

# **“J&K Bank FY08 Earnings Conference Call Hosted By Anagram Stock Broking”**

**June 2<sup>nd</sup>, 2008**



**MODERATORS:**

- DR HASEEB DRABU – CHAIRMAN AND CHIEF EXECUTIVE, J&K BANK.**
- A.M MIR – EXECUTIVE DIRECTOR & CHIEF FINANCIAL OFFICER, J&K BANK**
- MR. PARVEZ AHMED -- PRESIDENT – CORPORATE AFFAIRS AND INVESTOR RELATIONS, J&K BANK**
- MR. SEJAL DOSHI – ANAGRAM STOCK BROKING LTD.**

**Moderator**

Good evening and welcome to J&K Bank FY08 Results conference call, hosted by Anagram Stock Broking Ltd. All participants will be in listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. If you should need assistance during the conference, please signal an operator by pressing \* then 0 on your phone. Please note that this conference is being recorded. I would now like to hand over the conference over to Mr. Sejal Doshi of Anagram Stock Broking Securities Ltd, over to you sir.

**Sejal Doshi**

Thank you Eish, good evening friends. First of all, I would like to thank you all and more importantly the Senior Management Team of J&K Bank. We have with us Dr Haseeb Drabu, Chairman and Chief Executive, A.M Mir – Executive Director and Chief Financial officer and Mr. Parvez Ahmed, President – Corporate Affairs and Investor Relations. I would now like to hand over the platform to Dr. Drabu; he will get through to the details of our financial results for 2008, over to you Dr. Drabu.

**Haseeb Drabu**

Thank you Sejal, giving a brief; I trust that you have received the earnings update, the analyst updates the press release. But I will just take you through some of the broad numbers and the thinking behind what has been happening.

I am sure you are aware of the fact that our net profit for the year is up 31% to 360 Crores for the current year FY07-08. We had a good quarters as well with Q4 recording about 60 Crores profit with increase of 32% over the corresponding quarter. The operating profits are up by 38% for the 4<sup>th</sup> quarter and if you look at some of the more granular numbers our fee based income is up 53%. We have been consistently with 5-6 quarters showing goods increase here and our return assets since the first time now upwards of 1% of 1.10 and the ROE has then improved substantially from 14% to almost 17%. The EPS is up about Rs. 20 from 56 to 74. Essentially, this is what we had expected and in our system that you know for the year the numbers we will bring out.

The important thing is that even in the situation of less than favorable microeconomic environment, our net interest margins have improved for the year from about 2.8 to 2.9 and for Q4 we are at 3.18. This is timely result of much better yield in advances, which has moved from 8.5% as on March 2007 to 10.5% as on March 2008, so almost 200 basis point increase there. To the large extent or to some extent this has been negated by cost increase in cost of deposits from 4.5 to 5.5 or 5.8 and that is about 130 basis points. But the arching fact is that the yield in advances has improved more than this and resulting in an improvement in the net interest margins.

The cost-income ratio is looking better than what was last year, last year we were at 40, this year we are at 38 and more so for the quarter, last quarter it was 42, this time it is only 33. So, we see a significant improvement in cost-income ratios. Our CASA ratio has shown improvement again by about 200 basis points, we are now at 39.16 Crores of 40, which is what we had said we would do. Credit deposit ratio remains at about 66.7% shows leveraging of the

balance sheet. Our gross NPA has come down both in absolute terms as well as relative terms, we are now at 2.5% of the total advances and the net NPA is 1%.

Largely I think the story is that this is the year in which our strategy of earlier periods are focusing more and more in J&K has finally kind of worked in terms of numbers and in spite of the fact that we have to had to make some excessive tax provisions in this quarter. For our 20 Crores we still have done the reasonable amount of growth. We have said that we will keep growing on quarter-to-quarter basis at 30%-33% and that is what we have achieved. So, there is a strategy going forward would be to increase the lending again in J&K. Today, 46% of our advances are now in J&K and they contribute to 72% of our profits and 54% still remain outside. This year, we hope now that it will become 50-50, which is what we had been aiming at and perhaps little more than that, which would show substantial improvements in yield as well as profitability of the bank. So, largely I think this is the year in the whole consolidation phase of the bank has been over.

We have not grown our loan book aggressively, particularly in rest of India, we are more in kind of building a portfolio in J&K, putting systems in place for that and today we are growing in J&K about 38%. Though, overall we have grown at about only 11% of the loan book. There is also elementary, specific element there that when you look at year-to-year, it is grown only 11% to the loan book. But when you look at the fortnightly averages we are growing at about 28% to 29%. This is two things, one is that I think we have now looked at a different balance sheet management towards the end of the year, where we share a bit of portfolio and secondly that earlier we were kind of you know bunching it towards the year-end that has stopped. So, for extent it is not quiet reflective the correct of picture because again look at the fortnightly average of loan growth it is at 28%. So, broadly I mean we think is the year has done well for us and now we move into the phase two of our strategy, which is high growth and that gives us quite coincidentally that we would be contractual players in the market today because rest of the banking segment is slowing down and growing about 18%-20%, we expect to grow about 30%-35%. This is a broad by way of introduction and happy to take any question from now on, thank you.

**Moderator**

Thank you sir. We will now begin the question and answer session. At this time, if you would like to ask a question please press \* then 1 on your touch-tone phone. If you decide you want to withdraw your question from the questioning queue, please press \* then 2 to remove yourself from the queue. Our first question is from the line of Sunil Kumar of Birla Sunlife Insurance, please go ahead.

**Sunil Kumar**

Yeah; hello sir. Yeah, I wanted to check two things actually one on tax provisioning. You have mentioned you have to provide 20 Crore additional for taxation, if you can explain a little more on that?

**Haseeb Drabu**

See, there has been the tax liability determined in 2003-2004 it was 150 Crores and 134 was provided, so there was short for 17 Crores. In 2004-2005, 181 was determined 170 was provided for, so it is about 11 Crore shortfall. In 2005-2006, 25 was determined, 21 was paid

shortfall of 4. In 2006-2007, we actually had started the process of you know barring our tax liabilities, determined was 66 and we made provision for 84, excess of 17. In 2007-2008, there was no difference being determined and provisions made and in 2007-2008, again no difference is determined as liability and provisions made. So, essentially related to the period 2003-2004, 2005-2006 just for sake of clarity, I mean I come in only in about 2006-2007, which is when we made these provisions. So, basically with this we have cleared a backlog, which was there for under provisioning of tax, essentially it was not an accounting problem, it was a problem related to rural lending. Bank would take exemptions based on rural lending and finally when you know kind of calculated the thing it was that, rural lending was shorter than what we had projected and therefore, tax liabilities are bit higher. So, with this 18 to 20 Crores we have now cleared all the past tax liabilities. If you notice this quarter, our tax liability is 99 Crores compared to 55 last quarter which is a 77% increase, so that has had an impact on the Q4 numbers.

