"IndusInd Bank Q3-FY12 Conference Call"

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Moderator: Ladies and gentlemen good day and welcome to the Q3 FY12 Results Call of IndusInd Bank hosted by JM Financial Institutional Securities Private Limited. As a reminder, for the duration of this conference, all participants' lines will be in the listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. If you should need assistance during the conference call please signal an operator by pressing '*' and then '0' on your touchtone telephone. Please note that this conference is being recorded. At this time I would now like to hand the call over to Mr. Puneet Gulati from JM Financial. Thank you. And over to you, sir.

Puneet Gulati: Thank you, Terence . Good evening, everyone and welcome to IndusInd Bank's Earnings Call to discuss the Third Quarter Results. To discuss the results we have on the call Mr. Romesh Sobti – the Managing Director and the CEO along with the top management team of the bank. While welcoming Mr. Sobti, may I request him to take us through the financial highlights and subsequent to which we can open the floor for question-and-answer session. Thank you. And over to you, Sir.

Romesh Sobti: Thank you very much and welcome to you all. I have with me the entire management team of IndusInd Bank. So I am going to run through broad qualitative and quantitative and then we will take specific questions and please feel free to ask any question or any parts of the bank.

Overall, I think as far as sentiment goes over the last three quarters we have seen the Banking and Financial Services space has been sort of buffeted by a couple of things; one is of course, a very challenging and deteriorating operating environment, steadily high inflation, high interest rates, the depreciating Rupee, the Murphy's Law seem to be at work, everything that would go wrong did go wrong. And on the other hand, of course, we have regulatory challenges, especially the one around the deregulation of the Savings Bank Rate. When the last credit policy happened, there was some salutary announcements which were expected to improve the sentiments around interest rates. October-November was still decent but December saw a very turbulent interest rate scenario especially on the liability side. I recall in a particular day we did not bid for it, but there were bidders for 90-day money at 10%. So the market did not sort of cool down in spite of those **salutary** announcements.

So, in this sort of weak operating environment, first of all, we are delighted to start the earnings season by being the first off the block and secondly, of course, we are very happy to disclose set of numbers which are robust in almost all counts. So I am going to just take you through some of the broad numbers. So, a steady performance I think in a deteriorating macroeconomic environment. There have been concerns expressed on three or four areas. I am going to address those three, four areas, I tell you about our performance and then we go a little bit more detail. I think entire pack on the "Investor Presentation" has been uploaded on our system. It has also been sent individually to all of you by JM .

The first systemic worry for BFSI expressed by analysts and media was that credit growth is going to be muted as a consequence of the high interest rates. And of course, the system as a whole has seen the downtrending. But, as far as we are concerned we have kept within our guidance that we will grow between 25-30% and we have grown 30% on our Loan book. We will explain to you what are the components of this growth, how much is the Retail, and how much is the Corporate Bank growth but we did grew by 30%. As a consequence of this Net Interest Income Year-on-Year grew 19% but sequentially, also we did increase our Net Interest Income by 3% in spite of a respite costs that we saw in December. What we are most happy about is the fact that our Fee lines have remained extremely robust and what we call "Core Fee Income" which is derived out of clients has grown by as much 46% Year-on-Year and more importantly, 18% Quarter-on-Quarter. Overall Non-Interest Income includes Trading and all that stuff remains healthy at 38%.

So, the second negative what you call it forecast has been around the quality of the book. I think there is almost consensus around the analyst world, around the media world that rising delinquencies, depreciating Rupee are going to cause a level of un-viability and therefore delinquencies will go up. We are very happy to say that both on a gross basis and a net basis our NPAs have fallen. We have given a slide on addition and deductions and the net addition to our NPA was 1 crore. So our Gross NPAs have actually shrunk from 1.09% to 1%, or 1.01%. Net NPA dropped by another 2 basis points. But we do not measure our efficacy of our risk management only through the Gross and Net NPAs, we measure it on the Cost of Credit. And that we started giving disclosure on Cost of Credit eight to ten quarters ago. Cost of Credit is everything that hits your bottom-line. So it is the write-off, it is the provision and it is the loss of sale of repossessed vehicles. Our Credit Costs this quarter have fallen further. Last quarter if you recall we were 14 basis points. This quarter we are 9 basis points. If you go on further over the nine months period we are 33 basis points. For the full year last year we were about 60 basis points. That is the second feature.

The third one of course was around the compression in margins. Now, there of course, if you see we have given in a Slide No. 22, where we have given detailing of Cost of Funds, Cost of Deposits, Yield on Assets, Yield on Advances. So if you notice that our Cost of Deposits have remained flat 8.16% which is what we predicted and our Yields also almost flat; Yield on Advances and Yield on Total Assets. What we do now for the last two quarters give you two bar charts which is really are meaningful which is what is your cost of funds on the one hand and what is the yield on assets on the other hand. So you take the whole balance sheet into account. So the yield on assets and the yield on advances was flat, it is down by 2 basis points but the NIM shrunk by 10 basis points. As a consequence of the fact that our cost of funds went up. So while cost of deposits are okay and there are some reasons why cost of deposits were kept there. Cost of funds went up because other borrowing cost went up. We did borrow some refinance to balance our book and refinances long tenor and that came at a slightly higher cost. That is number one.

We do not have a large dependence on borrowings from the market. Interbank borrowings seldom go beyond 500 or 600 to 700 crores, but we saw a spike even in the interbank rate. So that is also a second factor.

And foreign currency borrowings also in different parts of the quarter we saw that the premium on the foreign currency borrowing went up. So that is why we have seen a shrinkage in the NIM. But I think we have seen the bottom now. And it is very clear it is a fact that our cost of deposits has remained flat at 8.16%. So that is the third item which occupy the mind of people.

The fourth one is really what happens as a consequence of the deregulation of interest rates. We also were among the three banks that deregulated interest rates and we have slabs of 5.5% and 6%. To whoever we interacted with when the rate fell I think we have made it quite clear that we have twin objectives around leveraging the drop in the deregulation of interest rates. One, we want customers. We want customers in because we want saving bank customers bank customers on which we crosssell because we have all the products. So, our acquisition rate has actually increased during the quarter by 10%. We have well passed the 50,000 accounts new-to-bank customer accounts now every month. Second one was really that we should see the balance transfers. So it is not necessary that you close and account but you focus on the HNI parts, rebalance transfers so therefore we have had a volume increase in a SA. SA during the quarter increased by 21%. And the percentage of SA total went up from 8.6% to 9.8%. In one quarter we have actually increased our SA by almost 21%. We will talk a little bit more about it. Sumanth, Head of Consumer Banking is here, and we will talk about that.

