"RBL Bank Limited's Q1 FY20 Earnings Conference Call"

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MANAGEMENT TEAM

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Moderator: Ladies and gentlemen, good day, and welcome to the earnings call of RBL Bank Limited to discuss the financial performance of Q1 FY20. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * then 0 on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Vishwavir Ahuja, Managing Director and CEO of RBL Bank. Thank you, and over to you, Mr. Ahuja.

Vishwavir Ahuja: Thank you. Good evening, ladies and gentlemen. And as always, thank you for joining us on this earnings call for Q1 FY20.

I am sure all of you have gone through the press release and the investor presentation, which has been uploaded on our website. I will talk through our performance highlights and then, as usual, open it up for questions. And as always, I have my colleagues from the management team with me who will also help me in answering your queries.

In terms of the macro outlook, first, the RBI cut its repo rate by 25 basis points in June and changed its stance to accommodative, the rate cuts signifying a clear policy intent for encouraging growth. We are already seeing easing of deposit rates. And on the lending side, we have seen spreads narrow for the better-rated corporates.

We had a big event, of course, with the union budget, and both the government and the RBL measures to improve liquidity in the system is, of course, a welcome step. And accommodating monetary policy should definitely play its part in supporting investment and growth.

Now moving to our financial performance very quickly. For the quarter ended June, advances grew 35% year-on-year with the wholesale and non-wholesale businesses growing 23% and 52% respectively; wholesale 23%, non-wholesale, 52%. Our split of wholesale and non-wholesale now stands at 54-46. Revenue growth momentum remained strong and has grown 48% year-on-year in Q1 '20. Net interest income grew also 48% year-on-year and continues to be significantly higher than our loan growth. Our yield on advances improved 20 basis points Q-on-Q to 12.04%. The improvement in yield has been largely because of changing mix in favor of non-wholesale businesses.

Our cost of deposits has increased by 11 basis points Q-on-Q to 7.01% in Q1 from 6.9% in Q4. Our cost of funds increased to 6.82% from 6.76% in Q4, which is a movement of 6 basis points. We are now seeing a drop in deposit cost, in line with the easing liquidity and rate environment.

Our sequential improvement in NIMs continues in this quarter as well with our NIMs increasing to 4.31% from 4.04% year-on-year and 4.23% in the last quarter, again, as I

mentioned before, largely driven by change in business mix. The noninterest income grew 48% year-on-year. I mean interestingly, total income, interest income and noninterest income all grew 48% year-on-year with core fee income growth of 42% year-on-year in Q1 FY20. Our noninterest income was 37% of our total income for the quarter. Retail fee growth continues to be granular across distribution, credit cards, client FX income and general banking fees. Our total fees from retail-linked businesses continue to be approximately 70% of the total core fees.

Let me come to operating expenses and net profit now. Our cost-to-income ratio was 52.3% in Q1. We expect cost income to broadly remain within the previously guided 51% to 52% for the year. For Q1 FY20, our net profit overall increased by 41% year-on-year to 267 crores. Our ROA for the quarter was 1.31. Our ROE was 13.8% in this quarter as against 13.4% in the last quarter.

Now going to the business performance assessment for each segment. In our wholesale book, we saw a growth of 23% year-on-year. Within the wholesale business, our corporate and institutional banking business grew 28% and the Commercial Banking business grew at 11% year-on-year. We continue to improve our position with our well-rated corporates.

In the past, we have always spoken in a timely manner about challenges posed to our portfolio by the credit environment, like on the micro finance business during and post the demonetization period. Then again, more recently, the minor impairment in our Agri portfolio last year. Taking the cue from that, I would now like to give some color on our corporate exposure in the light of some deterioration that we expect in this book over the next 2 or 3 quarters.

As we built our Corporate Banking business over the last several years, we took a lot of care in completely avoiding lending to known troubled cases and several corporates with questionable credit profiles. However, the challenges of the recent past, starting with leverage positions of certain promoters, tight credit availability and volatility in certain parts of the equity markets has impacted the risk and liquidity profile of a very few of our clients. We expect this to play out over the rest of the financial year.

Based on a fairly detailed and thorough assessment of all our exposures, specifically in the light of recent developments, we believe that we will have higher credit cost and elevated levels of NPAs over the next 2 or 3 quarters before they start coming down again to normalized levels once again. Our estimate is that credit cost may go up by 35 to 40 basis points for this year to a level of approximately 1.5% to 1.6% overall for the year, owing to the provisioning that will be required in order to fairly reflect the loss given default in some of these names. Similarly, gross NPA level could rise to anything between 2% to 2.5%.

While the above is very specific to certain corporates, we don't see any concern in respect to our exposure to perceived stress sectors, including real estate, construction, infra, renewable

energy etc. While we have always been careful on our credit discipline, we are further tightening our exposure management and client-risk framework to reflect a rapidly changing environment and recent experience. At the same time, we are also conscious of the strong positioning we have in our chosen lines of businesses and continue to look for opportunities for prudent and profitable growth. Given the continued momentum in businesses that we are seeing, even after accounting for the increased credit costs, we expect our net profit to grow in the mid to high 20s for the current financial year.

Now let's talk about the non-wholesale book. The non-wholesale book continued its growth momentum and grew by 52% year-on-year. Within this, the retail asset segment grew by 62% and the financial inclusion segment grew by 32% year-on-year. Gross yields continued the uptrend and increased by 30 basis points quarter-on-quarter and 120 basis points year-on-year, reaching a level of 15.2% in the overall non-wholesale business.

The cards business now stands at 2 million cards as of June end. This quarter, we acquired 3.9 lakh customers versus 3.4 lakh customers in the previous quarter. The total retail card spends saw a robust growth of 28% quarter-on-quarter and 213% year-on-year. The retail spends remained well diversified across categories of regular monthly usage like groceries, telecom, fuel and apparel. We also see a little over 50% of spends happen online, indicating a customer segment that is digital and online-savvy.

Coming to the Financial Inclusion segment, the micro banking business grew 34% year-on-year and the MSME business showed a 65% growth year-on-year, albeit on a small base of Rs. 649 crores. From a portfolio perspective, 55% of our micro banking book and 93% of our MSME book is originated directly by RBL Finserve, which is our 100% subsidiary.

The overall credit environment remained stable in micro banking, however, continue to remain watchful for any early signs of leverage or collection stress in some states. We are also planning to densify our presence in certain districts. The objective is to diversify district level portfolios across a number of villages and also target customers with lower indebtedness.

Our average ticket size on new disbursals is around Rs. 33,000 and in line with our strategy. Our average outstanding per customer is right now a shade below Rs. 19,000.

