



DCB Bank Q4 & FY'18 Results Conference Call

April 16, 2018

**MANAGEMENT: MR. MURALI M. NATRAJAN – MANAGING DIRECTOR &
CHIEF EXECUTIVE OFFICER, DCB BANK LIMITED
MR. BHARAT SAMPAT – CHIEF FINANCIAL OFFICER,
DCB BANK LIMITED
MR. RAJESH VERMA – DCB BANK LIMITED**

- Moderator** Ladies and gentlemen, good day and welcome to DCB Bank Q4 & FY'18 Results Conference Call. Joining us on the call today are Mr. Murali M. Natrajan – M.D. & CEO, DCB Bank Limited and Mr. Bharat Sampat – 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. In case you need assistance during the conference call, please signal an operator by pressing '**' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Murali M. Natrajan. Thank you and over to you, sir.
- Murali M. Natrajan:** Thank you. Good afternoon all of you. Today, I am actually dialing in from Bangalore and my team is in Mumbai. I hope there is no coordination issues. I hope all of you have got the 'Investor Presentation', 'Press Release.' I think most of the items are self-explanatory, so I do not want to take time explaining what is, anyway put down on all these documents. So happy to go straight into the questions.
- Moderator:** Thank you very much. Ladies and gentlemen, we will now begin the Question-and-Answer Session. We will take the first question from the line of Renish Bhuva from ICICI Securities. Please go ahead.
- Renish Bhuva:** First question is on core fee income. On annual basis, we reported pretty strong growth of 30% YoY to almost Rs.220 crores, Rs.165 crores last year. Can you please throw some light on what is the incremental growth driver?
- Murali M. Natrajan:** It is the same explanation that we have been giving in our earlier calls. So we have set of products in our bancassurance cross-sell like health insurance, MRTA, life insurance, we have mutual funds, we have done a lot of training across the branches for the front line on FX, we have added a couple of FX products again on totally Retail, then we have also done a lot of work on the Retail and SME space on Ttrade. So as we keep acquiring new customers and also keep training people in the front line, we are able to do cross-sell. The other income that has done well for us is that we have done a lot of rationalization on ATM; whenever we found ATMs are not working well, we have shifted or closed, those kind of things, so that has brought in some efficiency on ATM revenues and an overall piece of course like last year we have earned, that does not come in commission, exchange and brokerage, but on an overall basis, we have also earned sale of PSLC certificate. So I would say that based on the work that we are doing in all the products, I expect our fee income to do well, but again, I want to see a few more quarters before we can declare full victory progress on fee income.
- Renish Bhuva:** So sir, basically, going forward, so it is fair to assume that the fee income growth will be a little lower than the current year, but will be in line with the balance sheet growth?
- Murali M. Natrajan:** I am not sure I can give you that kind of projection. What I can tell you is that the way the products have been rolled out, the trading has been done, one of the data points I can

tell you is that I believe that we have something like more than 1,000 people trained in cross-sell of bancassurance certified, even some of the larger banks may not have that many people, we are very disciplined that only if you are certified, you can sell these kind of products. So the groundwork is happening and again it is a daily, weekly, monthly affair in terms of monitoring your sales, making sure that they are doing the right thing, managing productivity and so on. I hope we will keep doing well on fees.

Renish Bhuva: So sir, basically, we have started doing this aggressively cross-selling in current year or it is like we were doing in past couple of years and that started yielding positive results just now?

Murali M. Natrajan: I think I have mentioned even in the past that we are continuing a lot of good work on the ground; it will take time to come through. I do think that once I see another three, four quarters, we can confidently say that there is reasonable amount of momentum in fee income.

Renish Bhuva: Sir, second question on the deposit side. So we have seen pretty sharp surge in deposit on QoQ basis, so our bulk deposit share has also gone up. So is there any chunky deposit which we have received this quarter or it is like a normal year end thing?

Murali M. Natrajan: No, if you have seen our balance sheet in detail, we have taken a lot of Tier-2 capital last year, I think it is about Rs.450-odd crores, then we have got some relief because of change in SLR, we got refinance from NABARD and we did not have to really do that much of deposit in the first few months, and what we believe is that the amount of work that we are doing and the spread of our branches, we should do a lot better job especially on Retail Term Deposit, we have good products there, we have a product called "Suraksha" where you get automatic life insurance, but it is a longer-term product which supports our mortgage growth, that is showing some traction. So I do think that we will do better on Retail Term Deposit in the coming year.