The fourth element is really what happens to Fee Income. If things are slowing down, then at some stage fee income should slow down. I think we perhaps have shown one of the most robust fee income growth this quarter. So if you turn to Slide 21, you see a core fee income. I think what we are really happy about is that most parts of the bank have really turned out very robust fee income growth. If you take the Corporate Bank, I think Corporate Bank has shown the highest level fee growth in this quarter. Corporate Bank contribute about 109 crores of fee during the quarter. And the Consumer Bank of course, on all front. If you look at it we continue to maintain very high double-digit growth rate year-on-year and we have almost double-digit quarter-on-quarter. So the trade and remittances up 16% QOQ Foreign Exchange 15%, Distribution 16%, General Banking Fee is 4%, Loan Processing 6% and I think Investment Banking is 168%. So a very robust contribution of fee income. The fee income engine is rolling. Yes, there is stress in the sectors that we have brought in but the mitigating factor for us is that we were 160 new branches at work. Therefore, our gambit of continuing to invest to grow has paid off in these difficult times because these new branches have contributed in absolute terms, and we will talk about how many of them have broken even because that is a question that is frequently asked.

So I think in summary what we will say that we are well below expectations on the NPA side because of a low exposure to the stress sensitive sector. We are above expectations on the fee side, essentially because of a very diversified fee receipt and a very roboust contributions from Corporate and the Consumer Bank. And in spite of the compression on NIM, our net interest income has gone up. As far as the future of NIM is concerned if you look at the interest rate forecast we do not see an immediate reduction in cut in rate but I think stability and then a steady drop. There is 50% chance that RBI would do a CRR cut, there is 50% chance that they will do a rate cut. As far as we are concerned we have nicely built up our book, between the

Corporate segment and the Consumer segment and you move to the breakup of our portfolio, Slide 16, you can see that Consumer Finance part is now 48% of our total book. This is a fixed rate book. As you will notice that over these quarters we have steadily increased the rate on this book and now the yield is at 16.4%. We expect rates to stabilize and then fall. But every 1% fall in our cost of deposits just the Consumer Finance book will give us 160 crores interest income. So we are really looking forward to a reversal of the interest rate, the NIM downtrend that we have seen over the last three quarters and I think from Q4 and certainly from Q1 and Q2 of next year we would see benefit arising out of the fixed rate book as a consequence of the fact that these rates will hold for the next two to three years. So, that is on the quality of the book.

I have already talked about NPAs. Within coverage ratio is maintained at 72%, restructured advances have actually dropped from 30 basis points last quarter to 22 basis points. We have not pushed in anything into our restructured book. So I think that the reading that low exposure to sensitive sectors, number one. Two, our aversion of long gestation loans especially on the infrastructure has come to help us in these difficult times.

I have one more item to cover and that is the breakup of the loan book because there are certain sectors, that is Slide #17. I think last quarter our NBFC exposure it was 6%. So that has fallen slightly. So what has really fallen here is if you see a sector that we were concerned about with the construction we have had recoveries and repayments on the construction sector and therefore we have seen the drop from 4.28% to 2.11%. Actually, the drop is about 1%. And some of the construction this thing has been what we are showing now is construction relating to infrastructure. We have taken out the civil construction. But overall, we have had very good recoveries. I think overall about 160 or 170 crores of recoveries have come in. So that is why our exposure has come down on the Construction sector. Otherwise, we remain very well dispersed in terms of our overall exposure to the sector.

We have got two more slides to cover before we open it up for questions. Slide 26 on Capital Adequacy – we always said that using capital is one of our disciplines, so although we were a 30% growth in our balance sheet, capital adequacy still remain above 15% if you include the profit, and profit will be included once it is audited. And our Tier1 still remains above 12.35% so I think we have enough fuel in the tank to keep this growth of 25, 30% going at least for the next two, three quarters, that is one.

And last slide that we want to cover, again on the qualities of book, but maybe we can talk about that later, what is the rating of the book.

The presentation is in your hands. I am going to stop here and open the floor for questions.

Moderator: Thank you. We will now begin with the question-and-answer session. We have a first question from the line of Amit P from UTI Mutual Fund. Please go ahead.

Amit P: I just have a question on the construction portfolio. What is the like-to-like comparison for the portfolio? In a sense if it is 2.1% in this quarter what was the same number for infra construction last quarter?

Sanjay Mallik: The total construction exposure last quarter was 4.28% and like-to-like for that would have been 3.3% this quarter, it is a 1% drop.

Amit P: Can you just give us the names on big construction exposure? Because it is still around 600 to 700 crores in the infra construction side, so what are the kind of names that you had funded on infra construction side?

Romesh Sobti: These are names that we can live with, which we are comfortable with the quality of the risk, where we were not comfortable even though the yields were higher we have recovered the money, that is partly the reason why the yield on our corporate book actually has gone down because some of the high yielding assets we have recovered. We do not want to get to the specific names but these are names that we are comfortable with in terms of their credit quality.

Amit P: And in terms of any proposal that you have received on restructuring on any of the construction company which we consider over the next two to three quarters?

Romesh Sobti: At this point of time we have no such proposal.

Moderator: Thank you. Our next question is from the line of Manish Oswal from KR Choksey Shares & Securities. Please go ahead.

Manish Oswal: My question related to the yield on corporate loan book witnessed sharp contraction by 33 bps quarter-on-quarter, so any specific reason why sharp decline in the corporate loan book?

Romesh Sobti: Corporate loan book has actually fallen by 33 basis points. Now, I explain that reason. That there were some high yielding assets that we were comfortable with so the assets have been repaid and we have not rolled them over, so that was a conscious decision, that is what accounts for this.

Manish Oswal: And second we show the strong sequential growth in the investment book, so could you explain what is the driver of the sequential growth in the investment book and what kind of yield we are getting there?

Romesh Sobti: The investment book is really driven by the SLR securities, because we have very little non-SLRs and non-SLR is really RIDF that we have, which is close to 1700 crores, so this is really driven by balance sheet growth and as the interest rate cycle peaks, most banks would start going long on their SLR securities, G-Sec securities and in the hope that when interest rate fall there would be a good mark-to-market gains. We are holding all these securities in a hold-to-maturity and that is why the yield has improved because the mixed has gone towards the longer-term securities that is why the overall yield has increased.

Manish Oswal: And last, investment banking fee increased significantly quarter-on-quarter so any one-off kind of deals closed during the quarter? And secondly, what is the pipeline of deals going forward to go with what kind of fee income?

