# Kotak Mahindra Bank

# Q4FY24 Earnings Conference Call

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**Moderator:** Ladies and Gentlemen, Good Day and Welcome to the Kotak Mahindra Bank Q4 FY'24 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal an operator by pressing "*" and then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ashok Vaswani – Managing Director and CEO of Kotak Bank. Thank you, and over to you, sir.

**Ashok Vaswani:** Thank you. Thank you so much. Absolutely delighted to be here today with the entire team. I realize it is Saturday evening, so truly appreciate your time with us this evening. Along with me on this call, I have Shanti and then of course, Devang – our Group CFO and all the other members of the management team.

Today, actually we have a pretty busy schedule and I thought we will cover three important matters:

#1. Devang will walk us through the Financial Numbers for the Quarter and the Year, I hope you will agree that they are pretty impressive numbers. I will ask Shanti to cover the Highlights of the Bank. And as a departure from the past, I would like to shine the spotlight on one of our businesses and for this quarter we have picked the Capital Markets Business. This is something I thought I will do every quarter to give you a very good sense of the totality of the group.

#2. After the numbers, second agenda item I do want to talk to you about the RBI Order and its implications.

#3. I thought I would share with you my broad level thinking on the strategy for the Kotak Group going forward. As a management team, we have already spent a lot of time on this and at least directionally the way we are going, I would like to share that with you today.

Post that of course, we will open up for Q&A. And for starters, let's go to Devang and let Devang take us through the numbers. Devang, please.

**Devang Gheewalla:** Thank you, Ashok. Before I start the Results, I would like to express my deep gratitude to Jaimin Bhatt for building this function on foundation of trust and transparency. I intend to carry forward this legacy and look forward of interacting with each of you.

Let me start with the consolidated numbers first, which we disclosed earlier today:

We ended this full financial year with a profit of 18,213 crore, which is 22% higher than what we did in FY'23. Profit for the quarter at the consolidated level was 5,337 crore, it is about 17% higher than the same quarter last year.

Our consolidated customer asset is about 4,79,000 crore which is roughly 22% higher than last year. Our capital adequacy at group level 21.82% which includes CET-I itself of about 20.72%. We have redeemed the preference share capital during the Q4, so our CET-I is pure equity. ROE at consolidated level of 15.08% and ROA at 2.66% for the full year.

Starting with the Bank, which contributes about 75% of our consolidated profit, for the full year, the Bank clocked a PAT of 13,782 crore, up 26% over last year. This year we added 93 lakh customers, of which 24 lakh customers added during the last quarter. At the Bank standalone Level too, we have a capital adequacy now of 20.55% with CET-I of 19.25%. For the quarter, the Bank clocked ROA of 2.97% with full year ROA of 2.61%. Bank customer assets grew by 20% to 4,23,324 annually with a Q4 growth of 6%.

During Q4, we completed acquisition of Sonata Microfinance towards the end of March. Some info about Sonata. Sonata Microfinance is based out of Lucknow and has a branch network of about 560 branches in about 155 districts, centered around UP, MP, Bihar and North India. This actually complements with our earlier acquisition, which was largely based out of South and you will see the results of Sonata getting into the next year's performers.

Our CASA now at 45.5%. Total deposit for the year grew by 24% YoY with TD sweep product, which we relaunched in May, growing at 102% YoY. SA growth continues to be challenging.

The NIM for the Bank for full year was 5.32%, almost same as last year with 5.28% for the Q4'24 up from 5.22% in Q3 on higher earning asset yields. Fees and services saw robust growth of 25% in FY'24 versus what we did a year ago.

Operating cost increased by 21% compared to last year. We continue to spend about 10% of our total operating expenditure on information technology. PAT for Q4'24 was 4,133 crore, up 38% compared to previous quarter with NII of 6,909 crore.

This quarter we saw a favorable order with respect to income tax. This enabled us to reverse some tax provision of about 200 crore besides interest on refunds.

Q4'24 Result also includes reversal of AIF provision of 157 crore. As you may recall, we had done 190 crore provision in the Q3. This is based, of course, on the RBI circular issued in March '24.

Gross NPA at 31st March was 1.39% and net NPA is 0.34%, same as last quarter and actually reduced from 0.37% last year. Credit costs for the year was 45 bps.

During the Q4, Bank wrote off fully provided retail unsecured loans aggregating to 1,455 crore. However, the Bank will continue to pursue collections from this written off accounts and such write- off has no impact on results for the Bank as they were fully provided.

Our fund based restructured advances under COVID and MSME resolution framework currently are at 383 crore which is about 0.10% of our advances. Our SMA2 at March 31, which is fund based borrowers with exposure of over 5 crore is about 199 crore.

Let me now turn to the “Subsidiaries Performance”:

Kotak Securities and Kotak Capital performed exceedingly well with tailwinds from capital markets. Kotak Securities recorded 42% growth in profit to Rs.1,226 crore with increase in market volume. Kotak Capital made profit of 215 crore, up 44% compared to last year with increased activity in IPO and advisory space. As Ashok mentioned, we will have my colleagues from both these companies delve in further detail later on this call.

Kotak Investments, the NBFC, profits increased by about 58% to Rs.514 crore primarily due to growth in advances and increase in the recoveries.

Kotak Prime, which is involved in the car finance business, had a growth over last year and the profit is 888 crore, last year profit include a certain reversal of provision as well as income from bought-out portfolios. Both Kotak Prime and Kotak Investments are well capitalized and the capital adequacy of both of this company is in excess of 25%.

BSS Microfinance, this is the microfinance company, business correspondent based out of Bangalore, has ended the year with a post-tax profit of 383 crore as against 297 crore last year.

Kotak Life continues to focus on balanced approach in its product channel mix towards building sustainable growth and value. The company's overall premium grew by 15.6% while the individual premium saw a muted growth. The embedded value of Kotak Life at the end of the year was 15,242 crore with a growth of 21.8%. The value of new business, VNB as it is called, is 1,053 crore with a healthy margin of 28.5%. Kotak Life profitability got impacted on a higher commission payout and strain in new business in non-PAR products and ended the year at a PAT of 689 crore. The company continues to have higher solvency ratio of 2.56 times as against regulatory requirement of 1.5 times. Kotak Life quality parameters continues to improve with conservation ratio moving to 88.09 and persistency ratio going up across most buckets. Claim ratio is 99.23% for group business and individual business is 98.29%.

