"DCB Bank Limited Q3 FY23 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to DCB Bank Limited Q3 FY'23 Earnings Conference Call. Joining us on the call today are Mr. Murali Natrajan – MD and CEO, DCB Bank Limited and Mr. Satish Gundewar – CFO, DCB Bank Limited.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on the touchtone phone.

Please note that this conference is being recorded. I now hand the conference over to Mr. Murali Natrajan. Thank you, and over to you, Sir.

Murali M. Natrajan: Good evening, all of you. Thank you for joining the call. Mr. Satish Gundewar is our Chief Financial Officer who is present in this meeting. We also have R. Venkattesh – HR, Technology and Operations; we have Praveen Kutty, who heads our Retail Banking; we have Sridhar Seshadri, who's the Chief Risk Officer and other members of the management committee.

So, I would make a few opening observations about the Result of Q3 2022-23 and then we'll open up for questions. We are very close to Rs.50,000 crores balance sheet. Our intention is down the line in four to five years reach Rs.100,000 crores kind of balance sheet level. The kind of investments that we are making in front line, we are confident that, barring any episodic issue that may happen in the environment, we should be able to aim to double the balance sheet between three to four years' time.

Deposits growth have been 23%. CASA deposits crossed Rs.10,000 crores and year-on-year growth has been very good. Gross advances at about Rs.33,000 crores, again, a growth of more than 20%.

In line with our plan, our operating costs have increased. And that is because we are investing in frontline staff. In comparison to last year you can see that we have grown our headcount. And most of the headcount are going in businesses like home loan, mortgages, SME, MSME, agri & inclusive banking and deposits business. So, that is where we are investing our front line.

In terms of NPA, once again, we had a very decent quarter in terms of recoveries and upgrades. The recoveries and upgrades are almost equal to the slippages. And if I look at our slippages for mortgage, commercial vehicle and SME put together, we are pretty close to pre-COVID level and give it another quarter or two, we should be back to pre-COVID level.

We are finding our collection efficiency continues to be strong. I hope you have received the "Investor Presentation" and you have had a chance to look at it. If you look at Page #28, the three big categories which is business loans, home loans and CV, the non-delinquent portfolio as well as delinquent and restructured portfolio, the collection efficiency is pretty strong and we expect it to be improving over time. Very little of unbilled portfolio is left for us and even the unbilled portfolio when it does come into billing within a month or so, we are able to stabilize those portfolios, and we are finding that our investments in the collection frontline has been very useful for us.

In terms of gross NPA, net NPA, both have come down. Provision coverage is improving, both with technical write-off and without technical write-off.

We continue to be very efficient in use of capital. Our most of the products are below 100 in terms of use of capital. On an average we are using about 54%, 55% risk weighted assets. We are moving steadily towards our goal of achieving 14% and 1%. We are finding a lot of disbursal volume building up for us because of the investment that we are doing in front line. The only month that was a little weak this quarter was October because of Diwali. But November, December has been strong and we expect the fourth quarter to be good as well.

So, those are some of the highlights I wanted to point out to you. I'm happy to take questions.

Moderator: We will now begin with the question-and-answer session. The first question is from the line of Darpin Shah from Haitong. Please go ahead.

Darpin Shah: Thanks a lot for the opportunity. A couple of questions from my end. Last quarter, you had mentioned that frontline team has not seen any material challenges or pushback from the borrowers even after the passing on of rates. Any further comment on this, how we have seen the quarter till December and incrementally in January as well?

Murali M. Natrajan: So far, we have not seen much of a challenge of the rate getting passed on to the customer. We haven't also seen a challenge in terms of customer having pressure to repayment, because in most of the cases their EMIs have remained the same. Some challenges in the customers who are coming out of the unbilled to billed and then if you increase the rate, so they have seen some increase in EMI. So, we are working on that. Other than that, we haven't seen much of a challenge on rate increase.

Darpin Shah: Second question was again slippages still remain higher. I understand, recoveries are there. But when can we see a normalized kind of slippages on overall book?

