Karur Vysya Bank Q3 2014 Earnings Call 31 Jan'14

Kaitav Shah, Analyst

First of all, I would like to extend warm welcome to all the participants. Today we have with us the top management of Karur Vysya Bank represented by Mr. Venkataraman, MD and CEO; Mr. Krishnaswamy, President and COO; Mr. Sivarama Prasad, who is GM - Finance Control; and Mr. Kannan, DGM. We can have a brief on the results and then we can open the floor for question-and-answers. Over to you, sir.

K. Venkataraman, Chief Executive Officer and Managing Director

Thank you, Kaitav. Good morning to all of you. I think our Investor Presentation is in your hands. I'll just briefly give the gist of the performance highlights. Our total business grew by 22% year-on-year and stood at INR76,833 crores. Deposits grew by 23%, and advances grew by 21%. Net interest income increased by 10% and non-interest income increased by 42%.

Total income grew by 18.5% to 1,354 crores. Net profit for the nine-month period decreased by 21% and so that's 310 crores. For the quarter, for third quarter, the net profit declined by 5.5%. Gross NPA came down marginally from 1.55% to 1.47%, and the net NPA from 0.51% to 0.48% from September end to December end.

Provision coverage ratio we maintained at the 75%. Net profit has been impacted mainly on account of lower growth in interest income and this was due to muted advances growth. Though advances grew by 21%, the growth has been mostly rear-ended and also the growth has been mainly on high quality, but lower yielding advances. Considering the uncertain and volatile economic situation, we have been bit more cautious on building up our asset portfolio, introduced some stringent credit norms for, particularly, the medium-sized advances.

In view of that and our focus on higher quality advances, the advances growth -- though it is at 21%, the interest income has not grown commensurately. There was also another reason, our cost of funds have gone up on account of increase in the cost of interest costs in the system. In July 16th, RBI moved the benchmark system rate from literally from LAF at 7.25% to MSF at 10.25% and the high cost of deposits as well as borrowings remained slightly higher. This also has been a reason why the net interest income has been slightly lower.

In addition, there had been some restructured advances were funded into some loans have been given. That has also impacted the interest income growth. The net profit also was impacted on account of provisions for wage revision arrears that have to made and MTM provisions on the investments.

Our restructured accounts stood at 3.65% of total advances, slight decrease from 1,500 crores to around 1,200 crores where some other accounts have come out of the restructuring on account of the time lapse and also on account of some technical restructuring have come out of the restructured portfolio.

In general, as we see, the third quarter has been slightly better than the second quarter and the first quarter. The slippages have been lower. In fact about 35 crores slipped into NPAs and we have recovered 45 crores, all the recoveries where either accreditation or cash recoveries.

And going forward, we have taken some strong measures in containing NPAs and also recovery days. Hopefully, the key would remain on the NPA recovery days which can improve our profits and profitability and also the system interest rate, particularly the yield, YT [ph] and SLR securities which can help us in the MTM losses.

We find that the fourth quarter should be a better quarter comparatively and going forward much would depend on the market situation. We would continue to be cautious in building of the assets. Because what happens, it can have long-term impact if you have to drive growth. So, if you see compared to last two, three years the growth rate has substantially come down and YTD growth on advances is just 15%, which is completely contrary to our normal growth rates so far.

So this is briefly how we look at it and then how we may go forward. Then, I would now invite any questions you have on any other areas, we will try to answer as much as we can possible.

Questions And Answers

Operator

Thank you very much.

K. Venkataraman, Chief Executive Officer and Managing Director

Thank you.

Operator

Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Jignesh S from IDBI Capital. Please go ahead.

Jignesh Shial, Analyst

Yeah. Hi, sir. Good morning. Thanks for taking my question. I had couple of questions, but first of all on the data point side. How much -- what could be your borrowings during the quarter, outstanding borrowings at the end of this quarter?

T. Sivarama Prasad, General Manager, Finance Control

Borrowings have come down, I think it should be around 3,000 crores to 4,000 crores, 2,900 crores.

Jignesh Shial, Analyst

3,900 or 2,900?

T. Sivarama Prasad, General Manager, Finance Control

2,000.

Jignesh Shial, Analyst

2,900 crores? Okay. And can I get the movement of NPAs, gross and net?

K. Venkataraman, Chief Executive Officer and Managing Director

See, we started the quarter with 495 crores.

Jignesh Shial, Analyst

Yeah, okay.

K. Venkataraman, Chief Executive Officer and Managing Director

We added 35.35 crores.

Jignesh Shial, Analyst

Okay.

K. Venkataraman, Chief Executive Officer and Managing Director

We have recovered 45.28, ended up at 484.93.

Jignesh Shial, Analyst

So, this is entirely recoveries or there is some write-offs also?

K. Venkataraman, Chief Executive Officer and Managing Director

Entirely recoveries, upgradation and recoveries.

Jignesh Shial, Analyst

Then there will not be any write-offs, right?

Operator

No write-offs.

Jignesh Shial, Analyst

Okay. Okay. Hello?

K. Venkataraman, Chief Executive Officer and Managing Director

Yeah. No write-offs, no sales.

Jignesh Shial, Analyst

Right, sir. You're not selling anything to ARC also?

K. Venkataraman, Chief Executive Officer and Managing Director

Not during this quarter.

Jignesh Shial, Analyst

Not during this quarter. Okay. Secondly, how much of your investment depreciation still would be pending for the next quarter now. How much is still to be written-off?

K. Venkataraman, Chief Executive Officer and Managing Director

That should be decided by only the market, because we don't know. It keeps on moving on a daily basis.

Jignesh Shial, Analyst

Okay. Okay.

K. Venkataraman, Chief Executive Officer and Managing Director

We do not expect this is going to impact too much in any case. But you see if rates come down then we can get substantial benefit, that's what I'm saying.

Jignesh Shial, Analyst

Okay. But there would be some quantum which would be still pending, right, and then it can reduce your increase?

K. Venkataraman, Chief Executive Officer and Managing Director

Yes. Yes.

Jignesh Shial, Analyst

So at the end of the quarter any specific amount that was pending that you thought of would be amortized?

K. Venkataraman, Chief Executive Officer and Managing Director

It'd be around the same as what we have provided during this quarter.

Jignesh Shial, Analyst

What is that quantum exactly?

K. Venkataraman, Chief Executive Officer and Managing Director

About 80 crores.

T. Sivarama Prasad, General Manager, Finance Control

79 to 80.

Jignesh Shial, Analyst

80 crores?

K. Venkataraman, Chief Executive Officer and Managing Director

79 point something.

Jignesh Shial, Analyst

Okay, 79 crores. Okay. Okay. And secondly now, since you're saying there had been an improvement on the -consistent efforts and improvement on the asset quality as the additions also pretty much decent this quarter, how do you see the asset quality profile happening in the next quarter, so either on the restructuring side or also on the NPA side?

And how we see the -- that there would be an improvement coming up in that particular counter, recoveries have won part of it, but how the slippage scenario is looking like?

