“Formal Briefing Session on the Proposed Lakshmi Vilas Bank Ltd and Indiabulls Housing Ltd Amalgamation Conference Call”

April 08, 2019

MANAGEMENT: MR. P. MUKHERJEE - MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER, LAKSHMI VILAS BANK

Moderator: Ladies and gentlemen, good evening. We welcome you to a formal briefing session on the proposed Lakshmi Vilas Bank Limited and Indiabulls Housing Limited amalgamation. 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, 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. P. Mukherjee – MD and CEO, Lakshmi Vilas Bank. Thank you and over to you sir.

P. Mukherjee: Thank you very much. Well, the news item is already out there in the media. So there is nothing much I wish to start off with and I will be happy to answer questions. All I can say to begin with of course is that this transaction was discussed for a while and both the Bank and the Indiabulls came to the conclusion that it made sense to going for this transaction and so that is where we are at the moment. I would be happy to answer specific questions that you might have.

Moderator: Sure. Thank you very much. We will now begin the question and answer session. We have the first question from the line of Saket Lohia from Growth X Capital. Please go ahead.

Saket Lohia: Congratulations for this announcement of amalgamation. I have a question sir that the net asset after amalgamation is coming down by almost 30,000 crores-40,000 crores. Indiabulls Housing has 1,31,000 crores of assets while Lakshmi Vilas Bank has 40,000 and as per the information the amalgamated entity will have 1.23 lakh crores of loans. So could you share some thoughts on that?

P. Mukherjee: The numbers that we have shown, 1.23 refers to the lending book. The asset numbers are obviously the balance sheet asset numbers. Obviously, investments and other sectors are separate. So 1.23 crores number reflects the straight addition of the lending books of the two entities. My understanding therefore is about 99,000.

Saket Lohia: Okay. I understood. Secondly sir about the RBI approval for your deal. Do you think it would be that easier to go through with this deal with the RBI because that would open doors for many corporates to go by this route towards having a bank license? So could you share some thoughts on that?

P. Mukherjee: You will appreciate that it is not really in my objective to look at whether it opens doors for other or not. Very clearly there is a process involved and we will be going through the process. I am not really going to prejudge the speed of the transaction and the speed of the process. It will be our endeavor to put together a proper application meeting all the requirements of my regulator and to approach them. I am not clearly focused at this moment on the impact it will have on the rest of the market. And right now my soul objective is to ensure that I can put together a proper application which will of course take a bit of time but we are on the job.

Moderator: Thank you. The next question is from the line of Subrat Diwedi from SBI Life. Please go ahead.

Subrat Diwedi: Sir, how much of your book would qualify for PSL?

P. Mukherjee: How much of the combined are you saying?

Subrat Diwedi: No, only for LVB.

P. Mukherjee: My present book is roughly normally near the PSL levels of about 40%, in fact we have been short of marginally behind the numbers. So I think we marginally fell short for the last financial year, 38%-39%. But I of course don't know how the new book will look once we worked out in the merger.

Subrat Diwedi: Right. On the NPA side these are specific to any particular segment or they are spread across various segments?

P. Mukherjee: My NPLs while they are spread out across sectors, but clearly there was a predominance of exposure to the infra sector and iron and steel sector and EPC sector.

Subrat Diwedi: Okay. I mean, were this bulky corporate kind of loans or were they in retail or agri, which sector?

P. Mukherjee: These were predominantly corporate loans.

Subrat Diwedi: Okay. And so these are mostly non PSL in nature?

P. Mukherjee: Mostly non PSL in nature.

Subrat Diwedi: Sir would you be writing off these before the merger or how do you plan to? Will the combined entity have a cleaner book?

P. Mukherjee: There has been no discussion on this. We would be continuing the merger discussion but I don't necessarily think that we need to write off anything.

Moderator: Thank you. The next question is from the line of Amit Singh from B&K Securities. Please go ahead.

Amit Singh: Sir, firstly our residual stress book, so we had around 6 billion in SMA2 in the last quarter. So sir what is the status of that book, I mean how much is SMA2 as on today?

P. Mukherjee: The SMA book has shrunk quite a bit this quarter actually and the actual numbers are right now not in front of me. For my convenience I will talk in terms of crores. I think that book would be in the region of about 300 crores or so of SMA book as of March end.

Amit Singh: Okay sir. But it was around 600 crores in the last quarter.

