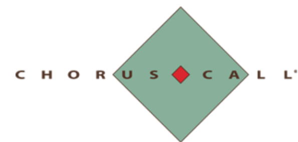
"RBL Bank Limited

Q4 FY '24 Earnings Conference Call"

April 27, 2024



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Moderator: Ladies and gentlemen, good day, and welcome to RBL Bank's Q4 FY '24 Earnings Conference Call. 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 then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. R. Subramaniakumar, MD and CEO, RBL Bank. Thank you, and over to you, sir.

R. Subramaniakumar: Thank you, ma'am. Good afternoon, ladies and gentlemen, and thank you for joining us for a discussion on RBL Bank's financial results for the fourth quarter and full financial year of 2024. We have uploaded the results along with the presentation on our website, and I hope you have had a chance to go through it in detail ahead of this call.

I'm, as always, joined on this call by Mr. Rajeev Ahuja and other members of our management team to address any questions that you have. Before we get into the results for the quarter, I would like to take a few minutes to touch upon the year that went by, the areas where we did well, the areas of improvement, a report card of our performance, if you may.

At the start of the year, we had set ourselves some important goals, which were: the granular growth in assets and liabilities, scaling up our new retail businesses, maintaining and improving asset quality and keeping credit costs within our guidance and lastly, improving profitability on an ongoing basis. On all these fronts, we believe we have delivered largely per expectations. Our focus in the short and medium term will continue to be improving profitability, maintaining and improving asset quality and focusing on sensible growth through granular advances and deposits. At the same time, we will continue to strengthen cross-sell and improve our digital platform to drive customer engagement and customer acquisition.

Our overall advances grew approximately 20% this year. Our retail advances grew 30%. Similarly, on the deposit front, overall deposits grew approximately 22%, while retail deposits, that is deposits less than INR2 crores, grew 24%. Our newer retail businesses picked up momentum as the year progressed and we entered the year with the business loans, home loan and rural vehicles reaching INR800 crores plus disbursal run rate per month.

Small ticket housing and the business loans is now seeing a run rate of almost INR100 crores per month, which is heartening and gives us the confidence of the scale-up of these businesses. This is an important area of focus as we believe we can build a meaningful scale, given our distribution through the bank and RBL Finserv Limited, our 100% subsidiary focused on financial inclusion.

We are now piloting to leverage our subsidiary, RFL, given their strong presence and understanding of the semi-urban and rural markets. This can significantly accelerate the mix in our business loan and housing business towards the affordable and micro commercial lending segment, a segment with a better risk-adjusted return. In addition, our own branches have become an important area of cross-sell of these products to our customers and account for 20%

plus of disbursements in housing and business loans. That said, our progress on 2-wheeler, gold and used car has been slower than what we planned. We had some initial teething issues, which is now largely behind us, and we will look to start building meaningful volumes in this year.

Similarly, on cross-sell, while we have seen success in our branch teams' cross-sell housing and business loans to our customers as well as generate a liability relationship with asset customers. We are streamlining execution and cross-sell at scale through digital and contact center channels. We have initiated some organizational changes to increase the focus in this area and should see a positive impact.

On our liabilities franchise, we continue to see healthy growth at 24% Y-o-Y and 6% Q-o-Q in granular deposits, which has been a key factor. Branches are now attuned to not chasing the large ticket deposits and that mindset has led to steadily improving granular deposit accretion. Despite the bank not meaningfully increase deposit rates, resulting in narrowing the gap on deposit rates with larger banks. Addressing briefly our 3 mature businesses of credit card, microfinance and wholesale. On credit cards, we originated approximately 23 lakh cards this year and grew the credit card receivables by 25%. In this segment, the dependency on our largest co-brand partner has been an ongoing concern for many of you.

I will reiterate here that the RBL BFL co-brand is an important partnership for us, and it has and continues to be a very fruitful partnership for both partners. That said, from a derisking perspective, while for the full year, the share of RBL Bank origination ex of BFL was about 1/3. In March, we have already taken this proportion up to 48%. A large part of this change was the result of increasing volumes from branches, direct sales teams and online channels. Going forward, going as well, you will see the mix continues to move towards more of our own sourcing.

We have also added 3 interesting co-brand partners, one each from fintech, large NBFC and a distribution company recently, and we hope to launch these co-brand products in this quarter. The details are given in our investor presentation. We will also be launching the RuPay credit card in this quarter. The credit cards will continue to be our largest customer acquisition engine and we touch over 3 lakh to 4 lakh customers every quarter.

Outside of credit cards, the customer base provides a rich acquisition for multiple consumer-lending products, namely housing loan, 2-wheeler loan, auto loan, gold loan, education loan, personal loan, savings, term deposits and insurance. This has become more interesting for us as we now have the full suite of products for individuals across assets and liabilities. Over the next 12 months, we will pivot towards this being a meaningful originator for multiple products on our cards platform.

The cross-sell opportunity is very large, given we are seeing a 20% plus increase in customer Y-o-Y. We are working on pilots to leverage the technology and data to see the most optimal and customer-friendly way to leverage this, which includes test in propensity models, customer level underwriting, deciding appropriate channels for targeting, etcetera.

Analytics-driven application scores, which feed into our acquisition strategy, have been implemented in this quarter for credit cards and microfinance to sharpen acquisition quality. Similarly, similar actions underway in our retail other vertical. On microfinance, the business has been stable in the last year. We have seen some disruption in certain geographies, but the business has recovered well and continues to grow at a planned rate.

The collection efficiency has seen improvement with the bucket X at par or a notch above the industry. RBL Finserv, our largest channel for customer acquisition and the business volumes, has scaled up nicely in the last year. While microfinance continues to be the main line of business, we are also rolling out small ticket housing and business loans in the same geographies to leverage the deep knowledge of semi-urban and rural markets and the strong distribution franchise.

As you would know, RFL employs over 10,000 people and has presence in 370 districts across the country and 950-plus branches. And over the last 2 years, we have upgraded the tech platform, and it is now capacitized for higher volumes in microfinance as well as lead generation for other businesses of the bank.

Lastly, on wholesale. This business has been a steady contributor for the bank for the last few years. One of the questions often asked of us is differentiation, which allows us to be competitive despite our funding structure. Over the last few years, with increasing share of liability generation, trade, forex and other cross-sell, the share of transaction flow-led fee income has grown. We have been able to deliver this by differentiating product offerings, customization in solutioning and building niche segment.

