"Karur Vysya Bank Limited

Q1 FY27 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY27 Earnings Conference Call of The Karur Vysya Bank. We have with us today the management team of KVB, represented by Mr. Ramesh Babu, MD and CEO; Mr. Sankar Balabhadrapatruni, Executive Director; Mr. Chandrasekaran, Chief Operating Officer; and Mr. Ramshankar, CFO.

As a reminder, all participant lines are in a 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 then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. B. Ramesh Babu, MD and CEO, to take us through the highlights of the quarter gone by, after which we will open the floor for questions. Over to you, sir.

B. Ramesh Babu: Thank you. Thank you, Sagar. Good evening to all of you. On behalf of Karur Vysya Bank, I extend a warm welcome to everyone joining our bank's quarter 1 earnings call for the financial year '26-'27.

Our financial results and accompanying presentation have been made available on our website, and we trust that you would have had an opportunity to review them thoroughly in advance for this meeting. During our Q4 earnings call in May '26, we had indicated that the outlook for financial year '26-'27 would remain one of cautious and moderated growth.

We also emphasize the need to navigate the evolving operating environment carefully while ensuring that growth is pursued without compromising portfolio quality. Excellence is not a destination. It is a discipline. This quarter's performance reflects the discipline embedded in our business model, risk management and customer engagement.

We are pleased to report that our key performance indicators are broadly in line with the guidance shared earlier. During the first quarter, we successfully front-loaded our business growth, consistent with our approach over the past few years.

Importantly, this growth has been balanced and broad-based with sustained performance across our 3 key priorities: growth, profitability and asset quality. This reflects the continued strength and resilience of our operating performance from the beginning of the financial year.

As of 30th June 2026, the bank's total business reached INR2,27,267 crores, reflecting our sustained growth momentum in the first quarter with an overall business increase of 6% quarter-on-quarter and year-on-year growth of 16%. Advances rose to INR1,04,680 crores, representing growth of 6% again quarter-on-quarter, while deposits increased to INR1,22,587 crores, achieving a quarter-on-quarter growth at the rate of 6%.

The composition of our advances portfolio remained broadly stable during the quarter with RAM segments continuing to account for 86% of the portfolio and the corporate segment contributing the remaining 14%. The commercial business segment demonstrated a 6% growth over the previous quarter, driven by higher disbursements in both small business group and business banking group.

So Business Banking Group, the quarter-on-quarter, the disbursements are up by 45%. The growth came predominantly in sectors like food processing, retail and wholesale trade, engineering, transport operators and CRE.

Tailor-made products such as GST surrogate for customers with limited financial data and open term loan product started during the last quarter are slowly gaining traction in the current year. Small business group relationship model has been extended to 77 branches now from the earlier 75 branches, wherein the primary objective of a relationship manager is to acquire NTB customers, new-to-bank customers.

Retail advances increased by 6% quarter-on-quarter, primarily driven by growth in jewel loans and mortgage loans. Retail jewel loans registered a 12% growth during the quarter. Mortgage loans registered a growth of 9% over the previous quarter.

Our BNPL book grew by 2% during the quarter. Mortgage focused branches have been increased from 144 branches to 175 branches this year. We have relaunched our credit card offering to our existing customers and plan to extend it to the new-to-bank customers in the second half of this year. Loan against mutual funds product is expected to be launched by the end of second quarter, and the integration with the IT has been more or less completed.

Overall, the retail assets grew by 23% on a year-on-year basis. In line with the prevailing market scenario, gold prices have witnessed a decline over the last 3 months. Despite various challenges, the agriculture loan portfolio recorded a growth of 5% during the quarter.

Although the monsoon onset has been delayed and supplemental irrigation programs are being implemented, the overall outlook remains neutral. Agri jewel loans constituted 92% of the portfolio and other agri loans constitute 8% of the portfolio.

The overall LTV is maintained at 63.7% for agriculture gold loans and 56.83% for the non-agriculture gold loans as of the end of June 2026. We closely monitor the LTV levels, any breach triggers and automated alert to the branches. The corporate and institutional loan portfolio demonstrated again a growth of 6% during the quarter, primarily driven by the new relationships in segments like commercial real estate, capital market participants and EPC and infrastructure sector.

Disbursements as well as the growth has been the highest in the last 5 quarters in this vertical, depicting revival in this segment. We continue to focus on credit substitutes and had a growth of INR171 crores during the quarter. All of you can recollect a few quarters back, we have told our revised approach for the credit substitutes. So that's the reason we have grown again INR171 crores during this quarter.

We will persist our focus on ETB customers and accelerating A and above on this particular segment for the credit substitutes. The bank's liability business constitutes 54% of the total business of the bank. Our deposits grew by 6% during the quarter, driven by gains in both retail term deposits and CASA. CASA grew by 9% over the same period. CA portfolio, Current Account portfolio grew by INR1,753 crores, which is 19% over previous quarter.

The SA portfolio, that is Savings Account portfolio grew by INR901 crores, which is 4% on a quarter-on-quarter basis. Overall, CASA growth was supported by both ETB and NTB segments, with existing customers continuing to play an important role in driving balanced growth and strengthening primary banking relationships.

So we feel that this momentum may continue to some extent here and there. On the CASA growth, NTB customers growth was 31% and ETB customers accounted for 69%. Additionally, more than the anticipated end of the quarter inflows flowed into the current accounts, they have further supported overall deposit growth.

The CASA acquisition team has made significant progress in acquiring premium NTB customers. They contributed 12% for Q1 growth. Retail households continue to be the backbone of our deposit franchise, contributing to 72% of our total deposits. Going forward, our focus is on strengthening retail liabilities while increasing share from nonfinancial corporates, MSMEs and transactional relationships to drive sustainable growth.

Retail deposits increased by 6% during the quarter. We had increased the rate for the special deposits, that is for time deposits, I'm talking by 40 basis points during the quarter. Our focus was to propel the retail term deposits to fund the advances growth, which we have front-loaded. This has enabled us to have some sizable growth in retail TD, as you see from our presentation.

One of the priority areas of the bank is to improve our business with NRIs. The RBI's relaxation on FCNR (B) interest rate ceilings have enabled the bank to offer more competitive FCNR rates, improving our ability to attract NRI deposits and retain existing relationships, though leverage facility is not possible for our bank due to our non-presence in the overseas or in GIFT City.

