"IDFC First Bank Limited
Q3 FY '23 Earnings Conference Call"
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MODERATOR:	**MR. KUNAL SHAH – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the IDFC First Bank Q3 FY '23 Conference Call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Kunal Shah. Thank you, and over to you.

Kunal Shah: Thank you, and good evening, everyone present on the call. This is Kunal Shah from ICICI Securities. Today, we have with us, Mr. V. Vaidyanathan, Managing Director and CEO, Mr. Sudhanshu Jain, CFO and Head Corporate Center; and Mr. Saptarshi Bapari, Head Investor Relations from IDFC First Bank, to discuss their Q3 and nine-months FY '23 earnings. So over to you, sir.

V. Vaidyanathan: Good evening, everybody. Hi. This is Vaidyanathan.

Sudhanshu Jain: Good evening, everyone. Sudhanshu here.

Saptarshi Bapari: Hi, this is Saptarshi Bapari.

V. Vaidyanathan: Hello, everybody. Thank you very much for joining us on this earnings call. Just wanted to give a few comments from my side and Sudhanshu can bring up the numbers.

Number one, as all of you know that for the first few years, we were trying to set right the liability side, but I'm happy to just announce to everybody that we are feeling very strong about what's going on the liability side with our bank, and our deposits are up over 40%. And we feel that we have a very strong traction on that front going by what we're seeing in the market and talking to our employees and seeing the deposits simply swelling at a play. So that being firmly in place now, we are beginning to grow the loan book. On the loan book front, our book is of course growing right by 25%.

Number two, is that, what I do believe is a highlight about our bank is that we're building the bank, not so much what the numbers as such because numbers will all fall in place in due course. The more important thing is how we're building it and we think we're building it very clean, not just accounting, that every bank is and every institution is, but what I mean is that the way we are keeping our customer practices, the way we are dealing with -- making our product services, the way we're setting the meter on charges, fees, etc., by keeping everything very reasonable with the customers, and in fact as low as possible, which we do. So all that is of course winning us a certain amount of goodwill in the marketplace we believe some way or the other.

Third thing is about assets. As far as assets are concerned, really on the -- all legacy accounts, etc., we announced last quarter, but I think some of you believed that, some of you didn't, I don't know. But we are once again reiterating that we don't have any legacy issues that is going to bother us anymore. All clean and no problems there.

On retail side, asset quality is never the issue, even today is not the issue. I'm happy to say that our gross NPA has come down to 1.87% and the net has come down to something like about 0.7%. So to us, it's not a surprise to some of you, you might feel it's low, but it's been like this for a very-very long time for us, eight or 10 years, not a surprise to us. So it's all, let us say that COVID was a bit of a blip, but that is operational part and we are absolutely feeling very good. So since we have a really fantastic retail lending machine, which is of delivering of good asset quality, we feel confident to keep power of EBITDA to going ahead, that's the unique capability the bank has built.

As far as the capital is concerned, the bank is well-capitalized, where capital is running over 16% at this point of time, first is about unit economics of the bank. Unit economics frankly are quite good now. As you might have noticed that the pre-provisioning operating profit excluding trading gains of the bank has risen by about 70% in the nine-month period compared to the nine-month period of last year. So when the loan book has grown only 25%, so how can really operating profit grow so strong, when loan book is not growing at that pace? So it's coming because of operating leverage and incremental unit economics. So we feel good about that, and we just have to keep pressing the pedal and the bank will keep getting more-and-more profitable. It's become reasonably relatively simple model to run from here on.

As fee income is concerned, it's looking pretty good for us. Our fee income is, retail fee is constituting over 90% of the total fee income. Finally, on profitability, I think bit-by-bit ROE is rising at the bank, and we are quite proud that they already touched double digits. We had guided for double-digit end of the year, but I think last quarter we did it, but this quarter it kind of reaffirmed it. We will watch next quarter, we're not very concerned now because usually, we feel that we are firmly in the double-digit now, and we don't think we will dip below that.

Now last, of course, is corporate governance, technology and ESG, etc., but that we will talk about in closing discussion. So that's the way it has been briefed, all coast is reasonably clear to us. I'll request Sudhanshu to make his comments about the numbers. Thank you.

Sudhanshu Jain: Yes. Thanks Vaidya. I'll start with the balance sheet metrics and then move to asset quality and profitability. The balance sheet size of the bank has grown by 27% on a Y-o-Y basis to reach Rs. 2,21,374 crores at December end. We continue to see a healthy growth on our lending book and in deposit mobilization. Customer deposits for us has grown strongly by 8.4% on a Q-on-Q basis and 44% on a Y-o-Y basis.

Within the same, CASA deposits increased by 39% and term deposits grew by 50%. CASA balances even during the quarter grew by 5%, and we also saw strong mobilization in TD due to increase in the overall systemic rates. CASA ratio was stable at 50% for the quarter and even average CASA ratio was at 50% for the quarter. CASA and term deposits less than Rs. 5 crores was at 83% of the customer deposits, which points to the granularity of deposit mobilization.

Moving on, we opened about 37 branches during the quarter and the branch count now stands at 707 branches, and the bank also maintained an average LCR of 122% during Q3, as against

131% in Q2. While the ratio moderated and the excess liquidity got deployed, we are still well above the regulatory requirement of 100%.

We also saw a reduction in high-cost legacy borrowings which we have been reporting by Rs. 1,687 crores during the quarter. The residual amount is now at Rs. 18,762 crores, which will run down in the course of next two to three years. We have given more details around this in the presentation on slide number 28.

Moving on to the asset front, I'm happy to report that overall funded assets have crossed Rs. 1,50,000 crores and it grew by 25% on a Y-o-Y basis. Retail and commercial books grew at a faster pace to reach Rs. 1,16,680 crores.

We saw strong growth across all product segments; to give some more color, home loans grew by 48% on a Y-o-Y basis. We saw disbursements holding up well in this segment in the current quarter, despite increasing the interest rates. Wheels segment, which includes two-wheeler and cars, registered strong growth of 50% on account of the festive demand and our increasing distribution. Happy to state also, that we have a 55% share on the EV finance in this year, in the segment.

