

Operator

Ladies and gentlemen good day and welcome to the South Indian Bank's Q2 FY '14 Results Conference Call, hosted by Anand Rathi Shares and Stock Brokers. As a reminder for the duration of this conference, all participants' lines will be in the listen only mode. There will be an opportunity for you to ask questions at the end of today's presentation. Please note that this conference is being recorded. I would now like to hand the floor over to Mr. Clyton Fernandes from Anand Rathi. Thank you, and over to you.

Clyton Fernandes, Investor Relations

Thanks, Wasim [ph]. Good evening everyone, and a warm welcome to all of you on behalf of Anand Rathi Shares and Stock Brokers. Thank you for attending this conference call today.

We have with us very distinguished members of the management team of South Indian Bank with us. Dr. Joseph, who is the MD and CEO of the Bank; Mr. Abraham Thariyan, Executive Director; Mr. Cheryan Varkey, the Executive Director also; Mr. C.P. Gireesh, the CFO; Mr. Thomas Joseph, who is General Manager, Credit. And finally Mr. Murali, who is General Manager, Treasury.

Initially, Dr. Joseph will make a brief presentation on the Bank's results, after which he would take questions from all participants.

I now hand over the call to Dr. Joseph. Over to you, sir.

V.A. Joseph, Managing Director and Chief Executive Officer

Yeah. Thank you. I have great pleasure to announce the second quarter results of South Indian Bank. The net profit of the second quarter stood at 126.76 crores, before it comes to 30.49%.

The total business of the bank increased by 8,500 crore from 67,110 crore as on September 30, 2012 to 75,610 crore as on September 30th registering a growth of 13%.

Deposit figure has increased by INR 4,989 crore from 38,490 crore as on September 30th to 43,478 crore as on September 30, 2013, registering a growth of 13%.

Total advances has increased by 3,512 crore from 28,620 crore as on September 30 2012 to 32,132 crore as on September 30, 2013, registering a growth of 12%.

CASA has grown up by INR 1,587 crore from 7,684 crore as of September 30, 2012 to 9,271 crore as on September 30, 2013, registering a growth of 13%.

But CASA ratio the total deposit was gone up to 21.32% [ph] as on September 30, 2013 from 19.96 as on September 30, 2013.

Capital adequacy ratio under BASEL II guidelines as of September 30, 2013, that 13.16% has been the regulatory requirement of 9%. Bank capital adequacy ratio under BASEL III --

Operator

Excuse me sir. Sorry to interrupt you sir. Could you please come little closer to the speaker phone?

V.A. Joseph, Managing Director and Chief Executive Officer

Yeah, banks capital adequacy ratio under BASEL II guidelines as of September 30, 2013 to that 13.16 regulatory requirement of 9%. And capital adequacy ratio under BASEL III guidelines stood at 12.94 as of September 30th 2013, without taking into account the profit for the half year ended September 30, 2013.

During the first half of the current fiscal, the bank has brought down the bulk deposits from (inaudible) March 31, 2013 to INR 7,725

crore during the quarter ended September 30th, 2013.

At the same time the efforts are put into focus on building lot of deposits which resulted in increasing the CASA amount to 9,271 crore as on September 30, 2013 from 8,212 crore as on March 31st, 2013.

Further, encashing the overseas customer base focus of given to grow the core deposit base which resulted in increasing the total NRI deposit by 1,134 crore from 6,522 crore as on 31st, 2013 to 7,656 crore as on September 30th, 2013.

On account of the reduction in bulk deposits and increase in CASA and the NRI deposits bank could achieve a healthy net interest margin of 3.06% as on September 30, 2013 as against 2.93 as on June 30th, 2013.

As on date bank has presence in all states of our country except Manipur, Sikkim and Arunachal Pradesh. During the first six months, the current fiscal of the Bank has opened, 25 new branches to take the total number of branches to 775 as from September 30, 2013. Bank is in the process of opening another 25 branches during the current fiscal to take the total number of branches to 800.

The total numbers of ATM's branch increased to 878 as from September 30, as again 800 as on March 31, 2013. The bank has opened 65 branches and 78 ATMs till September 30, 2013 and proposed to open 25 more branches and 123 ATMs in the second half of current fiscal year. I also have with me Mr. Abraham With this I'll leave the call to you. Thank you.

Questions And Answers

Operator

Thank you very much, sir. We will now begin the question-and-answer session. () The first question is from the line of (inaudible). Please go ahead.

Unidentified Participant

Hello?

V.A. Joseph, Managing Director and Chief Executive Officer

Hello.

Unidentified Participant

Sir, my question was on provision. The provision for the current quarter here comes out to 19.76, while we see it in today's service would not -- number six. There was a depreciation on investment of that amount. So, I was just wondering why is it so low. Is there depreciation on investment for the first half of the year has been included in other income? So how it has been accounted.

V.A. Joseph, Managing Director and Chief Executive Officer

The depreciation cannot be accounted under other income. What we have [technical difficulty] standardizing the depreciation in foreign installments as permitted by RBI via the circular dated 23rd August 2013.

Unidentified Participant

Okay. I could not hear your answer. There was a voice.

Operator

Excuse me. This is the operator, just a request, keep the cell phones away, please.