**Sunil Kumar** Okay, second is on the other provisioning, which is 44 Crore for the quarter, we can have the breakup, because the net NPA ratio has moved up from 0.8% to 1%?

**Haseeb Drabu** That is because the NPA coverage has come down marginally, but we have made provisions for the requirements for provisions on bad assets has remained constant. What are you looking at?

**Sunil Kumar** I am looking at the breakup of the provisioning?

**Haseeb Drabu** Just one moment, we have made provisions in Q4 of 99 for tax, am I right? Are you with me on that?

**Sunil Kumar** Yeah.

**Haseeb Drabu** 19.38% for unidentified bad debts, 3.55% was standard, then investment investment depreciation 19 Crores, so which number you are refereeing to 44, I cannot find that number-

**Sunil Kumar** Yeah broadly it is okay, 19 you said investment depreciation, 19 bad debts, and around 3 Crores, you said-

**Haseeb Drabu** 3.55 is standard assets.

**Sunil Kumar** So, yeah broadly yeah that is okay. And, where do you see this net NPA ratio going forward?

**Haseeb Drabu** We would look at NPA, I mean to be honest with you, we have had one major skips, otherwise we are down to 430 and we had one account, which is under some technicality, the suggestions is raised in RBI, that can be norms once we would classified as NPA we did, many other banks have not done that. But otherwise, we see a serious amount of recovery in the course of this year. If that account is taken out that we are down to 420, 430 is the gross NPA. So, my own assessment is by June itself we should be below 1%, so we are looking at about 0.8-0.85.

- Sunil Kumar** And in this year, obviously the growth will be little higher than 11% loan growth point-to-point?
- Haseeb Drabu** Certainly, it will be but as I said, I mean to look at 11% growth, I think it is not quite correct, because you know we have shared about almost 2800 Crores for the last week of March for 2 reasons, if I may share you. One is that the chunk of it was on lending, which we have decided to move on lending now. As in us lending to ICICI, us lending to HDFC and all that, you know that is something that we will see in the balance sheet for a while and we have now moved away from that. Second is, that it also unnecessarily increase our priority sector lending targets, so to that extent we actually make a saving out of this, but when you look at it quite apart from this when you look at the growth we have grown 4 times, we are clocking about 28% to 30%. I would imagine this year 2008-2009 we would do about 30%-35% growth in our advance.
- Sunil Kumar** And sir, another one on margins, now statements coming from the government that these kind of margins are very high margins as against the global standards, so what is your view, I mean this 3.2% is maintainable for the year or do you see some pressure on this?
- Haseeb Drabu** I do not see a pressure because you know in our case; it is a very, very peculiar case. There is huge arbitrage opportunity between J&K and rest of India. I mean our margins in J&K are much, much higher and I see no pressure on those margins even at the moment because we still have not current ventilation demand for credit in J&K. So, by the sheer fact of 15 more portfolios for the same order of lending, we get better margins. Like earlier, we are operating as 70% lending outside JK and 30% within J&K. Now, for the same we have moved to 5645 or 5644 and margins would subside from 2% to now 3.18%. Going forward, I would expect minimum 4% increase in my lending in J&K like taking 50-50, which is what I have been seeing in the last three years, that itself can compensate any pressures on the margin front.
- Sunil Kumar** And sir, last thing the capital raising plans?
- Haseeb Drabu** Well, if you look at today's market then, I do not know, but we are ready. As soon as there is some stability in market we would be happy to go and raise some money.
- Sunil Kumar** Okay, sure thank you.
- Haseeb Drabu** Thanks.
- Moderator** Thank you, our next question comes from the line of Mr. K. R. Srivats of Hindu Business Line, please go ahead.
- K. R. Srivats** Good evening Mr. Drabu.
- Haseeb Drabu** Yeah hi sir.
- K. R. Srivats** How are you?

- Haseeb Drabu** Very well thank you.
- K. R. Srivats** Small query on the other income side of the performance, the bank's other income has gone up substantially because of trading income. So, could you elaborate on what has brought about this jump in trading income, is it nearly securities or?
- Haseeb Drabu** This is securities but if you look at the base it is very small, it is not and the large part of other income is essentially emanating from our mutual funds and other things, which is coming through. But trading income is very, very small; you know if you look at the numbers they are pretty small compared with the large base effect.
- K. R. Srivats** Yeah, but from 11 Crores it is gone up to 70 Crores?
- Haseeb Drabu** Yeah, well Q1 is 21, Q4 was about 29 Crores. But essentially this is more in equity land than equities in fact.
- K. R. Srivats** More of securities?
- Haseeb Drabu** Land and equities.
- K. R. Srivats** And going forward, do you expect, I mean what do you see the scenario for making profits from G-6?
- Haseeb Drabu** It depends on what kind of portfolio building one is doing. I mean, I think he has taken a call in September and I think that works well for us till January-February and our view on interest rate really is that there is going to be peak out at the top now and barring some exceptional situations, which is like you know RBI enforcing some equity control measures or coming up with oil bonds, which is likely to stop the market. I think we have seen the peaking of implicate and its impacts on yields, so we would be cautious at which part of time into the stating and building a portfolio. I think the critical element we are waiting for is to see how will going now, meet its under pricing of oil by about 2,50,000 Crores. Some of it has come through some form of bonds, even if our status will have to attract yields for us to then switch over to those things. So, at the moment a bit of thing what I say, that with the uncertainty, but I do not bank much on trading income should be far bottom line in this quarter or the next one, for that matter.
- K. R. Srivats** Okay and do you expect some SLR status for such bonds?
- Haseeb Drabu** I would imagine because otherwise it would be very, very difficult, you know but not that not discount so as status, we would be pull up on SLR So, they will accordingly come from but perhaps in SLR with some attractive rates, will may kind of rotate but it is a large number, it is virtually doubling fiscal deficit at 2,50,000 Crores that maker humungous amount of money coming into the market.