Consumer loans comprising of consumer durables, personal loans and cross-sell book grew by 27% on a Y-o-Y basis. The rural book also grew by 36% on a Y-o-Y basis. Credit card, which is relatively a new book, that grew by 89% on a Y-o-Y basis, to reach Rs. 3,146 crores. The bank has issued more than 1.3 million cards since launch in January '21. In fact, there are number of cards which have been sourced have doubled in last one year. Gross spends on credit card increased by 19% sequentially and 87% on a Y-o-Y basis. More details are given on slide 31 of the presentation. On the wholesale banking front, the non-corporate infra loans grew by 17%. The infrastructure book continues to come down. It's now 3.7% of the total funded assets as compared to 6.6% a year earlier.

Moving on to asset quality; the gross and net NPA of the bank further improved by 22 and 7 bps, respectively Q-on-Q, and stood at 2.96% and 1.03%, respectively. PCR gross of technical write-offs, stood at 76.6% at end of December quarter. In fact, if we exclude the binding infra book, GNPAs and NPAs at bank level stood at 2.11% and 0.6%, and provision coverage goes up to 83%. Even on the retail front, GNPAs improved sequentially by 16 bps, to now below 2%, and was at 1.87%, as the net NPA being just 0.7%. The corporate non-infra book continues to be well provided with a PCR of 99%. The overall restructured book as a percentage of total funded assets has further reduced to 0.9% as compared to 1% last quarter.

The SMA1 and SMA2 book on the retail book was stable at around 1% and much lower than 3.3% a year ago, which is a good indicator of a better portfolio being built. Even in the corporate book, the ratio of SMA1 and SMA2 is sub 0.2%. Slippages for the quarter were marginally lower in the previous quarter despite the increase in the overall book.

Moving on to profitability; our profits for the nine-months this year was Rs. 1,635 crores as against a loss of Rs. 197 crores last year reported in the same period. This is on account of increase in pre-provisioning operating profit (excluding trading gains) by 70% and also lower provisions by 57%. Profit after-tax for the current quarter increased to Rs. 605 crores versus Rs. 281 crores in Q3 last year, which is an increase of 115% on a Y-o-Y basis and a sequential increase of 9%. This has been driven by strong growth in the operating income.

On a quarterly annualized basis, the ROE continues to expand, and for Q3 FY '23, it stood at 1.1%, and ROE has reached 10.72%. Net interest income grew by 27% on a Y-o-Y basis to Rs. 3,285 crores. Fee and other income also saw a strong increase of 50% Y-o-Y to Rs. 1,117 crores. Even on a sequential basis, fee income saw strong growth. We have given more details around the fee breakup in the investor presentation on slide 57. The bank had a trading gain of Rs. 36 crores in Q3 as compared to a trading gain of Rs. 25 crores in Q3 last year, and a trading gain of Rs. 116 crores in previous quarter Q2 FY23.

Core operating income excluding trading loss increased by 32% on a Y-o-Y basis, aided by strong NII and fee income growth, which I mentioned before. Operating expenses grew by 23% on a Y-o-Y basis. Cost to income ratio excluding trading gains improved to 72.2% in Q3 from 77.6% in Q3 last year and was also about 1% lower than Q2. As a result of the above, the core operating profit excluding trading gains grew by 64% on a Y-o-Y basis and 16% on a Q-on-Q basis.

Provisions increased by 15% on a Y-o-Y basis and stood at Rs.450 crores. However, the credit costs for the quarter was stable at 1.2% as a percentage of average funded assets. For the nine months, the annualized credit cost was low at 1.1% against our guidance of 1.5%.

Moving on to the last section, the bank has maintained strong capital adequacy and its CAR including profits was at 16.06%, and with the CET ratio of 13.49%. We have mobilized Tier 2 of Rs. 1,500 crores in the December quarter, which also improved our capital adequacy during the quarter. The bank is well above the regulatory threshold and look forward to continue the growth in a profitable manner.

With this, I conclude my remarks, and we can move on to the Q&A.

Moderator: We have the first question from the line of Ishan Agarwal from Erevna Capital.

Ishan Agarwal: First of all, many congratulations on a superb performance on all fronts this time around. Very happy to see core ROE, excluding trading gains at 10.2% and appreciate the management finishing the commentary within 15 minutes, leaving more time for Q&A. I have a few questions regarding the numbers and the outlook ahead.

Firstly, so we have seen that the bank is engaging a lot of marketing activity with the tag Zero Fee Banking since its fourth Foundation Day, that is 18th December, 2022. I've been a customer of the bank since 2019, and majority of the services mentioned in the Zero Fee Banking promotion were already free. So, is it just that we have started marketing a benefit aggressively, which previously existed?

V. Vaidyanathan: First of all, thanks so much, Ishan for your comment. Now with regard to, yes, I think our bank, we're giving, most of the things free. By the way, they're not all free in the market, just for information. But our bank frankly, the last three, four years were all free. But we were charging on maybe a few items of those. We just -- we thought to ourselves, anyway we are giving everything free, we might as well remove the three, four items we are charging on and make it a much more straightforward statement and give peace of mind to customers. So, yes, so we just packaged what we were doing and added a few more to it.

Ishan Agarwal: So the addition of these few services which you've made free, will it have an impact on the future fee income for the bank, like in terms of, if you can quantify that?

V. Vaidyanathan: No, we don't quantify that. But, well, as you know banks make a lot and lot of money in fees through these 25 items, whether it is NEFT, or RTGS or IMPS, or home banks charge, non-home branch charge, cash deposit, cash withdrawals that banks do make fees. So obviously, by not charging it, we are giving up something. But we just, if you can think of it that, this is the way we built the bank from the beginning. So it's already factored in the way we've done our business thus far. So there is no material movement that we will believe that will happen, just because of this move.

Ishan Agarwal: And in one of your interactions, I think you had mentioned that cost to income should trail down to 65% by Q3 FY '24, that is December '23. Looking at the trajectory and the slightly slow pace of reduction in cost to income in the last three quarters like if I have to give you a number, 72.95% in Q1 to 73.34% in Q2 to 72.17% in Q3, do you believe the banks can achieve 65% by Q3 FY '24?

V. Vaidyanathan: So first of all, I think if you recollect the last time's call, we had corrected you on this front and said, it looks like '25, we will get towards this number. So we're just setting the record right on that. And number two, now you will see that year-on-year-on-year, the cost-to-income operation of the bank will come down. We don't think there is any doubt on that front. So we are more tying ourselves down to return on equity, because end of the day, everything has to boil down to ROE.

Ishan Agarwal: So what is the target for return on equity for '24?

V. Vaidyanathan: We're not specifically given a guidance. But if you recollect the original guidance we put out at the time of merger of the bank, and it's there in the last page of presentation.

