



LAKSHMI VILAS BANK

# “Lakshmi Vilas Bank Limited Q3 FY20 Earnings Conference Call”

**February 14, 2020**



LAKSHMI VILAS BANK



**MANAGEMENT: MR. S. SUNDAR – INTERIM MANAGING DIRECTOR &  
CEO, LAKSHMI VILAS BANK LIMITED**



**Moderator:** Ladies and gentlemen, good day and welcome to Lakshmi Vilas Bank Limited Q3 FY20 Earnings Conference Call. 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 ‘\*’ and then ‘0’ on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. S. Sundar – Interim Managing Director and CEO, Lakshmi Vilas Bank. Thank you and over to you, sir.

**S. Sundar:** Thank you. Ladies and gentlemen, good evening. I am Sundar – MD & CEO of the bank having back in charge on 1st of January 2020 and I take pleasure in discussing the working results of Lakshmi Vilas Bank for the quarter ended 31st December 2019.

I am happy to inform that the bank has achieved improvement in various financial and performance parameters after so many quarters of decimal numbers. During the quarter, post imposition of PCA, the bank has managed its liquidity very well indeed and the bank is still holding sufficient surplus liquidity with the liquidity coverage hovering above 200%. The bank could achieve and maintain a decent CASA ratio of 25.88%. The bank would improve upon its operational efficiency. The bank’s NIA and NIM improved, establishment and other OPEX contained, CIR reduced, though still it is higher than other banks.

Operating and net losses too pruned. Despite the loan book falling by about Rs. 2000 crores, the bank would reduce its operating and net losses through improved margins. For the first time in so many quarters, the bank would achieve nil addition to its gross NPAs. In fact, the gross NPA reduced by 10 crores as compared to September 2019. Some of the large value NPAs for about 200 crores which our bank was expecting to recover could not materialize, I hope the said recovery should take place in the current quarter, thanks to rigorous for efforts put up by our recovery department in particular and all the staff in general.

The bank’s net NPA lowered to 9.81 after continuously rising over the last few quarters. The bank has been mandated to increase the Tier-on capital under PCA. We are actively engaged and are doing the needful for infusing the capital as early as possible.

Now, I wish to focus on the various numbers. The press release has already been put on stock exchange website and I hope you would have read through. For your convenience, I will read main numbers. Starting with business, the business mix stood at 41,100 crores as against 47,115 crores as of 30<sup>th</sup> September 19. The lending book too has been reduced consciously on the back of lower CRAR which continued to be impacted by losses arising on provisions to NPAs. The gross advances stood at 17,535 crores as against 19,251 crores Q-on-Q and 24,123 crores year-on-year. The bank is focusing on increasing its lending book through assets that require zero or less capital allocation like gold loans, MSME loans, etc. The business departments are working on specific targets in focused branches.



Despite the foreign loan book, the bank would achieve higher yield on standard advances which stood at 11.87% as against 11.78 for Q2. Even on the overall loan book, the yield stood higher at 9.28% against 9.01 Q-o-Q, 9.09 year-on-year.

On the deposits front, the total stood at 23,565 crores as against 27,864 Q-o-Q and 30,787 crores year-on-year. The cost of deposits lowered to 6.23 as against 6.75 mostly on penalty on pre-closures post PCA; however, we feel there will not be substantial increase in the cost of deposits going forward. The bulk deposits constituted 7.37% only of the total deposits and the rest was totally retail deposits. The bank's investment portfolio stood at 7,041 crores versus 9,857 crores Q-o-Q and 9,878 crores year-on-year. The yield on investment stood at 6.57%.

Turning to profit and loss account, our interest on advances was 399 crores as against 447 crores Q-o-Q. As a result, the interest lowered due to fall in advances. The fall in advances by about 1,709 crores led to the reduction as advances which called for higher capital allocation have to be reduced to conserve CRAR. Similarly, the interest paid on deposits too was lower at 376 crores versus 481 crores in the sequential quarter. You could see the reduction in interest on advances was close to 448 crores while reduction on deposit cost was about 105 crores. Partly, this is attributable to the premature closures post the PCA.