- K. R. Srivats** And on those every debtor was keen which is now being implemented, does bank have any exposure in terms or can you give us a number on what would be the levels?
- Haseeb Drabu** We have a large exposure in agriculture, but I do not think we have waiting that is like impaired agriculture, which is qualified under debt service scheme. We have done a first rough cut exercise on this and our liabilities are about 7.8 Crores on that and which is very, very marginal and I do not like that at all. There are couples of reasons for this; one is that whole criteria of hectarage and acreage that they have defined as point to margin to farmers, I mean in our case, we do not work that way, so most of our exposures in horticulture where the holding is much, much larger and in subsistence agriculture really has credit exposure. So other than the, Kissan Credit Card, which have about 37,000 of them again, which is like Crore and half, we do not have much exposure. Our first estimate based on what guidelines have come out recently, we are looking at about just under 8 Crores for our debt rate.
- K. R. Srivats** Okay, it is not much yeah. And on capital raising I mean now I understand the market is bad, but would you also look at raising domestic capital even though your capital adequacy is quite comfortable?
- Haseeb Drabu** We would not, I mean as I have been saying that we are not in the chairing hurry to raise capital for relating off. I mean, it is not that we are short and we desperately need the requirements because we are well up on capital and we have no such, what we are raising it for is for business and strategy purposes. Now, for that I think we can wait for a while till the market stabilizes. We are hoping that market is looking better now, but with oil thing I think again a bit of a tumble today and you know, it has gone down lower by 15000 levels. So, I think we would wait for another 2-3 weeks to see then there is an appropriate date for us to go ahead.
- K. R. Srivats** But it would essentially kind of equity-oriented instrument?
- Haseeb Drabu** It would be equity oriented, we are not going for debt.
- K. R. Srivats** Okay, fine sir, thank you sir, thank you so much.
- Haseeb Drabu** Thank you.
- Moderator** Thank you, the next question comes from the line of Mr. Nilang Mehta of HSBC, please go ahead.
- Nilang Mehta** Thank you very much sir for taking my question, I had couple of questions. First of all it was on operating expense, year-on-year sir there is some decline in your operating expenditure, can you just explain that sir?
- Haseeb Drabu** Well, I mean I did not get well tightening more to technology and perhaps the greater focus on J&K for grant expansion, so you know that has gone down that. If you see that same thing is affecting the cost-income ratio as well.

- Nilang Mehta** Right and anything on AS-15 provisioning, sir if you can just throw some light on that what is our status?
- Haseeb Drabu** We have, I think with the next three years it will be full up on it, we have currently made, we had certain precise liability of about, I think 50 odd Crores. In fact, this year we have over provided and we are meeting as per the actuarial norms and over the next two years, we should complete that.
- Nilang Mehta** Okay, so we are not doing any onetime for the reserves or anything of that sort?
- Haseeb Drabu** No.
- Nilang Mehta** Okay and going into next year also, do you think this kind of cost income ratios could be maintained or we could see something difference?
- Haseeb Drabu** I think we will come down further. We are looking target about 36 internally and we had 42, well last year we had come to 38, I think we will look at about 36-37, what our internal target is for the year.
- Nilang Mehta** Sir, as you said that you know you are giving away some advances, which is not profitable and as a result of that your deposit growth is also reflective in terms of lower growth in term deposit and better growth in your savings and current account, which has also helped CASA again to come back to 39%. Do you think that you know because CASA in the last few quarters has been bit volatile, we were earlier at 40, then again went back to 36 and stuff? Do you think that we will be able to maintain this CASA as a strategy?
- Haseeb Drabu** This is enabled which you have to factor in depending of our CASA, it is seasonal. See what happens is we have our deposit base in J&K is linked credit CASA incomes, large part. So, we see a huge fluctuation in our CASA over the year I mean seasonality and we seemed to reach more add in January and then peak in March. Now, this is the result that your fruit grower actually grown and sell their fruit and then come back with bags of money. So, it is essentially I think, you will have to look at it on relative basis as to Q1 or Q1, Q2, and Q3 and if you see that then there has been an improve, but I think what you have now done where we think we have spent enough time and that has reflected both in advances as well as deposits, it is the way we have structured J&K, we have split into 6 zones and 3 zones, which are really under penetrated where we have seen growth of about 40% in advances and our CASA is about 68-69. Now, the thing is that our CASA in J&K has constantly improved, it is about 55% as on today, which is you cannot go beyond that. So, the improvement in CASA will now come through an improvement in our retail networking outside J&K. We find that our CASA that goes 8%, 10% not more than 19% in any case. So, we are now looking at the buildings certainly based like having relationship with **22:17** and you know which have a good funds, healthy balance and we are manage to do that and hopefully we will improve CASA by improving our CASA in the rest for the country rather in J&K. I think we have areas with 68% in CASA and average 55%. So, we really cannot do much of there.



- Nilang Mehta** Okay, fair enough sir and sir on your NIM we have seen quarter-on-quarter improvement, though yield on advances has marginally comedown by 8 basis points, so is it primarily because of your deposit cost being lower because the term deposit?
- Haseeb Drabu** Well, I am not so sure if you are correct on the advances yield because you know advances yield let us say in March year-ended last year it was 8.58.
- Nilang Mehta** No, I am saying quarter-on-quarter sequentially-
- Haseeb Drabu** Even Q4, Q4 last year was 9.4 today I am 10.68, so I do not see a drop in advancing side, the major thrust is coming through advances yield improvement because these are major gain we are seeing because of our shifting portfolio in J&K, which is coming through and now we also have some re-pricing in rest of the country, we have sacrificed our loan book in interest of better pricing and going forward our specialized lending is now picking up, we are now getting into specialized segments like leather so on and so forth, that is giving us better yields. So, I would actually pitch that my advance yield will look at about 11 course of the year and cost of deposits where we cannot really go beyond what we have done, and we have done about 4.5 to 5.5 is 100 basis points increase there, plus of course it has been an impact, which is a universally impact in terms of CRR hikes and all, which includes you know increase your cost of fund. So, I do not think we can do much on liability except improve CASA bit more, but our major focus will be on advances yields.
- Nilang Mehta** Okay and sir in terms of bulk deposit as a percentage of total deposit what would it be sir?
- Haseeb Drabu** Substantially come down now almost about 38%.
- Nilang Mehta** Would you like to get it on further, because you could still have more retail term deposit and stuff like that and this is basically attributional bulk right?
- Haseeb Drabu** Yeah, perhaps yes. But we have now looked at that now we are looking at more you know broad base structure in terms of structure of deposit per se and we are relying more and more on indicators rather than cooperators.
- Nilang Mehta** And sir, what would be the duration of AFS book to be right now?
- Haseeb Drabu** AFS is 18 months.
- Nilang Mehta** Okay, so you will be in trading actively out of G-6 and all these things because you have a 20 Crores of investment depreciation provision also, so this is on couple.
- Haseeb Drabu** That was I think the depreciation part was really on equities.
- Nilang Mehta** So that was more on equities than interest?

