Kotak Mahindra Bank Limited

Q3FY26 Earnings Conference Call

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Moderator: Ladies and Gentlemen, Good day, and welcome to the Kotak Mahindra Bank Q3 FY '26 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 this conference call, please signal an operator by pressing "*" and then "0" on your touchtone phone. Please note that this conference is being recorded.

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

Ashok Vaswani: Thank you. Thank you so much, operator. Good evening, everyone, and thank you for joining us. Before I begin, let me welcome Anup Saha, our new WTD designate. Anup brings over 3 decades of vast experience and domain expertise across many fields, including retail finance, analytics, risk, collections, and financial service operations. He will oversee our consumer Bank, data analytics, and marketing verticals. His addition strengthens our leadership team and accelerates our ability to execute at scale.

Moving on to today's agenda, I will make some opening remarks. Devang will cover the numbers in detail; Pranav – the Deposits Franchise, Vyomesh – Consumer Assets; Manish – Commercial Banking, Paritosh – Wholesale Banking, and Institutional businesses, and finally, Jaideep will update you on our subs.

Let me first talk a little bit about the macroeconomic environment:

The global landscape has become more volatile. Geopolitical tensions, trade and tariff uncertainties have weighed on global investor confidence. While there seems to be a high level of confidence to get a trade deal with the EU, the absence of a final trade agreement with the U.S. continues to add to this uncertainty. We have seen unprecedented strengthening of gold and silver and outflows from India by FIIs to other markets that are perceived to be more attractive to foreign investors.

However, the Indian economy continues to demonstrate strong and stable growth:

GDP growth continues to be resilient with a positive outlook. This is supported by several enabling actions like the RBI's repo rate cuts and GST rate rationalization. 3Q also saw an uptick in growth led by the usual festive demand.

Rural India overall looks stable, supported by good monsoons.

The rupee weakness has partly offset tariff impacts but has also affected foreign flows and liquidity.

With respect to capital flows, while FIIs have been net sellers, domestic institutional investors have provided support with around $24 billion in inflows in Q3 FY '26, reinforcing the Savers to Investors trend. This is also evident in the strong IPO pipeline expected for calendar 2026.

In the Banking sector specifically:

System credit growth has been healthy, but the flows into commodities and capital markets are putting more pressure on low-cost deposits.

There is enhanced volatility seen in the banking sector liquidity, while benchmark rates are reduced, longer-term treasury yields have firmed up.

Within this context, coming to Kotak:

We remain focused on our strategy to scale responsibly. This discipline is reflected in our quarterly performance. In the Bank, net advances grew 16% Y-o-Y. This is in line with our stated philosophy of growing our advances in the range of 1.5x to 2x nominal GDP growth. We have seen consistent growth of around 4% per quarter for the last 3 quarters of this financial year.

Average deposits grew 15% year-on-year. We have been focusing on granular CASA growth. This is on the back of our focus segment strategy and I will come to that shortly.

We called out unsecured retail loans earlier. We said we would grow gradually and responsibly, with the unsecured assets growing in absolute terms in the first instance. And that's exactly what we have done and will continue to do so.

The Bank's NIM continues to be healthy at 4.54%, supported by our low cost of funds.

Credit costs, as indicated previously, continue the downward trend, supported by our updated underwriting models and enhanced collection efforts. Credit costs are down sequentially from 93 basis points in Q1 to 79 basis points in Q2 and now 63 basis points in Q3. But within this, we continue to watch the Retail CV segment carefully. Overall, we expect normalization of credit costs to continue, though at a more moderated pace.

Total operating expenses continue to remain under control as we drive productivity and efficiency. This quarter includes certain one-offs, which Devang will cover in his comments.

In the subsidiaries, this quarter our subsidiaries contributed 30% of consolidated profits, which grew 11% on a year-on-year basis. Jaideep will take you through the details. At an overall level, the consolidated book value per share grew 15% year-on-year to INR 176 on a post-stock split basis.

Stepping back, this was another quarter of solid progress against our stated strategy. Kotak is the most comprehensive financial conglomerate. We run the group through the Bank and 19 wholly owned subsidiaries. This enables us to create holistic propositions for our chosen customer segments. In addition to this, we run Tractor Finance, CV, CE as standalone product verticals.

We have identified four focus segments, High Net Worth, Core India, SME, and Institutional Clients.

For the High-Net-Worth segment, we have the Private Bank and Solitaire Propositions.

Our private Bank has shown consistent good growth in AUMs across MF, NDPMS, AIF, et cetera. Solitaire, our offering for the affluent, has worked well in growing CASA, SIPs, mutual funds, and driving card spend.

In Core India, we have our 811 offering. After the embargo, we are back to acquiring a large number of customers every month. This has also contributed to the savings book growth. Our recently launched 811 Super is attracting the digitally-savvy younger customer with a much better ticket size.

SME continues to be the backbone of Kotak. The total SME book grew 17% year-on-year to INR 1.16 lakh crores.

On the institutional side, Investment Banking and Alternate Assets businesses had a very good quarter.

Additionally, we continue to be leaders in Tractor Finance with a quarterly growth of 5%, and year-on-year growth of 16%.

On the tech front, we are now further accelerating progress on automation and digitization of Kotak, improving customer service, and enhancing efficiency. This covers the entire gamut of the customer life cycle and our various channels across sales offices, branches, call centers, and digital channels. These efforts have allowed us to grow the balance sheet without corresponding headcount growth.

We have made significant progress on strengthening technology resilience and recalibrating credit risk. Our strategy is clear, execution is progressing well, and we are seeing good traction in customer acquisitions, deposit, and asset levels.

The above results are a reflection of our continued progress against the execution of our strategy of driving scale for relevance without diluting our DNA of risk prudence and profitability.

With that, I will hand it over to Devang to walk you through the numbers in detail.

Devang Gheewalla: Thank you, Ashok. Good evening, friends, and wishing you all a happy new year.

Let me start with the overall Bank performance for Q3:

If you look at it, this quarter actually saw all-round improvement in net interest income, fee income, as well as credit cost, combined with growth in granular low-cost deposits while maintaining the credit growth. Operating costs saw some one-offs related to acquisition and volume-related costs. I will speak about that later.

The Bank's balance sheet grew 15% on a Y-o-Y basis, with net advances growing at 16% Y-o-Y.

For advances book, mortgage asset continues its growth trajectory with 18% Y-o-Y growth. Aggregate SME advances, as you know, we do SME from 3 separate verticals, which is combined within commercial Bank- Agri, working capital and business loans in consumer, and SME in wholesale business, all 3 put together, growing at 17% Y-o-Y basis. The Bank was able to retain its leadership position in Tractor Finance business at 16% Y-o-Y growth.

Absolute unsecured retail loan book growth showed gradual growth, as we had indicated. We remain cautious in growing retail commercial vehicle book, while addressing the credit concerns.