Wholesale, especially in Commercial Banking, which is mid and SME segment, grew 17% Y-o-Y is an area where we can potentially be more relevant to our clients, and it will remain an important focus for the coming year. We are adding people and 10 new geographies per year to ensure that we grow in the areas which are logical from a risk reward perspective. We'll continue to have a strong multiproduct focus in this segment.

On asset quality, we have been within our credit cost guidance at the start of the year. We started building contingent buffers in the last year and will continue to add at every opportunity, more from the balance sheet strengthening perspective. Our PCR has been steady and our NPAs, both gross and net, have been trending downwards.

Lastly, on profitability. We have steadily achieved an increase in both operating profits. Because of the improved operating leverage, we have seen an increase in operating profit as well as PAT through the year. We have exited the year at 1.1% ROA, and we will look to improve on this steadily going forward. This will largely be driven by getting to optimal scale in our newer retail businesses over the next couple of years.

Our PSL targets, including sub-targets, for the year were achieved. So the need for RIDF investment incrementally may not be there, which should help reduce the drag on the balance sheet as the existing investments pare down as they mature.

Now on to other aspects of our operating performance,

on advances. As I said earlier, our advances grew 20% Y-o-Y and 5% sequentially. Retail advances have grown at a faster pace than overall advances at the rate of 30% Y-o-Y and 6% sequentially. The secured retail grew at 43% Y-o-Y and 5% Q-o-Q. Our wholesale advances grew 7% Y-o-Y and 4% sequentially. Within this, the Commercial Banking has grown 17% Y-o-Y, 2% sequentially.

On deposits, we saw a 22% Y-o-Y growth in overall deposits and a 12% sequential growth. We saw a 24% growth Y-o-Y and 6% sequentially in deposits below INR2 crores, which continues to accrete well. The branch banking-led deposits grew 34% Y-o-Y and 11% sequentially and account for approximately 60% of the total deposits of the bank. The LCR was very healthy at 140% for the quarter, helped by the strong deposit growth which has had some impact on margins.

On asset quality. On asset quality, in terms of NPA ratios, the GNPA was at 2.65%, improving from 3.12% in the previous quarter, and NNPA was at 0.74%, again, better than 0.80% last quarter. PCR now stands at 72.7%. Our total slippages were INR680 crores this quarter with credit cards at INR378 crores and microfinance at INR162 crores, being the bulk of the slippages. The slippages in wholesale was INR70 crores and other retail was INR69 crores.

The net slippages trended down during the quarter at INR441 crores as against INR466 crores last quarter. Of this, the net slippages in wholesale was INR12 crores, the credit card was INR335 crores, microfinance was INR141 crores and rest of the retail was negative INR46 crores, signifying recoveries are higher than new slippages. Our net restructured advances stood at 0.51% in Q4 FY'24, down from 0.63% in Q3 FY'24.

On provision. We took a total provision on advances of INR488 crores in this quarter. We had recoveries from written-off accounts totaling INR80 crores. The net provision on advances, therefore, was at INR408 crores. The credit cost for the quarter was 53 bps as compared to 48 bps in the last quarter on a like-for-like basis, which includes contingent provisions also. We continue holding the provision of INR114 crores we had taken on AIF in the last quarter.

On profitability. Our NII was up 18% Y-o-Y and 3% sequentially at INR1,600 crores, impacted mainly by increase of 8 bps in cost of deposits this quarter, resulting in the NIM of 5.45% versus 5.52% last quarter. Given the rate environment, the deposit costs are likely stickier or longer and conservatively with better liquidity management, we estimate our NIMs to be in the same range in the near future.

Our total other income was INR875 crores this quarter, 30% higher Y-o-Y and 13% sequentially. Of this, core fee income grew 26% Y-o-Y and 14% sequentially to INR829 crores. Our net total income was up 22% Y-o-Y and 7% sequentially at INR2,475 crores. Our opex grew 10% Y-o-Y and 2% sequentially at INR1,588 crores. Our cost-to-income ratio was 64.2% this quarter against 67.1% in Q3 FY'24 and 70.8% in Q4 FY'23. This is in line with our focus on cost and improving scale.

We saw a healthy increase in PPOP this quarter at INR887 crores, up 49% Y-o-Y and 16% sequentially, driven by positive operating leverage. Our net profit for the quarter was INR353 crores, up 30% Y-o-Y and 51% sequentially. Similarly, the ROAs also saw an improvement to 1.08% versus 0.75% last quarter. However, last quarter, without AIF provision, ROA would have been 1.03%. Nevertheless, ROA for the current quarter was higher than that of the previous quarter. And the same was up from 1% for Q4 of last year.

On capital. Our total capital was 16.2% and our CET1 ratio was 14.4% as against 16.4% and 14.6% as at December end. We are also happy to share that the Board has approved a dividend of INR1.5 per share, subject to the approval of shareholders.

In summary, we continue to see steady growth and improving profitability and remain on track to achieve our metrics outlined. We expect to see a steady growth in advances in the range of 20%, with the retail driving credit expansion, especially at some of our new segments at scale.

We also see opportunity to build scale, especially in the Commercial Banking space, where we will be looking to grow basis appropriate risk reward opportunities across lending and other fee and liability-based products. This, we believe, will continue to be well supported by the granular deposit growth, which will outpace the overall deposit growth. At the same time, we will continue to improve our efficiency and profitability ratios.

Consistent and continuous efforts in the last couple of years has stabilized the technology and tech infra, thereby providing a satisfactory customer service, leading to substantial reduction in the customer compliance. We have initiated operational automation, process simplification, along with IT infra enhancement and strengthening to achieve operational efficiencies and meet the scale of business growth. On capital, our ratios continue to be healthy, and we remain well capitalized for growth in the short and medium term.

With this, we will open the session for question-and-answer.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. The first question is from the line of Rikin Shah from IIFL Securities. Please go ahead.

Rikin Shah: I have a few questions, sir. Firstly, congratulations on the steady execution of the strategy that you have been outlining for a while. Firstly, I would want to understand in FY'25, given the further execution on the parameters that you have outlined, any tangible metrics, financial metrics, wherein we could see some further improvement from the current levels, if you could guide on that? That's number one.

Number two, just a clarificatory question. The employee expense in this quarter seems to have gone down and you haven't reversed the AIF-related provision. So if you could talk about both of them as well.

Thirdly, it's on credit card. So we have been talking about entering into more co-branded partnerships, but that has been articulated for some time now, but we haven't seen any

announcements and the regulator now doesn't require a pre-approval from them, right? So if you could just talk through what has been the reason for delay in these new partnerships?