P. Mukherjee: Right.

Amit Singh: It has become half?

P. Mukherjee: Yes.

Amit Singh: And secondly sir, on our QIP we have raised somewhere close to 460 crores. So how do you plan to use that money? Are we going to boost our PCR or we are still going to increase our capital ratio? Where exactly that money will flow sir?

P. Mukherjee: You will appreciate that we are right at the stage of finalizing our Q4 results. So that process is on at this moment. I am unable to exactly give details. I am not sure that I even know myself. But clearly the effort will be to boost the tier 1 ratio of course and the provisioning would be as per requirements and that is something the CFO's office is working on and at some point I will get clarity on that.

Moderator: Thank you. The next question is from the line of Renish Bhuva from ICICI Securities. Please go ahead.

Renish Bhuva: Sir couple of questions. One is on the union parts. So before going into merger have we discussed this merger with union or how do you see the union behaving post this announcement? I mean how is the situation in Chennai?

P. Mukherjee: You will appreciate that these discussions don't necessarily involve a large number of people in the pre-announcement stage. And leave aside unions are obviously not too many members or the staffs who are aware of the exact contours of the discussions. I am sure lot of people might have guessed that something was afoot. But obviously nothing much was discussed with very large number of people. These transactions normally involve discussions with minimum number of people. And having said that, you will appreciate also that, you particularly are aware a bit about the Bank. Our unions are particularly progressive and have been extremely supportive of business. And we have subsequent to the announcement have had discussion with our unions and I think they quite understand contours of the transactions and the implications thereafter.

Renish Bhuva: So far is there any opposition? I mean, is there any negative event of negative views coming back from the union side or they are progressive?

P. Mukherjee: They actually understood reasoning behind the transaction.

Renish Bhuva: Okay, great sir. Secondly, so now with this merger I am assuming head of this used to be Indiabulls head office. So the office which we have in Chennai, so how we are planning to do business going forward. I mean, since our headquarter used to be in Chennai and there is I think North, so do we planning to run two parallel businesses within one entity or how the management is planning to use this LVB office which is situated in Chennai?

P. Mukherjee: Renish, you are moving too fast. We have announced only two days ago. So give us a little time and in any case this will happen over time. My own understanding is it will take quite a bit of time for the transaction to be consummated. So in the meanwhile nothing much changes of course. Eventually we have to sit down and discuss how the businesses will be restructured eventually after the integration. And at that point of time we will have some clarity on which businesses will be run out of where.

Renish Bhuva: Okay. So you are saying very early stage of discussing all these things?

P. Mukherjee: Yes.

Renish Bhuva: Okay. And sir in opening remarks you highlighted that you are in no position to say anything on the RBI front. But let us say in a negative scenario if RBI doesn't approve, do we have a plan B or this is the final plan which we have as of now?

P. Mukherjee: You will also appreciate Renish that when you contract a marriage on the first day, you don't discuss divorce plans actually. So just like this is a normal tie up, no plans to look at that sort of an option and having said that clearly in the event of the Bank not getting a favorable decision from The Reserve Bank of India we would have to work out an alternative. As a total banker we would always look to have alternate plans in place. But as we speak obviously our main focus is on seeing that this transaction goes through.

Renish Bhuva: Right. Because your recent event of Shriram City Union and IDFC Bank tells us if in case nothing happens on this front as a bank do we have any plan B? So just wanted to get the clarity on that?

P. Mukherjee: Yes. You can understand these are all learnings for the industry and one will obviously keep in mind these factors.

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

Nilajhan Karfa: Just one question. Now that you have officially come up with this amalgamation, I want to go back into understanding the Board decision as to, what were the considerations? Why an amalgamation? So that is probably the point #1 and secondly without taking any names out there, but did you talked to parties A, B, C and what were those conditions in discussion with let us say A,B,C parties and how come did you end up with Indiabulls Housing Finance? So broadly if we can get some thoughts, the points that the Board has considered, that will be really helpful.

P. Mukherjee: Sure. I will take you back a little. Over the last one year this thing is not secret in the industry that the Bank was trying to raise capital. We have engaged ourselves in multiple discussions with a very broad segment of investors, prospective investors. These were PE funds and many others and it was an extensive exercise that we had carried out. In between we used to receive M&A proposals also. These were also examined. And subsequently the fact remains that despite all our discussions we never really got a very clear and severe term sheet from any particular party. This was the first one where we actually got a clear term sheet. I think the Bank have to agree to this one.