Coming to the deposit side, the total deposits grew 15% on a Y-o-Y, supported by healthy growth in low-cost deposits, as CA and fixed rates SA both growing at 15% across customer segments. Even on average basis, we saw significant granular movement in low-cost deposits, with average CA growing 8% Q-o-Q, and average fixed rates SA growing 4% on a Q-o-Q basis. We have obviously also reduced our reliance on the LIBOR linked SA, which has also helped us in getting a higher cost of fund benefit. CASA ratio at 31st December was at 41.3%.

Bank's net worth is at INR 1,30,000 crores, with a ROE for Q3, 10.68%. Net worth increase in Q3 included about INR 2,000 crores unrealized gain on valuation of the strategic investments, which we hold, which is the MCX and KFIN. As you know, we have been accounting this post-tax gains under AFS reserve, and we are not taking it to the profit and loss count. ROE for Q3 computed on net worth, excluding this cumulative AFS reserves out of the strategic investments, is actually at 11.29%. And if you further adjust for the excess equity, at 15% of capital adequacy, our ROE is closer to 14%.

At the Bank standalone level, capital adequacy is very healthy at 22.6%, of which CET1 itself is 21.5%.

Coming to the income statement:

Bank ended the quarter with a PAT of INR 3,400 crores. Q3 includes high cost on account of new labor code-related provisions, which at the Bank standalone is INR 96 crores pre-tax business. Adjusting for this, profit actually grew 8% on a quarter-on-quarter business.

NIM for the quarter remained at 4.54%, which is same as last quarter, despite the 50% repo rate cut in the quarter of June. During the Quarter 3, we also saw a higher short-term liquidity, which was deployed in treasury assets. If we exclude those short-term earning assets, our NIM actually improved to 4.58%, up 4 bps during the quarter.

Cost of funds reduced by 16 bps during Q3 at 4.54%, driven by low-cost deposits and repricing of maturing term deposits. So, if I look at the cost of fund trajectory, it used to be 5.01% in Q1, reduced to 4.70% in Q2, now So, down to 4.54%.

Fee income saw a healthy growth of 6% Q-o-Q, contributed mainly by FX, debt capital, and distribution income. Credit card fee growth continues to remain muted.

Employee cost of the Bank is INR 2,200 crores for Q3, which includes INR 96 crores, as I mentioned earlier, pursuant to the new labor code. Further, there was a saving in the retiral cost during Q2, if you recall, which we had mentioned, which has been normalized during Q3. So, that is also an effect of Q3 movement over Q2 under the retiral cost, which has also impacted the cost. Actual payroll cost without this, which is basically the CTC cost of all the staff, remains flat on a Q-o-Q basis.

Other operating expenditure of the Bank is INR 2,700 crores for Q3, which is up 5% Q-o-Q basis. However, to further analyze that, it includes marketing spend during the festive period on brand promotions. Further, this quarter saw a significant increase, which is seasonal factor, on the tractor finance disbursement. And as you know, there is a higher brokerage we should pay in tractor finance, which is accounted upfront, and that is also resulted in the acquisition cost going up. There was also an increased acquisition in 811 products, which also increased the volume-related cost.

Cost to income ratio, without considering the one-off impact of the new labor code is at 47.4%.

Asset quality parameters across all the parameters improved significantly during Q3 on expected lines. Gross NPA at 1.30% versus 1.39%. Net NPA at 0.31% versus 0.32% last quarter, with a provision coverage ratio now at 76%.

Credit cost for Q3 reduced to 63 bps, down 16 bps Q-o-Q from 79 bps in Q2. As you recall, Q1 credit cost was at 93. While delinquencies in Unsecured Retail business showing improvement, we remain cautious on Retail Commercial Vehicle segment. Slippages for Q3 were INR 1,600 crores, which includes INR 257 crores that got upgraded within the same quarter. The slippage ratio, therefore, improved 1.34% from 1.41% in Q2.

Coming to the consolidated performance:

With respect to group companies, capital market subsidiaries showed growth with increased volume and improved market share. Our AMC business, including the Trustee company, continues to perform well with growth in AUM. Insurance business, which got impacted by GST regulations, changes in Q2, has normalized in the current quarter.

Our consolidated customer assets are at INR 5,98,000 crores, and our AUM managed by the group is now INR 7,87,000 crores, both grew at 15% on a Y-o-Y basis. Q3 '26 consolidated profit after tax is INR 4,900 crores, grew 10% from INR 4,400 crores. Q3 profit PAT is after the new labor code impact of INR 128 crores. INR 128 crores is the pre-tax cost at the group level, equivalent to INR 96 crores what we took it in the Bank.

ROE at consolidated level is at 11.39%, and ROA for Q3 is 2.10%. The consolidated net worth of the group is now INR 1,75,000 crores.

Our capital adequacy continues to remain strong at group level at 23.3%, with CET-1 is 22.4%.

The book value of the share is 176, which has grown by 15% Y-o-Y, and this, obviously, the book value is after considering the split of the shares.

With this, I hand over to Pranav to take you through the highlights of the Deposits franchise.

Pranav Mishra: Thank you.

Devang has taken you through the numbers. **I will now take you through the underlying strategy of the Bank deposit franchisee.**

As outlined earlier, our strategy to serve the customer focuses on 3 levers for growth, consumption-led, investment-led, and asset-led in a cost-effective manner. Customers are now highly digital, expecting real-time, frictionless engagement across every touchpoint of the Bank.

We are providing and curating journeys to capture following customer behaviors, which trends across High Net Worth, Mass Affluent, and Core India, and that is a billion Indians.

#1. Consumption-first mindset: We are leveraging spending patterns to create relevant banking opportunities.

#2, **Savers to Investors**: We are tapping into the shift from savers to investors via SIPs, Demat, and trading accounts to build CASA granularly and sustainable growth onto it.

#3 Liabilities opportunity from asset: We are building a banking ecosystem around customers having asset relationship by offering aspirational products.

Our propositions are capturing these behaviors and providing enhanced experience to new to Bank customers, as well as adding value to our existing customers.

On current account, our average current account balances grew by 14% Y-o-Y this quarter. Our focus on the self-employed customer base continued to show momentum in a new acquisition, contributing to the overall balances and long-term value creation. In addition, the focus on customer collection and payment flows drove the growth in throughput and liability balances.

On savings account, our average fixed rate savings balances grew 12% Y-o-Y. In savings account, our focus continues to be on high Net Worth, Mass Affluent, and Core Customer segments supported by a comprehensive relationship-led approach that values customer engagement across Kotak's ecosystem, including liabilities, investments, insurance, and loans.

Kotak Solitaire, as spoken by Ashok, that proposition was launched in Quarter 1, and is designed to execute the above-mentioned strategy through quality acquisition, deeper relationship, and sustainable deposit growth.

We have observed an uplift in new to affluent customers with increase in relationship value, primarily driven by deposits and investments, including mutual funds, SIPs, and other asset building products. This trend is visible across both newly acquired and existing customers.

Kotak's 811, our flagship digital banking proposition, continues to accelerate customer acquisition and digital service at scale with speed and simplicity. It gives Kotak granular, sticky, and low-cost deposit through seamless digital onboarding and app platform.