International subsidiaries also benefited from growth in capital market and increased inflow contributing a profit of 189 crore compared to 76 crore in the previous year.

Domestic mutual fund entities, both AMC and trustee company, saw increase in SIP inflow by 23%. However, YoY profitability marginally declined because last year we had a higher investment profit booked during FY'23.

With this, I hand over to Shanti for further discussion on the Bank's detailed performance.

**Shanti Ekambaram:** Thank you, Devang.

I will just touch upon the "Business Highlights":

Overall, the Bank saw robust growth in its advances and deposits in Q4. The Bank's customer assets grew 20% YoY and 6% during the quarter. There was good growth across all the segments with the Consumer Bank growing at 20% YoY and 5% QoQ, commercial Bank at 20% YoY and 7% QoQ, SME and the corporate Bank, including credit substitutes, grew at 19% YoY and 6% QoQ. The commercial Bank book, as Devang said, includes the Sonata acquisition, which got consummated during the quarter.

Let me talk about brief highlights on both "Assets and Liabilities" and starting with the assets:

Our mortgage lending business, which is both a home loan and LAP on the consumer side continue to grow well with a YoY growth of 15%. We have seen improvement in yields towards the end of Q4 and the performance of the portfolio continues to be extremely robust, reflecting strong credit quality of the book.

Our unsecured products, credit cards, personal loans, business loans showed good growth in Q4. Given the recent RBI directive, the focus on cards will be on servicing and nurturing our existing customers through focus on building customer engagement and loyalty programs. Our focus on personal loans and business loans will continue as is.

Overall risk metric for the unsecured business continues to hold well. Early reads on new sourcing is quite encouraging and we have seen improvements in the quality. We continue to maintain a close watch on emerging risks and leverage buildup in the system in addition to the collections and resolutions.

On the business banking side in the Consumer Bank, the secured working capital maintain momentum with a 22% growth YoY and 7% QoQ, largely powered by demand and utilization by micro enterprise.

Let me now turn to "Commercial Assets":

Commercial vehicles disbursement in the Q4 grew 46% YoY outpacing the industry growth and helping us improve market share. This is an important segment and we will continue to grow our book and market share in this segment. Collection efficiencies remain stable.

On the construction equipments side again, given the infrastructure spend, our disbursements grew 47% YoY where also we gained market share in the quarter. We expect to retain growth momentum in the upcoming year.

The tractor industry was muted, with a drop in growth for the year at 7.5%, while at Kotak we were flat for the year on the growth side. This helped us also gain market share and we continue to maintain our dominant position in the sector. The used tractor finance business has seen a strong growth in the current year and we intend to continue to focus and deepen our presence in Bharat. Some collection stress was visible in geographies where monsoon was deficient or erratic, but our collection efficiencies in Q4 were better than in the previous year.

Our microfinance business has reported a healthy growth in advances of 60% YoY. With the acquisition of Sonata in March '24, our presence has now increased to 16 states through a network of 1,400 plus BCs and we have a customer base of almost 27 lakh women borrowers. Sonata is now a 100% sub of the Bank and will act as a business correspondent for the microfinance business. Collection Efficiency, again, like the tractor industry, in certain rain deficient areas were erratic but overall position is stable. We are focusing on integrating Sonata into the group and strengthening our operations and making investments in technology for greater control.

Let me now turn to the “Wholesale Bank”:

This quarter we saw strong credit offtake from almost all our segments, across large corporates, multinationals, financial institutions, driven by higher NTB additions and deeper penetration.

Our real estate book saw strong disbursals in the latter part of the quarter. We remain bullish on this sector given the strong sales and collection and are actively trying to increase our business penetration across commercial and residential sector.

The mid-market and SME, which is where we focused on, grew faster from the rest of the segments. In mid-markets we onboarded twice the number of customers in this year as compared to last year. Majority of the mid-market business is focused on working capital and flow-based businesses.

SME also, we witnessed increase in across key matrices of assets, fees, acquisition of NTBs and witnessed a record number of NTBs during the year.

We continue to see profitable lending opportunities in the infrastructure space selectively. Our book is predominantly weight towards higher-rated sponsors and borrowers in certain sectors like renewables, roads, hospitality and other elite sectors.

Intense competition on pricing continues across the large conglomerates, as well as the large corporates.

Fee growth was healthy in this quarter, driven mainly by our debt capital markets syndication business where we had very good traction on a few large deals in infrastructure, real estate and NBFC space. Overall, portfolio metrics remain excellent with negligible credit costs.

Let me turn to “Liabilities”:

Total deposits showed a robust growth overall at 24% YoY and 9.9% QoQ. On the consumer side, retail TD showed strong growth, aided by ActivMoney, which, like Devang mentioned on a YoY growth, grew at over 100%.

The Bank energized its effort to integrate current and savings account into its consumer asset customers, presenting a complete suite of banking products to our asset customers. Our savings showed 5% average growth in the quarter on a YoY basis and current grew at 3% on the retail side. Term deposits showed a strong average growth of 35% in the quarter on a YoY basis.

Wholesale liabilities which is current account largely grew even though custody flows were muted. This was on account of focusing on higher share of customer flows and transaction banking in the corporate segment. Our trade assets grew very well in this quarter, 13% QoQ, driven by domestic trade. Our digital offerings through FYN and our offerings on tax remittances showed good adoption rates. With a complete launch of a new and scalable CMS platform, we witnessed robust scale and better customer experience. We have seen significant increase in market share of our capital market and IPO transactions on the escrow side, and our specialized processing teams and enhanced focus on regulatory compliance. Overall, our deposit franchise has seen good growth and our asset franchise has been healthy and robust.

On the private banking side, we have had a good traction on client acquisition and our customer AUM has grown by around 50%.

I will now hand it over to Ramesh for taking us through the capital market segment as Ashok has said, our special focus this time is on the capital market. Ramesh, over to you.

**Ramesh Srinivasan:** Thank you, Shanti. Fiscal ‘24 has been a strong year for our investment banking business. We were #1 in the ECM league tables in fiscal '24, having led 18 IPOs and QIPs and also playing a significant origination role for the large secondary sell-downs by promoters and financial sponsors.

Some of the notable deals that we did in the equity space were the IPO of Mankind Pharma, the QIP of Cholamandalam Finance and the secondary sell-down which were large in Embassy, Mankind, Five Star, Astra Diem amongst many others.