Last quarter, we mentioned about the cyclone impact in Odisha and our endeavor in working closely with both our customers and staff through these difficult times. Our efforts have paid dividends, and we have seen a very strong bounce back in collections and in the impacted ones. We continue to ensure diversification of our portfolios across states, so that such natural calamities have a minimum impact on our portfolio.

Retail Agri book remained flat year-on-year with its contribution to the overall bank advances being further declining to only around now 2.6%. This is in line with our stated strategy to reduce its exposure until the market environment becomes more favorable.

Now talking about asset quality. While we expect our gross NPA levels to increase in the coming quarters, as indicated above, our gross NPA percentage for the quarter was flat at 1.38%. Net NPAs were 0.65% in Q1 '20 as against 0.69% in the previous quarter. Our restructured asset stood at 0.06% in Q1 and our security receipts position was nil. And there were no ARC sales in the quarter.

We also improved our PCR to 69.1% as of June 30th as against 65.3% as of March 31, 2019. Overall, our net stressed asset book, which is net NPA plus restructured assets reduced to 0.71% from 0.73% in the previous quarter.

Onto deposits, our deposits growth continues to remain healthy at 35% year-on-year. CASA deposits grew 43% during the same period. CASA percentage, therefore, went up to 25.8% in Q1 FY20 as against 25% in the last quarter. The granularity of our deposits continues to improve with healthy liquidity coverage ratios. Our daily average LCR was 137% for the quarter.

We have added a total of 8 branches in this quarter, largely in metro and urban centers. As we said on previous calls, the plan is to add between 60 and 80 branches this year to take the total branch count to between 380 and 400 branches. We also added 20 business correspondent branches in this quarter. We now have a total of 332 bank branches, 1,013 BC branches, of which 228 are banking outlets. Of the BC branches, RBL Finserve accounts for 458 branches.

Our Capital Adequacy Ratio is 12.42% with Tier-1 Capital Adequacy Ratio at 11.32% as of June 30th 2019. This compares with 13.46% and 12.1% respectively, as at the end of last quarter.

So, this is the overall position. I am going to just quickly summarize the 3, 4 bullet points. NIM trajectory continues to be strong at an all-time high, and we remain confident of maintaining it around these levels in the coming quarters.

We continue to remain watchful on the credit environment. And we expect our advances growth to be in the 30% range for the year with PAT growth in the mid- to high 20s for the year as a whole.

On asset quality we expect credit cost to increase by 35 to 40 basis points in this year.

On our 2020 guidance, we continue to track well on parameters, such as advances growth, CASA growth, other income to total income and cost-to-income ratios. On our ROA target, we could, however, get pushed out by 1 to 2 quarters.

I will end my commentary here for the time being and open it up for questions.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Nitin Aggarwal from Motilal Oswal Securities. Please go ahead.

Nitin Aggarwal: So, first question is on the stressed assets that you are alluding to, like, how much is the sort of total quantum of that? And are they all part of BB and below assets? And even the BBB book, which is quite sizable, do you see any vulnerabilities there also?

Vishwavir Ahuja: So, to answer your question, I think in terms of overall quantum, we will estimate that this is approximately or less than 1.75% of our current advances book. So, in absolute terms, it will be between 900 and 1,000 crores. Let me put it that way. The second comment I'll make to your question is that this relate to certain specific large corporate accounts. And frankly, it is not correlated with the rating metrics that we have put out in our presentation. I mean that is as it shows, and it is not coming out of any one category or the other.

Nitin Aggarwal: Okay. And regarding the vulnerability in the BBB book as such, do you think there is any, like, reason to worry there?

Vishwavir Ahuja: No. On the contrary, when I mentioned in my commentary that we have done a very thorough and detailed assessment of the entire portfolio of the bank across all categories. Yes, this includes corporates, mid corporates and others. And what I'm sharing with you reflects the final sort of assessment that we have done across the entire portfolio. So, that is the way I would answer your question.

Nitin Aggarwal: Okay. And so second question is on, like, why did we not make any sort of floating provisions this quarter now that we are already anticipating the stress in the following quarters? So, why have we not made any provisions this quarter? And where do we see our coverage ratio, like, panning out during FY '20 will be additional 40 basis points of credit cost that we are looking at? On the earnings side, we are still looking at like in mid…

Vishwavir Ahuja: Fair enough. So, it's like this. As of June 30th, even on some of these names that I am sort of indicating towards were completely current and very much standard accounts with literally no past due, not even SMA-1. So, it is in anticipation that we are and that is in a sense, it is because we are anticipating ahead and anticipating ahead over the next, like I said, 1, 2, 3 quarters that we are sort of mentioning this in a manner of sharing. So, that's the first part, so there is no particular reason. Meanwhile, we did indirectly do what you're asking. We

increased the PCR to a level, which is upwards of 69% and a level at which throughout the last year or 2, we have always said that we are comfortable at a PCR level of between 55% and 60% as a bank. In the past several times, we said that. But in the last couple of quarters, we have been taking the PCR up. We took it to 65 last quarter. We took it to 69 plus this quarter. So, that way in a way, the same thing is being achieved through heightened specific provisions. Let me put it that way. If this kind of stress actually bares out, that we have indicated, I mean, we are hopeful that the levels may not be as much. And because in a sense, these had been sound companies etc. with all the attendant positive possibilities coming out of these issues. But having said that, if they were to play out, then the PCR would still be in the 59%, 60% levels for us. And we have to take this provision in actions. So, in a sense, we did take the PCR this time that even if it was to play out, we will not fall shy of what we want to be.

Moderator: Thank you. The next question is from the line of Dhaval Gada from DSP Mutual Fund. Please go ahead.

Dhaval Gada: Couple of clarifications that I needed. First is could you quantify the number of accounts that we have identified in this pool of 900 to 1,000 crores. And if you could also sort of spell out the sectors that we have on the cases. Which sectors do they belong to? That's the first question and then I have a second one as well.

Vishwavir Ahuja: Look, I mean, the first question, I want to answer, but then if you ask me, low single digit, okay? And it is the way I would look at it, and on sector, I did clarify in my commentary that these are not sector related at all. In fact, if you look at the so-called sensitive or stressed sectors that I even mentioned, these don't relate to any of that kind of stuff. These are very company-specific, situation-specific cases. And there is no sectoral color across these very few names.

Dhaval Gada: And so just to clarify, does the 900 crores include the sort of East-based group exposure and also the agrochemical and the media-related exposures? I mean, all the names that have been sort of in the stress list for many of the banks and even the rating agencies have been downgrading, are all those sort of included in this? Or I mean how should we get comfort around what is included and what is not included in that?

