romesh Sobti:** Yes, so when the Andhra explosion happened, that was the first time it happened, that was some seven years ago, so it is really seven years later that demonetization destabilized it. Now when the Andhra Pradesh thing happened, MFIs fell straight under the umbrella of the Money Lender's Act. The regulatory intervention then happened and that is why contagion did not happen, otherwise from Andhra it should have gone to West Bengal and then Orissa and the whole lot, it would have exploded in its face. Then the regulator said, hold on I am coming, and then they brought in the regulations which was that interest rate spread cannot be more than 10%, you cannot do more than Rs. 60,000 or things like that. So it came under the RBI's regulatory framework. Our experience is that when the regulator comes in even the politicians stay away. Now what happened in Maharashtra, one particular politician stood up and said, oh! this is usurious rates of lending and things like that, the usual they are fishing in troubled waters. At that stage what happened was in the Southern Maharashtra the Chief Minister said, alright I will appoint a committee to look at this thing but the report will be sent to RBI, we will not intervene on are they violating RBI's directives on interest rates and thing like that. That was I think a very comforting part of this thing that these issues will keep rising, but who is the final arbitrator on deciding which rates are using? So they have said you cannot charge more than 10% from your cost of funds if somebody is charging more than that. The other thing is that the states executive said that you are using strong arm tactics to recover your money. It does not happen. So in this particular case the district collector I think went and told our politician that you are misleading the public and this is wrong. He says let the elections finish and then we will see it, that is the sort of thing that happens. So there is this risk, we are not ignoring that risk, there is the risk of political intervention and that sort of thing. The comfort really comes from the fact that the regulator intervenes. Now having said that there are a few hot spots where the recovery rates are lagging behind, even the lag areas slight improvements are there. Other than that they are all back, in our own portfolio we are seeing 98% recovery, 99% recovery but we know that there are some hotspots. Sanjeev will give you some more color on how we are monitoring that and suddenly we are more conscious, we are not going to jump into it, I can guarantee you this. If it is in the hotspot where every three years we are going to have a write-off of Rs. 200 crores we are not going to go into that, that is the whole thing. So we go through it in detail, look at the implication, watch and do the right valuation only if you could do that, otherwise organically we have got a good model going, we will go with that model.

**Sanjeev Anand:** Yes, so in fact even if you see the trend when the demonetization happened and what is happening now, so the non-hotspot areas are pretty much back to normal, 99% or so, hotspot areas the collection efficiencies are lower but the trending is much higher, so there is collection happening but with a lag, so I think that is the main point. And secondly both AP kind of crises,

after that besides the regulator we also have this whole issue of credit bureaus and this whole Aadhaar thing and all that stuff which has happened, and moreover not just loans but we are also getting them as deposits, they are saving things, so there is a lot of planned stickiness which is happening. So I think the risk in the sector definitely has reduced.

**Romesh Sobti:** See, we have a first loss guarantee, that is only because we have partnership. But the moment you have it on your book then you run the higher risk.

**Analyst:** One separate question from this part only, so off late we have been hearing quite a few things in terms of more than two lenders lending to microfinance customers, the kind of bubble that has been going on. And there have been talks about the indebtedness, the way it has grown in certain pockets, especially in Tamil Nadu and southern states and probably some eastern states, so how do you look at it and when we say over a period of time this is our focus area, how does it do to the riskiness of the overall business?

**Romesh Sobti:** I will ask Sanjeev to answer that, but our own studies have shown that 95% of these borrowers are now under the CIBIL rating, they are rated, you know their indebtedness now. You do not need to conjecture now, you actually look at their indebtedness. Our impact study is, maybe you want to talk about this.