The bank stands in favors in controlling CAs, spent 105 crores in establishment which was the same as in the previous quarter also. On a year-on-year comparison, it fell from 111 crores to 105 crores. Similarly, the other OPEX was 106 crores against 103 crores in the sequential quarter, 114 crores in corresponding quarter.

The asset quality for the first time as I said, out of several quarters of increases, the net addition to gross NPA was negative at 10 crores. That is to say incremental slippages were out of 257 crores while the recovery and upgradation was 267 crores. The bank's NIA improved to 126 crores against 110 crores sequential. The provision for NPA lowered 281 crores and the loss before taxation was lowered at 334 crores against corresponding quarter of last year at 456 crores.

The other numbers that I can read out is net NPA was 9.81%, provision coverage ratio vastly improved to 68.7%. The capital adequacy ratio continues to remain impacted and as I told we are taking a lot of efforts to improve upon Tier-1 capital as early as possible. The Tier-1 capital as on 31<sup>st</sup> December was 1.46%, Tier-2 was 2% and the total was 3.46%. The bank would reduce its risk weighted assets also to 14,500 crores from 16,300 crores in the sequential quarter.

Overall, the cost income ratio has come down to 110% when compared to 124% in September and 113% during December 18. I think with this, I will just close. Any analyst wishing to seek clarifications, are free to ask me. Thanks.

**Moderator:**

Thank you very much. We will now begin the question and answer session. The first question is from the line of Siddharth Purohit from SMC Global. Please go ahead.



**Siddharth Purohit:** Sir, it is good to know that this quarter the slippages have been lower and also the upgradation recovery has been also better compared to previous quarters, but it would be helpful if you could guide us what would be the residual stress on the book right now that you intend to recognize in Q4 or which is likely to fall into NPA. And second question is on that capital front like the capital consumption certainly has been on a higher side and if we end up closing at net level in the Q4, then probably will be virtually no capital basically, so what is the basically plan had because as far as I understand probably by March end if you are not able to do it, then what will be the action that RBI might ask us to do, so what is happening on that front?

**S. Sundar:** While discussing the results for Q2, I told that the bank suffered mainly on two accounts, one higher NPA that in fact impacted the capital adequacy ratio also because of higher provisioning that had to be made for these bad loans. If you look at that, it appears that the additions to NPAs have almost stopped, in fact was negative and we have been working on various accounts at different levels, various schemes formed, and I hope that I should be able to recover a decent amount during the current quarter also. So to a large extent the NPA problem, I feel has come to an end, I would say that. Secondly, as I told you, the provisioning requirement as we have mostly cleaned I think going forward the requirement for our provisioning also should come down on the existing NPA accounts due to migration. We should augur well for my profits and capital adequacy ratios. Turning to the capital raise, as I told you that we are actively engaged in raising capital and as and when something materializes, we are duty bound to inform on the public, put on the public domain. We could have read some of the news in the recent past a few days back and to your question that what will happen if capital is not raised, it seems to be quite hypothetical while I am trying my best to improve upon capital, what will happen if I don't capitalize something, I am not able to answer to you at this stage. I am confident that we will raise the capital and live up to your expectations.

**Siddharth Purohit:** Sir, just on the same thing like whatever media news has published, if capital is not available, are we sort of **TD** may be or whether you already have members on board from RBI, so merging with some better balance sheet banks where it is a win-win for both, obviously we would like to comment when it is in formally there but any sort of discussion that has been initiated by the regulator on this, would you like to highlight on this?