Vishwavir Ahuja: No, I mean, I think we've been very open, transparent in what we have said. I mean, now you are literally asking that question specifically by name, and I think that will not be proper. It's something that I don't think we have ever done in the past or there is a practice on doing that.

Dhaval Gada: And understood. And just one last thing, sir. I mean, could you sort of comment around your credit cost sort of presumption moving into, I mean, next financial year? You gave some color around how you see credit cost for FY20. But just directionally, how do you see in FY21? And also the medium-term ROA sort of trajectory, how does that sort of change with the additional

credit cost that is coming? And last question was on capital consumption during the quarter. Could you just clarify what was the reason for almost 80 basis point reduction in CET1?

Vishwavir Ahuja: Yes. So, this situation that we highlighted, we believe that it will peak within this fiscal year. And after that, our NPA levels and credit cost will absolutely moderate to normalized levels next year, yes? And that you can take from the first quarter numbers that we have just put out, which are the sort of which, I would suggest, normalized levels of asset quality, normalized levels of credit costs etc. And we expect that these situations should play out within this fiscal year, have whatever impact they are going to have. And then we will revert to the normalized levels starting next early fiscal year. So, that's the first part.

The second was the impact on ROA. Now as I mentioned very directly in my speech that we have been putting out our FY '20 sort of picture, which we have been tracking to very well over the last 4 years. And we had a certain goal, which we talked about previous calls also of being somewhere in the 1.40, 1.50 range, 1.4, 1.5 range closer to 1.45. That's ROA is concerned. Now that kind of goal gets pushed out by 1 or 2 quarters is what I can estimate at this moment.

Jaideep Iyer: And Dhaval, on capital, so Q1 typically has the operating-risk impact, which is a step-up, which will not repeat for the next 3 quarters over the current fiscal. In addition to that, there was RBI guideline, which kicked in from this quarter where unrated exposures, even though it might inherently be much better exposures, if they're unrated and above a certain system credit, they attract 150% risk weight. So, in fact, we have a couple of MNC names, couple of names where we could not get these ratings. We hope to correct that over the next few weeks. And therefore, that impact also should significantly moderate and reverse as we go forward. So, in all likelihood, we should come back to a 40-basis point plus/minus kind of utilization from Q2.

Moderator: Thank you. The next question is from the line of Amit Premchandani from UTI Mutual Fund. Please go ahead.

Amit Premchandani: Your 900 to 1,000 crores of stress pool assumes around 35, 40 bps of credit cost, which implies that you expect around 20% coverage on that. Are you satisfied with 20% coverage on that stress pool?

Jaideep Iyer: No. So, when we mentioned the stressed book, we are not assuming that all of that is going to slip. Under our assumption of what will slip, we are expecting approximately 25% plus/minus loss given default, which is where we will end up doing the coverage, between 20% and 30%.

Amit Premchandani: Okay. In terms of the ROA trajectory, what was the ROA expectation for the company last quarter? And how has that changed this quarter in terms of last quarter ROA of Q4 FY20? Because you had given a guidance earlier, how has it changed exactly?

Vishwavir Ahuja: Yes. So, I actually answered that question when the previous caller asked the question. But we were heading towards 140 plus number as things stand on a normalized basis this year. We were headed towards meeting all the other parameters of our FY '20 guidance, including on ROE. Only on ROA, we were heading towards some upwards of 1.40 moving towards 1.45. That's the range in which we would have ended up. Now as I just said a little while earlier, that's getting pushed out into either first quarter next year or later second quarter next year.

Jaideep Iyer: And I would also add that it depends on how the kind of stressed assets play out and how many quarters. If it pans out earlier, then effectively on a quarterly run rate basis, this could happen earlier than or this year.

Vishwavir Ahuja: Then it will happen earlier, yes.

Amit Premchandani: And how are you placed on the treasury front given that G-sec yields are down sharply? So, will that provide any cushion to this earning guidance?

Jaideep Iyer: So, we don't typically run a significantly high-market risk, so I don't think that will be an outsized number. Yes, there will be some benefit. We are carrying some mark-to-market provisioning also on our corporate bond book, a little book that we have, but it's not going to be a meaningful number.

Amit Premchandani: And what are the plans for raising capital given that you are growing at 30% plus with 13%, 14% ROE and 11.30 Tier-1?

Jaideep Iyer: So, we should be, from a run rate perspective or a requirement perspective, quite reasonably comfortable till the end of the year. And we've just taken our approvals. We also have preferential allotment route open. We have several other shareholders who are quite happy to support us. And we will have to see and evaluate over the next few months how this goes. But there is enough time for that. I think we are quite comfortably placed till the end of the fiscal, at least.

Amit Premchandani: Final question. What would be the single largest exposure, not in terms of name, but as a percentage of net worth or the percentage of the loan book that you will be having?

Jaideep Iyer: From a loan perspective, it should be in the...

Vishwavir Ahuja: On a group business, 20-25%.

Jaideep Iyer: Yes. On a group basis, it should be 20-25%.

Amit Premchandani: Of net worth.

Jaideep Iyer: Of net worth, yes.

Moderator: Thank you. We'll move on to the next question that is from the line of Jahnvi Goradia from Motilal Oswal Asset Management. Please go ahead.

Jahnvi Goradia: Sir just one question on MFI. There are certain players who have raised some red flags on certain Eastern and Central states. So, just wanted to understand what is our exposure to states like West Bengal, Assam, Orissa, Bihar put together and are you also seeing any red flags there? And what measures are we taking to actively impact this?

Harjeet Toor: Jahnvi, this is Harjeet here. You have actually statewide exposures given in our presentation. So, while you can have a look at that, I think West Bengal is at about 8 and the others are lower. All put together, if you are going to add all Eastern states, including Orissa, Jharkhand etc. we are at about 35% to 36%. I think the market is at about 42%. We have yet not seen any spreads coming our way from these. I think the concern being raised was around the ticket sizes where the industry ticket sizes had gone to about 44,000. For us, the ticket sizes are much lower in the Eastern states. Rates range between 28,000 to about 30,000. So, ticket sizes are not a concern to us. And maybe it's because of the districts we are in and our distribution. If we look at our portfolio of customers in terms of number of vendors, in East almost about 40% of our customers which come in have asked us the first lender. There is no other lender. And therefore, it's fairly granular from that perspective. So, no concerns seen by us so far.

Moderator: Thank you. The next question is from the line of Abhishek Murarka from India Infoline. Please go ahead.