Nilajhan Karfa: Right. And what sort of gain do you actually perceive for let us say the minority shareholders of Lakshmi Vilas Bank out of this other than…

P. Mukherjee: I will put it like this. In the first phase of course I expect them to see significant uplift in the enterprise value, in the franchise value. The Bank in itself has a great deposit franchise. We are now aligning with someone who has a great asset franchise. Overall the value of the merged entity will be significantly above that of the Bank that is there today, that itself add huge value to the investors of the Bank. Moreover, the swap ratio itself is reasonable. But keeping that in mind I really don't think that the minority investors have clearly any concern at the moment.

Nilajhan Karfa: Okay. And just trying to follow up with a second question. We learned what RBI had put out post all this amalgamation. So just wanted to confirm, during this Board meeting which approved this amalgamation did the two RBI appointees, did they exclude themselves from this decision making.

P. Mukherjee: They expressed no views on the transaction.

Moderator: Thank you. The next question is from Anirban Sarkar from Principal Asset Management. Please go ahead.

Anirban Sarkar: Just a few things I wanted to understand. First while I understand that one of the benefits of the merger is that the combined entity has access to a deposit franchise, what I am trying to understand is that Indiabulls has a much larger asset base compared to LVB and the smaller branch network. So even though the combined entity has more than 800 branches unless we increase branch productivity of deposits, the deposit base will take time to scale up to a number where it is enough to support the asset base. Or in other words, the credit deposit ratio will remain quite high till we increase branch productivity of deposits. So what is the plan on that front? Do we have any plans to accelerate that growth or would it be a gradual growth where the trading deposit keeps coming down very gradually? That is the first question. Second question is I believe we have assumed that in the case of the merger going through, we will get a benefit of grandfathering of loans, I mean Indiabulls will. In case it doesn't, then what would be the plan or how should we see this playing out? Are we confident of having enough sources to borrow from or get deposits from in the case that we have to return bank borrowings in an accelerated manner due to not getting grandfathering benefit post the merger?

P. Mukherjee: These are very valuable questions, of course. Let me say that, a) we will need to step up deposit mobilization tips within the Bank and that is something we are conscious of which we have already started discussing upon even today. So that is clearly something that would have to happen. Indiabulls actually has a pretty good funding breakup and a whole lot of their funding is term funding. So it is not as if it is going to dry up the next day and it will of course be maturing over time and it will be our responsibility in the combined entity to ensure that as on date of maturity we replace them with appropriate level of funding from the Bank. This grandfathering thing is something that is talked off very loosely at times. I don't think there is any real grandfathering that will be permitted. Very clearly as and when the term liability is mature at Indiabulls they would necessarily have to be replaced by alternate funding, regular deposit funding, if I may say so and any other bank loans that this bank will create. So that will be there of course. But it is something that we are conscious of. I clearly see that to begin with, probably we will be having to live with a relatively high credit deposit ratio which will moderate over time. Leaving that aside, I don't think we have gone to the extent of having gone into greater detail, but these are issues that we will need to handle as we go along.

Moderator: Thank you. The next question is from the line Jai Mundhra from B&K Securities. Please go ahead.

Jai Mundhra: Just two things sir. One if you can quantify the commercial real estate exposure that we have as of third quarter or may be fourth quarter?

P. Mukherjee: In my Bank?

Jai Mundhra: Sir, the commercial real estate exposure of the Bank?

P. Mukherjee: 5% or so

Jai Mundhra: Sure. And just qualitatively if you can comment on your view of the mixing of culture between LVB and Indiabulls, just your broad perspective there?

P. Mukherjee: Lakshmi Vilas Bank is a multicultural institution actually. So to that extent I don't assume this to be a very major issue. While it is a 90-year-old institution which has been rejuvenating itself over the years. We have a very large proportion of young staff who are constantly looking at modernizing and adopting the latest techniques in every way of their life. So I don't really anticipate a very major issue as far as the cultural mismatches are concerned. The country has a whole has integrated considerably over time. So there is not much really difference between the South, North, East of West. So I really don't anticipate this to be a major issue really. Yes, there could be issues on way of working because after all we are a Bank, the other entity is a housing finance company. So the way a bank works and the way a housing finance company might work would be somewhat different, that is something I am sure each of us would adjust to.