**S. Sundar:** Regulator will not announce in advance what they are going to do. They will watch. They are giving us enough opportunities. They have been advising us to improve upon capital and they will give us sufficient time to do that and we are trying our best. And if you look at from the regulator's perspective or from the point of view, there will be so many other banks too. It is not the only bank that they are looking at. So as such, they will see what is to be done when something is not achieved by a particular bank, what are the efforts taken by the bank, they are keenly watching and we are here to inform at periodical intervals to the regulator our efforts to raise the capital, various methodologies that we are using, everything we have to inform. As I said, once again we are confident of raising capital and as such we don't feel that any harsh decisions or unfavourable decisions will be post on by the regulator, but the process, overnight



it is very difficult to raise so much of capital. We have to increase it slowly, we are trying and we will.

**Siddharth Purohit:** Sir, just one more question on the residual stress that you see on the book right now?

**S. Sundar:** Restructured?

**Siddharth Purohit:** How much stress more is left that is to be recognised?

**S. Sundar:** You are talking about SMA accounts?

**Siddharth Purohit:** I mean whatever watchlist you have identified which can fall into NPA, may be next quarter, maybe in 2-3 quarters?

**S. Sundar:** See, my SMA numbers are not very.... so many quarters we were remaining, totally 112 remains around 600 to 700 crores, and I don't think there is any possibility for huge additions from the SMA portfolio. What you have to see is some additions will be there. So banking industry, I cannot operate without any additions that certain additions are inevitable, and we have to face it. What I do is, how I manage and recover the existing NPAs. As I told in this quarter, my net addition was negative, so going forward, we will continue with that one, I think the additions will be more than compensated by the reductions and on a net basis, my NPAs will come down, but I should tell you or share with you that the entire mechanism of followup of the existing accounts, particularly SMA accounts have been toned up and all the branches are very active in ensuring that additions are to the minimum or the lowest level. At this level, I am not able to give you any number, I except promising that or except ensuring that net additions could be negative.

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

**Bhavik Shah:** Sir, you have indicated as in we would be recovering around 200 crores in fourth quarter, the current quarter going on. Sir, are there any bulky accounts or how is it?

**S. Sundar:** The 200 crores we are needing close recovery, but somehow it has slipped, but on our radar there are so many other accounts, which are at various stages. See, the recovery takes place on account of actual recovery, compromise, settlements, upgradation, so many things are there. This should give me good numbers for the current year.

**Bhavik Shah:** So sir, this would be through NCLT's, I understand recovery takes place in various forms but as in what we envisage is the accounts are paying back or it is through settlement route much of the 200 crores that we are anticipating?

**S. Sundar:** I am not able to give you exact number, what I will be able to that we are trying our best like good target because I am not supposed to give any forward-looking statement.



- Bhavik Shah:** Sir, as I was just asking you if there are any lumpy accounts that are being recovered, that is it sir or it is very granular. And sir, you mentioned SMA-2 book of 600-700 crores, sir can you give us broad perspective on any large corporates there or what sectors are they from?
- S. Sundar:** I said SMA-1 and 2, in that the corporates account constitute around 25%. Of the 350 to 400 crores, there is about 120 or so, about 30%. We have almost cleaned corporate accounts in specific category are not many.
- Bhavik Shah:** And sir, we have like advances of around 17,000 crores gross advances and would be 15,000 crores net advances, so how much of this would be corporate book now?
- S. Sundar:** I told you the total loan book was 17,535 crores, of which corporate book was 6,576, for us I can say one-third. See, earlier one time we were holding up to some 50-55%, it has been continuously falling and now it is around 33% of the gross advances. Going forward, even under the restriction of PCA, we are not supposed to lend to large corporates, number one. Secondly, we are also interested lending to medium small scale industry, MSME and the other commercial rural retail sectors only. Slowly, this book should grow over a period of time and the percentage of corporates should come down further going forward.
- Bhavik Shah:** So sir, I understand that corporate stress has broadly been stabilized, out of 6,500 crores there might not be any further slippages, but sir considering the current state of macroeconomic stress, don't you think that the stress can precipitate so as in like you see we had a lot of lumpy accounts stripping into NPA, so I just wanted a broad colour on the corporate book like how much would be above 100 crores ticket size accounts, 25 to 100 crores, so it would be like we will have a clarity on how granular the corporate book is and to which sectors are they?
- S. Sundar:** Large accounts standing into NPA, we have already activated the mechanism of recovery and follow-up. Going forward, I do not find there is much of risk in large accounts standing NPA. It almost remains contained.
- Bhavik Shah:** And sir, what is the ballpark capital that we are looking for like how much are we expecting to raise?
- S. Sundar:** Capital, I told you I cannot give the exact number. We need a huge capital. Either we have told that we are looking for raising close to some \$250 million or so that will translate into 1500-2000 crores is our target, but overnight I cannot get that amount. We will get some amount during this current year and precisely go for further augmentation of capital. The capital is needed for 2-3 things, one to sure up my existing capital adequacy, secondly any spillover provisions we make, thirdly for growth. That is why we are giving a number that is going to around 1500 to 2000 crores roughly you can say.