T. Sivarama Prasad, General Manager, Finance Control

Slippage scenario is better comparatively. We do not expect much of slippages during this quarter. And then the recoveries should be coming back because of our stronger measures which we have been taking at the ground level. But restructuring can happen, because restructuring is something which up there -- there are some accounts which we thought would come up for restructuring in the third quarter, but they haven't. Some accounts may come for the restructuring during this quarter.

What we see is, in fact, many of the companies are in the process of recovery. See, where we lost hope that these companies may not come back at all in the past couple of quarters are showing some improvement and they will be in a position to get some money from their own (inaudible) restructure and things like that. These are the things that are happening. So restructuring may be on the -- slightly it may be increasing not to very large extent. Slippages, we do not expect in larger amounts but we think our recovery should be better than slippages.

Jignesh Shial, Analyst

Okay. Any pipeline for the restructuring as of now?

K. Venkataraman, Chief Executive Officer and Managing Director

Pipeline is there, yes.

Jignesh Shial, Analyst

What would be the quantum?

Operator

Sorry to interrupt. Mr. Jignesh, after the question is answered may I request you to please return to the queue.

Jignesh Shial, Analyst

Sure. Sure. Sure.

Operator

Thank you.

Jignesh Shial, Analyst

Hello?

K. Venkataraman, Chief Executive Officer and Managing Director

Yeah.

Jignesh Shial, Analyst

What would be the approx quantum for the restructuring?

K. Venkataraman, Chief Executive Officer and Managing Director

Maybe around 300 crores.

Jignesh Shial, Analyst

300 crores? Okay. Thanks. Thanks a lot, sir.

K. Venkataraman, Chief Executive Officer and Managing Director

Thank you.

Operator

Thank you. The next question is from the line of Amit Ganatra from Religare Invesco. Please go ahead.

Amit Ganatra, Analyst

Yeah. I have basically two questions. One is that, what is your absolute CASA balance in terms of saving and current, and breakup of other income?

K. Venkataraman, Chief Executive Officer and Managing Director

Breakup of other income?

Amit Ganatra, Analyst

Yeah.

T. Sivarama Prasad, General Manager, Finance Control

Our balance total is 8,485 crores, 19.4%.

Amit Ganatra, Analyst

And what would be the savings balance and current?

T. Sivarama Prasad, General Manager, Finance Control

Savings is 4,900 crores.

Amit Ganatra, Analyst

Rest is current. And breakup of other income?

T. Sivarama Prasad, General Manager, Finance Control

Breakup of other income?

Amit Ganatra, Analyst

Other income, into trading gains and recovery form return of (Technical Difficulty).

K. Venkataraman, Chief Executive Officer and Managing Director

The (Technical Difficulty) income, basically the commission and exchange put together is around 86 crores. And profit on sale of -- sorry, I think this is for the quarter?

Amit Ganatra, Analyst

Yeah, I want for the quarter only.

K. Venkataraman, Chief Executive Officer and Managing Director

For the quarter? Around 86 crores. And then, ForEx about 5 crores and miscellaneous income around 14 crores, about 106 crores total for the quarter.

Amit Ganatra, Analyst

So there is no profit on sale of investment?

K. Venkataraman, Chief Executive Officer and Managing Director

No profit on sale of investment. If we have profit on sale of investment, I don't have to make an MTM provision at all.

Amit Ganatra, Analyst

And one more question is more on the strategic issue. Now, see, last two, three years basically you went for an expansion in terms of your network and presence, but right now what is happening is that growth is not commensurate basically in that sense, your growth obviously has come down but you continued your expansion. Now what is the outlook for FY '15 from this perspective? Will this expansion continue or since the growth outcomes are not in line, so that expansion will now drop?

K. Venkataraman, Chief Executive Officer and Managing Director

The expansion will continue. See, last couple of years the expansion was a little bit more aggressive but we have slowed down. If you see in this year, in the three quarters, we have opened about 21 [ph] branches or so, we have slowed down. And it is not actually that the business that accrues or that is accrued out of these new branches is not adequate or not commensurate. Issue is that, if you look for the bank, business growth through the advances grows. When we have cautiously and consciously we have played down on the growth of advances, because of asset quality concerns, Q2 economic situations in the economy, that is one of the reasons why the business growth has not come.

If advances have grown, I will be increasing my liability portfolio, the total business will grow and profits everything will grow. But we have deliberately slowed down on that looking at only high quality advances. In fact, our major outlook is SME advances. There we have been a little stringent in choosing the borrowers, and any weakness if we perceive to be on the cautious side we probably wouldn't be -- wouldn't have taken such.

So it is not that the expansions have literally affected our -- the cost or anything of that sort and the expansion which we've planned with the conscious plans, we knew that actually -- even couple of years the economic growth has not all that rules are slightly muted.

So we have been proceeding on that basis and we knew that at some point we may have to slowdown our branch expansion, we did it. In fact, we have grown our ATMs more which is giving us some income also because mostly our ATMs are all paying again. With that as a growth, we will be adjusting our expansion growth considering the manpower availability and also considering the economic situation where is it necessary for us to put in more so many branches.

So based on the major critical factors for expansion, we will be adjusting the expansion plans. Going forward, we will be again cautious. We will not be growing aggressively or anything of that sort. Our intention is not to grow the business by some means or other. We have to keep the asset quality always in mind. So if the asset quality can be impacted, we will definitely trade off the branch expansion for the sake of preserving our asset quality.

Amit Ganatra, Analyst

But your expense -- overall operating expense growth continues to be very higher at 46% year-on-year growth.

K. Venkataraman, Chief Executive Officer and Managing Director

That is mainly because as I said, our income levels are lower and then we will be in a position to build up our income levels. Once the income levels -- see, what happens the rate of growth of business and the rate of growth our interest income has slowed down and once it starts picking up and now if you start focusing more on that area, I don't think there is any problem as far as the cost to income ratio is concerned.

Amit Ganatra, Analyst

But that you said is dependent on the overall economic environment which has not improved very sharply, right? It's basically just

-- we are just trading lower. In fact, over last nine months, to some extent, economic environment has --

K. Venkataraman, Chief Executive Officer and Managing Director

The rate will not catch up with the rate at which we would like to do a growth. Suppose we wanted 25% growth in profit, we are not growing at that level. So naturally we will be going slow on that. It will take some time for the income to catch up. And here if you see, the cost increase particularly on the staff side, is mainly on account of -- not on account of expansion, it is on account of provisions we have made on wage revision which has been substantial. And this will be there up to the fourth quarter. Next year onwards, it may not be there that much, because these are all wage revision arrears provision which we need to make.

Amit Ganatra, Analyst

So basically is it fair to assume that next year growth in OpEx would not be as around 40 odd percent?

K. Venkataraman, Chief Executive Officer and Managing Director

Our income should -- which one? Next year?

Amit Ganatra, Analyst

Is it fair to assume that next year onwards, for FY '15, the growth in OpEx should not be as high as 40% that you're experiencing right now?

K. Venkataraman, Chief Executive Officer and Managing Director

OpEx is -- if you look at, actually, the OpEx growth, it's just about 19%.