Ishan Agarwal: 13% to 15%?

V. Vaidyanathan: Exactly. So we said 13% to 15%. And of course, five years is a long time to take such a long shot and get the business prediction right. But the good news is that, we are getting it right, we feel.

Ishan Agarwal: And that too after doing an equity raise twice because of COVID, or once because of COVID. So it's actually very commendable.

V. Vaidyanathan: Thanks so much. When people put out a five-year plan that too from, if today you put out a five-year plan, there is a reasonable clarity that we'll get it right. But remember at the time of merger, there were so many swinging balls all over the place. And the ball was swinging all over the place and meanwhile, so we were just peeping out in the future and thinking what the bank could look like and should look like.

And to top that up, then there was COVID, who could think of COVID and the kind of stuff it brought on us. Then there were few bad loans that knocked off over Rs. 2,000 crores from our P&L and net worth got knocked out. After all that also, we feel that we will be somewhere in zone because I feel that things are on track.

Ishan Agarwal: So say, we raise, say because we formed a capital raising committee and we will be raising capital in the next financial year. In spite of the capital raise, we will be able to achieve 13% to 15% ROE?

V. Vaidyanathan: Yes. We talked about FY '25, just for information, if you see the investor presentation on that spot, I mean that particular page, you can go and have a look at it. But yes, there no ifs and buts around this. Even if we raise capital, we want to get there. We want to keep our eyes fixed there.

Ishan Agarwal: And there is an amazing trend on the way our fee income is growing, I mean, if I just look at quarter-on-quarter at 18.2%. So first of all, is there any one-off for this quarter?

V. Vaidyanathan: No.

Sudhanshu Jain: So there are no one-offs as such in this.

Ishan Agarwal: And how do you see the trend of fee income? Should this trend continue going ahead?

V. Vaidyanathan: Yes, it should continue.

Ishan Agarwal: And I think the next question will not be that significant, but just wanted to know because of the news on the market, what is our exposure to VI as on 31st December '22?

V. Vaidyanathan: We haven't called out a number, but you can say that, at that time, we gave them Rs. 500 crores, and we had made it a quarterly repayment over a three-year period.

Sudhanshu Jain: Over a three-year period. So exposure is down to already 1/3, and the average residual maturity is now less than one year.

V. Vaidyanathan: So now you can think about, that every quarter, we're getting about Rs. 45 crores back of principal, and then, so things are broadly headed downwards, yes.

Moderator: We have the next question from the line of Sagar Shah from PhillipCapital.

Sagar Shah: First of all, many congratulations for another superb set of numbers actually, in this quarter. So by, maybe sorry to stretch on the opex actually, but my question was related to your opex. So in this quarter also, we saw almost a double-digit growth in our operating costs, and next year, you are guiding for a 13% to 15% ROE. Although we have set a very, your NIMs are very healthy at around 6.36% if we annualize for this quarter, but already, we are at 707 branches. So can you give some at least a flavor that in FY '24 and FY '25, what kind of branch addition are you seeing, so that, at least we can have a review that, what kind of operating cost growth actually are you factoring in your entire cost portfolio?

V. Vaidyanathan: See, we are almost coming to the end of '23, and this 13% to 15% ROE guidance we have given for '25. That's why I pointed out this so that there is no confusion on this front. So that gives you a two-year window, as per original guidance to move from the current number of ~10.5% to that number. So we will think we will work towards that. Now with regard to your other question about branch, we should be adding, what, about 150 a year?

Sudhanshu Jain: Yes.

V. Vaidyanathan: About 150 a year.

Sagar Shah: So 150 per year you are going to add new branches?

V. Vaidyanathan: Correct.

Sagar Shah: Sorry, I didn't get your point previously, about the 10.5% that you were referring to.

V. Vaidyanathan: Yes, we reached 10.5% and you, I hope you'll agree that with a rather swift swing into the 1% ROA league banks.

Sagar Shah: Absolutely.

V. Vaidyanathan: I mean, actually internally, we are feeling very happy about the way this bank has swung into profits and swung into like solid one plus, one plus ROA, that has taken us into the 10.72% ROE. Now that number, we feel there should be nothing that should stop us in this direction. Of course, it's not that we're not exactly assuring, guaranteeing that every single quarter, things will keep inching. There are quarters with three months, sometimes a small swing happens this way or that way. But directionally, we should definitely moving in that direction.

Sagar Shah: Now, second question was on your NIMs actually. You have clocked around 6.4% NIMs for this quarter, if you annualize it. So going forward in FY '24 and FY '25, do you visualize that our NIMs will likely face some pressure actually, or are you comfortable holding at around this figure on the next two years?

V. Vaidyanathan: Somewhere here. Somewhere here. It's running a little more than what we had initially guided it for, so let's play it by the year. But broadly speaking, we are already in the zone that we would like it to be at.

Sagar Shah: And my last question, sir, would be on our cost of funds. So in this quarter also, we have around 40 bps hike we saw in, I think the first week of December, in the repo hiking, as mentioned. So have we, the cost of funds, have we factored in all these in our yields and advances, and also have we factored in, in our deposit rates, or in the coming subsequent quarters, are we going to witness some, or a little rise in cost of funds and a little, even more better yields from now? Can you give a flavor on that?

V. Vaidyanathan: No. You're getting too greedy I think.

Sagar Shah: Also what?

V. Vaidyanathan: Yes. Already factored, already passed on. I don't think you should expect anything more than this. But you know what, frankly, the game is not so much about increasing NIM and all that. The game is now, it's about improving cost to income ratio which will happen because see, it's a very simple game of leverage and very simple game of operating leverage actually, not just leverage, operating leverage. So we will just watch your game.

I think most people haven't figured out our bank yet. The way this bank is fundamentally structured now in a financial sense, the income at these levels should continue for a while, because there's no reason for it not to, because after all this is a product mix and giving a certain yield, from a particular offering we are giving to the market. So, and any case, there is a little bit of buffer still for us, we are sitting on a little bit of buffer because of that, Rs. 18,000 crores?

Sudhanshu Jain: ~Rs. 18,000 crores legacy borrowings.

V. Vaidyanathan: Rs. 18,000 legacy borrowings, which are paying about 8.9% or so, that is yet to come to the P&L. So once we replace them with today's cost of money. So let me just say that, there is enough on the income line for us now. Automatically when we just grow, you see the margins that are coming. If you're, so if a bank if having that kind of margins we have and you just grow the book from here on, then automatically income will grow and certainly, expense is not growing at the pace that the income is growing.