**Bhavik Shah:** And sir, I understand we are in the PCA framework and our capital remains weak, sir I am impressed with the CASA ratio holding up very well on ground sir and the bank has very good debt-equity but aren't you facing resistance from deposit customers?

**S. Sundar:** I told that the ratios are good, we are improving, we should improve our business. Naturally, we should go for deposit mobilization too because funds how we will do. Slowly, deposits are, accretion takes place. We almost come out from the initial problem that was faced after PCA and as we told you, I need not lend only by deposit mobilization, I told you I have got liquidity coverage ratio of 225%. Actually still they have got enough liquidity, may be about 2500 crores or so, I think I can very well go about lending and increase my NIA, NIM, all.

**Bhavik Shah:** That is it from my side, but just one last concern as it would be helpful if we have more colour on the corporate book because it is still high and unless we have a granular information on corporate book, investors might not be interested so much, so that is all.

**S. Sundar:** As I told, corporate book is almost clean and not much is there for the corporate because some smaller accounts are that we already fine-tuned the recovery mechanism. It should give me enough relief going forward. It is all granular in nature. I think on the deposit side also, we see they are all granular, about 7% is my bulk deposits, close to 93% of my deposits are retail term deposits only, so that concentration risks are not there either on deposits or advances. I am free from all these risks and as I told, we have got ambitious plans. I cannot give the number forward-looking statement, but there are plans are put and regional heads, branch heads and the centralized executives, they are all working very hard and we should achieve what was expected out of this.

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

**Jai Mundra:** Sir, I wanted to understand, what is the total number of employees as of third quarter and are you seeing a reduction there?

**S. Sundar:** Yes. I have told you that staff expenses was of the order of 105 crores, these are same in September quarter also and as compared to the corresponding quarter last year, it was 111 crores whereas these costs are increasing, I could see a trend of this expenditure falling. We have about 4800 employees and some 250 have already left.

**Jai Mundra:** That is in this quarter or over the last 4 quarters?

**S. Sundar:** It varies, see we went through a system of appraising the performance and where we found their performance was, we have to do a thorough examination on all fronts of the banking operations; advances, deposits, employee performance, NPA, all the things are, it is not one particular area I have to concentrate. If you see, my cost income ratio is high, so what to do, I have to reduce my expenditure, increase my fee income as well as NIA, so I have to improve advances, so all



