"CSB Bank
Q3 FY2020 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to the CSB Bank Q3 FY2020 Earnings Conference Call hosted by Axis Capital 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 touch tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Santosh Sinha from Axis Capital Limited. Thank you and over to you Sir!

Santosh Sinha: Hello everybody and welcome to the earnings call of CSB Bank. We have with us Mr. C.V Rajendran, Managing Director & CEO, V. Maheshwari – CFO, Sijo Varghese – Company Secretary. I would request Mr. Rajendran to take us through the key highlights for the quarter post which we will open the floor for question and answer. Over to you Mr. Rajendran!

C.V Rajendran: Good evening. Welcome you all to the first concall of CSB results after the IPO. There is some delay in publication of the results because we could not block the dates of the Board of Directors last month. I will take you through the main points and whatever numbers are made available to you, you can go through and you can write to us.

The net interest income for the 9 months has increased by 36% over the last 9 month period in FY 19. Operating profit has increased by 237% over a period of nine months and net profit of 72.4 Crores is achieved during the first nine months as compared to net loss of 46.8 Crores during the first nine months of the last year.

Return on assets have improved to 0.6% for this first nine months as compared to 0.5% for the last quarter. Provision coverage has improved to 80.3% for the first nine months as compared to 66.2% for the last December and 79.5% as on last quarter.

Net NPA decreased at to 213.7 Crores for this quarter as compared to 365 Crores for the last December and 221 Crores for last September.

Capital adequacy ratio improved 23% for the first nine months as compared to 15.5% for the last December and 22.8% for last September.

Net interest income has grown by 36%, other income has grown by 50%, revenue has grown by 39%, Staff cost has grown by 8%. Other operating expenses have grown by 16%, operating profit has grown by 237%. Provision for NPA decreased by 32% and other provisions have also degrown by 110% and total provision have degrown by 49% and there is a net profit of 72.4 Crores as compared to the net loss of 46.8 Crores during previous 9 months.

I think these are all the main highlights. I will stop at this level probably I will take the questions from your side.

Moderator: Ladies and gentlemen, we will now begin the question and session. The first question is from the line of Nalin Shah from NVS Brokerage. Please go ahead.

Nalin Shah: Good afternoon Sir. Let me congratulate for excellent set of numbers at the outset but because the line got disconnected in between, I could not hear your P&L for the quarter, if you can please kindly repeat that?

C.V Rajendran: For the 9 months , our NIM has increased by 36% year-on-year, operating profit has increased by 237 % year-on-year, net profit is 72.4 Crores as against the net loss of 46.8 Crores last year, return on asset has improved to 0.6% as against 0.5% for the last quarter, provision coverage ratio has improved to 80.3% compared with 66.2% for the first nine months of last year and 79.5% for the last quarter. Net NPA has decreased to 213.7 Crores compared to 365 Crores for the last year and 221 Crores for the last quarter. Capital adequacy has improved to 23% as compared to 22.8% for the last quarter.

Nalin Shah: I think if I understood correctly, your PAT for the quarter is 72 Crores, am I right?

C.V Rajendran: Yes correct, for nine months.

Nalin Shah: Sorry nine months. First I think half year we had around some 44 Crores to 45 Crores, right?

C.V Rajendran: That is correct.

Nalin Shah: So this quarter we have posted roughly about 35 Crores kind of profitability?

C.V Rajendran: 28 Crores.

Nalin Shah: 28 Crores profitability. Can you give us some idea about this thing how would you fill that like fast half versus second half one can extrapolate?

C.V Rajendran: Almost on the same line. 44 Crores was there in first two quarters. Proportionately it should be 66, we have improved upon it to the extent of 72 Crores for 9 month period. Volume growth has not happened much during this quarter and it was a conscious decision not to grow our loan book aggressively until the surplus available funds are fully deployed. There is an improvement in the net interest margin, it is one reason and treasury department has done comparatively better and it has contributed for the profits with Rs 10 Crores of profit on sale of investments and depreciation reversal during the current quarter. These are the main reasons which have contributed to the profit of 28 Crores which has happened during the current quarter.