Our rate strategy continues to be dynamic and market responsive. While we will actively manage deposit costs, our focus remains on balancing TD growth with stronger CASA accretion to maintain a healthy and sustainable funding profile.

Regarding margins, we had provided guidance in the range of 3.7% to 3.8% for the full year financial year '26-'27. I am pleased to report that we could successfully navigate the quarter and maintain our net interest margin at 4.26. If we reckon one-off item, interest recovery of 8 basis points also will be there. With that, it would become 4.34.

This 4.26 is 1 basis points higher than the NIM of the previous quarter. Despite the repo rate cut by 125 basis points since February '25, we could improve our NIM over pre-reduction time by effectively calibrating the asset mix and optimizing the yields.

The cost of deposits increased slightly by 4 basis points on a sequential basis as rates of deposits were increased during the quarter. We expect 5 to 10 basis points increase in next quarter. The yield on advances increased by 8 basis points during the quarter and remained at 10.01%.

The fixed rate loan book, which was 29% at the end of March '26, increased to 34% of the total book at the end of June '26. During the same period, the MCLR-linked book reduced from 14% to 9%, while the EBLR book linked remained at 55%. The support from such mix may come down in the coming quarters.

As said in the last call, competition and retention of customers may bring down the yields going forward, and we anticipate a reduction of 10 basis points in the yield on advances in the next quarter. So what I said is this is at least not only getting the fresh business, even for the retention of existing customers somewhere it is becoming necessity for us to compromise on the margins.

Yield on investments remained stable at 6.83% in quarter 1, in line with quarter 4 despite the softening of the market rate during the quarter. Our aspiration is to improve the portfolio yield to around 7% by the exit quarter of '26, '27. This improvement is expected to be supported by maturity of lower-yielding securities and the reinvestment into higher-yielding securities, including FDLs, which offer an attractive spread over central government securities.

In addition, we are pursuing a calibrated build-up of NSLR investment portfolio, as I mentioned earlier. With the current visibility, NIM may remain at the levels of 4% plus in the next quarter. However, we are not changing the full year guidance, which would be reviewed at the end of September.

The operating profit for the quarter was 1,096 crores, reflecting a 36% increase compared to the same quarter in the previous year, but a 12% decline sequentially. Decline was attributed equally at net revenue level too, due to one-off items like profit on sale of assets, SR recoveries higher in quarter 4 of last year and write-off recoveries, higher opex level on account of AS 15 in the quarter 1 of the current year.

Net interest income has grown by 32% year-on-year, depicting highest growth in the last 5 years and 5% sequentially. The recalibrated asset mix and yield optimization have resulted in net interest income growth in spite of reduction in the repo rates over last one year.

However, noninterest income for the period stood at 442 crores, down from 616 crores in the previous quarter, so by 28% sequentially, which is a reduction of 174 crores. Now let us look at the breakup of this 174 crores. So for that first thing is the core fee income was down by 38 crores as we had a profit on the sale of assets of 18 crores during last quarter.

Recoveries from written-off accounts amounted to 103 crores compared to 216 crores in the prior quarter, a reduction of 113 crores. So all of you can recollect that during my initial call itself, I have made it clear. So there cannot be any sort of a uniformity in the write-off recovery because many external factors are involved and the legal issues are involved, but our efforts will continue in the whole process. A few quarters, it can be more, a few quarters, it can be low. We are aiming to have a recovery of 500 crores to 600 crores is what I have mentioned. So that way last quarter was good. This quarter is subdued that way.

Investment trading profit were lower at 38 crores during the quarter. And previous quarter, we had a one-off SR recoveries of 55 crores, which we didn't have this time. All the above have resulted in decrease of net revenue by 6%. Our operating expenses for the quarter stood at 769 crores, representing a sequential increase of 41 crores.

Out of this, establishment costs grew by 58 crores sequentially as provision requirements for retiral benefits AS 15 went up by 47 crores. So our opex increase sequentially is 41 crores and AS 15 increase itself is 47 crores as discount rates fell by more than 40 basis points during the quarter.

Normal salary cost increase was 12 crores. However, reduction in other operating expenses by 17 crores sequentially compensated the higher establishment costs, resulting in 6% overall increase in opex during the quarter. The above factors had an effect on sequential decline in operating profit by 12%.

Though there is a sequential drop in the operating profit, the additional gain of last year has more or less been taken care by additional provisioning of 163 crores, which we made during last quarter for war and thus, effect on the net results last quarter also was negated or neutralized or nullified.

Net profit for the quarter this quarter was at 756 crores, an increase of 4% quarter-on-quarter and 45% year-on-year. During the quarter under review, an allocation of 90 crores was made towards NPA migrations, standard assets and restructured assets, resulting in a credit cost of 0.33% annualized.

To recall, we had made a provision of 163 crores towards sectors affected during the ongoing geopolitical tensions during last quarter, and we have retained the same as things still remain the same. With respect to ECL provisioning guidelines, the bank has maintained adequate provisions and buffers through floating and prudential provisions over the past few years.

The total provisions to advances is at 1.7%, which should take care of the transition ideally. The ROA for the quarter stands at 2.11%, marginally better than 1 basis point from previous quarter. Gross slippages for the quarter amounted to 138 crores, representing 0.13% if we annualize it comes to 0.53% of the loan book sequentially lower from 187 crores slippages during last quarter.

Though with a spike in SMA 30 levels from 0.17% to 0.22% sequentially, we are confident in our ability to maintain the slippage ratio below 1% levels as we have previously indicated through ongoing diligent account monitoring. Owing to reduced slippages, improved recoveries and upgrades as well as write-offs, our gross NPA has declined marginally by 1% to 0.74%.

Our net NPA remains steady at 0.19%, and we are committed to maintaining net NPA levels below 1% of our loan portfolio. The proportion of our standard restructured loan portfolio has further decreased to 0.37% of our total loans and continues to perform satisfactorily.

Notably, a substantial portion is secured by collateral, and we maintain a provision of 41% for this portfolio. Our CRAR Basel III continues to be healthy and is at 18.61%, providing us comfortable headroom for growth. Our liquidity coverage ratio for the quarter is at 123.61%, and we would maintain this in the range of 115% to 120%.

We opened two branches during the first quarter. So though we have planned for opening 50 branches during the first half of the year, so we will be completing 25 branches before the end of this quarter and the balance before the end, though our efforts are very serious and the external factors like availability of proper premises and other logistics and agreement, these things is taking some time, but we are on the job.

