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SIBK.NS - South Indian Bank Ltd to Discuss Bank's Vision 2024 Call

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PRESENTATION

Operator

Ladies and gentlemen, good day, and welcome to the South Indian Bank Limited Vision 2024 Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. (Operator Instructions) Please note that this conference is being recorded.

I now hand the conference over to Mr. Chetan Parmar, Head IR at South Indian Bank Limited. Thank you, and over to you, sir.

Chetan Parmar

Thank you. Good afternoon to all. A very warm welcome to South Indian Bank Vision 2024 Conference Call. Myself Chetan Parmar, and I handle the Investor Relations for the Bank. I hope everyone is doing good and keeping themselves safe during this pandemic. The Vision 2024 presentation is uploaded on stock exchange and company website. I hope everyone has had a chance to look at it. I am joined by my colleagues, Mr. Murali Ramakrishnan, MD and CEO; Mr. Thomas Joseph, EV Operations; Mr. Sanchay Sinha, Head Retail Banking; Mr. Sony A, Head Digital Banking; as well as our CFO, Ms. Chithra. H. We will request the participants to restrict their discussions to Vision 2024 document.

I now hand the conference to Mr. Murali Ramakrishnan, MD and CEO. Thank you, and over to you, sir.

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

Thank you, Chetan. Good afternoon, ladies and gentlemen. We hope that you and your family are safe and healthy. We have uploaded presentation on our website today, in which we have attempted to articulate our strategy, which we endeavor to execute over the next 3 years.

Over the last 10 years, South Indian Bank has gone from strength to strength, growing by 4 to 5x on parameters like total business, advances, deposits, NRI deposits and operating profits. We have done well in retail banking, mobile banking and digital. My colleagues in South Indian Bank are young and vibrant with an average age of 32 years, with more than 50% of them professionally qualified. We are also proud of the fact that 50% of our colleagues are women.

Having said this, I must also acknowledge that in the recent few years, the bank has faced some headwinds, especially on the asset quality front, driven by corporate slippages and the bank's financial performance. Slow growth in economy during FY '19/'20 and the pandemic during the current year have also not helped our asset quality. Over the last few months, I've been spending time with various teams at South Indian Bank across business units, risk management and operations to understand our current position and to outline the strategic focus of the organization going forward. I'm glad to share with you our plan of action. We have identified a 6C strategy for the next 3 years with a mission of profitability through quality credit growth.

Let me start with the first and most critical C, capital. We have shareholders' approval to raise INR 1,250 crores through equity and debt, as updated in our Q2 2021 results call, the equity capital will be raised in multiple tranches. The first tranche will be to strengthen the balance sheet and the balance tranches will be for growth opportunities. The bank has appointed a merchant banker for advising on capital raising activity, the quantum and the route of the first tranche of capital raising are under discussion, but the intent is to raise the first trench of capital by March 2021.

Building a strong CASA book is the second C of our strategy. Focused approach on building low-cost CASA book with the branch, regional office, dedicating most of their bandwidth in building relationships. A performance metrics based a score card on liabilities business will be brought in for branches apart from leveraging our NRI tranches in Kerala for NRIs based in Middle East countries, we'll expand our horizon to target NRIs located in other parts of the world. Further new retail asset products will help in augmenting the deposit base and third-party products penetration. Reducing cost income is the third C of our strategy. This can be achieved by either increasing income or reducing cost. We'll be focusing on improving both aspects. On the income side, we will target increasing noncredit related income through cross-sell and upsell opportunities. Business intelligence we need to be strengthened with the required skill and tools to leverage on the above opportunities.

On the cost side, we'll optimize our existing branch network with a merger or relocation of branches. Additionally, explore synergy opportunities with our new subsidiary focused on outsourcing activities. Extensive use of our technology expertise to bring efficiencies and improve productivity. Competency building is another critical C of our strategy. We are reorienting the organization structure and building a bench of senior talent to deliver continued excellence. We will selectively scout for talents from outside and leverage existing pool of talent within South Indian Bank for newer and additional responsibilities. The average age of employees in the organization is about 32 years with the right set of training and guidance we believe to achieve the desired results with a young and vibrant workforce. We'll use tools such as DNA anchors for talent identification and revamped MISA programs.

Customer experience is the 5th C, the bank will adopt a Phygital approach at branches with personalized services for legacy customers and complete digital avenues for next-gen customers. Over the past few years, bank has streamlined customer journeys and process automation, leading to multiple awards. Simplicity, EED, personalization, transparency and quick TAT are the few virtues where the bank will continue to strengthen service standards. We'll provide a host of personalized and innovative in-house products and third-party products from industry leaders to suit the customer requirements. Compliance is the foundation of our strategy. Compliance will be core across all domains of banking activities right from sourcing through the entire life cycle. The focus will be on adherence to the highest integrity standards. There will be 0 tolerance for internal and external frauds.

Coming to our asset strategy, we'll continue to focus on lending to retail, MSME, SME and agri business with a calibrated approach for lending to corporate. On the retail side, our approach will be to build a granular portfolio with a mix of secured and unsecured products. We have drawn plans to launch new products in phases and improve the efficiency of the existing ones. The first set of revamped and new products should be launched, starting from first quarter of FY '21, '22. The SME, MSME segment, we have created 2 subsegments, micro and small enterprises with a turnover of up to INR 100 crores with a ticket size of -- average ticket size of about INR 1 crore. Small and medium enterprises, with a turnover of more than INR 100 crores but up to INR 250 crores with an average ticket price of INR 8 crores to INR 10 crores. As far as agri business is concerned, we are working on beefing up our micro and agri lending, including gold loans through our strong distribution network and years of experience in these geographies. In corporate lending, we'll have a calibrated approach with a focus on building high-rated quality book with approach of building ecosystem through cross-sell of treasury, retail and SME products. The average ticket size will be around INR 25 crores at the same time, we'll continue to service our existing borrowers with a good track record.

My near-term priorities are as follows: share the vision, strategy and goals with each employee through meetings. Beef up the management team with the talents from inside and outside. Declutter the branches by bringing in a cluster level layer and also enabling them to focus on business and new customer acquisitions. Create a robust operations team, ably supported by a strong technology platform, revamping credit policies with focus on quality, improve underwriting through training and modest developed through experts. Build strong analytical tools for robust reviews of portfolio and tweaking of policies, improve collections through infrastructure and analytics, managing NPA through focused recoveries, driving efficiency through rationalization of branches and ATMs. In the medium term, I will be focusing on training and competency building across layers through e-learning, classroom training and expert sessions. Launch various asset products in planned and phased manner, increase distribution network by identifying potential locations, increase wallet share of our existing customer through data analytics and customized product offerings, build a digitized lending for SME, MSME, deepen NRI footprint in the Middle East and expand in other geographies, rebuilding brand image. Fair to customers and fair to bank is the philosophy to be followed across the bank. We endeavor to reach our Vision 2024 with support from all stakeholders, which would enable us to create a responsible and a strong bank.

This is all from my side. Now we can open the floor for questions. Thank you.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) The first question is from the line of Renish Patel from ICICI.

Renish Patel - *ICICI Securities Limited, Research Division - Research Analyst*

Yes. So sir, just a couple of questions from my side. So 1 is on the margin trajectory, wherein we are saying we'll try to reach a 3.5% by '24 from current level of around 2.7%. So sir, if you can just throw some light from where this incremental 120 or maybe 100 basis point, we see -- so I'm assuming a large part of it would be driven by the higher asset yield because any which ways cost of deposits, we are at the lower end of the cycle. So just your thoughts on how we'll achieve this 3.5% would be a great help, sir.

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

Yes. Good question. See, I would like to start by saying that we are going to be focusing on retail, MSME, SME and agri, as I mentioned in my initial address. So we are -- we have -- what we have done is in our workings, we have looked at what could be the average yield, which we would be targeting in each of these product lines. So just for the benefit of the audience, I have listed down the key products, for example, agri as a whole, then there's a gold -- retail gold, then there's an agri gold, then there's a business loan. There's a personal loan, then there's LAP and there are housing loans. Then we also look at corporate in a very selective way and the various other retail products, which I'll be -- we'll be launching over a period of time.

So what I've assumed been working out the -- our plans for increasing the NIM, we have put approximately at what rates we should be targeting each of these products. So just to give you a sense of range of the rates, which we would be targeting. For example, in agri, it will be anywhere from 9.2% to, let's say, 10% kind of range. For gold retail, it will be anywhere from 10% to 11.5%, which I'm sure is still a very, very competitive rate considering that many of our competition is doing at 13%, 10%, 12% and 12.5%, agri gold will be targeting anywhere between 9% to 10%, which I think is the rate which is prevailing. Then business loan, we have projected a little conservative rate here anywhere from 9.3% to 10.3% kind of a percentage, which I'm sure we can charge a little more on the MSME side, and we can probably leverage our SME book again, on the lower end of the SME, we can probably charge decent rates over there.

So this is the range which I have created. Personal loan, we will obviously be looking at lending to retail, lending to self-employed segment, lending to professionals. It will be a mix of these kind of customers. So average rate, which I'm targeting will be anywhere between 10% to 10.5%. LAP again will be...

