



HDFC Bank Conference Call hosted by Bank of America Securities on 7th August, 2020

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Good day and welcome to the conference with HDFC Bank, today's conference is being recorded. I would now like to turn the conference over to Mr. Anand Swaminathan. Please go ahead, sir.

Anand Swaminathan : Yes, thank you. A very good afternoon to everyone who has joined us today for the call with HDFC Bank. This is a special call, as you know, thank you for taking the time to participate. This is your host, Anand Swaminathan, India Banks Research analyst for BofA Global research. Also joining me today is Kaku Nakhate, President and Country Head, Bank of America, India. Before we begin, please note that this call will be recorded and for the purposes of applicable SEBI regulations, the transcripts will be put on the HDFC Bank website for public dissemination. I remind everyone that the statements and other information provided today by the management are of HDFC Bank and not BofA Securities and should not contain any confidential or material non public information.

We are very pleased to host for our call today the senior management team from HDFC Bank- Mr Aditya Puri, MD, Mr Sashi Jagdishan, happy to say the 'MD and CEO' designate and Mr Srinivasan Vaidyanathan , the Chief Financial Officer of HDFC Bank. I will now pass the floor to Kaku to kick off the discussion, over to you Kaku.

Kaku Nakhate: Good afternoon and good evening everybody. Welcome Aditya, Sashi and Srinivasan for joining this call today. It is indeed a momentous occasion and I'd like to pass on my hertiest congratulations to Sashi Jagdishan, the successor to Aditya, which gives me a lot of hope to believe that HDFC Bank will continue in the same manner which Aditya Puri created and led to this level. So thank you Aditya, for joining us. My first question before we go and discuss about the successor, I wanted to ask that in this uncertain and unprecedented times, how do you view the prospects of India and what are the elements that you feel positive about our country?

Aditya Puri: 2 things are there, that we must understand, one is Corona came and Corona will go away. When it will go away, I don't know, but go away it will so this is a crisis, whatever you may call it, that was introduced by a health emergency, rather than a financial emergency. What it has done is it has changed both geo politics and geo economics and what we are finding is that globalization has taken a hit, we are also finding new trade blocks are developing, we are finding consequently that commodity prices are going down and you know India is a major commodity exporter, specially for oil. We are finding that there are changes in the supply chain, we are finding that the trade blocks as they change, so will the trade composition. So when you look at India in this environment, what we have is a situation that before COVID we were growing at 5%, of course we can keep debating that somebody said 4.5, somebody said 5.5, somebody said 6, but around 5% and then we took one of the more drastic measures in terms of .. (Hello Shashi?).. so we then took a drastic measure of locking down the whole country and that naturally affects GDP, so talking GDP for this year doesn't make sense, its more important is when we will achieve the run rate of pre-COVID level and what is important going forward from there ..and it has just crossed the \$2000 per capita mark and consequently affluence will go up from there and it looks like over the next 2-3 years we will create a .. (*disturbance*) Kaku there is some problem..

((*Cross talk*))

So then what did see with the lockdown and what are seeing going forward, as to what we look at going forward there is a very clear emphasis of the government on Semi urban and rural India, in term of bringing them up in term of standard of living, which involves food processing, which involves infrastructure spending, health, education, all those schemes have come in. There is a misnomer that there has been no stimulus or helping in the industry. I think people must understand that the banking system in India was flushed with money, I don't know what's the dollar conversion is, but we had about 8 lakh crores.. 800lakh cr of money lying with them, that money has now slowly been pushed into the economy, partly by government guarantees, partly by restructuring, of course the analysts have gone to town like they went in March that NPAs will double then by June they came down , no they are not doubling, they will go up by 25%, the fact of the matter is if you look at the restructuring the way they have said, they've said only for people that were standard as of March 1, so people with past problems cannot get this restructuring. Hello? Can you hear me ?

So there is this misnomer that NPAs will be hidden and kicked down the line, the entry criteria is very strict and that will not happen. Also moratorium is equivalent to NPA is also a very ridiculous idea, it went down from 40-50%, coming up between 9 and 30% and that will also change. So that I would like to stress is a bit exaggerated. Srini will cover later, how we have in any case front ended any NPAs that will come by using simple algorithms to estimate our NPAs as if the moratorium was not there, take them into NPA and provide for them as well.