The first quarter of the current year has provided a strong start to the financial year. While we remain mindful of the evolving operating environment, our focus on prudent growth, operational efficiency, customer centricity and disciplined risk management gives us confidence in delivering sustainable value to the stakeholders.

I would like to express my sincere gratitude to all the investors, analysts and stakeholders for their continued confidence and ongoing support. We are committed to upholding this trust through continued strong performance in the future. To sum up, our guidance for credit growth of 1% or 2% over the industry growth will continue for the rest of the quarters.

NIMs for the full year will be in the range of 3.7% to 3.8%. Our GNPA is expected to be less than 1.5%. Net NPA will be less than 1% and slippages to be less than 1% of our loan book. Just as a word of caution, YTD growth, this first quarter growth should not be considered as an indicator for the full year growth at the same tempo.

So as I said, we plan to front load in the first quarter and to some extent of the second quarter, then we will take it forward. So now I'll be glad to respond to your questions. Thank you all.

Moderator: Thank you very much. We will now begin with the question and answer session. Your first question comes from the line of Jai Mundhra with ICICI Securities. Please go ahead.

Jai Mundhra: Yes, hi, good evening and congratulations on a great quarter, sir. Happy to hear from you on maintaining or slightly revising at least Q2 NIM guidance. So good to hear that. Sir, I just wanted to check on growth guidance. You maintained 100 to 200 basis points above system level growth?

Just that the system level growth itself has moved from last quarter to now around 18% types. So that is I wanted to check, sir. And fair to say if system remains here, we will still be higher than system. That is I wanted to check, sir?

B. Ramesh Babu: No, Jai. Thank you for the compliments, agree. So Jai agree because our intention is 1% to 2%, we thought, but system has moved much early. Now we need to look at the texture of the growth of the system. Suppose if the system is growing more in the corporate because earlier, corporates are moving towards the fixed income, that is treasury NCDs and all.

Now that the bank's interest rates have been good and they are moving towards that. So as you know, earlier, our corporate used to be 45%, we have brought it to 14%. So that way, going back to again, corporate for the purpose of our system growth will defeat the purpose of the whole exercise we have done in the last few years.

So that way, we will look at this. If under the RAM, if the system is growing, we will try to be 1% above that. If the system is growing well in the corporate, then we have to be more cautious in looking at that, not to commit our earlier mistake.

Jai Mundhra: That is very clear. So thanks for that. Secondly, sir, on SME loan growth, right? So this quarter, Q-o-Q loan growth has been healthy. But if I look at Y-o-Y loan growth, right? So earlier, we were around 20%, then we moved to 18% and now it has come down to 12%, 13%.

You have sort of made -- seems to have made a course correction when you last quarter, you said that we may possibly look to grow more versus looking too much into rates. So are you seeing any, let us say, disturbance which is constraining the loan growth in SME segment? Or it should again come back to usual 18% type loan growth? That is the question.

B. Ramesh Babu: Good question, Jai. In fact, you see, last quarter, you would have observed our growth was flat in our commercial segment. The reasons were many because we didn't want to grow in the last last few days. And second thing, there was a pricing competition also there. We didn't want to be there in that race.

So now that, that is over, first quarter is again the normal that way, we have gone for that. So other than looking at some sort of a pricing competition here and there, we look at it as it is demand is there. If we look at the NTB and ETB together, the disbursement growth over last year, it has come to 45% in this commercial segment.

So with this few of the accounts where we are not comfortable either quality-wise, asset quality-wise or pricing-wise, we were liberal in allowing them to go. But despite that, we are able to get a growth of 6%. With that, we are reasonably okay that we'll be able to grow at 18% for this year. It should not be a problem. Last year, last quarter was an aberration. If you take out the Q4 of last year, and overall, our growth will be against 16% to 17% last year also.

Jai Mundhra: Right. That is correct. And sir, on this commercial, if you can specify how much would be ECLGS disbursement and how much that we have done so far and how much could be the sanctions?

B. Ramesh Babu: ECLGS is concerned, we are receiving many requests, but we are just looking at it in such a way. Suppose if a unit is already struggling and if they want to take an ECLGS and all because not on account of the war and other things and all, then there is no point in further this thing the money may not come back.

So we are looking at those sort of aspects. We have got a number of applications we have got it. But currently, if you look at it, INR75 crores has already been disbursed, and there are many applications in the pending. So this growth what all you have seen in the quarter 4 is nothing much on account of ECLGS, and that will come in the next quarter. So coming to the disbursements also, as you were mentioning, so 2,232 customers have applied -- one second. Our ED will respond on the ECLGS. Yes.

Sankar Balabhadrapatruni: Yes. Jai, under ECLGS in commercial segment, 2,232 customers have applied till now. Now we are screening the applications. And till now during Q2, INR140 crores has been disbursed. Now under corporate, similarly, we found that 176 units are eligible and we have disbursed till now 6 only, but to the tune of INR80 crores in everything in Q2. So out of this 176, maybe 100 may be eligible. The eligibility has to be seen as to the real requirement as prescribed by the RBI.

Jai Mundhra: Right. And I have, sir, last 2 questions. One is, sir, on gold loan. So if you can specify the, let's say, blended yield for gold loan portfolio, including retail and agri put together, and I just wanted -- yes, so that is one?

B. Ramesh Babu: I'll tell you, majority of the portfolio is under agri only. And this retail is a smaller portion. So overall, if you can look at it, you can think of between 11% to 12%, we can think that can be the yield we can get in. That's what we can think. But one more thing you need to keep in mind, agri will also have the benefit of PSL also. Sometimes it may go to 11.25% also, which we have not factored in what I have told.

Jai Mundhra: Right. And last question is, sir, last time you had mentioned that cost of funds will go up and yields, you will also look at customer requests, etc., cost of funds have gone up, but yields have also gone up, right? So it looks like while delivering 6% growth on a Q-o-Q basis, front-loading business, you still have managed to get higher yields, right?

So either -- I mean, the environment seems a little bit more supportive, right, that you must have thought at the beginning -- at the last quarter. So is that broad understanding correct that you can still charge maybe slightly -- I mean, remunerative yield while still delivering growth? That is the -- that was understanding.

