

Q2 2012 Earnings Call - IDBI Bank

Dt-20 Oct'11

Operator

Ladies and gentlemen, good day and welcome to the IDBI Bank Q2, FY12 Results Conference Call, hosted by Sharekhan Limited. As a reminder for the duration of this conference, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions at the end of today's presentation. Please note that this conference is being recorded. At this time, I would like to hand the conference over to Mr. Dinesh Shukla, from Sharekhan Limited. Thank you and over to you sir.

Dinesh Shukla

Thank you, Madan. Good evening to all our participants. On behalf of Sharekhan, I welcome you all to the Q2, FY12 conference call of IDBI Bank.

We have with us, Mr. P. Sitaram, Chief Finance Officer of IDBI Bank. Welcome sir. I request Mr. Sitaram to give some insights into Q2 results and then we'll take questions. Over to you sir.

Hello. Mr. Sitaram?

P. Sitaram, Chief Financial Officer

Yeah. Good evening to everyone. The results for September 2011 are now available with you.

As on September 2011, the advances are at about 1,56,000 crores, that is about 20% growth as compared to September 2010. Deposits also have grown but at about 13% to 1,74,000, roughly 500 crores.

NII for the quarter at 1,122 crore is flat if you compare with the previous quarter, and as compared to June quarter, it is slightly lower. On the fee income part, we are at 476 crore -- sorry, 364 crores as compared to 476 in September 2010. That's about 23% lower. And the operating profit at 1,006 crore is lower than both September 2010 quarter, and as well as June 11 quarter.

Now, coming to the other income, as I said the fee income has been lower, that is why the other income is lower. And -- but in turn, the operating expenses at 595, are lower by about 40 crores as compared to Q2 of last year. And this is mainly because that 635 includes the one time gratuity provision that we made last year.

Then on the provisions, provisions and contingencies total is about 491 crore, which is lower than both September 2010 quarter as well as Q1 of this year. Mainly because the NPA provisions are lower. The NPA provisions were higher both in the Q1 of this year and September 2010 last year. Because last year we are trying to catch up with that 70% norm.

And in the Q1 of this year, as you are all aware, we have done for that counter cyclical provisioning buffer as well as the higher calendar rates on NPS. So overall, as a result of this, the net profit for the quarter is 516 crores and as compared to 429 in Q2 of last year, and 335 of the Q1 of this year.

Now coming to certain ratios, NIM, it stands at 2% for the quarter and for the half year 2.03, as compared to 2.27 or 2.26 in Q2 last year. And for the last half year it was 1.94. CASA stands at 19.19, as compared to 15.26 in September last year, and 17.2 in the Q1.

Our ROE is flat at 15.5 roughly, than ROA for the quarter is 0.84, but for the half year is 0.69. Coming to NPA's, the slippages have been on the whole about 601 crore. This is a result of gross slippage of 925 crores, out of which there have been settlements of 106 crores. There are upgradation of under 126 crores, and then we did a technical write-off about 91 crores. So the net addition to gross NPA was 602 crores. And the gross NPA ratio stands at 2.47% which is compared to 2.1 as on June. And net NPA is 1.57 as against 1.25 as for June.

Now, besides the numbers, the overall picture which emerges on this from our perspective is that the optimism that we had in Q1, that is slightly down in the sense that the conditions which are affecting the industry as a whole on the banking industry in particular are continuing to be slightly constraint. We have seen RBI taking repeated policy action, and still the ground reality is the improvement which was expected has still not come about.

This quarter we have seen that overall, it's not restricted to any particular sector or industry, overall even large corporate, they are facing a tightness in their cash position, receivable days are getting extended. Even couple of corporates which are highly committed to stay out of any stigma, whether NPA or restructure, even they had to be declined as NPA this quarter, mainly because they do not have, they could not generate enough cash flow.

So overall, therefore, there is definitely as a perfectible constraint in the industry. And therefore banking industry as a whole has to perhaps live with this for a few more months. Particularly for a bank like us where the CASA is relatively lower, therefore business led to a increase in the interest cost at a rate which is slightly higher than the increase in the yield, which is therefore resulted in the NIM.

So for the rest of the year, what we will be concentrating is to preserve the NIM at about two or slightly higher than that. And if

conditions improved towards November, December, that's when usually where the credit pick up really starts. So maybe we will try to take it to about 2.15. At the beginning of the year, we have targeted about 2.2%. So we will see, if we can achieve that or maybe around 2.15% NIM.

And correspondingly, the ROA target of about 0.9, which was at the beginning of the year. We are still keeping that in view, and we'll be working towards that.\

So with this, I will stop now. And I would ask further questions.

Questions And Answers

Operator

Thank you very much sir. We will now begin the question-and-answer session. [Operator Instructions]. We have the first question from the line of Chandana Jha from Avendus. Please go ahead.

Chandana Jha

Good evening, sir.

P. Sitaram, Chief Financial Officer

Good evening.

Chandana Jha

Couple of questions. One, I wanted to understand that despite strong momentum in your savings deposits and strong sequential as well as year-on-year growth, 2% sequential increase in your CASA ratio. Despite that the momentum on your margin seem to be falling. I know we have seen further decline. But I just wanted to understand, what is the result, I mean what is the reason for this kind of a trend?

P. Sitaram, Chief Financial Officer

Yeah, as I said, despite the improvement in CASA, what has happened is, we had to mobilize the non-CASA resources at a higher interest rate. And the increase in the interest rates has been much more rapid than the yield on advances.

Overall cost of funds, you would have seen from the presentation, stands at about 8.4 for the quarter as compared to 6.67 in the previous September 2010. And as compared to 7.99 in June. So -- and for the half year therefore it has crossed, if it is about 8.22. So, as this is where the constraint has come, that overall the cost of deposits has really gone up, but we have been more willing to take retail term deposits because we are happy that even if the bulk deposits are substituted with retail term deposits also, that's also fine for us for a long-term strategy that retail term is also retail relationship, which will move the composition away from the bulk. And this retail relationship can also translate into more CASA.

So we have been also matching deposit rates as far as the one to two year buckets are concerned with the best in the industry. So the strategy has therefore caused a little higher cost of funds in the shorter term.

Chandana Jha

Sir, two follow up questions on this. One, why there has been significant increase in non-CASA deposits at high cost. And if you can share what has been the marginal cost at which you have been raising these deposits?

Your total term deposit growth year-on-year is just 8%. So the second part of the question is, what is the percentage of this term deposits which are wholesale cost deposits?

P. Sitaram, Chief Financial Officer

Okay. As I mentioned, see the term deposits rates that we are offering particularly in the one year, then we have a special bucket for 555 days, and then that were two years. These are the maturities where we are concentrating. Because as you would have seen from our ALM position, we are having a net liability reposition on the shorter term, six year -- six months to one year, which we want to move away from. So we are focusing more on this one to two year.

And therefore, we have been matching our rate with the best in the industry from time to time. We have not hesitated to increase the interest rate. So even though the overall term deposit has increased only by about 8%, 9% but the composition of term deposits in that, that is, to put it in another way, the composition of bulk deposits has been gradually coming down.