Kotak's 811 Super Savings account is the first of its banking proposition, based on cash flows, not on average monthly balance. It offers 5% cash back on debit card spends. It is specifically designed for Core India customer, young, aspirational, and value conscious.

Term deposit, we grew by 17% Y-o-Y and 4% Q-o-Q.

Distribution:

Our distribution strategy continues to deliver omni-banking experience by leveraging physical, digital, and virtual channels. The virtual banking platform bridges branch and digital services with personalized, scalable 24x7 customer engagement. This approach helps us in enhancing operational efficiencies and effectiveness of remote banking services.

Our ability to serve customers at both acquisition and service stages has been improved due to decongestion and digitization of processes across branches and all other channels.

Our focus remains on maintaining a balanced mix of savings, current, active money, and term deposit to drive sustainable growth in liabilities, in a cost-effective manner.

I now hand over to Vyomesh to take you through consumer asset business.

Vyomesh Kapasi: Thank you, Pranav.

I will take you through the highlights of the consumer assets:

At a macro level, the demand environment of consumer assets remains favorable, supported by stable economic activity and improving customer confidence. Our consumer asset portfolio delivered 16% growth year-on-year and 4% growth sequentially, led by strong momentum in MSME, segment reinforcing our strategic focus on balanced high-quality expansion.

Mortgages:

Mortgage loans comprising of home loans and loan against property continued to register healthy growth of 18% year-on-year and 5% quarter-on-quarter.

The Home Loan market continues to be price sensitive, however, our strategic focus on deepening customer relationship and positioning Home Loan as an anchor product for the Affluent segment continues to drive steady traction. This approach enables us to increase wallet share from existing customer, helping in cross-selling to liabilities, investments, and other core banking products. The Home Loan portfolio has demonstrated reasonable growth and remains a key area of focus.

The loan against property segment, largely serving the MSME customer base, continues to show strong momentum, supported by healthy borrower demand and our disciplined approach to underwriting. We maintain a strong position in this segment, supported by ongoing investment in process improvement, enhanced credit assessment, and an elevated customer service.

Overall, the quality of our mortgage book remains sound, enabling us to sustain growth in this particular space.

Business banking:

There is a sustained demand for working capital across sectors, driven by a surge in consumption trends, following the changes in GST. Our Secured Business Banking portfolio, comprising micro and small SME customers, recorded a strong growth of 21% year-on-year and 5% quarter-on-quarter, with utilization levels remaining high, particularly during the festive period.

In the Unsecured Business Loan segment, growth has remained steady, with our focus on maintaining portfolio quality.

Overall, the Business Banking portfolio across both Secured and Unsecured segments continues to be stable.

Personal loans:

Our Organic Personal Loan business continues to be the main driver of our growth in the Retail Unsecured portfolio. Disbursements have stayed strong, led by Salaried Customer segment, supported by a wider range of digital lending journeys.

Credit quality remains stable, helped by better analytics, sharper underwriting, hence stronger risk controls. The rapid expansion of digital origination channels is allowing faster decisions, deeper customer reach, and healthy growth in this segment.

The Personal Loan portfolio acquired from Standard Chartered last year is performing better than expected. Although the rundown of the acquired book has been quicker this quarter, the strong pickup in organic disbursement positions us well for a return to growth in personal loan advances in coming quarters.

Our focus on maintaining credit quality remains firm. We will keep building this business by using data-driven insights, disciplined policies, and digital-first origination to manage risk effectively.

Credit cards:

Credit cards are key to our core strategy for deeper engagement with our customers, ecosystem stickiness, richer data insight, cross-sell, and better CASA retention to drive improved profitability. Our new Solitaire credit card continues to gain traction in the High Net Worth Customer segment.

The GST cut and festive season improved customer spends and stronger portfolio engagement.

We are seeing consistent improvement in credit quality due to moderating delinquencies, driven by enhanced data analytics, strengthened risk control, and portfolio strengthening.

The analytics-led pre-approved programs, superior risk model, new product launches across customer segments, digital issuances, and targeted ecosystem partnerships will drive scale with quality.

In summary:

Delinquency in overall Unsecured portfolio has improved with better flow rates and collection efficiencies observed in this quarter. We will continue to enhance our risk management and monitoring framework for all our consumer asset portfolio.

We are leveraging analytics, including machine learning models, alternate data in collection to increase collection efficiency and recovery of unsecured portfolio.

I now hand over to Manish to take you through the commercial banking business.

Manish Kothari: Thank you, Vyomesh.

I will start the highlights of Commercial Vehicle portfolio.

The CV industry saw a sales growth of 22% Y-o-Y and a 21% Q-o-Q growth on account of growth across medium, light, small commercial vehicles. The growth was primarily due to reduction in GST and price hike announced by OEM's effective 1st of Jan.

We continue to maintain our overall market position with an appropriate customer segment mix, ranging from fleet operators to retail. As we had mentioned last time, we continue to witness some stress in the Retail CV segment. Hence, over the last few quarters, we have substantially tightened our underwriting and have reduced our disbursements to this segment. We have strengthened our collections accordingly.

The portfolio built over the last few quarters is showing better performance in terms of early delinquency trends and hence we expect improvement in overall portfolio performance over a period of time. We will continue to focus on building our business cautiously through calibrated risk interventions, while keeping a close watch on certain customer segments.

Construction equipment:

The Construction Equipment industry sales continued to witness negative growth, (-14%) Y-o-Y in Q3 and negative growth of around 10% for YTD December, primarily impacted by slower infrastructure activity as well as project execution challenges due to early and extended monsoons disrupting equipment deployment as well as tight state government cash flows delaying infra-execution.

Industry-wide, the institutional buyers and mid-size contractors continue to show resilience, whereas small contractors and first-time users and buyers are navigating a slightly more tightened liquidity phase.

Given this environment, our disbursements were broadly in line with industry trends and we continue to maintain a strong position in the market.

Improved cash flow released by state governments, local bodies, municipal corporations, strong and expeditious project award by the government, and higher budgetary CapEx allocation in the upcoming budget will be key for the industry numbers to pick up in the coming quarters.

Tractor finance:

The tractor industry sales saw 22% Y-o-Y growth and 19% Q-o-Q growth in Quarter 3, primarily due to GST rate cuts, government support on subsidies and favorable rural sentiment due to good monsoons.

Monsoons extending into early November as well as soft Agri-commodity prices have had some impact on the cash flows of the farmers. However, robust rabi sowing should improve rural cash flows.

Our Disbursements grew broadly in line with the industry, helping us maintain our leadership position.

Impact of cash flow for the farmers reflected in slightly lower collections efficiency in this quarter and is likely to recover as rural cash flows improve.

Microfinance:

The microfinance had started degrowing quarter-on-quarter from Q2 of last financial year. While the disbursements have picked up over the last few months, we expect the industry data to reflect a muted Q3 as well.

Our retail microcredit book has remained flat quarter-on-quarter, primarily due to scheduled repayments offsetting the current disbursement rate. The portfolio quality for business origination through a risk profile-based underwriting model is performing quite well. We expect disbursements to gradually improve from this quarter and the portfolio performance to continue to get better in the coming quarters.