B. Ramesh Babu: I fully agree with you, but it is slowly becoming a tightrope walk in the sense that to retain them, the main talking about the relationship, how long you are there, all these things will work to some extent. And they may give an allowance of 0.5% or something like that. And beyond that, the market is coming down, actually, others are offering.

So it becomes difficult for us. You may have to offer a lower yield. So that way, if you come down from the ticket size, suppose if it comes down to INR50 lakhs, INR40 lakhs, INR60 lakhs and all, your yields will be good. But then you require a lot of labor running, maintenance, monitoring, all these are also required.

Over a period of time, what we try to do when our average ticket size used to be around INR40 lakhs, slowly, we have brought it to INR65 lakhs, INR70 lakhs. So what we thought is instead of adding so many smaller accounts, at least with higher -- bigger ticket size is there, number of accounts will be handful and all we will be able to manage.

So now we are trying to balance these 2. And accordingly, as I said, accounts we may have to leave or we may have to concede reducing the yield. This quarter, we will see based on that, next quarter, this con call is there. We'll be able to give a clarity on where we are and what we want to do.

Jai Mundhra: Right. That is very helpful, sir. Thank you and all the very best, sir.

B. Ramesh Babu: Thanks, Jai. Thank you.

Moderator: Thank you. The next question comes from the line of Pritesh Bumb with DAM Capital Advisors. Please go ahead.

Pritesh Bumb: Hi, sir. Good evening. Congrats on a great set of numbers. Just a couple of questions. One is on this recovery interest which you have mentioned about INR24 crores. Similar interest was in last quarter, but we had also reported a high recovery from written-off asset or recovery NPA, but this time, it is not there. So anything I am missing because there seems to be not that much of large recovery reported.

Ramshankar: See, it depends on the account to account. It's not something -- see there may be some cases where principal recovery will be more interest recovery may be less, okay? Sometimes it will be more. So it's not something like which will be common in each of the cases. But anyway, for all our decision purpose, we are excluding that even the NIM of whatever 4.24%, which you have mentioned is excluding that interest amount only.

Pritesh Bumb: Right. That is clear, yes. But just wanted to check that if anything anywhere included in that. That's very clear. Second was on...

B. Ramesh Babu: Pritesh, what you said is correct. Had it been there reflected in the write-off recovery. So that is a factor which is a difference between the last quarter and this quarter. True. It has come in interest and not in the write-off recovery amount. True.

Pritesh Bumb: Correct. Correct. Sir, second was on credit cost. We've seen another quarters being a good credit cost. How do you think about credit cost given that we -- our asset quality is quite good, but we are going to face some disruption in terms of ECL. So if you tie up both, how do you see this ongoing credit cost from here on?

B. Ramesh Babu: Agreed if we split this issue into 2 parts, ECL. ECL still working is going on. But as you know, 2 years back itself, we have provided INR25 crores each quarter, INR100 crores we have provided. So that way, we have a safety net as far as that is concerned. If at all something balance here and there, with the numbers what we have, we will be able to manage.

ECL should not majorly hit us for 2 reasons. One is our SMA numbers are good more or less, not only now for the last few years, 4, 5 years, 3, 4 years, if you can look at it, we had a focus on the quality of the book and all. So that way, we feel it should not hit us too much.

Now coming to other credit costs, what you said is correct. Our focus is on the recovery, not only recovery at SMA level and above all slippages, all these things when we look at it, credit cost, though we indicate 1%, I somehow feel it can be much lower than that.

Pritesh Bumb: Correct. Sir, another question was on write-off pool. What we've seen in the last few years that we used to do a decent write-off. But if you look at last year versus FY25 and this year's run rate, which is from Q1, every year, the pool of write-off is shrinking by about 20%, the active write-off pool, which I'm talking about.

So eventually, we'll see a lesser write-off pool going ahead in the years, which actually contributed to about 15% to 20% to profitability. How do you think in that perspective, if I look at the next 2, 3 years, what will replace that 15%, 20% in the income levels?

B. Ramesh Babu: Correct. So there are 2 aspects here. Suppose if the write-off pool may come down, but the NPA what all is there. If that is recovered, any upgrade will support us, though not up to PPOP, it will be coming up below PPOP and the provisioning will be released. And even provisioning is released, the need for further provisioning may not be there, and it may go into credit.

So that way, it may reflect either above PPOP or below PPOP. And finally, it will reflect in the ROA, first thing. And second thing, all along, people may have certain apprehension saying that write-off with the write-off only, we'll be able to cross 1.6%. If this quarter, the difference between last quarter and this quarter is INR113 crores on account of write-off lower.

But despite that, we are able to get an ROA of 2% plus. So which gives us some sort of a confidence to us. Even if write-off recovery is not there over a period of time this much, in a dew point, if you look at it, even if 25 basis points, it comes rather than 40, 45 basis points, then your ROA will not come down by 1.8%, 1.9%. That is one part.

Second part, if you look at it, there are a few levers which are available to us. One is we have been mentioning that our non-fund business, so we have been trying for the last 1 year. If you can look at it, the numbers for the non-fund business, the income started showing. First quarter also compared to last year quarter, the guarantee business income is up.

So though the first quarter this time, the TPP income is not as expected, we need to work on that. If the TPP income also works and this non-fund also works, these we can slowly take over this quarter, we are going to have a reduction in the write-off.

In addition to that, if you look at it, we are trying to work on the CASA also. CASA, if we had to seriously work on that, there at least 10, 15 basis points if they get the benefit in the cost of deposits, 10 basis points there and 10 basis points in the other income, these 20 basis points will offset this reduction in the write-off recovery.

So that way, on a steady-state basis, that plus provisions, what all are going to be released after the PPOP, altogether, there should not be much shocks on the ROA is concerned.

Pritesh Bumb: Sure, sir. Sure. And very last question. I think last quarter, you had announced your desire to step down with a 2-year period. Any discussions from the Board for the next -- I mean, too early, but a lot of banks have also been transitioning management. So any discussions on that point?

B. Ramesh Babu: Yes, yes. Absolutely. Board is already abreast of this. They are looking at it. At the appropriate time, call will be taken, and there will be sufficient time for the transition and for the handholding and for grooming also. You need not worry on that count. Board is equally aware, they are serious about this.

Pritesh Bumb: Sure, sir. Thank you so much and all the best, sir.

B. Ramesh Babu: Thank you. Thank you, Pritesh. Thank you.

Moderator: Thank you. Your next question comes from the line of Suraj Das with Sundaram Mutual Fund. Please go ahead.

