IndusInd Bank Limited Q2 FY17 Earnings Conference Call

MANAGEMENT:
MR. ROMESH SOBTI – MANAGING DIRECTOR & CEO
MR. PAUL ABRAHAM – CHIEF OPERATING OFFICER
MR. S.V. ZAREGAONKAR – CHIEF FINANCIAL OFFICER
MR. SUHAIL CHANDER – HEAD, CORPORATE & COMMERCIAL BANKING
MR. SUMANT KATHPALIA – HEAD, CONSUMER BANKING
MR. S. V. PARTHASARATHY – HEAD, CONSUMER FINANCE
MR. SANJAY MALLIK – HEAD, INVESTOR RELATIONS & STRATEGY
MR. KALPATHI SRIDHAR – SENIOR EXECUTIVE VICE PRESIDENT
MR. RAMASWAMY MEYYAPPAN – CHIEF RISK OFFICER
MS. ROOPA SATISH – HEAD, CORPORATE & INVESTMENT BANKING
MR. ZUBIN MODY – HEAD, HUMAN RESOURCES
MR. RAMESH GANESAN – HEAD, TRANSACTION BANKING GROUP
MR. SANJEEV ANAND – DEPUTY HEAD, CORPORATE & COMMERCIAL BANKING
MR. BIJU PATNAIK – HEAD, GEMS AND JEWELLERY

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Moderator: Good Day, Ladies and Gentlemen, and Welcome to the Q2 FY17 Earnings Conference Call of IndusInd Bank 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 Mr. Romesh Sobti – Managing Director and CEO, IndusInd Bank Limited. Thank you and over to you, sir.

Romesh Sobti: Thank you and Good Afternoon to you all and thank you very much for joining us on a holiday. We have posted our results on our website, so the whole Investor Presentation now should be in your hands and we also have just done a press conference.

So I will take you through the numbers and the highlights of what happened during the quarter. But before that just a little comment on the last rate action that RBI had taken where the rate cut was 25 basis points, more or less along the lines that was expected. But I think there is also a very subtle sort of policy shift that we saw, that was also enunciated. That is all about the question of RBI indicating real interest rates and the way inflation targeting would help them sort of do further rate cuts in the future. So in earlier avatar it was linked to Repo and Repo minus 150 basis points would be the inflation target. Now, it is T-bills minus 125 basis points on which you can deduce the inflation target. So inflation target therefore subtly has been actually moved up slightly which gives more room to RBI to create further rate cuts in the remaining part of the year and therefore there is a good chance that 25 to 50 basis points rate cut will also happen before the year is out. So that is a little commentary that we thought we will bring to your notice. We would not go into the operating environment, but we will talk specifically about our results.

I think we have had a very strong revenue growth of 29% which is driven by very healthy growth of 33% in our Net Interest Income. I do not recall any previous quarter where we have had such a healthy growth in NII accompanied by a fee growth of 24%. This has resulted in net profit growth of 26%. The highlight is a persistent uptrend that we have seen in our Net Interest Margin. I think for 7 or 8-quarters now, our NIM has slowly crept up and it has finally hit the mark of 4% that we have always sort of aspired for. So that is a good benchmark to have hit. The growth year-on-year are pretty handsome and also quarter-on-quarter also are pretty good. Year-on-year growth is in the double-digits in the 20s and 30s and quarter-on-quarter in the high single digits.

There is an equal contribution to the loan growth between both Consumer and Corporate. Consumer grew at 27% and Corporate grew the loan book at 26%, overall loan book grew at 26%.

There was also a concurrent growth in the other side of the balance sheet which is liabilities. Liabilities growth when you look at SA growth was of 37%, total deposit growth of 39% and CASA grew faster at 46%. The CASA growth of course apart from fueled by SA, was also fueled by some large quarter-end current account flows on IPOs and I think there was one large PSU buyback proceeds came in and that kept the current accounts pretty elevated during the latter part of the quarter.

In terms of credit cost, we have seen pretty stable credit cost. Net credit cost came at 14 basis points, our gross credit cost was 15 basis points, exactly the same as last quarter. And for the half year you see credit cost coming to about 28 basis points which is well in line with what we are forecasting in terms of total credit cost of less than 60 basis points for the whole year.