Amit Ganatra, Analyst

No, I'm talking about overall. So (Technical Difficulty) OpEx, other OpEx.

K. Venkataraman, Chief Executive Officer and Managing Director

Employee cost which has gone up and the employee cost is mainly on account of the provisions we have made. And also, we have been increasing the numbers of people and many of these people have joined only later.

Now, see, what has happened we have expanded the branches and now we got to provide manpower to most of the branches. We pulled out experienced staff from the existing branches and opened new branches. We have to provide the replacements for these people. So we are doing this at this point of time. So it is not a deal, because there will be growth in business and there will be growth in income also.

The rate will be improved, plus we will be reducing the -- there will not be need for these kind of provisions on a higher size even with the wage revision coming up. Because we have already absorbed the wage revision -- anticipated wage revision to a certain extent. So we will not be in a -- there will not be any necessity for us to make huge arrears on account of wage revisions. This is basically the provisions we have made terminal benefits on account of wage revision arrears. So in that way, we will protect our cost side particularly on the staff cost side going forward. It will come down. The rate will be definitely coming down, so it will not be in that kind of a range.

Amit Ganatra, Analyst

Okay. Thank you.

K. Venkataraman, Chief Executive Officer and Managing Director

Thank you.

Operator

Thank you. The next question is from the line of Karthik P from Cholamandalam Securities. Please go ahead.

Karthik P, Analyst

Hello. Good morning, sir. Hello?

K. Venkataraman, Chief Executive Officer and Managing Director

Good morning.

Karthik P, Analyst

Yes. I would like to get the breakup of advances and deposits mix, because it's not in your Investor Presentation?

T. Sivarama Prasad, General Manager, Finance Control

Deposits, we have time deposits at 80%, demand deposits at 8%.

Karthik P, Analyst

Okay.

T. Sivarama Prasad, General Manager, Finance Control

Savings 11%. Time deposits you can take it as 81%, 80.6%, savings 11.4%. Advances, we have corporate advances 38%, commercial which is basically SME and smaller corporates, 31.7%, retail 12.5%, agriculture 17.8%.

Karthik P, Analyst

What would be for the year-on-year, sir?

K. Venkataraman, Chief Executive Officer and Managing Director

Year-on-year, change.

Karthik P, Analyst

Okay, okay.

K. Venkataraman, Chief Executive Officer and Managing Director

Year-on-year change. Corporate has increased by 1%.

Karthik P, Analyst

Okay.

K. Venkataraman, Chief Executive Officer and Managing Director

Commercial has decreased by 2%.

Karthik P, Analyst

Okay.

K. Venkataraman, Chief Executive Officer and Managing Director

Retail has increased by around 0.8%, agri increased by 0.2%.

Karthik P, Analyst

Okay. Yeah, sir. Thanks.

Operator

Thank you. The next question is from the line of Rohan Mandora from Equirus Securities. Please go ahead.

Rohan Mandora, Analyst

Good morning, sir. I just wanted to -- a question about the tax reversal that we have seen during this quarter. So what was the composition on that?

K. Venkataraman, Chief Executive Officer and Managing Director

Tax reversal -- deferred tax. So deferred tax asset, about 4 crores during the quarter.

T. Sivarama Prasad, General Manager, Finance Control

It is because of the --

K. Venkataraman, Chief Executive Officer and Managing Director

See, we had made some interest on income tax provisions earlier. They are now -- because of the higher MTMs, we can claim tax exemption on all this MTM on investments and also provisions on NPA.

Rohan Mandora, Analyst

Okay.

K. Venkataraman, Chief Executive Officer and Managing Director

And this quarter particularly for MTM increase, so we have claimed tax on the depreciation on the investments.

Rohan Mandora, Analyst

So, sir, what will be the total quantum of tax benefit on depreciation of investment and also on the NPA reversal under individual act?

K. Venkataraman, Chief Executive Officer and Managing Director

As of now it is -- we are in credit.

Rohan Mandora, Analyst

Yes. So from next quarter can we expect a normalization in tax rate or --

K. Venkataraman, Chief Executive Officer and Managing Director

Depends. In fact, if -- even if the profit goes up, if MTM losses are not there or if you recover NPAs and then the NPA provisions come down, we have to make tax provisions.

Rohan Mandora, Analyst

Okay. And sir, what would be our investment number, outstanding investment as on the end of third quarter?

K. Venkataraman, Chief Executive Officer and Managing Director

No, what do you want? What exactly -- I didn't get your --

Rohan Mandora, Analyst

Sir, no, standing investment as well as the AFS investment.

K. Venkataraman, Chief Executive Officer and Managing Director

Outstanding investments were around 15,000 crores.

Rohan Mandora, Analyst

15,000 crores? Okay, and AFS?

K. Venkataraman, Chief Executive Officer and Managing Director

AFS must be around 4,000 crores.

Rohan Mandora, Analyst

4,000. And modified duration on this?

K. Venkataraman, Chief Executive Officer and Managing Director

Modified is 3.7 or 3.8? 3.8, AFS.

Rohan Mandora, Analyst

Okay. And sir, what would be our loan as well as the margin guidance for 4Q as well as -- loan growth as well as margin guidance for 4Q and FY '15?

K. Venkataraman, Chief Executive Officer and Managing Director

Loan -- sorry, come again.

Rohan Mandora, Analyst

Sir, loan growth guidance as well as on NIM guidance for 4Q as well as FY '15.

K. Venkataraman, Chief Executive Officer and Managing Director

FY '15, we have still not planned because we have to revise because we had a long range plan but we need to take a call shortly on that. What will be our direction like as well as FY '15 concerned. FY '14 or FY '15 you asked?

Rohan Mandora, Analyst

4Q FY '14, as well as FY '15 both.

K. Venkataraman, Chief Executive Officer and Managing Director

FY '14, see, so far till December our YTD is 15% and the Y-o-Y is 21% in advances. And we supposed to almost continue at the same level. It can be less, because last year March we did grow much higher because our jewel loans and warehouse loans grew quite high last year. Our jewel loan growth is not that much this year, so I'm not very sure. But then, we think we should be growing around that level.

Rohan Mandora, Analyst

And sir, how are we taking the priority sector lending?

K. Venkataraman, Chief Executive Officer and Managing Director

Priority sector, we should be reaching 40%. It should not be a problem.

Rohan Mandora, Analyst

Sure. Okay. Thanks then.

Operator

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

Rakesh Kumar, Analyst

Thanks. Thanks for the opportunity. Just two, three questions I had, sir. Firstly like in this quarter we have done close to around 847 crore of net incremental disbursement in the advances. But if you look there is a right pack of standard asset provision, so could we understand the reason for that?

K. Venkataraman, Chief Executive Officer and Managing Director

From the standard assets, they are more -- see, what has happened? We have given a provision breakup on the standard assets and restructured assets. Now these are all -- restructured advances they would have been standard again. So these are all standard and non-restructured provisions.