And so where we were close to 70 or even higher, gradually, we had moved down to less than 65. Our target is to bring it down within one, one and half years to below 50%. So we are happy to substitute it either with CASA, but CASA has become a challenge in this environment where interest rates are going up.

Therefore, we are happy to initiate a retail relationship even on a term deposit, which we believe will help us to gather more CASA as the relationship deepens.

Chandana Jha

Sir if I understand it correctly, the increase in non-CASA high cost deposit, it has been to change the maturity profile of your deposit to shift from six months to one year to one to two years, rather than to fund your loan growth?

P. Sitaram, Chief Financial Officer

Yes, because five year can -- no bank would be committing to that sort of maturity in this high interest rate regime, it would be very unwise, okay. So basically we've been focusing on this special buckets which are between one to two years. In fact this is the same strategy which is followed by other banks also.

Operator

Thank you. A kind request to participants to please limit to a maximum of two questions at a time. The next question is from the line of Mani Arora from ICICI Direct. Please go ahead.

Mani Arora

Good evening, sir.

P. Sitaram, Chief Financial Officer

Good evening.

Mani Arora

Sir, my question is firstly on the provisions. Even through the provisions deliver on a higher end throughout the year.

P. Sitaram, Chief Financial Officer

Yeah.

Mani Arora

And suddenly we see a drop, plus even the tax side is lower despite the fact that, last time you said the direct tax assets had been absorbed. So could you throw some light on that?

P. Sitaram, Chief Financial Officer

Yeah. Under provisions as I said, see in Q1 of this year, provisions were higher because we did provisioning for both the counter cyclical provisioning buffer, as well as the higher calendar rates. So we didn't differ anything. Therefore the Q1 hit was far higher. So that impact has come as a lower.

And in September 2010, if we remember, there was a dead line to reach that 70. Even though we were 70 even earlier, but the incremental NPA required higher provisioning to maintain that 70. So that's why compared to both the quarters, this provision apparently is lower. But there has been no deferment or delaying, this is the actual provisioning requirement as of this quarter which has been met.

Mani Arora

Sir so will you see this kind of a run rate going ahead?

P. Sitaram, Chief Financial Officer

It seem, one feature is there, that we have more assets which move from category that is substandard to doubtful in the Q1 of a year. So actually as a pattern, one can see that the provisioning increase happens higher in Q1.

Mani Arora

Okay.

P. Sitaram, Chief Financial Officer

That's one feature which is there. As and when that now we've had some addition to NPA's in the Q2 which has been higher than Q1. So therefore perhaps in Q2 of next year again few of these may move to doubtful.

Mani Arora

Okay.

P. Sitaram, Chief Financial Officer

So, even Q2 of next year could also see slightly higher provisioning.

Mani Arora

Yes sir.

P. Sitaram, Chief Financial Officer

So this is the pattern one. And your second question, that is on the tax provision

Mani Arora

Yeah.

P. Sitaram, Chief Financial Officer

I will just clarify it. See the last year and the year before, we have taken the full deferred tax credit on our NPA provisioning in Q4. So what had happened was, Q4 we are reporting negative tax provision, which is an anomaly. So we've decided that we will even out this tax provision by taking deferred tax credit, even though it may mean that we'll have to make some estimate. That regardless of that, we thought it is better to make an estimate rather than have a volatility in the tax provision.

Mani Arora

But sir, on these details, when were they created? As in there is some clause of reasonable doubt and reasonable certainty.

P. Sitaram, Chief Financial Officer

That part it is over because anyway we are now on full tax provision, that is why. So in earlier year, we were on MAT. Therefore that the reasonable, the certain -- it's not reasonable certainty, they say something else. So that point has been crossed now. Since we are on full tax regime, now there is that reasonable criteria has been satisfied.

Mani Arora

Okay.

P. Sitaram, Chief Financial Officer

Okay.

Mani Arora

Thank you.

Operator

Thank you. The next question is from the line of Mudit Painuly from Macquarie Securities. Please go ahead.

Mudit Painuly

Yeah, hi sir.

P. Sitaram, Chief Financial Officer

[Non-English].

Mudit Painuly

Sir, two things, what is the loan growth target for the full year, any target?

P. Sitaram, Chief Financial Officer

Yes. We are maintaining that, that we will not cross 15%.

Mudit Painuly

Okay. So, 15% is the maximum that you think.

P. Sitaram, Chief Financial Officer

Yeah, yeah. The 20% that we see now, September that's because of quarterly variation.

Mudit Painuly

Yeah. That, I understood. The last -- the other thing was, can you give me the break down of NPL, say as far as the sectors are concerned, what are the various sectors that have contributed this quarter delinquency basically, that 900 odd crores that happened? Any large accounts there or anything like that, you have?

P. Sitaram, Chief Financial Officer

Okay. I mean, I can say this that there were two slightly large size corporates, from the food industry. I will not be more specific than that.

Mudit Painuly

That's sufficient.

P. Sitaram, Chief Financial Officer

Okay. Then we had some NPAs from SME, but it is definitely not as significant as we saw in Q1 and earlier. That way the SME is not really the same area of concern as it was earlier. Then we had some NPAs from the small agri and mid-corporates also.

Mudit Painuly

Okay. And just the last thing any fresh restructuring done this quarter?

P. Sitaram, Chief Financial Officer

Restructuring has been done but mainly for those five MFIs from Andhra, which has been already reported in the newspaper.

Mudit Painuly

Okay. Fine.

P. Sitaram, Chief Financial Officer

But there is a net reduction because one metal company has gone out.

Mudit Painuly

Okay. So that's claimed or

P. Sitaram, Chief Financial Officer

No, it has come out of this, it has been refinanced.

Mudit Painuly

Okay. Refinanced. Okay, fine. Okay thanks. Thanks, sir.

Operator

Thank you. The next question is from the line of Laxmi Ahuja from Marwadi Shares & Finance. Please go ahead.

Laxmi Ahuja

Yeah. Good evening, sir.

P. Sitaram, Chief Financial Officer

Good evening.

Laxmi Ahuja

Just wanted to understand how do you -- can you please like let us know on the quality of the NPAs, like I was just looking at the moment of the NPAs from sub-standard doubtful loss categories, and we see that the sub-standard category has quite increased substantially on sequential basis. And that I understand because of the additions which has happened in this quarter.

P. Sitaram, Chief Financial Officer

Yeah.

Laxmi Ahuja

But then how do you see the picture going ahead, because this is quite a big amount? And if it has to further slip into doubtful category, then that could further increase your provisioning requirements in, we say, next or next to next quarter?

P. Sitaram, Chief Financial Officer

Yes. I mean that has clarified as I said, see our -- the pattern which emerges from this portfolio is mainly that movement from sub-standards to doubtful happens in Q1.

Laxmi Ahuja

Right.

P. Sitaram, Chief Financial Officer

The last part. And now that we had some higher slippages in Q2. So one can expect a higher movement from sub-standards to doubtful in Q2 of next year.

Laxmi Ahuja

Okay. So it would be a one year Lag?

P. Sitaram, Chief Financial Officer

A one year lag. Right. But there are some chances, but the current -- first I will express my perspective, that given the current scenario in the industry, the chances of upgrades are slightly lower than what we are expecting in Q1.

Laxmi Ahuja

Right sir.