Moderator: Thanks. The next question is from the line of Shreya Shivani from CLSA. Please go ahead.

Prakhar: Hi Partha, this is Prakhar. Just wanted to get a little bit insight into the asset quality part. Is it possible to give some visibility in terms of what do you think is the stress book part and you know we know the gross NPLs, you have indicated about 300 crores of SMA2 book, I assume that is as on March? So if you could bridge you know from where we were in say December 18 and in terms of reported gross NPLs and where is the size of the stress book that may, may not slip into NPLs? That's it. Thank you

P. Mukherjee: The overall stress book size has contracted between December and March. We are correlating the final numbers which is why I am slightly hesitant to give you the numbers, but the number has contracted in between. The stress book meaning NPLs plus the special mention accounts, that book has contracted actually and we are just trying to correlate the full numbers post the audit. That process is on at this moment. More importantly what I can tell you is, incremental slippages which is what most of you will be looking at are now coming down very sharply and my own sense is that over the next four quarters, incremental slippages should not exceed about, on an average about 100-110-115 crores per quarter.

Prakhar: You mean after 4Q?

P. Mukherjee: Post 4Q.

Prakhar: Okay. And may I ask Partha, when you say the stress book is contracting, let us say December 18, in your view what was the rupee billion size of the stress book then?

P. Mukherjee: NPA plus SMA would have been in the region of about 6000 crores or so.

Prakhar: Okay. That in your view is like a very good judgment of the stress book. There is nothing beyond SMA2 that we should bother?

P. Mukherjee: It is a very conservative judgment I would say. Obviously the stress is much less. But that would be a conservative number to take as of December.

Prakhar: Got it. And second thing is, from an operation side like in the third quarter also you had pre-provisioning loss, so obviously the issue is, margins have been low and cost has been growing with some inflation or somewhere around that. So what would be the trajectory in your view? Have the margins bottomed out and we should see an expansion or there is some space you need to cover up here?

P. Mukherjee: Things are largely steady. I am not getting into specifics because we are technically in a sort of a silence period before the results which we are now in the process of finalizing. But what I can tell you is, this is relatively steady. The fourth quarter has again been very quiet simply because of in the absence of capital we are constrained in growing the book. At the same time the effort is to manage the risk weighted assets which inevitably leads to a reduction in the book actually. So that being the case clearly revenue gets affected but having said that it is largely steady because partly on account of the fact the slippages are moderated.

Moderator: Thank you. The next question is from the line of Siddharth Purohit from SMC Global. Please go ahead.

Siddharth Purohit: Sir, just one thing. The merged entity, the amalgamated entity will still continue to have lot of exposure towards either real estate or Indiabulls housing being a HFC certainly that phase will continue to dominate. But what is the game plan going ahead to get into other areas without breaching the internal sectoral limit like how other bank normally follows?

P. Mukherjee: The merged Bank would clearly ensure eventually to keep to sectoral limits. In the initial phase it is possible that the limits would necessarily need to be tweaked to ensure adherence to the regulation but the objective very clearly would be to have a diversified book across segments. So we expect to have a very reasonable exposure to retail lending, to the SME side and also to corporates including both large and mid-corporates, there will be an appropriate mix. The exact mix is something that we will of course arrive at some point, it is obviously too early to comment.

Siddharth Purohit: Okay. I just have one more thing, like in operating side. The technology that we both use maybe we as a Bank and Indiabulls as a HFC, how that will get merged and what will be the cost, incremental cost in terms of migrating to all the branches of Indiabulls kind of a bank or maybe replicating all the similar operations in those sort of branches. What will be the incremental cost that will be required for those aspects?

P. Mukherjee: I have no idea at this moment. One of those things actually will be discussed during our integration discussions. Obviously it is a bit early to comment.

Moderator: Thank you. The next question is from the line of Jahnvi Goradia from Motilal Oswal. Please go ahead.

Jahnvi Goradia: Sir just referring back to the earlier question on grandfathering of the NCDs that Indiabulls would have issued. Since the merged entity will have a banking license would these NCDs need to be replaced by deposits on day #1 itself?