But So we see semi urban and rural coming up with a lot of demand. I think people have not clearly understood what digitization can do for this country. We have a situation where we are connected, we have a situation where the government is moving towards digitized offering, we have a situation that today even right to the interior of the country you can offer your products , including execution on a digitised basis and wherever this kind of digitization , and I was in a conference where the Prime minister talked and he was very clear that, and we are seeing it happen, removing all the impediments rapidly, so that you will see massive digitisation, we ourselves expect 30-40% of our

business coming in a digital form from origination to execution, which is over and above our that our current channel, that we are involved with and it has also a major impact on the cost to revenue across the country.

We are also seeing, yes it needs improvement, but they are improving by the day, changing supply chains resulting in an increase in manufacturing activity, so as the economy recovers through restructuring, through government guarantees, of money to businesses which take off through infrastructure spending, through digitisation , we are seeing every month there is an improvement there in activity and Sashi and Srini will cover that we will see ourselves almost at Pre COVID levels by about September end on a run rate. And in the long run we are seeing India being a major source of demand as well as among the faster growing economies in the world.

There is also a misnomer that there is a problem in financing government deficit, that is not correct, the market has understood at least whatever deficit has been declared till now, its not going to be very much higher and you've seen the effect on bond prices which means that it will be absorbed. This monetization business, either I don't understand or the people debating don't understand, OMO is not different from monetization, what is debt monetization? So this (inaudible) that there will be monetization-no there will be no monetisation, because the OMO activities and consequently the absorption is enough, because there is enough money in the banking system. Will there be purchase of junk bonds by the government and RBI – no there will be no purchase of junk bonds by the RBI and government. So we see more than confident about the bright future of the country and even brighter future, as I said at the AGM, about HDFC Bank, because we will gain market share, we will gain product and we're gaining geography and we're gaining digital. Ya Kaku.

Kaku Nakhate: Thank you, Mr Puri. One of the questions, now that the successor is out, can you Aditya tell us that what was the thought process that you and the search committee put in and then finally ended on Sashi, so what thought process made you comfortable.

((Cross talk))

Aditya Puri: Ok, now we've said clearly, we will.. the successor, we want to choose the best available candidate. We wanted to look in India, as well as outside .. (*disturbance/ cross talk*). We said we will look for the best possible candidate. I don't think Shashi can hear (*disturbance/ cross talk*). Okay good... So we said we will look for the best available candidate, globally. We always said we have very strong internal candidates, naturally as everyone in the world knows an internal candidate would have a natural advantage because he knows the company, knows the people, knows the system. But we said that if we get someone who walks on water, we would be happy to look at an external candidate as well.

Kaku and the other gang and a bunch of analysts came up with all kinds of things that this one wants that fellow and Mr Puri and etc etc all (*inaudible*) for bullshit. We said that we will get the best candidate. The board defined the criteria that would be required. The criteria was that he must understand the country, he must understand macro economics, he must have (*inaudible*), he should have a good understanding of technology, since we have a large workforce of people he must be able to work with and have people love him and he must understand the bank and he must know the regulators and he must know the investors. And there's only one fellow who fit that bit and that was Mr Jagdishan. Kaku. Elementary Watson.

Kaku Nakhate: Ok, thank you very much. Of course there is a lot of pride in continuity and it does with growth path. So what would be worthwhile Mr Puri, to understand that how you and Sashi have actually thought about how the bank would look five years from hence and if you could share and then if Sashi can also talk about his focus areas it would be great.

Aditya Puri: See the good thing, the proof of the pudding is in the eating, unlike all other successions, atleast I hope that you would find that Sashi would not be cursing his predecessor because we developed a future together, and anything that comes out, he is responsible because I have never touched the results. Mr Jagdishan..

Sashidhar Jagdishan: Haha, absolutely.

Aditya Puri: So the point is about 2-3 years back and I kept shouting till I was going hoarse and you fellows were intent on driving me nuts, would keep asking me extraneous questions, nothing changed, I was very clear in my mind upfront that this is the guy, but I also wanted to follow a process, so that nobody says this is Mr Puri's guy. He is not Mr Puri's guy, he is the best guy for the bank. Chosen, we appointed a search committee, we appointed (inaudible) as a global search firm, they recommended, the board awaited and then we recommended to the RBI.