P. Sitaram, Chief Financial Officer

Okay. But subject to that, we do expect that, as I mentioned, those two larger companies in say the food industry or some other. Perhaps the merger at least 50% chances that they can get upgraded.

Laxmi Ahuja

Okay.

P. Sitaram, Chief Financial Officer

Okay, if that happens, then that the next Q2 concern will come down to that much extent.

Laxmi Ahuja

Right sir. And just a book keeping question, what would be the modified duration of your AFS portfolio?

P. Sitaram, Chief Financial Officer

About 2.3.

Laxmi Ahuja

And for the entire portfolio?

P. Sitaram, Chief Financial Officer

Entire -- STM is far higher, it is more than six.

Laxmi Ahuja

Okay.

P. Sitaram, Chief Financial Officer

On an average, also it will be close to six.

Laxmi Ahuja

Okay, fine.

P. Sitaram, Chief Financial Officer

Because our AFS book is very small.

Laxmi Ahuja

Right sir. Thank you, that's it from my side.

P. Sitaram, Chief Financial Officer

Yeah.

Operator

Thank you. The next question is from the line of Mukesh Gandhi from DSP Merrill Lynch. Please go ahead.

Mukesh Gandhi

Yeah. Hi sir.

P. Sitaram, Chief Financial Officer

Hello.

Mukesh Gandhi

Just to understand this, I know you spoke about this. I quite didn't get the tax part, what was -- why was it lower?

P. Sitaram, Chief Financial Officer

That's because, see that till the last year and the earlier year, we were taking this deferred tax credit mainly on the NPA provision, then investment provisions. That we were taking in Q4 of the year. That's because the statutory auditors were saying that at least the one year back, we were on MAT. So they wanted that as per the standard that somebody coated, that they should be virtual certainty.

Mukesh Gandhi

Right.

P. Sitaram, Chief Financial Officer

Okay. So, they said it is prudent to wait till Q4 where everything is crystallized, and then we will take the deferred tax credit in the books. But what is happening because of that is that Q4 is showing a negative tax provision.

Mukesh Gandhi

Right.

P. Sitaram, Chief Financial Officer

Which is of course very awkward thing to explain. So we have estimated now what can be the full year NPA provision, what can -- all that. Based on that, we are working out the tax provision. So one can expect more even tax rate throughout the year.

Mukesh Gandhi

So, if I remember correctly, I guess you had mentioned earlier that your DTA part is over, right? You are now on a normal tax rate.

P. Sitaram, Chief Financial Officer

Yeah, normal tax rate is over. But one does have to. Yeah, but that was because on the other side, that is, we had a MAT credit, that has been fully exhausted. And prior to that, we had benefit of carry forward losses, of both the earlier United Western Bank and IDBI, all those are over. So now that we are in a full tax regime, in the books we have to book this DTA for the NPA provisions. Because those are not eligible for tax reduction.

Mukesh Gandhi

Right.

P. Sitaram, Chief Financial Officer

Yeah.

Mukesh Gandhi

Okay. And secondly, you mentioned do you had 191 crores of technical, write-offs, right?

P. Sitaram, Chief Financial Officer

No, no 91 crore.

Mukesh Gandhi

91. Okay. And what would be the total on cumulative write-offs?

P. Sitaram, Chief Financial Officer

About 3,600 crores. Write-off book.

Mukesh Gandhi

Total book?

P. Sitaram, Chief Financial Officer

Yeah.

Mukesh Gandhi

Okay. And these two large accounts of the food industry would be how much of your 925?

P. Sitaram, Chief Financial Officer

About 230 crores.

Mukesh Gandhi

That's it?

P. Sitaram, Chief Financial Officer

Yeah.

Mukesh Gandhi

Okay, so the balance would be what? Split all over

P. Sitaram, Chief Financial Officer

Approximately SME is about 140 crores.

Mukesh Gandhi

Okay.

P. Sitaram, Chief Financial Officer

Then we had a smaller agri slippages that was about 120. Then mid corporate is there, some mid-corporate cases are there.

Mukesh Gandhi

Right.

P. Sitaram, Chief Financial Officer

About 300 crores. But spread over a few companies.

Mukesh Gandhi

Okay.

P. Sitaram, Chief Financial Officer

Like that approximately.

Mukesh Gandhi

Right. And finally sir on your capital, how comfortable are and till when? Anything on that?

P. Sitaram, Chief Financial Officer

Yes. See we are not supposed to include the half yearly profit. That's why the Tier 1 shows as if it is lower than 8%.

Mukesh Gandhi

Right.

P. Sitaram, Chief Financial Officer

But if we take the half yearly profit after netting out possible dividend.

Mukesh Gandhi

Right.

P. Sitaram, Chief Financial Officer

Then it is above 8%.

Mukesh Gandhi

So, how much would that be?

P. Sitaram, Chief Financial Officer

Roughly it will be closer to 8.1.

Mukesh Gandhi

8.1?

P. Sitaram, Chief Financial Officer

Yeah.

Mukesh Gandhi

And what is the internal comfort, at what threshold would you like to trigger some kind of infusion?

P. Sitaram, Chief Financial Officer

See, we are comfortable to going down even upto 7.

Mukesh Gandhi

Okay.

P. Sitaram, Chief Financial Officer

We had no problem with that, because we are not targeting any the big growth. This has been a stage where we are continuing with improving our priority sector. And other purpose we will be keeping the growth to at most 15%. So that should not put a demand on the capital, where rather we would like to wait deliver on this, the CASA and priority sector and other parameters. And then see the market improvement, because we'd also like the market to be favorable before we decide. And in between, if government considers a fresh infusion, that would be the best MAT.

Mukesh Gandhi

Sure. Understood. Alright, sir. Thank you.

Operator

Thank you. The next question is from the line of Jatinder Agarwal. Please go ahead.

Jatinder Agarwal

Good evening, sir.

P. Sitaram, Chief Financial Officer

Good evening.

Jatinder Agarwal

Sir just one thing, of this 3,800 or 3,900 crores of gross NPL, can you give it as per your loan book corporate SME, agriculture and retail?

P. Sitaram, Chief Financial Officer

Yeah. Just hold on one second. I'll just be looking at the data, you can ask me the next question.

Jatinder Agarwal

No, that is it actually.

P. Sitaram, Chief Financial Officer

Okay, then just hold on a second.

Yeah, out of this 3,800 gross NPA, the SME is about 1,200 crores.

Jatinder Agarwal

Okay.

P. Sitaram, Chief Financial Officer

And corporate, is a second -- this includes a large and mid corporate all that. That put together is about 2,000 crores from that.

Jatinder Agarwal

2,000 crores?

P. Sitaram, Chief Financial Officer

Yeah, and then we have -- on the agri side, we have about 400, and this personal banking that is mainly the retail home loans, there we have about 400 crores.

Jatinder Agarwal

And sir, within the SME loan book, on a sequential basis, there is a sharp fall, in absolute numbers.

P. Sitaram, Chief Financial Officer

Yes, yes.

Jatinder Agarwal

What is that sir?

P. Sitaram, Chief Financial Officer

Mainly as I said this earlier also, that there was possibility of upgrades.

Jatinder Agarwal

Okay.

P. Sitaram, Chief Financial Officer

Okay. So that was very hard I mean some of the cases have got upgraded.