As a consequence of this robust performance, we have seen NIM at 4%, we have seen stable ROA. ROA actually should have gone up more but there was a balance sheet expansion because of the current account floats that happened towards the end of the quarter and that I think is the only reason why ROA is flat. ROA should actually have gone up because your NIM has gone up sequentially. So ROA is flat at 1.93% and ROE has moved up as it has moved up for every one of the last few quarters since we raised capital and ROE is now at around 15.3%-odd.

The business mix is the other one that we have always talked about with you. In this Investor Presentation, we have shown you two parts to the business mix – One is that if you include the Diamond business, in the Corporate side of the business then our mix is 59:41, but typically all banks include Business Banking which is the smallest of the "S" of the SME in Consumer and if you actually take that then optically you will see that the ratio is actually 52:48. And I think that is a moot point on where micro finance should be shown. Micro finance is run by the Corporate Bank but loans to individuals are very small ticket sizes, if we add that to Retail I think the share of both Corporate and Retail is almost similar at 50:50.

Within the asset book, we have seen Vehicle Finance business grow in the 20s now…22% this quarter overall. The growth has become much more broad-based with every product in double-digit except one which is the utility vehicles, that is still down. September of course was a weak month for CV partly because of the higher base but we do forecast and if you look at the second half particularly Q4 on the back of the tipper and the loader segment which is linked to the mining segment is expected to be much better. So Vehicle Finance grew at 22%, non-Vehicle Finance Retail grew in the 40s again because it comes of a small base. Corporate Bank as a whole grew at 26%. The Diamond book which we have kept flat to go through the difficult phase that the industry has gone through is now started growing on a much healthier footing, so the book grew by about Rs.500 crores and the NPA position continues to be zero.

In the Fee businesses, we have shown a growth of 24%. I think the notable part of the Fee business is the growth in distribution income which grew by 31% and I think the Tata AIA, Reliance and the commercial cards have added zip overall to this line.

Then in terms of the slippages, if we come to the quality of the book; slippages have actually fallen from 1.14% to 1.11% during the quarter. ARC sales during the quarter were about Rs.41 crores. I think the overall Restructured Asset book actually fell from 0.49% to 0.44% but that is mainly because the slippage of one account from restructured into NPA. The Security Receipt (SR) book has slightly gone up; it was Rs.221 crores and is now Rs.237 crores, so a very marginal increase in our restructured book.

Gross and Net NPAs have mildly improved. Gross NPA has gone down by 1 basis point and Net NPA has also gone down by 1 basis point. I think those are the headlines.

Branch Network Growth: We added 35 branches during the quarter and now it has gathered pace. In Q1 we took a breather because of the large sort of cumulative impact of number of branches opened during Q4. But now the branch network has started expanding again and we do expect to catch up on our 1,200 branch target by the year-end. ATMs have also crossed the 1,900 mark. So we are going a pace now on our branch and ATM network.

Capital Adequacy, the last point that we want to take is, capital adequacy, CRAR was 15.42% last quarter and is 15.32% this quarter. So we did not use too much capital although we grew our balance sheet by 26%. So that is because of the higher growth on the Retail side and I think name gathering in terms of fresh disbursements on the Corporate side are for better rated companies. That is why this consumption is lower and therefore capital usage is also lower. So that is summary of our performance for Q2.

Highlights once again: NIM of 4% excites us, we have aspired it for 8-years now and of course we are seeing that the interest engine has started humming nicely, while the Fee businesses also continue.

Okay, so we are done this thing, we are open to questions.

Moderator: Thank you very much. We will now begin with the Question-and-Answer Session. The first question is from the line of Mahrukh Adajania from IDFC. Please go ahead.

Mahrukh Adajania: Just a couple of questions: Firstly, just in terms of your cost of funds, you have fallen much less than your cost of deposits. So any comments there?

Sanjay Mallik: Mahrukh, the percentage of the non-deposit book has been lower during the quarter and part of it of course is to do with capital being a smaller part of your balance sheet. That is why you have that difference.

Mahrukh Adajania: Microfinance, what would be the size of the portfolio and your view on the competition now that banks are lining up to buy smaller MFI players but the size of the portfolio as well?