But be that as it may, so I won't debate on this subject, but what happened when we saw the secular shift in technology, telecommunication, social mobility, artificial intelligence and quantitative economics, we figured we needed to change the bank and that's when we sat down, Sashi, me and all the group heads, so this is not something that has been developed by me alone, this is all of us sitting together, arriving at a strategy, boiling it down to an action plan and that action plan then being distributed to every man, you can go to a branch and he will give you the same lecture that Sashi is going to be giving you now. In the digital world, it's not the hierarchy that works, what works is the delivery by the person who touches the customer. So we sat down and said we need to change how we market, we need to change the way we operate, we need to change the way we process, our credit risks, our fraud risks, our technology. And 90% of change fails when you try and change an organization that's already doing well.

That's where Sashi was appointed as the change agent, but a lot of people didn't understand what I was doing, but I was very clear that if he could succeed as the change agent, he could succeed as the (inaudible), because fundamentally that was what was changing the company in terms of business plan, in terms of our technology plan, the people plan, the delivery plan. And I'm very proud to see that we executed it together perfectly. I won't steal Sashi's thunder and I want to start working less so Sashi and Srini, will hopefully be able to describe what we jointly thought we were

going and I am very clear and even in the reviews I have done in the last 10 days, that given where we are today and given changes that are going to take place, our best is yet to come.

Kaku Nakhate: So Sashi and Srini, over to you, that if you and subsequently, Sashi can articulate that what are your key focus areas for HDFC bank for the next 5 years.

Sashidhar Jagdishan: Hello?

Kaku Nakhate: Yes go ahead with Sashi. Sashi why don't you talk?

Sashidhar Jagdishan: Thank you very much Mr Puri, thank you Kaku.

((cross talk))

Aditya Puri: Sashi we can hear you, you go ahead, we'll tell you if we can't hear you.

Sashidhar Jagdishan: Okay, thank you. I'm privileged, for the kind words Mr Puri, as I said, I had no clue (inaudible) .. over the years, so I'm very blessed about that my job is going to be very easy, as Mr Puri was mentioning , you know, one of the biggest positives of this is that whatever is required for growth over the next 3-5 years, as an organization, all the strategies have already been implemented. There are no more birds in the sky, all that is required is, I need to execute it well and not screw up, we can have and we can build (inaudible) , As Mr Puri was mentioning, after series of discussions, we realized there are 5 things that are going to change, are going to be game changers for the bank, in the next 3-5 years. The first one, is how do you reimagine the branch channel, which is the largest distribution foot print for us, which is the largest means of business of us. How do you reimagine it so that the fixed process that is there in the branches can be institutionalized to ensure that we work with clockwork precision. The more that it happens and the more that is process driven, rather than person dependent, you can get immense benefits out of productivity and efficiency. So over the last couple of years, we have been investing in people trainings, supervisory processes, in putting in the right repository, so that it is efficient, like the

customer relationship management system, ability to hire better narratives for each product, riding on technology platforms and analytics, to be able to sell more probable products to the customers. And on top of it, we said that we will have more tools available in terms of their efficiencies, in terms of doing their work, on their mobile, so that they can work on the go, and sort of predict their futures far more easier. So this is exactly what has already happened, for example, the branch channels used to acquire about 3 million customers upto 2019, per annum, the same set of branches in 2020, have achieved 6 million customers, acquisitions which is virtually double, just by being far more efficient and smart. and that is the kind of, we still are not perfect, we still have a lot of room, to improve upon but now we have with a new leader in the branch banking channel, and they have a lot of energy, thanks to the team that they've been able to provide for their entire (*inaudible, number*) people of the branches, we believe this will be a dramatic shift in terms of how we were functioning in terms of servicing and product delivery as well. So that's part 1.