Murali M. Natrajan: The normalized slippage has to be seen outside the gold book. If you include the gold book, it will look like 4%, 5%, because gold is a very big item and I have explained here in my previous calls, what happens in gold loan portfolio, it's a small customer, there's a lot of indiscipline, the November 12th circular still impacts part of the portfolio. As far as mortgages, CV and SME, MSME is concerned, I believe the monthly slippages that we are seeing, are steadily moving towards the pre-COVID level. So, give it another one or two quarters, I think we should be there. But you should exclude gold out of this, because gold is something that we really don't lose sleep over slippages.

Darpin Shah: But, in terms of gold slippages, will it continue for next couple of quarters or how should we see it?

Murali M. Natrajan: I think it will probably continue for maybe even three or four quarters, because much of the portfolio we have been able to educate and some of the customers have repaid and have taken a term loan as opposed to continuing on an OD product. So, all that is helping. I really don't think small customers are too much caring about this November 12^{th} circular. So, they slip into NPA because of three days, five days 10-days kind of delays. So, steadily we are encouraging them to move to installment loan product. So, whenever they come up for renewal and prepay the entire loan or something, we are asking them to go to installment loan. So, that is also in progress.

Darpin Shah: Just a last data-keeping question. If we can have the breakup of provisions for the quarter?

Satish Gundewar: NPA provision is about Rs.39 crores, floating provision is Rs.4 crores, standard asset provision is about Rs.6 crores, and restructuring provision, there is a release of Rs.9 crores, that adds up to about Rs.41 crores of provision.

Moderator: We'll move on to the next question, that is from the line of Bajrang Bafna from Sunidhi Securities. Please go ahead.

Bajrang Bafna: Congratulations for good set of numbers. Sir, my first question pertains to the operating leverage side. We are still not seeing the operating leverage to kick in, because you have done good amount of investments in the workforce, but, on the NIM side, the things are playing out, but because of the cost is still not playing out, the cost-to-income ratio is still hovering around 64%. So, when do we expect this number to come down to, let's say, below 60%, or maybe your guided level of 55%?

Murali M. Natrajan: One of the major challenges that has been there for us this full year has been a substantial drop in the rate at which we were earning on PSLC, that is PSL Certificates. So, in comparison to last year, there has been a substantial drop in the rate because of the market conditions. Now, what you see in the previous year result is a higher number of PSLC, whereas you see a much smaller number in PSLC, therefore, you don't necessarily see the overall income and then subsequently the operating profit growth. On the other side, we are doing quite well in terms of the interest income. And if you see the disbursals, it is playing out, the frontline investments are definitely yielding better results on disbursals, processing fee and cross-sell in terms of insurance product to our CASA customers, all that is playing out. So, I expect that we should be able to deliver on our guidance. As of now, it doesn't seem like a problem, but sometimes it can be a quarter here or there, but steadily, we expect our cost-income ratio to come down to 55% like the way we have mentioned in our investor presentation, and that will help us to achieve our higher ROA, that is more than 1% ROA and closer to 14% ROA.

Bajrang Bafna: Hopefully, next year, this should be visible, the issue that PSLC ?

Murali M. Natrajan: From all what we can see, we are seeing a clear path to that. We have done this before, we have done this very successfully between 2015 and 2018 and we are very confident about the same. Sometimes, if you say three quarters, maybe three and a half quarters, four quarters like that, but the direction seems to be quite alright.

Bajrang Bafna: My second question pertains to the CASA deposits. The CA is constantly for last two quarters coming down in overall CASA thing. Any particular reason for this, we're hovering at around 30%, and we have come down meaningfully in last two quarters?

Murali M. Natrajan: Our focus is purely on SA. For example, we have a product called DBSA, which is very good for current account. But customers these days in current account, they have multiple options. So, the team is fully concentrating on savings account. Now, saving account also because of the increase in term deposits rate, savings account interest rate and term deposit rates are almost looking similar. So, customer has one more option, because in the last three, four months term deposit rates across the market has gone up. So, quarter-on-quarter, there will be some changes here and there. Directionally, where we are going is increase the CASA, increase our savings growth and have more retail deposits, that's where directionally we are going.