Our advisory business also had a record year with the highest ever revenue. This is despite the fact that the overall M&A market is down in India on deal-making by about 58% in fiscal '24. Some of the notable deals on the advisory and M&A side we did this year were the sale of Glenmark's API business to Nirma, Tata Consumers acquisition of Capital Foods and the USD 1 billion merger of Suven Pharma and Cohen, among others.

We achieved total revenue of about 432 crore, almost all of this in fees translating to a growth of 33% over last year. Q4 was a record quarter for us at the investment Bank with a revenue growth of close to 83% over last year. Given the strong performance, our profits for fiscal '24 were higher by 44% over last year, with a profit before tax of 277 crore and a profit after tax of 215 crore. Our pipeline for fiscal '25 at this moment continues to be robust.

I will now hand over to Shripal Shah – who is a Kotak veteran and who has just taken over as the MD and CEO of Kotak Securities.

**Shripal Shah:** Thank you, Ramesh. I am absolutely delighted to be here in this earning call for the first time and interact with you all.

I will be talking about the "Performance" of Q4 and FY'24 for Kotak Securities. For the Q4 FY'24, our total income rose by 78% to Rs.1,214 crore, up from Rs.682 crore in the corresponding quarter in FY'23, primarily driven by substantial growth in cash market volume in the industry.

For the entire FY'24, total income is up by 33% at Rs.3,982 crore compared to Rs.2,986 crore in previous year.

In terms of profit for the Q4 of FY'24, our profit after tax stood at Rs.378 crore, which has more than doubled from Rs.182 crore in corresponding quarter in FY'23. For the full year FY'24, the PAT is up by 42% at Rs.1,226 crore versus Rs.865 crore for FY'23. I am happy to share that this is the highest ever profit reported by Kotak Securities in its history.

In terms of market share, we maintained our cash market share for FY'24 at 10-plus percentages, while our derivative markets have increased sharply to 12.6% from 9.2% in FY'23.

In the quarter, we enhanced our newly launched NEO platform with a host of new features and new products on that. This includes the introduction of NEO mutual fund platform, simplifying user journeys and enhancing accessibilities.

We also introduced Insta Trade, which provides quick trading solutions by offering chart, options and positions, orders and P&L, all in one screen.

Additionally, we launched our IPO module to improve the order placement journey and expedite application processing.

We actually rolled out one of the best pricing plans in the industry called Trade Free Pro which is offering very competitive pricing on margin trade facility products in terms of interest rates and delivery brokerages.

With this enhancement, Kotak NEO remains the preferred choice for our clients accounting for nearly 86% of the firm's total executed orders and 86% of the new accounts opened in Q4.

Our institutional equities business registered a stellar growth in revenues and maintained its leadership position in both cash and derivative segments.

Kotak Institutional Equities continued to add new global and domestic clients to its franchise. It also showed very strong performance in distribution of IPOs, QIPs, Open Offers and execution of block trades and maintained its leadership position.

With this overview, I will now pass it over to Ashok for further update. Thank. You.

**Ashok Vaswani:** I hope you got a good sense of not only the quantitative aspects of our business, but also some of the qualitative aspects of our business and of course the spotlight on the capital markets.

Let me move ahead on to the RBI order:

On April 24th, we received an order from the RBI directing us to stop, one, onboarding of new customers through our online and mobile banking channels, and two, issuing fresh credit cards. Needless to add, we take every communication from our regulator very seriously and have complied with the directions with immediate effect.

For the sake of complete clarity, let me share, that there is absolutely no impact on our existing customers across all channels. We have been seeking guidance from our regulators on building resiliency of our technology platforms and on enhancing the experience for our customers. We are totally committed towards building world-class technology infrastructure and giving best-in-class customer experience. Consequently, for the immediate, we have stopped digital onboarding of new customers and fresh issuance of credit cards. This has primarily affected acquisitions in 811 and our credit card business.

Two, we have developed a plan to mitigate the impact on these businesses. The plan focuses on protecting our existing customer base and deepening relationships with them.

Three, we are accelerating the execution of our technology strategy to achieve resilience, appropriate capacity and to meet regulatory data cybersecurity standards.

As you well know, we have been on this journey for the last two - three years. We have made a number of very senior hires, significantly augmented the internal tech team and invested heavily in improving our risk and reliance. Year-on-year, our tech spend has grown by 30% and is now at over 10% of our total OPEX. However, our efforts have fallen short of the expectations of the regulator. This, in our view, is on account of #1, that tech changes take time to play out, and #2 demand is growing at an ever increasing pace. These are therefore required us to step up our efforts on both fronts.

In terms of the financial implications, as you're aware for both 811 and credit cards, we have the J-curve impact in year one. This is obviously offset by the incremental tech spend. So, while there is a loss in customer acquisition momentum, the overall financial implications are limited. We are in ongoing dialogue with the RBI on seeking their guidance in meeting the expected outcomes.

If I can now ask you to set aside the RBI order, we will come back if you have any other questions on it, but just take a step back and let's talk a little bit about where and how this management team wants to take the Kotak Group.

It is not new news that the Indian economy is doing well and that the Indian economy is predicted to continue to do well over the next 5, 10, 12 kind of years. That's not new news. The Kotak platform is very, very well positioned. That too is not really new news. These are the strong tailwinds for us.

It's also very, very clear that our #1 priority is to get to business as usual as quickly as possible. But during this period, we also want to take a little bit of time and think strategically and think ahead. What are the things that we don't want to change at all? What is it that we want to tweak as we kind of go forward? There are two things that I am very clear we are not going to change. It is in our DNA to deliver healthy returns with a well calibrated risk appetite. This is not going to change. However, the market is evolving, things are changing very quickly and therefore from a Kotak perspective, as I look out into the Indian market, a couple of things strike me.

Technology, as all of you know, is rapidly changing industry, changing the way we live, the changing the way we communicate, the way we work and stuff like that. But most importantly, technology is changing the customers outlook, the customers exposure, the customers expectation are all changing. And for all the years that I have been in business, the one thing that I have learned is that keeping the customer at the center of everything that we do and aligning the entire business model behind the customer is the only way to win. This technology change that I have been talking about and the resultant impact on the customer is not only restricted to India. Frankly, it's a worldwide phenomenon. But it has had the maximum or a much greater impact in India because three things have kind of come together in India.

The first thing that's happened is a tremendous amount of push by the public sector and how the Government of India has built an unparalleled digital infrastructure.

Two, the cost of telephony and data in India is about the cheapest compared to anywhere else in the world. And these two factors have therefore resulted in an adoption curve by the Indian consumer at an unprecedented level.