Renish Patel - *ICICI Securities Limited, Research Division - Research Analyst*

I'm sorry to interrupt, sir. So PL will be secured or unsecured?

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

PL is always unsecured.

Renish Patel - *ICICI Securities Limited, Research Division - Research Analyst*

Okay. And sorry, I just missed the yields over here?

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

PL is -- 10% to 10.5% is the range. PL is personal loan. I mean, so therefore, unsecured only no? It is always unsecured. LAP will be, again -- the LAP is -- again, we'll be targeting anywhere from 10% to 10.5%. Home loan, which is the most competitive product anyway in the market today. So we will be -- our average ticket size probably will be anywhere between, let's say, INR 20 lakhs to INR 30 lakhs kind of range. And since we are predominantly presenting Kerala with a reasonable presence in South -- West of South. Ticket sizes may not be very large as otherwise, what we would be seeing in places like Bombay or Delhi. So there, we would be able to charge reasonably good rates of let's say anywhere from 8% to 8.58%, 8.8% kind of percentages. Again, corporate we will be very selective. Therefore, we'll be doing it on a need basis. And all other retail products will be anywhere targeting in the range of, let's say, 10% on an average.

So overall, the rates which I had mentioned are -- these rates are pretty much reasonable rates. Considering the present rate at which these products are lent in the market. Given that our focus is going to be on quality we will be obviously, working on an overall average IRR with wherever we need to dilute a little bit on the rate for acquiring very good customer we'll be able to do that. That's the broad range, which I'm looking at.

Renish Patel - *ICICI Securities Limited, Research Division - Research Analyst*

Yes. Sir, I just missed the yield on the corporate book?

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

It will be anywhere -- see we are -- cost rate book as we are not communicating it as a strategy. What we are planning to do here is that existing corporate customers who have a track record, excellent track record with us, we'll continue to service them. And whoever, we are acquiring by way of a new customer, it will be most predominantly in the area of mid-market to lower end of the corporate. So we'll be looking at anywhere from 9% to 9.5% kind of rate.

Renish Patel - *ICICI Securities Limited, Research Division - Research Analyst*

Okay. Okay. So sir, just a follow-up on this. So of course, so we'll be revamped or we may modify our underwriting for existing underwriting process. And of course, so I'm assuming since we'll go for a better-rated asset, our rejection rate sort of will go up. So what sort of credit growth you factor in when we say a 13% ROE?

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

See, now first to answer your first part of the question, it's -- see we continue to source the same segment as we have been doing all along, yes, I agree with you that there it could be lot more rejections. But what we intend to do is once we formulate policies and once we emulate a strategy for each of these business lines, there will be a strong communication going to the teams, which are going to be involved in sourcing such customers. So there will be clear articulation of what would be our ideal target customer, and we will increase our channel partners, if it's retail and our own employees in case of MSME, SME, to target the customers, kind of customers who we are wanting to target.

So with I think sufficient training, we don't expect them to be sourcing the same way as they've been sourcing all along. We'll definitely try to influence the employees as well as our outsourcing agents to source the kind of profile which we would want to do. Therefore, I don't really believe that we will have too much of a rejection. Of course, that change from existing behavior to the new behavior, it will takes some time. So in that respect, we have factored that our growth, which we are targeting in the initial few months will be much lower than what we would probably look at on a steady state basis.

So we are looking at a -- for agri gold kind of products, we are looking at a growth of anywhere from 12% to 20% kind of growth. And retail gold we will be looking at -- I mean we are showing good growth as of now. So we'll be looking at 30% to 35% kind of growth. A product like housing loan, et cetera, we are factoring very low growth till year end at March '22 because we expect the revival from COVID is expected to happen from 1st of April. So this year, fourth quarter might see some bit of growth, but BL growth probably will start seeing in '20 from first quarter of next year. So March '22, year end at March '22, we have projected a fairly subdued growth for products like housing loan. Also, we need to -- we should remember that these products actually have the maximum competition anyway in the marketplace. Whereas products like PL, et cetera, where we are not present or very, very, very -- present in a very, very miniscule way. Obviously, we are looking at doubling in their first 2, 3 years because the base is too small. That's the way we are -- we have projected our various businesses.

Renish Patel - *ICICI Securities Limited, Research Division - Research Analyst*

So blended basis, it should be between 10% to 15% range?

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

Correct, correct. Yes. Maybe you can say March '22 year-end at March '22 we will be between, let's say, 10% to 15% kind of growth. Hopefully, if things become better in 2023, we are targeting about blended growth about 20% and that is supposed to prevail for years going forward. But we'll obviously -- these are plans drawn, considering the present situation. We'll definitely tweak these numbers as we go along.

Renish Patel - *ICICI Securities Limited, Research Division - Research Analyst*

Yes, yes. Got it. Sir, just a last clarification. So maybe what I understand is that the catchment area for us will remain same but the customer selection and the customer filtering will go for a revamp?

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

Not only that, even if you look at retail, the presence of this bank in retail as I'm talking to you is almost insignificant. The way we are factoring retail asset growth by really focusing on products like housing loan, PL, et cetera. Then the host up new customers would be coming in, and we are also looking at retail being a vertical structure, like the way some of the large retail banks have built their portfolio from scratch. That's the same model, which we are planning to pursue. Therefore, we believe that the catchment area will be far more for retail asset products, where today, we have very insignificant presence. And today, the sourcing also is happening through branches which I'm sure you will know that in a branch when so many products are getting targeted, obviously, there is very less time for a branch manager or anybody in the branch to really go out and seek the kind of customers who we would want to target. Whether if it's a vertical structure like what we are planning to do in retail asset, with the kind of outsourcing team, which would be sourcing for us, we can precisely target the kind of customers we would want to onboard. Whereas products, which actually typically do well in the branch structure, like gold, like MSME, SME, where there is a very clear geography identified for the branches. Given the restructuring which we are doing in the liability structure, both in the branch as well as in RO and with a new layer, which I mentioned about, cluster layer coming in between branch and regional layer, there will be a lot of time available for the branch manager to focus on building business. Today, instead of spending 100% of his time in firefighting in the branch with the cleanup of the structure and the decluttering of the processes, we believe that at least half this time would be spent in sourcing the kind of customers who we would want to target.

Renish Patel - *ICICI Securities Limited, Research Division - Research Analyst*

Got it. Got it, sir. Yes, sir, that's it from my end. If I have any follow-up. I will just come back in the queue.

Operator

The next question is from the line of Mangesh Kulkarni from Almondz Global Securities.

Mangesh Kulkarni

I just wanted to know our strategy on the asset quality. We have not mentioned anything on the asset quality front?

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

See, the way we talked about -- the way we are planning to improve our quality of underwriting and quality of sourcing is basically flowing from the strategy statement, which I mentioned, where you're talking about profitability through quality credit growth. And I also mentioned about using analytics for better underwriting, et cetera. So what we are planning to do is 1 of the key ingredients for building any strong retail asset book is to have a good credit model for underwriting, especially in the retail MSME, SME. Today, we have a lot of data available for sourcing good quality customers. So we are in the process of building our credit models for the retail products, which we are planning to launch. And with those credit models and with the kind of portfolio review tools, portfolio management tools like drawing up vintage curves and tracking the quality of sourcing with a month on look on x-axis with the delinquency and the y-axis, we can actually target whatever is the ideal vintage curve which we would want to chase. So as we keep building the book, we'll keep comparing the quality of the book which we are building as against the ideal loss which we would want to have. So we can probably keep tweaking our policy as we go along. So our underwriting standards and quality of sourcing will get tweaked as we see how the book is getting built up. So that's the way we will be targeting.

And for each of the product lines, we'll have a very clear demarcated target delinquency, which -- and the target NCL which we would want to have in each of these products.

Mangesh Kulkarni

So in terms of any numbers, what would we like to give for the credit cost and all these things in the near-term as well as by 2024?

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

You're talking about -- no, in terms of credit cost for new book, which I'm building, is that the question?

Mangesh Kulkarni

Overall, for the FY '22 and FY '20 -- next year as well?

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

No my question to you is it on the strategy, which I'm talking about or the bank as a whole?

Mangesh Kulkarni

No. Bank as a whole I'm talking about.

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

Bank as a whole, I don't think I'll be able to discuss that now. For the new products, which we are envisaging as part of strategy, we have worked out what will be the likely NPA coming out of that. And what is the yield we are looking at, what is the NCL which you are targeting, all that we are doing. As far as the bank is concerned, as I discussed in the Q2 analyst call, we are closely monitoring the recovery happening post lockdown situation. We are closely monitoring the moratorium cases which were under moratorium and how well are they behaving, et cetera. So -- and anyway, in just a few more days, you can -- you will get to know everything about Q3 once we come out with the results of Q3. As far as PCR, PCR is 1 of the issues, which I'm sure all of you have been focusing on. PCR, we have drawn a plan to improve it from the current level of -- I mean, excluding write-off, which is what analysts look at. There, we are -- with the way, we are envisaging to build the book. We want to take it up from 34% kind of level, which is currently there to 65% plus kind of level by March '24.

Operator

The next question is from the line of Saket Kapoor from Kapoor & Company.