Jatinder Agarwal

Okay

P. Sitaram, Chief Financial Officer

Even the fresh slippage is also been contained. So right now the SME vertically is working on more on improving it's monitoring mechanisms and related rating for further branches to be added before adding to loan book. So right now we are able to manage the portfolio far better, based on are now the experience and insight.

Jatinder Agarwal

I actually meant on the absolute loan book actually.

P. Sitaram, Chief Financial Officer

Yeah.

Jatinder Agarwal

If you look at the loan mix last quarter than this quarter.

P. Sitaram, Chief Financial Officer

The same, I mean the same thing applies. We have not been aggressive in SME.

Jatinder Agarwal

So it become mid corporate clients, is it?

P. Sitaram, Chief Financial Officer

It's not, it's to some extent, yes. One of the -- some of the SME cases have been transferred to mid-corporate because they have grown in size.

Jatinder Agarwal

Because that is quite a big size actually, it's about 12,600 which has become 9,600.

P. Sitaram, Chief Financial Officer

Yeah. So that is one.

Jatinder Agarwal

3,000 crores is actually because of that.

P. Sitaram, Chief Financial Officer

Yeah, yeah. And secondly, we have not added fresh loans also. So what has happened, many SMEs draw down working capital towards March and there is a fall. After that we have not again pursued them.

Jatinder Agarwal

Okay. So it's more cyclical.

P. Sitaram, Chief Financial Officer

Yeah. More cyclical.

Jatinder Agarwal

Okay. But sir, just looking at your SME loan book, this 1,200 crores on a one year lag basis. It seems like something like a 10% default rate.

P. Sitaram, Chief Financial Officer

Yeah.

Jatinder Agarwal

Right? because last year, the book was about 11,500 odd crores.

P. Sitaram, Chief Financial Officer

Yeah, yeah.

Jatinder Agarwal

So, isn't that a bit too worrying?

P. Sitaram, Chief Financial Officer

But now it is history.

Jatinder Agarwal P. Sitaram, Chief Financial Officer

Yes, because as you can see this quarter itself, it has sharply come down, the fresh slippage of SME has sharply come down, we expect it to come down further. And in fact, we are hoping for further upgrades. But unfortunately the industrial enrollment is not showing sufficient improvement. Definitely if the climate improves, there will be a good improvement in the overall SME portfolio.

Jatinder Agarwal

That is useful sir. Thank you.

P. Sitaram, Chief Financial Officer

Thank you.

Operator

Thank you. The next question is from the line of Manish Ostwal from KR Choksey. Please go ahead.

Manish Ostwal

Hello

P. Sitaram, Chief Financial Officer

Hello.

Manish Ostwal

Yes, sir. One clarification on the yield on average investments.

P. Sitaram, Chief Financial Officer

Yeah.

Manish Ostwal

Which has went up from 7.37% to 7.56% on average quarterly balances.

P. Sitaram, Chief Financial Officer

Yeah.

Manish Ostwal

So, and the book contracted by 1.4% quarter-to-quarter show any significant non -SLR investment built up during this quarter?

P. Sitaram, Chief Financial Officer

No, no nothing. Nothing

Manish Ostwal

So what extent is there increase in the yield sir?

P. Sitaram, Chief Financial Officer

Because the yields have gone up. I mean if you have seen, mainly because this addition is on the G-SEC count. And on G-SEC side, the yields have gone up. As all banks are having a little bit of liquidity now, because we are not really grown that way compared to June. And so the additional liquidity has gone into mainly G-SEC and where the yields have been higher. But corresponding to that, deposit rates and the cost funds have also gone up.

Manish Ostwal

And second, can I have movement of NPAs addition, gross addition in the reduction -- upgradation write-off.

P. Sitaram, Chief Financial Officer

Yeah, in fact I had -- okay, just one second.

Manish Ostwal

Yeah

P. Sitaram, Chief Financial Officer

We had slippages of about 925 crores.

Manish Ostwal

925 crores?

P. Sitaram, Chief Financial Officer

Out of which, the -- sorry there is a resound on the line. Yeah, then there is a settlements of 106 crores. Upgradation of about 126 crores and the technical write-off of about 91 crores.

Manish Ostwal

Within the 925, any significant concentration to problems sector like power or aviation or external sector like textile or gems and jewelery, or any significant exposure on that?

P. Sitaram, Chief Financial Officer

No, nothing. In fact none from these four sectors. Okay, the textile rating may be some couple of small ones, but definitely nothing even to merit I mentioned. Power definitely not, there is nothing. As of now let us be frank, we are all concerned with Kingfisher right, it's there. For the other one, there is nothing else. And Kingfisher still it is performing as it and definitely there is no immediate costs are concerned on that side.

Then the fourth one, what is that you have mentioned, gems and jewelery? No, nothing.

Manish Ostwal

Last on the asset quality front, the gross and NPA went up during this quarter, given the tough macro-environment.

P. Sitaram, Chief Financial Officer

Yeah.

Manish Ostwal

What is your outlook on the overall credit cost for the full year, because this quarter, I know in the June, there was 112 crore of counter cyclical provision.

P. Sitaram, Chief Financial Officer

Yeah.

Manish Ostwal

So, what is the provisioning will step up pan out in next couple of quarters, actually that asset quality trends?

P. Sitaram, Chief Financial Officer

If we can say that the Q2 will be sort of representative of the credit cost for the remaining two quarters. As I said we had already discussed that further movement in NPAs from the sub-standard to doubtful and all that. So because of all those reasons, the Q3, Q4 you can expect that the run-rate will be the same like about Q2.

Manish Ostwal

And sir what is your outlook on the full year net interest margins?

P. Sitaram, Chief Financial Officer

We are trying to keep it. At least we have started the year hoping to reach 2.2 for the full year. But given this tough conditions which are continuing, we are looking to at least reach about 2.15.

Manish Ostwal

Okay. And last question on the fee side sir, what is -- fee income is

P. Sitaram, Chief Financial Officer

Again, yeah, fee income is lower. Again because of the lower-credit activity. And our own self imposed restriction on growth and advances. The fees coming from syndication, project appraisal and there is an advisory, these fees contribution has come down.

Our fee from non-fund based activities like LCs, bank guarantee, that has gone up. Our -- now there are some assignments in the pipeline, if the customers are willing to close the assignment, then we'll be able to book the fees. But in this uncertain environment it is difficult to say when the assignment can be closed. It's all depend upon the customers.

So overall we are looking to about 10 to 15% growth in the fee based income for the full year. So let us see how it pans out for this quarter. And I will be able to give you a better update.

Manish Ostwal

And second sir, within the fee income, what is the proportion of fee income leading to your asset growth and what is the proportion of transition fee income?

P. Sitaram, Chief Financial Officer

Yeah one second. See out of the 702 crores of fee based income, that we have further the six months. The bank guarantee fee is about 150 crores, LC is 132, both of them you can say is by and large not related to lending. But it is to some extent related to lending, I mean I don't know how correlation could be about 20, 30%. Then the other one is the processing fees, this is both retail and corporate, we have another 160 crores.