With all of this, I therefore look at the Kotak Group and our management team spent a lot of time over the last 90-days looking at how our strategy should evolve, and we have agreed to look at the whole business in terms of four lenses:

**#1. Customer:**

That's what I referred to. We said that the exposure, outlook, affluence and expectation is changing. We have to gear up for this. This is the starting point. The rest of the business model will align behind this. We do have a lot of products and services within the Kotak group and to meet the needs holistically of the customer is something that we can do internally very well.

**#2. The Colleague:**

Ultimately we are a people business. The colleague is someone who comes as a customer and also represents the delivery of our promise to the customer. We need to hire and retain the appropriate talent to transform our business in light of the changing customer experiences. And we will work towards being regarded as the Employer of Choice in financial services.

**#3. Company:**

So, customer, colleague, company. Company, three elements to it, bring the power of all our businesses to meet the holistic needs of the customer. You may have seen we have already created the position of 'One Kotak' to try and bring this to bear and bring the power of all our products to the advantage of the customer.

Two, Scale, not the size, but the relevance. Remember, we are not going to shift our focus away for returns. So, this is not scale at the cost of returns. This is scale with returns.

And three, we realize that the only way you achieve scale, and if you achieve scale without compromising returns, technology will play a very significant role going forward.

The fourth C and to keep it easy we put it into a 4Cs kind of framework, the fourth C is community. And here it is all about re-establishing and reinforcing the Kotak brand and building very good relationship with all our regulators, of course, the RBI, but all the other regulators.

These are the four lenses by which we are going to plot the future path of the Kotak group. And you will hear the management team and I talk much more about these 4Cs going forward.

For the time being, like I said, the immediate priority is to get the business as usual. We believe that other than this impacted businesses, the rest of the businesses should continue on the growth path. And we want to use this period to evolve all the businesses along the 4C lens to be ready and come out very strongly when we get back to that business as usual.

With that, I would like to open this up to Q&A.

**Moderator**: We will now begin the question-and-answer session. The first question is from the Chintan Joshi from Autonomous. Please go ahead.

**Chintan Joshi:** Can I ask three, please? The first one is on the RBI actions. You have indicated that there should not be a meaningful impact on growth. Could you explain to us why there should not be? If I recall all the various presentations of Kotak, they talk about digital in practically every presentation and conversation as has been the case today. If digital has been a strong onboarding driver, then there should be some impact. So, help us understand why there should not be a material impact and what kind of impact should we expect. The second one is on the fourth point you mentioned about scale. If I think about Kotak underwriting has been extremely strong over a very long period, almost industry-leading, but that's come with a sense of conservatism where Kotak has not been ambitious enough to take market share, whereas some other private sector Banks have. Can you comment on, are you committed growing faster than the major private sector players? And I am focusing on the private sector, not the system. And then the final question is a detail one. Could you give us a sense of how cost of funds and yields on loans have evolved in this quarter, and how the competitive dynamics have evolved in this quarter?

**Ashok Vaswani:** So, what I will try and do is I will try and answer the one on the impact of the RBI and the underwriting one, and Devang, if you don't mind if you could pick up the one in cost of funds. So, look, on the impact of the RBI order, let me kind of peel it out for you, right. #1, what the order says is that all onboarding on mobile and digital channels, new customer onboarding is what the RBI has said that you should stop. And two, they said that the credit cards should be stopped. Now depending of course on how long it takes to get back to business as usual, that will have a major impact. But if you say that on an annual kind of basis, the two areas which really get impacted are 811 and credit cards. Yes, we do a lot of other business digitally, like in the corporate Bank we do a lot of stuff digitally when the customer wants to do cash management or when the customer wants to do transactional banking. But that is an existing customer. The onboarding of the customer, at the private Bank or the corporate bank or the commercial bank., a lot of it is not entirely digital. It actually involves a fair amount of assisted journeys where people are kind of involved. Also, we can continue with digital journeys to existing customers. So, an existing customer taking on a personal loan or an existing 811 customer taking on a new fixed deposit, that is not affected. So, the only thing that is affected is new customers in credit cards or new customers in 811. Now, in both these businesses, as we have always been disclosing and credit card, this is a worldwide phenomenon, in year one, there's a J-curve, in year one, the cost of acquisition exceeds the revenue that you make. And therefore in year one in both these businesses, acquisition actually is a drag, right. So, in year one you will actually have a financial benefit. Now, offset to this is going to be incremental technology spend. Obviously, like I said, our #1 priority is to get back to business as usual. We're going to step up our efforts to get that. Therefore, I am saying that if you take the offset of the two, the impact is actually minimal. Now, what exactly that number will be, is hard to tell. It's only been seven days since we got the order, but back-of-the-envelope math would tell you somewhere between 300 to 450 crore kind of number, right? No, it's very back-of-the-envelope, it has lots of assumptions baked in as to the timing, but that's the way we are kind of thinking about it.

Then I move to the underwriting side. On the underwriting side, look, I think right now if you think about it, India's economy has been doing really well. If you look at what is happening in the industry and look at loss rates and stuff like that post the COVID provisions, it has really been a Goldilocks period for the last 2-3 years at least since COVID. Now, all of us know that credits go through cycles. At this point in the cycle, to go out and get aggressive on credit, I don't think it is a smart thing to do. We have always been prudent. We will continue to be prudent. We have continued to gain market share. We will continue to gain market share, but we will do it smartly. We are not going to go for a wholesale change in risk appetite, not so early on, right. We will continue to grow the business. We will seek to grow the business faster than competitors, right and we feel very good about, we feel particularly good about our corporate business and the promise that it holds. We will continue to kind of grow that, but right now I am not sure we feel comfortable about making a wholesale change in our risk appetite.

**Chintan Joshi:** Before you go back, can I just come back on a couple of items. So, in terms of impact on growth understand corporate won't get impacted mainly it is retail in the unsecured space, should this be like, would you put a ballpark number around the drag, like is it going to be like a 2% drag or a 5% drag on growth or like is there any quantifiable way we can think about it?

**Ashok Vaswani:** I made it easy for you. I gave you a number.

**Shanti Ekambaram:** I just want to add to what Ashok said. You asked about digital transactions. We always have said 95% plus savings comes through our mobile and net channels. They are all existing customers, term deposits, a whole lot of products are all existing customers. I think credit cards will get impacted. That impact is calculated in the number that Ashok has talked about despite the J-Curve. Some small amount in personal loans, but that we will make up through assisted as well as physical journey that we have because we can continue to sell around our branches into our existing customers.