We have also started covering our microcredit loan disbursements under CGFMU Credit Guarantee Scheme.

Post-merger of BSS and Sonata in October, we are working towards integrating the overall franchise to serve our customers more efficiently across all geographies.

Agri Business Group:

The Agri SME book saw a YOY growth of 12% and a quarter-on-quarter growth of 8%, supported by pick-up in working capital utilization and a strong growth in New-To-Bank customer acquisitions. The quality of the book continues to remain good.

In this segment, we will continue to grow our new customer acquisition across Agri clusters and focus on providing holistic solutions to these customers through a One-Kotak approach addressing borrowing needs, transaction banking, investment and protection needs of our customers.

I now hand over to Paritosh to take you through the Wholesale Banking and Institutional Business.

Paritosh Kashyap: Thank you, Manish.

I will now take you through the highlights of the Wholesale Banking and Institutional Businesses.

This quarter, our Wholesale Banking Assets along with Credit Substitutes grew at 17% YOY and 3% quarter-on-quarter driven by robust advances growth. The Credit Substitutes book was, however, flat this quarter as better loan market pricing led to a shift from investments to loans. We maintained our emphasis on granular growth through the SME and mid-market verticals.

In Corporate SME, new business momentum remained strong with stable spreads. Adjusting for the migration we did at the start of this year from SME to other verticals of the Corporate Bank, SME advances grew at 26% YOY and 7% quarter-on-quarter. SME remains a core strategic pillar and our ongoing investments in technology projects such as CRM, loan operating system, and digitization of customer journeys are helping reduce turnaround time and improve productivity. Consistent with our focus on building holistic long-term relationships with customers, we partnered with Indian Institute of Technology to launch programs that enhance further readiness and AI adoption among our SME customers.

Our mid-market portfolio too continues to scale rapidly. Our book here is diversified and a substantial portion of the book is from working capital and flow-based businesses.

Pricing continues to be a challenge in the larger corporate space, especially in long-term loans and project finance. We continue to focus more on flow-led businesses and profitability through higher cross-sell, greater share of transaction banking and deeper penetration.

Trade remains a priority. While overall growth in the trade book was muted this quarter due to pricing pressures and large mandates, the granular portfolio showed good momentum with new client acquisitions and mandates. We also saw good growth in the cross-border trade book in GIFT City. Our recently launched EwayGo digital platform for supply chain finance is also witnessing a robust pipeline.

Our asset quality across customer segments continues to be robust, and we saw minimal slippages this quarter.

We continue to enhance returns and profitability through liabilities and fees. There was an uptick in DCM volumes and revenues this quarter driven by successful completion of large transactions across corporate, real estate, and infrastructure. FX revenue also grew aided by both corporate and institutional flows.

We continue to focus on increasing our share of customer collections and payment flows. This quarter, overall number of transactions and throughput have grown well. This was complemented by capital market transactions, including escrows, dividends, buybacks, resulting in healthy average liability growth this quarter.

Investment in technology, including the launch of a dedicated escrow platform and enhanced API capabilities, have further strengthened our system.

Our unified corporate portal, Fyn is seeing good customer adoption. This quarter, we automated the working capital loan disbursement, dealer financing and servicing on Fyn.

The wholesale Bank continues to work closely with the investment Bank and institutional brokerage businesses to improve corporate and investor coverage. Together, the group is able to maximize opportunities across custody, escrow, FX, financing, and primary market activity, and deepen relationships across the franchise.

This quarter was an active quarter for these businesses with several marquee IPOs and advisory deals. In capital markets, the investment Bank managed 11 IPOs and 3 QIPs, raising a cumulative of about INR 74,000 crores, and in advisory, the investment Bank advised on 5 transactions with a cumulative deal value of about INR 26,000 crores.

The institutional brokerage business also maintained its tier 1 ranking with most global FPIs for their India investments, and with leading domestic mutual funds and insurance companies, and gained volume share in a challenging market.

Custody balances at the Bank also showed growth this quarter in both the offshore and domestic custody space. We remained focused on onboarding new custody clients, including through GIFT City.

Overall, the wholesale banking and institutional businesses remain in good health, delivering acceptable ROE, and demonstrating resilience across market cycles.

I now hand over to Jaideep to take you through the subsidiary businesses.

Jaideep Hansraj: Thank you, Paritosh. Good evening to all.

Let me talk about our subsidiaries now:

In Q3 FY'26, our subsidiaries reported profit of INR 1,453 crores, up 11% YOY and 19% sequentially. This strong performance meant subsidiaries contributed a healthy 30% of consolidated profits for the quarter, underscoring the depth and resilience of our conglomerate model. It enables us to capture shifting financial trends through cycles and retain profitability within the group.

Our four engines of growth that enable us to meet customer needs across the financial spectrum are banking and lending, capital markets, asset management and protection.

Starting with the lending subsidiaries:

Our largest contributor, Kotak Mahindra Prime, our auto finance business, delivered PAT growth of 15% YOY. Its customer assets grew to INR 43,244 crores, with a YOY growth of 13%. KMIL and KIDF saw muted performance in the quarter. Hence, the total PAT for lending and related subsidiaries de-grew on a sequential basis, but was up 6% on a YOY basis.

Turning to the capital market business:

Last year was an extraordinary period for capital markets with buoyant volumes, driving strong profits in our capital market subsidiaries. The first half of this year was tepid, but Q3 has bounced back with our PAT up 31% sequentially. Given the high base in the previous year, the PAT was down YOY. In Kotak Securities, our overall market share increased to 13.5% from 11.5% on a YOY basis, and its market share in the MTF business was about 14% as of December 31st, 2025.

As mentioned by Paritosh earlier, our institutional equities business and the investment banking business have had a very healthy round of market share, with the institutional equities business being a tier 1 broker for global and domestic institutions, and KMCC acting as investment bankers for high quality mandates.

Turning to the asset management business:

Kotak AMC and Trustee companies saw growth of 31% on a YOY basis and 22% on a QOQ basis. The total domestic MF AUM increased by 20% YOY to INR 5,86,610 crores as of 31st December 2025.

KAAML, Kotak Alternate Asset Managers Limited is one of the largest domestic alternate asset managers in India, with total funds raised since inception of USD 11.08 billion. This quarter, it had some successful strategy exits in the portfolio, which is reflected in the profitability.

Moving to the life insurance business:

The individual annual premium equivalent grew 18.7% YOY in Q3 FY'26. Our retail sum assured recorded a 75% growth in Q3 FY'26 due to increased focus on the protection segment aided by GST relief provided to customers. The AUM has crossed INR 1 lakh crores for the life insurance business, showing a growth of 14% YOY. Kotak Life continues to maintain a solvency ratio of 2.3x as against the regulatory requirements of 1.5x. Q3 FY'26 is flat on a YOY basis on account of GST and one-time labour code impact.

In conclusion, let me reiterate that our unique strength lies in our breadth. We manufacture every major financial product as a group, with subsidiaries that not only build and distribute through their own channels but leverage the Bank's distribution strength. A 100% ownership allow us to retain full alignment and profits within the group and also capture emerging opportunities across financial markets as trends evolve.