Suhail Chander: The portfolio size is about Rs. 3,000 crores currently. About two or three banks now have bought small MFIs then everybody is looking at it as interesting business. We have a little bit of a head start because the maximum size of the portfolio somebody has got Rs.500 crores, we are already Rs.3,000 crores, we have a model that serves us well, the distribution now is nearly pan India compared to what they bought are regional players. So we will follow our model, we have faith in that. And of course competition will be part of it, so be it, we are used to competition.

Mahrukh Adajania: Which segment in the loan book is microfinance accounted for?

Sanjay Mallik: It is in the Corporate segment, Mahrukh, in fact if you see the industry classification, we have given you that number; it is 2.61% of our book which amounts to about Rs.2,600 crores and of course there is a little bit of securitized pool sitting in our investment book, so altogether it is about Rs.3,000 crores.

Mahrukh Adajania: There were some news reports on restructuring of the Punjab Government Loan. So any comments?

Romesh Sobti: RBI had asked banks to make a provision of 15%, all of us did make a provision, we also made a provision of Rs.35 crores in the last quarter. Now that the Government of India guarantees and whatever preconditions there were to start relending to Punjab Government have been fulfilled, banks were expecting that RBI would sort of enable banks to release that provision. RBI has decided that provision should not be released now till January 2018, then 10% can be released and then 5% will continue to be there till 20-year loan extinguishes. So we are expecting some relief that we would write-back provisions. That relief has not happened.

Mahrukh Adajania: It was always a standard exposure, right, it was just provision?

Romesh Sobti: Yes, it will remain standard.

Moderator: Thank you. The next question is from the line of Shubhranshu Mishra from Anand Rathi. Please go ahead.

Shubhranshu Mishra: My first question is with regards to your mid-size corporate segment which has grown quite a bit. I wanted to know which sectors are you lending out to? What is the ticket size likely to be in that sector?

Suhail Chander: I think we have always said that we are not sector-focused and our philosophy has been not to announce favorites and create concentrations. We tend to have sectors that we do not like and do not deal with but other than that we remain distributed. That is evident from if you look at our industry distribution you will see that distribution remains very diverse and has remained the same for many-many years actually and we will continue to follow that. So we grow in a diversified way across many sectors. Average ticket size on a mid-size corporate for us would be between Rs.15 crores and Rs.20 crores.

Shubhranshu Mishra: One specific thing that I noticed is that your market risk has increased by almost 30%. Any specific reason sir?

Arun Khurana: In this quarter yields actually fell off quite significantly on the corporate bond side and we are holding those. That would be the prime reason our corporate bond book for taking some calls on the trading side, that is where it really increased in investment book.

Shubhranshu Mishra: In terms of your loan processing fee, I see that there is an increase in your distribution fee, but your loan processing fee has gone down on a quarter-on-quarter basis which is a slight disconnect to your loan growth number. Can you please explain that?

Romesh Sobti: There is no linearity between loan growth and processing fee because the majority of that really comes from renewals. So, you are mandated regulatory by regulations to renew facilities every 12-months. Every 12-months therefore you charge processing fee. So there is no correlation in that sense. You do not link disbursements to this thing, it is also how much and where are they bunched together, which quarter did they go bunching? So it depends on the number of renewals that happened in Corporate bank mostly. So it is only a question of the linkage between this and the bunching of renewal. So there were bunching of renewals in last quarter and this quarter there are not enough renewals in that side. Disbursements have gone up in both the quarters.

Shubhranshu Mishra: What would be a percentage of mature branches in the total branch network because in your last call I believe you said that your branches are slowly maturing?

Sumant Kathpalia: If you look at our branch network, we are at 1,035 branches as of now. Only 320 branches of which are less than two-years old, rest we call as mature branches. Greater than two years we call it a mature branch.

Shubhranshu Mishra: Sizeable increase in your LAP proportion which has increased by almost Rs.300 crores on a quarter-on-quarter basis?

Sumant Kathpalia: We always said that we do about Rs.225 crores to 250 crores a month and as a consequence of runoff and everything, we grow by about Rs.350 crores to 400 crores a quarter in LAP.

Shubhranshu Mishra: So that run rate is going to continue throughout the year?