- Haseeb Drabu** No, more on equities, but I think you have seen in March 31<sup>st</sup> is big slum, market crashed and we covered it by 2<sup>nd</sup> of April, but mark-to-market basis we have to take that.
- Nilang Mehta** And what is on an average trading equity book size of yours?
- Haseeb Drabu** 40-45 Crores that is our total purpose, for trading I do not know, trading is not more than 7-8 Crores, we have very, very small. We have two sense one is that we do our own equities to 40 to 45 Crores, total purpose and then we have about manage equities about 60 Crores, which is then another thing and it goes up to 100 Crores based on liquidation and funds all that, which is pure treasury management, but otherwise our daily trading is not more than 3 to 4, 4 to 5 Crores, but purpose is about 40 Crores.
- Nilang Mehta** And sir, what is current investment in MetLife?
- Haseeb Drabu** 25%.
- Nilang Mehta** What is the equity base and have you put some money in the current year?
- Haseeb Drabu** Yeah, currently we put marginal money, I think we have put only about 10 to 12 Crores, but total investment in MetLife is about 200 Crores.
- Nilang Mehta** 200 Crores you said sir?
- Haseeb Drabu** Yes.
- Nilang Mehta** And any plans to further what are the investment plans there and would you require more?
- Haseeb Drabu** I think we will need to push money about 100 Crores in the course of next two years and we are committed to that and we think there is major turnout in MetLife itself because change in the management and all that. So, we are hoping to continue that for the next 2 years.
- Nilang Mehta** Do you have any thoughts of unlocking value hereby liquidating part of just take in this or meeting your capital requirements rather than?
- Haseeb Drabu** No, certainly not in the course of this year and I am just not going to look beyond that, but at the course of this year, no we are not going to unlock. I think we will not get what we think we are putting in terms of the valuation it is attractive. I think we will wait for another year and half or two years to even workout how we are going to go forward and that more we accommodate towards that we are going to push in some more money.
- Nilang Mehta** Okay and sir lastly, on tax provision I do not know whether I missed that, but what was the reason such steam increase in tax provision, you have mentioned some extra 20 Crores.
- Haseeb Drabu** Yeah, I was telling him that it is 2003-2004 we have had a tax liability of 150; we have made provision for 134. Similarly, 2004-2005, 2005-2006, we corrected it is 2006-2007, 2007-2008

has had no debenture, but this was largely because the bank would advice to take rebate on rural lending, which finding in crystallized to the same extent, so there was a shortfall in provision before tax. We shall now crystallize. We crystallize this quarter we pay them in this quarter. So, there is no pending liability now, so we do not want to carry forward, you would have obviously page it out, once we decided that this was right time to do it, profits are looking good, 30%-31%.

- Nilang Mehta** So, from next year we should see normal average corporate tax rate for you?
- Haseeb Drabu** Yes, absolutely right.
- Nilang Mehta** Okay and any NIM target for next year, are you targeting any NIM?
- Haseeb Drabu** 3.25.
- Nilang Mehta** 3.25 got it, thank you very much sir, thank you very much.
- Haseeb Drabu** Most welcome.
- Moderator** Thank you, the next question is from the line of Mr. Piyush Harlalka of HSBC, please go ahead.
- Piyush Harlalka** Sir, good afternoon, just couple of questions.
- Haseeb Drabu** Yes sir.
- Piyush Harlalka** Sir, what will be our deposit growth during the year?
- Haseeb Drabu** We in terms of components or are you looking at just be.
- Piyush Harlalka** Total deposit of growth for the bank?
- Haseeb Drabu** Just one second I am seeing, deposit growth one second, let me just see. Deposits have grown and demand is going to be about 23%, savings at about 18%, term at about 9%, and an aggregate award 13.5%.
- Piyush Harlalka** Why our growth in advances and deposits, way below the industry growth rates?
- Haseeb Drabu** Yeah, as I said I will be repeating this is advances growth at 10%-11%, which we have shown, is not a correct picture because this is year-on-year March 31<sup>st</sup> to March 31<sup>st</sup>, we shed about 1800 Crores as advances in the last week of March and as I said we were on lending proposals we had lend to banks and other banks which we thought were not lucrative enough and also that since RBI determines the production of target on my 31<sup>st</sup>, it is reducible target to the extent, which products I used. Now, when you look at fortnightly the averages for the same year, we are doing 28% growth advance and we have more correct picture to look at, but

deposit growth is most likely should grow as we have moved from bulk deposits towards retail and that catch up year is coming through. So, we are looking at a good about 15% and we have done about 13.5.

**Piyush Harlalka** Okay, but sir bulk deposit is still firms around 38% of our total deposit if I am correct?

**Haseeb Drabu** Yeah, it is around that yes.

**Piyush Harlalka** Yeah, so what is our target on that to bring it down to what levels?

**Haseeb Drabu** I mean we are focusing on the other side to improve our retail it is going, the retail deposits much more and we would possibly bring it to about 1/3<sup>rd</sup> and below that, so essentially that is original variables, you know depending on how are other growth happens you take the course so it is more like liquidity management affair rather than financing thing, so we are looking at bulk deposits only in the course of finishing schemes in terms of equity management rather than for funding processes. Again, in funding it is very clear that we look at you know retail term and retail savings as the main components of growth.

**Piyush Harlalka** What is the current proportion between HTM and AFS?

**Haseeb Drabu** It is about 75-25.

**Piyush Harlalka** So, what do we expect in the first quarter of the current year and going forward seeing that AFS coming down so drastically?

**Haseeb Drabu** Now, you seek in terms of-

**Piyush Harlalka** In terms of the depreciation or the employment hit on our AFS portfolio particularly.

**Haseeb Drabu** Well, there is no possibility of depreciation in AFS portfolio because this is at the shortest-end and it is receivable so where is that you will see the position on receivables. So, on the short kind of portfolio our average short in AFS is 15-18 months, so that end there is no depreciation, so very unlikely to have depreciation on that front.