I will now request the operator to begin the Q&A session.

Moderator: Thank you very much. We will now begin the Q&A session. Our first question comes from the line of Kunal Shah from Citigroup. Please go ahead.

Kunal Shah: Hi, thanks for taking the question. Firstly, on the margin part, it was a flat quarter-on-quarter. Last time you had guided that there should be a gradual improvement looking at the deposit repricing and the CRR benefit. What has actually changed in terms of the expectations with respect to margins? You had indicated maybe some short-term liquidity deployed into treasury, which impacted by 4 odd business points. But apart from that, anything else which has impacted the margins, which has just led it to be flat quarter-on-quarter? And what would be the outlook getting into Q4 and next year?

Devang Gheewalla: Hi Kunal, Devang here. You are right. So, let's understand what has impacted this before going to the likely scenario next quarter. So, this quarter, of course, the yield got impacted. The floating rate yield got impacted by the 50-bps cut in the June, of which the effect came in the Q3 as on expected lines. However, this was offset also by partially the CRR rate cut which happened during Q3 and, of course, the repricing of deposits where we saw the cost of funds reducing from 4.70 to 4.54. As against that, Kunal, as I explained, we also saw a lot of IPO-related short-term funds available in the Bank. And that obviously got deployed in the treasury assets, which are typically lower-yielding assets for a short period of time. And that effectively brings down the averages of the funds available and impacts the NIM mathematically. So, if I effectively remove the effect of the short-term funds, which were significantly higher compared to the Q2 on an average basis as well, the NIM improvement is actually 4.58 as against the average which got arrived at 4.54.

Now the second question, how do we see the outlook going forward? I think Q4, we will obviously have the impact of the 0.25% rate cut in the Q4 floating rate advances as well. However, the repricing of deposits of course will continue in the Q4, but at a lower pace, as you can see actually, the cost of fund decline was 5.01 to 4.70, now to 4.54. So, that has been obviously at a reducing pace which will go into Q4 as well. However, the CRR cut which happened during each of month in Q3. The average of that will have a full quarter impact benefit, actually, in the Q4.

The last one, as you know, Q4 has a typical aberration where in February we have lower number of days, while the yield on the advances are at a full month basis of 30 days, the deposits comes only for 28 days. This does bring some sort of a kicker in the NIM, which is aberration which gets of course corrected in the Q1. So, assuming no further rate cuts in February, I think we will see a moderate increase in Q4 NIM, as I explained. But I think more realistic and stable NIM is something which we will be able to sort of estimate going forward from Q1, once the aberrations are also removed and we have a clearer picture. We are already seeing some of the tightening in the liquidity and the rates in the term deposits hardening. And as against that, we also expect to see some growth in the unsecured business. And let's see how it plays out and impacts.

Kunal Shah: Sure. That helps. And the second question is with respect to credit cost. So, eventually now we are seeing the specific credit cost coming down to 63 odd basis points. You indicated some stress continuing on the retail CV. But otherwise, are we comfortable on PL, credit card? Has MFI also maybe almost picked out and you should see the benefit? And where should we ideally see the credit cost trajectory going forward?

Devang Gheewalla: Yes. So, the credit cost reduction is on the expected lines. And as I explained, the unsecured businesses, which is the microfinance, credit card and personal loan, if I look at each of them, the microfinance and personal loan, credit cost actually has started decreasing. And that's actually the benefit, which is sort of you are seeing. A credit card obviously has plateaued and it's not showing any increasing trend. So, the primary reason for the reduction in the credit cost is on account of unsecured business credit cost coming down. On the commercial vehicle, I think we are now saying we are cautiously observing it. We are hopeful that it will plateau down during the Q4. And then we will see how it operates. But I think the good news is that the unsecured credit cost is behind us now. And that's what is effectively resulting in the reduction what we saw during the quarter.

Kunal Shah: So, what should be the steady state credit cost number now after having achieved 63 basis points, do we see improvement to 50 basis points to 60 basis points over a period, maybe over the next 12 months period?

Devang Gheewalla: So, Kunal, if I just step back, pre-COVID, if I look at my credit cost, where of course my unsecured percentage is also lower, hovering around 0.4-0.45. As you increase the mix of unsecured credit costs, obviously credit costs on a standalone basis might show an increase. But I think it also gets you higher returns. So, given that the mix of unsecured will gradually go up, it obviously has to be higher than the historical what we used to have. But clearly, even in Q4, we expect the credit cost to further gradually go down and the trend continuing during Q1.

Kunal Shah: Thanks. That's helpful. That's all from my side.

Devang Gheewalla: Thank you.

Moderator: Thank you. Our next question comes from the line of Rikin Shah from IIFL Capital. Please go ahead.

Rikin Shah: Hi. Good evening, everyone. I had four questions. So, the first one is on CA and you alluded to some benefit from capital market, but even the average CA balances even on sequential basis for last two quarters have been improving. So, how much of this would you really be attributing to the capital market? And how should we think of stickiness of this deposits? So, that's the first one.

Paritosh Kashyap: Hi, Rikin. This is Paritosh. See, in our wholesale business, we have a large number of customers who are from financial segment, which is custody, private equity funds, mutual funds, insurance companies, all of them and also capital markets business gives us deal CA. Some of these things are consistent, one or the other customer keeps giving us this CA. So, even if this is a deal CA, this is a regular and consistent deal CA, which keeps coming to us from multiple set of customers. So, I would say there is a tendency of this business to be more sustainable with some degree of volatility.

Devang Gheewalla: Just to add, the current account, the average growth is not only the wholesale deposit. The consumer current account also granularly grew, including the SME business, which also contributed. My reference to the IPO and all that was with respect to the short-term deployment in treasury. But I think if I look at purely on a current account average thing, it's not only wholesale, but I think the consumer banking also contributed to that in that. So, despite EOP, if you recall, we had said that Q2 EOP had a lumpy deal-based thing. But on an average basis also, if you see the current account is showing a growth, both for consumer as well as wholesale.

Rikin Shah: Got it. The second one is on the SA deposits. So, some of your peers have seen rundowns in the institutional SA deposits. So, what is the quantum of such deposits for Kotak? How is it behaving for you and the outlook on the same, please?

Pranav Mishra: Hi, this is Pranav. With respect to institutional or for that matter, marquee and bulky savings account, if you look at, we are more focused towards granularity and we are also consciously looking on quarter-on-quarter, running down as far as SA MIBOR is concerned. So, as far as the fixed rate SA is concerned, it is being built with primarily having more of retail focus onto it with granularity. And also, if you look at one of the engines of growth for us is 811, which is primarily the smaller ticket size, but with a lot amount of granularity and an active participation of the core India into it. So, that's how we have designed our strategy to take care of whether high net worth individuals are concerned or for that matter, mass affluent and then the core India. So, that's where it is building on as far as more granularity than a bulkiness onto it towards institutions.

Rikin Shah: Got it. The third one is on the total cost of deposit. How would that number look like? Would it be broadly 4.45%? And how much of term deposit repricing do you think is still remaining? So, that's the third one.