Unidentified Speaker

The entire portfolio was valued as on 30th September 2013 and as permitted by the RBI via their circular dated 23rd August, 2013, we have taken half of the total depreciation requirement, and that is disclosed by the north to the financial statements.

Unidentified Participant

Okay.

Murali, General Manager

Depreciation cannot be taken as other income as per accounting treatments.

Unidentified Participant

Okay. So because in presentation the depreciation on investment column in provisioning, it was showing a negative, it means there was -- so I was wondering why it's showing negative?

Murali, General Manager

Yeah. That investment depreciation provision during the first quarter was 1.96 crores.

Unidentified Participant

Yeah.

Murali, General Manager

Q1. Hello?

Unidentified Participant

Yes. Hello. Sir, I can hear you

Murali, General Manager

Yeah. What is your doubt, I couldn't get you.

Unidentified Participant

For quarter two when we see breakup of provisions, there is a negative amount given in depreciation on investment column, so I was just wondering why it is negative like.

Murali, General Manager

Yeah, that is the right track in fact.

Unidentified Participant Murali, General Manager

That is the right track that was excess provision we hold in our books.

Unidentified Participant

Okay.

Murali, General Manager

So, the total depreciation requirement is calculated at every balance sheet date.

Unidentified Participant

Okay.

Murali, General Manager

And whatever we hold in the books, the difference between the requirement will be as to the P&L account or return back.

Unidentified Participant

Okay

Murali, General Manager

In the treatment.

Unidentified Participant

Okay sir, that was it for me.

Operator

Thank you. The next question is from the line of Karthikeyan. P from Cholamandalam Securities. Please go ahead.

Karthikeyan P, Analyst

Hello. Hello, yeah, good evening sir.

V.A. Joseph, Managing Director and Chief Executive Officer Karthikeyan P, Analyst

Yeah, I have two questions, sir. My first question would be, what would be the inflows under FCNR deposit. And my second question is what was the MTM hit on investment portfolio?

V.A. Joseph, Managing Director and Chief Executive Officer

What is the first question?

Karthikeyan P, Analyst

What would be the inflows under FCNR deposits, recently swap window.

V.A. Joseph, Managing Director and Chief Executive Officer

Yeah, actually the concession what is given by the Reserve Bank came up only in the later part of August, and we have not much of an accretion, it is only around 5 to 6 million dollar only has come during up to September 30th on FCNR deposits of three-year maturity and above. But our NRE has seen substantially increased during this quarter.

Karthikeyan P, Analyst

And my second question is what was MTM hit on investment portfolios?

V.A. Joseph, Managing Director and Chief Executive Officer

MTM --

Karthikeyan P, Analyst

MTM hit on investment portfolio?

V.A. Joseph, Managing Director and Chief Executive Officer

MTM hits on investment portfolio --

Unidentified Speaker

For the quarter, there is no charge in the P&L account that is write back

Karthikeyan P, Analyst

Okay.

The MTM hit as on 30th September is 19. --

Unidentified Speaker

19.45.

Unidentified Speaker

Yeah, 19.45.

Unidentified Speaker

19.45%.

Karthikeyan P, Analyst

45 is it gross or how?

Unidentified Speaker

19 crores, 19 crores.

Karthikeyan P, Analyst

Okay. Yes, thanks.

Operator

Thank you. The next question is from the line of Hiral Desai from ialpha Enterprises. Please go ahead.

Hiral Desai, Analyst

Sir. I had couple of questions on the advances site. If I look at both the housing and the gold book, there has been a sequential decline. So just wanted to check on that.

V.A. Joseph, Managing Director and Chief Executive Officer

Housing portfolio cannot have a decline, I mean which numbers you are talking about?

Hiral Desai, Analyst

Sir the breakup that you've given in the PPT. The number given at quarter 1 end was 1,975 crores, which has now become about 1,700 crores, unless the numbers have been restated.

No, no. See that this 1,975 should include housing finance companies, where we have finance indirect housing. There is some repayment to that.

Hiral Desai, Analyst

So sir what would be the comparable number be for this quarter?

Unidentified Speaker

If it's retail housing, if you are talking about retail housing it's approximately about 1,400.

Hiral Desai, Analyst

Of about 1,400 crores. Sir, the same thing just wanted to check on the gold loan also because it was about 7,050 crores, which has become 6,597.

V.A. Joseph, Managing Director and Chief Executive Officer

Yeah, gold loan which was around 7,000 crores has come down to roughly about 6,600 crores.

Hiral Desai, Analyst

Sir, within this how much is the agri gold loan?

V.A. Joseph, Managing Director and Chief Executive Officer

I think roughly about 1,000 crores, just below 1,000 crores. See gold loan, we are not very keen on pushing gold loan during the last quarter, because the fluctuation in the prices.

Hiral Desai, Analyst

Right.

V.A. Joseph, Managing Director and Chief Executive Officer

Now the things are steady then it will be -- we are reviewing the situation.

Hiral Desai, Analyst

Sir, and if you could just update on where are we on the priority sector lending as of September and if you could just give us the

size of RIDF book?

V.A. Joseph, Managing Director and Chief Executive Officer Hiral Desai, Analyst

Okay.

V.A. Joseph, Managing Director and Chief Executive Officer

And we are working on strategies to touch stipulated levels by the fiscal end. RIDF as of now is around 16 crores.