So it's so simple, so mathematical, just you go to the spreadsheet and just extrapolate the bank for one or two years, you will automatically see it will come down, it will not take any superhuman effort from us anymore from here on. And that will translate directly to the P&L and that's how it will play out.

Sagar Shah: Actually, that exactly is my point towards that the main driver for your ROE is nothing but only your opex actually, so that's why I asked about the branch addition. Because right from the merger, we had moved from 406 to almost 707 branches as on December, as on the third quarter FY '23. So going ahead, subsequently, if the branch addition, if it goes on a declining level, automatically your operating expenses and the operating leverage that you talked about will flow in. But unless we don't stop our this growth of opex actually, it will be a little difficult for us actually. And maybe we have to stretch it, maybe our ambition ROE maybe by one or two years, maybe even more actually. So that's exactly my point was.

V. Vaidyanathan: No. Absolutely. You're making a very, absolutely fair comment. The thing is that frankly, the way we are building the bank, we are really not looking at this, that look whether this quarter will become this or that quarter become, will touch, precisely in eight quarters from now or nine quarters from now. If I have to put branches, I'll put the branches. If I have to reduce the rate, I will reduce the rate. If I have to increase the rate, I will increase the rate. Basically, it's a very dynamic and fluid play. All I know is that, directionally, we are set at a pretty good economics in this bank. So therefore, supposing I told you 150 branches, if I can make it 200, so, or I'll make it to 125. So what I meant to say is that, these are all directional stuff. We day-to-day run the bank and somewhere we are operating in the corridor of what we say.

So therefore we are building the bank for the long run. Let me call it many years from now, and a quarter here or there, I'm not particularly bothered. So short point is therefore that is that our game from here on simple actually not cut costs, our game from here on is actually to grow the book, which it will happen and that will just feed to the, as long as incremental economics are strong, we will just feed to the ROA-ROE and profit.

Moderator: We have the next question from the line of Ritika from Ocean Dial.

Ritika: Yes, sir, congratulations on a great set of results. I would like to first hear your views on the outlook on credit growth for the industry.

V. Vaidyanathan: Well, it's quite strong. Market is growing very well. Basically, I think a bit, people are coming off a low base, as you know last year with COVID and all that. So it's all looking good and what I feel is that, when I look around and see the market, I feel that most bankers have become reasonably conservative now, it's not just us. I see people following fairly good practices. I don't find anybody crazy or aggressive out there. It's a general approach in banking. I think people have burned their fingers, learned their lessons through the COVID period, etc., etc..

But I think the way I'm looking at is that, there are certain structural guardrails also that have come to the country these days, which are also putting credit growth on a little more safer path than before. So if you have later time for a discussion, and if you're interested I'll expand on it. And I feel that, that is probably the basis of credit. So we think that's the foundation, where the key growth is coming from.

So I feel that this 17%-odd growth has happened now, well in this range at least for a few quarters it should stay, and then we'll have to take it as it comes.

Ritika: Sir, when I maybe see the results for this particular quarter, so it's a great set of credit growth across the portfolio. So just your thoughts on maybe the rural microfinance, which has done a good set of growth this particular quarter. And we think that like you had guided that, corporate has bottomed out and would start seeing growth and that is visible. So just your view -- outlook on or other views on what are we seeing in these two portfolios?

V. Vaidyanathan: See, in our case, the home loan business, of course, is growing very well. The Y-o-Y growth in home loans is 48%. Our MSME business is growing really very well. And some business for us for the bank is also new, relatively newer for the bank like gold loans, digital loans, etc., or credit cards. There also, they are of course, newer businesses. Obviously, newly launched business, who grow at a relatively more pace than the other. So these are our machines that are firing, home loan, SME and the other three businesses I talked about.

Ritika: Sir, obviously, the outlook on asset quality has been improving, and just wanted to hear your views on the infra book. So how do we see that? You've mentioned it in the rundown. And secondly, the asset quality aspect on the infra book is where I want you to share the views on.

Sudhanshu Jain: Yes. I'll take that, and thanks for the question. The infra book, if you see is already down to Rs. 5,500 crores, and in fact, NPA in this segment is relatively high at ~25%. That is because we had certain cases which we have recognized in the past. In fact, there are no new additions which are happening on this front. There is one toll account, which is part of this number, which is an NPA where we expect some positive outcome to sort of come in due course. So per se, we don't see any incremental stress on this portfolio. In fact, there could be some positives which could come in due course in terms of recovery.

Even on this toll account which I mentioned, the entity continues to pay because it's an operating toll road. Our exposure has come down by about Rs. 20 crores in this quarter itself, and in the previous quarters also it came up. So we feel that, of course, we are not writing any incremental exposure. The existing exposure should continue to come off, basis the scheduled maturity and so on.

Ritika: Sir, the 53% coverage that we hold there, we obviously appear to be comfortable with that?

Sudhanshu Jain: Yes. We feel we are quite comfortable there.

Ritika: Sir, just one last question. So the CASA actually was a little different than what we saw for the industry. So now everybody is showing quite a moderation. Have we taken any further increases on the rate side, or how should we rather see this? Yes.

V. Vaidyanathan: It's a fair question, I know. No, we have not done any movement on the rate front. They are what they are, or they are what they were. But somehow we are, I told you, we are getting a very strong inflow of deposits. Our banks, I don't know how, but we are a big beneficiary of public goodwill in a major way. You do a spellcheck in the marketplace and talk about our bank. Most people will tell you that the bank is a good bank. You talk to customers of our bank, we are getting very-very positive feedback from customers. By the way, lots-and-lots of people in my own building are our customers. So I often get to hear what's going on around the place or when we visit to branches, etc..

So there is goodwill. Service is great. Pricing is, let me say, in the middle of the band. If you think of the top tier banks, ICICI, HDFC, Axis, Kotak, let me just think of them as one category of -- A category banks, then think of the next category of, say, IndusInd, Bandhan, YES, ourselves, maybe one or two more. So we are the bank at the center of the pack. But somehow, we are -- but our deposit growth is disproportionate to the price we pay. That's what it is.

Moderator: We have the next question from the line of Mohit Surana from CLSA.