Sohail Chander: The investment banking fee by its very nature actually, because it is a deal-based structure, so the same deal of course do not get repeated in the next quarter. So to that extent it is on a deal-by-deal basis. And yes, last quarter was very strong, our pipeline also is very strong, so you will continue to see given in the next quarter will be a fairly strong number on investment banking.

Moderator: Thank you. Our next question is from the line of Aditi T from RBS. Please go ahead.

Aditi T: A few questions; there has been a very strong growth in the third-party distribution income both on a YoY as well as sequential basis. So just wanted to know what kind of products are being sold on the life insurance side?

Sumanth Kathpalia: We sell our Life Long policy which is an annuity policy, which has life cover and Endowment Plan which is called Easy Plus that is on the Life Insurance. Then we have GI. GI, we sell the commercial vehicle insurance which is a very strong product for us. We sell credit insurance from the LAF, we sell credit insurance on the Housing Loan with the HDFC, so that is a big, big revenue driver for us. Third, we do Home Loan distribution which is a fee for us and we make about 1, 1.25 crores and then we have some credit card fees which are linked to distribution part. That is something which comes out.

Aditi T: So the credit card income is also coming into --?

Sumanth Kathpalia: Not the annual fee. It is the marketing distribution license fee which comes to us, third-party distribution fee.

Aditi T: And another question on your savings deposit. If you could just help me with the approximate breakup of your savings deposit base into deposits which have average balance of greater than 1 lakh and less than 1 lakh?

Sumanth Kathpalia: I am sorry; I cannot give that information that is confidential.

Aditi T: So how much could the blended cost of savings deposits could have risen to in this quarter, can you disclose that?

Sanjay Mallik: 5.5% to 1 lakh and 6% over 1 lakh, so the answer is somewhere in between. 4% on the NRI deposits.

Aditi T: And in your P&L statement, the provision of 42.83 crores, is that entirely the provision for NPLs or -?

Romesh Sobti: That includes standard assets.

Aditi T: What would be the provision just for non-performing loans?

Romesh Sobti: 28.46 crores.

Aditi T: And how much was this number in 3Q of last year?

Romesh Sobti: 44.57 crores.

Aditi T: And in the September quarter it was about --?

Management: 39.9 crores.

Aditi T: And your borrowings have grown very strongly again both on a YoY and sequential basis and I think Mr. Sobti mentioned somewhere in between that some portion of this is foreign currency borrowing. Could you help me with that number please?

Romesh Sobti: We do not get exact breakup, but I think the borrowings include a variety sources

Sohail Chander: Borrowings include various sources, so yes, foreign currency loans from bank is one, we have raised a syndicated loan in this quarter, there are other borrowings as refinance, there are borrowings from institutions like NABARD and SIDBI, so all of that total is what fall into.

Aditi T: Because incrementally, it is up from 2100 crores?

Management: Yeah, correct.

Sohail Chander: Effectively, it is on your liability side, it is a function of what is the most efficient combination for you between deposits and borrowings. That is how you fund your balance sheet in a high interest rate environment where deposits costs are high, you will see banks have higher cost

Romesh Sobti: In addition, we have heard, several banks have sort of use this as an opportunistic this thing to reduce the cost of deposits to go short on deposits. You cannot keep on going short on deposits. Of course, everybody wants to go short because you get repriced very quickly but we have a fixed rate book which is our consumer finance book, so we also to balance it with some long-term funding and the refinance that we get is generated by our vehicle finance book, this refinance has tenors, wherein one year to seven years, so we have raised some of that money which is of course more expensive than the very short-term 30-day money. But this also includes that Tier II Bonds, this also include Upper Tier II Bonds, all this is including into borrowings. So if you really take borrowings is CBLO borrowings, borrowings from other banks, which will be a call, it is other institutions agencies, foreign currency borrowings, Tier II Bonds and Upper Tier II Bonds. And of course, you save on the stat cost on the refinance. Even if you take refinance at 9% in December 90 days money was going ahead, 9.5, 9.9, 9.10, so even if you do refinance at 8.5 or 9, you save the cost of at least 1 to 1.5%.

Sohail Chander: High interest rate environment the cost of stat also goes up. If you are lending, if you have to fund extra 30% from the market or from new deposits the that cost itself very high.

Aditi T: Just one last question, generally, as a team, as a bank, where do you believe your Savings Deposits base is headed? Clearly, these are very strong numbers in a very short span of time. But let us say as the investment in the branch network continues, are you redoing your numbers on your current and savings deposits target, on your margin target, on your growth, your growth estimates for the next couple of years as a result of the strong growth or is that still early days?

Romesh Sobti: I think that the Savings Bank deregulation we have certainly positioned it as an opportunity. But it is an opportunity at a particular cost. Our main focus is getting new-to-bank customers. That is the focus that we are doing at the branch level. Now, our new-to-bank customer acquisition now has exceeded 50,000 per month and last year we were at 25,000. As a consequence of some of these changes in this quarter alone it has gone up by 10%. Our targets are really fixed on the basis of SA per branch. And SA per branch certainly we have a challenging internal target. We have moved it from the beginning of the year from 10 crores to 11 crores on our increased branch network. So I think if you look at two, three years horizon we certainly have a very clearly defined SA per branch target while it does not match the big boys, the big boys are at around 25 crores or so. But I think taken into whatever 15, 16 crores plus per branch is something that we aspire for.

Aditi T: And just one last, can you disclose the average Savings Deposits balance?

Romesh Sobti: No.

Moderator: Thank you. Our next question is from the line of Rajat Deep from ICICI Pru. Please go ahead.

Rajat Deep: My question is regarding the provisions. The provisions in P&L are 43 crores thereabout and provisions for NPA total up to 28 crores, so rest 15 crores is on account of what exactly if you can help us?

Management: 12 crores is provision for standard assets.

Romesh Sobti: So that is the bulk of it, 12 crores out of that actually is standard provisions.

Moderator: Thank you. Our next question is from the line of Subramaniam PS from Sundaram Mutual Fund. Please go ahead.

Subramaniam PS: A query was on the risk weighted assets. That seems to have grown by 25%, and I think our overall balance sheet has grown by 33%. If you could just say where the savings in the risk weights are coming in from?

Romesh Sobti: If you see the composition of the growth the Retail which is a Consumer Finance division growth has been 48%, the Corporate growth is 16%. The Retail, the risk weightage is 75%. So this is thematic lending which gives you a benefit on the capital that we use and the risk weightage and that is where the Saving is come from.

Subramaniam PS: So if I understand right the risk weight on your Corporate loans are higher than what it is on your Retail loans?