Suraj Das: Yes. Hi. Am I audible?

B. Ramesh Babu: Yes, audible.

Suraj Das: Yes. Hi, sir. Thank you for the opportunity. I have 4 questions. First, on the CA growth. I think CA growth has picked up pace over the last couple of quarters to double-digit. And this quarter, it was 15%, 16%.

Just wanted to check if there is anything lumpy here, which is probably driving this incremental growth and hence may not be sustainable going ahead? Or do you think that the CA share can continue to go up? That is question 1.

B. Ramesh Babu: Okay. Now I agree. So in my inaugural address also, I have mentioned clearly, agree, there are different types of these things have come up. But this quarter end flows have also supported there in that. And every quarter, whether that will be coming or not, we will not be knowing.

That is the reason, as I said that on a steady-state basis, what we have planned, it will come up. There can be a few up flows which have come into the account, which may go out also. But overall, our focus will be there on the CA to maintain this CASA ratio. So at least what all we have over and above that.

Suraj Das: Okay. Okay. So you would like to maintain this double-digit kind of a growth in CASA? In CA specifically? Do you think...

B. Ramesh Babu: Our aim is to be that only because then only we will be able to reduce our cost of deposits by 5 to 10 basis points. Our intention is to do something on the CA, as well as SA both. We are absolutely serious as far as deposits are concerned, now that we have front-loaded the time deposits after getting some sort of higher pricing and FCNR also when we are working on this. Now the serious focus for us, all of us in the bank is CA and SA. We'll work on that this year.

Suraj Das: Sure. Sir, last quarter, you have also tweaked some of the TD rates, specifically, I think greater than INR3 crores bucket. And also, there is FCNR that you were highlighting. So, can this lead to, let us say, higher cost of deposit in coming quarter? Because this quarter, there is some Q-o-Q uptick in cost of deposit. So, what is your view?

B. Ramesh Babu: That is the reason I have mentioned that some sort of a hike will be there in the cost of deposits because the further repricing, what all are happening in the next few quarters also, a few of them are lower bucket also are there. They also get repriced. But what we thought -- so either CA, SA or TD.

Overall, if we are able to make money, intention is to get in CA and SA, priority is CA, next is SA and next is TD. But if we are unable to get CA and SA to the extent possible, declining TD and dissuading the growth of TD is suicidal. The reason is if we are able to make money out of that also, we should not miss the opportunity.

You would have seen our overall yield on advances has come to 10%. With this TD growth also, we are able to maintain 4% plus on the NIM front. That's why we thought saying that. So, we will mobilize the TD and we'll focus still on CA and SA. This pricing what you said, that may have some sort of a bearing for next few quarters, and we need to live with that.

That is the reason still I mentioned that in second quarter, I cannot give any sort of a commitment on the finally, the ROA -- sorry, NIM, 3.7%, 3.8%, what I have mentioned. On this quarter, we will see we'll have a clarity, then we will take a call on that.

Suraj Das: Okay. Sure. Sir, third question is on MCLR tweaks that you were doing. I wanted to know, is it applicable for the -- only for the incremental loans? Or is it also applicable on the existing loan as well?

B. Ramesh Babu: MCLR loans. Okay. Understood, yes.

Suraj Das The MCLR treatment that you are doing on the card rate basis side?

B. Ramesh Babu: Correct. But at the time of repricing only that gets affected, whereas in respect of EBLR, which are linked to repo, so our cash credit, if few of the loans get immediately cash credit loans next day, it will be implemented in whereas term loans will be implemented at the time of repricing, whereas MCLR, when the interest reset date is there, at that time, the revised rate will come up, not immediately.

Suraj Das: Okay. Sure. And sir, last question on the retail loan growth side, I think after many quarters, at least there is some positive traction on the BNPL segment this quarter. So, I think -- I mean, are you now comfortable with the overall environment on the BNPL side? Will this growth now catch up with the overall growth?

B. Ramesh Babu: No, I understand. For the last 6 to 8 months or 1 year also, we are comfortable. The reason is simple. At any point of time, the cohort loss when we see with the partner, though they have given an FLDG of 5%, the cohort loss has not crossed 3.5% at any point of time. So how we are mindful of the fact that the risk and the guardrails and all, our partner, Axio is also equally interested in maintaining these things. Then there was a small organizational change in Axio.

Axio was taken over by Amazon. Amazon was taking -- having a small share in the Axio. Then they found value in Axio of seeing all these arrangements what we have. Now Amazon has fully taken over Axio. Now that it 100% owned, those sort of internal adjustments are happening.

Once all these things are over, then we will be back to business. We have not reduced this business on account of any discomfort. It is because the organization structure is undergoing in Axio. That's why we laid low. Any time with the season, this Dussehra, Diwali coming up and all, we can be back to the normal.

Moderator: Thank you. Your next question comes from the line of M.B. Mahesh with Kotak Securities.

M.B. Mahesh: Just a few questions. One, on the provision line, can we have a breakup of that number.

B. Ramesh Babu: On the provision.

M.B. Mahesh: Sir, while we get the answer for that. Just wanted your feedback on the decision to increase the fixed rate portfolio in your book. If you were seeing cost of funds kind of rising, just trying to understand why are you pushing for a higher fixed rate?

B. Ramesh Babu: Yes. I agree with you. The point is the fixed rate loan is such a high rate. Suppose 11% we are charging and 15% we are charging even if 20, 30 basis points is happening here, we need not worry on that.

Next thing is these rates may not continue like that. And tomorrow, when this FCNR funding comes up and OFCB comes and the market is awash with liquidity, and then automatic rates come down, then you cannot reduce when we are giving a loan of 1 year and the next 3 months for any reason, the rates come down, you are insulated for the next 1 year with this rate. Okay. Coming to provision...

Ramshankar R.: In fact, we have given the breakup in Page 24 of our presentation Mahesh. The INR90 crores provisions what we have made during the quarter comprise NPA provisions of INR68 crores for standard assets provision Rs 22 cr.

M.B. Mahesh: The last question, there has been a decent pickup in the LAP portfolio, but lack of pickup in the housing loan portfolio. So just trying to understand in the LAP portfolio, these are commercial real estate, what kind of properties are you seeing -- are you getting more success in this product.