Unidentified Analyst

Sir, my question to our MD is, sir, just as per your pedigree from where you have been an ex ICICI banker, what are the key areas, sir, where (foreign language) improvement is needed to improve the image and build shareholders value for South Indian Bank? You are -- it is quite clear that going forward, we are coming up with a share sale issue. And these projections are somewhat giving us that direction, which will be placing towards your forward investors. The investors who would be joining but what about the investors who have lost a lot of value over the years? So what are the key changes that you are -- key changes in the system you are trying to build going forward, so that shareholders' value can be created?

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

Yes, I think the entire effort in drawing up a strategy plan is to basically look at the areas where the bank currently is not doing well, how -- what we need to do to really improve the performance of the bank in all those areas. So this is what we have identified as a strategy statement and also the building blocks, which will help us to reach the strategy statement, which I mentioned about the 6Cs, et cetera.

So the entire effort is basically to take up the performance of the bank from the current level to a significantly higher level. For which we have envisaged what kind of products to come up with, what kind of processes to follow, what kind of tools can we make use of, what kind of employees the competency we need to build in, what kind of a philosophy with which we should engage with the customers. And all those are spelt out in the various Cs which I mentioned about. So what I believe is, while I completely acknowledge that the shareholders might have lost money or they indeed have lost money. They are looking at probably the price at which they would have bought or the price at which they would have taken part in the rights issue and et cetera, in the past. But I think the best thing which I can do is to make the bank perform better in the days to come, in the years to come. So that there is a inherent value seen by both the existing investors as well as the potential investors who would be coming into the bank, which I believe will be reflecting the true worth of the bank. Today, as we are talking, despite the book value being quite high, close to INR 30 for stock for this bank, where the face value of the bank share is only INR 1, you know that it is clearly not enjoying the kind of discounting, which it should be enjoying.

Clearly, that probably has got to do with the way the bank probably has been communicating or the bank has been perceived, not communicating. So how the bank has been perceived by the set of investors. So I think it's my endeavor to, a, make the plans available and known to everybody. And b, following that up with the performance, which would probably back up or support the kind of plans which I'm sharing with you. I think with the consistent performance and with a good intent to really take the bank to the next level of performance, I believe it's just a question of time before new investors as well as existing investors start seeing value in the stock.

So 1 way is to look at what can be done to rectify the situation of existing shareholders. I think the best thing which can happen to them is actually to create value in the stock again, which would hopefully help them to see much higher value for the stocks they hold. And, of course, to make the bank really exploit the new opportunities coming for which we would certainly need capital to be raised, which can come from institutional investors or from existing shareholders. Maybe we can envisage in what form and in how much quantity, we would want to raise future capital needs of the bank can be decided depending on how well the plans are panning out. And so that's the way I'm looking at it.

Unidentified Analyst

Right. Sir, because when we look at these incumbents, not to mention people like Bandhan Bank and others, and the way they have serviced the lower strata people of the lower people at the pyramid to bring them up. And the default at those levels remaining so low and we servicing the corporates and those people defaulting every now and then. So sir, this definitely puts a question mark on the ability of the management to execute the business plans as per the banking norms. So sir, how should we investors believe that whatever you are trying to express today holds ground going forward 3 to 4 years down the line? Sir, my point of pessimism is clearly reflected on a market -- for a bank having a market cap of INR 1,600 crore. Sir, even small mid-cap companies earning INR 30 crores, INR 40 crores profit are trading at higher market cap than the market cap of bank. So it is highly (foreign language) what we say people are pessimist and it is -- it would take drastic measures to improve the image going forward, had not that been the case, the stock would not have been trading at levels, which it has been trading consistently over a period of time, destroying a lot of wealth for all categories of investors.

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

Okay. Now I think let me just take your observation and state into 2 parts. One is, you mentioned about Bandhan Bank and their ability to service a lower end of customer, which is typically micro finance customers. And their delinquency being low there, see, you should remember that these banks, which have got licenses, most of them were micro finance companies who have been given small bank license. So by virtue of them servicing such customers in the past, particularly, they were very strong in certain geographies of the country. So they obviously had the advantage of continuing to service those customers. With their banking requirement when they were given a license. So it's true that as you become -- go more and more granular, you are diversifying your risk. Therefore, your potential to lose money to that extent will be less even if many customers default because your average ticket size will be smaller.

So this is true for any small bank, and this is true for even banks, larger banks, which have grown their retail book in a much larger way compared to their corporate book. Unfortunately, in SIB, if you look at the past, the way the bank has been targeting the customers, there has been a predominant focus on the corporate and especially on the large corporate cases. By virtue of them taking really large exposures, which led to high concentration risk on several cases with very high exposures. Obviously, when economy was not doing well, which is not necessarily to do with how the bank is run. It is true for all those banks, which were focusing on large corporate, like ICICI Bank or a Axis Bank or a SBI. All of them are hit because of the general slowdown in the economy during the phase of 2012 to 2016, '17 when many of the project lending as well as large corporate cases have gone into difficulty. And rightly so, this bank, which has been focusing on showing good growth rate of advances by doing lot of large corporate cases at that point in time also suffered the same fate.

So what is the way out for a new incumbent like me. I need to correct the wrong, which has been done in the past, which is wrong when I see, this unfortunate situation of lending to large corporates at a level, which is disproportionate to the size of the bank. I need to correct that. Therefore, I'm clearly saying that I'll not focus on large corporate cases. I will restrict the ticket sizes to not more than INR 25 crores as far as my corporate banking strategy is concerned. And I'm trying to diversify the risk into retail. Therefore, my focus is to grow retail book in a big way. And that there, again, I'm saying that I will not be relying on human judgment alone for taking credit decisions. We'll definitely back it up with a strong credit model and we'll back it up with the trading requirements for the employees, et cetera. So that we create a strong workforce, which understands these businesses, and which knows what to underwrite and how to differentiate a good deal from a bad deal. So this is how we are trying to correct the situation, which has led to the present state of the bank.

Coming to the question as to why should you believe me? I mean, I -- obviously, it's your choice to believe or not believe. I can only go by what you should see my credentials, what I have done in the past. And what I'm articulating now. And whether you are able to see coherent logic in what I'm saying, and whether the fact which I'm trying to back it up with, do they make sense, does it all really -- can it all really lead to the end results which I'm targeting. And then you need to keep looking at how the bank is steered over the period of time and then make your own judgment. Obviously, trust is something which I cannot force it on anybody. They will have to start looking at the performance of the bank, performance of me and what I'm articulating, whether I'm backing it up with the action, which is supporting my vision, that alone can bring in trust in each 1 of you.

So I can do the best of possible at this time by actually looking at the bank with an open mind to make plans, which, in my opinion, would make sense for a bank like this and back it up with a action plan, which will lead to the results which I'm targeting. I only wish and hope that economy also helps me and situations also help me to really implement some of these things, which I'm articulating. Obviously, as we go along, we'll try to keep tweaking our plans accordingly so that we don't miss the big picture which we are trying to achieve through a combination of various activities.

Operator

This is the operator. Mr. Kapoor, may we request that you return to the question queue for follow-up questions as there are several participants waiting for their turn. (Operator Instructions) The next question is from the line of Deepak Agrawal from Axis AMC.

Deepak Agrawal

Yes. Am I audible, sir?

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

Yes, yes, you are. Yes.

Deepak Agrawal

Yes. Sir, I wanted to understand, so by this capital raise now why not degrow the balance sheet, let some of these corporate advances, which are lower yield products or any of the other products let it run down, try to bring the profitability up. See the way as outside investors, we see is for a INR 65,000 crore loan book and a market cap of INR 1,600 crores. It's next to impossible for you guys so why not release capital here? I understand on Tier 1, we are on the lower side compared to the system. But instead of raising capital at such low valuations, why not release capital by letting or selling down some of these assets. Wait for the economy to arrive at a point or at least your book, you have far more confidence and then looking to grow because see, frankly, growth means nothing as investor. We have seen -- and in fact, even in regional banks, we have seen banks with much, much smaller sizes who are focused in regional geographies and not being pan-India command much more market cap. So your thoughts on this, sir, how are you thinking on this?

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

So see, 1 thing is to say what you are telling. Basically, 1 thing we must remember is that the existing book carries certain kind of flavor of the quality of the portfolio. So if you are trying to sell, see 2 things I would want to bring in here. One is when you are trying to say that you just let it run down, yes, good cases will run down. Bad cases will not run down. Bad cases will definitely be -- if not rundown, you'll have to end up actually having a denominator also coming down. And with the numerator of bad cases going up, so it only worsens the situation. So for you to -- see, I've done this before in ICICI also. When we were running retail book of a large size, about INR 120,000 crore plus kind of retail book when we had. And when we had a problem in unsecured products. We had to take 3 years to correct the situation of taking out the bad cases and supplementing it with good cases so that over a 3- year period, we can churn the entire portfolio and the portfolio will become good. This is no different from that. We can't let something just stay idle and run it down and then expect things to become better. It won't. So we need to supplement it with good quality additions to come in. So that, obviously, you can't replace the entire corporate with that much of retail to start with. But your plan should be to ensure that you are able to not only replace it, build it over and above that over a period of time. Till that time, you need to manage the ship, which is currently in trouble so slowly steering the ship in the right direction. By ensuring that we don't -- we keep moving, not idle. And at the same time, we need to do all the right actions so that we are able to manage the portfolio from not creating too much of damage to the bank. At the same time, compensating it with a good quality portfolio. Therefore, the key here is how good are you able to increase your portfolio with the good quality cases so that your delta loss rate is much, much, much smaller than what you are experiencing.