Other major is from our ForEx and derivatives, there we generated about 65 crores. Then our sourcing and advisory, that is about 70 crores. Remaining is by and large retail. Like ATM fee, Card fee, the alternate channel fee with so many other miscellaneous. So out of this I will say processing fee, the syndication fee. These two are directly related to lending.

Manish Ostwal

And last on the

Operator

Sir this is the operator. Sir, could you come back in the queue sir, we need to move on to the next participant.

Manish Ostwal

Okay, okay. Thank you.

Operator

Welcome. We take next question from the line of Ramnath Venkateswaran from Birla Sun Life. Please go ahead.

Ramnath Venkateswaran

Yeah. Hello sir.

P. Sitaram, Chief Financial Officer

Hello.

Ramnath Venkateswaran

Sir I just wanted to get your sense in terms of the overall slippage figure going forward, if you have any guidance for that because you are doing around 600 crores in the first quarter. And this year -- this quarter it has come around 925. So given the current credit environment and the situation that you see around, if it persists like this. How do you see the slippages spanning out for yourself, if you can comment on that?

P. Sitaram, Chief Financial Officer

Yes. All I can say at this time is that do not expect any significant improvement. Because environment is tough. As I said there are couple of corporates who have fought with us tooth and nail, they are so aware of this stigma that they don't even want a restructuring. They said that they will do anything to repay as it is. But even those corporates are finding it difficult to maintain their payment. So given that definitely the situation is tough.

We have to see how macro-economy moves, what RBI will do and what happens to various industries. I would say that, that's why that there will be no significant improvement in the NPA position. So we'll try to keep it at this level. So where is the gross NPA level of about 2.5%.

Ramnath Venkateswaran

Right.

P. Sitaram, Chief Financial Officer

It may at the worst go to 2.7.

Ramnath Venkateswaran

2.7. Okay, sir in terms of this one, so you will guiding for a 20%. So you're guiding for a 20% increase in loan for the full year?

P. Sitaram, Chief Financial Officer

No, no 15%.

Ramnath Venkateswaran

15%? So the increase that you're looking at in terms of the gross NPS in absolute terms from here is fairly minimal.

P. Sitaram, Chief Financial Officer

Yeah.

Ramnath Venkateswaran

Because, if I -- if you do the maximum here, and so sir I just want to get your sense, because when I remember where you were interacting some time back, you said that, the SME part of the book was the one where you were seeing some stress definitely building up.

And that is where you were slightly cautious. But based on the results that you see, that part -- that portfolio seems to -at least on the incremental basis seems to be kind of stabilizing in terms of the bad loans coming up from that sector.

P. Sitaram, Chief Financial Officer

Yeah.

Ramnath Venkateswaran

So, which are the other places where you think, things could probably turn bad? Because

P. Sitaram, Chief Financial Officer

In fact, the Q2, the SME has not been that much of a worry.

Ramnath Venkateswaran

Right.

P. Sitaram, Chief Financial Officer

It was earlier discussed in this call. So the worry has, actually the NPAs have come from even better larger corporates. Therefore there is also the silver lining here that sometime or the other, these corporates will become performing. But it may not happen this year if this conditions continue.

Ramnath Venkateswaran

Right.

P. Sitaram, Chief Financial Officer

But if there is improvement, say suppose in Q4 if not in Q3, definitely there is 50% chances that some of these will get back to performing in line. So, Q3, Q4 now we have to see, because all of them are facing this cash crunch. As the receivables are getting extended and that's how they are not able to service. So it is difficult now to say exactly where the next NPA will come from.

Ramnath Venkateswaran

Right, right. Sir, and finally on the upgradation side, how do you see the upgradation happening for you, sir?

P. Sitaram, Chief Financial Officer

We are hopeful. That's what I am saying, we're hopeful. But if the situation continues to be tough like this, then it may not be as much. Like Q1 definitely we are more hopeful than now. And we did get some upgrades in SME, but it is not as much as we expected.

Ramnath Venkateswaran

Fine, sir. So you are saying that things could be slightly more challenging on the asset quality front for some more time?

P. Sitaram, Chief Financial Officer

Yeah.

Ramnath Venkateswaran

That is the take away there?

P. Sitaram, Chief Financial Officer

Yes.

Ramnath Venkateswaran

Fine sir. Thank you so much.

P. Sitaram, Chief Financial Officer

Thank you.

Operator

Thank you. As a reminder to participants, to please limit to maximum of two questions at a time. The next question is from the line of Anand Laddha from HDFC Mutual Fund. Please go ahead.

Anand Laddha

Hi sir.

P. Sitaram, Chief Financial Officer

Hello.

Anand Laddha

Sir most of my question are answered, just two question. Sir what could be the break up of investment, I mean you made some provision for NPA, and what could the break up of other provision Rs.122 crores?

P. Sitaram, Chief Financial Officer

Yeah. Sorry, in fact I forgot to cover that. Good that you got up. We have -- if this quarter also made a provision for security receipts of 108 crores, we provide that 108 crores for security receipts. We get two series of SR, the NAV have been brought down, and we have to provide for that.

Anand Laddha

So, how much if you are provided cumulatively so far, I mean what could the accumulative provisions on the security receipt we have?

P. Sitaram, Chief Financial Officer

Yeah. Just one second.

Anand Laddha

And sir this time non provision was made on the preferential share holding?

P. Sitaram, Chief Financial Officer

No, no. not necessary. In fact we are quite okay in that. Only the security receipt there was a silent drop and therefore we had to.

Okay cumulative provision in security receipt fees, 620 crores.

Anand Laddha

Okay. On the outstanding book of approximately Rs. 900 crores?

P. Sitaram, Chief Financial Officer

No. its more, outstanding I mean gross is about 1,400 crore.

Anand Laddha

Okay. On the 1400 crores, we are having 620 crores provisions with us.

P. Sitaram, Chief Financial Officer

Yeah.

Anand Laddha

Right. And sir if you can just tell us, what could be your RIDF holding sir?

P. Sitaram, Chief Financial Officer

RIDF is 1,925 crores. About 2,000 crores slightly higher than 925, say 2,000.

Anand Laddha

But sir, we didn't got any call for the RIDF from the NABARD or SIDBI?

P. Sitaram, Chief Financial Officer

We did, we did. Because though RBI has given as extension till 2012 that is for this year and next year. So, last year's short fall, we still have to meet that by -- so we didn't get a call. But as you know the entire amount is not called immediately.

Okay so one installment has been called, we have given that. We have given money even to SIDBI and NABARD also. Sorry NHB. We have given to SIDBI and NHB also. But out of the amount which we are shortfall, against that the contribution is the smaller amount, ultimately some amount may not be called up also.

Anand Laddha

Sir what's the total amount called from us?

P. Sitaram, Chief Financial Officer

As called that is total called amount is about 3,800 crores.

Anand Laddha

Okay. So if I am not wrong, I mean last time maybe in Q4 you mentioned it could be around Rs.5,800 crore.

P. Sitaram, Chief Financial Officer

It hasn't happen so far. One more letter may come around December.

Anand Laddha

Okay. And sir as you said, we are exempted to meet the priority sector throughout in FY12?

P. Sitaram, Chief Financial Officer

Yeah FY12 and FY, so but the shortfall which happened there from FY11

Anand Laddha

For FY12 and 13 we are exempted.