If we have restructured some accounts that would have actually moved into restructured advances category, so the provision would have probably moved over there. It's the only -- otherwise there is no reduction, because there is an increase in standard assets if there is an increase in standard asset provision. This is actually because of the change.

If you total up our standard plus restructured, then the difference you can make out. That's how it happened.

Rakesh Kumar, Analyst

Like, see, for this quarter we have done I think close to around 390 crore of upgradation of the restructured book.

K. Venkataraman, Chief Executive Officer and Managing Director

Yeah.

Rakesh Kumar, Analyst

So that I can understand that we have reverted some of the provisions on the restructured loan book of 19 crore, so that is partially understood. But on the standard asset provision like how we are making credit to P&L.

K. Venkataraman, Chief Executive Officer and Managing Director

See, actually what happened the restructured accounts when we had -- when they have come out of restructured category, the 3% provision we made, 3.75 [ph] provision we made and 2.75% provision we made, that has all come back to a normal 0.4%, right.

Rakesh Kumar, Analyst

Okay.

K. Venkataraman, Chief Executive Officer and Managing Director

So that's the reason why this is compensated.

Rakesh Kumar, Analyst

And this 19 crore pertaining to the restructured loan book, the right way on the provision, what is that pertaining to?

K. Venkataraman, Chief Executive Officer and Managing Director

That pertains to the NPV provisions.

Rakesh Kumar, Analyst

Okay. So that is the right pack of the NPV provisions? Okay. Okay. Just on the CASA number if you can repeat sir, I just couldn't take it. The CA and SA number, like the quantum if you can get us, sir?

K. Venkataraman, Chief Executive Officer and Managing Director

CA is 8% and SA is around 11.4%.

Rakesh Kumar, Analyst

Thank you, sir.

Operator

Thank you. The next question is from the line of Jigar Valia from OHM Group. Please go ahead.

Jigar Valia, Analyst

Sir, thanks for the opportunity. Sir, first question is sir, if you can give some perspective or some guidance on the trend for the ROA? And if you can help us understand what will drive the ROA?

K. Venkataraman, Chief Executive Officer and Managing Director

Basically ROA has been impacted on account of return. Because the net income -- net profit has come down, this is a major issue. See, compared to last quarter, second quarter's, the third quarter ROA has improved.

Jigar Valia, Analyst

Right.

K. Venkataraman, Chief Executive Officer and Managing Director

At the end of September, half year, 0.82, this is 0.83 now.

Jigar Valia, Analyst

Right

K. Venkataraman, Chief Executive Officer and Managing Director

For the quarter in September it is 0.68, because the net income is also low.

Jigar Valia, Analyst

Right.

K. Venkataraman, Chief Executive Officer and Managing Director

And now this is 0.85. But then even now, it is less than last year's level, if you see. This we -- in fact part of the -- part of it because of our MTM provisions, the differentiation on investments provisions we have made. You could just count that we would have been much higher anyway.

Anyway that is not a correct way of looking at it. So what happens, we will continue to improve the -- irrespective of the depreciation provision whether it's getting return back or not. We'll continue to improve the income part of it, so that this ROA will improve. And the major driver has to --

Jigar Valia, Analyst

NII to improve the ROA?

K. Venkataraman, Chief Executive Officer and Managing Director

Exactly. NII has to improve the ROA.

Jigar Valia, Analyst

Perfect. So on the NIM front, just to elaborate while you're indicating that normally we have a reasonably good growth rate in terms of assets and advances, how are we in terms of CASA? So how confident are we if CASA can actually matched up as on the overall balance sheet growth?

K. Venkataraman, Chief Executive Officer and Managing Director

The term deposits continue to grow at higher rate, mainly because of higher interest rates. So the CASA growth has been there, because we have grown CASA by about 19% and 18%.

Jigar Valia, Analyst

Right.

K. Venkataraman, Chief Executive Officer and Managing Director

In spite of that, when term deposits go at a higher rate, automatically the percentage is remaining --

Jigar Valia, Analyst

So that actually brings down the margin?

K. Venkataraman, Chief Executive Officer and Managing Director

That's the major issue. We are actually looking at --

Jigar Valia, Analyst

So are we changing anything on the asset mix in terms of moving to higher yielding asset which probably can help improve NIM, of course it may have impact on credit cost but --

K. Venkataraman, Chief Executive Officer and Managing Director

We are focusing mainly on certain products and also on certain sectors.

Jigar Valia, Analyst

Right.

K. Venkataraman, Chief Executive Officer and Managing Director

Mainly to prepare package of product, it will be easier for the branch level people to do the marketing.

Jigar Valia, Analyst

Right.

K. Venkataraman, Chief Executive Officer and Managing Director

But see, as I said, we have tightened the credit norms slightly.

Jigar Valia, Analyst

Right.

K. Venkataraman, Chief Executive Officer and Managing Director

At present what happens, the SME and then the mid-segment is the one that gives us the better margins.

Jigar Valia, Analyst

Right.

K. Venkataraman, Chief Executive Officer and Managing Director

Now higher margin in that segment would always mean higher risk.

Jigar Valia, Analyst

Yes. Yes.

K. Venkataraman, Chief Executive Officer and Managing Director

Our risk appetite at that this point is not as high as it used to be in the past.

Jigar Valia, Analyst

Yes. Yes.

K. Venkataraman, Chief Executive Officer and Managing Director

So, we deliberately been slightly slowing down on that.

Jigar Valia, Analyst

Right.

K. Venkataraman, Chief Executive Officer and Managing Director

Continue to focus on the retail advances, again the yield is lower; and the corporate advances, again the yield is lower but the qualities are much higher and is fully secured. So what happens with that, we will be in a position to keep the income growing even if it's at a muted level.

But we are devising some special packages and also special marketing efforts on certain sectors which can help us in growing this particular segment. But the growth in this segment will be a little slow for the time being, maybe a couple of quarters after we may probably start to focusing more on that.

So with these kind of marketing efforts we should be in a position to grow this, albeit a little late. But that is the only area that we can -- that can get us our margins back.

Jigar Valia, Analyst

Right.

K. Venkataraman, Chief Executive Officer and Managing Director

And that is our major area. Even now, if you see, it's around 33%. We will continue to drive that. We would like to have that segment dominate our entire asset portfolio.

Jigar Valia, Analyst

Right. And sir, in our asset book what type of assets we have, which might be a fixed rate book or almost entirely will it be like a variable?

K. Venkataraman, Chief Executive Officer and Managing Director

All are variable. We don't have --

Jigar Valia, Analyst

All are variable.

K. Venkataraman, Chief Executive Officer and Managing Director

Some one or two accounts maybe there, very small.

Jigar Valia, Analyst

Okay.

K. Venkataraman, Chief Executive Officer and Managing Director

-- amount, we don't have --

Jigar Valia, Analyst

We don't do much of gold loans, sir?

K. Venkataraman, Chief Executive Officer and Managing Director

Yeah.

Jigar Valia, Analyst

How much would be gold loan as a percentage?

K. Venkataraman, Chief Executive Officer and Managing Director

24%.

Jigar Valia, Analyst

24% is gold loans?