Mohit Surana: First question, if you can just break out the NIM improvement, the factors contributing to the NIM improvement for the quarter? And secondly, in terms of loan growth, the way you see it now, has it changed materially from what you would have thought? And on the loan growth outlook, maybe, let's say, one or two quarters back, in your mind, has the growth outlook changed an EBIT on the loan side? Those are the two questions.

Sudhanshu Jain: Yes. Thanks, Mohit, for the question. I'll take both of them. So on NIM, yes, NIM increased during the quarter and the factors contributing to that increase, I think are three to four which I want to sort of call out. One is upper, the repo repricing benefit which sort of came in, I would say the full impact which came in Q3, and also there was an increase in repo, which was done by 50 bps on October 1st. Even that benefit came in on the repo-linked book, which we have. That is broadly about 40% of our book which is repo linked. So that was one factor.

Second was even on the investments, we had an increase in the yield, because of the churning of the book, which happened particularly T-bill, where the old T-bills were retired, which were at lower rates and got replaced with slightly better yields.

Third, I would say is even the excess liquidity, which we were carrying got deployed. I had mentioned earlier that our LCRs have moderated while we still continue to carry a good LCR. So all of these factors led to an increase on the yield front, and even the incremental nodes which we have leased -- which we have sourced, right, there also the rate transmission has happened. While cost of funds also increased by 20 bps, but net-net on the interest-earning assets, the increase was sharper. So all of these factors have led to a NIM increase for the quarter.

On the second question, on the loan front, of course, we are seeing strong buoyancy continuing on that front. We have guided that we should be comfortably able to grow the loan book into -- for foreseeable future, I would say by 22% to 25%. So we feel quite comfortable and a strong demand holding up on the loan front.

Moderator: We have the next question from the line of Ashutosh Mishra from Ashika Stock Broking.

Ashutosh Mishra: FY '23, we have seen basically a lot of positive things happening on the loan front especially, because of the repricing of the repo rate. But FY '24, everyone is indicating that it will be the year where we need to focus on how we will garner the deposit to fund these loans. So how do you see the deposit side of the story in the industry panning out in FY '24?

V. Vaidyanathan: Well, you mean for the industry, if you see historically, the industry, if we take a data point from 2010 to today, I plotted it once. I found that actually on average grown at 10% all through this whole period of 12 years. So, if you ask me to take a guess what next is going to look like, maybe 10, maybe 11, maybe 12, and then you might argue, then how it's going to grow deposits, credit in the market by about say 17% or whatever it will grow at.

Maybe banks will also raise through some borrowings, because a lot of banks have more borrowing headroom. We don't want to go the borrowing route, because we are already high on borrowings. And we'd rather take the money from deposits. But if you see industry-wide probably borrowings, I'm sure banks, the raise some equity, which is nothing, it also adds to a little bit of the liquidity. There are other sources as well.

Maybe banks have some excess SLR also, that will also come back as liquidity back to the marketplace. Maybe banks that raise Tier- 2 bonds also. So I would imagine all that will also come to the mix, if you notice many banks have pretty low credit deposit ratios. So other banks have more headroom I would say.

Ashutosh Mishra: So how we are going to play in, what type of increase in the cost of funds, do we see other than the infra book, the repricing, if we take out the infra book part of it, what type of increase in the cost of funds do you see in FY '24?

V. Vaidyanathan: No, I thought you are asking about the industry. So no, for us if your question was more on the deposit front?

Ashutosh Mishra: Yes. Deposit front.

V. Vaidyanathan: Yes. On the deposit front, we are very clear. We want to grow our loan book through deposits. So, you will see that every quarter, we would have funded ourselves entirely by deposits and of course, we never say no to good money if we found a really low-cost money for a long period, a good quantum we got, we probably will still take it because after all, even if it came to borrowing this low cost, it's P&L. But in general in spirit, our approach is to fund it through deposits and as I answered to one of the earlier speakers, we see absolutely no problem, you can take this from me. We see absolutely no problem raising deposits. Meaning like, we don't even worry about it, in the sense, it's coming.

Ashutosh Mishra: And on cost front type of increase do you see that deposit cost?

V. Vaidyanathan: Well, I will answer the question, but I'm not ducking it. So we have no plans to increase it as we speak at this point of time. But we'll only see what's going, and if you see there is any need for it we will always touch it. But as we speak, if you ask us are you planning trust interest rates tomorrow morning, the answer is no.

Ashutosh Mishra: Okay. Got that.

Sudhanshu Jain: And we'll see as it comes right, and seeing, depending on how sort of the competition we have to go through it.

Ashutosh Mishra: Yes. And is it fair to assume that, including infra book we will not see any significant increase in the overall cost of funds.

V. Vaidyanathan: I don't know, you are repeating infra book again and again and coming to liabilities, I'm a little confused.

Ashutosh Mishra: No. I was trying to separate the liability side in the two-part. One is Infra book separately, pricing of infra-book which is expected to take place.

V. Vaidyanathan: Okay. Sorry, my apologies. I think you meant investment on the borrowing side, actually. Okay, I got that. No, that will run itself up in due course. In fact, we'd say that that will add to the P&L. That will add to the P&L, meaning that we will replace them with lower cost obviously. But we are not factoring that in, when we're talking about the fact that I mean, will say strong, so also by itself. We are not depending on that. That'll be a bit of a bonus, actually.

Ashutosh Mishra: And we are also, you know, in our advertising, we are putting a lot of emphasis on the zero-fee and other charge. So thus, it will have any impact on our fee income growth trajectory? Or from where we will compensate what we are losing on the customer acquisition there?

V. Vaidyanathan: These things of concepts of compensating X for Y, etc.. Many people think like that, but we don't think like that. Everything does not have to be matched pie for pie. It's finished, we have talked of some fee and forgot about it, that's it. When we build a good franchise, build good customer goodwill, all that, they all pay back in due course when they pay back, maybe 1 year or 2 years. So management has played broadly in judgment only.

So it'll pay back, but if it doesn't pay back, it doesn't. But we haven't accounted for using pie to pie. But basically, anyway independent of this little bit of fee income, the bank is doing really well, I can't say really well, but I'd say that beginning to do well, let me say, cross-selling products to the customers, and our branches are a little more active on cross-sell than before.

There is a very good amount of goodwill with customers. Customers notice over a period of time, that this bank is being clean with them, they bring more business. But these brands are built and experiences are built bit by bit over like decades for an institution to get that goodwill.

Ashutosh Mishra: Yes.