Bajrang Bafna: But, considering the employee base, which is now closer to almost 10,000 employees for us on a base of let's say 418 branches, so, this should catapult into a good amount of growth in savings also, because in percentage terms, we are still offering far better rates as compared to competition, we are one or two or maybe three banks which are offering slight higher on the savings account as compared to competition. So, when can we see the additional workforce that we have deployed over last two years would result into more mobilization, on the deposit side, so that could help us -?

Murali M. Natrajan: Our deposits have grown by 23%. Savings, I think year-on-year has grown by almost 40%. To me, we are already seeing the impact of the investments that is happening both on the pricing that we are offering and front line. Quarter-on-quarter, there are multiple things happen, which are not possibly in our control, for example, term deposit rates were going haywire in the month of October and November. In December, hopefully, it was starting to stabilize and January is looking fairly or right at the moment. So, sometimes, it's not easy to explain quarter-on-quarter. You look at slightly more longish period, and we are moving directionally. Our intention is to have retail deposits. If customers are finding that, term deposit is better for him than savings, while both are being offered, now, that is the choice that they make in these periods. I do believe that many banks, some CASA deterioration has happened in this quarter if I'm not mistaken.

Bajrang Bafna: Yes, yes, yes, definitely, it is there. My last question is on the restructured portfolio, that is we are seeing constantly coming down quarter-on-quarter. So, any ballpark purposes on your side that, how this portfolio is performing or can we see some more slippages on this portfolio, if you could just highlight?

Murali M. Natrajan: We have shown you the collection efficiency, including delinquent and restructured portfolio in Page #28. That will give you a decent indication that despite the restructured portfolio and coming into billing, we are still able to have very close to non-delinquent kind of customer collection, right. Slippages will be there, and there are customers who are closing their loans straight from moratorium, there are customers who are closing their account in restructured book, because they have got the money now after COVID, so they are able to close that loan. So, I don't have much concern in restructured portfolio. We have seen this now for more than a year. This book, we have seen for more than a year, and you have seen that slippages and recovery and upgrades are all working quite well, and slippages are also going to come down, like I said, it's already coming down. So, I don't have any major concern at this stage on our restructured portfolio.

Moderator: The next question is from the line of Anuj Sharma from M3 Investments. Please go ahead.

Anuj Sharma: Thank you and congratulations for good set of numbers. Sir, I think if I look at other income for the past four years, that doesn't seem to have grown in line either in terms of growth or percentage of assets. So, two points out there. We should have some buoyancy because of loan origination traction, and some new avenues which we would have thought about. So, what's been the challenge out there, and how does it seem to flow in the next few years actually, not immediately, but what's the focus on other income?

Murali M. Natrajan: Don't look at four years, look at from last year onwards. The reason I'm saying is that 2020, 2021 and 2022 our loan growth CAGR has been about 7%. This year, we are growing at 21 odd percent. And when I look at the fee income different lines, obviously, the processing fee is doing very well. PSLC income like I explained as compared to last year, unfortunately, there has been a crash in the rate at which we were selling those PSLC. But we are not giving up hope because coming year, we do 60%, 65% of our loans as PSL, so there will always be demand for this in the market over time, so this year has not been very good. We are doing quite well on insurance and investment. If I look at last year versus this year, we are at least seeing a 15% to 17% improvement in that. We are also seeing definite possibilities of improving our other fees and commission which has got various items. What has been a challenge is one PSLC next of course we didn't have as compared to last year, interest rate environment has not been favorable for treasury income, there has been much less income this year on IPOs. So, many of those items which existed last year was not there, but we are making it up with other, still almost bridging the gap. So, I do believe that given the kind of number of customers that we are originating both in CASA and loan book, we are confident of meeting the fee target as well.

Anuj Sharma: Just what is the contribution of PSLC in total income?

Murali M. Natrajan: Last year, we have declared it in our balance sheet; I think it is about Rs.80 crores right, this year is far less than that. That was a very good. That's been one of the unfortunate things, this was not expected, but we are making it up in terms of some of the other pieces, not able to bridge all the gap but we are making it up from other piece

Anuj Sharma: Is 1% a good target for other income-to-asset as a ratio?

Murali M. Natrajan: We are at about 80 basis points, so, we need to bridge about 20 to 25 basis points. Our target is 105, 110 basis points. So, the fourth quarter usually is very good in fee income, I mean, we are keeping our fingers crossed, trajectory seems to be good, let's see how it goes.