Unidentified Speaker

1,487 crores.

V.A. Joseph, Managing Director and Chief Executive Officer

Increment is 16 crores for the year.

Unidentified Speaker

1,487.

Hiral Desai, Analyst

Sir, lastly within this --

V.A. Joseph, Managing Director and Chief Executive Officer

(inaudible), yes.

Hiral Desai, Analyst

So, sorry, I missed the last part.

Unidentified Speaker

Total RIDF investment is roughly about less than 1,500 crores.

Hiral Desai, Analyst

Okay, okay, okay. Sir, lastly on the borrowings or that we have of about 2,400 crores, just wanted a break-up between, let's say, Tier I modes interbank borrowings and the others.

Unidentified Speaker Hiral Desai, Analyst

Sir, the borrowings that we have of about 2,400 crores, just wanted a break-up between Tier I bond interbank and the other sources of borrowing.

Unidentified Speaker

Tier II bond outstanding is only 200 crores.

Hiral Desai, Analyst

Okay. So sir, what else is there within this 2,400 crores?

Unidentified Speaker

Murali sir can you just explain that components borrowing.

Murali, General Manager

No, I will get you that data immediately.

Hiral Desai, Analyst

Okay, sir. Thanks, thanks and all the best.

Unidentified Speaker

It leads right now or later?

Unidentified Speaker

Murali?

Murali, General Manager

Yes.

Unidentified Speaker

You're given the figures now?

Murali, General Manager Hiral Desai, Analyst

I'll take it offline from Gireesh.

Murali, General Manager

I'll give them a figure.

Hiral Desai, Analyst

Okay, okay.

Operator

Thank you. The next question is from the line of Ashwani Agarwalla from Pioneer Mutual Fund. Please go ahead.

Ashwani Agarwalla, Analyst

Hi. Thanks for taking my question. Sir, can I have the status from which you had the slippages?

V.A. Joseph, Managing Director and Chief Executive Officer

Pardon?

Ashwani Agarwalla, Analyst

Can I have the break-up of the sectors from which you had the slippages in NPA?

Unidentified Speaker

NPA? NPA is the major component from Infra.Ex.

Ashwani Agarwalla, Analyst

And how much would be that?

Unidentified Speaker

One road project around 60 crores, and one bore, I mean, ship manufacturing 80 crores. These are the two major items.

Ashwani Agarwalla, Analyst

And sir, which and other industries do you expect some stress to come?

Unidentified Speaker

Nothing great immediately after our watch list account. Hello?

Ashwani Agarwalla, Analyst

Hello?

Unidentified Speaker

As per our potential NDA accounts, the major slippages are expected now.

Ashwani Agarwalla, Analyst

Okay. And are you seeing any recovery in any of the sectors?

Unidentified Speaker

Sorry?

Ashwani Agarwalla, Analyst

Are you seeing any recovery in any sector?

Unidentified Speaker

We are now planning to have an aggressive action for the next about six months' time for the current year focusing on select accounts, where we -- certain things are getting lined up so that we are hoping that those recoveries can happen. We are targeting substantial amounts of recovery in the third and fourth quarter.

Ashwani Agarwalla, Analyst

Okay. And sir, what is the restructured book?

Murali, General Manager

Restructured book is 1,498, 1,498.

Ashwani Agarwalla, Analyst

And these are the standard restructured book?

Murali, General Manager Ashwani Agarwalla, Analyst

Which is included in this?

Murali, General Manager

Yes.

Ashwani Agarwalla, Analyst

Okay. And sir, what's the pipeline for restructured book? What is the pipeline for the restructured book?

Murali, General Manager

Restructuring I think one account, you are asking what?

Ashwani Agarwalla, Analyst

What is the -- what is the pipeline for the restructured book that how many restructuring is still pending?

Murali, General Manager

Pending pipeline, yeah, only one account.

Ashwani Agarwalla, Analyst

And how much will do that?

Murali, General Manager

About 120 crores.

Ashwani Agarwalla, Analyst

120 crores? And how much was restructured in the quarter?

Murali, General Manager

In the quarter restructured is I think only a small amount. This is from, I mean, during the quarter nothing. No major account.

Ashwani Agarwalla, Analyst Operator

Thank you. The next question is from the line of Jignesh Shial from IDBI Capital. Please go ahead.

Jignesh Shial, Analyst

Yeah. Thanks for taking my questions. Sir, first on the direct capital side, can I have the NRE, NRO and FCNR deposits, the total numbers outstanding as on September '13?

V.A. Joseph, Managing Director and Chief Executive Officer

Yes. NRE figures, one minute, I'll just give you. NRE total amount is 7,656 crores and there is a growth during this year but to the extent of 1,130 crores.

Jignesh Shial, Analyst

Okay.

V.A. Joseph, Managing Director and Chief Executive Officer

And year-to-year, year-on-year increase is roughly 37% growth.

Jignesh Shial, Analyst

So, this one month 30 crore is y-to-y right, it's not y-to-d?

V.A. Joseph, Managing Director and Chief Executive Officer

Y-to-y otherwise if you take for the March onwards, it is 17.39%.

Jignesh Shial, Analyst

17, okay, okay, okay, okay. This is NRE?