P. Sitaram, Chief Financial Officer

Not exempted within certain limit. Yes I said that you can achieve about, if I remember correctly 37% I think, we had achieved by FY12 and 40 by FY13.

Anand Laddha

Okay.

P. Sitaram, Chief Financial Officer

Yeah

Anand Laddha

And sir again I am sorry asking same question on effective tax rate. It would be fair to assume that going forward you will be at full tax rate.

P. Sitaram, Chief Financial Officer

Yes, yes

Anand Laddha

So for the full year effective tax rate should be around 33%.

P. Sitaram, Chief Financial Officer

Yeah

Anand Laddha

Thank you sir. That's from my side. Thank you.

Operator

Thank you. The next question is from the line of Subramanian from Sundaram Mutual Fund. Please go ahead.

Sunil Subramaniam

Hi, sir good afternoon.

P. Sitaram, Chief Financial Officer

Good afternoon.

Sunil Subramaniam

Sir, I just wanted the break of term deposits into retail and bulk.

P. Sitaram, Chief Financial Officer

We generally don't talk about that. So, there, I'm sorry, I'm constraint. I'll say just roughly that it is from about 70% a year back, it was more than 70, now it is coming closer to 60.

Sunil Subramaniam

Okay. So the over all retail deposits including savings have grown faster then the overall deposits.

P. Sitaram, Chief Financial Officer

Yeah. And out of that the term deposits have grown faster. Mainly because we have been maintaining the best rates on the term deposits.

Sunil Subramaniam

Okay. The other question is on the disclosure that you give on net NPA, this is on slide number 12.

P. Sitaram, Chief Financial Officer

Yeah.

Sunil Subramaniam

You are saying that 11.5% is agri, 51% is industry.

P. Sitaram, Chief Financial Officer

Oh that is as a percentage of the book.

Analyst

So, percentage of which book sir?

P. Sitaram, Chief Financial Officer

The corresponding book.

Analyst

I mean 51% of your industry if it is net NPA then....

P. Sitaram, Chief Financial Officer

No, not that. I mean suppose, I have agreed say 1,000 crore out of which so much percentage is NPA.

Analyst

But your gross NPA number is only 2% and your net NPA number is 1.3.

P. Sitaram, Chief Financial Officer

Yes.

Analyst

So how do these match or how do we reconcile these numbers?

P. Sitaram, Chief Financial Officer

Sorry, that has missed my attention. I'll get this corrected. So that industry 51% is wrong obviously. That is wrong. So I think an error has happened here, sorry it has. Thanks for pointing this out. I had not noticed up to now. I'll get this corrected. Okay.

Analyst

Sure sir. The other thing is again on asset quality. The concerns on which assets would actually go bad when were talking around the quarter or two quarters back where industry -- a different set of industry we were talking about some of the SME. What is actually slipping into NPS is something which we didn't expect, something like you are saying foods or some other sectors. So could you actually take us through where do you expect slippages to happen and why are these slippages happening?

P. Sitaram, Chief Financial Officer

No, exactly this power sector, they were a lot of talk, but since the concerns which are expect, through in the analyst community this has concerns which pertain more to the medium and the longer term, okay. The likelihood of power sector giving any NPAs, in the short term, is very small. Specially for our bank we don't have any exposure to say SEBs, okay or anything like that.

So while it can be a longer term concern, as on the immediately I don't think power sector will be giving any NPAs, okay. So as of now, the industries which are having problem with their receivable realization. As if that -- where we are seeing the NPS coming from, they are not able to generate cash or in fuse fresh cash to meet a longer working capital cycle, the credit cycle is getting extended and they are not able to withstand that, that is the main reason why this new NPAs have come.

Analyst

Right. But if I look at your advances portfolio per say, its largely into large and mid-corporate, it's so much into --

P. Sitaram, Chief Financial Officer

Yeah.

Analyst

So would it be fair to presume that the slippages for you should actually be lesser than what it will be for most of the players, but this quarter you still had 2.5%, 2.8% of slippages?

P. Sitaram, Chief Financial Officer

Yeah.

Analyst

So how do you reconcile that with your advance mix?

P. Sitaram, Chief Financial Officer

For example, if we look at this say agri or other companies which deal in commodities, where the commodity prices have fluctuated and also where the off take of this commodity has also not been as fast as it was earlier. So these are the industries and the companies which are facing problem. And most of them belong to some sector of agri or food production somewhere, because these are where they deal in the commodities.

Analyst

Right. So if I look at your advances mix also it largely seems to be in -- it's more of an infra heavy portfolio that you have.

P. Sitaram, Chief Financial Officer

Infra is about 12,000 crores outstanding.

Analyst

No, that is infra heavy, I mean to say even higher than steel or oil and gas or telecom or NBFC construction.

P. Sitaram, Chief Financial Officer

Yeah.

Analyst

And the rest seem to be a smaller component. So the slippages are actually coming from portfolios which are a smaller component of your overall portfolio. Is that a fair assumption?

P. Sitaram, Chief Financial Officer

Yes, that's right.

Analyst

And where do you see stress actually coming in sir, is it from the smaller component or from the larger component of the portfolios?

P. Sitaram, Chief Financial Officer

This, in fact the larger company only this quarter we had couple of NPAs, otherwise till now it has mostly the SME which are causing the higher NPA. But that because of continued efforts from our side, gradually now it has come down. So the SME position has improved, and it's quite heartening to see that. But how are the industry conditions assess that, we had this NPAs both from larger corporate and some from the mid-corporate.

Analyst

Okay. And sir one final question.

P. Sitaram, Chief Financial Officer

Yeah.

Analyst

This 15% loan growth that you talked about, you were also guiding that the share of agri, retail and SME would actually keep growing.

P. Sitaram, Chief Financial Officer

Yeah.

Analyst

Would it be fair to assume that, that would happen for the rest of the year also, the SME..

P. Sitaram, Chief Financial Officer

In fact the pick up mainly in agri and SME will happen now. Yeah.

Analyst

Okay, thanks sir. That's it from my side.

P. Sitaram, Chief Financial Officer

Thank you.

Operator

Thank you. The next question is from the line of Dhaval Gala from Birla Sun Life. Please go ahead.

Dhaval Gala

Hi sir.

P. Sitaram, Chief Financial Officer

Hello.

Dhaval Gala

Hello, how are you sir?

P. Sitaram, Chief Financial Officer

Fine.

Dhaval Gala

Just three quick questions. One, on the -- if I can get moment on your restructured loans means there was one large ticket which has now got upgraded to a normal standard assets.

P. Sitaram, Chief Financial Officer

No, no in fact it has gone out of our books.

Dhaval Gala

So it's got repaid?

P. Sitaram, Chief Financial Officer

Yeah.

Dhaval Gala

So that is the only thing, this quarter there was no further restructuring?

P. Sitaram, Chief Financial Officer

Yeah, there was. As I mentioned earlier there are those five MFIs which are restructured. And this has been reported in the pamphlets also.

Dhaval Gala

Okay. So what was the amount?

P. Sitaram, Chief Financial Officer

The amount was about 500 crores, roughly.

Dhaval Gala

So basically this quarter your slippage is net of the account which was 2,000 odd crores, which was repaid is 500 crores.

