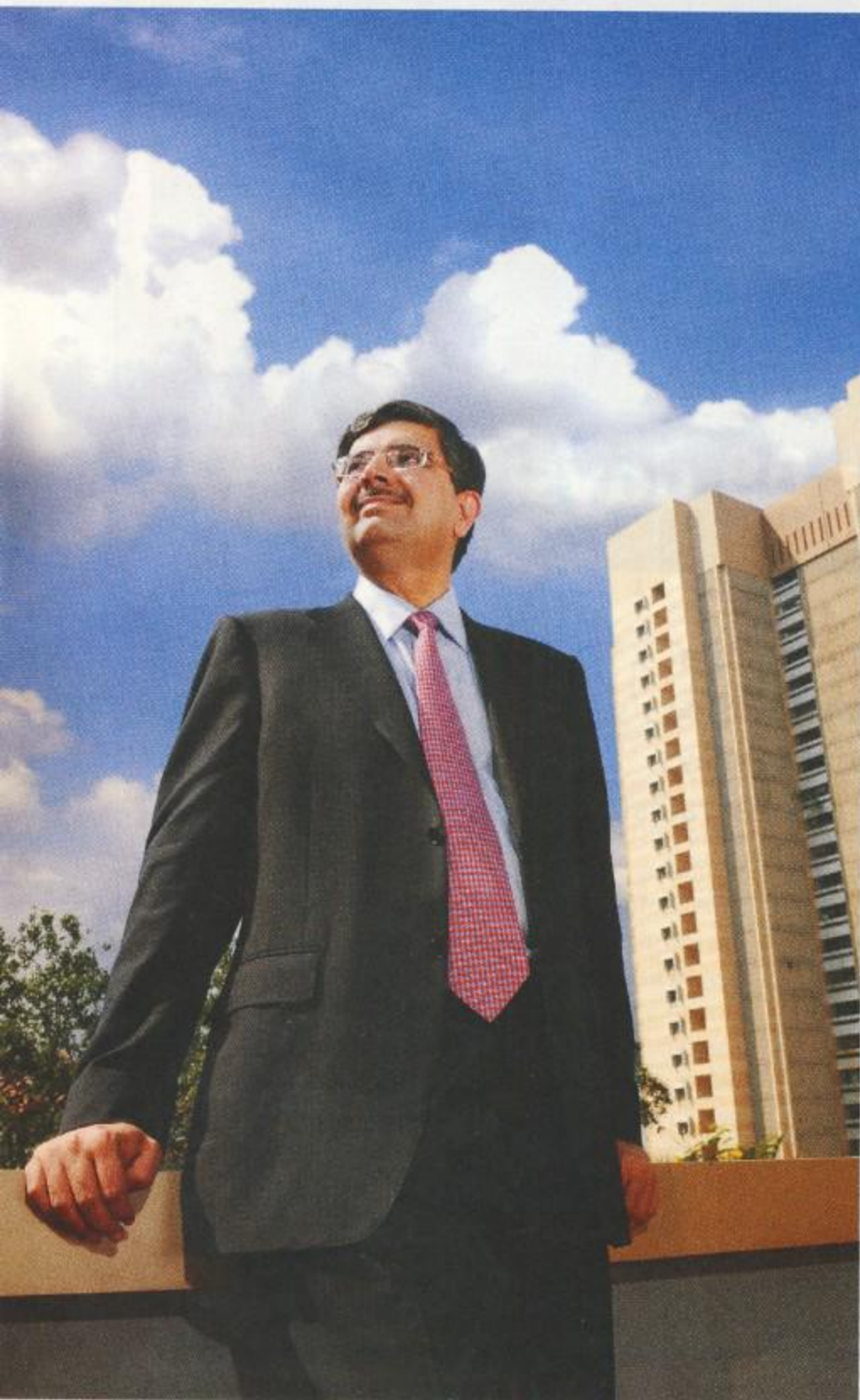


## UDAY KOTAK

50, Executive Vice Chairman & MD, Kotak Mahindra Bank

# “Good isn't as good and bad isn't as bad as they look”



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**M**y lessons from the period of 2007-2009 is that when things look good they are not as good as they look and when things look bad they are not as bad as they seem to be.

If you go back to 2007, there was huge exuberance; and when you look at the end of 2008 there was huge pessimism. My learning from these periods is to be able to ride exuberance and a downturn with equanimity. This is the huge lesson that I take back from last 2-3 years. The previous cycles weren't as sharp on both sides.

In terms of our business, the lesson is to remain stable in terms of our approach to offerings and to customers. The most outstanding example of this was in last October-November when every bank was taking deposits at such high rates; these rates have halved now. It was important to have questioned those high rates then. We had put a ceiling on the quantum of wholesale deposits we will offer (*Kotak did not specify what that ceiling was*).

The good news for us is that in the worst part of the downturn we were very liquid. We were net lenders in the inter-bank market and we had positioned ourselves like that. We constantly met our retail investors and communicated to them that we were comfortable on the liquidity front.

We also began to question every cost. We used to change senior management cars every three years and now we have decided that they will be changed only after four years. Anything that was perceived to be a waste was dramatically cut down. We also looked at the rentals of retail branches and avoided paying extremely high rentals. The most important thing we tried to do is to make sure that customer-facing businesses didn't face any problems.

*As told to Rachna M. Koppikar*