Nalin Shah: Okay. Thank you very much.

Moderator: Thank you. The next question is from the line of Abhijeet Vara from Sundaram Mutual Fund. Please go ahead.

Abhijeet Vara: Thanks for taking my question Sir. Some numbers regarding advance growth rate, deposit growth rate, slippage number and also within advances various categories, how they are grown, help us understand if you could Sir?

C.V Rajendran: There was not much of growth both in the liabilities as well as advances during the current quarter. For quite long time we have not taken these liabilities growth because we were always sitting on the surplus fund for quite some time. Our rates are on the lowest in the market and we do not encourage bulk deposits. Only thing we accept is CASA deposit, but still we are sitting on about 1,000 Crores of surplus until this is also deployed, we will not take fresh deposits. We are going now on acquiring fresh term deposits. As far as gold loan is concerned, it is growing consistently and registered 11% compoundable growth. CD ratio has improved y-o-y but until we reach almost 85%, we will have enough money to support it. So once we reach to 85% of this then we will start raising the liabilities and the balance sheet growth will happen.

Abhijeet Vara: Sir what is the slippage number for this quarter?

C.V Rajendran: 53 Crores is the fresh slippages for the current quarter.

Abhijeet Vara: Is it 53 Crores Sir?

C.V Rajendran: Yes.

Abhijeet Vara: Any upgrades, recoveries?

C.V Rajendran: 25 Crores recovery is further.

Abhijeet Vara: Okay. Sir any idea you can give us from the stress" on the book, how are the various GNPA as a subsegment level?

C.V Rajendran: SMA-1 and SMA-2 together is less than 300 Crores that should give an even indication of stress in our book. It is less than 2% of our advance.

Abhijeet Vara: What is the PCR level you will be comfortable with Sir, targeted PCR?

C.V Rajendran: Given the option 100%. We are improving quarter-on-quarter. Now we have reached 80%. As you know that we have an accelerated provisioning policy. If two to three likely slippages are controlled, probably we will be moving to 90% shortly.

Abhijeet Vara: Can give us in the advances in the asset side both the side, can you give us you mentioned about you have grown retail book etc., within the retail book, within the corporate book, can you give some break ups, how it has changed quarter-on-quarter?

C.V Rajendran: The proportion remains the same. 32% continues to be in the gold loan only. There is some growth happening in the corporate portfolio even with the corporate portfolio also we are changing the composition, one thing which has degrown is LCBD. Since we were not having capital, we were doing LC bill discounting on a big deal because capital requirement is very low for the LC bill discounting. It is the very low yielding also, around 8%. Now we are not going aggressively into it, so naturally the LC bill discounting portfolio is going down. It came down by Rs 271 Cr during the quarter.

Next one is on the SME portfolio, we have an exit policy. Still we have some more accounts identified for exit. Quite a bit of exit has happened during the December quarter and during our road shows wherever concerns are expressed about some of the exposure we have decided to get out of them. As far as the gold loan is concerned, gold loan has grown by almost 700 Crores year on year.

Abhijeet Vara: Okay and any guidance on the slippage if you can give us some?

C.V Rajendran: We would not like to give guidelines as such. SMA is under control and now both the gold loan, SME are growing and the retail portfolio as we promised earlier, the retail products are relaunched today. The retail is also picking up particularly in LAP, housing loans and two-wheeler loans has started doing well. Now corporate loans also we exited some of the portfolios which we are not comfortable with and we got into some manufacturing and infra related projects also, PPP contractor. It is addition during the current quarter and subsequent to that also.

Our net interest margin is continuously growing. For the current quarter it was 3.39% vs 3.14% in previous quarter and for the whole nine months it is 3.18%. Cost of deposit is between 5.9% and 6% it is alternating. So we will be in a position to maintain it. Yield on advances have improved to 10.72% from 10.33% further comparable over the last quarter. So it has resulted in the net interest margin improving.