B. Ramesh Babu: Yes, I agree with you. First of all, for the housing. So, there is a huge demand for the housing, no doubt in it. But the pricing is still not supporting us 7.5%, these sort of rates they ask or even if because we wanted to process it faster, even if someone is paying 8.5%, because there is no foreclosure charges, within 6 to 8 months, we started seeing straight away, we're getting an RTGS money from other banks. So, there we are helpless.

Then we understood we are putting in the whole labor, but we are unable to reap the benefit for the next 5 years or 10 years. So, when we cannot offer at that 7.5% that's one thing. And second thing, if we do not have any other avenue to deploy the money, then naturally, we need to go for that.

Then on the other side, resources, there's a constraint and you are raising TD and all. There is no logical sense for going in for 7.5%, 8%. With that reason, still we are not going ahead with this one. But still, if you can recollect this quarter, INR160 crores, wherever we find yields are above 8.25%, 8.5%, still we are growing, but we wanted to lie low on the housing because there's a huge competition with the public sector banks who are offering the finest pricing.

Now coming to the LAP portfolio is concerned, it is a combination. It's the person also is there, but majority will be commercial. So then here also, we have created 4 years, 5 years back itself, a technical evaluation cell in the bank first time in 100 years. Then the sell even if the lower level someone takes a property and the valuer views it and a centralized value is created, it will come here. They will look at the marketability of this particular property.

If they feel that is marketable, then only it will be considered. Likewise, they'll also look at similar locality, what is the pricing going on for this. If for any reason, any valuer has given a higher pricing than this, we have a provision for a haircut at centralized level. They will reduce it, and that only we will turn for the purpose of our LTV norms.

So that way many measures we have taken. And not only that, last few years and the properties against which we have financed, if we look at them, the disposal of that is relatively better compared to the 5 years, 10 years back, what we have got the properties. So, our focus is on two-pronged? now. One is on the cash flows and second thing is on the property, both we are addressing so that the future is safe.

M.B. Mahesh: Okay. Just one clarification. These are running in crores, lakhs or they are running in tens of crores. What is the sweet spot of this portfolio?

B. Ramesh Babu: On an average, you can say because wherever branches, many of them are doing, it comes into lakhs and below INR1 crore. But I can say, on an average, the ticket size comes between INR2 crores to INR3 crores.

M.B. Mahesh: Okay got it. Perfect sir thank you.

B. Ramesh Babu: Thank you.

Moderator: Thank you. Your next question comes from the line of Parth Gutka with 360 ONE Capital. Please go ahead.

Parth Gutka: Hi sir. Thanks a lot for the opportunity. So you mentioned that we would be opening around 50 branches this year. In FY26, we opened around 13 branches. So how are we thinking in terms of opex growth or cost-to-income or cost-to-assets? Yes.

B. Ramesh Babu: Yes, agreed, cost-to-income, the cost side, it may go up. But if you can recollect at a point of time, our cost-to-income used to be 50 plus. And progressively, we have brought it to between 45 to 50. And last few quarters, you can look at it between 40 to 45, though one quarter is below 40, that's an aberration. So between 40 to 45.

Now if we look at the cost, something is going to come up, if I had to defer this one, then it will be an injustice because the future, we are going to stunt the total growth what all bank is going to have. So it may have a bearing of 0.5% to 1%. But -- so it gets normalized over a period of a few years, that's two years once the branch starts becoming breakeven.

So that way, even if these things are there, it may not cross our 45% to 50% usually the bracket what we indicate for the cost-to-income ratio, 41.74 may become 42.5 or 43, something like that. So it will not have much issues as far as cost is concerned.

But one more thing also you need to understand, 32% increase in the net interest income. If other side, the income is going up, our cost is concerned, it has not gone up by 32% even this year, this quarter also. If disproportionately to some extent, income is growing, so it will also support us in maintaining a proper cost-to-income ratio.

Parth Gutka: Okay sir. Thanks a lot.

B. Ramesh Babu: Thank you. Yes.

Moderator: Thank you. The next question comes from the line of Anand Dama with Nuvama. Please go ahead.

Anand Dama: Yes. Thank you for the opportunity and congrats for the great set of results. Sir, on gold loans, I have a question. One is like how do you see the growth in that segment? We have seen the prices moving up and down. And secondly, any signs of asset quality concerns building up around in that portfolio, either for you or for any peer sets that you can see?

B. Ramesh Babu: Yes. Thank you, Anand. First thing is regarding the jewel loans. I agree. Because we are, again, careful about this particular point of the LTV, that is the reason we look at not going overboard as far as LTV is concerned. We have totally strengthened our margin call mechanism within the bank and the team has been formed. Whenever these things are there immediately, we are working with the people and all we are trying to get that.

So that way with our 60%, 65% overall, what all LTV is there. Currently, we didn't find much issues. Though as you said, the gold loan prices have oscillated here and there. As and when we are approaching for the margin and we are getting it either they are close because simple point is it is not a gold biscuit. It is the ornament at home where some sort of an attachment for the family is there. That also acts as a hook for getting it released.

Currently, if you look at it, the asset quality-wise, so what we had earlier 1 year, 1.5 years back, more or less, it is going at the same level and nothing much to worry on discount because we have totally strengthened on-boarding as well as monitoring mechanism. So, above all, the growth numbers when you ask, so we have earlier indicated saying that our internal indication is between 30% to 35% of the overall portfolio or 32%, if you can say, of the overall advances gold loan can be.

Even this quarter also, if you look at it, it is coming to around 30%. So that way still, we have a 2% provision is there to grow. So though provision is there, we are not gung-ho and going overboard. We are trying to grow in various verticals.

This perfect example is this quarter, literally, you would have seen every vertical has grown by 6%. Only agriculture has grown by 5%. So that way earlier, corporate used to be 1% or 2%. So we have diversified other verticals, other products, everything is coming up. No overdependence on gold loan. Even if that is there, we will ensure that 32% or 35% what we have mentioned, we are well within that always.

Anand Dama: And secondly, you have increased the MCLR rates just today. Your cost of funds or cost of deposits also has gone up. So then how should we look at margins for the full year? I mean you keep guiding about 3.7%, 3.8%, but then certainly you are clocking far higher margins. So what's the realistic margins that we should basically look at for next nine months?

B. Ramesh Babu: That's why the near-term visibility for MD is per quarter. That is the reason I have mentioned saying that next quarter, it will be 4% plus, though we have initially mentioned 3.7%, 3.8% that way. So let us complete the second quarter because two months back only we gave the sort of a guidance. And another quarter, if you look at it, then we'll have a clarity then after the second quarter, I'll be able to come back with some more numbers.