V. Vaidyanathan: So it will take time for these things to play out in this generation. But surely, directionally we will get that kind of customer goodwill in due course, and let me say that, and I hope that.

Ashutosh Mishra: So it will be fair to assume that fee income growth will be somewhat in line with balance sheet growth?

V. Vaidyanathan: Yes. No, no. Fee income will grow more no? I was meaning to say that, when you said how will you compensate, I said, we can't exactly do a pie-for-pie compensation. But with regard to fee income growth, that's the easy one no, because there are so many other business lines that are still growing, like our wealth management business growing by 50%, naturally fee income will also grow 50%. Credit card business is growing faster. That will give us fee.

Cash management has got no connection with all these things. That is growing on its own steam. So there are so many lines of businesses for the bank on fee income, they don't have to be all taken from the customer on the deposit side. There are so many ways to earn fee income by selling products to customers and that our bank is going to do well.

Ashutosh Mishra: And sir, on any incremental development on credit card, how do you see that playing out for you?

V. Vaidyanathan: Going well. Sudhanshu, what's the number, 1.3?

Sudhanshu Jain: Yes. So as I touched upon in my opening commentary, we are seeing a strong growth, right? In fact, the credit card issuances have doubled in this quarter vis-a-vis last year, and even spends are growing in a healthy manner, right? It's a growth of 86% on a Y-o-Y basis. So, I think we are making a good sort of a market inroad on that product.

V. Vaidyanathan: So that is also fee income to your previous question by the way.

Sudhanshu Jain: Yes. And so that will sort of also add up to the fee income in a big way, even into the coming quarters.

Ashutosh Mishra: And there is a lot of discussion again start happening on one of the telecom exposure which industry keeps on talking. Do you want to give any update that, where we are on that, and whether we see any incremental risk coming from that on negative side?

V. Vaidyanathan: Our opening question from whoever spoke to us, I think Ishan or somebody who opened us up on that account already right?

Ashutosh Mishra: Yes.

V. Vaidyanathan: He said that our exposure is easily Rs. 500 crores, but now it's probably come down to about Rs. 350 crores or so. So every quarter, it will keep coming down, and if you ask us our view, how we feel about it? Well, everything is in public domain. You are hearing news from them. Hopefully, it should be fine.

Ashutosh Mishra: And on non-funded, how much we have rough exposure approx.?

V. Vaidyanathan: To that entity?

Ashutosh Mishra: Yes.

V. Vaidyanathan: No, we don't have non-funded.

Ashutosh Mishra: Thank you. And then a very good set of numbers on all other fronts.

V. Vaidyanathan: Ashutosh, thanks very much for your good words and for your encouragement. Thanks.

Moderator: We have the next question from the line of Ronak Daga from B&K Securities.

Ronak Daga: Hi, sir, congratulations on a good set of numbers. Can you provide me the total provisions figure?

V. Vaidyanathan: Sudhanshu?

Sudhanshu Jain: Total provisions for the quarter is Rs. 450 crores.

Ronak Daga: And what will be the breakup of specific contingent and restructured provisions?

Sudhanshu Jain: We have not called out that number separately, but it's a combination of largely provisions on NPA, right? Some bit of provisioning on restructured. And as we've increased the loan book further during the quarter, there is some bit of standard asset provisioning, which also sort of comes up. But if you see from the previous quarter also, the provision has been quite stable, right? The previous quarter was Rs. 424 crores, so the numbers are quite holding up well.

V. Vaidyanathan: See the good news is actually that, you should always see provisions in the context of the size of the book. So if you recollect, we always guided for the credit cost on retail to be, earlier we used to guide for 2%. Now this year, we have guided for 1.5%. But let me say that because of the way, the things are playing out and our book quality is really good now, credit cost numbers are, if you annualize the Rs. 450 crores divided by the book that we have, probably 1.3% now.

Sudhanshu Jain: 1.2%.

V. Vaidyanathan: 1.2%. So we are in the right corridor actually. And we don't see, if you were to ask us to give you an outlook what next year our quarter that looks like, etc., I'd say that we'll probably be in this corridor. The important thing is the way the credit cost is now coming. If you see the last 8 quarter trend on credit costs, it has been continuously contained, continuously. Continuously. So therefore, it gives us a lot of confidence in our own book now. And what we do just for your information. Is it Ashutosh we are speaking to?

Sudhanshu Jain: Ronak.

V. Vaidyanathan: Ronak? Okay. So, Ronak, if you look at our stuff, the way we do our math in our bank and try to predict the credit cost, is that we calculate what is the collection percentage we are getting on different buckets, buckets like 0 to 30, 30 to 60 and so on, so forth. And then we extrapolate the number from there and try to get -- and then we estimate what credit cost in the future is going to be.

The good news for our bank is that we are in the bucket X, if you are a technical person of the Retail Banking, you'll probably know what Bucket X is, basically the current bucket, which is the dominant bucket. It is a source of credit flow from their own. That bucket, our collection is running at 99.6%. Now 99.6% is the amount without taking prepayment amount, it is pure EMI due and EMI paid divide by EMI due. No prepayment considered into it.

So that number at that, if we sustain that number at that rate, and there's no reason we should not because, it's been there like for 12 months now. If we sustain that, then only ~0.5 flows to the next bucket and then there is a formula that works on their own. So we feel that that formula is really very well controlled and contained and we should not give any surprise or shock there, because we'll come to know early enough.

Ronak Daga: And you mentioned that the repo-linked book is 40%, if I'm not wrong?

V. Vaidyanathan: Yes.

Ronak Daga: So can you also provide the breakup of MCLR and fixed rate book?

V. Vaidyanathan: No, I think it's 40% included both...

Sudhanshu Jain: 40% is floating rate book, out of which 60% is repo-linked and balance is largely linked to MCLR.

Ronak Daga: And can you provide the timeline for the capital raise?

V. Vaidyanathan: We haven't put out an aesthetic number, new data point than what we discussed last time. Last time, we had said that we would like to raise Rs. 4,000 crores by the next 1 year. So that next year will probably be September. So there's no new data point on the front as I shared. But that means that, between now to then, whether now, whether any time in the next 4 quarters, we do intend to raise that currently.

Ronak Daga: And just last question. Can you provide the restructure number?

Sudhanshu Jain: Yes. So restructuring book is 0.9% of the total funded assets, and it has come up by 1%, which we had reported in the previous quarter. It's roughly around Rs. 1,200 crores kind of number.