Part 2 is on the semi urban and rural part of the country. We have Mr Puri, many number of times, that the India, 60-70% of India lives in the semi urban and rural parts of the country. It is a virgin market for financial services and very underpenetrated and underserved. We are not talking about We are not talking about the entire 60% of the population, there is a middle class, a growing middle class atleast the top 20-25% of that 60%- 70%, which it self is a band within a band which is a market opportunity equivalent to where we stand in the urban and metropolitan market. So a 12-15% market opportunity means that you have a runway for the next many years if you are able to move and you have the first mover advantage in that geography. Which is the reason why I think we are the first guy to say that look there will be a time where the per capita GDP will reach an inflection point where you will see a geometric progression in the demand for consumer durables, consumer goods and financial services and that is the reason why post the Centurion bank of india merger we started to ramp up the branches in the deeper geographies, in the semi urban and rural areas parts of the country. 50% of our branches are there and 17-18% of the bank's business comes out of those geographies, but now after 10 years of experience, we believe there is now an opportunity to really step up the pedal. In addition to this strategy, we have also you know partnered

with the government of India, through the ministry of telecommunication where they have started the Common Service Centers, called CSC, which offers assisted digital government services to the citizens of the country. There are roughly about 300-400 thousand CSCs in the country, these CSCs are managed by village level entrepreneurs who are very energetic youngsters or even middle class people, who have a vision to earn a different livelihood, they are quite tech savvy, depending on the size of the place where they operate, some towns can hold 300-4000 families in their purview, while some larger towns that can have 8000-10000 families. Mr Puri and I have been travelling together and we have had the fortune of meeting a lot of them, you should see the amount of excitement, the amount of energy levels that you have when you see such amazing people, even in the remotest corners of the country. We believe that this is a fantastic opportunity, but even though this is an open architecture, any bank can partner with them, we have taken it to a different level, which no one else has taken. Number one, we said we need to integrate with them from a technology perspective, we integrated our APIs onto the CSC platforms so that there is no manual intervention, no paper flow it will all be digital driven. Number 2, we said that we will have an architecture, i.e, for every branch, we will have 10-12 VLEs supported by the branch. This is a very important one, you can enter into a partnership, but if you don't have the platform for a ground level engagement, where the branch actually mentors these VLEs, and enrolls them as to how to operate these digital application platforms, what are the type of customers we would like to have, how to sell a particular product, what are the features of the product, and this is the level of granularity that we have done in how are the branches meeting, what are the kind of discussions, who are the VLEs that are performing, who are the VLEs not performing, what is the kind of support that is required. This is the level of granularity that we have and that is the level we monitor at the company and respective business levels. This is going to be a big one, because we have identified, out of the 300-400 thousand VLEs, 100 thousand have opened accounts with us and we believe that over a period of time we will be able to train them, to a level where they would be effective in terms of distributing our products. Today 25000 of them are active and highly engaged and the balance 75000, post the pandemic you should see a step up in the training and mentoring and the results coming out as well. Today, about 100 thousand products is what we source from this particular

VLEs, ofcourse the pandemic has taken a bit of the knock, to the pre covi levels, but when things return to normalcy, just imagine the kind of step up just from this low cost, variable cost franchise called the CSC. The vision that the team and Mr Puri have put together is that going into the next 3-5 years, if today we are getting 17-18% we should see a remarkable step up in the contribution of business from these semi urban and rural geographies. We are quite excited about that. In addition to that, we look at the opportunity that is available, we go through the RBI statistics, the credit deposit ratio in that geography, is about 40-45%, so effectively, with the huge amount of granular funding that is available there is an opportunity for us to grab that liability opportunity, how by offering them the asset products on the balance sheet, we are the only bank that has a proven track record of offering the entire suite of retail products and SME products on the balance sheet. So we have an advantage and we are going to use the advantage to press it everywhere. That's going to be a game changer for us in the next 3-5 years.

The third aspect of that is on the payments side of the business. You look at this, today, we are the market leaders on the payments side of the business whether it is in the credit card issuance or it is in the acquiring of transactions business. Today, 40-50% swipes that happen with merchants, whether in physical POS terminals or e-commerce platforms, happens through the bank, so there is huge amount of data that is there, so you know if you really look at it, in penetration there are about 50 million organized merchants in the country, but as a banking system, roughly only about 10-15% of that opportunity has been captured/ catered to after so many years of the banking system. The reason- this particular merchant acquiring or payments is a lot (inaudible) because-for one of the historical reasons- unlike in other parts of the world, like Singapore or Europe or US, and Brazil is quite obnoxious, the merchant discount rate that merchants have to pay to the acquirer, is pretty much low as compared to what the banks have to pay to the issuer of the cards. so there is a bit of a drag and you'll wonder why we are here. We are here because we don't look at it on a skyload basis, right from day one we have been looking at it on a holistic basis. When you go to a merchant, you insist on him to open a current account or a family account, when he gets the entire float, the family accounts and the business account, and then he fulfills his