And the fourth and the last question is on the capital. So with the ROEs of still less than 10% and loan growth almost 2x of that, are we consuming capital? So with the current level of CET1 ratio, do you see a need to raise capital in the foreseeable future? Those are my questions.

R. Subramaniakumar: Okay. I'll just take a few of them, and I'll request my colleagues to talk about rest of the things. First one, with regard to the guidance, we have been consistently telling for the last 3 years, FY 2026, we have given our vision document. And if you look at our investor presentation, we are on track. And we have a very clear plan of achieving up to 1.4% at the end of 2026. We are on track.

And with the execution demonstrated clearly in respect of the retail product launch and the retail few products scaling up, the remaining products will also scale adding thereby our ability to increase our interest income, which in turn will take up our NII and rest of the things will -- since the cost is under -- more or less under control and we'll continue to see that cost-to-income ratio in the same range for a couple of quarters, and it will start tapering off as we move forward and which in turn will trigger an addition to PPOP.

And as has been said earlier in my narration -- I mean, in my commentary that the credit cost is more or less the peak and we will not be seeing more impact on that. With that, our PAT will continue to be increasing beyond the current level of 30% plus. So what you saw right now is the base and it is going to improve there on. This is one.

Second, with regard to AIF, we had around INR114 crores of provisions, if you may. We'll continue to maintain the same provision. We have not reversed it. However, we will be open to the options for looking at it, as we said in the previous quarter, where we will be without affecting the face value. We'll be looking for opportunities. If the appropriate opportunity comes at the acceptable rate, we will be looking for getting out of that also. That is a long-term journey.

With regard to the employee, yes, I have been telling it almost for the last 2 years. We have a very fair depth of knowledge within the organization. And we made it clear. As a principle, we'll be looking into that knowledge base of the bank for making the people to take up the higher position, which we consistently did it and it delivered the results also. You would have seen it. The same thing we did last year, the team has delivered and we will continue to look at that option. Only when there are opportunity for introducing new products and new line of business, maybe we'll look outside. We are not shutting our options for looking outside. However, the preference will be with the knowledge. This is what the thing is concerned.

And with regard to that, CC, I just mentioned about it. And I'll ask Jaideep to talk about the card...

Rikin Shah: Just one clarification on employee expense. My question was pertaining to the quantum of employee expense declining sequentially. So was...?

Jaideep Iyer: Yes, I was about to answer that. So we had some -- we make actuarial provisions for gratuity and pension, which actual -- in Q4 when we did the actuarial outcome, that was lower than what we had taken provision for the 9 months. So there was some reversal there, nothing more than that. So we will -- otherwise, the employee expense will continue to grow in line with expansion of our employee base because business growth will have to be supported with increase in employees. We have, of course, taken a lot of initiatives to delayer the organization and become far more efficient in areas where we have done automation. So that benefit is also seeing flowing through now in the expense.

Rikin Shah: Sure. And would you be able to quantify the quantum of reversal and whether 4Q is a more normalized base that we see growing in line with the business in the coming quarters?

Jaideep Iyer: Yes. So the base is normalized. We had approximately INR20 crores difference. So last time we had provided INR10 crores, this time we reversed INR10 crores, so there was INR20 crores delta between the 2 quarters sequentially. If I exclude that noise, we would be flattish. And then from here on, we should grow. So year-on-year, we have grown about 11%, 12%. And I can't give an exact guidance, but clearly, there will be growth in low-single digits -- low-double digits, sorry, yes.

On credit cards, we actually in the investor presentation have mentioned that we have signed up with three new partners. One of them is a distribution company, Indian Oil Corporation. So we'll launch a Petro RuPay card. So that is the -- that will also be our initiation into RuPay cards with IOC. We've then signed up with one NBFC TVS Credit, which will enable us to tap that customer base and then we've signed up with one fintech partner. So these are the three tie ups. The actual launch of these cards along with the partner should happen toward the end of Q1.

Rikin Shah: Got it. And lastly...

Jaideep Iyer: Yes, on capital, so we -- if you look at last full year, we've burned about 80 basis points of capital, whether you look at CET1 or total approximately and that will be the burn -- approximate burn. So we should be good for at least 12 months, post which we should be looking to raise capital.

Moderator: The next question is from the line of Akshat from Flute Aura. As the current participant is not answering, we will move on to the next question, which is from the line of Rohan Mandora from Equirus Securities.

Rohan Mandora: I just wanted to understand for FY '25, as per our guidance and you're talking about PPOP growth leading loan growth, so clearly in '24, NIM's expansion has supported that. So for '25, what are the drivers are we looking at in terms of the PPOP growth leading loan growth and also in ROA expansion? Second, in terms of the presentation mentioned that we are venturing into commercial cards, so just wanted to understand your thought process there, why are you venturing with this? Because as I understand, this has a lower profitability than the retail cards.

R. Subramaniakumar: I'll just take that the PPOP point of it. See, it is going to be attributed by holding the cost and leveraging the operational expenses, operating investments which you have done it. The second, our mix of advances undergoing a change, you would have seen it. Our wholesale, which was around 46% has come down by around 5% in over a period of 1 year, which is being redeployed or reallocated into net of that, the medium to high interest earning assets, that is going to be the growth.

The growth, if we continue to do it at the same level of 20%, what we have been doing it, that will be triggering our interest income growth and thereby NII because you're holding the cost. We believe that unless the rate of deposits will be holding like that for some more time, and we'll be in a position to increase our NII. So it is going to be opex cost being lesser than the advanced growth will be the one pointer which is going to help us to increase our PPOP.

Regarding commercial card, I will ask our Bikram Yadav, who is heading our card division, will be able to respond. Bikram?

Bikram Yadav: Yes, sir. So when you're asking a question that why -- what is the strategic intent behind in getting into commercial card, the commercial card space is done primarily to cater to our existing customers' needs. So we have a reasonable portfolio of large corporates and mid-sized corporates. And their T&E and bill payment needs need to be catered to, therefore, we need to have a product offering for them. This is largely to take care of synergies and payment needs of our existing customers.

In addition to that, we will drive profitability and growth by introducing products for SMEs also. So commercial card for top-end corporates is largely to have a full product suite available for existing customers, and we'll drive profitability and growth by issuing cards to the SME customers. I hope that answers the question.

Moderator: Sir, I would request the participant to kindly rejoin the queue as he has already left. We will move on to the next question, which is from the line of Mona Khetan from Dolat Capital.

Mona Khetan: So firstly, if I look at the MFI book, delinquencies have been higher versus last quarter, be it the early bucket, be it the 90-plus. So if you could just throw some light there?