V.A. Joseph, Managing Director and Chief Executive Officer

This is NRE, NRE yes.

Jignesh Shial, Analyst

Okay and NRO and FCNR?

V.A. Joseph, Managing Director and Chief Executive Officer

Hello?

Jignesh Shial, Analyst

Yeah.

V.A. Joseph, Managing Director and Chief Executive Officer

Yeah.

Jignesh Shial, Analyst

So NRO would be what then?

V.A. Joseph, Managing Director and Chief Executive Officer

NRO is around 250 crores.

Jignesh Shial, Analyst

Okay and FCNR?

V.A. Joseph, Managing Director and Chief Executive Officer

FCNR is around 400 crores.

Jignesh Shial, Analyst

400 crores right?

V.A. Joseph, Managing Director and Chief Executive Officer

Yeah.

Jignesh Shial, Analyst

Okay, okay. Secondly can I get the bifurcation of NPS is it possible, it is gross NPA, the movement basically. The additions and the no recoveries and write-offs?

V.A. Joseph, Managing Director and Chief Executive Officer

You are asking about the breakup in the form of asset clarification of a movement?

The movement.

Unidentified Speaker

See, approximately around, we started around 493 crores.

Jignesh Shial, Analyst

493, okay.

Unidentified Speaker

Accounts around 155 crores.

Jignesh Shial, Analyst

155 is added?

Unidentified Speaker

Recoveries.

Jignesh Shial, Analyst

Okay, recoveries.

Unidentified Speaker

Then around 100, net position as of now is 614 crores.

Jignesh Shial, Analyst

Actually your voice is breaking sir. I'll again repeat it. 493 crores the opening, 150 crores you're saying is recovery and 641 -- 614 crore is the ending balance.

Unidentified Speaker

Yes.

Unidentified Speaker

Yes.

So what had been the additions if you can specify the balance only write off then?

Unidentified Speaker

No write off.

Jignesh Shial, Analyst

No write-offs, okay. So balance is additions then?

Unidentified Speaker

Yes, yes.

Jignesh Shial, Analyst

Okay. Now technically just two things I wanted to ask. One what Sanketh asked earlier? Now you have your right bits, your provisions choose the right back or otherwise your notes account shows a total M2M loss which is 19.45 crores. So have you provided this 19.45 or it is yet to be provided?

Murali, General Manager

See as on 30th September 2013, we have to value the entire 870 [ph] portfolio.

Jignesh Shial, Analyst

Okay.

Murali, General Manager

Requirement as per the RBI guidelines of 19 crores.

Jignesh Shial, Analyst

Okay. Okay, but -- that is the requirement, but you are not provided?

Murali, General Manager

Since we were halting more than that in our book for the current quarter, it is not a charge, it is a write back.

Jignesh Shial, Analyst Unidentified Speaker

Yeah, yeah.

Jignesh Shial, Analyst

And then it depends upon the yield it would be either --

Unidentified Speaker

(Technical Difficulty), yeah.

Jignesh Shial, Analyst

Yeah, okay.

Unidentified Speaker

And hence things will change.

Jignesh Shial, Analyst

Okay, okay. And secondly if you see your coverage, it is consistently reducing. So I mean is there is any specific reason behind it because the coverage is probably, you had been one of the finest covered bank at one point of time and it is now 51 or 52%. So what's the strategy on that particular part, I'm saying provision coverage ratio basically.

Murali, General Manager

Yeah. One and half years back, our growth in P&L level was similarly low. And for two or three years, there was absolutely no slippages. So suddenly when the slippages started happening, requirement of provisioning as per RBI norms is 15% to slippages when the accounts are secured. So only in respect of unsecured advances we need to provide more than the requirement.

Jignesh Shial, Analyst

True, yeah.

Murali, General Manager

So actually the coverage has come on the lower side.

Jignesh Shial, Analyst Murali, General Manager

Yeah.

Jignesh Shial, Analyst

Okay. Okay. Okay. And secondly, now your gold loan book is also sharing the prices sequentially. So where is the growth is going to come from because all the banks are seeing a slowdown in the corporate uptake itself, corporate credit uptake. So which is the trigger which you are seeing for the full year credit growth and what would be your target?

V.A. Joseph, Managing Director and Chief Executive Officer

Gold loan portfolio, we would not look at it as a drop in gold loan, the quarter was not all that enthusiastic with the prices, so we were actually not trying to push the gold loan, but now the situation has changed and next six months or the second half of the year we will be very positive on gold loan, we hope that figures do go up maybe where on other -- roughly about 20, 25%.

Jignesh Shial, Analyst

Okay. Okay. And for year, what I mean one is gold loan where you are seeing the growth would be coming up from. Any other segment or specific areas which you are seeing the growth, the credit growth target?

V.A. Joseph, Managing Director and Chief Executive Officer

So, with retail sector, housing and other addition of the retail sector we are focusing and in the second half, we hope to show good numbers in that, minimum, whereas minimum would be 20% growth.

Jignesh Shial, Analyst

20%, that's what you're targeting right now?

Unidentified Speaker

Yes, yes, retail.

Jignesh Shial, Analyst

Okay. Okay. Yeah, that's it from my side, sir. Thanks. Thanks a lot.

Unidentified Speaker

Okay.

Operator

Thank you. The next question is from the line of Vikram Karla [ph] from Fidelity Investments. Please go ahead.