Romesh Sobti: Unless there is 100% cash back we will have a risk weightage of at least 100%. For some categories is more than 100%; Real Estate and Developer Financing is more than 100%. That is why I think Retail in terms of Return on Assets therefore on the Retail side you get much better returns.

Subramaniam PS: And the other question was on I think this is a sharp increase in the other assets component in the balance sheet. Anything in particular that has led to this increase?

Romesh Sobti: No, I think it is a balancing figure. They are receivables and all. There is no specific this thing. This would be a balance sheet growth, so this figure of receivable that is there, so it is also what interest route and all that, interest accruals, advance tax.

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

Hiren Dasani: Just a few questions; can you explain how do you read the Slide 18, which is basically the breakup of your risk, the internal rating?

Sanjay Mallik: This essentially represent our corporate portfolio. And the objective was to give you in a period where asset qualities of major concern, little deeper insight into our portfolio. What we have done is we have taken our portfolio based on internal rating which incidentally is also mapped to external rating, so the two are very, very CRISIL rating. And distributed the portfolio in terms of fund based, secure assets, non-fund based secure assets and the same for non-funded assets. So total is 100, in a sense that if you assume that 52% of our book is Corporate, then this represents that 52%. So in 'AAA' we have roughly 24% of assets in 'AAA.' The 100% representing the Corporate book and so on. So if you add up all the points of each rating it will add up to 100%.

Romesh Sobti: I think the takeaway here is this. That a majority of our portfolio is investment grade. You have a vertical line there on the left side of the line is majority of our portfolio. Whatever is on the right of the portfolio is sub investment grade and that is all 'green' which is a secured**.**

Hiren Dasani: Below let us say IB5 + B+ or BB+ what is the cumulative exposure --?

Management: About 5 to 6%.

Hiren Dasani: A related question, are you looking at making some representation to RBI on moving to the IRB approach? Now that they have issued some guidelines.

Management: We are working on it. So we will in course of time.

Hiren Dasani: And do you think you are well prepared?

Management: Yeah, we are quite well prepared on the Corporate Banking side. We have some amount of work to be done on the Retail front. We will probably do it in phases, we will start our phases in Corporate and then move on to Consumer late stage.

Hiren Dasani: One question on the loan growth, do you intend to maintain the space even in the Q4 on a quarter-on-quarter basis or year-on-year basis whichever way we want to put it?

Romesh Sobti: We have always kept this. If you look at last 15 quarters, we have grown between 25% and 30%. The throughput that we are seeing remains in that level of confidence that we will grow certainly in that 25%, 30% band. The confidence comes from the fact that the delinquency profile of the faster growing part of our portfolio is very, very stable. The delinquency profile is actually detailed in our presentation product wise. So I think we should be able to do that. In spite of the fact that we also sell assets. Every quarter we sell assets. So the balance sheet during the quarter is dynamic and we do sell assets and there are obviously the banks who buy assets of us. So I think that is a tribute to the work force that we have especially on the corporate side of the business because the corporate assets which are sold, so I think we will be able to maintain the growth.

Hiren Dasani: A question on the CV side. One is hearing a lot of noise in the market about potential increase in delinquencies and all. And I know you have maintained in the past that you do possess superior skills in the segment. Having said all that, do you still feel very comfortable about this kind of CV growth and going forward, what it is likely to be?

SV Parthasarthy: One on portfolio fact. Well-run banks such as us possibly HDFC, possibly Sundaram Finance and likes of us in terms of distribution will have portfolio quality which is similar to that of us. Therefore, in the market we understand that their portfolio is also fairly good. And our portfolio have no signs of stress at all at this particular point of time. We believe that the same kind of portfolio strength we will be able to show it for the next quarter and the quarter to come. It is fairly stable and it is very good at this particular point of time. Owing to several reasons, despite the fact that the market seems to be under stress. Freight rates have been fairly good. The earnings for the transporters have been fairly good. And the last mile connectivity in most of the small commercial vehicles have been excellent. As a result this particular segment is likely to do fairly well in the next quarter as well. And it is a very important portfolio for us and we have got expertise for running this more than two decades, therefore, I think we will lay emphasis on this and we will grow the same way as we have been growing this portfolio for the last three, four quarters.

Hiren Dasani: One question on the capital side, if we include the profits then you are at about 12.4%. Do you still maintain that there is likely to be a fund raiser in the next 12 months?

Romesh Sobti: Look that capital formation within the bank we said that three years ago that when RoEs hit 20s, there will be capital formation in the bank and retention of capital would prevent us from going frequently into the market. Now, there is a preparatory sort of this thing that we have to do even for the new Basel III requirements and if you consumed capital at the rate which we consume capital then sometimes in the next fiscal we could go in because we certainly want to keep a higher threshold on our Tier I. We do not want to go down to 8% even though the RBI requirement is 6%. We would feel uncomfortable at say 9%. So for that purpose it is there. Of course we realized that every time we raise capital, ROEs fall, but we have demonstrated repeatedly that we raise capital, ROEs never fall in below 16% and within 12 months, we revert back to the 20s and I think now we have the engine slowing to keep the ROEs in spite of that sort of capital this thing. So we are conscious that returns on equity are critical, but we are also conscious that you must have higher threshold on capital adequacy.

Hiren Dasani: Okay thank you and one last question on earlier question to the restructuring, you said that there is no proposal. Is that true for entire book or that is true for only the construction sector?

Romesh Sobti: It is true for the entire book.

Hiren Dasani: So you are saying that you do not have any outstanding restructuring proposals as of now with you?

Romesh Sobti: No, we do not have a restructuring proposal now.

Hiren Dasani: Any CDR cases where you may be involved, etc.?

Romesh Sobti: At this point of time, there is nothing. If there were, then we would have disclosed.

Hiren Dasani: Thank you very much.

Moderator: Thank you. Our next question is from the line of Ramnath Venkateshwaran from Birla Sun Life Insurance. Please go ahead.

Ramnath Venkateshwaran: Hello sir, just thanks for taking my question. This is regarding the slippage, if I look at your slippages data both for the consumer finance and the corporate finance stuff, the second quarter in the corporate finance, there seems to have been some reasonably large slippage of around 71 crores which is again come off sharply this quarter. So what was the reason for this bump up because I see the same trend even in the third quarter of last year?

Romesh Sobti: You are asking about quarter 2?

Ramnath Venkateshwaran: Quarter 2 yes.