Abhijeet Vara: Thank you.

Moderator: Thank you. The next question is from the line of Subrata Sarkar from Mount Intra Finance. Please go ahead.

Subrata Sarkar: Good afternoon Sir. Can you clarify our strategy regarding our advance growth from now onwards like which of the areas we want to concentrate and what kind of yield we are targeting on that and what so holistic directional thinking on how to proceed on the advance growth side? This is first question Sir.

C.V Rajendran: Advances will continue to grow in the same proportion, 32% is our gold loan as on date. We may take it to 35% to 40% over a period. That is growing faster. We are given the freedom to open any number of branches by the Reserve Bank of India. So, we are planning to open about 100 branches in coming year so most of the branches will come up only in the gold loan focus areas, so gold loan may as a proportion grow upto 40%. The retail is contributing 12% to 13% as on date other than gold loan that will grow into almost 15% as products are kicking in, so the next year end it may be 15% of the loan book. The SME which is almost 30% today will continue to have 30% to 35% is the proportion which we will maintain. Over a period this LCBD portfolio which is to the extent of about 500 Crores may go down further and will be replaced by high yielding SME advances and similarly the low yielding corporate portfolio also we have quite a bit of NBFCs and AAA companies, which are borrowing still at lower rates. We have re-pricing option at every six months. When advances grow, we will be unwinding these NBFCs and it will be funded at for the growth in the SME portfolio. During the current quarter we are seeing good traction in the SME portfolio probably SME will start growing faster than what it was in the past and corporate portfolio should be at the same level so that in proportion it will go down and low yielding advances we will exiting. Always we had an exit policy for both SME as well as for the corporate which we continuously identify and systematically put in these accounts.

Subrata Sarkar: Sir, can you just guide us on the targeted yield on each segment of this portfolio that we are targeting, for example gold loan has targeted what yield and SME at what yield?

C.V Rajendran: Gold loan is around 11.7% as of now. We are trying to improve it by 100 basis points during the next year. So average yield should come somewhere around 12.7% that is best proportion. As far as the SME is concerned, 11.92% is the latest yield probably that is very difficult to maintain at this level itself if you are able to maintain around 11.9% to 11.75% it should be good. Naturally the retail portfolio will continue at the same, because we do not enter into the unsecured loans yet. So, the yield has to be around 12.8% i.e the present yield. We will be in a position to protect it. Housing loans are going at 10%, I think we will be at the same level only.

Subrata Sarkar: Sir, just one follow up question on gold loan like the yield we are?

C.V Rajendran: Corporate portfolio is yielding around 10% today. I think it will be maintained at the same level again. So yield improvement will basically come from the gold loans and to a certain extent from the SME.

Subrata Sarkar: Sir, just one clarification on gold loan, like we are targeting a gold yield which is much lower than the traditional NBFC gold loan yield that NBFC targets, so any thinking like why we are positioning it at a far lower, so just to understand your thinking and like since we are positioning at a far lower rate like do we expect a significant higher growth rate with respect to the traditional few NBFCs which are very active in gold loan space?

C.V Rajendran: What we have is banking license not the NBFC license. So the liberty which is available to NBFC is not available to me. No bank probably in the country is having the yield which we are having today on the gold loans and we were at around 9.5% yield some time back and over a period have brought it almost to 11.7% today. We are constantly improving. Banks look from a different angle. We cannot compare orange and apple. We can never go to 21% which gold loan companies are charging at any point of time. We will be in a position to improve. We are addressing the market. We are growing and with 1,700 Crores was the portfolio when we had 9.7% yield but today to 11.7% yield we have around 3,800 Crores of portfolio. So we have doubled our portfolio with increase in yield. Increasing the yield as well as growing the gold is a challenge which we are able to achieve normally with 25% compounded annual growth rate. Whether it can grow at 40% may be possible if the new branches which are coming in or contributing in a big way probably higher growth rate may be possible that is because of the growth in the number of branches. If you compare the average gold loan per branch is about 10 Crores today which is not highest in industry. All the people are operating in the gold loan market. So, we have to go to the new markets, we have to open new outlets, that is all made to grow aggressively which we are trying during the current year gold loan dedicated branches are coming. If the strategy works out then we will improve on it.