Unidentified Participant

Hi, good afternoon. I'm sorry, I missed a part on the housing restatement in June 2013, the exposure was 1,975 crores?

Operator

Excuse me Mr. Karla, I'm sorry.

Unidentified Participant

Yeah.

Operator

Could you please speak a little louder?

Unidentified Participant

I said in June 2013. Can you hear me now?

Unidentified Speaker

Yes, sorry.

Unidentified Participant

So in June 2013, the housing exposure was 1,975 crores and now it has come down if I'm not mistaken. I think, I missed the question earlier, where you said there was a restatement. Could you clarify that again?

V.A. Joseph, Managing Director and Chief Executive Officer

There is no restatement, you're talking about housing finance companies that we have given housing finance indirect.

Unidentified Participant

Okay.

V.A. Joseph, Managing Director and Chief Executive Officer

There is some repayment, not resistant.

Unidentified Participant

Okay. So the classification got changed, is that correct?

V.A. Joseph, Managing Director and Chief Executive Officer

There is -- its not cost of classification instead of repayment --

Unidentified Speaker

It is the repayment of loan given to a housing finance company.

Unidentified Participant

All right. All right. Okay. And what was the quantum of that loan, just to understand what the organic housing growth has been?

V.A. Joseph, Managing Director and Chief Executive Officer

Housing, again housing also we are looking at growth of around 20% during the next five and half months.

Unidentified Participant

20%. All right. And my second question was just again, I think there are lot of people who have this similar question just on provisions. Like I understand some of the slippages were very lumpy which is why the gross NPA went to probably like upwards of 600 crores. But again like if you look at GNPA increase of 120 crores versus incremental provision of 30, just want to understand like how you think about the risk and what is the rationale behind probably like say not maintaining the provision coverage ratio?

Murali, General Manager

Provision is as per the RBIs stipulation on asset classification.

Unidentified Participant

Okay. So, we just stick to the minimum, that's about it.

V.A. Joseph, Managing Director and Chief Executive Officer

V.A. Joseph, Managing Director and Chief Executive Officer

In fact not minimum, we have a policy there and our full, we have some additional 5% provision is being made.

Unidentified Participant

So in fact we were repaying it last time also. At head office, we have started a new vertical focusing on retail and private sector, headed by DGM and subsidiary staffs with qualified Agri officers and loan officers. And we have cost approach being implemented during the year to promote investments. We have started seeing research in those areas that's why we were practically busy that by the end of the year the repays especially the housing, vehicle segment will be showing healthy growth.

Unidentified Participant

All right. Thank you.

V.A. Joseph, Managing Director and Chief Executive Officer

Yep.

Operator

Thank you. The next question is from the line of Karthikeyan. P from Cholanmandalam Securities. Please go ahead.

Karthikeyan P, Analyst

Hello.

V.A. Joseph, Managing Director and Chief Executive Officer

Yeah.

Karthikeyan P, Analyst

My question has been answered previously, not a problem.

Karthikeyan P, Analyst

Hello.

Murali, General Manager

Hello.

Karthikeyan P, Analyst Murali, General Manager

All right, all right. Okay, thank you.

Operator

Thank you. The next question is from the line of Sri Karthik from Espirito Santo. Please go ahead.

Sri Karthik, Analyst

Good afternoon, sir. Couple of data keeping questions. Could you tell the risk weighted assets number for the quarter?

V.A. Joseph, Managing Director and Chief Executive Officer

What number?

Unidentified Speaker

Risk weighted assets?

Murali, General Manager

24,312.

Sri Karthik, Analyst

Also the current saving account absolute amount, sir?

V.A. Joseph, Managing Director and Chief Executive Officer

Current account and savings bank account absolute terms, actually the savings bank is 7,499 crores than 7,500 crores and current account is 1,736 crores. Total CASA is 9,235 crores.

Sri Karthik, Analyst

Okay, sir. And sir, if I were to bad calculate from the numbers you mentioned on upgrades that the slippage for the quarter comes to about 282 crores, am I reading it correctly?

V.A. Joseph, Managing Director and Chief Executive Officer

You are talking about NPA movements.
So --

Unidentified Speaker

Come on, please repeat the question.

Sri Karthik, Analyst

Sir, if I had calculate the fresh additions to NPAs during the quarter is about 282 crores?

Murali, General Manager

Okay, that's fine. You know from the amount number that you have given was indicative of that.

Sri Karthik, Analyst

Yeah.

Murali, General Manager

The recovery that we have told you around 155 crores had a component on the principle of 139 crores and interest of balance amount around 13 crores. So if you look at that gross NPA movement, you had to move through the principle part of it.

Sri Karthik, Analyst

Sorry, sir. If you could maybe repeat that once again.

Murali, General Manager

Yes. You can note down the numbers.

Sri Karthik, Analyst

Yeah.

Murali, General Manager

Gross NPA as on 30/6 is 492.60.

Sri Karthik, Analyst

Correct.

Total deduction from the principle, that is gross NPA part will be 138.71 crores.

Murali, General Manager

And additions during the quarter is 260.44 crores.

Unidentified Participant

Got it, sir.

Murali, General Manager

And it will be coming down to 614.33.

Unidentified Participant

Right.