P. Mukherjee: This is something I don't know yet. So I wouldn't get into it at the moment. These are some of the things that we would need to understand. My understanding is as far as Bank loans are concerned, the term loans will necessarily be played as per maturity. The working capital loans would need to be possibly replaced, the cash credit part at least. There would be working capital demand loans which can play out as per maturity. As far as NCDs and others are concerned we would need to exactly understand. I am unable to comment yet Jahnvi.

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

Mangesh Kulkarni: I just wanted to know, in the presentation given by Indiabulls it was mentioned that there will be two Managing Directors, one is you and other will be Gagan Banga. So is there any discussion on how the responsibilities will be shared between both of you?

P. Mukherjee: Mangesh, nothing has been discussed yet.

Mangesh Kulkarni: And sir in terms of one case with Religare we are fighting in the court for around Rs. 800 crores. So is there a discussion on that before the merger as we going to make any provisions for worst case scenario and all these things?

P. Mukherjee: Obviously there has been no discussion with Indiabulls on this. The Bank of course follows its own prudent accounting policies.

Mangesh Kulkarni: Right sir. Sir, before merger, are we going to make any provisions for that?

P. Mukherjee: In respect of this particular transaction of course the Bank as such has no direct exposure on its books at this moment. Having said that the Bank of course in the normal course mix provisions for contingencies separately but that is something that the CFO's office decides from time to time. But I am unable to say if anything is required for this one.

Mangesh Kulkarni: At current juncture we have any made provisions for this?

P. Mukherjee: As I said the Bank does not make provisions for such things because there is no exposure. The Bank of course makes provisions for contingencies from time to time.

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

Akash Datani: My first question is on your employee again. So would you be able to comment on the number of employees in the union or the percentage of your total employees that form part of the union?

P. Mukherjee: Very roughly about 60% of my staff are under the IBA norms.

Akash Datani: Okay. And secondly on Friday there was a conference call that was conducted by Indiabulls Housing Finance where there was a mention on Lakshmi Vilas Bank's NPAs, it was said that about 4 to 5 accounts constitute most of the NPAs and Indiabulls with collection in its forte would be able to contribute by recovering most of these account is what was said. And if I refer to your annual report I believe the top four accounts constitute above 20%. So just wanted your views on that.

P. Mukherjee: Well, I did not hear what was said in the Indiabulls analyst meet. But all I can say is that yes, we would be happy of course if we can rely on their recovery processes. We do in fact look to others for assistance in recovery. So there is no reason why we shouldn't work with them also on that. And the number that you mentioned is right at my top 4 or 5 would probably constitute about 20%.

Akash Datani: And that was as on 31st March 2018, would that number have changed significantly since?

P. Mukherjee: It might have dropped a bit.

Moderator: Thank you. Next we have a follow up question from Renish Bhuva from ICICI Securities. Please go ahead.

Renish Bhuva: Sir just last question on this current gross NPA portfolio which we have as on date with the coverage of close to 50%. So what sort of provisional requirement do you see like say over next one year of the existing gross NPA portfolio, I mean obviously it will capture the recovery expectation as well as the write off. So all put together what is your sense on the channel impact of the current NPA portfolio sir?

P. Mukherjee: Renish, I will put it to you this way that there is a regulatory requirement for provisioning for the next financial year without getting into Q4 discussions because we are in at the threshold of announcing results, but for the next year I can give you a guidance that the provisioning requirement as per regulation might not exceed 400 crores to 450 crores next year. Having said that, subject to my ability to provide more I would be happy to provide more.

Renish Bhuva: Okay. So broadly you are saying in a worst case scenario it could be 500 crores a year in FY20, this is only till the existing NPL?

P. Mukherjee: That is correct.

Renish Bhuva: And whatever we may add in fresh on the FY20 that will attract another 15% or whatever kind of coverage we want to have, that will benefit over and above this 400 crores-450 crores, right sir?

P. Mukherjee: That is correct.

Moderator: Thank you. The next question is from Jai Mundhra from B&K Securities. Please go ahead.

Jai Mundhra: Sir you answered that question partly but just to get your views, do you agree with the proposition by Indiabulls Housing that they can sort of effect better recovery of your existing NPA in anyway?

P. Mukherjee: I have no idea Jai, in the sense that I have not yet had any discussion with them. And to again repeat, we talk and work with a large number of people for recoveries and I would be delighted to involve them also. And to the extent that we can help I would be happy. I actually have no experience of having worked with them in the past on recoveries. So I really can't comment what. If they have the necessary confidence it helps me certainly. I will be delighted to work with them.