Romesh Sobti: Quarter 2 I think, we have explained that there was this one-off exposure that passed through, flushed through the NPAs right and then it was a recovery that we expect in this quarter and to enable that recovery, we actually to impose the sarfaesi it with an asset reconstruction company and we are very hopeful that that exposure will be recovered this quarter and that is why that bump up happened.

Ramnath Venkateshwaran: So this particular NPL continues to be on our book or it has been sold to ourselves?

Management: It has been sold now to BRC.

Ramnath Venkateshwaran: Okay fine. Sir coming back to the Slide #18, thanks for this. I just wanted to get a small update. I have the same question on slide 18. Should that be a bar chart or should it be falling like, there is a continuous line because it seems confusing because when I heard reply to your question, it seems that it should be a bar chart.

Romesh Sobti: The idea was to make you furious.

Ramnath Venkateshwaran: You have been more than successful.

Romesh Sobti: Every quarter, we bring in a new facet of disclosures and there you will see that they have at least half a dozen items in this presentation which you will not find in any banks' quarterly disclosures. I think we do this to create confidence around our exposure levels to sensitive sectors. That is why many quarters we have disclosed our exposures on all the sensitive sectors. Then there was this question of what is the rating of the portfolio that is why we brought in this because this has trade linkage to your capital adequacy. So more and more of a portfolio has got rated and that is what we want to establish and we find that rating is investment grade. So you take away only this. First of all if that portfolio is secured, what is not investment grade is also secured and a majority of it is actually investment grade. 94% is investment grade.

Ramnath Venkateshwaran: Fine sir.

Paul Abraham: Next time we will make a bar chart.

Ramnath Venkateshwaran: No because I just got confused with that because when I heard your answers to the previous question, I think it suggested that it is a point. So that is the reason why?

Romesh Sobti: Bar chart is boring.

Management: But visually gives you idea of the total quantum across the sector. If I make bar charts, you would not be able to get a visual feel for the total quantum. For example here the green slice tells you the secured book, in fact it will give you a correct value, large idea across the entire ratings better.

Ramnath Venkateshwaran: Fair point, got it sir. Thank you so much.

Moderator: Thank you. Our next question is from the line of Rajat Deep from ICICI Prudential. Please go ahead.

Rajat Deep: Yes sir, I was just skiing in the numbers and realized that home loans are now 440 crores of our advances book. Is this purely LAP or you have been buying back anything that you have been….

Romesh Sobti: There was a old legacy portfolio. That is I think was down to about 140 crores. The rest is LAP.

Rajat Deep: And this retail advances that is one excluding the vehicle finance that has been ramping up quite well if you can share with us the kind of traction you are seeing there?

Romesh Sobti: Retail advances so basically….

Rajat Deep: Credit cards, PL.

Management: Credit cards and loans against property.

Rajat Deep: And PL, personal loans.

Management: We do not do personal loans at all.

Rajat Deep: Sorry, it is there still in my sheet. So credit cards and home LAP.

Romesh Sobti: Total 650 crores. Now the question is that the credit card business is a small portfolio, but we love this business because there are 240 crores portfolio, we make 4.5 crores fee every month just a fee. We are not after large numbers. We do may be 1200 to 1500 new cards every month that is it, but we have an excellent portfolio quality number one. Number two, very good card user with high spends and of course the portfolio was clean so very low delinquencies. So this is the PBT positive business. I think in this quarter, the PBT on this business could have been in the vicinity of about 7 crores on a small portfolio of 234 crores, but I think it has done a lot for our brand. There is a demand for the Signature Visa Card because we have a number of prominent celebrities who are spreading the word of mouth. You were not seeing us advertising, but a lot of word of mouth stuff.

Rajat Deep: So are you also planning to add more product lines in this apart from credit cards and LAP?

Romesh Sobti: No, this is it.

Sumanth Kathpalia: We are evaluating. Whether we come up with something, I will let you know later. Right now, it is under evaluation.

Rajat Deep: Okay, thank you. So those were my questions.

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

Dhaval Gala: My question is on the, how is Karnataka mining ban affected your CV finance portfolio in that region if you could give any color on that? Has there been some elevated stress on that region?

Management: We have very-very limited exposure in Karnataka mining area. Outstanding portfolio has come down to close to about 5 crores is not anywhere significant. In Karnataka initially itself we did not have much portfolio (a) and we have been explaining this in most of the investor's presentation even in the past. Right now, our total portfolio what we have on hand relating to Karnataka mines are about 5 crores. Out of which, close to about 3-3.5 crores persons are paying their installments regularly. We have an NPA portion of close to about a crore.

Romesh Sobti: I think there are a few reasons on why this whole mining we did not fall in this mining trap, because there are a few disciplines on not lending to first-time users. That is the philosophy that many of finance developed over the past few years. So first-time users, lot of stuff is actually with fleet operators. So when you see this mining boom, so you set up 25 trucks and they go burst. So our sensing it is not banks which have taken the hit here, it is the NBFCs, they have taken hits.

SV Parthasarthy: And more or less actually even though NBFCs which has been hit, the total number of vehicles which got affected was close to about 4000-4500 vehicles, most of it has been redeployed. By now, it is only a matter of history.

Dhaval Gala: My next question is about your third party income. If I could get some breakup between how much would be the income coming from insurance distribution in terms of Life, non-Life, and in terms of other products?

Sumanth Kathpalia: Life in a quarter would be about 28 crores. Non-Life would be another 8 crores actually.

Dhaval Gala: Sir can you also give me some comparable numbers YoY in the last…..

Sumanth Kathpalia: I do not have the YoY numbers as of now.

Romesh Sobti: In the presentation, overall numbers are there.

Dhaval Gala: I have the overall numbers. I was just looking for..

Sumanth Kathpalia: It is almost same proportion, you can look at it from a same proportion point of view. Our mutual fund would be about 9.5 to 10 crores. Then there is home loan distribution would be around 2 crores and credit cards would be another about 8 to 9 crores on this.

Dhaval Gala: So would you have similar number for last quarter if at all?

Management: I do not carry.

Management: You can get it on our site. It is in the presentation. You can call in and get it from Sanjay.

Dhaval Gala: Sure sir. Thanks a lot sir, good luck.

Management: Thank you.

Moderator: Thank you. Our next question is from the line of Vijay Sarathi from Nomura. Please go ahead.

Vijay Sarathi: Good afternoon sir. Actually I have three questions. Firstly I think the performance on slippages has been incredible actually, your slippages for this quarter were back to the FY11 level. Now just to ask you I know you don't provide specific guidance, but what kind of trends can we infer from this because if interest rates are expected to decline and if the macroeconomic situation going to improve, what should we read going ahead from the 33 basis points that you have in 9 months and FY12 so far?