Anuj Sharma: You did mention on the productivity improvements and you alluded to something, but what is the target right now and what is the benchmark we are choosing for improvement?

Murali M. Natrajan: Every product has different, different targets; tractors have a different target for the front line; SME, MSME has a different target; gold loan has a different target; mortgages have a different target; within mortgage, home loan has a different target, LAP has a different target; within LAP, two different products have two different targets. So, there are very finer scorecards in each of these areas. Similarly, for branch staff in terms of savings account, number of savings account, balance, term deposits, there are targets. So, we are monitoring that in a very minute employee level and seeing how the productivity is panning out for us. So, it's a lot of everyday daily grind to get that done.

Moderator: The next question is from the line of Renish from ICICI Securities. Please go ahead.

Renish: Congratulations on set of numbers. Sir, we have 2 questions. So, one is on the sort of strategy. So, when we look at the 9-month FY23 disbursement, the mortgage disbursement proportionately is only 30% versus the outstanding loan book of almost 42%, which is, of course, has been offset by the SME disbursement which is at 20%. So, specifically, I mean what is maybe a 2- to 3-year strategy? Are we focusing more on SME, which is cannibalizing the mortgage growth?

Murali M. Natrajan: No. Mortgage will be our, what is it called, major product in times to come. Even the next 3 to 5 years, what we see as mortgage would be, probably right now, let's say, it is at 50%, probably will go to 55% odd, right? So, we are focusing on small ticket mortgages, average ticket size of Rs. 25 lakh, Rs. 30 lakh. And SME has got two components. One is the usual CC/OD component, another is the TReDs component, and nothing is cannibalizing anything. There are separate sales teams and separate kind of channel. For example, in SME, MSME, lot of contribution referrals come from branches, whereas in mortgages, there is a separate sales team which has its own origination plus in the metro’s referral from connectors or DSAs. So, there is no cannibalization. And we are pretty confident the amount of frontline investments we are doing, we are monitoring the investments in terms of how many people have completed 6 months, what are they contributing, 6 to 12 months what are they contributing, all that sophistication we are bringing, and we are confident that this volumes will build up. Compared to last year, you will see whatever number of people we put, our disbursal is pretty strong.

Renish: Overall disbursement is surely strong, but I was just looking at the segment wise disbursement and I thought, let me just clarify this.

Murali M. Natrajan: Mortgage will be our key product for at least the long-term planning that we have done for the next 4 years. Mortgage is our key product, and we are pretty good at it. We understand the business, the delinquencies have been very much in control, the slippages and recoveries are almost equal, which tells you how the quality of portfolio are. The portfolio that we sold to ARC has performed very well for us. So, from all aspects, we quite like that business and we understand that business.

Renish: Sir, second question is on the NIM trajectory.

Murali M. Natrajan: I was hoping that you will not ask me any question on NIM. My team said what are you going to answer. I said I hope they don't ask me is what I wanted to say.

Renish: But Sir, that is the trend of this quarter.

Murali M. Natrajan: For everyone. So, thankfully, I don't have to answer, somebody would have answered that question already for you.

Renish: So, of course, last 9 months has been really good for DCB in terms of the margin trajectory and considering in your opening remarks you did highlight that we are not facing any challenge passing on the rate hike. So, just wanted to sort of clarify like would you like to revise NIM guidance upwards?

Murali M. Natrajan: I'll tell you what is not being read by the analysts, probably other banks are different, but I can tell you, it all is what is your portfolio for MCLR and what is your portfolio on EBLR? In MCLR, you pass on the rate that actually gets transmitted and goes through what you call as a guideline given by RBI in terms of how you can compute it and pass it on to customers, okay, which is audited by RBI. In EBLR, as soon as the rate is changed by RBI, we affected in the customer and then as per the sanction term, it gets passed on to the customer. I would say that there is a timing difference because EBLR we have passed on how much so far now? 190 basis points we have passed on. But term deposit rates that we have increased recently in the last couple of months hasn't yet played out in the cost of funds. Now, in the quarter results I can't again pass on that EBLR thing because we have already passed on what the government has, I mean what RBI has changed. To that extent, there is a timing difference, okay. That's one point.