Sumant Kathpalia: It should continue.

Shubhranshu Mishra: What is the yield that you are getting in LAP?

Sumant Kathpalia: Portfolio yield of the LAP today is about 11.9%.

Moderator: Thank you. The next question is from the line of Sreeshankar Radhakrishnan from Prabhudas Lilladher. Please go ahead.

S Radhakrishnan: In your restructured book, are you seeing any kind of slippages or do you think there is going to be an improvement which is happening out there?

Sanjay Mallik: In the last quarter we had one account that slipped from restructured and that is reflected in the NPAs and the rest of the restructured book is now pretty small; it is about 0.4%.

S Radhakrishnan: Your watch list revolves around your restructured book and other standard advances are pretty fine?

Romesh Sobti: Watch list is standard, restructured book is restructured standard.

S Radhakrishnan: Would you be open to giving your SMA-2 outstanding as at last quarter?

Sanjay Mallik: We do not give those numbers but I think we have mentioned before that we are in the bottom three because we do have access to all banks' data. So the numbers are relatively in the better end of the spectrum.

Moderator: Thank you. The next question is from the line of Sujan Sinha from GAM. Please go ahead.

Sujan Sinha: Sir, just wanted to take your views on the Net Interest Margins. They seem to be inching up sequentially for last 4-5-quarters. So going forward how do you see them…my question is more specifically on is the bulk of the benefits of moderation in deposit cost behind us and as and when the transmission happens on the asset side will my engine start trending downwards slightly?

Romesh Sobti: First of all, the transmission is happening. Not that transmission is happening with a lag and therefore you are gaining on the interest margins. So there are two drivers – one is the loan mix between Retail and Corporate. Since Retail has started now growing faster than Corporate, then certainly that is one of the creators of NIM value. The other of course is your cost of deposits has fallen and it is not just the cost of bulk deposits, it is also now the growth in SA and CASA. So you are seeing both parts actually moving nicely. So on the yield side, there is a yield accretion because of the growth of the Vehicle Finance book, the non-Vehicle Retail book and the Microfinance book. On the cost side we are seeing reduction in bulk of deposit cost, replacement is happening at lower cost and growth in our CASA especially the SA. If you add all these together, arithmetically as your loan book balances more and more in favor of Retail, you should be seeing more benefits on the interest margins. Also, of course, the fixed rate book on the Vehicle Finance side for instance also helps the cause. But that benefit goes off over say a two-year period. All these vectors actually point to stable or improving NIMs. But we also have to keep in mind the growth that we want to do on the Corporate side of the businesses and we also want to focus on growth on AA+ and AAA where pricing has certainly fallen. So that will sort of balance out to some extent the yield gains that we will get through the rebalancing of the book in terms of Retail. So we retain a positive outlook here but it depends on the pace at which the book will rebalance.

Sujan Sinha: Sir, my second question is on the CV cycle. CV is at 14% of our book. How do you see the CV market? There has been a slight slowdown in the CV sales. How do you see the CV market especially in the first half of the next fiscal once the prebuying would be over?

S V Parthasarathy: First half of any fiscal is weaker than the second half.

Sujan Sinha: You expect it to be similar to this year's first half?

S V Parthasarathy: April onwards it is a different call. For the medium term we do expect the CV business to be fairly good, that is medium term would be about for the next 2-2.5-years time, the industry will look up is what our estimate.

Moderator: Thank you. The next question is from the line of Neelanjan Karfa from Jefferies. Please go ahead.

Neelanjan Karfa: In the press meet, I think somebody asked this question about SDR accounts and I think it was mentioned some four or five accounts. I did not pick the amount of that.

Romesh Sobti: There are five-odd accounts, they are all smaller value accounts. We expect four of them to be fully resolved, one of them might create a problem. But the amount is immaterial as far as our loan book is concerned and also our NPA book. So five-odd accounts, four definitely headed towards good resolution, one may give a little problem but the total amount is relatively immaterial, small accounts.

Neelanjan Karfa: Lesser than the restructured book overall, just qualitatively even if you want?

Romesh Sobti: Yes, lesser than restructured.

Neelanjan Karfa: On the Investment Banking, how many deals did we do this particular quarter?