Management: Vijay originally at the beginning of the year we did a part of our results, we have given some indications that our cost of credit would not exceed last year's. Last year, it was 60 basis points. Actually now coming out to be lower than that. So as you see 33 basis points for the 9 months, we are seeing an absolute steadiness on our consumer finance side and on the retail side, so we are not seeing any spike there. We do not see that causing any unpleasant surprises and I think on the corporate side, there have been some stressful accounts that is why we have recovered a lot of them and we rolled them over and especially the ones on the construction side of the business. I cannot really give you a figure, but certainly I think we can say with confidence now that the credit cost for this year will be well below the credit cost for last year.

Vijay Sarathi: Okay fine. Second question is on you talked about very high borrowings this quarter because you need to rebalance your book. Now can I get the average duration of the borrowings that you have done in this quarter. I mean what I am trying to understand is going ahead if interest rates were to decline in the system, would you be in a position to benefit from the trend on the borrowing side?

Management: See if you look at it, the entire foreign currency thing will certainly go up. That is a 12-month tenure. The refinance that we took in this part was also one year tenure. Our previous refinances which were done at 6.5-7% was for 7-year tenures, but now because the rates were high, we went for one year tenure. We have done 3 years also, but that was at 7.5 so without stat. Then we have got what we call CBLO, CBLOs overnight and then we got a little bit of interbank that is overnight. Then you got Tier II and upper Tier II bonds. Those have of course a quite longer tenure, but those are existing. That is not new, that is not taken in this quarter.

Vijay Sarathi: So specific to this quarter, is it safe to say it is about one year on an average?

Romesh Sobti: Average will be less because bulk of the borrowing is in short term. Bulk of the borrowing is in CBLO and call and that is all very short term. So the average will be much less than one year.

Vijay Sarathi: And lastly what proportion of your incremental CV addition this quarter is from used vehicles?

Management: See the total used vehicle for the year, it is about 900 crores.

Romesh Sobti: I think the used vehicle portfolio today is about 11% of our total portfolio.

Management: 1700 crores it is. Out of which 900 crores is for the current year and we have added 340 crores for the quarter.

Vijay Sarathi: In used vehicles?

Management: Yes.

Vijay Sarathi: Thank you very much sir.

Moderator: Thank you. Our next question is from Nilanjan Karfa from Brics Securities. Please go ahead.

Nilanjan Karfa: Hi, thanks for taking my call. Couple of questions. The first one the risk-weighted asset, what I kind of see that your market risk is definitely going up. I presume part of it has to do the way you are collecting fee which is mostly centered on client based FX and derivatives and swaps and I would assume given your focus on this particular line, this particular market risk is probably going to go up pretty sharply. Would you have some guidance in terms of your risk-weighted asset? How the proportion is going to look like in FY14 based on your guidance that was done at the beginning of FY11?

Romesh Sobti: You got a look at both the components of the balance sheet. So we have actually said when we said FY14, we are looking at say 55,000 to 60,000 crores on book. We are looking at 27,000-28,000 of that being retail. Retail invites much lower risk weightage so half of this thing would be at 75%. Then on the corporate side of the business, I think the profile is not going to change. We will remain what we are. So now what you are really focusing on is the contingents or the off-balance sheet items and the risk weightages. Now our penetration of the clients' wallet on these products was very-very low and I think that penetration has increased, but if you just take one statistic that we have that our off-balance sheet items compared to our on-balance sheet items are just about 1.8 times. If you look at most of the other banks, rural banks and all, look at foreign banks, they are at 8 times. So we are still low. We do not have an intention of getting there because we do not manufacture these products. Certainly we have constraints on counterparty lines and things like that. So a large part of this is really going to be for instance foreign exchange spot and forwards coming out of your retail bank. They have almost no risk weightage forward have some of it. So the structured products are not going to see such a sort of mighty hike that they will impact on our capital usage, but certainly we will continue doing them and we certainly want share of the wallet of the customer.

Management: So if you look at the overall numbers, market risk is just about 2% of the total credit risk weight. So although it has increased in terms of percentage terms, in absolute terms it is not material.

Nilanjan Karfa: Actually related to that, based on the products that you do, obviously they are not very complicated I would believe, how are you booking your market risk that you are doing back-to-back kind of mitigation of the risk?

Management: As was mentioned, we have several counterparties now in the market, obviously in the last 3 years the bank has grown to where it is. So yes we have counterparties in the market and we are hedging out the risk as appropriately as we are have it within our policy guidelines, but most of it as was mentioned is on short term in nature and very little on long term. Long term has totally hedged back-to-back. Short term has done proactively as and when order in the risk guidelines that have been set up in.....

Nilanjan Karfa: Fair enough. I will probably dwell into that a little later. Second thing I just wanted to ask you if you give out this number in terms of the average daily CASA balances, do you provide that?

Management: We don't.

Nilanjan Karfa: But very qualitatively is it couple of percentage lower than the period ending balances?

Management: No, we will give some idea. As we speak, we are sitting on 3500 crores of current account. That will appear at the yearend as the quarter end. So the spikes that happened, so that brings the averages up during the quarter as well, but certainly sometimes this average is higher than the figures that we give you and most of the time it is lower than the figure. That is I think the fact of life because there is a dependency on current accounts and current accounts come in spikes, but now we have got a steadiness in the spikes, dividend warrant, IPO money. The large business opportunity is coming out of both the corporate bank and this thing are creating some stability in the spikes and therefore taking what they call the ANRs closer to what we call the ENRs.

Nilanjan Karfa: Moving onto the next one is mainly on the other assets, now you already pointed this has got a component of accrued interest, just wanted to get a flavor what percent is it currently versus what it was last quarter and same time last year the amount of accrued interests?

Management: Let me read that number out quarter-on-quarter.

Nilanjan Karfa: If you kind of respond to it later, I can move to the next question.

Management: Interest accrued is 367.88 crores.

Nilanjan Karfa: For this quarter?

Management: Yes.

Nilanjan Karfa: And what was it last quarter or may be YoY number?

Management: Around the same almost, may be around 10% lesser than this.

Nilanjan Karfa: Okay fair enough. Moving to the next one which is the CV, there is lot of attention definitely on the CVs. What could possibly be very helpful is if you can tell us of the number of vehicles that you do, what percentage is LCV versus M&HCV, may be on outstanding as well as on the incremental that you have done this fiscal?