But one thing you need to keep in mind, Mr. Anand, that the downside is minimum and upside is there. So that way, if we are going to move to 3.6% and 3.5%, that's a cause of concern. But we are not on the trajectory, and we are trying our level best to manage the portfolio, product mix, all these things and all. So that way, let us see this quarter, give us this quarter, at the end of the quarter, we'll come back what can be there for the next quarter.

Anand Dama: Sure, sir. Sir, lastly, have you shared the FCNRB deposit mobilization guidance? And what is the kind of ECLGs that you have disbursing now and what's the target that you have?

B. Ramesh Babu: Coming to ECLGS, our ED has already shared, he'll share it. Coming to FCNRB, as you know, we do not have a branch in the GIFT City or any foreign office. So the handicap to some extent is there on the leverage front. So that way, big ticket, we may not be able to get that. That's the reason we are focusing on the smaller ticket cases, below USD1 million or below USD50,000 sort of things.

And also, you would have seen our pricing is at 7%, which is a decent pricing that way. So now that we cannot have those sort of benefits and all, we started giving this 7% and we are actively activating all the branches. and all the connections what we have to get that. So we will see our current base before this launch of the scheme is around USD130 million under FCNR.

So we will try to either double it or triple it what all is possible because it's a great occasion for us to increase the number of NRI customers. These customers will stay with us for the rest of the business also. That's why we are taking it as a positively, and we are trying to push that to get the maximum benefit out of this. Coming to ECLGS, our ED will respond, yes.

Sankar Balabhadrapatruni: Yes. ECLGS, in fact, during the Q1, nothing much happened, just INR10 crores disbursement that also is to a few people only. Now total, we have got 2,232 applications who have applied in JanSamarth portal for the commercial group. Now out of which till now we have disbursed around INR140 crores remaining are under screening.

Here, as far as the eligibility is concerned, as per the RBI directives, we'll have to screen and only those who are eligible can be given. The corporate business also, there are some eligible accounts we have taken out, but applied numbers are only 54 and disbursement of INR80 crores has happened till now.

The eligibility amount will be seen and then disbursement will be made. Overall, whoever is eligible and whoever is in requirement due to the temporary mismatch in their working capital due to the West Asia disturbances, they will be definitely given. This is what our approach is regarding ECLGS strictly as per the RBI directives.

Moderator: Your next question comes from the line of Gaurav Jani with PL Capital.

Gaurav Jani: Thank you sir. First question, sir, on your corporate and SME, so that makes up for about 49%. I just wanted your detailed kind of comments as to how are we looking at the impact of the overall conflict on the SME space and basically our exposure of commercial plus corporate, which is about 50%? Because for the system, what has happened is that's not kind of visible as of now. Probably, if any, that could come through in Q2 or Q3. So just wanted to kind of pick your brains on this.

B. Ramesh Babu: Sir, I fully agree with you, because we were also equally worried about this particular fact saying that which may hit us a lot on the war front, the sort of a thing. But when we seriously look at the sort of a thing, like a few sectors, where actually we are deeply involved that is a textile sector, we can say. And that is overall 5% of our total portfolio is under the textile, and that may be hit. That's what we thought because exports will have an impact on that.

In addition to that, the ceramics also will have some sort of a problem and the logistics also will have a problem. And under the textile, if you look at it, different sub-segments are there like ginning and spinning, weaving and dying, processing, manmade, all these things we have seen that.

So, when we look at these things, overall, when we speak to them, they feel the number of orders has come down to some extent, agreed, but they feel, it will not hamper them a lot. And many of them when we were trying for any additional requirement you require, you come, and they said that no, we may not require much on account of this. So that is the reason they have not come for additional funding also. That gives us some sort of a confidence saying that the problem is not much on account of textiles.

So, they are equally hopeful of few things like the UK and other -- sorry, EU FTAs what they are expecting. So that may create some sort of a scope for them for moving forward. So, US is concerned, some orders are coming, but the flow has come down. So rather than this, the major problem what textile sector is facing now is the shortage of labor. Those who used to come from other states like Bengal and Bihar, those states, it has slowly started coming down because those states are moving well.

So that way, we need to look at it. And in addition to that, other sectors are also there like pharma, fertilizers, chemicals, automobiles and hotel and restaurants and gas and fuel distributors. These cases also, we have seen that our exposure is not that great into those sectors other than the textile, which may have a material impact on the overall book.

So, having seen all these things, last quarter, what did we do? We have assessed where we can have some sort of a hit over a period of time. And accordingly, we have provided INR163 crores upfronted provision last quarter itself. So that way, if at all, any sort of a shock unforeseen and unknown, unknown comes, we are safely insulated.

But as on date, if you look at it, nothing is reflecting in our SMA numbers also, both in the sentiment of the people as well as in the numbers that is good. And another factor also, I'll tell you, we were a bit equally worried. The working capital utilizations may go up because out of desperation when the orders are not there, they need money. It can be for maintaining a show or whatever it is.

Surprisingly, our working capital utilization is running between 77% to 80% only. There is no spike in that. No spike in that. So, any other pointers when we look at it, which may give some sort of a feel to us that some stress is creeping in, we didn't find as yet anything on those lines.

Gaurav Jani: Very helpful, sir. Secondly, I also wanted your thoughts on if any impact could be there on your gold portfolio because of the impending risk of an El Nino given the rainfall deficit. So how should we kind of think of that?

B. Ramesh Babu: Agreed. Suppose if the agriculture gold loan is a clean loan you have given a Kisan Credit Card. Then to some extent, because we cannot blame the farmer also, there is a postponement of this thing, they may try to postpone.

Whereas in respect of the gold loan, two factors play. One is the sentimental value for the gold attached because the family, and all these things will be there. That's why they will try to redeem the gold loan and take it back. For any reason, if they are unable to do that also, you have a backing of the gold.

And our average, if you look at it, the LTV is around less than 65%. You have some sort of a cushion 35%. And even if there is a reduction in the gold prices by 10% to 15%, we feel sufficiently we are insulated. That way, 92% of our portfolio agriculture is backed by gold. If you look at it, the effect of El Nino will be minimum on the bank.

Gaurav Jani: Okay. Sir, also, just taking your point forward, so what you meant, I think, was from an asset quality standpoint. What I also wanted to ask is, would gold loan growth also be impacted by El Nino?