**Sanjeev Anand:** Yes, in fact just two weeks back I had gone to a village. Immediately on the spot, and this whole thing we talk about digital and stuff, you are seeing it in front of your eyes, all of them have an Aadhaar card, all of those people the moment they put their fingerprint on the tab the CIBIL report comes out, within 30 seconds the total indebtedness. And then what is happening that immediately you can make out what kind of a loan you can give to the person. So there are pockets, like I said the issue right now is these pockets of hotspot areas, but there also every week-to-week basis we are seeing that collections are happening, so there is a lag. Today I might be getting a collection in the hotspot which was due four weeks ago, and once these collections start happening then we have seen it over a period of time the whole thing will come back to normal. So I think the credit bureau is one of the biggest thing which has happened because today I know immediately what is the total indebtedness of our client and that credit bureau is not a magical thing out there, we just see right in front of us.

**Romesh Sobti:** See, I do not think we are groping in the dark, see how many loans actually taken, triple finance, double finance and things like that. There was some element of that but now we find that if the single finance is this bar, the double finance is this bar and the triple finance is this bar, there is some element but it is a very small element.

**Analyst:** We see more banks coming in, more payment banks, small finance banks, all of that coming in. I mean, of course there is a large PSU segment which is obviously not growing, but otherwise your sense in the private space, what is your sense on that?

**Romesh Sobti:** Yes, so now first we had the payment banks which created so much dust which has settled down now, and we now realize that it is not about competition but it is about collaboration, all of them

are collaborating with banks. The biggest of them and the noisiest of them has got three products running with us, so it is all about collaboration and not about competition because it has become clear that the economics do not stack up if you have a single product as I cannot lend and I put it in the G-Sec with G-Sec rates falling, where do I make money from, I make money out of selling third party products. This is what is happening. Then of course came the small finance banks and the jury is still out on what they are doing. A lot of them are sensibly working on the basis that let's stay in our domain and let's reduce our cost of funds. And any guy who has got a model like this, you put your money in there. He says I am making a nice yield but I am borrowing at 11% from x bank, now if I can reduce my cost of funds to 8% or 7% I have got a 4% kicker, so those who work on that area I would finance them or put my money on them. But those who say okay I will take the big ticket loans, watch out for them. So I think that is the competitive space that is there. The third now we are talking about are the wholesale banks, there is this other proposal that is coming on, financing of wholesale banks. And again they will have the same issue, single product. And the wholesale banks will have the lowest pricing in the market. And they also have restrictions. So all these single product or sector sort of banks will have their own deficiencies and will have their own challenges. Of course, they will nibble away, they will nibble a little bit here, nibble a little bit there, some of the wholesale banks, but whether these wholesale banks will do term lending or working capital lending, that whole thing is still out. So the space is growing, it is not that you lose sleepless nights because suddenly you are saying that another set of bankers are going to come in. We worry about irrational behavior, fortunately we are not seeing irrational behavior, even on pricing that we are seeing. Partly because maybe the PSU banks are not into the business, and that is why I think margins are still being held up, although yields are falling and cost of deposits are falling, because of that. I think there is enough space in this country for new banks to come in, but all of them have some or the other impairments which a universal bank does not have. I would put my money behind universality.

**Analyst:** I have one question that if one of your largest BC gets acquired by some third party, then how would you grow your microfinance business from hereon?

**Romesh Sobti:** I have to look for somebody else then, but there are not many people, you are right. So if you look at the microfinance area in terms of partnerships, after the top 15 the quality really falls off the cliff, they do not have processes, they do not have building capacities and that is why we have been given a grant from ADB, a million dollar grant which we will use for capacity building. So you are right, it is a challenge, if it gets acquired by this thing then certainly my partnership will reduce to that extent and therefore I have a genuine concern on that because I cannot find another replacement. So 11 out of the top 15 we already have. And some go off I think it will be a challenge, a challenge which Mr. Sanjeev Anand will have to see, he is responsible for microfinance. I do not know whether he has a different answer for that.

**Analyst:** And sir, I have one more question on standard asset provisioning, so you said that the bridge loan was guaranteed by the buyer.