Jaideep Iyer: Yes, so you're right. I think we had a slightly increased slippages in MFI because we saw the bucket expansion happen in early buckets a quarter before that, which now has come back to control. In fact, as we closed our financial year, our first bucket resolution has gone back to the peak that we have seen. And therefore, we will now expect the incremental outcomes to start getting better.

R. Subramaniakumar: Just connect our earlier call to the previous quarter. So we said that the five different states, because of the disruptions of the ground level and the rain and other things, have rather reduced our efficiency of collection, which, in fact, is a flow to the respective buckets, bucket two and bucket three, which caused some slippages.

However, now in the month of December -- sorry, in the month of March and April, we were just bounced back to that level of efficiency of 99.4% to 99.6% range across the states, which we believe will continue for the rest of the year and this will also bring down further slippages related to the last year.

Mona Khetan: Sure. But just to put things together, so when I look at industry, the deterioration is not significant or it's very limited versus -- related to yours. So what's different in your case that resulted in such higher delinquency?

R. Subramaniakumar: See, there are three or four reasons. Number one, we are not above the industry. When I make a comparison to the industry, we are at par with the industry. Probably relative to what we have been performing far, far better in Q1 of last year and Q2 of last year, we slipped out in four, five states. The state where there were the elections, which held there, we were -- we saw some delinquency in terms of the postponement of the collections.

The second, the floods in some of the southern states is also a cost because we had a considerable presence of those kind of things there in the southern states, which disrupted, especially rains and other things have also cost it. The third was that in Punjab and Haryana and other places where we had some impact. There was one movement, which was going on, which put us in a little disadvantageous position. And the last was in respect of the Rajasthan, our organizational structure was requiring a little refurbish there, which the disruption was happening over a period of 1, 1.5 months, which also caused some delay in collections. These are the specific reasons.

I think all the reasons -- all the causes and the reasons what I said are addressable. We have addressed it in the last couple of quarters, and we are back to the position where we were. And our efficiency and the collection in almost some states go after even 99.8% in some states. So the average is around 99.4% to 99.5% in that range. So with that as a zero bucket collection, efficiency is going up. we feel that the forward flow will keep coming down. In the month of March and April, we saw a very good benefit. All these flow benefit will come after successive 2 months, which you will be seeing it as we move forward by this quarter and next quarter.

Mona Khetan: Got it. That's useful. And secondly, on the slippages front again, if we -- because the loan mix has been changing a lot, where do you expect the normalized slippages to sort of settle at?

Jaideep Iyer: No. So I would prefer to answer that in terms of credit cost. So we kind of ended the year in that 1.5% to 2% range. I think close to 1.75% -- 1.85% or so. And we would expect this to marginally go up given the product mix that you're seeing. So we should be in the 2% ballpark range unless we see some unusual developments, positive or negative from an economic standpoint, but that's where we would benchmark ourselves too.

Mona Khetan: Got it. And also just going back to this loan mix change and both increase in a lot of secured retail assets as well as within corporate into Commercial Banking and everything. So assuming a steady-state interest rate environment, what would be the yield trajectory in your case? Could it come down given the increasing share of secured retail? Or would it sort of be maintained at current level?

Jaideep Iyer: So I think we'll see actually an increase in yields and margins because of the mix change, because while we are scaling up home loans, we are also scaling up affordable home loans. In fact, affordable home loans and small and micro LAPs have now reached close to INR100 crores disbursements, which will scale up quite considerably in the next year. So what is being deemphasized is prime housing, AAA/AA+ corporates and what is being emphasized is SME, Commercial Banking and the medium yielding products for the secured retail.

Mona Khetan: Okay. So for example, in affordable HL, what would be the average yield for you?

Jaideep Iyer: So the prime housing would be at about 8.5% to 8.7%, whereas the affordable segment would be closer to 10%, 10.5%. Today, the mix is 90-10, 85-15, and that mix will keep changing towards the higher-yielding segment.

Moderator: The next question is from the line of Ashwani Agarwalla from Edelweiss Mutual Fund.

Ashwani Agarwalla: A couple of questions. So first question is if I try to work on each of the overall bank and with each of various segments, so some of that really doesn't work out because if you look at a credit card and MFI put together, it's 30% of the book where the yield is anyway for the MFI segment would be anywhere between 20% to 25%, and for the credit card may be slightly higher. So considering that yields there would be roughly 7%, 7.5% and this year, total yield is roughly 13%. And even for the last year, the numbers don't stack up in terms of yield. So can you just give yields in various segment-wise?

Jaideep Iyer: Yes. So Ashwani, I didn't really fully understand your question. I mean there is -- it is highly unlikely for me to appreciate yields not stacking up, since we report. But having said that, credit cards will be averaging about 20%, 21% because there is a mix of transactors, revolvers and EMI book. So you have yields as high as 36% to 38%, you have as low as zero.

And then you, of course, have the loan portfolio. Microfinance is yielding around 24.5% to 25%. Home loans and LAP current portfolio should be averaging around 9%. Wholesale -- rupee yields in wholesale should be ranging around 9%. So that's broadly the mix. There will be a foreign currency component, but that's not material, but that will be much lower.

Ashwani Agarwalla: Okay. So if you look at the overall ROA as well, we would be touching 1.2% in the next 2 years. And currently, we are in the 1% range, which other segments -- which are a big drag on the ROA. As we said that credit card has been good for us. MFI is doing good for us. And -- but again, as I said, if we compare ourselves with our peers, which are the segments, which is really a drag on the ROE?

Jaideep Iyer: So Ashwani, we've explained this before. We are currently in investment mode on scaling up our newer retail asset products. Today, while the yields are what they are, they are obviously making an operating loss because there is investment upfront. And until you reach a certain scale in each of these products, it will be a drag on overall profitability. As we go forward, the existing reasonably established -- well-established businesses, which is cards, microfinance and wholesale, will continue to be roughly as profitable or marginally better as we go forward. But

the drag cost, the newer retail asset products, which are being scaled up will keep coming down with scale.

So just as an example, tractors made a loss in fiscal '23. We made profits in fiscal 2024. And next year, the profits should materially increase because now it's reached a certain operating scale. Similarly, we will see that phenomena come through in the products that are being scaled up now, which is affordable home loans, small and micro-LAP, even prime-LAP and so on and so forth. So that's the play we are looking at. And that from a DuPont standpoint should translate through -- largely through margins.

Moderator: The next question is from the line of Jai Mundhra from ICICI Securities.