**Piyush Harlalka** And then any plans of conversion from AFS to HTM during this quarter, is this the only option?

**Haseeb Drabu** Well, we do not need to, as it is a very short duration, so why we want to do that, and put it on HTM and all that, you can see we have restructure our portfolio substantially and the average year has come down from 6 years to 2.5 years of HTM and for the AFS again it is like as I said within the months, 15-20 months and we do not see any need for that.

**Piyush Harlalka** Okay sir thank you very much.

**Haseeb Drabu** Thank you.

**Moderator** Thank you, the next question is from the line of Mr. Alpesh Mehta from Motilal Oswal, please go ahead.

**Alpesh Mehta** Hello good evening sir. Regarding our employee expenses, we have a seen sequential drop in to the employee expenses, any particular reason for that?

**Haseeb Drabu** Employee expenses, well I do not see why you should have dropped sequentially but I think what has happened is that there is a change in age profile of employees.

**Alpesh Mehta** No, the thing is that these last few quarters we are providing approximately 55 Crores for the employees and in this quarter we have provided 44 Crores, so the shortfall is of approximately 11 Crores, any specific reason?

**Haseeb Drabu** No, employee provisions down by 11 Crores, not that comes to my mind immediately, but I can check.

**Alpesh Mehta** Is it that release that we have stand on the BSE there is some difference because your other expenses have increased to 58 Crores in this quarter and the average run rate for the last few quarter was around approximately 45 Crores.

**Haseeb Drabu** Well, I am just trying to look in, I am just trying to see where we have, I am just trying to see that, what number you are looking at, I an unable to look at where you have, where you have seen that. Well, we can come back to you on that.

**Alpesh Mehta** Hello.

**Haseeb Drabu** Well, let me just use these numbers I can track to you, having updated up there, yeah tell me sorry.

**Alpesh Mehta** Yeah and you have mentioned that 20 Crores extra that you have provided during the quarter regarding the taxation provision and if I reduce this amount then also our taxation provision is 79 Crores and that gives me a tax rate of 50%?

**Haseeb Drabu** Just one second, now I really, sorry I will go back to your first thing. Well, payment for employees we are down 240, okay you are saying 43. For a year-on-year we have done almost same 220-225.

**Alpesh Mehta** Sir, year-on-year is okay, but the thing is that, during the year we have added some employees and the employee counts has increased I guess by 12%, from 6800 to 7500.

**Haseeb Drabu** Yeah, this is all fact, this Q4 now takes into the actual evaluation so, I think based on that and that has gotten down a bit.

**Alpesh Mehta** And why there is an increase into the other expenses during the quarter itself yeah, because it has grown by approximately on a Q-on-Q basis, the other expenses grew by 37%?

**Haseeb Drabu** Well, you are saying total amount of payment employee is it-?

**Alpesh Mehta** The total amount of payment to employees yeah, the other operating expenses.

**Haseeb Drabu** I think there has been increase in advertisement and publicity, we have done since rebinding and that has I think increased.

**Alpesh Mehta** Is that we have done in this quarter or we are doing since last 2 or 3 quarters?

**Haseeb Drabu** We have been doing since last 2-3 quarters-

**Alpesh Mehta** So, that should have been reflected in last 2 quarters also, right?

**Haseeb Drabu** No, but probably we booked in this quarters.

**Alpesh Mehta** Okay, to see the total expenses that you have booked in this quarter, okay and sir the commission exchange in brokerage income, there is a year-on-year decline, any specific reason because there seems to be a very high base in Q4 FY07.

**Haseeb Drabu** Yeah.

**Alpesh Mehta** The commission action was 50 Crores and this year it is 22 Crores.

**Haseeb Drabu** No, part of this is government exchange has been redefined now because RBI has changed against its norm and we had to pay back for the last two years 6 Crores and 2 Crores to government and we used to do that on annual basis and quarterly basis. Earlier RBI had said if you charge on government on a transaction based on Rs. 11 now they are revised to Rs. 9.

**Alpesh Mehta** Okay.

**Haseeb Drabu** But had increased the ambit of transaction so I think to that extent they have been some reclassification across the years and that is affecting in this account.

**Alpesh Mehta** Okay and.

**Haseeb Drabu** Otherwise our non-interest incomes have been growing pretty rapidly depending you see commission is largely commissioned with government and we do a lot of government business. Not just State government but also Central Government where we charges a certain amount depending on transaction. So, the nature of transaction I think is giving our case to a particular thing but we do a lot of specifically transaction.

**Alpesh Mehta** Okay.

**Haseeb Drabu** You know these payments and all that which have been dramatically reduced by the Reserve Bank for that particular purpose. So, I think that has come down when other transaction are picked up as much and that is resulting in restructuring of that commission part.

**Alpesh Mehta** So, if I am not wrong then the government has reduced it the commission that they used to give you by 20% for, you may.

**Haseeb Drabu** I tell you it came down from 33 Crores to about 26 and 27 Crores.

**Alpesh Mehta** 26, okay and now we can see a growth, we can take this as a base for our other future calculation, 23-27.

**Haseeb Drabu** Yeah.

**Alpesh Mehta** Okay.

**Haseeb Drabu** I think 27 will give you the breakdown yes.

**Alpesh Mehta** Okay so 27 it has been stabilized now. Okay and sir I have some queries regarding our Q4 FY07 results regarding our provision Q4 FY07 not the Q4 FY08 one. We had provided approximately 46 Crore for the other provision what was that for?

**Haseeb Drabu** Which are you talking about?

**Alpesh Mehta** Same quarter last year.

**Haseeb Drabu** We had provided same for the last year, we have provided, how much you say?

**Alpesh Mehta** 46 Crore.

**Haseeb Drabu** Other provisions.

**Alpesh Mehta** For the other provisions, not for the NPA or the depreciation on investment.

**Haseeb Drabu** No, that is a floating provision we had made, floating provision on.

**Alpesh Mehta** Okay, I did not have that data, so just wanted a clarification from you, okay so that was 46 Crores that you had provided for that. Okay and in this quarter whatever the depreciation that come it is mainly on in equities books and the liquid instruments that you have invested into?