Roopa Satish: We did 23 deals.

Neelanjan Karfa: Rough ticket sizes would be?

Roopa Satish: There was a lot of variation in the amount, but we did across roads, renewable, some regular CAPEX refinancing, it was not really all with respect to projects. So there were differences in the amount.

Neelanjan Karfa: Given that the government is working on the construction sector and I think we were looking at that particular sector for the last four quarters, little more thrust has gone. Could you elaborate, what kind of change in your stance in terms of growth we might see over the following 12 months?

Romesh Sobti: No-no, our view on construction sector remains the same, we have not taken any aggressive view on the construction sector, our exposure there actually went down dramatically over the last whatever few years.

Neelanjan Karfa: Was your view changed on the project financing side?

Romesh Sobti: Yes, project financing side, but that is not necessarily only construction. Project financing is more on the advisory side. So investment banking for instance project financing advisory is the new activity that we started.

Moderator: Thank you. The next question is from the line of Roshan Chutkey from ICICI Prudential. Please go ahead.

Roshan Chutkey: One data point sir. How are the yields in the CV business now?

S V Parthasarathy: Our yields have not changed for 3-4-quarters; it is more or less the same.

Roshan Chutkey: Is it ballpark 11%, if you can quantify that?

S V Parthasarathy: Yes, it operates in a fairly broad range, the yield structure is anywhere between 10% to 11-11.5% on CVs.

Roshan Chutkey: How is the competition fairing here?

S V Parthasarathy: Competitors also very-very broad-based, in the sense that there are competitors who price at 9.5% and there are competitors who price at 14%.

Moderator: Thank you. The next question is from the line of Dhaval Gala from Birla Sun Life. Please go ahead.

Dhaval Gala: A couple of questions: One, on Loan Against Property book, if you look your NPLs from last year 0.4% has gone up to close to 0.7%. Should we read anything specific? Couple of rating agencies also have spoken about Loan Against Property and the data suggesting that NPLs are rising for the sector.

Sumant Kathpalia: First of all, our data is LAP, PL and Home Loan. So the data is not only for LAP, first you have to remember that. The LAP delinquency are between 35 to 45 basis points only. That is the total cost of credit which is coming on the LAP book. The delinquency on the PL book is about 75 to 90 basis points. Then there is a small home loan book which is there which is giving us the delinquency which was in the erstwhile avatar which is there. So LAP book continues to be 35 to 45 basis points for us and will continue to be range bound in that.

Dhaval Gala: Secondly, on the same portion, could you tell us how our loan against property average ticket size?

Sumant Kathpalia: We have Rs.80 lakhs ticket size.

Dhaval Gala: Geographical regions for the same?

Sumant Kathpalia: We do not have region-specific concentration but West Zone (Mumbai and Maharashtra) contributes to about 36% of our book.

Dhaval Gala: Because the question regarding geography concentration was to do with how are you looking at say key top 6 or top 8 markets for the mortgage markets in India in terms of growth? Also to understand how is NCR behaving because we have been seeing that there are sharp price cuts whenever there are real estate deals in NCR region. So if you can give some qualitative picture on the same?

Sumant Kathpalia: First, our concentration on the NCR region is very-very low; we have only about 15% of our book there, so we are very poor on the north one or the Delhi NCR segment. Our book concentration is very less on that region, exactly the point which you said, we saw the trend coming and we did not expand our book aggressively in that segment. #2, I think we have a specific strategy on metro markets and also on the tier-2 and tier-3 markets where we have policies on balance transfer, where we decide on which balance transfer we do, what is the criteria we use and the tenor of the loan and the LTV. The maximum size of the loan also in tier-2 markets and in some metro markets are well defined for us. We do not exceed those ticket sizes.

Dhaval Gala: Last question on this piece maybe for Suhail sir, how would we look at our NBFC exposure to NBFCs which would have more of LAP book?

Suhail Chander: If there is an NBFC which has got a diversified portfolio it will have a different risk profile and an NBFC with a pure LAP portfolio will have a different risk profile. So I think we have to look at the risk of the overall business that is presented to us rather than just whether it has got LAP portfolio or not. If it has got a large LAP portfolio but also has other very large portfolios you might look at it differently. If it has got only large LAP portfolio, then you have to see how the portfolio is behaving before you take any risk on that.