Jai Mundhra: Congratulations on the great numbers. Sir, a few questions. First is, I think opex, you mentioned that this year, the opex growth could be lower than loan growth. If I look at FY '24, we had an opex growth of around 29%, 30%. And assuming you delivered a loan growth of 20%, are you saying that the opex growth will come down from 30% Y-o-Y to less than 20%? Is that the understanding? Because you still seem to be in investment mode. So that was the question number one.

Jaideep Iyer: No, I think there will be some reclass in opex. Opex growth for the year is -- yes, we reclass BC charges. So what we are looking at is not a like-to-like comparison. Opex growth for the year is grown by about 15%.

R. Subramaniakumar: 15% is what the growth. And see, one of the things, Mudhra, is that the opex, which grew by 15%, which was around 30% last year and it will continue to be in the range of 10% to 15% is what we said in the last two to three quarters before, and we will be continuing to maintain that in range only, which is far below than that of the advances growth.

Jai Mundhra: Okay. And because of this reclassification, maybe I have to redo my numbers. Okay. So that is good. But sir, even if you are in investment mode, you are saying that 10%, 15% opex growth will be sufficient. Is that what you're saying?

R. Subramaniakumar: Yes. See, if we just look at it, the most of the requirement for establishing these lines were done in the last year and a small percent of wherever we geographically expand, that will be an addition, which will be an incremental one only. It'll not be a fresh go from the zero base. And since that is going to be a little incremental, it may not be impacting much.

Jai Mundhra: Right. Okay. Secondly, sir, on deposits, right, so there is a huge CA growth, which I understand there would be some seasonality. But anything apart from seasonal -- your usual fourth quarter seasonality because even on Y-o-Y basis, the growth is very strong in CA. Is there anything which is changing or which has changed for this bank? Or was there any one-off opportunity seasonality?

R. Subramaniakumar: See, I just wanted to take you away from that CA growth. You look at the total deposit as a model. What we have been articulating for the last one, 1.5 years is that we are just moving away

from the bulk to the asset granular. So less than INR2 crores deposit, which is growing at all the branches is around 24%, which is definitely healthy and this is improving quarter-on-quarter. And we will continue to grow that particular segment.

So we are going to get a stable base of the deposits for funding our advances growth, number one. So that growth of granular -- incremental granular growth of the deposits will be higher than that of whatever the advances growth we are going to achieve it.

The second, there is -- our subsidiary RFL, we have not leveraged our touch points in respect of our subsidiary, which will start -- that's one big change which we have done, we experimented in few branches. That will incrementally give us some addition of maybe 1%, 2%, 3% of the growth there. And the last and the final one is that the digital, we will be bringing out some of the products, which will, again, give us an enablement for reaching the geography, which are beyond our branch also.

Jaideep Iyer: Yes. But Jai, to be fair, if you look at daily average CASA, we are holding steady. I don't think we are seeing a material improvement given the interest rate environment. We are taking the usual steps. We are now enabled for all tax payments of the government, so we will pitch accordingly for products. There is an increased focus from branch banking on current accounts. Having said that, the Q4 numbers, if you look at the daily average basis, we are steady.

Jai Mundhra: Understood. Because the question was also related to LDR, right, because such a huge CA growth, at least for us calculating LDR, that has improved very significantly by around 500 basis points. So would that be helpful in -- because your CD ratio or your LDR is now 81% versus 85%, 86% that you were running in the last two, three quarters. Do you have, I mean, scope for improvement in the LDR in whatever is the current condition now?

Jaideep Iyer: No, no, Jai, we will operate largely in the 83% to 87% range. The quarter end flows on last few days of the month or the quarter can skew numbers, but we will intend to operate in the 83% to 87% range. And just to clarify, but we also have access to good quality, relatively low-priced refinance borrowing.

So it is a conscious choice to look at that as a very viable alternative means of funding and we will continue to take the benefit of that because our asset side advances mix lends itself very favourably to some of these refinances.

Jai Mudhra: All right. Understood. And a question on your provisioning and contingent provision, right? So I think as per presentation, we had INR282 crores of outstanding contingent provision as of March '24. There would be some provision release from AIF provisions also, right? I mean, is that included in that 282? Or what is holding you back and releasing the AIF provisions now classifying into contingent because I think the circular is now done and the rules are out, there is nothing left there.

Jaideep Iyer: So, Jai, one clarification. AIF provisioning will never cause contingent provisions. Our contingent provisioning related to credit cards and microfinance, which we continue to hold at

1%, which means that every quarter, whatever growth happens in this business, to that extent of 1%, we will continue to add in contingent provisioning because we will maintain it at 1%. AIF provisioning was never called contingent. It is essentially -- yes, I mean, you could technically call it contingent because it's not impairment provisioning. We have not released any of that largely because of conservative interpretation of the guideline clarification, which came in.

Jai Mundhra: Okay. No, because a few other banks, they have already reversed, right? Because the circular now specify that these are the provisions you need to maintain and these are the provisions you can release. So if there is some quantum that we believe this provision is no longer required, we -- if we don't want to reverse that, we could have at least put that into contingent. But that is what we have not done, right?

Jaideep Iyer: We've not done. Our interpretation is that we could not release.

Jai Mundhra: Okay. Understood. And last thing is if you can update on the status? Last quarter, we had somehow hinted that there is some corrective actions that we are taking on the -- so that the renewal with the co-branded tie-up continues. If there is anything -- if you can comment there on our journey towards that -- progress towards that?

R. Subramaniakumar: See, there are two things we said about it. In the derisking even in my narration, we just made a point that we will be bringing down our dependency on one concentration of risk, we'll be bringing it down. We also said that our internal, other than the ex of BFL, our sourcing has gone up to 48% as of March, and it will keep increasing it during this year, and we'll be bringing down our dependency on single co-branding borrower, which was around 60%, 65% the year before.

Second is that, as has been said earlier by Jaideep that we have already signed up with the three new partners. The card of which will also be launched the co-brand -- it will be launched during this particular quarter. And one is, of course, IOCL, and Park Plus and third is the TVS Credit. And we are still continuing with our discussions with various other partners, which will also be done quarter-on-quarter. So our plan for derisking and the plan for continuing with the CAGR at the same level what we have been doing remains.

Jaideep Iyer: Yes. And just to add, Jai, I think we've had a large focus on internal as well as direct origination of cards. So a good portion now from close to being negligible about two years back or a year back, we are now generating almost 30% to 40% of cards through direct sales force or branches.