**Haseeb Drabu** Absolutely, not equity book, basically equity yes.

**Alpesh Mehta** And our equity books is approximately 7 Crore, right, our own equity book would be?

**Haseeb Drabu** Total I mean it is about 40 Crores, trading is about 5 to 6 Crores a day.

**Alpesh Mehta** Okay, trading and others are for the long-term investments.

**Haseeb Drabu** Yeah. We will be very active trader in the equity market.

**Alpesh Mehta** Okay and can you just share some details regarding our J&K advances and deposits out of the total. Advances I heard is 46%.

**Haseeb Drabu** 46% and deposits is 60% state and 40 outside.

**Alpesh Mehta** Okay, deposit state is 60% and this seasonality regarding our CASA ratio, is this the thing that normally cribs-in in the fourth quarter or some other quarters also that you may face the hike?

**Haseeb Drabu** Q3 is bad and, Q2 and Q3 is bad, Q1 and Q4 is nice.

**Alpesh Mehta** Q1 and Q4 is, okay and so this incremental because it is very much commendable, the thing is that our Q-on-Q increase into the current account is approximately 26%.

**Haseeb Drabu** Yes.

**Alpesh Mehta** Which is a very big thing.

**Haseeb Drabu** No, it is, I mean you see the volume grow in that that and you know you see our deposit growth in J&K you know if I break it out for you, we have growths like 48% in Kashmir North, 20% in Kashmir South, 20% in Jammu West, total state is going at about 19.42% deposits, advances in State is going at about you know 40% in Kashmir North, 40% in Kashmir Central, 24% in Kashmir South, Jammu West is 54%, and total Jammu got 35%. So, it has been a good thing for us in terms of growth, advances, and deposit in State. We are now getting into the under penetrated areas and it is a beginning to have an impact in something like Jammu West, which otherwise had very-very poor levels of advance and deposits.

**Alpesh Mehta** Okay sir, regarding our asset quality thing you mentioned that there is one large account that has slipped during the quarter and it is more of a technical in nature. Can you just give the amount of that particular account?

**Haseeb Drabu** 42 Crores.

**Alpesh Mehta** 42 Crores and we must have provided 20% on that, right. That would be 8.4 Crore.

**Haseeb Drabu** I think close to 10 Crores, yeah.

**Alpesh Mehta** Yeah, okay then why there is such a huge fall into the provision coverage ratio from 68% to 58%.

**Haseeb Drabu** No, it is not necessary, I mean I think there is 61 to 58.



**Alpesh Mehta** No, the sequential base is last quarter our net NPAs where 150 Crores.

**Haseeb Drabu** No, it was 193 Crores.

**Alpesh Mehta** Last quarter.

**Haseeb Drabu** I am talking of past quarter.

**Alpesh Mehta** This is for the 4Q FY07 you are mentioning 193 right?

**Haseeb Drabu** No, I am not mentioning Q4, let me go through numbers with you because this is an important issue and I think this was the major highlight of our balance sheet which got missed out with one account which stood in NPA category. Q4 FY06-07 my NPA was 193 Crores.

**Alpesh Mehta** Okay, Q3 have 203, now it has moved up to 203, right, Q3 FY08 how much was it?

**Haseeb Drabu** Sorry.

**Alpesh Mehta** Q3 FY08, the last quarter.

**Haseeb Drabu** No, that I do not have.

**Alpesh Mehta** That is 150 Crores, If I am not wrong and sequentially we have increased our net NPA from 150 to 200 Crores. So, there is an increase of 50 Crores during the quarter itself and that is mainly due to the fallen in to the provision coverage because our gross level NPAs has not increased that much.

**Haseeb Drabu** No, gross NPA in fact has come down for 501 to 485.

**Alpesh Mehta** That was for the on a Y-O-Y basis, right now I am talking about on the sequential basis, last time it was 4.71 billion now it is 4.8 billion.

**Haseeb Drabu** Yeah, it is on budget right.

**Alpesh Mehta** The gross level we had not increased even if there is a some NPA which is of technical in nature then also why should our provision coverage should fall by 10% you know in a quarter that is a big question.

**Haseeb Drabu** Because of you are referring Q3 versus Q2. It was NPA coverage drop from only 61 to 58 on a corresponding quarter basis.

**Alpesh Mehta** That was on the Y-O-Y basis but on the Q-on-Q basis it has fallen from 68 to 58.

**Haseeb Drabu** Just one second, Let me look at that I mean you said that NPA-coverage ratio, right Q3 67.

**Alpesh Mehta** And now it is 50.

**Haseeb Drabu** And Q4 is 58, you are right.

**Alpesh Mehta** So, it is a big fall. 10% sequential fall into provision coverage is a big factor right?

**Haseeb Drabu** Yeah.

**Alpesh Mehta** And update on that.

**Haseeb Drabu** No, we have to see why this has happened because only NPA gained after this quarter is the one which you are talking off and nothing else.

**Alpesh Mehta** But that would be more of a technical in nature and that too if you are providing only 10 Crores on that or 44 Crores on net level basis it should have lower.

**Haseeb Drabu** Let me check on how many specific account, how much we have provided. I think we have also increased some specific NPA coverage's with specific unless of course we have taken the floating into account in this particular quarter as a part of NPA coverage, let me come back on this, this is a important point, yes.

**Alpesh Mehta** Okay and apart from this nothing, thanks a lot sir.

**Haseeb Drabu** Yeah.

**Moderator** Thank you. The next question is from the line of Mr. Abhay Singhal of Brahma Capital, please go ahead.

**Abhay Singhal** Good afternoon sir, I just wanted to some strategic this thing. Like when we are entering a phase two of a high growth 35% growth, we need balance sheet growth and what would be the first strategy like can you give me some clarity on that?

**Haseeb Drabu** You see over the last year we have been following a strategy of increasing our lending in J&K and which is hugely under penetrated to the extent that you know that for J&K accounts to 1% where GDP has accounts only 0.2% net sale is, so to an extend it hugely under growth at which time we have been going on our J&K book. Now it has taken a three-year put system in place and we are now today including about 40% plus in J&K and rest of India we have there is a little bit slow resulting on a slow loan book growth, but now we are saying that we see the whole improvement in the situation plus our own system and procedures running in J&K and we find that we can ramp up growth now. And that is the thing underlying contrasting to the growth policy that we follow in the course of the current year.