Renish Bhuva: Last question on the CD ratio. So do you think the CD ratio has peaked out at current level or there is some more scope for further improvement?

Murali M. Natrajan: As long as the other ratios are in check, the kind of ratios that we are looking at is, we want to consistently bring down our top-20 depositors. But, I must tell you that our top-20 loan is below 7%. So our loan book is extremely granular loan book and I think that our loan book, while I do not have the exact number, but more than 70% of our loan book would be less than Rs.3 crores in terms of ticket size, pretty granular kind of loan book, but on deposit, I would say that our efforts are still on in terms of making it more and more granular especially in the term deposit and CD ratio I would say that as long as it is between 80-82%, year end is always a little higher but during the year it does come down.

Moderator: Thank you. We will take the next question from the line of Anuj Gupta from Perfect Research. Please go ahead.

Anuj Gupta: Sir, just wanted to know, what is the long-term ROE which we can achieve and maintain given our growth aspiration?

Murali M. Natrajan: I think I have to tell you a lot of things on long-term basis. All I can comment at the moment is that based on what we put out on October 15th, we are trying to work very hard to reach 1% ROA, about 14% ROE and exit quarter 55% say cost-income ratio. Once we see that we are reaching the particular stage and work is on and you can see that there is a lot of momentum that we have been able to build, there is one more data point, I will tell you what the aspiration is as well. So I think long-term of course, we want to be at 17-18%, but at the moment, I am targeting let us get the ROA, ROE at the place that we mentioned in our October 15th press release, and once we reach that I think we will be able to give you more sense on what kind of ROE we can do more than that. With respect to loan, last few years I would say that a little bit of loan book also came from some NBFC bought-out portfolio, etc., this year I think we probably did not have any bought out portfolio, so therefore whatever we had bought out would have been declining, only it would have been a declining balance, so if I eliminate the bought-out portfolio from both years, the organic growth rate actually seems to be almost 30% or 31%. So I would say that if we continue to perform like that, we should see our cost-income ratio come down and similarly reflect on both ROA and ROE.

Anuj Gupta: Sir, the other is what is our current market share in the SME space and the addressable size of opportunity for us in the same?

Murali M. Natrajan: I wish there was a clear definition amongst all banks in terms of what exactly is SME. Some banks say that they are in SME business but their average ticket size is Rs.5 crores. We are in SME business and our average ticket size is Rs.40-50 lakhs. So I do not know exactly how to calculate the market share in the segment that we are operating in, but what I can say is that SME that we have put out, for example, what we see is about I think 12% of our book, showed a very good performance, I think almost 30% growth in the previous years. The addressable market, we believe it is in our presentation as well, I believe that there are at least 50 million small and medium size enterprises who we can target and we have a very miniscule number, although we are growing well but we have miniscule number of customers and then market is still very big for us to grow. That is our stated strategy. We are an SME, MSME bank. We like only that segment; we do not go after salaried.

Moderator: Thank you. We will take the next question from the line of Ashish Sharma from Enam Asset Management. Please go ahead.

Ashish Sharma: Just on your loan book growth, in FY March'18 numbers, we have seen a very strong growth in the corporate banking space and also in commercial vehicles. Just some color

on as to do you see this kind of traction in both these segments will continue? Second would be an outlook on net interest margin. We have seen despite a cautious stance from the management, net interest margin has been resilient. So do you expect this trend to sustain? Lastly, one data point. What is the employee number as on March '18?

Bharat Sampat: Employee number is 5,790.

Murali M. Natrajan: Regarding NIM, we are always conservative in our approach on NIM, we have seen tremendous amount of pressure on NIM in the last quarter, some banks that I would not have expected them to be so aggressive...of course, some of the banks have pricing, our cost of fund is still 6.5 that others may have lower cost of fund, so I do see a lot of pressure on. So I would continue to be very cautious about any indication about NIM. With respect to corporate bank, I have always maintained that corporate bank would be approximately 15-20% of our book, we have no intention of growing same or anything, or some good things have happened, we never increased our capacity, our headcount or anything else in the corporate bank. As you know, the situation in banking industry, some of the public sector banks are in a difficult situation. So that has opened up opportunity for us to target some really high quality corporate, we have used that opportunity. Again, we have done small ticket kind of loan...when I say small ticket is by corporate standard something like Rs.20-25-30 crores loan and very safe kind of loan. We do not have any intention to stay in the product mix. Even when we double our book, I still think that corporate banking will be in about 15-20% of our book. With respect to commercial vehicles, commercial vehicles is an area of focus for us, we are doing quite well, it is now up to 6% of our loan book, 70-80% of the loan book is priority sector lending, so that helps us in many ways including getting some additional fees on PSL certificate. I do expect commercial vehicles to be an important part of our portfolio as we go forward.