Moderator: The next question is from the line of Manish Shukla from Axis Capital. Please go ahead.

Manish Shukla: First question, going back to deposits. For the quarter, if we see Q-o-Q, there is a reasonably decent fall in share of retail LCR as well as less than INR2 crores deposits, right, up to 300 basis points. And there's a big buildup in LCR on a quarter-on-quarter basis. So can you please explain what's happened on the deposit front once again, please?

Jaideep Iyer: So Manish, so the below INR2 crores deposits has grown at a pace -- largely at a pace, maybe slightly lower than what we thought it should. But the percentage has dropped more because we

had a larger inflow of deposits that usually happens in March. People want to show deposits on their balance sheet, corporates largely. So that's why the LDR also fell to sharply sequentially, and which is why I said that we should operate in the 83% to 87% range. So that's one.

LCR is a consequence of general excess liquidity that has been around. We are consciously trying to see how we can operate more in the 120 to 130 range, which will naturally have that positive effect on margins, but that's more a question of efficient balance sheet. It is partly conscious because we don't want to go below 120, but 140, there is definitely scope for it to come down.

Manish Shukla: But Jaideep, if you look at the last four quarters, Q1 to Q4, quarter-on-quarter swing in LCR has been about 10 percentage point every quarter. That's a very large swing, isn't it, 129, 142, 132, 140, last four quarters.

Jaideep Iyer: Yes. I guess. Some of that happens due to some changes in the way you calculate. So we've had some of that as well come through, some positive, some negative, that happens. But otherwise, attempt will be to operate more in the 120 to 130 range. That's what would be the attempt.

Manish Shukla: Okay. Moving on to cards. The new card acquisitions in Q4 is lowest in almost seven quarters and for the last four quarters, every quarter, it has gone down. Anything that you are changing in terms of your acquisition strategy there?

Jaideep Iyer: Bikram? As far as the strategy is concerned, we said that we will be derisking and depending on one big co-partner, and we will be risking it by involving so many other partners. With regard to the deduction of the last quarter, I'll ask Bikram to tell you that what are the reasons for that. There's no specific reason. It is only of realignment of the things.

Bikram Yadav: So as we have commented in our last comment also that we've been building up the sales muscles and railroads of distribution throughout the first three quarters. A lot of them have matured by -- in last quarter and therefore sales muscle from deployment to output takes about one or two quarters.

So our contribution from non-Bajaj co-brands had increased because of the investments and diversification of co-brands that we have done over last 9 months. In addition to that, we have also augmented the direct to customer and our brand sales fees which have also now contributed in a major way and we'll continue to grow these channels in the next 3, 4, 5, 6 quarters as well?

Jaideep Iyer: But having said that, Manish, I think it is unlikely that we will go back to when we were much smaller maybe pre-COVID and whether we originated significantly higher on a small base. Now that we are at a critical size of 5 million-plus cards, the attempt is to kind of ensure that we are improving, for example, our activation rate.

So while our active rates are reasonably good at 43%, 44% on a monthly basis, but we will want to take that up. So there will be efforts made where we improve the quality of the portfolio from a spend perspective and therefore from a profitability standpoint.

And we will assume, therefore that when we do new acquisitions in the range of, let's say, 18 lakhs to 20 lakhs per annum it will also mean operating leverage coming through because we've seen a slightly increased credit cost in the card base and if you have to go back to profitability we need to take steps across revenue costs as well.

So it's a combination of those things. We are also no more chasing -- necessarily chasing the largest market share or going from 5 to 4 or 4 to 3, that's clearly not the intent. The intent is how do we ensure that we are able to mine this customer base for multiple products that the bank now has.

Manish Shukla: So -- but there is nothing in the quality of the card portfolio which is making it go slow in terms of asset quality?

R. Subramaniakumar: Not really, no.

Manish Shukla: Okay. The other number which you had indicated in the past is that by December this year we would like Bajaj to go down to 50%. You're already there as of March. Now would you like to revisit that number of December?

R. Subramaniakumar: Yes, we are looking at it and it will be a constant effort to reach a number which will be much better than what we have been talking about.

Manish Shukla: Okay. Last question. Mr. Kumar, in your opening remarks, you've talked about operating efficiencies. How long before we go down to less than 60% in terms of cost to income?

R. Subramaniakumar: See, the precise period we'll not be in a position to do that. But I'm telling you, looking at the past we just talked around 4% we'll continue to reduce by 2% to 3% this year. And the major benefit will start accruing from next year.

Manish Shukla: All right. Thank you. Those are my questions.

Moderator: Thank you. We'll take the next question from the line of Shailesh L Kanani from Centrum Broking. Please go ahead.

Shailesh Kanani: Good afternoon everyone. Thanks for the opportunity. So only one question pending from my side. Yields on retail book are flattish quarter-on-quarter and down vis-a-vis second quarter. So anything to read into it how we should see that going ahead at 17.3%?

Jaideep Iyer: Yes. So that will be a function of the -- on the daily average basis what is the mix between microfinance and cards. I think we are now at a stage where that is unlikely to go up. What will now have to drive retail yields is the change in mix within other retail where we move from prime housing to more affordable housing, more of two-wheelers than auto loans and scaling up of tractors. So that's only a question of mix.

Shailesh Kanani: So this should be the range going ahead, right? There is no further improvement in near term, at least, right?

Jaideep Iyer: I mean it will be a slow improvement, but yes it should go up. I would bet on the fact that this will be higher by the time we exit the year without any change in repo rates. If repo rates go down that's a different story, but without change in repo rates they should get better.

Shailesh Kanani: Okay. So related to that how is the composition book in terms of a fixed EBLR linked can you just give that?

Jaideep Iyer: So broadly, 35% as such which is your cards and microfinance and the rest of it would be largely externally linked. We have a book of approximately 6%, 7% still on MCLR, but the rest would be either repo or other external benchmarks.

Shailesh Kanani: Okay sir. That's all from my side. Thanks a lot.

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

Kunal Shah: Yes. So firstly, on write-offs, any change in the policy seems to be very aggressive write-offs. And I think on account of debt even on the credit cost side, it's even existing for the provisioning, contingency provisioning. It still seems to be upwards of 190-odd basis points, yes?

Jaideep Iyer: So Kunal, change in policy for technical write-up will not impact credit cost because technical write-off for write-off happens, of course, 100% provisioning in any case. But having said that, we -- if you recall in Q2 we had a tax bonanza and we did two changes. One is we created a contingent provisioning for approximately INR250 crores which is 1% of our cards and microfinance book.