K. Venkataraman, Chief Executive Officer and Managing Director

For total advances.

Jigar Valia, Analyst

24%.

K. Venkataraman, Chief Executive Officer and Managing Director

24.

Jigar Valia, Analyst

But that would be a fixed rate, sir, right?

K. Venkataraman, Chief Executive Officer and Managing Director

No, no. It's not a fixed rate.

Jigar Valia, Analyst

How can we have gold loan on a floating rate?

K. Venkataraman, Chief Executive Officer and Managing Director

To actually say, we are first. But agriculture, yes, it's a fixed rate, so simple interest in any case.

Jigar Valia, Analyst

Right.

K. Venkataraman, Chief Executive Officer and Managing Director

So that can happen, but otherwise see basically what happens gold loans are redeemable in a year's time. Many people redeem even much earlier.

Jigar Valia, Analyst

Yes.

K. Venkataraman, Chief Executive Officer and Managing Director

Unless I increase the -- we increase the base rate in-between, it doesn't happened.

Jigar Valia, Analyst

Right.

K. Venkataraman, Chief Executive Officer and Managing Director

Generally, that is not an issue.

Jigar Valia, Analyst

Okay.

K. Venkataraman, Chief Executive Officer and Managing Director

And it's not that the 24% of advances is totally fixed rate and we will not be able to get anything. Not that.

Jigar Valia, Analyst

Okay. Okay, sir. Sir, can you -- in your presentation, incorporate -- the industries are -- the breakup of advances in terms of industry-wise, sir?

K. Venkataraman, Chief Executive Officer and Managing Director

Sure, I will do that.

Jigar Valia, Analyst

Thank you. Thank you so much, sir. Thanks.

Operator

Thank you. The next question is from the line of Sachin Upadhyay from ICICI Securities. Please go ahead.

Sachin Upadhyay, Analyst

Good morning, sir.

K. Venkataraman, Chief Executive Officer and Managing Director

Good morning, Sachin. How are you?

Sachin Upadhyay, Analyst

Good. Good. Very good. Sir, just one query sir. Sir, how was the incremental spreads behaving and what would be your thoughts on the incremental spreads going forward, sir?

K. Venkataraman, Chief Executive Officer and Managing Director

Incremental spread should be better, because we are taking measures to improve our cost of funds, unless the market forces or maybe RBI rating action contradicts this as we go along and the deposit rates remains steady, so there should not be much of an issue.

As far as the yield on advances are concerned, it is improving and once we control our NPAs it will still improve. But there could be one factor that can impact, that is a restructuring of advances, but we trust that we should be in a position to improve our yield on advances much better comparatively. Actually this quarter, it's slightly better than last quarter. Hopefully, we will be in the position to do better.

Sachin Upadhyay, Analyst

So you will be able to effectively reprice most of the loans that have been there on the balance sheet, in case the interest rate moves up, would that be a fair assumption, sir?

K. Venkataraman, Chief Executive Officer and Managing Director

We can do. We will do.

Sachin Upadhyay, Analyst

And in that case, have you actually done any sensitivity in terms of delinquencies and how would you kind of see delinquencies move?

K. Venkataraman, Chief Executive Officer and Managing Director

See, what happens delinquencies may move slightly higher, though we have -- we are on a regular basis, we have been examining the interest rate sensitivity always. But what happens practically, the 33% of our advances in the smaller category, these people they may struggle as they are struggling because of lower demand, increasing working capital cycle, a lot of credit sales that they need to do and the borrowing costs at very high levels now.

At this point, if you keep on putting this burden on them just to protect our margins, it can definitely impact on the side of delinquencies. We have seen in the past, in the past couple of years if you see, the increase in delinquencies in our portfolio is mainly on account of this kind of issue. That's the reason why we have held back any further increase, we are at the highest level now, 11% base rate in the market. And then it is not fair on our part just to put this burden on the customers, even if they are able to pay. If the profitability comes down drastically for some other reason, because of the containing of demand by the RBI as a tightening of monetary policy, then it will be a problem. And we don't want to test that sensitivity test.

Sachin Upadhyay, Analyst

But then to certain extent, can we believe that our focus will be largely towards -- not towards growth but more towards margins that we will continue?

K. Venkataraman, Chief Executive Officer and Managing Director

Obviously, the growth will not be a major driver. Even margins will be a major driver from a different perspective, not by increasing the yield on -- increasing the base rate or interest rates. What we try to do now depending on the profitability of the companies, we are increasing the spread over base rate now. But we are in a position to do, because in the market what happens even though most of the public sector banks held back in any increase in base rates substantially, but the spreads have gone up in the market. So we are in a position to improve the spreads. And our -most of the companies have got better ratings, particularly external ratings. We do take a call and then if the ratings go down then we find that reason and then we are in a position to reprice.

We are in a position to successfully convince our customers, most of the customers, exiting customers from insisting on -- in the reduction of interest rates, because that is one area where everybody is looking for. Their margins are also coming down. So to protect their margins they would like to push down their borrowing cost. But then we have been in a position to hold onto -- in a large way.

Sachin Upadhyay, Analyst

Fair enough. And sir, just one thought if possible. Sir, would you be kind of maintaining, for FY '15 though I know that there is no constant strategy in place right now for what we are deliberating. But would you want to kind of grow in line with the industry hereon, what is your visibility? Not putting number into place, but what is your visibility for FY '15 here onwards?

K. Venkataraman, Chief Executive Officer and Managing Director

See, the growth rate cannot be exactly in tandem with industry but may be -- the trend may be with the industry. We will -- see look at our size, we have 0.55% share in the banking industry. And for our size, our base levels, the growth which we can get did not be exactly as of the industry rate of 17% or 16% or something like that. That means, we are doing some lazy banking. I don't think we should grow at that level, we can grow. Though we don't grow at the level at which potentially we can grow because of our cautious approach, but even with the cautious approach our grow rate will be -- will have to be better than the industry rate if you got to sustain our profit levels. We have to got to provide for our NPAs also right.

Sachin Upadhyay, Analyst

Right. Right. No, fair enough. I get my answers. Thank you. Thank you very much, sir

K. Venkataraman, Chief Executive Officer and Managing Director

Thank you.

Operator

Thank you. The next question is from the line of Mr. Mahesh from Kotak Securities. Please go ahead.

Mahesh, Analyst

Good afternoon, sir.

K. Venkataraman, Chief Executive Officer and Managing Director

Good afternoon.

Mahesh, Analyst

Sir, again, just going back to this NIM and NII question, when is the earliest that you will probably start seeing a decline in cost of fund, because one of the reasons mentioned in the previous quarter was that, lot of lending was happening, lot of borrowing was happening at a shorter-end and you saw the spike in that rate. And you've already started seeing some level of softening at that level. So how are you -- how do you see that forming up in terms of a decline in cost of funds in the next one or two quarters?