So in the initial period when the corporate book is not fully replaced by retail book. To that extent, your denominator will keep coming down, also compounded by the fact that COVID situation is definitely hurting all the entire banking system. You will certainly see a little bit of surge in the NPA numbers. But over a period as you keep building the retail book, you will be able to bring it back to the trajectory which you want. So I would tend to think that it's not a good idea to do nothing and then expect assets to get sold. Today, you tell me, in the last 1 year, even in terms of NPA recovery, given that many courts are not working, ASRs are not able to recover. If you look at the NPA recovery, which is happening. It's hardly anything in the entire 8 to 9 months, which you are seeing in this year. So it's not an easy situation for you to sell your portfolio at any price, which you are thinking of selling. So we need to manage it and for managing it, I think this is 1 way to manage it. And this has worked in many banks. That's why I'm -- I know that this is something which, given the right kind of efforts and right kind of planning, definitely it can work.

Deepak Agrawal

Got it. Sir, my second question was on the regionals. So 1 is we are extremely heavy in Kerala. And our understanding is generally Kerala is a liability market, not a credit market. Because, obviously, it's a lot of expires and a large part of there is very small industries, I would say, there. And second is we also have a pan-India presence. So what we are seeing is as far as you remain regional and ex Kerala is people typically believe it could be right or wrong, that's a separate thing. That Kerala is not a market to be in credit. And we also want you to be smaller because just because of being on the regional side, you don't have access to capital the way the larger banks have. So your thoughts there of will you bring down Kerala? And will you consolidate to, say, only southern parts of India compared to being pan-India?

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

See, I think the way the bank has been set up. You see it's a bank which has been in existence for 90-plus years. And clearly, the bank has been set up with its origin place to Kerala. So clearly, the vision of the promoters and the way the bank has been run subsequently for several decades, is to take care of the business communities requirement in the Kerala region. That's the reason why out of the 20 regions, which the bank today has, 10 regions are present in Kerala so yes, I agree that when we work for banks, which are not Kerala based, when it's based in Delhi or in Bombay or anywhere else, you always looked at Kerala to be a market which is not a great -- big market. So even amongst the South states, probably, we would tend to think that Andhra or Tamil Nadu or Karnataka is a much bigger market compared to Kerala. So now I have a choice of growing the Kerala market to capture its potential, which is available there by virtue of our extensive network, which is there in Kerala, definitely, we enjoy a very loyal customer base. And obviously, as you said rightly, we also enjoy a good deposit base over there. So -- but having said that, Kerala as a market also had a lot of semi-urban, rural kind of regions, where you have a lot of potential to do, products which are suiting such industry segments. So therefore, we will obviously try to do business which makes sense for the location where the regions are present. So we will definitely tap those businesses where it makes sense for us to use our distribution network in Kerala to build business on those areas.

Having said that, we are fairly well present in Tamil Nadu, we are -- we have a decent presence in AP and in Karnataka. So we can certainly look at those geographies for supplementing businesses in both in the SME, MSME as well as in Tamil Nadu kind of states, you can -- there is a huge potential for agri also we have 3 big regions in Tamil Nadu, which can tap a lot of agri based businesses.

But 1 thing which I must tell you is that since you're focusing on retail and retail, clearly, the sourcing is going to be through outsourcing. So long as we have network of our channel partners and network of people to manage those channels, and we are able to process those requirements by using advanced tools frankly, I'm not restricted by Kerala alone for my retail market. When I'm looking at home loans, for example, there is nothing which stops me from having a, let's say, hub in Bombay. And having a credit hub in Bombay for crossing my proposals and having a credit guy sitting in my Bandra office to clear proposals, which can probably take care of the entire rest requirement. So I'm not restricted in that sense by virtue of my limited presence in those geographies. The presence I have is good enough. Only thing is we need to manage those channel partners. I mean, whether it is in ICICI or in Axis or any of these large banks also, the retail businesses, which are run with the outsourcing teams to source for you, there are things which you need to do quite well to ensure that those channels understand exactly what you want, and these channels are really working for you so that you get to see the good leads, which are coming to them. Otherwise, we will always be in the periphery. And obviously, the best of the deals will go to the large bank who might probably might give them higher payout or whatever. And then we probably might be getting the leftover ones which may not be in the good interest of the bank. Therefore, we need to play it the way I'm envisaging. We tap what is available wherever we are present extensively, we'll tap all those businesses with the quality in mind. And whichever businesses, which I'm planning to ramp up or launch, we will ensure that we put the right infrastructure to back it up with the analytics with the collection and with the credit and with the kind of agents who will be sourcing for us, I believe we have the right ingredients for building a good portfolio in those locations.

Operator

The next question is from the line of Gautami Desai from Chanakya Capital Services.

Gautami Desai - *Chanakya Capital Services Private Limited - Executive Director & Head of Research*

Yes. Sir, you said that you are open to raising capital, and it could be non-right as well. So previously, I remember that management has made such attempt and then Mr. Matthews (sic) [Matthew] held it on and he did not do it. He never spoke of a non-rights issue, and we were very grateful to him because raising money at anything below the book value is extremely detrimental to the current shareholders and it will send out a very wrong message to the shareholders as it has always been doing. And I think what right now the bank is paying for is those karmas of the past, which we don't want to repeat. So I would agree to 1 of the research analysts who made a suggestion that why don't you -- and you yourself said that you are not aiming for a high-growth in the coming year. Sir I would strongly back the suggestion of a previous analyst who said that you must walk the talk -- you must like kind of walk the talk, show your profitability, show what changes that you are going to do is going to work. And then I'm sure the market will be ready to give you the price that you want. Otherwise, it will be extremely unfair to the existing shareholder, if you do anything other than a non-rights issue.

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

No, I noted down your observation. We will do what is best for the organization definitely.

Operator

The next question is from the line of Rohan Mandora from Equirus Securities.

Rohan Mandora - *Equirus Securities Private Limited, Research Division - Analyst*

Yes. Sir, just to understand on the corporate side, like as you have indicated in a response to an earlier question, there are some concerns that are still there. So as we are targeting, say, 2024 ROEs of close to 1%, when do you expect the stress in that portfolio to be over or maybe the profitability in that portfolio to normalize? Will we look to upfront some of those recognition in next 2 to 3 quarters? Or will it keep settling down over next 1.5 to 2 years? Some color on that would be helpful. And second, you also talked about in your opening comments about some changes in the KRA for the employees. So if you could some -- discuss some further in details, what are the specific changes that we have brought about across segments?

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

No, the first question is with respect to corporate portfolio, see, we have been actually reducing our corporate portfolio from as high as 48% of our book to -- currently, it's about 25% of the book. So -- and we are clearly not targeting lumpy corporate deals. And even in terms of focus on corporate, as I mentioned, it will be a very selective focus of building corporate book. That is basically to take care of the incremental book, not really giving us any kind of problem. And to ensure that the existing book, whatever issues are there, they are managed and they are brought -- area they are -- they are made to run down or we do appropriate action to get rid of them. So we expect 25% of our book still in corporate, and of which, I'm sure, there are still -- if you look at even INR 100 crore plus kind of cases. We still have close to INR 5,000 crores kind of book, which is still having INR 100 crore plus kind of exposure. So while many of them are better-rated corporates, that there are corporates, which are not that well rated. They are still in -- like what I had mentioned in my Q2 analyst call. There are some -- a couple of cases which are BB also and which are otherwise are becoming NPA or whatever. That's the reason why we gave a guideline also saying how my NPA will pan out in next 2 quarters and over the next few quarters.

So we expect that by virtue of trimming down our corporate book and by parallelly building the retail book over the period, we expect the problem arising out of corporate will not be in the same intensity, which it used to be there. Because earlier when you were doing a lumpy case and 1 of them becoming bad, it can be as high as INR 100 crores, INR 200 crores or INR 300 crores for the bank, which is a very large ticket size for the bank. Since we have been continuously reducing our exposure in terms of ticket size as well as in terms of growing that book, I believe that this will pan out over the next 12 months to 18 months, we expect it to sort of slow down considerably and which may not really be impacting the volatility of the performance. By then, hopefully, we'll also have a good base of retail, et cetera, to back up this. That's the way I'm looking at this to pan out.

And your second question was on what 1 was on corporate. Second one was?

Rohan Mandora - *Equirus Securities Private Limited, Research Division - Analyst*

Employee KRAs. KRAs across segments have changes.

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

It's a continuous process. As competency building is one of the things which I mentioned as one of the Cs. And as I'm talking to you, we are obviously looking at restructuring our liability brands and RO distribution network.

Once we declutter the operations there, clearly, the role of each of the employees in the branch and the role of the branch manager, the role of the cluster head, roll out the regional head, all that will be revisited. And we will be drawing KRAs, which are appropriate for the rules which we are envisaging them to do going forward.