Ashish Sharma: Sir, it would be great if you could just share the yield from a segment point of view?

Murali M. Natrajan: We are only sharing overall yield, we are not able to share with you the individual yield and again in yield business, suppose we take commercial vehicles, there are so many segments and what yields can I give you on that similarly in mortgages, similarly in gold loans, it all depends on ...

Ashish Sharma: But the breakup between retail and non-retail yields would even be helpful?

Murali M. Natrajan: We are able to give you only the overall yield and that we have consistently given over a period of time.

Moderator: Thank you. We will take the next question from the line of Ravi Naredi from Naredi Investments. Please go ahead.

Ravi Naredi: Sir, will you update, as so many PSU banks fund stuck in NPA, so loan demand is more as far as DCB is concerned?

Murali M. Natrajan: In fact, we have almost doubled our branch network, we have added a lot of capacity of sales, the headcount has gone up and there is a big addressable market like I mentioned in the previous question, almost 50 million self-employed, SME, MSME target market is available, we have wide range of products from commercial vehicles to gold loans to SME to loan against property, we can do all those products. So I do believe that the way we are driving the sales and the way we are building up our capacity, is helping us to acquire new customers and increase our loan book. Additionally, of course, I do see that there is some level of problem that is there in many of the public sector banks, that is also giving us some more opportunity, there is no doubt about it, but I do not know exactly how much is that opportunity, not able to quantify that. In corporate bank, definitely, we have seen some loans move to us, primarily because some of these large customers do not believe they will be supported in the near-term by some of these banks, so therefore it has given us an opportunity. But SME, MSME very hard to say exactly what part is moving to target then.

Moderator: Thank you. We will take the next question from the line of Jai Mundhra from B&K Securities. Please go ahead.

Jai Mundhra: Sir, the first question is on your mortgage book, the share has come down to 40% now, two years back it was at the high of 45%. So do you see any trend there or do you see would more or less be similar share?

Murali M. Natrajan: It is still a very dominant business for us, they will continue to be a dominant business for us. After demonetization and GST, we changed some of our credit policy and backed off from some of the segments, that is sub-segments of SME, that we are operating in, because we felt that they are not adjusting well to the new change situation. So that has cut out some part of our new sales. Second thing is that there is a huge amount of competitive action; there is a lot of pricing pressure on mortgages. So we probably lose more loans out of our book now because of prepayments than we were losing last year, but having said that, I still think mortgages will be a very large part of our book, if you see 35-45% kind of range, QoQ it may change a bit here.

Jai Mundhra: You touched upon the competition participants. So sir, can you kind of throw some light on the prepayment rate which were let us say one year back or two years back and what rate is it now, a broad number will also be helpful?

Murali M. Natrajan: We do not give that kind of details and it is very hard to say, you know, fourth quarter could have been, the new sales also was very high and some of the prepayments, foreclosures also was very high, but I am not sure that will continue in the first quarter, but having said that, I would say easily the foreclosure situation has gone up by 30-40% as compared to say the previous year. Competition is very tough and we have tried to be rational about this. There are times when you see that the valuation of the property or amount of money that should be given to the customer is more than what our credit of the bank will allow us to do. So we have let go off those kinds of loans. So we are

operating within the credit of the bank that we have defined for ourselves. So that is the way it is.

Jai Mundhra: Sir, what would be the broad breakup of LAP and home loan with this 40% share?

Murali M. Natrajan: 70-75% would be loan against property and about 30%-odd would be home loans and let me explain to you, we deal with self-employed small customers, from their point of view they do not see any difference between home loan and loan against property because over let us say two or three years after the home loan has been repaid, they do come for some top up and that switches from some home loan to loan against property, they have started as home loan, but become loan against property.

Moderator: Thank you. We will take the next question from the line of Sagar Shah from KFS Shares and Securities. Please go ahead.

Sagar Shah: My first question was cost of fund has seen a drastic downturn, that is 6.51%, that is actually very good if you compare to the previous quarters actually. So any reason for the same sir?