K. Venkataraman, Chief Executive Officer and Managing Director

It should continue to happen now, because we have rebalanced the portfolio now. So we don't have to depend much on the high cost borrowings. Wherever we have to borrow we'll borrow only at a lower cost if it is necessary, because our retail liability portfolio is being build up and it has been built up to a certain reasonable level and there is not much of a growth as far as the assets are concerned. We can cautiously build up the other liabilities at the appropriate times to ensure that the cost of funds are kept lower. It should start declining going forward.

Mahesh, Analyst

Will the reflection come in the current and next quarter?

K. Venkataraman, Chief Executive Officer and Managing Director

It could come, yes.

Mahesh, Analyst

Or do you see that retail deposit rates are at rate that essentially repricing benefit will negate the impact of it?

K. Venkataraman, Chief Executive Officer and Managing Director

No, what has happened, our retail deposit interest rates also we have reduced. In fact, that impact will come in this quarter. We didn't do that last quarter, that will come in this quarter.

And then some high cost deposits we had said during last quarter, the second and the third quarter, so what happens? That impact we have replaced them with shorter, I mean, much lower cost of deposits. So with all that, in our view, this should be coming down.

Mahesh, Analyst

Within the current quarter?

K. Venkataraman, Chief Executive Officer and Managing Director

A certain level of impact is already visible from the first month, but we still have to get the numbers.

Mahesh, Analyst

Okay.

K. Venkataraman, Chief Executive Officer and Managing Director

We should have the benefit this quarter.

Mahesh, Analyst

Okay. So then, coming back to the next question, see, on the advances side your biggest, your largest portfolio, which is the gold loan portfolio, has not been growing for now -- three quarters now. So, essentially -- and you're replacing growth with the large corporate segment, which is a reflection of the decision that you have take in terms of on the risk side.

Now incrementally as you keep building this portfolio there will be pressure on the yield side as well. So how are you saying that you should -- you can see an improvement in spreads, everything coming in on the cost side or is there any scope for expansion in yields also?

K. Venkataraman, Chief Executive Officer and Managing Director

Obviously, in fact in yields also there is an expansion, because what happens when the NPAs come down. Naturally to that extend our yields on advances would improve. And if we start picking up our SMEs, which we're continuously looking at, the rate is lower. See our rate of growth in that level should have been much higher. If you see our advances growth in the past other than jewel loans, it used to be around 25% or 26% in that range.

Right now, it is much less. So what happens with the other areas, see, we have slowed down and we have been a little watchful and we are devising certain other measures where we can go and pick up some -- those sectors with full collateral securities around that. With that the growth is slightly slower. And it has started picking up. We will see this impact in a couple of quarters on regular basis.

Mahesh, Analyst

Two questions, again. See, one, the reversal in interest income which you said because of NPA should have been reflected in this quarter, because you had a very low NPAs -- very low slippages and in fact a decline in gross NPAs. So that has not come through. So, which essentially means that the full impact of the interest rate reversal because of derecognition of income seems to have already been factored in the yield side as well. Is that -- isn't that a fair assumption?

K. Venkataraman, Chief Executive Officer and Managing Director

Actually you can see, the yield side has improved compared to September, right?

Mahesh, Analyst

Yeah. So there is no more further scope for expansion from here on on the back of lower slippages, that's the whole point we are trying of drive it?

K. Venkataraman, Chief Executive Officer and Managing Director

What happens, the recoveries of NPAs is slightly a gradual process. It doesn't happen overnight. This quarter, yes, we have brought down to the tune of about 10 crores. And now, I mean the last quarter, this quarter if you bring down the impact maybe spread out during the course of the quarter, but then it will have a impact, much better impact in the first quarter of next year. Actually it is a gradual process.

Mahesh, Analyst

Okay. So next question is on the cost side. See, your employee expenses is now at about 140 crores, last quarter you had some one-off expenses because of ESOP exercise. Is there a similar expense coming in this quarter as well?

K. Venkataraman, Chief Executive Officer and Managing Director

Yes, yes. In fact this is -- about 19.8 crores on ESOP will be there for the fourth quarter also. 6 crores. Okay, sorry. Up to December it is 19.8, this quarter it will be around 6 crores.

Mahesh, Analyst

This quarter is it, sorry?

K. Venkataraman, Chief Executive Officer and Managing Director

Around 4.5 crores.

Mahesh, Analyst

And why exactly are you getting this ESOP expenses reflecting in the employee expenses line?

Operator

Sorry to interrupt. Mr. Mahesh, --

Operator

This will be my last question.

Operator

Yes. May I request you to return to the queue, and thank you, sir.

K. Venkataraman, Chief Executive Officer and Managing Director

Okay. See, that is mainly because -- as per SEBI guideline, we need to -- see, we're giving the ESOPs to the employees and when there is a discount, that has to be provided for -- this provision will be booked under this particular rate of expenses. So we are showing it under employee expenses. If we show it in the expenses, it doesn't really -- this is on account of employees, right?

Mahesh, Analyst

Yeah. Sure. Thanks a lot.

Operator

Thank you. The next question is from the line of Sundaram P S from Sundaram Mutual Fund. Sorry, the name is Subramaniam P S. Please go ahead, sir.

P S Subramaniam, Analyst

Sir, good morning. Just one data question. For the nine months period, how much have you provided for pension and ESOP, sir, cumulatively?

K. Venkataraman, Chief Executive Officer and Managing Director

ESOPs around 19 crores we have provided. Pension around 16. And the terminal [ph]benefits on account of wage revision arrears 38 crores.

P S Subramaniam, Analyst

And so next year all the three items will not be there, sir, or ESOP will continue?

K. Venkataraman, Chief Executive Officer and Managing Director

For this quarter the ESOP will be less, because this is for the total nine-month period, so proportionately it will be less. Wage revision arrears again, it will be one-third -- half of that, around 17 crores will come. ESOP will not be there next year. It will be over by this March. Next year none of this would come.

P S Subramaniam, Analyst

So 38 crores of terminal benefits flows will not be there and ESOP will also not be there?

K. Venkataraman, Chief Executive Officer and Managing Director

Will not be there.

P S Subramaniam, Analyst

And wage revision is how much you said sir, this year, you've provided so far?

K. Venkataraman, Chief Executive Officer and Managing Director

Around 38 crores. But it's not only there are different hedge.

T. Sivarama Prasad, General Manager, Finance Control

31 crores is the provision we have done so far. 31 crores is the provision we have done for the wage revision.

P S Subramaniam, Analyst

Okay.

T. Sivarama Prasad, General Manager, Finance Control

Gratuity and others.

P S Subramaniam, Analyst

Sure, sir. Thank you very much.

Operator

Thank you. The next question is from the line of Rishindi Goswami from Locus. Please go ahead.

Rishindra Goswami, Analyst

Hi. Just wanted to get a breakup of the restructured advances in terms of SEB and other accounts, if you could please provide that?

K. Venkataraman, Chief Executive Officer and Managing Director

SEB is about -- seven accounts about 523 crores -- no, sorry. SEBs are only three right? 400 crores.

Rishindra Goswami, Analyst

Sorry, how much is the amount?

K. Venkataraman, Chief Executive Officer and Managing Director

400 crores.