Management: LCV, the total number of vehicles we have done for the current year is close to about 32000 vehicles. Out of which the M&HCV will be about 20,000 vehicles and LCV will be about 10,000 vehicles. LCV does not include the small commercial vehicles. Small commercial vehicle, we will do close to about 30,000 vehicles. When you are talking about small commercial vehicles, I am talking about TATA Ace and other things.

Nilanjan Karfa: Which essentially goes into the other components or does it come within the series?

Management: It goes into the small commercial vehicles segment.

Management: In the presentation, there is a second category called small commercial vehicles.

Nilanjan Karfa: So based from what couple of rating agencies are sent, definitely they have raised questions on this LCV versus the HCVs and they I have also talked about the freight rate versus the fuel and as you have been mentioning LCVs were doing good, but in your portfolios, I have to look at it at least on the incremental side the LCVs are quite lower and if you have to look at the underlying environment such as right or wrong the numbers are definitely very weaker on the GDP as well as IIP. You can question the numbers that come out, but there is definitely a weakness. So may be now as of end of December, we do not have any pressure, but typically when you grow your loan book very fast, the environment is typically weaker. It comes out with a lag and I think that is what questions are getting raised. How do you read it essentially?

Romesh Sobti: Here the issue is this who takes a loan today in this environment right? Somebody who is absolutely confident that he will have the freight to serve that loan especially the small road transport operator. We are not talking of fleets. Today we have raised our credit screens and made them harsher. So today the guy who takes loan of this nature is absolutely sure that he has got the backing to fill it do the carry the freight and repay the loan, otherwise he will stop buying.

Management: One of the thing what I wanted to tell you is it is very-very clear. If you start looking, we published our results much ahead of others, but you start analyzing with the lag with reference to even likes of HDFC, like of Sundaram Finance and things like that, you will find same kind of portfolio. The fact remains that those persons who have been in this particular business for quite long and we have got an experience of close to about 25 years in this particular business and I have personally seen close to about 5-6 recessions and stagnation and our credit cost has never crossed 0.6% throughout this particular gap and our NPAs have shown a progressive decline quarter-after-quarter from 2008 onwards if you start looking at it. It is fairly easy for me to discuss on facts, but all opinions, perceptions very difficult.

Nilanjan Karfa: Fairly understood. I understand the where you are getting at, but from an investor perspective, it is also one of the largest.

Management: As such, what I wanted to tell you is in India what really happens is still there is a potential for the commercial vehicle industry to grow close to about 20-30% and the growth for the current year is almost stagnant. The number of vehicles on road vis-à-vis the demand is much greater today. Freight rates are fairly comfortable. On the HCV front, the last mile connectivity in India is absolute necessity with lots of retail points coming up. It is impossible without the likes of Tata, Ace and other things to have your life going today. Therefore unless the individuals really mismanage, it is not possible for them to make a loss.

Nilanjan Karfa: Fair enough sir, thanks for that detailed answer.

Management: Let's take it offline. We can just carry on to the next question and then..

Nilanjan Karfa: No, I am done. Thank you very much once again.

Moderator: Our next question is from the line of Abhinesh V from Spark Capital. Please go ahead.

Ganesh Ram: Actually this is Ganesh Ram here. I wanted to have two questions. One is if you could give me cost of your non-CASA deposits and cost of your borrowings?

Management: You will have to ask me another day this competitive information which will never be given. We are very transparent, but I think there is a limit to it.

Ganesh Ram: Fine at least you are frank about it. Second is understanding your strategy on CV book, my concern is more on the pace of growth and what it could result as in terms of how the yields could start behaving in this portfolio. You are not too big a player in this market and now the pace at which you are growing in the next couple of years, you need to get into the fleet operator segment where the yields are much lower because that is the kind of market share gains which you are having, 44% segment growth while the segment is hardly grown. At this pace, you will have to start getting into the fleet operator segment and there the yields can really hurt you. What are your thoughts on that, that line of thought?

Management: The fleet operators' yields today is about 1-1.5% lower than that of the other operators and we are also present in the fleet operator segment. The 16% whatever we have as yield is a weighted average of yield covering commercial vehicles, to small commercial vehicles, to used vehicles, and to construction equipment to two-wheelers. It is a blended portfolio yield and by doing an extra few hundred crores of fleet operators, I do not think that this particular yield will take very dramatic change in terms of numbers, but you are right in going forward when we have to maintain the same set of growth, we will have to increase our fleet operators presence and we have got a strategy to do this without affecting the overall portfolio yield.

Management: But I think we are predominantly SRTO financials, all road transport operators. We like to finance livelihood financing. Secondly I think the first comment you made about us being small players.

Ganesh Ram: What I meant was more in the fleet operator segment?

Management: Fleet operator, CV business we are either number one….

Ganesh Ram: I am referred more to the fleet operator segment.

Management: Fleet operators, you see what is the fleet. A fleet is 50 trucks and a fleet is 5 trucks, it will be 10 trucks also.

Ganesh Ram: Basically I look at about 20 plus where the competition….

Management: We have a large focus of this business. One of course is profitable by itself. So we generate priority sector and priority sector definition is a small road transport operator.

Romesh Sobti: And part term of commercial vehicle is also close to about 80-85% of the total commercial vehicle sale happens in the retail segment. Fleet operator segment as well as the state transport unit segment is all different, but majority of the business happens in the retail and you have to be in the majority pipe only.

Ganesh Ram: That is it from me, thank you.

Moderator: Thank you. Our next question is from the line of Shekar Kedia from Barclays Securities. Please go ahead.

Shekar Kedia: Good evening sir, thanks for taking my question. Sir with regard to the Consumer Finance book, I just wanted to know, which are the segments that we are focusing on apart from let us say the vehicle financing that we do? Are we focusing on any other segments specifically consumer durables or something?

Romesh Sobti: We do not do that and we have no intention of doing it. Our focus is really on credit cards through the acquisition. Our focus is on loan against property. Of course we do the two-wheelers and auto loans and of course we originate the home loans. I think our focus areas will remain this. There is of course an evaluation that keeps going on, but for the time being I think our focus remains on this.

Shekar Kedia: And Sir you had mentioned in your comments that it is a fixed rate book, the Consumer Finance book. So Sir by what lag do we pass on the rise in the cost of funds if we see any?

Romesh Sobti: Well, we have already seen it in the last 4 quarters. The fixed rate book, although it is a fixed rate book, there is a re-pricing that happens in a way almost every month through the repayments. So if we disbursed today 1100 crores, the repayments have the vicinity of about 650 odd crores which means an old rate goes away and a new rate comes following disbursement of 1100 crores. So that is the re-pricing that is actually happened even in this tough period on the fixed rate book and if you see over the last 12 months or 14 months if I recall correctly, the yield on this book has gone up from over 15.5% to 16.4%. So even in a fixed rate book we have re-priced it, so I think we have gone over the hump as far as this is concerned. Now we are looking forward to the dropping interest rate scenario where this book will decay with the lag, it has an end-to-end maturity of 4 years. Average maturity of 24 months, so this is going to reduce with a huge lag and I think we will reap the benefits of this book over the next 2 years.