**Devang Gheewalla:** Coming to your question on cost of funds, the way we look at cost of fund, I think it has essentially 3 components. It has basically the deposit mix, the duration of the deposit and I think the alternate source of funding. So, if I take each of them, the deposit mix clearly with the challenges in the low-cost deposit of CA & SA is moving towards term deposit. To address that, obviously we introduced the innovative product as you know in May, which is the ActivMoney which is the quasi-TD product where the cost of deposit is marginally higher than the SA, but lower than the TD. In terms of the deposit duration, most of the deposits have repriced over last year and on the alternate source of funding to fuel our growth, we are obviously actively pursuing refinance as well as infrastructure bond financing. All put this together, yes, the cost of fund will move up, however, it will not be at the same pace and will be far gradual than the rise what we saw in the current year.

**Shanti Ekambaram:** In fact, our view on interest rates is reasonably stable. We have seen deposit rates stabilized over the last few months. We will have to see how it goes from a demand supply as well as external rate movement perspective.

**Moderator:** Thank you. The next question is from the line of Kunal Shah from Citigroup. Please go ahead.

**Kunal Shah:** Sir, just to clarify this Rs. 300 to Rs. 500 crore of impact, which you highlighted, that is on what?

**Ashok Vaswani:** Kunal, PBT.

**Kunal Shah:** PBT impact of Rs. 300 to Rs. 500 odd crore?

**Ashok Vaswani:** That is correct. This is of course, assuming annual basis, so of course we will try to resolve and BAU much earlier.

**Kunal Shah:** So, broadly, this speaks into account maybe the overall moderation on the unsecured side that is there, but in terms of our guidance, which has always been like taking unsecured towards mid teens at 15% odd, now, how do we see that in the in the near future? And secondly in terms of the branch expansion, maybe we still have been highlighting that we want to go more digitally rather than the physical branches with this kind of restrictions, is there a change in a way we would be approaching the network expansion plan?

**Ashok Vaswani:** To take care of question on the unsecured loans, I think our trajectory remains same. We continue to aspire for mid teens as we have committed and as you know unsecured loan consists not only credit card, it also includes personal loans, retail microfinance with this acquisition of Sonata and the growth of microfinance, obviously, and business loan all of that are included. So, our aspiration and target towards achieving mid teens continues. On the branch side, I will request Virat to respond.

**Virat Diwanji:** In terms of network expansion, yes, for last year we did close to around 150 branches. Even this year, we are scheduled to do around 150 branches. From that perspective, I think we believe network will expand. We will gradually expand the network as we go forward. We also will look at it and evaluate as we go forward, but as far as the moderated expansion of the branch network is concerned, we will continue to expand as we go forward.

**Shanti Ekambaram:** Our aim, just to add to what Ashok said, the number one priority is to see how we can focus on risk, resilience and capacity and get back to BAU, but we still believe that our branch strategy will be calibrated. We will continue to roll out branches and focus on the gaps and the needs of the customers and the digital will also continue to be a key pet to drive as we come back.

**Kunal Shah:** So, maybe when we look at it in terms of this Rs. 300 to Rs. 500 crore of PBT impact which we had given, there is not much built in with respect to the OPEX except for the technology investments which would be accelerated, or front loaded to resolve the issue, not much on the overall OPEX side is what we believe we will have to incur?

**Devang Gheewalla:** No, Kunal, I think let me explain. This Rs. 300-Rs. 400 crore when we say it is a combination of additional IT spend, which we will have to do. Second thing, also the financial impact of the two businesses which we mentioned, 811 and credit card. And as Ashok mentioned especially on 811, in the year of acquisition, normally the cost of acquisition is higher than the revenue. So, the J-Curve is there. So, actually we can end up having some saving. On credit card, yes, there will be some impact. So, it is a culmination of all these three put together is the number which we said is Rs. 300-Rs. 400 crore. The IT spend also let me explain, it may be reprioritization of some of the spend which we have estimated. So, it may not necessarily be an incremental, but we have estimated certain amount and I think as we go along during the project, we will have more final details coming out of this.

**Ashok Vaswani:** Also Kunal, look as a management team, we are very committed to mitigating this and really, if you think about it, our focus is going to shift at least during this period from acquisition to deepening of customer relations, right. And if we get that right when we come out of this and get into business as usual, the kicker that it can give could be quite significant, so we have done this lots of the rough back of the envelope math, but obviously our effort is to try and mitigate as much of it as possible.

**Kunal Shah:** And any comments on timelines? When do you expect and how are we approaching this entire thing? Maybe will there be a submission of the entire plan to RBI? How much time would it actually take? Obviously maybe from external auditor and RBI perspective, there would not be very clear cut timeline, but at least from our end, when do we expect all this sufficient from our side?

**Ashok Vaswani:** Kunal look, we are going aggressively on our technology plan to Devang's point we want to bring forward and focus on capacity, risk and resilience and move as aggressively as we can. Simultaneously, obviously, we will go through the process, appoint an external auditor, have the auditor involved with us and hopefully in short order get the external auditor comfortable that we have got enough safeguard on risk, resilience and capacity. And once we get the auditor comfortable, such that the auditor can verify that to the Reserve Bank of India, then we go to the RBI and say, look, we would like to get back to business as usual. What exactly, how long this is going to take and what is going to be those points where the RBI is going to say, we are comfortable that Kunal is hard to justify. Are we in ongoing contact with the RBI? Are we trying to lay down the plan? Everything that we can do to accelerate the plan, of course we are all over it. Like I said, this management team's number one priority is to get back to business as usual as soon as possible.

**Moderator:** Thank you. The next question is from the line of Rikin Shah from IIFL. Please go ahead.

**Rikin Shah:** I have three questions. First one is on the liability strategy. So, while we have been pushing our digital over expansion of physical network if you look at most of the key liability ratios, whether it is CASA, retail deposit or even cost of deposits, they have deteriorated a lot more vis-a-vis the peers in this rate cycle. So, is that a continuation of the strategy or is there going to be a change in thought about how do you want to approach the liability side, building the liability franchise? That is question number one. Question number two is on the balance sheet strengthening. Again, if you look at the balance sheet construct over the last couple of years, we have ramped up the share of unsecured loans in our book and the loan mix is pretty homogeneous vis-a-vis the peers, but if I look at the total stock of provisions that we are now carrying is almost 45%-50% less than what the other peers are carrying, so would you think about adding some contingency buffer provisions for the future rainy days? That is the second and the third and the final question is again on the tech side. So, while you did quantify that Rs. 300 to Rs. 500 crore, is the impact, does that kind of take into account any benefits that you would see while deploying the resources in some other businesses because last year you spent almost Rs. 1,700 crore in the tech and this Rs. 300 to Rs. 400 crore quantification seems a bit on the lower end taking into account incremental spends that you would need to do on the IT side as well? Those are my questions.