Abhishek Murarka: So, a couple of questions. One, when you said your normalized capital consumption should be about 40 bps a quarter, did you also take into account the slippages from this 900 to 1,000 crore stressed pool or just should be over and above the 40?

Jaideep Iyer: No. That's including in our estimation.

Abhishek Murarka: Okay. And so in your guidance of advances growth of around 30%, so that also implicitly implied that it's going to slow down from the 35% run rate. Is that the indication? Or is it just some conservative level at which you guide and then...

Vishwavir Ahuja: No. Look in the past, also, we have been guiding 30% to 35%. That is how we stated even in the 2016, 2020 guidance that we put out. And every time, we repeat 30% to 35% because you can't be that exact in your estimation of growth. So, therefore, from that point of view, I would be happier to say 30% right now.

Abhishek Murarka: Okay. And so just simply, if I look at your micro banking portfolio movement also Q-o-Q, it's assumably flat. In fact, it might have declined a percent or so. Is it slowing down somewhere?

Or is it just a quarterly aberration and it's just going to resume the kind of growth it was doing earlier? What's the strategy there?

Harjeet Toor: Yes. So, quarter 1 is usually always weak in micro finance. And if you look at the previous year as well, you will see quarter 1 not growing. Also, in the last quarter, and a little before that, we had slowed down opening of our branches because we just wanted the elections to play out. And now, the branch openings will start again. So, we haven't slowed down. But generally, this quarter is slow on this book. That's why you see the book growth not happening quarter-on-quarter.

Abhishek Murarka: And just one more question, if I may. Your renewable energy portfolio, the last time you declared, I think, around a 750 crores fund base and a 650-odd crores non-fund base. Can you give the current levels? And also, how much out of that is in AP?

R. Gurumurthy: First thing, the numbers are pretty much flat. AP is about zero.

Abhishek Murarka: So, there's nothing in AP in the renewable energy book.

Jaideep Iyer: That's correct.

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

Rohan Mandora: In your opening comments, you have indicated that the profitability would grow in the mid- to high 20s for the current year. Now if I calculate it and translate to 1.2% kind of ROA, with the NIMs compressing in case there are slippages from the stressed pool, also provisioning going up. So, what could be the driver? Because the provisioning guidance you are guiding for 35 to 40 basis points, so I believe that ROA would get dragged by around 30 basis points. So, what would add to that 15 to 20 basis points kind of improvement in ROA to mid-20s kind of profitability, especially when other OPEX shares has grown by around 52% and overall OPEX was higher than total income for the quarter.

Jaideep Iyer: So, Rohan, I think we still would expect NIMs to hold up and improve partly because there is clearly a sharp fall in cost of funds expected over a period of time. Second, the mix change will continue because the rate at which retail will grow will probably continue and the corporate would probably grow slower. Third, I think the other income, we still are fairly confident to grow at, so we are not seeing much of a challenge in the topline, both NII as well as other income growth. And essentially, we will also have some benefits coming out on cost because we kind of had heavily invested in branches and premises in the last 6 months. So, the base impact of that is now coming to play. And therefore, now the branch increase is more normalized. So, we had almost 20-80 branches increase literally in the last 6 months. And we will have probably another 70 in the next 9 to 12 months. So, I think cost should also moderate

a bit. And that's how we would kind of partly compensate for the increase in provisioning that we are seeing.

Rohan Mandora: What kind of OPEX increase are we expecting for the full year?

Jaideep Iyer: OPEX growth for the full year should be in the 40s.

Rohan Mandora: And sir with respect to that stressed pool of 1,000 odd crores, when we are talking about 35 to 40 basis points kind of provision, will that translate later? The earlier participant had also asked will that translate to around 20, 30 basis points kind of PCR. So, on the stressed pool, if a part of it only slips, are we expecting a normal run down based on payment? Or is there some corporate activities on that we are expecting on those accounts from where the recovery or other repayments would come?

Jaideep Iyer: So, it's a combination of both. I think when we gave our number of 900 to 1,000 crores, it is not something that we expect all of that to slip, as we mentioned. I think it will be a combination of liquidity events playing out, improved cash flow situations over a period of time, but we don't know, which is why we thought we should also give out that number.

Rohan Mandora: As for the savings account of 22% Q-on-Q, so any color on that, savings and deposit growth?

Surinder Chawla : So, it's a combination of multiple things. Like Jaideep has mentioned, we have put up a lot of branches in the last 6 months, so those branches put up in the Metro areas are obviously playing out. We have also looked at several new segments and some of the early success in those segments is clearly showing very positive results. We expect these trends to actually continue.

Rohan Mandora: But there is no one-off thing?

Vishwavir Ahuja: No, nothing significant to talk of like that.

Moderator: Thank you. We'll move on the next question that is from the line of Gaurav Kochar from Ambit Capital. Please go ahead.

Gaurav Kochar: A few questions. Firstly, what slipped into BB and below pool? I'm talking about internally rated. It was 5.8% last quarter. And this quarter, it has jumped to 7%. Does this include the accounts that you have been mentioning? Or is it over and above that?

Vishwavir Ahuja: It doesn't include those accounts.

Gaurav Kochar: Okay. These are over and above that, okay. Any sector from where this emanated?

Vishwavir Ahuja: No, this is across. So, it's just a trend. Internal ratings review, as we periodically do. In fact, for several of the external ratings have not changed.

Gaurav Kochar: Also the write-offs were elevated in this quarter, about 147 crores. These were retail or there was some corporate element to it.

Vishwavir Ahuja: Largely retail.

Gaurav Kochar: Largely retail. Is it fair to assume it is largely cards business?

Vishwavir Ahuja: Yes.

Gaurav Kochar: You guided for a credit cost of 150 basis points factoring in the 35 to 40 basis point on this corporate slippage that may happen in the next 2, 3 quarters. But even if I see the credit cost for this quarter, this was around 35 basis points. If you annualize this on a steady state, even that number is 140 basis points. So, you're expecting this credit cost ex of the slippages to moderate from this level.

Jaideep Iyer: So, Gaurav, a little reason why the credit cost elevated also because we have taken a higher provisioning much more than required for the PCR has gone up. So, the normalized run rate would have been lower. The normalized run rate would have taken us to maybe 120 plus/minus and with this, we are in the 150 to 160 room.

Gaurav Kochar: And was there any one-offs in the other OPEX because that rose sharply?

Jaideep Iyer: Yes. I mean, we took an IFC loan where there are some fees that we have to pay typically, so it is there, but nothing unusual. I think cards business is growing, that would have been one. And there was, of course, the bunched up cost coming up from the premises increase and the branch cost and the hiring that happened during the last 3-4 months.