Jai Mundhra: Sure sir. And second question is sir the hint that we got from Indiabulls Housing call that at this point of time they are pretty much okay to continue the housing finance business in the merged entity and rest of the business line which are let us say corporate lending or the lending that the Bank is into right now could be developed later. So in that context do you think a lot of your existing staff and branches would have limited utility. I mean if they will not become redundant but the utility will of course be very limited.

P. Mukherjee: On the contrary I anticipate that we might actually have a situation where we will require more people because you will appreciate that we are going to increase from somewhere around, I mean assuming that the Bank itself were not to open more branches, we would still end up with somewhere around 800 branches of Bank rather than a Bank plus HFC. So the staffing necessary would be for bankers and so on. So there will be a whole lot of requirement for bankers to run the branches. So that aspect is always there in any case to be kept in mind and my sense is that their people would be particularly strong on the sales part as well as on your retail assets generation but for routine day-to-day banking we would need a lot more support.

Jai Mundhra: But the only reason I asked is because they intent to continue the current business which they are doing on HFC platform and at this point of time they did not indicate that they would be developing the bank business because the merger has not been affected, that is why they are restricting themselves. But just to…

P. Mukherjee: My sense is, once the merger happens, the housing finance business would be a very crucial part of the merged bank's business**.** And clearly their platform which is obviously very successful platform would continue to support that business. But it is not as if the rest of the business of the Bank will stop. The intention is to grow all businesses and this is just my personal philosophy. We are not planning to grow any business to the exclusion of others. Clearly this is a bank that would like to now grow very fast hereafter. Particularly because it is well capitalized, we would like to show quality growth across segments and across customer segments as well as product segments.

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

Kunal Shah: Yes, can you help me with the breakup of gross NPL across corporate, retail, rural and MSME?

P. Mukherjee: Kunal, I will ask someone to give it to you. I haven't brought it with me.

Kunal Shah: Okay. And anything in their stress book as of now may be something which is not recognized but we expect something to be there in the due course. So may be some watchlist or maybe the stressed account, unrecognized stressed accounts?

P. Mukherjee: Stop looking at the watchlist because we managed to tone down the steps substantially. As I said for my purposes the SMA2 book itself is the watchlist effectively which is something like about 300 crores or so as of March end.

Moderator: Thank you. We have Gaurav Jani from Centrum Broking on the line. You may go ahead Mr. Jani.

Gaurav Jani: Two quick questions. One is the total stress you mentioned earlier of about 6000 crores would that include the net SR and the standard restructured book please?

P. Mukherjee: Standard restructured was about 40 crores, that would be included in that. The total standard restructured book was about 40 crores or 46 crores, I forget. So that was included in that. SRs was not included in that, you could add another 200 odd crores for SRs there.

Gaurav Jani: Sure sir. Got that. Thank you for that. And you mentioned that there will be a substantial reduction. So any ballpark number as to what percentage of reduction do you see in this quarter I mean would it be 10%-20% or so?

P. Mukherjee: You will have to bear with me for a few more days. We will give you the numbers.

Gaurav Jani: Sure. One last question sir. When do we expect to hear from the RBI on the proposed merger and congratulations for that.

P. Mukherjee: Thank you. I haven't the faintest idea.

Moderator: Thank you. The next question is from Alok Shah from Monarch Networth. Please go ahead.

Alok Shah: Couple of questions from my side. I am sorry if I missed out on this question. But did you talk about how has been the trend on the recovery this quarter?

P. Mukherjee: This quarter is better than the previous quarter but it wasn't as good as I would have wanted it to be. But yes, we have done quite a bit actually as you will see when we declare the results. So it is certainly more than the previous quarters.

Alok Shah: Okay. That is encouraging. And does the picture look similar for FY20 as a whole?

P. Mukherjee: Yes, indeed it does.

Alok Shah: Okay. So incrementally it is safe to believe that both slippages and also recoveries will show an improving trend in quarters to come through.

P. Mukherjee: Correct. That is right.

Alok Shah: Sure. My second is more from trying to understand how the franchise could look like since the announcement of this deal on Friday. Is there any kind of client queries that is coming in from the continuity of the franchise or what I am trying to understand here is that you have done a hard way out on trying to improve our CASA franchise for the Bank? Do we see an element of risk of that traction not continuing for the merged entity?