the things are there at the same time. We have been addressing one by one. We have examined each of these parameters. From the staff side, our HR department went through a proper analysis of the performance of various employees at various grades. We have not seen even the highest level executive. So wherever we found performance was less than expected, not question of non-performance, even when the performance was less than expected, we gave them some time and if they could not improve our fund, then they have to leave. I think about 180 people have left otherwise another 70-75 are in the process of going out. It is a continuous exercise. Once my volume of business increases, then I have to relook about the staff requirements, and I should say that digital penetration also has improved vastly. You would have seen in papers that we are one amongst the bankers which achieved the target for digital penetration. I think we were one among the four bankers that achieved the digital penetration target given by NPCI. That way we are driving through this digital platform and its customers operating through alternative channels and accordingly, we are pruning down the staff, we are rationalizing the staff. Wherever we found in the administrative office, head office or regional office, we found staff strength is more, we are redeploying them to the branches because now my concentration goes to branches, we have given them good targets and is being actively followed up for improvement or the branch level is advances as well as deposits. We have selected branches that are good for gold loans. We have selected 175 branches that are good for gold loans. You know gold loans do not require any capital allocation and you find it is quite safe and secure. Some small percentage may be there, otherwise the loss given default is the minimal in gold loans, so we have targeted branches, we have given the targets to the branches and we have given them enough technology support. So immediately when somebody comes for a gold loan, immediately he is able to get the gold loan may be in 15 to 20 minutes. All the things have been enabled, infrastructure has been enabled, staff has been repositioned, branches have been identified, the targets have been allocated, they are properly monitored on a vigorous basis. That is one side of it. Secondly, wherever we found the people are not coming up to our expectations, we have asked them to go or they have to leave the organization. That is why as I told, the staff expenses have not increased. Going forward, we will try to control as much as possible, but whatever is written, it is a fixed cost, I cannot totally pull it down and it is a very sensitive area also, so I have to be careful while cutting the staff or reducing salaries or improving performance. Staff settlement is quite sensitive, our HR is handling it very well.

**Jai Mundra:** The next thing is sir, I wanted to know what is the retail deposit as of third quarter and what was it in second quarter?

**S. Sundar:** The retail term deposits were 93% I said, bulk deposits is 7%. Bulk as a definition goes by RBI's definition only 2 crores and above, you call it bulk where the bulk or retail, 2 crores bulk or we can offer slightly higher rates than the retail deposit. That is the only thing but that also we have reduced. Only 7% is there. Perhaps, that could be the lowest amongst our peer banks also. So that is one of the ways to control cost that we have achieved.

**Jai Mundra:** The last quarter, how much was the retail deposit and if you have the absolute number that would be much helpful sir because...



**S. Sundar:** I shall let you know. On 30th September, my total deposits were 28,000 and of which 19,000 was retail, 19/28. It is a quite number, 19/28. Total deposits were 27,864 at the end of September of which CASA was of the order of 7000 crores. So that leaves me with a term deposits of 20,895 crores. Of this 20,895 crores, 19,000 crores were retail and 1,893 was bulk. So of the total term deposit, it was around less than 10%, may be 8%; 91% is the retail and 8% is there, now also it is revolving around that. One thing is Mr. Mundra when we have shed the advances to conserve capital, we have weighted-out all the bulk deposits which were charged with higher rate of interest, so the retail deposits are remaining and granular advances are remaining, the risk is very much reduced on both phases.

**Jai Mundra:** If I understood it correctly, then the total term deposit as of 2Q as of September you had 20,895 crores, of this 19,000 was retail term deposit. And in this quarter in December because you have 93% of the total term deposit which is retail, you have around 21,000 crores of retail term deposit, so from last quarter to this quarter your retail term deposit has increased?

**S. Sundar:** As of now December, 23,565 was the total, of which term deposits were 17,467, roughly 26% was CASA as the total deposit and of the 17,467, retail term deposits were 15,729 and bulk deposits were 1,738. Okay, if you say on the term deposits, my bulk was 10% and on the total deposit, it was 7%.