Second point, I would like to mention is there is so many moving parts in the NIM calculation. For example, we are doing quite alright on say, G-SEC. The mix of products in a particular month makes a lot of difference. If you do a lot more home loans, we will probably have a lower yield. If you do a lot more LAP or tractors, maybe your yield will be better. So, so many things go into it. So, I wouldn't want to change my guidance at this point in time. But for 3, 4 quarters, if we are doing better than that, then I don't have to change the guidance, whatever you see is what is our NIM?

Moderator: The next question is from the line of Prakhar Agarwal from Elara. Capital. Please go ahead.

Prakhar Agarwal: Thanks for the opportunity. Just 3-4 questions from my side. A data keeping question. Can you please give me EBLR, MCLR composition.

Murali M. Natrajan: We don't present that information. We don't do that. All I can tell you is that a lot of our portfolio is variable, that is why we are able to pass on the increase. And it will work other way because as soon as RBI decreases the EBLR, we have to immediately pass it on to customer. So, except for tractors and gold loans and short-term corporate loans and TReDS, other portfolio is all variable.

Prakhar Agarwal: In the fixed rate book that you probably have, don't have a direct pass through. The new system rates have gone up by around 225 basis points. How much have you been able to pass through? So, when you say that you have been able to….

Murali M. Natrajan: In gold loan account, some amount of rate we have been able to pass through, but we really don't worry about that too much because it's quick, like, within 6 months anyway the repayment comes on gold loans. Some of the interest rates were like for example, the MFI, that is where we are lending to NBFC, MFI, or we have lent to other NBFCs or some corporates. We have been able to pass on the rate in the next cycle in the sense that if it is a fixed rate loan, 3 months they came and repaid, and the next 3 months when we are giving them, we have been able to increase the rate.

Prakhar Agarwal: The second question is essentially on demand side. So, any mortgage portfolio because of the interest rate hikes that we have seen in the system, has there been impact of demand or probably you're not seeing that as we speak here?

Murali M. Natrajan: Not yet. We have not seen the demand. Praveen, Head of Retail Banking can give us some.

Praveen Kutty: So, we are seeing the inquiries continuing to be high as usual, plus the conversion rates are also normal. So, we don't see that the higher rates creating a deficit in the market. So, this is true both for LAP and for home loans as well. And you can see that from the incremental disbursals, which the Bank has done over quarter 2 and quarter 3, right, on mortgage on Page #23. So, we're not seeing an impact yet. And during this period, we've seen about 2.4% increase on EBLR coming through.

Prakhar Agarwal: Just one last question. So, in terms of most of the banks have been submitting IndAS proforma to RBI on a 6 monthly basis. Any indications on your side as to if at all we were to transition today, is there any impact on earnings or probably they are broadly there and not much impact even if we transition to that that accounting regime?

Murali M. Natrajan: Satish?

Satish Gundewar: So, we have also been preparing pro forma financials as per IndAS. And basis that that also, we don't see any significant changes in terms of the provisions and all that, though that is at a little lag. But we have been doing that in the past also. So, we don't find that there will be any significant changes to the financial contracts, especially on provisioning loan find it as a challenge.

Murali M. Natrajan: See, much of our portfolio is retail portfolio, okay. I'm just giving an example, like supposing one has a Rs. 50 crore kind of slippage of corporate, now to estimate the loss, the net present value and all would be quite a challenge on that. That's not the kind of challenge we see in any of our portfolios. We know rough and ready what is the kind of loss given default we are likely to have because we have enough data. So, on that basis they have been preparing. Of course, all that has to be fine-tuned once RBI kind of mandates the Bank. You see Page #30. On performing advances, we have 1.74% provisions we are carrying, right? And then you also don't forget that when the IndAS comes, we may be allowed to the HTM book also if it is in the money that there will be some benefit there so there are a lot of moving parts. It's too early to say, but ballpark I think we are in decent position.

Prakhar Agarwal: Just from a fundamental perspective, the thought process of asking this is, when I look at the recent few quarters, the gross slippage has been on a higher side. So, while I understand we have a very strong recovery and upgrade, which has led to the numbers that we are seeing, but from a gross slippage perspective, our PD should ideally increase when we look at from a historical trend perspective.