P. Mukherjee: Not clearly Alok. But let me put a practical point here. First of all, on account of the merger in itself I do not anticipate any customer concerns. If anything, depositors will take comfort from it. So that does not really worry me all that much, but I think I answered another question from someone else earlier about funding the additional book that will come. So clearly all of it cannot come through the CASA route. So in the near term there is a distinct possibility that the CASA ratios might be affected even though CASA would rise and it would be our effort to grow CASA quite a bit. We definitely want to step on the gas also on the CASA growth. But when it comes to the CASA percentage, in the event of an aggressive liabilities build up, the CASA percentage could be hit to an extent.

Alok Shah: Sure. This question was more from the fact that there is still a good amount of deposit which is community based, could there be some element of money moving out from…?

P. Mukherjee: I must say that yes indeed the Bank has a traditional community support. But over the years that has been broad based significantly. So I don't really anticipate any major concern on the liability side on this ground.

Moderator: Thank you. The next question is from Amit Singh from B&K Securities. Please go ahead.

Amit Singh: Sir firstly, you mentioned about our residual stress, so where we have SMA2 of around 300 crores, restructured book of around 40 crores – 45 crores and SR of around 200 crores. So in addition to that what would be our NCLT 1 and 2 exposure and how much have we provided for those accounts?

P. Mukherjee: I am sorry Amit. I don't have the NCLT number with me. Do send us a mail, we will have someone get back to you.

Amit Singh: Okay sir. And sir if you can share the breakup of our loan book, how much is retail, how much is corporate and how much is agri?

P. Mukherjee: In broad term corporate was about 37%, agri was about 17%. So that took away 54% for you. Retail was about 10% and the balance was SME.

Amit Singh: Okay. And sir how much have we provided for IL&FS accounts?

P. Mukherjee: I don't have specific numbers with me. I would have to check, but certainly the regulatory provision has certainly been made.

Moderator: Thank you. The next question is from Saket Lohia from Growth X Capital. Please go ahead.

Saket Lohia: Sir as I have shared on the very first question itself, that the presentation uploaded by Indiabulls mentions a 1.24 lakh crores of their loan books, 24,000 of yours loan book and for the amalgamated entity they have shown 1.3 lakh crores. So there is a difference of about 24,000 crores which I am not able to understand. Could you share some light on the same?

P. Mukherjee: I put it to you this way. Again, I frankly haven't seen their presentation and I have not even seen their balance sheet numbers really. But my understanding is that the first set of numbers that were put out are the total balance sheet numbers including the summation of the two asset sites and the 1,23,000 crores is the lending book number which between them under their lending book was about 99,000 is my understanding and the balance was ours. So that came to about 1.23. That much I am clear about. Rest I haven't really checked. Now that you pointed it out, I will have a look.

Saket Lohia: Sir I have also looked up the standalone Indiabulls housing presentation for the Q3 that was uploaded on 29th of March, in that also they have mentioned their loan book as to 1.23 lakh crores, ex LVB. There was no reference with regards to LVB.

P. Mukherjee: Obviously there was no reference to LVB at that time. I will check that out but my clear understanding is that their loan book for December was about 99, but I will check it out if there is some misunderstanding on our part, I will check.

Saket Lohia: Sir where do I connect for the same question because as for today's concall, even for the concall we have not received any intimation on the exchange from LVB that we are holding a conference call. If we have specific question then where do we have to get back to?

P. Mukherjee: If you have a specific question you can mail it to us and we will get back to you, but all these number we will definitely check. I am quite unaware of this. My understanding clearly is that they were 99 and we were about 24. But we will check this out. I haven't seen their books.

Saket Lohia: Alright sir. But I expect there is a number request that anytime that conference call gets hold on such a sensible topic the exchange should be notified for the inclusion of all the members across Board.

P. Mukherjee: That in any case will look at, certainly.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Mr. P. Mukherjee for closing comments.

P. Mukherjee: Right. I must thank you all for having taken the time out to understand our perspective better. I do hope that you got reasonable answers from me. Do feel free to get back to us with any other questions that you might have in this matter. And thank you all very much.

Moderator: Thank you very much. On behalf of Lakshmi Vilas Bank Limited that concludes this conference. Thank you for joining us ladies and gentlemen. You may now disconnect your lines.