needs/aspirations, whether its a 2W of LCV or or car or small working capital loan or or any financing, we actually change the profitability dynamics. Each and every merchant is tracked for these metrics and Srini and team look it as a hawk eye. So we find that as an opportunity, because there is a huge amount of data that goes to our data warehouses and the system. Every swipe that happens, we are in turn upgrading the scorecard and we learn something new about the customer. So this is a great opportunity, at the right time, we will have an opportunity to monetize that. So today we have 2 million acceptance points and we have a grand plan of doubling it up to four and then later to ten, I hope we can reach that point in the next 3-5 years. But that's the kind of game plan that we have.

The fourth part of the strategy is what we all the virtual relationship management program. You know people on the call I'm sure would have seen our 20 F filings on the SEC, so you know there was a similar kind of observation that Mr Puri had made, that 'Oh, we have 3-4mn customers, about 3-4 years ago, that contribute about 60-70% of the retail balance sheet, he said yes I understand because of the kind of engagement with the relationship managers, have with these customers, we are able to make the bank a primary bank for these customers. So naturally, we are going to have this kind of a concentration, because of that level of engagement. He had an elementary question for us, that why don't you triple this to 10 mn? So there were multiple ways of doing this then we thought this assisted digital product, which has been a little bit of maturity since 2015, we can try out an experiment, where in we will have, the relationship managers work out of remote locations, that is they will engage with customers on a remote basis, or virtual basis. We tried this experiment about 3-4 years ago, we took a set off 1.5mn customers and managed them remotely and it was a great success. So we now have, 6mn customers, managed by 2500 virtual relationship managers, out of 13 cities in the country. We hope to have, 20mn customers managed by virtual relationship managers, over the next 3-5 years . The objective being that the first income emanating from a customer managed by a virtual channel, should be the same as what we would get from a physical RM today. That will lift with more and more customers being managed by a managed by some RM

or a personal banker and I think we will have more engagement and more income from products under that particular segment.

Last, but not the least, I think this is something we are very proud of, what we have done, ever since Mr Puri returned from the Silicon Valley, and said the we need to disrupt ourselves and we have disrupted that, we launched a slew of game changing, global first products, such as 10 sec personal loan, 10 second auto loans, instant cards and loans against security. This has been an amazing change for us, because with that, we could have lesser manual intervention, process changes, and we could bring down the cost of earnings from 48% to 38%. We still believe that there is a huge room to be even better, and this is the reason why, unlike in other parts we normally do not give a guidance, we believe that, cost to earnings will go down further. So what is it that we are planning to do ? –We are planning to knock some (inaudible) into better, better in terms of better customer experience, going forward, I think more that I will talk about later.

Kaku Nakhate: Thank you Sashi for that strategic view. Mr Puri would you like to add anything?

Aditya Puri: Yay ya if Mr Jagdishan is not bigger than State Bank in the next 7 years, he would have failed me.

Kaku Nakhate: That's a very strong statement, Shashi I hope you are all guns blazing.

Sashidhar Jagdishan: Ya, Mr Puri has given us a target for 25 years and everytime Mr Puri has given us a target you know we used to think " How the hell are we going to achieve this". But you know we have achieved, and I'm sure, while it may be a sort of (inaudible) shape to achieve this kind of a target, but you know now that he has said it, for his sake we'll work towards that.

Aditya Puri: You know Kaku, ever since Sashi was announced as the designated new managing director, the amount of thank you's I've gotten .. out pouring of thanks and love and affection that has come back to me, from the employees, that thank you so much, because they all know Sashi and he has

been working on me jointly on the transformation so he has been really exposed to all of them and he should take it as a matter of pride, that the team below believes in him and loves him.

Sashidhar Jagdishan: Absolutely Sir.

Kaku Nakhate: Sashi that makes a lot of difference. You don't have to go through the pangs of knowing your new boss, which I can resonate with. One of the things I wanted to check with you..

Aditya Puri: I helped you Kaku, I helped with your new boss too.

Kaku Nakhate: That is true, that is true. I had one question Mr Puri, that you have been synonymous with HDFC bank, for over two decades and people think about you and HDFC Bank together, what would your advice be to Sashi so that he can carve a niche for himself?