Devang Gheewalla: Look, I think we have indicated the average cost of the saving account, which is already there in that. I think the term deposit rates obviously have sort of reduced over quarter-on-quarter. But I think as I indicated, getting into Q4, clearly there is some tightening and hardening of the rate, which may take place. In terms of the residual sort of repricing, I explained the cost. If I look at the cost of fund benefit itself, which used to be about 32 bps in Q2, further reduced to 16 bps in Q3. It's further, obviously as the repricing starts completing, it will further go down. So, clearly with the average term deposit, which is between 9 months to 12 months, and if you look at roughly the repricing started towards middle of Q1, we expect the repricing to get completed by Q1 of the next year.

Rikin Shah: Got it. Perfect. And the last question is on the Agri PSL. So, some of the peers have had some regulatory supervisory observations. Would you be able to comment whether the same audit has been done or any broader color for your book as well?

Ashok Vaswani: It's not possible for us to comment on other banks. I just don't know. As far as we are concerned, we have not taken any provision. Also, as far as the RBI audit is concerned, that is something that we are required to keep confidential, so I can't discuss the findings of anything from the RBI audit. But suffice to say that we have not taken, as you would have seen, we have not taken any provision in this quarter.

Rikin Shah: Got it. Thank you, gentlemen, for answering all the questions.

Ashok Vaswani: Thank you.

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

Abhishek Murarka: Hi. Good evening. So, my first question is on loan growth and specifically just coming to credit cards. This quarter we have seen, at least in the RBI data that came out, that a lot of other smaller banks have started increasing their card issuances. What seems to be holding you back in terms of card issuances and spend pickup?

Ashok Vaswani: So, frankly, Abhishek, like we have been talking about, we completely revamped our credit card proposition. We have launched a whole range of new products, right from Solitaire for the top end to Air+ and Air, which is a cash mile product for the mass affluent and then a cashback product. This whole range of products are going out and you will start seeing growth in spends and Air cards. Having said that, we want to be cautious. We obviously don't want to grow very aggressively and then get into credit problems. And as you would have seen, Q3, generally speaking, has been a very muted quarter for credit cards across the industry. So, we will see in the first instance, we will see spend on the cards go up as we ramp up acquisition. And then we will see ANR build over a period of time. The newly launched products, particularly Solitaire, is doing very well. And we are very hopeful that those numbers will start showing up very quickly.

Abhishek Murarka: So, it's probably more a matter of time that all these steps that you have taken, they'll start building up and we start seeing some traction, maybe 1 or 2 quarters down the line in this portfolio?

Ashok Vaswani: That is correct.

Abhishek Murarka: Understood. And as far as OpEx is concerned, so one of the things is that, the marketing spend and the acquisition cost that will also continue to go up as PL, cards, etc., all of these scale up. So, just from a cost growth perspective, what kind of, say, medium-term growth should we look at as a sustainable run rate? Because right now, a lot of it is impacted by last year's slowdown in several segments. But going forward, we are looking at more traction. So, how would the cost growth pan out?

Ashok Vaswani: Abhishek, think about it this way, that, we want cost to go up when we are acquiring new customers in 811, in Affluent, new cards, new tractor loans, and stuff like that. Those costs, frankly, are good costs and let them kind of go up. That will be offset by a lot of our effort in automation and digitization, where we are trying very hard and working feverishly to improve efficiencies and our customer experience. And obviously, as we kind of grow the acquisitions and grow the marketing costs and things like that, you will see income go up as well. I don't think we can really talk about a kind of guidance on either cost-to-income ratios and stuff like that. But effectively, that is what we are trying to drive. Anything you would add, Devang?

Devang Gheewalla: Yes, just to build up on that, one data point, while Ashok rightly mentioned the acquisition costs are obviously volume-related, which we obviously want to grow with our philosophy of growth for scale. But I think if I look at the fixed costs, and let's say the CTC, which is the payroll cost of the staff, which is effectively around 60%-65% of the total cost, between Q3-Q2, it has remained flat. So, while we are spending on acquisitions, new businesses, I think the fixed cost is where we are clearly controlling. And, some of the investments in technology which we have been continuing, is now sort of helping us to rationalize some of those things.

Abhishek Murarka: No, absolutely. I don't look at costs as any negative item as such. It is a necessity for growth and revenue generation, of course. But just as a thought process, if you are expecting, let's say, mid-teens, high-teens, whatever, loan growth, costs would lag it substantially by 3-4 percentage points or you could see more operating leverage as cost growth being much slower than loan growth. So, just how do we think about these two? And then that can give a sense of the jaws going forward. So, I am just trying to get some understanding there.

Ashok Vaswani: Over a period of time, Abhishek, not quarter-by-quarter-by-quarter, but on a trend basis, we should see cost-to-assets coming down. And we started to see that trend and we are hopeful that that trend will accelerate.

Devang Gheewalla: Actually, if you also look at cost-to-assets ratios, if you look at, as Ashok rightly said, over a longer period of time, if I look at from last year over this quarter and this quarter, as I said, some aberrations, actually it has come down. It used to be about 3%. It is now down to around 2.7 and 2.5 sort of range, right? So, it is always coming down, that's a good way to look at as an indication as a cost-to-the-asset build-up basically. I think it's already on this way. I certainly would like to further improve that as we go along, right?

Abhishek Murarka: Exactly. So, that is where my question was from because cost-to-assets has come down in a period when some of your assets, which require more spend, they have not grown. And now when they grow, does cost-to-asset go back to 3% or from here you continue to see steady reduction in cost-to-assets? So, just that understanding, that's it.

Devang Gheewalla: I think we would like to obviously maintain cost-to-asset ratio in the range of 2.5-2.6.

Abhishek Murarka: Got it. Thank you. Thanks a lot and all the best.

Moderator: Thank you. Our next question is from the line of Marukh Adajania from Nuvama. Please go ahead.

Marukh Adajania: Yes. Hi. Good evening. My first question is on ECL. So, based on the draft, what would be the likely impact on credit cost for you from ECL? And my other questions are that you did mention or you did allude to some rundown in the PL portfolio purchase from Standard Chartered. So, could you quantify or throw some light on it? And I just also wanted to know if you could quantify the proportion of liabilities which are yet to reprice in the 4th and 1st quarters from the old--

Devang Gheewalla: On the ECL part, as you know, it is still a draft circular which RBI has come up and all the banks, including us, we have obviously represented because it requires you to make a floor-based provisioning by asset segment. However, considering even the draft circular, the impact of the ECL provision is less than 2% post-tax for us in the Bank. So, it is not likely to materially impact even if you were to apply the draft circular as is. So, that is the first point.

Marukh Adajania: 2% what?

Devang Gheewalla: 2% of the net worth. And as you know, we already have significantly higher net worth than required. So, we don't see any significant impact arising out of that. And even in fact, the circular also provides for amortizing that over 4 years and all that. But we will see how the final draft circular comes. But I think it is suffice to say it is not a significant impact at all, even if you were to go as this circular.