**Ashok Vaswani:** Thank You. Virat, if you don't mind, you can take the liability strategy one. Devang, you can pick up the Balance sheet construct and I'll pick up the tech one.

**Virat Diwanji:** So, coming to the liability thing, means if you remember our first network strategy was all physical, then we moved to phygital where we were using physical first and digital and from there on we have moved to digical where we have started using digital first and physical second. Now in all this, means even our branch expansion strategy has been based on what kind of customers we need to focus on. As we know, 95% to 96% of the savings account customers transact outside the branch, either on mobile or on net banking and hence the expansion has been focused on the area where essentially there is a business community. Hence we have used the techniques to figure out the pockets where we are underpenetrated and we will use this opportunity of our branch expansion strategy to get where the availability of liabilities is easy. So, from that perspective, we will follow that means we have already set certain segments that we will focus on and that is what we call, say salaried segment, which is one of the key segments that we are chasing. Now, these are the ones who give us stable deposits. So, all in all we will cover all corners to make sure that the liability growth is robust. In this higher interest rate scenario, we know the CASA could be a challenge, but I think focusing completely on ActivMoney, ActivMoney not only gets us the deposit really in that sense, but it also helps us to get new customers who eventually leave some money in their CASA accounts. That also means while the number in ActivMoney is significantly higher, it also helps us to get some kind of liabilities from the customers. So, I think this is something that we are moving forward on. I think about 3 to 4 months back, we even started doing the reverse whereby asset led acquisition means earlier we were in the model where we were acquiring liability customers and then selling assets. Now, we are gradually trying to shift where even where we sell assets we want to get the wallet share of those customers on the liability side. So, there are quite a few things which we are working on to make sure that the liability growth is robust.

**Devang Gheewalla:** Coming back to your question on unsecured loan and provisions, I think as I said, we continue to aspire for what we had said about achieving unsecured loan in mid teens. However, having said that, I think we believe that unsecured loan we need to look at the risk reward relation and not necessarily only the provisioning part. And if you look at today, the credit cost of unsecured loan vis-a-vis the yield on that we are well within the acceptable parameters of risk reward relationship. As far as the provisioning is concerned, we have been conservative. Any unsecured loan which is overdue over 180 day is 100% provided. This after that, our net NPA ratio is comparable at 0.34%. Even if I look at the total provision, what we are carrying it is about Rs. 5,900 crore including all COVID, restructured, standard provisions, which is significantly higher than my gross NPA. So, we believe that we are adequately protected and from a risk reward position, we believe the unsecured business continues to make sense for us.

**Rikin Shah:** Devang, just to follow up on this one, while I would agree that the provisioning would be adequate for the current level, my question was more from strengthening the balance sheet for future perspective. So, our total stock of provisions as percentage of loan is 1.6% whereas for the peers it is anywhere from 2.5% to 3.7% and they have been adding to the buffer provisions whereas we are barely carrying any, so it was more from that perspective, please?

**Devang Gheewalla:** I understand, so I would not like to comment on my peer's part. We believe based on our risk analysis of our portfolio, we are adequately provided.

**Ashok Vaswani:** See the other thing you got to look at it is as a product mix on the asset side of the balance sheet, right. So, given our mix compared to the mix of competitors, that is what we are determined how well we are covered. To Devang's point, we feel given all our history, you can go back, I don't know how many years, we have been always quite conservative on risk appetite, we continue to be conservative. That is one thing that I don't want to change like I mentioned. So, under all those kind of circumstances and given the mix, we feel very comfortable on that score. Let me pick up a little bit on the tech side. On the tech side, look that number that I quoted somewhere between 300 and 450, all of that number is not tech. Tech is going to be an integral part of the business, no doubt, and tech we have been stepping up our expenditure, round numbers we have been spending about 10% of our OPEX in tech. So, as the base of expenses go up, tech expenses go up. So, last year it was Rs. 1,300 crore, round numbers, this year Rs. 1,700 crore, you are going to expect to see similar amounts of growth in tech, right. This year, some piece, honestly, I am not able to quantify and tell you exactly how much 300 to 450 is because we are still finalizing what is the scope of work to be done. Look, it has only been 8 days since we got the RBI order, so trying to finalize what elements of that tech we are going to accelerate to bring forward is work in progress, but tech is going to be a very important ingredient for our business and at about 10% of OPEX is what our tech expenditure will be.

**Moderator:** Thank you. The next question comes from the line of Hardik Shah from Goldman Sachs. Please go ahead.

**Rahul Jain:** This is Rahul Jain from Goldman Sachs. Actually, if you permit I would like to ask two questions. One is Ashok, you laid out your thought process about how you would like to take the bank forward from the lens of 4Cs if I heard it right, but just to also think about the quantitative figures, what milestones do you set out for yourself or like us to think about both in terms of profitability and growth, particularly in growth given that the bank is just about 1.5%-2% market share has got huge opportunities ahead of itself and has been investing top dollar in digital as you articulated, the brick and mortar, we feel that could have been done a lot more. So, just want to understand first on what milestones should we perhaps judge, your tenor from here on across the growth, profitability and asset quality and I have one more question after that?

**Ashok Vaswani:** Rahul, what a tough taskmaster. I have just been in my job for 100 days. But anyway, apart from that look, we have hit a speed bump, and like I said, our first task is to get to business as usual. Once we get to business as usual, there is really no reason why we shouldn't continue to grow at least as much as we have been kind of consistently growing over a period of time. Now, I have also told you and I am very committed to that, that scale is important to us, right. And how we are going to scale those businesses and not have fractional market shares, but go significant to something more relevant in terms of market shares is going to be critical. But the first priority is to get to business as usual. Once we get to business as usual, we will get more aggressive on the kind of growth target.