Aditya Puri: This will happen automatically Kaku, you must understand, that right from the beginning, including the message I've sent to the employees, that I am the public face who reaps the benefit of all the hardwork of team HDFC Bank. This is a misnomer, this is not a bank run by one person. This is not a bank where the delivery of results comes by person or even bloody 20,000 people. This is a bank where the results come, and later on I'd like Sashi to elaborate, we went to Coorg and Bhuj.. so this is a bank that he will reap the benefits of the working and the love that he showers downwards, will come up and he will continue to be the face, but the hardwork will be done by the team below. Sashi you have any comment on that?

Sashidhar Jagdishan: So you know the thing is Kaku, I've been fortunate to be on the ringside, watching from a very close quarters, so I have you know (inaudible) myself with what are the processes you need to do in running an organization, in decision making, I may not be as perfect or as sharp as he is, but I think over a period of time, I have imbibed a lot of, good things which has unconsciously,

sort of shaped me as a person, that I am today. So I am blessed I think I've had a lot watching in from close quarters, something that I would love to give back to the organization, in continuing the legacy he has given thus far.

Kaku Nakhate: So Sashi, to know you a bit better, you had played many roles, the last one being business development, before that finance, HR, legal, communications, you also headed CSR. Which was one of the most important roles that you loved to play?

Sashidhar Jagdishan: So you know Kaku right from school days, whatever I take up, I take up with joy, I've enjoyed every aspect of my growing up years and every job that I have done. But if you ask me what has been the best honour, it has been the last 3 year when I was appointed as the change agent, because you know you move out of the mindset to appreciate the reality of the ground level, to be able to learn, listen to the people on the ground level, learn to choose strategies, depending on what the feedback is coming about, and know what is working and what is not working and be able to change that as we go along. This is something that I would have not done, it would have not come about, because I would have been sitting in the central office thinking that, why is it that these guys have not performed, where is the problem? Then you would have a review with the seniors in the head office, and they would have a plan of action, but probably it would not have even resonated, or we would not have appreciated the problems at the ground level. So the last 3 years of working at the ground, where I've travelled a lot, along with Mr Puri, has helped to shape how to appreciate the ground level realities and then that has been probably one of the most rewarding, aspects in my 25 years journeys so far.

Kaku Nakhate: Thanks Sashi, I can related to that, because this is the same advice he had given me 10 years ago when I took over and it has definitely helped a lot. Mr Puri, besides enjoying rich Punjabi food and single malt in the evening, post retirement, what are you thinking of doing?

Aditya Puri: O, so much, I want to change healthcare in this country, so that its available, but I want to change it on a profitable basis for whoever comes in, so that every man gets is at a reasonable price, good healthcare. I want to look at education, for underprivileged. Then of course, this will not take up all my time, then of course, I want to look at anything that 1) helps the country, 2) I might have a ball doing 3) incidentally I might make money.

Kaku Nakhate: That has always been the case, you never decide to make money, you just make it happen. So one more question before I move to Sashi back..

Aditya Puri: For all the youngsters, for all the youngsters, if you go out to make money, you ain't going to make it, you go out and do your work passionately, in an environment that you enjoy, money will come as a collateral.

Kaku Nakhate: Can I ask you one more question- will you own a mobile phone now? That's sad, I was hoping to reach you easily.

Aditya Puri: How will I ... Kaku how will I now, I'm going with your friend's son, for birdwatching, then I'm going to catch fresh water crabs, all that you fellas will ruin if I keep a mobile.

Kaku Nakhate: So Sashi, one more thing. What are the things you are going to do after Aditya retired, that you have been itching to do.

Sashidhar Jagdishan: Frankly Kaku, I think you may have picked up from the conversation, that we are probably one of the most democratic organisations, so whatever decisions we have taken or Mr Puri has taken in the end, has been by listening to a lot of us, and then deciding on a certain path or a certain strategy. So there is nothing that's going to be different. Contrary to a lot of misconceptions that Mr Puri takes the decisions, he is the most democratic in terms of trying to get the most feedback on the ground. So lot of decisions, there is no one who could not have expressed

that this is right, or this is wrong, there is nothing that anyone has bottled up or curtailed. It has been done collectively and therefore there is no opportunity for us to think even beyond because a lot of ideas are collective ideas and we have taken decisions that this is how we should pass through.