Dhaval Gala: India Ratings have recently written that most of these companies lag book NPLs are now inching up sharply; delinquency levels have now started to reach levels of 5% and above. Would you be also seeing the similar trends on the NBFC you would have lent with some exposure to LAP or concentration to LAP?

Suhail Chander: By and large our NBFC exposure tends to be to the larger NBFC, we have very little exposure to mid-size or small size NBFCs and most of those have got extremely diversified portfolio. I cannot really tell you right now on how their LAP portfolio is behaving.

Sanjay Mallik: Just to add, our exposure to NBFCs is of two kinds – the first is to housing finance companies which is 1.64% of our book and these have predominantly mortgage books as opposed to LAP book. For every other kind of NBFC our overall industry exposure is less than 1%. So in terms of materiality we are talking of peanuts.

Suhail Chander: If you see our industry distribution, you would not see NBFC as a category there, other than the Housing Finance companies, most of these businesses contribute less than 1% of our portfolio.

Romesh Sobti: Only HFC are 1.6%.

Sanjay Mallik: Most of it is mortgages.

Moderator: Thank you. The next question is from the line of Rakesh Kumar from Elara Capital. Please go ahead.

Rakesh Kumar: Firstly, the one question is regarding the gross additions what we have done in Consumer and Corporate book on a sequential basis and credit cost what we have allocated for these two categories, so there is a bit of a divergent movement taking place there, like for corporate book if you see additions are higher but we have taken lower credit cost. So just to understand like what is the PCR level that we would like to maintain for each of the categories?

Sanjay Mallik: Firstly, the additions in Corporate have actually come down, they have not gone up. Secondly, the PCR is now at 59% but that 59% belies what the real PCR is in the sense that if you look a 20-year history for our Vehicle Financing business, we have not had a loss given default typically more than 30% or 35%. So the Retail side of the business actually has significantly lower requirement for PCR. If you look at our overall book, only 2% of our book is unsecured. So if you were to recalibrate our business according to the business unit you will find that we do not really need more than 40% for Retail and for Corporate of course the rest would be available and therefore for Corporate we would be closer to 80%. In terms of the overall number for the bank, it is at a fairly comfortable level and we have said in the past if we have an unusual sort of gain we would slightly increase that number. But this level is comfortable per se.

Rakesh Kumar: Secondly, all the CV book appears to be performing quite well on the delinquency side. Two Wheeler, we have seen slightly higher number. So if you can slightly elaborate that would be helpful?

S V Parthasarathy: The increase in Two Wheeler NPA is on account of a technical issue, it is not reflective of the portfolio. About 6 to 8-months before or even a year before, RBI gave us a mandate to convert all the PDCs to ECS. There were certain areas where it took some time for the process to get completed. As a result, some of the customers had gone into 3-months over dues. Once you get into the 3-months over dues you cannot get out of the NPA. It is a matter which will taper down and then come down to about 2.5%-2.6%-level. On a real basis, these persons have all been paying fairly well and there is no reason for us to have this. This is possibly the peak.

Rakesh Kumar: What is the reason for the higher market risk weight this quarter?

Arun Khurana: If you see the investment book has gone up. So basically there was some trading assets that we put on in the non-SLR book. So it is because of that.

Rakesh Kumar: So this higher yield on investment would continue in the Q3 also?

Arun Khurana: It is trading, right, so depending on the market opportunity we would sort of try to take advantage of as and when we can. But we are within the risk parameters that the bank has approved. So difficult to answer your question, whether it is going to continue in the same manner or not because it is trading right, trading is susceptible to a bit of volatility.

Romesh Sobti: It is not a yield play, but a mark to market play.

Moderator: Thank you. The next question is from the line of Hiren Dasani from Goldman Sachs Asset Management. Please go ahead.

Hiren Dasani: Just a clarification on the Two Wheeler answer. Is this only for IndusInd Bank or it is just an industry wide phenomenon that everybody has to convert from PDC to ECS?