Rishindra Goswami, Analyst

400 crores. Got it. And this includes the bonds as well?

K. Venkataraman, Chief Executive Officer and Managing Director

Yeah. Yeah. No, no, this exposure is a loan exposure.

Rishindra Goswami, Analyst

This is the total restructured loan exposure?

K. Venkataraman, Chief Executive Officer and Managing Director

Exactly.

Rishindra Goswami, Analyst

Okay. And any other bulky sectors in that 1,200 crore number outside the SEB.

K. Venkataraman, Chief Executive Officer and Managing Director

Other than SEB, we have the textiles around the 300 crores. Others are only distributed, you have pharma other cases.

Rishindra Goswami, Analyst

Right. No other chunky. And in terms of the pipeline I think you said about 300 crore you are expecting next quarter?

K. Venkataraman, Chief Executive Officer and Managing Director

Yeah.

Rishindra Goswami, Analyst

Which sectors would that be in?

K. Venkataraman, Chief Executive Officer and Managing Director

Distribute, no particular sector.

Rishindra Goswami, Analyst

So it's fairly spread out?

K. Venkataraman, Chief Executive Officer and Managing Director

Yeah. Spread out.

Rishindra Goswami, Analyst

I see. That's all. Fair enough. Thank you.

K. Venkataraman, Chief Executive Officer and Managing Director

Thank you.

Operator

Thank you. The next question is from the line of Pankit Shah from Axis Securities. Please go ahead.

Pankit Shah, Analyst

Yeah. Good afternoon, sir. Thanks for taking my call. Just wanted to check, could you just give us the breakup of the sector -- sectorial breakup for the advances if that is happening with you? Hello?

K. Venkataraman, Chief Executive Officer and Managing Director

Yeah, just a second, I will give you. You want major portfolio or individual industrial sectors?

Pankit Shah, Analyst

Industrial sectors.

K. Venkataraman, Chief Executive Officer and Managing Director

Industrial sectors had some growth in infra services -- infrastructure about 10%, retail is about 6.7%, service 4%, food processing 3.27%, chemicals 2.26%, engineering 1.25%, others are all 0.5, 0.7, 0.2, 0.3 in that way.

Pankit Shah, Analyst

Sure. Sure. Sure. And also wanted to check from the restructure pipeline that we are anticipating, is there any specific effect that we are worried about?

K. Venkataraman, Chief Executive Officer and Managing Director

We have fairly spread out. Maybe one in infrastructure, maybe one in pharma, maybe one in retail like that. It's not exactly any particular sector.

Pankit Shah, Analyst

And the current restructured advances, how concentrated are they? The SEBs I guess we have three accounts?

K. Venkataraman, Chief Executive Officer and Managing Director

Yes.

Pankit Shah, Analyst

And for textile is it just two or three accounts or that 300 crore textile exposure that we have?

K. Venkataraman, Chief Executive Officer and Managing Director

Number of accounts, we don't have but percentage to total restructured accounts -- we have -- out of total restructured advances our textile is around 43%. Textiles is around 26% of total restructured advances.

Pankit Shah, Analyst

Okay. Okay. Yeah, I guess that's it. Thank you.

Operator

The next question is from the line of Amit Ganatra from Religare Invesco. Please go ahead.

Amit Ganatra, Analyst

What's the size of the outstanding investment book?

K. Venkataraman, Chief Executive Officer and Managing Director

Around 15,000 crores.

Amit Ganatra, Analyst

15,000 crores?

K. Venkataraman, Chief Executive Officer and Managing Director

15.

Amit Ganatra, Analyst

Okay. Thank you.

Operator

The next question is from the line of Rajiv Pathak from Dolat Capital. Please go ahead.

Rajiv Pathak, Analyst

Good morning, sir. Thanks for the opportunity. Sir, on the branches that we had opened since FY '12, around 80 odd branches, can you throw some light on how has been the productivity at these branches, more than in terms of say the Tamil Nadu and the ex-Tamil Nadu branches?

K. Venkataraman, Chief Executive Officer and Managing Director

Ready-made thing. We have already made an analysis of all this. In fact the branches which have been open in 2011-12 and 12-13, they have been contributing fairly equal levels. Within Tamil Nadu, particularly the urban and metro branches though contribute the higher levels of business. Then this will be slightly lower in the northern part, because advances are slightly lower in the northern part.

Rajiv Pathak, Analyst

Sure, sir. And sir, in terms of the restructuring, the 390 crores that we had upgraded from the restructured loan book, does it pertain to the restructured loans which have gone up because of the cooling period or is it that the account has been closed, any color on that?

K. Venkataraman, Chief Executive Officer and Managing Director

What happened, they had been upgraded after the cooling period and some of them were basically the old technical restructuring on account of COD.

Rajiv Pathak, Analyst

Okay.

K. Venkataraman, Chief Executive Officer and Managing Director

RBI has taken them out of COD, because they were not designed as COD.

Rajiv Pathak, Analyst

Okay.

K. Venkataraman, Chief Executive Officer and Managing Director

So we took them out, because they're not -- they need not be treated as a restructured advances.

Rajiv Pathak, Analyst

Okay. So because of the cooling, how much would those be out of those 390 crores, any fair idea?

T. Sivarama Prasad, General Manager, Finance Control

More than 60% I think should be on account of COD, around 40% could be on this. But I don't have exact numbers, we'll let you know later.

Rajiv Pathak, Analyst

Okay. No, sir. That will be helpful. No problem, sir. And sir, on the -- how much of our deposits -- how much will be the total differential rate deposit as a percentage of our total deposits?

K. Venkataraman, Chief Executive Officer and Managing Director

Out of total term deposits, it's around 25%.

Rajiv Pathak, Analyst

Okay. And can I get a sense of what is the average tenure on this?

K. Venkataraman, Chief Executive Officer and Managing Director

All basically a shorter term deposits, mainly up to one year.

Rajiv Pathak, Analyst

Okay. And sir, can we have the absolute amount of the gold loan portfolio?

K. Venkataraman, Chief Executive Officer and Managing Director

8,072 crores. 8,072 crores, 24.38%.

Rajiv Pathak, Analyst

Okay. Okay. So it has been -- actually on a sequential basis there has been a slight improvement, so do we see it as an improvement because of the volume, because value has -- value would have actually remained stable during the quarter. So is it that we are seeing more demand of the gold loans? Has there been a pick up?

K. Venkataraman, Chief Executive Officer and Managing Director

There is not much of a pickup, it goes as it is. As you said, the value has actually come down, it is not same because though the gold value is higher, we have reduced the loan rate per gram quite substantially in the past.

Rajiv Pathak, Analyst

Okay.

K. Venkataraman, Chief Executive Officer and Managing Director

We have raised it only slightly, because even now it's not entirely reflective of international gold rate, gold prices So there we have put a cap on the loan per gram of gold, so that will be muted. But number and other things are slightly increasing, because more number of branches are getting gold loans. That is growing in a very lesser level compared to last year.

Rajiv Pathak, Analyst

Okay. Okay. And sir, how much of our branches will be actually be doing the gold loan business?