Subrata Sarkar: Can we share like in gold loan business or what is the gross income for us or like what is general trend for us or what is our experience on gross NPA level for gold loan?

C.V Rajendran: Gross NPA for the industry is around 0.36%. Gross NPA for us is less than 0.10%. Ultimate loss is almost nothing. ultimate loss for industry is very low even in our case also ultimate loss is almost nothing so far, mainly one or two frauds happen and this happens once in a while but so far the NPA has been contained below 0.10%.

Subrata Sarkar: Sir just last question on the employee side, can you provide like some guidance on the employee side like are we planning to ramp it up at a very fast pace or like, any comments on that area?

C.V Rajendran: We had about 3,000 employees on IBA scale three years back that number has come to almost 1,850 for the current quarter. On the other side, cost to company employee CTC employee today 1,300 people are there, most of them are for sales force and some of them are on the private sector for the vertical heads. So the sales force expansion is happening for sales and the new product when two wheeler came in we have recruited substantial number of people. Now we are introducing in MSME platform where we are targeting different segments also over there. So, loans between 10 lakhs to 25 lakhs ticket size, it is people intensive business, so naturally about more than 200 to 250 people are getting recruited in this division. So, two-wheeler, the MSME and the retail portfolio requires a large of number of low cost labour which we are in the process of recruiting and for the verticalization which we have moved in from the old private sector model to the new verticalized model we have taken quite a bit of people from the new private sector banks. They are coming in and they are recruiting the teams also. So that is one set of recruitments which is happening. So labour cost has not moved up much as you might have seen only 8% if they increase year-on-year and over a period benefits of IBA employees retiring will also happen since provisioning is more for the IBA employees because they are entitled to benefit plan in the pension. One third of our cost is only for the pension and pension related provisions. Those numbers are going down from more than 1,700 people, today it has come down to almost 800 people. So out of 800 people about 400 people are retiring in the next two or three years and there are other attritions also happening. So naturally when people entitled into pension scheme goes down the labour cost will come down substantially. That will affect in the cost income ratio but again from 103% we have come down to 66%. We are in the process of taking it down to 50%. Even if we do not achieve it our major savings will have happen only in the labour cost.

Subrata Sarkar: Okay and Sir living this tough economic condition, are we seeing any increase in slippage or any pressure on SME loan book or like are we little bit cautious on new SME lending?

C.V Rajendran: We have for the past three years we have not increased our SME portfolio in a big way. We are very, very selective on that. On the other side because of this exit policy, we have exited many of the industry which are sensitive to the economic slowdown. In Kerala this cashew industry is the most popular industry. We have completely exited. We have not taken up even a single account during the last three years. Similarly gold and jewellery manufacturing is one sensitive account where lot of NPAs were seen. We have completely exited the gold jewellery manufacturers and showroom businesses also. Similarly the steel and steel related products we have exited completely. Also, our real estate exposure is very, very low. So all the sectors which are subject to this economic slowdown which will be affected by the recession we have taken a view three years back and we have reduced it over a period. We may not have much of impact on it but of course SMEs are under stress and there are some small accounts are slipping. So in the current year slippages if we look at it about 50 Crores has happened mainly because of major accounts which are NBFCs and all whereas 50% has happened from the smaller accounts but even this will go down over a period I think for the next year SME-1 and 2 indicates lesser stress and I do not worry much about the future slippages at this point of time.

Subrata Sarkar: Corporate loan book eventually you want to exit it or like we will be scaled down it substantially what is the idea on that?

C.V Rajendran: Which one?

Subrata Sarkar: Corporate loan book legacy book which we have?