Ronak Daga: Okay. And just last one data keeping question, what is the slippages number for the quarter?

Sudhanshu Jain: Slippages for the quarter are around Rs. 1,150 crores, gross slippage. However, the net slippage is about Rs. 570 crores.

V. Vaidyanathan: Thanks Ronak, for your comments. And my general comment on the context of all the questions you asked, all our flows indicate to us that we should be in a position to keep our provisions somewhere in the zone. And then you can have a good guess about what the P&L is going to look like over next few quarters.

Moderator: We have the next question from the line of Bhavin Gala from Marine Capital.

Bhavin Gala: Thanks for the opportunity and taking the question. Sir, with each passing quarter, our performance has been improving, and I must compliment the management efforts, pursuant to which we have come a long way as we speak today, and it has been a commendable effort from each one of the team out there.

Sir, the way I see our bank is, when it comes to asset profile or our margin profile, you are akin to a NBFC, and when it comes to the trust that we earn, that we get from the people, due to our banking franchise, we are like a bank. So given that we have, we are already in such a sweet spot, wherein our asset profile is more like an NBFC and our margins are very healthier.

The only thing that I see in our P&L and earnings profile, which is acting as a very, very big -- basic provision. I know my fellow speaker already touched about it, but I also wanted to know, while we had been within the 1.5% kind of the guidance, can at any point in time, we can aspire to have a moonshot, wherein we can look forward to achieving 60, 70 bps kind of in the credit cost? Because that would materially change our profile, earning profile. That is my first question, and I have another question.

V. Vaidyanathan: No, let's take one question at a time back. So now well you see, if you take provision numbers within 1.5%, they are like as good as any bank. So the really good thing about our bank, it's not actually an NBFC. Now we are thinking of prime player of the respective segment. I'll give you let's take loan against property.

Now when capital for loan against property, we are probably lending at about 100, 150, 200 basis points more than what an ICICI Bank, HDFC Bank, Kotak, etc., will do, which means that, let's take today, market conditions for simplicity, supposing today loan against property rates are going at say 9%. We're probably lending at 11%, and the top banks are lending at 9%, in today's context. Why were we doing that, because our cost of funds is high.

So obviously, if you lend at a little 200, 300 basis points more, obviously, you are floating at the edge. But now, in every segment they're operating in, we are playing prime. So if you give a loan against property, our pricing is similar to like any other top bank.

So, the short point is therefore, the way I think of ourself, I think we are like the prime player of the respective segment, let me put it that, which we are.

Now on the credit cost front, obviously, because the mix of a product is different, specialization is there. Sometimes people tend to think that, oh my god, if your yield is high, you must be taking riskier business. I mean, such people are often, I'd say, they haven't understood the model. It is the specialization that we have built, is what is so special about our bank.

If you think of, let me say, rates, let me say even a top nationalized bank will give a gold loan probably at 9%, but there's also Muthoot and Manappuram, which is also giving you a gold loan maybe 15%, 16%. That doesn't mean Muthoot and Manappuram did risky business. They just have a specialization, if it's sitting in the road, near road side corner, where customers can access them, they're giving them great service. They can turn around the gold loan in 10 minutes, where a bank may take 2 hours. So some people who have done specialization, which is giving them those benefits. So our bank is having its own specialization. So our risk is similar to banks, risk cost, credit cost, but yield is higher. This is our specialization.

Bhavin Gala: Yes. Sure sir, I can't agree more with you on this. So the latter part of my question was also, at some point in time, can we also aspire to further curtail this cost, because that can fetch us material delta in our earnings profile?

V. Vaidyanathan: Well, I told you should not and never be greedy, we should be conservative in our estimation of a credit cost. So we never want to put fancy numbers like that. If we do a particular business, we should factor first the credit cost. And we should factor for a little more. That's why we always guide for, we used to guide to 2% credit costs, when the reality was only 1.5%. Now we're guiding 1.5%, reality is less than that. So we should be conservative and factor for a little more credit cost, not less.

Bhavin Gala: Yes sir, point noted, sir. And my second question was on the scalability. I would here, take the liberty of comparing our bank to another similar kind of a banking franchises, though they are an SSB and we are a universal bank. The run rate in the segment that we operate and they operate, they have been able to make a little higher disbursement.

For example, while you have been growing 25% year-on-year, the net addition to our loan book has been Rs. 8,500 crores at a given quarter, whereas similar player operating in similar segments which are very lesser in size compared to us, have been adding assets in the north of Rs. 10,000 crores in a given quarter. So are we paying conservative? Are we still trying to fix certain things so that the ground is clear for us to scale, when we go to a next orbit? Your views on this, sir?

V. Vaidyanathan: It's again a good question. See, just because of the market, we should not play all our shots all the time. We have a steady model of loan book which is growing by Rs. 8,000 crores, Rs. 9,000 crores a quarter. We are very happy with that. As you know, we have to factor this in the context of our capital. So, if you run ahead of ourselves, then we'll run out of capital and ahead of time.

So as management, we have to carry the bank along in terms of, about the pace of the growth, if you remember the first 3 years after the merger, we paced our growth in such a way to grow only 5%, Bhavin, remember that. So we paced ourselves at that way. Now we're pacing ourselves at 25%. We believe at this pace, the accrual of our profits will be such, that our ROA-ROE will get fixed appropriately. If you grow too fast, run out of capital, you have got to come to the market earlier than planned, it has its own implications. So we are pacing ourselves accordingly.

Moderator: We have the next question from the line of Sarvesh Gupta from Maximal Capital.

V. Vaidyanathan: By the way, moderator, it has been one hour, I thought we have a one hour call. So, if there's anybody else. Yeah Sarvesh.

Sarvesh Gupta: Good evening sir. Congratulations on a good set of numbers. So sir, first question is, on the loss-making businesses, earlier you used to allude to the run rate of certain businesses as well as infrastructure bonds, that is sort of hurting the P&L and that should sort of normalize in the coming times. So if you can provide an update of the current run rate of some of these?

Second, was related to the Rs. 4,000 crore fundraising. So I think that is already answered. And third, I think on the provision side, it looked a bit higher. Just looking at the other banks' provisions, normally, we have seen a lowering trend in the overall provisions, although the credit cost as a percentage is lower, but I think it trended slightly upwards in the absolute amount. So are there some one-offs or any extra provisions that we have made, or is it business as usual?