Murali M. Natrajan: LGD will be very low, PD may be higher, but LGD will be low.

Prakhar Agarwal: But on a cross cyclical basis, any which ways LGD would not have changed. But if my PD changes on a runaway basis, you probably may have to make a higher provision on IndAS basis. Just want to check that.

Murali M. Natrajan: Not necessarily. You have to get both PD and LGD. In say Personal Loan kind of thing, the PD may be lower, but the LGD may be very high. I've done this in my previous job in Standard Chartered, the computation has got both PD and LGD.

Prakhar Agarwal: And just one more clarification. Any hint in terms of the number of years of data that'll probably be considered while looking at PDs, LGDs, any broad sense, is that probably 10 years?

Murali M. Natrajan: This is a very detailed exercise. And I was explaining to one of the Board members that if you look at our mortgage portfolio as an example, which is approximately 50%, within mortgage portfolio itself, there are at least 8 or 9 different portfolios with different products, different characteristics and so on, and may have different PD and different LGD. So, it's a very complicated exercise. And we are still at early stage on that. But prima facie, we don't see a challenge in our financials.

Moderator: The next question is from the line of Saikiran Pulavarthi from Pulavarthi Advisors. Please go ahead.

Saikiran Pulavarthi: Thanks for giving this opportunity. Just from the cost side, sir, if I look at on absolute basis, the cost-to-assets are still increasing. And it is way above in terms of your guidance of 2.4%. And absolute employee additions are still continuing. Just want to understand, Sir, are we behind in terms of adding further employees going forward until next year, maybe more like…..

Murali M. Natrajan: No, we want to reach Rs. 100,000 crore balance sheet, why would we stop hiring employees. Our business is about hiring frontline employees, making them productive, getting business, that's our model. We are a small ticket retail outfit. So, that would continue. But the fact of the matter is that the pace at which we add that versus the pace at which our income will be growing, the income would outpace the growth of expenses. And most likely next year, we would see a much different kind of trajectory on both. So, employee hiring we have to do and we are doing instalment loans. So, instalment loans means customers are repaying the loan. And when we start a particular year, almost 15%, 20% of my loan book will come back, right, in several instalments. Then if I have to grow it at 20%, 22%, then I have to add more people for getting that disbursal volume.

Third thing which I mentioned in my last call also, if I had headroom in my cost income ratio, I wouldn't hesitate to add 10,000 more people. That's the kind of opportunity we see because we are good at mortgages, we are good at the small ticket SME, MSME. There is an opportunity in the market, it is big, and we want to make sure that we make a substantial balance sheet and price off the bag. Of course, we will face this such that we'll deliver the expected profitability as well on an ongoing basis. So, employee addition will continue not at this pace, but will continue.

Saikiran Pulavarthi: So, do you believe that in the next 2 years, you might get to the 2.4% cost to assets, sir?

Murali M. Natrajan: That is the intention. We want to do it sooner and we are very firmly fixed on these targets of cost to average assets, ROA, ROE, and the doubling of our balance sheet. And at distance, we are also keeping our view on that Rs. 100,000 crore balance sheet size that we want to do. We are at the halfway stage right now.

Saikiran Pulavarthi: Just a couple of data keeping questions. Will you be in a position to disclose what will be your average savings bank deposit rate which you're paying on your current savings bank deposits? And the second question is, out of the standard restructuring, you mentioned that by March, less than Rs. 400 crore will be under moratorium. Will you be in a position to disclose now, as of December, what is that number?

Murali M. Natrajan: No, we have disclosed to you the March number, right? And that means we have given you months ahead as to what is likely to happen. And we said the same number or some 700 or something we said last this thing, right? So, we have hardly got any moratorium left. And most of the moratorium is just home loans and LAP, fully secured book. We never give a moratorium to unsecured portfolio. Regarding the average price, I won't like to disclose that. That's our advantage. So, I don't want to be disclosing that. But we have already given you the NIMs and cost of funds and so on.

Moderator: The next question from the line of Suraj Das from B&K Securities. Please go ahead.