**Rahul Jain:** And just related question to that is, what profit pools are you more excited about if I were to simplify this into consumer retail and commercial retail. Consumer retail is people like individuals would borrow for consumption needs like home loans, unsecured versus the commercial retail where the bank has been historically very successful. So, which segments of growth you would want to go after, given you also made a remark that you are not very comfortable about pressing accelerator given the current environment we are in. So, what specific segment you are talking about here?

**Ashok Vaswani:** So, Rahul, what I said was that I don't want a dramatic change in my risk appetite. Am I excited about the consumer bank overall? I am very excited about the consumer bank. Am I excited about our private bank? I am very excited about our private bank business, the capital markets business, Ramesh just took you through it, right? That is doing really well. Institutional equity is doing really well. Kotak Securities, really well. Corporate bank really nicely poised to kind of grow. Tractor finance, we have got a great kind of market share. All of these businesses where we have got already well-established platforms and we have got well established processes, those are the areas where we will push the accelerator and grow quite aggressively. We kind of focus on those areas and really grow. SME is another area where I think we can get significant amounts of growth. Over a period of time, obviously this whole RBI order has consumed a lot of management bandwidth, but over a period of time come back and say like for these segments what is our proposition and how are we going to go after these propositions in a very big way.

**Rahul Jain:** The second question was on human capital, we have of course, been seeing and hearing about a lot of changes that have taken place at the senior level, at the mid management level. So, for the kind of growth opportunity you are talking about, how well placed you are, how far you are from adequately staffing the bank? And of course, you had one high profile departure also, would that have any impact on the Bank's performance, or you have got the bench already set up to capture the opportunities?

**Ashok Vaswani:** Yes, Rahul, of course, the press plays up these kind of departures, but nobody takes into account that we can have a very strong bench strength, right. Today you heard Devang. Devang has been groomed by Jaimin, taken over, he is the group CFO. Shripal, he has kind of taken over Kotak Securities as the CEO, and kind of Jaideep has moved into a new role, right. And look, Manian is the friend of the firm. Manian was with Kotak for 29 years. Manian has played a very critical role in building out of Kotak. Yes, Manian had certain aspirations. He wants to go and do things in other parts of the financial services. That is absolutely fine, right. And we sincerely wish Manian the very best. I obviously haven't worked so closely with him, but in the four months that I worked with him, I really enjoyed working with him and I sincerely wish him the best. My colleagues around the table, of course know him much better, and they too sincerely wish him the very best. These things will evolve over a period of time. There will be people who will retire. There will be people who will choose to do different things. The good news is that for the most part we have the bench strength, right? Even with Manian walking away, we have got Oisharya, Paritosh, Manish, Ramesh, all of them kind of just stepping up into those roles and once you get to meet them, you will see the bench and the depth on the bench. I feel very comfortable with that. There will be certain areas where we will have to end up with new talent, things change, people change, but I think that is the natural course for business and frankly, honestly with the kind of team that I am sitting with today, am I losing sleep over this, the answer is no.

**Rahul Jain:** Just one last question on unsecured loans. So, we have got seen slippages increase through the course of this year and this quarter also, it is sort of further in stuff and of course it is not very dramatic, but still I wanted to ask you, how far are we from the normalization in the unsecured credit risk, is there some more way to go, the slippages will further inch up from here or we are kind of near where the normalized run rate should be?

**Paul Parambi:** See, you said unsecured, basically, the losses there have increased and are we normalizing and so on. What I would like to emphasize is that we are very comfortable in terms of our positioning vis-a-vis unsecured. It is not that our credit losses are beyond our risk appetite or we are beyond what we have seen in the past or there is something to worry about. So, overall, we are comfortable. The position as we see it in terms of delinquencies, early delinquencies, book delinquencies, all of that is looking perfectly fine. But we are very watchful because as Ashok had said initially, we have been to an extremely benign credit period. So, one has to be extremely watchful of this portfolio, but currently we are very comfortable.

**Rahul Jain:** And is there any impact of Sonata acquisition across numbers, meaningful impact on the numbers from Sonata acquisition across the line items, if you can quantify that on?

**Devang Gheewalla:** I think Sonata acquisition was done in the last week of March, so no meaningful impact in the numbers, but as I said, as we go forward, it will happen.

**Moderator:** Thank you. The next question is from the line of Roshan Chutkey from ICICI Prudential Mutual Fund. Please go ahead.

**Roshan Chutkey:** Essentially, want to understand the IT spending bit a little more, how much of it is fixed and how much of it is variable? That is my one question around this. And then if I look at this 1300 becoming 1700, right, assuming really 20% growth to the IT spending, you are talking about something like Rs. 400 crore of growth in natural courses of the year, but on top of it because the other two businesses, the 811 and the credit card business, we are going to have positive savings out there. Are we going to spend more like Rs. 400-Rs. 500 crore on top of this Rs. 400 crore of growth that we are talking about as a BAU?

**Ashok Vaswani:** Let me try and answer this question. It is very hard at the top of my head to tell you how much is variable, how much is fixed and stuff like that, right, because there are certain products where we have outside vendors, so for example credit cards, we run credit cards on Vision Plus. Vision Plus is an international kind of platform. The kind of deal we have with Vision Plus is per account we pay them a certain amount of fee. That is one example in cards, right. Obviously, when the product processors is in-house, like let us say Finacle on which we run the whole liabilities business or the corporate business or some aspects of the commercial business or 811, there it is more in the nature of the fixed cost, right. And then of course, an added complication is how much you spend, how much of it gets capitalized versus how much gets expensed. So, really getting into that kind of level of detail, I don't think it is going to be very helpful for anyone. The point is total tech spend is roughly 10% of OPEX, right. And that percentage is, for the most part, round numbers staying there, it could be 9.6, 9.8, 10.5, 10.6, that kind of thing. Two years ago that was roughly Rs. 1,300 crore. Last year, it was Rs. 1,700 crore. So, as the OPEX base grows, the tech spend will grow. Tech spends is not going to go away. Tech spends is not going to go down. Tech is going to be a competitive advantage and we will continue to invest such that we get to the risk, resilience and capacity. Now, within tech spend for the time being the tweak will be more towards risk, resilience and capacity as opposed to coming up with new products or new features or a new mobile banking app and stuff like that, right. So, within tech spend, it will be more on risk, resilience and capacity as opposed to new features and things like that.

**Roshan Chutkey:** So, let me repeat this. So, what I was trying to allude to is, you are talking about an impact of Rs. 350 to Rs. 400 crore on PBT right? Now, there are clearly positive cost savings from 811 and the credit card, which means IT spending is going to grow up by more than Rs. 400 crore, right, that is logical?