**Abhay Singhal** Okay and how long will it take, like what any guidelines like what will be the years or until?

- Haseeb Drabu** No, we are saying with the next three to five years we will kind of be doing what 30%-35% growth in J&K. You can see about 40% growth in J&K this year about 30% average growth for the banking because we have newer areas which we are getting into both geographies as well as sector, both in sector and spaces we have found the areas there still has huge potential in agricultural lending and horticulture lending, which we hope will go at the substantially higher pace plus incomes in J&K is also growing at much higher rate so it does enough leverage and SGP of J&K is 13% compared to 8% nationally, so that is also giving us a much better handle to go out for this portfolio.
- Abhay Singhal** Okay but sir last year like the year went by, we saw a growth which is quite substantially different from 30%.
- Haseeb Drabu** As in?
- Abhay Singhal** As the balance sheet growth?
- Haseeb Drabu** No, we are not reading out our balance sheet growth, I am just looking at currently.... the focus has not in balance sheet growth for me because a large part of our balance sheet in the early year was towards the end of the year we did the best, so I think there was an element which you have constantly kept reducing and in this year we are actually reducing it towards the end of the year, so you have to take an averages as I said that we have been saying like CASA.
- Abhay Singhal** Thank you, thank you.
- Haseeb Drabu** Thanks.
- Moderator** Thank you Mr. Singhal. The next question is from the line of Mr. Chirag Bhimajiani of Anand Rathi Securities, please go ahead.
- Chirag Bhimajiani** Yes sir. Good evening. Yes sir, I just wanted to know the absolute number of deposits and advances?
- Haseeb Drabu** Total number of deposit and advances,
- Chirag Bhimajiani** Deposits and advances figures.
- Haseeb Drabu** We are doing today for the year our March-end figure for 2008 is 28,590 Crores in deposits.
- Chirag Bhimajiani** Okay.
- Haseeb Drabu** About 18,886 Crores as advances and rest was about 8,758.
- Chirag Bhimajiani** Okay and sir like what will be your target for FY09 sir, year-end in respect to advances?

**Haseeb Drabu** I mean looking at deposits about 34,000 Crores, we are looking at advances about 25,000 Crores. We are looking at as I said about 30% growth in the advances and about 20% in deposits.

**Chirag Bhimajiani** Alright, and to confirm sir the NIM for the year-end what was the NIM?

**Haseeb Drabu** 3.25.

**Chirag Bhimajiani** 3.25.

**Haseeb Drabu** 3.25.

**Chirag Bhimajiani** And for the quarter sir?

**Haseeb Drabu** Overall you are saying no, for the year if you are asking 2007-2008, if it was 2.98 for the quarter 3.18.

**Chirag Bhimajiani** Okay sir, and sir how do you see that this 30% to 35% growth possible when in the current position we have grown by 11% and 14% in advance and deposits respectively.

**Haseeb Drabu** No, I just keep saying that 11% is a bit of status to anomaly. It is year-on-year, where we have shed about 1800 Crores of advances in the last week of March deliberately so for variety of reasons and if you look at my average fortnightly average also I am doing 28% to 30% is number one, and number two is that I am growing in J&K at about 40% average.

**Chirag Bhimajiani** Right sir.

**Haseeb Drabu** I continue do so and as I said I will check deposits and advances in rest of the country, which I have again going to build up now for this year.

**Chirag Bhimajiani** Okay, and sir just to confirm, the net NPA for the year-end sir?

**Haseeb Drabu** Net NPA for the year end is 1.01% of net advances of 203 Crores.

**Chirag Bhimajiani** Okay, and gross NPA sir?

**Haseeb Drabu** Gross is 480 at 2.5%.

**Chirag Bhimajiani** Okay sir, thank you.

**Haseeb Drabu** Thanks.

**Moderator** Thank you, the next question is from the line of Mr. Vishal Shah of IL & FS Investsmart, please go ahead.

- Vishal Shah** Yeah, good evening sir. Sir my question was pertaining to your yields that you said in the conference call that you are planning to you know improve your yields going further. I was just wondering that sir you said because of the lag effect or re-pricing or is it that you are going to increase your yield on advances going down the line.
- Haseeb Drabu** I am going to increase my yield advances going forward simply by shifting some part of my portfolio further to J&K, because my average yield in J&K is closer to 13% and average in rest of the country is closer to 9%, so the moment I shift advances from I mean in a narrative sense from let say today I have 48% advances in J&K the moment it is going to be 50 there is an automatic impact on my advance yield, so it is largely coming from compositional shift in advances and number two it is also coming from some repricing and I think we have reached the limits of repricing and I am not sure if going forward in the current market, we will be able to reprice heavily because of so much to be paid, so actually we will have to do some soft PR lending outside J&K to be able to build a book but the large part of it really will come from the composition to advance.
- Vishal Shah** So, which segment are you looking at to fund?
- Haseeb Drabu** I am talking about geography. I am talking about geographies Rest of India versus J&K. So I am saying within J&K, my advance yield is much higher, so I will shift towards J&K and that has what been happening for about three years. Second is within J&K, I am now looking at a situation where that is in horticultures and so on and forth showing much better appetite and that is growing values.
- Vishal Shah** And how you are going to control your you know cost of deposits because today it has already increased by 100 basis points.
- Haseeb Drabu** Yes, but its increased not just for us but for the system as a whole because of **51:15** keeping as well which are going up and so and so forth but if you have noticed the only way we can handle it is improve CASA and that we have improved constantly from 36% to 38% and 40%. So, I think that going forward where also if you see the deposit growth, pattern of our deposit growth is much higher growth in savings and current than in-term and other deposits, so we are doing liability management which is towards structure of cost of deposits, so as I have said we have seen a 100 basis points increase and possibly we may see more than 200 basis points increment in yields. So to that extend, there is protection of margins.
- Vishal Shah** Okay and sir what is your target to bring you know to shift your non-J&K advances to J&K, what is the current target you are looking at?
- Haseeb Drabu** As of today we are doing 46% of our advances in J&K. In the course of current year, we will take it to 50%, so we have a balance portfolio of 50% in J&K and 50% outside J&K.
- Vishal Shah** And according to how much that should improve your yields from current levels?

**Haseeb Drabu** It should take it to about 11.25 from 10.8, so I should see something like 50 basis point increase in my yield over the next one year.

**Vishal Shah** And what is the average ticket size that you are look at dispersing in you know in the J&K side?

**Haseeb Drabu** You know we have constantly kept improving because of the whole increase in the environment and it is much bigger raise coming in, we are looking at about 3 to 4 and 4 to 5 Crores average ticket size.

**Vishal Shah** Okay, thank you sir.

**Haseeb Drabu** Thank you.

**Moderator:** Thank you Mr. Shah. The next question is from the line of Mr. M B Mahesh of Edelweiss Capital, please go ahead.