- Romesh Sobti:** Not guaranteed, they have agreed to pay, they are undertaking to take us out that when they pay the money they pay us directly.
- Analyst:** I have a couple of questions, first is on cost of business. So, if you look at cost to income ratio is currently around 45% - 46%, with this digital strategy and all do you think structurally the cost to income ratio can go down to let's say 40, let's say around five, seven years period, is it possible?
- Romesh Sobti:** Yes. I do not know about 5 years but in one of the slide we had that we will reduce our cost to income ratio by 2% in the next three years.
- Analyst:** So technically it is possible that let's say below 40%...
- Romesh Sobti:** Not technically, physically it is possible. We will do a single percent reduction every year, if you got productivity running, if your cost of acquisition go down because you are finding customers from within, if your branch sizes are shrinking then you should be having digitization plus depreciation, so your branch network has depreciated, so depreciation cost should also go down. A lot of our IT assets are getting depreciated, so you are getting depreciated and so we keep refilling them as well. So, we are conservative and we say that we should reduce our cost to income ratio by 2% over the next three years.
- Analyst:** Would it fall down to ROA levels or you think that some things can be passed on? Like can it improve your ROA substantially on this.
- Romesh Sobti:** Yes, see we have moved away from the ROA concept to the RORWA concept, more meaningful. Now see what it does, and I am sure you are going start asking everybody about this question, return on risk weighted assets. Return on assets we will touch the 2%, it is not such a massive challenge. Return on risk weighted assets is who are you lending to, what is the efficiency of capital usage, it encompasses a lot of stuff, RORWA. And that is why the new measure of success we have laid out for ourselves is that RORWA should be ahead of 2.4% and it should be ahead of 2.5% actually. So what we are saying is that and see how it is going to stack up, if I am more competitive on the pricing and my margin expansion happens because of the balancing of the book, I have got the ability to subsidize my AAA book. Should I increase my NIM to 4.2 or 4.3 or 4.4, should I use this to subsidize AAA NIMs, because I am now price competitive. And if I do that then my risk weightage is reduced, number one. Number two, as I balance my corporate and retail book, retail has lower risk weightage. So that is why directionally what I am trying to say is that we are forcing ourselves to be more efficient on capital and therefore take lesser risk in the process and therefore RORWA. And since we have taken this noose around our neck we will have to show it ever quarter to you.
- Analyst:** The last question is on GST front and CV cycle business, we have been asking this question to the industry as well but if you can throw more light. What is your assessment that the CV volume growth would be on the GST framework, will it move towards M&HCV, LCVs or how you look at both the things?

- Romesh Sobti:** Yes, I think we have done an internal impact analysis, but I will leave it to Partha to answer that question.
- S. V. Parthasarathy:** See, it is a considered view that GST would make the logistics business much more efficient, as a result more and more organized players will come, the industry would be a lot of warehousing activities will start, there will be more LCV, there will be higher capacity of MHCV and HCV, and LCV will also improve. The medium-term effect on GST is the GDP will improve, consequentially vehicle sales as well as the vehicle utilization will also improve.
- Analyst:** Sir, coming back to RORWA, what does it do to your ROE target for the next three years?
- Romesh Sobti:** ROE targets remain intact.
- Analyst:** Which is around 18% to 20%?
- Romesh Sobti:** Yes, so we have always said 20% and ahead is our target. We raised a big chunk of capital and went down from 20% odd to 14.5%, we have clawed back to 16%, however in three year period certainly we hope that we are back in the 20s.
- Analyst:** Sir, going back to microfinance what do you think is the risk of all these loan wavers which have happened in the state elections and perhaps can continue because that is one way that the government actually came to power in UP, and the side impacts of UP because Punjab is asking and then there are other states who are asking. Isn't this a big threat on the whole sector in the business and would you review your outlook?
- Romesh Sobti:** Yes, see when I saw that whole thing I also saw that they are specifically excluding microfinance in the loan waver, so that is largely agri thing. So you cannot say it would not have any impact, so it is not impact free, but I think it will have minimum impact because they do not want to touch this particular sector because of the fear of contagion, I mean it is spread across the whole thing. So I think specifically from Ministry of Finance I saw that they said that it excludes microfinance, but behavior can get impacted. Certainly I think it is not the best of things to happen but I think that states are going to...
- Kalpathi Sridhar:** Loan waver is more for the farm loans and microfinance is not by and large farm loan, and small part of microfinance can be agri related but it is ancillary agri, not proper farming, it is for let's say somebody buying a goat or a sheep or something, but it is not a proper farm loan as such. By and large farm loans do not cover microfinance.
- Analyst:** And sir, lastly on the overall outlook on the economy, because you seem to be confident of 20% loan because but we do not seem to see credit growth happening.
- Romesh Sobti:** Look, whatever could go wrong in the world and in this country went wrong in the last eight years, a lot of stuff has happened in these eight years. And in-spite of those tough times the country kept growing even though at a lower rate, see your own stock market it grew 8,000