P. Sitaram, Chief Financial Officer

Not slippage, it is addition to...

Dhaval Gala

Sorry, new restructured loans.

P. Sitaram, Chief Financial Officer

Yeah, yeah.

Dhaval Gala

Secondly sir, last year we had started with a CASA strategy to get more and more accounts providing free services on the savings account deposits.

P. Sitaram, Chief Financial Officer

Yeah.

Dhaval Gala

Now that we've already done almost a year of that strategy or marketing initiative, how is the customer admission on a month on month basis and what is the traction you are expecting further?

P. Sitaram, Chief Financial Officer

Acquisition is going on. I mean, in that way the number of accounts is going up. We have given it in the presentation also. But if you look

at purely the savings and the current account, the average balance per account has not improved significantly. The one is of course because that we are attracting customers who are coming out of curiosity or to avail of the free regime that we have announced. Secondly, also the current condition of the industry is such that people are not preferring to keep larger balances in their savings account. Even in the industry of course current account has become a very tough game. Because of these two reason, the total amount or on the average balance it is not -- the improvement is not really very significant.

Dhaval Gala

Okay. Sir, but still, monthly basis, what would be the customer additions you would be having?

P. Sitaram, Chief Financial Officer

Yes, one second I will just tell you the slide number, because immediately I don't remember. Yes, I think we have given it in slide 11. If you take a look, as on September we had roughly savings plus current, we had about 38.5 lakh customers. That has gone up to now, 57 lakhs.

So the increment in one year has been almost 50%. But if you look at the improvement in the absolute amount of savings and current account, it has been much more modest, which, what I have been saying that the average balance has not improved, in fact it has declined as far as savings account is concerned.

Dhaval Gala

Okay. Sir on another part, now that our provisioning coverage is close to 70% and specific provisioning coverage is around 37%.

P. Sitaram, Chief Financial Officer

Yeah.

Dhaval Gala

On the outstanding gross NPAs. Do you have any strategy to improve this specific provisioning coverage, one, because your provisioning coverage comparatively looks very lower compared to industry?

P. Sitaram, Chief Financial Officer

Yes, we do have. But in Q1 about 113 or 12 crores got shifted to the buffer, which doesn't count for that 37%, okay. So now we'll have to build back that 112 crores, that is one. Second like this quarter we had a hit of about 108 crores on account of security receipts. So that -- like that, but for this one-off items, if the -- don't happen definitely we have an intention of taking this provision coverage on that without technical write-off, above 40. We would like to ideally go to around 45%.

Dhaval Gala

Okay. And sir, any plan, I mean on any dialogue with the government or beefing up the Tier I ratio further, any capital raising plans we had or QYP plan earlier last year now that we are consolidating our balance sheet what is that, I mean how are we placed on that front?

P. Sitaram, Chief Financial Officer

Look, we'll be not be immediately looking for that. Number one, we would like to deliver on certain parameters that we have been promising. One is on the CASA, then sustained improvement in NIM and the ROE above 1% and all those. Secondly, we would also like to see if government is thinking overall for the banking industry, if it is willing to extend some more support, than that would be welcomed.

If, then the third option we'll wait for ideal or a better market situation because in this current market conditions to come to the market whether through QYP or any other route, perhaps is not the best of the times.

Dhaval Gala

Thank you sir.

Operator

Thank you. The next question is from the line of Kaitav Shah from Anand Rath. Please go ahead.

Kaitav Shah

Thank you sir. All my questions have been answered.

P. Sitaram, Chief Financial Officer

Thank you.

Operator

Next question is from the line of Rajesh Sharma from Patni Financials. Please go ahead.

Rajesh Sharma

Good evening sir.

P. Sitaram, Chief Financial Officer

Good evening.

Rajesh Sharma

Congratulations for the good set of number. I have two questions on your strategic front. One is on your medium terms notes, how much you are raising and in which currency are you going forward? And second thing on page -- on slide number 21, you have given a strategic investment, right. List of strategic investment, any further plans to increase in that in going for the current quarters or one or two years forward?

P. Sitaram, Chief Financial Officer

Only once I would like -- hello there's a resound on the line please. Yeah, from 1st October, if you look at one row item IDBI Trusteeship Services, we have announced our shareholding in that to 54%. Therefore it has become our subsidiary. This is a small company, where as per RBI norms we had to bring it down below 30%, but we could not do that because we could not sell it to any other shareholder. Then therefore, as a strategy we thought we can, at least make it a subsidiary with the permission of RBI. So this is one change which has happened from 1st, October. But it's a small company. Other than that, we have no intention of any major change in this list.

We will be looking to see our opportunities, for example our, this CARE, the Credit Rating Agency where the DRHP has been filed. And if again, market conditions permit, we would like to do an offer for sale. We'll also be looking in other cases like stock holding or similar cases. If the market conditions and other things are favorable, we are open to that.

Rajesh Sharma

Okay, okay. And about this medium term notes, if you can share some...?

P. Sitaram, Chief Financial Officer

MTM, right now the conditions are not at all favorable. The mark up on for government, for India issues are very high right now. So it is not wise to make any issues under MTM. So I think all banks will be waiting, we'll also be waiting for a better opportunity.

Rajesh Sharma

Okay. That's it from my side. All the best for the current quarter.

P. Sitaram, Chief Financial Officer

Thank you.

Operator

Thank you. The next question is from the line of Manisha Porwal from Arihant Capital. Please go ahead.

Manisha Porwal

Good evening sir.

P. Sitaram, Chief Financial Officer

Good evening.

Manisha Porwal

Sir, I just wanted to know, if there is any major impact this time from that housing company, which is one off?

P. Sitaram, Chief Financial Officer

No, nothing like that. Of course there is an impact, but we are not separately identified that because it is very small, that way. I would say, just as a ballpark figure I will say, out of the PAT about 8 to 10 crores would be attributable to home finance, which is anyway miniscule.

Manisha Porwal

Okay. And on the advances side how much would be the base effect sir?

P. Sitaram, Chief Financial Officer

Base effect will be about 3,000 crores.

Manisha Porwal

3,000 crores. And sir how much would be the slippage from the restructure portfolio this quarter?

P. Sitaram, Chief Financial Officer

This quarter, 270 crores.

Manisha Porwal

270 crores left from the restructure, okay. And sir since we have been having margin pressure, like most of the banks are having, and we have low CASA. I just wanted to understand what would be the impact in case there is a rate hike which happens. How would IDBI handle it? In the sense how would we take it? Are we planning to increase rates or how would it be?

P. Sitaram, Chief Financial Officer

There's little choice now. See, one rate hike the industry has just waited, because they are caught in uncertainty, if one more rate hike happens there is no choice, because you have seen the trend in the cost and the yield, at this rate if banks wait again then there will be a definite squeeze on NIM. I think the banks will be left with no choice, but to pass on the increase in the deposit rate, as well as the base

rate.

Manisha Porwal

And sir have you done any kind of sensitivity analysis as to if the rates are high and beyond so and so.

P. Sitaram, Chief Financial Officer

Yeah.

Manisha Porwal

Given our interactions with the current clients. Have you see-- what is the possibility, because if major companies as we reported this time, big corporates have defaulted, because of low cash flow and there is no respite in future also, in the near future. So how much more slippage can come as per your assessment, if at all there is a hike?