**M B Mahesh** Good afternoon sir. Sir just one data point that you had mentioned, you have mentioned that you have close to 38% is in bulk deposits, sir if I have to figure, if I am right, my figure for last quarter was 7600 and if I do 38% this quarter, it comes to close about 10,800, am I right on this numbers?

**Haseeb Drabu** Le me check the numbers. One minute. See we have out of 28,594 that is the number you are looking at.

**M B Mahesh** Yes sir.

**Haseeb Drabu** We have 4295 in demand, 6903 in savings, and balance 17. Sorry.

**M B Mahesh** Is it 38 on 70.

**Haseeb Drabu** I am just looking at the breakup of deposits for 2008, we have segmented it in terms of demand savings, and term, right.

**M B Mahesh** Yes sir.

**Haseeb Drabu** You will be in term looking at corporate and mutual term right.

**M B Mahesh** Yes, because this figure seems to be slightly on the higher side.

**Haseeb Drabu** I will verify it and come back to you on that well again it is about 7000 to 7500 is what wholesale deposits are.

**M B Mahesh** Okay, sir.

- Haseeb Drabu** That includes seasonal but that will be how much in percentage term may be you are wrong. I think you are right.
- M B Mahesh** Sir, on the branch expansion, any specific numbers do you have for next year.
- Haseeb Drabu** We will be about 40 branches close to the current year, out of which 20 will be in J&K and 20 will be outside J&K.
- M B Mahesh** Okay sir. Sir you mentioned saying it will be growing your advances book close to about 35%, now if you are having advances 50% within and outside J&K, where do you expect the growth to come from outside J&K, given the fact that you have fairly concentrated on select bells outside J&K which is your leather, spices etc.
- Haseeb Drabu** No, but that is only very small area. We have a huge corporate advances book in outside the J&K. We expect frankly to grow with banking facility about 20% outside J&K which is for us you know in corporate deposits, so I think the special lending of leather and other things which is essentially for improvement in yields but we expect our growth to come from J&K, we grew about 40% and in J&K is already doing 45% some cases 55% within J&K, so that is the core of our sales.
- M B Mahesh** Sir how much, are you in to, how of be in consortium lending?
- Haseeb Drabu** In J&K it is zero. So 46% of the portfolio is without consortium. Out of 54, almost half will be in consortium lending.
- M B Mahesh** So, your growth will come from this particular end, if it is outside J&K?
- Haseeb Drabu** I do not think so, I mean it is from both I think now it will come from our own lending and we can come up with some of these, will undoubtedly come from consortium yes.
- M B Mahesh** How much do you get now, what is the yield that you get in this consortium lending sir?
- Haseeb Drabu** 8.5, 8.7, 8.8, around 9 because we did some repricing, in fact some large accounts like Vodafone where we repriced extensively, so I think that has improved our yields.
- M B Mahesh** Okay, sir in the previous couple of quarter, you mentioned of merging a few banks which is your Regional Rural Bank within the J&K, any specific strategy there?
- Haseeb Drabu** Yes, the issue really is that we are in a very weak position where we. See this bank is owned by state government 3% and the state also owns 3% in RRBs and it does not make sense for them to hold 3% they get nothing out of it, so we are buying that out and we are hoping the central will actually sell us 1%, so it comes to 49. Having done that we will merge them together to call the J&K Gramin Bank. We will then convert in to a full fledged MFI. We will have a separate board and professional planning for micro finance. There we see a lot of scope in J&K and outside and we also kind of then have no issue with purchase or lending at all, so

that is the broad strategy and I think we will move forward on it, we have only negotiation is Government of India to sell 1% or if not sell 1%, give us rights of 1% to run this as a subsidiary of J&K Bank.

**M B Mahesh**

Okay.

**Haseeb Drabu**

We lend about 190 branches to ask in J&K.

**M B Mahesh**

Okay, sir what will be the size of these branches, is to how much assets would be there lying in the front?

**Haseeb Drabu**

Not very large, I mean probably the combined thing would be in the range of about 6000 Crores or something like that 5000 Crores.

**M B Mahesh**

Okay, sir there was a hint of you starting an NBFC and I think some plan was going on that side, any update on this sir.

**Haseeb Drabu**

Not NBFC, we were looking at financial services company to basically hive off our Mutual Fund distribution business, plus insurance plus brokerage which is lying staggered in the bank right now and give us some you know talking of asset management you see outside the banks, so that is what we are looking at, and we have got all the required permission. We are looking at the JV partner and hopefully in the next quarter or so, we should have it in the place.

**M B Mahesh**

This entity would have a JV partner.

**Haseeb Drabu**

Yes.

**M B Mahesh**

Which will house your insurance and the Mutual Fund and also the broking businesses.

**Haseeb Drabu**

That is right.

**M B Mahesh**

And any timeframe on this sir.

**Haseeb Drabu**

I think we will kind of we will get rolling in the next quarter and then once we have the partner in place then we should start I think this quarter itself.

**M B Mahesh**

What kind of JV partner you are looking at sir, is it?

**Haseeb Drabu**

I mean specialization in asset management.

**M B Mahesh**

Would it be a partner from within India or outside, any?

**Haseeb Drabu**

No preferences honestly. We are exploring so let see.



- M B Mahesh** Okay, one more data point what could be the gross slippages that you have seen sir for the year?
- Haseeb Drabu** You will not a slippage actually. Well if you see a net-net basis then we have not see any slippage but if you see in pure slippage without recoveries, then I think we have dropped about 60 Crores.
- M B Mahesh** 60 Crores for the year.
- Haseeb Drabu** Yeah one account 46 Crores and now I think minor slippage of about 20 Crores or so.
- M B Mahesh** The gross slippages for the year will be 60 Crores.
- Haseeb Drabu** I would say that and the recovery of about 100 Crores about 98 or so.
- M B Mahesh** Okay, fine sir, thank you.
- Haseeb Drabu** Thank you.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to Mr. Sejal Doshi, please go ahead.
- Sejal Doshi** Thank you Eish. On behalf of Anagram I would to thank you the management team of the J&K Bank Dr. Drabu, Mr. Meer, and Mr. Ahmed for allowing us to host this conference call. Thank you Dr. Drabu.
- Haseeb Drabu** Thank you very much sejal, thanks very much, great talking to you guys and I hope you are happy with the numbers. Thank you very much.