Kaku Nakhate: But I can tell you one thing that is going to be different, Mr Puri made it a point to leave at 6 o'clock, I don't think you can do that efficiently

Sashidhar Jagdishan: I agree Kaku, I agree. think I will have to change that and I completely agree. Most precious advise that I will take it from him is that you have to have a lot of time thinking and I want to practice that and you have to think and read a lot. He is one of the most voracious readers I have ever seen; whether it is marketing whether it is Corporate Social Responsibility, whether it is economics, politics or public policy, he has a view on that. That is because of his thinking & his reading, this is something I would like to imbibe & that is at the top of my charts in terms of changing as a person

Kaku Nakhate: Best of luck

Aditya Puri – One last quote – Don't underestimate my friend Saashi, he is iron fist in a silken glove

Kaku Nakhate – I agree with you on that

Operator: If you would like to ask a question, please signal by pressing star one on your telephone keypad. If you are using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. A voice prompt on your phone line will indicate when your line is open. Please state your name before posing your question. Again, that is star one to ask a question and we will pause for a moment to allow everyone an opportunity to signal

Client question: I had 3 questions, first one if you could talk a little bit about competitive environment, both on state owned banks & smaller private banks & non-banks; DO you expect issues on funding & asset side to keep them pre-occupied? Second questions is you have about digitization & I wonder the recent developments that we have seen with Jio & Facebook & Google partnering, do you think banking as a industry becomes commoditized in that environment. Third is you have have been very active on the gold loan business in the past, is this something that you are re-considering in the current environment?

Sashidhar Jagdishan | Let me take last one on gold loan, we have a wonderful platform already in place, we have achieved one of the highest disbursal of loans within gold ever in our history & we are continuing that as we speak. Since fair amount of policy has been reasonably stringent & we have curtailed the retail till we are slightly better aware of what is going to happen about the pandemic and the fallout of that sometime and we have put in a bit of a tighter policy on that and products like gold are seeing an all time high in the bank & since we have a wonderful distribution where we are offering fair amount of gold in about 2700 cities & our branches, we have had a good run so far. Gold is a very key product for us in these times & we are enjoying the ride as we speak. The second one digital platforms etc which I did not elaborate, today as a part of digital is we are competing with traditional banks or small fintechs but with platform plays. The vision that the team has setup on last couple of years has been that we have done well in 1.0 and now we have to transform ourselves into frictionless customer experience Even if that means we have to partner with large players in the world, we are doing that where we in next 6-9 months, a reasonable amount of better customer journey & we will probably try and have complete stack inside the bank which will give customer a choice and we will see a migration from old stack to new stack. We are market leaders in a lot of segments, so we are trying to create a digital ecosystem whether it is in multiple areas of expertise that the bank is in & I think you will probably start to see that unveiling over next 12-18 months time. We are also trying to convert our core technology platform which is into more & more services & micro-services that we are able to integrate those services through our platform, Last but not the least we have a large proportion of our businesses with large corporates & also with

platforms like Amazon/Walmart/ Google we are on the verge of launching 'Banking on the Edge' where we will be offering our product in a very frictionless & seamless basis on our platform as well. Now that is going to be a game changer & therefore in terms of competition from large private sector banks & SBI cannot be taken for granted & we always have that learning to never take competition for granted or never be complacent about it. I think we respect that & fortunately we are a step ahead in terms of where we are & I think they have their issue regarding asset quality which they are coming out of it and they have got time to recover & clean-up but with the pandemic. We have a bit of head start & we have demonstrated that in recent 3-4 quarters & I think we will be in a better position going forward. For real competition, we will be wary of platform players like Amazon, Walmart & Google. They have the money muscle & far more great scalable technology platform This is what we need to counter & this is what we are exactly prepared for and we are probably be able to collaborate with them & not even counter.

Kaku Nakhate- Mr Puri & Sashi it's been a great partnership for many years together, I can only say thank you & I am sure that the legacy will continue. There is more coming on Sashi's shoulders & he has been doing that very often & I wish Sashi all the very best & I would agree with Mr Puri & would definitely bet that it is going in the right direction. Thank you all. This rings us to the end of our conversation.