Murali M. Natrajan: 6.51% that you see is a full year number, but I think it is slightly up if I see compared to the previous quarter.

Bharat Sampat: Previous quarter sequential was 6.42%.

Murali M. Natrajan: So actually we have seen an increase in cost of fund from the previous quarter. The interest rate as well as the liquidity was tight. So obviously, especially the large ticket term deposit that was priced higher in order to attract, it was unbelievable that some of the deals that we were losing was to large banks and I never thought that large banks would out-price us in deposit, but it happened. Our pricing situation is somewhat stable now and we hope to maintain the cost of fund at this level, do well on CASA and hopefully not sacrifice the margin.

Sagar Shah: My second question was something like as we can see the 40% of the book is from mortgage. So my question was that something like in the future and maybe FY'19 or FY'20, are we looking to diversify that loan book more into consumer loans maybe?

Murali M. Natrajan: Mortgage is the total consumer loan. The average ticket size is Rs.35 lakhs. I can very safely say in banking we will be one of the most granular pure retail SME banking. 70% I believe of our loan book is Rs.3 crores and below. When I look at our gross NPA of Rs.360 or 370 crores, if I remove the top-5 accounts, the balance say Rs.300-odd crores of NPA would be contributed by about 200-300 accounts, that is how granular it is in our NPA also, when it is secured, in a sense it is backed by self-occupied property which is either commercial or residential. So therefore, our leverage in terms of recovery also we have confidence. So mortgage do not say is consumer loan and it is business loan.

- Sagar Shah:** Actually, I was pointing to the consumer loans something like for the two wheeler loans, something like if a consumer...
- Murali M. Natrajan:** We are not in two wheeler business, only for existing customer from a branch we offer two wheeler similar to auto loans, we also do not go for car loans in an aggressive manner, because we do not believe that it is value adding but however if a customer comes to our branch we would happily give them car loans, but other than those two loans, we do not have a separate sales team, but other loans we have separate sales teams who will go and get the business.
- Sagar Shah:** The last question was regarding the branch expansion actually in FY'19 and also in FY'20, how many branches are you basically targeting to open?
- Murali M. Natrajan:** We are at 318 branches right now. In the coming year '18-19 we expect the branch to increase by about 15-16-odd branches, similarly in the following year that is '19-20 we expect to do about 15 or 17 branches supposing our cost-income ratio was 50% or 48%, we would be very confident about adding more branches but first we want to fix metric before we embark on any expansion if necessary.
- Sagar Shah:** Regarding the MTM losses must be in the trading investment portfolio, latest RBI circular has pointed that the amortization losses can be...?
- Bharat Sampat:** We have not amortized any losses.
- Moderator:** Thank you. We will take the next question from the line of Alok Shah from Centrum Broking. Please go ahead.
- Alok Shah:** I had two questions to understand from you, sir. One is I was looking at operating expenses per branch and that seems to be stabilizing somewhere around 6.5 million and when I try and look in the context of revenue per branch, the profitability has been on rise. How are we looking at this number, just trying to look at the breakeven point, I think we have moved beyond that line item?
- Murali M. Natrajan:** We have about 60-odd lakhs as the average cost per branch especially the new branches, some branches could be even a crore of rupees, depends upon location, some would be Rs.45 lakhs, and you can see in our 'Investor Presentation' distribution of branches, 20%-odd in rural, another 20%-odd in semi-urban, etc., Now, the way we put our business model is that assuming you have 3.5-4% NIM, you set a book of say about Rs.15 crores, when I say book means, asset, liabilities both put together and you make 4% say margin, you already have achieved breakeven.
- Alok Shah:** In a sense that if I look at this long-term average profit per branch...?
- Murali M. Natrajan:** Long-term and all, we cannot tell you, we have told you how we are looking at up to 2019. What is long term? For you long-term could be 10-years, for me long-term could be 3-

years. I do not know what is long-term. But all I am trying to tell you is the way we are looking at is in 18-22 months if we are able to achieve breakeven and sustain the momentum, by 36-42 months we will be able to achieve 50-55% cost-income ratio on a particular branch. Most of our branches barring maybe 10-12-15 branches are tracking to the trajectory. That is how we have been operating for the last two years, that is what we explain when we set out of this initiative of putting 150 branches, each of the branch is being tracked on a daily, monthly basis to make sure that none of them miss out on that, of course, it is not possible to ensure all of them do well, but some branches are breakeven even in about 8-9-months also. The other thing I want to tell you is that if you look at our CASA per branch, I think it is about Rs.20 crores if I am not mistaken and we are at about Rs.5,800-odd crores with about 318 branches. So our intention is that how do we take this CASA to Rs.25-27 crores per branch. That is what we are trying to do. The third thing that we are trying to do is if you look at our business per employee it is at 7.66. We have a lot of respect for City Union Bank, I think they are at about 13 or 12. So we think that what is the time period it will take for us to reach that level of business per employees. So these are the things that we are pursuing at the moment.