So we are in the -- it's a WIP, we will be making those changes as we go along. And we expect it to be sort of put in place over the, let's say, 9 to 12 months' time because some of this will also need planning in terms of how you look at the human side of this performance? And how do you look at how you take care of the structure, which is existing there and how do you bring in competencies, so that to the resources, which are handling a specific job. So it would require some bit of readjustment and the restructuring of the teams also. So we will be parallelly working on those areas on KRAs.

Operator

The next question is from the line of Sohail Halai from Antique Stock Broking Limited.

Sohail Halai - *Antique Stockbroking Ltd., Research Division - Research Analyst*

Sir, just want to understand that you have said that you have been working on new credit models. I just wanted to understand, excluding corporate. So corporate was a challenge. We all understand that. But excluding corporate, where were the gaps in terms of the current offerings in terms of SME, agri, retail, in terms of underwriting as well as in terms of the pricing of the products? And how do you intend to fix that?

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

Yes. See, in terms of underwriting, clearly, the methodology which is currently followed is manual underwriting, both for retail as well as for SME, MSME, et cetera. Though the tools like [Bureau are picking] et cetera is happening. But clearly, the way it is underwritten today is manual underwriting. And we have a centralized credit outfits, which carry out credit underwriting of cases team exclusively for retail, a team, which is exclusively doing MSME, SME and a set of people who are doing corporate.

While the fabric of that will remain, but we will obviously complement the human skills which is available with the tools, which will help them to take much better decision. So that's where this model -- credit model is coming in and even the platform on which we'll be onboarding (inaudible) decades, et cetera, all that will be coming in.

And we'll also be using these platforms to have data coming in from all other external sources available. For example, GST data, which is available or even data from packages like Probe 42 or Saverisk or any of those. We can make use of those tools which are available in the market today, to strengthen the quality of underwriting, which we do.

And obviously, the underwriting, obviously, has to be done on a well written policy, even the policies will be built depending on what -- who we are targeting and what kind of offerings we would want to do. So there'll be a whole lot of work, which will be done in the policy underwriting in building competency in reviewing and portfolio management in a beefing up our collection in all those areas.

So today, it's there, but it requires a lot of strengthening. So that is on the structure side. As far as the rate is concerned, clearly, the need is to equip the team to really price the risk which we are taking. And we will also be focusing on improving the overall wallet share from the customer by doing upselling and cross-selling. So that's another area, which is getting a lot of traction, especially in this year, we are seeing traction happening there. So with the right kind of partners who are offering best-in-class products, I'm sure the team will be equipped with their tools to sell good quality products for existing customers as well as new [criterions] customers who are coming into the fold of the bank.

So there will be a consistent effort being made to sensitize the teams about pricing the risk as well as, monitoring the performance of the team based on the average yield, which they'll be getting for their portfolio. So there will be a constant endeavor to keep giving them flexibility at the same time, making them really work hard on getting higher [debts] for the risk, which they are taking.

Today, probably, there is a very less linkage between the risk to the pricing, which probably the team was doing. We will sensitize the team with the more and more analytical tools available and with more and more credit models coming in, we will be able to also appreciate -- in the scale in the continuum of risk where this particular deal lies, therefore, you can appropriately price your product so that you are pricing your risk accordingly.

Sohail Halai - *Antique Stockbroking Ltd., Research Division - Research Analyst*

So sir if I completely understand, you are trying to bring about the transformation or basically in terms of speaking, are the entire banking, the way it works, not only the corporate, but you are launching new products as well as basically tweaking or sanitizing basically the existing products. In this, basically, how do you see the challenges in terms of the employees? First, your hiring plans? What would be your hiring plans?

And in terms of acceptability in terms of the employees, in terms of transforming the way old-age days that they used to work. How would you actually bring that about? And then how much time could we expect it?

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

Yes. Good question. First, in terms of taking -- I mean looking at the talent for running these businesses. So it's very clear that the bank has been running for a good number of years, and it's been in existence for a good number of years.

And we -- and the bank has been having a workforce which is quite young. As I said in my opening remarks, also, the average age of employee base is 32 years, and now I've visited quite a few branches and quite a few regions. And I find that the branches have a lot of young engineers and chartered accountants. And these are people who are -- many of them, it's their first job or many of them it's their -- they've been in the system for 2 to 3 years kind of experience.

So I believe -- when I articulate to them about what I intend to do, et cetera, the kind of response I get, the kind of enthusiasm and energy level shown by employees, something which seem to be believed. So definitely, the impression, which probably a few of us who were not part of the bank earlier used to carry, I would tend to think that probably we were not really understanding the composition of employees in these kind of banks.

Now that I'm inside and I'm able to see the employees who are forming part of this bank. I'm actually more than encouraged to say that team is indeed very young bright kids, and they are really looking forward to getting guided in the right way. And given the right kind of experience and competency building and exposure, I believe that the team will be able to really shape up very well.

I have got the experience of working with many of the young recruits from many of the campuses in my earlier job, as in ICICI, in many parts of the bank. Where once we take the people and give them the right kind of guidance, I'm sure, they are intelligent enough to grasp what we are trying to hit at and the they -- by doing it, they quickly get the expertise, which is required for doing their function.

So I'm going to do it in a couple of ways. One is really looking at training they need, both in the functional as well as in the soft area, and I'm going (technical difficulty) individuals and (inaudible) doing training -- carrying out a trading schedule so that we are able to infuse the -- or expose them to the kind of skill sets which we would want them to acquire.

And as I'm talking, we have already implemented the common set of DNAs, which would want each of the employees to exhibit. And I have done at least a 3 to 4x communication to the entire banks on the need for adopting these DNAs and how I'm going to be looking at these DNAs for not only for assessing performance, but also for assessing the potential of each of the employees for giving complex and bigger jobs as we go along.

And I find the response to be really very, very encouraging. So I would tend to believe that given the right kind of communication and taking the team along, I don't really expect too much of a hurdle in them playing a key role in the transformation which I'm planning to do.

So with regard to the talent from outside, yes sir, now that I have had the fortune of looking at employees, senior employees very closely at the branches and the regional offices, wherever we believe that the talent today is not there, especially in some of the retail products, et cetera, by virtue of them having done retail for a very short period of time, clearly we need talent in those areas. And therefore, I'll supplement those talents by identifying people from outside.

In fact, we have already identified people for taking up those jobs and some of them are in the process of joining. And so -- and these are resources who have worked with me, who have worked with me in the past or who have worked with me in the past and have moved to many another organizations. And they have got an established track record of having done high-quality work in the areas, in the bank -- in the institutions they're working for. So we are in the process of beefing up our talent with few talents from outside.

And parallelly, we have looked at the talent available within the bank in the senior management level, and we are working very closely with them. In fact, I'm doing at least 2 to 3 reviews every week with all this senior team, which is there, which is part of the distribution network today. So I'm able to engage with them one-on-one through the various reviews, and I could see potential in each of them and people who are today, having the right kind of skill sets, both functionally and in terms of soft skills, we are looking at such people for taking up a larger jobs in the new way of -- the new scheme of things, which I'm planning to roll out.

So it will be a lot of opportunity for existing talent available in the bank and with a few slots being filled with experts, who will be coming from outside. And obviously, the need for ensuring that the team works seamlessly, and there is a good cohesive work environment. I think that's one of the important jobs, which I need to do as MD of the bank. To constantly communicate as to how I want the teams to work as a unit stitched well together for actually the common objective set out for the bank.

Sohail Halai - *Antique Stockbroking Ltd., Research Division - Research Analyst*

Okay, sir. Sir, finally from my side, basically, in terms of talent, how are we planning to incentivize them in terms of monetarily? So is it basically that we have been looking at the compensation or the (inaudible) schemes, so is there any plan? And has there been any discussion with you with the Board on these aspects, on this pay aspect?

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

Yes, yes, yes. We will definitely use all those tools available for incentivizing people. And I've had many -- not one discussion, many discussion. The Board is completely in support of those initiatives.

Operator

The next question is from the line of Anurag Jain from Arth Ventures.

Unidentified Analyst

I think you almost answered the entire -- my questions, which I was supposed to ask. The concern being is if you look at South Indian Bank, the cost-to-income ratio is too high it is [53%] and with other banks, the bulk productivity is very high, which adds a [SMB] to the pre-operating profit margin and the profitability. So employee -- I mean business per employee is INR 18 crores and business per branch is INR 168 crores. So I mean re-skilling, acquiring new talent and the product portfolio mix, which is the new products which you guys are offering. Are you -- how comfortable you are that this will take a sound course in a sweet way in next, say, couple of quarters or years' time?

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

Yes. See, the -- you're right. The observation which you made about cost income being on the higher side is something which we have identified as one of the Cs to be worked upon. So if you -- and there are few initiatives already been taken, both in addressing the cost aspect as well as in increasing the income aspect. So obviously, it has to be tackled by working on both ends. Apart from, of course, increasing the productivity and efficiency of people so that we get the best value out of them.

So we have drawn plans in terms of identifying unproductive branches, unproductive ATMs, which are not today really contributing, but on the other hand, they are actually draining the resources. We are on a intensified basis, we are looking at rationalizing some of them. And as I'm talking to you, we are also looking at nonprofit making ATMs, whether it's making sense, whether we can because you should remember that some of these nonperforming ATMs, if we continue to keep them, there is more and more investment to be made also based on the regulator's guidelines, et cetera.