C.V Rajendran: That corporate book is not legacy book. Corporate book is a book which we have entered only after my coming and we were not having capital in for deploying the money we are putting the money into the AAA NBFCs because AAA companies requires only 20% capital adequacy. We have who is who of the NBFC world, there is nothing more to worry, where some concerns are expressed, we have exited most of them, there is no issue, only issue in the corporate book is it is low yielding. My overall corporate book is 10% yield not bad for the corporate book but still there are some exposures which are getting 7.5% to 8% yield also there, they are all top rated NBFC. So these portfolios we have to exit for improving our yield that we will do. Corporate portfolio there is no need to exit because of the quality, quality is extremely good. The problem is that they are low yielding probably we may have to get out of the low yielding assets and get into the higher yielding assets which may come up even in corporate portfolio or in the SME portfolio. We keep getting proposals, we keep sanctioning it but a desired growth will be in the SME because that will give us more cross selling opportunity. A bank of our size even if we participate in a larger loan, you do not utilise that cross selling opportunity. A lead bank takes all the cross selling opportunities with them and may remain as standalone lender. So other incomes are low. That is one reason where we would like to look for SMEs and small mid corporate where we will have substantial stake or a sole banker.

Moderator: Thank you. The next question is from the line of Mangesh Kulkarni from Almondz Global Securities. Please go ahead.

Mangesh Kulkarni: I just wanted to know we have plans to open around 100 branches, going ahead whether it will be out of Kerala or it is mix of Kerala as well as outside Kerala and also on the cost side of this, how the cost to income ratio are going to span over the next few years with this opening of?

C.V Rajendran: Most of these branches are out of Kerala, where Kerala we have some 14 locations where we will feel the need for these branches because we are handling some of the government businesses for which these branches are required we may open 14 branches but you must be aware that we were continuously closing the loss making branches in Kerala. In this financial year we have closed 13 branches, so the Kerala numbers will remain the same over a period, 260 branches in Kerala may remain. There will be redistribution happening where we have more concentration like Thrissur where we may close, where we do not have branches in the North Kerala, we may open some branches where there is potentiality. Kerala number may not grow whereas other centres now we are opening more into Tamil Nadu, 24 branches are coming up in Tamil Nadu, 18 branches are coming up in Maharashtra and Andhra Pradesh about 13 branches, Telangana about 9 branches. So basically these are all the centres which are identified as a gold loan centre and some of them are for specific SME clusters which you want to get in, these centres are identified.

Mangesh Kulkarni: Okay and in terms of costs, I mean because of this new openings and it will take some time to break even so cost to income ratio guidelines going ahead?

C.V Rajendran: Approximately 75% of the branches will break even during the first year itself and remaining branches which we plan to open in the metropolitan centre then we will take two years to break even. So our branches are low cost options, we do not furnish at a very high cost even a metro branches it will cost not more than 30 lakhs and in the rural places it could be about 6 lakhs to 7 lakhs, semi urban place would cost me 10 lakhs and urban places cost me about 15 lakhs. Even the gold loan branches we are willing to open in the first floor or second floor like any other gold loan or NBFC. Furnishing is also kept at a low cost and the major advantage arise from the low cost employees which we are recruiting for these businesses. Gold loan business is currently run by the IBA staff today, slowly they are all getting replaced by people who are coming from the NBFCs.

Mangesh Kulkarni: Yes. Sir in terms of these you told about the SMA 1 and 2 list of around 300 Crores, so out of that in the last quarter, how much we expects slippages, will it remain in a current range of around 50 Crores or will they come down further?

C.V Rajendran: In the SMA, not even 300, it is about 258 Crores or something like that, 217 Crores, 217 Crores is SMA as on December. Only one account is showing some kind of stress which is a slightly larger account about 28 Crores. We are trying to sort out the issue otherwise it will slip into NPA.

Mangesh Kulkarni: This is from which sector?

C.V Rajendran: This is in the fitness segment.

Mangesh Kulkarni: Thank you.

Moderator: Thank you. The next question is from the line of Parthiv Jhonsa from NVS Brokerage. Please go ahead.