Alok Shah: My second question to you is more on the NPA that we have seen in pockets of gold loan and CV. Anything more to look at it especially the CV portfolio of Rs.30-odd crores of NPA?

Murali M. Natrajan: CV portfolio NPA has got to do with things that industry had to deal with, I think in terms of some of the changes that were brought about in the industry, that is the CV industry, then during GST, I think there was a lull in business, but any issue from a portfolio point of view, whatever analytics we have done, we do not seem to have any issue, we think that these are all recoverable kind of NPA. Regarding Gold, it sometimes can be seasonal; we have pretty strong control to make sure that there is no operational loss on gold or any fraud in terms of gold. So these NPAs all will come back.

Moderator: Thank you. We will take the next question from the line of Ritika Garg from Aequitas Investment. Please go ahead.

Ritika Garg: So our cost-income ratio has improved to 59.79%. What is our target and when do we expect to achieve it by?

Murali M. Natrajan: I want to achieve it as soon as possible, but the target at the moment we are pursuing is fourth quarter of 2018-19 we want to see how to achieve exit of 55%, not for the full year. Beyond that long-term we want to be below 50% on cost-income ratio, still a lot of hard work ahead of us, but we are confident that systematically we will reach there.

Moderator: Thank you. We will take the next question from the line of Karthik from Investec Capital Services. Please go ahead.

- Karthik:** Two questions: We have seen an increase to our restructured book on a sequential basis.
- Bharat Sampat:** We had restructured NPA account of Rs.9 crores which moved up to restructured standard. That is one of the prime reasons for increasing restructured standard book.
- Karthik:** Finish this moratorium and you have to upgrade it.
- Bharat Sampat:** So as per IRAC norms, at this point of time, it has moved from restructured NPA to restructured standard.
- Murali M. Natrajan:** So let me explain that also further; there was an account which is LRD account of a good customer, one of his tenant vacated, it was not because of the market conditions, specifically out of the three properties, he was able to pay rent only for two properties, we restructured the loan I think in December 2016 if I am not mistaken, this was immediately after the demonetization, then for 12-months he has consistently paid the loan, I think technically that will now come back restructured standard, Bharat, is that what you are saying?
- Bharat Sampat:** Yes.
- Murali M. Natrajan:** It is still a very good account, I am very confident about this account.
- Karthik:** Our tax rate for the quarter has been quite high. Any particular reason?
- Bharat Sampat:** We had Rs.2 crores one-off expense which was there in tax line, otherwise effective tax rate is in line with rest of the quarters.
- Karthik:** The reason why I was asking is our PBT growth is 26%, it has come down to 21% at the PAT level, so primarily seems to be the tax number?
- Bharat Sampat:** Yes, Rs.2 crores one-off cost.
- Karthik:** Security receipts outstanding?
- Bharat Sampat:** Security receipts outstanding is Rs.62 crores. The only or one of the few banks where some security receipts are getting redeemed with underlying assets realized.
- Karthik:** As we move into the new regulatory regime in terms of the RBI resolution plan, latest February circular, do you foresee any major adjustments to the business model or potential accounting impact?
- Murali M. Natrajan:** The February circular I think says that in terms of the specified account, we have to provide 40 or 50% or IRAC norms as the case maybe. So we have very limited impact.

In fact, from whatever last five years that I know of our provisions have always been higher than IRAC norms. So I do not think we should have any impact on that.

Karthik: Finally, our quarterly gross slippages number do not add up to a full year number. 3463 is the fresh slippages in addition to existing NPAs of 26 million for FY'18. Any particular reason?

Bharat Sampat: I will just say that I have double checked and Q1-Q4 current year fresh slippages is 3463 and addition to existing NPAs adding up to 26 is the right number, I reaffirm. If you have differences, you can come up to me and we can offline tally it for you.

Karthik: If I look at your general guidance for cost-income ratio, you have chosen the fourth quarter which is typically a very strong quarter from income perspective and even from a seasonal perspective, Q4 usually has been lower in cost-income within the years. Could you help us understand maybe how the expense growth for the year would be?