So it's imperative that we are looking at the entire thing with a different perspective. So that we just don't put good money after bad money. So we need to ensure that they are sort of rationalized and at the same time, we need to be looking at customer convenience, et cetera.

So therefore, we are looking at on the cost side by rationalizing some of this. And as I'm talking to you we are practically revisiting all our costs with the existing vendors, et cetera, look at the possibility of getting more value out of them for the same cost or reducing the costs so that we can overall rationalize the cost aspect.

While we do that, the only way to increase income is to basically doing the right pricing for the products which we are offering and differentially pricing for customers based on the riskiness and also increasing the product suit. Apart from that, I think no bank can achieve the desired ROE just by credit alone. So you need to look at how to supplement credit income through cross-sell and upsell or various other products for the same customers so that you are able to get an overall wallet share, which will give you good value for money from each customer.

So I think all these -- each of this will be attempted, and each of this will be pushed to the entire team. So that -- and also there is a conscious effort being made them to appreciate that we need to do something about this. Otherwise, these ratios look adversely high. So our endeavor is to correct it by doing these initiatives. And over a period, we believe that we'll be able to work at it and we will target to bring it down to desired level in the next 4 years, next 3 to 4 years

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Operator

The next question is from the line of Jai Mundhra from B&K Securities.

Jai Mundhra - *Batlivala & Karani Securities India Pvt. Ltd., Research Division - Research Analyst*

Sir, most of the questions have been answered. Just wanted to understand 2 things. On the loan mix, sir, I think you are saying that we will be focusing more on retail, MSME and agri. But if I look at your close peer, the bank, which operates out of Kerala, I think strategically, they have moved outside of retail, MSME, agri to an extent because maybe they have already got 9%, 10% market share in Kerala, but someone also was highlighting Kerala has been perceived as more of a liability market versus credit market.

So I mean, the question is, would you still -- do you see enough scope for you to do retail MSME in Kerala? Or this is probably the entire southern region that you will be focusing on? And at the same time, once you hit INR 1 lakh crore loan book, how should be -- what should be the corporate share from current, let's say, 25%?

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

So when I'm saying retail, when I'm saying that I'm going to be focusing on building retail, it's definitely not necessarily Kerala alone. Obviously, it's going to be making use of our entire network of branches and locations where we are present. So it's going to be -- obviously, we will be leveraging the existing infrastructure, which is there. But nothing stops us from looking at expanding to new areas. Wherever we feel that we can -- we'll be able to source the kind of quality customers we would want to target. So therefore, that will be there.

With regard to the other Kerala bank to focusing on non retail, et cetera. I think each bank in their own evolution of -- evolution or at what stage they are in, I'm sure the strategies could be quite different for each of the bank. So given the present situation in the bank and given the fact that the bank has to be steered for realizing its true potential and for doing this, managing this transition phase quite well.

I think it's -- we need to adopt this as a strategy is what I believe. That's the reason why I have drawn up plans on this because we need to remember one thing that by not focusing on retail SME, MSME. And if we continue to focus on corporate, there is a potential likelihood of, again, doing the same mistake again because for you to show a growth over a period of time, you might probably be tempted to do large value deals, et cetera, which might increase concentration risk. And anyway, market has its own cycle. So in a good phase, you might be able to grow your book and show good CAGR growth.

But when the market turns topsy turvy, it's when all the NPA formation starts happening. So therefore, it makes more than once -- for more than one area it makes sense for us to diversify the risk into other areas of lending. That's the reason why we believe that retail MSME, SME concentration will help us to diversify the risk and it's a hard work. But then if you do it consistently, over a period, you can create a solid performing book because you will not have too much of volatility in terms of a big loan account going out of your books because somebody is offering lower rate or something which is turning out to be bad, which can probably swing your performance parameters for a quarter. All that, to a large extent, will be curtailed if you diversify your risk.

And with respect to composition, as I said earlier, we will continue to see servicing existing large corporate customers who are performing well with us. And selectively new customers going forward we'll be targeting customers with average ticket size of let's say INR 25 crores. So in terms of building the other book, that will lead to definitely the corporate's contribution, the overall scheme of things to come down.

And also, we -- also, we should remember that corporate will have its own rundown also because of -- obviously, we may not want to take more than certain exposures with certain corporates. So clearly, they will be looking for going to other banks, et cetera. To that extent, you will also have a rundown or exit or we might also have a forced exit in some cases, which we believe can help us save some provisioning, et cetera.

So with all that, we are looking at degrowing corporate book, maybe till about March '23, it will be degrowing. Even with the addition of new cases coming in with the rundown of existing book. And over -- after that, we'll probably be looking at lower single-digit kind of growth in the corporate book. Whereas all other books will be -- we are planning to grow in stronger double-digit growth.

Jai Mundhra - *Batlivala & Karani Securities India Pvt. Ltd., Research Division - Research Analyst*

Right. That helps, sir. And the second and last question, sir, on organization structure, I think we have given a slide as to the new organizational structure, if you can highlight what are the changes here? So that is all from my side.

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

Sorry, what are the changes in -- sorry?

Jai Mundhra - *Batlivala & Karani Securities India Pvt. Ltd., Research Division - Research Analyst*

So what have you changed in this organizational structure, were risk earlier reporting to business or these are the...

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

Actually Chief Risk Officer, Chief Financial Officer and the Chief Compliance Officer, as you know, as per the regulations, they are -- they will all be reporting to Chief Risk Officer is supposed to be reporting to risk committee. Chief Financial Officer, of course, will be reporting to MD, CEO. So many of these are by virtue of, like, for example, head vigilance and audio. It cannot be reporting to anybody other than an MD and CEO. So some of these by design are obviously made to report to me, and that's how the structure has been arrived at.

What is new here is clearly, hedge sales, hedge -- credit even, this was there, is earlier it used to be called operations where some of the even control functions, et cetera, were also farming part of so-called operations. Sales and some of the monitoring were also forming part, even HR was coming under the earlier operations. And operations per state, operations, which we normally understand in large banks that was not the operations, which was done earlier.

So there are some nomenclature related clarification also. But the one which I have put now as part of my presentation, we look at it with a clean structure where we are saying head sales will be looking at sales function of all business lines. Head credit will be looking at, obviously, credit function of all business lines. And obviously, they won't carry any targets with respect to volume, but however, they will carry target with respect to delinquency and credit loss, et cetera.

Treasury, anyway, is an independent function, which we will directly reporting to me. Vigilant and audit, it's a strong pillar, which we need to have to ensure that process is adhered to and employee frauds, internal frauds and even the adherence processes, compliance, et cetera, or looked at are followed in both the spirit and words. So that's why you need head the reporting to me directly.

Chief Compliance Officer by virtue of anyway regulation, they need to report to me directly. Chief Risk Officer, it's again same way. Chief Information Officer, we have termed I commonly use term is Technology Head. Technology Head will be -- we are calling it as information officer, but basically, it's a technology team under which even digital banking, et cetera, will be coming in. So he reports into because technology being one of the biggest drivers for our plans, he reports into me.

CFO will be obviously be reporting to me. And Head of Operations by virtue of clean structure where we don't want any vested interest. They can't be reporting to sales or create card any of those functions. They will be reporting, I mean, that will be reporting to me. Collections, currently I've put it under head operations collections, maybe depending on how we are sourcing it, collections probably can be made to report the credit also.

Operator

The next question is from the line of Pritesh Bumb from Prabhudas Lilladher.

Pritesh Bumb - *Prabhudas Lilladher Pvt Ltd., Research Division - Equity Research Analyst*

I just wanted to check on the fee side. We haven't mentioned anything on the fees front. I think you mentioned to increase the income to reduce the cost-to-income as a number. But what are your views on the fee side? We are predominantly in our retail orientation. So how do you see the fees?

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

You're talking about the fee, fees, no, right? F-double E-S, fees.

Pritesh Bumb - *Prabhudas Lilladher Pvt Ltd., Research Division - Equity Research Analyst*

Yes.

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

Okay. No, I think there are products within retail, which are amenable for collecting fees. And again, MSME, SME these products are amenable for collective fees. And even in the earlier banks where I used to work, we used to even collect marginal fees whenever we do renewal, et cetera. So we'll be looking at comprehensively the interest -- I mean, margin on the interest as well as fees collectively contributing adding to the ROE.

So currently, because of lesser focus on pricing the product adequately well, the ROE of the bank has been suffering. And as you know, it was as low as 2% to 3% kind of ROEs, what the bank was run at. So clearly, we need to see how we can beef up that. That has to come from working on NII as well as the fee for the various products which you're offering, where there is a possibility for us to collect fees. So the mandate given to the teams which are handling the relationships. They will be exploring both on the interest side, on the NII side, how much -- I mean, what is the yield on the yield side, as well as on the fee side, whatever is the potential available where they will try to tap that.

And we will work at the overall yield, which I read out in earlier for one of the replies. We will try to arrive at those kind of yields collectively for the entire portfolio. And wherever it's possible to collect fees, depending on the nature of the project, we will definitely push the team for collective fees. So fee income to asset, which is 1 of the ratios which typically is looked at. We are envisaging that to be anywhere between 0.4% to 0.6%.