Murali, General Manager

Absolute numbers. Recovery that we talked to you earlier had a component on the P&L support going back to interest, to the income.

Unidentified Participant

Sir, if you look at it as a percentage of advances, it is almost 3, close to 3% of your advances which you added during the quarter for slippages.

Unidentified Speaker

Would you repeat.

Unidentified Participant

The fresh slippages are almost are slightly more than 3% of the average advances for the quarter. The 260 crore is almost the highest we've seen over the last 10 quarters actually.

Unidentified Speaker

My average advance is around 32,000 crores, and 1% is 320 crores.

Unidentified Participant

I mean, I was mentioning it on annualized basis. So, my question is the 260 crore run rate, it's been continuing for example last quarter, it was about 220 crores, this quarter 260 crores. Do we expect this amount of slippages to continue for couple of quarters more?

Murali, General Manager

Yeah. This what he was trying to answer to earlier. We have a system of tracking the potential NPA or you know watch accounts. From that list that we're having as of now, we can't expect this sort of a huge slippage in the coming quarter.

Unidentified Participant

Okay got it, sir. Thank you

Operator

Thank you. The next question is from the line of Pradeep Agrawal from Emkay Global, please go ahead.

Pradeep Agrawal, Analyst

Yeah, hi sir. My question pertains to the breakup of our advance book. If I'll compare it with the previous quarter, there has been sharp dip in corporate advances, whereas a semi part has increased by almost 75% quarter-on-quarter. So, if I look at large corporate growth quarter-on-quarter, the decline has been about 24% from 17,696 crores to 13,409 crores, so can you explain that? Is there any restatement or what explains this.

V.A. Joseph, Managing Director and Chief Executive Officer

In our advances by enlarge stagnating at a level where we are at March, and some of a large in line of credit and short-term for that and some bill discounting have all come down. I mean bill against (inaudible) they have all come down accounting for a large chunk of the amount that we're talking about and we are trying to replenish it with as much retail advance as possible.

Pradeep Agrawal, Analyst

And your SME advantage is almost double quarter-on-quarter from 4,700 crores to almost 8,300 crores. I mean this is almost 74% increase quarter-on-quarter so --

Unidentified Speaker

Sorry, sorry, you are aware -- sorry, I would stop, yeah.

Pradeep Agrawal, Analyst

Your SME advances has almost increased by 74% quarter-on-quarter over June, some 4,700 crores to 8,300 crores. So I mean this is very sharp fluctuation, if you could elaborate on that?

Since we have our performance under the private sector and Agri was rather bad during the last quarter, I mean last year, we had interest, we have started focusing only on -- kind of started the yield in the referrals.

Pradeep Agrawal, Analyst

Okay. Okay. And secondly I missed on the restructured number for the quarter?

Unidentified Speaker

Sorry?

Pradeep Agrawal, Analyst

I missed on the restructured number for the quarter. What has been the restructured amount for the quarter?

Murali, General Manager

Restructured outstanding at 1.98 --

Unidentified Speaker

1.98.

Pradeep Agrawal, Analyst

No incrementally during the quarter two.

Murali, General Manager

During the quarter we had the -- hardly had an increase.

Pradeep Agrawal, Analyst

You didn't had any restructuring? Okay. And thirdly you mentioned in the last quarter conference call that the slippages includes four corporate accounts out of which you were expecting two accounts to be recovered in quarter two, so if you could elaborate or throw some light on that?

Murali, General Manager

Yeah, those two accounts have been upgraded now.

Pradeep Agrawal, Analyst V.A. Joseph, Managing Director and Chief Executive Officer

With two accounts, two major accounts we have upgraded during the current quarter.

Pradeep Agrawal, Analyst

Okay. What was the quantum of those accounts?

V.A. Joseph, Managing Director and Chief Executive Officer

About 90 crores.

Pradeep Agrawal, Analyst

Sorry.

V.A. Joseph, Managing Director and Chief Executive Officer

nine zero, 90 crores.

Pradeep Agrawal, Analyst

90 crores, those two accounts. Okay. And the slippages which you mentioned for the quarter of one in north project and one in shipping, so what would be the overall exposure to the banking system of those two accounts?

V.A. Joseph, Managing Director and Chief Executive Officer

In one it would be gross, I mean 10,000 crores.

Unidentified Speaker

In one it would be -- 10,000 crores

Unidentified Participant

Sorry.

V.A. Joseph, Managing Director and Chief Executive Officer

V.A. Joseph, Managing Director and Chief Executive Officer

In one it will be 10,000 crores.

Pradeep Agrawal, Analyst

It is less than 1,000 crores.

Pradeep Agrawal, Analyst

Less than 1,000 crores. Okay. Okay. And also on the deposit part as you mentioned NRI deposits, what would be the overall NRI deposits and breakup in terms of savings?

V.A. Joseph, Managing Director and Chief Executive Officer

Overall NRI deposit is 7,656 crores.

Pradeep Agrawal, Analyst

Okay. And what would be the break-up in terms of NRI savings and NRO savings?

V.A. Joseph, Managing Director and Chief Executive Officer

During the year it has been 1,134 crores.

Pradeep Agrawal, Analyst

Thousand one hundred and --

V.A. Joseph, Managing Director and Chief Executive Officer

1,134 crores.