Murali M. Natrajan: Q4 is always a very good quarter from income point of view, and Q1 is always a very difficult because in Q1 the salary increase of employee comes in and hit you. So that is how it has been I think for many years perhaps the entire banking industry. Our outlook on cost-income ratio is like this; we are trying to achieve in the exit quarter of 2018-19 55% kind of cost-income ratio and it is based on the productivity and the hard work that you can see in terms of our loan growth, our loan growth is 29% which is pretty good from my point of view. This is based on employee productivity, utilizing the capacity of the branches, that is what would help us to reduce our cost-income ratio. Beyond '18-19, our idea is putting up a path to achieve below 50%. But when we are going to do that? I am not able to tell you right now.

Karthik: But, I was actually suggesting what would in your mind maybe expense growth number for FY'19 when you are having this 55%?

Murali M. Natrajan: We do not give such specific number. Supposing, we are thinking of adding 200 staff, I am just giving an example. But as the opportunity comes up in some business, I may add 100 more staff. So I do not know exactly what would be. There is a budget process in the Board -- we would give the budget to the Board, the Board will deliberate on the budget, give some challenges to us, we agree and then we start tracking ourselves to that budget. That is the way currently the process is working.

Moderator: Thank you. We will take the next question from the line of Paresh Jain from Bajaj Allianz. Please go ahead.

Paresh Jain: Sir, wanted to understand on the CV side, is it largely new fleet that you usually finance or is it second hand used fleet owners or single truck drivers and all?

Murali M. Natrajan: We are very-very light on strategic business, that is large ticket. So we are more on SME segment, small ticket like 3, 5, 10 truck kind of small ticket. So that is largely our

business; FTB, FTU that come up with and 70-80% of this businesses falls under priority sector only.

Paresh Jain: These are what, largely new fleet?

Murali M. Natrajan: No, it can be refinanced also.

Paresh Jain: What would be the average age of the fleet that you would have financed?

Murali M. Natrajan: I do not have that data, Paresh, but all I am saying is that I think maybe 20% of our loan book could be on refinance and the same customer could have new as well as refinance, that would be combination like depending upon the customer quality.

Paresh Jain: So basically we are there across the entire ...?

Murali M. Natrajan: We do not like that, not for any reason, our risk appetite does not allow us to go for strategic for two reasons; one is that yields are really very low and secondly, when there is an NPA it becomes like one big NPA of Rs.10 crores and all, so we just do not think that is something that we want to do.

Moderator: Thank you. We will take the next question from the line of Sameer from JM Financial. Please go ahead.

Sameer: On the fee side, can you just explain what proportion or any broad guidance on what proportion would be third-party fees on distribution side?

Murali M. Natrajan: I do not think we are disclosing that number except to the extent that is required in our annual report which would come to like, but all I want to say is that just like our loan book, our fee book is granular, almost every engine has started firing, whether you are talking about trade, FX, third-party, that is health insurance, bancassurance, MRTA, mutual funds, all these are helping us plus the ATM started to build up, and part of the fee success also is because of processing fee. So we expect to continue to do a good job on our analytics as well as the trading of front end. We expect our fee income to do well. But I want to watch at least three, four more quarters before I say that, yes, I think now fee income is something that we are confident.

Moderator: Thank you. We will take the next question from the line of Kaushal D. from Karvy Stock Broking. Please go ahead.

Kaushal D.: Sir, we have actually seen a consistent improvement in net interest margin over the last few years -- Thanks to the better mix in the cost of funds. So would like to understand sir, in this present rate interest environment, what would be sustainable net interest margins for us at least for the next one to two years or would it be fair to assume even more improvement in the net interest margins at least for next one to two years?

- Bharat Sampat:** The question is regarding net interest margin and what is our outlook to that? What we have consistently said is while we strive to keep best possible net interest margin, our model works if we are anywhere above 365-375 basis points, at times competition and market factors do have an impact on us because we are small and often we are price takers rather than price makers. So net interest margin is anywhere above 375 is something which we are comfortable with.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to the management for their closing comments. Thank you and over to you.
- Murali M. Natrajan:** I would like to take this opportunity to thank you all for your support. We look forward to talking to you again in the next quarter. Thank you very much.
- Moderator:** Thank you very much. Ladies and gentlemen, on behalf of DCB Bank Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.