And then we also accelerated the 100% provisioning on credit cards from 180 to 120. And when we did that we took a onetime effectively another INR50 crores provisioning at that point in time which we, of course, now continue to do the provisioning on 120 days.

Now the system implementation for technically writing that off took us some time and therefore that got bunched in February. And therefore, it was a catch-up of what was already 100% provision provided for on cards and that's the number which is higher. Going forward, we'll come back to the trend which you saw before Q2.

Kunal Shah: Okay. But if I broadly understand maybe what you also indicated in terms of the guidance that the credit cost will broadly be near 2% range, so is it like maybe compared to 1.5% to 2% which we have been highlighting this quarter also it has settled slightly higher? And maybe it might not get towards closer to 1.5%, but remain nearer 2% kind of a range even in the near term or medium term?

Jaideep Iyer: That is fair, Kunal. Partly product mix change expectations partly to do with the fact that the first couple of quarters had the benefit of a large COVID book where recoveries were still coming. We are now -- also, when we had -- when like the industry had a significantly higher NPA during COVID you also clean up the books effectively.

Now we are becoming -- again, it is reflecting a more normalized book. So you're right, I don't think we can expect 1.5% credit costs. We should be in the 2% range.

Kunal Shah: Okay. So credit cost in 2% NIMs as you said should be now within this range maybe earlier we were indicating that we will see some levers on the margin side as well, but I think again, in the commentary you said like it should be in the current range. So the overall ROA improvement lever will broadly be operating efficiency and opex to asset.

Jaideep Iyer: No, no, Kunal, margins, I think we will caveat it by saying that it looks steady for a quarter or two, but I would still expect margins to improve as we progress during the financial year. So that will play some role in ROA expansion in addition to costs.

Kunal Shah: Okay. Got it. And just one clarification. You said AIF provisions according to you could not be released based on the conservative interpretation. So there would be downstream investments as well. So that's the reason we have not written it back.

Jaideep Iyer: Yes. There is, of course, downstream investment which is why the provision happened in the first case. But let me give you one example of conservative interpretation. One would imagine an equity fund investment to be reversed, but if the equity fund has done an investment in a convertible instrument then the strict interpretation of -- even if it's compulsorily convertible, as an example, stricter interpretation would say do not reverse, something like that.

So net-net has chosen not to reverse that provisioning and that provision will reverse only if we sell down or if the fund returns as money which is naturally expected during the course of the next couple of years.

Kunal Shah: Sure. And one last question on MFI. So still in terms of the sequential traction in MFI that seems to be going quite well almost like 10-odd percent despite maybe we are seeing some kind of a disruption in the few states and we are getting into the election period wherein there could be some impact on the collection efficiency.

So would we continue maybe was it more like a Q4 phenomena or we continue to build out MFI and the other unsecured products and that will again be the contributor to the overall growth?

Jaideep Iyer: So Kunal, honestly, MFI will -- has been in the broadly -- we had come down to 7%, 8%. We moved to close to 10%. And we have stated in the past that cards plus MFI we would want to anchor in the 35% range. We can always look at some interplay between MFI going from 10 to 12 cards coming from 25 to 23 over a period of time, but broadly speaking net of sell-downs, which we will continue to try and do in MFI because it's a very rich PSL-compliant portfolio for other banks to take. We will in our books broadly hold it in that range.

Kunal Shah: Okay. Got it. Thanks and all the best.

Jaideep Iyer: Thank you.

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

Saurabh Kumar: Just two questions. One is on the wholesale book what's the magnitude of its total write-off now left? So that's one. And the second is essentially on your core fee it's up about 24%. So given -- would you expect this momentum to sustain in the next two years given the shift in retail and your expectation of 20% advances growth? So these are the two ones.

R. Subramaniakumar: Regarding the core fee income year-on-year we'll be in a position to achieve that, we'll maintain that. The quarter-on-quarter there will be some variation because normally bump up happens at the end of the fourth quarter and third quarter and fourth quarter. So as far as overall we'll be able to maintain it year-on-year the same percentage. With regard to the wholesalewrite-off, I will ask Jaideep...

Jaideep Iyer: Yes, I didn't understand. Can you repeat the write-off question on wholesale?

Saurabh Kumar: Yes. So I just want to know what is the magnitude of the total return of book and if you can tell us what the wholesale component of that is?

R. Subramaniakumar: What stand you are talking about?

Jaideep Iyer: You're talking about technically written-off which means we are still making efforts.

Saurabh Kumar: Surely. Written off accounts?

R. Subramaniakumar: If you write-off any account we will continue with our efforts for recovery. We have made 100% provision and call it as a technical write-off which is in the range of around INR1,000 crores.

Saurabh Kumar: Right now it's INR1,000 crores?

R. Subramaniakumar: Yes.

Saurabh Kumar: Okay. So your recovery momentum into next two years?

Jaideep Iyer: Yes, but caveat here, I don't think we will expect any materially large numbers of recovery. We will have -- if we have to give an estimate we will say INR100 crores, INR200 crores max in a year.

Saurabh Kumar: Yes, correct. Exactly. So your wholesale will not -- will be slightly inching up. I mean that it will be 50-50.

Brijesh Mehra: It will be erratic and opportunistic. It will not build a business case around it. It's like, yes, I think there's a lot to talk about it, it's a onetime event. It will be erratic and opportunistic and it is not a sustained business model from a valuation point of view.

Saurabh Kumar: Yes. Okay. Thank you.

Moderator: Thank you. The next question is from the line of Anand Dama from Emkay Global. Please go ahead.

Anand Dama: Thank you for the opportunity and congratulations for a great set of numbers. So my first question is related to credit card. So two points over here. So basically, can you talk about how the credit cards basically stress is panning out across system and for the bank as such, number one. Number two, is that you talked about the partnerships where basically you are entering the new partnerships versus the So how does the ROI metrics for these new partnership was for this, say, Bajaj? So whether we'll have a better ROI in our book in these partnerships versus what we had with Bajaj?

R. Subramaniakumar: Dama, the second part of it. We have also said earlier, whether it is the Bajaj book or the bank book, the ROE happens the same, right? So going forward, ROA flip may not be the same in partnership. Partnership is going to enable us to reach the new market as a new set of the customers on whom we will be in a position to engage and continue to issue the cards. And once the cards are issued today, this has been told by Jaideep also earlier, this year, our focus is going to be not chasing the numbers on the top 4, the top 5.