S V Parthasarathy: No-no, it is for everybody, but impacts the larger players like ourselves and HDFC. But HDFC has got a much larger branch network, therefore they may not have to depend on some other bank to do the ECS conversion. We are dependent on other banks in the rural segment initially about a year back. Now it has been solved, one, system had aligned to ECS and the other methods which have been given by RBI, two is also our branch network has also improved, as a result it is a two-pronged attack, on the banking segment it should be unique to us.

Hiren Dasani: Similar mandate would be there for the NBFC also, right, by RBI?

S V Parthasarathy: NBFCs are processing cheques, is it not? But it is the quantum of cheques which are very-very relevant, in the sense we do close to about 70,000 contracts per month which is about a million contracts per annum, on any time I will have to present close to about 2.5 million cheques on a particular due date which clogs the system. Therefore, RBI wanted us to move to ECS and all the other banks. It is a presentation bank issue. NBFCs volumes are much-much lesser.

Hiren Dasani: The other question is maybe to the Head of Retail Banking or Mr. Sobti could answer it. We have been talking about the focus market branch expansion strategy. So if you can just elaborate of the incremental branches, how much we are opening in the focus markets and also are there any parameters for branch which are materially different in those markets for us?

Sumant Kathpalia: I think what you are talking is home markets and we had laid down that our expansion and we want to create a dominant market share which is about 4-5% in the home market. Today as we look at Phase-1 markets are already at about 4.8% and the highest market which is Gurgaon is at 7.8% today of the market share of the CASA deposits. So we are inching towards what we said. The Phase-1 markets have already reached there, 5-6 markets which we launched, the Phase-2 we launch in other six markets, they are at about 2.2%, 2.3% and the Phase-3 markets are around 1.2%. If you look at our overall CASA market share it is less than 1%. So definitely what you see is when you create density in the branch network you do get market share of the CASA franchise. The CASA franchise market share comes as a consequence of two things – one is number of clients which you get, the number of clients per branch looks much better in those markets and second is the government share of the wallet also increases dramatically specifically in Trusts and Associations. So that increases also. So that is the point which we said that we will increase. From a matrix point of view, you will see that the market share is different and the CASA per branch is different. So CASA per branch is 30% higher than what you will get in any other market.

Hiren Dasani: Let us say between September '15 and '16, 180-185 all new branches, how many of them would be in the focus market?

Sumant Kathpalia: Out of the branch network of about 1,035; 292 branches are in the home markets.

Moderator: Thank you. The next question is from the line of Venkatesh Sanjeevi from Pictet Asset Management. Please go ahead.

Venkatesh Sanjeevi: My question was on the FOREX fee income which I think now it has been 4, 5 or 6 quarters maybe within a short range of Rs.150, 160, 170-odd crores. So what is happening here – is it a fallout of stable currency, how should we think about this?

Arun Khurana: I think you already answered that question. So in the last quarter the rupee was actually one of the most stable currencies across the world, as a result, when there is no volatility people tend to sort of just wait and watch before they get into hedging. Secondly, also there was impending US Fed decisions for September or the market was actually waiting and watching what is going to happen. So that also led to a bit of consolidation in terms of not being able to decide. On the other hand actually we did see a lot of activity on the long-term exposure side of hedging. So there was hedging in the longer tenor segment because the rates actually came off a bit on the hedges. So on the shorter term hedges were lower, as a result the FX activity was lower on that side.

Venkatesh Sanjeevi: So there is increase in long-term hedges?

Arun Khurana: Because of relatively stable currency scenario and lower cost of hedging.

Venkatesh Sanjeevi: You must be adding more customers as well in this segment?

Arun Khurana: Yes.

Moderator: Thank you. We will take one last question which is from the line of Sameer Bhise from Macquarie. Please go ahead.

Sameer Bhise: Just wanted to know the breakup of the provision line for the quarter?

Sanjay Mallik: I think you got the credit cost, right. So the difference between that and the provision line is your standard asset provisioning.

Moderator: Thank you. Ladies and Gentlemen, that was the last question. I now hand the conference over to Mr. Romesh Sobti for closing comments.

Romesh Sobti: Great, thank you for joining us once again. I am sure there will be follow-up questions, most of them on a one-to-one basis, and we are always available to answer all questions.

Moderator: Thank you. On behalf of IndusInd Bank Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.