P. Sitaram, Chief Financial Officer

I will say put it this way, say it is not the rate height per se which is causing the higher NPS, it is the industrial scenario. There are -- we have seen a few years back where the growth has been high along with the high interest rate, in that scenario there has not been NPAs.

So its the combination of a more subdued industrial scenario with higher interest rate, which is causing the NPA. So to come back to your question, the correlation between this interest rate and slippage, no we have not done any such study. It is only -- therefore I'll not be able to give a specific answer to that question.

Manisha Porwal

Okay. Okay sir thanks, thanks. That's it from my side.

Operator

Thank you. The next question is from the line of -- from Jet Age Securities. Please go ahead.

Analyst

Sir, a very small question. There were some rumors related to IDBI and UCO Bank being a part of the Iran's oil payments accounts. So is that true, I mean are you getting some accounts from the Iran oil payment?

P. Sitaram, Chief Financial Officer

No, in fact I have no knowledge of that. I seen it also. I suppose if it is -- something is there it must be going on at a very high level. I would suggest you speak to Mr. Malla or somebody directly on that.

Analyst

Okay, because if the Iran pool comes, I mean it would have a big impact on the CASA of the Bank, right?

P. Sitaram, Chief Financial Officer

Yes definitely. At least it will be of the size of about 400 500 crores.

Manisha Porwal

Yes. But so far there is no definite conclusion on it?

P. Sitaram, Chief Financial Officer

Yeah.

Manisha Porwal

Alright. Thank you, sir.

P. Sitaram, Chief Financial Officer

Thank you.

Operator

Thank you. Next question is a follow-up from the line of Chandana Jha from Avendus. Please go ahead.

Chandana Jha

Sir just two data points that I require. Can you share, what was the amount provided for gratuity in September '10 quarter?

P. Sitaram, Chief Financial Officer

Yeah, just one second, I think it was approximately 70 crores.

Chandana Jha

Okay. Thank you. Another thing, can you share slippages from restructured loans in the first half of the current fiscal year?

P. Sitaram, Chief Financial Officer

In the first quarter, we didn't have much, but of course this quarter as I told you about 270.

Chandana Jha

Okay.

P. Sitaram, Chief Financial Officer

First quarter I don't immediately remember. I think it would be in the range of about 380, 400 crores.

Chandana Jha

Okay, okay. And sir what are the existing branch licenses that you have?

P. Sitaram, Chief Financial Officer

We can go upto 1,100.

Chandana Jha

In the -- by the end of March '11?

P. Sitaram, Chief Financial Officer

Yeah, but we'll not be able to do that. We are looking to about 1,000 or 1,025 by March.

Chandana Jha

Okay, thanks.

P. Sitaram, Chief Financial Officer

Thanks.

Operator

Thank you. [Operator Instructions]. We have the next question from the line of Jaymin Trivedi from ICICI Direct. Please go ahead.

Analyst

Hi, sir. Mani this side.

P. Sitaram, Chief Financial Officer

Hello, yeah, yeah.

Analyst

Sir, we had spoken about that provisioning required for ARC. So I know you spoke about it between, I missed out on that point. Could you please repeat that once again?

P. Sitaram, Chief Financial Officer

No. We have provided 108 crores.

Analyst

Okay.

P. Sitaram, Chief Financial Officer

For diminution in the value of security receipts issued by ARC. They have two series of securities where the NAV has come down.

Analyst

Okay.

P. Sitaram, Chief Financial Officer

So we had to provide for that.

Analyst

Alright. And this would be part of the total amount, or its like only a one time provisioning or do we need, will we see such provisions in forth coming quarters also?

P. Sitaram, Chief Financial Officer

Yes, practically now, this with this the NAV has come down to about 5% of it issued value.

Analyst

Okay.

P. Sitaram, Chief Financial Officer

So, further diminution beyond this is hardly anything.

Analyst

Okay. Thank you sir.

P. Sitaram, Chief Financial Officer

Thanks.

Operator

Thank you. Next question is from the line Subramaniam a follow up question from Sundaram Mutual Fund. Please go ahead.

Analyst

Yeah, hi sir. My question is again on ARC and security receipts.

P. Sitaram, Chief Financial Officer

Yeah.

Analyst

What is the provisioning policy on these security receipts and how was the NAV actually determined? Because you said the outstanding book is 1,400 crores and, but you are also saying that the NAV has come down to 5% of the book?

P. Sitaram, Chief Financial Officer

It's on the series. Okay.

Analyst

Okay. I will tell you, these are as per RBI guidelines issued to asset reconstruction companies. They have to -- for each series of secretaries that they have issued, they have to get the two credit ratings. They call it the recovery rating, once every six months.

Analyst

Okay.

P. Sitaram, Chief Financial Officer

And whichever is the lower rating, they have to take that. Each rating corresponds to a band of values. So the ARC has supplied with judgment and determined what is the percentage within the band that it will apply to that particular series. So, that, once you apply the percentage you get the NAV. So now as against the holding value you compare the NAV and if there is a depreciation that is what you have to provide for.

Analyst

So, this is done by a rating agency which....

P. Sitaram, Chief Financial Officer

Yeah, external rating agencies.

Analyst

Okay. And so this is -- entirely your outlook on this would be based on what the rating agency has, you have no ways to monitor the portfolio?

P. Sitaram, Chief Financial Officer

No, that's why it is totally independent exercise.

Analyst

And anymore write offs you expect on this portfolio, sir?

P. Sitaram, Chief Financial Officer

As I said even in the earlier couple of years we have provided for the other series along with more or less now we are seeing a lot of provisioning in this and further downside is minimal.

Analyst

Okay. Thanks sir.

Operator

Thank you. The next question is from the line of Jatinder Agarwal from RBS. Please go ahead.

Jatinder Agarwal

Sir just taking this forward on security receipts. Is this a 1:1 relationship with the ARC construction company or are there other investors in the same series?

P. Sitaram, Chief Financial Officer

Yeah, because each series has multiple investors. So that hardly -- earlier in the beginning there were one investor pool, but very few. I mean those are I think more or less over with, each pool now has multiple investors.

Jatinder Agarwal

Like what is your ownership in that full pool -- taking a write down?

P. Sitaram, Chief Financial Officer

No, off hand I don't remember, it would be in the range of between 20 to 40%.

Jatinder Agarwal

Okay. Depending on that series is it?

P. Sitaram, Chief Financial Officer

Yeah, no, what happens is suppose you take a extra set, these are all multiple finance consumer company, so two such assets suffices as you go to your pool, then it creates set of lenders, which will be a super set of all the individual consumer. So each one will get something like anything between 5 to 20% like that.

Jatinder Agarwal

Perfect. That is useful. Thanks a lot sir.

P. Sitaram, Chief Financial Officer

Thanks.

Operator

Thank you. As there are no further questions. I would now like to hand this floor over to Mr. Sitaram for closing comments.

P. Sitaram, Chief Financial Officer

I have nothing more to add. Thank you all. And if you have any further queries, please feel free to send me a mail. I'll be happy to reply to that.

Operator

Thank you very much sir. On behalf of IDBI Bank, that concludes this conference. Thank you for joining us. You may now disconnect your lines.