B. Ramesh Babu: I'll tell you, suppose that is impacted, it is not only for KVB, it is for the whole industry. So, we'll be -- because the guidance what we have given is 1% over the industry. If whole industry is coming down, KVB also will come down, still we will be 1% above that. So that way, we will be in line with the industry. It is not -- El Nino is not specific only for KVB. So that way, we are insulated.

Gaurav Jani: No, sir. The reason I ask you, sir, because about -- almost about 1/3 of our book is gold, which is why -- but you...

B. Ramesh Babu: And I agree with you. Now not only 1/3, if many of the banks, if you look at in the South, the growth is like this only. It may have an impact. I'm not disputing. But one solace is -- the overall tonnage of many of the banks, including NBFCs, if you look at it, the tonnage has come down over a period, last two years, if you look at it, because the gold prices have gone up. If earlier someone has given two ornaments, now with onr ornament, what all amount he wants, if he's able to get second ornament, he took it back.

And the tonnage, what was released last two years back, that may be helpful for them to bring it back to acquire a fresh loan now. And next crop, something going on well and all, they may redeem and they may close this loan. So that way, they have some sort of a gold, which was redeemed from the banks earlier, it is there with them.

Gaurav Jani: Understood. Sir, just last two questions from my end. One is just going back to the point on opex, right? So, I mean, safe to assume that your opex growth versus your loan growth, the significant differential that we saw in the previous year, that is FY26, that differential will sustain in the coming years or how should we look at it?

B. Ramesh Babu: Agree, but you see opex last year, we have opened 13 branches. Next this year, 50 branches we open -- was to open. And a few more, maybe spending on the IT also may be required, which you cannot postpone. IS is also required information security. These things where you need to mention, you need to do that. But growth-wise, we will not compromise on that.

You must be seeing our yields what all are there and the NIM, what all is there for the last two to three years trajectory, if you see, more or less, we are trying to maintain the sort of thing. So that way, I feel that the parity what you have seen, here and there, there can be a gap, but we'll be able to maintain a higher trajectory for the income compared to the expenses.

Gaurav Jani: Okay. Sir, what I meant to ask you was '25, '26 -- I mean, '24 to '26, the loan CAGR was about 15% versus opex CAGR was only about 6%. So that gap is what I wanted to kind of check you check with you for the next year?

B. Ramesh Babu: No, no, I agree with you what you're saying. Last year, so the spike in the staff strength, which used to be 7,000, it has reached 9,500. And last year, it was more or less stagnant. The numbers didn't change. because we thought one year, let us focus on the productivity of the existing staff and then take it forward. And this year, because there's a limitation beyond which you may not be able to get the productivity from them, you may have to take some manpower.

So that way, the costs can go up. Even if all this goes up also, it will be, as we said that between 45% to 50%, we have indicated the cost-to-income ratio and the ROA. So, with all these things, don't worry on discount. Finally, the ROA, what we said, we will try to deliver and we'll be within those limits. All this will go into that front. If this is going up, where else -- what else we need to do, we will see that, and we will try to get the ROA what we have planned.

Gaurav Jani: Sure. Just last question, sir, from my end. You did mention about the likely onetime impact of ECL. On a sustainable basis, how do you see this impact coming through over the next one year?

Ramshankar R.: Yes. I can explain, sufficient buffers have been created over the last two years, either through way of floating provisions or through accelerated provisions. In fact, all these total provisions also to around 1.7% of our advances. So given these buffers and strong asset quality of the bank, we expect the transaction to have a limited aspect.

But if you talk about on a steady-state basis, see, it depends on various factors like the eventual portfolio mix, including how much is the share of gold loans, how much will be unsecured lending, how much will be CRE. So, what are the asset classes where the expected loss rates and regulatory floors also differ. And what I say like, it will be premature at this stage to indicate any normalized credit cost under the new region. But we have got time till another 10-11 months are there, we'll let you know.

Gaurav Jani: Okay. Thanks. That is it from side. Thank you so much.

Moderator: The next question comes from the line of Subramanian with Itus Capital. Please go ahead.

Subramanian: Congrats for the good set of numbers. My question is on the macro. So currently, the daily banking liquidity is at comfortable level in the range of INR1.7 lakh crores. In the last six quarters, it is at comfortable level. So, if it stays same, so does it help in easing cost of funds, which you mentioned like you are going to look for deposits. But in the system level, if the liquidity is comfortable, does it going to help in easing cost of funds?

B. Ramesh Babu: No, we cannot say that way. The reason is cost of funds have two components. One is the deposits, what we are taking. The second one is the borrowing. There's a limitation for you to borrow. So, because LCR also, we need to see CD ratio to some extent, we will see. With all these things, the focus on deposits will continue. Though the liquidity is there in the market, if it is not translating into deposits and not coming into the banking system, still you will find some sort of a difficulty.

And the borrowing because there's a limitation beyond that you cannot borrow, borrow in the sense that wholesale, you can borrow. The CDs suppose a bank like ours; I had to borrow INR10,000 crores is a limit. So, the market may be awash with liquidity, but I may not be able to borrow that money. So that way, liquidity per se will not transfer into the deposits, and it is the mindset of the customer.

If you prefer there are some other avenues are available to them other than a bank deposit to get a higher yield, the money may go there. Whereas suppose if the money is going into the capital market, you may say that has to come back to the banking system only, but that may go into a few banks where who are actually dealing with the capital markets, the accounts and all maintaining and all that may go.

But we are concerned 72% of our depositors are household. We may not get the benefit of the capital market inflows, what are coming. We need to get our retail. We will still focus on the retail only. Though liquidity in the market is there, it may support us. But to the extent what you want as a deposit, it may not work out.

Subramanian: Okay, sir. Thank you.

Moderator: Ladies and gentlemen, we will take that as our last question for today. I now hand the conference over to Mr. B. Ramesh Babu, MD and CEO, for closing comments.

B. Ramesh Babu: So, thank you all for your patience and for asking the questions and going through our numbers and that shows the interest what you have. So, we will raise our expectations and will sustain the performance what we are doing. Thank you very much once again to all of you. Thank you.

Moderator: Thank you, members of the management. On behalf of The Karur Vysya Bank, that concludes this conference. Thank you, everyone, for joining us, and you may now disconnect your lines. Thank you.