Pradeep Agrawal, Analyst

This is what?

V.A. Joseph, Managing Director and Chief Executive Officer

And --

Pradeep Agrawal, Analyst

Sorry your voice is breaking, I'm not able to hear properly. You mentioned 7,666 is the overall NRI deposits, and what would be the NRE savings in this?

V.A. Joseph, Managing Director and Chief Executive Officer

NRE most of it is NRE. NRE, I should say around 5,000 crores.

Pradeep Agrawal, Analyst

Okay, NRE sum deposit is 5,000?

V.A. Joseph, Managing Director and Chief Executive Officer

NRE term deposit is 5,000 crores. NRE SB around 1,500 crores.

Pradeep Agrawal, Analyst

Okay. You mentioned NRE total is 7,666.

V.A. Joseph, Managing Director and Chief Executive Officer

656 crores.

Pradeep Agrawal, Analyst

Or if you could give me overall savings number included in the NRE? What proportion of the overall NRI deposits is your savings account?

V.A. Joseph, Managing Director and Chief Executive Officer

1,792 crores is our NRE SB account.

Pradeep Agrawal, Analyst

Okay.

V.A. Joseph, Managing Director and Chief Executive Officer

Okay. And there had been a increase of 364 crores in NRE SB up to September 6 months.

Pradeep Agrawal, Analyst

Okay, 364 --

V.A. Joseph, Managing Director and Chief Executive Officer

25%.
25%. Okay. And if I look at your other expenses, that has short by about 18% quarter-on-quarter. So what led to the sharp rise in your other expenses?

V.A. Joseph, Managing Director and Chief Executive Officer

The headcount also has gone up. So that's where the salary part has gone up little bit.

Pradeep Agrawal, Analyst

No, no your other expenses, that would have been captured in employee expenses, right?

V.A. Joseph, Managing Director and Chief Executive Officer

Yeah, 25 branches have been added.

Pradeep Agrawal, Analyst

Okay. Okay, fine. And any interest reversal component during the quarter?

V.A. Joseph, Managing Director and Chief Executive Officer

Interest?

Pradeep Agrawal, Analyst

Interest reversal component which has been there in the quarter?

V.A. Joseph, Managing Director and Chief Executive Officer

Interest reversal on account of --

Pradeep Agrawal, Analyst

On account of restructuring or slippages?

V.A. Joseph, Managing Director and Chief Executive Officer

Yeah that slippage is around --

Unidentified Speaker

Press release is not there.

The slippages on account of slippages, some interest reversal was there, but that was compensated by the recovery part of it.

Pradeep Agrawal, Analyst

Okay, fine. That's it from my side. Thank you.

Operator

Thank you. The next question is from the line of Darpin Shah from HSBC Securities. Please go ahead.

Darpin Shah, Analyst

First of all it is HDFC Securities and not HSBC Securities. Yes. Yes. Sir, if you can again clarify on the MTM part, so you have excess provisions of 33 crores out of which 19.5, approximately 19.5 what we provided but just because you had excess provisions you didn't provide that? And finally the figure came in at 14.5 or 14 crores, am I right to understand that?

V.A. Joseph, Managing Director and Chief Executive Officer

Yeah. You are right.

Darpin Shah, Analyst

Right. So, we had excess provision of 33 crores and then just because of that we took write-back of 14.5 crores?

V.A. Joseph, Managing Director and Chief Executive Officer

Yeah. You are right.

Darpin Shah, Analyst

Yeah. And sir, just again, I didn't get the clarification on the things you mentioned on your NRE savings deposit so --

V.A. Joseph, Managing Director and Chief Executive Officer

NRE savings deposit, NRE savings deposit is 1,792 crores.

Darpin Shah, Analyst

Okay.

V.A. Joseph, Managing Director and Chief Executive Officer Darpin Shah, Analyst

Okay, okay. Fair enough,

V.A. Joseph, Managing Director and Chief Executive Officer

Are you clear?

Darpin Shah, Analyst

Yeah, clear. And thanks a lot sir.

Operator

Thank you. The next question is from the line of Pritesh Bumb from Prabhudas Lilladher. Please go ahead.

Pritesh Bumb, Analyst

Hello.

V.A. Joseph, Managing Director and Chief Executive Officer

Yes.

Pritesh Bumb, Analyst

Hello.

V.A. Joseph, Managing Director and Chief Executive Officer

Yeah, yes.

Pritesh Bumb, Analyst

Yes, sir. Just one small question regarding your OpEx again. Have you all changed any assumptions on pensions or you know, because I don't think you all had done anything in the first quarter?

V.A. Joseph, Managing Director and Chief Executive Officer

V.A. Joseph, Managing Director and Chief Executive Officer

No. The assumptions are have not undergone a change.

Pritesh Bumb, Analyst

No.

Pritesh Bumb, Analyst

Okay. Understand that. Thanks.

V.A. Joseph, Managing Director and Chief Executive Officer

Thank you.

Operator

Thank you. The next question is from the line of Sri Karthik from Espirito Santo. Please go ahead.

Sri Karthik, Analyst

Hello, sir. I just want to understand the sequential decline in cost of deposit despite whatever we've seen in the market maybe if you could briefly explain how the cost of deposits have been managed?