Pritesh Bumb - *Prabhudas Lilladher Pvt Ltd., Research Division - Equity Research Analyst*

So actually, the fee also include third-party distribution, FX fees, you are strong in NRI proportion basically and remittances. So anything on that side, I think you gave an overall number, but 0.65 also looks a little distant as assets also set to grow, right?

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

Yes. So we are -- as I said, the traction on third-party has started happening. We seem to have done reasonably well in this year, and we will continue to keep that as focused. And I also mentioned about whenever we are tapping any corporate or any SME, MSME, the income is not going to just come from credit income. We will be obviously looking at cross-sell upsell and CASA and various other things which we can do with the customers.

So we are -- it's part of the plan to tie up with the third-party products who are market leaders. And with many of them, we are currently also working, and we have started actually seeing good traction happening in those products this year. So we will continue to lay emphasis on them. So that's the way I'm looking at bringing in the focus and making the team actually do the tough job of doing those deliberately talking about it and getting the deal and with tapping the opportunity for doing any cross-sell with every customer.

Pritesh Bumb - *Prabhudas Lilladher Pvt Ltd., Research Division - Equity Research Analyst*

Sure. Second question was on NIM side. I think you articulated well on the yield side, that means you'll have to do lower the cost of funds and predominantly CASA has to improve, and you have given 35% CASA ratio. So where this CASA will come from is my question because currently, the industry CASA growth is coming from either salaried, you have to be strong in salaried segment, either rate play or either asset side cross-sell to CASA as well. So how do you think that you will grow on the CASA side to lower your cost of funds and improvement in because yields will be at the range of 8.5%, 9%.

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

Correct. So CASA, see, obviously, there are -- we need to constantly work on ensuring that the customers who we deal with continue to keep routing their turnovers through us wherever we are part of the consortium, especially in the SME, MSME, corporate kind of cases. Whatever is the contribution of our in the overall working capital requirement of the customer, we need to demand and get the kind of routing, which has happened through our account. So that will be done consciously.

Second, we will be looking at opening more and more new savings account and the current accounts. And in fact, we are coming constantly coming up with the technology-enabled products. And this is where our technology team actually has been doing fairly well in bringing up a lot of ease with which a customer onboarding can happen.

So -- and also we are increasingly acquiring customers who are quite savvy to technology products. So as I'm talking to more than 85%, 90% of our transactions happen through digital channels. So constant drive to increase our new customer base and deepening the existing customer with -- by engaging with them more and more, not only for identifying new business opportunities, but also to ensure that we get the desired share of CASA, et cetera, through them.

So when -- I remember, when I joined, I joined in July and from then onwards, we have been actually constantly driving CASA, and we have almost increased it by close to 1.5% to 2% in the last 4 months. And our -- we have set a modest target of trying to reach 30% by March is what we are aiming to do. And while we are projected 29% in the projections which I have given.

And our endeavor is to work very closely both in acquiring new customers as well as deepening the existing customer base. And with the more and more new customers coming in because our retail and retail is going to be a key driver in building our asset book. We will have more and more new customers coming into the bank. And with the technology-enabled products, we believe that we can convince them to make use of our

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account as the primary account, et cetera, which would help them also to keep larger funds in the savings account and current account, which we would be offering to them.

So it has to be a combination of product offering, customer acquisition, deepening the customer engagement and ensuring that clearly laid down targets are provided to the team. So the team becomes efficient in engaging with the customer to really set the expectations, right. So that we're looked at as a primary bank for their relationships.

Pritesh Bumb - *Prabhudas Lilladher Pvt Ltd., Research Division - Equity Research Analyst*

Follow-up on that was that when I look at things which you articulated, some unsecured loans like personal or (inaudible) do you think that the pricing is appropriate because the credit cost of these will be quite higher and you targeting 1% ROA maybe at some point, will be difficult again, if you look at credit cost?

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

See if I put too much -- if I put too higher rate there, I think the follow-up question will be, how can you sell it at 12% and expect the delinquencies to be low. So we need to play in between the rate and the quality, right? So if I can -- the need of the hour is to ensure that I don't add incrementally anymore NPAs or to lessen the NPAs, which will get added to the book. Therefore, I need to be therefore, conscious of the quality of the customers who I'm tapping.

So we will look at -- if you look at personal loan, for example, PL and SBL, together, we can look at as a segment. And personal can be offered to salaried as well as self employed even under salaried there would be different segment of customers. Again, professionals would be segment, these people are generally low on delinquency, but the rate expected rate also will be on the lower side.

So we need to play it between the riskiness and the potential for earning the quality income. So I would rather focus on giving the benefit of slightly lower rate and tapping a good customer. So that we can keep the customer for a longer period. And we can through analytics, we can come out with the next best product to sell, depending the life cycle they are in. So we can probably increase the stickiness of the customer with us.

If we offer a high rate just to increase my -- so if I really need to increase my overall yield, I could go for a 2 wheeler loan, and I could go for used CV, used auto, where I know I can definitely charge much higher rates. Okay, but whether that would meet with the strategy which I'm trying to drive, where I need to really be focusing on quality book getting built. I will definitely look at those products when I'm ready to take such risks in the bank. So currently, I need to balance it out between yield and quality.

Operator

The next question is from the line of Tushar Sarda from Athena Investments.

Unidentified Analyst

Congratulations Mr. Murali for your role as MD and CEO. I come back to the same thing, why dilute at this market cap? There is a shortfall of capital, obviously. But INR 1,250 crores means 50% dilution. And you have a INR 65,000 crore advances book. If you manage to increase the yield by 1% over the next 12 months. Then you get INR 650 crores. Plus, you're already having an operating profit of INR 1,500 crores. So it doesn't make sense. And maybe you can reduce, look at 0 growth or reduce the book size by 10% or so. So your thoughts on this.

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Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

Yes. See, first of all, I don't want any of you to presume that we will definitely be diluting. I mean we have -- as I'm talking to, we still haven't decided whether we'll go through incision route or a rights issue or whatever. So therefore, I don't want to...

Unidentified Analyst

See even rights issue is dilution of our money, we've already lost money, now we need to put in more money.

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

Yes. No, I'm not saying that I don't want to have a presumption that whatever route, which we are trying to do, I don't want any presumption there. See, there's a way to look at it. While I completely understand the pain of the existing investors, I -- please don't take me wrong. It's not that I don't understand the pain.

But I'm looking at the way to -- how do we enable the institution to perform better so that we don't -- they don't end up actually continuously be pain. So if there is a possibility for them to experience maybe better prospects by virtue of working in the bank with a reasonable set of strategies and a reasonable, sensible way of growing the bank, if there's a possibility. And if that gets recognized in the market, it's a question of time before the stock reflects the true value of the -- true value of the bank.

Therefore, as a new incumbent, as I have a choice of continuously taking that existing investors have been paid, therefore, let me just play the role of status quo and maybe allow the book to run down like some question which was raised earlier. Or do something tangible while managing this how do I tangibly put in actions, which will help the bank to really look at something which can possibly happen better for the bank. Naturally, I look at it.

Unidentified Analyst

No, I -- can I interfere? See, I understand what you are saying, okay. But there are already examples of Catholic Syrian Bank and IDFC First Bank, where the yields went up by over 100 basis point in 12 months. Okay. So what we to do is to [fund management]. You're changing (technical difficulty) demonstrates that you will increase the yield, not even if by 100 basis points by 50 basis points, increase the NIM from 2.7% to 2.8% to 3.3%, 3.4%, the stock price goes up, then maybe you can do dilution, till that time, you just manage.

Bank has managed with our capital for last almost 3 years, they have been trying to dilute. What we are saying is for next 6, 9, 12 months, you show that what you can do with the bank. Let the market recognize your abilities, and that you know that things in banks can be turned around. Once that is done, then you can, of course, go ahead and raise capital.

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

No, you need to look at -- and by the way, I have no disconnect with what you're saying. But you need to look at that. The way it's managed. I'm not saying it's been managed badly. But your PCRs and capital adequacy is not comfortable at all.

Unidentified Analyst

Yes, I agree with you. So therefore, we are saying if PCR will be comfortable reduce the advances, right? I don't know...

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

While you as an investor might be looking at this way, regulators don't look at it that way. Regulators keep coming back to us saying, why your PCR is low, keep providing more. Your PCR at 54% is unacceptable is what they are saying. I need to play -- see, there are -- you should remember that there are a lot of other stakeholders also for an institution, right? We need to play as per the requirement of each of the stakeholders.

Unidentified Analyst

No, but if I look at numbers, you're INR 1,650 crores, there will be some addition because of this COVID. And you have INR 1,500 crore operating profit every year, you provide entire INR 1,500 crores. We are not saying no to that, right? But just show us that the NIM has gone up from 2.8% to 3.3%, 3.4%. So what happens is instead of INR 30 stock trading at INR 9, it may start trading at maybe INR 20, INR 22, right?

And then you do the dilution. We are very happy that you've come in, replaced the older management and older management was all the [shortcoming] he has managed to reduce the corporate book quite substantially, right? And now corporate book is only 25% of your total [base]. It's a question of managing for 6, 9 months, demonstrating that you mean business showing us some increase in yield and then raise...