Parthiv Jhonsa: I just wanted to know the breakup of the loan book across all the different segments if possible?

C.V Rajendran: Gold loan is 32%, retail loan is 13% and corporate loan is 25%, SME loan is 30%.

Parthiv Jhonsa: How they have moved over the last one year, any idea?

C.V Rajendran: Corporate book was 25%, SME has come from 31% to 30%, gold loan has gone up from 31% to 32%, retail was 13% only and SME has gone down from 31% to 30%.

Parthiv Jhonsa: What about the yields across all these segments?

C.V Rajendran: This I have given sometime back. SME yield is 11.92%, gold yield is 11.71% and other personal loan is 12.81%, housing loan is 10%, corporate book is 10.01%.

Parthiv Jhonsa: Corporate is 10.01%? okay and what would be the cost of funds for the company?

C.V Rajendran: Around 5.91% for the current quarter.

Parthiv Jhonsa: Okay perfect. Thank you and best of luck.

Moderator: Thank you. The next question is from the line of Jehan Bhadha from Nirmal Bang Securities. Please go ahead.

Jehan Bhadha: Can you give us the total loan book number?

C.V Rajendran: 11,680 Crores is a gross book, if stood in the write off it will be 10,947 Crores.

Jehan Bhadha: Sir within gold book, what was our tonnage growth?

C.V Rajendran: We do not have tonnage number but I will try to provide you in the next quarter.

Jehan Bhadha: Sir I just have a suggestion. For the next quarter if you can just upload, press release mentioning all these details of loan breakup and NIMs and other.

C.V Rajendran: This is our first ever concall. We are not knowing the exact the requirement, whatever you asked now, all these things will be loaded in the next quarter concall. All these things might will be uploaded much in advance.

Jehan Bhadha: Great. Thank you Sir.

Moderator: Thank you. The next question is from the line of Piyush Chadha from Sirendip. Please go ahead.

Piyush Chadha: Congratulation on a good quarter. You will set a 14% year-on-year asset growth now, can we expect this number to reach the 20s by say the next six months or so?

C.V Rajendran: Yes I said that all the new verticals are getting formed now. We have recruited the people from the market. Many of them are yet to join. The corporate is one vertical which is completely having the required people, so it is moving on the required line. SME is another vertical, we have all the recruitments completed, so SME is also started moving, gold is moving where as the retail book where only the recruitments are on and we have issued the order, many of them are ready to join. MSME a big team is joining and they will become operationalized only from April. So in the retail book under MSME book we will see growth only from the first quarter of next year. During the current quarter, we may see the growth in corporate book as well as the SME book and gold book. Anyways this contributes more than 90% or almost 80% to 85%. Retail growth will happen only in the next year. Somebody asked about the tonnage of gold, 15 tons of gold is stock with us now.

Moderator: Thank you. The next question is from the line of Parthiv Jhonsa from NVS Brokerage. Please go ahead.

Parthiv Jhonsa: Sir, you have initially mentioned but I actually missed it. Can I just know what is the NIM for the company and PCR?

C.V Rajendran: NIM is 3.39%, last quarter is 3.14, nine months it is 3.18.

Parthiv Jhonsa: PCR is around 80% right?

C.V Rajendran: Yes.

Parthiv Jhonsa: Okay perfect. Thank you so much.

Moderator: Thank you. The next question is from the line of Subrata Sarkar from Mount Intra Finance. Please go ahead.

Subrata Sarkar: Sir just a follow up question in our segment finance, I am seeing that we have negative figure for treasury, so can you just help me to understand that?

C.V Rajendran: Treasury had contributed positively during the current quarter.

V. Maheshwari: In the segment results we have operating expense also that is why it is showing a negative.

C.V Rajendran: Transfer pricing might have been applied, otherwise also last quarter I have not given much opportunities for trading that yields were volatile and there were some loss in the AFS portfolio also. So there were not much of opportunities in the last quarter. May be during the current quarter we will find some opportunities, the yields have gone down yesterday, we will look for some support.