Gaurav Kochar: And lastly, the cost of savings account, what was the cost this quarter?

Jaideep Iyer: Not much of a change, continues to be in the 6.5 range.

Gaurav Kochar: 6.5 range. Any sense on the ticket sizes of SA?

Surinder Chawla: Ticket sizes for us on the SA business continues to be in the same range of about, in the retail businesses, about 80,000 to a lakh and primarily because we are now focusing on our metro branches in terms of expansion.

Moderator: Thank you. The next question is from the line of Krishnan ASV from SBICAP Securities. Please go ahead.

Krishnan ASV: My questions are largely to do with the mix of the growth, the growth per season. So, just to throw some light on slide #36 as you see in the Q1 presentation. Just wanted to understand this lower growth? I know you alluded to the fact that the 30% to 35% range could be towards the lower end of that range. Given where we are on the Tier-1 and the CET ratio, would you put merit in growing slower than that pace in the current environment? Is that a thought that you might….

Jaideep Iyer: No, Krishnan. I think our growth will be more determined by the risk and the opportunity. I don't think we are in a situation where we will want to contemplate capital constraint.

Krishnan ASV: My second question was to do with retail and within retail especially the cards business. This in the more exciting piece and driving a fair amount of incremental growth as well as this previous quarter. Just wanted to understand, is the mix of top 8 cities versus the rest of India, is that mix largely proportional to how you are spread out in the branch network in terms of your own distribution? Because it's moved from about 70% to close to early 60s now in terms of your top 8 cities. I'm just wondering how is this being sourced?

Harjeet Toor: Yes. So, cards, there is a conscious strategy to move deeper into the country. We today source cards from about 60 odd locations. And we will keep adding more locations as we move along. A large part of this also comes because of the Bajaj tie-up where we are able to, therefore, source service as well as collect in locations which are beyond where we have branches.

Moderator: Thank you. We'll move on to the next question that is from the line of Abhishek Mody from Asit C. Mehta. Please go ahead.

Abhishek Mody: My first question is also related to card business. I just want to have an idea a larger part of the cards business is tied with Bajaj. And since Bajaj is on talks that it will slow down, will your card business slow but at a lower rate than the 129%, which is showed in your slide or can I assume that it does not affect the card business will have a good growth going forward?

Harjeet Toor: See the card business will grow, but as the base keeps increasing, you can't expect the high growth which you have seen. But I don't think it has an impact on, let's say, the BFL statement you're talking about because the base which we have from which we have set in cards is fairly large. So, as long as we find good credit customers, we should continue to grow. But as a percentage term, you will see a decline in the growth because the base will keep growing higher.

Abhishek Mody: Okay. So, my next question is with regard to expenses in the slide. What was the reason other expenses you're growing Slide #35? There were 2 other expenses incurred because what were the reasons exactly? The expense part was a bit high, I guess on Slide #35?

Jaideep Iyer: Yes. I think that is largely will be to do with retail assets and cards because there is an origination cost, which is directly proportional to the growth that we're seeing. And in addition, as I mentioned, we had one-off with respect to borrowings that we did from IFC.

Abhishek Mody: Sir, sorry, I didn't get the one-off.

Jaideep Iyer: From borrowings from IFC, which I mentioned.

Abhishek Mody: Okay. Well, the interest part, I didn't get exactly, the IFC, was that a loan? How was it exactly, sir?

Jaideep Iyer: No. We just concluded the $150 million borrowing from IFC. And while it's an extremely comparatively priced loan, they always take the quantum as fees. So, while we look at an all-in cost, there will be some element of fees.

Abhishek Mody: Okay. Sir, I was under the assumption it's...

Jaideep Iyer: The entire fees get expensed.

Moderator: Thank you. The next question is from the line of M.B. Mahesh from Kotak Securities. Please go ahead.

M.B. Mahesh: Three questions. One on the corporate loan book again, on the stress that you mentioned. If you could just broadly give us some color as to when were these exposures kind of taken by the bank?

Vishwavir Ahuja: These by and large, most of those groups we've been dealing with for several years now.

M.B. Mahesh: And will you say that these exposures have seen significant increase in your limits over a period of time? Because the reason I'm asking is that if you go back in time, the balance sheet was about 20,000-25,000 crores about 2, 3 years back. Just trying to understand, so because there seems to be about 4% to 5% of the loan book if you were to take a backdated book. Is it worth taking these risks is the simple question that we're asking?

R. Gurumurthy: No, backdated book it wouldn't have been that large. If it would have grown, as we have grown.

M.B. Mahesh: So, you would say that it was still roughly about a percent through this entire period?

R. Gurumurthy: Could be between percent, percent and a half.

M.B. Mahesh: Okay. For this size of the balance sheet, do you think it's broadly comfortable for you to take these risks because your incremental contribution on those corporates, does it add actually a meaningful value to the ROAs of the business?

R. Gurumurthy: A tough one. Post the event, conversations, of course are different. But having said that, there is a decent bit of work we started almost a quarter ago to kind of keep ensuring that how do we kind of manage or moderate some of these things.

M.B. Mahesh: You would say that you could have probably predicted this a little earlier or it is tough to do it because it was just a massive deterioration in the credit quality in a relatively short time?

Vishwavir Ahuja: It's reasonably rapid deterioration. But having said that, as we started off, that these are all standard with virtually no overdues yet. So, a little while ago, it would have been a little more difficult to predict.

M.B. Mahesh: Okay. So, the second question, on the NPL. This is to Harjeet, just trying to understand if you could give us some color on what is the outstanding NPLs on the retail book across various buckets and also, has the charge-offs in the credit card business increased or decreased this quarter?

Harjeet Toor: When you say NPLs across various buckets...

M.B. Mahesh: This is the LAP cards and Agri business.

Harjeet Toor: Yes. For our overall NPA in the retail asset book, which we classify is for this quarter, about 1.8.

M.B. Mahesh: Correct.

Harjeet Toor: Yes. And we see a LAP at about close to about 1-odd percent. We see cards at about 1.15 and the other are more in the region of about 2.8-2.9, which is the small unsecured business loan book which we have.

M.B. Mahesh: Okay. And the charge-off rates, have they changed?

Harjeet Toor: No, our credit costs are more or less in that same 4.3%, 4.4% for cards, which is the big driver of credit costs for us.

Vishwavir Ahuja: But no, Mahesh, there's no change.

Harjeet Toor: The credit cost for cards, for example, is exactly the same as what it was quarter 1 '19.

M.B. Mahesh: But it seems to be a little bit worse off than Q4 because I think there you had a...

Harjeet Toor: Q4, we had a lower credit cost.