**Jai Mundra:** So the retail term deposit as of December is 15,700?

**S. Sundar:** December is 15,729.

**Jai Mundra:** So sir, this retail term deposit has declined from 19,000 to 15,700?

**S. Sundar:** That is understandable as I told you in the beginning post PCA, there has been reduction in deposits, mostly retail deposits. There were lot of rumors about the bank and you would have seen there is lot of media disinformation about the bank. At the time of PCA, you found that from the Religare case was flashed out and PMC bank moratorium that was the main thing. The PMC bank moratorium was flashed, then the Religare case was there, then in October Reserve Bank says that merger with India will stand down and further they charge some penalty for divergence. Divergence that took place on 31<sup>st</sup> March 2017 which was our order of only 52 crores whereas for other banks it was 8,200 to one bank and 9,400 for another bank. Media wrote LVB and others have been fined. My divergence was 52 clearly so why is there the series of media disinformation, that we put our treasury managed very well, the liquidity and still they maintain about 2500 crores of liquidity. The foreign deposit now is arrested. Going forward, we should see a rising trend, both advances and deposits is what we have been aiming at now, should come through going forward.

**Jai Mundra:** And sir, now on funding side sir, now hypothetically if you have an investor which is favoring you substantial capital but in turn because your market cap is now so low, possibly his stake will



go up to 25-26%. So how do you think RBI would look at that proposal? Will you think there is a chance that what happened to Catholic Syrian Bank?

**S. Sundar:**

One thing, you could have seen in today our NSE's website we have uploaded. Our board today has permitted capital rising in various forms that included that is they have authorized us to undertake the discussions to raise capital that includes CAP, preferential issue, issue of shares including controlling stake and measures. We have already put on the website that from the Board side, they have authorized us to undertake various exercises. Whatever is best for the bank, we can decide. Our goal is the bank should not starve for want of capital. It should be sufficiently capitalized so that these operations are not hampered. This was our ultimate aim. Coming to the second part of your question, how the regulator will do, up to 5% a bank can issue, above 5% you have to go to RBI for permission, so above 5% and there are various things, we have a controlling transaction above 26%, open offer is there up to 49%. These are all RBI's published guidelines only. Up to 49% RBI can permit and beyond 49% the investment, you have to approach government, up to 74% they may permit. All the things are there. But right now, I will not be able to say what is the exact one. You can assume even more people are coming and I can even manage at a lesser stake and if one or two people are coming, so my aim is to get \$250 million or 1750-2000 crores, so it depends upon the number of players or number of interested investors. I am having a mandate from the board to discuss the matter. Of course, anything will be finalized with approval of the board, approval of the shareholders, subject to all regulatory statutory guidelines only.

**Jai Mundra:**

Sir, I wanted to understand if there are let us say 2 interested parties and hypothetically let us say they are agreeing to infuse us \$200 million capital, how do you think would RBI react in the sense as per your discussion with RBI so far, they are okay that if someone comes with 26% kind of a shareholding or they are not telling anything or they have straight away said that you just take the 5% of maximum 10% kind of investor.

**S. Sundar:**

Mr. Mundra it is like this, supposing an issue I have to collect about 2000 crores assume at what price ratio, so decides the percentage of dilution or percentage of shareholding for the new investors. So that has to be decided at our level, then only we have to take it to RBI. So I cannot tell you whether RBI will permit or not. At this stage, RBI doesn't just look, they have to take into account various other parameters, who is the investor, its KYC, due diligence, all the things should be taken, higher the dilution or higher the stake somebody wants to hold, then RBI has to thoroughly scrutinize before giving permission. So at this stage I cannot tell you whether they will prepare A, B, C, or whatever. So our job is in fact I would say that we should do at our end, at our board level, we should be satisfied that the proposed investor meets with all the requirements that RBI will be expecting to meet. Then only, we should go with RBI. So I cannot take anybody and go before RBI and ask him to give clearance. It is not fair on my part and I cannot expect RBI to do this also. I will do the homework, I should be satisfied, whether the investor is fitting into all the norms, then only we have to approach RBI. It all depends upon and what kind of an investor I am looking at.