V.A. Joseph, Managing Director and Chief Executive Officer

Actually our core deposits have gone up by almost 12% during the last six months, almost 3,000 crores increased in core deposits of the bank. We have held some of the high cost volume deposit to the extent of around 4,000 crores.

Sri Karthik, Analyst

So, basically the entire decline is because of the decline in the --

V.A. Joseph, Managing Director and Chief Executive Officer

Only because of that. Today, we have a very good growth on core deposit and in CASA.

Sri Karthik, Analyst

Got it sir. Thank you.

Operator

Thank you. The next question is from the line of Sohail Halai Motilal Oswal Securities Limited. Please go ahead. Yeah. Good evening, sir. Sir what is the quantum of bulk deposit on your balance right now?

Clyton Fernandes, Investor Relations

Bulk deposit is roughly 10,000 crores.

Sohail Halai, Analyst

Roughly 10,000 crores. Okay and sir, just coming up to the asset quality, basically is your expectation in terms of upgrades and recovery in next few quarters given the high slippages we had business and secondly status on NAFED if any?

V.A. Joseph, Managing Director and Chief Executive Officer

You're asking about asset quality?

Sohail Halai, Analyst

Yeah, basically about up gradation recovery. You mentioned about the slippages that you don't expect slippages to be very high in coming quarters, but what is your outlook on the upgradation and recoveries of the slippages that had happened over last few quarters.

V.A. Joseph, Managing Director and Chief Executive Officer

Definitely correct. We are hopeful in fact at least two accounts is not in the running quarter, by the next quarter we should be able to upgrade. At the same time we are targetting the recent slippages to see how we may be able to resolve them in the remaining period of the year.

Sohail Halai, Analyst

Okay. Sir and account that you mentioned that actually slipped during the quarter, what could be the reason for it like any cash flow miss matches or --

Unidentified Speaker

Basically, yeah, correct.

Sohail Halai, Analyst

Okay. And sir status about NAFED?

V.A. Joseph, Managing Director and Chief Executive Officer

NAFED, we have started the initiated the yield recovery measures hiring (inaudible) customers.

Sohail Halai, Analyst

But what is the government's say on that because that is a quasi government account and --

V.A. Joseph, Managing Director and Chief Executive Officer

They have not come out positively on -- any response has come.

Sohail Halai, Analyst

Okay. And sir, can I have your outstanding restructured loan book right now?

V.A. Joseph, Managing Director and Chief Executive Officer

Outstanding?

Sohail Halai, Analyst

Outstanding standard restructured loan portfolio?

V.A. Joseph, Managing Director and Chief Executive Officer

1498 or 1,498.

Sohail Halai, Analyst

Okay. And sir, finally last thing from my side, basically on the margins. If I ask you to -- see the margins have improved this quarter by around 25 basis point. So what is the expectation on margins going forward given the challenges and environment high interest rate?

V.A. Joseph, Managing Director and Chief Executive Officer

You're talking about net interest margin?

Sohail Halai, Analyst

Net interest margin.

V.A. Joseph, Managing Director and Chief Executive Officer

Yeah. We should be able to maintain it above three.

Sohail Halai, Analyst Unidentified Speaker

It was explained to you earlier, this year our growth in CASA and retail deposits has been robust.

Sohail Halai, Analyst

Okay.

V.A. Joseph, Managing Director and Chief Executive Officer

But we could exit from the high cost deposit we just brought down the cost deposit reasonably. I mean understandably we will be under pressure, but managing on the cost, we should be able to manage the net interest margin.

Sohail Halai, Analyst

So basically I just want to understand whether we would compromising on growth for two main --

V.A. Joseph, Managing Director and Chief Executive Officer

Sometimes if that is the ultimate price, we have to pay we'll be looking at that. In fact we are having an executive conference shortly to review the whole situation and take a call on the way forward, as far as our dropdown is concerned, protecting the bottom line and the quality of the assets.

Sohail Halai, Analyst

Okay. And sir, your investment book portfolio, can I get a breakout of your investment portfolio into HTM AFS?

Unidentified Speaker

Yeah, our HTM is, just a minute, 2.8%. Sorry 23.75% is the HTM amount percentage.

Sohail Halai, Analyst

23.75 of the NDTL?

Murali, General Manager

Yes, yes. That is (inaudible) we are allowed upto 24.5%.

Sohail Halai, Analyst

Okay.
So now this is 23.75% is the HTM.

Sohail Halai, Analyst

Okay.

Unidentified Speaker

So this works out to --

Unidentified Speaker

8,000.

Murali, General Manager

Yeah, around 8,000 payroll.

Sohail Halai, Analyst

Okay sir. Okay, sir. That's it from my side. Thanks a lot.

Operator

Thank you. As there are no further questions, I would now like to hand the floor back to Mr. Clyton Fernandes. Over to you.

Clyton Fernandes, Investor Relations

Thank you everybody for attending the conference call today. I would also like to particularly thank Dr. Joseph and his entire management team for being so patient with us and answering all our queries. Thank you very much sir and we would like to wish you all the best for your future results.

V.A. Joseph, Managing Director and Chief Executive Officer

Thank you. All the best, yeah.

Operator

Thank you. On behalf of Anand Rathi Shares and Stock Brokers, that concludes this conference. Thank you for joining us, and you may now dis