M.B. Mahesh: But that doesn't sound any alarm right now?

Harjeet Toor: No.

M.B. Mahesh: Okay. Sir, just one last question. If I see the outstanding spend, which happens in each year, and I compare that with the loan book, just to kind of get some sense on what kind of proportion of customers actually convert into a loan transaction. That seems to be on the higher side when I compare your bank as compared to, let's say, the 3 frontline large banks. Just how should one read when you look at this? Because in the past, you've kind of said that the typical kind of roll rates are always kind of broadly similar for the industry participants?

Harjeet Toor: Yes. So, we have a deliberate strategy for attacking the transactor book to convert their spend into loans because I see, that's the way of earning interest and that is what our endeavor has been. So, a large part of loans which you see are coming from the transactor book.

Moderator: Thank you. The next question is from the line of Bhavik Dave from Reliance Nippon AMC. Please go ahead.

Bhavik Dave: Just wanted to understand your views on, if you see our yields on the corporate for the wholesale book, they've been inching up quite well. So, just wanted to understand what kind of credit are we underwriting of the yields are increasing at such a fast pace?

Jaideep Iyer: No. So, the yields are increasing primarily because of increase in MCLR. I don't think it's a function of fresh book at all. The impact of MCLR increases comes over a period of time because the reset happen anywhere between 3 months to 1 year. In fact, if you look at the rating profile, while we have internally downgraded accounts and which had resulted in, as it was pointed out in the earlier question in terms of BB, but if you look at the contribution from A and above, they have actually increased, which is actually a reflection more of new book because we haven't seen any meaningful upgrades. And therefore, that's a function of new book.

Bhavik Dave: And secondly, a very small proportion of our book as of now, the MSME book which is growing quite well on the ground we keep hearing that MSME and SME sectors where the economy is facing stress. Just want to understand what is the kind of origination are we doing in this 1,000 crores odd MSME book that you've created over the last 1 year?

Harjeet Toor: Yes. So, for us, when we define MSME, this is basically micro enterprises. These are small businesses in Tier-3, Tier-4 markets. This business is entirely done through our subsidiary, RBL Finserve, and done through about 120-odd branches. The ticket sizes of these loans are fairly small.

Bhavik Dave: And that will be, like 40-50 lakhs or very smaller than that as well?

Harjeet Toor: No, we're talking about ticket sizes between 3 lakhs to 15-20 lakhs.

Moderator: Thank you. The next question is from the line of Sumeet Kariwala for Morgan Stanley. Please go ahead.

Sumeet Kariwala: A couple of questions from my side. One is you mentioned about unrated exposure driving the capital consumption. Can you quantify the impact over there?

Vishwavir Ahuja: About 15 to 17 basis points.

Sumeet Kariwala: And second question is the sequential increase in BB and below rated exposures, which you told is internal, the external ratings have not changed, some more color around that, maybe with respect to sectors or the reason why you saw a downgrade on that? Any color on that will be helpful.

R. Gurumurthy: No. It's not specific to sectors, it's across the place. We do our periodic review and this is a look ahead kind of actions from us.

Sumeet Kariwala: And the stressed accounts that you mentioned about 900 to 1,000 crores, is that coming from, like, within wholesale, is that coming from corporate banking or Commercial Banking? Because they ...

R. Gurumurthy: It's pretty much corporate banking.

Moderator: Thank you. The next question is from the line of Aditya Jain from Citigroup. Please go ahead.

Aditya Jain: On the internal ratings, just wanted to understand if there is a downgrade by a rating agency, will it reflect immediately in the internal ratings or could there be a lag or are they delinked?

R. Gurumurthy: They're not delinked. Any external actions picked up immediately, first sometimes we would've predated our action before rating agency, actually in a lot of cases we would've done it ahead of them. In cases where we have not, then there is an immediate review at once.

Jaideep Iyer: So, Aditya, if you look at the slide, we've also given a statement, which will give you an indication of what Guru just mentioned. One of the reasons why we give internal rating is because by definition, all of our rates, corporate or ratable book is not externally rated. And therefore, for it to become the full universe, you have to use internal ratings. But 87% of our exposures we mentioned is rated, of this 70% is A minus or better vis-à-vis the numbers that you see on internal rating actually being better than A minus is much lower. Clearly, indicating

that for us, internal ratings we generally are significantly harsher and in all likelihood ahead of the curve in terms of downgrade.

Aditya Jain: Got it. So, I understand on aggregate, internal rating is more conservative. Just wanted to understand from a timing perspective, so the ratings which we are seeing as on June, they would have incorporated your review of any external rating change and still if you felt you would have kept something, let's say, higher rated based on internal criteria on top of that ...

R. Gurumurthy: Whatever you're seeing as of the date as of June? Yes.

Aditya Jain: Got it. Okay. And then could you give some color on the granularity of the SA and TD in terms of the amount, which is the share of them, which is retail?

Surinder Chawla: So, if you were to look at the granularity from a time deposit perspective, roughly about 70% of them in the retail book are under 1 crore and 85% of the retail book is actually over 1 year in vintage in terms of the time lock that we have for the time. So, we are very conscious of the granularity and, therefore, that continues to be in a stable or in improving trend. Especially now because we're putting up a lot of branches in the metro areas, we actually expect that to improve.

Moderator: Thank you. The next question is from the line of Dipen Sheth from HDFC Securities. Please go ahead.

Dipen Sheth: So, I think you alluded earlier in the call to the single largest group exposure being at something like 15-odd percent of network. Is that right?

Vishwavir Ahuja: Yes.

Dipen Sheth: So, is it fair or unfair to assume that this is where much of the stress that you have been talking about is concentrated?

R. Gurumurthy: Unfair. It's not stemming from there, no.

Dipen Sheth: Okay. But I thought when you said it's unfair, you had confirmed. So, maybe I'm also confused.

R. Gurumurthy: Because you said is it fair or unfair to say, I said unfair, right?

Dipen Sheth: So, frankly, I would think if you would say unfair, you are confirming my worst fears. And I'm happy that you are...

Vishwavir Ahuja: No, the answer is it's not stemming from there. Let us not go into fair and unfair, it is not stemming from there.

Dipen Sheth: Thank you. That is a big relief. And the second bit is that assuming that there is 800-900 crores or whatever number you said on visible or likely corporate stress, it hasn't yet registered as an NPA or even in your SMA 1 or 2 books, but you are anticipating this. So, let's call it a watch list, for lack of a better term.

Vishwavir Ahuja: That's right.

Dipen Sheth: So, is it fair to assume and I'm asking you for fair and unfair all over again, but is it fair to assume that much of this is secured and that is why your LGD assessment is 25%, 30%?