V. Vaidyanathan: No, you should only look at the context of credit cost as a percentage, because in absolute terms, they mean nothing. You got to see that, divided by the average book and see if you're clearing, if the credit cost is low or high. And as of now, credit cost is quite low for the kind of business we're doing, and pretty much lower than guidance. And even absolutely, if you compare this 1.2%, 1.3% credit cost with the market, I'd say it's very attractive, that too for a yield that is relatively much higher. So that's that.

With regard to loss-making businesses, I think yes, I mean they should taper off a bit by bit in due course. Liabilities takes a long time, I don't know if you run liability businesses. I have built that in one of my earlier organizations, it takes a really long time to taper off liabilities to become cost neutral. But the good news is that, the asset side of this bank is so profitable, so profitable, that it is able to absorb those costs. So therefore, that drag will take time. But I think the credit card loss should fix itself with scale, maybe at about 2 million cards or so, it should kind of begin to break even.

Management: And Sarvesh, on the provisioning front, just to add, while we have seen a 15% increase. But at the same time, it has to be noted that we had -- the provisioning norm is more stringent in the previous quarter, right? We took some impact, right? So it has to be also seen in that context. Credit cost for 9 months is just 1.1%, right? And as for the current quarter, it's 1.2%, right?

V. Vaidyanathan: So hope you will agree, 1.1%, 1.2% is really nothing. I have been in the industry long enough. For our business segments, we are not exactly doing prime only home loan and car loan like some of the banks do. And for us to have credit costs at this order, for a yield that is relatively high, this is a very unique model. I genuinely believe, I don't know if you people are believing it or not, but I genuinely believe we're building a really fantastic model of this bank. It's special because the, for our kind of low credit cost, and by the way, having low credit cost is again not a fluke, please go back and see the Capital First time also. It was very attractive. Our ROE has touched 15%, they were inching up quarter-on-quarter. It was heading towards a 20% ROE Capital First, don't forget, and its moved to 0 to 15% in that window of 5 years.

And it was still inching up at the time of merger, as you go and see the number, that is there in this presentation. So we have a really unique model, like one of the earlier speakers talked about the fact who questioned us saying that, look, your yield is attractive and you're getting the liabilities of a bank, I think it's very unique actually. So over time, people will begin to see you play this game year after year, without hurrying it, without hurrying up growth, I don't want to hurry up growth at all. It will come. If I play patiently will come. And then people will see what is evolving here. I'm sure you will, you watch this game for the next 3, 4 quarters, you'll get very convinced.

Sarvesh Gupta: And my final question, just in terms of understanding of your NIMs. So while you said that you are still playing that prime game, but our NIMs are still sort of more aligned to a SFB or an NBFC. So as we scale, are we trying to just continue doing the same thing in terms of our NIMs and also letting our cost go proportionately higher, so are profits also growing the same way? Or we sort of have upfronted our cost and now in the coming years, we are going to look into lowering our NIMs and the NIM is resembling more like a universal bank, which with a lower cost will give you the same sort of returns on equity like a larger bank?

V. Vaidyanathan: So Sarvesh, if you were running a bank with some very unique capabilities like we have. Would you want to really become like every other bank? Yeah, answer me, would you want to become?

Sarvesh Gupta: Yes, perhaps not.

V. Vaidyanathan: Perhaps not, why? We have such a good model, getting good yield, very low credit cost. Historical 10-year credit cost is quite low, so might be, the model works. And we have actually displayed on our investor presentation in very minute detail, how we underwrite loans. I think you should check that out. We've given step-by-step, 10 steps that you take on and write a loan, it's working beautifully. So it's so good.

So we don't want to become everybody else. We have a good lending model. We can scale up, finished.

And now just simple -- frankly, just keep things simple, we have good lending model, keep it going. You have good liability franchise, keep it growing. Margins are good, they're good. Now we don't have too complicated at all. We don't have to become somebody else, we are what we are.

Sarvesh Gupta: Understood. Thank you.

V. Vaidyanathan: Just as long as asset quality is good. As long as incremental asset quality indicators are good. I want to just point it out to you 10 seconds before, so that you understand. So in our business, we will come to know very much in advance, if we are going to have a credit problem. Advance meaning what? If our collections is not 99.6%, if it came down to 98.5% for 3 months at a stretch, we know three quarters somehow we will have a problem.

So because after all, what we collect in bucket X, is what spills in our bucket X is what goes next. So therefore, our objective is to make sure that our quality never suffers. Our collection percentages continue to remain strong. That will automatically give us low credit cost, and simply scale the book from here on. We are really keeping it simple.

Sarvesh Gupta: So that would also mean that, as we scale up and if you are playing the same sort of a name game, and at certain point of time, you will have your cost exhaustion coming up, which will result in probably an ROE much higher than a typical large bank?

V. Vaidyanathan: Yes, I think so. But I don't want to run ahead of myself. Certainly, we believe that the business model is such that it will give a very strong ROE. You just watch the game, just watch the next 4 quarters, watch next 8 quarters. I told you, we are playing a long-term game. You also play a long-term game with us. Don't hurry us up and don't hurry yourself also. So watch this game, you watch next quarter, next quarter, next quarter results. It's a very simple model. In fact, almost every quarter commentary on the same from now on actually.

Sarvesh Gupta: Understood. Thank you sir, and all the best.

V. Vaidyanathan: And the other thing is that on the provisional results, none of you asked this question as to why we didn't put it this quarter, but we'll call it out. We don't want to give provision results anymore, because anyway, around 23rd, 25th of the quarter closing month, we are releasing the results.

So we don't want to put out two results. We just want to put out one result, and reconcile it and put it out clean. And so basically the process, that was during COVID, is when we started it, but now COVID uncertainty is also gone. So we will now straightforward announce about the results and be done with it.

Sarvesh Gupta: Thank you sir. That's all from me.

V. Vaidyanathan: Yes. Anybody else? First of all, thanks so much for being with us. I think you had many other con calls to hear, so thanks for being with us among the many other even options and larger banks that you were covering. We appreciate that. So if there's anything, you can always reach out to us from now on, and even during the rest of the quarter, and Saptarshi is there to assist you.

Moderator: Thank you sir. Due to time constraint, that was the last question, sir. I would like to hand it over to the management for closing comments.

V. Vaidyanathan: Closing comments made already from our side.

Moderator: Thank you, sir. On behalf of ICICI Securities, that concludes the conference. Thank you for joining us, and you may now disconnect your lines.