Shekar Kedia: Sir my question was specifically like when we announce any base rate hike or BPLR hike, does that get immediately reflected into this Consumer Finance book or it gets reflected with a lag of a quarter?

Management: No, it does not get, it is a fixed rate book.

Management: It does not get reflected in this at all.

SV Parthasarthy: Only to the extent of very very small portfolio whatever we have on housing loan for that, it does not get reflected at all.

Management: But if your question is that would we start re-pricing the incremental stuff quickly, yes.

Shekar Kedia: Okay sir and sir the last point that you mentioned that is like when the interest rates start dropping that is the interest rate cycle reverses, so sir you mean that after one year the new loans that you are taking at higher yields that will get re-priced.

Management: See then again the repayments work the other way round then and as rates dropped. But the point is we have taken this book up to 48% of our book essentially to benefit now over the next 2 years right. Today this book is 48% of our portfolio and it used to be 40% of our portfolio, it is now 16,000 crores going at disbursement of 1,100 crores a month. So I think we will see some good benefits accruing from this for quite some time.

Shekar Kedia: Okay sir those were my questions. Thank you very much.

Moderator: Thank you. Our next question is from the line of Kunal Shah from Edelweiss. Please go ahead.

Kunal Shah: Sir congratulations for good set of numbers. Sir one clarification on this used vehicle portfolio 1700 crores, so this is you mentioned the CV or this includes the car as well.

SV Parthasarthy: Predominantly CV, there is certain amount of cars. It will have close to about 70-80 crores of cars. Out of 1700 crores, it will be close to about 70-80 crores of cars and this used vehicle portfolio also is used vehicle portfolio from the existing customer base. Therefore we have a credit track on these customers. It is not the new type of used vehicle which we sourced it from the market

Kunal Shah: And Sir as you mentioned like this small commercial vehicle again classified under like three-wheelers also.

SV Parthasarthy: Three-wheelers and small commercial vehicles are put together. Three-wheelers and small commercial vehicles predominantly Tata Ace are classified in the same way, but going forward possibly from the next year onwards for the purpose of comparison, we could give you a much granular comparison.

Kunal Shah: Sir definitely saying quantum is less, but if you look at the gross NPAs spend out there, then that is slightly inching up from 0.972 to 1.08, so anything to read into it.

SV Parthasarthy: No, those are all very very marginal and it is all reasonably cyclical. I do not think the NPA is an issue for us in terms of. Those NPA customers, the customers are being paying installments. It is not that it is remaining stagnant.

Kunal Shah: Sir the other question is on the ForEx income slightly has stronger growth, but do we see any implication of this RBI says likely I think stringent in terms of exposure. So do we see any moderation in the Forex income growth?

Romesh Sobti: See for this component where what this cancellations and re-bookings have been sort of disallowed, I think banks are forcing that this may have an impact of about 10% on the revenues, but the coping strategy clearly is that bigger retail FX push and our retail FX is now expanding to a much larger number of branches that is one coping strategy and certainly I think on the corporate side of the business, there is a much stronger penetration of the wallet.

Kunal Shah: So because that was like growing at 84% year-on-year, just wanted a thought on that and sir the other thing is if you can just throw some light as to see the customer profile on the CV side, so definitely you mentioned on the Karnataka side there was not too many say, it was not a significant exposure, but if you can just broadly classify as to kind of customers who are there on the CV so whether these CVs which we are financing those are primarily used for construction activity or on the food side or on the mining side or it is pretty much in line with whatever is the industry trend. So are we too different from the industry and if you can just throw some light out there?

SV Parthasarthy: We are not too different from that of the industry. If you start looking at transportation segment by itself, transportation segment serves every segment of the economy. Therefore unless every segment of the economy goes down, the transportation segment does not go down. Those persons who have been predominantly financing only transport applications, I have never seen any deterioration in terms of portfolio. Those persons who have been flooding around with quite a lot of other portfolio, then you have issue and it is a time tested concept which is never fluctuated.

Kunal Shah: Because if you just look at the segments wherein like CVs are normally used…..

SV Parthasarthy: There is nothing normally right from stand application to whatever you think that you are using for a daily life, everything is transported by road. Men, material right from agriculture produced milk to water to everything. Out of which, 70% are essential for daily life. Even if we have transport strike for 2 days, the place will stink.

Kunal Shah: And Sir in terms of car if you look at it, there is like a significant growth in terms of car financing, so any particular reason may be like we are getting market share in some of the regions or some of the manufacturers or dealers, what has been the reason for such a significant.

SV Parthasarthy: One is that we are a preferred financial for quite lot of car manufacturers one and two, even though we have been talking about a percentage growth which is much-much higher than the previous quarters and previous year, we have been doing close to about 3500 vehicles per month which is hardly anything reference to the overall market sale. 3500 vehicles anybody can do if you have got that kind of access.

Kunal Shah: So we will see the market share inching up in this segment?

Management: We do believe that market share increase will be there and percentage of growth will be fairly significant.

Sanjay Mallik: I think we have just one more question and then we will have to ramp up.

Moderator: Thank you. We have a last question from the line of Ajitesh Nair from UBS Securities. Please go ahead.

Ajitesh Nair: Thank you. Sir I just wanted to check if you can share the savings bank account that we have now and what was it before the deregulation of the SB rates?

Sumant Kathpalia: Last quarter, number was 3300 and we have reported a number of 3980.

Ajitesh Nair: The number of customer accounts, savings bank customer accounts.

Management: We have increased our acquisition by about 150,000 accounts this quarter. Overall saving account numbers would be around 1.1 million customers now.

Ajitesh Nair: 1.1 million customers. Perfect sir, thank you.

Moderator: Thank you. As there are no further more questions, I would now like to hand the call to Mr. Puneet Gulati for closing comments. Please go ahead sir.

Puneet Gulati: Thank you. On behalf of JM Financial, I would like to thank Mr. Sobti and management team of IndusInd Bank and all the participants for joining us on the call today. Thanks a lot.

Management: Thank you.

Moderator: Thank you so much. On behalf of JM Financial Institutional and Securities Private Limited, we conclude this conference call. Thank you for joining us. You may now disconnect your lines. Thank you.