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# Demonetisation is behind us, it's now business as usual, says HDFC Bank ED

**K RAM KUMAR**

Mumbai, March 23

With large corporates tapping the bond market in a big way in the last couple of years for their funding requirements, HDFC Bank has zeroed in on emerging corporates (or mid-corporates) as a significant area of opportunity for growing its loan portfolio.

In an interview to *BusinessLine*, Kaizad M Bharucha, Executive Director, said the emerging corporate loans portfolio of India's second-largest private sector bank has doubled to ₹60,000 crore in the last three years. The jump in this



portfolio, which comprises companies with a turnover starting from ₹200-300 crore and going up to ₹700-800 crore, has come on the back of providing end-to-end banking solutions, he said. Excerpts from the interview:

## Why are you focussing on the mid-corporate segment?

A mid-corporate invariably would have a core working capital requirement which needs to be fulfilled from the banking system. And when you measure it with a certain segment of large corporates, the latter really don't need working capital, they

are self-funded, so to speak. From that context, yes mid-corporates would, as a segment, tend to have more funding needs which need to be met. Emerging corporate vertical has had a little more growth in comparison to some of the other verticals within wholesale banking. Overall, the wholesale banking portfolio is growing in the 20 per cent range.

## Like large corporates, are mid-corporates also accessing bond markets?

There are two parts to that — one is the commercial paper (CP) market and the other is the bond mar-

ket. So, where short-term working capital-related requirements are there, we have seen in the last one year a fair amount of move by mid-corporates to tap the CP market. And that has, therefore, channelised banks' loans and advances to the investment book. So, we have seen that happen, certainly in the last 12-18 months.

## What has been the impact of demonetisation on your loan portfolio?

When demonetisation happened, clearly the initial month was slow. People had said that it would take several quarters. But we have seen a complete 'V-shaped' or a 'U-shaped' recovery.

So, I think, the aspects of demonetisation are behind. I think the corporates, mid-corporates and SMEs are back in business. This argues well for the economy at large.

It is business as usual and we have seen it in our portfolio.



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**KAIZAD M BHARUCHA**  
Executive Director, HDFC Bank