K. Venkataraman, Chief Executive Officer and Managing Director

The branches will be doing, I don't have the numbers. But may be around 60%, 65% of branches should be on this or even more. Traditionally, this is one of the products every branch of ours used to do.

Rajiv Pathak, Analyst

True. True, sir. Okay. Thanks a lot, sir.

Operator

Thank you. The next question is from the line of Saikiran from Espirito Santo. Please go ahead.

Saikiran Pulavarthi, Analyst

Hi. Thanks a lot for taking my question. Just a quick views from you on textile sector. How is it behaving post rupee depreciation? And then may be some stability in the power supply that will be useful?

K. Venkataraman, Chief Executive Officer and Managing Director

Textile sector is, in general, okay, good, in fact they have come out of all their issues. But they have been a bit cautious because there is some volatility on the cotton prices. So they are a little bit cautious, they are not considering too wise at this point like what they have done in the past. And some of the textile mills they don't want to unnecessarily go, buy and then stock and things like that. We expect that the textile sector should be better off this year, and some other companies particularly the exporters are definitely benefiting quite substantially.

Saikiran Pulavarthi, Analyst

And sir, some major portion of our restructured book and I understand in your earlier comments showing that textile sector has contributed some problems with the assets. What can change this scenario from here on considering the textile sector is starting to behave better?

K. Venkataraman, Chief Executive Officer and Managing Director

Some of the restructured account were on account of technical restructuring because of tough and then some of them have come out. And then the other ones because of stress which have been restructured, the smaller ones have also been coming out and some are out already. The larger ones have got deeper problems, so they may take some more time but then they will be generating cash much better than what we had anticipated in my views.

Saikiran Pulavarthi, Analyst

Okay. And sir, the second question is some of the state electricity boards have issued bonds, by any chance we have included among 390 crores of accreditation of the bonds you would have received?

K. Venkataraman, Chief Executive Officer and Managing Director

No

Saikiran Pulavarthi, Analyst

Okay. And last question from my side. What will be the outstanding RIDF of bonds? And then -- and our -- what I can say status on the priority sector target means?

K. Venkataraman, Chief Executive Officer and Managing Director

RIDF is around 450 crores or so, but for the past two, three years we have been achieving our priority sector targets. So it's not there. But there was something that could be something, but suddenly some claims coming from RIDF for some past years, but right now that has all came down now. So we hope that there will not be any need for RIDF bonds going forward.

Saikiran Pulavarthi, Analyst

And sir, (inaudible) the proportion of RIDF is very small. Our yield on investments is pretty low considering what are the GSec rates are and even some of the non-SLR bond rates at this point of time. What explains this difference, sir?

K. Venkataraman, Chief Executive Officer and Managing Director

There have been some older investments, the coupon rates and then there are -- non-SLR we have some security receipts we have bonds and some shares that have been given on account of restructuring in the past. All those cases are not getting -- generating any big income. So naturally that is moderating the total investment yields. I didn't get you name.

Saikiran Pulavarthi, Analyst

My name is Saikiran, sir.

K. Venkataraman, Chief Executive Officer and Managing Director

Saikiran from?

Saikiran Pulavarthi, Analyst

Espirito Santo.

K. Venkataraman, Chief Executive Officer and Managing Director

Espirito Santo, okay.

Saikiran Pulavarthi, Analyst

Okay. So broadly the reason why I'm just asking is, the reported yields are at 7.65%, while, what I can say, 10-year Gsecs are somewhere around 8 plus, even the non-SLR ones are very different. So just wanted to check on that. Broadly can you give us a modified duration of that investment, sir?

K. Venkataraman, Chief Executive Officer and Managing Director

3.8 is the modified duration for AFS, 3.88 sorry.

Saikiran Pulavarthi, Analyst

3.8 for AFS. And anything on HTM you can share, sir?

K. Venkataraman, Chief Executive Officer and Managing Director

HTM must be around 4.

Saikiran Pulavarthi, Analyst

Okay. That's it from my side. Thank you.

K. Venkataraman, Chief Executive Officer and Managing Director

Yeah. 4.5 or something like that. I don't exactly remember, but it is more than 4.

Saikiran Pulavarthi, Analyst

Okay. Great, sir. Thanks a lot.

Operator

Thank you. Sir, next question is from the line of Rakesh Kumar from Elara Capital. Please go ahead.

Rakesh Kumar, Analyst

Hey. Just one more thing I wanted to understand from you like. You said we have reverted back the NPV loss of 19 crore on the restructured book?

K. Venkataraman, Chief Executive Officer and Managing Director

Yes.

Rakesh Kumar, Analyst

So like when we book the NPV loss, when the loan came for restructuring there were some terms and conditions in the terms of moratorium and the reduction of interest rate for that particular loan account. So like, which was those the restructured loans which you know where the terms and conditions have been reverted back to the normal condition and we could revert or we could make the reversal on the NPV loss, which are those accounts, which are such accounts?

K. Venkataraman, Chief Executive Officer and Managing Director

We able to share with the names of accounts and all that, but then these are all cases where which have been done as per RBI instructions. Have been checked and audited by auditors anyway.

Rakesh Kumar, Analyst

But like when we have started restructuring for our Bank in particular, like it was not more than two years back, so like we have such accounts like at this point of time which are coming out of moratorium and we are --

K. Venkataraman, Chief Executive Officer and Managing Director

(Technical Difficulty) But then as I said some of these accounts which are not to be treated as restructured on account of COD changes and such cases where we had made higher provisions, so those cases we have to reverse.

Rakesh Kumar, Analyst

Just a request actually --

K. Venkataraman, Chief Executive Officer and Managing Director

I'll do one thing, I'll just get the details, I don't have right now with me. We can get back to you on this later.

Rakesh Kumar, Analyst

Yeah. Some request pertaining to that the disclosure on the credit breakup, credit loan breakup has not been there much as it used to be, so if we can slightly give same amount of disclosure on the credit book side and (inaudible) side which used to be the case before, so just in the presentation if you can add that as well.

K. Venkataraman, Chief Executive Officer and Managing Director

Okay. Okay. We'll do, because all that time I think you people might have -- have we updated the website? Okay. Let me see. We'll have a look at that.

Rakesh Kumar, Analyst

Thank you.

Operator

Thank you. Ladies and gentlemen, due to paucity of time, that was the last question. I now hand the conference over to Mr. Kaitav Shah for his closing comments.

Kaitav Shah, Analyst

Thank you, sir, for this patient answering of questions. I have one of my own, if I may.

K. Venkataraman, Chief Executive Officer and Managing Director

Yeah, tell me.

Kaitav Shah, Analyst

Sir, what I wanted to know is, since we are doing more of quality loans, are we the single lender or it's more consortium lending?

K. Venkataraman, Chief Executive Officer and Managing Director

Both are there, consortium lending is slightly less, but single lending is slightly more.

Kaitav Shah, Analyst

Okay. Okay. Thanks a lot, sir. Thank you. Thank you to all the participants.

K. Venkataraman, Chief Executive Officer and Managing Director

Thanks.