points. In spite of all the bad news that you could get, includes elections in the USA, what happened all over the world, everything, demonetization. Now if you have all that behind you then you have reason to believe that road ahead should be better, the macros look fantastic, I can tell you that, the macros look really good, you have never had it this good. And when the Finance Minister says I am going to cut by fiscal deficit to 3.2%, you really believe it because I think it is going to be less than 3.2% because the impact of the taxation gains that you are going to get out of demonetization has not been built into the budget. So if the macros remain stable you have a benign interest rate regime because the inflation regime is going to be hopefully benign, benign interest rate regime. The bad news is behind you, why should we not be more optimistic on this country. I mean, this morning our chairman told us in the board meeting that we have seen some business confidence survey, we have seen that business confidence was never as high but unemployment was never as low. So you see contradictory parts to the economy and therefore depends on which side you want to sit on, you want to sit on the optimistic side or you want to sit on pessimistic side and say nothing is going to happen. We certainly are right of center on the optimistic side.

**Analyst:** Just one last question, you mentioned IndAS impact on retail portfolio would be positive for you, can you just elaborate a bit on that?

**Romesh Sobti:** Essentially it is like this, the theme behind this is that you have a behavioral element to a portfolio which has had longevity in your books. That means you have got vehicle finance for ten years, I got 10 years' data on vehicle finance, they say the loss given default is not more than 25% or 30%. Those behavioral then allow you to take a lower sort of provisioning required, that is the benefit on this and that happens more on the retail portfolios.

**Analyst:** How much improvement in RORWA you expect over the next three to four years because of the decisions that you have made?

**Romesh Sobti:** Well, I think the benchmark we have kept and I have showed it to you, it is greater than 2.4%. I do not think we are going to go beyond in terms of specifying what our targets are because it should be upwards of 2.4%. And we do believe that 2.5% is not easily achievable, so we have to do the right thing, press the right buttons, do the right lending, reduce your risk weightages and we are conscious that our RORWA in the last three years actually worsened because the retail portfolio went down because of vehicle financing and the corporate book went up. And if we can keep that pace going then certainly crossing 2.5% in RORWA would be a good measure. I do not have a global benchmark on what is a good RORWA, but I am sure you guys will come up with something.

**Analyst:** Sir, last question is with regards to RBI's notification last evening about the diversions and all. So do we have anything, do you want to disclose or this is none...

**Romesh Sobti:** All banks will disclose, we will also disclose. There is no skipping that. But the point is this, it has no impact on the P&L because this is March 2016 diversion, if they have not taken for those

and provided for those then you are a banana sort of a bank, your March 2016 diversion you have not yet provided then you are in big trouble, so I do not think unless you are very, very creative in deferring your NPAs any bank would have kept things till March 2017. It should not be a large number. Thank you very much for joining us.

**Moderator:**

Thank you very much. Ladies and gentlemen on behalf of IndusInd Bank that concludes this conference. Thank you for joining us and you may now disconnect your lines.