Suraj Das: Thanks for opportunity and good set of numbers. Sir, you published the disbursement number on a quarterly basis. So, if I calculate the repayment number from the disbursement and loans movement, then I see that the repayment as a percentage of last quarter loans, is coming down for last 2, 3, 4 quarters. So, I just wanted your thoughts here because I think ideally, the repayment should go up because as your non-restructured loan is also coming out of the moratorium and all that thing, So, this I think should go up. So, I mean, I just wanted your thoughts there, Sir.

Murali M. Natrajan: If I'm originating loans at a faster rate in mortgage, especially instalment loans, for the first couple of years, the repayment will look smaller because the customer is only paying interest, right, principal is not coming back. So, we are disbursing much higher numbers than what we were doing last year the same on a month-on-month basis or even a quarter-on-quarter basis, right? The catch up of repayments will happen for the next 1 to 1.5 years. But if we continue to build the disbursal, you may not see that as well, right? You see any new company which starts booking loans, for argument's sake, they start booking instalment loans, they won't need too much of repayment in the first year or 2 years. So, that is the impact you're seeing now because we are building the mortgage portfolio. I think our mortgage has grown by at least 23% as compared to last year.

Suraj Das: And Sir, just to confirm, I mean these disbursement numbers, previous to 2, 3 quarters, used to include the co-lending as a separate line item. However, I believe you have stopped I mean disclosing that number. So, I think the co-lending part is also included in this presentation across segments, right?

Murali M. Natrajan: No, co-lending is not in this disbursal, this is without co-lending. This is all originated by us. Co-lending if you add, it will be even much higher the disbursals. But co-lending in no period, we have added. We have just shown you our disbursals, it is like-to-like.

Suraj Das: And Sir, one question on the segment wise growth. So, I mean as you said that the mortgage, MSME, SME, all these disbursements have been pretty good and that we can see also. But if I see the segment wise growth, the SME and MSME segment, that growth has been slower than the overall growth for last couple of quarters despite good strong disbursement. And I see the share of MSME and SME in overall loan book has also come down, for let us say 10% couple of quarters back to around 9%, 9.1% as of now. So, just wanted your view here because anything I think is MSME plus, SME is one of the key focus area for you.

Murali M. Natrajan: The mortgage book is also 85% to 90% MSME, SME, okay. Our target market is MSME, SME, okay. So, as far as the SME book is concerned, we have made some frontline investments in the last 3, 4 months. We have revamped some products. We have also changed some of the segment offering because we wanted to focus on some key segments in SME, MSME, retail rather than go all over trying to attract customers. Also, we want to reduce the focus on CC/OD as much as possible for 2 actual reasons. One is that CC/OD utilization is very erratic. So, it's very difficult to predict your balance sheet although you can see the flow of customer transaction. The second problem is small customers, SME customers are not very disciplined on CC/OD. So, they end up having this NPA because of November 12 circular. So, we are trying to kind of do some adjustments there. I believe that next year, our SME, MSME growth will be far better than what we have been able to do this year.

Suraj Das: And Sir, just last question, I mean 2 data keeping points. If you can disclose the other income breakup for this quarter one, and the second is if you can disclose that gold loan slippages in absolute terms.

Murali M. Natrajan: I don't know whether we are presenting those numbers. We don't give that kind of detail on fee income, do we, Satish? No, we don't give that detail. And gold, I think, there is some slippages there, it's not there? Product wise NPA is given. So, that is what we present. We are not showing gold separately, Page #26. And I think it's pretty enough information.

Suraj Das: Other income actually, you used to give, I mean each one from let us say FY23 onwards.

Murali M. Natrajan: We will come back to you on that.

Moderator: Ladies and gentlemen, that was the last question. I now hand the conference over to the management for the closing comments.

Murali M. Natrajan: Sincerely appreciate every one of you attending late evening, Saturday. Thank you very much. On behalf of my entire management team, I thank you for your support and look forward to talking to you again next quarter. Thank you.

Moderator: Thank you. Ladies and gentlemen, on behalf of DCB Bank Limited, that concludes this conference call. We thank you for joining us. And you may now disconnect your lines. Thank you.