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

2.6%, becoming 3.3% in 9 to 12 months, et cetera, you should remember that that average, you are talking about the book as a whole, that won't happen.

Unidentified Analyst

I understand, but that has been demonstrated by Catholic Syrian and IDFC First?

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

If you are assuming that we are dying to raise capital because we -- because that's a in thing to do know, we would want to do that because that's a need of hour looking at the stakeholders' expectations. One of the stakeholder is definitely is investors. Definitely, we should be cognizant of the pain, which they have gone through. But having said that, I think it's in everybody's interest to make the institution stronger.

Unidentified Analyst

Yes. So nobody's denying need for capital. The question is at what price, right? Do you want to dilute it at INR 9 or...

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

Hypothetically, I just -- since you raised this issue, I'm saying. Hypothetically, let's say, the bank doesn't enjoy any more, let's say, continue to be INR 7. What do you do?

Unidentified Analyst

Sorry?

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

I'm asking you question, while we work on improving NIM and, let's say, we show it to 3.2%, 3.3%. That doesn't mean that the -- because there is -- at least, to my understanding, there is no direct correlation of what the fundamentals and stock prices. Sometimes it reflects sometimes it may not reflects also.

Unidentified Analyst

No, no, it's also a question of confidence in the management?

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

No. No. Therefore, I'm saying, then you are actually playing with much riskier situation. See, it's very easy to sit from outside and mention something. But when you are holding the job of running an institution, we need to be really, really be sensitive about the other stakeholders who are also equally watchful of what you are doing.

Unidentified Analyst

Yes, but you have a very large pool of operating profit, right? This is the only bank which is trading below its operating profit. Even PNC Bank stayed at 2, 3x their operating profit, you're trading below operating profit. You please consider that, see, as CEO, I understand you're anxiety to make bank stronger, but valuation also has to be taken into account, right? Even banks like Bank of Baroda and Central Bank trade that 3x their operating profit, 2x your operating profit, we are trading at less than 1x. That's where we are coming from as investors.

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

I completely agree with you, I have no disconnect. Please don't take me wrong. I'm fully with you.

Unidentified Analyst

We also don't have any disconnect. You are new. So obviously, you have to manage the situation, right? So the suggestion that we are making is in good faith.

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

This suggestion, I clearly noted down your suggestion. I just want to bring in a -- I also want you to co-hold the other view like while I'm co-holding your view. I also wanted to co-hold the other view that there are other stakeholders who are also anxious about inflation.

Unidentified Analyst

100% agree with you. So that's why we are telling...

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

That's an immediate point I'm making.

Unidentified Analyst

See what RBI does is when you don't have capital is put you under corrective action, right? You say voluntarily, I will not allow my balance sheet to grow for 6 months. Let me demonstrate to my investors that I have managed to turn around the bank, increase my NIM by 20 -- I'm sorry, not 50 even 10, 20, 30 basis points till investors get used to you and investors start believing that those things are not very bad with the bank and that some competent person can turn it around. Stock price will start reflecting the reality, right? A small bank...

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

No, it's -- so just to take on, of course, we cannot be discussing for too long. Just to take on your point. So your turnaround you are restricted to only NIM increase. I'm saying if NIM increased plus...

Unidentified Analyst

The confidence in management in some form...

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

No. NIM increase plus many other things, which you need to set out is what I'm saying.

Unidentified Analyst

No, NIM increase is fine.

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

I can't say no to NIM increase. And I'm the first person to say that NIM has to go up.

Unidentified Analyst

The moment you take the NIM from 2-point -- because we are, again, the lowest NIM. Even PSU banks have higher NIM, right?

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

I completely agree with you. That's what I'm saying. So from what you are saying to what I'm saying, there's no change. There's no difference. You are saying you don't grow the bank. Just increase the NIM, demonstrate to market that you are capable of changing the NIM. Therefore you can transform the bank. And then the market will start trusting you, and therefore, the price stock price will go up, then you can you want to raise, you raised at that time. I completely take your logic.

Unidentified Analyst

Absolutely, sir. I think a bank like Karnataka Bank, which is very similar to us in terms of asset quality and other things. Their NIM is about is 3.5%, okay and also...

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

How do I react to it. I agree with you. So what -- I mean I'm agreeing that the NIM is low. And I'm agreeing that it needs to be increased. And I am agreeing that I am going to work on improving this. And I have already started taking action on those. So I have no disconnect with what you're saying.

Unidentified Analyst

But so if you've noted our suggestion, then I've nothing else to add so.

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

No, no, no. I'm still really not trying to I'm really not trying to understand what is the point which you're emphasizing? I'm fully with you saying NIM is low for the bank. This NIM should be improved. There is no disconnect there.

Other banks, which are similar sized banks are better, have better NIMS. I agree to that. Therefore, we need to increase NIM. I agree to that. And I am increasing the NIM is what the new information I'm giving you.

And increasing the rate of each product, as I'm talking to you I am trying to increase gold loan rate, I'm trying to increase agri gold data and trying to increase the retail rates and corporate rates and everywhere we are trying to negotiate and get better yields. But these changes for it to reflect in actual NIM going up, it will take some time.

Now the choice of waiting for that to change and expect that you are not hit adversely with the deterioration in your portfolio or any of those. Then you are running a risk of capital adequacy going further down and your PCR coming further down, which is not in the best interest of the regulators.

So we need to be -- while I understand your concerned as an investor, but I'm sure you also know how the situation in the banking scenario today and now regulators are clearly looking at some of this as an important things to watch out for. Therefore, we need to really play and satisfy every stakeholder who are looking at the interest of the bank, right?

Unidentified Analyst

Yes. So now let's come back to regulators since you mentioned regulator, what will regulator do if our PCR is low? They will say that you would be put under corrective action, right? You can't increase your balance sheet. You can lend and all that. You put a voluntary restriction on the balance sheet, sir, for next 6 months, 9 months, that's what investors have been suggesting that instead of growing, look at reducing the size of rebalancing the portfolio. Even if you don't want to reduce the size, rebalance the portfolio, whereby the yield goes up. Okay.

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

How do you rebalance without the building an alternative business mechanism?

Unidentified Analyst

So I don't run the bank, I don't know how you will do it, but...

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

Therefore, I'm saying, see, since you don't know, I'm telling you is the way to do.

Unidentified Analyst

Look, other banks have demonstrated, they've increased NIM...

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

Larger banks have also done the same thing, boss. What did IDFC do, IDFC is run by my ex-boss only. So I know what has happened there? I know what is happening in CSB. So we are learning lessons from them also.

Don't take me wrong. I'm saying see, it's very easy for you to say, just don't do anything that keep quite just increase in NIM. The other stakeholders are not going to take fact lightly and we have an employee base of 8,000 people working in the bank, and the employees are stakeholders, investors are stakeholders, Board is a stakeholder, regulators are stakeholders. There are other institutional investors who are also both in India and outside of India, who are putting money.

So we are watchful. In fact, I am engaging as I'm talking to you, and engaging with a lot of the existing investors. And potential new investors, I'm talking to all of them. And I am taking feedback from all of them. So it's -- whatever you're saying, it's not -- sorry to say that, it's not new to me. I'm actually listening to them.

Unidentified Analyst

(inaudible) you are very experienced mentor...

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

Whatever is the best by taking all those counter views, we need to do what is best for the bank. That's where I am coming from.

Unidentified Analyst

Obviously, sir, you are very experienced. So this will not be new what we are saying. You've been in banking industry for 30-plus years. So we respect that it's just that what we feel as investor...

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

I completely understand. Don't take me wrong. I'm not showing off your thing, I'm definitely...

Unidentified Analyst

So are also been investing for 35 years. I've been in market for 35 years. We see different industries, different companies, right? And there is a valuation which is always among from us -- for us, that is the most important parameter. For you, it is 1 of the parameters, right? We have given you our feedback, our inputs. We leave it to you, whatever decision you take, we will live with it. Thanks for your time.

Operator

(Operator Instructions)

Thank you. Thank ladies and gentlemen, due to time constraint, we will take that as the last question. I would now like to hand the conference over to the management for closing comments.

Murali Ramakrishnan - *The South Indian Bank Limited - MD, CEO & Director*

Thank you so much, and I thank all the participants who took the time off and to take part in this discussion. I really value all the questions and the suggestions, which came up during my discussion. And I once again wish to reiterate that we are really make note of your suggestions, and we really believe that they are indeed valuable. And we will -- me and my team are working hard to ensure that we factor those in our plans and we factor those in charting the way for the bank.

And I'm quite confident that I'll come back time and again with you to share with the progress which you are making on the plants which have spelt out. And we'll definitely be richer with your inputs as we go along in our journey to do the things which we spelt out we would do. And I really look forward to continued support from all of you.

And I'll be more than happy to be as much transparent as possible and as much willing to share exactly what my thought process is in each of those. So sometimes, it might also mean that I am questioning, but it is basically to engage constructively, so that professionally, both of us become richer in our conversations.

So I really look forward to such a meaningful engagement going forward also. I once again thank all the participants for taking your time off and participating in this call. Thanks. Thanks so much.

Operator

Thank you. Ladies and gentlemen, on behalf of South Indian Bank Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.