Jaideep Iyer: Yes, a reasonable portion of it is secured.

Vishwavir Ahuja: Significant portion is secured, yes.

Dipen Sheth: Okay. And which is what is actually driving the 25% to 30% LGD handle that you have on it?

Jaideep Iyer: It can only be a guess, I'm fully with you here.

Vishwavir Ahuja: Correct. So, that and certain other events that we believe are more likely to happen.

Dipen Sheth: Okay. Fair enough. So, while you do anticipate that this can be called a watch list of sort, but there are reasons that you are capping the likely LGD here at something like 25%, 30% and believe me, even that is a relief for me.

Jaideep Iyer: Okay. Thank you.

Moderator: We will move onto the next participant that is from the line of Jai Mundhra from B&K Securities. Please go ahead.

Jai Mundhra: Most of the questions have already been answered. There's one clarification on the slide, which has a rating profile. So, what is the base for this rating profile, is it customer loan or customer assets or customer exposure which would include your non-fund-based exposure as well? How do we look at this?

Jaideep Iyer: Yes, it's exposure.

Vishwavir Ahuja: Fund and non-fund base, correct.

Jaideep Iyer: All exposures.

Jai Mundhra: Can I get that number in absolute, if you have that handy?

Jaideep Iyer: Approximately 61,000 crores.

Moderator: Thank you. The next question is from the line of Nilesh Parikh from Goldman Sachs. Please go ahead.

Nilesh Parikh: Just wanted to check that now we've put out this 900 to 1,000 crores, what confidence do we have that this list doesn't expand and what scenarios have we run this test that we have that this won't kind of increase next quarter?

Jaideep Iyer: So, I think we started off saying, we have done our thorough assessment, based on the current market environment. And whatever the stress that we potentially see in some of those groups. At this time, one is reasonably certain that we don't see a change in this.

Nilesh Parikh: So, this has been done on the entire portfolio because it is seen on the asset portfolio.

Jaideep Iyer: On the entire corporate portfolio, correct.

Nilesh Parikh: Yes, fair enough. And in terms of when you say that there has been some downgrades which have taken place in the BB portfolio, effectively, and since these 900 to 1,000 crores outside of that, one would have assume that at some point, these would slip into NPLs, means there would be certain migration to these bucket. And would you assume that this would be business as usual?

Jaideep Iyer: In a lot of cases, absolutely right. I think we started off, in some of these people, the external ratings are very different. We have a forward looking view on that and there are enough exposures based on that.

Vishwavir Ahuja: I think the question is relative to our numbers only. So, I think that BB exposure is between 5% and 7%, right? Yes? So, I mean if you look at their track record of such exposures, many of them remain stable. So, I don't think they necessarily slip their way, and I think one would say that they are largely coming from the nonlarge corporate portfolio.

R. Gurumurthy: These are bit actually so that you know there are some very large corporate groups, hugely credible corporate groups, the top 2 or 3 groups in the country, they also have some names that we rate internally where we don't assume implicit group support like this.

Vishwavir Ahuja: Yes. No, but that's not the way to answer that, that is very much the business as usual assessment, which is reflected in our BAU cost and BAU assessment of NPA levels etc. So, I would take that as very much part of that ongoing number.

Nilesh Parikh: And in terms of specifically the 4, 5 corporates that you spoke about, what is the common thread running which led to these issues? But as you said, there's no sectoral color that is something which is running there. So, what according to you is the single most factor which actually drove the stress in these corporates there?

Jaideep Iyer: I think the leverage at some places, sudden liquidity challenges for a few of them. It's a bunch of issues.

Nilesh Parikh: And you don't see that playing out in any of the other exposures that you have?

Jaideep Iyer: No, not outside of that.

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

Nilanjan Karfa: Somewhat a related question to the last one. Could you specify what changes you might make to your disbursement program going forward, which is essentially asking what the problems were? And a little more discussion on that, sir.

Vishwavir Ahuja: Yes, sure. I think that's a fair ask and a fair question. See first, let me tell you since you asked that question and you want a discussion, I'll give you a bit of discussion. If you look at our track record now 9 years in this avatar, on the corporate side in particular, actually our client selection, underwriting standards, risk underwriting standards etc. have been pretty damn good, I would say. And as I mentioned in my commentary also, that we basically have not been affected by any of the troubled cases, any is the word. And even in some cases where the credit profiles were questionable, and it came to light subsequently that the credit profiles were very questionable. So, I would give ourselves some credit for the fact that we were not in any of those names. Now what happens is, on an ongoing basis, there are very few names where even till, I would say, a short while ago, last year or even these were good corporate companies and with good businesses, with good underlying assets etc. which have still got significant value and these are still ongoing concerns. So, the fact is yes, sometimes these things happen because of various factors. I would say, just to add to the previous question, there could be leverage at promoter level, there could be leverage at company level. There could be a tightening liquidity scenario. And sometimes, even a slowdown in certain aspects of the business starts affecting more when 1 of the other 3 or 1 or more of the other 3 issues are also there. So, a slowdown affects more when there is higher leverage in the company. So, the fact is that this is how it has turned out. And what are our learnings from this is what your question is. The fact is that we have used a lot of learnings from our past lives in banking and our current lives in banking to stay clean and so clean so far. Now there is a bit of an issue right now which we have to deal with. Few things we will definitely do going forward. I mean this is like I said, these accounts have not turned bad yet and it is more in terms of directionally, in terms of our sense, in terms of where they stack, but at the same time, there are learnings. And these learnings, we will put in place and are putting in place right away. So, I mean, that can be a much longer discussion as to what they will be. But in one sentence, I would say that we will further granularize our even corporate portfolios, yes? And if there are certain prudential levels of concentration that we have been comfortable with in the past, we will further tighten them to even from the levels that which they have been. And obviously in terms of rating profile,

some of these companies had brilliant ratings. But even from that point of view, we will test them under a most stricter underwriting regime. So, that's the one thing that we can do and ...

Nilanjan Karfa: Sorry to interrupt, would you also want to say that some of these are maybe groups which have stretched out into multiple sectors, segments and leverage is one thing that's very clear out here. But do you also consider that the monitoring of some of these without calling it as that, like ...

Vishwavir Ahuja: I understand what you are saying. Indeed, that is the case. When there are groups involved, yes, you have to look at them across the entire set of companies in the group. It's not that if you're lending to a AA+ company, it would not be impacted over time if 1 or 2 or the other companies have come under severe stress because of this or that reason, because in groups that happens. So, that moral hazard is always there. So, indeed, that is another point. I mean, there is not 1 or 2 or 3 points. There are maybe several things that will go into, like I said, putting a much stricter underwriting regime in place even beyond what we already have. So, those are going to be some of the immediate things that we've already started doing and will definitely tighten further.