Coming to the standard charted portfolio, which is there, now I think the residual portion which remains is not very significant. It is less than INR 1,500 crores approximately. It is about 20% of what it was. So, I think it will run down over the next 2 quarters in that sense.

The third portion, what you said, is on the repricing, which is left, which I partially answered earlier. As we had mentioned, the term deposit average maturity is about 9-12 months. And we expect the repricing to effectively complete during the Q1 in that sense. And that anyway, if you see the trend of cost of fund reduction, it reflects actually the repricing pace of the term deposit. So, that is how I look at it going forward.

Marukh Adajania: Thank you very much. Thank you.

Moderator: Thank you. Our next question comes from the line of Piran Engineer from CLSA. Please go ahead.

Piran Engineer: Yes. Hi, team. Congratulations on the quarter and also on hiring Mr. Saha. Just firstly, getting back to the current account thing, our growth for the last 2 quarters was good. Last quarter was even better at 8%. Is all the pickup in growth due to the capital markets business or some structural changes we have made due to which current account growth is picking up?

Pranav Mishra: Hi, Pranav here. Our current account is primarily, if you look at, there is a lot amount of activity around the granularity in the market also. And we have been able to capitalize on in terms of the opportunity which is being thrown out there in the market as far as acquisition of more of what you call as private labelled companies, proprietary, and things like that. So, our growth primarily, and that is where you will find an AMB growth commensurating with the fact that these are granular current account franchisee getting created.

Paritosh Kashyap: I will just add, in addition to that, our focus on building CMS capabilities and offering more cash management services to our corporate customers, which not only help us get better CA, also effectively helps improve productivity both at Bank end as well as the customer end. So, that is together between consumer Bank and the wholesale Bank helping us improve the CA.

Piran Engineer: But see, this was also true a year back, right? Year, year and a half back. But our growth was still weak then. And we were catering to the SMEs. We had the consumer banking product, cross-selling current accounts to them. But this year, we have seen current account deposit growth really accelerate. So, just trying to understand, maybe it just happened by chance, but have there been any specific steps we have taken? That was my question?

Ashok Vaswani: Trust me, it hasn't happened by chance. It has been a lot of effort and a lot of focus of the sales teams. And Pranav has driven a lot of this through the branch network. We have been very focused on getting the affluent customer base. The level of changes that we have driven to our branch network, both in terms of process, focus, building our branches based on persona of catchment areas, making the whole acquisition process far more efficient, all of that, plus all the automation and digitization to help customers with their payment flows has all resulted in this. So, trust me, it has been a tremendous amount of effort and focus on this area, which has led to this kind of performance.

Piran Engineer: Got it. That helps. Secondly, just on your Agri-finance book now, last couple of years, it has been unchanged at INR 25,000 crores. And this is different from the tractor book. So, can you just talk a bit about what loans are there here and why you are not growing them? And I am presuming these are better yielding than the rest of the book?

Manish Kothari: So, this is primarily the Agri-SME value chain, which is what we cover here. So, this is not the KCC book. This is primarily the Agri-SME value chain business, which is what we are. We have kind of pivoted around, building around the various Agri-clusters across the geography. And that is something which we kind of pivoted as a strategy over the last couple of years in terms of driving it. And that is what is yielding results in terms of numbers that you are seeing. Slowly, the numbers have been inching up on our last 3 quarters, when you see the numbers.

Piran Engineer: So, these are like food processing units or storage units or stuff like that?

Manish Kothari: Agri-traders, Agri-processors, primary processors, secondary processors, all of that falls within this particular segment.

Piran Engineer: Got it. And then just lastly, a couple of clarifications I needed. Devang, when you say the CTC is flat, but even if I adjust for the labor code, the employee OPEX is up 9%. So, what am I missing here? And secondly, what is the mix of LAP in the mortgage book?

Devang Gheewalla: So, I also mentioned that if you see the pension liability, last time I had mentioned we had a benefit because of the interest rate movement, which has effectively reversed out and normalized during the quarter. So, that is the first part. Second, I think some of the share-based incentive, which are like SAR, obviously, the provisions have gone up because of the share price movement, which has impacted those provisions.

Piran Engineer: Got it. And just on the LAP percentage of the mortgage book?

Devang Gheewalla: LAP and sort of HF, I think it should be around almost equal 55-65 sort of thing, basically.

Piran Engineer: Got it. That is useful. Thanks and wish you all the best.

Devang Gheewalla: Thank you.

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

Suraj Das: Yes. Hi. Thanks for the opportunity. I think a few questions have already been answered. Just a follow-up and two questions total. First one on the credit card follow-up. While as you have mentioned that your Solitaire Card seems to be performing well, but I guess last time, you had earlier slowed down the card acquisition through 811 channel for the mass customer segment. Has that funnel been reopened? That is one. And also, in terms of the Solitaire Card, it is a Super Premium card, right. So, is it a ROE accretive product? Related to credit card also one question. In terms of this proportion of personal loans on credit cards, what could be that proportion in terms of this overall personal loan book of INR 25,000 crores? So, that is question one.

Question two, sir, is on strategy a bit. In terms of, say, the Bank's leadership bandwidth in the consumer vertical has been further strengthened. In that context, do you have any plans, say, to expand or rejig the consumer Bank's product portfolio? Are there any products which are probably not key focus areas or maybe growth drivers today or maybe you are not offering currently, but you see becoming incremental growth drivers overtime?

And the last question, sir, in terms of this IDBI deal, what would be your comments? Since now government has finally invited bids?

Ashok Vaswani: Yes. So, let us start with cards, right? So, Solitaire is targeted towards the affluent. Solitaire has landed well. The spend on the Solitaire Card is proving to be very accretive for us. While it is still early days to see how it kind of builds up, I believe that Solitaire will be a profitable product in its own right, given the levels of spend that we are getting on Solitaire.

Your other question around 811. At one point in time, we had done a lot of experiments with the 811 kind of customer base, and those experiments did not entirely work out well for us. It is not as if we are not selling card products to the 811 base, but we are doing it in a much more refined kind of way, using advanced risk models and capping exposure just to make sure that we are getting it right. So, that will kind of continue. We will come back on cards and kind of grow the book.

IDBI, look, we look at every single transaction that comes up in the marketplace, and we essentially have 3 criterias that we look at. The first criteria we look at is, is this particular transaction going to add to us strategically, right? If the transaction adds to us strategically, then of course, we go to the next stage. If it doesn't add strategically, it kind of goes away. Then we look at valuation and say, what is the valuation on this particular transaction and is it value-accretive for the firm? I have said time and time again that for us, scale is scale for relevance and not just scale for size. So, does it really add strategically, and will it be accretive to the group? If it is both strategically and financially good, then of course, we get excited about the transaction. But even then, there is a third lens that we put to it. And the third lens that we put to it is really the lens of saying, what is it going to take to really integrate this kind of acquisition, right. We are on a pretty significant transformation path.

Our transformation path is about getting far more customer-centric. It is about automating and digitizing Kotak to take it to a completely different level. And there is a lot of effort that we are pushing into driving those efficiencies within the system because those will be clearly longer-term, significant benefits for Kotak.