**Ashok Vaswani:** No, I said the total estimate is somewhere between Rs. 300 to Rs. 450 crore. On the positive side of the column, you are right, acquisition cost for 811 and credit card on an annualized basis will be a positive. You are right that the negative will be some offset of technology spend, but in a business-like credit cards, even existing customers spends, what happens to the spends? What happens to the revolve? What happens to keeping the teams in place in all other areas? There are other expenditures as well. The balancing figure is not entirely technology spend. There will be some incremental technology spend, but that will not account for the total amount of Rs. 400 crore. It will be far less than that.

**Moderator:** Thank you. The next question is from the line of Abhishek Murarka from HSBC. Please go ahead.

**Abhishek Murarka:** Sir, I just wanted to talk about customer acquisition that you were doing through 811. And when I look at your numbers from last year, FY23, you acquired I think 8.5 million customers, FY24, you acquired around 8.8 and about 70%-75% of these would have been through 811 now that you can't, that 60 lakh customer base that you are getting and now you are not going to be able to get it, how are you looking to continue to acquire as many of those as possible? That is point one? Point two, to attract them will you have to increase your term deposit rates more than competition? Or when those transactions are going to branches for onboarding, will you have to staff your branches with more people and will this push up

OPEX? So, that is what I wanted to understand around the customer acquisition that you will foregoing by not having this 811 product for some time?

**Shanti Ekambaram:** So, as far as 811 is concerned, as you said, we were acquiring a lot of customers. Now, what we will do is that digital onboarding is not possible, but wherever we still have a stock of what you call OTP accounts to convert into full KYC accounts which we will continue to do. We will have to stop our acquisition till such a time we come back. But what we will do is we have about Rs. 2.5 crore of existing 811 customers. Because we were acquiring so aggressively, our cross-sell ratio still remains small because of the denominator impact. So, we are going to focus on three things; increase the deepening of the base, second, prepare our journeys when we come back so that on the product we have launched a new app, as you may have seen and that is still a lot to be done on that and get ready for when we come back. The impact will not be on this year because we will actually have a saving on the acquisition cost, but the impact on some of it could come in the following year of customer acquisition as we look at it. So, we have done the math, and it is the part of what Ashok talked about in terms of the number that he talked about of the impact, but we will do a number of things to protect, to transform, to do while we wait for the green signal to come back. The branch acquisition channel will continue. The digitally assisted channels that the branch uses will continue, which is more through staff and biometric, etc., and the 811 will continue its strategy of vetting and completing the KYC accounts. And as far as term deposits is concerned it is actually, I don't think any of this is going to trigger the term deposit ratio. Right now, to show in the last from February 15th onwards, the system has been reasonably liquid and the deposit rates have been reasonably stable. I think everybody is waiting to see how the Fed moves and how inflation moves. We see deposit rates reasonably stable. I think domestically the demand supply is what is going to really drive the rates. Right now, we see more stability, but we will have to wait and watch.

**Abhishek Murarka:** Shanti, just a quick follow up, would you have to increase the capacity of branches because more of these transactions will now have to be executed at the branch rather than on the app or on the mobile?

**Shanti Ekambaram:** Existing customers, there is no restriction for execution of transactions on the mobile. Whether it is our branch customers, whether it is 811 customers, they can continue to do their payments, book their term deposits, buy a personal loan, everything through the mobile and net channels even today and they don't have to go to branches for any of their service.

**Abhishek Murarka:** No, sure, but this is for the new customer, so new customer onboarding will have to be done at the branches, so will you have to increase capacity for that?

**Shanti Ekambaram:** No, we have a field sales force for 811 who will take care of the new customer. Our number of customer acquisition will slow down because we were doing it through digital direct DIY journey right, which is not permit. So, the number of customers we will acquire in 811 will go down, right, which will be handled whatever we need to by the field Salesforce the 811 currently has.

**Ashok Vaswani:** Abhishek, I will put it in a different way. 811 acquisitions to Shanti's point will come down. The focus is going to be on deepening the relationship and if you are able to do the deepening of the relationship and be able to do it with the beautiful customer journey, can you imagine how powerful that becomes when we get back to business as usual, right? That would be a massive kick up for the entire franchise and therefore we are spending a lot of time on saying, okay, let us get that kind of journey right.

**Abhishek Murarka:** And so, this does not lead to any kind of slowdown and deposit growth in the medium term, right or in the near term?

**Ashok Vaswani:** Not at all.

**Shanti Ekambaram:** Marginal, yes.

**Moderator:** Thank you. The next question is from the line of Saurabh Kumar from JP Morgan. Please go ahead.

**Saurabh Kumar:** Just wanted to confirm one number, basically your total customer asset growth for next year should broadly be similar 20% odd and your incremental deposit accretion for next year would actually not be that high versus this year, right?

**Shanti Ekambaram:** We have not given any forward guidance.

**Devang Gheewalla:** I think we need to understand the number of customer and the growth in the value. I think what we are all saying is the 811 while the number of count is significantly high in terms of the value it doesn't contribute significantly or materially on the value side. So, yes, while there will be reduction in the customer acquisition count at 811. I think to meet the funding requirement of the balance sheet we will have enough avenues to get the alternate source of deposits from the alternate customers and borrowing channels.

**Saurabh Kumar:** But I was talking more from customer assets, total customer assets, you have grown 20% that is 400 basis points over the system this year. Would you be still confident of achieving that?

**Devang Gheewalla:** Yes, as we have maintained that we always aspire to be 1.5 to 2x the nominal of the GDP growth, which we continue to grow that way

**Moderator:** Thank you. Ladies and gentlemen, we will take that as the last question for today. I would now like to hand the conference over to Mr. Ashok Vaswani for his closing comments. Over to you, sir.

**Ashok Vaswani:** So, first of all, thank you so much. It has been, it is a long evening, it is already well past 7'o clock. So, truly appreciate your time with us. As a management team, like I said, we are totally committed to getting back to business as usual, take whatever it needs to do. We will isolate the other businesses and keep them on the growth trajectory that they have been as far as the businesses which have been deeply affected or have been affected. 811 and credit card, we are developing mitigation plans. And we are going to use this period to really think about how when we come back to business as usual, we come back soaring ahead. I look forward to obviously keeping you all posted on developments and thank you very much for joining us this evening.

**Moderator:** Thank you. On behalf of Kotak Mahindra Bank, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.