- Jai Mundra:** Have you got any expression of interest, any binding, nonbinding expressions of interest so far?
- S. Sundar:** You could have seen my announcement on the public domain that I have not got any interest for investments from anyone. Whenever some expression of interest is given or a firm commitment is given, then we have to follow the system, the requirements of SEBI, announcement, going to the board, proper announcement to the exchanges, all will be done. We will strictly follow the regulatory guidelines.
- Jai Mundra:** Sir, any change in the top management or at board level in the last 3 months or 6 months except after the MD sir has gone? Is there any more change in the board or at senior management level?
- S. Sundar:** There is not much of a change in the senior management except a couple of executives have left on their own and we also thought they were excess. And other than that, our MD has resigned on personal reasons as of 31<sup>st</sup> August and I am there very much in the bank for the last 2 years and I have been asked to take on this MD and CEO till the new MD joins. So I have been termed an Interim MD for 4 months till April or till the new MD joins whichever is earlier. Other than this, I don't find any change.
- Jai Mundra:** But sir, you said there are few executives who have left, right?
- S. Sundar:** The executives have left because of two reasons, not many top level executives have left, number one; some of the top executives they left on their own and we found surplus only at the lower level, not the top levels.
- Jai Mundra:** But when you say executive, you mean mid-level executives have left?
- S. Sundar:** Middle level means our Chief Manager, our Assistant Vice President, something like that, senior managers among three you call it.
- Jai Mundra:** The Band 6 people, people have not moved?
- S. Sundar:** Band means can you elaborate please?
- Jai Mundra:** I am saying in the GM level.
- S. Sundar:** You want to tell me various grades.
- Jai Mundra:** Let us say GM level?
- S. Sundar:** There are only two people, one on his own he went, another man also thought we asked him to improve performance and see business is coming down, please understand. I started my discussion, as the business has come down, we also found some of the executives are staff excess, so naturally some people had left but not at the senior level.



**Jai Mundra:** And the last question is, are we still offering the higher savings account rate or have we reduced that rate?

**S. Sundar:** Actually, I reduced the savings bank rate, even for the lowest, less than 1 lakh we have made it from 4% to 3.5% and at various stages also, maximum offered now is around 5.5 depending upon the... See, we have various slabs; up to 1 lakh uniform rate, from 1 lakh to 5 lakh, 5 lakh to 25 lakhs and so on. Accordingly from 3.5%, it goes to 5%, 5.2, 5.5, something like that. At a higher bank, this is not much. Most of them are covered anywhere between 4.5, something like that, even less than that. Overall, if you look at my savings bank, cost of deposits has come down. It has come down by 40 basis points. Interest paid on savings bank deposit has come down by 40 basis points. Our treasury man says it gives me a saving of around 4 crores per month, 50 crores a year.

**Jai Mundra:** Sir, is it the maximum rate that we are offering on savings account on card basis is it 5.5% which was earlier some 7.1, right?

**S. Sundar:** Mr. Mundra, you can see our website. Everything has been stated even clearly there. For information, I can read it out. Up to 1 lakh, it is 3.5%; 1 lakh to 25 lakhs, 4%; 25 lakhs to 10 crores, 5%; and above 10 crores is not a big number, so mostly it will fall between 25 lakhs to 10 crores or 1 lakh to 25 lakhs. We will get the benefit of lower interest rate on saving bank account. As of today, the cost of savings bank deposit is less than 4%.

**Jai Mundra:** The blended basis you are saying that the cost is below 4%?

**S. Sundar:** So blended cost, I told it is above 6.24, total cost is 6.24, but you cannot take it as basis for the reason that in the last quarter many of the deposits were prematurely closed and we have to charge penalty and all that. Going forward, earlier we have been maintaining at about 6.75 for quite some time and from 6.75 it has come down to 6.25. Perhaps, a slight increase could be possible, but we are trying to improve upon savings, we are trying to lower the overall cost of deposits as much as possible. We are taking active interest on this.

**Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Sundar for closing comments.

**S. Sundar:** We will close it. Thank you all. Thank you very much.

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