And we will be seeing the ways and means of ensuring more number of active cards are used. More number of active cards are using, the spend is the increase -- I mean the spend ratio has to be increased, which is okay for us, and we'll continue to focus on those areas. And rather, it is going to be the customer acquisition mode so that we get into the handle of the new customers and through them, we'll be explored opportunities for the cross-sell and up-sell since we have a large number of retail portfolio products we have. That's the approach as far as the card is concerned. And the first question I couldn't understand. Can you repeat that, please?

Anand Dama: So basically, can you talk about the credit card space that we are seeing across systems? Probably we saw card percentage -- also being higher for SBI cards. So how the stat is shaping up into the credit card portfolio for the industry and for the bank?

R. Subramaniakumar: See, I can just make one simple comparison for the one which is in the public space, vis-a-vis what we have. Our -- the credit cost has been lesser than that of the one which you made a mention about it. We consider that as an industry, we continue to be better than that.

Anand Dama: But is there any reason why we're seeing different kind of sales behavior?

R. Subramaniakumar: I can talk about the behavior of our book, but not that of the industry for a simple reason, how they handle, I didn't know. Yes, I think, Bikram, if you can add something without getting into the other bank's portfolio?

Bikram Singh Yadav: So if you were to see and see the comparison of our performance versus the industry versus the information which you were mentioning, industry -- so we are lower than the industry and industry is lower than the published information that you are referring to. There has been no increase in the industry credit cost in such drastic manner. Rest of it about that specific player, I

mean, we know as much as through published information as much as you know. Does that answer your question?

Anand Dama: Sure. Yes, and Bikram, if you can highlight about like the partnership that we had with Bajaj? I think we had end-to-end partnership, right, from sourcing to collections, everything, right? Now the partnerships that we are entering, obviously, we do not have no collection as part of that partnership. So in that case, the cost have been incurring and obviously, it will be lower as compared to what we used to incur in the Bajaj partnership. Is that right...

R. Subramaniakumar: Let me just clarify one thing. We will be complying with the master direction of Reserve Bank of India in terms of the credit card issuance. The co-brand partner is expected to source and market. We stick to that. Nothing beyond. So underwriting is with us, risk underwriting and managing the card is with us, transaction is on our system and managing and looking at the data is with us and the collection is through our team only. All along, we always had a grip on the total collection with us. The first 2 are the only things which is permitted as per the Reserve Bank of India guideline. We'll stick to it 100% without any deviation.

Anand Dama: Great, sir. Sir, secondly, the tax bonanza that we had in FY '24. Is there more to it like in FY '25, we should expect something more from them?

R. Subramaniakumar: Which one, one-off? I don't have a direct line. Anand, that word itself is one-off, and there's no two-off or three-off after that. If it happens, we both will be happy about it.

Anand Dama: That will give you a leeway to basically build up...

R. Subramaniakumar: If it happens, it happens. If it doesn't happen, it's not -- as we're thinking back, the -- this is not taken into the business modeling and then valuation part, this is a one-off. And if it happens, it's a windfall. Windfall is not a part of assessment planning.

Anand Dama: Sir, if you can talk about the attrition rate in the bank, like what was it last year and how much it is for FY '24?

R. Subramaniakumar: I have been telling it last 2 quarters also very clearly. Our attrition is not in the top management or senior management. If you look at it, we are together as a team for the last 3 years. The leadership face I'm seeing here for the last 8 quarters remains the same. Only thing is some new names have come because somebody else has retired, okay? And whatever the attrition happening in the bank, it's always in the junior management at the entry level. Our attrition is mainly. So 6 months of the period is always a training period, stabilization going. That attrition remains what it is. But overall attrition, if I compare that of the 2 years before and now, it has dropped by 6%.

Anand Dama: Thanks a lot sir.

R. Subramaniakumar: Thank you.

Moderator: Thank you. The next question is from the line of Nitin Aggarwal from Motilal Oswal. Please go ahead.

Nitin Aggarwal: Hi sir. Congratulations on a strong performance. I have 2 quick questions. One is on the fee growth again because the run rate is very, very strong. And if I look at the composition, especially the distribution fee, that has grown like nearly 200% Y-o-Y. So if you can share some colors to what has driven this? And how do you look at this run rate going forward?

Jaideep Iyer: Yes. So, Nitin, distribution fee income largely pertains to third-party sales, which is insurance and mutual funds and other products, which typically insurance is a Q4-heavy quarter. In general, I would say that fee income should also be -- our attempt would be to keep it higher than loan growth. So if we grow loan growth at 20%, we will need to ensure that fee income is slightly above that and that has been the trend so far, and we don't expect that to change materially at least in the near future.

Nitin Aggarwal: Okay. Sure. And second is on like the more qualitative question knowing how critical the card business is for us. And over the past 2 years, we have made significant investments across all our business lines. So any qualitative color if you can share on how we are placed in respect to RBI's IT audits and overall compliance in the recent years?

R. Subramaniakumar: See, leaving out whatever is there in general area, I can talk about RBL Bank. We are most relevant and the compliant bank. And as far as the requirement of that, it is a continuous basis. See, if you introduce a new line of business, you have to keep on improving it. And whatever the improvement, which is required for achieving it, we make earnest continuous effort on a day-to-day basis.

As I said earlier, this IT infra, it is not something which is being watched at once in a quarter or once in a quarter end, it is being watched daily. We have a team, which we call it as a run-the-bank, RTB. They are literally on 24x7 basis, they keep looking at it. And they always align their strategy for infra strengthening with the business. If the business is planned to grow by x percent, they will be having -- they have a threshold. The threshold will be maintained to that extent. It is a continuous basis. That's why the investment in IT cannot be a onetime and forget it. It's always a continuous one. Capacity building is always a part of the monthly review meeting held at my level. So that is being constantly looked at it.

And regards to the compliance and as a bank, culturally, we wanted to be an extremely compliant-oriented, and it is now ingrained with everybody who joins the bank. It is part of our initial training also. The compliance is the first line or the business-facing person's responsibility. There is no separate compliance department, which alone takes the responsibility. Now every business here is sitting here. Once the compliance, they ensure that the compliance is resolved. So it's more of a business or business, sales, collection, everybody ensures the compliance part of it.

Nitin Aggarwal: Right sir. Thank you so much and wish you all the best.

Moderator: Thank you. Ladies and gentlemen, we now conclude the question-and-answer session. If you have any further questions, please contact RBL Bank Limited via e-mail at ir@rblbank.com. Thank you, members of the management. On behalf of RBL Bank Limited, we thank you for joining us, and you may now disconnect your lines. Thank you.