Subrata Sarkar: Okay. Sir again in segment finance which is unallocated loss, that is because of opex we have charged, I suppose to say?

C.V Rajendran: Pardon?

Subrata Sarkar: Again in segment finance there is operated loss but operational loss, unallocated I suppose this is because of operational expenses or if you will help to understand?

C.V Rajendran: You are talking about unallocated expenses coming in that?

Subrata Sarkar: Yes. In the segment finance you have figure for unallocated expense, which is a negative figure, so I am just trying to understand that?

V. Maheshwari: That is some expenses we have not been able to apportion.

C.V Rajendran: See if we are moving towards a verticalized balance sheet, now the verticals are coming into play, slowly every vertical once it is formed all the costs will be allocated to each vertical and we may in the position to produce the vertical wise balance sheet and a product wise profitability also but we are not at the stage at this point of time. It is a work in progress, may take another two to three quarters to perfect that model.

Subrata Sarkar: Okay Sir. Thank you

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

C.V Rajendran: Thank you for participating in this first concall meeting of CSB Bank after the IPO. We have taken a lot of feedback in the road shows. We have noted down all these things, what you liked about this bank what you disliked about the bank. In fact we have talked to the people whom we met in the road show and who have not put the money in the IPO and found out what risk they have perceived. Similarly, the people who have put in the money also, we have talked to them and found out what we have to strengthen. So we are exactly working on those guidelines as I said initially, we were not very aggressive on the gold and when we went for a road show what the market liked is about the gold proportion. Originally the board has given a direction for exposure ceiling of up to 33% for gold, now we approached the board and took permission for 40% as exposure ceiling to the gold. Similarly the segment wise, we got some feedback on the market. We continuously keep talking to analyst and investors and finally we will shape up according to this petition and whatever we have promised during the road shows, we will be in a position to achieve. So far we are on the track and we are constantly improving. All the growth which is happening so far is mainly because of the efficiency improvement. The future growth has to come from the growth in the balance sheet side for which we are working for. The balance sheet has not grown for the past two to three years, it is a conscious decision to improve the NIM, to improve the cost of deposit, to improve the yield all these things and have the systems in place and getting rid of that unwanted accounts. All these work has been completed. Now slowly one by one, the verticals have started, for example, two wheeler vertical which we have started some time back, today they are achieving about 1,000 vehicle disbursements per month. Our target is about 5,000 vehicles over the period. So they are all on track, most of the new business settling down. The impact of growth in the balance sheet will be seen in the future year, that is some more improvement possible in the efficiency, which we are working on. The second portion of the future profitable will come from improvement in the NIM. We are at 3.2% and our target was 4%. We are trying to improve it on quarter-on-quarter, month on month we are improving on the NIM, which we will be in the position to do it and similarly reducing the constant cum ratio from 1 or 3% we had a desire to come to 50%. We have already reached to 68% and that has come faster than what we anticipated. It is falling much faster and if you look at the balance sheet which nobody has observed today is other income has grown reasonably well. We used to have only 6% has the other income now we are having almost 11% as other income. Out target is about 15% to 16% over a period at least one year. We have initiated a lot measures on that and that is also started yielding results. It will also come into the system. Completely keeping the NPAs under control and recoveries, most of the NPAs even though we have shown only 215 Crores as net NPA if you take the provision and write off portion it is about 1080 Crores. In addition there is accumulated interest of about Rs 500 Crores. So we are pursuing all the NPA as the branch book all these are available and most of the cases are in advance stage, resolving the NPA probably that will also reflect in the coming quarter. These are all the short term possibilities and long-term growth will come only from the growth in the balance sheet side in the quantitative terms. We will assure all your feedback we have taken. We will grow as per your direction and expectation. Thank you.

Moderator: Thank you. Ladies and gentlemen, on behalf of Axis Capital that concludes this conference. Thank you for joining us and you may now disconnect your lines.