So, even if it meets strategically or if it meets valuation, then we always compare what does it really mean in terms of integration? How much management bandwidth is it going to be? How much of that will be a distraction? What are the kinds of things that you really want to spend your time on? You want to spend your time on developing new technologies, getting into the AI game, making customer satisfaction a big priority, or do you want to spend your time integrating HR systems, dealing with labor unions, and all of that kind of good stuff? And therefore, we look at every single opportunity against these 3 lenses, right? And whichever opportunity comes up, we will continue to look at it against these 3 lenses and then weigh up whether it makes sense for us or does not make sense for us.

Suraj Das: Sure, sir. And sir, those 2 questions on the strategy on the consumer Bank and the PL on?

Ashok Vaswani: Yes, on the consumer Bank, look, our stated strategy is all about identifying focus segments and going aggressively after focus segments to get disproportionate market share, right? We have launched the Solitaire proposition. We have got a great proposition in the private Bank. Core India, we have got a great proposition in 811. Now, these propositions, once we land the proposition, it is not as if we are going to just keep quiet, right? We want to continue to enhance these propositions so that we get a greater deal of customer engagement and a higher level of acquisition. So, that is going to be an ongoing effort as far as we are concerned, right? And we are constantly monitoring what our customers are saying, what do they really want, and how can we serve these customer segments better? And based on the feedback that we are getting, based on the conversations, we will improve the propositions that we have in the marketplace.

Suraj Das: Sure, sir. And any quantum if you can highlight on the PL on cards portion and the overall personal loan book?

Ashok Vaswani: So, we have a pretty much separate product in PL. And therefore, PL on card, frankly, to my mind, is not such a great product because it clogs up the credit limit. And therefore, for us, that is not a very significant proportion of the credit card book.

Suraj Das: Thank you for answering all my questions.

Ashok Vaswani: Thank you.

Moderator: Thank you. Our next questioner is Jai Mundhra from ICICI Securities. Please go ahead.

Jai Mundhra: Hi. Good evening, sir. Thanks for the opportunity. Sir, on slippages, right, so the absolute slippages are stable Q-o-Q. You have been mentioning that the Bank has been experiencing improving trajectory on personal loan, credit card, MFI. And those are supposedly high delinquent product. So, if they are improving, then, which is the piece which is rising and hence, the overall slippages are stable. That is if you can provide some clarity there apart from the retail CV, which anyway is a very small proportion, I believe?

Devang Gheewalla: Hi, Jai. So, if you look at the slippages data, you are right that if you compare just the slippage data, say, 1,629, going to 1,605 doesn't make a significant reduction. I think I would urge you to look at the fresh slippages upgraded within the same quarter. So, if you look at the number during this quarter is 257. So, effectively, while INR 1,605 crores is a gross slippage, which we entered during quarter, of which 257 actually also got cured during the quarter. If I look at the similar number in the last quarter, it is 1,629, going to 1,464 . So, if I consider the upgraded portion also as a part of the slippage, actually it has come down by about INR 100 crores on a quarter-on-quarter basis. So, that is the first part. Second piece, I think, yes, slippages are combination, but I think in terms of the unsecured businesses, they are indeed coming down. But I think it is the retail commercial vehicles and some of the rural-related advances which is effectively sort of bringing it up during the quarter.

Jai Mundhra: Sure, sir. And lastly, on One Kotak, right, so, as we have been saying that we are a unique positioned financial conglomerate, but if I look at the core fee income, despite industry-leading loan growth and deposit growth, but the core fee income growth has been much weaker or much smaller than the loan growth and even in absolute basis, despite all this conglomerate strategy. So, is there anything which is, when can we expect the core fee income going more or less similar in terms of business growth? So, far, was there any obstacle? Thank you.

Jaideep Hansraj: Two things, Jai. One, obviously, the fee income consists of a combination of a whole host of things, starting from foreign exchange income to DCM income to life insurance distribution income to mutual fund distribution income and other such products as well. If you look at the fee income growth on a Q-o-Q basis, you started seeing green shoots with a 6% growth on a quarter-on-quarter basis. As I said that this is something which has been started, we have been talking about for maybe about 2-3 quarters now, and it is not immediate that you would see the results, but 6% quarter-on-quarter number is, I would say, a beginning, and we just like to keep growing on that, hopefully on a quarter-on-quarter basis.

Ashok Vaswani: And I think it is beyond the fee line also, right. Look, there is no question about getting referrals for assets, and it is also not only just from the subs to the Bank, but also Bank to the subs. So, I think we have got to look at it on a little more holistic basis.

Jai Mundhra: Right. Thanks. And I think, sir, if you could repeat what you said in response to that we have strengthened the consumer banking management bandwidth, any products that you would like to sort of rehash or reintroduce or introduce or scale up over the next few quarters here? Thank you.

Ashok Vaswani: Yes. So, what I said was that, look, ultimately, it is not so much about doing a particular product, it is more about the propositions that we have landed for our various customer bases, right, and strengthening the proposition. So, we land the proposition with a certain set of products and services, and then we are constantly monitoring what customers say about that proposition. And based on the feedback, we continuously strengthen the proposition so that it becomes more meaningful and more engaging for our customers. And we will continue to do that. There will be things that will land, which will have resonated with customers, and then there will be other things which may have not resonated or there will be feedback, and we will twist and adjust the propositions to take care of those things.

Jai Mundhra: Sure, sir. That helps a lot. Thank you and all the very best.

Ashok Vaswani: Thank you.

Moderator: Thank you. Our next question is from the line of Chintan from Autonomous. Please go ahead.

Chintan: Thank you for taking my question. I will restrict myself to one question. Devang, you mentioned that rates are tightening and competitive dynamics might not be as good in the 4th quarter. Do you not think the RBI measures will help there? Or is the tightening for you strong enough that we should be a little wary of how the dynamics play out in the 4th quarter?

Devang Gheewalla: I think they are super high. My comment was also based on the initial liquidity in the system data, which is we are seeing. Of course, you are right. Some of the measures have been taken by RBI currently. But typically, Chintan, if you see, Q4 is a very quarter where for the corporates as well as for the Bank, where the liquidity does tighten up in that sense. So, it was more based on what we saw for the first 10 days of January. Of course, if RBI takes measures and to ease it out, it will sort of reflect in that. But till date, at least we have seen, at least the term deposits rates, even if you see the term deposit rates quoted by the peer banks across the buckets have actually inched up. So, my comment was based on that experience, actually. Now, of course, with these measures tightening, who knows whether they will sort of further break it down but let us see about that.

Chintan: And just a request for the next quarter, just for a couple of quarters, if you could give us a yield on advances and cost of deposits, just as this repricing completes, I don't want to get into that granularity, but it will help for a few quarters. Thank you.

Devang Gheewalla: Yes, we will consider your request. Thank you.

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

Ashok Vaswani: Thank you so much. Thanks, everybody, for joining us. Much appreciate doing this on a Saturday evening. And I look forward to seeing you all again in approximately 90 days. Thank you so much. Bye-bye.

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