Nilanjan Karfa: A different question. So, on the rating profile and if you kind of split between the funded and nonfunded, and I think when I look at across the private banking space, the nonfunded credit exposure for RBL does kind of stand out as a little higher compared to the funded. How would the rating profile at least on the nonfunded side look like? Will it look very similar to, let's say, the chart on Slide 22? So, that's partly of the question.

Vishwavir Ahuja: No. So, first, the rating assessment of a funded exposure versus nonfunded exposure is not different. We treat the borrower as a rated entity, you understand? I mean, whether the exposure is in the form of funded loan or a nonfunded facility makes no difference, yes?

Nilanjan Karfa: Okay.

Vishwavir Ahuja: So, yes. So, a nonfunded exposure is not a superior exposure to a funded exposure.

Nilanjan Karfa: That's good to hear. And sir, of this 800 to 1,000 crores, what is the nonfunded exposure that we have to these entities?

Vishwavir Ahuja: In these particular entities, it is not so high.

Moderator: Thank you. The next question is from the line of Harshad Borawake from Mirae Asset. Please go ahead.

Harshad Borawake: Sir, can you give trends in your SMA-1 and SMA-2 numbers? And secondly, also in terms of loan growth, when you say 30% for this year, so can you be more granular? I mean, like the

way you slowed down in Agri, so are there any other pockets where you want to slow down or focus on? Thank you.

Vishwavir Ahuja: So, from a loan growth perspective, my point here is that there is a current trajectory which is sort of in place. If you see that the wholesale is somewhere around 20% and the non-wholesale is somewhere around 45%, 50%. Now if I was to just tweak that by 2 or 3 percentage points, it will come to an average of 30% for the year. You understand? The point I'm making here is that if the wholesale book is growing between 15% and 20% and the non-wholesale is growing between 40% and 45%, then the average will come to around 30%, the weighted average. Are you getting me? Yes?

Harshad Borawake: Yes.

Vishwavir Ahuja: So, that's the one point. The Agri was a specific situation because of the external factors. I mean, because of the loan waivers and pre-election issues and all of that and there were state elections and then central elections and there is a behavior that was created. And we've held that we don't want to be subjected to such kind of political risk and other things and therefore...

Harshad Borawake: Coming from sectors like, let's say, LAP or micro banking, would you string down or not?

Vishwavir Ahuja: This question Harjeet answered in considerable detail a little while earlier, yes. So, LAP is a question we answer every quarter. We'll do it once more. Go ahead Harjeet.

Harjeet Toor: So, I think we keep a very close watch on not only our portfolios, but the way the market is behaving. And depending on that, if there are measures which have to be taken, they are taken. So, even in micro finance, for example, if we feel there are certain branches, certain districts where we believe that the portfolio may not be performing either on our basis or on the industry basis, the desired level, we will slow down those branches. And same is the case with other segments as well. So, when we talk about growth, we are assuming that the environment and the credit performance of our portfolios continues. But if we see any sign, it does get changed. I mean even in cards, for example, every quarter there are micro segments which are getting cut and some which show potential are getting opened. So, that's a continuous process.

Vishwavir Ahuja: I think the point you also want to make, Harjeet, is the analytics that we run. Why don't you just talk about that?

Harjeet Toor: So, there is a heavy investment in analytics which has been done, primarily started with cards because that business requires it. And therefore, now with the expertise build that kind of extends across all. And therefore, we are able to predict pretty much what we are seeing and also track our portfolios with the best-in-class peer set on the bureau. And these are all early tracking. We don't wait for NPAs. We track them at almost monthly cohorts to be able to give us signals if something is amiss.

Harshad Borawake: And SMA 1, SMA 2 numbers, if you can?

Jaideep Iyer: Sorry, I don't have the SMA 1 handy. But SMA 2 has been in very low double digits and has been steady in that range for the past several quarters. 20 basis points was the number, 18 to 20, yes.

Vishwavir Ahuja: In basis points.

Moderator: Thank you. We will move onto the next question that is from the line of Kislay Upadhyay from Abakkus Asset Manager. Please go ahead.

Kislay Upadhyay: Most of my questions have been answered. Just had a few, the 4, 5, 6 corporate accounts that we spoke about of which 900-1,000 is stressed. What is the total exposure that we have on these corporates and groups?

Vishwavir Ahuja: That is what I've given, no? The total exposure.

Kislay Upadhyay: Isn't this just the part that is expected to slip, this is the total exposure that we have on these 4, 5 corporates and the groups.

Vishwavir Ahuja: Correct.

Kislay Upadhyay: Okay. Sir, just one more thing. Sir, these 4, 5 accounts you say it is not from a system issue or not related issue. Is it a coincidence that all of these were detected in this quarter? Is there any internal change in practice in policy of recognizing these signals?

Vishwavir Ahuja: I would say it is a reflection of market conditions. And in that sense, if you call it a coincidence, that's a different issue. I mean would you call it a coincidence that so many names in the country have got exposed or unveiled in the last 4, 5, 6, 7 months, I mean, across sectors, right? If you take nonbanking financial services, if you take real estate, if you take airlines, if you take so many other names. I mean, there's a long list now of names that have got exposed all in the last few months. So, it's many things. But it's also somewhat a reflection of what's going on in our broader economy and macro credit environment. I mean, this is not the right forum, but it is reflected in the, if I must say, balance sheets of pretty much every bank in the country. And honestly, that's what I used to keep saying, we are sort of somehow, I don't call it coincidence, but were not in any of those names. So, now I mean, obviously, when the environment is getting a bit, you have to start getting much more careful. I mean honestly, I want to say that this is a time to be much more careful. And in a way, if we have these 2, 3 whatever names, it's good that we can deal with them sort of fortunately, these are not basket cases or any other of that nature. Fortunately, there is underlying values here. So, there are possibilities of working it out nicely if things go well and stress levels may not be as high as we may be fearing. But having said that, it is certainly a time to be much more careful.

Kislay Upadhyay: Okay. Any chance you would have an idea if these accounts would have already defaulted on other lenders also or something?

Vishwavir Ahuja: No. I don't know. Certainly, to our current understanding, no. I will not guarantee that.

Moderator: Ladies and gentlemen, we now conclude the Q&A session. If you have any further questions, please contact RBL Bank Limited via e-mail at ir@rblbank.com. On behalf of RBL Bank Limited, we thank you for joining us this evening. You may now disconnect your lines.